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A year in intellectual property – and a look to the future  
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# Italy

## A year in intellectual property – and a look to the future

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In recent years some key changes have been made to the Italian IP legislation, including:

- the introduction in 2003 of 12 specialised IP courts, which have exclusive competence in IP matters;
- the enactment in 2005 of the IP Code, which collected all the relevant IP laws into a single code and introduced some major improvements; and
- the implementation of the EU IP Rights Enforcement Directive (2004/48/EC) in 2006, which amended both the Copyright Law and the new IP Code.

Carrying on this trend, 2009 has seen some major changes in both civil and criminal IP law.

### Civil practice

The Development Law (99/2009) introduced some changes, in terms of both form and substance, to the IP Code (Legislative Decree 30/2005).

The main changes are as follows.

### Internal priority for filing of patents and utility models

Paragraph 3bis has been added to Article 47 of the IP Code, establishing that: “For invention patents and for utility models, national filing in Italy gives rise to the right of priority with respect to a subsequent national application filed in Italy, in relation to elements already contained in the application whose priority is claimed.” This provision is designed to introduce into the patent regulations the principle of internal priority, an institution already known in other foreign legal systems.

When filing an Italian patent application, it is now also possible to claim the priority of a preceding Italian patent application.

Before the reform it was possible to claim only international priority – for example, the priority governed by Article 4 of the Paris Convention, according to which anyone who had regularly filed a patent application in one of the countries adhering to the convention had the right to priority when filing further

applications in other member countries.

Therefore, a first national filing can be made, identifying the invention in general terms, and within one year a second filing can be made specifying precise technical information.

### Suspension of nullity or infringement actions if the opposed title is not yet granted

The reform modifies Article 120(1) of the IP Code which, after establishing the principle according to which industrial property actions always fall under the jurisdiction of the judicial authority of the state, regardless of the nationality, domicile or residence of the parties, establishes that if the nullity or infringement action is proposed when the opposed title has not yet been granted, the judgment can be issued only after the Italian Patent and Trademark Office has ruled on the application, examining it with priority over any applications submitted at an earlier date. According to the circumstances, the judge can suspend proceedings either once or twice.

Previously, this provision of Article 120(1) did not apply to infringement actions but only to nullity actions, and did not explicitly provide that in the event of non-grant of the IP title opposed at the time of the decision, the judge could stay the proceedings, even though this right was certainly implicit in the provision.

Therefore, the amendment has broadened the number of actions to which Article 120(1) of the IP Code applies and explicitly provides for the suspension of IP cases where necessary.

The provision in question also applies to proceedings pending at the date of entry into force of the Development Law (August 15 2009).

### Application of copyright protection to industrial design

The aim of the legislature was to amend further Article 239 of the IP Code in relation to the succession of laws over time and to switch from the previous regime

(before Legislative Decree 95/2001), which prohibited copyright protection for industrial designs, to the new regime, which provides that such works can be protected by copyright on condition that they have artistic content in addition to creative character. The previous formulation of Article 239 provided that copyright protection applied only to industrial designs created after April 19 2001, specifying that designs which fell into the public domain prior to or on that date could not enjoy such protection.

The new text of Article 239, as modified by the Development Law, provides that: “the protection granted to designs and models in accordance with article 2, number 10 of the law 22.4.1941 No 633 does not operate only vis-à-vis those who, prior to 19.4.2001, undertook the manufacture, offer or marketing of products made according to designs or models which were in or had become part of the public domain. In said case the activity can continue within the limits of the pre-use. The rights of manufacture, offer and marketing cannot be transferred separately from the firm.”

Therefore, the reform modifies the law, establishing that the copyright protection granted to designs and models does not operate in regard to those parties which, prior to April 19 2001, initiated the manufacturing, offering or marketing of products made in accordance with designs and models which were in or had become part of the public domain on that date. In such cases, activity can continue within the limits of the previous use.

### **Criminal practice**

The Development Law introduced several innovations regarding counterfeiting by amending certain provisions and introducing new ones. In this area the legislature’s goal was to bring the criminal law for the protection of IP rights into line with the civil law in this area.

The key changes are as follows.

#### **Infringement, alteration or use of trademarks or distinguishing signs, models and designs**

Article 473 of the Criminal Code, which punishes counterfeiting, alteration or illicit use of trademarks or distinguishing signs or patents, models or designs, has been modified to include the term ‘capable of knowing of the existence of industrial property rights’. Although the previous version did not require evidence of full knowledge of the trademark or distinguishing sign, the jurisprudence stated that it was necessary to prove it to establish the subjective element. The assumption that the user should have known of the existence of a previous IP right is now embodied in the law.

Thus, it is vital to check whether another party owns a relevant IP right by consulting the appropriate public records – the absence of such verification is considered to be evidence of guilt.

In practice, the amendment of Article 473 of the Criminal Code does not provide a significantly different system from the previous one. Prior to the amendment of Article 473, even though the rule did not encompass the wording set out above, in order to avoid penalties the alleged infringer had to provide proof of the checks carried out.

The clause highlighted above applies only to the counterfeiting of trademarks or distinguishing signs, and not to the infringement of patents, models or designs. The subjective proof required for the infringement patents, models or designs is unchanged.

The legislature has also increased the penalties for the counterfeiting of trademarks and for patent infringement.

#### **Import and sale of products bearing fake distinguishing signs**

In Article 474 of the Criminal Code the legislature has provided two separate offences. The first punishes the import into Italy of industrial products with trademarks or other distinctive signs, domestic or foreign, counterfeited or altered, in order to make a profit; the second penalises the possession for sale, sale or circulation of industrial products with trademarks or distinctive signs, domestic or foreign, in order to profit from them. Thus, it appears that the legislature wished to differentiate between the two types of conduct based on the degree of seriousness. In line with this, the offences carry different penalties:

- The import of infringing goods is punished by imprisonment of one to four years and a fine of €3,500 to €35,000; and
- The sale or circulation of infringing goods is punished by imprisonment of up to two years and a fine of up to €20,000.

#### **Manufacture and sale of infringing goods**

Under Article 517ter of the Criminal Code, the legislature has introduced two separate offences, as follows:

- the manufacture or industrial use of products or goods created by usurping an IP right or with the knowledge that the IP right exists; and
- the import, possession for sale, direct sale to consumers or circulation of goods made by usurping an IP right in order to profit from it.

It thus appears that the legislature wished to punish behaviour which abuses IP rights but which cannot be

dealt with specifically by other criminal provisions (ie, Articles 473, 474 and 517 of the Criminal Code).

### ‘Made in Italy’ designation

The provisions regarding the ‘Made in Italy’ designation have undergone major changes in recent months.

First, with the entry into force of the Development Law on August 15 2009, an important innovation in the field of indications of origin was introduced.

Article 17 (4) of the law, which was repealed by Decree 135/2009, amended Article 4(49) of the Budget Law (350/2003) by extending the scope of conduct falling within the ‘false designation of origin’ provision, punishable under Article 517 of the Criminal Code, to include affixing marks of Italian companies on products made abroad and sold in Italy without a precise and clear indication of the country, place of manufacture or production or other indication sufficient to avoid any error regarding their actual foreign origin.

Pursuant to Article 17, it constituted an offence under Article 517 of the Criminal Code to affix to products made abroad a trademark owned by an Italian company in the absence of foreign origin labelling of the product. This provision, introduced to strengthen the protection of the ‘Made in Italy’ designation, was problematic, not only because it was incompatible with existing EU law, but also because it lent itself to applications that could severely damage Italian companies. In fact, the rule appeared unjustifiably discriminatory between Italian companies and foreign companies operating in Italy, as only the former were required to indicate the foreign origin of products produced outside of Italy but destined for the Italian market.

All provisions regarding the ‘Made in Italy’ designation were later amended by Article 16 of the Ronchi Decree (135/2009). Article 16 introduces the following new provisions:

- Wholly ‘Made in Italy’ is a product in respect of

which the design, engineering, processing and packaging are made exclusively on the Italian territory (Article 16 (1)).

- The penalties provided for in Article 517 of the Criminal Code, increased by up to a third, punish anyone who makes use of an indication presenting the product as having been made entirely in Italy (eg, ‘100 per cent made in Italy’, ‘100 per cent Italy’ or ‘100 per cent produced in Italy’) in any language, or other similar indication which may mislead consumers to believe that the product is entirely made in Italy. The article also punishes the use of signs or figures that lead to the same belief (when the product is not actually qualified as wholly ‘Made in Italy’ within the meaning of the same article (Article 16 (4))).
- Article 16(5) and (6) punish as an administrative tort the use of a trademark by the owner or a licensee in a manner that leads consumers to believe erroneously that the product or the good is of Italian origin without:
  - giving any indication as to its foreign origin providing sufficient indications to avoid misleading consumers about the real origin of the product; or
  - including a declaration regarding the information that will be given regarding the real foreign origin of the product during the distribution phase.

The pecuniary penalty imposed (€10,000 to €250,000) will be accompanied by the administrative forfeiture of the goods or merchandise, unless the necessary information is subsequently affixed to the product, the packaging or on accompanying documents to the consumer at the expense of the owner or the licensee. Such provisions entered into force on November 10 2009.



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