

# Protecting Your Brand When Establishing a Product Distribution Arrangement in Turkey

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From time to time, brand owners may find themselves in disputes with former licensed distributors of their products, which distributors are located in jurisdictions outside the home jurisdiction of the brand owner. What steps can the brand owner take? This article outlines potential measures to protect the brand owner when it enters into a distribution agreement with a distributor in Turkey.

## **Do Your Homework**

Before signing an agreement, examine whether the potential distributor understands the market where the goods will be sold. Consider the background of the company as well. Presumably the brand owner has learned about the potential distributor by meeting company representatives at international trade shows. In-country counsel can also assist in conducting investigations of the potential distributor.

## **File a Trademark Application**

Before the first communication with the potential Turkish distributor(s), the brand owner should file a trademark application in Turkey. In Turkey there have unfortunately been many examples where the brand owner failed to file a trademark application, and the distributor—or former distributor—later filed its own application and blocked the brand owner after the distribution relationship ended, on the ground that the brand owner's mark was confusingly similar to a prior-registered trademark.

For example, a headphone company known worldwide entered into a Turkish distribution agreement. According to papers filed in connection with a cancellation action, the distributor filed for and obtained a registration for the company's SKULLCANDY mark in Turkey. (Istanbul 4th FSHM 2011/255, case number 2012/119, decision court date 21.04.2011, decision date 08.05.2012, effective date of the court decision 08.06.2012). While the situation will likely eventually be resolved in the company's favor, it may take up to five years to sort out.

## **Take Steps to Protect Even If No Application Was Filed**

In many cases, as illustrated above, a brand owner may not file an application in time. If the brand owner finds that its (potential) distributor has filed an application, it can still take steps to protect itself. The brand owner can monitor the Turkish registry, and if it discovers or receives information about an application for its mark during the three-month opposition period, the brand owner should present a list of the trademark applications/registrations it owns for the mark worldwide, registration certificates for the trademark all over the world, and documentation related to advertisements, especially within Turkey, in order to prove the reputation of the mark and strengthen the opposition.

Some examples of decisions are:

Prior Owner's Mark	Third Party's Application	Application Number	Decis
	Steel-Cucine	2011/66034	Oppositi
	TEDERIC	2011/108270	Oppositi
	Happypillar	2011/110086	Oppositi

### **If the Application Was Filed by the Distributor, Assign to the Brand Owner**

In some cases, it may be possible to get the cooperation of a Turkish distributor who has filed an application for the brand owner's mark. According to Article 22 of Decree-Law No. 556 Pertaining to the Protection of Trademarks in Turkey, a trademark does not have to be registered to be assignable. In order to assign the mark, the brand owner should have an authorized representative execute a power of attorney and have it notarized and Apostilled or legalized by a Turkish Consulate. This power of attorney should give an in-country IP representative the ability to sign an assignment at a Turkish Notary Public on behalf of the brand owner. The assignment would transfer the mark and the application from the distributor to the brand owner. Notaries Public should be chosen carefully, as many might improperly request a registration certificate, even though a registration is not needed for an assignment.

Another option, short of an opposition, would be to request that the distributor withdraw its application. This withdrawal should be requested just after the brand owner has filed its trademark application. The notification of confirmation of the withdrawal will be sent in approximately two months after the request.

### **Create an Appropriate License Agreement**

Once appropriate steps have been taken to protect the mark through registration, the brand owner should also ensure that it has an appropriate license agreement in place with the distributor. In particular, once the mark has been registered, the brand owner may want to grant the distributor an exclusive or non-exclusive license.

In order for a license to be viewed as valid the following elements should be included:

- The parties to the license agreement—full company name and address;
- The goods/services and Turkish trademark registration number;
- The license term;
- The amount that will be paid for the license, if any;
- The following statements (based on the Turkish Trademark Decree-Law):  
The owner of the trademark shall guarantee the quality of the trademark that will be produced by the licensee.

The licensee will not produce, contribute, or sell products that do not conform to the licensor's standards with respect to quality or appearance.

The licensee will use the mark in the manner and form as provided by the licensor and will not change the appearance of the mark.

The type of license, whether exclusive or non-exclusive; and

The geographic region and scope of the license.

### **File the Agreement with the Turkish Patent Institute**

Under the Turkish Trademark Decree-Law, trademark license agreements should be filed with the Turkish Patent Institute. The Institute will review the agreement to ensure that the elements listed above have been included.

### **Conclusion**

The easiest way for a brand owner to protect its mark when seeking to distribute products in Turkey is to file a trademark application prior to entering the Turkish market. Ideally this application should be filed before the brand owner talks to the first potential distributor. If this step is not taken, there may be other options to stop a rogue distributor who decides to file an application for the brand owner's mark, but those options can be cumbersome and time-consuming.