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Legal framework

Contrary to common belief, the legislative instruments available in Italy against IP infringement are quite efficient.

The 2005 Code of Industrial Property, which was extensively amended in 2010 by Legislative Decree 131/2010, brought together the principal laws relating to IP matters – expressly including unregistered trademarks, trade secrets and appellations of origin as IP rights, which were already protected under Italian law, but can now benefit from the special procedural rules provided for IP rights, with two exceptions:

- Copyright is covered by the separate Copyright Law; and
- The main criminal provisions are contained in the Criminal Code. However, they were largely amended and improved in 2009.

In 2006 the Code of Industrial Property and the Copyright Law were amended in order to implement the EU IP Rights Enforcement

Directive (2004/48/EC), with a view to strengthening procedural instruments for the protection of rights holders.

A draft bill aimed at strengthening the protection of IP rights against online infringement is still being examined by Parliament.

As an EU member state, Italy applies the relevant EU regulations (including those on border measures) and has implemented all EU directives on IP matters, as well as the Agreement on Trade-Related Aspects of IP Rights and the main international agreements in this field.

Border measures

Border measures are regulated by the relevant EU regulations. Implementation is entrusted to the Customs Agency, which has become a highly efficient body. The government has also reached agreements to coordinate operations with a number of countries from which counterfeit goods originate, in particular China.

The activities of the Customs Agency are supported by a multimedia database (the Fully Automated Logical System Against Forgery and

Fraud), which gathers together information on how to distinguish fake goods. The database is updated directly by rights holders that request protection for their goods.

In 2010 Law 55/2010 was passed, introducing new restrictive provisions on the labelling and Italian origin of products in the textile, shoe and leather classes, which were clearly inconsistent with the relevant EU rules. However, the entry into force of this law was postponed and, at present, Customs does not enforce it.

Criminal prosecution

Depending on various criteria, an infringement can be either a criminal or an administrative offence. Criminal offences are covered by Articles 473, 474 and 517*ter* of the Criminal Code, which were strengthened by Law 99/2009. These provide for:

- a prison term of between six months and three years, plus a fine of between €2,500 and €25,000, for the infringement of registered marks;
- a prison term of between one and four years, plus a fine of €3,500 to €35,000, for the infringement of patents, designs or models; and
- a prison term of up to two years, plus a fine of up to €20,000, for the import, possession for business purposes, sale or circulation of goods bearing counterfeit or altered marks or distinctive signs, or the violation of other IP rights.

Law 99/2009 also introduced a specific aggravating circumstance – infringement involving large quantities or committed in a continuous and organised fashion attracts a sentence of between two and six years (Article 474*ter*). A penalty of up to two years plus a fine of up to €20,000 was also introduced for the infringement of denominations of origin of agricultural foodstuffs (Article 517*quater*).

Article 517 of the Criminal Code applies to unregistered marks. It provides that a party that sells or otherwise puts into circulation products bearing marks which may mislead the buyer as to the origin, provenance or quality of those products will be subject to a prison term of up to two years or a fine of up to €20,000.

Under Decree-Law 135/2009, the penalties

laid down by Article 517, increased by one-third, apply to the use of “a sales indication which presents the product as entirely produced in Italy” in relation to goods which were not actually “completely produced in Italy” – such products being understood as those whose “design, planning, production and packaging were exclusively carried out in Italy”. Likewise, an administrative penalty of between €10,000 and €250,000 was introduced for the “use of the trademark by the holder or licensee in such a way as to lead the consumer to believe that the product or good is of Italian origin”, unless the foreign origin is indicated. These rules, however, seem to present problems of compatibility with EU law and Article 3 of the Constitution.

The Supreme Criminal Court has held that trademark infringement under Articles 473 and 474 of the Criminal Code also includes post-sale confusion (Case 12926, March 17 2004). The court further ruled that in the case of products bearing infringing marks, the more severe penalty provided under Article 648 of the Criminal Code must be applied – even if the defendant was only handling the goods (Supreme Criminal Court, Full Bench, Case 23427, June 7 2001).

The introduction of administrative measures has further strengthened trademark protection. In particular, Article 146 of the Code of Industrial Property, as amended in 2010, allows the administrative authorities to seize counterfeit goods and destroy them within three months of seizure in the case of “evident infringement of registered marks, designs and models or systematic and wilful counterfeiting of IP rights”.

In the case of infringement, police investigations, undercover operations and seizure measures are available. These must be confirmed by a court and may be subject to re-examination. If criminal organisations are running the counterfeiting operation, the more severe penalties under Articles 416 and following of the Criminal Code are also applicable.

Civil enforcement

The high level of efficiency of the civil courts is due in part to their keenness to:

- grant urgent measures (eg, injunctions,

seizures and orders for the withdrawal of goods from the market); and

- order the judicial investigation of evidence (eg, description orders, normally granted *ex parte*).

Decree-Law 131/2010 introduced new procedural rules aimed at enhancing and making more effective the protection of IP rights. Among other things, it:

- makes it easier to obtain injunctive relief against infringers;
- simplifies procedures; and
- improves the effectiveness and speed of protection in patent matters.

Under Article 131 of the Code of Industrial Property, urgent measures should be granted in case of an imminent IP rights violation or a risk of repeated violation, even if the violation has been going on for some time (see Court of Naples, September 19 2009).

In 2003 specialised IP divisions were set up in 12 existing courts; this has increased to 21 since September 2012. These divisions have exclusive competence to decide civil actions relating to trademarks, patents, copyright and unfair competition linked to these rights. Urgent measures are typically examined and granted quickly – normally in a few days where trademarks and designs are concerned (such measures are often granted *ex parte*), and within a few months for patents, where a court expert is usually appointed. An injunction is usually backed by a fine for each violation, which is paid to the rights holder. Violation of an injunction is also subject to criminal penalties (a prison term of up to three years or a fine) under Article 388 of the Criminal Code.

Urgent measures, including protective measures, are granted by an individual judge appointed by the president of the competent specialised division. They may be subject to appeal before a panel of three judges belonging to the same division. The panel, which does not include the first judge, normally issues a decision within one to two months.

A court recently held that an order for withdrawal from the market, even granted at a preliminary stage, may compel the infringer to buy back illicit products directly from the stores

where they were sold, at their market price (Court of Turin, June 27 2012).

Article 132 of the Code of Industrial Property, as amended in 2010, expressly states that injunctive relief (including a fine or an order for withdrawal from the market) granted in urgency proceedings may become final, unless any of the parties starts proceedings on the merits. Therefore, proceedings on the merits are necessary only in order to ask the court to order the infringer additionally to:

- pay compensation and surrender profits made from the infringement;
- pay the costs of publication of the ruling in newspapers or magazines; and
- hand over the infringing goods to the rights holder or arrange for the destruction of the goods at the expense of the infringer itself.

The accounts of the alleged infringer are often seized, which facilitates the calculation of any compensation to be paid. Following the implementation of the EU IP Rights Enforcement Directive, the rights holder may receive a sum which corresponds to either the infringer's profits or the rights holder's lost profits, whichever is the greater. Compensation for any further damage, such as expenses incurred for responding to the infringement or damage to image, may also be added to the amount. Compensation for damage caused to the rights holder's image is often calculated as a fraction of the advertising expenses incurred by the rights holder or the cost of an advertising campaign to mitigate the negative impact of the infringement on the public.

From a substantive perspective, IP protection is rigorous. In particular, well-known marks are normally protected against any use in trade of an identical or similar sign, even where there is no likelihood of confusion.

- Key decisions in this area have come from:
- the Court of Naples (August 11 2011), which protected the CHAMPION trademark against parasitical linkage, including the adoption of a similar trademark as a business name; and
 - the Court of Milan (October 20 2009), which protected the colour red as the non-registered trademark of Ferrari against its use for products connected to Formula 1, including clothing.

In all of the most recent cases, public perception was key to the ruling, in line with the decisions of the EU courts.

In patent matters, preventive measures can also be obtained on the basis of a national or European patent application. In the case of a European application, a translation of the claims must be filed with the Italian Patent and Trademark Office. The judge will always appoint an expert to ascertain validity and infringement – even in urgency proceedings (as expressly laid down by Article 132 of the Code of Industrial Property, as amended in 2010), and at the appeal stage. The expert's conclusions often form the basis of the ruling. However, it is not uncommon for judges to deviate from the expert's opinion (see Court of Rome, September 6 2010) or to appoint a new expert or panel of experts, especially at the appeal stage.

In regard to patent matters, Legislative Decree 131/2010 also clarified that:

- in case of patent invalidity actions, it is enough to summon the party indicated as the rights holder in the public register and not also the inventors who assigned the right (this rule also applies to the pending proceedings (Article 120 of the code); and
- the owner of a patent which is unsure about its infringement may ask the court to appoint an expert to obtain a quick technical assessment on validity and infringement, which can then be used in further legal action or to reach a settlement more quickly (Article 128 of the code)

In 2012 the ambiguous Article 68 of the Code of Industrial Property was amended in order to avoid an infraction procedure brought against Italy by the European Commission. Post-amendment, the article clearly states that the process of obtaining a marketing authorisation for a generic drug may legitimately start even earlier than one year before the expiration of the relevant patent or supplementary protection certificate. However, Decree-Law 158/2012 subsequently ruled out the reimbursement of generic drugs by the Italian National Health System until the relevant patent or supplementary protection certificate has expired, which seems contrary to EU Directive 83/2001/EC.

Design protection through copyright law has been available since the implementation of the EU Community Design Directive (98/71/EC). On January 27 2011 the European Court of Justice (C-168/09) stressed that this protection also applies to works created before the date of implementation of the EU Design Directive (71/98/EC). This is expressly stated in Article 239 of the Code of Industrial Property (as amended in 2010), which states that all copied products manufactured in Italy after April 19 2006 (and those imported after April 19 2001) are pursuable as counterfeit. In 2012 a deadline for selling off stocks of infringing products (April 19 2014) was granted, but this was annulled by the Court of Milan (April 28 2011), as it was contrary to the directive.

The Court of Milan recently ruled on this issue in two cases: one protecting Cassina's copyright on chairs designed by Le Corbusier (July 20 2012); the other protecting Flou's copyright on the 'Nathalie' bed designed by Magistretti (September 14 to 27 2011 and June 5 2012).

Anti-counterfeiting online

The strategies for enforcing IP rights online include searching and monitoring the Internet and adopting graduated responses according to how dangerous the potential violation is. Responses include:

- monitoring the content of the unlawful website and searching for information on its owner;
- making confidential contact with the infringer to resolve the conflict amicably or obtain evidence of bad faith;
- sending cease and desist letters; and
- initiating legal actions or bringing arbitration proceedings under the Uniform Domain Name Dispute Resolution Policy (which, however, does not apply to '.it' domain names).

The courts have held internet service providers liable if they were aware of the presence of suspicious material, but refrained from removing it or from taking any other action (Court of Rome, December 15 2009). In a case involving illegal downloads of copyrighted works through a peer-to-peer website, the Supreme Court (Criminal Division) held that the website's owner was liable because it had

supplied, through a search engine or through indexed lists, the information (provided by some users) that was essential for other users to download the works (Case 49437, December 23 2009). In addition, on July 1 2011 the Court of Bologna held that the use of another party's trademark advertising keyword amounts to trademark infringement and unfair competition.

Preventive measures/strategies

The relative ease with which description orders are obtained may be of great use in cross-border strategies for protecting IP rights, as they help to determine the international ramifications of the infringement. Specialised investigation agencies may also help to gather information undercover.

The courts consider that intentional cooperation between the licensee of a mark and a competitor of the mark owner in breach of the agreement between the mark owner and the licensee constitutes unfair competition. Breach of confidentiality is prohibited under the Code of Industrial Property and entitles the rights holder to avail of/request preventive and discovery measures, such as seizure and description orders. An appropriately drafted confidentiality agreement will thus be of great help in persuading a judge to grant preventive measures against the breaching party.

The use of authentication technology, in particular security labels, is becoming progressively more widespread, in part because it is encouraged by the public authorities (although no standard has yet been established in this regard).

The National Anti-infringement Council is ensuring the continuity of the measures undertaken by the former high commissioner in the fight against infringement by improving coordination between the various public authorities charged with fighting infringement. Private associations likewise play an important role, as they:

- bring key cases which promote the development of case law; and
- act as consultants to the legislature. [WTR](#)

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Head and founder of IP Law Galli and professor of IP law at the University of Parma, Cesare Galli handles litigation involving all branches of IP law. In 1999 he obtained the first Italian final ruling on biotech patents. In 2004 he secured the first Italian ruling on the validity of a computer-implemented invention patent; and between 2005 and 2011 he obtained key decisions on the protection of renowned trademarks and designs. Since 2005 he has been a member of the Governmental Boards of Counsel in the IP field, including the board which drafted the 2010 reform of the Code of Industrial Property. In 2009 he was also appointed as a member of the sub-group on the legal framework of the EU Counterfeiting and Piracy Observatory. He is the author of numerous publications.