

The Court of Cassation Issues Landmark Unification of Jurisprudence on Protection of Good-Faith Third Parties in Construction Agreements for Land Share



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- **Decision No:** 2024/1 E., 2025/2 K.

On 18 July 2025, the Presidency of the Court of Cassation published a significant decision of the Grand General Assembly for the Unification of Jurisprudence in the Official Gazette. The decision clarifies the legal status of third parties who acquire real rights, such as ownership or mortgages, from contractors under construction contracts concluded in exchange for a share of land ("**land share agreements**"), in cases where the underlying contract is subsequently found invalid or terminated retroactively.

Background

In disputes concerning land share agreements, where contractors fail to fulfill their obligations, landowners frequently initiate legal proceedings seeking a declaration of invalidity or retroactive termination of the contract. These actions often include requests for cancellation of title deeds registered in the name of third parties and re-registration of the properties under the landowner's name. Historically, the 6th Civil Chamber of the Court of Cassation held that property transfers effected under such contracts were mere advances, and that, upon retroactive termination, these transfers lost their legal basis, which renders Article 1023 of

the Turkish Civil Code ("**TCC**") inapplicable to protect third-party acquirers. In effect, good-faith acquisitions by third parties were not shielded from restitution claims.

Findings of the Decision

- The Grand General Assembly ruled to overturn this long-standing jurisprudence, establishing that:
- Real rights can only be acquired through registration in the land registry, and each valid registration constitutes a real right.
- Even if a registration subsequently loses its legal foundation due to events external to the registry, Article 1023 TCC preserves the rights of third parties who acquire property in good faith by relying on the registry.
- The only exception arises where the third party acted in bad faith, such as being aware of the contractor's lack of authority or the impending dispute over the contract.
- Declaring void the acquisition of real rights by a good-faith third party who purchased a share of land or independent unit based on a duly registered title transfer is incompatible with both Article 1023 TCC and core principles of Turkish property law, including *the relativity of contractual claims, the publicity and reliability of the land registry, the protection of bona fide third parties*.

Summary and Conclusion

In conclusion, the Grand General Assembly's decision is a significant departure from prior jurisprudence and reaffirms that real rights acquired by good-faith third parties relying on the land registry must be protected, even where the underlying construction contract in exchange for a share of land is later declared invalid or retroactively terminated.

The full text of the Decision is available at this [link](#).