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Cesare Galli
IP LAW GALLI





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IP LAW GALLI

Author
[Cesare Galli](#)

IPLAWGALLI
SOCIETÀ TRA AVVOCATI
MILANO - BRESCIA - PARMA - VERONA

40 Via Lamarmora, Milan 20122, Italy
Tel: +39 02 541 230 94
www.iplawgalli.it

Legal framework

Contrary to common belief, the Italian legislative instruments against IP infringement are quite effective.

In 2003 specialised IP divisions were set up in 12 existing courts, later increased to 21. Since 2014 cases involving foreign companies have been concentrated in nine of these courts (Milan, Turin, Venice, Genoa, Rome, Naples, Bari, Cagliari and Catania). These divisions have exclusive competence over civil actions relating to trademarks, patents, designs, copyright and unfair competition. Further measures to improve the efficiency and training of specialised divisions judges and introducing specialisation also for criminal judges are currently under discussion.

The 2005 Code of Industrial Property, extensively amended in 2010 and again in 2023, brought together the principal laws relating to IP matters – expressly including unregistered trademarks, trade secrets and appellations of origin as IP rights, with two exceptions:

- copyright, which is covered by the separate Copyright Law; and



- the main criminal provisions, which are contained in the Criminal Code, as amended and improved in 2009.

As an EU member state, Italy implemented all the relevant EU directives and has implemented all the main international agreements. On 29 December 2022 a Decree came into force that established an administrative procedure for the declaration of invalidity and forfeiture of trademarks, as an alternative to the judicial one, as provided by the Trademark Directive.

Italy is also a party to the Agreement on the Unified Patent Court and joined the enhanced cooperation on the unitary patent system. Milan hosts the Italian local division of the court and the third seat of the central division, which will become operational in June 2024.

In 2023, a new law was passed allowing both an Italian patent and a European patent on the same invention to be in force at the same time.

Border measures

Border measures are regulated by the relevant EU regulations. Implementation is entrusted to the Customs Agency, which has become a highly efficient body. The government has also reached agreements to coordinate operations with a number of countries from which counterfeit goods originate, in particular China.

The activities of the Customs Agency are supported by multimedia databases, which gather together information on how to distinguish fake goods at the borders. The databases are updated directly by rights holders.

Restrictive provisions on the labelling and Italian origin of products that are suspected of infringing EU provisions shall be abolished by a government draft bill soon to be approved by the parliament, that will instead establish a state seal to be used optionally by manufacturers on goods made in Italy under the EU Customs Code, to make them more easily recognisable from Italian sounding goods on international markets.

Criminal prosecution

The efficacy of criminal prosecution has increased with the implementation of the Anti-counterfeiting Information System, a computerised platform that also allows rights holders to send information on their infringed products for ready reference by the control agencies in the field.

Depending on various criteria, an infringement can be either a criminal or an administrative offence. Criminal offences are set forth by Articles 473, 474 and 517ter of the Criminal Code, which were strengthened by Law 99/2009, with the exception of “petty offences” (Legislative Decree 28/2015). They provide for:

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



Infringement involving large quantities or committed in a continuous and organised fashion attracts a sentence of between two and six years (Article 474ter). A penalty of up to two years plus a fine of up to €20,000 was also introduced for the infringement of denominations of origin of agricultural foodstuffs (Article 517quater).

Article 517 of the Criminal Code applies to unregistered marks. It provides that a party that sells or otherwise puts into circulation products bearing marks which may mislead the buyer as to the origin, provenance or quality of those products will be subject to a prison term of up to two years or a fine of up to €20,000.

Under Decree-Law 135/2009, the penalties laid down by Article 517, increased by one-third, apply to the use of “a sales indication which presents the product as entirely produced in Italy” in relation to goods that were not actually “completely produced in Italy” – such products being understood as those whose “design, planning, production and packaging were exclusively carried out in Italy”. Similarly, an administrative penalty of between €10,000 and €250,000 was introduced for the “use of the trademark by the holder or licensee in such a way as to lead the consumer to believe that the product or good is of Italian origin”, unless the foreign origin is indicated.

The Supreme Criminal Court ruled that trademark infringement under Articles 473 and 474 of the Criminal Code also includes post-sale confusion (Case 12926, 17 March 2004). The court also ruled that in the case of products bearing infringing marks, the more severe penalty provided under Article 648 of the Criminal Code must be applied – even if the defendant was only handling the goods (Supreme Criminal Court, Full Bench, Case 23427, 7 June 2001).

The introduction of administrative measures has further strengthened trademark protection (see, in particular, Article 146 of the Code of Industrial Property, as amended in 2010).

Trade secrets are also subject to criminal protection under Article 623 of the Criminal Code, which, following the 2018 reform, now expressly punishes the violation of all secrets protected by the Industrial Property Code and by the rules on unfair competition.

Police investigations, undercover operations and seizure measures are available, to be confirmed by a court and subject to re-examination. A government draft bill soon to be approved by the parliament will allow the expeditious destruction of seized counterfeit goods also at the request of IP owners.

If criminal organisations are running the counterfeiting operation, the more severe penalties under Articles 416ff of the Criminal Code are also applicable.

Civil enforcement

The high level of efficiency of the civil courts is due in part to their keenness to:

- grant urgent measures (eg, injunctions, seizures and orders for the withdrawal of goods from the market); and
- order the judicial investigation of evidence (eg, description orders, normally granted *ex parte*).

Under Article 131 of the Code of Industrial Property, urgent measures may be granted in any case of imminent IP rights violation or risk of repeated violation,



even if the violation has been going on for some time (see Court of Naples, 19 September 2009; and Court of Turin, 3 May 2012).

Urgent measures are typically examined and granted quickly – normally in a few days or weeks for trademarks and designs (such measures are often granted *ex parte*), and within months for patents (where a court expert is usually appointed). Injunctions are usually backed by a fine for each violation to be paid to the rights holder. Violation of an injunction is also subject to criminal penalties (a prison term of up to three years or a fine) under Article 388 of the Criminal Code.

Urgent measures, including protective measures, are granted by an individual judge appointed by the president of the specialised division. They may be subject to appeal before a panel of three judges, which does not include the first judge and decides within months.

Orders for withdrawal from the market may compel the infringer to buy back illicit products directly from stores (Court of Turin, 27 June 2012; Court of Milan, 7 September 2016).

Article 132 of the Code of Industrial Property, as amended in 2010, expressly states that preliminary injunctive relief (including a fine or an order for withdrawal from the market) become final, unless any of the parties starts proceedings on the merits, which, therefore, are necessary only to ask the court to order the infringer additionally to:

- pay compensation and surrender profits made from the infringement;
- pay the costs of publication of the ruling in newspapers or magazines; and
- hand over the infringing goods to the rights holder or arrange for their destruction at the infringer's expense.

The accounts of the alleged infringer are often seized facilitating the calculation of damages, which include either the infringer's profits or rights holder's lost profits, whichever is the greater. Compensation for any further damage, such as expenses incurred or reputation damage, may also be added to the amount. Reputation damage is often calculated as a fraction of the advertising expenses incurred by the rights holder or the cost of an advertising campaign to mitigate the negative impact of the infringement on the public. High damages are often awarded (eg, on 13 January 2013 the Court of Brescia awarded €2 million for trade secret violations; on 16 June 2015 the Court of Milan awarded €3.35 million for copyrighted design infringement; on 14 June 2016 the same court awarded over €2 million for patent infringement; on 6 November 2017 the Court of Florence awarded more than €6 million for trademark infringement made by a subcontractor; on 3 December 2019 the Court of Appeal of Milan awarded €3.7 million for patent infringement; on 14 May 2020, the Court of Appeal of Milan awarded €1.5 million for disgorgement of a patent infringer's profits in a case where the patent owner was contractually prevented from selling the original patented equipment to the recipient of the copy equipment and therefore had not suffered any lost profits). Moreover the decision of the Court of Milan of 5 July 2022 established the liability of the parent company for damages caused, and for the restitution of profits made, by its subsidiaries.

Substantive IP protection is rigorous too. Well-known marks are protected against any use in trade of an identical or similar sign, even without confusion and against the use of a sign other than for the purposes of distinguishing goods or services, as it is now expressly written in the Italian law.



Key decisions in this area have come from:

- Court of Florence, 6 November 2017, which protected the well-known trademarks BULGARI and BVLGARI against a huge overproduction by a subcontractor;
- Court of Catania, 29 November 2016, which held that sale by an unauthorised dealer that does not meet the quality standards of a selective distribution system causes harm to the trademarks' reputation and amounts to unfair competition; and
- Court of Milan, 20 October 2009, which protected the colour red as the non-registered trademark of Ferrari against its use for products connected to Formula 1, including clothing.

In all the most recent cases, public perception was key to the ruling, in line with CJEU decisions.

In patent matters, preventive measures can also be obtained on the basis of patent applications. In the case of a European application, a translation of the claims must be filed with the Italian Patent and Trademark Office. The judge always appoints an expert to ascertain validity and infringement – even in urgency proceedings (as expressly laid down by Article 132 of the Code of Industrial Property, as amended in 2010), and at the appeal stage. The expert conclusions often form the basis of the ruling. However, it is not uncommon for judges to deviate from the expert opinion (see Court of Rome, 6 September 2010) or to appoint a new expert or panel of experts, especially during the appeal stage.

Concerning patent matters, Legislative Decree 131/2010 also clarified that:

- in case of patent invalidity actions, it is enough to summon the party indicated as the rights holder in the public register and not also the inventors who assigned the right; and
- the owner of a patent that is unsure about its infringement may ask the court to appoint an expert to obtain a quick technical assessment on validity and infringement, which can then be used in further legal action or to reach a settlement more quickly.

Law 214/2016 introduced a specific rule on contributory infringement, which is fully consistent with the one contained in the Unified Patent Court Agreement.

The Italian case law on supplementary protection certificate (SPC) is fully aligned with CJEU case law (Court of Milan, 25 July 2014 and Article 68 of the code, as amended in 2012), but Decree-Law 158/2012 (recently repealed by Law No. 2022/118, that, however, provided for the same rule) ruled out the reimbursement of generic drugs by the Italian National Health System until the relevant patent or SPC has expired, which seems contrary to EU Directive 83/2001/EC. However, this rule has been interpreted restrictively – it applies only when product claims on the specific active ingredient contained in the drug are in force (Administrative Court of Lazio, 26 June 2014).

Design protection through copyright law has been available since the implementation of the EU Design Directive (98/71/EC) and also applies to works created before the date of implementation of the directive (CJEU, 27 January 2011, C-168/09). Article 239 of the Code of Industrial Property, as amended in 2010, states that all copied products manufactured in Italy after 19 April 2006 (and those imported after 19 April 2001) are pursuable as counterfeit. In 2012 a deadline of 19 April 2014 for selling off stocks of infringing products was granted, but this was overruled by the Court of Milan (28 April 2011), as it was deemed contrary to the directive.



The Court of Milan ruled on this issue in two cases: one protecting Cassina's copyright on chairs designed by Le Corbusier (20 July 2012); the other protecting Flou's copyright on the 'Nathalie' bed designed by Magistretti (14 to 27 September 2011, 5 June 2012 and 16 June 2015).

Under Italian copyright law, only creative design works that also have artistic value qualify for copyright protection. However, this condition should not still apply, after the CJEU decision in *Cofemel* (C-683/17).

Anti-counterfeiting online

The strategies for enforcing IP rights online include searching the Internet and adopting graduated responses according to how dangerous the potential violation is. Responses include:

- monitoring the content of the unlawful website and searching for information on its owner;
- making confidential contact with the infringer to resolve the conflict amicably or obtain evidence of bad faith;
- sending cease and desist letters; and
- initiating legal actions or bringing arbitration proceedings under the UDRP.

Hidden links on the social networks are increasingly dangerous too: Italy is at the forefront in fighting them.

An e-commerce platform was held liable for infringement for selling and allowing the sale of cosmetic products in violation of a selective distribution network, with prejudice to the brand reputation (Court of Milan, 3 July 2019).

In a case involving illegal downloads of copyrighted works through a peer-to-peer website, the Supreme Court (Criminal Division) held the website owner liable for supplying, through search engines or indexed lists, information (provided by some users) that was essential for other users to download the works (Case 49437, 23 December 2009).

On 1 July 2011 the Court of Bologna held that the use of another party's trademark as advertising keyword amounts to trademark infringement and unfair competition. Further, on 3 September 2015, not only enjoined the Court of Bologna the infringer from directly using the infringing domain name, but also ordered it to remove any link to the domain name on third-party websites – that is, it held that there is a burden on the infringer to prevent the further presence of the enjoined sign on the Internet.

The Court of Rome on 19 July 2022 issued a preliminary injunction against the production, marketing and online promotion of digital playing cards NFTs reproducing the distinctive signs of a famous Italian soccer team, as these activities had been carried out for commercial purposes and they exploited and diluted the relevant trademarks without authorisation, regardless of the digital nature of the cards in question.

Further, the Italian Competition Authority can shut down clone websites selling counterfeit brands. The Telecommunication Authority also adopted Resolution 680/13/CONS, which provides a fast, economic and simplified procedure for the removal of copyright-infringing online content, especially in urgent cases. Both interventions proved to be effective and have been widely used so far. This res-



olution has been challenged before the Constitutional Court, which, however, deemed that it is fully valid, since it complies with freedom of expression, economic freedom and proportionality.

Preventive measures/strategies

The relative ease with which description orders are obtained may be of great use in cross-border strategies for protecting IP rights, as they help to determine the international ramifications of the infringement. Specialised investigation agencies may also help to gather information undercover.

The courts consider that intentional cooperation between the licensee of a mark and a competitor of the mark owner in breach of the agreement between the mark owner and the licensee constitutes unfair competition. Breach of confidentiality is prohibited under the Code of Industrial Property and entitles rights holder request preventive and discovery measures, such as seizure and description orders. Thus, an appropriately drafted confidentiality agreement will be of great help in order to persuade a judge to grant preventive measures against the breaching party.

The use of authentication technology, in particular security labels, is becoming progressively more widespread, in part because it is encouraged by the public authorities (although no standard has yet been established in this regard).

The National Council for the Fight against Infringement and Italian Sounding Terms is in charge of coordinating the various public authorities charged with fighting infringement. Private associations such as INDICAM and Centro Studi Anticontraffazione likewise play an important role as they act as consultants to the legislature and bring key cases which promote the development of case law (see Court of Milan, 5 July 2022, establishing the entitlement of INDICAM to participate in infringement cases brought by a member of its, not only by filing *amicus curiae* briefs, but by actively intervening and taking part in oral hearings).



Cesare Galli

Founding and managing partner
galli.mi@iplawgalli.it

Head and founder of IP LAW GALLI and professor of IP law at the University of Parma, Cesare Galli handles litigation involving all branches of IP law. In 1999 he obtained the first Italian final ruling on biotech patents. In 2004 he secured the first Italian ruling on computer-implemented invention patents, and between 2005 and 2023 he secured a number of key decisions on renowned trademarks and selective distribution systems protection, designs and pharmaceutical patents. Since 2005, he has been a member of all the Italian IP Governmental Boards of Counsel and since 2009 he has represented Italian stakeholders in the EU Infringement Observatory, Legal Group. Professor Galli has authored numerous publications, including *The Italian IP Code: the 2010 Reform* (2010) and *The Commented Code of Industrial and Intellectual Property* (2011, co-editor).