

IP_LAW_GALLI *Newsletter*

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MILAN – DECEMBER 2006

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 - ✓ *Professor Cesare Galli has been given a regular column for in-depth analysis of IP issues in the specialized review «Luce e Design»*
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 - ✓ *Recent rulings in IP matters obtained by our firm (Trade marks: Protection of trade marks with a reputation against denigration – Patents: Scope of claims and equivalence; Extension of an infringement claim to new products of the infringer not specifically mentioned in the Writ of Summons; Description in matters pertaining to patents for electronic inventions; Adoption during description of measures protecting confidential information; Obligation to serve briefs in the case of a number of defendants and termination of the proceedings; Inadmissibility of the petition for immediate scheduling of a hearing proposed by a defendant in nullity proceedings which states that it has transferred the patent – Trade secrets: Keeping evidence confidential – Designs and models: description extended to accounts – Competition: Pre-requisites for the application of the bar on slavish imitation; Competence of the Specialized Divisions)*
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RECENT DEVELOPMENTS IN ITALIAN IP LAW

✓ *A government bill is presented which renews the delegation for the revision of the Code of Industrial Property*

In the previous editions of this Newsletter full reference was made to the activity of the Commission of Experts in session since July 2005 at the Ministry of Productive Activities in order to propose provisions to amend or add to the Code of Industrial Property - CIP - (legislative decree no. 30/2005, which was passed by the government at the end of 2004 and came into force on 19 March 2005). Professor Cesare Galli was also a member of the Commission.

A number of the Commission's proposals have already become law: Legislative decree 16 March 2006, no. 140, which was published in the *Gazzetta Ufficiale* of 7 April 2006 and came into force the following 22 April 2006, has in fact selected from the text arranged by the Commission those provisions which **implemented EC Directive 2004/48**, dedicated to the enforcement of IP rights. Thus, a series of innovations has been inserted into the Code which may have an **important practical impact** in favor of the holders of IP rights, including, in particular, the introduction, alongside both interim and final injunctions, of the «**order for withdrawal from the market**», the possibility of obtaining an emergency injunction in the case of «**any imminent violation**» of the IP right for which action is taken and a more specific discipline regulating **compensation for infringement**, with the express provision of the sanction of **returning the infringer's profits** (for a more in-depth comment on these innovations see the April 2006 edition of this Newsletter).

The delegation for the general revision of the Code, provided by Art. 2 of Law no. 306/2004, **expired**, however, before the procedure necessary for its adoption had been completed, and the change in Government following the national elections of 9 and 10 April 2006 inevitably led to a halt in the relative decision-making process.

The halt was, however, short lived. On 22 September last the Council of Ministers, on the proposal of the new Minister for Economic Development, passed a draft bill known as «*Industria 2015*», which, in setting forth a series of initiatives for industrial innovation in Italy in future years, also provides (Art. 10) for the **renewal of the delegation for revision of the CIP**, thus confirming that the new Government is also of the opinion that increasingly effective protection of IP rights is a key factor in business competitiveness. In the text presented by the Government the delegation is granted for the adoption of «*provisions which amend or add to*» the Code and its prescriptions including : the application of the **new ordinary civil procedure, substituting the so called “company procedure”**, to IP disputes; the modification of those provisions of the Code on the **inventions of researchers belonging to universities** or public research institutes, giving the latter two (rather than the inventor) the patent rights on those inventions; and the harmonization of the protection of **copyright on works of design** with EU legislation, thus extending the duration of this protection to **70 years** after the death of the author, making it the same as that of other works and overcoming the contravention procedure started by the EU against Italy due to the fact that this protection currently lasts for only 25 years.

All these indications **reflect the proposals of the Commission**, whose project should be substantially incorporated by the delegated decree. The work of the Commission had, in fact, been brought to an end by the drawing up of a broad **draft legislative decree**, which did not simply correct the material errors and faults in co-ordination (especially between the articles dedicated to the registration procedure) and re-insert a number of provisions which had been «*overlooked*» when the Code was introduced (in particular the provision on internal priority and the new law on the inventions of university researchers), but led to a **real revision**, inspired by the ambitious aim of giving the different provisions, already present in the law, which protect IP rights against **parasitical exploitation** by non-authorized parties, a systematic consistency that makes this protection one of the supporting axles of the Code.

In this key, some of the most significant of the Commission's proposals are the amendment of

Art. 8 of the Code in which not only the registration but also **the non-authorized use of famous trade marks in a non-commercial field will be expressly prohibited**, in order to impede parasitical linkage to them by third parties; the new qualification of «*company domain names*», mentioned in various articles of the Code, as «**domain names used in economic activity**», an expression which takes up the one used in Art. 20 C.I.P. to define the scope of trade mark protection; the addition of all «*other distinctive signs*» to the list of signs which may interfere with the trade mark (and with which the trade mark may interfere) contained in Art. 22 C.I.P. under «*Unitary nature of distinctive signs*»; and the express provision of Art. 30, of **protection for geographical indications against any non-authorized use of them which «permits the undue exploitation of the reputation of the protected name»**.

Again with regard to rendering the protection of trade marks, other distinctive signs and denominations of origin more complete and consistent, both at civil law and criminal and administrative law level against conduct aimed at unduly exploiting the commercial goodwill embodied in these signs, we now highlight the proposals:

a) to **raise to €20.000, compared to the present €1.032,91, the fine provided by Art. 127 for the willful violation of all IP rights**, and thus in particular for infringement, even should it not lead to a likelihood of confusion, of the trade mark;

b) to extend the **administrative seizure** of pirated goods (Art. 144) in all cases of «**evident infringement of registered trade marks, designs and models**», in order to make the article easier for the administrative authorities to apply;

c) to amend Art. 146, relating to the **administrative sanction for the purchase** of goods which «*due to their quality or for the conditions of the offeror or the price*» appear to be infringing, providing that said sanction is to be added, rather than be an alternative, to any criminal sanction, in such a way as to make it easier to apply.

Among the procedural innovations in the Commission's proposals which are not inserted in the «enforcement» decree, we cite:

a) giving the same judge the **competence** to issue the description and seizure orders and injunction;

b) **extending the possibility of adopting *ex parte* interim measures**;

c) introducing the **preventive technical expertise** into IP proceedings, whereby a patent holder may ask the Court to appoint an Expert who assesses the validity of his patent and its infringement, prior to the start of the action with the aim of preventing a dispute real and proper;

d) applying the **reformed ordinary civil proceedings** to IP disputes. This seems much more suitable for this matter than the company procedure currently in force, and would allow the results already achieved in these years (especially after the setting up of the **12 Specialized IP Divisions** in 2003 at 12 Courts and Courts of Appeal which are now **exclusively competent** in this area) to be consolidated and improved, further reducing the length of proceedings into the merits.

All these innovations may, therefore, already be adopted by the first months of 2007, thus allowing Italian IP law to make a further **improvement in quality**. This will render the Code a more modern and, above all, more functional instrument for IP protection and in the fight against infringement and, in particular, infringement originating abroad.

✓ ***The High Commission for the Fight against Infringement comes into operation***

A further push towards strengthening IP protection in Italy comes from the **High Commission for the Fight against Infringement**, of which the **Technical Committee of Experts** has recently been appointed to flank the new High Commissioner Dr Giovanni Kessler (a judge with international experience in the fight against organized crime, to which infringement is often connected). The Committee includes, apart from a nucleus of judges, the Director General of

INDICAM, Dr Silvio Paschi and the attorneys Professor Gustavo Ghidini and Professor Cesare Galli.

The High Commission's tasks are of a **political-administrative nature**, in particular the **co-ordination of surveillance activities** in the area of the violation of IP rights, **monitoring the prevention and repression** of infringement, **devising measures aimed at fighting the violation of IP rights and assisting companies** in protecting themselves against unfair commercial practices. Each year it is to plan the operations to be carried out and the objectives to be achieved and draw up **legislative proposals** for the fight against infringement.

✓ *The reintroduction of patent duties in Italy*

Duties for the filing, publication and renewal of patents, utility models and designs and models were **abolished** in Italy starting from 1 January 2006, on the basis of a provision of the 2006 Financial Law. This decision was justified by the intention to favor recourse to patent protection above all by small and medium sized firms. In actual fact, however, the first result of this general abolition of patent duties went against the interests of these companies, since it placed the holders of already existing patents *«in a potential situation of holding a monopoly for the entire duration of the patents without having to pay anything to the community»*, as was stressed in particular by PEDERZINI in Notiziario dell'Ordine dei Consulenti, October 2006.

In the already mentioned «Industria 2015» draft bill of 22 September 2006, the Government therefore provided for the **reintroduction** of these duties, in the form of «fees» intended to finance the Ministry for Economic Development and in particular its IP protection operations. The «fees» for maintaining exclusive rights would, in any case, only be due in the fifth and successive years for patents and in the tenth and successive years for utility models and designs and models. Thus the objective pursued by the 2006 system would be achieved (since, by reducing the costs for the first years of an exclusive right to a minimum, companies would be encouraged to patent), minus its inconveniences (since the reintroduction of duties for the remaining years would induce abandonment of patents which after so long time are not profitable enough for their holders to make it worth their while to pay these patent duties, which therefore will not be an obstacle to the activity of other firms).

However this mechanism leads to a practical and not insignificant problem if, as it seems will happen, the «duties» are **introduced with retroactive effect, and therefore also for 2006**. This would evidently have negative repercussions on the financial planning of companies, which would also find the costs of the 2006 duties in the 2007 budget, and it would make it necessary for adequate information to be given, especially to non-entrepreneur holders and small firms, in order to avoid errors which could lead to patents lapsing. This all underlines once more the risks inherent in «homemade» patenting and thus the expediency of turning to IP consultants for assistance in these activities.

✓ *New measures to protect “Made in Italy” and to fight the use of misleading trade marks. The destruction of goods subject to customs measures*

The issue of the protection of Made in Italy has also come to the fore with the approval of the 2007 Financial Law, which affected in turn Art. 4.49 of Law 24 December 2003, no. 350 (2004 Financial Law), i.e. the article which expressly extended the sanctions provided by Art. 517 Criminal Code to *«the import and export for commercial purposes or the sale of goods bearing false or fallacious indications of origin»*. The scope of this article had already been specified in 2005, with the approval of the so-called decree law on competitiveness (decree law no. 35/2005), which had added to the above situation that in which goods bear *«false or fallacious indications of origin»*, so as to overcome a restrictive tendency in case law whereby this article was only applicable to those cases in which the marks could mislead the public as to which company the goods originated from, i.e. could lead to a likelihood of confusion. Now the text of the 2007 Financial Law presently awaiting approval should specify that this criminally sanctioned case also includes *«the fallacious or*

misleading use of company trade marks pursuant to the law on misleading commercial practices): which would allow a broader interpretation to be given, and one which is able to include all cases of misleading use of the trade mark in the bar on uses of trade marks and other distinctive signs «*able to mislead the purchaser as to the origin or quality of the work or product*» contained in Art. 517 Criminal Code.

In actual fact the Budget Commission of the Italian Chamber of Deputies had originally approved a much broader amendment which forbade in general «***the use of Italian trade marks on goods nor originating in Italy pursuant to EU legislation***»: which would have absurdly rendered unlawful the increasingly common practice of decentralizing production adopted by Italian firms, as in many other countries with an advanced economy. Although this text was not adopted, it confirms the fact that an erroneous perception of the problems of infringement is widespread in the political world which needs to be changed as soon as possible.

The law approving with amendments the fiscal decree linked to the Financial Law also expressly provided for the **destruction of goods** seized at customs on the basis of EC Regulation 2003/1383 with the simplified procedure provided by Art. 11 of the Regulation should the owner of the goods not raise any opposition.

THE CASE

✓ ***The trade mark with a reputation is also protected against adoption as a personal pseudonym, used in economic activity with a non-distinctive function*** (Court of Milan, 1 September 2006) – The text of the order and the petition

The Specialized IP Division of the Court of Milan issued an interim order on 1 September last, with which it ruled in favour of the holder of one of the international level trade marks-symbols of Italian creativity in the field of luxury goods, represented by our firm, in a dispute between this **trade mark and a personal name used with a non-distinctive function** in the performance of services relating to the world of entertainment.

The ruling is linked to two previous orders discussed in the April edition of the Newsletter, by which the Court of Milan ordered the seizure of a publication (an erotic calendar), issued an injunction on its further distribution and ordered that it be withdrawn from sale. The publication carried, obviously without the authorization of the holder, a famous name trade mark for luxury goods which the actress portrayed had chosen as a pseudonym (Court of Milan, order 28 October 2005 issued *ex parte*, subsequently upheld by a ruling of 14 November 2005).

In this case, the Court of Milan gave more general bearing to the provisions adopted last year, forbidding the parties involved in economically exploiting the actress's pseudonym – including the latter – **to make any use of this pseudonym in economic activity, even should it be effected without a distinctive function**. In the new ruling the Court clarified what had already emerged in its previous decisions i.e. that any use in economic activity of another's renowned mark which may lead to a likelihood of confusion or damage the distinctive character or repute of the trade mark, or allow the user to take unfair advantage of the distinctive character or repute of the trade mark, constitutes infringement of the mark. This interpretation fully complies with the wording and rationale of Art. 20 CIP, which at least for trade marks having a reputation does not seem to require that the imitator's sign be used with a distinctive function as an unailing pre-requisite for protection. Thus it **strengthens trade mark protection** significantly in Italy, in that it considers unlawful and **forbids any parasitical activity**, even when the imitator's sign is used only for decorative, aesthetic or descriptive purposes.

From this point of view, the Court also ruled out the possibility of the plaintiff invoking the exception of Art. 21 C.I.P. relating to the **use of one's own name**, both because it may operate only in relation to a real name and not to a pseudonym, and also because the effected use still, for what concerns the method of use, seems contrary to the principles of fair practice, and thus does not

comply with the limit imposed by the final clause of Art. 21 C.I.P and Art. 7.1 of EC Directive 89/104, as outlined by EU case law (see, in particular, ECJ, 17 March 2005, C-228/03, also cited and commented on in the previous edition of the Newsletter, pp. 22-23).

The text of our petition follows, followed by that of the ruling admitting the petition. All references which could identify the parties involved have been deleted.

COURT OF MILAN

Specialized IP Division

Judge: Dr Bonaretti – R .G. no. 85700/05

In the case brought by

(xy) s.p.a., represented by the attorney Professor Cesare Galli

- plaintiff -

against

E. (...) s.r.l., represented by the attorneys (...)

A. (...) s.p.a., represented by the attorneys (...)

And Mr. R.S., represented by the attorneys (...)

- appearing defendants -

D. (...) s.r.l.

S. (...) s.r.l.

And Mrs B.K.

- non-appearing defendants -

*** **

Petition

pursuant to Art. 24.1 Legislative Decree no. 5/2003

on behalf of the plaintiff

(xy) s.p.a.

*** **

The subject of this case and the development of the proceedings

1.- This case was brought by (xy) s.p.a. – holder of the homonymous extremely famous trade mark (our documents 3-5), an authentic icon of Made in Italy – to take action against the use of the sign “(xy)” “for the far from commendable **economic activities of a young porn actress** and related goods, and actually reproduced in box characters on a calendar ” (Writ of Summons p. 4), and then to forbid “**the use in any form in economic activity of the sign ‘(XY)’ or ‘(xy)’ or, at any rate, signs which could be taken for or associated with it**” (as conclusion 1 of the Writ reads).

In order to block distribution of the calendar – in which the sign “(xy)” was reproduced also by means of a particular style of writing (“XY”) normally used by the petitioner and by the companies in its Group in their activity and for their products, and in turn registered as a trade mark (our documents 2 e 6-17), – (xy) s.p.a. sought *ante causam* before this Court (our doc. 30), an **interim injunction and seizure order** against the publisher (E ... s.r.l.) and the distributor (A. ... s.p.a.) of the calendar and also the company indicated on the calendar as the producer (D. ... s.r.l.).

The orders in question were **granted** by means of a decree issued *ex parte* on 28 October 2005, (doc. 31), with which the Court **enjoined** the petitioners not to make **any further use of the sign “(XY)” or “(xy)” in the economic activity**, in particular in the production, distribution, sale and publication of the calendars and the relative advertising material bearing said trade mark; it ordered the petitioners to **withdraw the calendars from distribution and sale and to shelve** both the calendars and the relative advertising material by withdrawing same from newsagents and amending

web sites, establishing a fine for any further violation or delay; and authorized **seizure** of the calendars and the relative advertising material as well as of the specific means used in their production and also seizure of the accounts.

This decree was then **upheld by a ruling of** 14 November 2005 (our doc. 39), issued also considering the argument set forth by the appearing parties (E ... s.r.l. e A. ... s.p.a.) stage.

(xy) s.p.a. then brought an **action into the merits** against all parties involved in the contested use of the sign “(xy)” in the economic activity i.e. not only those parties against whom the *ante causam* order had been issued but also against Mr. R. S. (patron of Ms K and producer of her calendar), S. ... s.r.l. (producer and distributor of the pornographic films of Ms K. and sponsor of the calendar) and Ms B. K. herself. Immediately after the defendants entered an appearance (or after the deadline for them to enter an appearance expired), (xy) s.p.a. also filed a **petition for a discussion hearing to be scheduled**, in order to obtain a decision as quickly as possible.

*** **

The most recent violations of the petitioner's rights

2.- However, during delays in the proceedings, **use in business of the mark “(xy)” by a number of the defendants continued and even increased**, expanding most recently also to activities even closer to those of (xy) s.p.a. [and which, as we stated in the Writ, involve various sectors of **luxury and fashion goods** (...)].

In particular, the production and distribution of Ms K's **pornographic films** continued. These films are always presented and advertised by S. s.r.l. as **“B. (xy)” films**, and the name dominates the bills and covers for the films. See, for example, our doc. 40, consisting of a very recent extract from the S. s.r.l. website; see also doc. 41, consisting of a press release of last October issued by S. s.r.l., in which the company stated that it “held the rights to all the films of B. K. (B. xy) all of which were commissioned by us”. Furthermore, the most recent S. S.r.l. press releases always and only speak of “B. (xy)”, announcing for example (see again doc. 40) the possibility for the public to see “2 stunning videos with B. xy as the protagonist in 2 not-to-be-missed scenes, in which you will see her first ANAL performance and her first double penetration” (*sic*: and we have not chosen the crudest descriptions of these films!).

Ms K's activity also continued in the world of **hard core shows, always under the name “B. (xy)”**: the most well-known and sensational episode is that of her sexual performance with a famous Italian TV character, recordings of which in turn appeared in newsagents (our doc. 42); in this case, too, the name “B. (xy)” dominated the CD cover”.

Mr. **R. S.** – more or less on the same days on which the newspapers were publishing the news of his six year prison sentence from the Court of Roma for **crimes linked to prostitution** carried out through his company D. s.r.l. (our doc. 43) – also advertised himself one more time at the expense of the petitioner, by actually giving an **interview on our legal proceedings** to the widely circulated newspaper“(...)” (our doc. 44). See, also, our doc. 28, consisting of an interview given by Ms K., in the newspaper “(...)”, in which she cynically noted of the proceedings: **“I only posed for the publisher. He paid well and the publication was a success. That is what I'm interested in. All I know is that the designer (xy) took action against the infringement of his name: I am not concerned with this affair”**.

Finally, Ms K. invaded the business area of (xy) s.p.a. more directly, appearing in an **advertising testimonial for a clothing label** (...), in the most prestigious Italian women's magazines – such as Glamour, Vogue, Vanity Fair, Elle, Marie Claire, Io Donna, Amica, Cosmopolitan, Donna Moderna, D Repubblica (see a list which appeared on the website of (...), our doc. 45), not by chance chosen among those which most regularly carry (xy) s.p.a. advertising (see, for example, ...) –, here too **using (only) the name “B. (xy)”** accompanied by the description **“sexy star”** and wearing clothes which were in keeping with the description (the advert is still on the website of (...): our doc. 47).

Very recently, the headline of a newspaper **actually announced the appearance of Ms K at a**

night club simply under the surname “(xy)” (our doc. 48).

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The *fumus boni iuris* of the infringement

3.- Thus, in this situation it is **necessary and indeferrable** for this Court to issue an interim order which also **bars** those defendants who were not part of the *ante causam* urgency proceedings from **using the name “(xy)” in business, and particularly, but not exclusively, in the fashion, entertainment and advertising sectors.**

The *prima facie* grounds for this measure were already fully recognized by this Court in its *ex parte* order of 28 October 2005, subsequently upheld by the ruling of 14 November 2005.

The first of these decisions (our doc. 31) stressed the fact that the unlawfulness of the conduct then under examination (distribution of the calendar) derived “**from the recognition, in the above described behaviour of the defendants, that the exclusive rights of the owner of a trade mark of indisputable reputation have been violated (Art. 20/1 cip letters a, b and c, due to the adoption of an identical counterfeiting sign, the likelihood of association, the unfair advantage accrued to the defendants’ product and related damage to the plaintiff’s trade mark), without this behaviour being considered justified under Art. 21/1 cip by the use of the name, which is not that of the actress, and which still in the case in question proves to have been used in such a way as to transcend the limits of fair practice, or be justified by Art. 21 of the Constitution, which protects freedom of speech in no way applying to the case in question as the calendar has no text or any informative purpose and is produced for clear profit-making purposes**”.

Likewise, the ruling confirming the previous order (our doc. 39), stated that “**the unlawful commercial use of the name (xy)** (and its use in the calendar using characters which were more or less identical to those of the plaintiff, above all as regards the particular way of writing XY), chosen as a “nom d’artiste” or pseudonym by B.K., the actress/model portrayed in the calendar, was undeniable both because of the greater graphic importance (enormous on the dust cover) given to the surname than to the first name, demonstrating that its use went beyond the limits of fair practice (Art. 21 cip), and because of the unfair advantage which the reputation of the trade mark ended up conferring on the products (which could lead some to believe that said product had actually been sponsored by the plaintiff ...), with consequent damage being caused to the holder of the trade mark (**defined by style and elegance which have absolutely nothing to do with the erotic nature of the product in question and are, in any case, undeniably harmed by the possibility of its use in the sector**) and with the consequent full integration of the case under Art. 20.c) cip”.

The latter decision also stated – in reply to a specific objection raised by the defence of E. s.r.l. – that, even should the “**print format**” and the **writing of the name “(xy)”** be changed (no longer used in the “XY” form), “**the above reasons for granting an interim order ... ,albeit extenuated, would remain**” (our doc. 39, p. 3).

4.- The considerations made in this ruling may be applied, *mutatis mutandis*, also to **any other business use of the sign “(XY)” or “(xy)” (or, in any case, of signs which may be taken for or associated with it)**, and in particular to the further incidents described above.

In fact, there is no doubt that, as was clearly expressed in the already issued interim order, use of the pseudonym “(xy)” by Ms K. which is not limited to the private sphere but is carried out – as actually happens – in **profit making activities** may not in any way be linked to the exception of Art. 21.1, letter a CIP: said exception as the above order precisely ruled, naturally concerns **only names and not pseudonyms**. It would, in fact, be too easy to circumvent the regulations protecting trade marks by **adopting a famous trade mark as a pseudonym**, in such a way as to benefit in business activities – and a fortiori in activities connected to the world of entertainment, advertising and fashion, like those of Ms K. – of the “pull” of the reputation of that trade mark.

In the case in question, the adoption of the pseudonym “(xy)” by Ms K. was undoubtedly for this reason as it cannot be explained in any other way.

In this regard we need only point out that, as we stated in our Writ and prior to this in the *ante causam* interim petition, **the “nom d’artiste” (artist only in a manner of speaking) of “B. (xy)” was adopted by Ms K. only once she arrived in Italy and “enrolled” in the D. s.r.l. team of Mr. R. S.** – to replace a previous pseudonym “(…)” (see our doc. 27), and after she had made her debut as a nude star under the name of B. K. (see our doc. 22) – and concomitantly with a number of risqué initiatives with which Ms K. and her mentor Mr. R. S. decided to “launch” her in Italy, such as a “streaking” episode(...), which saw her reported for **obscene acts in a public place** (our doc. 24), or (...) again in contexts dedicated to pornography (our doc. 26).

Moreover, the strongest **confirmation** of the fact that the sign “(xy)” was **adopted to take unfair advantage, in Ms K’s business activity, of the great renown of the homonymous trade mark** – and therefore, in any case, in violation of the principles of fair practice and thus forbidden by Art. 21 CIP even in the case of real use of the name – is given by Ms K’s **nude calendar** which gave rise to our *ante causam* interim action: **the word “XY” considered individually dominated the calendar and it was written in exactly the same way as the plaintiff’s trade mark when registered** and as it is normally used in all its communications, including its **graphic representation** (...); and which was widely advertised as the **“(xy)calendar”** (...).

In this regard we need only note the extremely recent teaching of the ECJ which, in relation to the corresponding article of EC Directive 89/104, i.e. Art. 6, explained that the requirement that the name be used in compliance with “honest business practices” (which have become the principles of fair practice in the Italian law) is understood as **“a duty to act fairly in relation to the legitimate interests of the trade mark owner”** and that therefore this limit does not apply both when use by the third party **“is done in such a manner that it may give the impression that there is a commercial connection between the reseller and the trade mark proprietor”** and, more in general, when use **“affects the value of the trade mark by taking unfair advantage of its distinctive character or repute”**, or if **“it discredits or denigrates that mark”** (ECJ, 17 March 2005, C-228/03, points 41-45 of the decision): these situations undoubtedly exist also in the case in question, which actually reports the presence of **both**.

5.- There is likewise no doubt as to the **“business use”** nature of the use of the name “B. (xy)” by Ms K., by her “manager” Mr. R. S. and by S. s.r.l..

In this case too we need only note the clear teachings of the Community case law which explained that only a use **“outside any commercial activity involving the production and supply of goods and services on the market”** (conclusions of the Advocate General Ruiz-Jarabo Colomer in C-206/01, “Arsenal” case) must be considered extraneous to the notion of use in commerce and thus the scope of the trade mark holder’s exclusive right.

In keeping with this teaching the ECJ ruled that **non-distinctive uses** also came within the scope of trade mark protection, such as those having an ornamental function (as in the case of the vertical parallel bands on sports trousers, considered to be infringing of the corresponding trade mark registered by Adidas: ECJ, 23 October 2003, C-408/01, in *Giur. ann. dir. ind.*, 2003, 1458 ff. and in *Riv. dir. ind.*, 2004, II, with note by GALLI), or actually as instruments to be used by supporters (as in the “Arsenal” case: ECJ, 12 November 2002, C-206/01, in *Giur. ann. dir. ind.*, 2003, 1382 e ss.), underlining that **“The fact that a sign is viewed as an embellishment by the relevant section of the public is not, in itself, an obstacle to the protection conferred by Article 5(2) of Directive 89/104 where the degree of similarity is nonetheless such that the relevant section of the public establishes a link between the sign and the mark” “even though it does not confuse them”** (ECJ, 23 October 2003, *cit.*, points 46 and 29 of the decision).

Again in keeping with these teachings Italian legal theorists also concluded, prior to entry into force of the CIP, that **“there is infringement if the value that a certain, actual trade mark has on a certain market is, in some way, taken away from its holder because a third party takes possession of it, taking advantage of it or damaging the holder: ... i.e., every time there is**

parasitic conduct by means of the adoption of an identical or similar trade mark, there is trade mark infringement” (VANZETTI, *I marchi nel mercato globale*, in GALLI (editor), *Il futuro dei marchi e le sfide della globalizzazione*, Padova, 2002, p. 15); and that in the system outlined by the 1992 reform of trade mark law “**it becomes extremely difficult – and maybe even constitutionally unlawful, by violation of the principle of equality – to distinguish between parasitical uses of the trade mark with a distinctive function and parasitical uses with a non-distinctive function**” (GALLI, *The Scope of Trade mark Protection and the ‘New’ Trade Mark Infringement*, in *ecta Gazette*, No. 52, 2006, 5 ff, p. 12).

These conclusions have been **strengthened** by the entry into force of the **CIP**, which now defines the subject matter of the exclusive right of the trade mark holder by using an expression (“**use in economic activity**”) which is **broader** than that of EC Directive 89/104 (“**use in commerce**”) and as such can **also encompass within the scope of trade mark protection uses of the mark which are not strictly speaking commercial** and which the EU legislator left to Member States to decide whether or not to reserve to the trade mark holder (Art. 5.5 of the Directive: “ Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark”).

In fact, the most recent Italian legal theory which has commented on the new article has in turn clearly expressed itself in the sense that “**non-distinctive uses of another’s trade mark may also constitute infringement of the trade mark with a reputation**” (RICOLFI, *La tutela del marchio*, in AUTERI-FLORIDIA-MANGINI-OLIVIERI-RICOLFI-SPADA, *Diritto industriale. Proprietà intellettuale e concorrenza*², Torino, 2005, p. 128)

6.- If these principles are now applied to the uses which Ms K and the other mentioned parties are making of the mark “(xy)”, said uses are undeniably linked to the notion of “**use in economic activity**” admitted by the Italian legislator and also to that of “**commercial use**” in a strict sense.

This is, first of all, the case with the use of the name “B. (xy)” made – moreover giving great prominence to the name and with a real distinctive function – on **DVD copies of the pornographic films** showing the sexual performances of Ms K. and in the related **advertising material** (see our documents 27 and 40-42): copies which are, to all effects, **commercial products**, and the same considerations apply to them as were applied to the calendars in the *ante causam* orders.

Exactly the same considerations apply to the use of the mark “B. (xy)”, and even only “(xy)” (our doc. 48) in the **show** announcements and the other far from commendable advertising initiatives of which Ms K is the protagonist (see our documents 24-26, 28, 42, 44 and 48), which in turn must be defined as **services with an economic value (and actually commercial)**, in the **entertainment industry**.

There can also be no doubt as to the **commercial nature of the recent testimonial advertising related to clothing** featuring Ms K, under the name “B. (xy), sexy star” (our documents 45-47). In this regard, we need only note the clear distinction made by the Constitutional Court between activities expressing ideas and advertising activities. The latter is not covered by the right constitutionally guaranteed by Art. 21 of the Constitution, but possibly by Art. 41 (thus, for example, Constitutional Court, 17 October 1985, no. 231, in *Riv. dir. ind.*, 1987, II, 3 ff, with note by PADOVANI and in the same sense Supreme Court, 23 November 1999, no. 12993, in *AIDA*, 2000, no. 656; and in legal theory GHIDINI, *Introduzione allo studio della pubblicità commerciale*, Milan, 1968, p. 229) and, therefore, may inringe third parties’ rights.

7.- **Infringement** of the famous trade mark “(xy)” by the defendants also by means of the above mentioned conduct, and more generally through use of the mark “B. (xy)” (or simply “(xy)”) in relation to the activities of Ms K. and of the parties surrounding her in the world of pornography, entertainment and now fashion, is therefore undeniable.

Albeit effected in a less “shameless” manner than that of the infringement effected by the calendar (which, as was mentioned previously, also carried the unusual writing “(XY)” used by the

plaintiff and in turn registered as a trade mark), this use of the name also **clearly interferes with the trade mark “(xy)”** considered per se, regardless of any style of writing: this is an exclusive right which belongs to (xy) s.p.a. by virtue of its numerous registrations (see, at least, the trade marks cited in our documents 2-17; in particular the trade marks cited in documents 3-5 relating to the trade mark “(xy)” in any character, size or colour), and which is strengthened by the **great reputation** acquired (...) by (xy) s.p.a. and by its goods and services (...) and by **advertising investment of (over (...) Euro per year, of which almost (...) covers media releases: our doc. 29)** spent by the plaintiff in order to spread and consolidate amongst the public its image constituted by **style and elegance** (see, for example, our documents 18 and 19), making (xy) really **the Italian trade mark of high renown by antonomasia**. This high renown has been acknowledged, moreover, not only by numerous publications throughout the world but also in **court decisions** which, on many occasions prior to this action, protected the trade mark (xy) against infringing and parasitical activity (see, for example, the decisions of ...).

8.- Art. 20.1. letter *a* of the CIP may be applied at least with respect to the recent **advertising activity** carried out by Ms K. for articles of clothing. This forbids the adoption of **identical trade marks for identical goods**: the cited trade marks of (xy) are, in fact, already registered (and widely used) for **Class 25** goods i.e. articles of clothing.

Moreover, there is not even any doubt as to the **likelihood of confusion**, at least in a wider sense, pursuant to Art. 20.1, letter *b* of the Code, as a part of the public could believe that at least this advertising and the articles of clothing to which it refers (if not also the other activities of Ms K) have been **authorized or “sponsored”** in some way by (xy): and this in relation both to the spread of forms of advertising which **couple even famous trade marks with nude images**, which are most certainly not in the tradition of (xy) s.p.a., but still increasingly common; and to the spread of **“co-branding”**, in which marks which are very different to each other are coupled in relation to specific products (a Study-Conference was recently held in Rome on this phenomenon).

This likelihood of confusion (at least on sponsorship, or rather the so-called likelihood of association) is actually confirmed – and **accentuated** – by the fact that, as has been seen, the testimonial advertising featuring Ms K (and above all her **pseudonym!**) appeared in those magazines which give a lot of space to (xy) s.p.a. advertising (see, again, by way of example, our doc. 45).

9.- Even more undeniable – and at least in this case most certainly with respect to **all** the above economic activities carried out by the various defendants – is the violation of Art. 20, 1, letter *c* CIP – an article which this trade mark is undoubtedly covered by in the broadest of ways given its wide-ranging reputation –, which protects **trade marks with a reputation** against all uses of identical or similar marks which cause **damage** to the distinctive character or repute of such trade marks damaged by this use, or (the two situations are alternatives but in our case both are clearly present) an **unfair advantage** for the user.

In fact it cannot be doubted, for the above reasons, that use of the mark “(xy)” in relation to the activities of Ms K. and the related goods and services, causes **damage to the reputation** of this trade mark (the mark is coupled with goods and services of which the very least that can be said is that they are not in keeping with the style and the image of the trade mark “(xy)”); and a correlated **unfair advantage** for the opponent, which links these goods and services to a famous and prestigious trade mark, some of the aura of refinement linked to the trade mark “(xy)” being reflected on said goods and services.

It is all too clear to see that the intention of Ms K and the other parties cooperating with her in the commercial use of her image is to **take unfair advantage of the reputation of the trade mark “(xy)”**, by linking the image parasitically to the great renown of the trade mark in order to have the latter draw along the former’s much less noble products, if not actually convincing the public that (xy) s.p.a. may in some way be involved with their distribution or sponsorship.

Equally evident is the **damage** that this situation causes to (xy) s.p.a. and its trade marks by being coupled with an economic activity (**pornography** and its connected activities) and products

(pornographic films, an erotic calendar and lastly, and most insidious, the **advertising for fashion goods carried out using the term “sexy star”**) which are light years from its style, always bearing the imprint, as stated previously, of sobriety and refinement.

Through the adoption and use of the “pseudonym” “B. (xy)” by Ms K. and the other defendants there has, in the last two years, been a real **programmed denigration of the name (xy)**, accentuated, if possible, by the further “promotional” initiatives used by the actress in question and her mentors to “launch” her (...): not to speak of the **hard core films** of which she is the protagonist, distributed and advertised by S. s.r.l. giving **great prominence to the name (xy)** (our documents 27 and 41-42) (...).

Naturally we do not wish in this petition to express moral judgments or to restrict in any way the freedom of any party to act or advertise themselves as they see fit. What we expect, however, is that this does not **damage another’s rights or reputation**.

The price for the **financial advantage** (because that is all it is!) gained by Ms K. and the other parties using her image commercially by coupling it with the trade mark (xy), is, in fact, **borne by the petitioner**, for whom the correlated denigration of its image causes **major financial damage**, since it nullifies the **investment in advertising** (as stated before, the colossal amount of (...) Euro a year: see again our doc. 29) which the petitioner has made in order to spread and consolidate its image amongst the public.

We need only stress, with regard to the latter, that legal theory and case law have, for some time, been of the opinion that what gives rise to the damage contemplated by the article is exactly this coupling of the trade mark with “**poor quality or base products**” and “**more generally (its use) in ways which are not in keeping with the image of the imitated trade mark**, since often it is this consistency i.e. the fact that the trade mark brings to mind a certain “style”, which constitutes a considerable part of the market value of the trade mark itself” (thus, for all, VANZETTI-GALLI, *La nuova legge marchi*², Milan, 2001, p. 39; and in case law for example the Court of Milan, 4 March 1999, in *Giur. ann. dir. ind.*, 1999, 977 ff, in a case involving the use of AGIP’s figurative trade mark on T-shirts together with **parodic writing** bringing to mind drug use; or the Court of Parma, interim order 22 January 2001, in GALLI, *I domain names nella giurisprudenza*, Milan, 2001, p. 447 ff, regarding the use of the trade mark of the Parma Ham Consortium in the domain name of a site which was “**a shop window for hot clothing**”; or again the Court of Napoli, 26 February 2002, in *Giur. ann. dir. ind.*, 2002, 652 ff, which ruled that the adoption of the trade mark Playboy as the domain name for a **pornographic site** damaged the former).

*** **

Urgency

and the need for preliminary relief

10.- Nor can one doubt the fact – also acknowledged by the pre-trial interim orders – that the unlawful acts described above (and which are still being carried out) can most certainly cause (xy) s.p.a. **serious harm in terms of damage to the mark’s image and reputation**, damage which by definition **cannot be remedied by financial compensation**.

For what concerns both *fumus boni iuris* and *periculum in mora*, the need for urgent action also against the defendants who did not take part in the pre-trial proceedings could not be clearer.

This need, and the indeferrability of the order, is **accentuated by two factors**:

a) firstly, as we have seen, Ms K’s activities are **getting dangerously close (with the advertising for ...) to the sector (luxury goods and fashion) in which (xy) s.p.a. operates**, making the “contamination” of the respective messages (pornography on the one hand, refinement and sobriety on the other) increasingly present and damaging for the petitioner;

b) secondly, the “**calendar season**” is once more approaching. From September on, calendars invade newsagents with their nude or seminude images of stars, starlets and would be stars: it is thus easy to imagine that Ms K may soon be involved (in all likelihood with a new publisher) in making a new “(xv) calendar”, and the situation which caused the previous damage will arise once more.

*** **

The measures requested in this petition

11.- In its Writ of Summons, and subsequently in the conclusions in the petition for the scheduling of a hearing pursuant to Art. 8 Legislative Decree 5/2003, (xy) s.p.a. sought a **final injunction** against the defendants on the continuation and resumption of the unlawful activities carried out by them and more in general an injunction on “**the use in any form in economic activity of the sign ‘(XY)’ or ‘(xy)’** or, at any rate, signs which may be taken for or associated with it and ordering them to withdraw from the market products bearing the infringing marks which are still at their disposal, imposing on them a fine for any subsequent violation or delay in enforcing the orders contained in the issued ruling” (conclusion 1).

In the pre-trial interim proceedings a **provisional injunction** had already been issued against the parties to those proceedings (i.e. E. s.r.l., A. s.p.a. and D. s.r.l.) on “**any further use of the trade mark ‘(XY)’ or ‘(xy)’**, in particular in the production, distribution, sale or advertising of calendars and the relative advertising material bearing the said trade mark”, with an order to withdraw from the market materials bearing said mark and a fine for any violation or delay (order issued *ex parte* on 28 October 2005, our doc. 31, later upheld by a ruling of 14 November 2005, our doc. 39, and **not challenged**).

At this stage **the provisional injunction** and the relative additional measures (order to withdraw from the market and fine) thus need to be **extended** to the other defendants, making it specific, in particular, to uses of the mark “(xy)” indicated in the narrative part..

This is naturally only if it is not possible to proceed pursuant to Art. 24.4 and 5 of Legislative Decree 5/2003.

Finally, we stress that, since one of the absent defendants (Ms K) has had to be served the papers of these proceedings by following the procedure laid down in articles 142 and 143 Code of Civil Procedure (CCP), which provides that “**service is considered to have been effected validly on the twentieth day following that on which the required formalities were carried out**” (Art. 143.3°, CCP), the hearing attended by the parties for the discussion of this petition must also be scheduled for a date which is compatible with the article.

*** **

For all the above reasons, (XY) s.p.a., represented as indicated at the beginning of this petition
requests

that the Judge appointed to examine the merits

- subject to scheduling a hearing for a date which complies with the provisions of Art. 143.3, CCP, in relation to the defendants who have not appeared for whom it has already been necessary to serve the petition according to the procedure under articles 142 and 143 CCP;

1) issue, pursuant to Art. 131 CIP and Art. 700 CCP, against all the defendants, and in particular those who did not take part in the *ante causam* proceedings – i.e. S. s.r.l., Ms B. K. and Mr. R. S. –, a provisional injunction on the use in any form in economic activity of the sign ‘(XY)’ or ‘(xy)’ or, at any rate, signs which may be taken for or associated with it, ordering them to withdraw from the market those products bearing the infringing signs which are still at their disposal;

2) Establish, pursuant to Art. 131 CIP, a fine for any violation subsequent to the issue of the ruling and for each day’s delay in enforcing the provisions contained in the ruling.

The following documents are submitted:

(...)

Milan, 28 July 2006.

1/05

The Court,

having reversed to decide the case at the hearing of 31.8.2006,

having heard the parties present,

having read the papers and examined the submitted documents,

OBSERVES

The plaintiff, (xy) s.p.a., holder of the homonymous and well-known trade mark, after seeking and obtaining pre-trial interim protection against the wrongful use of the mark ‘(XY)’ or ‘(xy)’ as a pseudonym or “nom d’artiste” chosen by the young pornographic actress B.K. for her economic activities (and, in particular, with regard to the publication of a calendar containing nude images of K., published by E. s.r.l., distributed by A. s.p.a. and produced by D. s.r.l.), brought an action into the merits against all parties who, in their various ways, were involved in the contested use of the mark (apart from the above, B.K., R.S. – patron of the former and producer of the calendar – and S. s.r.l. – producer and distributor of K’s pornographic films and also sponsor of the calendar –) in order to have the activity ruled unlawful and to obtain a final injunction on the use in any form in economic activity of the mark ‘(XY)’ or ‘(xy)’ or, at any rate, of marks which may be taken for or associated with it.

Moreover, during the proceedings the plaintiff, reporting the continuation and an actual increase in the use of its trade mark in K’s various economic activities, introduced further urgency proceedings, the ones now under examination, essentially requesting that the previously issued provisional injunction on use of the sign in any form of economic activity and the relative additional measures (withdrawal from the market of products bearing the said mark and a fine for each violation or delay) also be extended to the parties who did not take part in the pre-trial interim proceedings and thus to S. s.r.l., R.S. and B.K. herself.

E. s.r.l. and S. S.r.l. have made a formal appearance in these incidental proceedings and filed a defence brief (the latter taking advantage of the occasion to also make a formal appearance in the proceedings into the merits, for which, what is more, an order scheduling the panel discussion hearing has already been filed).

E. s.r.l. stated that it was extraneous to K’s further activities, that it had been summonsed without any reason in these proceedings and requested that the plaintiff be ordered to pay the relative expenses.

S. s.r.l. contested the generic nature of the opponent’s claim (in that it was extended to all classes of goods). It stated that the claim was inadmissible (for the alleged need to bring new proceedings in relation to further contested episodes), that the pre-requisites for an interim ruling did not hold (given that the case into the merits was at an advanced stage, the lack of facts and events which had arisen, the time which had passed since adoption of the contested pseudonym), that it was essentially extraneous to the situation (as K had forced it – only in the film sector, the sector in which it operated – to use the pseudonym ‘(xy)’), and that the court to which recourse had been made did not possess territorial competence whereas those of Roma or Bologna did.

The assertions made by the defendants seem to be unfounded and must be dismissed.

The summoning of E. s.r.l. in these proceedings seems to be justified in its capacity of party to the proceedings into the merits into which this interim action is inserted, and assessment of any relative expenses must await the final ruling.

S. s.r.l.’s assertion as to lack of territorial competence seems to have been submitted late and is,

in any case, unfounded for subjective and objective reasons of connection and because the proceedings into the merits subsequent to the interim proceedings, in which the unlawfulness of the publication of the calendars printed in Cinisello Balsamo (Province of Milan) is discussed, were brought correctly before this Court. The assertion regarding the alleged generic nature of the claim are also to be dismissed (the claim is very specific as regards the injunction on use of the name whilst its extension cannot but be correlated to the breadth of protection given to the renowned trade mark and it is, therefore, a question pertaining to the merits) as is that of its admissibility (the interim claim is, in fact, fully instrumental to the claims filed in the proceedings into the merits, see Writ, p. 19, no. 1; rather, since the proceedings into the merits into which this action is inserted are pending, any decision by the plaintiff/petitioner to start new interim proceedings could have justified an objection by the opponent of lack of competence in favour of the Court examining the merits which would have been anything but unfounded; whilst the stage of the proceedings, which have already been remitted to a panel for decision, cannot preclude a request for further interim orders and the evidence of the deduced facts, their connection and the alleged extraneousness of the defendants can only influence in the merits the adoption of the orders themselves).

Coming then to the grounds of the sought interim relief, it must be stated first of all that no reasons have been given or have emerged at this stage for justifying a change in the decisions made in the pre-trial action in the ruling issued *ex parte* on 28.10.05, later upheld by a ruling of 14.11.05, regarding the unlawfulness of the use in economic activities (obvious in any professional activity, i.e. carried out for profit making purposes of a systematic, even also non-exclusive, nature) of the name '(xy)' (in particular, in those proceedings, for the publication of the calendar with the nude images of K), given the evident violation of the rights of the plaintiff, the holder of an indubitably renowned trade mark (Art. 20/1 cip, letters a, b and c, in relation to the adoption of identical infringing signs, for the risk of association, for the undue advantage accruing to the activity of the defendants and the correlated damage to the plaintiff's trade mark). The said undue advantage and/or discredit have significantly also been taken up by EU decisions in recognizing infringement by use of the mark, due to the connection, even should it not lead to confusion, suggested between the sign and the mark and regardless of the distinctive nature of the use itself (see, ECJ, 23.10.2003, C-408/01 – Adidas case – GADI 2003, 4608; and ECJ, 12.11.2002, C-206/01 – Arsenal case –, *ibidem*, 4602).

This confirms that it is impossible to consider use pursuant to Art. 21/1 cip as justified, as the case concerns a name which is not exactly that of the defendant K. and which is proved to be used in a way and for purposes which are not in keeping with principles of fair practice.

It must then be observed that the claim for an extension of the interim order to all the defendants actually seems to be justified, on the one hand, by the documented continuation of K's activities under the pseudonym (xy) in the "hard core" film industry and with distribution also by means of DVDs prominently bearing said name (see documents 40-42 of the plaintiff), a sector which sees S. s.r.l. state that it "*holds the rights to all the films of B.K. (B. xy) all of which are commissioned by us*" (doc. 41), and that, albeit for different genres, may not be considered extraneous to the field of economic activity (fashion, entertainment, advertising) of the plaintiff (which often supplies, also for film productions ... luxury and fashion accessories, and which far from having long tolerated the use of its name by the defendant in the film industry, appears to have taken timely judicial action, immediately following K's decision to change her first artist's name – (...) – to (xy)).

On the other hand, extending the interim order seems to be justified by the progressive creeping of K's professional activity towards sectors which are nearer and nearer to those of the plaintiff (such as clothing, fashion and accessories), with services and advertising effected for the label (...) (see documents 45-47) and even appearing in the most well-known women's magazines, in particular those which normally give space to the advertising of (xy), so that the same magazine will be giving readers both images of the defendant K. as a model (accompanied, what is more, by the name B. and the surname '(xy)', plus the description 'sexy star') and the advertising (...) of the

plaintiff (xy) (see Vanity Fair, sub doc. 46, inside and on the dust cover). Without taking into consideration the appearances of K in night clubs which are announced only by the surname '(xy)' (doc. 48).

In this context, which is of a purely advertising and commercial nature, it seems evident that the choice and use of the name '(xy)' may in no way be considered random, but confirms a precise wish for linkage, for the purposes of evoking and exploiting the idea of refinement, distinction, class and elegance suggested by the trade mark under examination (undue advantage). Thus it must be considered to be an infringing use, also taking into account the fact that the negative effects of this choice and use end up being borne entirely by the plaintiffs (undue damage), in the terms described there is possible, if not probable, association, sponsorship or authorization, with the consequent discrediting, also at commercial level, (for the evident discrepancy between the image of sobriety and elegance pursued by the plaintiff and the erotic exhibitions offered by the defendants), and endangering of the major annual advertising investment made (see doc. 29 merits).

The above considerations show the existence in the case in question of prima facie grounds and urgency and lead to admission of the plaintiff's request for extension of the interim order.

for these reasons

taking interim and urgent measures, rules thus:

- enjoins the defendants and in particular B.K., R.S., S. s.r.l., which did not take part in the pre-trial interim action, not to use in any form in economic activity the sign "(XY)" or "(Xy)" or "(xy)" or, at any rate, signs which may be taken for or associated with it, ordering that products bearing the infringing marks which are still at their disposal be withdrawn from the market;

- fixes a fine of €100 for any violation after two (working) days from service of this ruling and €5.000 for each day's delay, from the same moment, in enforcing the provisions of this ruling.

Milan, 1 September 2006

The Appointed Judge

Dr. Domenico Bonaretti

THE ARTICLE

✓ ***The ECJ drastically limits the space for cross-border actions in patent matters: a comment from the Italian point of view*** – The translation of an article by Professor Cesare Galli published in the international supplement of the *Corriere Giuridico* law review

Two ECJ rulings, published on the same day, have drastically limited the possibility for seeking cross-border measures in patent matters. Originating in the Netherlands, cross-border rulings subsequently extended into other European states (including Italy, where cross-border rulings of non-infringement (torpedoes) have been sought, even if always without success). Now, the foundations of decisions favourable to these measures are being broken up and very little space is reserved for such rulings, which are maybe more suitable for trade mark rather than patent matters. Il *Corriere Giuridico* has, therefore, asked Professor Cesare Galli (who not only has specific professional experience in cross-border actions but is also the author of various essays on the subject, including an in-depth piece published in 1999 by *Rivista di Diritto Industriale*) to comment on the two ECJ decisions for its supplement on EU and international law, *Int'l Lis*.

The translation into English of Professor Galli's article appears on the following pages.

CESARE GALLI

THE ECJ DRASTICALLY LIMITS THE SPACE FOR CROSS-BORDER ACTIONS IN PATENT MATTERS.

A COMMENT FROM THE ITALIAN POINT OF VIEW.

SUMMARY: 1. Cross-border injunctions in patent matters. – 2. Art. 6 no. 1 Brussels Convention and the notion of “irreconcilable judgments” in EU case law prior to the decisions under examination here. – 3. The restrictive interpretation of the notion of “irreconcilable judgments” in the C-539/03 ECJ ruling. – 4. The risks of forum shopping. – 5. The scope of application of the exclusive jurisdiction under Art. 16 no. 4 Brussels Convention, according to the C-4/03 ECJ ruling. – 6. The (limited) space remaining for cross-border measures in IP matters.

1. With the two rulings issued on 13 July 2006 in C-4/03 and C-539/03, the ECJ seems to have drawn a line, at least for the moment, under the experience of cross-border injunctions, or rather, under the possibility of obtaining transnational injunctions in patent matters by suing in a single action one or (usually) a number of defendants who are involved in the infringement not only of a patent protected in the State of forum but also of the corresponding foreign patents and, in particular, the foreign national parts of European patents (i.e. patents granted for a number of European Member States by means of a single procedure and whose effects are then equated to those of individual national patents in each of the States for which they are requested).

Rulings admitting the possibility of cross-border measures began to be seen mainly in decisions of the Dutch courts from the '90s on¹, but are also admitted within certain limits in other European legal systems². The basis for all such rulings is the Brussels Convention of 27 September³, now

¹ On this argument see in particular Bertrams, *The Cross-Border Prohibitory Injunction in Dutch Patent Law*, IIC 1995, 618 ff.; and Willems, *Report on Recent Jurisprudence in the Netherlands*, IIC 1997, 876 ff., which cites three rulings issued by the President of the District Court of the Hague (exclusively competent in the Netherlands to hear proceedings in matters of patent violation) in 1995 and another four in 1996. The leading case of Dutch case law which is favourable to cross-border rulings in IP matters, however, is considered to be the ruling of the Hoge Raad of the Netherlands of 24 November 1989 (*Lincoln c. Interlas*), B.I.E. 1991, 86 ff, and *Net. Jur.*, 1992, 1597 ff, which ruled that it was lawful to extend to the entire area of the Benelux Economic Union an injunction on the continuation of conduct which had been adjudged to constitute infringement of a trade mark effective in the three states comprising the Union.

² In Italy, the first decision granting a cross-border injunction in IP matters (the case was that of a PGI granted on the basis of EC Regulation 92/2081) was that of the Court of Bolzano/Bozen, interim order 22 April 1998, *GADI* 1998, 536 ff; see also Court of Torino, interim order 19 May 2000, *ibid*, 2001, 225 ff, and *GI* 2001, 985 ff, with a note by Candellero, which implicitly recognized its admissibility, under certain conditions (which in the case in question did not hold). In Italian legal theory the following authors in particular have dealt with cross-border injunctions: Dragotti, *Cross-border injunctions: verso una tutela sovranazionale dei brevetti (europei)?*, *RD Ind.* 1995, I, 255 ff; Honorati, *La cross-border prohibitory injunction olandese in materia di contraffazione di brevetti: sulla legittimità dell'inibitoria transfrontaliera alla luce della conv. Bruxelles*, *RDIPP* 1997, 301 ff; Galli, *Problemi e prospettive delle cross-border injunctions in materia di proprietà intellettuale*, *RD Ind.* 1999, I, 21 ff; and Consolo, *In tema di giurisdizione su azioni dichiarative di irresponsabilità aquiliana*, *RD priv.* 2001. In Germany see Landgericht Düsseldorf, 16 January 1996, with a full commentary in Meibom-Pitz, *Cross-border Injunctions in International Patent Infringement Proceedings*, *EIPR* 1997, 469 ff. (471); these authors note that the same Court had already ruled that it could hear «infringement actions related to foreign patents, in so far as the action is intended to prohibit the defendant from undertaking specific acts in the relevant foreign State» (Landgericht Düsseldorf, 1 February 1994). Clear opposition to cross-border injunctions, however, has emerged in English case law: in 1995 in an *obiter dictum* the High Court of Justice stated that «it would not be right for this court to grant an injunction which had an effect outside the United Kingdom» [in the joined cases *Chiron Corp. et alii v. Organon Teknika Ltd.* and *Chiron Corp. v. Murex Diagnostic Ltd.*, Aldous J., (1995) *FSR* 325, 338; in the same sense see also *Plastus Kreativ AB v. Minnesota Mining & Manufacturing Co.*, Aldous J., (1995) *RPC* 438]; subsequently, in 1997, the High Court declined jurisdiction for a claim of infringement relating (also) to the German and Spanish parts of a European patent, stating that a decision on infringement could not be disconnected from that on validity, and that, as such, it came within the exclusive jurisdiction of the State to which the national patent (or the part of the European patent) referred (High Court, 26 March 1997, Laddie J., in the case *Coin Controls*

replaced in relations between EU Member States by Regulation 44/2001. In particular, the possibility of suing a number of parties from different States, each for the infringement of an individual part of the European Patent in effect in that State, before the national court of one of the parties, is provided by Art. 6 no. 1 of the Convention (and of the Regulation), whereby should there be «a number of defendants» the action may be brought «in the courts for the place where any one of them is domiciled»⁴. On the other hand, the fact that the Brussels Convention and Regulation 44/2001 provide (respectively in Art. 16 and Art. 22) for the exclusive jurisdiction of the courts of the State in which the patent was granted in deciding on its validity does not rule out – again according to case-law admitting cross-border injunctions – the possibility that the court of another State may decide on this validity *incidenter tantum*, in proceedings relating to infringement of that patent.

The two ECJ decisions of 13 July 2006 have, however, brought down these two pillars in the legal construction favourable to the admissibility of cross-border injunctions. In fact, the C-539/03 decision held that the title of jurisdiction under Art. 6 no. 1 of the Convention and Regulation does not apply when the cause of action invoked against foreign defendants is constituted by infringement committed by said defendants in their respective countries (other than that of the Forum) which concerns the (autonomous) national parts of the same European Patent in effect in these countries for which action has been brought against the defendant whose seat is in the State of Forum. The C-4/03 decision denied that the fact that the question of validity of a patent is examined only *incidenter tantum* rules out the reserve of jurisdiction provided by Art. 16 of the Convention and Art. 22 of the Regulation, which means that the defendant need only claim that the foreign patent invoked against him is null in order to freeze the infringement action brought before a court other than that indicated in the above two articles.

2. The ECJ also dealt with Art. 6 no. 1 of the Brussels Convention in its 1988 *Kalfelis* decision, relating to a different type of case⁵. In essence, on that occasion it indicated two closely connected limits on the applicability of the article.

The first limit, of a negative nature, is the bar on making instrumental use of the article in order to remove the foreign defendants from their natural court and it corresponds to that already expressly provided by the Brussels-Lugano Conventions (and now by the Regulation) in Art.6 no.2 for another situation, or rather that relating to guarantee actions and to the suing of third parties. This

v. Suzo International, EIPR 1997, D 187-188, with note by Gielen; a later ruling had asked the Court of Justice for a prejudicial interpretation of the articles of the Brussels Convention, but the relative procedure was then abandoned as the principal proceedings had been resolved by settlement: Court of Appeal, 27 October 1997, in the case *Fort Dodge Animal Health Ltd. et alii v. Akzo Nobel N.V. et alii*, Aldous and Chatwick L. JJ., *ibid*, 1998, N 10-12, with note by Beresford). Some English legal theory is more open to the possibility: see, in particular, Kempner-Fricker, *Can UK Courts Face the Dutch Challenge on Cross-Border Injunctions in Intellectual Property Cases?*, EIPR 1996, 377-378.

³ Of essentially corresponding content is the Convention of Lugano of 16 September 1988, on relations with the legal systems of Contracting States to the Convention on the European Economic Area. In general on the content of the two conventions see Campeis-De Pauli, *La procedura civile internazionale*, Padova, 1991, 151 ff.

⁴ This article naturally only applies to defendants domiciled in a Member State, as shown in the *incipit* of Art. 6, which states that the article refers to the «defendant as per the previous article»; the rules of Art. 5 in fact concern «the defendant domiciled in a Contracting State». It must also be stressed that in Italy these articles also apply to parties domiciled in non-EU Member States, or rather those that are not part of the Convention of Lugano, on the basis of the provisions of Art. 3, c. 2, Law no. 218/95, of the reform of the Italian system of private international law, which provides that «Jurisdiction exists, furthermore, on the basis of the criteria established by sections 2, 3 and 4 of Title II» of the Brussels Convention (and therefore also on the basis of Art. 6, included in section 2 of Title II of the Convention) «even if the defendant is not domiciled in a Contracting State when the case concerns one of the matters included in the field of application of the Convention». The reference to Art. 3 of the Brussels Convention has therefore made the principles contained in the Convention applicable in a general sense: it follows that, if the conditions under Art. 6 Convention hold, parties not domiciled in Italy may be sued before a court in Italy together with a party domiciled in Italy regardless of whether or not they have a seat in a Contracting State to the Brussels-Lugano Convention.

⁵ ECJ, 27 September 1988, C-189/87, *Kalfelis c. Schröder*, *Racc.*, 1988, 5597, and *RDIPP* 1989, 927 ff.

limit is consistent with a rather widespread principle: we may think of the teaching of Italian case-law which, although the Italian Procedural Code says nothing on the point, has created the notion of “fictitious defendant”⁶. Dutch case-law in matters relating to cross-border injunctions has also ruled out the admissibility of these orders when the tort attributed to “local” defendants is negligible compared to that attributed to foreign defendants sued in the courts of the former, in that the action has to be considered brought for the purposes of removing them from their natural court.⁷

The second limit, of a positive nature, consists in the existence of a connection between the claims brought against the various defendants, so that the good functioning of the proceedings requires that they be dealt with and decided upon jointly in order to avoid separate decisions giving rise to “irreconcilable judgments”. This limit went on to be incorporated into Regulation 44/2001, Art. 6 no. 1 of which now expressly allows a number of parties to be sued before the national Court of one of the parties *«provided that the actions are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings»*.

The grounds to the *Kalfelis* decision show that the Court essentially changed this expression from Art. 22 of the Brussels-Lugano Convention (now Art. 28 of the Regulation)⁸, in matters relating to the stay and consolidation of related proceedings, c. 3 of which provides that *«For the purposes of this article, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings»*. With reference to this provision, the subsequent decision of the same Court in the *Tatry* case adhered to an extensive interpretation of the expression, stating that it must be understood as referring to all disputes in which there is a risk of conflicting decisions, even should these decisions be enforced separately and their legal effects not cancel each other out⁹. Moreover, the same ruling stated that the analogous expression of Art. 27, no. 3, Brussels-Lugano Convention, now Art. 34, no. 3, Regulation 44/2001, whereby a motive for denying recognition of a judgment issued in a Member State is that the judgment *«is irreconcilable with a judgment given in a dispute between the same parties in the State in which recognition is sought»* is to be interpreted restrictively. According to this decision, the rationale of the various articles is decisive in interpreting the expression in question.

3. The C-539/03 decision, after citing this previous judgment, ruled that, without having to decide whether in relation to the notion of “irreconcilable judgments” under Art. 6 no. 1 reference must be made to the broader or to the more restrictive interpretation (maintained by Advocate General Léger in his conclusions¹⁰), it must, first of all, be ruled out that the mere fact that action has been

⁶ Supreme Court, 28 September 1970, no. 1734; in the same sense, amongst the many decisions, Supreme Court, 21 July 1967, no. 1897; Supreme Court, 17 July 1965, no. 1577; Supreme Court, 23 July 1955, no. 2384. See also Supreme Court, 9 February 1982, no. 765; Supreme Court, 6 July 1982, no. 4032. IN relation to Art. 6 no. 1 Brussels Convention see also Supreme Court, full bench, 8 August 1989, no. 3657, RDIPP 1990, 658 ff.; Supreme Court, full bench, 17 November 1999, no. 758/SU.

⁷ For example, District Court of the Hague, 23 December 1997, *Akzo Nobel c. Webster PTY Ltd. et al* in B.I.E., 1999, 55 ff.

⁸ See point 11 of the grounds to the *Kalfelis* decision, *op.cit.* point. 5, which highlights the fact that the same need to avoid irreconcilable judgments expressed by Art. 6 no. 1 is at the basis of Art. 22 Brussels Convention.

⁹ ECJ, 6 December 1994, C-406/92, *Tatry v. Maciej Rataj*, *Racc.* 1994, 5439, and RDIPP 1995, 485, which overcame the more restrictive reasoning expressed by the ECJ, 4 February 1988, C-145/86, *Hoffmann v. Krieg*, *Racc.* 1988, 645, and RDIPP 1989, 432.

¹⁰ See, above all, on this point Galli, *op. cit.* note 2, 41, who observes that if it is true that the provision of Art. 6 no. 1 constitutes a derogation with respect to the general forum of the defendant, provided as a general criterion by Art. 2 of the Convention and the Regulation, which at first sight would favour a restrictive interpretation of it, it is likewise true that the parallelism with the mechanism under Art. 22 of the Convention (and now under Art. 28 of the Regulation) makes it necessary to give a consistent interpretation to the two articles. The interpretation of Art. 22 of the Brussels Convention given by the ECJ in the *Tatry* decision is, moreover, in line with what the Advocate General Darmon maintained with regard to Art. 6 no. 1 in the conclusions relating to the *Kalfelis* decision, *Racc.* 1988, 5574. In the sense that *«il suffit qu'il y ait un risque*

taken against the various defendants for the different national parts of a single European Patent is, *per se*, sufficient to give rise to the relevant connection for the purposes of this article. This is because each part, in actual fact, constitutes an autonomous, albeit parallel, patent whose infringement thus gives rise to clear legal effects (points 25-33 of the decision). This conclusion, already reached by Italian legal theorists¹¹ and also essentially admitted in the most recent Dutch cases in matters relating to cross-border injunctions, whereby Dutch courts could be said to have jurisdiction only with regard to foreign defendants operating in a coordinated way with each other in their respective countries and with the defendant whose seat is in the State of Forum, and in any case only when the latter is «the spider in the web», i.e. the party directing the infringement¹².

The ECJ, however, denied that Art. 6 no. 1 could also be invoked in a case of “coordinated” infringement, in that the autonomy of the individual juridical positions engendered by violation of the different parts of the European patent (just as they would be engendered by the infringement of the various national parallel patents, albeit with an identical or very similar content) would rule out the possibility of a separate decision on these distinct infringements leading to a «risk of conflicting decisions» (points 34 and 35 of the decision). However, this conclusion does not seem as rigorous as the first. According to the *Tatry* decision, also cited in the latter judgment, autonomy of legal effects does not rule out the possibility that there is a connection between the various claims such as to make joining the cases expedient. It is in the light of such a need that, again according to this decision, the “conflict” between the judgments must be assessed, conflict which – as the *Tatry* decision stated – is not limited to cases in which decisions cannot be enforced separately and their legal effects cancel each other out, as this decision seems however to maintain.

When parallel patent rights in different countries are infringed individually, by a number of parties connected to each other (for example, because they belong to the same group of firms or because they are in an essentially single production or distribution network), obliging the holder of the parallel rights to take action against these parties separately, each in their general forum, by bringing a number of actions which may finish at different times and with different outcomes, could distort the free movement of goods, creating artificial compartmentalization between the different Member States of the EU (and of the European Economic Area). Therefore it does not seem unreasonable to speak of «irreconcilable judgments» with regard to the possible outcomes of these different cases, in the meaning given to this expression in the *Tatry* decision, and thus invoke the application of Art. 6 no. 1¹³.

4. The judges who drew up the decision under examination here seem to be aware of the weakness of their conclusions, since they try to strengthen them by making more general considerations concerning the risks of forum shopping which would lead to the recognition of a «*jurisdiction based solely on the factual criteria set out by the national courts*» and the consequent undermining of the «*principle of*

de contradiction pour qu'il soit préférable de faire jouer l'article 6 § 1 et de donner ainsi compétence à un seul tribunal», see also the comment of Gaudemet-Tallon on the *Kalfelis* decision, RCDIP 1989, 119.

¹¹ Expressly in this, Galli, *op. cit.* note 2, 41.

¹² For example, Court of Appeal of the Hague, 23 April 1998, *Expandable Grafts Ethicon and Cordis Europe et alii v. Boston Scientific et alii* in *IER*, 1998, 170 ff.

¹³ Under Italian law this case would seem to involve improper connection, even though the Supreme Court, 23 June 1995, no. 7139, *GADI* 1995, 3201 found that there was connection in a similar case, ruling lawful the action of the holder of a dominant patent to prove its infringement in an infringement case brought by the holder of the dependent patent. It must, moreover, not be forgotten that respectively Art. 21 of the Brussels Convention and Art. 27 of Regulation 44/2001 referring to *lis pendens* in actual fact also refer to cases which under Italian law would more likely be considered as connection; in particular, for what interests us here, on the basis of ECJ case-law it seems that “conventional” *lis pendens* must be considered as existing also between a case concerning a claim for a ruling of infringement and another relating to a finding of non-infringement for the same question: thus the *Tatry* decision, *op.cit.* note 9; and ECJ, 27 June 1991, C-351/89, *Overseas Union v. New Hampshire*, *Racc.* 1991-I, 3342 ff, and *RDIPP* 1992, 620. In Italian legal theory, on the expanded notion of *lis pendens* to be found in the Convention see Attardi, *Litispendenza e oggetto del processo nella Conv. Bruxelles*, *GI* 1995, IV, 249 ff.

legal certainty, which is the basis of the Convention» (points 36-39 of the decision).

This argument is, in reality, exaggerated since it would bring into question the whole scheme of the Brussels Convention and Regulation 44/2001, which provides a series of titles of jurisdiction in addition to that of the general forum of the defendant, which by definition lead to the possibility of the plaintiff choosing from among a number of alternative forums. Art. 6 no. 1 of the Convention and the Regulation, which allows the plaintiff to individually sue a number of connected parties which are involved in different countries in the infringement of a single patent, also seems, moreover, to satisfy the fundamental criterion followed by the ECJ in the past in interpreting the articles of the Convention relating to identification of the forum, or rather of making the forums, other than the defendant's general forum, before which an action may be brought against him, *predictable* for him¹⁴. The party involved in (alleged) infringement at European level cannot, in fact, consider it unreasonable also to be called to account for its part in the infringement outside its general forum, before those of the other parties with which it collaborates in said activity.

Neither may it be said that the possibility for the plaintiff to choose the forum is, in this case, excessively broad, or, in any case, broader than that deriving from the application of the other criteria provided by the Convention and the Regulation, since the other limit to the application of Art. 6 no. 1 recognized by the previous ECJ decision, i.e. the bar on the instrumental use of the connection to remove one or more defendants from their natural court, helps to restrict it. On the basis of this bar, as we have seen, the same "liberal" Dutch case-law in matters relating to cross-border injunctions limited the possibility of also suing before the Dutch courts the other foreign parties involved in the same infringement in their respective countries only to those cases in which the party directing the infringement had its seat in the Netherlands. Moreover, the judge remitting the case had expressly asked the Court to state whether the fact that *«the defendants are acting together on the basis of a common policy, and if so ... the place from which that policy originates»* had given rise to a connection relevant for the purposes of Art. 6 no.1 .

5. The impression that there has been a "political" decision, aimed at rejecting cross-border injunctions in patent matters (possibly also because of the fears created by the different levels of maturity reached by the case-law of the various European countries in this delicate matter), is confirmed also by the coordinated reading of the C-539/03 decision and the C-4/03 decision which was issued on the same day (and by the same Judge Rapporteur), which denied national courts the possibility of ruling, even only incidentally, on the validity of foreign patents, and thus also the foreign parts of a single European patent. The similarity of certain passages from the grounds of the two decisions and the explicit references which the decision commented on earlier makes to the other show that the two decisions form a single bloc.

The only thing which needs to be said of this second decision is that its argumentation is of a singularly short circuit nature. After noting that Art. 16 Brussels Convention (now Art. 22 Regulation) lists a series of matters which are the subject of exclusive jurisdiction, also derogating from the general criterion of the forum of the defendant, and that correlatively Art. 19 (now Art. 25 Regulation) provides that *«Where a court of a Contracting State is seised of a claim which is principally concerned with a matter over which the courts of another Contracting State have exclusive jurisdiction by virtue of Article 16, it shall declare of its own motion that it has no jurisdiction»*, the judges in fact decided not to examine this article (and the related problems of interpretation, also because of the different wording in the various languages¹⁵), since it *«does not confer jurisdiction but merely requires the court seised to examine whether it*

¹⁴ Expressly in this sense, see for example ECJ, 17 June 1992, C-26/91, *Jakob Handte C.ie GmbH v. Traitements mécano-chimique des surfaces*, FI 1993, IV, 301 ff; and ECJ, 19 September 1995, C-364/93, *Marinari v. Lloyds Bank et al*, *ibid*, 1996, IV, 341 ff.

¹⁵ The English text of the article obliges the national Court to declare its lack of jurisdiction each time a claim is presented to it *«which is principally concerned»* with a matter subject to exclusive jurisdiction and not only when a claim is presented which comes within this matter and is submitted as a principal question, as would seem, however, to emerge from the French, German and Italian texts of the Convention and the Regulation (the French text requires that the Court be *«saisie à titre principal d'un litige»*; in the German text *«wegen einer Streitigkeit*

has jurisdiction and in certain cases to declare of its own motion that it has none» (point 19 of the decision). The Court decided therefore to resolve the issue only on the basis of the «*objective*» of Art. 16 and its «*position in the scheme of the Convention*» (point 20 of the decision), only to then inevitably refer also to Art. 19 to assess this “position”, without, however, questioning the exact significance to be given to this article.

On the other hand, the same observation of the Court on the fact that Art. 19 does not give automatic title of jurisdiction seems misleading. Art. 16 actually operates as a *derogatory* provision with respect to the ordinary criteria of jurisdiction provided by the previous Sections of the Convention and Regulation. At least one of these must evidently operate (and also operated in the case in question, in which the defendant was sued before the courts of the State in which it had its seat, or rather its general forum), for the cause to be examined in the forum (different to that of Art. 16) in which the question of the possible violation of jurisdictional reserve is raised. Nor does the decision explain the importance to be attributed to the limitation under Art. 19 (at least in those texts differing from the English text), which obliges the national court to declare of its own motion that it has no jurisdiction only if the matter over which the courts of another State have exclusive jurisdiction is submitted as a principal question. In other words, the decision does not explain whether, on the contrary, the national court is free to rule or not to rule when the matter which comes within the exclusive jurisdiction is submitted to the Court only by way of an incidental issue or plea in objection, or at least whether in this case it must be given a pertinent objection by one of the parties before declaring lack of jurisdiction.

The considerations made by the Court - maintaining that the rationale of the reserve of jurisdiction provision under Art. 16 would ordain the inclusion of all cases in which the Court is invested with the matters listed in the article and not only those in which it is invested to rule on such matters only as a principal issue - thus appear to be rendered defective by an assertion which is not proven, since it originates only from a partial reading of the articles from which this objective must, however, be deduced. The adopted solution thus conflicts with the Jenard Report, with which the Brussels Convention was published¹⁶. The report stated – starting off from the coordination between Art. 16 and Art. 19, which was however lacking in the Court’s decision – that the matters mentioned in Art. 16, as a matter of principle, are object of exclusive jurisdiction only if they are submitted to the Court as principal questions.

The “additional” considerations adopted by the ECJ to justify its conclusions and here too founded essentially on the risks of circumventing the rule of jurisdiction (point 27 of the decision), of multiplying the heads of jurisdiction (point 28) and conflicting decisions (points 29-30) are not at all convincing and, in some parts, rather obscure. We could only speak of “circumvention” if the Convention and the Regulation also included infringement actions (and actions seeking a ruling of non-infringement) within the purview of exclusive jurisdiction in patent matters, within whose scope the question of patent validity is normally raised by the defendant: while to obtain a ruling of nullity a party must apply, always and in any case, to the Court designated by Art. 16 Convention and Art. 22 Regulation. Likewise, we may not speak of multiplying the heads of jurisdiction since the Court seised, as we have seen, must already have jurisdiction to rule on an infringement action. The possibility of conflicting decisions is also not really avoided thanks to the interpretation of Art. 16 admitted by the Court, since requiring infringement actions to be brought in the State in which the patent is valid in no way rules out the possibility that the issue of validity may be dealt with during such actions only as an incidental issue and that a number of decisions may be issued on this issue. In fact, the possibility of conflicting decisions thus increases, due to the “*fragmentation of the case*” which inevitably follows the solution adopted by the Court, as is highlighted in the “parallel” decision commented on

angerufen»; in the Italian text «*investito a titolo principale*»). In actual fact, it is on the literal tenor of the English text of Art. 19 of the Brussels Convention that the English Courts have based their refusal to admit cross-border orders in patent matters.

¹⁶ See the text in Pocar, 255 ss. Jenard expressly excludes infringement actions from the class of those included in Art. 16 no. 4.

here (point 40).

6. It only remains to ask whether, in the light of these decisions, there is still any real space for cross-border actions in IP matters in Europe.

Certainly the fact that infringement actions do not come within the exclusive competence of Art. 16 Brussels Convention and Art. 21 Regulation 44/2001 is not under discussion. Consequently, a “pure” infringement action brought in the general forum of the defendant may also concern the infringement of foreign patents provided their validity is not contested. In the conclusions presented on 16 September 2004 in C-4/03, Advocate General Geelhoed, albeit in turn reaching the conclusion then admitted by the Court to deny to the Courts of one State the possibility of ruling on the validity of a patent (or part of a patent) in effect in another State, even as an incidental issue, observes (in point 46) that, notwithstanding it is faced by an exception of nullity, the Court may decide the case without waiting for the decision on the validity of the patent when the opponent is in bad faith in raising this objection. In fact in this case, too, it seems reasonable to hold that an instrumental use of the article in order to remove the case (in this instance, of infringement) from its natural forum be forbidden.

“Pure” infringement cases, as Advocate General Geelhoed terms them, i.e. those in which the validity of the exclusive right is not brought into question (or if it should be, it is only on the basis of nullity objections which appear *prima facie* to be a pretext and therefore ineffective in removing the infringement action from the examination of the Court before which it was brought), are, moreover, extremely common in trade mark (and design and model) matters. It does not seem that the possibility of also bringing them before Courts other than that designated by Art. 16 Brussels Convention (Art. 22 Regulation 44/2001) may be ruled out in their regard, even on the basis of the latter restrictive decision of the ECJ, provided jurisdiction is conferred on these courts by other articles of the Convention and Regulation.

This possibility exists, therefore, first of all when the infringer is sued (even and only for the infringement of foreign exclusive rights) before his general forum, but it may not be completely ruled out even on the basis of the criterion of *locus commissi delicti* under Art. 5 no. 3 Convention and Regulation¹⁷. It is, in fact, true that this forum is normally the same as the one in which the IP right is effective and thus corresponds to the forum designated by Art. 16 Convention and Art. 21 Regulation, and that the wording (old and new) of Art. 5 no. 3¹⁸ seems to clearly state that the

¹⁷ The notion of « harmful event » used by the article was considered suitable for referring both to a real harmful event and to the event giving rise to it: ECJ, 30 November 1976, C-21/76, *Bier v. Mines de potasse d'Alsace*, RDIPP 1977, 187.

¹⁸ This article of the Brussels Convention provides for the possibility of suing a party having a seat in another EU Member State «in matters relating to tort, delict or quasi-delict in the courts for the place where the harmful event occurred»; the corresponding article of the Regulation provides that in these matters the foreign EU party may be sued «in the courts for the place where the harmful event occurred *or may occur*». This wording (which, moreover, the ECJ considered as an interpretative development on the former, stating that the article of the Convention may be invoked also in relation to tort which has not yet taken place: decision 1 October 2002, C-167/00, *Verein für Konsumenteninformation v. Henkel*, *Int'l Lis* 2004, 1, with note by Gardella, *Giurisprudenza su illeciti senza danno: l'applicazione dell'art. 5, n. 3, Conv. Bruxelles alle azioni preventive*) seems to make it clear that the title of jurisdiction under Art. 5 no. 3 may also be invoked to obtain a negative finding of infringement, effected or having its roots in the state of forum, even should the holder of the exclusive right have its seat in another country: if in fact the article attributes jurisdiction to a national court to rule on harmful events which it is only feared may happen but have not yet occurred, all the more reason for it to be invoked in relation to harmful events which have already occurred whose lawfulness is contested. On the other hand, if the rationale of this article is to attribute a title of jurisdiction in cases relating to tort to the Court of the place in which the alleged tort took place, this does not seem to allow actions for a positive finding on this tort to be distinguished from actions for a negative finding, as, however, a recent decision of the Italian Supreme Court did (Supreme Court, 19 December 2003, no. 19550, *GADI* 2004, 61 ff, which denied the jurisdiction of the Italian courts in an action for a negative finding of infringement of a patent which was effective in Italy brought against its foreign holder, on the basis of the assumption that in actions

foreign party may be sued to account for the unlawful act which took place in the State of forum and not for unlawful acts committed in other countries¹⁹. The same ECJ decision which so rigorously interpreted the article did, however, attribute importance to the place in which a tort which developed in a number of EU member States “took root”, in order to confer jurisdiction on the courts of the State of origin of said tort also to rule on the damaging effects of the tort in the other countries (and obviously according to the laws in force in such countries), on the basis of the *locus commissi delicti* criterion of Art. 5 no. 3 of the Brussels Convention and now of Regulation 44/2001. In fact, the well-known decision of *Fiona Shevill*²⁰ held that, in a case of press libel, the State in which the newspaper containing the libelous article was published is to be considered “the place where the harmful event occurred” under Art. 5 no. 3 Brussels Convention, “*in that it is the place where the harmful event originated and since which time the libel had been formulated and put into circulation*” (point 24 of the grounds). In this light it may be said that the courts of the State in which the production, or the first importation into Europe, of an infringing product takes place also has the jurisdiction to rule on the distribution of the product in other States, deciding whether or not it constitutes infringement of the national exclusive rights in those countries²¹.

Finally, a possibility of recourse to the multiple defendants situation under Art. 6 no. 1 of the Convention and Regulation would seem possible – naturally in “pure” cases of infringement, i.e. in which the validity of the right is not taken into consideration by means of an objection which is not raised as a clear pretext – when the party having a seat in the state of forum is also directly involved in the infringement of parallel foreign exclusive rights in the respective countries in which they are effective. In fact, in this case it would seem extremely difficult, also on the basis of the considerations contained in the decision commented upon here, to rule out the risk of «irreconcilable judgments», and thus of connections relevant for the purposes of the application of the article, as it is not parallel conduct which has to be ruled upon but actually *the same conduct*, committed together by the party having a seat in the state of forum and by each of the foreign parties who collaborate with the former in the respective countries. However, the already noted “political” value that seems must be attributed to the decisions under examination inspires a feeling of great caution as regards possible developments in EU case law in this matter.

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for a negative finding the event for which ascertainment is sought is presented by the plaintiff as lawful, and as such it would be extraneous to the notion of «delict and/or quasi delict» under the Brussels Convention; this assumption appears, moreover, open to criticism on the basis of the consideration that in actual fact in all cases concerning the ascertainment of a tort, whether they involve a positive or negative finding, the juridical event which is the subject of the case is presented as lawful by one of the parties or as unlawful by another, thus in either situation the subject at issue always remains the same: for further details see the October 2004 issue of this Newsletter).

¹⁹ The ECJ had already expressed itself in this sense in two 1995 decisions (*Marinari*, *cit* note 14, and the decision of 7 March 1995, C-68/93, *Fiona Shevill v. Press Alliance*, *Racc.* 1995-I, 415 ff, and *FI* 1995, IV, 331 ff, with note by Saravalle; and *GI* 1997, I, 1, 5, note in agreement by De Cristofaro), which confirmed that the rationale of the article is that there is a particularly close connection between the claim and the forum, different to that of the defendant’s place of domicile, in which it is submitted. This interpretation has always been followed also in the more “liberal” Dutch decisions: see, for example, Court of Appeal of The Hague, 21 January 1998, *Evans Medical Ltd. v. Chiron Corp.*, in *EIPR*, 1998, N-61-N.62 and District Court of The Hague, 7 November 1996, *Schellens v. Velouta*, in *IER*, 1997, 20 ff.

²⁰ *Shevill* ruling, *cit* previous note. Both prior to and following this decision ECJ decisions have always been unequivocal in limiting the possibility of invoking the forum of the place in which only the initial damage occurred, excluding any value for the purposes of jurisdiction to the place in which indirect or *par ricochet* damage occurred (ECJ, 11 January 1990, C-220/88, *Dumez France v. Tracoba et alii*, *RDIPP* 1991, 199), as well as those which are merely related to assets following a harmful event which has occurred in another State (see, in addition to the *Marinari* decision, *op.cit* note 14, ECJ, 10 June 2004, C-168/02, *Kronhofer v. Maier et alii*, *Int’l LIs* 2004, 3).

²¹ On this point see Galli, *cit* note 2, 43; and more fully Consolo, *cit* note 2, *passim*.

ABOUT US

✓ *Professor Cesare Galli appointed member of the Technical Committee of the High Commission for the Fight against Infringement*

By decree of the Minister of Economic Development, Mr. Bersani, issued on the proposal of the High Commissioner Dr Giovanni Kessler, the attorney Professor Cesare Galli has been **appointed member of the Technical Committee instituted at the High Commission for the Fight against Infringement**, i.e. a group of experts which shall assist the Commissioner in his work.

Professor Galli appeared in 2004 before the Parliamentary Commission on Productive Activities of the Chamber of Deputies as one of the experts called to give their opinion on the new Code of Industrial Property, and on that occasion he illustrated a series of **proposals to correct** the provisional text of the Code, a large number of which were then accepted. In July 2005 Professor Galli was appointed member of the **Commission for the Revision of the Code of Industrial Property**, set up by the previous government. In this capacity he argued that revision must not be limited to correction of the Code's material errors but should lead to a substantial revision of the Code, on the basis of experience gained in the first months of application of the new law: this argument led to the drawing up of the broad scheme of the legislative decree related in the first part of this Newsletter and which was essentially included in the draft bill renewing the delegation for revision of the Code.

*** **

✓ *The Chambers «The World's Leading Lawyers for Business» Guide again lists our firm among the leading Italian legal practices in the IP sector, indicating Professor Cesare Galli as one of the «number 1» lawyers in the field. The «Which Lawyer?» Guide also indicates Professor Galli as one of the top ten Italian lawyers in the field.*

This year too the Chambers «The World's Leading Lawyers for Business» Guide – the most authoritative independent publication reviewing the best legal firms in the world on the basis of assessments received from the market and from other professionals operating in the sector – has **placed our firm among the leading Italian practices in the IP sector**, and Professor Cesare Galli among the leading individuals in the same sector.

In particular, this year **Professor Cesare Galli has been placed among the six «Number 1» IP attorneys in Italy** (together with Giorgio Floridia, Mario Franzosi, Luigi Mansani, Giuseppe Sena and Adriano Vanzetti), in Band 1 of the indicated professionals; and the firm as a whole has been included among the **top ten Italian firms in the sector**, and among these one of the few to have two leading individuals indicated by the Guide. In fact this year too the attorney Dr. Mariangela Bogni, alongside Professor Galli, has been placed by the Guide among the leading Italian lawyers in the IP field.

Also the PLC Guide «Which Lawyer?» has this year placed Professor Galli and our firm in the **top ten Italian IP professionals**, judging both to be «**Highly recommended**» and writing that Professor Galli «**Widely respected by his peers, is best known for his litigation skills in the life sciences patents arena, although he is increasingly making his name known in trade mark disputes**» and that particularly in the patent sector he is considered an «**Established player in the market with a particularly strong practice on biotech patents**».

There follows a full comment from the Chambers Guide on our firm: «**Market sources rate this compact firm for 'its high quality work and lawyers who are always readily available.'** It has seen significant expansion over the past year capped by the arrival of Mariangela Bogni and now totals four partners and six associates. Typical work includes advising on trade secrets, trade marks, unregistered design patents and competition.

«Interviewees described the founder of the firm and the dynamo behind its growth, **Cesare Galli**, as ‘a *technically faultless lawyer with an impressive knowledge of the field*.’ Recently, he successfully represented defendants before the Italian Supreme Court in a case of extended protection given to reputable trade marks. **Mariangela Bogni** continues to show considerable promise as an emerging talent in the field.

«In the trade marks field, the firm’s most notable clients include Bvlgari; Isotta Fraschini Milan; Monnalisa; Rino Mastrotto Group; Lualdi and Enoitalia. Its patents lawyers recently represented companies from the pharmaceutical, electromechanical and software industries such as Cytec Industries; Conor Medsystems; Faresin Haulotte and Gestweb».

*** **

✓ ***The fourth seat of our firm has been in operation in Verona since September, the result of collaboration with the attorney G. Maritato***

In September 2006 the firm consolidated its presence in Italy. Thanks to an association with a highly reputed local firm (Studio Maritato, specialized above all in questions of administrative law and in particular health issues), our firm has opened its fourth seat in **Verona** – in a prestigious location in the exceptionally central Via Catullo. The new seat flanks the Milan headquarters and the local offices of Brescia and Parma.

Verona was chosen because it makes it possible to follow more closely the numerous clients of the firm in the Veneto region and to further strengthen the existing synergy with a number of leading Veneto IP consultancy firms. Above all, however, it has a **strategic value in the development of our firm**, specialized in IP matters, given the strong presence of **innovative companies in the Verona area and more generally in Triveneto**, which have understood that the protection of intangible assets – trade marks, patents, designs – is a key factor in facing the challenges of market globalization.

Mariangela Bogni, Executive Partner of the firm, will be in charge of the work at our Verona firm. The Senior Partner, **Professor Cesare Galli**, however, will continue to follow its development closely, maintaining personal relations with Triveneto clients and IP consultants.

*** **

✓ ***New offices in Milan for the «headquarters» of our firm: more space, new specialist lawyers and a prestigious location to better face IP challenges***

From January 2007 the main offices of our firm will relocate from number 44 to number 40 Via Lamarmora: still a few hundred metres from the Court, as is opportune for a firm whose strong point is **litigation**, above all in patent and trade mark matters.

The move has been necessary since the increase in the firm’s activities necessitates more space. Activity has increased step by step with the increase in the importance of Intellectual Property, which is becoming a key factor in the development of companies. The offices will occupy a **surface area twice** that of the previous offices and are to be found within a historic building. It is a prestigious location, but above all it can accommodate the **new specialist lawyers** who from the beginning of January will further strengthen the Milanese team of the firm.

The Firm is growing without losing anything of its original character. It came into being as a boutique firm, characterized by the **personal imprint** of its founder, Professor Cesare Galli. It has firmly maintained this character without neglecting the importance of having at its disposal a **highly professional team**, able to coordinate itself with the leader with shared objectives and to move in a prevalently international context, whilst at the same time being strongly rooted in the most important areas of the economic life of Italy.

✓ ***Professor Cesare Galli has been given a regular column for in-depth analysis of IP issues in the specialized review «Luce e Design»***

The promotion of awareness among firms of the importance of IP rights and their legal protection will be the theme of periodical articles written by Professor Galli at the request of the specialized review in the sector of light industry and design «Luce e Design». The articles will appear from 2007 on.

This year the review published a lengthy article by Professor Galli entitled «**Forma e design: come proteggerli**» offering a summary of the most recent trends in matters of registered and non-registered designs, shape trade marks and copyright.

*** **

✓ ***An Associate of our firm has come first in the Research Doctorate in Intellectual Property and Competition***

Dr. Debora Brambilla, Associate of the Milan offices, came **first in the public examination for entry to the XXII Research Doctorate in Intellectual Property and Competition** organized jointly by the Universities of Parma, Firenze and Cattolica del S. Cuore, the only Italian Research Doctorate exclusively dedicated to the study of IP Law.

Dr. Brambilla's success confirms a tradition of the Firm: both Professor Cesare Galli, Senior Partner, and Dr. Mariangela Bogni, Executive Partner, came first in the same examination in the VII and XIX cycles respectively.

*** **

✓ ***Recent rulings obtained in IP matters by our firm***

Trade marks: Protection of trade marks with a reputation against denigration

The Court of Milan – Specialized IP Division, in its interim order of 1 September 2006, awarded protection to a extremely famous trade mark in the luxury goods sector, whose owner was represented by our firm, against its adoption as a **pseudonym for a pornographic actress**, who used it in relation both to her activities in the world of entertainment (and in particular pornographic films in which she took part), and to her appearance in testimonial advertising for a fashion house.

The Court expressed the principle whereby **any use in economic activity of a sign which is identical or similar to another's renowned trade mark, which may lead to a likelihood of confusion or profiting from the repute of the trade mark (or damage to this repute) constitutes infringement, even should said use not be effected with a distinctive function.**

The Court also **excluded** the possibility of invoking the exception provided by Art. 21 C.I.P. for use of the proper name and address of the business in relation to a **pseudonym**, in any case stating that a party using his name in such a way as to link himself parasitically to the renown of another's trade mark or damage same cannot benefit from this exception.

The full text of the ruling, preceded by our petition, can be read in the "The Case" section of this Newsletter. The specialized press also covered these Court of Milan orders. A full comment was published in the financial daily *Italia Oggi*.

Patents: Scope of claims and equivalence

The Court of Padova, in its ruling of 8 June 2006, dismissed an infringement action brought against a client of the firm and based on an interpretation of the patent for which action was taken which **reconstructed its scope of protection in contrast with the tenor of its claims**. The Court ruled out in particular the possibility that an individual characteristic within a claim may be protected *per se*, i.e. not in combination with the other characteristics of the same claim.

The decision thus confirmed the **key nature of claims in interpreting a patent** and refuted the possibility of conferring protection on an abstract «idea for a solution», reconstructed regardless of the limitations effected by the applicant in outlining in the claims the specific subject matter to be protected by the patent.

*** **

Patents: Extension of a claim of infringement to an infringer's new products not specifically indicated in the Writ of Summons

The Specialized IP Division of the Court of Torino, in its interim order of 22 September 2006, implicitly interpreted a claim of patent infringement relating not only to the product specifically indicated in the Writ but also to «any other product with the same characteristics» as **also including products different to those specifically mentioned in the Writ of Summons**, extending the infringement expertise also to these products (which only subsequently came onto the market and were identified by the holder of the infringed patent, represented by our firm). This interpretation is clearly advantageous in terms of procedural economy, especially in cases in which infringement develops during the course of the proceedings.

*** **

Patents: Description in matters pertaining to patents for electronic inventions

The President of the Specialized IP Division of the Court of Venezia, in a ruling of 19/20 April 2006 authorized the **ex parte description of an electronic bio-stimulation machine**, suspected of infringing a number of patents whose holder was represented by our firm, to be carried out at the surgery in which it was used. The case is particular due to the fact that infringement had to be proved also in relation to the **sequence of impulses** generated by the electronic stimulator; and in relation to this fact the ruling **expressly authorized the use of special technical instruments** to monitor said impulses. These instruments were indicated in our petition and the petitioner put them at the disposal of the Court Expert (in particular, an oscilloscope and a data acquisition circuit connected to a laptop on which the requisite data acquisition software was loaded).

*** **

Patents: Adoption during a description of measures to protect confidential information

Intervening last July in a patent description authorized *ex parte* by the President of the Specialized IP Division of the Court of Milan against a client of the firm, by virtue of an order which had not indicated the «*necessary measures to be adopted in order to guarantee protection of confidential information*», as provided by Art. 128 C.I.P., Professor Galli **sought and obtained that measures for guaranteeing the confidentiality of data acquired by means of the description be applied by the Court Bailiff effecting the description.**

In particular, **all sensitive data was thus removed from** the extracts from the accounts relating to the sale of allegedly counterfeit goods and the extracts were, in any case, **kept confidential** and then placed at the disposal of the Judge who had authorized the description in a **closed and sealed envelope**, without the parties being authorized to look at them.

*** **

Patents: Obligation to serve briefs in the case of a number of defendants and extinction of proceedings

The Specialized Division of the Court of Milan scheduled, by decree of 14 June 2006, a hearing pursuant to Art. 12.5 Legislative Decree 5/2003, for an extinction of proceedings ruling on the basis of an objection raised in that sense by one of the two defendants in a case of patent infringement, represented by our firm, in which the plaintiff **had replied separately to the two defendants without serving the reply briefs on both**, in violation of a precise provision of the Company Procedure (Art. 17.2*bis* Legislative Decree 5/2003): and this on the premise that as a consequence of violation these briefs must be considered as non-existing. At the hearing thus scheduled the plaintiff abandoned the case.

Patents: Inadmissibility of an immediate petition for scheduling a hearing submitted by a defendant in nullity proceedings which stated that it had transferred the patent

The Delegated President of the Specialized Division of the Court of Milan, by order of 22 November 2006, admitting in full our objection, declared inadmissible **an immediate petition for scheduling a hearing submitted by a defendant for nullity of a patent, which had stated that it was extraneous to the proceedings as it had transferred the patent to another company**. In fact, the Court, following our argument, considered this objection to be substantive. With the same order, and again admitting our argument, the Court also ruled lawful a subsequent petition for scheduling a hearing submitted by the plaintiff after the transferee of the patent had formally made an appearance in the proceedings, having been timely summonsed by the plaintiff, stating that the opponent's objection which sought a finding of inadmissibility for that petition was inadmissible.

*** **

Trade secrets: Keeping evidence confidential

In a case before the Specialized Division of the Court of Milan concerning the wrongful acquisition and use of trade secrets, as the need had arisen to **submit to the court the secret formulas which were alleged to have been stolen** in order to compare them with those acquired at the premises of one of the defendants in the course of a description which had been authorized *ante causam* (one of the first orders of this kind issued after the entry into force of the CIP: this order, again obtained by our firm, was examined in the October 2005 edition of the Newsletter), the Court admitted, by order of 27 September 2006, our petition to **keep the documental submission confidential**, allowing access only to the defence teams and the consultants of the respective parties who were obliged to maintain professional secrecy.

*** **

Designs and models: description extended to accounts

The President of the Specialized Division of the Court of Milan, by decree issued *ex parte* of 25 September 2006, admitted our petition for a **description of the accounts of the infringer of a design and model registration**, sought in order to determine the extent of infringement and to identify the other parties involved. In particular the Court, in admitting our argument, stated that the order could be granted «considering the need of the petitioner to acquire in advance evidence of the reported infringement of its right and unfair competition» and issued *ex parte* «in order to allow efficacious execution of the order» and «taking into account the fact that the petitionee would in all likelihood only suffer minimal damage, as the Court Bailiff simply had to describe the number of products and the advertising and accounting material».

*** **

Competition: Pre-requisites for application of the bar on slavish imitation

The Court of Appeal of Milan, in its ruling of 20 May 2006, upheld the first instance decision issued by the Court of Varese, acquitting a leading Lombardy metal works company, represented by our firm, of claims of **slavish imitation** brought on the grounds that it had made a number of technical products whose measurements (in particular, the distances between the openings) were the same as products already manufactured by a competitor and not patented. The Court admitted our arguments in full, confirming the principle whereby **only shapes which actually have a distinctive function, which are not dictated by functional needs and whose imitations entail a real likelihood of confusion on the market may be protected against slavish imitation**, pre-requisites which, in the case in question, were ruled out.

*** **

Competition: Competence of the Specialized Divisions

The Specialized Division of the Court of Venezia, in a ruling of 27 July 2006, **revoked a seizure**

order issued *ante causam* against a client of the firm for alleged **competition involving likelihood of confusion due to slavish imitation**, having ruled in favour of our preliminary objection of lack of competence. Said objection – referring to previous decisions of the same court – claimed that **non-specialized courts** identified according to the normal rules of competence (which, in the case in question, indicated the Court of Bolzano as the competent court) were competent for cases of this kind. A few days later, in a ruling dated 11/16 August 2006, the Court of Parma rejected a petition against another client of our firm for unfair competition involving the likelihood of confusion, admitting, on this occasion too, our preliminary objection of lack of competence based on the opposite (and prevailing) judicial and theoretical trend which **considers cases involving likelihood of confusion as typical cases of unfair competition which «interferes» with IP rights** and therefore assigns them to the **Specialized Divisions** to be decided (in the case in question, the Specialized Division at the Court of Bologna).

The two rulings thus confirm the **differences in interpretation** on the distribution of remits between the Specialized IP Divisions and non-specialized courts, which sees the position taken by the Court of Venezia as essentially isolated.

*** **

✓ *The international publishing group Elsevier chooses our firm to revise its copyright contracts for Italy*

The international publishing group Elsevier – perhaps the world's most important in the sector of scientific publishing and publisher of the prestigious review *The Lancet* – has chosen our firm to **revise all its standard contracts relating to the publication of its reviews** and agreements with authors, directors and collaborators, from the point of view of Italian law.

The news was also reported in *Top Legal*, the monthly magazine on the legal market.

*** **

✓ *Our firm has been instructed to manage contracts for the merchandising of the Carlsberg trade mark in the sector of fashion goods*

Our firm has been chosen to **coordinate the defence and enhancement in Italy of the trade mark «Carlsberg»** in the clothing sector, from the drawing up of contracts to any legal defence which may be required. The appointment was given by PAD s.r.l., the exclusive licensee of the trade mark in the fashion goods sector.

This appointment was also reported in the specialized press and, in particular, by *Top Legal*.

*** **

✓ *Our latest publications and conferences*

This year another essay by Professor Cesare Galli was published in the *AIDA* review, 2006 volume. The essay, entitled ***Segni distintivi e industria culturale*** (*Distinctive Signs and the Culture Industry*), examines and briefly comments on the main Italian and EU decisions in trade mark matters issued during the year in relation to their effect on the cultural industry.

An essay by Professor Cesare Galli on ***La tutela contro il parassitismo nel «nuovo» Codice della Proprietà Industriale*** (*Protection against Parasitical Exploitation in the Revised Code of Industrial Property*), which develops a paper given at the AIPPI Conference of 17 February 2006 on *La revisione del Codice della Proprietà Industriale* (*The Revision of the Code of Industrial Property*), is soon to be published in a volume of collected works edited by Professor Uberrazzi in the *Quaderni di AIDA* series.

Another article by Professor Galli was published in the EU and international law supplement of the *Corriere Giuridico*, *Int'l Lis*. It is entitled ***La Corte di Giustizia C.E. restringe drasticamente lo spazio delle azioni cross-border in materia di brevetti*** (*The ECJ drastically limits the space for cross-border*

actions in patent matters). A translation into English of this article can be read in the “Article” section of this Newsletter.

The Bruno Leoni Institute has asked Professor Galli to write the **introductory essay**, entitled ***Il dibattito sulla proprietà intellettuale*** (*The debate on Intellectual Property*), of a book collecting a number of economic-legal studies discussing the basis of IP protection between exclusive rights and contracts from a market perspective. The book containing these studies has been published by Rubbettino/Leonardo Facco with a contribution from Microsoft.

Another article by Professor Galli, on the main innovations of the legislative decree implementing **EC Directive 2004/48 on the enforcement of IP rights** has been published by the review *Innovare*, a CONFAPI technical-scientific information quarterly.

The Reporter General of A.I.P.P.I. proposed Professor Cesare Galli as **Co-Chairman of the Q 191 Working Group on the Relationship between trademarks and geographical indications**. In this capacity, Professor Galli insisted on the need to establish a bar on all forms of misleading the public and profiting from the reputation enjoyed by appellations of origin, a bar which was admitted as one of the guidelines of the final Resolution drawn up by the Working Group and then **approved by a large majority at the A.I.P.P.I. Conference** held in Göteborg in Sweden from 8 to 12 October 2006. Professor Galli also participated at the conference in order to illustrate the Resolution during the work of the Executive Committee.

*** **

Professor Cesare Galli was one of the speakers at the one-day workshop on **Co-branding and licensing** organized in Roma on 4 July 2006 by *Business International-The Economist*, where he spoke on **Aspetti legali dei contratti di licensing** (*The Legal Aspects of Licensing Contracts*). The meeting was so successful that it was repeated in Milan on 19 December 2006.

Professor Galli also took part in the **ATRIP World Conference**, held at Parma on 4 September 2006, at which he presented a paper with the attorney, Valeria Falce of LUISS, on **Globalization of the economy, protection of designations of origin and limits to production**.

As happens each year, on 20 October 2006 Professor Galli chaired the annual National IP Conference in Parma, now in its sixth year and dedicated to **La forza dell'innovazione: la protezione dell'innovazione tecnologica e del design e gli strumenti a disposizione delle imprese**, (*The Strength of Innovation: the Protection of Technological Innovation and Design and the Instruments at the Disposal of Companies*). This year too the conference was exceptionally well-attended by a specialized public and a message was sent by Dr Giovanni Kessler, the High Commissioner for the Fight against Infringement. Professor Galli gave a paper on **La protezione dei brevetti e dei segreti industriali dopo il Codice della Proprietà Industriale e l'attuazione della Direttiva enforcement** (*The protection of patents and trade secrets following CIP and the implementation of the Enforcement Directive*). The attorney, Dr Mariangela Boggi, Executive Partner of our firm, also gave a paper on **La tutela della forma tra design non registrato, marchi di fatto e concorrenza sleale** (*The protection of products shape by means of unregistered design, unregistered trademarks and unfair competition*).

On 25 October 2006 Professor Galli chaired a Conference in Torino organized by the Chamber of Commerce on **Come e perché registrare, proteggere e sfruttare un marchio** (*How and why to register, protect and exploit a trademark*), in the course of which he presented the introductory and final papers, dedicated to the defense of trademarks in court.

*** **

The *Abstracts* of the papers presented at the National Conference on IP Law **La forza dell'innovazione**, held in Parma on 20 October 2006 and chaired by Professor Cesare Galli are still available (in Italian only).

If you would like to receive these *Abstracts*, or further information on this or other conferences mentioned, email us at GALLI.PR@IPLAWGALLI.IT.

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STUDIO LEGALE

MILAN-BRESCIA-PARMA-VERONA

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DIRITTO D'AUTORE), CONTRATTI
E DIRITTO COMMERCIALE GENERALE

IP LAW

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