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Review

# Anti-counterfeiting 2017



Turkey

Gün + Partners

*Bariş Kalaycı, Zeynep Seda Alhas and Ali Bozoğlu*

## A Global Guide



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IP Prosecution

# Turkey

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## Legal framework

Turkey is a party to most international IP-related treaties, including the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), which aims to harmonise the legal framework for anti-counterfeiting and anti-piracy. Turkey's new IP Code entered into force on January 10 2017 upon its publication in the *Official Gazette*. The new law amends decree-laws pertaining to the protection of trademarks, patents, geographical indications and industrial designs, unifying them into a single code.

There are specialised civil and criminal IP courts in the three largest Turkish cities (Istanbul, Ankara and Izmir). In other cities the regular civil and criminal courts have jurisdiction over IP rights matters. While the judges of the specialised IP courts have deeper IP knowledge, even non-specialised judges now have a broad understanding of intellectual property and its importance.

## Border measures

The availability of preventive measures at Customs is vital in the fight against

counterfeiting. In light of this, the Customs Code and the relevant customs regulations have been amended in line with TRIPs. These now offer rights holders strong protection through Turkish Customs.

According to the Customs Code, rights holders may apply to the Directorate General of Customs via an online system for the seizure of infringing goods through a simple application form covering trademarks, patents, designs, copyrights and geographical signs. Customs may also take action *ex officio* and seize suspected goods, after which it will inform the rights holder, invite it to check the relevant shipments and take any necessary action. However, Customs cannot always be relied on to take such steps without a proper application; thus, filing a customs application is highly recommended.

Customs applications are filed with the Directorate General of Customs, which oversees IP rights protection for all local customs administrations. Located in Ankara, the directorate general accepts applications on behalf of all local customs authorities and the information held is made available to all

customs officials on its intranet. Further, it is possible to file a customs IP application any time within one year.

Customs IP applications cover imports and exports as well as goods in transit and in free trade zones.

Upon discovering suspected counterfeit goods, the customs office will issue a temporary suspension decision and notify the rights holder or its representative. The rights holder must then obtain samples or photos of the seized goods and a preliminary injunction decision or criminal seizure order within 10 working days. The rights holder may seek a 10-day extension of this period if it requires more time (eg, if examination of the samples takes longer than expected).

Further, Article 57(6) of the Customs Code establishes the simplified destruction procedure, whereby counterfeit goods may be destroyed by the customs office without a court order provided that a consensus is reached between the rights holder and the owner of the goods.

Further, it is possible to file a customs IP application for any length of time up to one year.

Although the Directorate General of Customs holds discretion on the period, almost all applications are accepted for one year, as long as the IP rights do not expire during that period. In other words, if at the time of application a trademark registration requires renewal within six months, the customs application will be accepted for six months only and the applicant will have to renew the application thereafter by submitting a copy of the relevant trademark renewal certificate.

In order to file a customs IP application, the applicant must submit documents proving the existence or validity of the registered right; any documents demonstrating ways of distinguishing original goods from fakes are also accepted and welcomed. No administrative fees are payable.

The Turkish Ministry of Customs and Trade, in cooperation with the European Union, has organised an ongoing project to increase IP rights awareness and the capacities of the customs offices. The project will continue in 2017, with 11 in-service trainings, three regional seminars and two IP rights awareness seminars. Around one-

quarter of all customs officers in Turkey will ultimately be educated through this project. Rights holders are entitled to make presentations on product identification at in-service trainings and may attend the exhibition of fake and genuine goods for identification purposes. The project has had a positive effect, with customs suspensions already having been increased.

### **Criminal prosecution**

Article 30/1 of the IP Code provides that anyone “manufacturing goods or providing services with identical or confusingly similar trademarks to another’s, offering for sale or selling, importing or exporting, buying, keeping, shipping or stocking them for commercial purposes” shall be liable to imprisonment for one to three years and a judicial fine of up to 20,000 days. Further, at the end of the criminal proceedings, the court can order the destruction or confiscation of the counterfeit goods.

Article 30/1 expands the scope of the offence to include acts such as importing and exporting counterfeits, as well as buying, keeping, shipping or stocking them for commercial purposes.

The new IP Code also introduced the ‘fast destruction’ process to Turkish trademark law. Article 163 of the IP Code entitles the prosecution to deliver the seized counterfeit products to the local fiscal administration for storage after having samples delivered to the legal trustee’s office. The prosecution 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. This process aims to make the destruction procedure easier and prevent unreasonable expense for the storage of counterfeit goods.

When a trademark owner files a criminal complaint, the prosecution and the criminal court act *ex officio* and the continuation of the action depends on the validity of the complaint. In this sense, it is possible to settle criminal trademark matters simply by withdrawing the complaint filed at the beginning.

The criminal complaint is filed with the local public prosecutor's office, which may then order the police to carry out a criminal search and seizure under a search warrant obtained from the local criminal court. In this respect, the local prosecutor's office must be provided with some solid evidence which makes pre-raid investigations inevitable. Once the court has issued a criminal search and seizure warrant, the police will conduct a raid, preferably with the rights holder's representative in attendance, as well as an expert if so ordered.

Police officers also have the authority to search premises and seize counterfeit goods upon oral orders of the prosecutor in charge, provided that the official papers documenting the search and seizure are sent to the local criminal court for approval within 24 hours of the search. In this respect, the criminal procedure is highly effective as the search and seizure can be carried out within a couple of hours of filing a criminal complaint. However, in practice, this procedure is applied in very limited, specific matters, as prosecutors tend to ask for an order from the local court to avoid any responsibility.

The prosecutor then conducts his or her own preparatory investigation and the matter matures into a criminal case against the accused after the preparation of an indictment and the acceptance of the indictment by the criminal IP court. The trial takes around one year at first instance and nearly 90% of cases result in criminal penalties. If the accused has

no criminal record, the court may suspend the declaration of the verdict under Article 231 of the Code of Criminal Procedure. The accused will be under the supervisory control of the prosecution for five years and the verdict will be declared if he or she commits another crime within that period. The five-year supervisory control period can be effective to prevent accused parties from committing further infringing acts.

Although the IP Code also introduced an impunity clause, which enables a suspected infringer to avoid punishment if he or she reveals the source of the counterfeit goods and facilitates the seizure of such goods, it is extremely difficult to implement this clause and its further procedures in Turkey. This loophole could even be exploited by some infringers to prolong the legal process as much as possible.

#### Civil enforcement

The civil remedies set out in the IP Code are designed to prevent violations of IP rights and may be set in motion even before a violation takes place. The purpose of the remedies is to restore the rights holder to the position that it was in before the infringement took place.

The actions for cessation and prevention stop infringing activities, while other actions remedy the impact of the infringement and restore the situation which existed before the infringing activity. An action for damages aims to achieve the same purpose monetarily by compensating any losses incurred by the rights holder and returning any profits made



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by the infringer to the rights holder. This leads to a situation in which the rights holder profits as if the infringing activity had been carried out with its consent.

A rights holder may rely on its registered trademark and demand cessation of the infringement, as per the IP Code. In order to stop an infringing act immediately while the court action is pending, preliminary injunctions are available. Rights holders may also apply to the civil courts for a determination of the evidence, with or without a request for a preliminary injunction to prevent ongoing infringement.

Applications solely for the determination of evidence may sometimes be rejected by the courts. However, if such applications are filed in conjunction with a request for a preliminary injunction, they are more likely to be accepted and expeditiously processed.

Turkish IP law requires the courts to issue preliminary injunctions in such a manner as to secure final judgments. Provided that the registered IP rights and the likelihood of infringement or ongoing infringement are proven, courts are likely to grant a preliminary injunction to prevent an offence or stop infringing activity.



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Preliminary injunction decisions are enforced by the local enforcement offices on the request of the claimant, which should be filed within one week of the grant of the decision. Otherwise, the preliminary injunction decision lapses.

Claimants are usually required to deposit a reasonable guarantee amount in order to indemnify the defendant and third parties should a preliminary injunction turn out to be unfair. This guarantee is kept by the court until a final decision has been issued and is refunded to the claimant if the defendant files no action for its losses. While it is theoretically



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possible for defendants to submit guarantees to lift preliminary injunctions, the courts rarely allow this in practice.

Rights holders frequently apply for determinative and preliminary injunctions as they provide quick and effective relief against infringing activities. Depending on the workload of the courts and the complexity of the case, preliminary measures may be obtained within one or two days.

### **Anti-counterfeiting online Unauthorised online commerce**

Counterfeiters increasingly carry out their activities online because they can reach consumers more easily and cover their tracks more effectively. It is not always easy to conduct an internet-based investigation. However, once domicile has been established, a rights holder can obtain legal remedies in the usual way through court proceedings.

The IP Code provides that use of a registered trademark as a domain name, router code, descriptor or similar constitutes trademark infringement and the rights holder is entitled to prevent such unauthorised use before the civil courts.

### **Internet security and online investigation strategies**

Some private firms now offer investigation services to track firms within the Turkish jurisdiction. One of the techniques that they use is to purchase a suspected product online in order to establish whether it is authentic and track down the source.

In regard to domain names, those in the ‘.tr’ country-code domain space are fairly difficult for counterfeiters to obtain, as this designation is granted by the Middle East Technical University, which applies strict rules and requires precise and detailed documentation for proof of genuine rights ownership.

### **ISP liability**

Under general liability rules, an internet service provider (ISP) may be held responsible for aiding an infringer if it is aware of ongoing infringement and is technically able to remove the infringing

website or suspend such infringing activities. In addition to IP rights legislation, in 2007 Parliament adopted Law 5651 in order to codify online media and combat crimes committed through the Internet. Law 5651 sets down general principles regarding the liability of content providers, hosting providers, ISPs and public use providers, and these principles also apply to acts of counterfeiting and piracy committed online.

### Preventive measures/strategies

#### Use of local counsel and investigators

When engaging in legal proceedings involving counterfeit products in Turkey, it is essential to make use of specialised local counsel and investigators who are familiar with domestic legal rules and experienced in IP matters. This can help to ensure that the relevant processes are dealt with efficiently.

In regard to local investigators, it is vital to exercise control over the investigative activities to an extent, either directly or through local counsel. Turkey has no legislation on private investigators and under the Constitution and the Criminal Code, privacy is protected as an absolute right. Further, any evidence to be used by the prosecution or judges in criminal matters should be admissible before the court. Thus, every action taken by a local investigator should be controlled to ensure its validity.

#### Licensing to third parties

A rights holder must ensure that it has adequate controls in place for any contractual partners, as this will help to reduce the likelihood of infringement for the duration of the contract and after its termination.

#### Effective use of technology, authentication and monitoring

Given the accelerating pace of technological developments, it can be advantageous to use all available authentication and monitoring tools with the aim of differentiating original goods from counterfeits and ensuring that the customs process runs effectively.

#### Cooperation with national anti-counterfeiting agencies

The police regularly carry out raids to enforce

intellectual and industrial property rights, as well as ongoing training for staff. However, counterfeiting is not dealt with in the context of the fight against organised crime and, given the extent of the problem, the capacity of the law enforcement agencies is insufficient. As a result, counterfeiters control a substantial share of the Turkish market for music and films.

Ongoing contact and cooperation with the police can be a determining factor in succeeding in the fight against counterfeiters. As almost one-third of fake products are purchased from street vendors and another third from street markets, cooperation with the municipal police is crucial.

The Department for Intellectual Property Rights within the Security Department of the Police deals mainly with applications for search warrants based on IP rights. To date, branches of the Department for Intellectual Property Rights have been established in all 81 Turkish cities.

#### Fake products seized during anti-smuggling actions

The offence of smuggling is regulated by the Anti-smuggling Law (5607); Article 3 of the Anti-smuggling Law regulates smuggling offences broadly within 22 sub-groups.

The main difference regarding enforcement under the IP Code and the Anti-smuggling Law is the use of *ex officio* actions by the police and customs enforcement officers in smuggling offences. As explained above, a criminal complaint must be filed in order to prosecute trademark infringement, but the police and customs officers can take *ex officio* action in regard to smuggling offences.

In comparison, many more smuggled products than counterfeit products are seized, and most smuggled products are also counterfeits.

The customs directorates and the police deliver smuggled and abandoned products to the authorised customs liquidation directorate for confiscation as per the relevant legislation or court decision. The customs liquidation directorate organises auctions for the sale of those products and delivers the products to the successful bidder, without considering the counterfeit nature of the products.





**In practice, *ex officio* notifications to rights holders are rarely used given the reluctant approach of customs officers towards IP rights. Hence, it is important to file a central application with the necessary documents to prevent the sale of smuggled counterfeit products and to monitor auction notices**

According to applicable legislation, the customs directorate should inform the rights holder *ex officio* before delivering products to the customs liquidation directorate in order to allow the rights holder 10 working days to obtain a court decision of trademark infringement. If the products have been delivered to the customs liquidation directorate without notification by the customs directorate, the publication of the auction is accepted as notification and the rights holders can file an application to cancel the auction. Rights holders must obtain a court decision within 10 working days of the application date; otherwise, the products will be sold at auction. Rights holders can obtain samples or photos of the products to determine whether they are counterfeit within the same 10-day period.

In practice, *ex officio* notifications to rights holders are rarely used given the reluctant approach of customs officers towards IP rights. Hence, it is important to file a central application with the necessary documents to prevent the sale of smuggled counterfeit products and to monitor auction notices.

Another problem is the publication of auctions listing “various trademarks”. It thus becomes necessary to file applications with

the relevant customs liquidation directorates by explaining the legislation applicable and requesting the determination of trademarks individually. The head of customs liquidation directorates has issued a circular to local directorates to warn them to define the trademarks in publication upon such applications.

This new approach to preventing the sale of counterfeit goods helps rights holders to be aware of the sale of counterfeit goods, take action against smuggled counterfeit goods and prevent the sale of such goods by the state. **WTR**

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