

Emre Kerim Yardımcı and Okan Çan of Deris discuss the legal tools and environment needed for patent owners to enforce their rights in Turkey

## Tips for patent enforcement

**A**longside Turkey's economic development over the last decade, its industrial output has dramatically increased. With a workforce of over 25.9 million young, well-educated and motivated individuals as of 2010, the main objective of the Turkish economy is to now transform its research and development into innovation. The market conditions have been increasingly attracting the patentees to turn their inventions into profit making assets in Turkey. Therefore, the importance of registerable and defendable patent rights and, more importantly, their capacity to be enforceable within the market place, will play a greater role within the next decade as the competition gets fiercer. The article aims to briefly touch on the legal tools and the environment for patentees in Turkey.

The legislation for patents goes back to the Ottoman Patent Act of March 23 1879, translated from the French Patent Law of 1844, which remained in force also under the Republic until it was repealed and replaced by Decree-Law No 551 on Patents and Utility Models on June 27 1995.

All conflicts related to patents either for invalidation or infringement claims are heard before the specialised IP Courts. Turkey has established specialised criminal and civil courts of intellectual and industrial property rights in the major cities of Istanbul, Ankara and Izmir, for hearing cases in all IP matters including patents. The Decree Law no 551 provides the following remedies to the patentee as described below.

### Civil proceedings

The patentee is entitled to request the stopping of unauthorised production, sale, offer for sale, use, keeping in hand and importation for such purpose of goods, and may claim compensation for damages and request interlocutory injunction within the context of the civil proceeding.

### Injunction

The Turkish Civil Procedural Law entitles the patentee to ask for interlocutory injunction orders "at any time during the proceedings" in the case of an imminent threat of serious or irreparable damage. As a quick and effective tool for stopping the infringement, the law rules that interlocutory injunctions shall by nature fully secure the effectiveness of the verdict, and particularly provide for: the cessation of acts infringing patent rights; an injunction to seize within the borders of Turkey wherever they are seen or found, including the customs, free ports or free trade areas, and keep in custody the goods produced or imported patent rights; the placement of security or guarantee against damages to be compensated.

This provision enables the patentee to ask for an interlocutory injunction even for securing the effectiveness of the judgment so as to render the verdict fully enforceable at the end of the proceedings. The right holder can ask for a preliminary injunction for stopping the unauthorised use of the patent, the sale, offer for sale, use, keeping in hand and importation or exportations of the goods infringing the patent.

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The patentee is also entitled to ask the court to order the defendant to provide for the duration of the proceedings a guarantee for securing its compensation claim. It should be noted that such a request which is specific to IP rights infringement is rarely accepted and ordered by the courts. However, in a recent judgment the Specialised IP Court of Beyoglu ordered the defendant to deposit a relatively high amount of guarantee for securing the plaintiff's damages upon the plaintiff's request at the very outset of a patent infringement action.

In practice, the courts are generally conservative in ordering preliminary injunctions and usually refrain from ordering the injunction requests until a report is obtained through an expert or a panel of experts appointed by the court. Such an approach delays a quick and effective enforcement of the patents.

### Compensation

It is possible to ask for three types of damages in a possible civil action. These are compensation for material damages, moral damages and damages to the reputation of the patent.

Material damage can be claimed as per the non-realised income due to the patent infringement. The damage suffered by the patentee includes, not only the value of the effective loss, but also the non-realised income due to the infringement of the patent right. The non-realised income is calculated in accordance with one of the following evaluation methods (to be decided by the patentee who claims the damage): the income that the proprietor of the patent might have possibly generated if the competition of the infringing party did not exist; the income generated by the infringing party from the use of the patent; the exemplary license fee that would have been paid if the party, infringing the patent right, would have lawfully utilised the patent under a licensing contract.

In calculating the non-realised income, circumstances that have effect on the case, such as the economic value of the patent, the term of protection remaining at the time of infringement, and the type or nature and number of licensees granted in respect of the patent, are all taken into consideration by the court. Where the court is of the opinion that the right holder of a patent has not fulfilled his obligation to use the patent, the Decree Law provides that the non-realised income shall be calculated according to exemplary license fee.

In practice the calculation of the damages entails difficulties in bringing documentary evidence of the damages sustained by the plaintiff. The most important difficulty in calculating the damages appears to be the improper and incomplete commercial and accountancy records of the defendant which usually do not reflect accurately the economic activity and data, as well as the relation of the sold, produced and imported goods to the infringed patent. Another major difficulty lies in the professional qualifications of experts appointed by the courts to assess and quantify the damages.

### Evidential action

Prior to the institution of the main civil action, an Evidential Action can be filed before the IP Courts for the determination of the act of infringement and the evidences forthcoming. This is a non-adversarial action which can be conducted ex-parte depending on the court's discretionary competence in this regard. When the decision of such an action is affirmative, it

may serve as evidence within the context of the main civil action to be consequently filed.

In the view of the difficulties in obtaining a fast and effective preliminary injunction, this type of action may be useful for determining the production and marketing capacity (this is all the more important since the commercial records often underestimate the real capacity) of the infringer, thus facilitating the calculation of the compensation. This route also has the advantage of triggering a settlement negotiation without going into lengthy infringement litigation.

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### Criminal proceedings

Until 2009 the Decree Law No 551 for the protection of patents and utility models contained various criminal sanctions such as imprisonment, pecuniary fines, the ban of exercising professional activity and the closure of the infringer's premises in the case of violation of the protected IP rights. However the change in Criminal Law provided that the criminal provisions and sanctions provided in the Decree Laws deemed as "specific criminal acts/provisions" to be applicable until December 31 2008 if no legislative act is voted through parliament until that date. The absence of an act voted through parliament for Decree Law No 551, until December 31 2008, has relegated the criminal route. It therefore remains impracticable for patents as from January 1 2009.

The second development originated from the Constitutional Court's decision cancelling some of the provisions of Decree Law No 551 on patents pertaining to criminal sanctions related to patent infringement acts as from 10 June 2009, on the grounds that the criminal provisions should be regulated through a Parliament Act but not in the form of a Decree Law. These developments have left the patentees without legal means for using the criminal route in enforcing their rights.

### Customs measures

Turkey enacted border measures within in its Custom Act No 4458 back in 1999. On the basis of this Act and its regulations, Customs have been empowered to ex-officio suspend the formalities for the release of goods which are found or thought to be infringing trade mark, patent, geographical indications, industrial designs and copyrights during the routine customs clearance. The Act was amended in 2009.

The amendment comprises two important developments especially for patent rights. The first one is the possibility to file a centralised application before Customs for the monitoring of the counterfeit products. Such applications for goods infringing IP rights shall be filed before the Customs Head Office Department of Customs Treasury in Ankara as a central application. The patentee will be able to activate all this for one year.

The second development is a simplified destruction procedure in customs seizures.

In theory, the so called suspension of release procedure for patent rights would be an important tool to overcome the disadvantages and delays of the court in rendering the

preliminary injunctions, were such a procedure effectively implemented. In practice, however, the experience of the Customs staff to evaluate and be convinced of infringed goods subject to patent rights is quite a subtle issue and requires ongoing education and experience.

In the view of the above explanation concerning the legal means for patent protection it is recommended that the patentee should determine the preferred battle ground and the legal tools before adopting an enforcement strategy. This will enable the patentee to use the most appropriate means for

the counterpart against a contemplated court action, or an out of court settlement.

In the case of low level of IP awareness, the patentee should try to build awareness not only with the infringer but also with the customers, and other users of the patented technology in the industry.

As we have learnt in a patent protection program in the Turkish milling industry, keeping the litigation to a minimum but maximising efforts to build awareness - especially among users of the patent - provides more effective results in regulating and disciplining the market in terms of avoiding the unauthorised use of patents.

Again, in another patent licensing program concerning the essential patents for certain technological standards, the unauthorised patent users settled to compensate the past use, and

## Keeping the litigation to a minimum but maximising efforts to build awareness

resolving the conflict, possibly before bringing the matter to the court, in order to avoid patent litigation which may take a long time to finalise.

Determining the marketing and distribution conditions of the infringing product, the export and importing capacity of the infringer, and commercial extensions in other jurisdictions are all important aspects in building flexible strategies against infringement in accordance with the needs and availability of the legal means.

Moreover, the level of knowledge of the infringer in IP matters is another important aspect which should be considered at the very outset of the enforcement program, as this may permit upfront assessments of the possible reactions of

entered the licensing system for future uses through a strong and continuous awareness campaign targeting the patent users in different segments of the industry. The reaction of the market has been very positive since the campaign and almost 90% of the market has agreed to enter the licensing programme in one year.

Turkey has a relatively rich, steady and fairly well reasoned case law, especially with regard to trade marks and unfair competition, but the case law on patents is relatively thin. Yet in our opinion, although the issue of predictability and legal certainty needs to improve in enforcing the patent rights before the courts, there are still viable tools for the patentees to implement an effective and successful patent protection program in this country.

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