

PATENT LAW

ITALY

Limits of the Supremacy of a European Patent Over a National Patent

Code of Civil Procedure, Art. 360(4); Italian Code of Intellectual Property, Art. 59 – **Gemata v Bergi and others**

Headnotes by the Editorial Office

1. A decision by the Enlarged Board of Appeal of the European Patent Office that is under revision is not final even though the request for revision does not have suspensive effects. Therefore, such a decision cannot be grounds for the discontinuance of an action of invalidity of an Italian patent, because this only proceeds when the legal grounds for the action no longer exist. This can only occur when there is a final decision on a related matter.
2. When a European patent is revoked, the Italian patent does not automatically become invalid, because the latter is an autonomous right.

Supreme Court (Corte Suprema di Cassazione Sez. I), decision of 16 September 2019 – 22984

Facts

The Venice Court of Appeal – specialised in business matters – with Decision No. 533/2014 published on the 4 March 2014, declared the matter in dispute regarding the request for annulment of the Italian patent and the corresponding Italian portion of its European patent to be settled. This was a result of the decision by the Enlarged Board of Appeal of the European Patent Office of the 17 December 2012 published on the 14 January 2013, reviewing the decision of 18 May 2009 and revoking the European patent due to the lack of patentability requirements.

The Court of Appeal in particular stated that the revocation of the European patent would trigger the discontinuance of the matter in dispute regarding the request for annulment both of the Italian patent and of the corresponding Italian portion, having due regard to the principle of the overlap of protections. The Court also ruled that this conclusion would not have been undermined by the pending request of revision of the decision of the European Patent Office. This is because under Art. 112(a) of the European Patent Convention such a request does not have any suspensive effect of the taken decision.

Gemata SpA appealed the decision by the Venice Court of Appeal, with four grounds of appeal.

Bergi SpA lodged its defence.

The general prosecutor upheld the appeal.

Gemata SpA and Bergi SpA have submitted their statement in view of today's assembly.

The defendant underlines in its statement that while the present judgment was pending, the European Patent Office had confirmed the revocation of the European patent.

Legal considerations

With the first grounds of appeal the claimants state the violation of Arts. 100-112 of the Italian Code of Civil Procedure (CPC) and of Art. 112 of the European Patent Convention (5 October 1973, revised on the 29 November 2000 and ratified in Italy through law n. 224/2007, in accordance to Art. 360(3) CPC), in respect of the declaration of the discontinuance of the matter in dispute, notwithstanding the request for revision of the decision of revocation of the European patent.

In particular, the claimant underlines that even if the decision to revoke the European patent is an executive one because the request for revision against it has no suspensive effect, the same decision was not definitive because it had been appealed, as expressly ascertained by the Venice Court of Appeal.

On these grounds the claimants deny the legitimacy of the declaration of the discontinuance of the matter in dispute.

The grounds of appeal are admissible, notwithstanding the incorrect reference to Art. 360(3) CPC regarding a substantial *error in iudicando*. The appeal is indeed to be better grounded in Art. 360(4) CPC regarding a violation of procedural law.

It needs to be observed in this regard that the provision referred to by the claimant is not binding – as stated by Cass. Plenary Session (S.U.) 17931/2013; 19234/2012 – as long as the content of the grounds of appeal clearly reflects the error under appeal.

In the case at hand the claimant clearly intended to appeal the decision by the Court of Appeal for a procedural error, directly stemming from the fact that – in the claimant's view – the court had erroneously declared the discontinuance of the matter in dispute, in the absence of the needed requirements.

The second ground of appeal concerns the violation of Art. 59(1) of Legislative Decree 30/2005, and of Arts. 110 and 112 CPC, under Art. 360(3) CPC. In this respect the claimants argue that the revocation of the European patent would not have been effective with respect to the Italian patent. The discontinuance of the matter in dispute

regarding the validity of the Italian patent could thus not have been declared.

The third ground of appeal concerns the violation of Art. 79(3) of the Italian Code of Intellectual Property, in relation to Art. 360(3) CPC. The claimants appeal the Court of Appeal's statement regarding the inadmissibility of the request for invalidity of the Italian patent IT' 531, as limited under Art. 79 of the Italian Code of Intellectual Property.

The fourth ground of appeal denounces the violation of Arts. 100 and 112 CPC, as well as of Arts. 59 and 79 of the Italian Code of Intellectual Property. Indeed, by declaring the discontinuance of the matter in dispute regarding the invalidity of the considered patents, the Court of Appeal has also rejected the requests regarding the termination of the counterfeiting acts and of injunction.

The first two grounds of appeal are connected and thus need to be considered jointly. They are both legitimate.

First, it needs to be observed that the decision of the discontinuance of the matter in dispute, which has been developed by the case law, is conditioned on the absence of the parties' interest in having a judgment on the issue that is the object of the initiated proceeding. This occurs when there is a procedural situation in which there are no longer contested grounds between the parties, or when the parties declare the absence of such an interest (Cass. 2155/2012; 6617/2012).

In the case at hand, the Venice Court of Appeal incorrectly believed these requirements to be present.

The fact that the proceeding regarding the revision of the decision by the European Patent Office was pending (initiated in accordance with Art. 112^{bis} of the European Patent Convention, although having the relevance of an extraordinary appeal without any suspensive effect over the decision it concerns) implies *per se* that the reasons for conflict between the parties persist and excludes the discontinuance of the matter in dispute. Indeed, the decision by the European Patent Office is not definitive, yet and can still be reversed.

Thus, the extraordinary nature of the appeal against the European Patent Office's decision and the extraordinary requirements upon which such appeal is conditioned are not relevant for the purposes of the present proceeding. Conversely, the fact that there is a judgment pending of itself implies that there are persistent reasons of controversy between the parties for the purposes of the proceeding.

Neither is the fact – mentioned by a statement under Art. 380^{bis}(1) CPC submitted by the defendant – that the revocation of the European patent has become definitive, after the appealed judgment and the submission of the appeal before the Supreme Court by the company Bergi SpA, relevant for the purposes of the judgment.

As a premise it must be said that the European patent, being a sum of national patents, does not absolve the judge from the obligation of applying national law for ascertaining the validity of the national portion of the same European patent (Cass. 16949/2016).

With regards to the national patent, Art. 59 of the Italian Code of Intellectual Property states the inefficacy of the Italian patent in case the opposition procedure has definitely concluded with the maintenance of the European patent.

The provision thus affirms the primacy of the European patent over the national patent, in accordance to the prohibition of overlaps of intellectual property protections and with the consequence of the inefficacy of the national patent. This shall nonetheless occur in the situation that is the opposite to the one examined, in which the European patent has acquired a definitive effectiveness because it has not been opposed or because the opposition has been rejected.

The provision thus affirms that the national patent loses its efficacy only when there is legal certainty that the European patent has not been revoked or can no longer be revoked through an opposition.

The framework on the matter is completed from a procedural perspective by Art. 59(3) of the Italian Code of Intellectual Property. This states that when the opposition procedure has definitively come to an end with the validity of the European patent, the actions regarding the Italian patent automatically convert themselves into actions regarding the European patent. This occurs after the identification of the object of the two considered patents, the identification of the owners and the timeliness of the action.

Conversely, when the opposition to the European patent is accepted, this does not imply that the Italian patent automatically becomes ineffective. Indeed, the national patent is an autonomous right, whose validity needs to be ascertained autonomously. Accordingly, the invalidity of the national patent cannot be derived from the invalidity of the European patent.

The third ground of appeal is absorbed in the first two grounds. The fourth ground of appeal also needs to be upheld.

The reversal of the Court of Appeal's decision to declare the discontinuance of the matter in dispute determines the invalidity of all the related claims – in particular the request to terminate counterfeiting acts and the request of damages – and implies the upholding also of the fourth ground of appeal.

In conclusion, the first, second and fourth ground of appeal are upheld.

The decision is reversed and the case referred to a different section of the Venice Court of Appeal for the determination of the costs of the proceeding.

Translated from the Italian by Giulia Schneider.

Case note by Giulia Schneider*

I. History of the proceedings

The case concerns a dispute between a manufacturer of components for leather processing machines and a competitor. The first company owned an Italian patent relating to an engraved cylinder for finishing hides and a European patent validated in Italy. This European patent was opposed by the competitor before the European Patent Office which, however, rejected the opposition and confirmed the validity of the patent. The competitor nonetheless appealed the decision, introducing new evidence during the proceeding. The patent owner alleged that the new evidence was filed beyond the term, but the Court of Appeal nonetheless admitted it to the

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proceeding. On appeal, the European patent was revoked. As a reaction to the revocation, the patent owner requested to review the appeal decision under Art. 112(a) EPC. It should be remembered that in contrast an appeal against a decision by the European Patent Office under Art. 112(1) EPC, the petition to review an appeal decision does not have the effect of suspending the decision in accordance with Art. 112a(3) EPC.

Meanwhile, at the national level, the Venice Court of Appeal was asked to assess the relationship between the national and European patents, as regulated under Art. 59 of the Italian Code of Intellectual Property (*codice della proprietà intellettuale*, hereafter CPI).

Article 59 CPI states the primacy of the European patent over the national patent regarding an identical invention. Under the provision, the national patent becomes ineffective from the date on which the European patent is no longer opposable or the European patent has survived an opposition procedure.

Accordingly, the article regulates the cases in which the national patent ceases to be effective, without dealing with the patent's validity.

In this perspective, the *ratio* underlying Art. 59 CPI is that of avoiding the duplication of intellectual property rights, and the related risk of an independent circulation of the two patents.¹ The provision thus aims at coordinating the European and national patent, consistent with Art. 139(3) EPC, which envisages the possibility of coexistence between the two patents.

In assessing the mentioned framework, the Venice Court of Appeal provided a wide interpretation of the primacy of the European patent over the national patent, concluding for the need to reject the national patent as a result of the rejection of the European patent. The Court applied Art. 59 CPI *a contrario*, considering that, just as the European patent maintained after an opposition causes the national patent to become ineffective, the rejection of the European patent after an opposition would also impact on the validity of the corresponding national patent. According to the Venice Court of Appeal, the revocation of the European patent would have caused the discontinuance of the matter in dispute not only in respect of the request to invalidate the European patent, but also in respect of the national patent's validity.

II. The Italian Supreme Court's claim

The ordinance by the Italian Supreme Court n. 22984/2019 establishes the need for a strict application of Art. 59 CPI. Against the backdrop of this provision the Court rules that the national Italian patent becomes ineffective as a result of the existence of a European patent regarding the same invention only when the two patents are incompatible – and thus only when the European patent has become definitive because it has not been opposed, or because the opposition has been rejected. Conversely, if – as in this case – the opposition finally results in the revocation of the European patent, the Italian patent is supposed to maintain its autonomy and remain in force. In other words, according to the Supreme Court, the

national patent is absorbed by the European patent only when the latter has definitively come into force and not when the European patent is revoked.

III. Content of the decision

In reversing the appeal decision, the Supreme Court held that the Venice Court of Appeal had misinterpreted the case of overlap between the two patents regulated under Art. 59 CPI.

According to the Supreme Court, the occurred revocation of the European patent impedes the special mechanism under Art. 59 CPI to operate in favour of the general regime regarding independency and autonomy between the national and the European patent.

As the Court argues, structurally there can be no impact of this revocation on the national patent once the European patent is revoked. The only impact of the revocation of the European patent on the national patent is related to the possible relevance of the assessment of non-patentability carried out at the supranational level, in proceedings related to the request of annulment of the national patent.

In this case, however, the national judge also remains free to declare the patentability of the invention that was the object of the revoked European patent, and thus to confirm the patentability of the corresponding national patent.

IV. The Supreme Court's decision in the context of the Italian case law: the discontinuance of the matter in dispute

The main line of reasoning followed by the Supreme Court concerns the applicability in the examined case of the discontinuance of the matter in dispute.

In the Italian legal system, the discontinuance of the matter in dispute has to be declared by the judge and is a cause of extinction of the proceeding. It occurs when the parties' interests in a judicial decision end following the emergence of a situation that makes any cause of dispute between the parties cease to exist (Cass. n. 2155/2012; Cass. n. 6617/2012).

This means, as the Supreme Court has recently acknowledged (Cass. n. 14546/2019), that the discontinuance of the matter in dispute occurs only when there is a situation – ascertained in the course of the process or declared by the parties – in which the parties no longer have an interest in pursuing their cause.

More precisely, the discontinuance of the matter in dispute has to be conditioned on the total absence of grounds of controversy between the parties, and with that of the interest to pursue the cause and the related need to have a judicial decision (so Cass. n. 26537/2018; Cass. n. 26351/2005; Cass. S.U. n. 1048/2000). The discontinuance of the matter in dispute therefore cannot be declared when the circumstance that has been overcome does not completely eliminate the parties' interests in pursuing the cause (App. Bologna, 12 January 2009; and similarly also Cass. n. 3598/2015).

Both the Italian case law and legal scholarship have widely developed the figure of the discontinuance of the matter in dispute, which has however never been codified. This has left – and continues to leave – great margins of

¹ Giovanni Guglielmetti, 'Proprietà unionista e priorità interne' in Silvia Giudici (ed), *Studi in onore di Paola Frassi* (Giuffrè 2010) 468; Carlo Luigi Ubertazzi (ed), *Commentario breve alle Leggi su Proprietà Intellettuale e concorrenza* (CEDAM 2019) 460.

flexibility in the interpretation of the requirements of the related declaration.

Among the variety of solutions given by the Italian case law regarding the procedural (see in this regard Cass. S.U. n. 5806/1995 and n. 2674/1993; Cass. n. 10361/1990; Cass. n. 2243/1995; see also Cass. n. 6048/1993; Cass. n. 12215/1990; Cass. n. 10361/1990) or substantial (so Cass. n. 10728/1993 and Cass. n. 5286/1993) nature of the declaration of the discontinuance of the matter in dispute, the most convincing appears to be the latter one. Indeed, the declaration of the discontinuance of the matter in dispute is not given by the judge with an ordinance of extinction of the proceeding, but instead with an outright pronouncement acknowledging the absence of any reason for conflict between the parties. The given pronouncement has a substantial relevance and carries effects directly equalling a decision on the merits. As the Italian scholarship has specified in this respect, the declaration of the discontinuance of the matter in dispute is to be properly understood as a procedural consequence of the parties' changed substantial positions.²

Under these premises, the Italian Supreme Court has previously assessed the case of the declaration of the discontinuance of the matter in dispute in an appeal proceeding, stating that although not directly impacting on the merits of the previous decisions, such declarations would void the pronouncements delivered in the course of the proceeding, eliminating the decisions regarding the requests that have ceased to be relevant. However, it should be remembered that while it does extinguish the proceeding, the declaration of the discontinuance of the matter in dispute does not impede the initiation of a new proceeding related to the same matter (Cass. n. 1614/1994).

V. The Supreme Court's reasoning

In the case at hand, the Supreme Court appears to apply this substantial interpretation of the discontinuance of the matter in dispute in the appeal proceeding regarding the validity of the national patent. It has excluded the possibility to declare the discontinuance of the matter in dispute, in light of the persisting interest of the parties to an autonomous assessment of the validity of the national patent. The Court's motivations in this sense rely on the following considerations.

First of all, the Supreme Court has underlined that the primacy of the European patent over the Italian patent, as stated by Art. 59 CPI, is possible only when the opposition procedure to the European patent establishes the validity of the European patent. As a result, in case of the revocation of the European patent, Art. 59 CPI cannot be applied, and the national patent does not lose its efficacy. Consequently, the involved parties remain free to action their interest in ascertaining the validity or invalidity of the Italian patent before a national judge in a separate proceeding (so Cass. n. 16949/2016).

Moreover, in the Supreme Court's view, the fact that there was a decision pending before the Enlarged Board of Appeal in accordance to Art. 112 EPC only contributes to exclude the operability of the primacy mechanism

under Art. 59 CPI. Indeed, as the Supreme Court acknowledges, the fact that a proceeding regarding the European patent's validity is pending is actually incompatible with the certainty of the same European patent's validity, which Art. 59 CPI requires.

However, beyond these declarations by the Court, it can be noted that the ground of controversy between the parties ceased to exist as a result of the confirmation in revision of the European patent's revocation, which occurred in the wake of the Italian proceeding. This means that although the Court could have declared, from a procedural standpoint, the discontinuance of the matter in dispute between the parties, it actually excluded the applicability of Art. 59 CPI on the more substantive grounds of the autonomy of the national patent in respect to the revoked European patent.

From a different perspective, the Supreme Court has not adequately addressed the further requirement under Art. 59 CPI, related to the identity of the invention object of the national and of European patent. The issue of the identity of the inventions has been previously assessed by the Italian case law, also in respect to the provision of Art. 59 CPI, establishing specific criteria for this purpose.

A major strand of case law has interpreted the requirement of the identity of inventions between the parties in the sense of a complete correspondence between the invention object of the Italian portion of the European patent and the Italian patent (Trib. Milano, 5 April 2011). The identity has been conversely excluded in the jurisprudence in case of two different existing patents, even in the hypothesis that the European patent is subsequently restricted or made the object of an action of counterfeiting (Trib. Milano, 11 September 2012; *contra* Trib. Milano, 9 January 2006).

With regard to the identity of the two patents, the Supreme Court had also previously stated that, in case of partial overlap between the European and the Italian patent, there is the partial inefficacy of the latter only for the part of the national patent that is encompassed by the European patent. Conversely, the part of the Italian patent that does not coincide with the European patent remains valid in addition to the European patent, in this way covering the whole spectrum of protection stemming from the sum of the two patents (Cass. n. 10335/2016).

VI. Conclusions

The recent judgement of the Italian Supreme Court illustrates well the difficulties of interpreting the provisions regarding the coordination between the scope of protection given by the interplay between European and national patents. By addressing this interpretative issue, the Supreme Court interestingly links the relationship between the European and the corresponding national patent to the separate – but strictly intertwined – topic of the discontinuance of the matter in dispute regarding the request for annulment of the national patent and of the corresponding portion of the European patent.

Against this backdrop, the Supreme Court underlines that a strict interpretation of national law under Art. 59 CPI suggests that the Italian patent would have lost its effectiveness in the situation exactly opposite to that under scrutiny, namely, where the European Patent Office's

² Crisanto Mandrioli, *Diritto Processuale Civile* (4th ed, Giappichelli 2019) 413-415.

decision would have confirmed the validity of the European patent corresponding to the Italian patent.

This is directly suggested by the letter of the provision, which affirms that the prevalence of the European patent over the Italian one operates *ex nunc*, ‘when the European patent is declared valid at the end of an opposition procedure’, and not when the European patent has been revoked, as in the present case.

The revocation of the European patent therefore does not imply the discontinuance of the matter in dispute, both regarding the Italian portion of the European patent (also in wake of the proceeding of revision of the

European Patent Office’s decision) and the Italian patent regarding the same invention, disregarding any overlap of protections.

Hence, in the absence of a situation of primacy of the European patent over the national one as envisaged under Art. 59(1)(b) CPI, capable of determining the ineffectiveness of the Italian patent, the Supreme Court declares that the Italian patent continues to produce its effects just as it would have done if the European patent had never existed. By so ruling the Supreme Court ultimately leaves the Italian courts free to assess the validity of an Italian patent in accordance with Italian law.