



IP IN FASHION:
ITALY, RUSSIA AND AN INTERNATIONAL OVERVIEW

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Sala Don Giacomo Alberione
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AN OVERVIEW OF THE AVAILABLE REMEDIES AGAINST
INFRINGEMENTS IN ITALY: CIVIL, CRIMINAL AND CUSTOM
PROTECTION

AVV. DARIO PASCHETTA, LL.M. – LSE

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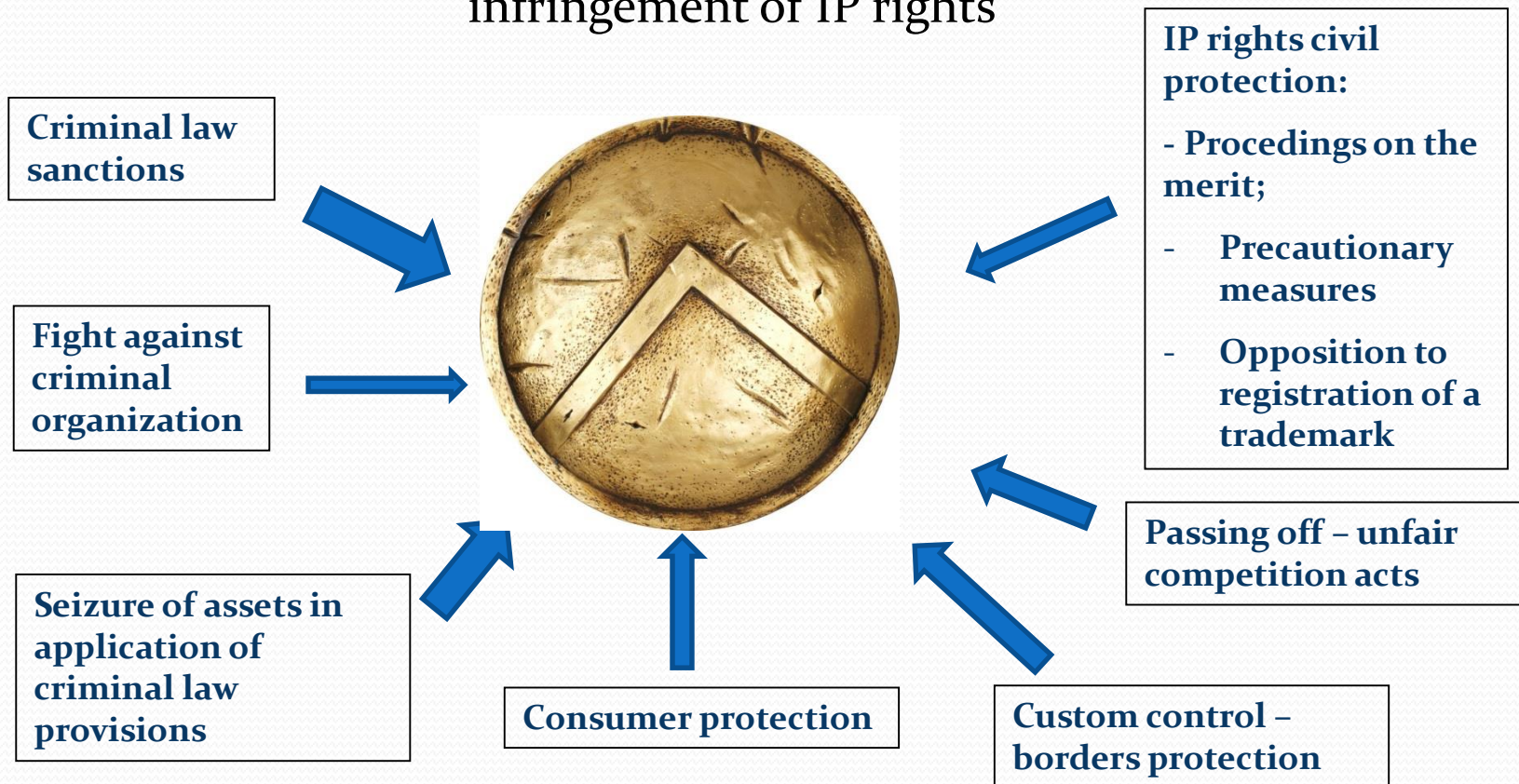
Torino – Milano – Roma – Bologna

Judiciary remedies in Italy

- Contrary to what people often say, Italy has achieved a **high level of efficiency** in the enforcement of IP rights against infringement as well as counterfeiting.
- The IP owner may protect its rights, and investments, by means of a large array of remedies:
 - **civil law** (Italian Industrial Property Code – IIPC; art. 700 civil procedure rules – residual provisional measure; passing off against unfair competition acts art. 2598 c.c.);
 - **criminal law** (i.e. crime against public faith – art. 473 crim. code);
 - **customs control** (Reg. UE n. 608/2013);
 - **“indirect remedies” under consumer protection rules** against unfair commercial practices made by undertakings with detriment of consumers (artt. 20 and 21 of Italian Consumer Code – misleading commercial activities);
 - **opposition to the registration of a trademark** (artt. 174 -184 IIPC).
- The IP owner can activate these types of protection in combination depending on the specific case.

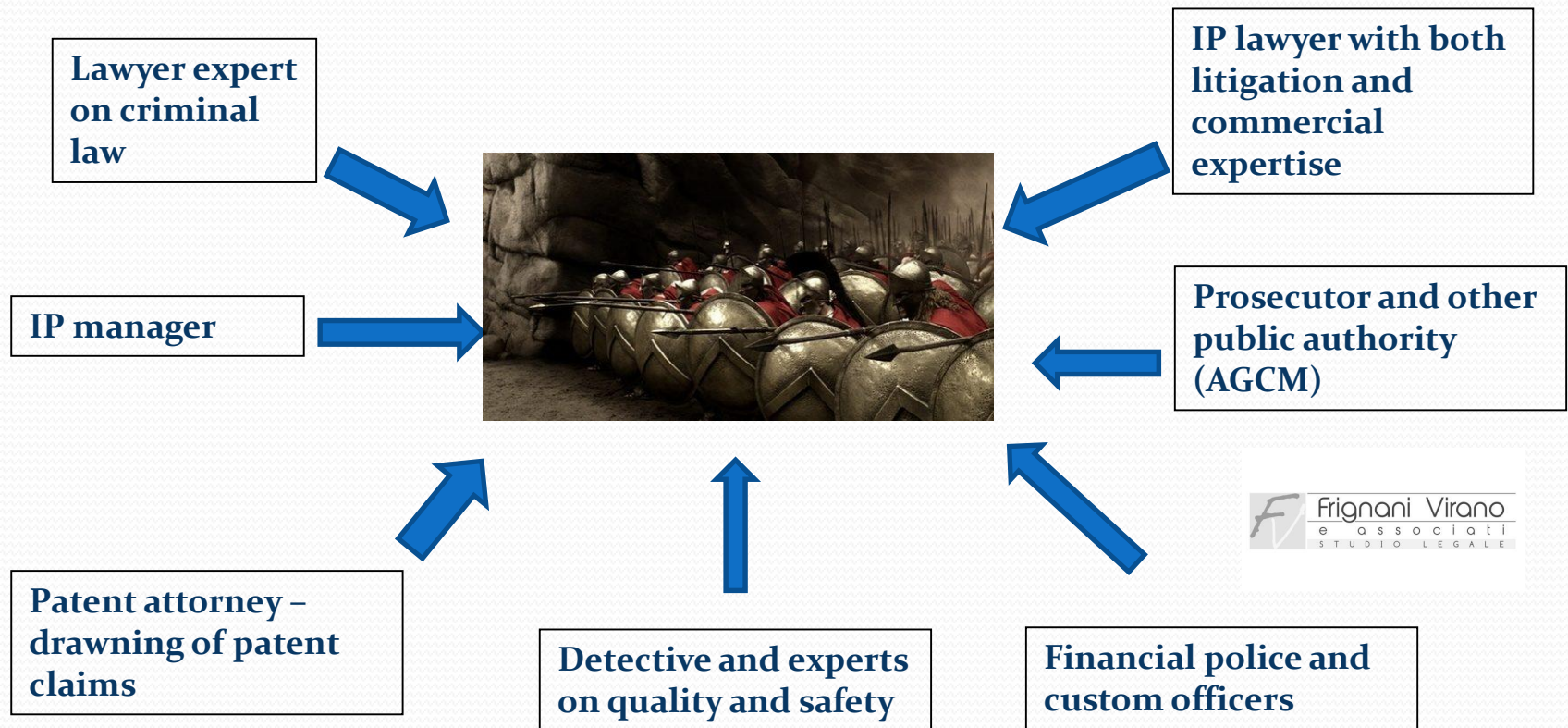
a «modern» approach to the counterfeiting and infringement of IP rights in Italy

A synergistic problem-solving approach to the counterfeiting and infringement of IP rights



a «modern» approach to the counterfeiting and infringement of IP rights in Italy

To achieve an effective protection of the value of your IP rights in Italy
There is need to work as a “**team**”



IIPC remedies 1

The main remedies in preliminary proceedings (so called provisional measures) include:

- preliminary injunction (art. 131);
- description orders (art. 129-130);
- seizure orders (art. 129-130);
- orders to disclose information on the infringement (art. 121.2 “*if a party has provided serious clues that its claims are grounded and has identified documents, elements or information held by the other party that confirm those clues, it may request the information from the other party – including elements for the identification of the people involved in the production and distribution of the goods and services that constitute an infringement*”);
- penalties for violation of an injunction (art. 131.2);
- publication of the decision (art. 126 and 132);

IIPC remedies 2

- Order to withdraw the infringing good from the market (art. 131.1)
- Order to disclose financial information on the infringer (art. 121.bis “*in the event of an infringement committed on a commercial scale through acts of piracy –see art 144 IICP – the court, on request from the party, may also order the **production of banking, financial and commercial documentation** that is in the possession of the other party*”)
- Order to disclose information on the manufacturing and sale channel (art. 121-bis “*the judicial authority may order that information to be provided on the **origin and distribution networks** of goods or the provision of services that violate” the IP right “by the author of the infringement and **any other person** that a) has been found to be in possession of infringement goods on a commercial scale b) has been caught supplying on a commercial scale services c) has been identified as a person involved in the production, manufacture or distribution of those goods”)*
- Preliminary seizure for securing damages collection (art. 144-bis “*in case of act of piracy the judicial authorities may order the preliminary seizure of the personal and real property of the alleged author of the infringement, including the **freezing of his bank accounts and other assets up to the presumable amount of damage***”)

IIPC remedies 3

The main remedies in ordinary proceeding include:

- Permanent injunctions;
- Order to destroy the infringing tools/goods and assignment of them to the patent/IP owner;
- Damages (art. 125 IIPC);
- Reimbursement of legal costs;
- Order to publish the judgment;
- Penalties for violation of an injunction;
- Order to withdraw the infringing goods from the market.

IIPC remedies 4

- In order to obtain provisional measures the owner of the IP right must meet the following requirements to initiate a fast-track (urgent) proceedings:
 - a) a **likelihood of success on the merits** of the case (*fumus boni juris*). The applicant must provide the court with evidence that the IP right is valid and the infringement has occurred.
 - b) a **serious danger in delaying proceedings** (*periculum in mora*). The petitioner would suffer irreparable harm if the urgent petition is not granted.
- The IP owner may apply for a provisional measure both before filing the proceeding on the merits and when the proceeding on the merits is already started.
- For precautionary measures suitable to anticipate the effects of the judgment on the merit there is not need to bring a lawsuit on the merits (i.e. seizure and injunction).
- **Timing: average 2-3 weeks** (patent cases involving technical experts appointed by the Court longer).

IIPC REMEDIES – JURISDICTION and venue 1

- **jurisdiction:** specialized divisions - ex IP div. now «business/enterprise» div. (D.Lgs 168/2003 modified by D. L. 1/2012 – law decree«Cresci Italia») see art. 134 IIPC wide jurisdiction.
- **Territorial jurisdiction and venue (120 c.p.i.):**
 - 1) *forum rei* (art. 120.2)
 - Defendant residence: where he has its residence, domicile or abode or registered office (art. 19 civil procedure rules);
 - Plaintiff residence: if the defendant has not residence, domicile or abode in Italy – jurisdiction of the ex IP division where the plaintiff has his residence, domicile, abode or registered office;
 - Residual jurisdiction: civil court of Rome;
 - 2) *forum Commissi delicti* (art. 120.6 IIPC - alternative to 1):
 - « *Actions based on circumstances that are presumed to harm the plaintiff's rights may also be brought before the judicial authority having spacialized section in the discript where the acts were committed* ».

IIPC REMEDIES – JURISDICTION and venue 2

- IIPC REMEDIES – JURISDICTION and venue
 - exhibition at fair;
 - sending marketing material;
 - production in a plant/factory.
- The judge in a infringement proceeding may decide upon the invalidity defense raised by the defendant.
- Actions for declarations of non-infringement of IP rights: art. 6-bis (D.Lgs. 131/2010)

Rules provided for by art. 120 IIPC also apply to actions for declaration of non infringement, including those brought as precautionary measures.

The plaintiff

Who is entitled to apply for a precautionary measure or bring a proceeding?

- **The IP right owner** (in case of assignment, the assignee is entitled to pursue also infringements occurred before the assignment – Civil court of Bologna, 25.9.09);
- **Yes exclusive licensees;**
- **No non-exclusive licensees** – yes, if there is a tacit approval.

The defendant

The IP owner may bring a legal action against every one who participated/ contributed to the production, use or sale of goods/services protected by the IP right

For example:

- **manufacturer;**
- **distributor/dealer;**
- **who promotes goods protected by the IP;**
- **broker;**
- **exhibitor in a fair;**
- **Contributor to infringement** (new art. 66.2 bis IIPC – related to patent);
- **licensee using IP rights in disregard of a clause in the licence agreement** (ECJ, C-59/08, *Copad v. Christian Dior couture*).



The allocation of the Burden of proof – art. 121.1 IIPC

- the burden of proving the nullity or forfeiture of the IP right always lies with the party that challenges the right – the burden of proving infringement lies with the owner (art. 2697 civil code).
- The proof of forfeiture of trademark due to non-use may be provided by any means, including simple presumption.
- Threshold «*it is more likely than not*» = **51% threshold** (App. Torino, 7.7.09).
- *Presumption in relation to patent of process* (art. 67 c.p.i).
 - Product identical to the one obtained from the process.

IIPC– opposition to the registration of trademark artt. 174-184 IIPC

- The right holders of a prior registered trade mark can oppose the registration of an identical or confusingly similar trademark for the same or similar product/services.
- The opposition must be filed within 3 months from the date of publication of the challenged application.
- In any case the right owner can file an invalidity action against registration of the trade mark before the competent IP court.

Who is standing to file an opposition?

- an owner of a trademark already registered in Italy and with effect in Italy from an earlier date;
- a person filed an application for registration of a trademark in Italy on an earlier date;
- a licensee with the exclusive use of the trademark;
- persons, entities and association identified in art. 8 IIPC.

Acts of piracy art. 144 – 146 IIPC

- Acts of piracy include evident infringement of registered trademarks, designs and models and the infringement of others' Industrial property rights carried out **willfully** and **systematically**;
- Section revised by the law decree 131/2010 – enlargement of the scope of the provision;
- New provision that stands between the infringement of an IP right and counterfeiting acts punished as criminal offence;
- Two requirements:
 - A) evident infringement (no confusion required);
 - B) willfully and systematically (according to some experts this provision covers only situation in which there is an organization the object of which is the systematic infringement of IP rights – so called «counterfeiting factory»).
- **Art. 144-bis** «*preliminary seizure for securing damages*» - important the IP owner may freeze bank accounts and other assets and there is **not need to prove the amount of damages suffered** in order to obtain the court order that may be granted also ***inaudita altera parte***.
- **Art. 146** «*administrative actions against piracy acts*» administrative attachment of infringed goods and after 3 month, including ex officio, order to destroy the goods subject to authorization from the president of the local IP division – civil court.

Advantages and disadvantages of the criminal prosecution against counterfeiting and piracy of copyright

- **Advantages** of a criminal proceeding:
 - A) not need of evidence of infringement to support a charge or complaint, but robust set of clues;
 - B) criminal offence is an effective deterrent against “*bad guys*” and “*fly-by-night operators*”;
 - C) easier to reconstruct the entire supply chain starting counterfeited goods (investigation powers of the police);
 - D) some costs of the seizure (i.e. the fees of the technical expert appointed by the court) lies with the state.
- **Disadvantages** of a criminal proceeding:
 - Except some circumstances, no compensation for damages;
 - not control of the proceeding which is driven by the prosecutor.

Custom control Reg. EU n. 608/2013

- Custom control subject matter under exclusive competence of European Union;
- New Reg. EU n. 608/2013: custom enforcement of IP rights;
- Overview of the main steps:
 - The owner of IP right or authorized person files an online application to the custom dep. (Agenzia delle Dogane e dei Monopoli);
 - where custom authority identifies goods suspected of infringing an IP right --- detention of the counterfeit goods and suspension of the release of the goods (10+10days);
 - request to the applicant in order to allow him to inspect the suspected goods;
 - file of technical expert report confirming that the goods inspected are counterfeit goods or infringing the IP right held by the applicant;
 - provisional measure (seizure IIPC o under criminal law).

Custom control - new provision in the EU trademark regulation Reg. EU n. 207/2009

Before the EU Trademark Regulation (Reg. n. 2015/2424/EU) – old regulation

The transit of goods was not specifically dealt with under the Reg. n. 207/2009.

Based on section 9 of the old Regulation, the Court of Justice of the European Union issued a few decisions according to which:

- the mere transit of products containing the trademark or a similar sign **did not per se constitute a trademark infringement** – infringement only if **the shipper** took concrete actions to put the trademarked goods on the market, for instance, by selling or offering to sell the goods within the EU during transit (ECJ, *C-405/03, Class Unilever*);
- in the absence of a trademark infringement, the customs authorities would not be entitled to take action pursuant to Reg. EU n. 608/2013 (ECJ, *C-446/09 and C-495/09, Philips/Nokia*);
- trademark owners were entitled to prevent the release for free circulation of trademarked goods into the EU without their authorization, even if the goods were not yet released for consumption, but instead were detained in a tax warehouse until the import duties were paid (ECJ, *C-379/14, Bacardi*).

Custom control - new provision in the EU trademark regulation

Reg. EU n. 207/2009

The EU Trademark Regulation brought about new rules concerning the transit of counterfeit trademark goods through the EU.

After the EU Trademark Regulation (Reg. n. 2015/2424/EU) – new regulation.

Section 9 par. 4 Reg. n. 207/2009: trademark owners are now expressly allowed to oppose the transit of goods bearing without authorization the EU trademark or a sign essentially similar, even if the goods are not released for free circulation or intended to be put on the European market.

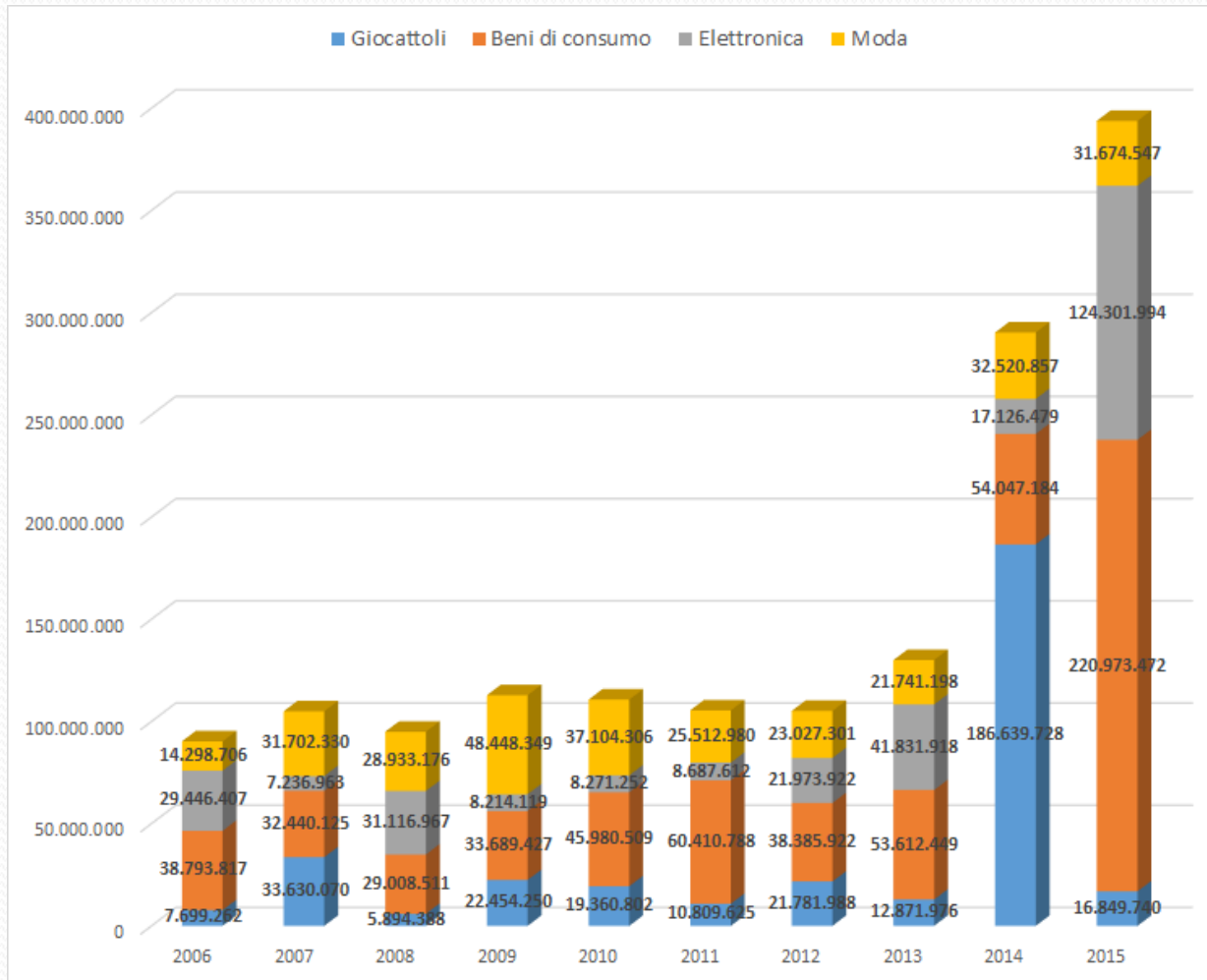
Whereas 16: «it should be permissible for EU trade mark proprietors to prevent the entry of infringing goods and their placement in all customs situations, ***including transit, transshipment, warehousing, free zones, temporary storage, inward processing or temporary admission, also when such goods are not intended to be placed on the market of the Union.*** In performing customs controls, the customs authorities should make use of the powers [...], also at the request of the right holders. In particular, the customs authorities should carry out the relevant ***controls on the basis of risk analysis criteria*** »

Interpretation in line with GAT (General Agreement on Tariffs and Trade) principle of «freedom of transit».

Need to provide:

- copy of a valid registration of the trademark both in Italy and in the country of destination of the suspected counterfeit goods;
- *Prima facie evidence* that goods in transit are infringing the trademark owner rights both in Italy and in the destination country (according to the local applicable law).

Result of “fight” against counterfeit – criminal seizures



Source: Guardia di Finanza (GdF) 2015

Thank you very much for your attention!

Avv. Dario Paschetta, LL.M - LSE

dario.paschetta@studiofrignani.com



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