

Short notes on patent litigation in Italy¹

As a general rule in the European countries-including Italy - patent litigation assumes the form of an ordinary civil proceeding involving both the patent validity and its infringement.

Only in Germany is there a strict separation between infringement cases heard in the normal civil Court and nullity actions brought before the Federal Patent Court.

Patent rights are almost enforced through the civil Courts , although patent infringement is a “punishable offence”(crime).

National patents are issued by the Italian Patents and Trademarks Office in Rome (UIBM), an administrative body depending on the Ministry for Industry and Commerce (currently Ministry for Productive Activities),which performs a formal

¹ Massimo Scuffi, Milan Court of Appeal (Italy)
E-mail: mascuffi@tin.it tel/fax:0039(02)55182526

control on the patent application and rejects it only when a lack of novelty is evident “*prima facie*”.

Its resolutions may be appealed before a special Commission which issues binding decisions only for the Office without involving any bar from taking future legal actions before the Courts to verify the patent validity in infringement cases .

In Italy no “preliminary examination” on the invention as compared with the state of the art is carried out by the PTO ,so that the effective control of validity is left to the litigation stage before the ordinary judiciary authority .

Italian patent litigation does not involve exclusively national patents but concerns the European patent too as introduced with the Munich Convention of October 5, 1973,which inspired the patent reform of all the Member States of European Union .

The European patent is granted by the European Patent Office(EPO) of Munich after a “preliminary novelty examination” founded on the “European search report” , after having passed the administrative contentious stage of the appeal procedure and opposition procedure.

This is the reason why the European patent –unlike the Italian patent- is considered a “strong” patent.

Its unitary nature, however, exhausts in the stage of the granting ,in the sense that the patent, then, splits in the Community territory in a plurality of national patents that are as many as the designed countries (it is defined as a “bundle” of national patents) and it remains subject to the grounds of invalidity and of infringement provided by the law system of each country (and of the corresponding jurisdictions) so that in some countries it can be maintained and in other countries it can expire.

In order to avoid this problem the Community Patent is going to be introduced .

The Community Patent , unlike the European patent ,is destined to remain “globally unitary” in all the countries of the European Union and subject to a common substantive and procedural law on the validity and infringement .

The Community Patent finds its source in the Luxembourg Agreement of December 15, 1989 which introduced a litigation system based on a “interaction of competences” between national Courts (having the power ,in infringement cases ,to revoke the CP by means of counterclaim nullity actions with effect *erga omnes* and for the whole of the territory of EU) and one supra-national

Court(COPAC) ,acting as “centralized jurisdiction” to control the decisions on the validity and ensure uniformity of implementation.

Actually this judicial structure has been left in view of the new one provided for by the EC Regulation on CP (Proposal of August 1,2000) based on the creation of a “Community title” submitted –in the litigation stage concerning both validity and infringement –to the “unique jurisdiction” of a Community Intellectual Property Court.

Such a framework shall be connected with the system lately outlined by the EC Treaty as amended on February 2001 by the Nice Treaty providing for «judicial chambers»(“boards”) of first instance specialized (also) in patent matters, second instance ones on the legality (probably also in fact)before the Court of first instance of the European Communities and eventual reexamination –when it is necessary to grant law uniformity- before the Luxembourg Court of Justice .

The Ue Commission on August 30, 2002 put forward a working document on the planned community patent jurisdiction providing for a “judicial panel” (called Community Patent Court and attached to the Court of First Instance of the European Communities)composed of a “central chamber” and “regional chambers” established on the Member States .

This “decentralised basis” should so reconcile the need for uniform application of Community law with other equally important factors such speed ,cost efficiency,proximity of the Court to users and-above all-optimum use of all existing infrastructure.

Besides -for the urgent matters(issue of provisional measures and enforcement)-this structure will realize a strict relationship with the State territory concerning the infringement according to the case law of the Court of Justice .

In Italy the proceeding before the district Courts is regulated by the general principles of law :

- the burden of the evidence²,
- the specificity of the pre-trial means for the taking of evidence³,
- the power of party prosecution in civil cases⁴,
- the due process of law (“*audi alteram partem*”)⁵.

²This principle is worded in the italian civil code and is repeated in Italian Patent Act adjusted to the TRIPs Agreement (Trade Related Aspects of Intellectual Property Rights) “*The burden to prove the nullity or the lapse of a patent lies with the party challenging it and the burden to prove the infringement lies with the patentee*”.

³The rules of the pre-trial investigation are listed in the italian code of civil procedure .

The means of proof are:

- parties and witness examination
- circumstantial evidence
- expert evidence(experiments)
- documentary evidence
- discovery (exhibition orders)
- request of informations to the national Administration

⁴The principle is expressed by these sentences:

- the judge can never issue decisions going beyond the parties’ claims .
- the judge shall base his decision only on the evidence submitted by the parties .

The infringer sued for damages by the patentee usually defends himself pleading :

-firstly,the nullity of the patent (to abolish the patent monopoly and its exclusive rights restoring the public property of the invention);

-secondly(and in any case) ,the non-interference of his discovery with the scope of protection of the other's invention (to enable a peaceful coexistence).

The judicial finding of infringement implies :

- the validity of the patent ,namely the presence of the patentability requirements of the invention (the so-called “double feature” of “novelty” or “absence of pre-disclosure” of the invention and “non-obviousness” or “inventive step”).

- the existence of interference concerning the scope of patent protection , which means “direct imitation “or “infringement by equivalence”.

- the amount of damages for which the patentee claims compensation against the alleged infringer once the liability of such latter has been ascertained.

⁵The judge can issue his judgment only towards the party duly summoned to Court except for urgency cases (mainly occurring in the “interim proceeding”).

The single-judge Court supervises as “rapporteur” the fact-finding activity issuing provisional measures and the final judgment unless the Public prosecutor takes part in the proceeding :in the latter case the decision is referred to a Collegiate Court consisting of three judges.

In Italy the Court is actually formed by “ordinary (career) judges” who are competent to deal - indistinctly - with civil and criminal cases.

In the patent disputes (and in commercial and civil trials) “juries” are not used (unlike in USA).

The Italian judge has only “legal knowledge” ,so that he is normally obliged to appoint an expert on the Bench(“Master”)to acquire the technical knowledge that is indispensable to him in order to be able to assess the evidence and the facts of the case .

On the contrary ,in some European countries ,the judge dealing with patent litigation is himself a technical judge skilled in that specific area .

Composed panels of legal and technical judges form the Board of Appeal of the European Patent Office (EPO) and the

breakdown into “technical” and “legal” members is proposed for the future Community Patent Court .

Lately the Italian lawmaker⁶ set up “*specialized boards*” attached to twelve ordinary Courts of significant economic profile (Rome, Milan, Turin, Genoa, Venice, Bologna, Trieste, Venice, Naples, Bari, Catania, Palermo) and formed only by judges of proved experience in the field of industrial and intellectual property.

The actions related to the patent disputes can be divided into:

- actions against infringement (*enforcement action*) usually initiated by the plaintiff –patentee;
- actions against the patent (*defensive action*) introduced by the defendant-infringer in advance or –more frequently– in form of counter claims .

The “penalty system” is connected to the enforcement actions .

There are two main proceedings where these actions can start:

- summary (or abbreviated) proceeding ;
- proceeding on the merits.

⁶ Law-decree No. 168 of June 27, 2003

The procedure in the summary(pre-trial) proceeding(originated by the French *refere*) is extremely simple ,namely informal, without implementation of legal rules of evidence and addressed to granting provisional measures in urgent cases of infringement before the proceeding on the merits .

In Italy urgent relief requests prevail because the enforcement of a patent right is characterised by the patentee's interest in obtaining precautionary measures .

Also the owners of pending applications are entitled to those measures exactly like owners of granted patents .

The summary procedure realises a speedy justice .

This is the reason why a statistic of 1996 (limited to the Milan Court that is the most important one in the area of industrial property)shows that 80% of patent lawsuits request preliminary measures.

Anyway the ordinary action is always required , because the interim(preliminary) relief loses its effect if -in a period not exceeding 30 days -the case on merits does not begin.

Only for the proceedings involving corporate litigation the Italian Government has introduced a bill⁷ addressed to

⁷ Law- decree No.5 of January 17, 2003 .

“stabilize” the provisional measures making optional the case on the merits.

The granting of preliminary measures requires two fundamental conditions :

-“*fumus boni iuris*” implies-on the balance of probabilities - the existence of infringement and the “apparent” patent validity contested by the infringer by means of claim or defense of nullity.

“*Fumus*” is particularly appreciated with regard to the European patent which is a “strong” patent characterized by a preliminary novelty research and by a system of control during the litigation stage based on rules corresponding to the Italian norms on the issue of novelty .

-“*periculum in mora*”(urgency) needs the demonstration that the delay incurred in ordinary litigation will generate an “irretrievable loss”.

The Court orders sometimes may be obtained without notice to the adverse party but -in this case- the relief issued “*ex parte*” will have to be confirmed (or withdrawn) within a short time in a subsequent hearing communicated to the other party for its own appearance to Court.

All these orders can be challenged by an interior appeal before the same Court sitting in an amplified panel not including the judge who granted the original order but this appeal does not suspend the execution of the decision.

When the judge bases his jurisdiction on the Brussels Convention of September 27,1968 (updated in 2000 by a Community Regulation called “Brussels one”) the effects of the order may be extended to other countries where the European patent was infringed .

The so called “cross border injunction” is a legal construction of the Dutch case law (this injunction is issued through a particular procedure –*kort geding*-which does not require proceeding on the merits)but its admissibility is actually under discussion .

The preliminary (and temporary) reliefs of Italian industrial law are granted by the single judge-Court and are the following :

-The «*seizure*»(sequestration), is an order authorising the plaintiff to search and seize all the goods infringing the law and all the means used for their production .

This measure is needed in order to collect the evidence of the infringement by blocking the product and its further circulation.

-The «*(prohibitory)injunction* », is a provisional ordering to abstain from producing and / or commercialising the subject-matter of the patent .

The measure is strengthened by “penalties” (monetary fines)in case of non-compliance or delay (like the French “*astreinte*” or the German “*Zwangsgeld*”)and its violation constitutes a criminal offence(“*contempt of Court*”).

In this way the Italian law maker has fulfilled the rule of the TRIPs Agreement providing for “expeditious remedies to prevent infringement and remedies which constitute a deterrent to further infringements”.

- The “*description*” is an order made only by the President of the competent Court authorising the plaintiff (assisted by the bailiff, possibly by a Court appointed expert and usually with a photographer)to inspect and describe the products or processes infringing the law.

Such a measure (like the French “*saisie contrefacon*”) is useful to represent the evidence of the alleged infringement by “depicting” the product and / or the means of production thereof. (the preservation of evidence is guaranteed in U.K. by a similar “search order” called “*Anton Piller*”).

Also the Proposal of EC Regulation on the Community patent provides for an analogous system of “provisional measures” granted by the (future)Community patent Court :

- order to stop infringement(prohibitory injunction);
- seizure of infringing goods and /or machinery they were made with;
- any other order strengthened by legal sanctions to guarantee the observance of such measures.

The procedure on the merits (trial)normally starts with the filing and notification of the *writ of summons* asking the defendant to appear at a given hearing no sooner than 60 days from the date of service for a national defendant and 120 for a foreign one.

The writ of summons contain all the facts ,legal argument and evidence to utilize on during trial and –finally-a precise claim which delimits the subject-matter of the dispute(litigation).

The most important “*deterrence*” measures contained in the final judgment according to the patentee’s claims are the following:

- the “*final injunction*” ,consisting of an order to do or not to do (*prohibitory or mandatory*)addressed to abolishing the patent

violation at all and strengthened by “penalties” in case of non-compliance or delay ;

-the “*withdrawal*” or the “*destruction*”of the infringing products;

-the “ *transfer of property(title)* ” of the infringing products pro patentee ;

-the “*publishing*” of the ordering part of the judgement in a newspaper or a magazine

-the “*compensation of damages*”

With reference to the damages , most Italian patent litigation cases are concluded with the so-called “general condemnation” of the infringer to pay compensatory damages which are liquidated in a separate proceeding on the “*quantum*”.

In any case,when the proceeding on the damages gets on the way and the judge is not requested to issue a decision of “equitable liquidation” with the granting of an “all inclusive sum” according to the briefs and the allegations of the case, the trial is addressed to the analitical verification of the losses complained of by the patentee and their “causal link” with the behaviour of the infringer who has sold the product at his profit and to the detriment of the patent owner .

In Italian legal system the “*treble damage action*”(USA) is unknown.

The work of the Court is addressed to assessing the lost profits of the patentee as “compared” to the increase of sales benefiting the infringer and this calculation is commonly made on the basis of the accounting records of both companies ,with the assistance of a Court appointed expert.

The balancing between “*lost benefit*”and “*infringer’s profit*” remains the most utilized system in Italian case-law.

The rule of the “*equivalent of license fee*”or “*reasonable royalty*” is seldom used and it is adopted mainly in the amicable negotiations leaving towards the settlement of the dispute.