

Bugnion SpA

Sustainable alternatives to civil protection

Italy has two legislative tools which can serve as a useful alternative to civil protection in certain cases: criminal prosecution and border measures

When it comes to combating counterfeiting, customs surveillance is a preventive anti-counterfeiting tool which has proved reasonably effective for rights holders. It is undertaken by the Customs Agency, is governed by EU Regulation 1383/2003 and can be used to detain consignments of counterfeit goods before they are introduced and marketed in an EU member state or exported to other markets, both within and outside the European Union. The Italian government has also signed agreements to coordinate its operations with those of various countries from which counterfeit goods originate, such as China.

Criminal offences are set out in Articles 473, 474 and 517ter of the Criminal Code. These establish:

- a prison term of between six months and three years, plus a fine of between €2,500 and €25,000, for the infringement of a registered trademark;
- a prison term of between one and four years, plus a fine of €3,000 to €35,000, for the infringement of patents, designs or utility 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 trademarks or distinctive signs, or that violate any other IP rights.

Recent case law

The first case concerns X, a US company founded in the early 1900s and operating worldwide in the field of women's cosmetics. X owns several trademarks around the world, which it uses to distinguish its products.

On April 25 2013 X received a report from a UK consumer – a loyal customer for over 30 years – that she had purchased a lotion bearing X's trademark. However, although the bottle was similar to X's original, there

were several significant differences:

- The liquid contained in the bottle had a strong and unpleasant odour, completely inconsistent with the lotion's usual scent;
- The list of ingredients on the back of the packaging differed from the usual list and was written in Italian rather than English; and
- An indication that was always found on the back of the bottle, stated "distributed by Z, Italy" and was followed by a related email address.

X proceeded to purchase the lotion from the website in order to ascertain the product's origin. On receiving the bottle, it ascertained that this product was identical to that received by the English customer and was indeed counterfeit.

Further investigations revealed that the products came from two companies run by people connected to each other. They also ran the website from which the purchases had been made, as well as a further website.

Given that the infringers were shadow entities, X was advised to report the matter to the competent public prosecutor's office and ask it to investigate any possible criminal offences before filing suit before the civil court.

At the same time, X requested customs supervision, noting that the fake products had originated from China.

The public prosecutor delegated investigations to the Financial Police of Ancona which, after discovering that the company stores were empty, intercepted a large quantity of counterfeit cosmetic products at the premises of the courier. The counterfeits included several bearing trademarks owned by other parties, some of which decided to intervene by filing their own complaints with the Ancona

public prosecutor.

The financial police seized more than 68,000 cosmetics and 46,200 packs of skin-bleaching creams originating from China and exported via the Netherlands. Some of those products were also destined for other European markets (France and the United Kingdom).

At this point the Italian Drug Agency stepped in. After analysing the contents of the bleaching creams, it ascertained that they included substances harmful to the skin and the entire body, as they contained a mixture of cortisone and mercury.

In this way the plaintiff achieved its aim: stopping the sale of the infringing products and their import into the European Union.

A second case began when a famous Italian jewellery manufacturer filed a complaint with the Bergamo public prosecutor. Surveys carried out by the financial police led to the seizure of 6,000 counterfeit products bearing the famous manufacturer's mark and complaints to the judicial authorities regarding six individuals.

During the operation – which was carried out with the support of a technical consultant at the premises of the trader in Bergamo – the financial police identified five Chinese nationals with business activities in Milan. Further counterfeit products – all imported from China – were seized at the shops of these five individuals and the managers were charged with violating Articles 473 and 474 of the Criminal Code.

Again, the complainant's aims were achieved rapidly and successfully.

The last case to mention here concerned an operation through which the Financial Police of Naples identified a factory and two stores near Naples, in which were warehoused approximately 1.2 million items bearing the counterfeit marks of famous

domestic and foreign brands.

Investigators focused their attention on a showroom located near Naples and managed by an Italian citizen, in which belts bearing counterfeit marks of various famous fashion houses were discovered.

Examining the administrative and accounting documents found inside these premises allowed investigators to locate the secret factory where the goods were manufactured. This was discovered inside a warehouse in the industrial area of Casoria. Inside, the financial police found industrial machinery, workbenches and tools (in particular, metal punches), all of which had been used to manufacture the counterfeit products.

The financial police also discovered, at various stages of manufacture, tens of metres of fabric, over 18,000 completed accessories (buckles and labels) and 1,500 belts, all bearing the counterfeit trademarks of the same brands.

On the basis of investigative evidence, the financial police also identified a further 700 square metre storage unit for counterfeit goods, not far from the factory, which was being run by a Chinese woman residing in Italy. Inside this shed investigators found over 1.2 million counterfeits – mainly covers for mobile phones and tablets, toys, scarves, watches, hair clips, stationery, playing cards and stickers – all bearing illegal copies of the trademarks of some of the most prestigious brands in the world.

The goods were destined for the black market in Naples. Their discovery and seizure dealt a significant blow to this market, since the action targeted the production and supply chain.

The buildings used as the factory and warehouse – as well as all of the discovered goods and materials – were seized, while the two individuals found to be engaged in illegal activities were charged before the relevant judicial authorities.

It has been estimated that if the seized products had reached the market, they would have resulted in sales of up to €10 million. This figure would have risen further if the counterfeits had been sold on by unwitting resellers, resulting in a significant injury to dealers that lawfully market the same products.

Conclusion

These cases show how useful criminal prosecution and border measures can be in combating counterfeiting, particularly when dealing with complex scenarios that require deep investigations or that involve issues relating to public health. [WTR](#)



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