

## **TURKEY - Recent Amendment In Criminal Route And Sanctions Applicable To The Infringement Of Industrial Property Rights**

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**The criminal route and sanctions applicable to the infringement of industrial property rights protected in this country on the basis of Decree-Laws dated 27 June 1995 (No. 551 on Patents and Utility Models, No. 554 on Design Patents, No. 555 on Geographical Indications and No. 556 on Trade and Service Marks) have been negatively affected by two concurrent developments as from 1 January 2009.**

**\* One of these developments has effect from 01 January 2009 and affects all the Intellectual Property Rights (IPRs) originating from the Decree-Laws No. 551, No. 554, No. 555 and No. 556 as above referred.**

On the basis of laws No. 5349 and No. 5560 amending and adding thereto the transitional Article 1 of the Law No. 5252 concerning “the modality of enforcement and application of the Turkish Criminal Code” No. 5237 of 01 June 2005, the criminal provisions and sanctions provided in the Decree-Laws deemed as “specific criminal acts/provisions” shall be applicable until 31 December 2008 in the absence of legislative act voted through the Parliament until that date.

The fact is that no legislative act has been voted through the parliament for any of the above-mentioned Decree-Laws until 31 December 2008.

The want of legislative act has left the criminal route and sanctions baseless and therefore impracticable as from 01 January 2009 for all IPRs protected in this country on the basis of the above-mentioned Decree-Laws.

**\* The second development originates from the Constitutional Court’s decision canceling some of the provisions of the Decree-Law No. 556 on Trade/Service Marks pertaining to the criminal route and sanctions directed to trademark infringement acts as from 05 January 2009.**

With its decision No. 2008/2 dated 05 July 2008 (Case No. 2005/15) the Constitutional Court cancelled some provisions of the Decree-Law No. 556 on the protection of trademarks. The court delayed the execution of the decision for 6 months and ruled that is due to be applicable as from 05 January 2009.

The Constitutional Court cancelled the following provisions, which defined the acts of trademark infringement and the criminal sanctions applicable to such acts on grounds that the definition of the acts of infringement and the criminal sanctions applied to such acts need to be regulated by a legislative Act and not by a Decree-Law as per the general principle of criminal law i.e “*Nullum crimen sine lege*”:

Article 9, paragraph 1 (b): The proprietor of a trademark shall be entitled to prevent all third parties not having his consent from using the trademark under the situations described hereunder:

“use of any sign where, because of its identity with or similarity to the registered trademark and identity or similarity of the goods or services covered by the registered trademark and the sign, there exists a likelihood of confusion on the part of the public including the likelihood of association between the sign and the trademark”

Article 9, paragraph 2 (b): The following may be prohibited according to the first paragraph, selling the goods, offering them for sale or stocking them for these purposes under that sign, or offering or supplying services there under,

Article 61, paragraph 1 (a): Following acts shall be considered infringement of a trademark:

- a) violations of Article 9 [the Constitutional Court has cancelled this Article in part by canceling/excluding there from the above referred paragraphs 1 (b) and 2 (b), which means that Article 9 will remain in force for the remaining provisions],
- c) selling, distributing or putting in commerce under any form or importing for these purposes or keeping in possession for commercial purposes the goods carrying the infringed trademark where the person concerned knows or should know that a trademark is infringed by using the same or a confusingly similar mark.

For not leaving any gap in the legal remedies, the Parliament as a part of customary political approach was expected to legislate by enacting a law to replace the cancelled provisions within the time limit set by the Constitutional Court namely until 05 January 2009. Regretfully this has not happened and failure to timely legislate on the issue has led to the worst scenario in that for want of a legislative act the criminal route became simply impracticable. It goes without saying that this turn of events has blown a big hole in the defense of trademark rights with the result that criminally pursuing the infringers and convicting them has become impossible because no legislative act has replaced the cancelled provisions of the Decree-Law No. 556 on the protection of trademarks.

At the moment, from a legal standpoint there is considerable interpretative uncertainty concerning the criminal aspect of trademark infringement whether in respect of infringement matters to be newly instituted/prosecuted or the currently on going criminal actions for trademark infringement instituted according to the Decree-Law No. 556.

According to an Article published on 31 December 2008 in HURRIYET, which is one of the nationwide distributed newspapers, no less than 9,000 ongoing criminal actions, stand to be negatively affected by these developments.

With a view to bridge the gap left by the Constitutional Court's decision in the Decree-Law No. 556 on the protection of trademark the new Act No. 5833, replacing the cancelled provisions of Articles 9 and 61 was voted in the Parliament on 21 January 2009 and entered into force on 28 January 2009. It is to be noted that this act, does not only replace the cancelled provisions of Articles 9 and 61 but also the remaining provisions, of these articles which were not affected by the Constitutional Court's decision.

Thus there is a legislative hole between 05 January 2009 and 28 January 2009 for the criminal dimension and for criminal sanctions of trademark protection according to the Decree-Law No. 556 on the protection of trademarks.

The present situation has opened a debate on how the courts shall further prosecute the trademark infringement acts in so far as the criminal dimension and sanctions are concerned.

**For the new trademark infringement matters :** As the new Act replacing the cancelled provisions of Articles 9 and 61 has entered into force on 28 January 2009 the trademark right holders are now able to follow the criminal route and ask for the conviction of new trademark infringements committed after 28 January 2009 according to the new Act No 5833.

**For the currently ongoing criminal actions for trademark infringement :** The legal uncertainty is considerable with respect to the pending criminal actions as the Criminal Court would neither be retroactively applying to the trademark offences committed before the new Act No. 5833 the criminal sanctions provided therein nor would be expected to continue the criminal proceedings on the basis of cancelled provisions which were not timely replaced by a legislative act. As the Constitutional Court had partially cancelled the Article limited with the matter of likelihood of association, this would simply be interpreted in that Article 9, paragraph 2 (a)<sup>1</sup> which regulates the infringement concerning the counterfeiting through using an identical or identically similar trademark is still in force and applicable, since the cancellation decision of the Constitutional Court does not extend to this paragraph. It has been awaited to see how the partial cancellation decision would be applied by the “IP Courts” for the pending criminal actions. In their recent decisions the “IP Courts’ ” have disregarded this fact, **by interpreting** that the “Constitutional Court’s decision” covers the entirety of the paragraph 2, of Article 9, that is to say Article 9 paragraph 2 (a) and 2(b).

Until now the IP courts’ decisions reached after the decision of the Constitutional Court could mainly be classified in three categories;

- 1- The specialized IP Courts of Istanbul have ruled that upon the cancellation of the subject provisions, the IP Court will not be able to further prosecute the crime on the basis of trademark infringement, but that since trademark infringement is deemed to constitute also an act of unfair competition according to the Turkish Code of Commerce, the pending files are being still prosecuted by the specialized IP Court on the basis of unfair competition.
- 2- Some of the specialized IP Courts have questioned as to whether the IP Courts will have competency over the matters of unfair competition and interpreted that such matters shall be referred to the Criminal (magistrate) Court for hearing the unfair competition cases.
- 3- On the other hand, the Criminal Court in “Antalya” which acts in the capacity of the specialized IP Court, in that area has ruled that upon the cancellation of the subject provisions of the Decree Law No. 556, the IP Court will not be able to further prosecute the crime on the basis of trademark infringement and therefore has decided to the acquittal of the accused **by interpreting** the current legal situation in favor of the accused as per the” *favor rei*” principle of the criminal law. The court has refrained from an ex-officio referral of the actions to the Criminal (magistrate) Court to be prosecuted on the basis of unfair competition provisions although the Court was expected to apply the unfair competition provisions to such acts. However, the court has interestingly and surprisingly ruled to the confiscation of the seized products, which were expected to be returned back to the accused, in case of an acquittal decision.

However, in a very recent decision of the **7<sup>th</sup> Chamber of the Supreme Court**, it has been stated that the criminal courts shall decide to the acquittal without prosecuting the matter on grounds of trademark infringement that the seized products shall be delivered back to accused as the acts committed as per the cancelled provision are no more an offence and that the newly adopted provisions in the form of Act cannot be retroactively applied to the previous actions. The Supreme Court has also stated that the general provisions of the

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<sup>1</sup> a) use of any sign which is identical with the registered trademark in relation to goods and services which are identical with those for which the trademark is registered,

Turkish Code of Commerce concerning the unfair competition shall not be applicable to the infringement of a registered trademark on grounds that such provisions become inapplicable by the latterly enacted Trademark Act No.551 and since the Trademark Act No. 551 is already replaced by the Decree Law No. 556, an act of infringement of a registered trademark shall still not be prosecuted on grounds of unfair competition provisions. **By this exemplary decision of the Supreme Court, the IP courts are expected to decide to the acquittal of the accused and the surrender of the seized good in the criminal actions, which have been filed as per the cancelled provisions of the Decree Law No. 556 on trademarks.**