

# IP\_LAW\_GALLI *Newsletter*

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## RECENT DEVELOPMENTS IN ITALIAN IP LAW

- ✓ ***Italy implements EC Directive 2004/48 (the so-called Enforcement Directive) – More effective measures in the fight against infringement***

As reported in the October 2005 issue of this Newsletter in July 2006 a Commission of Experts, including Professor Cesare Galli, was set up at the Ministry of Productive Activities for the revision the IP Code, with the aim of strengthening and rendering the protection of IP rights in Italy more effective. In particular the Commission urged the Italian Government for quickly implementing EC Directive 2004/42, on the enforcement of IP rights. As a result, said implementation was put in place by Legislative Decree 16 March 2006, no. 140, which was published in the *Gazzetta Ufficiale* of 7 April 2006 and came into force on 22 April 2006.

Contrary to what is commonly believed, Italy has remarkably efficient civil judicial protection of IP rights, especially in **preventive proceedings** and it is now possible to rapidly obtain injunctions on infringement and seizure orders for the infringing goods. Implementation of the Directive did, however, offer the opportunity to **revise the special procedural rules in this field**, aimed at consolidating the good results achieved so far, particularly after the setting up in 2003 of a **specialized IP division** at each of twelve Courts and Courts of Appeal, which now have **esclusive competence** in this area.

First and foremost, the Commission of Experts had, at the request of Professor Cesare Galli, proposed **applying the new ordinary procedure** rather than the company procedure to IP cases, since the former seems to be much more effective. However, this proposal remained in the limbo of Code revisions which failed to be adopted in good time by the Government and was thus bequeathed to the next legislature. Only those provisions which could directly lead to **implementation of the “Enforcement Directive”** were extracted from this packet of proposals, on the basis, moreover, of a restrictive interpretation of said proposals (thus, for example, proposals to make the same single Judge competent for the issue of description, seizure and injunctive orders and to extend the possibility of adopting *ex parte* provisional remedies were left out); these provisions were then flanked by those aimed at implementing the Directive in relation to Copyright Law drawn up by the Commission for the Revision of Copyright Law and included in the Legislative Decree passed by the Government on 23 February last. **Co-ordination** of the two groups of provisions, which was also ordered, has, however, only been partially implemented as yet, and thus copyright protection and IP protection are not absolutely homogenous.

Despite these drawbacks, which will probably be remedied when revision of the IP Code and Copyright Law is complete, the Decree contains a series of provisions which may have **an important practical impact in favour of IP rights owners**. Of the major new provisions the following may be highlighted:

a) the introduction, alongside both the preventive and final injunction, of the **«order to withdraw the same products from the market** issued against the owners of said products or those who, at any rate, have them at their disposal»: this is an important provision since it **obliges the infringer to take action to recover infringing goods distributed «for sale on account »**, i.e. by way of a contract of sale or return (articles 124 and 131 of the IP Code – as regards this latter provision, there is now the possibility of obtaining an emergency injunction in the case of «any imminent violation» of the right. This should allow **restrictive interpretations** given on any occasion by the courts **to be superseded** by the requirement of **urgency**);

b) the possibility for the Court to order the infringer trading in piracy goods to «submit copies of **banking, financial or commercial documentation** in its possession relating to violation in the commercial field » (Art. 121 of the IP Code and Art. 156-*bis* of the Copyright Law);

c) the express provision, again for violation committed in the commercial field, of the possibility of obtaining an **attachment** of the assets of the alleged infringer (Art. 145 of the IP Code and Art. 162-*ter* of the Copyright Law);

d) a more specific discipline of **compensation for infringement**, with the express provision of the sanction of **returning the infringer’s profits** to the owner of the violated right (Art. 125 of the IP Code).

This provision – which is a sort of remedy for **unjust enrichment *sui generis*** – merits particular attention: returning profits, provided as an alternative to compensation for the lost profits of the owner of the violated right, will help the latter to acquit its burden of proof, thus consolidating **current developments** in the latest Italian case law, in awarding **more substantial compensation** than in the past in cases of IP infringement. This remedy, in combination with the possibility of obtaining a **description of the accounts** of the alleged infringer (and now, as we have seen, also a description of banking documentation), may, therefore, be a useful deterrent, also

allowing IP cases to be resolved by quick **settlements**, as already happens ever more frequently today.

Therefore, it is extremely surprising that **the article was not provided in Copyright Law too**. However, it must be said that in this field the remedy of returning profits had **already been admitted** by the Courts as a form of minimal liquidated damages, also on the basis of arguments inferred in the preparatory work of the 1941 Law, when an article similar to that inserted in the IP Code was proposed but not included as it was considered superfluous (see Court of Cassation, 24 October 1983, no. 6251).

### ✓ *Revision of the IP Code: to be discussed in the next legislature*

The increasingly precise definition of infringement as **including all forms of parasitism** and the adjustment and co-ordination of different juridical instruments – **civil, criminal and administrative** – to counterbalance it. These are the main lines of the revision of the IP Code approved by the Commission of Experts set up last July at the Ministry of Productive Activities and chaired by the Vice-Secretary of State Mr. Roberto Cota (who, in the meantime, has also become the High Commissioner in the Fight against Infringement). In this way **it has tried to improve the quality of the Code**, making it a more modern instrument and above all more functional in protecting IP rights and fighting infringement.

The IP Code (Legislative Decree 30/2005), which was passed by the Government at the end of 2004 and came into force on 19 March 2005, regulates the whole field of IP, with the exception of Copyright and, albeit containing a certain number of **innovative provisions**, both substantive and – above all – procedural, is essentially a «**single text**» which gathers together and co-ordinates IP laws currently in force in Italy. Upon approval it was, however, provided (in Art. 2 of Law 306/2004) that «*within a year of the legislative decrees' entry into force, the government may adopt, upon the advice of the competent parliamentary commissions, provisions which amend or add to corrective or additional provisions to the decrees themselves*». The idea was that the new Code should be **run in** for a year to see whether any changes or adjustments were necessary.

In fact, the work of the Commission concentrated on four aspects:

a) **correcting material errors** and lacks of co-ordination, especially between the articles on registration procedure, which were inevitable in a text of 246 articles substituting 35 different legislative texts;

b) recovering some provisions which had been «left out» when the Code was approved, in particular that of **internal priority** and the **new discipline on university researchers' inventions**;

c) a series of adjustments aimed at **clarifying a number of ambiguous provisions**;

d) finally, a real revision, from the point of view of **strengthening and making the protection of IP rights more effective**, considered to be a key element in Italian business competitiveness.

With regard to this last aspect, in particular, the Commission proposed a series of amendments to render the protection of trade marks and appellations d'origine more complete and consistent at civil, criminal and administrative levels against conduct aimed at **unlawfully exploiting the values of commercial goodwill** inherent in these marks.

Again in the same key, another proposal of the Commission worth noting is that which aims at extending the length of **protection of the works of industrial design** covered by copyright to **70 years** from the death of the author. This equates it to other works and supersedes the breach procedure launched by the EU against Italy due to the fact that in Italy this protection currently lasts only 25 years.

Amongst the **procedural innovations** in the Commission's proposals are those to **make the same single Judge competent for the issue of description, seizure and injunctive orders**; **extending the possibility of adopting ex parte provisional remedies**; the introduction of the

**prior technical expertise** also in IP proceedings; and above all application of the **reform of ordinary civil proceedings** to IP disputes, which was brought into force by Legislative Decree 14 March 2005, no. 35 and then by the laws of 28 December 2005, no. 263. This seems much more suitable for this field than the current company procedure.

Unfortunately, as mentioned when speaking of the implementation of EC Directive 48/2005, this revision was not approved in time by the Government before the end of the legislature. Therefore, all these proposals may only be adopted by the new Parliament which was formed after the general election of 9 and 10 April 2006. It must also **renew the delegation** to the Government to carry out this revision, since the original delegation expired on 19 March last. The fact that these amendment proposals were on the whole agreed on by the interested parties leaves us to hope that they may be quickly adopted, probably by the end of 2006.

### ✓ *EC Directive 98/44 on the protection of biotech inventions implemented in Italy*

With Law 22 February 2006 no. 78, the Italian Parliament converted into law with very few amendments the decree-law 10 January 2006 no. 3, by which Italy **implemented EC Directive 98/44 on the legal protection of biotech inventions**. In fact, Italy was one of the few EU member states not to have implemented the Directive. This had led to its being **censured** by the ECJ, in a ruling of 16 June 2005, C-456/03.

Moreover, as was fully reported in the last Newsletter (see GALLI, *the protection of biotech inventions and GMOs in Italy*), since the beginning of the 1990s the **Italian courts** have been dealing with the validity and infringement of biotech inventions, admitting patentability and protecting them in terms which are essentially in line with the Directive and, before this, with the rulings issued by the EPO Board of Appeal.

In essence, the now approved law implementing the Directive faithfully reproduces the text of the Directive, moving away from it only to introduce some further (and debatable) **restrictive specifications** in relation to the limits of patentability for inventions whose use may conflict with «human dignity, public order, good morals, the protection of health, the environment and the life of people and animals, the conservation of plant life and bio-diversity and the prevention of serious environmental damage».

The wording of some articles also seems pointlessly complicated. This applies in particular to articles 3 and 4 of the law, which both refer to the need for the patent to identify the «**function and industrial application**» of the claimed object, but in apparently contrasting terms. The Directive, on the other hand, in general allows the autonomous patenting of «a sequence or partial sequence of a gene», provided that in every case its «industrial application» is actually indicated in the patent application (Art. 5.3 and Recital 22 of the Directive, which makes it clear that this provision applies in all cases and not only to human gene sequences). Art. 7 also gives rise to some perplexity. This article threatens all «juridical agreements» entered into in violation of the articles of the Decree with **nullity**, without co-ordinating with the general provision of Art. 77 of the IP Code, that in patent matters provides a number of exceptions to this rule.

It is likely that a good number of these discrepancies will be resolved when the articles of the new law are **incorporated into the Code**, as appears inevitable.

### ✓ *Administrative sanctions strengthened for those purchasing non-original goods*

By Law no. 248 of 2 December 2005, converted by decree-law 30 September 2005, no. 203, administrative sanctions have been further strengthened against those buying or selling a good which «*by reason of its quality, the condition of the offeror or the price, causes one to believe that laws pertaining to the origin of goods and to intellectual property have been violated*». In particular, in addition to the previously

set maximum (€ 20.000) sanction for the end-consumer, there is now a minimum (€ 100), which should help to generalize application. Furthermore, a new provision relating to those who market these goods has been added, whereby «*If purchase is made by a commercial operator, importer or any other party who is not the end consumer, the fine goes from a minimum of € 20.000 to a maximum of € 1.000.000.*».

### THE CASE

#### ✓ *The shape of a good may be protected against an identical copy even should it not be registered as a trade mark or model (Court of Milan, 17 January 2006) – The text of the decree and the petition*

The specialized IP division of the Court of Milan, called upon by Ghidini Cipriano s.p.a. of Brescia (a company operating in the field of household utensils and world leader in the production of wine accessories, assisted in these proceedings by our firm), issued an *ex parte* decree (later upheld by court order which was not appealed against and became final), which **protected the shape of a good against an identical copy**, even though this shape was registered neither as a trade mark nor as a design.

In fact, the Court ruled that the identical copy of a good which was well-known on the market, albeit registered neither as a trade mark nor as a design, may be considered unlawful, both as **infringement of an «unregistered trade mark»**, which is forbidden by the IP Code, and as an **act of unfair competition**, not only from the point of view of slavish imitation (which postulates the existence of a likelihood of confusion), but also from that of the **appropriation of qualities**, i.e. of **parasitical linkage** to the renown of the imitated good and the business image of its producer. As such, this ruling represents important progress in the strengthening of the protection of goods shape against imitations especially from the Far East. These imitations are now frequently effected by «**tracing**» by means of digitalizing the original good with an electronic «feeler» or laser system (as also happened in the case decided by the Milan court), which also makes it possible to save on (high) costs for the design of the moulds.

In fact, while the protection of registered trade marks against **imitations which do not give rise to a likelihood of confusion**, but which still involve «linkage» to the imitated mark has long been admitted in Italy, where it was introduced in 1992, by legislative decree no. 480/92, in implementation of EC Directive 89/104, the situation was much more uncertain for non-registered marks, and in particular for the **shape and external appearance of the good and its packaging**, which are rarely registered as trade marks or designs. When imitation gives rise to a likelihood of confusion, it is most certainly covered by Art. 2598, no. 1 Civil Code, on confusing unfair competition, which also includes **slavish imitation**, understood as imitation which leads the consumer to believe that the imitator's product comes from the same source as the original, or that its production is, in any case, authorized by the manufacturer of the original. If, however, the consumer does not mistake the copy for the original, because the method of sale of the copy makes it clear that it does not come from the same producer, this protection may not be invoked. This gives imitators an easy escape route.

However, the law on unfair competition also provides for **another typical situation**, i.e. the **appropriation of qualities**, disciplined by Art. 2598 no.2 of the Civil Code, which is also considered applicable in cases of the so-called **publicity by linkage**, in which another's mark is used in a non-confusing way but in such a way as to still give rise to «recall» to the benefit of the imitator's product, as happens for example when it is used preceded by expressions such as «type», «model», etc.. Many had already wondered if even non-confusing imitation of shapes could be connected to this situation, when we have **exploitation of the renown enjoyed by the imitated product on the market**.

This point was not even clarified by the **IP Code**, which counted unregistered marks (including the shapes of goods) amongst IP rights, extending the typical system of sanctions (description,

seizure, destruction order and assignment etc ... ) already provided for registered trade marks to unregistered trade marks, but **without specifying either the pre-requisites for being given this protection or the precise scope of protection**. Legal theorists then asked whether the same protection as that given to registered trade marks should also be given to unregistered trade marks, naturally only within the limits, including territorial limits, of the achieved renown.

The Court of Milan, in the decree examined hereunder, responds in the affirmative to both questions, ruling, in the case in question, that the (unregistered) shape of the product **may be protected against infringement, at essentially the same conditions as those for registered trade marks, against unfair competition, precise imitation and appropriation of qualities** «with the simultaneous detriment to the business image of the petitioner».

The Court issued an **injunction** against further production, importation, advertising and sale of the infringing product. It also fixed a **fine** for any violation. It ordered the **seizure** of the **goods** and the relative advertising material and of the **accounting books** which showed the number of goods imported and distributed in Italy by the parties involved in their production and sale. Enforcement of these measures allowed the **infringing activity in Italy to be blocked straightaway and the (Chinese) producer to be identified**. This led within a short time to an **extrajudicial settlement** of the affair, with an agreement which, amongst other things, stipulated the acquiescence of the infringer to the order.

The text of our petition follows followed by that of the decree admitting the petition.

## COURT OF MILAN Specialized IP Division

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### **Injunction and Seizure Petition** **pursuant to articles 126 and 129-131 Legislative Decree 10 February 2005, no. 30** **and Art. 700 Code of Civil Procedure.**

On behalf of

**Ghidini Cipriano s.p.a.**, (...) represented by the attorneys-at-law Professor Cesare Galli,  
Francesco Braga and Mariangela Bogni

– petitioner

against

(...)

– petitionee

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### **The petitioner** **and the field in which it operates**

1.- The petitioner Ghidini Cipriano s.p.a. is a company which has been operating for many years in the production and sale of **kitchen utensils**.

It was founded in the pre-Second World War period, beginning its activity with the production of **corkscrews** and nutcrackers. Ghidini Cipriano progressively expanded its range of articles to include all the main kitchen utensils, but continued to keep **wine accessories** as its basic line, a sector in which it is one of the recognized **world leaders**. In fact, Ghidini Cipriano products are **exported to over sixty countries**, beginning with the US, with great success and ever increasing sales.

Ghidini Cipriano was the first in this field to obtain the ISO 9002 Certificate, followed in 2000, subsequent to further improvements in its quality system, by the ISO 9001 Certificate, which guarantees the adoption of higher standards of quality for all its products, in all stages of their realization, from initial concept to production. In fact, improvement in product quality has been

accompanied by development in the company's activity. This is carried out today in **four production plants with over 100 employees**. All stages of production from planning to the final product are carried out at these plants, with the production of **moulds and special equipment** .

2.- Among the most successful of its products is the **“Vigneto” corkscrew** (doc. 1), which, due to its very particular shape, may really be considered one of the **symbol-products** of its activity. It has a **very particular form**, due to a **combination of features which are not strictly functional** (the spiral's long movement lever, the cork grip lever and the corresponding counter-lever in the body of the corkscrew, the “pistol” shape of the body, the particular slotted hole to view the internal mechanism), which make it **immediately recognizable to purchasers**.

Over 150.000 of these corkscrews, produced by the petitioner since 2000 and widely advertised by same (documents 2 and 3) have been made (see again doc. 3, accompanied by the first sales receipt, dating back to 2000), and sold throughout the world, despite being rather expensive (€47,00 plus VAT factory price – doc. 4 –, retailing at more than € 100), confirming the **great commercial success** of this product.

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### **The unlawful activity committed to the detriment of the petitioner**

3.- As unfortunately frequently happens with successful products, the “Vigneto” corkscrew proved irresistible to **imitators**.

In fact, the petitioner recently found a **slavish imitation** of the corkscrew on the market (doc. 5), which copies **all** its features, so much so that it is **virtually indistinguishable** from the original product.

The distributor of this product in Italy is (...), which has also sold it in its **flagship-store** in Milan (doc. 6, composed of the receipt and the declaration of the Ghidini Cipriano employee that, having found the product in the store, decided to buy one) and which is also going to take part in the most important Italian international trade fair in the sector, **MACEF 2006**, held in Milan from 20 to 23 January 2006 (doc. 7), at which it will, in all likelihood, present this product.

An examination of this product clearly shows that it is completely **identical, even down to the smallest details and colours**, to the Ghidini Cipriano corkscrew. The only slight difference is that the rubber feature inside the handle is white rather than pale grey.

The fact that the copy is absolutely identical to the Ghidini Cipriano corkscrew, in all its features, unequivocally demonstrates that the copy has been made by **“tracing”** the petitioner's corkscrew, i.e. **by digitalizing the original product** using an **electronic “feeler” or laser system**, thus making savings on the (high) costs for design of the mould.

This is confirmed by the **report** (doc. 8) of Mr. Edmondo Castellani, owner of Castellani & Chiarini s.n.c., an expert in the field of mould design, who, after examining the original and the copy, points out in particular that **“the dimensions, the finishings, the strengthening nervation and the system of assembly of the various details is virtually identical”** and thus concludes that **“On the basis of our experience we can thus confirm that the corkscrew in question was reproduced using a system of digitalization effected on the original ‘Vigneto’ corkscrew made by Ghidini Cipriano SPA, or rather, by a system which allows reproduction, through an electronic feeler or laser ray, of the mathematics of the 3D piece, which with minimal variations and slight modifications permits design of the moulds and the subsequent utensil stages required for realization of the moulds”**.

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**Aspects of the unlawfulness of (...)’s activity:**  
**a) infringement of unregistered marks**

4.- There is absolutely no doubt as to the unlawfulness of (...)’s activity, both for what concerns **infringement of unregistered marks** and **unfair competition**.

With regard to the former, it may be pointed out that the product sold by (...) is absolutely **identical** to that of Ghidini Cipriano, which, as stated previously, slavishly copies every detail of the shape showing that it has been realized by “tracing” the original.

Naturally, this **absolute identity** does not only concern the functioning mechanism of the corkscrew (on which Ghidini Cipriano obviously does not claim to have a monopoly), but, as seen previously, extends to **all features** of the product, including the non-functional features (and distinctive features on the whole of the Ghidini Cipriano production): features which **can all be varied without in any way compromising the functioning or aesthetics of the product**, and whose complete copying may be explained only by the intention to follow “in the wake” of the more famous original, being taken for the latter (at least for what concerns **confusion in a wide sense or risk of association**, i.e. the existence of **contractual or group relations** between the respective producers, such as a licensing or distribution agreement: see VANZETTI-DI CATALDO, *Manuale di diritto industriale*<sup>5</sup>, Milan, 2005, p. 215 and in case law Appeal Court of Milan, 18 May 2001, in *Giur. ann. dir. ind.*, 2001, 871 ff., which deemed the adoption of a trade mark which was similar to the original to be unlawful when it “**creates an objective risk of confusion from the point of view of risk of association ... leading the public to possibly believe that the product comes from the same company, or rather that there are contractual or group relations between the two producers or at any rate between the two sources of origin**”) and exploiting the original’s **credit** on the market .

We submit also in this regard a **report** (doc. 9), drawn up by a well-known **independent designer**, Mr. Valter Gorni, particularly active in the household products sector, who has worked with some of the major sectoral firms in the “industrial area” of Brescia which specializes in this type of production.

After examining the Ghidini Cipriano “Vigneto” corkscrew, Mr. Gorni confirms first of all that it has a long series of non-functional features: “**I can confirm – he writes in his report – that the following features are most definitely not strictly functional: 1) The external shape 2) The spiral movement lever 3) The type and shape of the spiral movement gear 4) The spiral support rack and the guide pin 5) The shape and the fastener of the spiral 6) The cork grip lever and the counter-lever in the body 7) The shape and the dimension of the body, the slotted hole for an aesthetic vision of the mechanism 8) The internal release and gripping mechanisms of the soft cheeks for coupling to the neck of the bottle**”.

The report goes on to ask whether these features may be changed without compromising the functioning of the product, or rather whether **so-called harmless variations** may be effected; and he replies in the affirmative to this question too, stating that: “**All these characteristics (without any claim to the list being exhaustive) may clearly be changed without this variation affecting the functioning of the product**”, also adding that “**said variation requires some procedures which I now list as follows. 1) The use of a designer for the planning and development of the object in question 2) The use of a design studio which actively participates in the development and industrialization of the product with the designer. 3) The product prototyping stage. 4) The stage involving the launch and advertising of the product on the market receiving positive confirmation**”: which also makes clear the parasitic effects of the operation by (...).

5.- Therefore, the pre-requisites for the protection of the whole shape of Ghidini Cipriano’s product as an **unregistered trade mark**, pursuant to articles 1 and 2 of the IP Code, exist: see VANZETTI-DI CATALDO, *Manuale di diritto industriale*<sup>5</sup>, *op.cit.*, p. 281, which states that the unregistered trade mark protected by the Code “**may also consist of the shape of the product itself**” and that its protection in this case “**superimposes and identifies with the case of slavish**



**imitation of the shape itself**' the protection for which, on the basis of what has just been stated, all requisites exist.

In fact, today protection against **parasitic linkage** must also be added to this protection. The former is set forth for registered trade marks by Art. 20, paragraph 1, letters *a* and *c* of the IP Code and for unregistered marks – if it is not considered possible to apply these provisions also to them, as in fact appears preferable, on the basis of a systematic reading – at least by **Art. 2598, no. 2 Civil Code**.

On this last point see again VANZETTI-DI CATALDO, *Manuale di diritto industriale*<sup>5</sup>, *op.cit.*, p. 93, which states that “**the renown of another’s product is profited from, the introductory work carried out by others on the product itself on the market is exploited ... and thus there is appropriation of qualities, also when a competitor puts and credits on the market a new product which bears not only a name trade mark but also a particular shape of the product itself or its container. The product is therefore known to the public not only by its name trade mark but also by the distinctive shape which characterizes the object. When another business then puts the same product on the market, the fact that it presents it with a shape (of the product itself or its container) which is the same as that used by the first business, but accompanies it with a radically different name trade mark, this gives rise to a clear case of non-confusing use of another’s mark (the shape) but which constitutes an appropriation of qualities: since, by adopting that shape, the second business is essentially telling the public ‘My product is like the other product that you already know and which presents itself to you with the same shape’: i.e. it says something which is no different to what it expresses by adopting another’s name trade mark preceded by the word ‘type’, ‘model, or ‘system’, etc.”.**

In case law, perfectly in line with these ideas, see a very recent ruling of this Court, issued on 21 July 2004 (doc. 10), which, after stating that “**in assessing the distinctiveness of the packaging of a product, rather than analysing each element, one must ... concentrate on the specific combination of such features, in order to assess whether the particular combination itself – beyond the individual features it contains and making a brief and general consideration – possesses originality or if, on the contrary, the combination in question is already, in some way, present in the pertinent sector ”, and pointing out how the combination of features considered in the case in question was essentially taken from the imitator’s product, concluded that “**Such conduct can lead to a serious risk of confusion pursuant to Art. 2598 no. 1 Civil Code in that the strong similarity between the packaging, beyond the presence of the different trade marks, may lead the consumer to believe that that there is a connection between the producers and that they are similar lines created for different markets (foreign, discount etc.) thus creating confusion between the activities of the producers themselves” and that “it is also certain that there is undue linkage *ex* Art. 2598 no. 2 Civil Code committed by the defendant with respect to the activity and the product of the plaintiff, aimed at exploiting the renown and success of the competitor by copying the external forms of presentation of the product to draw undue advantage from the positive credit achieved by the plaintiff with the consumer in such a way as to shower the cheaper product with the effect of the renown of the competitor’s product”.****

These points apply all the more so to our case, in which the shape of (...)’s product is not only similar but actually **identical** to the most definitely particular shape of Ghidini Cipriano’s corkscrews.

There can, therefore, be no doubt as to the unlawful nature of (...)’s copying of this shape.

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Aspects of the unlawfulness of (...)’s activity:  
b) unfair competition

7.- There is also absolutely no doubt that (...) is guilty of unfair competition, and there are different aspects to this.

Firstly, as we have already seen, the infringement of another's unregistered mark represents either **precise imitation** or **appropriation of qualities** and must therefore be considered sanctionable as such.

Furthermore, the fact – also confirmed in the report of Mr. Edmondo Castellani (doc. 8) – that the copy was **obtained by tracing the original product** using an **electronic “feeler” or laser**, making considerable **savings on production costs** – fully described in Mr. Gorni's report (doc. 9) –, makes clear (...)’s unfair competition, also from the point of view of the so-called **direct copying of another's performance**, which is against the principles of fair practice and may damage the other's business, and is forbidden by Art. 2598, no. 3 Civil Code (see, amongst the many, Court of Cassation, 2 December 1993, no. 11953, in *Giur. ann. dir. ind.*, 1993, no. 2891, which stated that **“The complete and deliberate anastatic copying of a work realized by a rival periodical violates the principles of fair practice, in that it allows savings to be made on time, work, study and expense and offers the possibility of placing the publication on the market rather more quickly than would have been necessary with independent drafting, composition and printing”**; Court of Legnano, ordinance 4 May 1988, *ibid*, 1988, no. 2314; Appeal Court of Bologna, 20 January 1981, *ibid*, 1981, no. 1488, which concerned a pantograph copy; Appeal Court of Florence, 11 March 1975, *ibid*, Rep sist. 1972-1987, p. 964; Court of Milan, 28 April 1975, *ibid*, 1975, no. 719; etc.).

Unfair competition exists in the case in question also from the point of view of **denigration**, forbidden by Art. 2598, no. 2 Civil Code, because selling a product which is identical to the original at a **much lower price** to that charged for the original (in fact (...)’s corkscrew **retails at €24**, while the original has a **factory price of €47,00 plus VAT and retails at more than €100,00** – see again documents 4 and 6) causes **commercial discredit** both to the product sold at normal prices and to the producer itself, **“as the public are led to believe that there are wide and unjustified margins of profit on a product of modest quality”** (see Court of Frosinone, ordinance 2 February 2000, in *Giur. ann. dir. ind.*, 2001, no. 4134; and in the same sense see Court of Verona, 29 October 1992, in *Foro it.*, 1994, I, 933 ff.; Court of Bari, ordinance 16 November 1998, *ibid*, 1999, I, 1642 ff.; and Court of Ancona, ordinance 12 April 1999, *ibidem*, 1645 ff.), while, as is clear, this great difference in prices basically derives from the **enormous savings on costs** made by the opponent (or by the party supplying the product), by skipping all the complex activities that independent realization entails, as amply illustrated in Mr. Gorni's report (doc. 9).

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### **The action in the merits which the plaintiff intends to propose**

8.- On the basis of the above, the plaintiff therefore intends to bring an action for **infringement of an unregistered trade mark and unfair competition**, seeking a **final ruling** against (...).

In particular, in this case into the merits, the plaintiff intends to ask that it be **ascertained** that all the unlawful activity described above was committed, with a **final injunction** on the continuation or repetition of such activity, including the production and sale of infringing and illegally copied products, and in general of products which are the same or similar to the copied product, fixing a **fine** for any subsequent violation. The plaintiff also intends to seek **compensation** from the defendant for damage caused by its unlawful activity, plus issue of all the consequent orders, in particular **assignment** of the infringing products and **publication** of the ruling.

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### **The petitions of these interim proceedings**

9.- In the meantime, in order to ensure the outcome of this action into the merits and avoid this infringement causing serious and irreparable damage to its exclusive rights and market position, Ghidini Cipriano is obliged to call upon this Court as a matter of urgency, in order to seek a

**provisional remedy** which **enjoins** (...) from further sale or advertising of the infringing corkscrews, also fixing a **fine** for any violation of said injunction; orders **seizure of the corkscrews in question** at the premises of this company or at the premises of any other party, plus **seizure of the accounting books** of the infringer relating to these products; and finally orders **publication** of the ruling.

In the light of what has been written so far, there seems to be no reason to doubt the existence of the requirements for grant of the requested measures.

First of all, for what concerns **prima facie evidence**, on the basis of what has been written so far there can be no doubt, in the case in question, as to **infringement of an unregistered mark or unfair competition**.

Then, there is likewise no doubt as to **urgency**. In fact, as we have seen, the opponent's unlawful activity is in **full progress** – and in fact is **growing**, with an impending presentation of the infringing product at an extremely important international sectoral trade fair (doc. 6) – and this activity can most certainly cause Ghidini Cipriano (and in fact is already causing) **un very serious damage in terms of poaching customers, commercial discredit and damage to the company's image**, all of which by definition cannot be entirely compensated: this typically gives rise to the urgency required for the provisional remedies of injunction and seizure to be issued.

10.- Therefore, an **interim injunction** must be issued first of all, pursuant to Art. 131 IP Code, on the continuation and repetition of the unlawful activity in question, forbidding (...) in particular to **produce, have produced, import, sell or advertise in any way the unlawfully copied and infringing products**.

The injunction will also be accompanied by an order pursuant to Art. 700 Code of Civil Procedure, against (...), to **withdraw from the market** and **set aside** the products in question from the retailers who have entered into agreements with (...) to whom the later has supplied said products (for a very recent ruling in which this Court accompanied an interim injunction with an order to withdraw the infringing products from the market, in order to avoid their “spread”, see Court of Milan, decree 28 October 2005: doc. 11).

**Fixing a fine** for any violation of the injunction is completely admissible – and most certainly opportune, given the large-scale infringement. This measure, too, is expressly provided by Art. 131, paragraph 2 IP Code whereby “**Upon issuing an injunction, the Court may fix a sum to be paid for any subsequent violation of or failure to comply and for any delay in enforcing the order**”.

11.- The need to block the infringement, removing the corkscrews – which are a precise imitation of the shape of Ghidini Cipriano's product (and thus an infringement of its corresponding unregistered mark) from the counterfeiter's possession – in order to stop further production and sale of the infringing products, also requires the injunction to be accompanied by **seizure** of said products, the related advertising material plus the moulds and other specific means used in their production.

This is all the more necessary given that as these are **small products** they can easily be hidden or moved, or at any rate spread amongst the various **retailers** and would be virtually impossible to subsequently find.

It must also be stressed that it must also be possible to carry out the seizure at **the premises of third parties who are not named in the petition**, should it emerge that they were party to the unlawful activity, as expressly provided by Art. 129 IP Code.

12.- The infringer's **accounting books** relating to the infringing corkscrews must also be seized.

Seizure of the accounting books is also necessary in order to discover, on the one hand, the

**exact extent, also quantitative, of the infringement** (for the purposes of assessing compensation) and, on the other, the name of the **producer** of these corkscrews and any **other parties involved** in the unlawful activity, particularly retailers.

In relation to this last request, which is particularly important for the plaintiffs, it must be stressed that articles 128 and 129 IP Code (just like the previous corresponding articles of the Trade Mark Law) expressly permit description or seizure **“of evidence relating to the alleged violation”**. This evidence obviously includes documents which can identify the producer and other distributors of the infringing products, in turn responsible for the infringement.

This is also confirmed by the **co-ordination** between these articles and Art. 121, paragraph 2 of the Code, which allows the Court to order the alleged infringer **“to provide the information necessary to identify the parties involved in the production and distribution of the goods or services which constitute infringement”**.

For some very recent rulings which, in application of these articles, ordered the **seizure of the accounting books of the alleged infringer**, in order to discover the exact extent of the infringement and identify the other parties involved in the infringement, see a number of decisions rendered by this Court (see again the cited decree of 28 October 2005: doc. 11) and by the Court of Bologna (decree of 18 July 2005: doc. 12).

13.- Finally an order must be issued to **publish the ruling**.

The opportuneness of issuing this order in the case in question is strongly stressed. The unlawful activity committed to the detriment of Ghidini Cipriano has had (and continues to have!) a **special widespread effect**, since (...), as stated previously, is going to exhibit the products in question at **MACEF** which is probably the most important sectoral international trade fair in Italy, attended each year by almost **70.000** people (doc. 13): this widespread effect not only justifies **publication** of the requested provisional remedy but also makes it **indispensable**, in reducing the damaging effects of this activity on the market.

The admissibility of publishing orders issued in interim proceedings is now **expressly provided** by Art. 126 IP Code and, prior to the Code's entry into force, it was recognized in most court decisions, in order to avoid worsening the damage: see for example Court of Milan, 23 May 1998, in *Giur. ann. dir. ind.*, 1998, 683 ff: **“The publication of an interim order to seize products which infringe a model patent or registered trade mark may be ordered by the Court issuing the interim order, in that with this measure further damage can be avoided and the plaintiff's image in the eyes of the public can be restored”**; and in the same sense see, amongst the many, Court of Afragola, 6 February 1967, in *Riv. dir. comm.*, 1968, II, 77, ff; Court of Milan, 31 July 1967, in *Foro pad.*, 1967, 923 ff; Court of Rome, 6 May 1974, in *Foro it.*, 1974, I, 1, 1806 ff; Court of Rome, 7 September 1978, in *Giust. civ.*, 1978, 1904 ff; Court of Catania, 9 December 1980, in *Giur. ann. dir. ind.*, 1980, 684 ff; Court of Catania, 23 March 1983, *ibid.*, 1983, 541 ff; Court of Legnano, 3 May 1985, *ibid.*, 1985, 586 ff; Court of Catania, 23 February 1987, *ibid.*, 1987, 377 ff; Court of Catania, 25 July 1987, *ibidem*, 673 ff; Court of Catania, 17 October 1988, *ibid.*, 1988, 800 ff; Court of Rome, 25 February 1988, *ibidem*, 512 ff; Court of Rome, 29 September 1993, *ibid.*, 1993, 731 ff; etc..

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### **The need for the requested orders to be granted *ex parte***

14.- It is also absolutely imperative that the above orders be **granted *ex parte***.

This is first of all indispensable for the **injunction on the production, importation and sale of the unlawfully copied and infringing products** by (...), which is widely selling and advertising these goods and is, above all, probably going to exhibit them at an **international sectoral trade fair** with the likely consequence that **customers will be misled** and Ghidini Cipriano discredited. The fact that there not much time left (MACEF opens on Friday **20 January**) makes prior appearance of the parties impracticable.

Moreover, appearance of the parties would compromise to an even greater degree enforcement of the indispensable **seizure of the infringing copies** and even more so of the relative **moulds** and **accounting books** of (...). In fact, if the opponent was told of the order, it would easily be able to disperse the products, distributing them amongst retailers or sending them to obliging warehouses, and get rid of all “compromising” documents at its offices.

It is therefore absolutely necessary to **immediately** prohibit further sales of the infringing products and seize them, **before** they are sent to shops all over Italy where it would be **virtually impossible** to find them.

Therefore, the requisites provided by Art. 669-*sexies* Code of Civil Procedure fully hold for the orders to be granted without **prior appearance of the parties**: it being understood that the parties will of course appear immediately after, at which stage any defence presented by the petitionee can be assessed.

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In relation to the above, Ghidini Cipriano s.p.a., represented as stated in the introduction

asks

this Court, pursuant to Art. 700 Code of Civil Procedure and articles 126, 129, 130 and 131 IP Code, upon appointment by the Court President of the judge responsible for this case, to issue the orders which will provisionally ensure the effects of the decision into the merits, and in particular

asks

this Court:

1) To issue against the petitionee (...):

a) an interim injunction, pursuant to Art. 131 IP Code and Art. 700 Code of Civil Procedure on further production, importation, sale or advertising, also on the internet, of the infringing corkscrews;

b) an order, pursuant to Art. 700 Code of Civil Procedure, to withdraw the corkscrews referred to in point (a) from distribution and sale and to set them aside and to do likewise with the relative advertising material, by withdrawing it from the premises of the retailers who have entered into agreements with (...);

c) an order to seize, pursuant to Art. 129 IP Code, the corkscrews referred to in point (a), the relative advertising material and any material, hard and/or electronic copy, which relates to them or which reproduces them plus moulds and other specific means used in their production, both at the main and branch offices of (...) and at the premises of any other party which sells the corkscrews;

d) an order to seize, pursuant to Art. 129 IP Code, the accounting books of the above company (also from branch offices or the different places in which its accounting books are kept), including VAT registers, warehouse loading and unloading registers and customer/supplier invoices, plus any other document which can identify the producers of the corkscrews referred to in point (a), the buyers, who are in turn retailers of said corkscrews, and the total volume of sales of the corkscrews, also authorizing access to the petitionee’s computer systems;

2) To authorize a representative of the petitionee, a technician appointed by the petitionee and its lawyers to attend the seizure;

3) To fix a sum to be paid by (...) for any violation and/or failure to comply with the injunction and other orders referred to in point (1) subsequent to the ruling being filed and, in particular, for every further corkscrew produced, imported or sold;

4) To order the publication of the ruling, at the expense of (...) and arranged by Ghidini

Cipriano s.p.a., twice, on a full page and with the names of the parties in bold, in the specialized magazines “Casa Stile and “Articoli Casalinghi”, and twice, in double-size characters and with the names of the parties in bold, in the newspapers “*Il Sole-24 Ore*”, “*Corriere della Sera*” and “*la Repubblica*”;

5) To order (...) to reimburse Ghidini Cipriano s.p.a. for the expenses and legal fees of these proceedings.

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The following documents are submitted: (*omissis*)

For the purposes of assessing the Court costs contribution, we declare that the value of this case is indeterminable.

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Milan, 14 January 2006.

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R.G. no. 2180/06

The Appointed Judge,

having read the petition and the attached documents,

having considered that the requisites for grant of the interim protection requested by Ghidini Cipriano s.p.a. seem to exist, as it must be observed,

that ‘*prima facie evidence*’ originates:

- from the documented current sales made by the petitionee (...) of a corkscrew which is essentially identical to that of the petitioner and reasonably produced by means of ‘tracing’ the latter, in such a way as to reproduce all its features, including those which are definitely not functional;

- from the fact that the above circumstance reveals that the petitioner’s rights have been violated from the point of view of infringement of unregistered trade marks which consist in the shape of the product or, at least, from that of unfair competition due to slavish imitation, precise imitation or appropriation of qualities, at the same time causing damage to the business image of the petitioner also in relation to the much lower sales price charged for the infringing product, made possible by the fact that (...) has no design and planning costs (...) and with the evident risk of association between the different trade marks under which identical products are offered to the public;

‘*urgency*’ is intrinsic in such activity as that against which action has been taken, due to current status, the imminence and the impossibility of repairing the damage caused by its harmful and misleading nature, and it also appears to have been augmented in the case in question by the petitionee’s planned and announced participation in the soon to be held by the Macef trade fair in Milan (...), the international trade fair dedicated to the house which is undoubtedly one of the most important occasions for operators in this sector to meet up;

the ‘*ex parte*’ ruling, in order to ensure smooth enforcement of the orders, seems to be rendered necessary, as for the injunction, (and the relative fine) in order to immediately stop continuation of the activity which may be assessed as unlawful (also in relation to the imminent opening of the international trade fair Macef), and, as for the seizure order, by the nature of the goods and the likelihood that they would be hidden or dispersed (seizure is also extended – by making copies – to accounting and fiscal documentation which can prove how many of the corkscrews in question were distributed and the identity of the parties involved in their production and sale ), whilst it seems opportune to reserve any decision on the other measures (withdrawal from distribution and sale and setting aside, publication, expenses) until the outcome of the discussion, during the

examination stage between the parties;

For these reasons

Considering articles 129 ff cpi and 700 Code of Civil Procedure,  
ruling provisionally and as a matter of urgency,

1- enjoins the petitionee (...) to refrain from further production, importation, advertising or sale of the corkscrews as per doc. 5 attached to the petition, in that said activity violates the rights of the petitioner Ghidini Cipriano s.p.a.;

2- fixes a fine of €500,00 to be paid for any violation ascertained from one working day on after service of this ruling;

3- authorizes the seizure of the corkscrews in point 1 and related advertising material, to be carried out on the premises of the petitionee, of its subsidiaries or branches or of third parties, non indicated in the petition, which sell the corkscrews;

4- also authorizes the seizure of the accounting books or other documents (for example, fiscal registers, warehouse registers, invoices, transport documentation and suchlike) which can prove the quantity of corkscrews in question which are produced, imported and distributed, plus the identity of the parties involved in their production and sale. Seizure is to be executed by means of taking copies of such documents and, if necessary, access to the petitionee's computer systems will be authorized;

5- authorizes the petitioner and its lawyers or a specifically appointed expert to attend the seizure;

6- gives the petitioner until 25.1.2006 to serve the petition and this ruling;

7- schedules a hearing for the parties to appear for 1.2.2006, 10.30, reserving any further ruling to the end of this hearing.

Milan, 17 January 2006

Judge - Dr. Domenico Bonaretti

## THE ARTICLE

### ✓ *Trade marks, models, titles, domain names: a year of case law – Summary of an article by Professor Cesare Galli currently under publication in AIDA*

As happens each year, the review *AIDA* has asked Professor Cesare Galli to examine and briefly comment on the principal Italian and EU trade mark rulings, in relation to their impact on the cultural industry.

Professor Galli's article has just appeared in the 2005 volume of the Review, under the title *Segni distintivi e industria culturale*. A full summary of the article follows.

CESARE GALLI

**TRADE MARKS, MODELS, TITLES, DOMAIN NAMES**

**A YEAR OF CASE LAW (SEPTEMBER 2004-SEPTEMBER 2005)**

SUMMARY: 1. The protection of trade marks and names with a reputation: the problem of parody. – 2. (continued) Ascertaining reputation and the importance of profiting from reputation. Relationships between trade mark and name. – 3. The use of cigarette trade marks for sponsored sporting events and for related goods: the limits of lawfulness. – 4. Industrial design and trade marks. – 5. EU case law: a) scope of protection of the trade mark and use of another's trade mark with a descriptive function; service trade marks;

exhaustion – 6. (continued) b) Registration of slogans as trade marks and distinctive capacity. – 7. Trade marks and newspaper titles. – 8. Internet distinctive signs.

1. **Developments in trade mark protection** are also clearly to be seen in Italian case law. This is increasingly becoming the subject of disputes in which, rather than confusion, the **exploitation of the evocative and attractive values** of the imitated sign is considered, with all the problems this entails, and first of all that of relations with the law, constitutionally guaranteed, to freedom of expression.

The case in which these problems appear most evident is that of **parody**, which the Court of Milan dealt with this year. In the case in question, the Court recognized the **lawfulness of parody**, linking this case to that of satire, understood as a «*particular expression of the freedom to express thought and of criticism*» and therefore «*covered within the scope of protection provided by Art. 21 of the Constitution*»<sup>(1)</sup>. The case concerned the home page of the web site of a business which was parodied in another site belonging to a cultural association. The matter was resolved by applying the principles relating to **parodies of inventive works**, which are considered as independent of the parodied work, of which they overturn the meaning, and therefore independently exploitable, without the need for consent from the owner of the original work. However, the same conclusion would have been reached on the basis of the **trade mark right**, given that this **still reserves to the owner only uses of the trade mark in «economic activity»**, and this was not the activity carried out in the case decided by the Court of Milan. The commercial use of trade marks which may be seen as caricatures of another's trade mark, which has also been examined by the Italian courts<sup>(2)</sup>, may instead be considered unlawful, both when it gives rise to a risk of confusion as to origin, at least on the one hand, which may happen when it appears likely that the public will understand that the caricature has been authorized by the owner of the parodied trade mark, or that it has actually been realized by said owner<sup>(3)</sup> and, more commonly, when the parody gives rise to a **link with the message borne by the parodied trade mark**, thus leading to the author of the parody profiting (which is usually based on this link, and therefore on **exploitation of the renown** of the parodied trademark) and often detriment to this mark, especially if the parody is vulgar or is, at any rate, such as to create associations in the minds of the public between the trademark and elements which are extraneous to the message which was originally inherent in the trademark, which may thus pollute it.

The remaining question is whether the parodic use of another's trademark may not be considered supported by a **«just motive»**, which would preclude its unlawfulness under Art. 20, paragraph 1, letter c IP Code. It is, however, clear that parody effected in the context of an artistic work is one thing but that parody effected in commerce with the aim of selling goods or services is quite another. In fact, the US Courts, which were the first to thoroughly tackle these problems of the parodic use of another's trademark, do not in general admit this justification (based on the First Amendment of the US Constitution)<sup>(4)</sup>. It would seem necessary to reach the same conclusion, at least as a rule, under Italian law, also in the light of **court decisions which state that advertising and business messages may not benefit from Art. 21 of the Constitution** on freedom of speech, ruling that these messages come under the regulation of Art. 41 on the freedom of

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(1) Court of Milan, Order 13 September 2004, in *AIDA* 2005, 1048. The parody concerned the web site of Trenitalia.

(2) See in particular Court of Milan, 4 March 1999 and Court of Milan, 12 July 1999, both in *Giur. ann. dir. ind.*, 1999 and concerning respectively the parodic use of Agip's six-legged dog and Lacoste's crocodile.

(3) For a full overview of cases in which the US courts has decided, exactly on these pre-requisites, that there is infringement leading to confusion see KELLER-BERNSTEIN, *As Satiric as They Wanna Be: Parody Lawsuits Under Copyright, Trademark, Dilution and Publicity Laws*, in 85 TMR (1995), 239 ff, pp. 248-251. On the same topic, see also TASKER, *Parody or Satire as a Defense to Trademark Infringement*, in 77 TMR (1987), 216 ff; and GREDLEY-MANIATIS, *Parody: A Fatal Attraction? Part 2: Trade Mark Parodies*, in *EIPR*, 1997, 412 ff, especially pp. 413-415.

(4) See again KELLER-BERNSTEIN, *op. cit.*, 251-253; a case in which this defence was admitted regarded the non-authorized parodic use of a trade mark in a fake advert carried in a pornographic magazine: *L.L. Bean Inc. v. Drake Publishers Inc.* 811 F2d 26, 1 USPQ2d 1753 (CA 1 1987).



economic initiatives<sup>(5)</sup>.

2. Again in relation to protection against **exploitation (not leading to a risk of confusion or not necessarily so) of the renown of another's trademarks**, the Court of Rome issued an interim ruling after examining a case of **non authorized adoption of the title of a famous film as a trademark**. This question had already been ruled on by the Court of Modena in a similar case <sup>(6)</sup>.

Like the Court of Modena, the Court of Rome ruled that the adoption of the trademark was unlawful, first of all under Art. 21, paragraph 3 Trademark Law (now Art. 8, paragraph 3 IP Code), stating that under this article *«the title of a film which has acquired great renown may not be registered as a trademark without the consent of the copyright holder who is entitled, regardless of the distance between the business sector of the product which is to carry the renowned mark and that in which the mark itself has acquired renown, to stop others profiting commercially from the success of its work and the emotions it arouses among the public through the title, the name of a character or another part of the work»* <sup>(7)</sup>. The Court of Rome ruling also cited, less convincingly, Art. 18, letter *f* Trademark Law (now Art. 14, paragraph 1, letter *c* IP Code), which forbids trademark registration of *«marks whose use would amount to violation of another's copyright, IP right or another exclusive right of third parties»*. However, it is doubtful whether this article may be applied to the case in question, given that the title of the work, rather than being covered by copyright, is only covered as a distinctive sign of the work itself and within the limits of risk of confusion deriving from its use on works of a similar nature or kind, while in the case in question the **exploitation of the evocative impact of the title on merchandising goods** is considered.

The Court of Rome tackled another dispute concerning the alleged exploitation of the renown of another's trademark. Under consideration in this case was the mark adopted by a publishing company to distinguish a competition. However, the Courts had ruled that the trademark **was not renowned** since it was *«used only for a limited period of time and to distinguish a game offered by a sports paper to its readers»* <sup>(8)</sup>. This fact does not, per se, seem decisive, given that **use over a limited period, especially if accompanied by heavy advertising, may also render a trademark famous**. However, in a third case, the Court of Rome awarded protection to a trademark for didactic services (an English language teaching method) against the former licensee who had used it in its business name<sup>(9)</sup>, correctly applying the principle of the **unitariness of distinctive signs of different types** under Art. 13 Trademark Law, now Art. 22 IP Code.

The Court of Milan ruled that the **non authorized advertising use of the image of a famous TV personality** was unlawful, awarding to the holder of the violated right both compensation for pecuniary loss *«calculated on the basis of fees paid for the testimonial in previous sponsorship»*, and compensation for **non-pecuniary loss**, in relation to the *«unlawful damage to an inherent personal value, guaranteed by Art. 2 Constitution»* <sup>(10)</sup>, in line with the recent trend in Supreme Court rulings which have ruled that the non-pecuniary elements of the damage can be compensated each time there is unlawful damage of a constitutionally guaranteed inherent personal primary interest <sup>(11)</sup>.

The Court of Cagliari dealt with a singular case involving **relations between the right on a**

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<sup>(5)</sup> In this sense, Constitutional Court, 17 October 1985, no. 231, in *Riv. dir. ind.*, 1987, II, 3 ff, with note by PADOVANI; and recently Court of Cassation, 14 September 2004, no. 18431, in *Giur. it.*, 2005, I, 1187 ff, with note by BOTTERO. This ruling is discussed in more detail later. In legal theory see, in particular, GHIDINI, *Introduzione allo studio della pubblicità commerciale*, Milan, 1968, p. 229.

<sup>(6)</sup> Court of Modena, Order 19 August 2002, in *Giur. ann. dir. ind.*, 2003, which was also discussed in the March 2005 issue of this Newsletter. The title of the film was *«Saranno famosi»*.

<sup>(7)</sup> Court of Rome, Order 22 December 2002, in *Giur. ann. dir. ind.*, 2003.

<sup>(8)</sup> Court of Rome, Order 25 September 2002, in *Giur. ann. dir. ind.*, 2004. The trade mark to be protected was *«Bingol»*, which the Court had found to be weak and thus not infringed by the trade mark *«Totobingol»*, which copied the former in its entirety, used in a football forecasting competition.

<sup>(9)</sup> Court of Rome, 4 June 2004, in *Giur. ann. dir. ind.*, 2004. The trade mark concerned the *«Shenker»* method.

<sup>(10)</sup> Court of Milan, 23 February 2005, in *AIDA* 2005, 1063, with note by SARTI. The portrayed character was Fiorella Pierobon.

<sup>(11)</sup> See Court of Cassation, 31 May 2003, nos. 8827 and 8828, in *Giust. civ. Mass.*, 2003.

**name and the right on trademarks.** It ruled that the use of the name of an excursion route and that of its creator in a tourist guide was lawful, in consideration of the fact that the idea of mapping out a tourist itinerary and giving it a particular name was not, «*considered per se, covered by copyright*», that the name of the creator «belonged to the common heritage of local excursionists» and that its use in distinguishing the route «*was in line with existing practices in the publication of books on mountains*»<sup>(12)</sup>. A US author has written an essay on this theme – translated into Italian by Professor Mario Fabiani –, which, starting from some critical considerations on a recent US Supreme Court decision, develops into a more general reflection on the **trademark function effected by the name of an author in relation to the work**, in that it «*allows consumers to choose among works of authorship on the basis of past experiences with other works by the same author or on the basis of the author's reputation*». Moving even further on into the **parallel between the name of the author and the trademark**, the essay observes that, for instance, «*one might assert that the 'real' Dumas is the one whose personality informs the books that are written by others, but that are created under his control*», exactly as, in relation to trademarked goods made under licence, paternity belongs not to the licensee who actually makes them, but to «*the owner of the mark, who will, in principle, have dictated the broad outlines of the exploitation and will have exercised control over the quality of the licensed goods*»<sup>(13)</sup>.

This reflection most certainly offers **starting points for a reconstruction of the juridical discipline of the various forms of communication**, which, albeit taking into account the peculiarity of the individual types of distinctive signs, also places emphasis on common characteristics, especially for what concerns the **protection of the reputation** they enjoy against unlawful exploitation by third parties.

3. The Supreme Court once again dealt with the **use of cigarette trademarks for the advertising of sporting events** by tobacco manufacturers, said events having names which contain the trademarks themselves or for merchandising connected to such events: i.e. the possible **indirect advertising of tobacco products** realized by this use.

The case brought before the Supreme Court involved advertising for a **car rally** and for a watch relating to a **yacht race**. The name of each event contained a well-known cigarette brand whose holder had sponsored the event. The Supreme Court ruled that this advertising was **unlawful**, in that «*in the case in question, although it does not concern a tobacco product, directly involves forbidden sponsorship*»<sup>(14)</sup>.

According to the Court, the criterion for adjudicating whether or not the use of trademarks for tobacco products for other products is lawful seems to be to ascertain whether the «**message**» they evoke in the business context in which they are used **recalls (albeit indirectly) the tobacco products**. Thus the Supreme Court seems to have changed direction with regard to its previous rulings whereby «*when it has been ascertained that the trademark characterizing a certain product other than tobacco products has acquired independence, any evocative effect of the original product is precluded*»<sup>(15)</sup>. According to this ruling, on the opposite, it is only the **actual preclusion of any evocative effect** of tobacco products which can allow the independence of the trademark used for products other than tobacco products to be ascertained with respect to the same or a similar trademark which distinguishes the latter and not the contrary.

However, as the Supreme Court has on many occasions ruled in general terms (starting from a decision rendered in 1995 Joint Division), a trademark which, albeit identical to that of the tobacco product, has acquired the «*ability to immediately identify a product other than the one originally*

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<sup>(12)</sup> Court of Cagliari, 28 November 2003, in *AIDA* 2005, 1031.

<sup>(13)</sup> GINSBURG, The Author's Name as a Trademark: A Perverse Perspective on the Moral Right of "Paternity" (*Il nome dell'autore come segno distintivo: una prospettiva insolita sul diritto alla «paternità» dell'opera*), in *Dir. aut.*, 2004, 451 ff. The ruling of the US Supreme Court which the author takes as a starting point was issued in June 2003 in the case of *Dastar v Twentieth Century Fox*, 123 S. Ct. 2041 (2003).

<sup>(14)</sup> Court of Cassation, 14 September 2004, no. 18431, *op.cit.*. The events in question were the Camel Trophy and the Merit Cup.

<sup>(15)</sup> Court of Cassation, 27 February 2001, no. 2822, in *Giust. civ.*, 2002, I, 3287 ff.

*identified, no longer evoking the original product as it is used in a different sector, is indisputably **lawful and may be used in advertising**»<sup>(16)</sup>.*

4. Another controversial subject tackled by the Courts again this year is that of **interference between the various forms of protection for product shapes**.

The Court of Rome, like the Court of Florence the year before<sup>(17)</sup>, ruled that the same shape is entitled to both protection of **copyright on designs** and protection against **slavish imitation**, i.e. unfair competition due to confusion<sup>(18)</sup>. This appears open to criticism for the same reasons submitted in relation to the previous decision of the Court of Florence i.e. because a shape which possesses creativity and an artistic value can assuredly confer substantial value on the product. As such, it may not be registered as a trademark, this being forbidden by Art. 9 IP Code, nor can it benefit from protection against unfair competition due to confusion, which has the same requirements as trademark protection. Rather, copyright infringement seems to present – as, in the case in question, there is a competitive relationship between the infringer and the infringed party – a situation of **dependent unfair competition**, under Art. 2598, no. 3 Civil Code. Furthermore, if the imitator's goods are completely **identical** to the imitated goods, so as to lead to the supposition that they have been **made by tracing** the former, there may be a further act of unfair competition, again under Art. 2598, no. 3 Civil Code, due to the so-called **direct copying of performance**<sup>(19)</sup>.

On the other hand, an interim ruling issued by the Court of Bologna dealt with a case in which an entrepreneur not only copied the **design of a famous armchair** of a master of contemporary architecture, but inserted the name of the designer and the initials identifying said designer's furniture as a **metatag** on his website. The Court of Bologna ruled that use of the name and initials was **lawful**, in that it had a **descriptive function**, after first deciding that the shape of the armchair in question, not protected as a model, could not be protected as a design under Copyright Law as it **lacked artistic value**<sup>(20)</sup>. Previously, in a virtually identical case, again involving the copying of furniture by the same designer and the use of said designer's name and the initials of the furniture in question, the Court of Monza ruled that the use of these signs was **unlawful**, even though it had in turn decided that the furniture itself lacked the requisites for protection as designs, in that they had been used as «**catalysts of the tastes of customers not on the abstract and freely copyable qualities but on peculiarities which could acquire commercial importance**»<sup>(21)</sup>. The Court of Bologna, however, only examined the use of the signs in question as metatags<sup>(22)</sup> and thus solely able to render the website visible to search engines, when the names and the initials in question were inserted in the search box. Thus, exploitation of the recall value possessed by these signs was maybe less certain than in the case ruled upon by the Court of Monza.

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<sup>(16)</sup> Court of Cassation, Joined Division, 6 October 1995, no. 10508, in *Giur. ann. dir. ind.*, 1995, no. 3210 and in the same way, amongst others, Court of Cassation, 23 March 2001, no. 4183, in *Foro it.*, 2001, I, 2219 ff.

<sup>(17)</sup> Court of Florence, 6 August 2003, covered in the March 2005 issue of this Newsletter.

<sup>(18)</sup> Court of Rome, Order 26 March 2004, in the Repertory of *AIDA* 2005. The examined case concerned ceramic articles, including cribs, inspired by traditional South-Tyrolese shapes, and it is therefore reasonable to wonder if these articles should be classified amongst works of figurative art rather than works of design.

<sup>(19)</sup> For a number of precedents in this sense, see Court of Cassation, 2 December 1993, no. 11953, in *Giur. ann. dir. ind.*, 1993, no. 2891; Court of Legnano, Order 4 May 1988, *ibid.*, 1988, no. 2314; Court of Appeal of Bologna, 20 January 1981, *ibid.*, 1981, no. 1488; Court of Appeal of Florence, 11 March 1975, *ibid.*, Rep. sist. 1972-1987, p. 964; Court of Milan, 28 April 1975, *ibid.*, 1975, no. 719. See also Court of Milan, 29 March 2005, in *AIDA* 2005, 1069, which ruled that «the unauthorized copying of another's idea related to the shape of an industrial product was unlawful».

<sup>(20)</sup> Court of Bologna, Order 3 August 2004, in *AIDA* 2005, 1047. The designer of the armchair in question was Le Corbusier.

<sup>(21)</sup> Court of Monza, Order 16 July 2002, which overturned on the basis of this point of view, at the appeal stage, Court of Monza, Order 23 April 2002, both covered in GALLI, *Segni distintivi e industria culturale*, in *AIDA* 2003.

<sup>(22)</sup> On the use of metatags, and in particular on the use within them of another's trade mark, see GALLI, *I domain names nella giurisprudenza*, Milan, 2001, p. 59.

According to the Court of Bologna ruling the imitated armchair had no artistic value. The Court stated that by providing this requisite for works of industrial design (unlike other works protected by copyright, which only have to be of a creative nature) the legislator intended «*not greater creativity in quantitative terms but an **inclination of the object to have an independent value also in the separate field of objets d'art***»<sup>(23)</sup>. Other decisions published this year have come to a similar conclusion, albeit of a more subjective nature. They have defined artistic value as «*the expression of an **emotional moment of communication**, (the) added content of suggestion which the artist is able to transmit to whoever comes into contact with his work*»<sup>(24)</sup> or they have spoken of «*an emotional moment of communication which is free and self-sufficient, which can exist independently and which cannot nor should not be justified beyond the purposes of use, any possible use and the aims of the artist*», albeit stating that «*within the field of industrial design the communicative-suggestive gradient may be assessed using a broader criterion than that which is used in a pure artistic field*»<sup>(25)</sup> or they have again stated that artistic value «*must be assessed in the light of the **emotions** which the work is able to arouse in the observer*»<sup>(26)</sup>.

However, these statements (and especially the first, which could still seem preferable because it is less discretionary than the others) run the risk of reserving copyright protection only to works of industrial design which are also appreciable beyond their function as an industrial product i.e. **reintroducing the requirement of separability**, eliminated by the 2001 reform. This, moreover, means **denying the value of works of industrial design as objets d'art**, a value which is closely connected to their value as objects for use rather than being an alternative to it.

5. The ECJ has once again this year dealt on many occasions with trademark questions, on subjects of great interest.

In particular, the ECJ has again tackled the **limitations of the effects of a trademark** under Art. 6 of EC Directive 89/104 (and Art. 21, paragraph 1 of the IP Code), highlighting the fact that these limitations have a nature of **exception** with respect to the scope of trademark protection offered by Art. 5 of the Directive (corresponding to Art. 20 of the Code), and indicating their **rationale** as being to «*reconcile the fundamental interests of trademark protection with those of free movement of goods and freedom to provide services in the common market in such a way that trademark rights are able to fulfil their essential role in the system of undistorted competition which the Treaty seeks to establish and maintain*» (point 29 of the decision). In this way, the ECJ has emphasised, with particular reference to the exception under letter *c* of the article (relating to «*use of the trademark ... necessary to indicate the intended purpose of a product or service*»), that the situations given as examples by the article in question («*in particular as accessories or spare parts*») do not exhaust the scope of application, which must be considered as extending to **any situation** in which «*use of the trademark is **necessary** in order to indicate such a purpose*», in the sense that «*this use must in practice be **the only means** of providing such information*» (points 31-36 of the decision)<sup>(27)</sup> which seems to be in line with what has been stated in Italian legal theory which has posited the idea that «*The 'need' to use the descriptive indication ... may today become the instrument for giving sense to the condition of compliance with honest practices*»<sup>(28)</sup>

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<sup>(23)</sup> Court of Bologna, Order 3 August 2004, *op.cit.*. Also see a second Order of the Court of Milan (again published in the Repertory of *AIDA* 2005), issued on the same date by the same Judge in a similar case pending between different parties, in which the Court also ruled out the possibility that the shape, for which protection was being sought, was of an artistic nature, and this «*whether the latter is understood as a level of aesthetic value or originality such as to exceed those existing amongst the average products of this kind or whether it is understood as a creative nature such as to be appreciated by the public on an aesthetic level regardless of the other characteristics or other qualities of the product*».

<sup>(24)</sup> Court of Milan, 29 March 2005, *op.cit.*.

<sup>(25)</sup> Court of Milan, Order 30 November 2004, in *AIDA* 2005, 1057, which also ruled out the possibility that awarding an important design prize (in the case in question the *Compasso d'Oro* awarded by ADI, the Italian Design Association) to the shape for which protection was sought could «*automatically demonstrate its artistic connotation*».

<sup>(26)</sup> Court of Venezia, Order 4 February 2004, in the Repertory of *AIDA* 2005.

<sup>(27)</sup> E.C.J. 17 March 2005, in C-228/03.

<sup>(28)</sup> GIOIA, *Diritto di marchio e omonimia*, Turin, 1999, p. 172; and in the same sense GALLI, *La protezione del*

laid down in Art. 1-bis paragraph 1 Trademark Law (now Art. 21, paragraph 1 IP Code) for all cases of limitations of trademarks provided by the article.

In the same decision, the ECJ also tackled the corresponding requirement of **compliance of the use with «honest practices in industrial or commercial matters»**, provided by Art. 6 of EC Directive 89/104, observing that this requirement is the expression of «*a duty to act fairly in relation to the legitimate interests of the trademark owner*» and that therefore the limitation does not operate first of all 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 trademark proprietor*», but also if use can «**affect the value of the trademark by taking unfair advantage of its distinctive character or repute**», or «*if it discredits or denigrates that mark*», or «*where the third party presents its product as an imitation or replica of the product bearing the trademark of which it is not the owner*» (points 41-45 of the decision): i.e. essentially it states that use of a trademark does not comply with honest practices when it gives rise to a «likelihood of confusion on the part of the public, which includes the likelihood of association» with the prior trademark, or to one of the two cases of **unfair advantage or detriment** under Art. 5.2 of the Directive, as some Italian legal theorists have also argued <sup>(29)</sup>.

In assessing the propriety of third party use, the ECJ emphasized how «*account should be taken of the overall presentation of the product marketed by the third party, particularly the circumstances in which the mark of which the third party is not the owner is displayed in that presentation, the circumstances in which a distinction is made between that mark and the mark or sign of the third party and the effort made by that third party to ensure that customers distinguish its products from those of which it is not the trademark owner*» (point 46 of the decision) <sup>(30)</sup>, thereby also confirming that a decision on the existence of infringement must be made **in a concrete way**, taking into account the **actual context** in which the third party uses the allegedly infringing sign, as it is presented to the public.

Other ECJ rulings are of great interest, again with regard to identifying the scope of trademark protection. Two stated the importance of the **principle of exhaustion**, under Art. 7.1 of EC Directive 89/104, interpreting it «*with regard to the scheme and objectives of the Directives*» (point 33 of the decision in C-16/03). On this basis, in the first ruling the ECJ, on the one hand, stated that **simple placing on the market without being followed by actual sale** in the EEA does not entail exhaustion of trademark rights, in that such acts do not allow the trademark owner to «*realize the economic value of his trademark*», so that «*even after such acts, the proprietor retains his interest in maintaining complete control over the goods bearing his trademark, in order in particular to ensure their quality*» (points 36-44 of the decision), and on the other that **exhaustion operates ipso facto by effect of the sale**, so that «*any stipulation, in the act of sale effecting the first putting on the market in the EEA, of territorial restrictions on the right to resell the goods concerns only the relations between the parties to that act*» and «*it cannot preclude the exhaustion provided for by the Directive*» (points 50-55 of the decision) <sup>(31)</sup>. In the second ruling, the ECJ examined a case of goods bearing the original trademark affixed in non-EU Member States which

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*marchio oltre il limite del pericolo di confusione*, in Various Authors, *Segni e forme distintive. La nuova disciplina*, Milan, 2001. The Court of Bologna seems to use this benchmark of judgment in its Order of 30 March 1998, in *Giur. ann. dir. ind.*, 1998, 613 ff, whereby «the criterion of fair practice must be seen at least in the *effectiveness of the need for information*».

<sup>(29)</sup> See in particular GALLI, *Attuazione della Direttiva n. 89/104/C.E.E.. Commentario*, in *Nuove leggi civ. comm.*, 1995, p. 1133 ff, p. 1151; and in the same sense VANZETTI-GALLI, *La nuova legge marchi<sup>2</sup>*, Milan, 2001, p. 48. In case law see Court of Cassation, 22 November 1996, no. 10351, in *Giur. ann. dir. ind.*, 1996, which stated that «Pursuant to Art. 1-bis Trade Mark Law, the use of one's own name and address in a business activity is lawful against a previous registered trade mark if ... it does not give rise to any parasitic exploitation of the other's business mark». On this basis it seems evident that the «causes of non-punishability» of Art. 21. paragraph 1 of the Code are important essentially (if not exclusively) in relation to the case of non-confusing (and non-parasitic) copying of the other's trade mark, to be found in Art. 20, paragraph 1, letter a, corresponding to Art. 5, paragraph 1, letter a of EEC Directive 89/104.

<sup>(30)</sup> In the sense that for these purposes the domestic court must «carry out an overall assessment of all the relevant circumstances», including the context in which the trade mark is used, the ECJ had already expressed itself 7 January 2004, in C-100/02, covered in the March 2005 issue of this Newsletter.

<sup>(31)</sup> E.C.J., 30 November 2004, in C-16/03.

are put on the market in the Community under the **external transit procedure or the customs warehousing procedure** and ruled that this cannot be equated with «initial marketing in the Community of goods bearing the mark», which the trademark owner is entitled to forbid, stating that «'Importing' within the meaning of Article 5(3)(c) of the Directive and Article 9(2)(c) of the Regulation, which the trademark proprietor may oppose in so far as it entails 'using [the mark] in the course of trade' within the meaning of Article 5(1) of the Directive and Article 9(1) of the Regulation, therefore requires introduction of those goods into the Community for the purposes of putting them on the market therein» (points 33 and 34 of the decision) <sup>(32)</sup>.

In another case, the ECJ dealt with **service trademarks**, ruling that the notion of «services» given in EC Directive 89/104 also includes **retail services, class 35** of the Nice list, and consists in «selecting an assortment of goods offered for sale and in offering a variety of services aimed at inducing the consumer to conclude the abovementioned transaction with the trader in question rather than with a competitor» (point 34 of the decision); and that the applicant who intends to use his trademark or have it used for an activity of this kind may **file the application (only) for this class**, it being understood that «the applicant must be required to specify the goods or types of goods to which those services relate», also to facilitate application both of those articles of the Directive relating to novelty and scope of protection and that relating to lapse due to non use (points 50 and 51 of the decision) <sup>(33)</sup>.

Finally, the ECJ dealt with the notion of **likelihood of confusion** in relation to a particular case brought before the Court by the Oberlandesgericht of Düsseldorf, regarding conflict between two trademarks, the second of which was a composite sign which completely took on the sign of the first trademark and combined it with other components. The ECJ first stated in general terms that «The global appreciation of the likelihood of confusion, in relation to the visual, aural or conceptual similarity of the marks in question, must be based on the **overall impression given by the marks**, bearing in mind, in particular, their distinctive and dominant components»; that «**The perception of the marks by the average consumer** of the goods or services in question plays a decisive role in the global appreciation of that likelihood of confusion» (point 28 of the decision); and that therefore «In the context of consideration of the likelihood of confusion, assessment of the similarity between two marks means more than taking just one component of a composite trademark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trademark may not, in certain circumstances, be dominated by one or more of its components» (point 29). Given this, the Court observed that «It is quite possible that, in a particular case, an earlier mark used by a third party in a composite sign including the name of the company of the third party still has an independent distinctive role in the composite sign, without necessarily constituting the dominant element» (point 30), thus concluding that, even in the case brought by the German courts, the existence of likelihood of confusion should be assessed on a **case by case basis** <sup>(34)</sup>.

6. The subject of the **distinctive nature** of a trademark, which the ECJ has, on many occasions in recent years, tackled especially in relation to shape and colour trademarks<sup>(35)</sup>, came to the attention of the ECJ twice this year with regard to the **registrability of slogans as trademarks**.

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<sup>(32)</sup> E.C.J., 18 October 2005, in C-405/03.

<sup>(33)</sup> E.C.J., 7 July 2005, in C-418/02.

<sup>(34)</sup> E.C.J., 6 October 2005, in C-120/04.

<sup>(35)</sup> See in particular, for shape marks, E.C.J., 7 October 2004, in C-136/02 P («Mag») and, for colour marks, E.C.J., 6 May 2003, in C-104/01 («Libertel»); the principles expressed in these rulings were also confirmed by the E.C.J. 21 October 2004, in C-447/02 P. The presence of problems which are common to shape marks and colour marks has also been stressed by the Italian courts: see in particular Court of Cassation, 16 July 2004, no. 13159, in *Giur. ann. dir. ind.*, 2004, which stated that «Art. 18, paragraph 1 letter d), Trade Mark Law is applicable to colour (or a combination of colours) mark and not only to shape trade marks». In legal theory there are various essays on the point: SANDRI, *La giurisprudenza comunitaria in tema di marchi non convenzionali*, in *Riv. dir. ind.*, 2004, I, 212 ff; di BIGLIA, *Il marchio di forma nella giurisprudenza della Corte di Giustizia CE*, *ibidem*, II, 399 ff; and GARIS, *Marchi tridimensionali e carattere distintivo*, in *IDI*, 2005, 264 ff, which, in turn, examines recent EU case law in this field, stressing the «primary role» that this case law assigns «to the customer and his perception of such marks» in determining whether they actually possess a distinctive nature.

It is important, first of all, to point out that also in relation to these signs the ECJ stressed, in the first of the rulings<sup>(36)</sup>, that each of the **impediments to registration** provided by Art. 7 of the Trademark Regulation (EC Regulation 94/40) «*is independent of the others and calls for separate examination*» (point 39 of the decision), so that **lack of distinctive character** (provided by Art. 7.1.b of the Regulation and Art. 3.1.b of EC Directive 89/104) may be ascertained also if the trademark does not consist exclusively of the general name of the goods bearing the mark or a descriptive indication relating to them (Art. 7.1.c of the Regulation and Art. 3.1.c of the Directive), nor of sign which are of customary use (Art. 7.1.d of the Regulation and Art. 3.1.d of the Directive). A global assessment of the decision makes it clear that this impediment is considered essentially for **signs which, in the eyes of the public, do not effect a distinctive function**, and thus for **shapes and colours**, examined in the earlier ECJ rulings mentioned at the outset, and for **slogans**, in that, again according to the ECJ, «*average consumers are not in the habit of making assumptions about the origins of products on the basis of such slogans*» (point 35 of the decision).

The second ECJ ruling on slogans, on the other hand, examined the question of **acquisition of distinctive character through use** – which is particularly important for trademarks which are composed of signs which are not usually seen by consumers as distinctive –, highlighting the fact that for the conditions of acquisition of distinctive character to be satisfied «*the mark in respect of which registration is sought need not necessarily have been used independently*», in that the acquisition of distinctive character «*may be as a result both of the use, as part of a registered trademark, of a component thereof and of the use of a separate mark in conjunction with a registered trademark. In both cases it is sufficient that, in consequence of such use, the relevant class of persons actually perceive the product or service, designated exclusively by the mark applied for, as originating from a given undertaking*» (points 27-30 of the decision)<sup>(37)</sup>. In the case in question, the problem arises because the mark for which registration was sought corresponded only to the **first part of a slogan** which had already been registered, in its entirety, as a trademark and used in relation to a product whose specific trademark appeared in the second part of the slogan; these points of the ECJ, therefore, seem to suggest a **rethinking of the trend in Italian case law** which, on the contrary, states that strengthening a composite trademark may not operate only on one single component<sup>(38)</sup> a trend, moreover, which seems to contradict that, likewise admitted by the Italian Courts, whereby all elements of a composite trademark which possess distinctive capacity can be independently protected<sup>(39)</sup>, and again place the emphasis on the need for a **case by case assessment**<sup>(40)</sup>.

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<sup>(36)</sup> E.C.J., 21 October 2004, in C-64/02, relating to the German syntagma «Das Prinzip der Bequemlichkeit» (The Comfort Principle), for which registration had been requested for utensils, vehicles and furniture.

<sup>(37)</sup> E.C.J., 7 July 2005, in C-353/03, relating to the English syntagma «Have a break», part of the slogan already registered as a trade mark «Have a break (...) Have a Kit Kat», and for which, in turn, registration had been requested for the same products (chocolate, sweets and biscuits).

<sup>(38)</sup> See Court of Rome, Order 22 June 2001, in *Giur. ann. dir. ind.*, 2002, no. 4355; Court of Milan, 9 March 2000, *ibid*, 2000, no. 4144; Court of Genova, 23 April 1999, *ibid*, 1999, no. 4000; and Court of Milan, 1 December 1996, in *AIDA*, 1997, 483.

<sup>(39)</sup> See, for example, Court of Appeal of Bologna, 29 May 2002, in *Giur. ann. dir. ind.*, 2002, 913 ff, which stated that «For what concerns complex trade marks, protection is extended to all the distinctive features to which the differentiating function is entrusted, so that the reproduction of only one component of the trade mark also constitutes infringement»; Court of Appeal of Turin, 22 November 2002, *ibid*, 2003, 563 ff; Court of Rome, Order 30 July 2001, *ibidem*, 248 ff; Court of L'Aquila, Order 21 July 1998, *ibid*, 1999, 558 ff; Court of Bassano del Grappa, 15 December 1990, *ibid*, 1994, 163 ff; Court of Milan, 5 March 1990, *ibid*, 1990, 415 ff; etc.; and in the Supreme Court, Court of Cassation, 25 October 1978, no. 4839, *ibid*, 1978. In legal theory in the same sense see VANZETTI-DI CATALDO, *Manuale di diritto industriale*<sup>4</sup>, Milan, 2003, p. 199; and SENA, *Il nuovo diritto dei marchi*<sup>3</sup>, Milan, 2001, p. 38.

<sup>(40)</sup> The ruling of the ECJ here commented on also stresses this need in point 31. It states (also citing its previous ruling of 4 May 1999, in the joined cases C-108/97 and C-109/97, «Chiemsee») that «The matters capable of demonstrating that the mark has come to identify the product or service concerned must be assessed globally and, in the context of that assessment, the following items may be taken into consideration: the market share held by the mark; how intensive, geographically widespread and long-standing use of the

7. Various ruling of the Italian Courts this year have dealt with the question of titles of creative works, and in particular the **titles of periodicals**, being registered as trademarks.

Two rulings of the Court of Milan and another of the Court of Rome have, first of all, stressed how the title of the work «*is not a creative work but is an **accessory which serves to distinguish the creative work***»<sup>(41)</sup>: this is most definitely correct in general, even if it cannot be excluded that in particular cases the title also participates in the creative character of the work which is so entitled and may therefore be protected together with the work (also) by copyright. A ruling of the Court of Milan and another of the Court of Rome recognized that the titles of periodicals may also be registered as trademarks, in that they distinguish «*a number of publications*», thus being understood as the various issues of the periodical<sup>(42)</sup>.

The Court of Rome again posited the distinction between the scope respectively of Art. 100 and Art. 102 Copyright Law, which it had already admitted in a 2003 ruling<sup>(43)</sup> and according to which the first article offers «*minimal protection in the case of identical reproduction of the title of a work ... while Art. 102 Copyright Law also extends its protection to the 'imitation' or realization of an original which is similar and not identical to the others*». As was observed in commenting on the previous ruling, in actual fact it seems more precise to interpret both articles as being aimed at offering **protection against likelihood of confusion**, distinguished from each other by the subject of this protection, in the sense that the first (Art. 100 Copyright Law) protects the **title per se**, while the second (Art. 102 Copyright Law) protects its **graphic layout** and more generally the external appearance of the creative work: both aim to stop not only complete imitation of the sign but also adoption of a similar sign, in that it can give rise to confusion between the works or the origins of the works<sup>(44)</sup>. This last point was stressed in another ruling of the Court of Rome which stated that there was no unlawful «*imitation of the publication as a whole*» when «*a comparative assessment of the complete external appearance of the two publications in suit immediately showed that they came from different undertakings*»<sup>(45)</sup>, thus making clear that (both) rules

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mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations».

(41) Court of Milan, 22 September 2004, in *AIDA* 2005, 1050; and in the same way Court of Milan, 10 March 2005, in *AIDA* 2005, 1066.; Court of Rome, 16 June 2004, in *Dir. aut.*, 2005, 243 ff. Both rulings therefore denied that the «moral right (of paternity) of the author» existed in relation to the title. See also Court of Cassation, 4 September 2004, no. 17903, in *AIDA*, 2005, 1022, which stated that «The title of a work is protected under Art. 100 l.a. not as an independent asset but in that it identifies the work itself, so that there can be no right to a title if the work of invention which it identifies is not protected due to lack of the prerequisites».

(42) Expressly Court of Milan, Order 12 June 2004, in the Repertory of *AIDA* 2005, and in the same way Court of Rome, Order 28 November 2004, *ibidem*. Both rulings then denied the protection requested, on the grounds that the titles for which protection had been sought were «weak», in that they evoked the content of the works which they distinguished, and the marks of the alleged imitators, albeit fully copying the originals, also contained other features, which were considered capable of distinguishing them, thus avoiding any risk of confusion (in the first case the titles in dispute were «Excess» and «Excess moda e underground negli anni 80», for works relating to excesses in the world of fashion and communication; the second case considered the names «gea» and «Nuova Gea», written in different characters and with different subtitles, for two environmental magazines). Again with regard to trade marks corresponding to the names of periodicals, a ruling of the Court of Bologna ruled out both risk of confusion between the names-trade marks «W.I.T.C.H. Will Irma Taranee Cornelia Hay Lin» and «Witch», on the one hand and the names-trade marks «Winx Club» and «Winx» on the other; and that between the works which were respectively distinguished by them, stressing the «differentiating features» which existed between both (Court of Bologna, Order 2 August 2004, in the Repertory of *AIDA* 2005).

(43) Court of Rome, Order 5 February 2003.

(44) ONn the different bearing of articles 100 and 102 Copyright Law see the rulings cited in the various editions of GALLI, *Segni distintivi e industria culturale*, in *AIDA*.

(45) Court of Rome, Order 27 July 2004, in the Repertory of *AIDA* 2005. The two publications in dispute (in



apply not only when external identity or similarity (or that of titles or graphics) causes a likelihood of confusion between the works, but also when the same may be **attributed to the same source or connected sources**.

The Court of Milan, in an already cited case, tackled the question of the **taking of effect and duration of rights on a title**: it solved the first point by stating that «*The right on the title arises through the use which is made of it as a sign which distinguishes the work, so that the constituent element is represented by publication or at least communication to the public, understood as the market of potential readers at which the future publishing venture is aimed*»; and the second by stating that the title must be awarded the «*duration ... provided by Art. 25 Copyright Law*»<sup>(46)</sup>. While the first statement is a corollary of the qualification of a title as a distinctive sign, which presupposes (being an unregistered sign) a distinctive function which already exists, the second seems to conceal an **ambiguity**. Exactly because the title is protected within the limits of likelihood of confusion, it is clear that this likelihood may be considered to exist and therefore protection applies only to the extent (and until) the relevant public retains a **memory of the title** itself<sup>(47)</sup>. The only **exception** to this rule is the one expressly provided by Art. 100 Copyright Law for **titles of periodical publications**, which may be copied by third parties without any limits two years after publication has ceased..

Finally, the Courts of Milan and Cagliari dealt with two singular cases. The former stated that a simple list of donors published by a newspaper organizing a charity collection could not be protected as a **column title** (equated to the title of a publication by Art. 100 Copyright Law), which, moreover, does not seem to exclude the possibility of still assessing in the copying of this sign by a rival newspaper in terms of **unfair competition**<sup>(48)</sup>. The latter stated that «*The unauthorized reproduction of a newspaper article (with the relative newspaper title) in an advertising poster for a candidate in a general election violates the copyright and the image of the publisher of an independent newspaper*»<sup>(49)</sup>.

8. In the field of **domain names**, one of the most interesting Italian rulings published during the year is that of the Court of Napoli which stated that «*Qualification of the business domain name as a distinctive sign and IP right entails the IP Code rules for distinctive signs and in particular trademarks being applied to it, in that it is compatible and not derogated by the articles expressly providing for domain names*»<sup>(50)</sup>: thus reaching a conclusion essentially the same as the one legal theory had already in general arrived at for what concerns unregistered trademarks<sup>(51)</sup>. The decision is also interesting because it interpreted the notion of «**nomi a dominio aziendali**» (firm domain names) on the basis of the rationale of their qualification as protected trademarks, stating that «*The protection provided by the IP Code for firm domain names is awarded to all domain names used in the business or,*

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relation to which confusion between the respective titles-names was ruled out) were «La piazza dell'Aurelio» and «La voce del municipio».

<sup>(46)</sup> Court of Milan, 10 March 2005, *op.cit.*, which also gave the author who had not fully handed over his rights on a work to a publisher the right to take action for violation of the right, pursuant to Art. 100 Copyright Law, even if this article is “intended essentially to regulate competitive relations between publishers”.

<sup>(47)</sup> This aspect was stressed by the Court of Rome, 16 June 2004, *op.cit.*, which ruled out confusion between the title of a film and the (identical) title of a TV series, also taking into account «the time which had passed between the first and fortunate coming out of the film ... and the broadcasting of the TV series bearing the same title as the film». The dispute involved Carlo Verdone and the other authors of the film «Compagni di scuola» against RAI, producer of the TV series of the same name.

<sup>(48)</sup> Court of Milan, Order 22 June 2004, in the Repertory of *AIDA* 2005. The disputed title was «Buona usanza».

<sup>(49)</sup> Court of Cagliari, decree 9 June 2004, in the Repertory of *AIDA* 2005.

<sup>(50)</sup> Court of Napoli, Order 7 July 2005, in the Repertory of *AIDA* 2005.

<sup>(51)</sup> See DI CATALDO, *I segni distintivi*, Milan, 1985, p. 4, which states that, in order to determine the discipline for non-registered trade marks «the articles for the more fully regulated distinctive sign, i.e. the registered trade mark, must be applied, through analogy (and therefore through a comparison of the structural and functional affinities of the different institutes)».

*at any rate, advertising field, with relevant economic effects*». The Court of Napoli thus awarded protection to the domain name and trademarks of the plaintiff against the use of another two domain names which were extremely similar to the former, even though there was no likelihood of confusion, observing that «*Since in the IT world the important effect for the owner of the site is the moment of contact, the **initial confusion** into which the surfer falls due to the similarity of the distinctive signs in dispute suffices to cause unfair advantage for the imitator and, vice versa, detriment to the trademark owner, in that the imitator can thus profit from the demand of the consumers/surfers who, looking for goods of a certain type or mark, come upon services and offers which are more or less succedaneous and distract them from their primary aim*»<sup>(52)</sup>, i.e. stressing, from the point of view of extended protection for trademarks with a reputation, the initial confusion into which the surfer can fall.

Another two rulings also awarded protection to a number of well-known trademarks against their unauthorized use as domain names in a way which excluded (or made extremely improbable) likelihood of confusion but entailed clearly taking **unfair advantage** of these trademarks and, in the second ruling, the **denigration** of same: in particular, in the first case the Court of Modena stressed that in the case under examination «*the search engine leads each user who intends to go to the competitor's site to the address in question, in such a way that the owner of the site may count on an enormous series of **contacts, for advertising and, at any rate, profit making purposes, which are unlawfully obtained** (in the sense that the number of contacts would be infinitely fewer if he used a different address)*»<sup>(53)</sup>, thus highlighting an aspect which is peculiar to the Internet<sup>(54)</sup>; in the second ruling of the Court of Napoli, this aspect was accompanied by detriment to the imitated marks, since the sites thus distinguished were intended for pornographic purposes<sup>(55)</sup>.

The Court of Napoli, in another decision, stressed another peculiarity of the Internet, ruling that the simple **unauthorized offer for sale of original products coming from non-EU Member States** (for which there was thus no exhaustion of trademark rights), **on an Italian site**, even though the actual import into Italy of these goods was contested, was unlawful: this on the basis of the fact that «*What counts is that the operative site in dispute allows (in the ways which are peculiar to that instrument and according to the rules on the so-called ecommerce) such commercial activity to be effected (and, what is more, advertises the marked goods in question)*»<sup>(56)</sup>.

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<sup>(52)</sup> Court of Napoli, Order 7 July 2005, *op.cit.*. On this basis, the Court then ruled that «The trade marks *Puntogioco* and *Puntogioco24.it* also registered for Class 41, which includes the organization of participation in lotteries and betting and the distribution of lottery tickets, and the domain name *puntogioco.24.it*, which distinguishes a site which provides a service for playing the state lottery on the Internet, were infringed by the domain names *puntogioco.biz* and *puntogioco.info*, used for a site which offered consultancy services relating to the market of games and telematic betting».

<sup>(53)</sup> Court of Modena, Order 17 June 2003, in *Foro pad.*, 2004, I, 116 ff, with note by GUERRINI, then partially amended (just in its operative part) in appeal by Court of Modena, Order 23 July 2003, *ibidem*. The disputed domain name was «*www.italianapetroli.it*». The note with which the rulings are published draws attention to the fact that the assumed infringer was a non-business entity; in cases like this the fact that the trade mark protects its owner against any undue use of the same or similar signs in «economic activity», as is now stated in Art. 20 IP Code, has a special bearing. See again GALLI, *I domain names nella giurisprudenza, op.cit.*, pp. 5-6, whereby the advertising use of the site, even if it is effected by a non-business entity, may make it subject to the law on unfair competition.

<sup>(54)</sup> This aspect was stressed, as a source of undue advantage for the purposes of applying the law concerning the trade mark enjoying renown, especially by GALLI, *I domain names nella giurisprudenza, op.cit.*, pp. 47-48 and now also by CASABURI, *Domain names e segni distintivi: qualche riflessione non ortodossa*, in *IDI*, 2004, 339 ff, especially pp. 342-343; and in case law Court of Bergamo, 6 March 2003, Court of Milan, 6 June 2002 and Court of Napoli, Order 8 January 2002, cited expressly in the 2004, 2003 and 2002 editions of GALLI, *Segni distintivi e industria culturale*, in *AIDA*.

<sup>(55)</sup> Court of Napoli, 18 February 2004, in *Riv. dir. ind.*, 2005, II, 73 ff, with note by DE CATA. In this case the disputed domain names were «*www.intesabci.it*», «*www.wwwintesa.it*», «*www.wwwintesabci.it*», «*www.wwwcariplo.it*» and «*www.wwwbci.it*».

<sup>(56)</sup> Court of Napoli, Order 30 April 2004, in *Foro it.*, 2005, I, 267 ff, with note by DI PAOLA. Also on this point see my *I domain names nella giurisprudenza, op.cit.*, pp. 84 ff; and, for a position in part different (and

Some Italian Courts decisions published this year are also worth examining for what concerns **rulings which may be adopted in interim proceedings when a trademark is infringed through the Internet**. The Court of Modena, in the above ruling, stated that it could order *«the Registration Authority to **revoke a domain name** ... and at the same time, however, **suspend attribution of same until the outcome of the case into the merits**»*<sup>(57)</sup>. The adopted solution corresponds to the one which the same Court had already admitted<sup>(58)</sup>, as an alternative to the mere suspension order, provided in the Naming Rules, which keeps the site visible on the Net but stops users accessing it, and that therefore – as the Court of Modena also observed in the more recent ruling – it could *«aggravate the situation and nullify the advantages obtained with the issued injunction»*, because *«it causes users to doubt the efficiency and excellence of the services which may be considered as offered by the competitor, with the inevitable denigration of the company itself»*.

With regard to the plaintiff's claim, the Court of Modena went even further, ordering the Registration Authority to *«allow the claimant **provisional registration – and thus use – of the disputed domain name, until the case into the merits is concluded**, as the actual reversibility of the effects of the order, if it should be declared ineffective in the future, is thus automatically guaranteed»*<sup>(59)</sup>. There had also been a specific precedent to this ruling. In 2000 the Court of Cagliari had in turn ordered the Registration Authority to *«provisionally»* assign a domain name to the *«subject who, at the end of the interim proceedings, appears entitled to use the name»*<sup>(60)</sup>.

In actual fact, both rulings had an obvious limit.. The Registration Authority which granted the domain names in Italy as in other countries is a **private body**, just as the whole organization of the Internet is purely private<sup>(61)</sup>. Without legislation providing to the contrary, an order issued against it by the Courts obliging it to do something more than is laid down in its *«internal»* rules (the so-called Naming Rules, under which in Italy if an injunction is issued against use of a domain name, the Authority only has to suspend registration of the domain name in question) would follow the ordinary rules and would therefore depend on the fact that the Registration Authority is **part of the proceedings** in which the order was issued<sup>(62)</sup>. All this makes it possible to appreciate the importance of the provisions introduced by the IP Code, Art. 133 of which expressly provides for the **provisional transfer of an unlawfully registered domain name as a typical interim measure**: in fact this provision allows the above doubts to be overcome and thus makes it compulsory for the Registration Authority to arrange provisional transfer, even if it is with an order issued during proceedings in which the parties are only the assignor of the disputed domain name and the owner of the right which is alleged to have been violated by said domain name.

There have been two rulings on **provider liability**. The first was a criminal ruling, which correctly stated that articles 57 and 57-bis of the Criminal Code, relating to the criminal liability of the **editor of periodicals** (failing the editor, the printer) could not be applied in the same way to websites, as press regulations, starting from the obligation to register, cannot be applied to the Internet<sup>(63)</sup>. The second was issued by the Court of Napoli, cited above, which ruled that **both the**

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corresponding to that expressed in case law by the Court of Napoli, Order 8 March 2003, cited – and in part criticised – in the March 2005 issue of this Newsletter), see CASABURI, *Domain names e segni distintivi: qualche riflessione non ortodossa*, *op.cit.*, 344-347.

<sup>(57)</sup> Court of Modena, Order 17 June 2003, *op.cit.*.

<sup>(58)</sup> Court of Modena, Order 14 February 2001, which can be read in GALLI, *I domain names nella giurisprudenza*, *cit.*, where the problems that arise in relation to the content and the limits of provisional remedies in domain name matters are fully discussed (pp. 100 ff).

<sup>(59)</sup> Court of Modena, Order 23 July 2003, *op.cit.*.

<sup>(60)</sup> Court of Cagliari, Order 30 March 2000, which can be read in GALLI, *I domain names nella giurisprudenza*, *op.cit.*.

<sup>(61)</sup> On this point see in particular SARTI, *I soggetti di Internet*, in *AIDA*, 1996, 5 ff.

<sup>(62)</sup> For a more in-depth analysis see again GALLI, *I domain names nella giurisprudenza*, *op.cit.*, p. 100 ff. See also SARTI, *Assegnazione dei nomi di dominio e ordinamento statale*, in *AIDA*, 2000, 953 ff, p. 958, where it criticises the ruling of the Court of Cagliari, Order, 30 March 2000, *op.cit.*

<sup>(63)</sup> Court of Milan, 25 February/18 March 2004, in the Repertory of *AIDA* 2005. On this subject see the 2001 and 2002 editions of GALLI, *Segni distintivi e industria culturale*, and more fully ZENO ZENCOVICH, *I*

**owner of a site and the provider** had infringed a well-known trademark. Both were jointly ordered to pay compensation for the damage caused by their conduct (assessment was requested in separate proceedings). The Court stated that «*faced by domain names which were patently the same as, or which at any rate were close to the famous ones of the plaintiff, the provider should never have granted the domain name*», and basing the liability of the provider, at least for what concerns compensation, on the existence of guilt with or without criminal intent, «*in the light of the general rules in compensation matters*»<sup>(64)</sup>.

CESARE GALLI

### ABOUT US

#### ✓ *Professor Cesare Galli's activity on the Commission of Experts set up at the Ministry of Productive Activities to review the IP Code and implement the "Enforcement Directive"*

As was related in the October 2005 edition of this Newsletter, in July 2005 Professor Cesare Galli was **appointed member of the Commission of Experts set up at the Ministry of Productive Activities** to review the new IP Code. Within the Commission Professor Galli has argued that the review must not be limited only to formal aspects, i.e. in practice the correction of material errors in the Code, but should give rise to a substantial revision, on the basis both of experience accrued in the first months of application of the new legislation and of observations made in legal theory. Professor Galli has also insisted that the Commission additionally deal with the harmonization of the Code's procedural rules with EC Directive 2004/48 and, even before this, that the **new civil procedure** be applied to IP cases **in the place of the old company procedure**, as he believes this responds more to the needs of operators in the sector.

Again within the Commission, Professor Galli has argued that **the length of protection of works of industrial design needs to be harmonized with that of other copyright works**, opposing the introduction of a transitory system for this protection which does not respect the constitutional principle of equality.

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#### ✓ *The Chambers «The World's Leading Lawyers for Business» Guide again places our firm amongst the leading Italian IP practices*

Once again this year the Chambers «The World's Leading Lawyers for Business» Guide – the most authoritative independent publication reviewing the world's best legal firms – has **placed our firm amongst the leading Italian IP practices**, and Professor Cesare Galli amongst the leading individuals in the sector.

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«prodotti editoriali» elettronici nella l. 7 marzo 2001 n. 62 e il preteso obbligo di registrazione, in *Dir. inf.*, 2001, 153 ff and ID., *La pretesa estensione alla telematica del regime della stampa: note critiche*, *ivi*, 1998, 15 ff, again as regards the non-applicability of the press law to Internet sites.

<sup>(64)</sup> Court of Napoli, 18 February 2004, *op.cit.*. The comment on this ruling was the starting point for a full theoretical reflection on the requisites for provider liability, in relation to the various forms its activity may take and to the discipline introduced by Legislative Decree 9 April 2003, no. 70, in implementation of EC Directive 2000/31 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market: see DE CATA, *Contraffazione di marchio a mezzo di registrazione di nome a dominio e responsabilità del provider*, in *Riv. dir. ind.*, 2005, II, 95 ff, at the end of which (p. 132) the author proposes interpreting this discipline as meaning «Actual knowledge of the information would oblige the provider to remove it if it were manifestly unlawful (art. 16, lett.a), on the pain of civil liability should it not do so, and, in the case of doubt as to lawfulness, to inform the competent authority (...) whose decision the provider would have to immediately enforce».

Compared to 2004, the assessment of the firm (and of Professor Galli) has **gone up even further** in the «list» drawn up by the Guide (from Band 3 to Band 2: in practice, both have been included amongst the «**top ten**» in the sector).

This is the Guide's comment on our firm and Professor Galli: «**This highly specialised boutique operates out of its Milan headquarters and branch offices in Brescia and Parma. Core specialist areas include biotech patents and cross-border litigation. Trade mark and misleading advertising cases before Courts of Milan and Varese have featured significantly of late. Heavy involvement in patent litigation and a high-value unfair competition lawsuit in Italy further contributed to the workload. All aspects of copyright law are covered, including licensing, infringement and related litigation. Clients are drawn from the fashion, computer, engineering, food and chemical sectors.**

«*The 'highly intelligent' Cesare Galli was praised for 'running a tight ship' at the same time as possessing 'first-rate ideas'. A 'formidable academic' and 'formidably well-prepared practitioner', he was recently involved in a big copyright case involving several EU countries including Germany and Spain.*

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### ✓ *Mariangela Bogni becomes a new partner of the firm*

At the beginning of 2006 the firm acquired a new partner: **Mariangela Bogni**, also listed as one of the leading Italian individuals in the IP sector by the Chambers Guide, which describes her as a «**young and promising talent, who is always superbly well prepared for trials**».

This is the comment which appeared in *Top Legal*, the specialized review on the Italian legal world, on Dr. Bogni's arrival in our firm: «**New entry for the boutique Intellectual Property firm led by Cesare Galli. Mariangela Bogni, formerly a partner at Vanzetti e associati and described in the press as a promising figure in the sector in Italy, has joined the Milan office.**

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### ✓ *The review Top Legal lists our Brescia office as one of the «excellent firms» in the legal profession in Brescia*

The March issue of *Top Legal* published an in-depth article on legal firms in Brescia (the second town in Lombardy), in relation to the socioeconomic situation in its Province. In the article our practice was listed as one of the «excellent firms» offering legal services in Brescia.

This is the part of the article which specifically refers to our firm:

«**The lawyers led by Cesare Galli are the best exponents of IP in the Province. Galli, born in Brescia, became a member of the Milan Bar in 2003 when the Specialized Division for trademark and patent disputes was set up in Lombardy's chief city. There he established the main offices of a consultancy network which also operates in Brescia and Parma, with a group of four partners and six associates. Three resident lawyers operate in Milan in collaboration with the whole practice team. Principal clients of the Brescia branch office include: Ghidini Cipriano, leading firm in Italy in the production of kitchen utensils, La Leonessa s.p.a., world leader in the production of large ballbearings, Okbaby of Bergamo which makes baby products and EMC Colosio, producer of electrical accessories.**

«**Galli points out that Brescia can boast numerous excellent manufacturers which have turned around the city's fortunes after the crisis in the iron and steel industry. The secret of the success of these companies is technological innovation and design. Thus there is an ever increasing demand for advice on patent and trademark protection. 'A lot of effort', says Galli, 'is put into defending Made in Italy products against infringement from the Far East'.**

### ✓ *Recent IP rulings obtained by our firm*

#### ***Trademarks: Protection of renowned trademarks against denigration – Seizure and the order to withdraw the infringing goods from the market***

Milan – IP Specialized Division, in its ex parte Decree of 28 October 2005, later confirmed by a ruling of 14 November 2005, issued a **seizure order** and **injunction** and ordered a **publication** (an erotic calendar) **to be withdrawn from the market**, since a renowned luxury goods trademark had been shown on the calendar without any authorization. The trademark owner was assisted by our firm.

The orders were issued even though the defendants had argued that the infringing trademark had not been used with a distinctive function; in fact, the Court ruled that **any use of another's renowned trademark in trade which can lead to a risk of confusion or the infringer profiting from the renown of the trademark (or damage this renown) constitutes infringement**. Therefore, this ruling signals an important strengthening in the protection of renowned trademarks in Italy, since it deems unlawful and represses all parasitical activity based on the use of marks which are the same as or similar to renowned trademarks, even when the infringing trademark is not used as a trademark for the product on which it appears but is a simple decorative or attractive feature of this product.

What is even more important is the measure which was actually adopted. The Court first ordered the **seizure of the infringer's product**, even though it was a calendar given as a supplement to a periodical and sold at newsstands, in that it considered it to be a real **consumer good**, thus ruling out in its regard application of the limits on seizure provided by Art. 21 of the Constitution for periodical

The Court then issued an **interim injunction on the production and sale of the product in question and more generally on the use of the infringing trademark in trade**, in line with the basic reasoning of this ruling which deems unlawful any use of a mark which is the same as or similar to another's trademark in «trade», when such use leads to the original trademark being called up in the minds of consumers.

Finally, the Court ordered the distributor of the calendar to **withdraw copies which had already been distributed from the market**, obliging it to get them back from newsagents. The order also provided for a **fine** should the distributor not comply. Thus, the Court availed itself of the possibility, provided by Art. 700 CCP, of adopting «emergency measures which appear, according to circumstances, more suitable for temporarily ensuring the effect of the decision into the merits». As stated in the first part of this Newsletter, the order to withdraw infringing goods from the market used as a typical measure to protect IP rights has now been introduced into the IP Code, in implementation of EC Directive 2004/48 on the enforcement of IP rights.

The specialized press has also dealt with these Court of Milan measures. An in-depth article was published in the financial daily *Italia Oggi*.

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#### ***Trademarks: Renowned trademarks and lapse due to non-use***

The Court of Milan Specialized IP Division, in its decision of 9/15 March 2006 ruled that an Italian entrepreneur in the **luxury goods** sector had the right to **register and use in this sector a trademark which corresponded to that of an old and famous car manufacturer**, whose production had ceased in 1948. The Court rejected the objections to the trademark submitted by another entrepreneur who had taken over a number of trademarks from a bankrupt company which in turn corresponded to the old trademark but were never used for luxury goods. The Court rejected the argument set forth by the latter entrepreneur, who claimed that they could benefit from the old fame of that trademark. The Court **found that the renown did not constitute an «abstract» attribute that could exist without being connected to a valid trademark** and thus admitted our

motion that the opponent's trademarks relating to our client's sector had **lapsed due to non-use**.

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### ***Trademarks: Protection of non-registered trademarks***

The Court of Milan Specialized IP Division, in its Decree of 17 January 2006, later confirmed by a ruling of 1 February 2006, unchallenged, protected the shape of a product against an identical copy made in China, even though this shape was not registered either as a trademark or a design.. The Court ruled that the **identical copy of a well-known product on the market**, even though it is not registered as a trademark or design, may be considered unlawful, both as the **infringement of an «unregistered trademark»**, which is forbidden by the IP Code, and as an **act of unfair competition**, not only from the point of view of **slavish imitation** but also from that of **appropriation of qualities**, i.e. parasitical linkage to the renown of the imitated product and the business image of its producer. This aspect was considered relevant also in determining the scope of protection for non-registered trademarks under the IP Code.

The full text of the decision, preceded by our petition, can be read in the «*The Case*» section of this Newsletter. This ruling too was widely covered in the specialized press and in particular was the subject of an in-depth article in *Italia Oggi*.

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### ***Trademarks: Conflicts between initials***

The conflict between two trademarks both constituted by initials was examined by the Court of Milan Specialized IP Division in a restraining action brought by a firm operating in the planning and construction of iron and steel plants against a new company set up in the same sector by a former employee, represented by our practice. The Court, in its ruling of 20 March 2006, **rejected** all the former employer's claims; in particular, for what concerns the resemblance of the initials, the Court admitted our arguments which stressed the **differences** between the trademarks in dispute on a **figurative and phonetic** level, also observing that, in relation to the initials, «**the acronymic nature of the two expressions clearly excludes all (recognizable) conceptual meaning**» of the same.

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### ***Patents: Stay of the case regarding the assessment of compensation pending an appeal on the infringement***

The Court of Bologna Specialized IP Division, in its ruling of 16 February 2006 decided to **stay** the action brought by the holder of a patent for the assessment of compensation for damage arising from infringement in consideration of the fact that the appeal was pending. This was an appeal, brought by our firm which had been called upon to join the previous defence team, against a first instance ruling which had ruled that infringement had taken place and issued a compensation order to be assessed separately. The Court of Bologna, taking a different stance to that of some recent Supreme Court decisions, admitted our principal argument whereby this case gave rise to a situation of necessary stay pending the outcome of other proceedings pursuant to Art. 295 CCP, rather than optional suspension pursuant to Art. 337 CCP.

### ***Patents: Description at trade fairs***

The President of the Specialized Division of the Court of Milan admitted, in Decree 11 February 2006, our petition for a description relating to machines which, it was suspected, infringed a patent belonging to a US company operating in the machines and products for vacuum packing sector authorizing execution of the description at the premises of most important national trade fair in this field. The order, granted extremely quickly, made it possible to prove that the machine exhibited at the fair infringed the patent in suit.

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### *Trade secrets: Description during proceedings of items of evidence for assessment of damage*

The Court of Brescia, during proceedings for unlawful appropriation and use of trade secrets (brought following an injunction on the further use of the stolen secrets, again obtained by our firm and published in full in the September 2004 issue of this Newsletter), by Ordinance of 26 October 2005, admitted our request for a **description during proceedings**, to acquire items of evidence for the assessment of compensation, authorizing the Court Bailiff and the Expert to «avail themselves of the most opportune **technical means to access the computer systems** of the defendants». In particular, the Court authorized description «of the documents containing the **plaintiff's technical and commercial data** and other documents which constituted an **evident development** of this data» and «the accounts which could be used in ascertaining the **identity of the buyers and the turnover**» of the products made by using or processing the stolen information.

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### *Designs and models: slavish imitation*

A petition for an **injunction and seizure order** relating to a slavish imitation, made in China, of a children's product registered by a leading company in the field, represented by our firm, led to the opponent abandoning its infringing activity and consigning the unlawfully imported goods and entering into an **agreement**, containing **penalties**, by which it undertook to respect the IP rights of our client and not to copy the product. This agreement thus replaced the requested order.

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### *Competition: Actual risk of confusion and periculum in mora*

The Court of Milan – Specialized IP Division rejected a petition for unfair competition brought against a leading Italian producer of children's clothing, assisted by our firm, stating that there was neither «**actual risk of confusion between the products** – which is an indispensable requirement of imitation (Art. 2598, no. 1 Civil Code)» nor **urgency**. This ruling went unchallenged and an action into the merits was not brought.

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### *Competition: Competition on the part of a former employee*

The above ruling issued on 20 March 2006 by the Court of Milan, in the action brought against the company – represented by our firm – established by a former employee of the plaintiff, dismissed the opponent's claims also from the competition perspective submitted by the opponent, admitting, on this point too, our arguments of fact and law, and rejecting the **expertise** requested by the plaintiff, recognizing that this would be for purely «**exploratory**» purposes.

### ✓ *INDICAM asks Professor Galli to submit a pro veritate opinion on the protection of designs*

INDICAM, the Institute of the Italian Trademark Owners Association for the Fight against Infringement, asked Professor Cesare Galli for a **pro veritate opinion on the protection of designs**. The opinion was then submitted in an action brought by a leading Italian firm associated to INDICAM against an imitator of its design products.

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### ✓ *Our latest publications and meetings*

Once again an essay by Professor Cesare Galli appear in the review *AIDA*, in its 2005 volume now being published. This essay is entitled **Segni distintivi e industria culturale (Distinctive signs and the culture industry)**. It examines and briefly comments on the main Italian and EU trademark decisions which were issued during the year, in relation to their impact on the cultural industry (a full summary of this essay can be read in the «*Article*» section of this



Newsletter).

The 2005 volume of *AIDA* also carried another essay by Professor Cesare Galli on **Diritti di proprietà intellettuale e remunerazione degli investimenti (IP rights and return for investments)**.

Two special reports, on new weapons for trademark protection offered by the proposals for review of the IP Code submitted by the Commission of Experts of which Professor Galli was a member and the new rules for companies deriving from implementation of EC Directive 2004/48, were drawn up by Prof. Galli for *Italia Oggi*, which published them in the issues of 23 January and 16 April 2006.

*Il Sole-24 Ore* also published an article by Professor Galli on 10 April 2006 which illustrates the main new aspects of the legislative decree implementing EC Directive 2004/48, on the enforcement of IP rights.

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As co-ordinator of the Trademarks Group of the Italian Section of **A.I.P.P.I.** Professor Cesare Galli also drew up, with the assistance of other members of the Group, the Italian Report on **Questions Q 191 and Q 192** relating respectively to **Relationship between Trademarks and Geographical Indications** and **Acquiescence/Tolerance to Infringement of IP Rights**.

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On 25 October 2005 Professor Galli presented a paper at a Round Table on **The IP Code – Latest Developments** organized in Milan by AICIPI (Italian Association of IP Consultants), the first meeting to be dedicated to the Commission's proposals for review of the Code.

On 18 November 2005 Professor Galli participated in the **Congress on the IP Code** organized in Milan by the C.S.M. (Supreme Council of Magistrates), during which he was invited to illustrate the proposals for revision of the Code thrown up by the work of the Commission.

On 17 February 2006 Professor Galli presented a paper on ***La protezione contro il parassitismo commerciale nel 'nuovo' Codice della Proprietà Industriale*** (Protection against parasitical exploitation in the 'new' IP Code) at the Congress on *La revisione del Codice della Proprietà Industriale* organized in Milan by AIPPI. An essay developing this report will be published in the Collected Papers of the Congress.

On 8 March 2006 Professor Galli took part in the Congress on *Nuova contraffazione e scenari globali*, organized in Milan by INDICAM, the Institute of the Italian Trademark Owners Association for the Fight against Infringement, presenting a paper entitled ***Proteggere il mercato domestico: l'evoluzione degli strumenti*** (New weapons for protecting trademarks against infringement in Italy). The Abstract of this paper may be obtained by contacting the email address below.

On 21 March 2006 Professor Cesare Galli took part in the Congress on *Nuove strategie sulla tutela dell'aspetto estetico dei beni nella proprietà industriale* (New strategies in protecting the shape of the goods through IP rights) organized in Bologna by the Chamber of Commerce, presenting the introductory paper entitled **La tutela del design dei prodotti nel mercato globale (Protection of design in the global market)**.

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The abstracts of the papers given at the National IP Convention, entitled **The Value of the Trade Mark**, on 14 October 2005 at the University of Parma in collaboration with SISPI and chaired by Professor Cesare Galli, who also presented a paper, are still available.

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*STUDIO LEGALE*

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o visitare il nostro sito Internet: [WWW.IPLAWGALLI.COM](http://WWW.IPLAWGALLI.COM).

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