



# PRACTICAL LAW

MULTI-JURISDICTIONAL GUIDE 2012/13

## IP IN BUSINESS TRANSACTIONS

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# Italy

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## OVERVIEW OF MAIN IPRs

### 1. What are the main IPRs in your jurisdiction? How are they protected?

#### Patents

The requirements for patentability of an invention are the following ones:

- Novelty.
- An inventive step.
- Industrial character.
- Lawfulness.
- A sufficient description.

Patents for inventions last for 20 years, starting from the date of filing of the application. Their duration cannot be extended.

New models capable of conferring a particular effectiveness or ease of application or use, to machines (or part of them), instruments, tools or objects of general use, such as new models, particular conformations, dispositions, configurations or combinations of parts, can be the object of utility model patents.

The duration of a utility model patent is ten years from the filing of the application.

Patents for inventions are protected in Italy by:

- Italian registration with the Italian Patents and Trade Marks Office (*Ufficio Italiano Brevetti e Marchi*) (UIBM) ([www.uibm.gov.it](http://www.uibm.gov.it)).
- European patent registration filed with the UIBM or the European Patent Office (EPO) ([www.epo.org](http://www.epo.org)).
- Patent Co-operation Treaty (PCT) patent registration filed with the UIBM, the EPO or the World Intellectual Property Organization (WIPO).

#### Trade marks

Any sign capable of being represented graphically (in particular words) including personal names, designs, letters, figures, sounds, the shape of goods or their packaging, their combinations or chromatic shades, can be registered as a trade mark, provided these marks are capable of distinguishing goods or services of one enterprise from those of other enterprises.

The requirements for the registration of a trade mark are the following:

- Novelty.
- Distinctive character.
- Lawfulness.

Trade marks are protected in Italy by:

- Italian registration with the UIBM.
- Community trade mark registration with the Office of Harmonization for the Internal Market (OHIM).
- International trade mark registration with the WIPO.

Trade marks are indefinitely protected for renewable periods of ten years, starting from the filing date.

Italian law protects and recognises trade marks that are well known. The prior use of a mark, when it does not imply a reputation for that mark, grants to the pre-users a right to continue use of the trade mark within the limits of its pre-use.

#### Copyright

Creations of the mind with creative character and reflecting the personality of the author are protected by copyright. Copyright-protected works include music, literature, any artistic works, databases, software, sound records, films and broadcasting.

Protection is automatic and comes into effect by the mere creation of the work. Registration is not required, but it is advisable to register the copyright work in specific registries to prove:

- The date of creation of the work.
- Its publication.
- The name of the author.
- The name of the right holder.

Published works can be registered at the Ministry for Cultural Heritage, and unpublished works at the Italian Society for Authors and Publishers ([www.siae.it](http://www.siae.it)).

The author is entitled to:

- Moral rights, which are perpetual and non-assignable.
- Economic rights, which last for a period of 70 years after the death of the author and are assignable.

Copyright protection may also apply to software and data.

### Design rights

Registration as designs and models can be granted to the appearance of the whole or a part of a product resulting, in particular, from the features of the lines, contours shape, texture, or materials of the product itself, or its ornamentation.

To be protected, the design must:

- Be novel.
- Have an individual character.

Designs are protected in Italy through:

- Italian registration with the UIBM.
- Community design registration with the OHIM.
- International design registration with WIPO.

Registered designs are protected for an initial period of five years, which can be renewed four times, up to a maximum of 25 years.

### Confidential information

Business information and technical-industrial expertise, including commercial expertise, subject to the owner's legitimate control, are protected by Legislative decree No. 131/2010 (which entered into force on 2 September 2010), amended the Italian IP Code (Legislative decree No. 30/2005 (IPC)) (IP Code). Disclosing to third parties is prohibited, as well as buying or using confidential information in an unlawful way without the consent of the parties who have the right to control the information.

Confidential information is protected provided it:

- Is secret.
- Has an economic value due to it being secret.
- Is subjected to measures to keep it secret.

Confidential information is also protected under contract law and criminal law.

### Other

Domain names are protected under the IP Code. It is prohibited to make use of a domain name of signs that are identical or similar to a third party's trade mark.

For further information about the main IPRs, see *Main IPRs: Italy*.

## MAINTAINING IPRs

### 2. What facilities are available to conduct IP searches and obtain IP information on registered IP rights?

Before an application to register an IPR, searches can be conducted online at the websites of the UIBM, OHIM or EPO. In any event, the consultation of a professional service provider, such as a trade mark or patent agent, or specialised IP attorney is recommended. They generally offer watch services, which alert the IP owner of potential conflict with another application or registration.

### 3. What steps must a business take to maintain the registration and status of its main IPRs?

#### Patents

To maintain the registration and status, the patent owner must:

- Pay the annual fees due, otherwise the patent is revoked.
- Implement the invention within three years from the grant of the patent, otherwise any interested third party can obtain a compulsory licence.

#### Trade marks

To maintain the registration and status the trade mark owner must:

- Renew its trade mark every ten years.
- Use the trade mark (a trade mark can be revoked in the case of continuous non-use for a five-year period).

#### Design rights

To maintain the registration and status, the design right owner must renew its design every five years (up to a maximum of 25 years).

Details of maintenance fees can be found on the UIBM website ([www.uibm.gov.it](http://www.uibm.gov.it)).

### 4. What steps can a business take to avoid committing an infringement of another party's IPRs and to monitor whether a competitor is infringing its IPRs?

A business should monitor the market and IP databases, carry out internal searches and subscribe to a watch service on IPRs. It is also recommended to train staff on IPRs and related issues.

## EXPLOITING IPRs

### 5. What are the main steps in an IP audit in your jurisdiction to determine the content of an IP portfolio?

The main steps in an IP audit to determine the content of an IP portfolio are:

- Checking the registration status of all existing IPRs.
- Verifying lists of all domain names registered by the company.
- Identifying copyright, know-how and business secrets.
- Listing the agreements relating to IPRs (purchase, sale and licence agreements).
- Listing the litigation/potential litigation relating to the IP portfolio.

## ASSIGNMENT

### 6. How can main IPRs be assigned?

IPRs, including applications, except for copyright, can be assigned by agreement between the parties, referring to the whole of Italy. Trade marks can be assigned with reference to all or some of the claimed products/services. For copyright, only the economic rights can be assigned.

### 7. What formalities are required to assign each of the main IPRs?

In principle no formalities are required for assigning an IPR. It is advisable to have a written contract, in particular for registered IPRs. It is not compulsory to register the assignment agreement in the UIBM registry. However, if it is not registered, the assignment will have no effect if a third party purchases the IPRs and registers its title.

### 8. What main terms should be included in an assignment of IPRs?

The main terms that should be included in an IPR assignment are:

- Identification of IPRs.
- Assistance in recording the assignment.
- Scope of the assignment (such as territory and duration).
- Confidentiality.
- Payment details.
- Date of effect of assignment.
- Liability and indemnification.
- Remedy in case of breach of contract.
- Regulation of technical assistance and training.
- Governing law and jurisdiction.

## LICENSING

### 9. How can each of the main IPRs be licensed?

#### Patents

A patent can be licensed, including on a non-exclusive basis, for the whole or part of Italy. After three years from the date of issuance of a patent (or four years from the date of filing of the application, whichever is the later), if the patent holder or his successor-in-title, either directly or through a licensee, has not implemented the patented invention, by producing in Italy or importing manufactured products into a member state of the EU, the European Economic Area (EEA) or in one of the member countries of the World Trade Organization (WTO), a compulsory

licence can be granted for the non-exclusive use of the invention, to any interested third party requesting the licence.

#### Trade marks

A trade mark can be licensed, including on a non-exclusive basis, for all or part of the products or services for which it is registered, and for the whole or part of Italy. For a non-exclusive licence, the licensee must expressly undertake to use the trade mark to distinguish the products or services traded or rendered in Italy, with the same trade mark as the holder or any other licensees.

#### Copyright

Copyright can be licensed, including on a non-exclusive basis, for the whole or part of Italy. According to the type of work protected by copyright, there are typical ways to authorise its use by third parties, such as edition and distribution contracts.

A licence can also be granted for a future work.

#### Design rights

There is no particular rule under the IP Code relating to the license of designs. The same rules as for trade marks and patents apply (*see above, Trade marks and Patents*).

#### Confidential information

There is no particular rule under the IP Code relating to the license of confidential information. The same rules as for trade marks and patents apply (*see above*).

#### Other

Licensees of any IPR can sublicense the rights granted to them under licence, provided they are authorised to do so in the licence agreement. The right to sublicense must therefore be specifically addressed in any IPR licence agreement.

### 10. What are the formalities to license each of the main IPRs?

There are no specific formalities to grant a valid licence. In default of registration in the UIBM registry, the licence has no effect in relation to third parties who have purchased and lawfully maintained rights to title to the IPR.

### 11. What main terms should be included in an IP licence?

The following terms should be included in an IP licence:

- Identification of the parties.
- Identification of the licensed IPR.
- Scope (exclusive and non-exclusive).
- Duration/termination provisions.
- Territory.
- Confidentiality.
- Remedy in case of breach of contract.
- Obligations after termination.



- Provisions concerning liability.
- Provisions concerning quality control.
- Provisions concerning sublicensing.
- Provisions concerning improvements.
- Governing law and jurisdiction.
- Regulation of technical assistance and training.
- Terms relating to third parties' infringement of IPRs.

## TAKING SECURITY

### 12. Is security commonly taken over IPRs?

It is possible to take security over IPRs, mainly trade marks. The security must be based on monetary receivables. Difficulties may arise when assessing the value of the IPRs.

### 13. What are the main security interests taken over IPRs?

A pledge over IPRs must be recorded in the UIBM registry to be created (*Article 140, IP Code*). If several security interests are recorded, their priority is determined by the chronological order of recordings.

IPR applications can also be pledged. In this case, the establishment of the pledge must be notified to the UIBM.

## M&A

### 14. What IP-related due diligence is commonly carried out in both a share sale and an asset sale?

The following IP-related due diligence is usually carried out in a share and an asset sale:

- Identification of the IPRs.
- Checking the ownership and validity of the IPRs.
- Checking IP licences (in and out), in particular assessing their relevant terms, such as exclusive or non-exclusive character, duration, territory, warranties, indemnities, and so on.
- Checking the existence of disputes in relation to the validity of the IPRs.

### 15. What IP-related warranties and/or indemnities are commonly given by the seller to the buyer in both a share sale and an asset sale?

The main IP-related representations commonly given by the seller are:

- That disclosure of the IPRs owned by the seller is complete.
- Full and valid ownership of the IPRs.

- That a complete history of the maintenance of all registrations is provided.
- That disclosure about any pending disputes related to IPRs is complete.

### 16. How are the main IPRs transferred in both a share sale and an asset sale?

#### Share sale

In a share sale, the IPRs are not transferred and the ownership remains unchanged.

#### Asset sale

In an asset sale, the IPRs are automatically transferred with the business, unless agreed otherwise. Before being recorded with the UIBM, the assignment has no effect in relation to third parties who have purchased and lawfully maintained rights on the industrial property title for any reason whatsoever. In the case of conflict among several buyers of the same IPRs from the same holder, the buyer who first recorded his title to the IPR has priority.

## JOINT VENTURES

### 17. Is it common for companies to set up joint ventures in your jurisdiction to develop projects that heavily involve IPRs?

Joint ventures are quite common for projects involving IPRs, particularly patent and know-how rights.

The most relevant terms that should be included in a joint venture agreement involving IPRs are:

- Maintenance and enforcement of IPRs.
- Provision regarding confidentiality.
- Provision about the exploitation of previous and new IPRs and coverage of costs.
- The scope/aim of the joint venture.
- Term and termination of the joint venture.

## COMPETITION LAW

### 18. What are the main provisions of your national competition law that can affect the exploitation of the main IPRs?

Italian anti-trust law (*Law No. 287/90*) is based on EU law.

Agreements that have as their object the restriction of competition are prohibited (*Article 2, Law 287/90*) in particular those which:

- Fix prices.
- Limit or prevent production, market outlets or access, investments, technical development and technological advancement.
- Share markets or sources of supply.

- Imply boycott pacts.
- Make the conclusion of tying contracts subject to acceptance by the other parties of supplementary obligations which have no connection with the subject of the contracts.

Any abuse of a dominant position is prohibited (*Article 3, Law 287/90*). Any company in a dominant position cannot:

- Impose unfair prices or conditions.
- Hinder possible competitors by limiting production, market outlets or access, investments, technical development and technological advancement.
- Commit discriminating behaviour.
- Make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations or tying contracts.

All concentration operations are controlled. Concentration operations that have as their object the restriction of competition are prohibited (*Articles 5 and 6, Law 287/90*).

Arrangements involving parties that do not meet certain thresholds and that cannot influence market trends are not regulated.

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### 19. What are the most common national competition law issues that arise in the exploitation of the main IPRs?

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IP law creates property rights for inventions, trade marks and original works, while anti-trust law regulates the commercial circulation of these rights.

The influence of IP law on anti-trust law and the prevalence of one right is examined on a case-by-case basis, in the light of national and European principles.

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### 20. What exclusions or exemptions are available for national competition law issues involving the exploitation of the main IPRs?

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Italian law follows EU law in relation to exemptions for agreements that restrict competition. However, national law differs from Regulation (EC) No. 1/2003, on the implementation of the rules on competition (Modernisation Regulation) (under which decisions and practices complying with EU law are in themselves lawful).

Agreements prohibited by Article 2 of Law No. 287/90, are authorised in advance, at the companies' request, by the competent authority (*Autorità Garante*), to prevent them being void.

To benefit from an exemption provided by EU law, agreements must:

- Improve offer conditions.
- Give a substantial benefit to consumers.
- Prevent restrictions of competition that are not made necessary by achieving the mentioned benefits.
- Avoid elimination of competition.

Regulation (EC) No. 2790/1990 regulates exemptions in relation to vertical concentrations.

## ADVERTISING

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### 21. To what extent do advertising laws impact on the use of third party trade marks?

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In Italy, the use of a third party trade mark in comparative advertising is not considered unlawful if specific requirements are fulfilled such as:

- It must be used in relation to products and services which are similar.
- It must be objective, must not denigrate or diminish a competitor's trade mark and must be truthful.
- It must not be used to get an illegitimate advantage from the reputation of a third party trade mark.
- It must not be misleading and injurious.

## EMPLOYEES AND CONSULTANTS

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### 22. Who owns each of the main IPRs created by an employee in the course of his employment? Is compensation payable in relation to employee IPRs? What main steps can an employer take to ensure it owns each of the main IPRs?

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#### Patents utility models and designs

When an industrial invention is made in the performance or execution of a contract or of an employment relationship, the rights deriving from the invention belong to the employer (*Article 64, IP Code*). In relation to the employee's position:

- If the inventive activity is the object of the contract or of the employment relationship and is compensated as such, the employee only has the right to be recognised as the author of the invention.
- If no compensation for the inventive activity is provided for and established, the inventor, in addition to the right to be recognised as the author of the invention, has the right to be granted a fair reward if the employer obtains the relevant patent or uses the invention as secret industrial know-how.

If the conditions set out above are not met, and the invention falls within the field of activity of the employer, the employer has the right of first refusal on the exclusive or non-exclusive use of the invention, or on the purchase of the patent, and the right to request or purchase patents abroad for the same invention, in return for a fee or price.

#### Copyright on software and database

Under the Italian Copyright Law (*Article 12 bis*), unless there is an agreement to the contrary, the employer owns the exclusive right to the economic exploitation of software or of database when they have been created by the employee in the execution of his duties or on the employer's instructions.

For other IPRs, employment contracts need to provide specific IPR assignment clauses.



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**23. Who owns each of the main IPRs created by an external consultant? What main steps can a business take to ensure it owns each of the main IPRs?**

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**Patents, designs and utility models**

Under Italian case law, economic exploitation rights usually belong to the commissioner. In any event, it is advisable to insert relevant provisions in written agreements to cover this.

The moral right to be recognised as the author belongs to the author himself (whether commissioner or consultant).

**Copyright**

Ownership of economic exploitation rights is regulated by the relevant contractual clauses. If there are none, it is understood that the commissioner enjoys exploitation rights in the limits set by the scope of the agreement. In any event, moral rights belong to the author who created the work.

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**TAX**

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**24. What are the main taxes payable by a licensor on the licensing of the main IPRs?**

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If the licensor is a resident corporation, royalties from the licensing of IPRs are included in business income and taxed at a rate of 27.5% for corporate tax (IRES), and at 3.9% for regional business tax (IRAP).

If the licensor is an individual resident, royalties will be taxed under personal tax (IRPEF) on the total amount received from the licensee. If the royalties refer to copyright, tax is calculated on 75% (60% if the author is less than 35 years of age) of the total amount received.

If the licensor is not resident in Italy, tax is deducted at source, depending on the relevant double taxation treaty.

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**25. What are the main taxes payable by a seller on the disposal of the main IPRs?**

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The taxes payable by a seller of IPRs follow the same rules of tax payable by the licensor on the licensing of IPRs.

For corporations, tax is due for profits of the sale of IPRs at a rate of 27.5% for IRES and at 3.9% for IRAP.

For individuals, tax is due for profits of the sale of IPRs under IRPEF.

If the seller is not resident in Italy, tax is deducted at source, depending on the relevant double taxation treaty.

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**CROSS-BORDER ISSUES**

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**26. What international IP treaties is your jurisdiction party to?**

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Italy is party to all the major IP treaties including the:

- Paris Convention for the Protection of Industrial Property 1883.
- Madrid Agreement concerning the International Registration of Marks 1981.
- WIPO Berne Convention for the Protection of Literary and Artistic Works 1971 (Berne Convention).
- WIPO Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations 1961.
- Patent Cooperation Treaty 1970.
- European Patent Convention 1973.
- WTO Agreement on Trade-Related Aspect of Intellectual Property Rights 1994 (TRIPS).
- EU regulations, such as Regulation (EC) No. 40/94 on the Community trade mark and Regulation (EC) No. 6/2002 on Community designs.

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**27. Are foreign IPRs recognised in your jurisdiction?**

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In general, international IPRs are recognised in Italy due to international IP treaties. However, since the principle of territoriality applies, a foreign IP right generally cannot be enforced in Italy unless granted with effect for Italy.

For copyright, Italy is a party to the Berne Convention, which provides for international copyright protection.

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**REFORM**

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**28. Are there any proposals for reform?**

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No reform is expected in the near future.



CONTRIBUTOR DETAILS



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# Identity protected

*This has been  
the passionate task of*  
**Rapisardi Intellectual Property**  
*for over a century*

IP protection consultancy and full service law firm

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