

UNFAIR USAGE OF TRADEMARKS VIA INTERNET

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ABSTRACT

UNFAIR USAGE OF TRADEMARKS VIA INTERNET

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One of the aims of thesis is to examine and describe current trademark law in Turkey and point out the fact that an excessive trademark protection is being implemented and that this kind of a protection does not automatically bring wealth to Turkey. Main aim of this thesis is to point out the fact that new circumstances of unfair usage of trademarks occurred with the introduction of the internet and that important problems between the trademark law, which is of national character, and the internet, which does not have any limits arisen in settlement of disputes. Another aim is to point out that, currently, there is no agreed legal text regulating in detail the circumstances of unfair use of mark via Internet both at international and national levels.

In this context, basic concepts of current trademark law, birth and development of information and communications technologies and in this respect, the Internet, effect of Internet to current social structure and changes caused therein, national and international steps taken in this context, the question whether unfair usage of trademarks could be examined within current legal framework, problems arising from the differences between Internet and Trademark Law also discussed.

Keywords: Trademark, internet, information and communication technologies, law, infringement.

ÖZ

MARKANIN İNTERNET YOLUYLA HAKSIZ KULLANIMI

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Yüksek Lisans, Bilim ve Teknoloji Politikası Çalışmaları Bölümü

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Bu çalışmanın amaçlarından bir tanesi, Türkiye'deki mevcut marka hukukunu incelemek ve halihazırda Türkiye'de oldukça sıkı bir marka korumasının bulunduğu ve bu tür bir korumanın Türkiye'yi kendliğinden refaha erdirmeyeceği gerçeğini ortaya koymaktır. Çalışmanın ana amacı, internetin kullanılmaya başlanması ile marka hakkı ihlaline neden olan yeni tecavüz hallerinin ortaya çıktığı ve ulusal nitelikteki marka hukuku ile herhangi bir sınır tanımayan internet arasında, bu problemlerin çözülmesi aşamasında, önemli sorunların yaşandığı hususunu işaret etmektir. Çalışmanın bir diğer amacı, markanın internet yoluyla haksız kullanımı hususuna ilişkin olarak, halihazırda, uluslararası veya ulusal aşamada, üzerinde anlaşmaya varılmış herhangi bir hukuk metninin olmadığı hususunu belirtmektir.

Bu kapsamda, mevcut marka hukukuna ilişkin temel kavramlar, bilgi ve iletişim teknolojileri ve özellikle internetin doğuşu, gelişimi, mevcut toplumsal yapıya etkileri ve neden olduğu değişiklikler, bu kapsamda ulusal ve uluslar arası anlamda atılan adımlar, markanın internet yoluyla haksız kullanımının, markalara ilişkin mevcut hukuki çerçevede çözümlenebilir çözümlenemeyeceği, internet ve marka hukukunun farklılıkları irdelenmiştir.

Anahtar Kelimeler: Marka, internet, bilgi ve iletişim teknolojileri, hukuk, tecavüz.

To The Living Memory of My One and Only Maternal Uncle
Prof.Dr.R.Raci Bademli

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LIST OF ABBREVIATIONS

ARPA: Advanced Research Projects Agency

art.: Article

B2B: Business to Business

B2C: Business to Consumer

B2G: Business to Government

C2G: Consumer to Government

ccTLD: Country Code Top Level Domain

d.d.: Decision Date

Decree Law: Decree Law no. 556 on the Protection of Trademarks

DNS: Domain Name System

DPT: State Planning Organization (Devlet Planlama Teşkilatı)

DTM: Dış Ticaret Müsteşarlığı

ECJ : European Court of Justice

EDI: Electronic Data Interchange

et seq.: et sequens

GATT: The General Agreement on Tariffs and Trade

gTLD: Generic Top Level Domain

HREF: Hypertext Reference Link

HTML: Hypertext Markup Language

ICANN: Internet Corporation for Assigned Names and Numbers

ICT: Information and Communication Technology

IGF: Internet Governance Forum

İLESAM: Türkiye İlim ve Edebiyat Eseri Sahipleri Meslek Birliği

METU: Middle East Technical University

OECD: Organisation for Economic Cooperation and Development

OHIM: Office for the Harmonization of the Internal Market

SLD: Second Level Domain

SMEs: Small and Medium Sized Enterprises

TLD: Top Level Domain

TPI : Turkish Patent Institute

TRIPS: Agreement on Trade Related Aspects of Intellectual Property Rights

TUBITAK: The Scientific and Technological Research Council of Turkey (Türkiye Bilimsel ve Teknolojik Araştırma Kurumu)

TUENA: Turkish National Information Infrastructure Project Office (Türkiye Ulusal Enformasyon Altyapısı Proje Ofisi)

TUVAKA: Turkey University and Research Institution Networks (Türkiye Üniversiteler ve Araştırma Kurumu Ağları)

TÜİK: Turkish Statistics Institute (Türkiye İstatistik Kurumu)

WGIG: Working Group on Internet Governance

WIPO: World Intellectual Property Organisation

WSIS: World Information Society Summit

WTO: World Trade Organisation

89/104 numbered Directive: 89/104 numbered Directive of the European Community Council to Approximate the Laws of the Member States Relating to Trade Marks

CHAPTER 1

INTRODUCTION

Many factors have been at play in the making of the modern world over the last two or three hundred years, but changes in technology stand at the center of all accounts, notably the Industrial Revolution which shift away from traditional agriculture and trade to mechanization of production, the elaboration of factory system, and the development of global market systems to industrial production (Mokyr, J., 1990, p.277). Scientific revolutions carried out within this context, overturned not only the reigning theories but also carried with them significant consequences outside their respective scientific disciplines (Andersen, 2001, p.29). One of the significant consequences of these developments was the mass production of goods and the increase observed in variety, quantity and quality of said products. These advances observed in manufacturing processes had paved the way for the emergence of the need to become discernible among rivals which caused trademarks started to be used on enterprises' goods and services.

Countries on the other hand, have started to become more integrated or interconnected with each other in economical, political, social and many other spheres with the affect of globalization. The global system which is believed to be composed of economic, the political and the cultural-ideological spheres by global system theorists (Sklair, 2006, p.30; see also Appelbaum – Robinson, 2005: 58 et seq.) is currently being dominated by global capitalism through the economics of the transnational corporation, the politics of capitalist class and the culture-ideology of consumerism. (Sklair, 2006, p.31)

The culture-ideology of consumerism proclaims that the meaning of life is to be found in the things that we posses and the point of economic activity in the global capitalist system is to provide the resources for consumption and the point of political activity is to ensure that conditions for consuming are maintained. (Sklair, 2006, p.32)

The more consumption had been made and the more the need to protect the assets and benefits of transnational corporations occurred. It is realized that one of the most effective ways to realize this kind of protection depend on a strong trademark protection.

As it will be stated throughout this thesis, trademark protection bears the stamp of a national character but the above-mentioned goals and sustainability of the current system is believed to be realized on a global scale. This contradiction paved the way for important monetary losses on part of transnational corporations in countries where there is no or weak trademark protection. In order to overcome these kinds of discrepancies, minimize the risks and maximize the profits of transnational corporations, compulsions from the capitalist class so as to constitute an international intellectual property protection system or at least set the minimum standards for intellectual property protection put forth.

Paris Convention for the Protection of Industrial Property and Berne Convention for the Protection of Literary and Artistic Works were the first attempts to realize international protection of intellectual property rights. Due to the inadequacy of the Paris and Berne Conventions in protecting intellectual property rights against infringements, the United States, Japan and the European Community pushed for international protection of intellectual property rights to be added to the agenda of the Uruguay Round of General Agreement on Tariffs and Trade (GATT) in 1994 and on April 15, 1994 as part of negotiations and agreements of the Uruguay Round of GATT, the Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) was adopted in Marrakesh, Morocco as a multilateral agreement under the World Trade Organization. (Su, 2000, p.185)

Thus, with the main aim of promoting effective and adequate protection of intellectual property rights, TRIPS Agreement established minimum standards for the protection of intellectual property rights, including enforcement measures, which all World Trade Organization member nations must incorporate into their domestic intellectual property laws. (Thelen, 2005: 519) In other words, TRIPS Agreement established substantially higher standards of protection for a full range of

intellectual property rights that are embodied in current international agreements, and provided for the effective enforcement of those standards both internally and at the border. (Freeman, 1995, p.87)

With the introduction and adoption of this new system proposed by TRIPS Agreement, a compromise, which is called: ‘the carrot and stick compromise’ (Sodipo, 1997, p.64; Thelen, 2005, p.519), has started to be implemented between developed and developing or less developed countries. Said bargain seems to be: “Take the carrot protect our intellectual property rights or we give you the stick, which represents trade sanctions which will prevent the exports all together.” (Sodipo, 1997, p.64) The said system proposed by TRIPS Agreement could also be resembled to employer – employee relation within a factory. As workload of factory increases so does the employer’s profits, whereas employee’s wages will remain the same in most of the time.

In the course of this bargain and relation there is no doubt that developed countries are the party that demand and make profits whereas developing or less developed countries are the ones that make concessions or gain nothing or a little.

Contrary to the above-mentioned explanations, proponents of excessive trademark protection contend that trademark protection is beneficial to the economies of developing countries in that it assists domestic producers to reap income and further argue that protecting foreign brands will encourage their owners to invest in developing countries and to establish an industrial and commercial presence therein thus opening their respective markets and creating new jobs therein. (Khoury, 2006, p.13) Taking this point of view into account, the need to consider at length whether excessive trademark protection automatically brings forth said advantages or not occurred.

In this context, one of the aims of thesis is to point out the fact that excessive trademark protection does not automatically bring wealth to Turkey. In this respect, it is asserted that instead of accepting excessive trademark protection

on an as-is basis, legal texts regarding trademark shall at the first hand be tailored to the needs of Turkey.

In the present day, proper operation and development of business life depends on existence of trademark protection in addition to many other factors. Such protection also requires any kind of development and change to be evaluated and be reflected on related arrangements.

The most important change and development affecting trademark law, undoubtedly, appears as the internet has started to be intensely used. Especially after 1990's, the development in the field of science and technology and resulting in information and communication technologies changes the cultural and social structure of societies and the characteristics of commercial relationships which are commonly applied. As one of the information and communication technologies, the internet allows fast and cheap global access to information, which leads to a change in methods of trading and recognition of the internet as the most important means of marketing for all persons involved in trading all over the world.

Although the global character of the Internet has not changed the existing legal system, it has made simple regulatory issue more complex, a phenomenon which arises also (and is pushed further forward as a result of the opportunities offered by the Internet) in other areas like copyright, trademark, competition policy, the pharmaceutical market, air transport, etc. where a global legal protection does not exist. (Kleinwächter, 2004, p.3)

Main aim of thesis is to point out that new circumstances causing infringement of trademarks occur with the introduction of the internet and that current Turkish trademark law and international agreements regarding trademarks are mostly designed to protect these assets in a tangible environment and thus, they fell short in resolving unfair usage of trademarks via internet which has an intangible and global character. In this respect, it is further asserted in thesis that legal arrangements, modifications are required so as to overcome these discrepancies both at international and national levels.

For these purposes, Chapter 2 touches upon basic concepts regarding trademark, overview and critics of current trademark law in Turkey, which is followed by Chapter 3, where the development process of information and communication technologies and birth and development of the internet and the resulting need for change and steps taken on this regard and their weakness in settling subject of thesis and by Chapter 4; where circumstances constituting unfair usage of the trademark via internet and problems due to differences between the trademark law and internet are analyzed.

CHAPTER 2.

BASIC CONCEPTS OF TRADEMARK LAW

2.1. Development of Trademark Law

2.1.1. Overview

The desire of human being to mark objects or things he/she created, and thereby to make them different from others by attributing distinctive characters thereto has long been a fact since ancient times.

While in the beginning, distinguishing marks used to be limited to only identifying the person or business; individual marks gradually came into use to distinguish the trader/manufacturer, business and, goods manufactured or services presented, in parallel with the business notion and practices becoming widespread in the course of time. (Arslan, 2006, p.1)

There is a myriad of opinions with regard to the issue of when trademark in today's sense was first seen. On this regard, some authors argue that the early examples of trademark even root back to buffalo figures in Lascaux Caves in South France (Johnson, 2005, p.2), while some state that the earliest trademarks in history are seen in Egyptian and Mesopotamian Civilizations inasmuch as such marks have attributes indicating rather property ownership than having commercial functions (Foster – Shook, 1993, p.19 – 23), and some suggest that “these marks and symbols are not trademarks but property marks, it is essential to associate marks with trading, therefore the predominant role in formation of mark should be especially initiated from signs and symbols used by guilds in Italy, Germany, Switzerland and France”.(Tekinalp, 2002, p.303)

Many factors have been at play in the making of the modern world over the last two or three hundred years, but changes in technology stand at the center of all accounts, notably the Industrial Revolution which shift away from traditional agriculture and trade to mechanization of production, the elaboration of factory

system, and the development of global market systems to industrial production (Mokyr, J., 1990, p.277). Thus, despite the above-mentioned assertions, trademark usage in today's sense should be linked to Industrial Revolution which dates back to the late 18th and early 19th centuries.

As trade names and trademarks come into use as a means of promotion under the influence of Industrial Revolution, and disputes arose between traders on these marks, demands regarding a more precise and strong framework for this field increased. (Bainbridge, 2007, p.585 – 586) The early legal arrangements on this issue were made in France in 1850s (1857 Trademark Law of France) and in England in 1870s (1875 Trademarks Registration Act). (Cornish – Llewelyn, 2003, p.575)

Foreign trade, commercial distribution channels and means of promotion have gradually started to increase and vary, and furthermore, 'world economy has stepped into a rapid process of globalization and thus protection of trademarks is becoming the crucial element of economic growth and welfare'. (Weisberger, 2007, p.739) For the stated reasons, arrangements on national scale have proved insufficient and the need for protection of the trademark on the international stage has more evidently become a point at issue.

Within this context, many international conventions were undersigned in relation to adjective and substantive law regarding the entire industrial rights including trade marks, and regarding trade marks exclusively.(Kirca, 2005, p.2) The conventions entered into as a result of the need for protection of trademark on the international stage include "**Paris Convention for the Protection of Industrial Property**" which was signed on March 20, 1883 regarding protection of industrial property, and respectively amended in Brussels on December 14, 1900, in Washington on June 2, 1911, in Hague on November 6, 1925, in London on June 2, 1934, in Lisbon on October 31, 1958 and in Stockholm on July 14, 1967; "**Madrid Agreement Concerning the International Registration of Marks**" dated April 14, 1891; "**Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods**" issued on April 14,1891 and

respectively amended in Washington on June 2, 1911, in Hague on November 6, 1923, and in London on June 2, 1934; “**Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks**” dated June 15, 1957, revised in Stockholm on July 14, 1967, and in Geneva on May 13, 1977 and amended on October 2, 1979; “**Convention Establishing the World Intellectual Property Organization**” dated July 14, 1967; “**Agreement on Trade-Related Aspects of Intellectual Property Rights**” as Annex 1C to the Agreement Establishing the World Trade Organization; “**Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks**”, signed on June 12, 1973 and amended on October 1, 1985; “**Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks**” adapted on June 27, 1989; “**Trademark Law Treaty**” dated November 27, 1994.

2.1.2. Development of Trademark Law in Turkey:

The first arrangement relating to marks in our country was made through Distinctive Signs Regulation dated 1871. This regulation was abolished by the Regulation Concerning Distinctive Signs Relating to Manufactured Goods and Commercial Goods dated 1888. The source of both regulations is constituted by the law relating to marks, adopted in France in 1857. Later, the Trademark Law No.551 of March 3, 1965 came into effect on March 12, 1965.

In 1980s were the initial attempts for re-arrangement of industrial property rights according to modern regulations. These efforts were accelerated upon 1/95 numbered resolution dated March 6, 1995 of European Union-Turkey Association Council. The parties emphasized in the said resolution the importance they attach to adequate and efficient protection and strengthening of intellectual, industrial and commercial property rights. As set forth in article 29.2 of the Resolution and the Annex no 8 thereto, Turkey undertook to effectively protect intellectual, industrial and commercial property rights by guaranteeing a protection level equal to that which is in force in European Community, agreed to become a party to certain international conventions relating to the said rights, and acknowledged that she will

take the Directive 89/104 of the Council as basis in terms of trademarks and service marks. Turkey's accession to World Trade Organization and to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) which is an annex to WTO further accelerated this process. Subsequently, the Council of Ministers was authorized to enact a Decree Law, upon which the Decree Law no. 556 on the Protection of Trademarks was issued and then enforced on June 27, 1995.

During all these codification procedures, the decision dated March 2, 2004 under case no 2002/92 and decision no 2004/25 passed by the Constitutional Court and published on the 25462 numbered and May 14, 2004 dated Official Gazette, regarding annulment of the clause d of the article 61 in Decree Law no 556, regulating the acts regarded as infringement of trademark right, shifted the direction of these practices. Forasmuch as, it is very clearly stated in legal grounds to the Constitutional Court's decision of annulment that crime and punishment cannot be constituted by means of Decree Law, and it is statutory as a provision of the Constitutional Law that crime and punishment is to be regulated by law. Due to the said reasons explained, a new bill has been drafted relating to trademark law, preparations for the text of which have still been in progress. The Draft Bill of Trademark Law is seen to contain provisions compliant with international agreements which eliminate deficiencies and problems found out during implementation of Decree Law no 556 and to which Turkey has become a party (especially Trademark Law Treaty- TLT) in respect of trademarks.

2.2. Concept of Trademark

2.2.1. Definition

Although the first article of Paris Convention for the Protection of Industrial Property stipulates that 'trademark shall be one of the issues relating to protection of industrial property' and further registration of a trademark, protection of well-known marks, absolute grounds for refusal of trademark registration, invalidity of a trademark and similar issues have been considered, a clear definition of the concept of trademark is not provided in the said Convention.

After it is set forth in article 15 of the section two titled Trademarks of TRIPS – Agreement on Trade Related Aspects of Intellectual Property Rights as Annex 1C to the Agreement Establishing the World Trade Organization that: ‘Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark’, it is further stated that ‘such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks’.

Similarly, no direct definition of trademark is contained in Decree Law no.556 on the Protection of Trademarks. Nevertheless, it is stated in article 5 titled: 'Signs That May Constitute a Trademark' of the Decree Law that¹: "Provided that it is capable of distinguishing the goods and services of one undertaking from the goods and services of other undertakings, a trademark may consist of any kind of sign capable of being represented graphically, such as words, including personal names, designs, letters and numerals, the shape of the goods of their packaging and similarly descriptive elements capable of being published and being reproduced by printing."

Again, in the Implementing Regulations under the Decree-Law No.556 Pertaining to the Protection of Trademarks, trademark is defined as: “a sign which might as well be classified as a trademark and/or service mark, which serves the purpose of distinguishing the goods produced and/or traded and/or services offered by an enterprise from the goods and/or services of other enterprise”.

Unlike the Decree Law no.556, a direct definition of trademark is seen to be given in clause 'ğ' of article 2 titled 'Definitions' of the Turkish Draft Bill of Trademark Law. According to this definition, a trademark is regarded as: ‘a sign which serves the purpose of distinguishing the goods produced and/or traded and/or

¹ The related article is the same with article 2 titled ‘Signs That May Constitute a Trademark’ of the December 21, 1988 dated and 89/104 numbered Directive of the European Community Council to Approximate the Laws of the Member States Relating to Trade Marks, which was recognized as a main source to Decree Law no 556.

services offered by an undertaking from the goods and/or services of other undertakings’.

2.2.2. Components of a trademark

To be able to discuss on trademark, there must be, primarily, any “**sign**” which can be capable of being represented graphically or expressed in a similar manner, also published and duplicated via printing. Types of sign expressed in both national and international texts are of exemplary nature, but not restrictive. For instance, although it is not clearly mentioned in related texts, mottos (Bainbridge, 2007, p.597), internet domain names are observed to be registered as trademarks in practice.

The second condition for the said signs to be deemed as a trademark is that the related sign must distinguish goods and services produced by an undertaking from goods or services produced by other undertakings, in other words, “**have a distinctive character**”.

Distinctive character of a sign is directly related to functions of a trademark. Trademarks usually define ‘specific goods or services’, and ‘indicate that the goods or services included in scope of trading under the related sign come from a single producer or source’.(Bouchoux, 2000, p.18) Therefore, signs containing these features are believed to have a distinctive character.

As a matter of fact, as it will be explained in detail in subsequent sections, it is very clearly stated under the title Absolute Grounds for Refusal of Trademark Registration² in article 7 of the Decree Law no 556, that: ‘Signs that do not conform to the provisions of Article 5’; ‘trademarks consisting exclusively of signs or indications that serve in trade to indicate the kind, characteristics, quality, quantity, intended purpose, value or geographical origin or to designate the time of production of the goods or rendering of the services or other characteristics of the

² Title of the related article in Draft Bill of Trademark Law has been changed as ‘grounds for refusal of trademark application ex officio examined by the Institute’ and the mentioned parts were reserved in the same form.

goods or services’; ‘trademarks consisting exclusively of signs and names that are used to distinguish specific groups of craftsmen, professionals or tradesmen or have become customary in the current and established practices of the trade’; ‘signs constituted by the shape of the product, resulting from the nature of the product, necessary to obtain a technical result or giving substantial value to the product’ shall not be registered as trademarks as they do not contain either sign or distinctive character of the trademark explained above.

2.3. Concept of Right and Right on Trademark

Right is one of the basic concepts of private law. Right denotes: “any kind of interests which are legally protected and the use of which are left to the discretion of the proprietor of the right.” (Öztañ, 2002, p.57)

In parallel with classification of legal order as public law and private law, rights are divided into two main categories as ‘Private Rights’ and ‘Public Rights’.³

Private Rights denote the rights derived from private law and possessed by persons against each other. Unlike public rights, the principle is to ensure that everyone benefits from these rights (the principle of generality). Furthermore, as clearly expressed in Article 8 of Turkish Civil Code, everyone is equal in being entitled to rights and obligations within boundaries of legal order (the principle of equality). As interpersonal relationships are subject to diversity, private rights are also subject to certain classifications in consideration for particular criteria. For instance, rights are classified under different names depending on their subject, dependence, characters, impacts of their use and their transferability.

Rights are divided into two main parts as ‘absolute rights’ and ‘relative rights’ as to their characteristics. ‘Absolute rights’ provide their proprietor with a direct sovereign authority on the subject of the right, and as a result of such

³ Only the private rights regarding the subject and classifications related thereto shall be explained in this thesis.

character, they might be put forward against or violated by any person. (Erel, 1998, p.1)

Trademark right is an absolute right, as well; and the proprietor of the said right is entitled to use the subject of the right as he wishes, and to prevent other persons from using that right. For instance, the proprietor of a trademark right is entitled to prevent third parties from using his trademark without his consent in the circumstances mentioned in article 9 of the Decree Law No.556 on the Protection of Trademarks. The circumstances set forth in article 61 of the Decree Law are considered infringements of a trademark, in which case the proprietor of the trademark may in particular apply to the court for cessation of the infringing acts, remedies for infringement and compensation for damages incurred and many similar legal and criminal actions and claims.

2.4. Functions of Trademark

Trademark has recently become one of the indispensable elements of commercial life. Trading enterprises from small to large scale, make considerable amounts of financial expenditures in order to provide sustainability of their trademarks, to introduce them to public and for similar activities, thereby trying to differentiate themselves in their fields of activity.

What are the reasons underlying the fact that trademark, which is subject to such a considerable amount of investment, has become much more subject to demand day by day?

Functions of trademark and explanations to be made under this title constitute the basis for the answer to this question.

It is generally believed that trademark has functions of '**distinguishing**', '**indicating origin**', '**guarantee**' and '**advertising**' in the doctrine.

‘Protection can not be provided for all functions of trademark, therefore, a classification in terms of functions of trademark as physical functions and legally protected functions.’ (Dirikkan, 2003, p.10) ‘With provisions of the Decree Law no.556 being examined, it appears that a protection based on the risk of confusion of registered trademark in association with identical or similar goods is taken as basis, so that, existence of an arrangement aiming to protect distinguishing function of the trademark and the function of indicating origin come on the scene.’ (Dirikkan, 2003, p.20)

2.4.1. Trademark’s Function of Distinguishing and Indicating Origin

Firms attempt to please consumers by providing desirable goods and services with the hope that the customers will want to return for further consumption.(Janis, 2002, p.24) Trademarks assist the consumer by guaranteeing that the demanded goods and services came from the same source, and distinguish them from other competitors and trademarks. A trademark’s function of distinguishing and indicating origin assist in creating a link between the consumer and product, and producer (owner) of that product, and preferences of the consumer can be guided in a sense.

In this context, the consumer who again needs a consulting service or any goods he received earlier, prefers the company offering its consulting services under the trademark B or the goods under the trademark A, which the consumer purchased earlier and was satisfied with.

Although there is a very close relationship between the trademark’s functions of distinguishing and indicating origin, it is asserted that the function of indicating origin has lost its meaning, and trademark has become a means which directly discriminates goods rather than differentiating goods of enterprises. (Tekinalp, 2002, p.322) Though this being true for certain sectors, trademark’s function of indicating origin still protect their validity where products produced with the name of the enterprise are offered to the market under the same expression

(e.g. Apple company is producing Apple® branded products). (Dueker, 1996, p.489)

2.4.2. Guarantee Function

A trademark represents a guarantee that the owner has the exclusive right to use that mark for the purpose of placing products containing the mark into circulation for the first time. (D'amato – Long, 1997, p.21) Guarantee function of the trademark refers to that the consumer will be able to find the goods, which he likes, at any time in the future, and the producer will have buyers for its goods. (Yasaman , 2003, p.8)

At this point, the producer is obliged to maintain and improve the quality level and other features of the goods under its trademark, which gives way to a trust in terms of producer and goods. (Dirikkan, 2003, p.15)

2.4.3. Advertising Function

Another function of trademark is that it is used as a means of advertising in relation to the goods and services on which it is used. Through advertising, the consumer starts to make a connection between the trademark and the goods or services on which it is used, so that the trademark becomes known and gradually increases its reputation. (Arslan, 2006, p.61)

2.5. Types of Trademarks

It is stipulated in article 1 of December 21, 1988 dated and 89/104 numbered Directive of the European Community Council to Approximate the Laws of the Member States Relating to Trade Marks that: the Directive shall be applicable upon 'individual marks', 'collective marks' and 'guarantee marks'.

Similarly, it is expressed in article 4 titled 'Definitions' in the Implementing Regulations under the Decree Law no.556 Pertaining to the Protection of

Trademarks that trademark ‘shall refer to trademarks or service marks including guarantee marks and collective marks’.

In parallel with these provisions, types of marks are generally classified as ‘trademark’, ‘service mark’, ‘collective mark’ and ‘guarantee mark’.

2.5.1. Trademarks and Service Marks

Trademark is defined as a sign which serves the purpose of distinguishing the goods produced or traded by an undertaking from the goods of other undertakings in article 8 of the Regulations of Decree Law no. 556, and service mark is defined as a sign which serves the purpose of distinguishing the services of one undertaking from the services of other undertakings in article 9.⁴

Marks are used in certain classes of goods and services, the scope of which is specified earlier through international agreements. This is also expressed in article 24 of the Decree Law no.556. The international regulation pointed out by the said article is the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks; in scope of which goods and services are classified in frame of their common features in such a way that goods shall be in the first 34 classes and services in the last 11 classes. According to this classification, the marks used in the first 34 classes of goods are defined as trademarks; and the marks used in the subsequent 11 classes of services are defined as service marks.

⁴ As appropriately expressed by Yasaman, although the term ‘enterprise’ was used in definitions relating to types of marks in the Implementing Regulations under the Decree Law no.556 unlike the Decree Law, it is believed that it would be more appropriate to use the term undertaking, which is a broader concept, since marks might be obtained by real persons and associations, foundations and similar institutions which do not have a commercial enterprise. For detailed information, see Yasaman Hamdi, Marka Hukuku, 556 Sayılı KHK Şerhi, Vedat Kitapçılık, Volume I, İstanbul, 2004, p.60.

2.5.2. Collective Marks

Collective mark is defined in article 55 of the Decree Law no.556 and in article 6 of Implementing Regulation of Decree Law no.556 as: ‘a mark used by a group of undertakings of producers or traders or providers of services which shall serve to distinguish the goods and services of the undertakings belonging to the group from those of other undertakings.’

Collective mark indicates membership within an organization such as a collective group or union, or goods and services pertaining to that group or organization.(Campbell – Cotter, 1995, p.8) In other words, collective mark indicates the state of belonging to a certain group and tends to have the same basic function with individual marks in differentiation of goods and services. (Yasaman, 2004, p.996)

A technical regulation describing the procedure and form of the use of trademark is provided with the collective mark application, in which enterprises authorized to use the collective mark in the relevant technical regulation are also stated.

The mark The Institute of Chartered Accountants (ICAEW and figure) used by financial advisors in England; and ‘letters AAA in an elliptical shape, indicating membership to the American Automobile Association function as collective marks.’ (Singh, 2007, p.5)

2.5.3. Guarantee Mark

Guarantee mark is defined in article 54 of the Decree Law no. 556 as a sign, under the control of the proprietor of the mark, serving to guarantee the common characteristics of undertakings and of the production methods, geographical signs and quality of those undertakings.

The purpose of guarantee marks is to indicate goods or services with certain objective standarts: for example, in respect to material, safety or quality.

(Bainbridge, 2007, p.645) At this point, unlike individual trademarks such as trademark and service marks, and collective marks, guarantee marks ‘serve, rather than their distinguishing function, to guarantee consumers or, in a broader sense buyers, that products offered to the market for them have the ascertained qualities.’ (Yasaman, 2004, p.985)

The marks ‘Woolmark pertaining to International Wool Secretariat, TSE, The Leading Hotels of the World’ can be given as examples for guarantee mark. (Tekinalp, 2002, p.318) Again, CE mark which indicates compliance with the safety conditions sought by the European Union also functions as a guarantee mark.

As in collective mark application, a technical regulation is to be provided along with the guarantee mark application, in which common features of the mark and the guaranteed goods and services; types of control on the use of mark and provisions relating to punishments which shall be applicable when required shall also be mentioned.

2.6. Acquisition of Trademark Right

A sign containing the aforementioned components and functions can benefit from the distinctive protection provided by the Decree Law no.556 through “registration”, as indicated in article 6.

Trademark registration is a process including stages of application, publication and registration, and lasts for approximately one year in practice unless any problem is experienced in examination conducted by Turkish Patent Institute (TPI) and publication processes.

2.6.1. Registration Processes

2.6.1.1. Application

Trademark registration process is initiated by filing a trademark application and related annexes to Turkish Patent Institute - Trademarks Department.

Trademark application petition usually contains information about the sign subject to application for registration, the applicant, the agent if any, payment and invoice, request for cover letter, priority claim, and classes of goods and services for which registration of the sign is requested.

A copy of the mark suitable for publishing and duplication, a receipt showing that the application fee for the class/es subject to application for registration has been paid, a power of attorney if the application is made through an attorney, a list of authorized signatures if the applicant is a legal entity, and the technical regulations if an application is made for guarantee mark are to be submitted as attachments to the application petition.

2.6.1.1.1. Preliminary Ex Officio Examination by TPI

TPI shall examine ex officio a trademark application in terms of ‘form’, ‘right of application’ and ‘absolute grounds for refusal’.

2.6.1.1.1.1. Examination as to Form

The institute shall examine the application made in respect of documents which are to be given, in other words, whether any deficiency in form is point at issue or not. In case it is held that no deficiency is at issue, the application for registration of trademark shall be finalized by the date, hour and minute at which the application is made to the Institute or an authority appointed by the Institute.

2.6.1.1.1.2. Examination as to Right for Filing Application

Pursuant to article 3 of Decree-Law No. 556 on the Protection of Trademarks, the protection conferred by this Decree-Law shall be available to:

- natural and legal persons domiciled or having industrial or commercial establishments within the territory of the Turkish Republic,

-persons having application rights deriving from the Paris or Berne Conventions or the Agreement Establishing the World Trade Organization,

-natural or legal persons other than those referred to in the above-mentioned paragraphs who are nationals of States that accord legal and de facto protection to nationals of the Turkish Republic shall enjoy trademark protection in Turkey according to the principle of reciprocity.

During the preliminary examination carried out by TPI, applications of natural and legal persons not included in this scope shall be refused.

2.6.1.1.1.3. Examination as to Absolute Grounds for Refusal

On concluding that there are no deficiencies regarding compliance with the conditions of filing and the right of application, the Institute shall examine, as a matter of substance, the application to determine whether it is eligible for registration under Article 7 in respect of all or some of the goods or services to be registered. (art. 32 of the Decree Law no.556)

Signs included in scope of absolute grounds for refusal as mentioned in article 7 of the Decree Law, except clause b, are refused as they are based on public interest, and even on public order; therefore no claim can be asserted on them, and they might be used by everyone. (Tekinalp, 2002, p.341)

Signs regarded as absolute grounds for refusal consist of the following:

2.6.1.1.1.3.1. Signs that are Devoid of Distinctive Character

According to article 7/1-a of the Decree Law, signs that do not conform to the provisions of article 5 will be regarded as an absolute ground for refusal.

As discussed in the chapter about definition and components of trademark, any application for registration shall be refused in frame of this clause in cases where there is no sign which can be capable of being represented graphically or expressed in a similar manner, also published and duplicated via printing, where the sign, without limitation, have no attributes set out in this article, or where the relevant sign does not have a distinctive character.

In assessing whether a trademark is devoid of distinctive character, reference should be made to the goods or services for which registration is sought and to the perception of the relevant public, being average consumers of the goods or services in question, who are reasonably well-informed and reasonably observant and circumspect. (Bainbridge, 2007, p.609) Just as, European Court of Justice (ECJ) held in a decision⁵ by referring to the criteria at issue that the application for community trademark made with the aim to have the expression “electronica” registered in classes of goods and services directly related to electronics do not bear the stamp of a distinctive character.

Similarly, registration of pictures and figures relating to products which are mainly included within a class of goods might be refused, *inter alia*, (especially art. 7/1- clauses c and e) as the related pictures and figures do not have distinctive character for that class of goods.⁶

⁵ See *Messe München GmbH. v OHIM* (Case-T-32/00)

⁶ In fact, upon the action for cancellation of the refusal decision of TPI for registration filed by the applicant for using the multi-colored pictures and figures in 5 different designs containing hazelnuts in nutshells, semi-broken forms and hazelnut leaves as a trademark in food in class 29 and 30 containing hazelnuts, specifically based on the issues that the trademark was not of distinctive character and it contained characteristic features of the goods in the class subject to application as well as figures stemming from the original natural structure of the goods, Supreme Court of Appeals – 11th Chamber adjudicated upon dismissal of the action through 09.07.2004 dated and case no 2004/6927, decision no 2004/7676 decision by holding that by T.P.I. was right in its refusal of the request for registration.

According to the provision in the last paragraph of article 7, a request for registration cannot be refused if the related sign has been used prior to the registration date and gained a distinctive character through such use in respect of goods and services subject to registration, though being included in scope of this article.

2.6.1.1.1.3.2. Identical or Confusingly Similar Trademarks

This absolute ground for refusal is titled as: trademarks identical or confusingly similar to a trademark registered or filed for registration earlier in respect of an identical or confusingly similar type of product or service in article 7/1-b of Decree Law.

In such case, a trademark application for a sign subject to trademark registration and an earlier registration or application in respect of an identical or confusingly similar one, in the same or confusingly similar class may be concurrently point at issue. "In this circumstance mentioned in article 7, there are trademarks which are strong and clear in such a manner that shall render further examination unnecessary in case of ambiguity or public confusion by virtue of the similarity between the trademarks." (Arkan, 1998, p.75)

So when, for instance, applications are filed at a later date for registration of trademarks like IZOLEKS or IMAJ in the same class with trademarks such as IZOLEX or IMAGE, which were registered or subject to application for registration earlier, TPI shall be able to refuse the latter applications on basis of art. 7/1-b.

2.6.1.1.1.3.3. Descriptive Signs

It is provided in art. 7/1-c of that Decree Law that trademarks consisting exclusively of signs or indications that serve in trade to indicate the kind, characteristics, quality, quantity, intended purpose, value or geographical origin or to designate the time of production of the goods or rendering of the services or

other characteristics of the goods or services will be regarded as an absolute ground for refusal.

The basic ground for consideration of this circumstance, which is mentioned in clause c of paragraph 1 in article 3 of the Directive No. 89/104, and in clause c of paragraph 1 in article 7 of the Community Trade Mark Regulation, as absolute grounds for refusal is that ‘other persons are also free to use the related sign in the class of goods and services subject to application for registration, in other words, there is public interest in use of the related sign by everyone. (Bainbridge, 2007, p.611)

With regard to this issue, the Turkish Supreme Court of Appeals adjudicated in its decision in relation to registration of the term ‘Multicanal’ as a trademark,⁷ that the mentioned sign cannot be registered since the term referred to a multichannel TV or radio channel; the first word of this term, ‘Multi’, refers to multiplicity, in other words, quantity as per art. 7/1-c, and the second word ‘Canal’ means TV or radio channel; that combination of these two words do not contain a separate meaning, therefore the sign does not have a distinguishing quality in the class subject to registration, yet it refers type, kind and quantity.

Similarly, an application for registration of the trademark EUROLAMB in England was refused due to its descriptive character in the class comprising meat and meat products and indicating geographical sources, as well as on the grounds that the word *lamb* contained in the application would create an impression as if meat came from Europe.⁸

ECJ appropriately adjudicated in a decision⁹ that it is not suitable to make an evaluation on whether one or more words subject to application in the related class in scope of this clause is only in descriptive form or not. It is held in the same

⁷ See the Supreme Court of Appeals – 11th Chamber decision, dd. 09.11.2000 under case no. 2000/6135 and decision no. 2000/8767.

⁸ See EUROLAMB Trademark [1997] RPC 279,

⁹ See Procter & Gamble Co. v OHIM (Case-383/99P – Baby Dry)

Decision that it must be primarily analyzed whether the words subject to evaluation can be used or not by other persons as well to specify characteristic features of goods and services in the class subject to application for registration.

So in which language are words to be evaluated under this clause? While it is recognized in United Kingdom that knowledge in main European languages must be evaluated in scope of this clause, OHIM (Office for the Harmonization of the Internal Market) lays the emphasis on the requirement that meaning in at least all the Community languages, official and non-official, is of importance. It is pointed out that this shall lead to major problems. (Cornish - Llewelyn, 2003, p.666) It is usually observed in Turkey that words belonging to main European languages are evaluated in scope of this clause under the light of decisions given by the Supreme Court of Appeals.

According to the provision in the last paragraph of article 7, a request for registration cannot be refused if the related sign has been used prior to the registration date and gained a distinctive character through such use in respect of goods and services subject to registration, though being included in scope of this article.

2.6.1.1.1.3.4. Customary Signs or Indications

It is stated in art. 7/1-d of Decree Law that trademarks consisting exclusively of signs and names that are used to distinguish specific groups of craftsmen, professionals or tradesmen or have become customary in the current and established practices of the trade shall be regarded as an absolute ground for refusal.

Upon examination of the related clause of the article, it is observed that any sign which shall be selected as a trademark might be subject to refusal if used only in commercial field. It is also observed in the draft bill of trademark law that the said provision was adopted in its very form.

It is stipulated in clause d of article 3 of the Directive no 89/104 which refers to the Decree Law and in related arrangements regarding the clause at issue that: ‘trade marks which consist exclusively of signs or indications which have become customary **in the current language** or in the bona fide and established practices of the trade shall not be registered’. Whereas, there is no provision in the Decree Law no 556 and the Draft Bill of Trademark Law stating that signs used by everyone in the current language shall not be registered.

It is pointed out that signs customary in current language shall refer to words and other symbols (such as numbers, letters of an alphabet and punctuation) which have some meaning other than as a trademark. (Cornish – Llewelyn, 2003, p.668)

During the enactment activities in Turkey, it is believed that it would be more appropriate if this clause is arranged in such a way to comprise uses which are customary in current language. For instance, according to the current practice in our country, correspondences which are not used in commercial field but realized via telephone messages and on the internet, consisting of words used by everyone in daily language, such as ‘how r u’, ‘bravo’ or derivatives could be a primary component of a trademark application and shall not be refused on basis of this clause and these words could be left to monopoly of a person or enterprise in case where registration process is finalized in an affirmative way.

Also, signs exclusively consisting signs and symbols indicating membership to any professional, artistic or commercial group or union (for instance, Turkish Union of Chambers and Commodity Exchanges, Turkish Bar Union, Turkish Professional Associations and Federations for the Authors of the Intellectual and Artistic Works (İLESAM), Chamber of Certified Public Accountants etc.) shall be refused in scope of this paragraph.

According to the provision in the last paragraph of article 7, a request for registration cannot be refused if the related sign has been used prior to the registration date and gained a distinctive characteristic through such use in respect

of goods and services subject to registration, though being included in scope of this article.

2.6.1.1.1.3.5. Signs Resulting from Nature or Technical Necessity of the Product

It is stated in art. 7/1-e of Decree Law that signs constituted by the shape of the product, resulting from the nature of the product, necessary to obtain a technical result or giving substantial value to the product will also be regarded as an absolute ground for refusal.

Pursuant to this clause obtained from clause e of paragraph 1 in article 3 of the Directive no 89/104, basic grounds underlying the issue that registration of a figure containing the characteristics mentioned in this paragraph are that 'the figure is devoid of any distinctive character in the class subject to registration'; 'other persons in activity in the class subject to registration are free to use that figure', and 'the avoidance in grant of such a figure available for use by everyone to a specific person is basically of public interest.'

Although the requirement that the figure is to be available as a main component in the sign to be refused is mentioned in the related clause of the Directive, this issue was not mentioned in the Decree Law. It is observed upon examination of the Draft Bill of Trademark Law that this deficiency has been eliminated.

Even if a figure containing the features specified in scope of this clause can be used as an accompanying element in any application and registered accordingly, it is believed that the trademark owner shall not be able to acquire an absolute right solely on that figure upon the related registration.

2.6.1.1.1.3.6. Deceptive Trademarks

It is stated art. 7/1-f of Decree Law that trademarks that are of such a nature as to deceive the public, notably as to the nature, quality, place of production or geographical origin of the goods and services will be deemed as an absolute ground for refusal.

In case a sign indicates characteristics, quality, production place or time, and geographical source of specific goods or services; such sign shall not be granted to monopoly of any person as it is offered to public use. (Tekinalp, 2002, p.348)

“A sign may deceive the public in many ways. By using the expression ‘such as’ in the article, such circumstances are mentioned to be not of a limited nature.” (Yasaman, 2004, p.240)

2.6.1.1.1.3.7. Specially Protected Emblems, etc.

It is stipulated in art.7/1-g of Decree Law that trademarks that have not been authorized by the competent authorities and are to be refused under Article 6*ter* of the Paris Convention and further stated in art. 7/1-h of Decree Law that trademarks incorporating badges, emblems or escutcheons other than those covered by Article 6*ter* of the Paris Convention that have not been authorized by the competent authorities and are of particular historical and cultural interest to the public will be deemed as absolute grounds for refusal.

Article 6*ter* of the Paris Convention comprises provisions relating to prohibition of flags, badges, escutcheons, stamps and official signs pertaining to the parties of the convention and similar signs of sovereignty and of signs pertaining to international organizations. In case of an application of trademark registration for signs to be evaluated in this scope although no permission for use is obtained from competent authorities, TPI shall refuse such applications during ex officio examination.

Requests for registration of trademarks incorporating other badges, emblems or escutcheons concerning the public and being of particular historical and cultural interest to the public and not subject to permission for registration by relevant authorities, though not being covered by Article 6*ter* of the Paris Convention, shall also be refused under clause h of article 7.

2.6.1.1.1.3.8. Well-known Marks

Trademarks that have not been authorized by their owners and well-known marks within the meaning of Article 6*bis* of the Paris Convention which is regulated under article 7/1-i of Decree Law is also regarded as an absolute ground for refusal.

According to article 6*bis* of Paris Convention, well-known mark is defined as a mark ‘which is known in countries which are members to Paris Convention (and even in some of member countries) even though it is not well-known on a global scale’ (Tekinalp, 2002, p.351); ‘which is registered in a specific country and known by authorized bodies or authorities associated with the goods in the country where protection is requested’ (Yasaman, 2005, p.27-28) and it is regarded that ‘the trademark is considered as a well-known mark once it is known by majority of authorities associated with such goods or services in Turkey that mark belongs to a person who benefits from provisions of the Convention’ (Arkan, 1998, p.93) which is sufficient as a condition.

Article 6*bis* of Paris Convention stipulates that: “The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.”

Acquisition of trademark right and initiation of protection are realized through registration, and such protection is of national context. In other words, the scope of protection of the trademark is restricted to the country where the registration process is executed. Basic exception for this general rule is this exceptional provision applicable on well-known marks in terms of Paris Convention. Marks that are famous or well-known, regardless of whether they have been registered or used in a foreign country, are entitled to special protection because they have a high level of recognition and are likely to cause consumer confusion if used by another party. (Weisberger, 2007, p.747)

But in the course consideration whether a mark is well-known or not which criteria should be applied?

A joint recommendation¹⁰ relating to provisions on the protection of well-known Marks was passed at the assembly of the Member States of World Intellectual Property Organization, held on September 20 to 29, 1999.

It is stated in clause b of article 2 of the said Recommendation that competent authority shall consider information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following:

- the degree of knowledge or recognition of the mark in the relevant sector of the public;
- the duration, extent and geographical area of any use of the mark;
- the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;

¹⁰ Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO, September 20 to 29, 1999.

- the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
- the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;
- the value associated with the mark.

It is also stated in clause a that in determining whether a mark is a well-known mark, the competent authority shall take into account any circumstances from which it may be inferred that the mark is well known. In parallel with the duty “to ascertain and implement principles regarding recognition levels of trademarks” as per the clause (d) of article 13 of Law no 5000 on Establishment and Duties of Turkish Patent Institute, Turkish Patent Institute – Trademarks Department has ascertained its own well-known trademark criteria. (TPI, 2008)

Thus, in case of an application by a third party in Turkey for a sign which meets the criteria above and ascertained by TPI and which may as well be regarded a well-known mark, the related application shall be refused during preliminary examination carried out by TPI and in scope of this clause.

2.6.1.1.1.3.9. Trademarks that incorporate religious symbols (Decree Law art. 7/1-j):

Registration of such signs is prohibited with the aim to prevent the public from being offended by contempt of religious values and symbols, or exploited through use of such signs. (Karahana et al., 2007, p.140)

2.6.1.1.1.3.10. Trademarks that are contrary to public policy and to accepted principles of morality (Decree Law art. 7/1-k):

The Turkish Supreme Court of Appeals stated in a decision¹¹ that contradiction of a trademark to public policy and accepted principles of morality shall appear in words, figures, letters, numbers, signs containing components of that trademark, and the image and message created by them; and pointed out in a considerably explanatory manner that, for instance, trademarks including elements which promote crime and are in contradiction with human rights, democratic order and containing disruption shall be regarded as contrary to public policy; and trademarks in contradiction with family order, established practices and customs shall be regarded as contrary to accepted principles of morality.

Except the clauses mentioned above, Draft Bill of Trademark Law is seen to stipulate in form of a separate clause (clause ç) that; signs subject to application for registration, comprising designation of origin and geographical indications, which are registered according to provisions of the Decree Law no 555 dd. 24/06/1995 on the Protection of Geographical Signs or subject to application for registration at a date earlier than the application for trademark registration, or which consist of such and are contrary to the rights of designation of origin or geographical indications arising from the Decree Law no 555, and for registration of which an application is filed in relation to goods identical or similar to the scope of designation of origin or geographical indications.¹²

2.6.1.2. Publication and Relative Grounds for Refusal of Trademark Registration in terms of art. 8 of the Decree Law:

Trademark applications which are not refused upon examination in terms of form, right of application and absolute grounds for refusal, remain published for a period of three months, so that concerned persons submit their opposition in the

¹¹ The decision of Supreme Court of Appeals, 11th Chamber, dd. 08.02.2000, under case no 1999/7314 and decision no 2000/1195.

¹² According to this provision, refusal of a trademark application in a class of goods and services “out of the scope of geographical sign” is not possible in frame of this clause.

monthly issued Official Trademark Bulletin upon the matter that the trademark for which an application is filed should not be registered as per the provisions of articles 7 and 8, and that the application has been filed in bad faith.

Relative grounds for refusal, stated in article 8 of the Decree Law, and which may be asserted during the period of publication are not based on the reason that such grounds involve public interest but third parties have acquired a right at an earlier date on the sign subject to application for registration. (Tekinalp, 2002, p.356)

Relative grounds for refusal mentioned in article 8 of the Decree Law ensure problems which might appear in case applications for registration which are missed or not evaluated in scope of article 7 during ex officio examination conducted by TPI or in case such possibility comes into scene, by raising objections against such persons.

A right acquired at an earlier date might either arise from an application or registration filed for an identical or similar sign, or might be based on the grounds that the real trademark owner has a right on that sign, an unfair application has been made by agent or representative of the trademark owner and similar reasons.

Thus, relative grounds for refusal shall be examined under two different titles, as grounds based on identicalness or similarity and other reasons.

1.6.1.2.1. Relative Grounds for Refusal based on Identicalness or Similarity

Relative grounds for refusal based on identicalness or similarity are arranged in clauses a and b of the first paragraph of article 8 of the Decree Law.

The related grounds are of significance since they specify the scope of rights arising from trademark registration and constitute one of the acts which are regarded as infringement of trademark right.

Primarily, two signs must be available together for an objection to be made on basis of clauses a and b of paragraph 1 of article 8. One of them is: ‘the sign subject to application for registration’, and the other is: ‘the sign subject to application or registration at an earlier date’.

In case of a relationship as follows between the two signs mentioned above in scope of article 8, refusal of the trademark application can be filed.

- Pursuant to the provision in clause a of the paragraph 1 of article 8, existence of a sign which is of the same nature with a trademark registered or for which an application is filed at an earlier date, and which is subject to application for registration in the same class of goods and services,
- Pursuant to the provision in clause b of the paragraph 1 of article 8, existence of a sign which is of the same or similar nature with a trademark registered or for which an application is filed at an earlier date, comprising the same or similar class of goods or services and bearing the risk of confusion by the public.

Clause a of paragraph 1 of the article 8 is the same as clause b of the article 7 in which absolute grounds for refusal are set out. On this regard, explanations under the related paragraph are also applicable for this circumstance. Here, coexistence of trademarks which are identical to the extent that shall not lead to confusion in the public and included in the same class of goods and services is point at issue.¹³

The principal emphasis is on the issue of ascertaining whether trademarks are similar in terms of clause b of the article 8 and of which criteria shall be used at this stage.

¹³ In fact, ECJ confirmed this issue once more by adjudicating in its decision upon *Lloyd Schuhfabrik Meyer & Co GmbH v Klisjen Handel BV* (Case C-342/97) that the absolute protection in art. 5/1-a of the Directive no 89/104 shall not be extended in the event that the present case contains the state of causing confusion in the public as in art. 5/1-b of the same Directive.

As a matter of fact, either an objection to an issue based on these relative grounds for refusal or cases of infringement and nullity shall be settled through adopted criteria. Furthermore, the related issue is of additional importance as the effect of these criteria in ascertainment of whether the trademark is infringed via internet or not shall be analyzed.

It is stated in the doctrine that criteria such as ‘visual, formal, semantic, phonetic similarity’, ‘connotation’, ‘integrity, general impression’, ‘social level and status of the buyer group as the addressee of the goods or services’, ‘economic value of the goods bearing the trademark and the time spared by the buyer to purchase the goods’, ‘main and accompanying components of the trademark’, which are used in ascertainment of confusion or risk of confusion in court decisions passed in Trademark Law period, shall be still applicable. (Tekinalp: 372) (Also see Yasaman, 2004, 398; Şanal, 2004, p.52; Dirikkan, 2003, p.188 et seq., Arslan, 2006, p.137 et seq.) It is observed that the Decree Law no 556, unlike these criteria, takes “the risk of confusion” covering the possibility of a relationship between both trademarks as basis in ascertainment of similarity. The group that shall be taken as basis during evaluation is determined by stressing that appearance of the risk of confusion by the public, in other words, by the consumer/buyer group as the addressee of the said goods and services is necessary and sufficient in analysis of the provision.

Concept of the risk of confusion is defined as: ‘the risk that an unregistered sign or a registered mark creates an impression as a previously registered trademark since it is identical or similar to that previously registered trademark due to reasons such as figure, image, sound, general impression etc.’ (Tekinalp, 2002, p.370).

While existence of the risk of confusion between trademarks is sought, all the conditions related to the present case must be taken into consideration.¹⁴ Within this context, presence of the likeliness of confusion must be again admitted if the public (the consumer/buyer group as the addressee of the said goods and services in

¹⁴ ECJ clearly pointed out this issue through its decree at Sabel BV v Puma AG, Case 251/95. For Turkish translation of the related decree, (also see Yasaman et al., 2004, p.462)

the class subject to application for registration) makes a connection between the two trademarks in any manner and for any reason whatsoever.¹⁵

Under the light of decisions given by ECJ, especially the issues mentioned below are observed to be taken into consideration during the evaluation against the risk of confusion (Bainbridge, 2007, p.637):

- the likelihood of confusion must be appreciated globally, taking account of all relevant factors,
- the matter must be judged through the eyes of the average consumer, of the goods/services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant – but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect Picture of them he has kept in his mind;
- the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. Therefore, the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impression created by the marks bearing in mind their distinctive and dominant components,
- the lesser degree of similarity between the marks may be offset by a greater similarity between the goods (or services), and vice versa,
- there is a greater likelihood of confusion where the earlier trademark has a highly distinctive character, either per se, or because of the use that has been made of it.

In American Law, each federal circuit has devised its own variation of a list of factors used in determining whether there is trademark infringement or a likelihood of confusion. (Chan, 1999, p.586) Nevertheless, the following two tests

¹⁵ See the decision of Supreme Court of Appeals, 11th Chamber, dd. 13.11.2003 under case no 2003/4003, and decision no.2003/10839.

with maximum 8 factors are used by American Courts in ascertainment of the risk of confusion: Sleekcraft Factors and Polaroid Factors.¹⁶ In addition to these, a Restatement¹⁷ (Restatement Third of Unfair Competition) has been prepared in relation to the criteria which are to be applied in ascertainment of the risk of confusion, and the principles determined in the related text have been listed as follows, in harmony with the stated tests: (Moyer, 1999, p.335)

- resemblance of conflicting marks,
- similarity of marketing and distribution methods,
- sophistication of prospective purchasers,
- distinctiveness of the marks,
- where services are not competitive, the likelihood that prospective purchasers would expect the senior user to expand into the junior users field (bridging the gap),
- geographic proximity of the goods/services of the senior and junior users,
- intent of the junior user and
- evidence of actual confusion.

The general rule in assertion of objections in association with relative grounds for refusal based on the principle of identicalness or similarity or claims on infringement and nullity in this scope is to prevent the identical or similar trademark from being used in the same or similar goods or services.

As indicated in the last paragraph of art.8 of the Decree Law, a trademark filed for registration that is identical or similar to a registered trademark or to a trademark with an earlier application date may be used for ‘different goods and services’. At this point, two trademarks which are quite similar to each other and even identical to each other shall be able to coexist provided that they are registered

¹⁶ The factors ascertained in these tests resemble each other considerably, yet with difference of only one factor: While courts using Sleekcraft factors test search for similarity of marketing channels used by both parties, courts using Polaroid factors do not analyze this issue. For further details, see Mackey, 2001, p.163

¹⁷ Restatements are texts which introduce the trends in applicable law during that period, and occasionally showing what is to be applied, and though being not a primary law text, issued by American Law Institute which has a conclusive influence upon many courts.

in different classes of goods and services. The main exception for this general rule is “well-known marks”. Within this context, in cases where an unfair benefit might be obtained due to recognition of the trademark in the society, which is registered or filed for registration, reputation of the trademark might be subject to harm, or resulting damaging distinguishing characteristics of the trademark may appear, the application for registration of the subsequent trademark might be refused upon an opposition by the owner of well-known trademark even if it is to be used in different classes of goods and service. If it is judged upon registration of an application in this manner, the owner of the well-known mark might also claim invalidity of the trademark which is registered in a different class.

2.6.1.2.2. Other Relative Grounds for Refusal

A right acquired in an earlier date on any sign does not stem only from the previous application or registration. Other circumstances excluded out of the cases specified above and evaluated in scope of relative grounds for refusal shall be analyzed under this title.

- Applications Made by the Agent without Consent:

It is stated in paragraph 2 of article 8 of the Decree Law that ‘on opposition from the proprietor of a trademark, a trademark shall not be registered where an agent or representative of the proprietor of the trademark has applied for such registration in his own name without the proprietor's consent and without valid justification’.

- Rights Derived from Previous Use:

Pursuant to paragraph three of article 8, on opposition from the proprietor of an unregistered trademark or of another sign used in the course of trade, the trademark registration applied for shall not be granted where ‘the rights in the sign were acquired prior to the date of the trademark registration/application, or the

priority date claimed for the said application’ and ‘the sign confers on its proprietor the right to prohibit the use of a subsequent trademark’.

Rights provided for the owner of trademark occur upon registration and becomes effectual against third parties from publication of registration. (Tekinalp, 2002, p.324) So, the Decree Law amended the principle of actual ownership which expresses in Trademarks Law period that the person who creates the trademark is the actual owner of the trademark, and adopted the principle of registration in absolute terms.(Tekinalp, 2002, p.325)

This circumstance resulting from previous use appears as an exception of the principles of registration recognized through the Decree Law no 556, and provides a person who evidences to have acquired a right upon an earlier use on an unregistered trademark or another sign used during trade with opportunity to prohibit registration of the related sign by a third party.

It is set out in paragraph 5 of article 8 that, on opposition from the holder of the relevant rights, the trademark filed for registration shall not be registered if it contains the name or photograph or infringes the copyright or any industrial property rights of third parties. The right evaluated in this scope may arise from personal right, trade name, business name, intellectual or artistic work within the scope of 5846 numbered Intellectual Property Act, industrial designs, patents, utility models, and the law of geographical signs. (Tekinalp, 2002, p.362)

It is indicated in the last two paragraphs of article 8 that a trademark filed for registration that is identical or similar to a collective or guarantee mark shall not be registered for three years following the expiry date of the collective or guarantee mark, and a trademark filed for registration that is identical or similar to a trademark the registration of which has not been renewed, and which is to be registered for identical or similar goods and services, shall not be registered for two years following the expiry date, upon an opposition.

2.6.1.3. Registration Decision

Trademark applications which are filed properly or deficiencies of which are eliminated; not subject to any objection during issue, or objections related thereto are absolutely refused shall be registered and entered into the registry, upon which a trademark registration certificate shall be granted to the applicant.

2.7. The Scope of Trademark Protection

The purpose underlying any trade mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trademark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. (Dueker, 1996, p.488)

The grant of ex officio inspection authority to TPI after the trademark application; presentation of opinions by an organ representing any group or service suppliers, producers or manufacturers and similar entities following the publication of trademark application as per article 34 of the Decree Law; discretion of Public Prosecutors or related official bodies in claiming for invalidation of trademark, and similar circumstances evidence that the public interest is protected by the Decree Law no 556.

Similarly, the scope of rights arising from trademark registration is set out in article 9 of the Decree Law, and the authorities possessed are specified in this context, and type of demands which might be raised are stated in 61 and the successive articles, which all evidence that the proprietor of trademark is protected at the same time.

Pursuant to the article 9 of the Decree Law, the proprietor is entitled to prevent the use of identical or similar trademark by a third party in the forms mentioned under the title of relative grounds for refusal based on the principle of identicalness or similarity. Article 9 of the Decree Law is extracted from the article

5 of the Directive no 89/104. Upon examination of the relevant article of the Directive, it is clearly expressed that the use of trademark in the aforementioned form is required to be realized “**in the course of trade**”. At this point, the common use of trademark in business life is prohibited by the Decree Law. (Arkan, 1998, p.216)

What must be understood from the use of trademark in business life is explained in article 14 of the Decree Law no 556. According to this provision; ‘use of the registered trademark in a form differing in elements that do not alter the distinctive character thereof’, ‘use of the trademark on goods or their packaging solely for export purposes’, ‘use of the trademark with the consent of the proprietor’ and ‘importation of the goods bearing the trademark’ be understood to constitute use of trademark in field of trading.

In case the trademark is used in the aforementioned forms, the proprietor shall be entitled to prohibit the following as per the second paragraph of article 9:

- affixing the sign to the goods or to the packaging thereof,
- offering the goods, placing them on the market or stocking them for those purposes under the sign, or offering or supplying services under it,
- importing or exporting the goods under the sign,
- using the sign on business papers and in advertising.

These items in the second paragraph of article 9 of the Decree Law are exemplary listing of frequently encountered cases in practice, and are not of restricting nature. (Arkan, 1998, p.211)

2.7.1. Infringement of Trademark Right

To date, no multinational treaty regime or harmonization directive has established an agreed-upon standart for the infringement of intellectual property

rights. Thus, in the absence of established international standards, the question of infringement is being depended exclusively upon domestic law. (D'amato – Long, 1997, p.340)

Infringement of trademark and demands related thereto in Turkey are regulated in the Decree Law no 556 under article 61 and ongoing articles of part eight titled Infringement of Rights.¹⁸

Infringement is an unfair act, existence of which requires occurrence of any of the acts indicated in the Decree Law no 556 and nonexistence of any grounds of fair use in the present case. (Tekinalp, 2002, p.414)

Acts considered infringement of trademark right are issued in the following 6 clauses according to the *numerus clausus* principle in article 61 of the Decree Law.

These are:

- a) violations of Article 9,
- b) The use of an identical or confusingly similar trademark without the consent of the proprietor of the trademark,
- c) The sale, distribution, putting to commercial use or importation, or holding for such purposes, of goods bearing a trademark that is known or should be known to be an unlawful imitation by using the trademark or an confusingly similar trademark,
- d) The transfer to third parties or broadening of rights acquired under a licensing contract without a consent,
- e) Participation or assistance in or any form of encouragement or promotion of the acts referred to in subparagraphs (a) and (c) under any form and circumstance whatsoever,

¹⁸ As touched upon earlier, the protection provided by the Decree Law no 556 shall be effectual only in violation of trademarks which are duly registered. An unregistered mark or a similar sign is protected within the frame of article 56 of Turkish Commercial Code and provisions in ongoing articles in which the provisions regarding unfair competition are regulated.

- f) Failure to explain where and how a product bearing the registered trademark or one confusingly similar to it was obtained when found to be in possession thereof.

2.7.2. Legal Remedies in Case of Infringement

Kılıçoğlu (2006, p.97-101) agreeably stresses that legal remedies to be applied in violation of intellectual ownership rights are of similar character and there is a distinction between actions which require and which do not require the condition of fault and damages.

According to this distinction and upon examination of article 62 and ongoing articles of the Decree Law no 556, the proprietor may apply to the court without the condition of fault and damages, for prevention of the infringing acts, cessation of the infringing acts and confiscation of the goods; establishment of the right of possession on the confiscated goods, and destruction of the goods. In the event that there exists damage of the trademark owner, and the third person realizing the infringement also has a fault, the proprietor shall be entitled to file actions for pecuniary and moral damages, recovery of the loss of gain and compensation for impaired credit. Again, the Decree Law no 556 grants the proprietor the authority to claim for announcement of the finalized judgment through daily newspaper or similar means, either the condition of fault and damages be required or not. (Kılıçoğlu, 2006, p.375)

2.8. Exceptions in scope of Rights Arising from Trademark Registration

It is stated in article 10 of the Decree Law no 556 that ‘where a trademark is reproduced in a dictionary, encyclopedia or similar reference work without any mention that it is registered, thereby giving the impression that it is the generic name of the goods or services for which the trademark is registered, the publisher shall, at the request of the proprietor, correct the fault in the next edition.’

According to this provision, trademark can be included as a common name in a dictionary, encyclopedia, almanac, catalogue, or any book introducing generally the world of trading or art or specifically a certain sector, or a similar reference work. (Tekinalp, 2002, p.382) So, the proprietor shall not be entitled to object to such use of the trademark in circumstances mentioned in the related law. However, it must be mentioned in concerned works that a word used in such manner is a trademark, otherwise there occurs the risk that such trademark might be recognized as a common name by the society and the trademark loses its distinctive character or is excluded out of protection. (Tekinalp, 2002, p.382)

It is further stipulated in article 12 of the Decree Law that the proprietor of a trademark may not prevent a third party from using, in the course of trade, his own name or address, information concerning the kind, quality, quantity, intended purpose, value, geographical origin or time of production of the goods or rendering of the services, or other characteristics of the goods or services, provided that the use is made in accordance with proper practice in industrial or commercial matters.

The provision indicates that descriptive uses and uses in order to express certain qualities relating to goods and services realized by third parties cannot be prevented by the proprietor whilst it ignores other circumstances which use by third parties as a trademark might be regarded as fair use in parallel with the principle of honesty. (Yasaman, 2004, p.522)

The source of the related article is constituted by article 6 Directive no 89/104 of the European Community Council to Approximate the Laws of the Member States Relating to Trade Marks and in addition to the issues mentioned above, it is expressly stated in clause c that the trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts. At this point, it is held as per the doctrine and decisions of the Turkish Supreme Court of Appeals that the exception in the provision of the said Directive shall be evaluated in scope of article 12 provided that the trademark is used bona fide and in relation to commerce and industry.

So, for instance, the proprietor of a trademark can prevent neither a trader engaged in marketing of spare parts from using the trademark for advertising of spare parts for the marketed automobile (Yasaman, 2004, p.523) nor a third party from manufacturing spare parts or accessories and use the trademark in advertisements with the aim to indicate that the spare parts and accessories manufactured are in compliance with the goods bearing the trademark. (Arkan, 1998, p.133) Likewise, the use of related parts with the aim to indicate which brands of products are used in a computer advertisement shall not be prevented by proprietors, either.

2.9. Unfair Competition and Trademark

The exclusive protection, which is explicated above within the framework of its general characteristics, will be in question in case of trademark registration. Whereas protection of names, titles, signs and various promotional instruments, which have not been registered as trademarks and which are used in commercial area, will be performed in accordance with unfair competition provisions, which have been regulated in article 56 and ongoing articles of the Turkish Commercial Code.

Unfair competition is defined as deceptive act or abuse of economic competition through all sorts methods, contrary to goodwill (Turkish Commercial Code – article 56).

Fast development and changing nature of economic circumstances and sales, promotional methods in line with this fact constantly gave rise to various unfair competition cases and on this account the lawmaker had to line up unfair competition cases, encountered frequently in implementation, through sampling upon making a definition of unfair competition.(Arkan, 2004, p.296 – 297)

Whereas in examination of the Draft of New Commercial Law, it is observed that unfair competition concept has been arranged within the framework of article 54 and in paragraph one it is stated that it is the objective of this law that

honest and incorrupt competition has to be ensured in favor of all participants; whereas in paragraph two deceptive or attitudes, which are contrary to integrity rules, which are performed in other ways, and which affect relationships between competitors or suppliers and customers, or commercial practices are unfair and unlawful. As is evident, use of a comprehensive word like all participants (the expression of all participants account for the renowned trio of competition law, which comprise economy, consumer and public) in the draft of commercial law prevented competition rules from being attributed to solely relationships between competitors.

Unfair competition cases, which have been determined in current Turkish Commercial Code, have been fixed in accordance with article 57 and paragraph 10 and within this framework they comprise cases below:

1. To discredit others or their commodities, work products, activities or commercial operations with inaccurate, deceptive or unnecessary hurtful remarks;
2. To render inaccurate information on moral or financial authority of others;
3. To render inaccurate or deceptive information on its personal status, commodity, work products, commercial activity or commercial operations or to make third persons superior when compared with their competitors by acting within the same framework;
4. To try to give the impression that they have an exceptional skill by acting as if they acquired degree, certificate or award or to use inaccurate title or professional names, which can give rise to the said fact;
5. To try to create ambiguities through others' commodities, work products, activities or commercial operation or to apply to injunctions, which can give rise to this fact, to use promotional means such as names, titles, trademarks and signs, which are justly used by others in particular or to expose goods, which give rise to

ambiguity, for sale intentionally or unintentionally or to hold the said items for purposes other than personal needs;

6. To provide or to promise unjust interests to personnel of third persons, attorneys or other assistants by inducing them to violation of their liabilities for the purpose of acquisition of personal interests or making others gain interests or within the framework which will give rise to acquisition of such benefits;

7. To make manufacture or trade secrets of employer or its clients disclosed or acquire the said secrets by abuse of personnel, attorneys or other assistants;

8. To unjustly benefit from manufacture or trade secrets, acquired or learnt in a contrary way to goodwill rules or disseminate the said secrets to others;

9. To grant certificates of good conduct and authority, which are unrealistic and which can abuse people in goodwill;

10. Not to abide by business life circumstances, determined in accordance with current laws, code of rules, contracts or professional or local traditions in terms of competitors.

Whereas as a result of examination of the Draft Text of the Turkish Commercial Code, it has been observed that unfair competition acts, which are especially deemed contrary to integrity rule in article 54 of the Draft, have been arranged in “six categories”. The said categories, which are tangible samples of contradiction to integrity rules, are not in limited numbers. The said six categories can be stated as below: (1) promotion and sales methods, contrary to integrity rules, and other attitudes, which are contrary to law, (2) attempts in terms of violation and termination of the contract, (3) to benefit from work products of others in an unauthorized way, (4) to disclose manufacture and work trades unlawfully, (5) not to abide by work terms and (6) to use operation terms, which are contrary to integrity rules. Thereby, article 55 has expanded and has been developed not only in terms of special unfair competition cases; but also new issues and protected

persons and interests, which were comprised within the said cases in comparison to article 57 of the Law no. 6752.

Persons, whose customers, credit, professional dignity, commercial enterprise or other economic interests have been damaged or have been subject to such danger on account of any of the said circumstances, can take decisions below:

- Determination of whether the act is unfair or not,
- Cessation of unfair competition,
- Removal of financial situation, which is a result of unfair competition, correction of inaccurate or deceptive remarks, which have been used for unfair competition,
- Compensation of loss in case of deficiency,
- In case of circumstances stated in article 49 of the Law of Obligations, claim for moral compensation and
- Upon demand of the party winning the case and finalization of the award, announcement to be made.

It is observed that the said provision is expressly maintained in the Draft of the Turkish Commercial Code.

There is no need for a further deficiency term so as to treat of unfair competition. Deficiency term bears importance solely in terms of determination of lawsuits to be filed as is evident from issues that can be claimed in case of unfair competition. (Arkan, 2004, p.298)

2.10. A Critical Approach to Current Trademark Protection in Turkey:

Regardless of its positive or negative effects, globalization is an authenticity that countries are experiencing at the present day. Countries are becoming more integrated or interconnected with each other in economical, political, social and many other related spheres by virtue of the advances, changes instituted by electronic revolution.

Many approaches so as to evaluate and examine the phenomenon globalization have been put forth, through which global system theory is believed to be the most notable one. As many global system theorists appropriately stated, a distinction as generic globalization and capitalist globalization shall be made, in which transnational practices that occurs across borders and do not originate with state actors or agencies, are taken as a basis in the course of evaluation. (Sklair, 2006, p.30; see also Appelbaum – Robinson, 2005: 58 et seq.) According to the said theory, transnational practices are operated in three spheres that is to say: economic, the political and the cultural-ideological which together compose the global system and the global capitalism has come to dominate all three spheres through the economics of the transnational corporation, the politics of capitalist class and the culture-ideology of consumerism. (Sklair, 2006, p.31)

The culture-ideology of consumerism proclaims that the meaning of life is to be found in the things that we posses and the point of economic activity in the global capitalist system is to provide the resources for consumption and the point of political activity is to ensure that conditions for consuming are maintained. (Sklair, 2006, p.32)

The more consumption had been made and the more the need to protect the assets and benefits of transnational corporations occured. It is realized that one of the most effective way to realize this kind of a protection depend on a strong trademark protection.

As stated throughout this chapter, trademark protection bears the stamp of a national character but the above-mentioned goals and sustainability of the current system is believed be realized on a global scale. This contradiction paved the way for important monetary losses on part of transnational corporations in countries where there is no or weak trademark protection. In order to overcome these kind of discrepancies, minimize the risks and maximize the profits of transnational corporations, compulsions from capitalist class so as to constitute an international intellectual property protection system or at least set the minimum standarts for intellectual property protection put forth.

Paris Convention for the Protection of Industrial Property and Berne Convention for the Protection of Literary and Artistic Works were the first attempts to realize international protection of intellectual property rights. Due to the inadequacy of the Paris and Berne Conventions in protecting intellectual property rights against infringements, the United States, Japan and the European Community pushed for international protection of intellectual property rights to be added to the agenda of Uruguay Round of General Agreement on Tariffs and Trade (GATT) in 1994 and on April 15, 1994 as part of negotiations and agreements of the Uruguay Round of GATT, the Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) was adopted in Marrakesh, Morocco as a multilateral agreement under the World Trade Organization. (Su, 2000, p.185)

Thus, with the main aim of promoting effective and adequate protection of intellectual property rights, TRIPS Agreement established minimum standards for the protection intellectual property rights, including enforcement measures, which all World Trade Organization member nations must incorporate into their domestic intellectual property laws. (Thelen, 2005: 519) In other words, TRIPS Agreement established substantially higher standards of protection for a full range of intellectual property rights that are embodied in current international agreements, and provided for the effective enforcement of those standards both internally and at the border. (Freeman, 1995, p.87)

With the introduction and adoption of this new system proposed by TRIPS Agreement, a compromise, which is called: ‘the carrot and stick compromise’ (Sodipo, 1997, p.64; Thelen, 2005, p.519), has started to be implemented between developed and developing countries. Said bargain seems to be: “Take the carrot protect our intellectual property rights or we give you the stick, which represents trade sanctions which will prevent the exports all together.” (Sodipo, 1997, p.64) The said system proposed by TRIPS Agreement could also be resembled to employer – employee relation within a factory. As workload of factory increases so does the employer’s profits, whereas employee’s wages will remain the same in most of the time.

In the course of this bargain and relation there is no doubt that developed countries are the party that demand and make profits whereas developing or less developed countries are the ones that make concessions or gain nothing or a little.

Contrary to the above-mentioned explanations, proponents of trademark protection contend that trademark protection is beneficial to the economies of developing countries in that it assists domestic producers to reap income and further argue that protecting foreign brands will encourage their owners to invest in developing countries and to establish an industrial and commercial presence therein thus opening their respective markets and creating new jobs therein. (Khoury, 2006, p.13)

Throughout Chapter 2, it is observed that an excessive trademark protection is currently being implemented in Turkey. In this respect, it should be argued whether excessive trademark protection automatically brings forth the advantages to Turkey, that proponents of trademark protection allege?

Table 1 – Distribution of Trademark Registrations with respect to Years.

	Domestic		Foreign					General Total	General Increasing Rate	
	Number	Increasing Rate	Number	Increasing Rate	Applications Via Madrid Protocol		Increasing Rate			
					Number	Increasing Rate	Total			
1995	5259	-	3241	-	0	-	3241	-	8500	-
1996	7190	36,72%	3589	10,74%	0	-	3589	10,74%	10779	26,81%
1997	9778	35,99%	5589	55,73%	1	-	5590	55,75%	15368	42,57%
1998	6676	-31,72%	3241	-42,01%	0	-	3241	-42,02%	9917	-35,47%
1999	12355	85,07%	5876	81,30%	308	-	6184	90,81%	18539	86,94%
2000	10668	-13,65%	3678	-37,41%	2028	558,44%	5706	-7,73%	16374	-11,68%
2001	10150	-4,86%	2282	-37,96%	2134	5,23%	4416	-22,61%	14566	-11,04%
2002	13502	33,02%	2337	2,41%	3797	77,93%	6134	38,90%	19636	34,81%
2003	14542	7,70%	1715	-26,62%	6053	59,42%	7768	26,64%	22310	13,62%
2004	18931	30,18%	2094	22,10%	6909	14,14%	9003	15,90%	27934	25,21%
2005	26963	42,43%	2227	6,35%	5482	-20,65%	7709	-14,37%	34672	24,12%
2006	34543	28,11%	2953	32,60%	4091	-25,37%	7044	-8,63%	41587	19,94%
2007	40757	17,99%	3537	19,78%	10726	162,19%	14263	102,48%	55020	32,30%

Source: TPI (2007)

According to Table 1, an increase is being observed in the number of both domestic and foreign trademark registrations in Turkey as from 1995, after the enactment of Decree Law no.556, which is rearranged by taking into account the provisions of 1/95 numbered resolution of European Union – Turkey Association Council and World Trade Organization and TRIPS Agreement therein.

It is further observed from Table 2 that an important amount of international trademark registrations are being filed in which Turkey is the office of origin and that these numbers are steadily increasing.

One might think that these numbers are adequate enough to conclude that foreign investment is being made in Turkey and that Turkey enjoys the alleged full benefits of excessive trademark protection. However, these data should be evaluated skeptically.

Referring to data on national trademark applications, it should be noted that foreign investment do not contribute to the economy of *Turkey* because those investments are primarily turnkey projects that do not include a substantial transfer of technology or expertise. (Khoury, 2006, p.13)

Furthermore, after its registration, a grace period of five years related to the requirement of use is granted to the proprietor of a trademark by article 14 of Decree Law No.556 in Turkey¹⁹. That is to say, once it is registered, proprietor who does not plan to invest in or use its trademark, has the opportunity of not using its trademark for a period of five years. This privilege also causes trademark registry to become a storage that is full of disused material.

Even in the case where it is certain that trademark is not being put to use after this period, one who suffers from this registration and wants to use and register the same sign as a trademark, should at the first hand, invalidate this registration. Invalidation of a trademark can only be demanded by filing a law suit before competent courts which is time consuming and necessitates an important amount of money on the part of suffering party.

¹⁹ It is provided at the first paragraph of article 14 of Decree Law No.556 that: “if, within a period of five years following registration, the trademark has not been put to use without a justifiable reason, or if the use thereof has been suspended for an uninterrupted period of five years, the trademark shall be invalidated.”

According to article 19 of TRIPS Agreement, the minimum duration put forth regarding non-use is ‘three years’.

As to the statistical data observed in international trademark applications, it should be bear in mind that foreign persons who applied for or registered trademarks in Turkey has also the chance to file for international trademark applications hinging on their Turkish trademarks.

International trademark application requires an important amount of money that should be deposited to the accounts of office of origin and international bureau. It is mostly supposed that trademark will automatically be registered in all of the countries designated in international application, however, this is not the case. Once an international application is filed, concrete application is being examined in each of the designated countries in accordance with their own domestic laws. Thus, in most of the cases, where a provisional refusal is granted by an examining Office of a designated state, proprietor of an international trademark application should have to account for dealing with each of these obstacles which requires additional amount of official and professional fees.

In this respect, when the above-mentioned monetary burden and the economic state of play of Turkish small and medium sized enterprises are taken into account, statistical data provided in Table 2 will lead us to the fact that most of these international trademark applications filed from Turkey are **fundamentally foreign country originated**.

Thus, despite expectations of many policy makers and academics, it is observed that proprietors of foreign trademarks are far away from investing in and establishing an industrial or commercial presence thus opening their respective markets and creating new jobs *in Turkey* (Khoury, 2006, p.13). Furthermore, even when it is assumed that this kind of an investment is made, Turkey is being the consumer rather than owner of the said foreign trademarks.

These explanations shall not be understood as no trademark protection is required on the part of Turkey. Trademark has become a useful medium not only for domestic but also for foreign enterprises which provides the pursuance of regular course of trade. Nevertheless, it is believed that instead of accepting

principles, provisions on an “as-is” basis and thus accepting an excessive trademark protection, specific conditions of Turkey shall be taken into account and some set of measures shall be put forth so as to decrease current complications.

What is more, as these data points out that solely registration of trademarks do not automatically contribute to Turkish economy, measures so as to provide the conversion of intellectual property in to intellectual capital shall be implemented.

Reformation of requirement of use might be one measure. As stated above, five years grace period seems to be an advantage for proprietors who are unwilling to invest in or use the registered trademark in Turkey. Decreasing this duration might engender an incentive for reluctant trademark proprietors.

Encumbering trademark owners to file statements or evidence of use of a trademark with the TPI in order to keep a trademark registration in force might be another measure.

With reference to the explanations stated in this Chapter, Turkey is in the verge of putting into effect a new trademark law. It seems like the most appropriate time to come into action and make suitable legal arrangements by considering the pros and cons of current trademark protection.

2.11. Concluding Remarks

Trademark has become a useful medium not only for domestic but also for foreign enterprises which provides the pursuance of regular course of trade. Throughout Chapter 2, basic concepts of current Turkish trademark law which disclose the current system and enable the ongoing Chapters more decipherable examined.

Explanations in this context indicated that an excessive trademark protection is being implemented in Turkey especially with the effect of TRIPS Agreement and 1/95 numbered resolution of European Union-Turkey Association

Council and that current system is designed mostly in favor of developed countries. In this respect, despite accepting an excessive trademark protection and thus establishing principles, provisions on an “as-is” basis, specific conditions of Turkey shall be taken into account and some set of measures shall be put forth so as to decrease current complications. Decreasing the duration for requirement of use or encumbering trademark owners to file statements or evidence of use of a trademark could be regarded as possible measures.

Said explanations further indicates that current system is mostly designed to protect trademarks which are used in a tangible environment and within the national boundaries of Turkey.

But does the current system adequate enough to solve trademark related conflicts which arises with the widespread use of the internet that has an intangible and global character? The following Chapters will try to answer this question.

CHAPTER 3.

INTERNET AND DEVELOPMENTS AT INTERNATIONAL AND NATIONAL SCALE

On the basis of recent and farther background of communication arena, it is alleged that three fundamental revolutions have been encountered within time; which are chirographic revolution subsequent to invention of writing; Gutenberg revolution subsequent to invention of printing and electronic revolution subsequent to invention of telegraph, radio and television. (Baldini, 2000, p.5)

The distinct characteristic of electronic revolution (technological revolution in a much more comprehensive expression) can be defined as the fact that the said information is applied to information production, processing/transmission instruments, and it forms a supportive chain between innovation and use of innovation instead of central of importance of information.²⁰ (Castells, 2005, p.42)

Upon technological revolution, a crucial change was gone through in terms of form, function and characteristics of means of communications and in this sense mass communication, which were crucial till 1990's, began to give up their position to new communication modes. 'As a result of development of the said new communications mode, which are called information communication technologies as well, information turned out to be the fundamental input of production as well as traditional factors; due to globalization in world economy and developments in information and communication technologies, production, operation, access, sharing and use of information have gradually begun to be the impulsive force in terms of international competition and social-economic development.' (DPT, 2005, p.2)

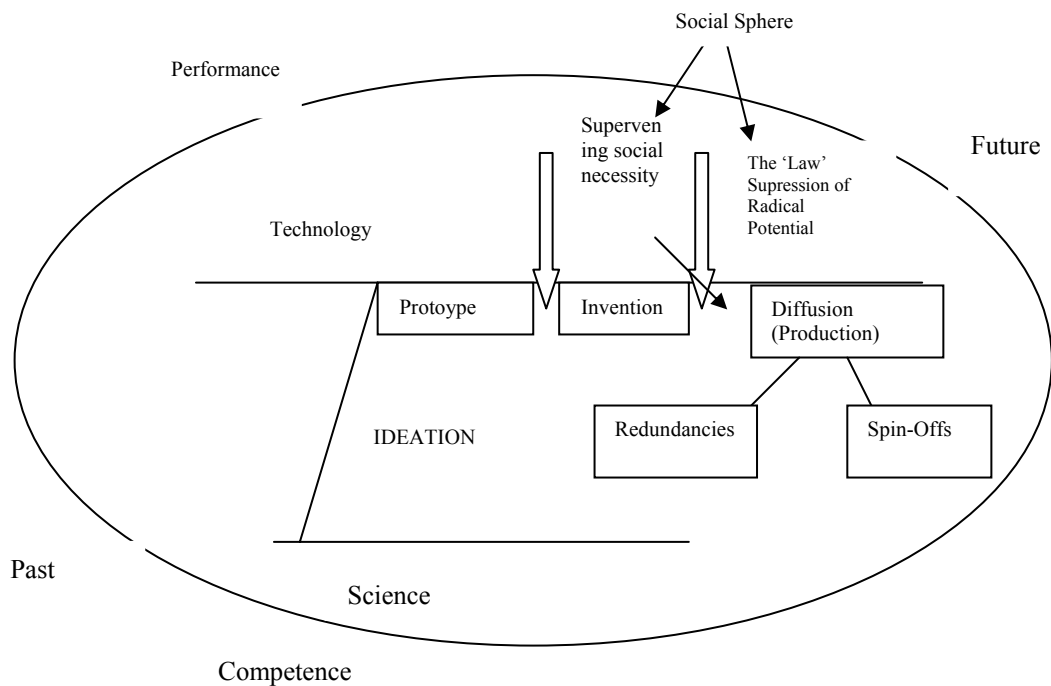
²⁰ At this point, it is possible to allege the fact that technological revolution, which is defined as the second industrial revolution by most authors and which comprise the above-mentioned characteristics, began upon use of new communications forms, which are called information communications technologies as well.

Within Chapter 3, the following questions will be tried to be explicated under the upcoming headings. How do emergence of information and communication technologies and integration of the said technologies into daily life occur? What are the issues, effective upon emergence of internet, which is one of the information and communication technologies? What kind of a process of development did internet pursue? How did the course of internet in Turkey realize? What kind of changes internet and other communication technologies bring forth? What are the national and international studies, performed in this field?

3.1. Technological Development Process

It is believed that processes below are gone through in terms of emergence and development of information and communications technologies.

Figure 1 –Process of Technological Development



Source: Winston, 1998, p.14

“The related model primarily accepts the historical pattern of change and development in communications area as a field (the social sphere), in which two elements (science and technology) intersect; and assumes that technology has a structural connection with science, and that expressions of scientific language and scientific competition performances, in other words communications technologies are a series of performances, realized within the social area and formed by technology experts in the face of scientific competition. Due to ideation, the first change arises and technology moves from the ground of scientific competence up to level of technological performance and a prototype of these instruments is formed at this stage as well. The subsequent change emerges in social need, which is the next stage, and thereby the prototype turns into an invention.” (Winston, 1998, p.3-8)

The important issue at this stage is whether the society needs the related product at the time of prototype formation; in other words whether the prototype covers needs of society or not. Since in the event that social needs emerging subsequently are not covered, it is not possible for the prototype to turn into an invention and to penetrate into daily life.

Within the framework of the model, it is believed that there is a brake in terms of penetration of the prototype into social life even in the event of transformation of prototype into invention. Through this issue, deemed as the the law of supression of radical potential which obstructs technological development, the related radical product is limited and thereby it is prevented that the social structure, which has been existent at all times, completely disappears. (Winston, 1998, p.11) In other words, it is tried to be prevented through this instrument that social structure suddenly changes and breaks down.

According to the model, there is a conflict between supervening social necessity which promotes technological development, and supression of radical potential; and production is the next stage in the event that supervening social necessity is dominant despite the said negative issue and thereby the product penetrates into social life. (Winston, 1998, p.13)

It will be appreciated that the said process can sometimes last for quite a long period and on this account change, expansion or revision of the product can be in question. (Winston, 1998, p.14)

Within this period different implementation modes can emerge (in other words spin-offs); besides the product can lose its validity, can be rejected due to grounds such as superiority of another product (in this case, a redundancy is in question).

3.2. Emergence and Development of the Internet

While a common definition found acceptance from everyone pertaining to the Internet doesn't exist, internet is expressed, according to one definition, as a global system consisted of computer networks enabling data communication services such as data transmission, electronic mail, electronic bulletin and newsgroups. (UN Department of Economic and Social Affairs, 2000, p.188) But how the emergence and the development of the internet, carrying the characteristics specified in the definitions eventuated?

These points will be attempted to be explained under the concerning title, by using the model attempted to be expressed above as a starting point.

It is claimed that the ground of the scientific competence for internet lies in the invention of computers and invention of machine code compilers and telecommunication networks (and of course cybernetics²¹ which has an important

²¹ Cybernetics is a wide study field, and its main purpose is to accomplish the tasks and processes of the systems. The main subjects that it focuses on are how anything (digital, mechanical or biological) processes information, reacts to information, and changes or can be changed to better accomplish the first two tasks.

'The origins of modern cybernetics are diverse, but are to be found most concretely in the research activities of Norbert Wiener and his colleagues during the Second World War, particularly in the attempt to develop and refine devices for the control of the gunfire. Wiener, during his studies, stated that the problem of firing a gun at a moving target, such as an airplane, presents a difficult problem of steermanship involving complex statistical forecasting and computation. In addition to considering the speed and position of the plane at a given time and the direction and speed of the missile to be fired, allowance must also be made for variable wind effects and the likelihood that the plane will engage in diversionary flight patterns.

role in the invention of these networks and the theory developed by Shannon and Weaver) which are considered as grounds of the communication between computers.(Winston, 1998, p.321)

The transformation to the ideation stage of the internet occurred when the concept of an associative system for the organisation of data impacted on the growing sophistication in the research community about the handling of electronic data within networks. Of specific importance here is the idea of breaking up continuous messages, of the sort of which Information Theory (as specified by Shannon and Weaver) addressed, into smaller discrete packages of information in order to maximise efficiency further. (Winston, 1998, p.322)

In the days when the Advanced Research Projects Agency (ARPA) was established by the United States Government as a response to the scientific and technologic progress the Soviet Republic gained through the launching of the satellite Sputnik to space in order to regain the technological superiority, a researcher by the name of Paul Baran was working on a classified U.S. Air Force contract whose purpose was to identify ways to strengthen the Nation's telecommunication infrastructure so that it could survive a nuclear strike. (Federal Communications Commission, 2007, p.35) Baran, suggested that there would be no obvious central command and control point, but all surviving points would be able to reestablish contact in the event of an attack on any one point through a "redundancy of connectivity. The key to creating this survivable grid was what later came to be called packet switching. (Diamond – Bates, 195, p.34)

While these researches were progressing, J.C.R. Licklider mentioned how computers would help human to do intellectual work in his article “Man – Computer Symbiosis” and also claimed that in a few years men will be able to

Cybernetics emerged from this design challenge to create machines with the adaptive capacities of organisms. The core insight emerging from this early work was that the ability of a system to engage in self-regulating behavior depends on processes of information exchange involving negative feedback.’ (Morgan, 1994, p.8) He noticed that the feedback principle is also a key feature of life forms from the simplest plants to the most complex animals, which change their actions in response to their environment. Wiener developed this concept into the field of cybernetics, concerning the combination of man and electronics, which he first published in 1948 in the book *Cybernetics*. Available at: http://www.livinginternet.com/i/ii_wiener.htm

communicate more effectively through machines than face to face in his article “The Computer as a Communication Device” written in collaboration with Robert Taylor. (Hauben, 1997, p.117)

While the packet switching was in practice, an initial connection was established between computers in Stanford Research Institute, The University of California – Santa Barbara, The University of California – Los Angeles (UCLA) and the University of Utah, in order to develop a new technology which would allow the communication of computers having different operating systems produced by different producers, with each other and to establish a prototype of future communication systems, and thus born the ARPANET. (Federal Communications Commission, 2007, p.35)

As the model attempted to be examined under the previous title implies, by courtesy of the competition observed in the scientific field and ideas consequently suggested, the social need which was previously predominantly military emerged, and so ARPANET, the initial prototype of the Internet was created.

Following the success of ‘ARPANET’, nonmilitary research institutions were developing competing networks of communication, more and more users were going on-line, and new languages were being introduced, which made communication difficult or impossible between networks. To resolve this problem, the Defense Advanced Project Agency (which had replaced ARPA) launched the Internetting Project in 1973. The aim was to create a uniform communications language (a protocol) that would allow the hundreds of networks being formed to communicate and function as a single meganetwork.(Trinkle et al., 1997, p.3)

With the introduction of TCP/IP (Transmission Control Protocol / Internet Protocol) by Robert Kahn and Vinton G.Cerf, connection between numerous existing various and separate networks and computers became possible, and the extraordinary expansion stage of the Internet initiated on this opportunity. (Trinkle et al., 1997, p.4)

Confusions and negativities experienced during the first stages of the Internet, suffered criticisms claiming the impossibility of a communication between computers; in this sense, while a law aimed to block the potential radical ideas was implemented, the supervenig social necessity emerged in this field prevailed, therefore the negativities were remedied and the development of the Internet gained acceleration.

‘The American Department of Defense, realized the significance and potential of the Internet, and non-military institutions and organizations were gradually allowed to link with the ARPANET; and just after these developments, commercial providers such as CompuServe began making Internet accessible to those not connected to a university or research institution’. (Trinkle et al., 1997, p.4)

At this point, Internet rapidly became a part of the daily life or in other words penetrated to the social life in consequence of pursuing social need further making its presence felt.

During this process, various practice forms (in other words by-products) facilitating the use of Internet in everyday life and rendering it more appealing came into the picture. For example, a computer language entitled “hypertext”, that enable the interactive exchange of texts and graphic images and allow almost instantaneous connection (linking) to any item on the Internet was developed by Tim Berners – Lee, and the first web browser Mosaic became available to the society during the same spell, further facilitating the use of Internet. (Trinkle et al., 1997, p.4)

As per the statistical data of the World Bank, covering 208 countries worldwide between the years 2000 and 2005 and implying the developments and progresses experienced in the information and communication technologies; while 65 persons out of a thousand were using the Internet in the year 2000, this number became 137 in 2005. (Development Data Group of the Development Economics Vice Presidency, and the Global Information and Communication Technologies

Department of the World Bank, 2000, p.2) As per the data of the International Telecommunication Union (ITU), the Internet use in the G8 countries was 474 millions by the year 2006, it is estimated that the worldwide Internet use excluding the G8 countries is approximately 657 millions. (ITU, 2006) Also, according to another source (Internet World Stats, 2008), it is estimated that the worldwide Internet use by December 31, 2007 is approximately 1,319,872,109. These data, indicates that the worldwide Internet usage continues to rapidly grow each passing year.²²

3.3. Internet in Turkey

3.3.1. The Development of Internet Infrastructure in Turkey

The general purpose broadband computer networks, initially were established and developed by the universities in Turkey in the year 1986. TUVAKA (Turkey University and Research Institution Networks) were only used by universities and research institutions in consequence of requirements in its initial days, but fell short in view of technological developments. (Çak, 2002, p.65)

ODTU – TÜBİTAK organization's works entitled TR-NET took the first step for Internet in Turkey in 1991 in order to bring in all the sectors to the Internet world, and Internet was opened to general use in 1993. (Orcan, 1998, p.9) In the following stage, TR-NET couldn't support the rapidly growing Internet spine, and Türk Telekom A.Ş. decided to establish a commercial network infrastructure in order to answer the existing potential; the tender was awarded to SATKO-SPRINT-ODTÜ consortium – first ODTÜ, then SATKO withdrew from the concerning consortium – and ultimately, TUR-NET, which may be called the first Turkish commercial network was established.(Orcan, 1998, p.10)

²² It shall be emphasized that the infrastructure of the Internet and modern communication leans on the telecommunication system and that many of the reforms realized in the telecommunication field, from micro electronic inventions and fiber optic technologies to radio (particularly satellite) technologies triggered the Internet's development attempted to be explained above. (Yıldırım et al., 2003, p-16-21)

The service provided by TURNET fell short due to the rapidly growing use of Internet; therefore new solutions were started to be sought and operations of establishing a new spine under the name TTnet instead of TURNET, were initiated in 1998. (Çak, 2002, p.68)

With TTNET 'aims such as reducing the access to a local level and cheapen the Internet access by generalizing it country-wide, ensuring the efficient use of communication opportunities and the supply of end-to-end service quality, ensuring the universal access and Internet access of all users through same prices and same opportunities independent from their location, supporting public projects such as national education, subsidizing the knowledge by providing infrastructure' were targeted.' (Çak, 2002, p.68)

While the aforementioned commercial network operations were continuing, efforts directed towards academic and research circles were maintained under the leadership of TÜBİTAK. In this sense, TÜBİTAK, initiated the implementation of the ULAK-NET project with the purposes of 'ensuring the universities and research-development centers' rapid access to information sources at the national and international level in the electronic environment, on one hand enabling the integration of education and research, supporting joint-research and on the other enabling the universities to provide distant service in fields such as education and health.'(Orcan, 1998, p.11)

3.3.2. Internet Usage in Turkey

According to the Turkey National Information Infrastructure Master Plan Final Report issued by Turkey National Information Infrastructure (TUENA) Project Office, it is stated that the percentage of households owning a computer and an internet connection concerning households located in settlements with a population more than 20.000 which composes 65% of the population of Turkey by 1999 is respectively 6.5% and 1.2%. (TUENA, 1998)

The statistical data of the World Bank, (Development Data Group of the Development Economics Vice Presidency, and the Global Information and Communication Technologies Department of the World Bank, 2000, p.209) covering 208 countries worldwide between the years 2000 and 2005 concerning the developments and progresses experienced in the information and communication technologies indicates that while 37 persons out of a thousand were using the Internet in Turkey in the year 2000, this number became 222 in 2005 and while 37 persons out of a thousand had a personal computer in Turkey in the year 2000, this number became 52 in 2005.²³

As per the household access to computer and the Internet statistics performed by the OECD, the household rate owning at least one accurately running computer was 10.2% in 2004, the connection from these computers to the Internet online or via broad bands such as ADSL or cable was determined as 7%. (OECD, 2007)

And according to the report issued by the State Planning Organization – Information and Communication Technologies Specialized Commission, within the scope of the Ninth Development Plan, it is observed that in Turkey, the household PC owning ratio was 12.75% and Internet connection ratio was 6.6% by the year 2005. (DPT, 2007, p.6)²⁴

As per the results of the 2007 Research concerning Household Use of Informatics conducted by Turkish Statistics Institute, 18.94% of the households have access to the Internet. (TÜİK, 2007)

Concerning data clearly indicates that the use of Internet in Turkey is significantly increasing, also by courtesy of the aforementioned efforts performed

²³ Individuals having the opportunity to access to the Internet via Internet Cafes, libraries and similar places were also included to this study.

²⁴ This result was obtained by compiling the results of the 2005 Research concerning Household Use of Informatics Technology, conducted by Turkish Statistics Institute (TÜİK) 2005.

for developing the Internet infrastructure, even this increase is below the world average.

3.4. Internet and Change – Developments at International and National Scale

‘The easy and speed spreading of information, uncovered opportunities impossible to be conceived before in the development of humanity, the information and communication technologies accelerated the processes of research and development (R&D), decision making, planning, production, distribution, and caused the wheels of economy to turn faster. Also, due to its generic structure, the information technologies influenced all economies with the help of technology, engineering and administration and caused a permanent increase in efficiency.’ (DPT, 2001, p.3)

‘This process is not a simple change in the factors of production, but introduced a permanent transformation ensuring the society’s economic, social and cultural development in an environment where information-concentrated production is made, qualified human factor and life-time education come into prominence, information and trade change structure through electronic networks such as Internet and the new social structure shaped in consequence of these developments initiated to be defined as information society²⁵ (DPT, 2007).

The dynamics of this order caused the ‘interaction type of individuals (citizen) and organizations (all profit or non-profit organizations) between public and themselves to change and the processes in all the interacted fields to be renovated ’(Erdal, 2004, p.2)

The economic and social life rapidly changing via the influence of information and communication technologies along with the new opportunities it offers, also carried with itself important threats directed towards the future for the

²⁵ The information society is also defined in related document as ‘an economic and social order where the public bodies, business circle and individuals take their decisions in the production and consumption stages basing them on information, and the social welfare is maximized by making good use of information and communication technologies.’

countries unable to efficiently use these technologies. Not to fall behind these improvements and developments, and to achieve the goal of information society, many international activities are conducted. These studies will be attempted to be examined under the following titles to the extent that they are related to our subject.

3.4.1. Internet Governance

With its resolution issued under no 56/183 on December 21, 2001, The General Assembly of the United Nations (UN, 2002), accepted the suggestion embraced in the Plenipotentiary Conference (the highest decision making body of the International Telecommunication Authority) held in Minneapolis on 1998, in order to promote the urgently needed access of all countries to information, knowledge and communication technologies for development so as to reap the full benefits of the information and communication technologies revolution, and to address the whole range of relevant issues related to the information society, through the development of a common vision and understanding of the information society and the adoption of a declaration and plan of action for implementation by Governments, international institutions and all sectors of civil society, and thus, authorized the body in question to establish the World Information Society Summit. Consequently, the World Information Society Summit was held in two stages: the first one in Geneva on December 10-12, 2003 and the second one in Tunis on November 16-18, 2005.

The Declaration of Principles and Action Plan were accepted following the initial stage of the World Information Society Summit. Related to our study, it was determined in this plan that the Internet has evolved into a global facility available to the public and its governance should constitute a core issue of the Information Society agenda, international management of the Internet should be multilateral, transparent and democratic, with the full involvement of governments, the private sector, civil society and international organizations. It was further determined that international Internet governance issues should be addressed in a coordinated manner and therefore the establishment of a working group on internet governance is necessary (WSIS, 2003a). Following the determination of the abovementioned,

the activity fields of the working group to be established was identified as follows: ‘develop a working definition of Internet governance’; ‘identify the public policy issues that are relevant to Internet governance’; ‘develop a common understanding of the respective roles and responsibilities of governments, existing intergovernmental and international organisations and other forums as well as the private sector and civil society from both developing and developed countries’; ‘prepare a report on the results of this activity to be presented for consideration and appropriate action for the second phase of WSIS in Tunis in 2005’.

(WSIS, 2003b)

After these developments, and following the Working Group on Internet Governance (WGIG) meeting held in Geneva on September 20-21, 2004, members were appointed by the Secretariat of the United Nations, and the Working Group submitted the report, shaped through the four separate meetings it held during the years 2004 and 2005 within the scope of the activities determined above, to the Office of the United Nations on July 18, 2005 . (WGIG, 2005a)

In the concerning report, (WGIG, 2005b) the Internet governance concept is defined as follows: ‘Internet governance is the development and application by Governments, the private sector and civil society, in their respective roles, of shared principles, norms, rules, decision-making procedures, and programmes that shape the evolution and use of the Internet.’

Furthermore, a broad approach is adopted in the concerning report in order to avoid the potential issues related to the concept of Internet governance staying out, and four main fields were determined. These fields are as follows: i) Issues concerning Internet resources management and infrastructure, containing subjects such as Internet domain name system and Internet protocol addresses governance, technical standards, telecommunication infrastructure, etc.; ii) Issues concerning the use of Internet, containing subjects such as spam, network safety, cyber crimes; iii) Issues related to the Internet but having a wider influence, whose responsibility belong to current organizations, such as **intellectual property**, international commerce; iv) Points related to the development of Internet.

In the same report, the necessity of establishment of Internet governance forums which will be participated by representatives of all the developing and developed countries, and where all the issues related to the Internet governance can be discussed in order to realize the sustainability, soundness, safety and development of the Internet, was stated.

Following this report, the Secretariat of the United Nations commissioned an advisory committee to prepare an agenda and program related to the Internet Governance Forum, initially held in Greece between October 30 and November 2, 2006 on May 17, 2006. (IGF, 2008) Within the scope of the Forum held in Athens, topics of openness (under this topic, the issues of independency of information and access to information were examined), safety and variety were generally focused on. (IGF, 2006, p.2)

The next meeting of the Internet Governance Forum was held in Rio de Janeiro (Brazil) between November 12 and November 15, 2007. In this meeting during the discussions executed under the general topic of openness, and especially concerning the intellectual property issues, it was observed that points such as intellectual property law having a national character, despite this the inadequacy of the national protection under today's conditions and the necessity to globally harmonize the intellectual property system were started to be discussed. (IGF, 2007)

As it may be seen, within the framework of the "Internet governance" concept, despite fields covered by the Internet and its use being determined through the international meetings and activities participated by many public/private sector organizations and institutions and positive studies being conducted, a globally accepted legal text couldn't be developed within the framework of "Internet governance" until now, and clear solutions couldn't be offered concerning violations of intellectual property arising from the use of internet including the unfair usage of trademark via internet.

Studies conducted by countries attempting to access the information society aren't limited to the abovementioned issue. Under the following title, points such as e-transformation, covering many fields including Internet, the legal structures implemented in Turkey within this scope, and how much these studies refer to the unfair use of the mark via Internet will be investigated.

3.4.2 – E-Transformation

Countries producing the information and using the information and communication technologies efficiently, gained an international competitive advantage via the efficiency increase they ensured. We encounter the e-transformation projects attempted to be implemented both in Europe and in Turkey with the purpose of not falling behind these developments and changes and benefiting from the advantages provided by the new order, or in other words catching the information age, as another of the concrete steps taken.

Within this scope, the strategy concerning Europe being developed into the most competitive and dynamic information based economy in the next 10 years was put forward in the European Council meeting held in Lisboa on March 23, 2000 and within this scope, the eEurope 2002 Initiative was initiated in Fieria on June 19-20, 2000, and concerning Action Plan was prepared (DPT, 2005, p.8).

In the European Ministers Conference held in Warszawa on May 11-12, 2000, Central and Eastern European Countries adopted the strategic target put forward by the 15 EU countries in Lisbon; agreed on being part of the initiative put forward by 15 EU countries and by supporting the political determination of the EU, decided to prepare an “eEurope-like Action Plan” in order to try to reach this assertive target and widen the grounds benefiting from it. On February 2001, the European Commission made an invitation to Cyprus, Malta and Turkey to participate in the development of this joint action plan (DTM, 2001, p.2).

Later this initiative was expanded under the name “eEurope+” in a manner that would cover candidate countries including Turkey. Turkey displayed its

determination in its target of becoming an information society and accelerated the studies it conducted.

In this sense, e-Transformation Turkey Project was included in the Emergency Action Plan issued under the circular no 2002/55 on 30.11.2002. Undersecretariat of State Planning Organization (DPT) is commissioned concerning the coordination, follow-up and orientation of the project, and with the purpose to fulfill this task Office of Information Society is established within the Undersecretariat of DPT.

While the e-transformation works in Turkey were continuing, in the international platform, eEurope+ came to a conclusion with the issuing of the final development report in the Information Society European Ministers Conference held in Budapest on February 2004. After the completion of the eEurope+, alongside the full member countries, also Turkey became a party to the eEurope 2005 whose aims are determined in the European Council Meeting held in Seville on June 2002. (DPT, 2005, p.1)

Among the targets planned to be achieved through eEurope 2005, establishment of the e-state, e-education, e-health services as modern online public services; establishment of a dynamic e-commerce environment; ensuring a wide Internet use through suitable prices are identified (Commission of The European Communities, 2002, p.4)

Near the end of the year 2004, a report under the leadership of former prime minister of Netherlands issued with the purpose of determining the development of eEurope and the conformity of member countries towards the Lisbon targets. It was stated in this report that the Lisbon strategy is indispensable, but that its aims aren't adequately achieved and that despite some good examples, it didn't reflect to employment and economic growth in the desired level and that it will be necessary to initiate a new incentive focused on employment and growth in order to achieve the Lisbon targets. Within this framework, the "i2010 a European Information

Society Incentive for Growth and Unemployment” was prepared by the EU Commission and put into practice on June 2005 (DPT, 2007, p.51-52).

Within this framework, the European Commission determined the concepts of ‘establishing a single European Information Area’, ‘supporting the investment and innovation works made to the information and communication technology surveys’ and ‘attempting to establish a proper information and communication society’ as the three main priorities planned to be fulfilled until 2010 (EU, 2008).

3.4.2.1. e-Transformation and Turkey:

Following the inclusion of e-Transformation Turkey Project in the Emergency Action Plan issued under no 2002/55 on 30.11.2002, the purposes, corporate structure and implementation principles of the e-Transformation Turkey Project was determined through the Prime Ministerial Circular issued under no 2003/12 on February 27, 2003.

Through the e-Transformation Turkey Project; the following were aimed:

- Rearrangement of the information and communication technology policies and legislations primarily within the framework of the Acquis Communautaire and adaptation of the action plan envisaged for the candidate countries concerning this issue within the scope of e-Europe+ to Turkey,
- Development of mechanisms which will ensure citizen’s participation to decision making process in the public field with the help of the information and communication technology.
- Contribution to the developing of a transparent and accountable public administration.

- In the presentation of the public services, contribution to the implementation of the good governance principles by making use of the information and communication technologies in maximum.

- Generalization of the use of information and communication technologies,

- Integration, follow-up and evaluation of the concerning repeating or overlapping investment projects of the state in order to reduce the source wastage in the field of information and communication technology and ensuring the required coordination between investor public organizations.

- Orienting the private sector activities in the sector in the light of the abovementioned principles.

The following are the working groups and institutions responsible from coordination in the preparation process of the e-Transformation Turkey Project Short-Term Action Plan covering the period 2003-2004:

- 1) Education and Human Resources Working Group: Ministry of National Education
- 2) Technical Infrastructure and Information Safety Working Group: Ministry of Transportation
- 3) Legal Infrastructure Working Group: Ministry of Justice
- 4) e-State Working Group: State Planning Organization
- 5) e-Commerce Working Group: Undersecretariat of Foreign Trade
- 6) Standards Working Group: Institute Office of Turkish Standards
- 7) e-Health Working Group: Ministry of Health
- 8) Follow-up Working Group: Turkey Informatics Association.

The aforementioned working groups were exactly maintained in the 2005 action plan, excluding the standards working group. Also, the Information Society Strategy and attachment action plan covering the years 2006 and 2010 came into effect by being published in the Official Journal issued under no 26242 on

28/07/2006. The scope of the Turkey project is quite broad and mentioning all these points will exceed the scope of the study; therefore, under the following titles, only the legal developments will be examined.

Here, within the framework of the action plans in question, concerning the legal infrastructure:

- The **Law about Right of Access to Information** issued under no 4982 on 09.10.2003 and which went into effect by being published in the Official Gazette issued under no 25269 on 24.10.2003; (The concerning law regulates the foundations and methods related to the use of right of access to information in the activities of public bodies and institutions and professional institutions having the characteristics of public institutions, in accordance with the equality, neutrality and openness principles as required by a democratic and transparent government.)

- **Electronic Signature Act** issued under no 5070 on 15.01.2004 and which went into effect by being published in the Official Gazette issued under no 23555 on 23.01.04; (The concerning law regulates the legal structure of electronic signature, activities of electronic certificate service providers and procedures of use of electronic signature in every field. The provision, ‘secure electronic signature have the same conclusiveness as a signature by hand’ was added to the Article 22 of the Act issued under no 5070 and the first paragraph of Article 14 of the Code of Obligations; the provision ‘electronic data established through due safe electronic signature will be deemed as proof and such data will be considered as final evidence unless proved otherwise’ was added to the Article 23 of the Act issued under 5070 and the Article 295/A of the Civil Procedure Code. Therefore the legal infrastructure of the electronic signature was strengthened.)

- **Turkish Penal Code** adopted under no 5237 on 26.09.2004, which was being published on the Official Gazette issued under no 25611 on 12.10.2004 and went into effect by 01.06.2005; (The tenth section subtitled ‘Crimes Concerning Informatics’ under the section three of the Turkish

Penal Code titled Crimes Against Society was regulated and activities such as entering into the informatics system (art. 243), blocking the system, eliminating or changing the data (art. 244), misusing the bank or credit cards (art. 245) have been evaluated under the scope of crime. Also in the Article 142, it is provided that theft committed through the use of informatics systems would be considered and in the Article 158 that, burglary and fraud committed through the use of informatics systems, banks and credit institutions would be considered as major fraud.)

- **Law about the Supply of Universal Service and Amendments Concerning Some Acts;** issued under no 5369 on 16.06.2005 and which went into effect by being published on the Official Gazette issued under no 25856 on 25.06.2005 (The concerning act regulates the foundations and methods related to the supply and conduct of universal service having a public service characteristic but difficult to be afforded by operators and fulfilling of the universal service obligation in the electronic communication field; the universal service takes all kinds of electronic communication services including basic internet access into account.)

- **Law about the Regulation of Publications Made via the Internet Medium and the Fight Against the Crimes Committed through such Publications,** issued under no 5651 on 04.05.2007 and which went into effect by being published on the Official Gazette under no 26530 on 23.05.2007; (The concerning law regulates the foundations and methods related to the liabilities and responsibilities of the content providers, hosting providers, access providers and collective use providers and fighting via the content, hosting and access providers, against certain crimes committed in the Internet medium. It is stated in the Article 8 of the concerning law that, as regards the publications which the law has competitive evidence that they account for suicide driving (article 84) sexual abuse of children (article 103, par. 1), facilitate the use of drugs or stimulants (article 190), supply of materials dangerous to health (article 194), obscenity (article 226), prostitution (article 227), provision of locations and opportunity for

gambling (article 228) and crimes included in the Law about the Crimes Committed Against Atatürk issued under no 5816 on 25/7/1951, the blocking of access may be adjudicated.

- Also, the **Law about Supporting the Research and Development Activities**, issued under no 5746 during the 23rd Term, 2nd Legislative Year, 71st Session of the Turkish Grand Assembly and which was being published on the Official Gazette issued under no 26814 on 28.02.2008 and went into effect by 01.03.2008 (Through the law covering the technology centers (technology center operations) established as per the Act issued under no 3624 on 12/4/1990 by the Administration Office of Developing and Supporting Small and Middle Scale Industry, and aids and incentives concerning the R&D developments in Turkey, R&D projects and pre-competition cooperation projects and techno-initiative capital, generating technological knowledge through R&D and innovations in order to bring the country economy a structure which would allow it to be internationally competitive, making innovations in the products and the production process, increasing the product quality and standard, increasing the efficiency, reducing the production costs, commercializing the technological knowledge, developing pre-competition cooperations, accelerating the entry of foreign direct capital aimed at R&D and innovations to the country through technology-concentrated production, entrepreneurship and investments towards these fields, supporting and encouraging the increase of the R&D staff and qualified workforce employment are aimed) Texts such as the Turkish Commercial Code and Code of Obligations are currently being discussed within said framework.

Under the reports entitled “Global Information Technology” issued by the World Economic Forum, a ranking is made taking into consideration the readiness of the countries in the process of transformation to information society and various related indicators. Lots of criteria, such as the countries’ status concerning supply of services and its development, their technology generating skills, human capital and legal arrangements are evaluated along with the technical infrastructure

indicators (DPT, 2004). Turkey was ranked 50th among 82 countries in the 2002-2003 report (World Economic Forum, 2002), 56th among 102 evaluated countries in the 2003-2004 report (World Economic Forum, 2003), 52nd among 104 evaluated countries in the 2004-2005 report (World Economic Forum, 2004), 48th among 115 evaluated countries in the 2005-2006 report (World Economic Forum, 2005) and finally 52nd among 122 evaluated countries in the 2006-2007 report (World Economic Forum, 2007).

Also, following the evaluation of The Economist Magazine concerning 69 countries' active economic, political, social items, countries' information and communication technology infrastructure, and consumers', commercial enterprises' and governments' capability to use the information and communication technologies in their own interest, it was observed that Turkey climbed to the 42nd spot in 2007 while it was 45th in 2006. (Economist Intelligence Unit: 5)

Data in question indicate that Turkey's preparations concerning transition to information society did not reach the desired level; and that similarly, at the national level, the legal arrangements within the scope of e-transformation is far from solving the unfair usage of the trademark via internet and other specific problems that may be encountered on the Internet.

3.5. Concluding Remarks

In Chapter 3, technological development process which could generally be applied to most of information and communication technologies explained by using Winston's (1998) model. Internet's emergence and development process explained by taking into account the applied model which is followed by explanations regarding development of internet infrastructure and internet usage in Turkey. These explanations and data provided therein indicated that internet usage is significantly increasing in Turkey.

Economic and social life are rapidly changing via the influence of information and communication technologies along with the new opportunities it

offers, also carried with itself important threats directed towards the future for the countries unable to efficiently use these technologies. Not to fall behind these improvements and developments, and to achieve the goal of information society, many international activities are conducted. Within this context, the activities which is believed to be the most related ones with the main subject of thesis that is to say internet governance and e-transformation projects briefly touched on.

As to internet governance, it is pointed out that a globally accepted legal text and clear solutions concerning violations of intellectual property arising from the use of internet including the unfair usage of trademark via internet could not be developed and constituted within the context of internet governance so far. As to e-transformation, after stating the course of events both on international and national level and pointing out legal infrastructure enacted within the framework of e-transformation action plans, it is also concluded that these arrangements are far from solving the unfair usage of trademarks via internet and other specific problems that may be encountered on the internet.

These conclusions denotes that unfair usage of trademarks via internet is a very recent and intact phenomenon which requires urgent attention both on an international and national level.

Despite its many advantages, worldwide internet usage poses some serious problems so far as intellectual property matters are concerned. The contradiction which arises by virtue of the global character of internet and national character of trademark protection is believed to be the most notable one. As internet is also the most useful tool for accessing information, a special emphasis should also be given to the **degree of trademark protection** in this virtual environment.

With the aim of explicating the above mentioned issues, Chapter 4 will touch upon the circumstances that might cause unfair usage of trademarks via internet, legal problems that arise in the course of evaluation processes, World Intellectual Property Organization's efforts and success in untangling these issues, fair use defenses and related issues.

CHAPTER 4.

UNFAIR USAGE OF TRADEMARK VIA INTERNET

The most important feature of Internet 'where millions of computers interconnected to each other via cables and telephone lines through which information electronically transmitted (Kelly – Hieber, 1997, p.527) is the establishment of the communication, in a global platform, independent from distance and political borders. (Mathiason et al., 2004, p.7) Although the global character of the Internet has not changed the existing legal system, it has made simple regulatory issue more complex, a phenomenon which arises also (and is pushed further forward as a result of the opportunities offered by the Internet) in other areas like intellectual property, trademark, competition policy, the pharmaceutical market, air transport, etc. where a global legal protection does not exist. (Kleinwächter, 2004, p.3, Also see Demir, 2004, p.124)

To concrete the aforementioned statement in a few examples: Sale of Hitler's *Mein Kampf* is forbidden in Germany, but the sale of this book is free in the U.S.A. This book may be restrained from entering to Germany if a copy of it is ordered by an individual in Germany from a book-selling website such as Amazon.com and such copy arrives to the German Custom office via mail. But, what will happen if the book is sent as an attachment of an e-mail. (Kleinwächter, 2004, p.3) Also, what will happen when a company, unrelated to the well-known clothing trademark with the wording X and selling the imitations of such trademark, purchases the concerning wording or a faux-spelling of the concerning wording as a domain name, or the same company determining this trademark as Metatag in order to ensure the potential buyers' orientation to its own website each time the trademark X is searched in the search engines? Is it possible to solve these problems through current legal arrangements? These issues will be examined under the following titles.

4.1. Circumstances of Unfair Usage of the Trademark via Internet

4.1.1. Internet Domain Names and Trademark

Nowadays, in consequence of the progress made and innovations offered by the Internet, many commercial transactions, from electronic shopping of goods and service to advertisement, promotion and information; from electronic bank procedures to taxation can be performed via Internet in a speedy manner and “electronic commerce”, defined as production, distribution, marketing, sale and shipping of goods and services electronically including B2B and B2C²⁶ procedures (WTO, 2008) or as transactions occurring over open networks (OECD, 1997), such as the Internet became widely used²⁷.

Via the electronic commerce “potential consumers started to obtain information concerning specific products, new producers initiated to break into world markets, product ranges, the quality of the products started to increase, product costs started to be paid and delivered faster, cheaper products and products with higher quality initiated to break into market, the competition between the producers started to increase and the cost of all the commercial procedures started to decrease.” (DTM, 2008) The business enterprises which started to realize the significance of electronic commerce and the advantages it provides started to compete with each other in order to take their place in the virtual environment.

Internet technology makes domain names so valuable because Internet users who wish to access a particular Internet host computer to obtain or exchange information (e.g. e-mail, computer programs, images, music) must know its unique

²⁶ It is believed that this general definition should be extended in such a manner that it would cover B2G and C2G, taking into consideration the current practices.

²⁷ Electronic commerce is performed via telephone, fax, television, computer, electronic payment and money transfer system, EDI (electronic data interchange), numerical television, Internet, GSM, and similar tools. Although, it is known that before the development of the internet, intra-company networks titled “intranet”, and networks called “extranet” where information exchange/commercial relations between companies or certain customers were conducted and e-commerce practices closed to third parties where the EDI method is used did exist, the efficient use of electronic commerce initiated with the development of Internet. (İnce Murat, 1999, p.1)

site address in order to make a connection. (Brunel – Liang, 1997, p.2) In other words, just as the user intending to examine, to purchase a mark or the goods and services offered under such mark is obliged to know the domain name of the trademark, the mark owner is also obliged to have an internet address.

Such addresses found in the Internet, identifies the offeror's computer and it consists of a lengthy sequence of digits (such as: 123.456.78.901) and is described as Internet protocol (IP).' (Stecher – Stallard, 1999, p.5) Due to the impossibility of these numbers to be remembered or to be efficiently used by the Internet user, a global user-friendly addressing system transforming the IP addresses in question to easily recollectable words or numbers (or vice versa) was established and the system was titled 'domain name system – DNS'. (WIPO, 2008a) By courtesy of the (DNS), the Internet user intending to access an Internet address pertaining to the company ABC, may gain access to such a site by typing letters such as www.abc.com or words such as www.abclimited.com instead of typing an IP address such as 123.456.78.901.

As per the current system, the Internet domain names consist of top level domain name and second level domain name. For example, as regards a domain name such as Disney.com, the 'disney' wording corresponds to a second level domain name (SLD) and the '.com' wording corresponds to a top level domain name (TLD)." (Kendall, 1999, p.5)

Top level domain names are separated in two: generic top level domains (gTLD) and country-code top level domains (ccTLD's). While the most frequently used domain names such as '.com', '.net' and '.org' are gTLD's and are allocated to the use of all real and legal persons, the other four domain names ('.int', '.edu', '.gov' and '.mil') are allocated to just certain organizations fulfilling certain criteria'. (For detailed information, see. Işıklı Hasibe, 2001, p.11.)

As of November 16, 2000, '.aero' for individuals related to aviation, '.biz' for individuals dealing with commerce, '.coop' for cooperatives, '.info' for everybody, '.museum' for museums, '.name' for individual names, '.pro' for

professional associations and ‘.jobs’ for human resources were added to the gTLD’s by the Internet Corporation for Assigned Names and Numbers (ICANN)²⁸.

ccTLD’s, that is the other top level domain, is established when two letter country codes are added to the aforementioned generic top level domains, for example .tr for Turkey, .fr for France, .jp for Japan. (WIPO, 2008b)

Advantages provided by this system, causes the domains to cease to be solely technical issues such IP addresses and emergence of important problems especially concerning trademarks. These points will be attempted to be examined in the following titles.

4.1.1.1. Registration of Trademark as Internet Domain Name in Bad Faith

Currently domain names have started to fulfill functions through internet similar to trademark’s functions explained under Chapter 2, like distinction, source designation, guarantee and advertisement, due to advantages explicated above. The use of marks is particularly relevant to the Internet because people tend to have no idea how to find a website besides taking a guess at the site’s URL. People will usually guess the common name of something they are looking for, which sometimes just happens to be the service’s or product’s mark. (Coran, 2002, p.178) On these accounts enterprises aim at obtaining of their trademarks as internet domain name (OECD, 2006, p.10) in order to strengthen trademark awareness as an extension of their institutional identities and to prevent consumers from being confused/misguided.

The primary term for acquisition of an internet domain name is the registration of a domain name through authorized institutions. Primarily, institutions registers generic top-level domain name such as .net, .org, which is

²⁸ Despite the ongoing discussions, Internet Corporation for Assigned Names and Numbers (ICANN), is a non-profit organization, currently responsible from the technical issues such as allocation of IP addresses and management of domain name system, *which are no more a simply a technical issue*.

Source: www.webopedia.com/TERM/I/ICANN.htm

open to public use, on the principle of “first come first served” with moderate prices. What is more, internet domain name registration is being made in the name of every person, fulfilling necessary terms without taking into account trademark or ownership of another intellectual property right.²⁹

Registration of generic top-level domain name (gTLD) within the framework of the above-mentioned principles brings forth a very important problem regarding trademarks. Because “although it may be possible for 100 million Mr.Smiths to peacefully co-exist in the world, there can only be one www.mrsmith.com” (Hanaman, 2000, p.2) in the virtual medium. If we are to embody this fact with another example, in the event of registry of a registered trademark such as abc as generic top-level domain name (gTLD) (for instance: abc.com, abc.net, abc.org,...) or country code top-level domain name (ccTLD) (for instance; abc.com.tr, abc.net.jp, abc.com.cn, ...) by a person other than its real owner and who has no connection with him, the real owner of the trademark will not have the opportunity to register the same expression in the top-level domain names through which registry was effected.

Malicious third persons, who have become aware of this case, have started to register the same target trademark on their own behalf as both generic top-level domain name (gTLD) (for instance, abc.com, abclimitedsirketi.com, abcsirketi.net, abc.org etc.) and as country code top-level domain name (ccTLD) to the extent authorized by national registry institutions (for instance, abc.com.tr, abc.net.fr, abc.org.uk, etc.) with the purposes of:

²⁹ As far as registry of country-code top level domains-ccTLDs is concerned, it is observed that the situation is much more different, national institutions effecting registry of the said domain names are more cautious, and look for specific terms in persons, aiming at registry of any expression as country code top-level domain name. For instance Middle Technical University, authorized to register domain names with “tr” extensions in Turkey, changed foreign registry application rules and politics for domain names having “tr” extension on the basis of the decision taken at the meeting of DNS Study Group on the date of December 13 2007, and has set the pre-condition that applicants have to effect commercial activities in Turkey (or proof of their attempts in this regard) or they have connections with a company effecting commercial activities. Foreign applications, which do not cover these terms, are not granted domain name allocation.

- Re-saling the domain name, with the intent of extorting money, from the real trademark owner (cybersquatting) (Coran, 2002, p.175),
- presenting their own goods or services, which are within the same class as the registered trademark, under the said domain name, and thus benefiting from trademark awareness,
- preventing the rival company from existing with its own trademark on the internet,
- offering the domain name for sale to third parties, (Phillips, 1999, p.638)
- “using such names for pornographic sites or otherwise capitalize on consumer confusion” (Phillips, 1999, p.638).

In case of registration of trademark as internet domain names as mentioned above and purchasing of goods and services by the internet user on the web site in question under the assumption that the related domain name belongs to the real owner of the trademark; it is highly likely that indication and distinctive functions of the trademark will be subject to damage, and in the event that purchased goods or services do not comply with the standards, guaranteed by the real trademark owner, it is highly likely that guarantee functions will be damaged, and further in the event that no items or items different from purchased items or goods (for instance with sexual content) take place on the visited site, it is highly likely that the trademark will be subject to damage of prestige, it will loss its dignity, thereby important losses will be incurred. The said problems will be experienced at higher levels if the trademark is a well-known trademark (for instance Coca Cola®, Porsche® etc.)

The above-mentioned explanations will arise in the event of registry of items, comprising the trademark or its main item exactly. Apart from that, another situation, which forms a violation of the trademark right, is registry of misspelling of second-level domain names (SLD), taking place on internet sites, which are

widely visited or which belong to well-known trademarks (Typosquatting). (Williams, 2002, p.329)

Advertisers of every description – from credit-card companies to magazine publishers to device manufacturers- pour millions of dollars into Internet advertising. These advertisers convince owners of popular websites to place advertising links on their websites. In return, the advertisers pay the web site owners for each website visitor who also click on the advertising link.(Williams, 2002, p.330) At this very point, third persons effecting registry of misspelled versions of internet sites, which are widely visited or which belong to well-known trademarks, have the opportunity to obtain crucial income by ensuring that these firms place their advertisements on their own web sites.

In the event that internet user is directed to web sites of malicious people as a result of misspelling the site address, he regularly visits or he has learnt by other methods, (for instance of amazom.com, cocacoka.com, gmila.com) on its attempt to enter into the web site, and at his every attempt to exit the directed site, he encounters new advertisement boxes, he ensures that the income of the person, effecting malicious registry, increases. In this case, access opportunity of consumer to the product by means of internet is obstructed, and this creates the risk of elimination of the above-mentioned functions of the trademark on the part of the trademark owner.

In the event of use of the trademark in the framework of above-mentioned methods, violation of trademark right is in question.

4.1.1.2. Alternative Dispute Resolution in the Event of Bad Faith in Registration of Trademark as Internet Domain Name

Trademark owners have to make crucial financial sacrifices in order to struggle with such unfair uses, effected through internet. The fact that domain name registration (especially generic top-level domain names) are so easy and cheap, possible violation cases increase upon use of new top-level domain names, it is

necessary to defend trademark right in more than one countries on account of global feature of internet and proceedings continue for a long period complicates the said processes.

If we are to embody the said problems with an example, let us assume that abc trademark is a well-known trademark, effecting almost all over the world, and the trademark owner is very sensitive to such uses, effected through internet, an internet domain name like abc.com has been registered by a person named C due to above-mentioned grounds, and the real trademark owner files a law-suit on the basis of the above-mentioned grounds. Let us also assume that in the course of proceedings, the real owner of abc trademark learns that domain names with abc.net, abc.org extensions have been registered by another person like D and at the time of commencement of a trial against the said person, the trademark owner learns that country code top-level domain names such as abc.com.tr, abc.net.fr, abc.biz.cn have been registered in the name of different persons, each of whom are in different countries. Will there be an opportunity for abc company, which is too sensitive in terms of protection of its trademark, apart from commencement of legal proceedings against the said unfair uses or agreement with malicious third persons? As will be touched upon in the upcoming sections, it is possible to give a positive response to this question partially.

Due to grounds such as non-existence of internationally adopted text despite above-mentioned internet domain name problems, increase of demands regarding problems on internet domain names and primarily trademarks, Internet Corporation for Assigned Names and Numbers (ICANN), which is the institution in charge of administration of generic domain name system, submitted a demand to World Intellectual Property Organization (WIPO) on preparation of a report expressing its views which would be the basis of resolution of the said disputes, and by taking into account the report prepared by this institution, The Uniform Domain Name Dispute Resolution Policy was put into effect as of the date of December 1, 1999 (WIPO, 2008a).

Primarily, with the adopted policies, in order for registrars to cancel, transfer or otherwise make changes to a related domain name, it has been deemed mandatory that parties resolve their trademark based domain name disputes through agreement, mandatory administrative proceedings or lawsuit and thereby occasions when the registrars, will act regarding domain names have been made clear.

The Uniform Domain Name Dispute Resolution Policies has been adopted by all registrars, accredited by ICANN in terms of registration of generic top-level domain name available to everyone within the framework of the principle of first come first served, such as .com, .info, .name, .net, .biz, and .org and registrars of some country code top-level domain names³⁰ and it has been incorporated within the agreement between the registrar and the person demanding domain name registration.

In accordance with the agreement between the ICAAN accredited registrar and the person demanding domain name registration, persons demanding domain name registration represent and warrant that: the statements that he/she made in Registration Agreement are complete and accurate; to his/her knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party; he/she is not registering the domain name for an unlawful purpose; and he/she will not knowingly use the domain name in violation of any applicable laws or regulations and it is his/her responsibility to determine whether his/her domain name registration infringes or violates someone else's right. The most important of all, in the event of occurrence of disputes on domain name, the person demanding domain name registration undertake that mandatory administrative proceedings shall be implemented on its part. (See ICANN, 1999 for detailed information.)

Disputes to be resolved within the scope of Mandatory Administrative Proceeding, arising with adoption of The Uniform Domain Name Dispute Resolution Policies, comprises disputes that occur between the person registering

³⁰ For instance related policies have not currently been adopted by METU, authorized to effect country code top-level domain name with .tr extension in Turkey.

internet domain name in bad faith, explained under the previous heading, and the person, having a trademark right upon the said domain name³¹.

According to the determined mandatory administrative proceedings, the trademark right owner can file a complaint to Administrative Dispute Resolution Service Providers³² on condition that it can prove that:

- the registered domain name is identical or confusingly similar to its own registered trademark;
- the person registering a domain name does not have any rights or legitimate interests in respect of the domain name;
- domain name has been registered and is being used in bad faith.³³

Upon complaint, the related petition is notified³⁴ to the person effecting domain name registry, response is demanded within a period of 20 days subsequent to submittal of notification and subsequent to the said processes, an administrative

³¹ It is observed that the below-mentioned principles are also adopted, on an as-is basis, in the paragraph 2/d of article 9 of Draft Bill of Trademark Law in Turkey. However, as stated in the following explanations under this subtitle, in the event that rights upon the said domain name are proven, and that there is no bad faith in question or it can not be proven these provision can not be implemented. Thus, this provision is far away to resolve the conflicts between trademark and domain name.

³² As explained in the previous title, according to the determined policies, bad faith is regarded to exist when the domain name (i) is sold, leased or otherwise transferred to the actual trademark owner or its competitors at considerably high prices, or used for commercial gain by using it in such a way that (ii) it shall prevent the trademark owner from reflecting his trademark to domain name; (iii) registration of domain name shall interrupt commercial activity of the competitor company on the internet, (iv) a confusion shall be caused by giving the impression that the domain name is associated with the trademark or the complainant, the original sponsorship, or with another entity.

³³ Complaints to be filed within the scope of The Uniform Domain Name Dispute Resolution Policy are submitted to Administrative Dispute Resolution Service Providers below, authorized by ICANN: i) Asia Domain Name Dispute Resolution Centre – ADNDRC, having three offices at Beijing, Hong Kong and Seoul ii) National Arbitration Forum, whose registered office takes place at USA. and finally iii) World Intellectual Property Organization (WIPO). (ICANN, 2008)
Important Note: The most effectively service provider among units rendering services as regards domain name disputes is World Intellectual Property Organization.

³⁴ Notification can be made by means of fax, electronic mail, mail or courier on condition that receipt confirmation is submitted to the person, effecting registry of domain name. (WIPO, 2008c)

committee is appointed by administrative dispute resolution service provider for resolution of the said dispute.

Administrative committee can consist of one to three persons upon the demand of the person filing complaint. In the event that both the complainant and the domain name owner, subject to complaint demand resolution of dispute by one person, the person in question is selected by administrative dispute resolution service provider, to which complaint is submitted. In the event of selection of a committee of three persons, it is preferred that one person is selected by the complainant, and the other member by internet domain name owner, and the person to preside by administrative dispute resolution service provider. Subsequent to appointment, the administrative committee renders its decision within fifteen days apart from exceptional cases.

The decision rendered is put into effect by means of three methods: The first two decision types can be in question in the event that the conclusion is in favor of the complainant; under these circumstances either transfer of domain name, (from complainant to complaint), or cancellation of internet domain name, can be in question. Whereas the other decision arises in the event that the conclusion is in favor of the domain name owner; under these circumstances the complaint of the trademark owner is rejected. (WIPO, 2008c)

In the event that the decision is concluded in favor of the complainant, the decision of the administrative committee on cancellation or transfer of domain name is notified to the related registrar which made said domain name registration. The registrar, awaits for a period of 10 working days before implementation of the decision. In the event that the domain name owner, in respect of whom the decision is against, submits documents regarding the fact he has filed a law suit before authorized courts for the purpose of resolution of the related dispute, the decision taken by the administrative committee is not implemented, and it will be suspended till conclusion of the decision to be taken by the court. In the event that such a document is not procured within determined periods, the decision taken by the administrative committee is implemented.

Another issue to be pointed out at this point is the fact that selection of administrative proceedings, established within the scope of determined policies, does not prevent the application to courts.(ICANN, 1999) Under these circumstances, parties can file a law suit either before or after the dispute for the purpose of resolution of the dispute bearing the said features.

The said proceedings, effected within the scope of The Uniform Domain Name Dispute Resolution is a very fast³⁵ and cheap³⁶ process when compared with courts. The said proceedings has an international character (WIPO, 2008c) as far as its scope is concerned since it resolves the related disputes independently of possible jurisdiction problems which might arise from the domicile of the registrar or the person effecting domain name registry. Similarly, execution of necessary operations by authorized institutions within a very short time like ten days³⁷ subsequent to conclusion of the decision without any need for verdict implementation and pursuit processes for implementation of the final decision made possible within this context.

Despite the above-mentioned advantages, the alternative dispute resolution does not comprise all issues regarding domain name disputes. Because the said dispute arises in the event that domain name is registered in bad faith and the person, effecting domain name registration, does not have any rights upon the sign, which is a matter of dispute. This means that this alternative resolution method

³⁵ Within the period when the study is conducted, proceedings within the scope of World Intellectual Property Organization (WIPO) are resolved within a period of 60 days as of obtainment of the complaint. (WIPO, 2008c)

³⁶ Within the period when the study is conducted, in proceedings within the scope of World Intellectual Property Organization in the event that 1-5 domain name disputes are resolved by an administrative committee of 1 person 1500 American Dollar shall be demanded, whereas 4000 American Dollar in the event of selection of a committee of 3 persons; 2000 American in the event of resolution of 6-10 domain name disputes by an administrative committee of 1 person, and 5000 American Dollar in the event of selection of a committee of 3 persons. In general the complainant has to cover all proceedings costs; however in the event that the domain name owner prefers a committee of 3 persons despite selection of a committee of one person by the complainant, the domain name owner has to undertake proceedings costs as well. (WIPO, 2008c)

³⁷ Within this period, the part in respect of whom the decision is unfavorable cannot submit documents regarding the fact that it has filed a lawsuit for the purpose of resolution of the dispute before courts.

shall not be implemented in the event that rights upon the said domain name are proven (for instance on the basis of a trademark with a date subsequent to that of the person, claiming use of domain name as commercial title) and in the event that there is no bad faith in question or it cannot be proven.

The necessity to render a decision within a short period of time can prevent detailed and in depth examination of the decision. Likewise the decision taken as a result of the proceedings held shall be with respect to solely cancellation, transfer of domain name or rejection of the complaint filed. Therefore as far as the majority of national trademarks are concerned, material and moral compensation to be demanded on account of violation and which are explained under Chapter 2, compensation for the lost income, publicity cannot be demanded within the framework of the said alternative dispute resolution.

The said alternative dispute resolution method has been solely adopted by registrars, authorized by the institution called ICANN and has been incorporated within the structure of agreements concluded with persons submitting registry demand. Therefore it is possible for registrars, which are not authorized by ICANN, which promote malicious domain name registration or which effect the said malicious registrations themselves not to place mandatory administrative proceedings within agreements in the event of non-conformity in agreements with persons, submitting registry demand.

Therefore as mentioned above, this alternative dispute resolution implemented on disputes between trademark and domain name disputes covers a partial need on account of the fact that it can solely be used in specific occasions and protection demands are restricted.

4.1.1.3. Other Disputes Between Trademark and Internet Domain Names and the Question of Commercial Use

It is observed that the issue of bad faith lies on the basis of use of trademark within the framework of above-mentioned cases through internet. Even if there is no bad faith in question, the trademark owner has the opportunity to prevent use of his own trademark as internet domain name.

At this point, the said use by the person, registering identical or similar trademark as internet domain name which could create confusion among public in the same or similar goods or service classes, to which the trademark is registered, can be prevented by the trademark owner. Similarly, in the event of an unfair benefit due to awareness of the trademark in the society, damage to publicity of the trademark or distinctive character of the trademark, recognized trademark owner can prevent a third person from using the trademark as internet domain name.

Under such circumstances, the dispute shall be resolved through either agreement of parts or through courts. Whereas in the court process, it is observed that some primary problems arise on account of national character of trademark law and independent global character of internet free from borders.

One of the said problems is when internet domain name use can be deemed as a commercial use.³⁸

Some authors in the doctrine claim that use in connection with goods or services (See Janis, 2002, p.42 et seq.; See Pote,1997, p.309 et seq.; also see Margiano, 2000, p.154 – 155) is necessary in order to be able to submit the claim that internet domain names are used commercially.

³⁸ As it is tried to be explicated in part I, even if there is not an open provision in Decree Law no. 556, in order to claim that trademark violation has occurred, the said use has to have occurred in the course of commerce primarily. The fact that the use does not bear a commercial nature shall be evaluated within the scope of conformity with the law to be explicated below.

It is believed that the said criteria is necessary; however it is not sufficient. As is known, internet is a communication medium having a global character; in the event that a trademark is used through internet, the said use can instantly be monitored by internet users all over the world. (WIPO, 2002, p.72) How about the event of use of internet domain name in connection with goods and services and non-existence of commercial activities in the said countries? For instance will the fact that a company named A, effecting transactions primarily in Turkey; however does not effect any transactions in countries such as China, France, USA, Australia owns solely an internet address such as abc.com and uses this domain name in connection with specific goods or services, be deemed sufficient for proof of realization of commercial use in the said countries?

The Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO)³⁹ accepted the Joint Recommendation Concerning Provisions on the Protection of Marks and Other Industrial Property Rights in Signs on the Internet⁴⁰ as a result of the meetings held on the date of September 24- October 3 2001 for the purpose of ensuring a much more clear legal framework for trademark owners, who want to contribute to development of electronic commerce by means of use of their trademarks on the internet, and easing enforceability of current trademarks and signs and related industrial property laws.

In article 2 of the said Recommendation, the issue that “use of a sign on the Internet shall constitute use in a Member State for the purposes of these provisions,

³⁹ The said recommendations taken are not of a binding nature; however they bear a guiding character in terms of trademark use through internet of member countries, countries, and other authorized institutions. The said case puts forth non-existence of an international text, agreed upon regarding issues such as trademark and domain names on the internet and similar disputes once again.

⁴⁰ Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on The Internet *Adopted by* the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Sixth Series of Meetings of the Assemblies of the Member States of WIPO, September 24 to October 3, 2001

only if the use has a commercial effect in that Member State.” has clearly put forth.

In article 3 of the Recommendation, the issue to be deducted from commercial effect has been handled in a detailed; however not in a restrictive manner.

In accordance with this article, circumstances that may be relevant (especially regarding trademarks) include:

- circumstances indicating that the user of the sign is doing, or has undertaken significant plans to do, business in the Member State in relation to goods or services which are identical or similar to those for which the sign is used on the Internet.
- whether the sign is used in connection with a domain name which is registered under country code Top Level Domain referring to the Member State;
- placement of member country information as address or communication information on the internet and in the event of similar uses, its evident commercial effect on the said member country.

Adoption of commercial use in the event of a commercial effect of signs used on the internet solely in a specific country, is a very important fixation in terms of determination of limits of demands, having a trademark law basis, to be submitted on account of use of trademark on the internet as domain name or in any other manner.

Because this fixation will ease response to the question whether the trademark owner has the opportunity to prevent all sorts of use of the person, effecting unfair use on the internet by means of courts. (WIPO, 2002, p.75)

At this point, trademark owner can allege violation of trademark right on account of internet domain name use; however he has to prove that the said domain name has been used in the country, where its own trademark has been registered or this fact has to have been realized. Defense of a contrary opinion will give rise to a global effect as the very self of the internet.

On this account, “decisions to be taken due to trademark right violation shall have to be taken within national borders of the country or countries, where the trademark owner has exclusive (having a monopolistic nature) rights and authorities.” In the event of existence of a domain name registration in bad faith, a decision can be taken to the extent of prevention of all sorts of uses on the internet. (WIPO, 2002, p.5)

If we are to act upon the above-mentioned example, in the event of a commercial effect of a domain name of a company named A in Turkey on countries such as China, USA, France, Australia, the said trademark owners can submit demands limited to countries, where their trademarks have been registered and on the basis of violation of their rights; otherwise they shall not have such a right.

4.1.1.4. Problems Arising From the Differences between the Domain Name System and Trademark Law

The explanations made up to this point concerning the use of the mark as a domain name, were made in such a way that it would include all the situations where the trademark rights are infringed or where such a possibility exists, no matter if they are in bad faith or not. So, what about situations where both individuals hold a right on the same sign?

As it was stated under the evaluations of Chapter 2, according to Article 8 of the Decree-Law no 556, the registration of trademarks are executed in certain categories of goods and services, provided that it isn't a well-known trademark, identical or similar registered trademark or a trademark whose application for

registration has been performed, may be used in different goods and services; and it was even possible at this juncture that two identical trademarks may also be used together in different goods and services.

One of the most important problems arising from the differences between the domain name system and trademark law occurs right here, for the domain name system only permits the registration of a single second level domain name for each top level domain name. [For example a second level domain name such as **abc**, may only be registered on behalf of a single individual for both generic (.com, .net, .org., etc) and country code (.com.**tr**, net.**fr**, etc.) top level domain names]

Here, only one of the registered trademarks **within the borders of the same country**, containing the same main component will be able to use the names containing its marks in the Internet, it will not be possible for another of these registered trademarks to use this wording as domain name. In such situations, the party first fulfilling the registration of the domain name containing the mark will continue to use the related domain name, and the individual fulfilling the registration of the same wording in another goods or service class will neither be able to use the domain name nor claim that his right is infringed.

When the global character of the Internet taking into consideration, this example, provided in a national basis should be expanded some more. For example, the wording “abc” is registered in Turkey on behalf of the company A, in the class regarding computer services; and in Austria on behalf of the company B, in the same class. If a domain name such as “abc.com” is registered by the company A as the internet domain name, it will not be possible for the company titled B to prefer an alternative dispute settlement based on the trademark registration performed in Austria, due to the obtained right of the Turkish company titled A on the wording in question. Therefore, in the non-existence of any agreement, the disputes between themselves will be settled through courts. And as it is stated under the previous title, the courts will only adjudicate in favor of B, if the sign obtained by company A as internet domain name have some commercial effect in Austria and other requirements are fulfilled; this verdict will be applicable only within the borders of

Austria. Similarly the Turkish company A will be able to have a decision containing the same limits and effects passed in Turkey. However, a user connecting from any country other than these two, for example France, will be able to reach the domain name without encountering any problem, and the claim concerning the existence of the possibility of a confusion may be in question once more. Furthermore, it is believed that in this kind of a situation cancellation or transfer of the said domain name from A to B and vice versa will not be possible.

As it should be observed, marks which are able to exist together in the physical world as per the trademark law, may become parties of a dispute when internet is involved. (WIPO, 2002, p.76)

Although possible solutions were tried to be pointed through the Joint Resolution Relating to the Protection of Other Industrial Property Rights Concerning the Marks and Signs⁴¹ in order to overcome these disputes, it is believed that these methods do not bear the necessary qualities to eliminate these kinds of negativities.

Another problem created due to the domain name system occurs following the possibility of internationalized domain name registrations composed of Russian, Arabian, Japanese, Hebrew or through the use of Cyrillic Alphabet, not containing Latin characters. After initiating the implementation of this system, it will be possible for registered signs in languages in question to be registered as domain names, and an attempt will be displayed for Latin letter equivalents of these alphabets to be provided during the process of registration, however despite these developments, owners of other marks will experience serious difficulties in

⁴¹ In the Article 9 of the Joint Resolution, it is stated that an individual in one of the member countries, entitled to a right over the sign subject to dispute, shall not be liable before being warned of the subject, and only following the notice of such a warning a liability may be in question; thus prevention of the obligation directed towards the individual which will use the sign (mark) in the Internet with goodwill to execute a detailed research was aimed, but no clear solutions are provided concerning the next process. For example, in the Article 12 of the same Joint Resolution, the publishing of a disclaimer stating that they are not connected in any way, they are not intending to sell or distribute goods or services pertaining to each other and containing similar issues, in the visible sections of their websites is recommended in cases of a disputes experienced by an individual who also uses the mark as a domain name and has a trademark or similar right on such sign with another individual who has a right on the same sign; but the efficiency of such a disclaimer and whether it will be enough to eliminate people's confusion is unclear.

following-up and understanding the registration of their own marks under these alphabets.

4.1.1.5. Fair Use Defense in Domain Names

It was stated that the mark owner, following the registration of the trademark, becomes entitled to have exclusive rights over the said the sign, which may be claimed against third parties in the goods and services where the registration is realized, and these rights and authorities were studied in detail. So, to which extent is it possible to claim that trademark owner will have an unrestricted obstructing authority including use in the Internet? If it isn't, what are the limits of the use of the trademark?

‘The purpose of each law rule is to protect the individual from wrongful attacks. In such an attack, two legal benefits always encounter with each other. These benefits encountering and not corresponding with each other are in a state of conflict. The legal order is not able to protect both of these conflicting benefits; therefore the conflict is settled via the protection of one of these benefits.’ (Kılıçoğlu, 2008, p.109)

‘If a certain being, is protected by the legal order for being a legal being, attacks directed to this being are against the law as a rule. The exception to this rule consists of the existence of fair use. If fair use exist, the superiority of the benefit essentially causing the damage is adjudicated, therefore the action is evaluated as lawful, the other benefit is restricted and thus it can't claim a contradiction to law.’ (Kılıçoğlu, 2008, p.111 – 112)

Taking the abovementioned as a starting point, as a rule, if fair use which will tried to be determined below in an unrestricting manner exist, owner of any registered trademark will not be able to prevent the use of its own trademark as a domain name.

4.1.1.5.1. Non - Distinctive, Descriptive Uses and Domain Names

It was stated that to be able to mention a mark, before everything else, the existence of a “**sign**” which can be capable of being represented graphically or expressed in a similar manner, also published and duplicated via printing is necessary; it was required for the sign to distinguish goods and services produced by one enterprise from goods and services produced by other enterprises, in other words, to have a distinctive character; it was necessary for the goods or services category intended to be registered and pertaining consumer to be taken into consideration in determining whether a sign has distinctive character. As per the principles of the trademark law and current practices, a sign with no distinguishing qualities in one category may gain distinguishing qualities in another category through both the use of a different typeface and adding of different shape elements to the mark.

The technical constraints of Internet naming conventions make it difficult for trademarks to be kept distinct on the Internet. Such limitations preclude organizations from distinguishing themselves through capitalization, stylized formats, or designs which they would normally use in other media. As a result, parties with similar names will find it challenging to keep their domain name distinguishable from others because there are fewer ways to make domain names distinctive. (Dueker, 1996, p.493) For, the internet domain names are usually formed of standard typefaces, and it is not possible for any of the abovementioned side components to be used within the domain name. In such situations the right holders, as a rule, are not able to prevent the use of marks as domain names due to reasons such as use as common noun or use for the purpose of description.

Likewise, it is emphasized in the Article 12 of the Decree-Law that such uses will constitute exceptions to the scope of rights arising from the registration of the marks through the sentencing of ‘uses for the purpose of description executed by third parties, and uses executed for the purpose to state certain features concerning goods and services may not be obstructed by the mark owner’. (Yasaman, 2004, p.522)

It is believed that during the implementation of such situations of fair use, conditions of concrete case should be perfectly evaluated by courts and other competent units. An approach to the contrary will cause fair use conditions to become a tool which turn malicious domain name registrations in to justifiable and legitimate transactions. For example to which extent will it be legitimate, if an individual purchasing a mark such as Apple® as domain name, and registering it on his behalf, claiming that the domain name registration wasn't performed in the form of a mark (Apple and image) but in the form of a text character and therefore claiming that it is a sign that may be used by anybody, and benefiting from the fair use principle?

It is also observed that some difficulties are experienced in other situations where the use of the mark may be considered rightful as per the rule of honesty.⁴²

In this context, will it be possible for a trader dealing with marketing of spare parts, to use the concerning marks as internet domain names, in order to advertise the automobile spare parts it markets (Yasaman, 2004, p.523); to use concerning marks as domain names when a third party produces spare parts and accessories, in order to state that the spare parts and accessories produced are conform to the goods carrying the mark (Arkan, Marka Hukuku: 133)?

It is observed that similar problems are encountered within the scope of the abovementioned alternative dispute settlement, established to solve the conflicts between marks and domain names. For example in the case *Canon Kabushiki Kaisha v. Price-Less Inkjet Cartridge Company*⁴³ it was observed that the real owner of the trademark CANON®, Canon Kabushiki Kaisha, made a complaint within the scope of alternative dispute resolution, due to domain names such as canoninkjets.com, canoninkjet.com, canoninkjet.net, canonink.com, canonink.net being registered by Price-Less Inkjet Cartridge Company as domain names; and that in the detailed ruling of the administrative committee, the wording CANON

⁴² See pages 37 and 38 of thesis.

⁴³ WIPO Arbitration and Mediation Center – Administrative Panel Decision, Domain Name Case No: D2000- 0878

was considered as the main component concerning the domain names subject to dispute and furthermore due to the invention of inkjet printing by the complainant company, the use of these wordings in the domain names subject to dispute would cause consumer confusion; and that despite the act of offering to the consumer the inkjets appearing under different marks committed by the party registering the web site is lawful, the use of these wordings as domain names can not be evaluated within the framework of fair use and that it decided for the concerning domain names to be transferred to the complainant. (Also see. Solomon, 2000, p.5)

At this point, while it is possible for the mark to be used under forms specified both in the previous paragraph and Chapter 2, in the content of the web site or in advertisements performed in physical environment; it is believed that it is not possible for it to be used in domain names due to the triggering of an impression arising from this use, as if it is the domain name owner of the communication point or the main source related to concerning marks, and due to it carrying a source indicating character, and that it can't therefore benefit from fair use principle.

4.1.1.5.2. Freedom of Speech and Thought and Domain Names

It is provided in the Article 25 of the Constitution of the Turkish Republic that anybody shall have freedom of speech and opinion, and in the Article 26 that they shall be entitled to spread and explain their thoughts and beliefs separately or collectively via writing, image or other ways; the same article also contains provisions stating that the freedom in question will also include the freedom to receive or provide information and opinion without interference of government bodies.

If the abovementioned provisions are taken as a starting point, and in a general way of speaking, the freedom of speech may be defined as practicability of anybody to receive information without being exposed to any hindrance, to develop an opinion as a result of the information he received, not to be condemned due to his own thoughts and to spread his thoughts.

Internet, alongside being a tool where commercial procedures are conducted, became also, and perhaps much more, an important information source and in other words, one of the most important tools concerning access to information.

At this point it is observed that there are also web sites containing information about certain issues or web sites that provide forums concerning the same issues. While the frame of these determined issues are rather broad, it is known that web sites containing criticisms and opinions about solely well-known trademarks (negative experiences related to trademarks, the consumer policy conducted by the trademark, critics of investments made) are established.

Also, in certain situations, we encounter the existence of web sites where use of a trademark is a parody. (For example individuals conceiving that products with the trademark McDonalds® cause obesity expressing this and other negativities via various speeches or sketches, etc.). Such web sites mostly maintain their activities in a non-commercial ground, because they are generally established so as to share information and opinion or to satirize.

Individuals publishing web sites containing such and similar opinions in the internet, mostly tend to register internet domain names containing main components of famous marks, in order to draw the attention of the internet user or to facilitate their discovery in the internet. (For example, use of the wording “sucks” along with the mark, porschesucks.com, mcdonaldssucks.net, etc.)

There, in these specified situations, the individual’s freedom of thought and speech are in conflict with the rights of the mark owner, and mark owners initiate legal procedures due to their trademark rights being used as internet domain names. (For the examples, see. Janis, 2002, p.38 et seq.; Najarian, 2001, p.139 et seq.) In most of the decisions rendered by courts, it is stated that such uses are fair use, therefore favoring the benefits of the individuals using their freedom of speech, specifying the interpretation of uses also including criticism (satire) within the

scope of the freedom of thought and speech, and that these sites are not commercial as their starting point.

At this point, while speech cannot be classified as commercial speech by the mere fact that it is an advertisement, that it refers to a specific product, or that an economic motive is involved. Conversely, the presence of speech that links a product to a current public debate does not automatically make it non-commercial. (Pote, 1997, p.310) (For example in the web sites providing forum opportunities, if another mark is brought to the foreground and information to access this mark or other information are presented after making evaluations concerning one mark, this act will not be deemed as fair use due to the activity taking place in a non-commercial web site.) Due to these reasons, it is necessary to determine the boundaries between commercial and non-commercial use, and all concrete disputes to be evaluated by competent bodies through taking into consideration their specific conditions.

As it is mentioned above, these listed reasons of compliance with laws are not in limited numbers and according to the attribute of the concrete case; it is always possible for similar fair use conditions or general principles of law to be implemented. For example if a trademark name owner remaining inactive to the registration of domain name, or to the use of the essential element used in the domain name, files an action against the concerning domain name after passing of a significant amount of time, these requests may be refused due being contradictory to the principle of acting honestly set forth in the Article 2 of the Civil Code.⁴⁴

4.1.2. The Use of Mark as Metatag

4.1.2.1. The Use of Mark as Metatag by a Third Party

⁴⁴ Article 2 of the Civil Code, contains the following provision: “Anybody shall follow the rules of honesty when using their rights and fulfilling their obligations. The clear misuse of a right isn’t protected by the legal order.” For an example where this rule may be applicable, see: p.97 of thesis *Playboy Enterprises, Inc. v. Terri Welles* case.

Certainly, one of the most important characteristics of the Internet is that it enables access to information in the most swift, simple and economic manner. In a very short period of time, an individual who will go abroad due to travel, business or a similar reason may reach the weather report, cultural features, significant historical areas and similar information related to the place he will visit; the Latin, Italian or any other language's equivalent to a word. Similarly, an individual wishing to purchase a good or service put on the market under a certain mark, may reach information relating to this mark in a very short span of time.

The most common method of accessing the Internet is through a commercial Internet service provider that offers modem or other telephone access to a computer linked to the network or to the Internet itself. Once on the Internet there are various forms of communication, such as e-mail, listserv, and the World Wide Web. Besides e-mail Web is the most widely used and fastest growing part of the Internet. It is a collection of information contained in documents on separate computers around the world, and it operates on a computer language called as hypertext markup language (HTML). With HTML, computer programs that browse or surf the Web, such as Netscape, Internet Explorer, *Firefox*, can display documents containing text, graphic, sounds and moving videos. (Paylago, 2000, p.455) Information figuring in the Internet in separate computers, are referred as websites⁴⁵, and access to websites via internet is enabled through entering this information to browser, provided that the concerning web address is known. (Monagan, 2001, p.455) If the web address is unknown, or there is not any specific web address investigated; the method is to reach the information via search engines.

By entering the searched term or keyword, the web user demands the search engine to present the web pages containing the information he entered in the form of a list. Search engines generally realize the scanning related to the content of web pages containing the preferred term or word via Metatags. (Moyer, 1999, p.335) Metatags are tags written via the use of hypertext markup language (HTML) and

⁴⁵ In the study, the concept "website" is interpreted in broad manner which would include web pages, and in the parts that follow, the concepts "website" and "web page" are used in the same meaning.

providing information concerning the content of the web site.⁴⁶ Metatags are usually nestled in a web site in order to be detected by web search engines and may not be observed by the web user during the display of the web site. (Sidbury: 38)

For example, a web user is exploring the price of an ABC brand cleaning material, produced by ABC Limited Company, is aware that a web page pertaining to ABC Company exists, but doesn't know its exact web address. Let's assume that the user tries to reach this information via a search engine such as Google and that he entered the terms and words "ABC" which is also a trademark, and "ABC Limited Company" as keywords. The search engine (Google in our example) presents the web sites containing the wordings of searched items "ABC", "ABC Limited Company" as Metatags in its scope first while browsing regarding the web sites containing these terms in line with the demand of the user, and submits the concerning list to the web user.

As it is attempted to specify in the example, Metatag is taken as a base during the scanning realized via search engines; therefore web authors have incentive to use whatever terms they think users are most likely to enter as keywords, regardless of the relation to the content of a page, in hopes of increasing exposure to their site by ensuring that it will be near the top of the list of retrieved sites.(Moyer, 1999, p.340-341)

The real problem here is the question of whether the use of the mark as Metatag by a third party constitutes an infringement to the trademark right.

Let's take the abovementioned example as our starting point and assume that the company XYZ, a rival of the company ABC, uses the wordings "ABC" and "ABC Limited Company" as Metatags within its own web site and therefore that every time the concerning wordings are searched via the search engine it appears in higher spots of search engine lists compared to ABC; and that the web user prefers the company XYZ to company ABC and its products, after visiting the

⁴⁶ Available at: http://www.webopedia.com/TERM/M/meta_tag.html

company XYZ's web site which appears in higher places. Is it possible in such a situation to claim that the trademark right is infringed due to use of Metatag by a rival company?

Some authors pronounce that Internet, and in this context, the web sites are used commercially, and therefore, web site elements such as internet domain name and Metatag should be considered within the scope of commercial use; that Metatags direct the consumer to unwanted sites, and that therefore the distinguishing ability of the mark used concerning goods and services reduce; and furthermore the consumer protection which constitutes the basics of the trademark protection, and internet's purposes to ensure access to reliable information in the most efficient ways are hindered and that due to these reasons, the use of Metatag may cause trademark infringement. (Moyer, 1999, p.181)

As regards, in the *Brookfield Communications Inc. v. West Coast Entertainment Corp*⁴⁷ case, American High Court decided that the use of the mark as Metatag by a third party constitutes a potential infringement to trademark right, by claiming that a false impression that the third party is authorized or sponsored by the mark owner may arise, or through the claims of the mark owner stating that the consumers researching its products may be misguided, and a confusion may emerge during the research made concerning the mark's products at least during the initial stage. (World Intellectual Property Organization, 2002, p.67)

Following the abovementioned case, it is observed that a new criterion called pre-sale confusion or initial interest confusion, other than the criteria concerning the determination of the trademark right infringement stated in Chapter 2 that were implemented by Turkish courts, European Court of Justice, is initiated to be implemented by American courts.

It is argued that the pre-sale confusion or initial interest confusion occurs when the purchasers are misdirected or lured into situations where they may

⁴⁷ See. *Brookfield Communications Inc. v. West Coast Entertainment Corp*, 50 U.S.P.Q. 2d 1545 (USA - 9th Cir. 1999).

purchase goods or services because of a similar mark (Paylago, 2000, p.459) and that the initial interest confusion is sufficient to establish infringement even if a customer would eventually realize that the third party's mark is not affiliated or associated with the real owner of the mark in any manner. (Sidbury, 2001, p.46-47)

As regards the *Playboy Enterprises v. Netscape Communications*⁴⁸ case, the American High Court after defining initial interest confusion as customer confusion that creates initial interest in a competitor's product, it further decided that the use of the mark as Metatag by a third party constitutes an infringement to trademark right, due to the unfair benefit provided from the customers, titles and commercial prominence ensured through the mark even if these are removed before the execution of a real state.

The following is provided as a classic hypothetical example of this kind of infringement where fast food restaurant A puts up a billboard on the side of the highway using fast food restaurant B's trademark, but giving directions to restaurant A. Once a consumer is lured to restaurant A, it will become entirely clear that it is not the restaurant that was advertised on the billboard. Despite this ultimate lack of confusion, the consumer may nonetheless stay at the restaurant rather than venturing off to find restaurant B whose trademark had initially enticed him (he has to get back on the highway, he's hungry, the kids have to go to the bathroom, so on). (Janis, 2002, p.29)

As it was attempted to be studied carefully in Chapter 2, according to both the Decree-Law issued under no 556 and the Council Directive issued under no 89/104, the reference law; concerning identical or similar goods and services falling into the scope of the registration, the mark owner will be able to block the use of the marks identical to its own mark, the use of the marks similar enough to its own mark to cause confusion before society, or use of **any other sign**, that would ensure the user to obtain an unfair advantage from the reputation of its own

⁴⁸ See. *Playboy Enterprises v. Netscape Communications*, No. 00-56648 D.C.No.CV-99-00320–AHS – (USA - 9th Cir. 2004)

mark or would damage the distinguishing character of its own mark⁴⁹. In the same way, however such a use and other circumstances specified in the article (Article 61 et seq. of the Decree-Law issued under no 556) may be deemed as an infringement to the trademark right. Furthermore, in order to claim that the trademark right is violated, consumer used as a base during the determination have to confuse the mark with the other mark, or a possibility of such a confusion have to exist.

If the recently mentioned hypothetical example has to be evaluated along with these points, following conclusions emerge:

- If the mark is used as Metatag, the web user can't see the Metatag element nestled in the web site and is not aware that a mark pertaining to someone else is used. If it is assumed momentarily that the consumer is aware of the existence of two marks such as A and B, it is also clearly known that these two marks are different and they are by no means related.⁵⁰ Therefore, the use of a mark identical or similar to the mark specified in the Article 61 of the Decree-Law issued under no 556, the imitation of the mark or a confusion possibility are not in question.
- Furthermore it is believed that a situation where a user stays in a web site which he realized that it has nothing to do with the mark he mainly looks for, or such user being obliged to prefer this web site isn't realistic in a virtual environment where one can reach or return to the website he wants through a single click.

⁴⁹ The issues of what is required to be understood from the use of the mark are stated in the Article 14. of the Decree-Law issued under no 556. As per the provision of the article, 'the use of registered trademark with different elements, without changing its distinguishing character', 'the use of the mark in goods or packages with the sole purpose of export', 'the use of the mark with the permission of the trademark owner', 'import of the good carrying the mark' are deemed as use of the mark.

⁵⁰ Web user, entering any keyword and visiting the first website appearing at the top of the list provided to him by the search engine, have the opportunity to examine the information appearing there and examine whether the information he really looks for appears here.

Due to these mentioned reasons, according to the provisions of the current legislation, it is believed that a possibility of confusion, opportunity to use the criteria to determine such confusion explained in detail in Chapter 2, and therefore an infringement towards the trademark right are out of question, if the mark “is used solely as Metatag”.

Even when the commercial use dimension of Metatag is accepted, it is more important to examine whether lists or advertisements⁵¹, directed websites and elements within their contents, established via Metatag, constitute infringement to the trademark right, instead of focusing on whether the direct use of Metatag violates the trademark right. In other words, in order to cause confusion –even initial interest confusion- the use must be as a visible mark with the power to create an association in the consumer’s mind. (Monagan, 2001, p.973) There is indeed a significant difference between the mark XYZ imitating the mark ABC upon which it may claim no rights, in lists or web sites in a visible way or using it in a manner that would trigger consumer confusion and using it as a Metatag which is an invisible element.

Here, the reason behind the occurrence of an infringement towards the trademark right, is not the mark being used as Metatag by a third party, rather is a mark pertaining to somebody else being used in a visible and physical way in advertisements/texts found in the established list or the directed website and therefore occurrence of consumer’s confusion or occurrence of such a possibility.

Metatags aim to attract potential consumer to the web site (Paylago, 2000, p.451 – 470). Therefore, the use of marks pertaining to others, or other signs used during commerce as Metatags, may affect the relations between rivals or between

⁵¹ In fact, the court of first instance, appropriately provided in the Government Employees Insurance Company (GEICO) v. Google Inc. case that, the plaintiff (GEICO) can’t adequately prove that its trademark right is violated through the use of its mark as keywords in the form of metatag, but a trademark violation will occur if a reference to the mark pertaining to the plaintiff is determined in following the examination of the advertisement titles or texts appearing in the established list. See. Government Employees Insurance Company (GEICO) v. Google Inc., Case No.1: 04cv507 (U.S. District Court for the Eastern District of Virginia), August 08, 2005

suppliers and customers, may have misleading character or may be against honesty rules or commercial implementations. And if the use of the mark and sign is proven to be used as Metatag in the manner just mentioned by a third party, such use may only be settled within the provisions of unfair competition. As a matter of fact, judgments rendered in the *Tata Sons Limited v. Bodacious Tatas*⁵² case in India, *Genertel SpA v Crowe Italia Srl* case in Italy and the *Atrya*⁵³ vs. *Google and K par K/Techni Feneres* (Links & Law, 2008) case in France, are encountered as significant judgments given concerning the use of the mark via metatag establishing an unfair competition situation and confirming our point of view (WIPO, 2002, p.67).

It is also observed that some courts in America, arguing that the use of the mark as Metatag would constitute an infringement to the trademark right, judgments ruling that, as regards the situations of fair use mentioned under Chapter 2 and the previous title, concerning use doesn't constitute an infringement are rendered. Although due to aforementioned reasons, it is conceived that such use would be evaluated within the scope of unfair competition, owing to the fact that the exceptional circumstances can be suggested in situations of unfair competition; such exceptional circumstances will be mentioned.

As regards the *Playboy Enterprises Inc. v. Netscape Communications Co.*⁵⁴ case, the plaintiff (Playboy Enterprises), claimed that its own registered trademarks playboy + image, playmate + image were marketed and sold to the third parties by the defendant (Netscape search engine), that every time these wordings are searched via search engines, appearance of advertisements with big headers along with the results was programmed, and therefore the web user is directed to websites other than its own official websites or sponsored websites and the main purpose of

⁵² *Tata Sons Limited v. Bodacious Tatas & ors*, the non-issued decision of the Delhi High Court bearing the date of January 25, 1999. Dealed by Previn Anand during the initial WIPO E-Commerce Conference held in September 1999.

⁵³ *Genertel SpA v Crowe Italia Srl*, (January 18, 2001), in International IT and New Media Update, Freshfields Bruckhaus Deringer, (Summer 2001).

⁵⁴ *Playboy Enterprises Inc. v. Netscape Communications Co.*, 55 F. Supp. 2d 1070 (U.S. District Court for the Central District of California), June 24, 1999

the defendant was just that. As for the defendant, it pronounced that the marks pertaining to the plaintiffs were not used as they were registered or as marks; that the trademark registration doesn't grant an absolute right that would block all kinds of use of the protected wordings, and that it didn't aim to direct the web users to websites other than the official websites.

The court of first instance dismissed the case, stating that the use of wordings "playboy" and "playmate" - which are registered trademarks pertaining to the plaintiff - as Metatag by the defendant was executed not as they were registered as trademarks (playboy, playmate + bunny image and its derivatives) but rather as common nouns in English and with the purpose of description, that the plaintiff's establishment of trademark right over concerning wordings doesn't grant it the right to forbid these wordings used as common nouns in English or with the purpose of description and that the plaintiff couldn't accurately proof that consumer confusion occurred due to the use of these wordings.

Also in the *Playboy Enterprises, Inc. v. Terri Welles*⁵⁵ case, the plaintiff (Playboy Enterprises) claimed that the defendant who had once been the cover girl to their magazine in 1981 (Teri Welles) uses registered trademarks pertaining to Playboy Enterprises such as PMOY, playboy and playmate as a Metatag and in her own website, and that it constitutes and infringement to trademark rights and causes consumer confusion. As for the defendant, she suggested that these wordings (playmate, etc.) were given to her by the plaintiff and the use she executed was in compliance with the laws.

The court dismissed the case by stating that the wordings subject to the case were given by the plaintiff to the defendant in 1981 and the plaintiff party didn't have any objection in their use until the defendant opened her own website in the Internet; that the defendant didn't aim to mislead the consumer, and furthermore

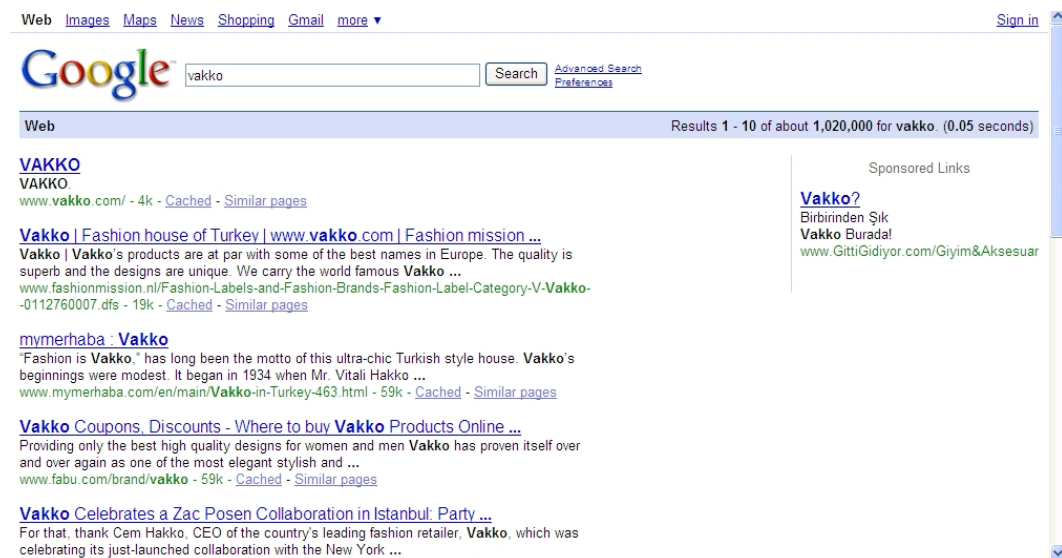
⁵⁵ *Playboy Enterprises, Inc. v. Terri Welles*, 7 F.Supp. 2d 1098 (U.S. Southern District of California 1998)

that there are disclaimers in the website of the defendant mentioning that it has no connection with the plaintiff.⁵⁶ (Netlitigation, 2008)

4.1.2.2. Mark Being Marketed by the Search Engine as Metatag

Another dimension of Metatag use, is the marketing of wordings registered as trademarks through being put up for sale “by search engines themselves”. The increase of the metatag use rate by third parties was taken notice by search engines, and they started to market these wordings within the scope of the supporting advertisement programs they developed.

Figure 2: Example of Internet Search Engine Results List and Sponsored Links



Source: Google

Google, one of the most preferred search engines, provides, in addition to the service of presentation of web sites found in its database and related to searched terms in the form of a list, similarly provided by other search engines, also provides

⁵⁶ Even the existence of a trademark violation isn't conceived, it is believed that the case was dismissed due the event subject to the case containing circumstances specified in the Article 12 of the Decree-Law issued under no 556 and examined in the previous title. As it may be seen, the use of name and address by third parties in the explanations concerning the type, quality, quantity, purpose, value, geographical source, production, presentation time or other attributes may not be blocked by the mark owner, provided that they are used in goodwill and related to issues of industry and commerce.

the opportunity of advertisement to individuals and companies in consideration of a certain payment via the ‘Adwords’ advertisement program, in the top more attention drawing top right section of the lists in question as it may be observed in Figure 3. This service is called sponsored links.⁵⁷

For example, if the keyword containing the wording “Vakko”, which became an important trademark in Turkish clothing sector, right over the trademark is bought by an individual, the advertisement pertaining to this individual will appear in the sponsored links section. As it may be seen in Figure 3, Google may sell the wording “Vakko” to third parties who aren’t entitled to any right over that trademark.

The first problem occurring in this point is whether it is possible to claim that the search engine infringes the trademark rights if the mark is sold to a third party as a Metatag (an invisible element) by the search engine.

As it is explained above in detail, it is believed that this act doesn’t constitute an infringement to the trademark right and if it is proved that it is used in a manner that may affect the relations between rivals or between suppliers and customers, may have misleading character or may be against honesty rules or commercial implementations it can solely be settled within the provisions of unfair competition.

The second problem is whether the search engine may be held responsible if the mark is used unfairly by a third party in the visibly emerging list or the advertisements in the sponsored links section of the search engine’s web site. Let’s take Figure 3 as a starting point, and consider that the website appearing in the sponsored links section isn’t related to Vakko, and such use where a direct reference to the mark is made isn’t deemed within the scope of fair use specified in Chapter 2 and previous titles. In such a situation, is it possible to claim that the search engine Google is responsible?

⁵⁷ Yahoo, Ask, Alta Vista and many similar search engines provide the same services in different forms. Google is used in the study just due to its significance and reputation. Therefore, it shall be emphasized that the explanations made covers all search engines.

As it is explained under the previous title, when the mark is visibly and physically used in the emerged list or sponsored links, a confusion about the source of the mark in the eyes of the web user or possibility of such a confusion occurs and therefore the distinctive character of the mark may be damaged; in this state the trademark right is violated by the third party.

These negative consequences and the unfair use of the mark appear in the website pertaining to the search engine per se. It is always possible for the consumer relying on the information found in the list or advertisements provided to him by the search engine to suppose that there is a relation between the third party realizing the unfair use and the real trademark owner. The search engine acts in fault of gross negligence by failing to make any interference when it is always possible to examine or supervise the advertisements constituting infringement to trademark right in its own website. In such a circumstance as per the Article 50 of the Code of Obligations, the third party infringing the trademark right and the search engine have contributory negligence.

Beyond all the abovementioned facts, it is believed that this act of the search engine which may learn that an infringement to the trademark right may occur through a research it would conduct, may be evaluated within the Article 61-c of the Decree-Law issued under no 556, regulating the situations of infringement to trademark right.

Due to abovementioned reasons, it is conceived that the third party infringing the trademark right and the search engine will be severally liable from the infringement of the trademark and the damages arising out of such infringement, owing to the fact that a direct reference is made to the mark through result lists or advertisements.

Even if suggestion of an argument stating that search engines conclude agreement with third parties executing the unfair competition⁵⁸ and that therefore they shouldn't be held responsible of the act of infringement of the trademark right is momentarily assumed, the admission of such claim doesn't seem possible. For, as it is examined under Chapter 2, infringement of trademark right is an unfair act, and the reason behind the emergence of the source of obligation and liability of search engine is this unfair act. (Kılıçoğlu, 2007, p.193 et seq.) The search engine, as per the principle of proportionality of contracts, may only direct such a demand to the third party executing the unfair use; this situation isn't related to the trademark owner.

4.1.3. Linking and Framing

It was stated in previous titles that, the Internet technology necessitated the internet user to know address of such computer in order for him to perform any information exchange; to obtain information and to connect to the computer providing the information (Brunel, 1997, p.2), or to know the domain name or to use a search engine. Another method for the web user obtaining the desired information to obtain other more detailed sources or sources directly related to the subject and surf the web are websites linked within the visited website. The user may be directed to other sites through ensuring him to click in links appearing within the website he visits and usually having a different typeface, color (for example underlined colored text) and image.

As regards from a business perspective, applying this general marketing principle to a vendor which is conducting business on-line, allowing web site publishers to place the vendor's hyperext link at the current site, is analogous to placing a free advertisement on the current web site. (Chan, 1999, p.578) However, as a consequence of the differentiation of the Internet technology, and within this scope, of the techniques and methods used in linking, the concept of linking, not

⁵⁸ For example, it is observed that Google concludes agreements with the advertiser individuals before rendering the services within the scope of the advertisement program, and agrees, states and undertakes that the advertiser individuals will not violate the intellectual property rights of third parties and the advertisements will not contain any harmful, abusive, amoral creations or will not include threat or insult.

initially urged upon by the business enterprises (it was even supported), started to become one of the reasons of dispute between the parties concerning the mark.

When evaluated alongside the current technology, in general terms, it is observed that there exist two main linking methods in the content of a website: hypertext reference links - HREF and framing. (Deveci, 2004, p.82)

4.1.3.1. Hypertext Reference Links (HREF)

Hypertext reference links are examined in two categories: 'normal links' and 'embedded links'. (Jorgensen, 2004, p.414)

As regards the normal hypertext reference links, it appears onscreen as a highlighted citation or phrase that is differentiated from regular text by a special color or formatting such underlining. When a viewer activates a hypertext link by clicking his mouse on the highlighted text, the web browser software retrieves the corresponding document from the external site and creates a copy which is then displayed onscreen. Any connection with the local site (linking site) is simultaneously terminated after the browser has established connection with the external site. (Chan, 1999, p.580).

In this linking method, observed in most of the Internet websites, while the the IP address of the referenced computer appears, the links are turned to explanatory words, mottos, marks, logos or similar signs in order for the web user to more easily perceive them. (Jorgensen, 2004, p.416) In such situations an infringement of mark may occur.

For example let's assume that in a website pertaining to a toy company using the wording 'ABC' as its business title gives a link to the Company B, which is another toy company and which registered the ABC mark in its name concerning this categories and that the ABC mark pertaining to the Company B is provided instead of the linked IP addresses. In such a situation, the possibility for the web user to come to an impression or conclusion that an economic connection exists

between the two companies, that the referenced company is the sponsor or the partner of the referencing company and for the people to confuse these two signs due to the business title and the mark being used within the same website. Once again, even though it is not permitted by the Company B, the use of the ABC mark as a link within the website, may be evaluated within the scope of other infringements to trademark rights specified in the Article 61 of the Decree-Law issued under no 556.

In situations where marks are well-known marks, it seems that confusion possibility exists even if the marks are not similar. For example if a company displaying activity in the computer sector under a mark such as tangerine makes hypertext reference links in its website by using the marks of companies such as, IBM®, Microsoft®, Apple®, an impression in the eyes of the web user that the company named tangerine is connected to these companies, that the linked well-known marks are its business partners or sponsors may arise, and these marks may be confused by people; therefore the guarantee, distinctive character of the specified well-known marks may encounter the risk of damage. In such a situation it is conceived that well-known mark owners will have the ability to block the use of their own marks in websites in such a manner.

It is natural that no infringement to trademark right will occur if a disclaimer is published in order to prevent this confusion, if the company sells the products of the well-known company or if the other abovementioned circumstances of fair use exist.

As regards the embedded hypertext reference list, the content is provided from another website, and information explaining which website provides the context is protected in the website; such information is invisible (embedded). (Jorgensen, 2004, p.415) Such links, if executed similarly to the abovementioned example, may also constitute infringement of trademark right. In the practice, often links are given to internal pages of the websites where specific issues are examined instead of the initially seen on homepages; due to this practice it is also called deep linking.

As it is explained in previous titles, revenues of some websites are related to the advertisements given by other companies in their own websites. These advertisements are often activated when the homepage of the website is visited. Some of the websites are, without permission, giving deep links to information appearing in the internal pages, and preventing users to visit homepages of related sites which in turn result in the de-activation of advertisements. What is more, unauthorized entrance to internet sites and acquisition of information from these sites are in question in these kind circumstances. Therefore it is observed that trademark related law suits are filed hinging on the above-mentioned grounds and trademark damages are most of the time alleged.⁵⁹

If the deep link or embedded hypertext link emerges through the appearance the linked website of an information appearing in another website, it is conceived that it wouldn't constitute a violation to the trademark right provided that such information don't contain the mark pertaining to the linked website or the company. For, as it is just mentioned, it is possible for the source to be not visible when such links are provided. As regards the situations where the source is visible; existence of a mark pertaining to the linked website a company and the use of such mark in an unauthorized manner or in such a manner that would create consumer confusion is required for the infringement of trademark right to occur.

Here, the appearance of lists and certain similar information in the website doesn't seem to be adequate for the violation of the trademark right. Also it is believed that, the web users being unable to enter the homepages of their own sites due to such linking and therefore occurrence of a decrease in their revenues should be evaluated within the scope of unfair competition instead of the trademark law.

4.1.3.2. Framing

As regards the framing; links are given to another website from any website. When the link is clicked the linked website opens within the name and the

⁵⁹ For example see *Ticketmaster Corporation v. Microsoft Corporation*, No. 97-3055 DDP (United States District Court Central District Of California)

frame of the initially visited (linking) website. In such cases, differently from the abovementioned situations, when the linked site is connected, the connection with the initially visited website is not terminated.

If such a framing is performed in the website and two identical or similar marks appear together, there is a possibility for the impression that there is an economical or otherwise connection between the linked site and the initial site to arise. In such a situation, the use of the mark without the permission of its owner is in question. Furthermore in such a circumstance, it is a very high possibility to gain unfair advantage from the reputation of a well-known mark, if the used mark is a well-known mark. Due to these reasons, it is conceived that such a use would constitute an infringement to the trademark right.

4.2. Concluding Remarks:

In Chapter 4, circumstances of unfair usage of trademarks via internet are determined as:

- conflicts between internet domain names and trademarks,
- the use of trademarks as metatags,
- linking and
- framing by taking in to account recent cases heard before many international institutions such as WIPO Domain Name Dispute Resolution Center and other foreign countries like USA, France, Italy, India.

In the course evaluation process, it is pointed out that important problems between the trademark law, which is of national character, and the internet, which does not have any limits, occur in settlement of disputes. Just a few of the occurring issues were, when the use of mark via the Internet accepted as a commercial use, the impact area and scope of the decision to be adjudicated if the violation accepted, what are the potential fair use defenses, what should be done when owners of two identical trademarks in different goods and service classes want to use their registered trademark as a domain name at the same time.

Although it may be claimed that these problems are partially resolved within the scope of alternative dispute resolution put into practice within the scope of Uniform Policies Concerning the Settlement of Domain Name Disputes and also adopted, on an as-is basis, in the paragraph 2/d of article 9 of Draft Bill of Trademark Law in Turkey, both the issues resolvable and decisions adjudicated within this scope are very limited, and these imply that this alternative settlement method and rearrangements made in Turkey are inadequate.

Similarly, while joint resolution pertaining to WIPO, an affiliated organization of the United Nations which is responsible from the worldwide protection of intellectual property exists, these are not binding and are inadequate in solving the problems in full; therefore concerning exclusively our subject, they are far from resolving the unfair use of mark via Internet. Therefore, it is additionally pointed out in Chapter 4 that currently there is no agreed legal text or provision regulating in detail the situations of unfair use of mark via internet both at national and international level.

CHAPTER 5: CONCLUSIONS:

Trademark has become a useful medium which provides the pursuance of regular course of trade. Like many interpersonal relations, relations arising from trademark related issues also arranged within legal texts which is of national character. As countries became more integrated or interconnected with each other in economical, political, social and many other spheres and transnational companies started their authority felt in international trade, these legal texts fell short in responding transnational companies' needs. Thus, in order to minimize the risks and maximize the profits of transnational corporations, compulsions so as to constitute an international intellectual property protection system or at least set the minimum standarts for intellectual property protection put forth.

In this context, with the main aim of promoting effective and adequate protection of intellectual property rights, TRIPS Agreement established minimum standarts for the protection of intellectual property rights, including enforcement measures, which all World Trade Organization member nations must incorporate into their domestic intellectual property laws. (Thelen, 2005: 519)

Througout thesis, it is asserted that with the introduction and adoption of this new system proposed by TRIPS Agreement, a compromise between developed and developing or less developed countries started to be implemented. In the course of this relation, there is no doubt that developed countries are the party that demand and make profits whereas developing or less developed countries are the ones that make concessions or gain nothing or a little.

On the contrary, proponents of excessive trademark protection alleged that trademark protection is beneficial to the economies of developing countries in that it assists domestic producers to reap income and that protecting foreign brands will encourage their owners to invest in developing countries and to establish an industrial and commercial presence therein thus opening their respective markets and creating new jobs therein according to said view. (Khoury, 2006, p.13)

Recent statistical data obtained from Turkish Patent Institute and World Intellectual Property Organization regarding national and international trademark registrations in Turkey were taken as a basis so as to examine concrete assertion.

In this context, it is observed that there is an increase in the number of both domestic and foreign trademark registrations in Turkey. It is further observed that an important amount of international registrations also filed in which Turkey is the office of origin.

The statistical data provided in the thesis needed to be evaluated skeptically when current practices and provisions are taken into account.

As to statistical data regarding national trademark registrations, it shall be noted that after the registration of a trademark, a grace period of five years related to the requirement of use granted to the proprietor of a trademark by article 14 of Decree Law No.556 in Turkey. In other words, according to current trademark law, once it is registered, proprietor who does not plan to invest in or use its trademark in Turkey, has the opportunity of not using its trademark for a period of five years which also causes trademark registry to become a storage that is full of disused material.

Furthermore, concrete privilege might also be used as an instrument for preventing rival companies from using a sign in related markets which gradually result in the prevention of third parties from entering in the market under previously registered trademark. As stated in Chapter 2, once a trademark registered in the name of a person in a specific class, proprietor of trademark vested absolute rights in which he/she is entitled to prevent third parties from using that sign in the same class. European Commission's November 28, 2008 dated preliminary report on pharmaceutical sector (EC, 2008) clearly embodies author's concerns. Although said report mostly focused on patents, companies that have dominant positions in the market might prevent other rival companies from entering into market under their trademark by benefiting from trademark protection

and within stated grace period, dominant companies will not be obliged to use said registered trademark.

Even in the case where it is certain that trademark is not being put to use after this period, one who suffers from this registration and wants to use and register the same sign as a trademark, should at the first hand, invalidate this registration which can only be demanded by filing a law suit before competent courts that is time consuming and necessitates an important amount of money on the part of suffering party.

As to the statistical data observed in international trademark applications, it shall be noted that foreign persons who applied for or registered trademarks in Turkey has also the chance to file for international trademark applications hinging on their Turkish trademarks.

International trademark application requires an important amount of money that should be deposited to the accounts of office of origin and international bureau and after an international trademark application filed, concrete application will be examined in each of the designated countries in accordance with their own domestic laws. Thus, in most of the cases, where a provisional refusal is granted by an examining Office of a designated state, proprietor of an international trademark application should have to account for dealing with each of these obstacles which requires additional amount of official and professional fees.

In this respect, when the monetary burden and the economic state of play of Turkish small and medium sized enterprises are taken into account, statistical data provided in thesis led us to the fact that most of these international trademark applications filed from Turkey are fundamentally foreign country originated.

It should further be noted that foreign investment do not contribute to the economy of *Turkey* because those investments are primarily turnkey projects that do not include a substantial transfer of technology or expertise. (Khoury, 2006, p.13)

Thus, it is believed that despite expectations of many policy makers and academics, proprietors of foreign trademarks are far away from investing in and establishing an industrial or commercial presence thus opening their respective markets and creating new jobs *in Turkey* (Khoury, 2006, p.13). Even when it is assumed that this kind of an investment is made, Turkey is being the consumer rather than owner of the said foreign trademarks.

These explanations led us to the conclusion that excessive trademark protection does not automatically bring wealth to Turkey. When the provisions of Turkish trademark law (Decree Law No.556) and current practices are taken into consideration, it is believed that conversion of intellectual property in to intellectual capital is not possible which prevents Turkey from taking the advantage of this system. In this context, author asserts that instead of accepting excessive trademark protection on an as-is basis, legal texts regarding trademark shall at the first hand be tailored to the needs of Turkey.

Thus, measures that will expose advantages of trademark protection shall be implemented for instance, by reforming the requirement of use or by encumbering trademark owners to file statements or evidence of use of a trademark with the TPI in order to keep a trademark registration in force. Encumbering foreign trademark owners to conclude licence agreements with Turkish enterprises might also be regarded as another possible measure.

Trademark and related legal arrangements regulated therein is in close relation with developments occur in social, economical, technical fields. Recent advances observed in technological field markedly influenced trademarks and contingent transactions therein. Especially with the development of the new communications mode, which are called information communication technologies, information turned out to be the fundamental input of production as well as traditional factors. (DPT, 2005, p.2) Internet is believed to be one of the most notable outcome of information communication technologies.

The most significant characteristics of the internet, as a system formed by computer networks, which allows data communication services such as data transfer, e-mail, e-journal and news groups (UN Department of Economic and Social Affairs, 2000, p.188), is the realization of communication regardless of distance or political borders; in other words, on a global basis. This state causes important problems between the trademark law, which is of national character, and the internet, which does not have any limits.

The main aim of this thesis was to point out the fact that new circumstances of unfair usage of trademarks occurred with the introduction of the internet and that important problems between the trademark law, which is of national character, and the internet, which does not have any limits arisen in settlement of disputes.

Although it may be claimed that these problems are partially resolved within the scope of alternative dispute resolution put into practice within the scope of Uniform Policies Concerning the Settlement of Domain Name Disputes, both issues resolvable and decisions adjudicated within this scope are really limited, and these imply that this alternative settlement method is inadequate. Similarly, while joint resolution pertaining to WIPO, an affiliated organization of the United Nations which is responsible from the worldwide protection of intellectual property exists, these are not binding and are inadequate in solving the problems in full. Therefore concerning exclusively our subject, they are far from resolving the unfair use of mark via Internet. In this respect, another aim of thesis was to point out that, currently, there is no agreed legal text regulating in detail the situations of unfair use of mark via Internet both at international and national levels.

Possible steps to be taken shall be evaluated under two levels one of which is international and the other national level.

At international level, the subject unfair usage of trademark via internet should be discussed in coordination and in the light of multilateral, transparent and democratic principles through the full participation of all less-developed, developing and developed countries' governments, private sector, civil society and

all related international organizations headed by WIPO. When its scope and character are taken into account, it is believed that such a practice on international level can be performed within the scope of internet governance.

As pointed out previously, internet is an important tool which provides cheap, fast and easy access to information. It is also a virtual environment where thoughts, opinions expressed without exposing any hinderance. In this respect, the degree of protection that will be given to trademarks on the internet should be handled accurately and it should not cause freedom of speech and thought to be restricted excessively. The necessity to regularly update the texts to be established shall also be emphasized in order to ensure an efficient protection, when the rapid development and progress displayed by the internet technology is taken into consideration.

At national level, trademark protection shall at the first hand be tailored to the needs of Turkey. Thus, despite accepting or adopting legislation on an as-is basis, Turkey shall evaluate and designate its own needs and priorities and thus, rearrange its national trademark protection accordingly. After that, active participation of Turkey to all meetings, and related events should be provided at the international level so as to provide the cohesion and harmony of legal arrangements related to unfair usage of trademarks via internet.

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