

Bugnion SpA

Italy

Italian statutory law provides all the tools necessary for the effective enforcement of trademark rights. This is further enhanced by the existence of specialized IP sections within the courts. However, some peculiarities of the Italian system mean that the courts are swamped by cases challenging the validity of registered trademarks

In previous Country correspondent articles we have shown how the protection of intellectual property in Italy has improved over the past few years. Here we discuss specifically the latest developments concerning the enforcement of trademarks.

IP specialized court sections

Many of the developments discussed below may be attributed to the creation of IP specialized sections within 12 existing courts (Bari, Bologna, Catania, Florence, Genoa, Milan, Naples, Palermo, Rome, Turin, Trieste and Venice) which decide and handle IP cases only.

A recent conference in Venice brought together many judges from these IP specialized sections. The conference enabled Italian and foreign IP professionals to witness at first hand the exchange of ideas that takes place among Italian IP judges.

IP specialization of the courts has fostered greater IP expertise among the judiciary, which in turn has resulted in much more consistent case law (albeit with some differences of opinion). Improved consistency makes IP practice significantly easier and also reduces the risk attached to a number of business decisions.

Applicable procedure

In the 2005 Code of Industrial Property, the legislature chose to adopt for IP proceedings the same rules as those governing corporate law proceedings, which keep timeframes short and reduce to a minimum the number of hearings. The purpose of applying these restrictive rules was to speed up proceedings – lengthy proceedings having been a problem in many Italian courts.

However, many stakeholders criticized this decision as they considered such rules unsuitable for IP proceedings. Accordingly,

the Constitutional Supreme Court considered the issue and decided on May 17 2007 that the rules governing corporate law proceedings should not apply to the IP specialized courts.

Enforcement Italian style

As we explained in our previous article (*WTR* Issue 18, April/May 2009, page 72), prosecution at the Italian Patent and Trademark Office presents a number of peculiarities, in particular because:

- examination on absolute grounds is not as strict as rights holders would like; and
- there is still no opposition system in place.

However, Article 117 of the Code of Industrial Property provides that “registration (and patenting) do not prevent the bringing of actions concerning the validity (and ownership) of industrial property rights”. This means that rights holders can seek the annulment of conflicting junior marks in the courts. Unfortunately, the consequence is that the IP courts have been inundated with cases that are effectively administrative in nature and which would be handled by administrative panels in most other jurisdictions.

The somewhat haphazard examination of applications carried out by the Patent and Trademark Office means that many claims made before the IP courts challenge the validity of registered trademarks on both absolute and relative grounds.

Companies operating in Italy should thus seek specialist advice early to avoid any such situation.

A registration will not prevent competitors from challenging a mark. This is a universal truth, of course, but one that any company doing business in Italy should be particularly aware of. This is mainly because quasi-descriptive trademarks (or sometimes even merely descriptive trademarks) can be comparatively easily registered in Italy. Accordingly, the courts have developed extensive jurisprudence on weak trademarks. These marks may still be the basis of enforcement actions, but their scope of protection is limited and the risk of objection relating to absolute grounds

during enforcement proceedings is high.

Thus, a judge may refuse to enforce such a mark on the basis of descriptiveness in either interim or ordinary court proceedings. For instance, the Ordinary Court of Naples refused to enforce the mark CRYSTAL DESIGN for LCD television screens against a similar mark on the grounds that CRYSTAL DESIGN is descriptive of the products to which it applies (December 5 2008).

What is enforceable

Although Article 20 of the Code of Industrial Property provides that exclusive trademark rights are afforded by registration only, such rights are effective from the date of filing of the trademark application. The same provision states that pending applications are also enforceable. This is a key provision in light of the length of time trademark prosecution usually takes – typically, four to five years.

Trademark owners or applicants can at least enjoin third parties from:

- affixing a similar or identical sign to products or packaging;
- offering the products, putting them on the market or holding them for such purposes;
- importing or exporting products bearing the sign; and
- using the sign on stationery or advertising.

A decision in favour of the senior mark owner entitles the latter to the recovery of damages.

Interim injunctions

It is essential that mark owners put an end to any infringement as soon as possible to avoid further damage being done to their mark. Interim injunctions are available in cases of counterfeiting. Such injunctions can be obtained quickly and are very effective.

The implementation of the IP Rights Enforcement Directive (2004/48/EC), which sought to harmonize the enforcement systems of EU member states, has had little impact on the Italian system, which already provided the minimum requirements set out by the directive.

Mark owners can file an application for

an interim injunction to obtain:

- a description of the counterfeit goods;
- a restraining order; and/or
- the seizure of the infringing products.

The court may grant an interim injunction *ex parte* if it is likely that the infringer would disappear before the injunction can be served on it, which would render the order ineffective.

Interim injunctions are granted quickly – a few days if need be – and are efficiently enforced.

To obtain an interim injunction, the mark owner must convince the court that:

- the rights on which the action is based are valid; and
- there is a clear risk of actual damage being done to the mark and/or its owner.

Pending trademark applications can be valid bases to apply for interim injunctions.

Under the Code of Civil Procedure, ordinary court proceedings must be commenced within one month of an interim injunction being issued. Failure to start ordinary proceedings within the set timeframe would nullify the injunction – except in the case of a restraining order, which is considered anticipatory of the decision that the court would reach in ordinary proceedings.

Recovery of damages

Following the implementation of the IP Rights Enforcement Directive, the Italian legislature amended the rules governing:

- the recovery of damages (Article 125 of the Code of Industrial Property); and
- the means for collecting evidence (ie, “discovery” and “right to information”, under Articles 121 and 121bis).

The first amendment, relating to the recovery of profits made by the infringer in favour of the owner of the infringed rights, is the most important.

Article 125(3) provides that “the holder of the infringed right may request the profits made by the infringer or damages for the lost profit due to the infringement, whichever is higher”.

The reference to profits as a criterion for assessing the recovery of the damage suffered is not completely unknown under Italian law. However, this concept has been applied in a few cases only and was not recognized by statute until its inclusion in the Code of Industrial Property.

Conversely, the use of royalties as a criterion to ascertain the loss of profit due



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to an infringement is a new concept. The amount of damages may be calculated as the royalties that the infringer would have paid had it obtained a licence from the mark owner whose rights have been infringed.

These new rules are now applied by the IP courts. The decisions issued since the amendment of the Code of Industrial Property indicate that the damages granted by the courts are adequate and effective.

Discovery

The availability of proper tools for collecting evidence of the infringement and its scope are crucial to the recovery of damages.

The Code of Industrial Property provides that during proceeding on the merits, as a general rule, “if a party has provided effective evidence supporting the reasonableness of [its] motions and [it] has identified documents, elements or information available to the counterparty confirming such evidence, [it] may request that the judge order the counterparty to exhibit them or to request relevant information”.

Conclusion

The creation of specialized IP sections within some courts and the availability of new judicial tools mean that trademark owners can enforce their rights effectively in Italy. [WTR](#)