

**DECREE-LAW NO.554 PERTAINING TO
THE PROTECTION OF INDUSTRIAL DESIGNS
IN FORCE AS FROM JUNE 27, 1995**

Provisions in **bold**, in Articles 8, 26 and new Article 48/A have been amended/added by the by the Law No. 4128 of November 7, 1995.

**PART ONE
General Provisions**

**SECTION ONE
Aim, Scope, Persons Entitled for Protection, Definitions**

Aim and Scope

Article 1 - This Decree-Law aims hereby, to protect the designs conforming with the provisions of this Decree-Law, and to facilitate the formation and development of the industry and of the competitive environment.

This Decree-Law encompasses the principles, the rules and conditions for the protection of registered designs. For non-registered designs the general provisions shall prevail.

The rights conferred by this Decree-Law does not in any way invalidate the protection conferred by the Literary and Artistic Works Law.

Persons Entitled for Protection

Article 2 - The protection conferred by this Decree-Law is available to natural and legal persons who are domiciled or who have industrial or commercial establishments within the territory of the Turkish Republic, or to the persons who have application rights resulting from the terms of the Paris or Bern Conventions or the Agreement Establishing World Trade Organization.

Natural or legal persons other than those referred in the first paragraph of this Article, who are nationals of states which accord legal and de facto protection to the nationals of the Turkish Republic shall enjoy according to the reciprocity principle design protection in Turkey.

Definitions

Article 3 - For the purposes of this Decree-Law;

a) 'design' means the entirety of the various features such as lines, colour, texture, shape, sound, elasticity, material or other characteristics perceived by the human senses of the appearance of the whole or part of a product or its ornamentation.

b) 'product' means any industrial or handicraft item, parts of a complex system, sets, compositions of items, packaging, get-ups, graphic symbols and typographic typefaces, excluding the computer programmes and semi-conductor products.

c) 'designer' is the creator of the design to be protected.

d) 'Institute' means the Turkish Patent Institute assigned to implement the rules of this law.

e) 'Paris Agreement' means the Paris Convention for the Protection of Industrial Property of March 20, 1883.

f) 'Bern Agreement' means the Bern Convention of September 9, 1886, for the Protection of Literary and Artistic Works.

g) 'Agreement Establishing the World Trade Organization' means the international agreement of 15 April 1994 establishing the World Trade Organization.

h) 'date of reference' means the date of filing the application for registration or, if a priority is claimed, the date of priority.

Priority of International Agreements

Article 4 - Where the provisions of International Agreements which have entered into force as provided by the Laws of the Turkish Republic afford preferable provisions than this Decree-Law, persons referred in Article 2 may request treatment according the preferable provisions.

SECOND PART **Terms of Protection**

General Terms

Article 5 - Protection shall be granted to a design which is new and has an individual character. Designs of products which are parts of complex items shall be protected if and when the design of the part itself is new and has individual character.

Novelty

Article 6 - A design shall be considered new if before the date of reference no identical design has been made available to the public in the world. Designs differing only in immaterial details shall be deemed to be identical. To make

available to the public shall cover of all actions of sale, use, publication, publicity, exhibiting, or such similar activities.

Individual Character

Article 7 - A design shall be understood to have an individual character if the overall impression it creates on the informed user is significantly different from the overall impression created on the same user by any design referred to in the second paragraph of this Article.

In order for any other design to be compared for the purposes of determining the individual character of a design;

a) It should have been made public in Turkey or in the world before the application date.

b) It should have been published by the Institute as a registered design, and that the protection period has not expired at the application date of the design with which it shall be compared.

In the assessment of the individual character, the emphasis of evaluation shall be on the common features of the designs and the degree of freedom of the designer in developing the design shall also be taken into consideration.

Disclosures that will not prejudice Novelty or Individual

Article 8 - If a design for which protection is claimed has been made available to the public during the twelve-month period preceding the date of the filing of the application or if a priority is claimed **twelve month period preceding the date of priority**, by the designer or his successor in title or by a third person having their approval or in abuse of the relation with the designer or his successor in title, such disclosure shall not effect the novelty and individual character as specified in Articles 6 and 7.

Designs Contrary to Public Order and Morality

Article 9 - Designs contrary to public order and general morality principles are not be protected.

Other Situations outside the Scope of Protection

Article 10 - Designs resulting from a technical function which does not leave to the designer any freedom in the design characteristics and elements fall outside the scope of protection.

Designs that must necessarily be produced in its exact form and dimensions in order to enable the product in which the design is incorporated or to which it is applied to be mechanically assembled or connected with other products fall outside the scope of protection.

However, designs serving the purpose of allowing simultaneous and infinite or multiple assembly or connection of identical or mutually interchangeable products within a modular system, conditional to conforming to the provisions of Articles 6 and 7, are to be included in the scope of protection.

SECTION THREE

Scope and Term of Protection

Scope of Protection

Article 11 - In determining the scope of protection all designs which produce on the informed user a significantly similar overall impression in conformity with Article 7 shall be taken into consideration.

In determining the scope of protection, common features shall be given more weight than differences and the degree of freedom of the designer in the development of the design shall be taken into consideration.

Term of Protection of the Registered Design

Article 12 - The term of protection of the registered design is five years from the date of filing of the application.

The term of protection is renewable for periods of five years each up to a total term of 25 years.

PART TWO

Entitlement, Claims and Limitations

SECTION ONE

Entitlements, Rights, Infringement

Right to Design

Article 13 - The right to the design shall vest in the designer or his legal successor in title.

If more than one person is the designer, unless a contrary agreement exist among the parties, the joint proprietorship provisions shall apply.

Each person entitled to a design right, can execute the following in his own right independently of the other joint proprietors:

a) He is free to dispose of this share of the design right. Joint holders have priority purchase right in case of transfers to third parties.

The transfer of the share shall be made in a written statement and recorded in the Register. The Institute shall inform, within two months, the other share holders of the situation to enable them to exercise their priority purchase right. Priority purchase right is to be used within one month of the reception of the notice.

b) He can make use of the design after having informed the other proprietors of the right.

c) He can undertake necessary measures to protect the design.

Licensing of the design to third parties can be granted with the approval of all of the proprietors of the design right. However, the court may under justifiable circumstances grant this right to a single proprietor.

d) He can institute legal proceedings against third parties in case of infringements of the joint design right. To enable the other share holders to attend the proceedings they are to be informed within month of the instituting of the proceedings.

Entitlement under Employment

Article 14 - Where designs are developed by employees in the execution of their duties, the design right shall vest with their employers unless otherwise provided by the contract or understood from the nature of the work.

The design right shall vest with the employers for designs which are not required by contract but developed by employees using the information and equipment available at work.

In such cases the employee shall be awarded a compensation the worthiness of which to be determined on the merits and the significance of the design.

The Court shall judge an appropriate value for the reward in case the parties cannot agree on the value.

Designs by University Personnel

Article 15 - As an exception to Article 14, for the designs developed by the teaching staff undertaking scientific work at the faculties and schools of the universities, the design right shall vest with the member of the teaching staff.

The meaning of the title of teaching staff is to be understood according to the provisions of the Higher Education Law.

In cases where the educational institute has met the expenses of certain equipment and supplies, the educational institute shall be informed when the design is exploited, and the designer shall make available when requested by the institution, the information on the means of exploitation of the design and the

revenues obtained during the exploitation. The educational institute will request, within three months of the written statement received, a suitable portion of the revenue. However, the amount requested cannot in any way be more than the expenses incurred by the institute.

Entitlements under Contracts other than Employment Contracts

Article 16 - For design developed within the framework of services contracts other than of employment contracts, the design right shall vest with the client, unless otherwise provided by the contract.

The Scope of the Design Right

Article 17 - The holder of the design right has exclusive rights with respect to the use of the design. Third parties, without the consent of the design right holder, cannot produce, put on the market, sell, offer, import, put to commercial use or keep in stock for this purposes the product in which such a design is incorporated or to which it is applied.

The Right to be Recognized as a Designer

Article 18 - The designer shall have the right, as against the applicant for or the holder of the design right, to be cited as the designer in the priority documents and in the publication.

The transfer and renunciation of this right shall be without legal effect. In case the design is the result of team work, such condition is to be indicated clearly.

The implementation procedures of the second paragraph shall be laid down in the Implementation Regulation by the Turkish Patent Institute.

Claims to Entitlement

Article 19 - If an application has been made for a design right by a person who is not entitled or a design right has been registered in the name of a person who is not entitled to it under Article 13, the person who is entitled to it may claim, without prejudice to any other of his rights and claims arising from his design right, to have the design right transferred to him.

In the case of a claim for partial entitlement to a design right, a claim can be made to be a joint holder in accordance with paragraph one.

Legal proceedings for claims specified in paragraphs one and two of this Article may be instituted within the two years from the date of publication of the registration, and until the end of the term of protection if there exists bad faith in the entitlement.

The fact that legal proceedings have been instituted under the provisions of this Article, the final decision or of any other termination of the proceedings shall be entered in the Register upon request of the relevantly concerned to become effective against third parties.

Effects of a Judgement on Entitlement

Article 20 - Where there is a change of ownership of a design as a result of the provisions of Article 19, licenses and other rights of the third parties shall lapse upon the recording of the change in the register.

If, before the rightful owner has been registered, the holder of the design right or licensee has exploited the design or made serious and effective preparations to do so, he can request a non-exclusive license from the new holder. The license shall be granted for a reasonable period and upon reasonable terms.

The period of request referred in the second paragraph of this Article, is two months for the person previously registered as the design right holder and four months for the licensee. The period starts from the date of notification by the Institute to the concerned parties that the rightful owner's name has been entered in the register.

Paragraphs two and three of this Article shall not apply if the previous right holder or the licensee was acting in bad faith when he began to exploit the design or began making preparations to do so.

SECTION TWO Limitations on the Design Right

Limitations on the Design Right

Article 21 - The rights conferred by a registered design shall not extend to:

- a) acts done privately and for non-commercial purposes;
- b) acts done for experimental purposes;
- c) acts of reproduction for the purposes of making citations or of teaching, provided that such acts are compatible with fair trade practices and do not prejudice the normal exploitation of the design and the source of the design is mentioned;
- d) the equipment on ships and aircraft registered in a third country when they enter the territory of the Turkish Republic temporarily, as well the importation of spare parts and accessories for the purpose of repairing such craft and execution of the repairs.

Use for Repair Purposes

Article 22 - The use of the design, after three years from the first putting on the market of a product incorporating the design or to which the design is applied, by third parties under the provisions of the Article 17 shall not be considered infringement of rights provided that the following conditions are met:

- a) the product designed is part of a complex product upon whose appearance the design is dependent;
- b) the use for repair purposes so as to restore the complex product its original appearance; and
- c) the public is not misled as to the origin of the product used for repair.

Rights of Prior Use

Article 23 - The design right holder cannot invoke his rights to prevent the use of a design by third parties who have, provided done in good faith, commenced use or has made serious and real preparations to that end, before the date of filing the application for registration or if a priority is claimed before the date of priority, and which has been developed independently of the registered design and which at such a date had not yet been made available to the public. This situation shall be recorded in the Register. However, the third parties entitled to exploit the design within the framework of this Article cannot go beyond the scope and needs of the undertaking in which the use was effected or anticipated. This right cannot be transferred separately from the undertaking.

Exhaustion

Article 24 - The acts relating to a product in which a design is incorporated or to which it is applied fall outside the scope of protection of the design, after the product has been put on the market in Turkey by the holder of the design right or with his consent.

PART THREE

Registration, Renewal, Opposition

SECTION ONE

Applications and Conditions

Registration Authority

Article 25 - The body authorized for the registration of designs is the Turkish Patent Institute. All applications are to be filed at the Turkish Patent Institute or at the body it may authorize as such.

Filing of Applications

Article 26 - An application for registration of a design must be filed with the following:

- a) A petition, the form and contents of which as specified in the Implementing Regulation, including information identifying the applicant,
- b) A drawing, painting, graphic, photographic or similar representation of the design suitable for reproduction and reflecting all of its specific features.

The application shall contain a written description of the design and the list of the products in which the design is intended to be incorporated or to which it is intended to be applied.

If the object of the application is a two-dimensional design, a deferment of publication may be requested in accordance with Article 35. If there is **a request for deferment and** the representation of the design as specified in paragraph one cannot be supplied due to the nature of the design, instead a sample of the product in which the design is incorporated or to which it is applied may be deposited.

In order to be a valid filing, an application fee must be paid and the receipt of payment annexed to the application.

The identity of the designer shall be cited in the application. If the applicant is not the designer or not the sole designer, an explanation shall be supplied on the means whereby the right to apply for registration is obtained.

All documents filed with the application for registration of a design or submitted later to the Institute must comply with the Implementing Regulation.

The application procedures for designs of products in the industries subject to frequent fashion changes may be simplified by the Institute through an Implementing Regulation

Classification

Article 27 - During the implementation of this Decree-Law, for the classification of the products in which the designs are incorporated or to which they are applied, use shall be made of the International Classification for Industrial Designs.

Multiple Applications

Article 28 - Application of several designs may be combined in one application. However, this possibility is subject to the condition, except in cases of ornamentation, that the products in which the designs are intended to be incorporated or to which they are intended to be applied all belong to the same sub-class or to the same set or composition of items.

The multiple application is subject to payment of an additional application fee to be specified in the Implementing Regulation, besides the fees referred in Article 26.

Right of Priority

Article 29 - Natural or legal persons or their legal successors in title who are nationals of any state party to the Paris Convention or if not nationals who are domiciled or have an active business in these states, shall enjoy a right of priority of six months from the date of filing a valid application at the authorized bodies of these states, for the purpose of filing an application for obtaining a registration certificate in Turkey in respect of the same design.

The priority rights not exercised within six months as stipulated in the first paragraph, are considered to be void.

When a priority is claimed within the provisions of the first paragraph, all applications filed and registration certificates obtained by third parties shall be declared invalid as from the date recognized as giving rise to priority right and for designs falling within the scope of protection.

Natural and legal persons who are nationals of states specified in the second paragraph of Article 2, shall enjoy priority rights as stipulated in this Article.

If a natural or a legal person who is a national of a state party to the Paris Convention has filed a valid application in a state not party to the Paris Convention he shall enjoy within the provisions of this Article priority right in respect of that filing.

A subsequent application for a design which was the subject of a previous first application, and which is filed in the same state, shall be considered as the first application for the purpose of determining priority. However, to be considered as the first application, at the date of the filing of the subsequent application, the previous application must have been withdrawn, abandoned and refused without being open to public inspection and have not left any right outstanding. The previous application may not thereafter serve as a basis for claiming a right of priority.

Exhibition Priority

Article 30 - Natural or legal persons specified in the first paragraph of Article 29 who have displayed products in which the design is incorporated or to which is applied, at national or international exhibitions in Turkey or at official or officially recognized national or international exhibitions in the states party to the Paris Convention, may claim a right of priority for the registration of the design in Turkey if the application for priority is filed within a period of six months from the date of the first display of the products.

If the product has been displayed at the exhibition before the official opening date, right of priority starts from the date the product was first displayed at the exhibition.

The officials of the exhibition held in Turkey, shall supply evidence specifying the name of the product, first display date and the official opening date along with photographs showing the product clearly and at its entirety at display.

For the products displayed in foreign countries, the evidence as specified in the third paragraph shall be supplied by the relevant authorities of the state concerned.

A product in which a filed or registered design is incorporated or to which it is applied, cannot be prevented from being displayed at an exhibition in Turkey and from being forwarded to its country of origin after the closing of the exhibition.

Where there are two or more applications for the same or similar product in which a filed or registered design is incorporated or to which it is applied, the applicant who first displayed the product and if displayed at the same time the one who filed his application first shall enjoy the right of priority.

Claiming and the Evidencing of Priority, Effect of Priority Right

Article 31 - The effects of the priority rights ensuing from Articles 29 to 30, shall arise as of the date of the Application for which the priority is declared.

An Applicant desiring to take advantage of his priority right shall file a declaration of priority with his application for a registered design. If the right of priority is not documented within the three months of the filing of the application the declaration of priority shall be considered invalid.

A priority granted with respect to an exhibition priority right does not extend the period of priority laid down in Article 29.

SECTION TWO

Registration Procedures, Renewal, Opposition

Examination

Article 32 - The Institute shall refuse an application for registered design the subject and scope of which is not covered by the provisions of Article 3.

Institute shall examine whether the application complies with the conditions specified in Articles 26 and 28 and whether there are deficiencies. If the Institute concludes that there are no deficiencies, the application is accorded the date of filing as the date, hour and minute on which the application was filed originally at the Institute or at the body authorized as such by the Institute.

If a priority declaration has been filed, Institute shall undertake an examination in accordance with the provisions of Articles 29, 30 and 31.

Remedying Deficiencies

Article 33 - If deficiencies with respect to conditions of Article 26 and 28 are established, the Institute shall request the applicant to remedy these deficiencies.

If the applicant complies with the Institute's request and remedies within the prescribed time as specified in the Implementing Regulation the deficiencies which fall within the scope of the first paragraph of Article 26 the Institute shall allow as the date of filing the date on which the deficiencies are remedied.

If the applicant complies with the Institute's request and remedies within the prescribed time as specified in the Implementing Regulation the deficiencies which fall within the scope of the first paragraph of Article 26 the Institute shall allow as the date of filing the date on which the deficient application was originally filed.

If the deficiencies established in pursuant to first paragraph are not remedied in accordance with the provisions of this Decree-Law and are not remedied within the prescribed period, the Institute shall refuse the application.

Failure to satisfy the requirements concerning the claim to priority shall result only in the loss of the right of priority for the application.

Registration and Publication

Article 34 - An application which has been accorded a date of filing in accordance with the provisions of Articles 32 and 33 shall be entered in the Design Register.

A design recorded in the Register shall be published in the relevant Bulletin with the following particulars:

- a) the number and the date of filing and, if a priority has been claimed, the priority date,
- b) identity of the design holder,
- c) identity of the designer or the indication of the team,
- d) a drawing, painting, graphic, photographic or similar representation of the design reflecting all of its specific features,
- e) where a sample has been deposited, a reference to such a deposit,

f) other particulars prescribed by the Implementing Regulation.

The registration and the publication provisioned in this Article shall be executed in accordance with the procedures specified in the Implementing Regulations.

Deferment of Publication

Article 35 - The applicant for a registered design may request, when filing the application, that the publication be deferred for a period not exceeding 30 months from the date of filing the application.

An application containing a request for deferment of publication shall be entered in the register after it has been awarded a date of filing; but neither the representation of the design nor the contents of the file relating to the application shall be open public inspection.

The office shall publish in the related bulletin a mention of the deferment of the publication of the registered design. The mention shall include information on the identity of the right holder of the registered design, the date of filing of the application, the length of period for which deferment has been requested and any other particulars prescribed by the Implementing Regulation.

At the expiry of the period of deferment, or at any earlier date on request by the right holder, the Institute shall open to public inspection the file relating to the application and all entries in the register, and shall publish the registered design. However, before publication, the publication fee and in the case of a multiple application the additional application fees should be paid, and a representation of the design suitable for reproduction has to be filed if at original application a sample of the product in which the design is incorporated or has been applied has been deposited. If these conditions are not complied with within the period specified in the Implementing Regulation, the registered design shall be deemed from the outset not to have had the effects specified in this Decree-Law.

In the case of multiple applications, the provisions of this Article may be applied to only some of the designs included therein.

The institution of legal proceedings on the basis of a registered design during the period of deferment of publication shall be subject to the condition that the information contained in the register and in the file relating to the application has been communicated to the person against whom the action is brought.

References in this Decree-Law to the date of publication of the registered design subject to deferment of publication, to mean the date on which the Institute performs the act referred to in the fourth paragraph.

Renewal

Article 36 - Registration of the registered design shall be renewed, upon the payment of the renewal fee at the request of the right holder or of the person authorized by him.

The Institute shall inform the right holder of the expiry of the registration within the time period as specified in the Implementing Regulation. Failure to give such information shall not involve the responsibility of the Institute.

The request for renewal shall be submitted and the renewal fee paid within a period of six months before the last day of the month in which protection ends. In failing this deadline, the request may be submitted within a further period of six months from the day referred to in the previous sentence upon payment of an additional fee.

Renewal shall take effect from the day following the date on which the existing registration expires. The renewal shall be recorded in the Register.

The provisions of this Decree-Law shall cease to produce effect for designs which have not been renewed within six months after the expiry of the period of protection.

Opposition

Article 37 - Natural or legal persons or related professional organizations may submit to the Institute in compliance with the procedures prescribed in Implementing Regulation a declaration of invalidity of a Registered Design after its publication.

The application for a declaration of invalidity explaining clearly the objections must be filed in a written statement within six months after publication and the fee prescribed in the Implementing Regulation must be paid before it can be deliberated upon. Institute may request additional documents, evidences and justifications to be complied within the period to be prescribed by the Institute.

The opposition with its justification shall be communicated to the holder of the design right enabling him to submit his views and observations.

Examination

Article 38 - During the examination of the application for a declaration of invalidity, the Institute when it deems fit and as often as necessary may request the written observations of the parties and communicate to the parties involved such observations and objections submitted by the parties.

The Institute's decisions, reached during the examination of the opposition, with respect to the procedural deficiencies and the remedies concerning the deficiencies shall have effect to nullify the administrative procedures pertaining to the awarding of the design certificate or to returning to the stage where the deficiencies have occurred and of renewing the procedures from this stage.

The acceptance of an opposition filed within the provisions of subparagraphs (a) and (b) of the first paragraph of Article 43, shall result in the invalidation of the Design Certificate and the entering into force of the provisions of Article 45.

The invalidation of the Design Certificate shall be published in the related bulletin.

PART FOUR

Transfer of Application and Design Rights; License Agreements

SECTION ONE

Transfer, Security and Levy of Execution

Transfer, Levy of Execution

Article 39 - The rights deriving from an application for a design and from a registered design right may be transferred to third parties, and is subject to inheritance.

Application and design right may be charged as security, and may be levied in execution. On request of one of the parties, respective rights are entered in the Register and published. Related provisions of the Turkish Civil Code, and the Bankruptcy and Execution Law shall have effect with respect to security rights and execution.

The transactions between the living over the application and design rights shall be entered into in writing.

The inheritance or transfer of an application or a design right shall be recorded in the Register and published upon payment of the fee prescribed in the Implementing Regulation. The effects shall enter into force vis-à-vis third parties as of the publication date.

Non-divisibility

Article 40 - An application or a design right cannot be apportioned for transfer purposes or for establishing rights over them as such, even where there are multiple proprietors of the right.

SECTION TWO

Licensing

Licensing

Article 41 - The application right or the design right may be licensed to be effective within the total or part of the territory of national boundaries. A license may be exclusive or non-exclusive.

The application or the design right holder may institute legal action against the licensee in the event of breach conditions by the licensee of the contract conditions.

Unless otherwise specified in the contract the license shall understood to be non-exclusive. Licensor may make use of his design rights personally, and may grant licenses to third parties on the same design right.

In the case of an exclusive license, licensor may not grant licenses to other parties and cannot himself make use of the design right unless such is provided specifically by the contract.

Unless it is specifically provided in the contract, licensee cannot transfer the rights arising from the license or cannot grant a sub license.

Unless provided otherwise in the contract, licensee shall have exclusive rights with respect to the use of the design within the whole of the national boundaries during the period of protection.

Licensing contracts shall be in writing and upon the request of one of the parties shall be entered in the register and published.

Unless provided otherwise by the contract, the holder of an exclusive license may, in the case of an infringement of the design rights, institute in his own name all legal proceedings which have been made available to the proprietor of the design right by this Decree-Law. Holders of non-exclusive licenses do not have the right to institute legal proceedings.

In the case of an infringement, the holder of a non-exclusive license may give notice, through a notary public, requesting the proprietor of the design right holder to institute such proceedings as required.

In the event that the proprietor of a design refuses to initiate or within three months of the reception of the notice fails to institute proceedings, the non-exclusive license holder shall have the right to institute proceedings.

The licensee may, in the face of serious damage where elapsing of time cannot be remedied, request the court to issue an injunction for precautionary measures.

The licensee who has instituted proceedings in respect of paragraph 10, shall notify the proprietor of the design right that the proceedings have been instituted.

Illegitimate Transfer of Right and Licensing

Article 42 - Where an application right or a design right has been licensed or transferred by an unauthorized person, he shall be liable of his acts against the related persons.

In the event of the withdrawal of the application or refusal of the application or declaration of invalidity of the design right by the court, unless the parties have provided by contract further liabilities with respect to the transferee of the right or the licensor, provisions of the Article 45 of this Decree-Law shall have effect.

The period of claim for damages rising from the provisions of this Article starts from the date of the final court ruling with respect to the liabilities. Related provisions of Code of Obligations shall have effect with respect to the time limit.

Where the transferee or the licensor have acted in bad faith, they are liable without a time limit.

PART FIVE

Invalidity of the Design and Termination of the Design Right

SECTION ONE

Invalidity of the Design

Invalidity

Article 43 - A registered design shall be declared invalid by the court in following cases:

a) Where proved that the design is not eligible for protection under the provisions of the Articles 5 through 10 of this Decree-Law;

b) Where proved that the entitlement to the design right as provided in Articles 13, 14, 15 and 16 of this Decree-Law, actually belongs to another person or persons.

c) Where there exists a conflicting design which has been made available to the public at a later date but having an earlier date of filing;

A declaration of invalidity with respect to Articles 13, 14, 15 and 16 regarding non-entitlement can only be filed by the holders of right as specified in these articles. In such a case the provisions of Article 19 of this Decree-Law shall be applied.

Where the invalidity involves only part of the application or of the registered design, partial invalidity shall be ruled in respect to the product or products effected by the part declared invalid. The protection shall remain valid for the product or products relating to the part to which invalidity is not invoked.

Application for a Declaration of Invalidity

Article 44 - Any person may request invalidity except in the cases as provided in the second paragraph.

Declaration of invalidity according to paragraph (c) of Article 43 can be requested only by the previous right holder, and according to Articles 13, 14, 15 and 16 can be requested only by the holders of the design right.

Declaration of invalidity may be requested during the period of protection or within five years following the termination of the right.

Actions brought before the court for invalidity shall be against the design right holder registered in the Design Register at the time of the institution of the proceedings.

Effects of Invalidity

Article 45 - A final decision for the declaration of invalidity shall have retroactive effect. Therefore, the legal protection afforded by this Decree-Law for an application or registered design shall be deemed not to have arisen from the outset when declared invalid.

The retroactive effects of invalidity, without prejudice to claims for compensation for damage caused by negligence or lack of good faith on the part of the holder of the design right and to unjust enrichment, shall not extend to the following:

a) any final decision for infringement of a design right reached and enforced prior to the decision of invalidity;

b) contracts concluded and executed prior to the decision of invalidity. However, partial or total reimbursement of sums paid under the contract may be claimed on grounds of equity to an extent justifiable by the circumstances;

A final decision of invalidity shall produce effect against all. The court decision received by the Institute shall be entered in the Register and published within the period prescribed by the Implementing Regulation.

SECTION TWO

Termination of the Design Right

Reasons for Termination

Article 46 - The design right arising from this Decree-Law shall be considered to have terminated when:

- a) the period of protection has expired; or
- b) the design right holder has surrendered his right.

The expiry of the period of protection provided by this Decree-Law, shall not have effect on the rights provided by other Laws where and when such conditions are valid.

Surrender of a Design Right

Article 47 - Holder of a design right may surrender part or whole of his rights arising from the design right or the application right.

The surrender shall be filed in writing at the Institute. Surrender shall have effect as of the date of entry in the design register.

Holder of a design right cannot surrender his right without having the consent of the licensees or holders of rights recorded in the Design Register.

Where there is a claim by a third party for the design and a court injunction to this effect has been recorded in the Design Register, surrender of design rights cannot be requested without the consent of the referred third party.

PART SIX

Infringement of Design Right and Civil Procedures for Infringement

SECTION ONE

Infringement of a Design Right

Infringement

Article 48 - Following shall be considered infringement of a design right:

a) without the consent of the design right holder, to make, produce, put on the market, offer, sell, put to use, import or keep in stock for these purposes the identical or significantly similar design;

b) to transfer to third parties or to expand rights acquired by a licensing contract;

c) to participate or to assist or to encourage or to facilitate in whatever form the acts referred in sub-paragraphs (a) and (b);

d) to abstain from explaining where and how an illegally produced and marketed product has been obtained when found in possession;

e) seizure of entitlement.

Where the application for a design has been published in accordance with Article 34 of this Decree-Law, the application right holder has the right to institute civil and penal proceedings against the infringing party. Where the infringing party has been informed of the application and its scope, infringement shall be considered to exist before the publication when the court rules that the infringing party was acting in bad faith.

Lack of any indication on the product, its packaging or in the invoice that the design is registered shall not constitute a negation of the infringement.

Indications of registration shall be taken into consideration in the valuation of the infringement.

Article 48/A

(a) Those making false declaration with respect to true identity of the design right holder, or those removing without authority the sign indicating a design right rightfully placed on a product or on its packaging, or those falsely presenting themselves as the proprietor of a design application right or a design right shall be sentenced to an imprisonment term of between one and two years and to pay a fine of between three hundred million liras and six hundred million liras;

b) Having committed the acts without authority, those transferring or placing as security or undertaking any other such action for utilizing any one of the rights of transfer, placing of security, execution of levy and other such rights provisioned in the related articles and the licenses thereof, and those affixing signs on a product produced or put to sale by own self or by others, or on its packaging thereof or on commercial documents or on advertising material in such a way that would convey the impression as if a relationship exists with a legally protected design right, or of using to the same effect writings, signs or expressions in the advertisements and commercials at the

published and visual media without being the rightful proprietor of the design right or after the expiry of the protection term or after the invalidation of the design right or after the termination of the design right shall be sentenced to an imprisonment term of between two and three years and to pay a fine of between six hundred million and one billion liras;

c) Those who have committed any one of the felonies specified in Article 48 shall be sentenced to an imprisonment term of between two and four years and to pay a fine of between six hundred million and one billion liras, furthermore judgement shall be ruled to close down the premises of their undertaking for a period not to be less than one year and they shall be prevented from practicing any commercial activity during the same period.

Where the felonies stated above are committed by those working in the undertaking whether on their own initiative or under instructions while carrying out their duties, the employees and the owner or the manager or their representative and the person holding whatever title whatsoever who is de facto managing the undertaking who have not prevented the misdemeanor shall be punished in the same manner. Where the felonies stated in Article 48 have been committed during the execution of tasks related with a legal entity, the legal entity shall also be liable for the fines, expenses and damages in succession of the real persons who have committed the misdemeanor. For those assisting the acts, depending on the nature of the action the provisions of the Articles 64, 65, 66 and 67 of the Turkish Penal Code shall apply.

Prosecution with respect to the felonies stated above shall be subject to complaint. Subparagraph 8 of paragraph 1 of Article 344 of the Criminal Procedures Code No 1412 shall not apply for the implementation of the provisions of this article. The right of complaint belongs to the person whose design right has been infringed, and additionally belongs also to the Institute for all felonies except those provisioned in article 48, and to the Consumer Associations and to establishments under the jurisdiction of Laws no 5590 or no 507 for acts of false declaration with respect to true identity of the design right holder, and for acts of affixing signs on a product produced and put to sale by own self or by others, or on its packaging or on commercial documents or on advertising material in such a way that would give the impression as if a relationship exists with a protected design right, or of using to the same effect writings, signs or expressions in the advertisements

and commercials at the published and visual media without being the rightful proprietor of the design right or after the expiry of the protection term or after the invalidation of the design right or after the termination of the design right. The proceedings with respect to the felonious acts should be initiated within two years of the date of being informed of the act and the actor.

The complaints with respect to acts falling within this scope shall be treated as of urgent matters. The provisions of Article 36 of the Turkish Penal Code and the related articles of the Criminal Procedures Code shall apply for the seizure, the confiscation or the destruction of the goods and the equipment and machinery used to produce these goods which are subjects of acts of felony having infringed the rights arising from a design right application or a protected design within the provisions of this Decree-Law.

SECTION TWO Civil Proceedings

Appeals of the Design Right Holder and the Competent Court

Article 49 - A design right holder whose rights have been infringed may in particular appeal for the following at the Court:

- a) request for the establishment of the existence of an infringement,
- b) appeal for the prohibition and prevention of the acts of infringement,
- c) appeal for remedies of infringement and request compensation for damages incurred,
- d) request the confiscation of products produced or imported and of the equipment used directly to produce such goods which have infringed the rights of a registered design,
- e) appeal for the proprietorship over the products confiscated in accordance with subparagraph (d); in this case the value of the products shall be deducted from the compensation awarded. If the value of the products turn out to be above the compensation value awarded, the design right holder shall repay the balance to the infringing party,
- f) appeal for enforcement measures for the prevention of continued infringement of rights, in particular request the destruction of the products and equipment if it is essential for the preclusion of acts of infringement or the prevention of alterations on the products and equipment confiscated according to subparagraph (d),
- g) request the disclosure to the public and to those related of the courts decision by means of publication, costs of which to be met by the offending party.

As regards the measures, the court shall rule in accordance with the related provisions of Civil Procedures Code on precautionary measures.

The competent court, for the institution of civil proceedings by the design right holder against the third parties, is the court of the domicile of the plaintiff or of the place where the acts was committed or of the place where the act had effect.

Where the plaintiff is not a citizen of the Republic of Turkey, the competent court is the court of the domicile of the authorized agent registered in the registry and if the agent's registration has been canceled the court of the domicile of the Institute.

The Competent Court, for the institution of proceedings by the third parties against the design right holder, is the court of the domicile of the defendant. If the application or design right holder is not domiciled in Turkey, the provisions of the third paragraph shall prevail.

Where there several competent courts, the court at which the proceedings are instituted first, is the competent court.

Compensation

Article 50 - Infringing parties who have committed the acts under Article 48 are liable for compensating the damages incurred by the design right holder.

Documents Evidencing Infringement

Article 51 - The design right holder can request from the infringing party the documents related with the use of the design without his consent, for valuation of the injury suffered because of an infringement of the design.

Surrender of Profits

Article 52 - The injury suffered by the design right holder include not only the value of the actual loss but also the income loss incurred because of the infringement of the design rights.

The loss of income shall be calculated in accordance with one of the following evaluation methods, on the option of the design right holder who has suffered the injury:

- a) according to the possible income that the design right holder would have generated if the competition of the infringing party did not exist;
- b) according to the income generated by the infringing party from the use of the design;

c) according to a license fee that would have been paid if the party infringing the design right would have utilized the design under a legal licensing contract.

In calculation of the profits surrendered, in particular the economic value of the design, the term of protection remaining at the time of infringement, the type and number of licenses outstanding and similar factors shall be taken into consideration.

Increasing the Profits Surrendered

Article 53 - Where the design right holder has selected one of the evaluation options specified in Article 52; the Court may add on a reasonable extra amount if in its opinion design contributes substantially to the economic value of the product.

The assessment of the design's contribution to the economic value of the product shall be grounded on the verification that the demand for the product results substantially from the design.

Reputation of the Design

Article 54 - The design right holder may request extra damages for the harm incurred from the poor quality production of the design and improper marketing means utilized by the party infringing the design right which were detrimental to the reputation of the design.

Reduction in Compensation

Article 55 - Where the compensation awarded to the design right holder is more than the payment which the design holder has received from others for the use of the design, the compensation shall be fixed in conformity with the referred payment and the balance deducted from the payment.

Those against Whom Action cannot be brought

Article 56 - Design right holder cannot institute proceedings, under the provisions of this section of this Decree-Law, against those who have used the products put on the market by the person who has paid compensation to the design right holder. This provision shall not have effect if there is bad faith.

Time Limit

Article 57 - Time limit provisions of the Code of Obligations shall have effect concerning the time limits for appeals relating to infringements on design rights.

SECTION THREE

Special Courts

Competent Courts

Article 58 - Special courts to be established by the Ministry of Justice shall have jurisdiction for all of the actions and claims provisioned by this Decree-Law.

High Council of Judges and Prosecutors shall determine which of the Commercial Courts of the First Instance and the Criminal Courts of the First Instance shall be appointed as special courts and indicate their respective jurisdiction based on the request of the Ministry of Justice.

For actions brought in respect of the Institute's decisions within this Decree-Law and for actions brought against the Institute by the third parties who have suffered from the decision of the Institute, the special court referred in the first paragraph shall have jurisdiction.

Publication of the Court's Decision

Article 59 - Where a court judgement has become final, the successful party may request the publication in full or in summary of the final judgement in a daily paper, radio, television or by other means of the media, the costs of which to be met by the other party.

The nature and extent of the publication shall be determined in the judgement. Right of publication shall be void if not exercised within three months of the judgement becoming final.

SECTION FOUR

Special Provisions

Claims by the Licensee

Article 60 - Unless provided otherwise by the contract, the holder of an exclusive license may, in the case of an infringement of the design rights, institute in his own name all legal proceedings which have been made available

to the proprietor of the design right by this Decree-Law. Holders of non-exclusive licenses do not have the right to institute legal proceedings.

In the case of an infringement, the holder of a non-exclusive license may, through a notary public, request the proprietor of the design right to institute such proceedings as required.

In the event that the proprietor of a design right refuses to initiate or within three months of the reception of the notice fails to institute proceedings, the non-exclusive license holder shall have the right to institute proceedings.

The licensee may, in the face of serious damage where elapsing of time cannot be remedied, request the court to issue an injunction for precautionary measures.

The licensee who has instituted proceedings in respect of paragraph three, shall notify the proprietor of the design right that the proceedings have been instituted.

Claims of Non-infringement

Article 61 - Any related person may institute proceedings against the holder of the design right to obtain a judgement of non-infringement

Prior to the institution of proceedings referred in the first paragraph, a request shall be forwarded through the notary public to the attention of the design right holder to enable the design right holder to express his views on whether the industrial activities or related serious actions that are initiated in Turkey by the requesting party constitute infringement of the design rights.

Where the design right holder upon receiving such a request does not respond within one month of receiving the letter, or the content of the response is not found acceptable by the requesting party the appealing party shall have the right to institute proceedings according to the first paragraph.

Persons, against whom action of infringement has been brought in respect of the design right, cannot institute proceedings with respect to first paragraph.

Institution of proceedings shall be communicated to all right holders entered in the Design Register.

The actions referred to in this Article may also be instituted jointly with a claim for invalidity.

Action for Securing of Evidences

Article 62 - Any person entitled legally to bring action as prescribed by this Decree-Law, may appeal the court to determine and secure the acts of infringement of the design right.

Precautionary Measures

Article 63 - Any person entitled legally to bring action as prescribed by this Decree-Law, may appeal the court to order precautionary measures.

The request for precautionary measures may be filed before or with the institution of proceedings or filed later. The request for precautionary measures shall be examined separately.

Nature of the Precautionary Measures

Article 64 - Precautionary measures shall be in nature to enable securing of the judgement and particularly provide the following:

- a) cessation of the acts of infringement of the design right of the plaintiff,
- b) injunction to arrest within the borders of Turkey, including the customs, the free ports or the free trade areas and keep in custody the produced or imported goods which have infringed the design rights,
- c) ordering the placement of security for damages to be compensated.

Civil Procedures Code

Article 65 - With respect to other actions for securing and precautionary measures, provisions of the Civil Procedures Code shall have effect.

Seizure at Customs

Article 66 - Customs authorities, while being exported or imported shall withhold as a precautionary measure the products which have infringed as fraudulent copies the rights of the design right holder.

Withholding procedures shall be determined by provisions to be enacted for this purpose.

The withholding measure employed by the customs authorities shall cease to have effect if proceedings are not instituted at the special court or a preventive injunction is not obtained from the court within ten days of the withholding.

SECTION SEVEN

Persons Authorized to Act and Agents

Persons Authorized to Act Before the Institute

Article 67 - The following are authorized to act before the Institute with respect to designs:

- a) natural or legal persons who have filed the application,
- b) qualified design agents. Qualified design agents are those who comply with the requirements of Article 30 of the Decree-Law no 544 and have been entered in the Design Agents Register after having successfully passed the design agents examination to be administered by the Institute. Those who are entered both at the Trademark Agents Register and at the Patent Agents Registry shall be entered at the Design Agents Register without an examination.

Legal persons may only be represented by those duly empowered by their respective authorized bodies.

Those who are domiciled outside the country can only be represented by design agents.

Where an agent has been appointed, all procedures are executed through the agent. All notices made to the agent shall be considered to have been made to the assignee.

PART EIGHT

Payment of Fees and Legal Effects

Term of Payment of Fees and Effects

Article 68 - The fees relating to filing an application and to a registered design as prescribed by the Implementing Regulations shall be paid by the applicant or the right holder or by the design agent.

The payment periods of all the fees prescribed in the Implementing Regulation shall be notified by the Institute to the applicant or to the design right holder or to the design agent.

Where the prescribed fees for any of the actions and renderings have not been paid within the period prescribed by the Implementing Regulation the related action and rendering shall be considered not to have raised effect as of the date of notification by the Institute.

Where the prescribed fee for the registration of a design has not been paid within the period provisioned by this Decree-Law, the application for the registration of a design shall be deemed to have withdrawn.

TRANSITIONAL PROVISIONS

Jurisdiction until the Special Courts are Appointed

Transitional Article 1 - For the purposes of this Decree-Law, until the Special Courts are established, based on the request of the Ministry of Justice, High Council of Judges and Prosecutors shall select from the Commercial Courts of the First Instance and the Criminal Courts of the First Instance those to be appointed as special courts and indicate their respective jurisdictions.

ENTRY INTO FORCE

Article 69 - This Decree-Law shall enter into force on the day of publication.

EXECUTION

Article 70 - This Decree-Law shall be executed by the Council of Ministers.