INTELLECTUAL PROPERTY - ITALY

Implementation of Trademarks Directive on track

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Introduction

Italy is working to implement EU Directive 2015/2436/EC, aimed at harmonising national rules on trademarks. The directive was published in December 2015 together with EU Regulation 2424/2015 on the Community trademark (now the 'EU trademark'), which came into force on March 23 2016. Similarly, the office responsible for trademark registration, opposition procedures and trademark and model invalidation proceedings valid throughout the European Union has changed its name from the Office for Harmonisation in the Internal Market to the EU Office for Intellectual Property. The Italian Ministry of Economic Development has established an expert commission to prepare legislation enabling the government to implement the directive and the draft legislative decree which must be adopted.

The new regulation and directive amend, respectively, EU Community Trademark Regulation (207/2009) and the EU Trademarks Directive (2008/95/EC), which represented the encoded versions of EU Regulation 40/94 and the EU First Trademarks Directive (89/104/EEC), which Italy implemented in 1992. National rules will also be amended in order to be consistent with the case law of the European Court of Justice (ECJ). In previous exercises, Italy has always implemented the mandatory and voluntary provisions of the relevant EU legislation, and this is likely to happen again.

New rules

The new rules will have significant relevance with regard to the following:

- The requirement that a trademark be capable of graphic representation has been eliminated (ie, the range of tools offered to registrants for exclusively identifying their signs has increased). However, in Italy this will still be required for sound trademarks.
- The rules for shape marks have now been extended to colour marks (although registration is barred where the sign is constituted exclusively of a shape or colour which is required by the nature of the product, is necessary to achieve a technical result or is needed to give substantial value to the product); the solution implemented by the directive has already been followed in Italian case law, although there is still a degree of uncertainty in this regard.
- A new definition of the relationship between trademarks and appellations of origin has been introduced (also with regard to absolute grounds for refusal); on this subject the Ministry of Economic Development and the Ministry of Agriculture and Forestry are not fully aligned, with the latter having interpreted the existing rules more restrictively.
- A provision has been introduced granting the option to obtain, also through the administrative route, a declaration of invalidity or revocation of a national trademark on the grounds that it does not meet or no longer meets the requirements for valid protection. This provision is particularly important for Italy, as this system will need to be implemented from scratch – the opposition procedure was introduced in 2011 and applies only where the earlier sign is a registered trademark with which the new trademark is confusingly similar. Because the deadline for implementing this provision is set for 2023 (while the other provisions of the directive must be implemented by 2019), Italy is likely to delay implementation until this

deadline.

- Partially new rules governing the free use of third-party trademarks have been established; this should not give rise to particular issues in Italy, as the case law has already interpreted the existing rules in a way which is consistent with the protected functions of trademarks and it is therefore likely that the new rules will be interpreted in the same way.
- Finally, an extension of the scope relating to an exclusive right has been granted to rights holders, which may now both prevent preparatory activities for use of a trademark or infringing sign and block infringing goods from entering the European Union 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" (Recital 16 of the regulation). The exception is when the trademark owner is not entitled to prevent the marketing of infringing goods under the law of the country of their ultimate destination. Both these rules are missing from existing Italian legislation and need to be introduced as soon as possible.

Due to Italy's geographical location, this last provision is particularly important, since in case of mere transit, the border seizure procedure provided by EU Regulation 608/2013 shall now apply in all circumstances. Further, the customs agency is considered to be very efficient.

This opportunity represents a major step forward when compared with the previous situation established by the ECJ's December 1 2011 decision in *Nokia* and *Philips* (C-446/09 and C-495/09). That decision ruled that the customs seizure of goods in transit through EU territory was permitted only where there was circumstantial evidence that the suspected counterfeit goods, if not otherwise blocked, would be marketed in Europe. In other words, as the decision reads, the measure would apply when:

> "*it turns that the goods have been sold to a customer in the European Union or offered for sale or advertised to consumers in the European Union, or where it is apparent from documents or correspondence concerning the goods that their diversion to European Union consumers is envisaged*."

However, under the new rules the exclusive right of the EU trademark owner under the provisions of both the EU member state in which the goods enter customs control and the state of destination (where this has been specified) will suffice to block the infringing products. Further, the burden of proving that the EU trademark owner is not entitled to prevent the marketing of products in the country of ultimate destination rests with the party presenting the goods to Customs, which must discharge it in the context of the proceedings pursuant to EU Regulation 608/2013. Therefore, the trademark owner is relieved of these costs and burdens.

This legislative action therefore marks a definite step forward in the protection of rights holders. Hopefully, in the future these provisions regarding border enforcement measures will be included in the new rules and also applied to other IP rights; at least, this is the expectation of lawyers and stakeholders. However, the situation is not completely settled, as the new rules will apply only where the infringer's trademark is "identical with the EU trademark registered in respect of such goods" and where this trademark "cannot be distinguished in its essential aspects from that trademark". The rules do not refer to a case where the infringer's trademark is merely similar, even where this similarity represents a parasitic coupling to the original sign.

For this reason, the interpretation of the new rules which require trademark owners to provide Customs with an updated list of the non-EU countries in which their EU trademarks are in force is considered unhelpful. If this interpretation is confirmed, the new rules will be deprived of much of their practical effectiveness. Both Italian and EU customs authorities are considering the issue, but an official communication has yet to be released.

More importantly, the regulation will apply only to EU trademarks. Rights holders will need to wait for national legislatures to implement EU Directive 2015/2436/EC before they can benefit from these new forms of protection.

Comment

The 'double route' regime – which will negatively affect companies that do not have EU trademarks, but only national registrations – should be kept as short as possible. The General Directorate for the Fight against Counterfeiting – Italian Patent and Trademark Office, through a dedicated team of experts, has already taken steps to prepare the final draft of the national provisions to implement the directive. Further, what constitutes 'goods in transit' might possibly be defined by the law before the implementation of the directive.

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