

## **Submission to the EU-Turkey IPR Working Group October 2018**

The International Trademark Association (INTA) appreciates the opportunity to contribute to the EU-Turkey Working Group and to participate in its meetings.

In April 2016, INTA submitted comments concerning the proposed Turkish Industrial Property Code (the IP Code) which replaced the different Decree-Laws, each on individual areas of IP, and unified them into a single piece of legislation. The IP code has been approved and is in force since January 10, 2017. Following its previous submission to the EU-Turkey IPR Working Group from September 2017, INTA would like to submit the comments below, based on input from our members, considering the provisions of the IP Code. We hope you find this contribution useful.

### **A. BACKGROUND & GENERAL COMMENTS**

Turkey started adopting IPR-related legal diplomas after the Customs Union agreement with the EU entered into force in 1995. For many years, the IP legal framework was set by separate Decree Laws respectively on trademarks, industrial designs, patents, geographical indications and topographies of electronic circuits.

The IP Code not only unified the previous separate pieces of legislation on IP but also introduced provisions regarding the internal organization of the Turkish Patent and Trademark Office (“TPTO” or “the Office”) and the organization of the profession. Thus, the code changed the Turkish IP landscape in the sense that it affects its legislative, administrative and professional components.

The IP Code aims to achieve further harmonization with the EU legislation on trademarks (particularly the EU Regulation No. 2015/2424 and EU Directive No. 2015/2436) and on designs (Regulation (EC) No. 6/2002 of 12 December 2001 and Directive No. 98/71/EC of 13 October 1998) and with the International Conventions to which Turkey is a party.

Among the changes to the provisions on trademarks that can be identified in the IP Code, INTA would like to highlight the following:

- **Colors and sound marks.** We welcome the fact that colors and sound marks have been included in the definition of signs which may be protected as a trademark.
- **Removal of the requirement of capability to be represented graphically and reproduced by printing.** In line with the current EU Trademark legislation, the requirement of capability to be represented graphically and reproduced by printing is removed in view of existing electronic means, paving the way for motion marks. INTA sees the removal of the graphical representation requirement as a positive change insofar as it allows the registration of nontraditional marks and welcomes already the registration non-traditional trademarks by the TPTO.
- **Administrative cancellation.** By January 10, 2024, the Office will start to implement administrative cancellation proceedings, upon request of a third party. These proceedings will include cancellation of a registered trademark on grounds of:
  - (1) non-use;
  - (2) becoming generic (as regards the products / services to which the trademark refers);
  - (3) deceiving the public (as to the characteristics, quality or geographical source);

(4) use of guarantee or collective trademark contrary to the technical regulation.

In line with our comments on the EU Trade Marks Directive, INTA supports the creation of administrative proceedings but believe that they should be set as an *alternative* to court procedures. Court procedures should not be restricted to the filing of a counterclaim but should be kept in parallel to the procedure before the Office. Turkey should be supported in introducing administrative cancellation proceedings in an efficient way and before the long implementation deadline if possible.

## B. IMPACT OF THE IP CODE ON TRADEMARK RIGHTS

The comments submitted by INTA as regards the impact of the then draft IP Code on trademark rights still apply in their majority as most draft provisions came to be adopted without changes.

### 1. Well-known Marks and Marks with a Reputation (Articles 6(4)/(5)[relative refusal grounds]and 7(2) (c) [for infringement claims] of the IP Code)

The new IP Code establishes ‘well-known marks within the meaning of Paris Convention Art. 6bis’ as a relative ground for refusal (Art.6(4)), and a ground for invalidation (Art.25 (1)), but not as an absolute ground for refusal. Indeed, Article 5(1)-(g) of the IP Code only refers to Article 6ter of the Paris Convention as an absolute ground for refusal which establishes prohibitions concerning State Emblems, Official Hallmarks, and armorial bearings, flags, other emblems, abbreviations, and names, of international intergovernmental organizations or of one or more countries of the Paris Union.

Article 6(4) reads that “*Trademark applications which are identical to or similar with well-known trademarks within the meaning of Article 6bis of the Paris Convention are to be refused in respect of identical or similar goods or services*”.

In order to trigger implementation of Article 6(4), the opponent must prove that the trademark is well-known. However, the geographical scope of the well-known character of the trademark leaned upon in the opposition proceeding or invalidation action is not clear from the wording thereof. Within this context, and noting that we have only decisions of the TPTO so far, (given the relatively short period of time for this paragraph to be applied in court proceedings), the TPTO generally prefers a restrictive interpretation of Article 6(4). INTA is concerned with that restrictive interpretation by Turkish examiners: it is important that the terms ‘identical/similar goods/services’ are not interpreted narrowly and that it is not required for the opponent to have a registration, i.e. that the provision indeed covers unregistered well-known marks.

In this respect, it is worth mentioning that the TPTO publishes the accepted applications in the Registry but that the inclusion in the Registry is for an indefinite period of time. Therefore, this situation can cause the Registry to include trademarks which have lost notoriety after sometime.

Article 6(5) stipulates that “*Where in the case of an application filed for registration of a trademark, which is identical with or similar to, a registered trademark or a trademark which has an earlier filing date for registration, regardless of the application being filed for identical, similar or **different goods or services**, save for due cause, the trademark applied for would take unfair advantage of, or be detrimental to the distinctive character, or repute of the registered trademark or of the trademark with an earlier application date due to level of recognition thereof in Turkey, upon opposition by the proprietor of the earlier trademark, the trademark applied for shall be refused.*”

In order to trigger implementation of Article 6(5), the right holder must 1) have an earlier registered trademark or an earlier trademark application in Turkey; 2) prove that the trademark has a high level of notoriety in Turkey (even if the trademark is recorded as a well-known trademark before the TPTO, the current notoriety of the trademark on which the opposition is based should still be proven since

the Office intends to update its current Well-Known trademark Registry); 3) prove that the registration of the opposed application would cause the dilution of the notoriety and/or the distinctive character of the earlier trademark and/or would provide an improper benefit to the applicant.

The problem with the practical application of Art. 6(5) seems to be that although the provision serves as ground for refusal for 'different goods and services', the courts and the TPTO generally require the goods/services or sectors to be related (relatable by consumers) to find one of the conditions set forth in the provision for refusal: 1) unfair gain by the applicant or 2) damage to the reputation of the prior (famous) mark or 3) damage to the distinctiveness of the prior (famous) mark. In this process, the damage to the distinctiveness of the prior mark (notably when a highly unique mark is concerned) even though the goods/services are completely different and unrelated, tends to be undervalued.

The parallel provision of Article 7(2)(c) establishes that the proprietor of a trademark with a reputation in Turkey may prevent the use of the same or a similar mark, for different goods and services, when the use of the mark is without a justified reason and can lead to an unfair benefit from the reputation of the brand due to the level of notoriety achieved in Turkey. As INTA had noted in its previous submission, this is welcome and seems in line with Article 10(2)(c) of the EUTMD. However, the terms "without justified reason" and "level of notoriety" may be open to interpretation; since the enactment of the IP Code there has been no case law discussing how "justified reason" should be interpreted and thus the ambiguity remains.

Implementation of these provisions in practice should thus be carefully monitored and the TPTO should be encouraged to have a less restrictive approach.

## **2. Exhaustion of Rights** (*Article 152/1 of the IP Code*)

The IP Code adopted the international exhaustion principle (Art. 152/1). As per our previously submitted remarks, INTA is opposed to the change from national exhaustion (in force in Turkey since 1995) to international exhaustion. INTA urged for maintaining national exhaustion or, at least, if Turkey decided to retain international exhaustion, that a "material differences" standard would be adopted in order to exclude parallel imports that are materially different from those products authorized for sale by the trademark owner in the domestic market. This is in line with INTA's [Board Resolution](#).

We believe that shifting to international exhaustion presents several risks for brand owners but also for Turkish consumers. Trademark owners often design their products, packaging and distribution networks to meet specific cultural, environmental, regulatory and other conditions in specific countries. For example, personal care or cleaning products sold for use in some countries are formulated to meet hard water conditions which do not exist in other countries. A brand of toothpaste in one country may taste different from the same brand sold in another country because the brand owner has researched local flavor preferences and tailored the product accordingly. Ingredients in motor oils need to be adjusted according to the climate in which they are intended to be sold.

Unfortunately, parallel importers exploit these conditions by buying products in a market where they are relatively less expensive and selling them in another market where prices are higher typically due to local product differences, contractual necessities, local labor costs, taxes or regulatory requirements. They argue that parallel trade enhances competition and benefits consumers by providing for a larger distribution of branded products at lower prices, although studies have consistently shown that the financial benefit to the consumer is minimal (it is the parallel importers who benefit financially). This modification to the law may also fuel their appetite to become the first seller of a product and many regulatory conditions might be skipped to accelerate the process of importation.

Third parties can easily market products which are not intended for the Turkish market. This will create problems in terms of consumer protection as parallel importers have little or no incentive to maintain the goodwill of the mark and its ability to attract customers in the future. Consumers are expecting a product appropriately formulated for their specific regions and with a constant level of quality and related services. The parallel importer spends less time and effort to ensure the quality of the product and may provide little, if any, warranty or service. Many parallel imports are actually of 'old' stock (often nearing the sell-by date) and for some products (e.g., perishable or medical) there is no certainty that they have been kept or transported in appropriate conditions. Moreover, parallel imports are often mixed with counterfeit products.

Consumers will have difficulties in finding any guarantee services or aftermarket services within Turkey which are normally provided by the brand owner. This in turn may affect the consumers' experience and be detrimental to the trademark reputation.

Therefore, INTA urges Turkey to reconsider its exhaustion regime for trademarks or at least to consider introducing a material differences standard. We would support any efforts in raising awareness on the negative impacts of international exhaustion with the Turkish authorities.

### **3. Co-existence (Article 5(3) of the IP code)**

The IP Code introduces the co-existence principle into Turkish trademark law. Accordingly, the TPTO cannot *ex officio* refuse a trademark application if a notarized letter of consent from the senior trademark owner to the registration of the application is submitted. INTA had already welcomed this change as it enabled to overcome the previous *ex officio* refusal authority of the TPTO under Article 7/1(b) of the decree law, which blocked the registration of many foreign trademarks. Although such *ex officio* refusal is not precluded, this is nevertheless a welcome revision.

It should be noted that consent by the holder of the previous right must be provided through the "notary-public approved permit". Notaries may be unfamiliar with this provision and thus information and training should be offered to ensure proper implementation.

Although there is no clear statutory reference, there are instances in practice where the TPTO requires the notarized document to be also legalized with an apostille if the notary public approving the Letter of Consent is not a Turkish notary public. This creates an ambiguity and causes delays in practice. Indeed, in the event that the TPTO requires an Apostille and the Letter of Consent is not legalized with Apostille, the TPTO can issue a letter inviting the applicant to re-submit the document in a legalized form within 2 months as of the notification of such letter to the applicant, thereby causing a considerable delay in the application phase.

Moreover, since it is possible to submit a Letter of Consent either at the outset while filing the application or within the context of an objection to the Office's action for refusal on absolute ground due to the citation of senior trademarks, the TPTO does not accept Letters of Consent filed separately after the application. The fact that it is not possible to submit Letters of Consent save for the mentioned above two cases, in an instance where one files an application while the Letter of Consent is not ready, one needs to await the TPTO decision for citation of senior trademarks in order to be able to submit the Letter of Consent in response to such office action, thereby causing a significant delay in the application phase.

Finally, in practice, there are some instances of abuse where the owner of the prior trademark gives a letter of consent to a trademark application, only to file an opposition against it afterwards.

There are also some problems regarding the implementation of Article 5(3). The TPTO requires an applicant to file a specific form to demonstrate a clean, unconditional and irrevocable consent from the senior trademark owner. However, it is not possible to make any amendments on that form and

this creates some difficulties. While no issue will arise if the owner of the senior trademark gives his consent for the general class heading, when the consent is given only for some of the goods covered by the later application, then the consent must be given for the whole subgroup as the TPTO carries out its absolute ground examination on a subclass basis. For instance, if the earlier trademark covers headgears articles (a subclass under class 25) and the applicant wishes to register their mark for caps (an article falls under the subclass “headgears”), the earlier right holder must consent to the later registration covering headgears articles. If the consent only covers caps, the TPTO will reject the application on the basis that the consent’s scope is insufficient.

INTA would appreciate if the TPTO would be encouraged to change its practices accordingly.

#### **4. Proof of Use During Opposition Proceedings** (*Articles 19(2) and 29(2) – infringement actions – of the IP Code*)

The applicant in an opposition proceeding and a defendant in an infringement action may request proof of use from the trademark owner where the prior trademark is registered for more than five years. This has been welcomed by INTA in its comments to the draft law.

The TPTO has issued rules and guidelines on how proof of use should be requested and the proof/evidence of use should be submitted. It remains to be seen how the procedure will unfold but our concern is that the TPTO may give too much weight to “actual sales numbers” over other evidence of use, such as advertisements, sponsorships, or other activities to penetrate the market – thus, implementation in practice should be carefully monitored.

#### **5. Non-use counterclaim with respect to international trademarks extended to Turkey via the Madrid Protocol**

Article 19 of the IP Code provides that, during the examination of an opposition filed against the publication of a trademark application, upon request of the applicant, the Office is entitled to ask the opponent to prove the use of the trademark on which the opposition is based. If the opponent is unable to prove the serious use of his trademark in Turkey or there is no legitimate reason for non-use, the opposition is rejected. If the use of the trademark is only proven for some of the covered goods or services, the examination of the opposition will be limited with such goods/services for which the use has been proven by the opponent.

In the current practice, the non-use counterclaim and the mediation provisions seem to be only available for holders of national applications. This situation is likely to create a disadvantage for the holders of International Trademarks extended to Turkey via the Madrid Protocol. Both the non-use counterclaim and the mediation can only be put forward during the evaluation of the initial opposition phase. In order to be able to benefit from non-use counterclaim procedure, the applicant should file a counterstatement against the third party’s opposition within one month as from the notification of the administrative decision issued by the Office to its side. This is being implemented with respect to the national applications. However in case the opposed trademark is an international application extended to Turkey through WIPO, the Office refrains from notifying third party’s opposition to the applicant through WIPO and prefers to examine the case directly. A possible refusal decision (refusal of the application) is notified to the applicant through WIPO without inviting the applicant to respond to the opposition filed or without inviting parties to a settlement via mediation. On the other hand, it is obvious that in case the application is rejected by the Trademarks Department upon third party opposition, the applicant has the right to file an objection against the refusal of its application before the Higher Council within two months as from the notification date of the WIPO decision to the holder. At this point, according to the new IP Code, non-use could only be asserted during the first examination of the opposition by the Trademarks Department and it is not possible to assert non-use as a counterclaim during the examination of an objection before the Higher Council.

In brief, when the application subject to opposition is an international application extended to Turkey through WIPO, since the opposition is not notified to the applicant through WIPO, the applicant of the international application will not benefit from "non-use" as a counterclaim or from the possibility to settle the matter via mediation.

## **6. Bad Faith Registrations (Articles 6(9) and 25(1) of the IP Code)**

The new IP Code provides 'bad faith' as a relative ground for refusal (Art. 6/9) and as a ground for invalidation (Art.25/1). This is welcome.

The courts are still more willing to find bad faith under the 'totality of circumstances' and on the basis of 'totality of circumstantial evidence' than the TPTO. The Office still looks for 'rock solid' evidence of bad faith and usually ignores the 'totality of circumstances/ totality of circumstantial evidence'.

Unfortunately, what constitutes "bad faith" for purposes of opposing/invalidating a trademark remains at the discretion of courts and the TPTO. In its [Board Resolution](#), INTA recommends the following requirements to be imposed for a finding of bad faith application/registration:

1. the applicant/registrant knew of the third-party's rights or legitimate interests in a mark identical to or substantially identical to the mark applied for/registered, where such knowledge is actual or may be inferred from the surrounding circumstances; and
2. the applicant/registrant's conduct in applying for/registering the mark is inconsistent with norms of reasonable, honest, and fair commercial behavior. In order to determine whether the applicant's/registrant's conduct is inconsistent with norms of reasonable, honest and fair commercial behavior should, INTA recommends that a non-exhaustive list of factors is considered.

Moreover, although the new IP Code does not include a provision allowing the TPTO to suspend the administrative stage while there is a pending court proceeding regarding the same matter; it has become common practice for the TPTO to at least accept the oppositions made when there is a pending cancellation action, instead of outright rejecting them.

INTA would recommend to provide training to the TPTO or exchange best practices on the assessment of bad faith in trademark registration.

## **7. Definition of Trademark Infringements (Article 30(1) of the IP Code)**

Articles 29(1) and 30(1) of the IP Code expand the scope of trademark infringing acts which can be challenged in civil and criminal proceedings. With respect to criminal provisions, the IP Code changes the definition of trademark infringement, and extends the scope of infringing acts to include storing, buying or transporting goods with commercial purpose. This is a positive development.

Moreover, the new IP Code has broadened the acts that can be prohibited by also including the act of using the trademark as an essential part of a company/trade name. This is a very positive development as it will deter against the use of a trademark which has been registered as a trade name in the Trade Registry. This change has enabled the earlier trademark owner to contest the use in the trade name without being obliged to ask its cancellation via a court action.

The new IP Code also introduced the act of "*using the trademark in comparative advertisements in an illegal manner*" as an infringing act. The new IP Code, by using the term "*in an illegal manner*" makes reference to the general principles of the Advertising Regulation: any use of trademarks in comparative advertisements will constitute an infringement if the use does not comply with such principles. It should be noted that the Turkish Advertising Regulation which came into force in early 2015, permits mentioning the rivals' names, trademarks, logos or other distinctive marks etc. during comparative commercials. However, the entry into force of this provision has been repeatedly

postponed and will not come into force until 1 January 2019. According to the Advertising Regulation, comparative advertising is allowed if it does not disparage, defame or disgrace a rival's intellectual and industrial property rights, trade name, company name, other distinctive marks, goods, services, activities or other properties or give rise to confusion between the advertiser and a rival of the advertiser, the said rival's trademarks, trade name, etc.

INTA is endorsing, as enshrined in its [Board Resolution](#), permitting comparative advertising of goods and services so long as such advertising exists within a framework which:

- a) prevents comparative advertisements that are explicitly or implicitly false or misleading; or cause a likelihood of confusion or association with the marks or trade names of competitors, or otherwise violate principles of fair competition;
- b) provides effective enforcement mechanisms including preliminary and permanent injunctions, corrective advertising and damages; and
- c) encourages self-regulatory mechanisms if possible.

INTA urges the entry into force of the provision of the Advertising Regulation, which would enable certain uses of trademarks in comparative advertising to qualify as trademark infringements.

### C. IMPACT OF THE IP CODE ON DESIGN RIGHTS

INTA would like to raise the following concerns as regards the IP Code provisions on industrial designs:

- **Individual character:** the reference, under Article 56(1) of the IP Code, to the design's *distinctive qualification* instead of individual character as a prerequisite of protection may be too strict and confusing. Indeed, *distinctiveness* is a term generally associated with and applicable to trademarks which may lead to misinterpretations where designs are concerned.
- **Absolute novelty:** The IP Code appears to establish an "absolute novelty" bar to registration. This may be too restrictive; it would be recommended to opt for a provision more in line with Article 7 of the Community Designs Regulation (Council Regulation (EC) No. 6/2002), accepting novelty where the disclosure event could not reasonably have become known in the normal course of business to the circles specialized in the sector concerned.
- **Two-dimensional designs:** Under Article 61(2), in case of applications for the registration of two-dimensional designs, specimens of such designs can be submitted directly with the office. It is not clear to us how these are to be published, i.e. how the public can access them.
- **Description:** Under the new IP Code, the submission of the description of an industrial design is optional during prosecution. The reason is that the information provided in the description does not affect the scope of the protection of the industrial design. The former Decree Law was requiring the description during the prosecution period. The new Code eliminates this requirement for registering a design thereby simplifying the application procedure. We welcome this modification to the law. We support the filing of a description as an *optional* element of a design application as the description can help clarify the features being claimed for protection or other aspects of the design. The applicant should be allowed to submit a written description with the application as long as the description relates solely to features that appear in the representations of the product design. It should not contain statements concerning non-visual features, protection requirements, or value of the design (e.g. novelty, individual character, non-obviousness, or technical value). In addition, the description should not define the scope of protection of a design.
- **Invisible Parts of a Complex Product:** According to the IP Code, only the visible parts of a complex product shall be protected. However, in order for the visible parts of a complex product to be protected, the visible parts must meet novelty and distinctive character criteria. We reiterate

our comments regarding the inappropriate concept of distinctive character but support the request that the design of a component part of a complex product must be visible whilst the product is in normal use in order to attract design protection. Other than the particular case of component parts of complex products, we believe that a design does not need to be visible at any particular point in time or in any particular situation to attract protection.

- **Spare Parts of a Complex Product:** According to the former Decree Law, the owner of a registered design could not assert its rights with respect to a visible part of a complex product, three years after the time period after which the design was first made available to the public. The Decree Law took into consideration the visible part of the design used for the purpose of repairing and the fact that the visible part was not deceptive as to the source of its origin. The IP Code introduced a new derogation stating that the above mentioned three years is not be applicable if the protected spare part design is mentioned amongst the list of “equivalent parts” issued by the Ministry of Science, Industry, and Technology. This provision may weaken the basis for the protection of the designs of spare parts if the list of “equivalent parts” is broadly issued by the Ministry.
- **Export** does not appear to be qualified as an act liable to infringe a design under Article 81(1). It should be noted that the meaning of the expression “place on the commercial field in another way” in this provision is not clear. INTA would recommend explicitly including export of articles bearing or embodying the protected design in the list of acts liable to constitute infringements.
- **Seizure of design rights** INTA does not understand why “seizure of a design right” – referred to in Article 71, as an “usurpation” of the true right owner’s right to file a design application (and to obtain a registration) - is qualified as an infringement act under Article 81(1).
- **Bad faith:** it should be noted that Article 155 also applies to bad faith design applications/registrations. This should help deterring illegitimate registrations. Article 67/2 also explicitly provides for the opportunity to file oppositions against design applications in bad faith or applications that contain an unauthorized use of any intellectual right. INTA welcomes this development.

## D. ENFORCEMENT AND ANTICOUNTERFEITING MATTERS

### 1. Search Warrant

There is no reference to search warrants in the IP Code and the matter has been left to the general Criminal Procedural Law. Currently, to conduct a raid action, a search warrant is asked from the general criminal courts and the evaluation is done by a judge not specialized in IP matters. Hence judicial decisions are inconsistent. An objection against the judge’s decision can only be filed at a same instance court; the system is thus not effective.

Moreover, the search and seizure warrant can be issued if there is reasonable doubt concerning the existence of the evidences. Unfortunately, the term of “reasonable doubt” is not defined in the Code, and the case law refers to the need to provide objective and convincing evidences supporting the infringement claims. The level of evidence requirement can thus vary from one court to another and this can cause the refusal of the complaint at the very outset of the proceeding.

The draft IP Code initially introduced a new system whereby objections to the decisions of the general criminal courts should be filed to the specialized criminal IP courts, where available (there are specialized IP courts in Ankara, Istanbul and Izmir). This would have helped improve the

situation regarding search warrants necessary to conduct raid actions. However, as the IP Code excluded such provision, a change in this direction would be useful.

## 2. Accelerated Destruction of Counterfeits (*Article 163 of the IP Code*)

The IP Code introduced the “accelerated destruction” process. Article 163 entitles the public prosecutor to deliver the seized counterfeit products to the local fiscal administration for storage after having samples delivered to the legal trustee’s office. The public prosecutor may also request a destruction order from the criminal court if there is a risk of damage or serious value loss or if the storage incurs considerable expense, provided that the counterfeit nature of these goods is confirmed by an expert report. The competent court can also decide on destruction during the criminal trial.

In practice, most of the judges do not opt for the accelerated destruction since they do not want to give an irrevocable decision before the finalization of the decision. INTA would welcome the promotion of the accelerated destruction process in certain circumstances and raising awareness on the advantages of such procedure.

## 3. Transit counterfeits

There is no clear reference to transit counterfeit goods under the new IP Code. Article 9<sup>1</sup> of the abolished Trademark - Decree Law no. 556, referred to “*goods bearing the sign entering the customs territory, being subject to a procedure or use that is approved by the customs*”; the definition of trademark infringement acts before the customs was given a broad understanding even being applied to those goods which were “transit passing”. This provision was applied to all cases, namely to both civil and criminal actions, as the abolished Trademark - Decree Law no. 556 did not include any other regulation or special wording under its criminal provisions, other than the direct reference to Article 9. The Supreme Court also agreed and established a precedent that the “transit passing” goods too would constitute trademark infringement, in accordance with said Article 9.

With the enactment of the IP Code, trademark infringement acts before the customs have been re-defined under Article 7<sup>2</sup> as, inter alia, “[...] *importing or exporting the goods under that sign [...]*”. The new provision under Article 7 seems to limit the scope of the prior legal provision with respect to “transit passing” goods, since the wording of this Article would limit the custom infringement acts only to goods subject to “*importing*” or “*exporting*”.

Whereas this is the case for civil trademark infringement actions, Article 30<sup>3</sup> of IP Code – *criminal provisions relating to the violation of trademark rights* – only adds the act of “transporting” to the

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<sup>1</sup> Rights Conferred by a Registered Trademark Article 9 –

...

The following may be prohibited under the first paragraph,

...

**b) *the goods bearing the sign entering the customs territory, being subject to a procedure or use that is approved by the customs***

<sup>2</sup> Scope of rights conferred by a registered trademark and exceptions thereto  
Article 7 -

...

(3) *Where in the case the sign is used in trade, the following cases may be prohibited under the provisions of paragraph two:*

....

**c) *importing or exporting the goods bearing the sign.***

<sup>3</sup> Penal provisions for the infringement of a trademark right

Article 30- (1) *Those who produce goods or offer services by infringing trademark right of another party by means of adaptation and confusion, put to sale or sell, import or export, purchase for commercial purposes, hold possession of, **transport** or store such goods shall be sentenced to imprisonment from one year to three years and judicial fine up to twenty thousand days.*

scope of trademark offence acts, which is open to interpretation but may not necessarily cover transit. The lack of a clear reference to transit passing goods is likely to create uncertainties.

An amendment to the IP Code or the Draft Customs Act prepared by the Ministry of Trade and Customs which is anticipated to be enacted should clarify the matter. Although the Customs Act does not specifically regulate this matter, Article 57 defines the acts which can be prevented based on IP rights as "customs procedures", which suggests a broad description inclusive of 'transit passing' goods. This means that the Customs can continue to suspend the release of the counterfeits regardless of whether they are exported, imported or transit passing. Recent case law<sup>4</sup> shows that despite change in the wording of the IP Code, prior practice concerning goods in transit persists at administrative (Customs) and the judicial level (at least at the first instance level).

However, the lack of clear and specific reference to counterfeits in transit must be clarified to avoid potentially inconsistent decisions due to the different interpretation of the new IP Code.

#### **4. Issues with Expert Examinations in Criminal Proceedings in Turkey**

1. The comments submitted by INTA in April 2016 still fully apply. Intellectual property proceedings in Turkey continue to rely heavily on expert witnesses. Although, as we have hoped, the Law on Experts (No.6754) entered into force on November 11, 2016, there seem to be no developments in this respect. Almost for every case an expert is appointed. Even for very clear trademark infringement or simple similarity claims, an expert is appointed.
2. In most cases the expert is selected from competitors in industry who thus lack the expertise of the brand at issue and identifying the difference between genuine and counterfeit products.
3. Experts sometimes issue legal opinions even though they are not entitled to do so.
4. Experts from relevant sector (whole sale, manufacture etc.) are not familiar with the legal system and their opinion does not fit into the requirements of the case.
5. The expert examination can also extremely lengthen the criminal proceedings as the judge or prosecutor may appoint a second or third expert to the panel until an appropriate report is obtained.
6. In IP courts in particular, expert fees are high when compared to common First Instance courts. For smaller enterprises, filing numerous lawsuits creates a significant burden in terms of costs.

Thus, the recommendations previously submitted by INTA are still fully applicable:

- In cases where the court's decision in a civil and/or criminal trademark infringement case depends on the answer as to whether the goods bearing the trademark of the right holder, which are the subject of the proceedings, are counterfeit or not, such an answer can only be given by the right holder himself and not by third parties, no matter the status they are given in the proceedings (e.g. expert, expert witness).

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<sup>4</sup> - On 13 June 2018, a specialized IP Court in Istanbul issued an interim decision that accepted a preliminary injunction over the transit passing products (lighters) bearing a well-known 3rd party brand upon the suspension of release decision of the Istanbul/Ambarlı Customs Authority.

On 01 February 2018 a Criminal Court in Istanbul also issued an injunction over transit passing counterfeit watches upon the suspension of release decision of the Ataturk Airport.

Both court proceedings are still pending and the injunction decisions have not been challenged by the defendants, either before the Court or the Regional Appellate Court yet.

- Where, unfortunately, the answer to the question raised in the paragraph above is not given or at least influenced by the right holders, then, at the very least, the court should allow the right holder to select or consent to the selection of the third parties (expert, expert witness) deciding instead of the right holders whether the goods being the subject of the proceedings are counterfeit or not.
- The least desirable but still acceptable position would apply to those jurisdictions where the right holder is not given any possibility to select or consent to selection of a third party expert. In such a case, the expert should base his assessment and opinion on the product's authenticity first of all (if not solely) on information and data provided by the right holder (consulting the right holder to the extent possible under the applicable procedural laws).

In addition, experts should not be allowed to submit legal opinions. Expert examination should be limited to *technical* aspects; experts should not substitute judges or counsel by any means.

It would be advisable to resort to mediation more often. The government promotes mediation and the new law refers to it.

## 5. Customs measures in Turkey and the new Draft Customs Act

INTA acknowledges that, since its last submission in April 2016, further customs measures have been put in place in Turkey and the situation has improved.

The latest customs training project organized by the Turkish Ministry in cooperation with the European Union involves a number of activities in some of Turkey's largest cities, with the purpose of *strengthening the administrative capacity of Turkish Customs Administration (TCA), raise awareness and increase the level of capacity among key stakeholders in order to enhance border enforcement of IPR within the implementation of the Union Customs Code*. In order to achieve this, a number of awareness-raising activities were conducted including seminars, in-service trainings, study visits and supply of IPR-related materials and information. It appears that these training seminars have started to pay dividends in many regions and the number of customs suspensions has already increased.

Still, a lot of work remains to be done in this area. There seems to be a lack of awareness about the extent of counterfeiting in Turkey, which remains a robust market for counterfeit products. Turkey has centralized in an online system for customs IPR recordal applications available to all Turkish customs officials. However, the system is still largely ineffective given lack of customs training on identifying the goods or the importance of stopping counterfeit goods makes the new system ineffective.

Therefore, it is important that customs work on harmonizing procedures with EU customs to encourage more effective customs protection in Turkey. With better border measures in place and improved cooperation with brand owners, the centralized system will be more effective in enforcing IP rights at the Turkish borders.

## 6. Draft Customs Act

A Draft Customs Act has been published on November 22, 2016 by the General Directorate of Customs under the Ministry of Customs and Trade which aims at enhancing the border measures for the protection of IP rights.

If the Draft Customs Act is enacted, products could be destroyed within 10 days starting from the notification date, if the owner of the goods does not claim that the products are original (Article 10 of the draft bill). Although it is difficult to estimate when this may come into force, it would be greatly appreciated by IPR owners as it would make the destruction procedure much easier.

Turkey should be encouraged to adopt and implement the Customs Act.

## 7. Specialized IP Courts

Pursuant to Decision no. 1071 of the 1<sup>st</sup> Circuit of the Council of Judges and Prosecutors, of August 2, 2017, Istanbul 3<sup>rd</sup> and 4<sup>th</sup> IP courts had to cease all activities since August 8, 2017. These abolished courts were ordered to deliver their pending cases to Istanbul 1<sup>st</sup> and 2<sup>nd</sup> IP courts. The transferred case files took new docket numbers, given by the subsisting courts. The closed two IP courts had been very active in issuing several precedent decisions due to their location in the Central Courthouse of Istanbul.

The decrease in the number of the Istanbul IP courts from 8 to 4 will likely cause a backlog and delay in the IP proceedings handled by the remaining courts. INTA suggests to support and raise awareness on the value of specialized IP Courts, in line with its [Board Resolution](#).

## 8. Online counterfeiting

Law No. 5651 on Regulating Broadcasting in the Internet and Fight Against Crimes Committed through Internet Broadcasting (known as the “Internet Law”) addresses offences committed on the Internet and aims to establish preventive measures against the broadcast of the illegal content. As there is no clear reference to trademarks or counterfeiting in this legislation, it is not clear if it is possible to request the criminal courts to order the removal of infringing links or to ban access to an infringing website. A clear reference to trademarks or counterfeiting in this piece of legislation would increase legal certainty and avoid the inconsistent decisions by the general criminal courts in respect of counterfeiting.

On the other hand, the Additional Article 4 of the Copyright Law provides for an effective procedure regarding the removal of infringing content from the internet. According to this provision, if the rights of authors have been violated by providers of service and content through digital transmission, the works which are the subject of this violation should be removed from the content upon the application of the right holder. In this regard, right holders may contact the content provider to request that the violation is ceased within 3 days. If the violation nevertheless continues, then a request may be made to the public prosecutor requiring that the service being provided to the content provider persisting in the violation be suspended within 3 days by the relevant service provider. The service being provided to the content provider may be restored if the violation is ceased. We believe there should be changes to the legislation that provides such an effective procedure for trademark rights as well.

## E. COPYRIGHTS

Turkey is in the way to prepare a draft concerning the change of the existing Copyright Act No. 5846. The Ministry i.e. the legislative body has released a draft for public opinion in 2017 however, the draft was then discussed with the stakeholders in parts by which we understand that it has been evolved to an amended version. The whole draft has not yet been shared with the public. We would encourage the publication of this draft before it is transferred to the Parliament.

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## About INTA

The International Trademark Association (INTA) is a global association of trademark owners and professionals dedicated to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce. INTA’s members are more than 6,700 organizations from 190 countries, including 1472 in the European Union and 45 in Turkey. INTA members collectively contribute almost US \$12 trillion / €8.8 trillion / ¥73 trillion to global GDP

annually. For comparison, the 2013 annual GDP of the top three markets was \$9.2 trillion (China), \$17.9 trillion (European Union) and \$16.7 trillion (United States).

The Association's member organizations represent some 30,000 trademark professionals and include brand owners from major corporations as well as small- and medium-sized enterprises, law firms and nonprofits. There are also government agency members as well as individual professor and student members.

INTA undertakes advocacy work throughout the world to advance trademarks and related rights, and offers educational programs and informational and legal resources of global interest. Headquartered in New York City, INTA also has offices in Brussels, Shanghai, Washington D.C, Singapore and Santiago and representatives in Geneva and New Delhi.

Further information about our Association can be found at [www.inta.org](http://www.inta.org).

**Contacts:**

Hélène Nicora, Chief Representative Officer – Europe ([hnicora@inta.org](mailto:hnicora@inta.org)) and Carolina Oliveira, Policy Officer – Europe ([coliveira@inta.org](mailto:coliveira@inta.org)).