

Italy

Contributing firm

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1. Legal framework

National

The Italian trademark legislation was codified in the new Code of Industrial Property Rights (Legislative Decree 30/2005), which entered into force on March 19 2005. The code creates a harmonized system under which all industrial property rights are treated consistently. The framework of the code basically follows the scheme adopted by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).

As regards trademarks, the main changes concern the filing and examination of applications. In particular, a new set of rules has been introduced to simplify the filing procedure in accordance with the standards set forth in the Trademark Law Treaty. The opposition procedure has also been amended and the system for appealing against decisions of the Italian Patent and Trademark Office (IPTO) brought further into line with proceedings before the administrative judicial authorities.

The new code also introduces a completely new system for civil IP litigation. In addition to providing clarification on the jurisdiction of the specialized court divisions established by Legislative Decree 168/2003, the new legislation introduces new procedural rules. The judicial authorities – formally referred to as Community trademark and design courts – have exclusive jurisdiction for cases involving trademarks and all other industrial property rights, as defined by the code.

Under Legislative Decree 140/2006, which implemented the EU IP Enforcement Directive (2004/48/EC), the code has been amended to provide a stronger system of protection against infringing behaviour. Among the various changes, the amended code:

- awards judges stronger powers to order the disclosure of information concerning the violation of IP rights;
- adds various criteria to the assessment of damages awards; and
- modifies the previous rules regarding the grant of temporary remedies.

International

The Italian legal system also recognizes the validity of the following trademark laws and treaties:

- the EU Misleading and Comparative Advertising Directive (84/450/EC);
- the EU First Trademark Directive (89/104/EC);
- the EU IP Enforcement Directive (2004/48/EC);
- Council Regulation 2081/92 on the protection of geographical indications and denominations of origin of agricultural goods and foodstuffs;
- the EU Community Trademark Regulation (40/94);
- Regulation 2868/95 on the enforcement of the Community Trademark Regulation;
- Regulation 2869/95 on the fees due to the Office of Harmonization for the Internal Market;
- Council Regulation 3295/94 providing for measures aimed at prohibiting the trade and export of infringing goods;
- the Paris Convention for the Protection of Industrial Property Rights;
- the Madrid Agreement on the International Registration of Marks;
- the Madrid Protocol;
- the Stockholm Agreement;
- the Nice Agreement on the International Classification of Goods and Services;
- the Lisbon Agreement on the Protection of Appellations of Origin and their International Registration;
- the TRIPs Agreement; and
- the Trademark Law Treaty.

2. Unregistered marks

Protection

In the former legislation, the rights granted to the exclusive users of unregistered trademarks were mentioned only implicitly in the provisions on trademark use (Article 9 of the former Trademark Law) and the novelty requirement (Article 17). The new code expressly lists unregistered trademarks among the available industrial property rights. Despite some debate among legal scholars, the trend in case law has been towards the adoption of the key principles governing registered trademarks for the assessment of cases involving unregistered marks. Registered and unregistered marks are thus protected in the same way as regards their use in connection with specified categories of goods or services, even though unregistered marks do not benefit from the protection provided by criminal law. Moreover, unregistered marks can be transferred under the same rules as registered trademarks.

The main distinction between registered and unregistered marks lies in the methods of enforcement. Although the courts adopt the same standards for both registered and unregistered marks in determining the existence of a likelihood of confusion, unregistered marks are enforced pursuant to unfair competition law, and in particular Article 2598(1) of the Civil Code, which prohibits the use of distinctive signs that are likely to be confused with another's unregistered, lawfully used mark.

Use requirements

Aside from the requirements of novelty, distinctiveness and lawfulness, effective use is the main factor required to establish unregistered rights. To enjoy protection against the subsequent registration of identical or similar marks, the unregistered mark must have acquired a level of renown that is not purely

local (ie, confined to a city or specific area).

Unregistered marks that have gained renown exclusively within a specified territory will enjoy protection only within that territory. A later registered mark may thus be used even for the same goods or services in other areas of the country.

In order to establish renown, the use of the unregistered mark must be effective and continuous. Use of the unregistered mark in advertising and promotional activities is usually considered sufficient, as long as it allows consumers to become familiar with the sign and to associate it with the goods it covers.

3. Registered marks

Ownership

Pursuant to Article 19 of the code, anyone who uses or intends to use a mark in the manufacture or trade of goods, or supply of services, of its own company, a company that it controls or other authorized companies can apply for and own a trademark, unless the application is filed in bad faith. Even the national, regional, provincial and municipal public administrations can apply for registration.

Citizens and commercial entities of states that are members of the Paris Convention or the World Trade Organization, and citizens of other states that have their place of business or a productive or commercial site in the territory of such a member state, enjoy the same rights as Italian citizens.

All other citizens enjoy the same rights as Italian citizens if their home state grants reciprocal treatment to Italian citizens. Where an industrial property right belongs to more than one subject, the Civil Code rules on joint ownership will apply.

Scope of protection

In general, any sign that is neither generic nor merely descriptive may be registered as a trademark, as long as it is capable of being represented graphically and of distinguishing the goods or services of one undertaking from those of others. Such signs may consist of words, including people's names, drawings, letters, numbers, sounds, the shape of goods or their packaging, combinations thereof and musical phrases.

Portraits cannot be registered as trademarks without the consent of the subject portrayed. A personal name that is not that of the trademark applicant may be registered as long as such use does not prejudice the reputation of the named individual. The following may be registered only by their owners or legitimate users:

- the names of renowned individuals;
- signs used in the artistic, literary, political or sporting fields; and
- logos, signs or denominations of groups or non-profit associations.

Third parties can apply for the registration of such signs only with the consent of the owner or legitimate user.

The new code explicitly prohibits the registration of signs consisting exclusively of a shape of the goods that:

- is due to the nature of the goods;
- is necessary to achieve a technical result; or
- gives substantial value to the goods.

In this respect, packaging and, more generally, shapes of products that can be considered different from the goods themselves can usually be registered as trademarks if they are capable of distinguishing the goods or services of one undertaking from those of others.

4. Procedures

Examination

All trademark applications, together with the relevant documentation, must be filed with the IPTO, the Chambers of Commerce or the offices of administrative bodies properly indicated by the Ministry of Productive Activities. Pursuant to Article 170 of the code, the examination procedure aims to verify that the application complies with the validity requirements set forth in the code – in particular:

- in the case of collective trademarks, whether the mark and the rules for its use comply with the code's provisions and, in the case of signs that may serve to designate the geographical origin of goods or services, whether these might give the applicant an unjustified advantage or prejudice the development of similar activities within the relevant geographical area; and
- in the case of graphically represented trademarks, whether the words, logos or drawings are new (ie, not generalized), distinguishable and lawful, and whether they comply with the requirements set forth for each form of graphical representation.

After examining the application, the IPTO is entitled to raise objections or require clarifications to the application, and will specify a period of at least two months within which the applicant must respond.

If the applicant fails to submit the required information, the IPTO will reject the application and notify the applicant accordingly. Before rejecting an application for other reasons, the IPTO will give the applicant a period of at least two months to submit observations. After evaluating these observations, the IPTO will decide whether to reject the application, either in whole or in part.

Opposition

Under the new code, trademark applications, registrations under the Madrid Agreement and international trademarks designating Italy are all subject to observations and opposition.

Any party with a legitimate interest may submit an observation to the IPTO, together with an indication of the grounds on which the application should be rejected. If the IPTO considers that the observation is well founded, it will notify the trademark applicant, which may file responses within 30 days of receiving notice.

Oppositions must be submitted in writing to the IPTO, together with the relevant documents. The following parties are entitled to file an opposition:

- owners of an earlier registered trademark or a previous mark in effective use in Italy;
- earlier trademark applicants or holders of priority rights;
- exclusive licensees of the trademark; and
- people or non-profit associations whose personal names or logos are used as trademarks.

Upon verifying that the opposition is admissible, the IPTO will notify the trademark applicant accordingly and inform the parties of the opportunity to attempt to reach a settlement within at least two months of the date of notification.

The IPTO will then evaluate the documents submitted and arguments raised by both parties – in accordance with procedural rules to be enacted through an additional legislative decree – and decide whether to uphold the opposition, rejecting the application in whole or in part, or to dismiss the opposition and accept the application. In case of international registration, the IPTO will inform the World Intellectual Property Organization of its decision. The IPTO's decision may be appealed within 30 days of notification.

Registration

If a trademark application is deemed to comply with the registration requirements and no oppositions are raised, the IPTO will grant registration and thus allow the trademark owner the exclusive use of the sign. The owner of a registered trademark may prohibit unauthorized third parties from using, in connection with their commercial activities:

- a sign identical to the registered trademark for identical goods or services;
- a sign identical or similar to the registered trademark for identical or similar goods or services, if this might create a likelihood of confusion or association regarding the two signs in the minds of consumers; or
- a sign identical or similar to the registered trademark for dissimilar goods or services, if the registered trademark is well known in Italy and if the unjustified use of the sign allows the user to take undue advantage of the distinctive character or reputation of the registered trademark, or is prejudicial to the trademark.

The rights granted through registration last for 10 years from the filing date of the trademark application and may be renewed for subsequent 10-year periods. The renewal of trademarks that have been transferred for some of the goods or services that they cover must be effected independently by the relevant right holders. All trademark applications and registrations are entered in special registers that may be freely consulted by the public with the IPTO's permission. In addition, industrial property rights and their main information are published on a monthly basis in the *Trademark Official Bulletin*.

Removal from register

Surrender: A trademark owner has the right to interrupt the effects of registration before the 10-year term of validity expires by renouncing the trademark. The surrender becomes effective from the date of publication in the register and must also be published in the *Trademark Official Bulletin*.

Revocation: Under Article 24 of the new code, a trademark owner must make effective use of the registered sign, either by itself or through authorized third parties, for the goods or services covered within five years of the date of registration. Such use must be uninterrupted, unless there are legitimate reasons for such interruption. Use of a trademark in a different manner that does not jeopardize its distinctive character and use of the trademark solely for export purposes are considered sufficient to prevent revocation.

Invalidation: Once registration has been granted, claims seeking the nullification or invalidation of a trademark must be filed before the specialized court divisions. Registration does not preclude the possibility of taking judicial action over the validity or ownership of the trademark. Nonetheless, in light of the examination procedure, and the applicant's faculty to amend, change or withdraw its application before registration is granted, situations in which a trademark is incorrectly registered are unlikely.

However, since the IPTO does not conduct a specific examination of the correctness of the information about the trademark applicant and its legitimacy, it is possible that trademarks may be incorrectly registered in this regard. Under the new code, a registration that is incomplete or erroneous in this respect may be amended only on the basis of a written request, together with a statement showing the consent of the subject previously indicated as trademark owner.

Where registration is granted to someone other than the party that is lawfully entitled to the registration, that party can either:

- obtain a transfer of the registration in its favour by way of judicial decision; or
- seek invalidation of the trademark registration.

Timeframe

It usually takes three years from the filing date to obtain a trademark registration. During this period the trademark application can be protected from infringing conduct. Three years is also the average time for the grant of a certificate of renewal of a former registration; the effects of the renewal start from the filing date of the relevant application.

No clear estimate of timeframe can be provided for opposition procedures since such procedures have not yet been implemented, despite the adoption of the trademark law reform in 1999 (by means of Legislative Decree 447/1999) and of the new IP code.

The recordal of a change of name, merger, assignment or transfer of a mark takes up to four years, with the underlying effects running from the date of filing of the relevant application.

Searches

The IPTO offers a limited number of searches (anteriority, identical mark, per class and for all classes) that are of use for the purpose of applying for a trademark registration. All searches are free but must be carried out by the applicants themselves on the IPTO's database.

The database does not contain information on graphical elements. Therefore, applicants have to carry out any search other than a word search on private databases.

Applicants can search trade names and slogans on the Italian Company Register.

5. Enforcement

Complexity

Thanks to the creation of the specialized court divisions appointed to deal with IP matters, the

enforcement of registered and unregistered marks under the new code is likely to be simpler than in the past. Judicial proceedings regarding both registered and unregistered marks fall within the ambit of the specialized courts' jurisdiction, as a result of the inclusion of unregistered signs in the list of industrial property rights under the new code. However, the enforcement of the two types of mark may have different outcomes, in particular because unregistered marks are protected exclusively under the provisions of unfair competition law, and, specifically, against the use of distinctive signs that are likely to be confused with them. In addition, in the absence of trademark registration, which gives rise to a presumption of validity, it may be difficult to prove the effective use requirement to establish rights in an unregistered sign.

Remedies in administrative proceedings: The new code recognizes and strengthens the effective role of the IPTO, revising both trademark application procedures and the system for challenging IPTO decisions on registration. Where an opposition is raised against the validity of an application, the IPTO is entitled to evaluate the case and to decide whether to uphold the opposition, and thus reject the trademark application, or declare the opposition inadmissible. The opposition procedure must be carried out under specific procedural rules to be enacted through a further legislative decree. All IPTO decisions on the validity of oppositions may be appealed.

Remedies in civil proceedings: Under the Italian legal system, trademark registration does not preclude judicial actions regarding the validity or ownership of the relevant trademark. In cases of civil proceedings brought against the validity of a trademark or for trademark infringement, the specialized court divisions may grant the following remedies:

- a declaration of nullification or invalidation of the mark;

- an injunction against the manufacture, trade or use of the infringing goods;
- destruction of all infringing marks, packaging and materials (where deemed appropriate by the judicial authority);
- seizure and destruction of the infringing goods and equipment used in their manufacture;
- publication of the court's decision; and
- damages.

The courts follow Article 125 of the code and some general principles of Italian civil law in the award of damages. Damages are thus calculated on the basis of the infringer's unlawful profits and a hypothetical trademark licence fee. The court may use equitable criteria and must take into account any contributory liability of the damaged person, if available.

Following the recent implementation of the IP Enforcement Directive, some key amendments to the rules governing remedies in civil proceedings have been made. In particular, through the provisions of Legislative Decree 140/2006, the code has been amended with respect to the grant of temporary remedies in IP matters. The amended rules provide that when a temporary order is issued, the judge can fix a term for the beginning of the relevant ordinary proceeding. In the absence of such a term, the deadline for starting the ordinary action is 20 working days or 31 calendar days (whichever is longer) from the issuance date of the order, if it is issued during the hearing, or from its disclosure to the parties.

In the case of temporary remedies to anticipate the effects of the first-instance decision (eg, certain types of injunction), each party is free to decide whether to start ordinary proceedings. Alternatively, the parties can agree to waive the ordinary action.

In addition, Legislative Decree 140/2006 amended the provisions of Article 125 by adding

the following to the various aspects to be evaluated by the authorities in setting damages:

- lost profits;
- any unfair profits made by the infringer; and
- where appropriate, other elements such as the moral prejudice caused to the right holder by the infringement.

If the damages are set as a lump sum, the value of that sum should be assessed according to various factors, such as the amount of royalties or fees that the infringer would have been required to pay if it had sought the trademark holder's authorization.

In any case, the right holder can ask for the restitution of the profits realized by the infringer as an alternative to the recovery of lost profits, or to the extent of the difference between these two values.

Further, Article 144*bis* of the code, which was added by Legislative Decree 140/2006, allows the right holder to obtain the seizure of the infringer's goods, bank accounts or other financial assets if there are grounds to suspect that the infringer may transfer those assets.

The amended regulation also strengthens the parties' rights in the discovery phase by amending Articles 121 and 121*bis* of the code to allow them to obtain an order for the disclosure of documents and information in connection with the infringement of IP rights.

The Italian legal system does not recognize any kind of punitive damages.

Remedies in criminal proceedings: The criminal penalties available for the enforcement of trademarks are set out in the Criminal Code under:

- Article 473 (infringement and unauthorized use of trademarks);

- Article 474 (import of infringing products and goods); and
- Article 517 (sale of industrial products bearing misleading signs. This provision applies to unregistered marks since it concerns the sale of goods bearing distinctive signs that are likely to cause mistake or to deceive as to the origin or quality of the goods themselves).

The penalties for such criminal conduct include fines and imprisonment of up to three years, as well as publication of the court's decision. In addition, the new code provides for the imposition of a fine of up to €1,032.91 on anyone who manufactures, trades, exhibits or imports goods that infringe industrial property rights. Moreover, anyone who adopts a sign that is misleading as to the registration of a trademark, or who uses an invalid or unlawful trademark, will be liable to administrative fines of up to €516.46 and €2,065.83 respectively.

Border measures: In addition to the national and Community legislation on the import of infringing and unlawful goods, and the rules on the activities of Italian Customs, the new code has introduced anti-piracy provisions that apply where there is evidence of intent and of systematic infringement. The new code provides that the Ministry of Productive Activities, or mayors at a local level, will act against acts of piracy to seize counterfeit goods, which may be destroyed with the court's authorization.

Timeframe

The owners of registered and unregistered trademarks will usually apply for a preliminary injunction in order to protect their interests against infringement. Where granted, these allow the rights holder to respond promptly to unlawful conduct by obtaining remedies more swiftly than under ordinary litigation. A pre-trial injunction is obtained by submitting a written petition that demonstrates the likelihood of

irreparable harm in the interim, as well as of eventual success on the merits; the matter is usually heard within 10 or 15 days of filing. In most cases a decision is issued within two or three weeks of the hearing. The decision may be revoked or confirmed at the written request of the parties within 10 days of notification. In any event, an ordinary action on the merits must be commenced within one month of the decision on the preliminary injunction.

As of September 19 2005, the procedural rules relating to company and financial law apply to judicial proceedings involving industrial property rights. These rules establish a two-part procedure, which begins with the parties exchanging statements to very tight deadlines; the court then intervenes to attempt a settlement, decide on the evidence to be produced by the parties or seek technical expertise, as the case may be. The new rules are likely to reduce significantly the timeframe for the enforcement of industrial property rights.

6. Ownership changes – legalization requirements

All documents regarding a change in ownership of a registered trademark must be legalized and registered with the IPTO. For such purposes, it is necessary to provide patent and trademark agents with a specific power of attorney allowing them to file with the IPTO a certified copy of the original document of assignment once it has been registered by a notary public in the national register.

7. Areas of overlap with related rights

Even under the new code, it is not possible to register or adopt as a trademark the shape of goods that gives substantial value to the goods

themselves. Various legal commentators have equated ‘substantial value’ with the capacity of a shape to encourage consumers to purchase goods characterized by that shape. According to this interpretation, supported by the text of the EU provisions, it may be argued that shapes protected under design rights cannot be registered or adopted as trademarks, since in such cases the shape usually influences the consumer’s behaviour. Similar observations apply to device marks with artistic merit and to the possibility of claiming joint protection under copyright and trademark law, provided the mark has a distinctive capacity. Even in such cases it may be difficult to prove that the artistic merit that is necessary in order to obtain copyright protection is not sufficient to provide the goods with ‘substantial value’.

8. Online issues

The new code expressly prohibits the adoption of a company domain name that conflicts with a third party’s registered trademark or distinctive mark, where this may:

- give rise to a likelihood of confusion or association in the minds of consumers;
- allow the domain name user to take undue advantage of the distinctive character or reputation of the registered trademark; or
- be prejudicial to the registered trademark.

The judicial authority is therefore entitled to issue, in addition to a pre-trial injunction against the use of an unlawfully registered domain name, an order for the temporary assignment of the domain name itself.

In addition to the use of infringing or unlawful domain names, various Italian courts have also considered the validity of metatags consisting of the trademarks of third parties. Due to the specific nature of these features, and in the continued absence of clear legal provisions on

the problem, Italian case law has stated that the use of a metatag that reproduces a competitor's trademark will fall under the rules against unfair competition rather than trademark law, since such use cannot be considered trademark infringement because of the lack of any distinctive capacity in respect of goods or services. Some authors disagree with this interpretation, claiming that metatags serve an advertising purpose. Neither are the problems created by the use of potentially infringing signs on the Internet satisfactorily resolved in the domain name registration rules set forth by the Italian Naming Authority and adopted by the Italian Registration Authority, which are based on the first come, first served principle.

As the rules of these private bodies are binding for domain name registrants only, third parties allegedly damaged by the use of a domain name are free to choose whether to participate in the dispute resolution procedure or bring a legal action before a judicial authority. Thus, it is still unclear to what extent the Naming Authority rules will be used as interpretative guidelines by the appointed courts, and whether the Registration Authority or Naming Authority will be held liable for the assignment of unlawful domain names to third parties.