

# **The Judicial Enforcement of Patent Rights in Italy. Strategic and Procedural Highlights**

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## **SPECIALIZED IP COURTS**

- Exclusive jurisdiction
- 22 first instance and appeal courts with specialized civil chambers
  - only 11 if one of the parties is located abroad
- Urgency proceedings in the first instance and case management of proceedings on the merits
  - by a single judge
- Urgency proceedings in the second instance and decision in proceedings on the merits
  - by a panel of 3 judges
- Involvement of court appointed experts
  - assessment of validity and infringement of the patent (in urgency proceedings and proceedings on the merits)
  - calculation of damages (in proceedings on the merits)
- On-line filing and case management

# SPECIALIZED IP COURTS

Courts having jurisdiction in case of foreign parties in **red**



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## INVALIDITY CLAIMS

- No bifurcation
- No technical judges, but addition of experts
- Assertion of invalidity
  - independently through a nullity action (action on the merits)
  - within a negative declaratory action (urgency action or action on the merits)
  - as objection or counterclaim in infringement proceedings (urgency action or action on the merits)
- Relationship between infringement action and nullity action
  - within the same proceedings
    - nullity counterclaim until 20 days before the first hearing, afterwards only objection of invalidity
  - in separate proceedings
    - joinder of proceedings
    - stay of proceedings
- Opposition proceedings before EPO
  - is no reason for stay of judicial proceedings

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## URGENCY PROCEEDINGS: REQUIREMENTS

- *Prima facie* case of the existence of the right and of its violation (*fumus boni iuris*)
  - patent application examined before grant (EPO)
  - patent validity confirmed in opposition proceedings (EPO) or in nullity action (Court)
  - evidence of infringement
  - expert opinion by a patent attorney (usual)
    - validity
    - infringement
- Urgency (*periculum in mora*)
  - if a considerable period of time has elapsed after the IP violation became known, urgency can usually not be assumed
- Enforcement before grant, insofar as
  - the application has been made available to the public
    - IT: 18 months/90 days after filing
    - EP: Italian translation of claims filed at the IPTO
  - or has been served on the infringer

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## **URGENCY PROCEEDINGS: PROCEDURE 1/3**

- Filing of application
- Scheduling of oral hearing
  - written reply by the respondent
  - possible informal investigation during the hearing (e.g. hearing of the parties or of third parties)
- Court Expertise (*C.T.U.*)
  - appointment by the Judge of a patent attorney acting as court appointed expert (CAE)
  - exchange of technical briefs with participation of patent attorneys
  - technical opinion by CAE
- Scheduling of second oral hearing
  - discussion of the expert opinion
- Decision by the Court
  - possibility of an order for security deposit by the applicant

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## URGENCY PROCEEDINGS: PROCEDURE 2/3

- Order without oral hearing (*ex parte*)
  - if knowledge by the other party may jeopardize the enforcement of the measures (e.g. due to time delay or risk of cover up)
  - in case of particular urgency (e.g. irreparable damage)
- Typical examples
  - judicial description for collecting evidence of infringement (*descrizione*)
  - urgency measures in trade fairs (description, PI)
- Oral hearing is scheduled within 15 days
- Decision by the Court
  - confirmation, amendment or revocation of the order
- Prevention of *ex parte* orders
  - no protective briefs
  - negative declaratory action (urgency proceedings)
    - *locus standi*: objective uncertainty (e.g. warning letters, other pending proceedings)
  - invalidity action (proceedings on the merits)



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## URGENCY PROCEEDINGS: PROCEDURE 3/3

- Appeal before panel of 3 judges
  - deadline: 15 days
  - scheduling of oral hearing
  - usually without technical expertise
  - confirmation, amendment or revocation of the order
- Initiation of proceedings on the merits
  - to avoid expiry of the effects of the interim order
  - deadline: 20 working days or 31 calendar days (whichever lapses later)
- Exception in case of PI / recall of products
  - anticipating the effects of the decision on the merits
  - no need to initiate proceedings on the merits
  - each party may initiate proceedings on the merits
    - typically invalidity claim or claim for damages
  - effects of PI / recall of products
    - until patent declared invalid

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## **MOST IMPORTANT URGENCY MEASURES 1/2**

- Judicial description (*descrizione*)
  - gathering of evidence at trade fairs or at facilities of the adverse party or third parties
    - processes
    - software
    - manufacturing means and machineries
    - goods not easily available on the market
    - evidence
      - technical drawings
      - copies of invoices, delivery notes, accounting documents
  - requirements for *prima facie* case are less strict
  - typically *ex parte*, but with subsequent hearing
  - must be carried out within 30 days, involving
    - court bailiff
    - court expert
    - attorney at law and patent attorney or other experts of the applicant
    - police if necessary
  - measures to protect confidential information
  - minutes of description operations as evidence
    - for issuing further interim orders
    - in proceedings on the merits

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## **MOST IMPORTANT INTERIM MEASURES 2/2**

- **Seizure**
  - interim measure for the purposes of proceedings on the merits
    - infringing goods
    - manufacturing means
    - evidence
  - usually with previous hearing
  - not allowed at trade fairs (except in criminal proceedings)
  - same procedure as for judicial description
- **PI and recall from the market**
  - no need for proceedings on the merits to be commenced
  - provision of penalty for non compliance
- **Disclosure of information**
  - Oral questioning by the judge, but questions formulated by the applicant
    - origin and distribution channels
    - names, addresses, quantities, prices
  - refusal to provide information or false information are criminal offense
- **Negative declaratory action**
  - patent not infringed or not valid

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## PROCEEDINGS ON THE MERITS

- Front-loaded: facts, claims and evidence in the initial phase
- Developments
  - deed of summons
    - facts and claims
    - summons of the other side to a hearing scheduled by plaintiff
  - statement of appearance
    - peremptory deadline for invalidity counter-claim
  - exchange of briefs after first hearing
    - 3 for each party
    - peremptory deadlines for evidence
  - possible gathering of evidence
  - technical phase (*C.T.U.*)
    - patent validity and infringement
    - calculation of damages
  - final briefs
    - 2 for each party
  - possible oral hearing for discussion before the panel
    - only if requested
  - decision by panel

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## CALCULATION OF DAMAGES

- Lost profits
  - must be proved
- Virtual royalty
  - assessment of market royalty
  - applied to infringer's turnover
  - equitably raised by the court
    - e.g. virtual royalty +50%
- Disgorgement of infringer's profits
  - as an alternative to or in as far as higher than lost profits / virtual royalty
  - must be requested separately
- Court appointed expert (*C.T.U.*)
  - accountant: *inter partes* technical proceedings
  - assessment of infringer's turnover and profits based on submission/inspection
  - assessment of market royalty
- Statute of limitation
  - 5 yrs (case law: 10 yrs for disgorgement of profits)

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## **COURT APPOINTED EXPERTS (C.T.U.) 1/3**

- Involvement at judge's discretion
- No means of evidence for the parties
- Both in interim and in main proceedings
- Used for
  - assessment by a patent attorney of legal validity and infringement of the patent
  - assessment by an accountant of damages based on submission or inspection of accounting documents
- Appointed by the judge
  - individual expert (as a rule) or panel of experts (rare)
    - expert list at the court
    - parties can agree on a shortlist of agreed experts
  - hearing for appointment of expert
    - swearing-in of expert
    - questions to expert as scope of the expertise
    - deadlines

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## **COURT APPOINTED EXPERTS (C.T.U.) 2/3**

- *Inter partes* technical phase of the proceedings
  - participation of the parties through their own appointed experts (PAE)
  - meeting of CAE and PAE
    - setting of deadlines
  - exchange of technical briefs
    - usually 2 or max. 3 for each party
  - submission of new evidence possible
    - even if submission to the court is no more possible
    - insofar as the right of reply is ensured
  - possible laboratory tests
  - for calculation of damages: submission of accounting documents
  - issuing of a draft expertise report by the CAE to the PAE
    - anticipation of the conclusions of the expert opinion
  - written observations by PAE
    - last exchange of technical briefs
  - submission of final expert opinion to the court
    - includes comments by PAE and related statements by CAE
- Expert opinion is discussed by attorneys-at-law in a court hearing

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## **COURT APPOINTED EXPERTS (C.T.U.) 3/3**

- Expert opinion is used by the court for the decision
  - no binding effect on the court
  - any deviations must be justified in the reasoning (rarely)
- Shortcomings in the expert opinion
  - trivial shortcomings
    - court may revise them in the judgment
  - technical shortcomings
    - court may ask the expert additional questions
  - serious shortcomings
    - on request: oral hearing before the panel
    - court may appoint a new expert for a new opinion (rarely)
- Particular developments of the technical phase
  - expert opinion may give rise to patent limitation
  - application for patent limitation in court or before the patent office
  - assessment of patent limitation by CAE
- Issues with patent translation
  - invalidity:
    - original version prevails
  - infringement:
    - translation prevails if scope of protection narrower
  - corrections at patent office always possible, but with effects *ex nunc*



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## PATENT LIMITATION IN NULLITY PROCEEDINGS

- Request to the court
  - at any time during nullity proceedings
    - in both 1st and 2nd instance
  - new formulation of patent claims
    - within the limits of disclosure of the original patent application
    - no extension of the scope of protection
  - no auxiliary requests
    - but several successive limitation requests are permitted
    - limit: abuse of procedure
  - assessment by CAE
    - additional expert opinion within the technical phase (exchange of briefs)
  - court decision
    - declares partial nullity
    - confirms limited claims
  - Effects *ex tunc*
    - according to case law, however, *ex nunc* effects may be allowed in particular
    - to protect third parties' legitimate expectations when claimed features are taken from drawings or description
- Request to the patent office
  - also during nullity court proceedings
    - alternatively or in addition to request to the court
  - restricted claims and explanation of amendments
  - formal examination, but no prior art review by patent office

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## PARTIAL INVALIDITY AND PATENT CONVERSION

- Patent can also be declared partially invalid
  - deletion of claims
  - amendment of claims
- Invalid patent can have the effects of a utility model (and vice versa), if validity requirements are met
  - typically: conversion from patent into utility model
    - not for process as such
  - no extension of scope of protection
  - request for conversion in court
  - at any time during nullity proceedings
    - 1st or 2nd instance
  - assumption of good faith of the patentee
    - he would have wanted the other IP right had he known the invalidity
  - effects *ex tunc*
  - request for registration of conversion at patent office
    - within 6 months after court decision becomes incontestable and final (*res iudicata*)

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## TORPEDO

- Negative declaratory action against the foreign portion of a EP
  - attempt to block a subsequent infringement action in the foreign jurisdiction
    - Art. 29, EU Reg. 1215/2012: Without prejudice to Article 31(2), where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seised shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seised is established.
- Jurisdiction of Italian courts?
  - denied by Cass. 19550/2003
  - confirmed by Cass. 145508/2013: plain application of CJEU C-133/11 (liability in tort under unfair competition rules) to patent law
  - heavily criticized
    - EP is not a unitary right, but a bundle of national patent rights
    - the foreign portion of a EP has no effects in Italy and cannot be infringed in Italy
    - Italian courts can only have jurisdiction over the infringement of the Italian portion of a EP
  - Italian case law is nowadays settled in denying jurisdiction for torpedo actions
    - general principle of jurisdiction: domicile of the defendant (art. 4.1, EU Reg. 1215/2012)
    - no room for special rule of jurisdiction for liability in tort: place where the harmful event occurred or may occur (art. 7.2, EU Reg. 1215/2012)
- According to most recent case law Italian torpedo is no more an option
  - negative declaratory action against national portion of a EP
  - Nullity action against national portion of a EP

## DURATION OF PROCEEDINGS - STATISTICS

- Urgency proceedings
  - 3 to 6 months
  - order of the measure possible in a few days or on the same day
    - e.g. at trade fairs
- Proceedings on the merits
  - 2 to 3 years in the first instance
  - 1 to 2 years in the 2nd instance
- *C.T.U.*
  - duration is determined by the judge together with CAE
  - from a few weeks (urgency proceedings) to a few months (proceedings on the merits)
- May be longer in complex cases
- Statistics\*

Year	Cases (TMs & Patents)			Days (all civil litig. 1st inst.)	
	new	ended	pending	merits	urgency proc.
2017	327	377	747	885	69
2018	286	334	740	862	71
2019	261	314	702	861	68

\*Source: Ministry of Justice

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## SOME TIPS

- Preliminary checks before C&D letter or action
  - Scope of protection
    - possible limitation
  - Italian translation vs. original text
    - possible correction
  - documents available at patent office (3 months deadline, POA)
    - invalidity claims
- Close cooperation between attorney-at-law and patent attorney
  - before and during action
- Preparation for action
  - possible service of patent application or translation of claims
  - possible service of re-drafted or corrected claims
  - caution on still pending deadlines for EP opposition proceedings
  - C&D letter (carefully consider *pro* and *contra*)
  - technical opinion
- Technical issues during court proceedings
  - possible limitation at court
  - possible limitation at patent office
  - possible conversion

**Thank you!**

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