

Question Q230

National Group: Turkish Group

Title: Infringement of trademarks by goods in transit

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Questions

I. Analysis of current legislation and case law

The Groups are invited to answer the following questions under their national laws and if applicable their regional/community legislation:

In-transit term

- 1) Does your country's law provide for an "in transit" concept (regardless of the exact terminology)?

Turkey's law provides an "in transit" concept.

- 2) If yes to question 1, what term is used in your country to describe this concept?

The term "to put into the customs area or make subject of a customs transaction of the infringing product" falls into the concept of in transit in Turkey.

- 3) If yes to question 1, does your country make any distinction between "customs transit", "transshipment" and "in-transit"?

Under the Turkish Custom Legislation these terms are not separately stipulated. "In-transit" is a general term which covers "customs transit" and "transshipment".

- 4) Does your country's "in transit" concept include for example customs warehouses, free warehouses, free zones and other customs procedures under which the goods are not released for free circulation and are kept under customs control?

Turkey's in transit concept includes custom warehouses, free warehouses, free zones and other customs procedures under which the goods are not released for free circulation and are kept under customs control.

Custom procedure covers re-exportation of the goods, release for free circulation from the Customs Territory of Turkey; their destruction; their abandonment to the Exchequer; inward processing; processing under customs control; temporary admission; outward processing; and exportation.

In addition, Duty free are also considered as free zone and hence the above commentary is also valid for Duty free zones. There exists relevant case law regarding this issue from 2004, "Tekirdağ Rakı" case. It is approved by the mentioned decision.

Goods in transit – infringement

In the following questions 5-12, "in-transit" refers to the term used in your country.

- 5) Are goods in transit considered to fall within the trademark owner's exclusive right to prevent others from importing goods bearing the trademark?

Goods in transit are considered to fall within the trademark owner's exclusive right to prevent others from importing goods bearing the trademark. In case of an infringement case in the free zone, the Customs offices have the right to detain or suspend the customs procedures of the goods infringing the authorizations of the right holder, upon the request of the right holder or his representative.

- 6) Taking into account the following scenarios, are goods in transit considered to be infringing in the country of transit if:

- i. goods bearing a trademark are sent from country A (where it is not registered) to country C (where it is not registered) via transit country B (where it is registered).

If the transit country B is Turkey, goods bearing a trademark are sent from country A (where it is not registered) to country C (where it is not registered) via transit country B are considered to be infringing in the country of transit.

- ii. the trademark owner has a valid trademark registration only in the country of destination (country C).

Since the trademark owner has not a valid registration in Turkey, which is the transit country, a valid trademark registration only in the country of destination is not considered to be infringing in the transit country B which is Turkey.

- iii. the trademark owner has a valid trademark registration only in the country of origin (country A).

Since the trademark owner has not a valid registration in Turkey, a valid trademark registration only in the country of origin (country A) is not considered to be infringing in the transit country B which is Turkey.

- iv. the final destination of the goods is not known at the time of entrance of the goods in the transit country (consider both scenarios – where it is registered in country B and where it is not registered in country B).

If the trademark is not registered in the transit country B which is Turkey, goods bearing a trademark are not considered to be infringing even if the final destination of the goods is not known at the time of entrance of the goods in the transit country.

If the trademark is registered in the transit country B which is Turkey, goods bearing a trademark are considered to be infringing even if the final destination of the goods is not known at the time of entrance of the goods in the transit country.

7) In those scenarios where in-transit goods are considered to infringe a registered trademark right in the transit country:

i. Would that be the case if it is shown that goods will be or that there is a risk for the goods being illicitly diverted into the market in the transit country?

As per the current Turkish Custom Legislation, with respect to the effect on the consequences of infringement, there is no difference between the goods put on the internal market and the goods not put on the internal market.

The fact whether the in-transit goods are considered to infringe a registered trademark right is evaluated by the Administration of Customs depending on the specific case. According to the current Turkish Custom Legislation, existence of risk that the goods are infringing is sufficient in evaluating the infringement.

According to the Turkish Customs Law, "Risk" means the likelihood of an event occurring which prevents the correct application of international or national measures, or compromises the financial interests of the State, or poses a threat to the State's security and safety, to public health, to the environment or to consumers.

ii. Who has the burden of proof to show that goods will be or that there is a risk for the goods being illicitly diverted into the market of the transit country?

As stated above, since the Turkish Law does not require the goods to be put on the internal market there is no burden of proof to show that goods will be or that there is a risk for the goods being illicitly diverted into the market of the transit country.

iii. What is the nature of evidence that may have to be submitted in this regard?

As per the above explanations, no such evidence is necessary.

iv. What is the standard of proof in such cases?

As per the above explanations, no such proof is required in this regard.

Categories of goods and trademarks

8) Are there any differences as to whether goods in transit are considered to be infringing in the country of transit if the goods are (i) counterfeit, (ii) parallel traded or (iii) bear confusingly similar trademarks?

There is no difference between goods in transit if the goods are counterfeit or bear confusingly similar trademarks. However, since the goods subject to parallel trade are original they are not considered to be infringing unless, the quality/character of the goods have been changed or corrupted or the parallel traded goods have been put on

the market for the first time in that country. Therefore, there is a difference for the goods that are parallel traded.

- 9) Is there any extended or special protection for well-known and famous trademarks in respect of goods in transit?

There is an extended protection for well-known and famous trademarks in the Turkish Decree Law and through reference to the Article 6bis of the Paris Convention and Article 16 of TRIPs, however, there is not any specific regulation under the Customs Law. The Customs Authority may take initiative to detain the goods in a possible counterfeiting, therefore, counterfeit goods bearing the identical or confusingly similar trademarks with the well-known or famous trademarks may be recognized and detained easier than the ordinary trademarks especially for the other goods not covered by the registration.

- 10) Does the extended or special protection under question 9 above, exist even where no registration has been obtained in the country of transit?

Since the registration of a trademark is required; there is not any extended or special protection for unregistered well-known or famous trademarks either.

Border measures and Remedies

- 11) Are border measures available for goods in transit under your statutory law? If yes, please quote the corresponding article(s) or paragraph(s).

Border measures for goods in transit have been included in the Turkish legislation after the amendment to the Decree Law No 556 Pertaining to the Protection of Trademarks (hereinafter referred as "DL 556") regarding the protection of trademarks in 2009. Article 9/2(c) of the DL 556 prohibits all customs transactions of goods under a sign identical or similar to a registered trademark. Likewise, under Article 61/c of the DL 556, it is considered to be an infringement of a trademark "to put into the customs area or make subject of a customs transaction of the infringing product." Article 3/15(b) of the Turkish Customs Legislation defines customs transactions and "transit procedure" is explicitly regarded as a customs transaction. In that respect and pursuant to Article 77 of the DL 556, counterfeit products in transit may be seized, held in custody and also be the subject of all kinds of legal actions to remedy the damages of the real owner.

- 12) Does your case law / jurisprudence deal with border measures regarding goods in transit? If yes, please comment if possible trends can be observed from court precedents, and in which direction.

Before the relevant amendments in the DL 556 and the Customs Legislation, there was a debate in Turkey over whether or not to consider transit goods as an infringement. Before the year 2003, in its decision in the Bahman case in 2000, the Higher Board stated that the use in the free zone would not be regarded as a use of the trademark. However; in line with the provisions extending the trademark rights to customs, free zones, etc., there is now a unity in the case law and the Higher Board tends to uphold the decisions of first instance courts providing the seizure of transit goods. The Marlboro decisions in 2003 and 2004 and the Parliament decision in 2004 are amongst the notable decisions of the Higher Board in this respect.

- 13) What kinds of remedies are available if goods in transit are considered to be infringing in the transit country? Are, for example, injunctions, monetary damages, or destruction of such goods possible?

If goods in transit are considered to be infringing in the transit country; the remedies of prevention of infringement, permanent injunction preventing sales of goods, preliminary ex-parte injunction within an infringement action, seizure of goods, destruction of goods, monetary damages (moral and material compensation), publication of decision and acquirement of property right on seized goods are available.

- 14) If the answer to question 13 includes monetary damages, how are the damages computed?

The damages are mainly computed in accordance with Article 66 of the DL 556. According to this article, trademark owner may choose to request his possible income if there is no infringement or infringer's income acquired through infringer's use of trademark or license fees to be paid if infringer has used the trademark in accordance with a licence agreement.

Besides the Decree Law, in accordance with the case law method of calculation of the monetary damages are changeable case by case where in one case it was decided that if goods are put on the internal market, the monetary damages are decided by first determining the sales price and then the costs are subtracted from the sales price and the obtained interest is taken into consideration.

In case of calculation of moral damages; trademark owner's reputation, volume of his business, trademark's reputation, value, date of registration, parties commercial and economic conditions and overall conditions of the case are considered.

- 15) If the answer to question 13 includes destruction of the infringing goods, who is responsible for ensuring the destruction of the infringing goods?

Administration of Customs is responsible for ensuring the destruction of the infringing goods.

II. Proposals for harmonisation

The Groups are invited to put forward proposals for the adoption of harmonised rules as to the infringement of trademarks by goods in transit. More specifically, the Groups are invited to answer the following questions.

Please note that in-transit in the following refers to the term in a broader sense and is not limited to a specific customs procedure.

Goods in transit – infringement

- 16) Should goods in transit be considered to infringe a registered trademark in the transit country? If yes, why? If no, why not?

Goods in transit should not be considered to infringe a registered trademark in the transit country, since the goods will not be put on the market and will not reach to the consumers. Therefore it will not be a cause of disturbance in the market.

- 17) Should it matter whether the goods have been lawfully manufactured in and/or exported from the country of origin?

It should not matter whether the goods have been lawfully manufactured in and/or exported from the country of origin considering that the goods will not be circulated in the internal market.

- 18) Should it matter whether the goods could be lawfully put on the market in the country of destination?

It should not matter since the goods will not be put on the market in Turkey and the Turkish Laws will not be applied.

- 19) If in-transit goods are not considered to infringe a registered trade mark in the transit country, should there be an exception if it is shown that the goods will be or that there is a risk for the goods being illicitly diverted onto the market in the transit country?

In-transit goods should be considered to infringe a registered trade mark if only the goods will be put on the market since it will fall within the concept of trademark rights considering the European legislation.

The right holder or his representative has to prove the existence of the infringement or the risk of the infringement. Considering the practice with respect to the customs procedure, the term "right holder" refers to the owner of the trademark, the exclusive licensee of the trademark and the non-exclusive licensee of the trademark only in case of occurrence of conditions allowing licensee to act on his behalf.

- 20) What kind of evidence should be presented for this exception to take effect?

These evidence should be certificate of circulation and all other evidence showing that the goods will be put on the market.

Categories of goods and trademarks

- 21) Should infringement by goods in transit be limited to counterfeit goods or should also parallel traded goods and goods bearing confusingly similar goods be considered to infringe when in-transit?

Infringement should not be limited to counterfeit goods; confusingly similar goods and parallel traded goods to the extent that they are changed or corrupted or put on the market for the first time should also be considered to infringe when in-transit.

- 22) Should famous and well-known trademarks enjoy extended protection in respect of goods in transit? If so, should this be the case even when no registration has been obtained in the country of transit?

There should be an extended protection for well-known trademarks regardless of registration. However, the balance of interests of the parties should also be considered. At this point, considering the nature of the fast examination in the customs, it may not be possible to make detailed regulations and examinations at this stage for well-known trademarks.

Border measures and Remedies

23) Should border measures be available for goods in transit?

Border measures should be available for goods in transit provided that these goods are put on the market in Turkey. As per the current Turkish Customs Legislation, with respect to the effect on the consequences of infringement, there is no difference between the goods put on the internal market and the goods not put on the internal market and all infringing goods in transit are considered to be within the concept of trademark rights and such goods may be stopped at the customs, may become the subject in an infringement action or may be destroyed if necessary regardless of whether they will be put on the internal market or not. All these sanctions are rather severe and it is doubtful if they serve to Turkey's economical interests. Therefore, the Turkish Customs Legislation is controversial in that respect. Under the European legislation, transit goods are regarded within the concept of trademark rights to the extent that these goods are put on the market in the European Union territory. Accordingly, border measures should be available for goods in transit considering their status in the internal market.

24) Should the same remedies (such as injunctions, monetary damages and destruction) be available for infringement by goods in transit as for other trademark infringements?

The same remedies should be available for infringement by goods in transit as for other trademark infringements which are available in Turkey.

25) Should the same defences be available for the importers of goods in transit as for goods under direct importation from the country of origin or other?

The same defences should not be available for the importers of goods in transit as for goods under direct importation from the country of origin or other in the event that the goods are counterfeit since the goods subject to direct importation are considered to be original in general.

SUMMARY

a. believes that Turkish law defines “in transit” concept as “to put into the customs area or make subject of a customs transaction of the infringing product.”

b. is of the opinion that the owner of a registered trademark can prohibit the goods in transit whether counterfeit or goods bearing similar trademarks, regardless of the fact that the goods are put on the internal market of Turkey, through border measures applied in case the owner proves at least the risk of the infringement with evidence showing the sufficient degree of certainty of the infringement.

c. thinks that a special/extended protection should be applied to well-known trademarks considering the balance of interests.

d. is of the opinion that transit goods should be regarded as an infringement to the extent that these goods are put on the market in the transit country which will balance the country's economical interests and the trademark owner's rights.

ZUSAMMENFASSUNG

a. glaubt, daß Türkisches Recht beschreibt das Konzept “in Durchfuhr” als “Anbringung des gesetzlich verletzten Produkts in das Zollgebiet bzw. dessen Aussetzung der Zoll-Transaktion”.

b. ist der Meinung, daß inhaber einer eingetragenen Handelsmarke kann die Waren auf der Durchfuhr verbieten, ob diese gefälscht sind oder ähnliche Marken tragen, ungeachtet dessen, daß die Waren auf den Binnenmarkt der Türkei angebracht sind, durch Maßnahmen der Grenzübergang, falls der Inhaber mindestens das Risiko der Rechtsverletzung mit der Nachweis hinweisend auf ein hinreichendes Ausmaß der Gewissheit einer Rechtsverletzung beweist.

c. denkt daß ein besonderer / erweiterter Schutz auf die wohlbekanntesten Handelsmarken sollte angewendet werden, indem der Ausgleich der Interessen berücksichtigt wird.

d. ist der Meinung, daß die Waren auf dem Transportwege sollten in dem Maße als eine Rechtsverletzung angesehen werden, wenn diese Waren im Durchfuhrland, welches die wirtschaftlichen Interessen des Landes sowie die Rechte des Markeninhabers ausgleichen soll, auf den Markt gebracht werden.

RÉSUMÉ

a. estime qu'en le Droit Turc prévoit le concept «en transit » comme «mettre dans la zone douanière ou faire l'objet d'une transaction douanière des biens en violation».

b. est d'avis que le propriétaire d'une marque déposée peut interdire les biens en transit quoi qu'il soit contrefaçon ou des biens portant des marques similaires, indifféremment du fait que les biens sont mis sur le marché intérieur de la Turquie, par des mesures aux frontières appliquées dans le cas où le propriétaire prouve au moins le risque de la violation avec des preuves montrant le degré de certitude suffisant de la violation.

c. pense qu'une protection spéciale/prolongée devrait être appliquée aux marques bien connues considérant le balance des intérêts.

d. estime qu'en les biens en transit devraient être considérées comme une violation dans la mesure où ces biens sont mis sur le marché dans le pays de transit qui permettra d'équilibrer économique intérêts du pays et les droits de la propriétaire de la marque.