

Italy

Enforcing IP rights: an ongoing challenge

This chapter considers the various ways in which IP rights may be enforced in Italy by using the new IP Code and the recently established specialist IP courts.

IP courts

The procedure governing IP proceedings has some peculiarities in comparison to the ordinary procedure. As a result, the procedural rules applicable to IP disputes are usually known as the industrial procedure.

By means of Decree 168 of June 27 2003, specialist IP courts finally became effective in Italy. According to the decree, all actions commencing on or after July 1 2003 concerning IP-related matters (ie, patent, design and trademark infringement or nullification, as well as unfair competition) are heard by the specialist courts that have been created in the following court of appeal districts: Bari, Bologna, Catania, Florence, Genoa, Milan, Naples, Palermo, Rome, Turin, Trieste and Venice.

The new IP Code outlines the competence of the specialist courts more precisely. This competence has been expanded to cover geographical indications, denominations of origin, semi-conductor topographies, reserved company information, distinctive signs other than trademarks (eg, as business and company names, domain names and signs used in trade) and unfair competition cases connected with these rights.

In regard to unfair competition cases, the IP Code specifies that the IP courts shall even deal with cases which are merely indirectly connected to the enforcement of IP rights. Therefore, most unfair competition cases are included within the remit of the IP courts.

Such matters will be heard by a board of three judges, although none of them will have a technical background. Therefore, actions involving patents continue to require the appointment of an expert by the court (ie, a patent attorney).

Assessment of validity of the enforced patent or trademark

Some distinctions must be made between the infringement

of patents and trademarks. At the time of writing, patents and trademarks are still granted without the substantive examination of new applications. However, a system of administrative publication, exam and opposition for trademarks is due to be introduced shortly.

The Patent Law does not provide for any kind of substantive examination of patent applications concerning novelty or inventive step. Therefore, in a patent infringement case there is not only a technical assessment to determine whether the patent has been infringed, but also an assessment of whether the patent is actually valid. Thus, in practice, when enforcing a patent against an alleged infringer in Italy the owner must be ready to have its patent re-examined. The reason for examining the validity of a patent in the course of an infringement action stems from the right of an owner to sue an infringer based on a patent that has not yet been granted. This differs from the situation in other major European jurisdictions such as the United Kingdom and Germany.

Trademark registrations are also granted without examination. Therefore, if an infringement or cancellation claim is based on an Italian trademark registration, such registration is not given a strong presumption of validity. In trademark cases the assessment of infringement is consumer driven, with the aim being to protect prospective purchasers from possible confusion or a likelihood of association between the genuine trademark and any counterfeit products.

Remedies

The remedies available in cases of infringement include:

- an injunction prohibiting the manufacture, marketing and use of anything constituting an infringement of the IP right;
- publication of the court's decision;
- seizure or destruction of goods bearing the infringing mark or manufactured in violation of a patent; and
- withdrawal of such goods from the market.

However, no order for the removal or destruction of infringing articles may be issued if the articles belong to persons who use them in good faith for personal or domestic purposes.

Infringement is also considered a criminal offence punishable by a fine and/or imprisonment. Sometimes a combined action in the criminal and civil courts may be worthwhile, but in comparison to criminal actions civil proceedings afford IP rights owners a more flexible approach to protecting their interests.

The winning party in an IP-related dispute can be awarded financial compensation for damages. This amount is added to the reimbursement of attorneys' fees. However, monetary compensation must never lead to an enrichment of the winning party. This implies that the compensation should never exceed the damages which have been suffered. The law does not provide for punitive damages.

The new IP Code dispelled the doubts which had arisen from the vast array of case law in the area by laying down the exact criteria to be used in assessing damages. Thus, damages can be based not only on lost profits, but also on the profit gained from the infringement and the royalties that would have been due if, under normal circumstances, a licence of the right had been granted. Damages may also include moral prejudice caused to the rights holder by the infringer.

Collection of evidence

The issue of how to collect evidence of infringement is one of the most important in IP-related disputes. In civil proceedings private parties can carry out investigations in order to provide information that can be useful or even necessary for the prosecution of the court case.

Furthermore, if in proceedings a party has provided serious evidence of the basis for its own claims and has identified documents, data or information in the possession of the other party in support of this evidence, it may request the court to order that such evidence be produced or that such information be obtained by questioning the other party. The first party may also request the court to order that such data be provided if it is necessary for the identification of the persons involved in the manufacture and/or distribution of the infringing products or services. The court shall take the appropriate steps to ensure the protection of confidential information.

In the case of systematic and widespread counterfeiting activities (ie, in cases which are also criminal violations), the court may order the following parties to provide information regarding the origin and

distribution network of the infringing goods and services:

- the infringer;
- anyone found to be in possession of counterfeit goods or to be using or providing services infringing an IP right; and
- anyone indicated by the above individuals as being involved in the production or distribution of counterfeit goods or services.

Anyone that refuses to provide the requested information will be liable to criminal penalties.

The court may access the infringer's banking, commercial and financial documents in order to understand the scope of the infringement.

Finally, if the recovery of damages is likely to be difficult due to the infringer's circumstances, the IP Code allows the injured party to ask the court for a precautionary seizure of the infringer's movable and immovable property, including blocking its account, up to the value of the damage suffered.

Provisional measures

The following provisional measures may be obtained before filing an ordinary court proceeding in cases of patent or trademark infringement.

Inspection and seizure

The owner of the rights in a registered mark or a granted patent (or a mark or patent for which protection has been sought) may request that the court order the description or seizure of:

- some or all of the infringing goods;
- any means used in their manufacture; and
- evidence concerning the alleged infringement (eg, copies of invoices).

In the latter case, appropriate steps shall be taken to guarantee the protection of confidential information.

Inspection and seizure may also relate to goods belonging to parties other than the alleged infringer, where such goods are not for personal use and were manufactured, imported or put on the market by the party against which the order was issued.

Inspection, but not seizure, is possible in respect of goods exhibited at an official or officially recognised exhibition in Italy (or which are in transit to or from such an exhibition). Inspection and seizure are carried out by a court official who may, if necessary, be assisted by one or more experts. This official may make use of any

technical means of verification, including photographic means.

Injunctions

The owner of an IP right may seek an injunction forbidding the manufacture, marketing and use of any article constituting an infringement of that IP right. When issuing an injunction, the court may set a sum payable for any violation of, or non-compliance or late compliance with, the injunction order.

Actions for injunctions and seizure can be brought as soon as the rights owner discovers that infringement has occurred. However, owners are barred from bringing such actions if they were aware of the infringement but failed to contest it. In such cases, owners are compelled to bring full and lengthy infringement proceedings. Therefore, to ensure the quick and cost-effective protection of IP assets in Italy, it is advisable to monitor the market constantly and to notify infringers of any infringement immediately.

A petition for provisional measures must be lodged with the court that has territorial jurisdiction. In most cases the ruling is delivered within a couple of months. Patent proceedings may take longer to complete, due to the technical expertise which is usually required in such cases.

Developments in provisional proceedings

In 2007 a decision of the Constitutional Court (Decision 170 of March 17 2007) declared Article 134(1) of the IP Code, which extended corporate procedures to IP disputes, to be unconstitutional. In light of that decision, the ordinary procedural rules now apply to such disputes (ie, those set out in the Code of Civil Procedure).

According to the former procedural rules, when ruling on a petition for provisional measures the IP courts had to order the losing party to bear the costs of the provisional proceedings. Therefore, in addition to the requested provisional measures, the complainant could also obtain reimbursement of its legal costs.

However, according to the new procedural rules the IP courts need not issue a costs order in provisional proceedings. This decision is left to the court's discretion in consideration of the circumstances of the case at hand (eg, the entity involved or the gravity of the infringement). Therefore, the IP courts often postpone the costs decision until the end of the ordinary proceedings. As a consequence, the IP rights holder may not recover its legal costs at the end of the provisional proceedings.

Some recent decisions have prompted a debate as to whether a court-appointed expert can participate in provisional proceedings relating to patent infringement. The Bologna IP Court has held that provisional proceedings are characterised by a summary assessment of the complainant's claims, and that complex cases which require the participation of a technical expert should thus be fully examined in ordinary court proceedings. If other courts choose to follow this opinion, it could become difficult to obtain provisional measures in the event of patent infringement. In fact, the panel of judges, which is not composed of technical experts, would be able to make a summary assessment of the matter only in straightforward cases.

That said, at the time of writing the IP divisions of other courts still allow experts to participate in provisional proceedings.

Alternatives to litigation and their effectiveness

Most agreements for the exploitation of IP assets (eg, licences or technology transfer agreements) include arbitration clauses in case of disputes over interpretation or a breach of the agreement. The most common clause in multi-jurisdictional contracts is an international arbitration clause. Domestic contracts may provide for domestic arbitration either according to the rules set out by the Code of Civil Procedure or under equity arbitration. Infringement cases still fall under the sole jurisdiction of the ordinary courts.

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