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## Italy to ratify the UPC Agreement and to implement provision on indirect infringement

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On 25 November 2016 Italy's ratification law of the UPC Agreement was published in the Official Gazette of the Italian Republic (Law no. 214 of 3 November 2016 - link to the Official Gazette [here](#)). The ratification law - which definitely puts an end to the hostility initially shown by the Italian government to the UPC and Unitary Patent system (see previous posts [here](#), [here](#) and [here](#)) - is therefore now officially in force.

While the future of the UPC is still uncertain and we are still awaiting to see how its implementation will progress, particularly in light of the Brexit vote and the recent announcement made by the UK representatives at the EU Competitiveness Council, it seems that the most interesting part of Italy's ratification law is its Article 4. By this provision, irrespective of the fact that the UPC Agreement still has to enter into force as the mandatory ratifications foreseen by Article 88 have not been completed yet, the Italian Parliament immediately implemented into Italian law the provision of Article 26 of the UPC Agreement on indirect infringement, by introducing three brand new paragraphs into Article 66 of the Italian Industrial Property Code (IPC).

These represent the first statutory provisions ever adopted by the Italian legislator on direct infringement, whereas until the entry into force of this ratification law indirect infringement had been construed and applied in Italy solely in the caselaw. In that situation, there was still some degree of uncertainty in respect of the identification of the objective and subjective elements of indirect infringement, which seem to have now been, at least partially, clarified.

Getting to the contents of the new provisions, these at first sight represent a rather literal transposition of Article 26 of the UPC Agreement. However, careful reading is required in order to get a true understanding of the scope and implications.

Article 66 (2bis) IPC now provides that "the patent shall confer on its proprietor the exclusive right to prevent any third party not having the proprietor's consent from supplying or offering to supply any person other than a party entitled to exploit the patented invention, with means relating to an essential element of that invention and necessary for putting it into effect within the territory of a States in which the invention is protected, when the third party knows, or should have known using ordinary care, that those means are suitable and intended for putting that invention

into effect". A peculiar aspect of this paragraph appears to be the fact that it uses the sentence "within the territory of a *State* in which the invention is protected", whereas Article 26 of the UPC Agreement uses the sentence "within the territory of *the Contracting Member States* in which that *patent* has effect". Furthermore, it is worth noting that such a sentence was moved to the final part of the provision, after the words "putting it into effect", whereas no explicit reference to territory is made in respect of the acts of "supplying or offering to supply". It is anticipated that this will bring about discussions on the implications of this provision in the cases in which the acts of supplying or offering to supply the means, on the one hand, and the putting into effect of the invention, on the other, take place in different jurisdictions.

Article 66 (2ter) IPC also deserves consideration. It reads as follows: "*Paragraph 2bis shall not apply when the means consist of products that are currently in the market, except where the third party induces the person supplied to perform any of the acts prohibited by paragraph 2*". Here the first issue seems to be the exact meaning of the phrase "*means consist of products that are currently in the market*". Based on a superficial reading of the Italian language of the provision, one may be tempted to conclude that this paragraph simply refers to those cases in which the means are freely in the market as they are also suitable for lawful uses. However, a more careful reading will clarify that the case of means that are also suitable for lawful uses is already encompassed by preceding paragraph 2bis, wherein it is simply said that the means must be "*essential*" and "*necessary*" for putting the invention into effect; it is not said that, e.g., the means must be "*univocally destined*" to putting the invention into effect. So in principle, even in case the means are capable of lawful uses, it seems that the subjective requirement remains that of paragraph 2bis of Article 66 IPC, i.e. the knowledge (including a constructive knowledge) that the means are destined to putting the invention into effect by a non authorised party. It seems therefore that the scope of paragraph 2ter must be confined to a more limited category of cases, and it seems that this should be the category of staple products (and in fact, the English version of Article 26 the UPC Agreement precisely refers to "staple commercial products"), i.e. those products that are a commodity or raw material, of a kind which is needed every day, which can be generally obtained, and is capable of numerous uses and applications. In this case, a qualified behaviour of "inducement" is required on the part of the supplier of the means in order to cause a finding of indirect infringement.

Finally, Article 66 (2ter) IPC provides that "For the purposes of paragraph 2-bis, persons performing the acts foreseen in Article 68(1) shall not be considered to be parties entitled to exploit the invention", Article 68(1) IPC being the provision containing the limitation of patent rights and, in particular, the private use, experimental use and Bolar exceptions. It is therefore clarified, somewhat in line with the most recent Italian case law, that indirect infringement does not in fact require the carrying out of a direct infringement downstream.

After all, the new provisions do not seem to upset the Italian position on indirect infringement as had been previously established by Italian case law, and, in any event, the fact of now having statutory provisions on the point is surely to be welcome. An immediate tangible and positive effect, in Italy, of the UPC Agreement.

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This entry was posted on Saturday, December 3rd, 2016 at 7:24 pm and is filed under [\(Indirect\) infringement](#), [Italy](#), [UPC](#)

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