

Italy Creates Ultimate ADR Process

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Italian council of experts will aid courts, speed decision-making in litigation

In order to reduce the judicial backlog of patent cases, and to make it easier and more dependable for the issuance of preliminary measures, the institution of a private body of arbitrators (Council of Industrial Property) is in force in Italy.

EMERGENCE OF THE ITALIAN JUDICIAL SYSTEM

The inadequacy of the judicial system notwithstanding the fluctuation and quality of the appointing majority of judges is well known, and this is nowhere felt more than in the area of industrial property, where more often than not an infringement case action must be taken immediately to avoid irreparable damage to the interests of the rightful owner. These shortcomings are indeed a source of concern or surprise to many, including foreign institutions, professional clients, Italy is not the only country that has problems.

In Italy, about 60 patent actions are initiated before the Court of Milan a year, of which only 30% are decided within five years, while 50% are abandoned or settled, 40% continue beyond five years. Compare this with about 500 new patent cases in Düsseldorf, Germany, 40% of which are decided within a year while 30% are settled.

Added to this is the fact that the Italian consumer business is one of the strongest in the world, producing an estimated turnover from \$900 million to \$60 billion's worth of goods a year.¹ (The areas probably most affected are not necessarily patents for software, video and music cassette, and luxury goods.)

Such a slow and costly system has a number of consequences. An indirect effect (which cannot be measured but is strongly felt by several experts) is that of localizing technological research in those countries where protection is greater, as well as that of confining projects with high value added to these countries.

An Industrial Property Council

A possible solution to this problem has been the creation of a sort of Panel or Council of Industrial Property in Italy. The initiative for a body composed of experts in the field, who would render infringement matters rapidly by issuing an opinion, which the applicant could then use either as the basis for an application for an urgent measure (a preliminary injunction) or as an alternative award, is new, but it has precedents in Italy in neighboring areas. The notable precedents are the Self-disciplinary Advertising Code (SAD) and the Self-disciplinary Design Code.

Advertising Code

The first of these, the SAD, was adopted on May 12, 1964 and has been revised on several occasions. It was set up for two main reasons: the inadequate legal provisions in the area and the slowness of ordinary legal proceedings. It is not a national law but is a set of rules, others indeed stricter, conventionally accepted by various important bodies, among which various associations of advertising agencies, the IFA (Associated Advertising Users), the Italian Federation of Publishers and Newspapers and the RAI (national broadcaster). It is very broad in scope, because as well as setting up a Self-Disciplinary Advertising Panel it regulates the contents of advertising messages. The bodies which have signed it undertake to

comply with the provisions of the Code itself as well as to broadcast adequately the decisions of not respect the rulings of the Panel. Those who feel that they have been harmed by advertising contrary to the Code may submit it by application to the Panel for an opinion. The Panel's decision is final and binding on all persons who have adhered to it directly or indirectly. If the Panel finds that advertising is contrary to the provisions of the Code, it invites the parties concerned to cease.

DESIGN PANEL

Article 1 of the Self-disciplinary Design Code² aims to ensure that industrial designs are created as a result of the creator's own efforts without imitation or unfair free-riding.³ The Code defines and applies sanctions to operations in conflict with the above purpose also "when they cannot be covered under the rules of any other body of regulations."

The key provisions of the Code concern the definition of "industrial design" and consider what may be regarded as certain behavior. Industrial design is the conception, engineering, production and commercialization of objects, tools, machines, parts and accessories, in a design both aesthetically and functionally coherent. To act unfairly is to imitate the contribution (creation) of others, without original or innovative contribution and exploiting the result of another's work.

The composition of the Design Panel (Article 9) is very specific. There are 10 members made up as follows: two industrial designers and a manufacturer chosen by the INA (Italian Designers Association).

¹Ministry, Annual Account of the State, Milan, Italy, Vice-President, IEB Italy.

two manufacturers and an industrial designer chosen by the Indian Manufacturers' Association (Confidential), and, in addition, a marketing expert, a consumer's representative and two jurists.

It may also meet at the request of the parties as an arbitration panel and may issue an arbitration award. Its decisions are final and it may provide for a type of injunction against continuation of the conduct contrary to the Code. The first decisions of the Design Code were issued in January 1992.

And Now An Industrial Property Council

Finally, an Industrial Property Council has been created in 1996.

The composition of the Industrial Property Council is very simple. There is a Presidency made of three persons, one each to be appointed from the IES (Inventing Incentives Society), the others by the Association of Patent Agents, the third by a Bar Association. They remain in office for two years and may be reappointed. They must obtain in cases of conflict of interests, in which case two substitutes will be utilized. The Presidency reserves applications and appoints a judging Commission, which may have three or five members, made up of two technicians and one jurist (or three and two).

The members of the judging Commission act on merit on the grounds of competence, experience and availability. They perform their office as individuals and their names are not those of the interests they represent. They must act with due care.

Those presenting an application to the Council (owner or licensee of the patent right) must have an actual interest in so doing. In the application all relevant information must be supplied. The President of the judging Commission fixes a date for the filing of a defense by

the respondent and all relevant documentation. He will also stipulate what type of procedure is to be followed.

The decision of the Commission is issued *in camera*. If the Council acts as an arbitrator, the decision will not regard the validity or otherwise of the patent, but will be limited to the scope of protection of the patent and whether there has been an infringement of the right. If it is simply an opinion (see below) it may also evaluate validity.

Decisions of the Council are reasoned and will also indicate costs and the means to which these are to be apportioned. They will also indicate any dissenting opinions expressed by members of the Commission. The proposed Code specifically states that the decisions of the Commission may not be used for unfair competitive purposes.

In the majority of cases the respondent did not participate in the proceedings. In such a case, the Commission proceeds to examine the file in any event and then drafts its decision. An expert is appointed to represent the interest of the respondent. He acts as the attorney for the respondent, and makes all arguments and defenses that believe a proper. The decision will have the value of an opinion, which will be both authoritative and persuasive, since it will be drafted by authoritative and independent experts. This opinion may then be used by the applicant in a number of ways: to attempt to persuade the other side, or to accompany an application for targeted measures before the court. It should be presumed that the judge of the court would place considerable reliance on the contents of the said opinion, being that of a number of independent experts, and would prefer this to the appointment of one technical expert who would then examine the whole matter *ex novo*.

Should both sides participate, the

decision reached has roughly the same effects as an arbitration award. This has the effect of a jurisdictional award rather than a contractual award, since, where both parties adhere to the Code, it is more likely that they intend to confer on the Council the same powers and obligations as the courts would have had.

A dissatisfied party may ask for a reconsideration of the decision. If the Presidency believes that such a request is justified, it requests the same judging Commission, or a new one, to examine the case.

The practical experience of the system has not been numerous (about 10 cases a year) but very significant. In one case, the applicant submitted to the Council a question which was litigated before five jurisdictions. The opinion was in favor of the applicant.

The resistant challenged the opinion and some courts appointed a court expert, which however easily confirmed the opinion of the jury.

Probably the most significant case was one where about 10 parallel litigations were pending in a civil court and five before criminal judges. Those litigations resulted in a series of technical opinions not always coincident and very confused. The Council reviewed all the material and expressed its opinion in about 20 days. Thus the opinion was submitted in court in the various litigations. A great number of those litigations were settled, for the others the judges found preliminary measures on the basis of the opinion of the Council. In other cases the opinion favorable to the applicant was submitted to the resistant (who did not appear) and the resistant acknowledged the result.

Finally, in three other cases the opinion that was contrary to the applicant induced the applicant to drop the case.