

Made in Italy: The New Anti-Counterfeiting Measures

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On January 11, 2024, Law No. 206 of December 27, 2023 (the “Law”), which introduces several provisions “*for the enhancement, promotion and protection of made in Italy,*” came into force.

The Law contains new measures to combat counterfeiting of “*Made in Italy*” products, including:

- Broadening the scope of the offence of “*Sale of industrial products with misleading signs*” (provided for by Article 517 of the Italian Criminal Code, the “ICC”, which is a predicate offence for the administrative liability of entities under Article 25-bis.1, Legislative Decree No. 231 of June 8, 2001; hereinafter, “Decree 231”);
- Increasing the tools available to the investigating authorities (for instance, allowing undercover operations in cases of “*Counterfeiting of geographical indications or designation of origin of agri-food products*” under Article 517-*quater* of the ICC); and
- Amending Article 260 of the Italian Code of Criminal Procedure on the destruction of seized goods.

For questions regarding the issues discussed in this note, you may contact any of our firm's attorneys with whom you are in regular contact or the authors below.

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The new anti-counterfeiting measures

The Law contains, among others, the measures to “*combat counterfeiting*” (Title V, Chapter III) described below, aimed at strengthening the protection of *Made in Italy* products.

(i) **Amendment of the offence of “*Sale of industrial products with false signs*” (Article 517 of the ICC)**

The Law has extended the scope of the offence set forth in Article 517 of the ICC, entitled “*Sale of industrial products with misleading signs.*” This offence, which was originally aimed at punishing only the conduct of selling and distributing “*intellectual works or industrial products with names, trademarks or distinctive signs [...] that are capable to mislead the buyer as to their origin, provenance or quality,*” now expressly includes the conduct of those who “*hold*” those works or products “*for the purpose of selling.*”

The purpose of this amendment is to bring this offence into line with other similar ones,¹ including the offence under Article 474, paragraph 2, of the ICC, which punishes those who hold “*industrial products with [...] trademarks or other distinctive signs that are counterfeit or altered*” in order to sell them.²

The Law has thus aligned with the Italian Court of Cassation’s case law, according to which the conduct of the holder of products falls under Article 517 of the ICC based on the general provision on accomplice liability (Article 110 of the ICC), as long as the product is held for the purposes of its distribution or sale. Therefore, based on such case law, the manufacturer, the depositary, the shipper, the carrier, the intermediary, or the warehouse keeper have been held criminally liable if they were aware of the sale or distribution of the product.

With this amendment, courts will no longer

¹ See Explanatory Report to the draft Law, p. 23, available at documenti.camera.it

² Article 474 of the ICC punishes anyone who introduces into the territory of the State, for the purpose of making a profit “*industrial products with national or foreign trademarks or other distinctive signs that are counterfeit or altered*” (paragraph 1) as well as “*anyone who holds for sale, offers for sale, or otherwise distributes [those products], for the purpose of making a profit*” (paragraph 2).

need to refer to Article 110 of the ICC, as the holder of the product can now be held criminally liable as a principal under Article 517 of the ICC.

Given that Article 517 of the ICC is one of the predicate offences for the liability of entities pursuant to Article 25-bis.1 of Decree 231, companies that have adopted an organizational, management and control model should assess whether their model (i) should be updated in light of the described amendment and (ii) includes safeguards that are effective also in preventing the risk of committing the new criminal conduct provided by the Law.

(ii) **Amendments to the Code of Criminal Procedure in relation to the offence of “*Counterfeiting of geographical indications or designations of origin of agri-food products*” (Article 517-*quater* of the ICC)**

The Law is also intended to strengthen the effectiveness of criminal prosecution against the offence of counterfeiting of geographical indications or designations of origin of agri-food products under Article 517-*quater* of the ICC (also a predicate offence for the liability of entities under Article 25-bis.1 of Decree 231). The legislator deemed it appropriate to intervene because the conduct punished by Article 517-*quater* (as well as the offences punishable under Articles 473³ and 474 of the ICC), represents “*in the most important investigations, the criminal conduct for which criminal associations are established.*”⁴

First, the Law amended paragraph 3-*bis* of Article 51 of the Italian Code of Criminal Procedure, transferring the power to prosecute this offence from the public prosecutor at the local court with jurisdiction over the case to the district public prosecutor.

³ Article 473 of the ICC punishes anyone who (a) counterfeits or alters trademarks or distinctive signs of industrial products (as long as they could know of the existence of the intellectual property right) or patents, industrial designs or models (b) makes use of such counterfeited or altered marks, signs, patents, designs or models.

⁴ See Explanatory Report to the draft Law, p. 24, available at documenti.camera.it

In addition, the Law strengthens the tools available to investigators by extending the use of undercover operations to the offence under Article 517-*quater*. To that end, this crime was added to the list of offences for which the liability of police officers is excluded if, solely for the purpose of obtaining evidence, they engage in conduct that would otherwise constitute the criminal offence.⁵

(iii) Amendment of paragraphs 3-*bis* and 3-*ter* of Article 260 of the Code of Criminal Procedure on the destruction of goods subject to seizure

Under Article 260, paragraph 3-*bis*, of the Italian Code of Criminal Procedure, the judicial authority shall destroy (while retaining one or more samples) all “*goods the production, possession, detention, or sale of which is prohibited in any case*” when (a) their custody is difficult, particularly burdensome or dangerous for safety, health, or public hygiene, or (b) a violation of the above prohibitions is “evident.”

As amended, paragraph 3-*bis* provides that:

- goods may not be destroyed until the order of seizure or confirmation of seizure has become final;
- the request for destruction may be made not only by the police authority but also by the victim;
- the judicial authority may issue an order that destruction not be carried out if the preservation of the goods is absolutely necessary for the continuation of the investigations;
- the offence may be considered “evident” also in light of the “*counterfeit or pirated*” nature of the goods.

Paragraph 3-*ter*, on the other hand, refers to the seizure of “*counterfeit goods*” in cases of proceedings against unknown persons. Specifically, the Law provides that:

- also with a view to reducing the burden of custody, police authority has the obligation (not just the option) to proceed with the destruction of the goods three months after the seizure,

subject to the taking of one or more samples; and

- the scope of the provision, which is currently limited to the destruction of “*counterfeit goods*,” is extended to include also “*pirated goods*.”

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⁵ Art. 9, para. 1(a), Law no. 146 of March 16, 2006.