

The Turkish Constitutional Court Strikes Out Article 158(2) of the Patent Decree Law as Unconstitutional

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The Constitutional Court, Turkey's highest court, has struck out Article 158(2) of the Decree Law on the Protection of Patents numbered 551 ("Patent Decree Law"). The Court ruled that Article 158(2) of the Patent Decree Law was contrary to the Turkish Constitution.

Arguably, the Constitutional Court's decision means that if a party holds a utility model registration, any infringement action it initiates based on the registration would continue, even if the Respondent initiates a cancellation action regarding the registration. Previously, Article 158(2) of the Patent Decree Law required the Respondent's cancellation action to be finalized before the infringement action could continue.

Article 158(2) of the Patent Decree Law

Article 158(2) of the Patent Decree Law prohibited the holder of a registered utility model certificate from invoking or initiating any legal rights based on that registration until after any cancellation court action against that party had reached a conclusion. The prohibition applied provided the cancellation action met the conditions of Article 156 of the Patent Decree Law.

Background to the Constitutional Court's Decision

The Constitutional Court's decision arose out of a dispute about the design of an advertisement trailer. The plaintiff held a utility model registration for the trailer design. In the first instance court, the plaintiff sought an injunction to prevent the Respondent from using the design further, as well as moral and monetary damages. The Respondent sought invalidation of the plaintiff's utility model registration.

Under Turkish law, while a court is hearing a case, it may request the cancellation of an Article applicable to the dispute if it believes the Article is contrary to the Turkish Constitution (Article 152 of the Turkish Constitution; Article 40 of the Law numbered 6216). Accordingly, the first instance court chose to ex officio refer the matter to the Constitutional Court, without the parties raising the issue themselves.

The Constitutional Court's Reasoning

The recent decision by the Constitutional Court is the first time it has considered the legitimacy of Article 158(2) of the Patent Decree Law with regard to the Turkish Constitution.

The Constitutional Court ruled that the first sentence of Article 158(2) of the Patent Decree Law be struck out, effectively rendering the remaining sentences of the Article redundant. The basis for the Constitutional Court's decision was that Article 158(2) conflicted with Article 91 of the Turkish Constitution. Article 91 of the

Constitution states that (with limited exceptions) decree laws may not regulate fundamental rights, nor may they regulate individual or political rights and duties.

Although not specifically stated in legislation, judicial decisions have widely accepted that the Turkish Constitution protects intellectual and industrial property rights on the basis that they are property rights.

In the facts of the immediate dispute, the Plaintiff's registration of the utility model grants the right to seek an injunction to prevent other parties infringing against the Plaintiff's intellectual property rights. However, Article 158(2) of the Patent Decree Law would prevent the Plaintiff from invoking these (or other) rights until after the Respondent's invalidation action has been finalized.

The Constitutional Court held that these circumstances equate to a restriction on a property right. Under Turkish law, property rights may only be restricted for the sake of public welfare by primary legislation, not by secondary legislation such as decree laws. Therefore, the Constitutional Court struck out Article 158(2) of the Patent Decree Law on the basis that it conflicted with Article 91 of the Turkish Constitution.

Consequences of the Constitutional Court's Decision

If a party obtains a utility model registration in bad faith, it has the right to file an infringement action against other parties, even if they are the legitimate right holder. The Constitutional Court's decision means that an infringement action could continue, even if the Respondent (the legitimate right holder) initiates a cancellation action regarding the bad faith registration. This is because the Constitutional Court has removed the requirement to wait for the cancellation action to be finalized by striking out Article 158(2) of the Patent Decree Law.

However, when the regular practice of the courts is considered, this outcome may not eventuate in reality. In obvious bad faith cases, Turkish courts may grant a preliminary injunction which prevents the utility model in question forming the basis of an action against a third party. It is common practice for courts to wait for the cancellation action to be finalized before granting any decision regarding the infringement action.

Intellectual property rights in Turkey are regulated by decree laws (secondary legislation). As a result, the Constitutional Court has struck out many articles through the years on the basis that regulating fundamental rights through decree laws is against the constitution. This most recent decision by the Constitutional Court may lead to the cancellation of other articles on the basis that they restrict property rights.

A draft law on intellectual property (primary legislation) has been discussed in Turkey for many years but a timeline for enactment by the Grand National Assembly remains unclear.

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