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*Food and Intellectual Property Rights: A Comprehensive Approach*

SUMMARY: 1. Quality and guarantee regimens of agri-food traditions – 2. The standard of protection for designations of origin provided by the TRIPs Agreement and other international multilateral agreements – 3. Designations of origin and Community law: a) The evolution of the discipline regulating the viticulture and viniculture sector – 4. (*continued*) b) Other agricultural products: PDO., P.G.I and T.S.G – 5. The protection of designations of origin under Italian law and the new wording of Article 30 Code of Industrial Property – 6. Possible interference between designations of origin and individual and collective geographical trademarks: the key role played by public perception – 7. EU law and pre-existing treaties: the settlement of possible conflicts – 8. Geographical denominations and online infringement – 9. Geographical names, protection against free riding and opportunities for exploitation: the prospects for consortiums, businesses and territorial bodies – 10. The new frontiers: a) Food design and food patenting – 11. (*continued*) b) The protection of GMOs.

1. *Quality and guarantee regimens of agri-food traditions*

In an age in which, as has widely been reported, globalization of the economy does not mean simply market globalization but also globalization of the factors of production, and thus deterritorialization – and dematerialization – of the economy<sup>1</sup>, many quality agricultural products are based on an element of strong localization, which is stressed by designations denoting their origin. Yet this strongly “local” element is increasingly in need of “global” protection, i.e. protection not only in the countries of origin but also in the other markets to which these goods are exported. However, while the protection now accorded to such designations is usually strong in their countries of origin, we are still very far from having satisfactory protection at the international level which today characterizes trade.

This is probably due to the fact that, unlike other fields of intellectual property such as those of trademarks and patents, where, albeit with a series

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<sup>1</sup> Thus expressly CARLI, entry *Indicazioni di provenienza e denominazioni di origine: II) Ordinamento comunitario*, in *Enciclopedia Giuridica Treccani*, vol. X, Roma, 1999, p. 3.

of differences, the position of developed countries is essentially the same, here the interests of those countries with a solid tradition of producing quality local agricultural products (and Italy is at the forefront) conflict strongly with the interests of those countries without such a tradition. The latter tend to favor their own producers who, using the former's products as a model, distinguish their own goods with designations and symbols recalling the traditions they are inspired by, being commercially "towed along" by them. This has given rise to the phenomenon which, for Italian products, is known as "Italian Sounding".

In order to tackle (and prevent, if possible) these problems, a global management strategy is needed also in this field, aimed at adapting the way of managing and even promoting these signs to the different kinds and levels of protection in each jurisdiction.

## *2. The standard of protection for designations of origin provided by the TRIPs Agreement and other international multilateral agreements*

The above mentioned conflicting interests explain why the minimum standard of protection which the TRIPs Agreement<sup>2</sup> has accorded a series of institutes of intellectual property law is still extremely low for geographical indications.

The rule of the TRIPs Agreement which concerns indications of origin in general (Article 22) only protects them against public deception, while their use together with terms such as "type", "model" and so forth, which does not mislead as to the origin of the product, but undoubtedly involves linkage to the reputation of the "original" product, is only barred for indications relating to wines, for which the level of protection is traditionally higher (Article 23).

There have been attempts to provide stronger protection, at least for some specific designations of origin which are particularly famous and particularly exploited parasitically. These have been made within the ambit of the WTO, on the occasion of its periodic inter-ministerial conferences,

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<sup>2</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights drawn up in Marrakech 1994 within the ambit of the Uruguay Round of GATT (General Agreement on Tariffs and Trade). Italy implemented the TRIPs Agreement by means of Legislative Decree 19 March 1996, no. 198, issued in implementation of the delegation contained in Law 29 December 1994, no. 747.

but they have not met with great success yet<sup>3</sup>. Therefore, endeavors are now being made to provide international protection for designations of origin by means of bilateral agreements, at least with those non-EU Member States whose markets are the most important for European local products, i.e. Canada and the US and now also China.

Advanced international protection for designations of origin already exists. It is accorded by the 1958 Lisbon Agreement, which provides for a mechanism of international registration of designations of origin for products whose characteristics are linked to the geographical environment in which they originate. They are protected (Article 3) “*against any usurpation or imitation, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as ‘kind’, ‘type’, ‘make’, ‘imitation’ or the like*”<sup>4</sup>. Moreover, it is worth noting that the Lisbon Agreement applies to each kind of typical product, also outside the agricultural domain. However, just 30 countries have signed up to the Lisbon Agreement in all, mainly European countries, i.e. countries which have traditions of production to defend<sup>5</sup>. Outside Europe, Israel has signed up but not the US, Canada or any Asian countries apart from Georgia, Iran and North Korea (and Israel, already mentioned).

A number of sectorial agreements have proved more effective, such as the 1951 Convention of Stresa on cheeses, we have already mentioned at the beginning. Bilateral agreements have virtually always been limited, with few excep-

<sup>3</sup> See, in particular, the Declaration issued at the end of the Doha Conference held in November 2001 and the agricultural negotiations in Cancun in 2003 which came to nothing. On this point see GALLI, *Globalizzazione dell’economia e tutela delle denominazioni di origine dei prodotti agro-alimentari*, in *Rivista di diritto industriale*, 2004, I, p. 60 ff.

<sup>4</sup> The Paris Convention – which the TRIPs Agreement expressly cited – also contains an article relating to designations of origin (Article 10 which sanctions the “direct or indirect use of a false indication of the source of the goods”). The 1891 Madrid Agreement (which neither the US nor Canada has signed) is more specific. Apart from Article 1, which forbids the use of a “fausse ou fallacieuse” indication which directly or indirectly indicates a signatory state of the Convention or a place inside that state as the origin of goods which are actually produced elsewhere, Article 3 also prohibits the use of “toutes indications ayant un caractère de publicité et susceptibles de tromper le public sur la provenance des produits”. On this argument see, in particular, SORDELLI, *L’identificazione dei prodotti agricoli sul mercato*, in *Rivista di diritto industriale*, 1, 1994, p. 471 ff., on pp. 484-48.

<sup>5</sup> A new diplomatic conference for revision of the Lisbon Agreement was held between 11 and 21 May 2015 at the WIPO headquarters in Geneva and led to the adoption of a revised Agreement permitting also the registration of mere geographical indications, which, however, is far from being attractive for countries like US and Canada. The Geneva Act has been ratified by Albania, Cambodia, European Union, North Korea and Samoa only and entered into force on 26 February 2020.

tions, to agreements between countries which both have famous indications, for which, so as to say, they mutually “exchange” protection. More recently “second generation” agreements have been entered into, mainly between EU and foreign countries, in specific matters or on specific indications.

### *3. Designations of origin and Community law: a) and the evolution of the discipline regulating the viticulture and viniculture sector*

Actually EU legislation is more developed and consistent, given the greater homogeneity of interests to be protected. Nevertheless, It also provides – as in the TRIPs Agreement – a contraposition between the rules on the names of viticulture and viniculture products and those on the remaining designations of origin.

There has been a succession of Regulations on wines with EU Regulation no. 1308/2013 establishing a common organisation of the markets in agricultural products being the one that includes the rules of designations of origin and geographical indication for wines (Articles 93- 123) currently in force. These rules in turn have requested a further implementing regulation (currently EU Regulation no. 33/2019). It is flanked by a separate Regulation, which in turn has evolved over time (the text currently in force is that of EU Regulation no. 787/2019), on spirit drinks. These Regulations specify in great detail matters which are possibly stressed to a lesser extent in other sectors (such as labeling and the methods of use of qualifications). The aim is to promote European agriculture, starting off from the premise that quality is the winning factor in successfully competing on international markets.

Regulation no. 1308/2013 distinguishes between designations of origin and geographical indications, essentially because to be able to use the former the “*quality and characteristics (of wine must be) essentially or exclusively due to a particular geographical environment with its inherent natural and human factors*”, while use of the latter simply requires that the wine possess “*a specific quality, reputation or other characteristics attributable to that geographical origin*” (Article 93)<sup>6</sup>. However, for spirit drinks clearly only the

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<sup>6</sup> Designations of origin and geographical indications for wines are also distinguished by the fact that for the former “the grapes from which the product is produced come exclusively from that geographical area” and “the product is obtained from vine varieties belonging to *Vitis vinifera*”, while for the latter “at least 85 % of the grapes used for its production come exclusively from that geographical area” and the product “is obtained from vine varieties belonging to *Vitis vinifera* or a cross between the *Vitis vinifera* species and other species of

rules on geographical indications apply, being understood as indications which identify “*a spirit drink as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of that spirit drink is essentially attributable to its geographical origin*” (Article 3, EU Regulation no. 787/2019).

What is worthy of note, however, is the development of scope of protection. While Regulation (EC) no. 1493/99 only forbade (Article 50) the use of false indications, upon the conditions of Articles 23 and 24 of the TRIPs Agreement, in the most recent version of the Regulation protection is granted – just as is the case with spirit drinks, under Article 21 of EU Regulation no. 787/2019, even if with a slightly different wording – against not only public deception, but also “*a) any direct or indirect commercial use of a protected name: i) by comparable products not complying with the product specification of the protected name: or ii) in so far as such use exploits the reputation of an appellation of origin or a geographical indication*”<sup>7</sup>.

This latter provision (which, as we shall see, derives from the provision adopted earlier for signs protected outside the viticulture and viniculture sector) is particularly significant since, in practice, it accords these designations protection against parasitical exploitation which also operates outside the category of goods to which a designation may belong. This protection may be equated with the protection accorded trademarks with a reputation.

#### 4. (continued) *b) Other agricultural products: PDO., P.G.I. and T.S.G.*

These latest developments have made the Community discipline on the names of viticulture and viniculture products more homogeneous with the discipline on the names of other agricultural products, for which there had been the two-fold protection against public deception and exploiting reputation since its original formulation (with EEC Regulation no. 2081/92,

the genus *Vitis*”.

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<sup>7</sup> Article 103 EU Regulation no. 1308/2013, that also specifies that the scope of protection includes “(b) any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated, transcribed or transliterated or accompanied by an expression such as ‘style’, ‘type’, ‘method’, ‘as produced in’, ‘imitation’, ‘flavour’, ‘like’ or similar; (c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the wine product concerned, as well as the packing of the product in a container liable to convey a false impression as to its origin; (d) any other practice liable to mislead the consumer as to the true origin of the product”.

replaced by Regulation (EC) no. 509/2006 and now by EU Regulation no. 1151/2012<sup>8</sup>), both for protected designations of origin (PDO.) and for protected geographical indications (PGI). The former may, to some extent, be equated with the designations provided by the Lisbon Agreement, since they presuppose that “*the quality*” or “*the characteristics*” of the product bearing the designation – and thus of its *objective* features – are “*essentially or exclusively due to a particular geographical environment with its inherent natural and human factors*” and “*the production, processing and preparation of which take place in the defined geographical area*”. The latter are more similar to the indications of provenance of the TRIPs Agreement, since they require only that “*a specific quality, reputation or other characteristic is attributable to that geographical origin*” and that “*at least one of the stages of production takes place in the defined geographical area*”<sup>9</sup>.

Furthermore, on the basis of the first version of the Regulation – which has remained, from this perspective, essentially the same<sup>10</sup> – PDO and P.G.I were protected against “*any practice liable to mislead the public*”<sup>11</sup>, and “*any direct or indirect commercial use of a name registered in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or in so far as using the name exploits the reputation of the protected name*”<sup>12</sup>.

Therefore, reputation is protected directly against any form of parasitical exploitation, even should there be no public deception. Emblematic is the recent ruling of the European Court of Justice in the “Queso Manchego” case, since the Court ruled that the rule of the Regulation on protection against evocations “*must be interpreted as meaning that a registered name may*

<sup>8</sup> Regulation (EU) no. 1151/2012, which has also replaced the pre-existing Council Regulation (EEC) no. 2082/92 on T.S.G. (i.e. the traditional names of specific “traditional” agricultural or food products whose specific character does not “*consist in provenance or geographical origin*”: Article 4 of Council Regulation (EEC) no. 2082/92), thus also bringing the relative rules together into one single piece of legislation.

<sup>9</sup> Article 5. Article 2 of Regulation (EEC) no. 2081/92, however, required that the entire “production, processing and preparation (of PGI products) take place in the defined geographical area”.

<sup>10</sup> Article 13 of Regulation (EU) no. 1151/12 is now on “protection”.

<sup>11</sup> Article 17 of Council Regulation (EEC) no. 2081/92; the same protection was provided for attestations of specificity by Article 13.1.c-d of Council Regulation (EEC) no. 2082/92.

<sup>12</sup> Article 13.1.a of Council Regulation (EEC) no. 2081/92. On the basis of Article 13.1.b of the same Regulation, likewise taken up in the current rules, these signs were also protected against any use for products not originating in the typical area, even if the real area of production was indicated or if the designations were used in translation or accompanied by the expressions which we have already met many times such as “kind”, “type” and so forth.

*be evoked through the use of figurative signs” and in particular that “the use of figurative signs evoking the geographical area with which a designation of origin ... is associated may constitute evocation of that designation, including where such figurative signs are used by a producer established in that region, but whose products, similar or comparable to those protected by the designation of origin, are not covered by it”,* of course on the basis of the perception of average European consumers<sup>13</sup>. These signs are thus coming to resemble (other) distinctive signs, in particular trademarks, which are likewise now protected against any form of commercial parasitism: it being understood that, in order for PDO and PGI to be protected as such, they must still express a link between the product and the territory. Should this not be the case, they would essentially be fantasy signs and there would therefore be no obstacle to their being monopolized as individual trademarks by a specific enterprise.

##### *5. The protection of designations of origin under Italian law and the new wording of Article 30 Code of Industrial Property*

The Italian law has also experienced this very same evolution. Although legislation has developed in a fragmentary manner – often being adopted with special laws relating to specific situations<sup>14</sup> – it has progressively acquired consistency and homogeneity precisely in relation to international agreements and Community law.

More generally speaking, protection of designations of origin not limited to cases of public deception has been entrusted, first of all, to rules in matters of unfair competition. Articles 29 and 30 of the Italian Code of Industrial Property (hereinafter, CIP) protecting designations of origin – which, in their original wording, were essentially the same as Article 31 of Legislative Decree no. 198/96, implementing the TRIPs Agreement –, in safeguarding designations of origin in cases of public deception expressly

<sup>13</sup> CJEU, 2 May 2019, in the case C-614/17, that also specified that “The concept of the average consumer who is reasonably well informed and reasonably observant and circumspect, to whose perception the national court has to refer in order to assess whether there is ‘evocation’ within the meaning of Article 13(1)(b) of Regulation No 510/2006 (now Regulation (EU) no. 1151/12: Editor’s note), must be understood as covering European consumers, including consumers of the Member State in which the product giving rise to evocation of the protected name is made or with which that name is geographically associated and in which the product is mainly consumed”.

<sup>14</sup> Prosciutto di Parma (now a PDO.) is emblematic. It was recognized as a designation of origin as a result of Law 4 July 1970, no. 506, later replaced by Law 13 February 1990, no. 26.

refer to provisions in matters of unfair competition, since the use of false designations of origin is considered free-riding<sup>15</sup>.

It also needs to be noted that, in its original wording, Article 30 CIP accorded protection to all names which met the requirements of Article 29, regardless of whether or not they had obtained protection through *ad hoc* legislation. These requirements, furthermore, are more limited than those provided by the Lisbon Agreement (“*milieu géographique*”, understood as a link between the *objective* characteristics of the product and the geographical area<sup>16</sup>), it being sufficient, just as with the Community P.G.I., that even only the “reputation” of the product is linked to the area, as provided by the corresponding discipline of the TRIPs Agreement. With the reform of the CIP by Legislative Decree no. 131/2010, Article 30 was rewritten in such a way that it is virtually to the letter the same as Article 13.1.a) of Regulation (EU) no. 1151/2012 on the protection of PDO. and PGI. Therefore all designations of origin (and not only those of agricultural products registered at Community level) are protected in Italy against any unauthorized use which “*unduly exploits the reputation of the protected name*”, i.e. against parasitical exploitation. What is also worthy of note is the amendment of Article 11 CIP. This now allows use in trade of geographical names, even should they be registered as collective (and now also certification: Article 11-bis CIP) trademarks, upon the sole condition that said use complies with fair commercial practice. The rule provided by Article 21 CIP for individual trademarks is also applied to them.

Two important Italian decisions on Geographical Indications, both rendered in 2015, highlight this evolution and the importance of correct defense strategies and of being flexible in using the different tools provided in each jurisdiction for protecting the signs indicating the origin of products, with a pragmatic approach, which is typically Italian, since the respective outcome largely depended on the claims presented by the parties.

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<sup>15</sup> In that sense see, from among the many, Court of Naples, 8 July 1996, in *Il dir. ind.*, 1996, p. 1016 ff.; Court of Appeal of Bologna, 24 June 1996, in *Giur. ann. dir. ind.*, 1997, no. 3598; Court of Modena, 17 August 1993, *ibid.*, 1993, no. 2990; Court of Modena, Order 30 April 1991, *ibid.*, 1991, no. 2662; Court of Appeal of Genova, 4 July 1990, *ibid.*, 1990, no. 2631.

<sup>16</sup> This difference is all the more relevant, as, in applying the Agreement, the Italian Courts have always checked on a case by case basis whether this “*milieu*” exists: see, in particular, Supreme Court, 28 November 1996, no. 10857, in *Giur. ann. dir. ind.*, 1996, no. 3565 and Supreme Court, 10 September 2002, no. 13168, *ibid.*, 2002, no. 4337 and in legal theory GALLI, *Globalizzazione dell'economia e tutela delle denominazioni di origine dei prodotti agro-alimentari*, already cited, p. 66-67.



The Supreme Court of Cassation<sup>17</sup> finally decided the case of the assumed infringement of the GI “Felino”, regarding a special kind of salami manufactured in the Parma region, now a PGI (since 2013), but not yet protected at EU/EC level when the case was brought. The Supreme Court denied the sought for protection, on the grounds of the opinion rendered by the ECJ<sup>18</sup>, whereby the EU Regulation on PDOs and PGIs “*does not afford protection to a geographical designation which has not obtained a Community registration, but that geographical designation may be protected, should the case arise, under national legislation concerning geographical designations relating to products for which there is no specific link between their characteristics and their geographical origin*”. The Supreme Court held that the fact that the GI “Felino” was used for products coming from a different region was misleading and amounted per se to unfair competition under the Italian law, irrespective of whether there is any link between the origin and the quality of said products. However the Court dismissed the Claimants’ action, just because “*Generally speaking such kind of unfair competition act could have been invoked by them, but actually they did not, as results from the claims as stated in their writ of summons*”.

On the contrary the Court of Milan, IP Specialized Division<sup>19</sup> granted all the claims filed by the Consortium Emmentaler Switzerland (whose designation of origin is still not protected at EU/EC level) against some companies which manufactured in Switzerland and marketed in Italy as Emmentaler cheeses which proved to be inconsistent with the Swiss rules of production for this kind of cheese. Actually the Judges decided that defendants’ conducts amounted to infringement and violation of both Emmentaler’s designations of origin (i.e. Emmentaler, Emmental and Emmental/Emmentaler Svizzero) and registered and unregistered trademarks (including collective unregistered trademarks, which is a brand new decision for Italy), as well as activities of unfair competition.

With a previous decision rendered in the same case<sup>20</sup> the Court of Milan had already decided that the designation at issue is to be protected

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<sup>17</sup> Decision no. 2828, rendered on 12 February 2015.

<sup>18</sup> See ECJ, 8 May 2014, in the case C-35/13.

<sup>19</sup> Decision rendered on 9 June 2015, in [www.darts-ip.com](http://www.darts-ip.com).

<sup>20</sup> Court of Milan, 17 March 2012, in [www.darts-ip.com](http://www.darts-ip.com). See GALLI, *Swiss Emmentaler protected in Italy as denomination of origin even without EU registration*, in [www.worldtrademarkreview.com](http://www.worldtrademarkreview.com). Both decisions were later confirmed by the Court of Appeal of Milan, with decision issued on 27 April 2017, likewise in [www.darts-ip.com](http://www.darts-ip.com). Also the Supreme Court, Criminal Division (19 November 1993, in *Cass. pen.*, 1995, 1209) confirmed that the Convention of Stresa is still valid and binding on Italy in the relationship with Switzerland.

in Italy also without a registration of the same at a EU level, on the basis of the 1951 Stresa Convention, dealing with the denominations of cheeses, which the Court held as valid and still binding for Italy in its relationships with Switzerland, being an extra-EU country. The 2015 decision also upheld the Claimant's argument whereby Stresa Convention provides protection also for the indications "Emmentaler" and "Emmental" as such, as it declared that cheeses which have specific qualities, manufactured outside Switzerland, must bear the indication of the place of origin (this also because the signs are not generic words) and that "Emmentaler" and "Emmental" per se today still refers only to the famous cheese produced in Switzerland according to the Swiss rules. This represents a milestone in the field of indications of origin in Italy too. As a result, the court issued an injunction in order to stop the infringing activities (i.e. importing, trading, advertising products bearing infringing signs such as "Emmentaler and/or Emmental and/or Emmental/Emmentaler Svizzero" and/or "lo Svizzero", or, in any case, indications and signs which are misleading with regard to the origin and qualities of the products) and to prevent the defendants from repeating those activities in the future.

In all cases parasitism thus marks the extent and the limit of protection. This demonstrates, here too, the progressive coming together of the rules on designations of origin and those on trademarks which has occurred in relation not only to protection but also – in strict correlation with the former at the level of balancing interests – in relation to the primary importance attributed to the fact that the sign does not mislead (this has always been fundamental for designations of origin and has now also become the keystone of the new trademark law), with a sort of common law of commercial signs thus being created. Naturally, this does not mean uniformity of rules for signs of different types, but most certainly a common denominator between them<sup>21</sup>.

#### *6. Possible interference between designations of origin and individual and collective geographical trademarks: the key role played by public perception*

In principle, the fact that a geographical name is perceived as a designation of origin seems to be logically incompatible with exclusive

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<sup>21</sup> On this point see GALLI, *Codice della proprietà industriale: la riforma 2010*, Milan, 2010, p. 19 ff.

appropriation by means of registering it as a trademark, since by definition it transmits a message to the public about the quality or reputation of the products thus distinguished, as coming (not from a certain company, but) from a certain territory. The European Court of Justice has rigorously interpreted Article 3.1.c of Directive no. 89/104/EC (now Directive UE no. 2015/2436<sup>22</sup>) and its underlying pro-competition needs. This interpretation bars registration as an (individual) trademark not only of a geographical indication which currently influences the judgment of the public as to the quality of the products thus distinguished but also of a geographical indication which is *potentially* able to designate the geographical origin of the category of products for which the trademark is requested<sup>23</sup>.

In this case consolidated rights are extremely important. Article 102 of EU Regulation no. 1308/2013 allows the co-existence of a trademark which coincides with a PDO, or PGI, provided that either “before the date of protection of the designation of origin or geographical indication in the country of origin”, or before 1996 (the year in which the system entered into force) it was applied for, registered in good faith, or established by use in good faith and has not lapsed. Since a trademark may also lapse as a result of losing its distinctive capacity or misleading the public, the holder of a pre-existing trademark which is now perceived as a mere geographical name cannot impede its registration as a PDO, or PGI and monopolize a meaning which has now become generic. In the case of registration (and use) of a trademark corresponding to a PDO, or PGI, there should, logically speaking, only be a bar when inserting the geographical name of the trademark misleads the public or leads to free riding on the reputation of the geographical name. Both the ECJ<sup>24</sup> and legal theorists<sup>25</sup> have expressed

<sup>22</sup> The new text was adopted in the frame of the reform of the Directive and Regulation on the Community Trademark known as the “trademark package”. The new Directive also promoted cases of interference – obviously concrete – between trade marks and PDOs and PGIs to absolute grounds for refusal of registration and correlatively to grounds for absolute invalidity of the trademark which has been granted even in the presence of the ground for refusal. Italy implemented the new Directive through Legislative-Decree no. 15/2019: see GALLI, *Attuata la Direttiva Marchi: dal 23 marzo 2019 protezione rafforzata per i marchi italiani*, in *Quot. Giur.*, 19 March 2019, in <https://www.quotidianogiuridico.it/documents/2019/03/19/attuata-la-direttiva-marchi-dal-23-marzo-2019-protezione-rafforzata-per-i-marchi-italiani>.

<sup>23</sup> Expressly in that sense see ECJ, 4 May 1999, in joined cases C-108/97 and C-109/97 and ECJ, 7 January 2004, in C-100/02. Likewise, in relation to the Community Trademark see also the very recent decision of the General Court (EU), 15 October 2003, in T-295/01.

<sup>24</sup> See particular ECJ, 4 March 1999, in C-87/97.

<sup>25</sup> See in particular GALLI, *Globalizzazione dell'economia e tutela delle denominazioni*

themselves thus. However, the corresponding rule of the Regulation on wines was interpreted by a decision of the General Court (EU) as meaning that the bar on registration as a trademark is automatic and absolute, i.e. it applies to any type of product and for any form of insertion of the geographical name in the sign<sup>26</sup>. This reasoning, however, is clearly inconsistent, since it cannot be justified even on the basis of the public policy interests of the agricultural sector, given that, absent a link to the PDO or PGI at issue, the need for protection which the legislator intended to meet by establishing this system does not exist.

### *7. EU law and pre-existing treaties: the settlement of possible conflicts*

Another problematic aspect of the designations of origin of agricultural products concerns possible differences between the provisions of Community Law and those of agreements entered into prior to the entry into force of the Treaty establishing the European Economic Community.

Such agreements are obviously overridden in relations between EU member States. However, in relations between one or more Member States and a non-Member State they must still be applied. This is expressly established by Article 351 of the Treaty on the Functioning of the European Union (previously Article 307 of the Treaty establishing the European Economic Community) and has been confirmed many times by the ECJ<sup>27</sup>. The same Regulation (EC) no. 2081/92 (which then, as we have seen, became Regulation (EC) no. 510/06, and is now Regulation (EU) no. 1151/2012 on PDO, PGI and TSG) provides in Article 7.3.c) for the possibility of presenting an opposition to registration of a PDO/ PGI on the basis of a designation/indication (of a Member or non-Member State) not registered at EU level. This expressly confirms the possibility that there are designations of origin and/or geographical indications outside the EU

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*di origine dei prodotti agro-alimentari*, cit., 77-78 and SARTI, *La tutela delle indicazioni geografiche nel sistema comunitario*, in UBERTAZZI, ESPADA (Editors), *Le indicazioni di qualità degli alimenti*, Milano, 2009, p. 343 e CONTINI, *Le possibili interferenze tra diritti su DOP e IGP e diritti di marchio*, in GALLI, GAMBINO (Editors), *Codice commentato della Proprietà Industriale e Intellettuale*, Torino, 2011, p. 2299 ss.

<sup>26</sup> General Court (EU), 11 May 2010, in T-237/08.

<sup>27</sup> ECJ, 3 March 2009, C-249/06; see also ECJ, 14 October 1980, C-812/79; ECJ, 4 July 2000, C-84/98; CGCE 18 November 2003, C-216/01; and ECJ, 22 September 1988, C-286/96.

system and that they may receive protection.

As we have already seen, in the most recent Italian case law this protection has been accorded, for example, to the Swiss designation “Emmental”, being covered by the 1951 Convention of Stresa (which also does not apply to relations between Member States<sup>28</sup>); it being understood that a scope of protection for geographical indications which are perceived as such by the public may be recovered under Italian law on the basis of articles 29 and 30 CIP and the rules of the Paris Convention and those on unfair competition.

Therefore, in this case too, public perception is decisive to protect designation of origin from any form of misleading advertising and also from free riding, also in those geographical areas where the protection of designations of origin as such is not admitted. Those activities may all the same be barred on the basis of the Paris Convention.

## 8. *Geographical denominations and online infringement*

The Internet is a great opportunity also for the agricultural products sector for what concerns marketing and making quality products and their distinctive signs known to a public which is wider and potentially global. It is, however, also a threat. A particularly serious phenomenon is that of “pure players”, i.e. companies which do not have a real outlet but sell only online, the inevitable corollary being that they are difficult to identify and place and problems may arise as to the power of control (and the correlative liability) of Internet Service Providers (ISP) with regard to the content of the advertisements published. Emblematic from this perspective is the situation of the Chinese market where foreign (and in particular Italian) agricultural products are becoming increasingly successful and where both opportunities and threats, already at a quantitative level, are extremely notable, in a country in which the number of web-users far exceeds the entire US population and over two hundred million “surfers” regularly purchase products online<sup>29</sup>.

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<sup>28</sup> See the already cited decisions of Court of Milan, 9 June 2015 and 17 March 2012 and of Court of Appeal of Milan, 27 April 2017.

<sup>29</sup> Already in 2013 the 32nd Report of the CNNIC, *China Internet Network Information Center* (published on 17 July 2013: see [www1.cnnic.cn/IDR/ReportDownloads/201310/P020131029430558704972.pdf](http://www1.cnnic.cn/IDR/ReportDownloads/201310/P020131029430558704972.pdf)) showed that China was the country with the highest number of web-users. All three types of e-commerce platforms are widespread throughout China: Business-to-Business (B2B), such as Alibaba.com; Business-to-Consumer (B2C), such as Tmall (which is the B2C platform of the Alibaba Group and is the most visited

If it is true that ISP liability is regulated by Directive no. 2000/31/ EC. (implemented by Italy with Legislative Decree no. 70/2003) with more favorable rules for ISP than the general ones relating to all intermediaries, it is however also true that the evolution of EU case law has led to ISPs not only being recognized as liable for violations in which they have actively cooperated or have failed to stop as soon as they were informed of the existence of same, but also as having a duty to take action to prevent further violations<sup>30</sup>. In parallel in China, the recently issued E-Commerce Law of the People's Republic of China, effective since January 2019 (the Implementing regulations have not yet been published) provides for the rule of safe harbor, whereby, should an online platform, upon being alerted by a holder, eliminate the link to the infringing product, it is not bound to pay compensation (Article 42). However, it also provides an exception to this rule in all cases in which the holder of the violated right demonstrates that the ISP was aware or should in any case have been aware of this infringement (Article 45)<sup>31</sup>.

The concept of safe harbor (and its exceptions) was already existing under Article 23 of the Chinese *Regulations on the Protection of Rights to Information Network Communication* and has been applied also by case law. In this case too, some Court decisions have been consistent with those rendered in Europe and could be helpful in the implementation of the new law<sup>32</sup>.

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B2C in China, on which increasing numbers of foreign undertakings have decided to invest in direct selling of their products); and Consumer-to-Consumer (C2C), of which Taobao has a 90% market share.

<sup>30</sup> ECJ, 12 July 2011, C-324/09, *L'Oréal v. eBay*, points 128-134 of the decision. For an understanding of the juridical problems which online infringement gives rise to in Europe and the solutions posited by legal theorists and the Courts see GALLI, *Contraffazione web e luxury goods: le sfide del commercio elettronico al sistema della moda*, in *Il dir. ind.*, 2013, p. 342 ff. The observations made therein, albeit relating to the fashion sector, may also be extended to quality agricultural products.

<sup>31</sup> To get some idea of the phenomenon, we need simply think that in 2013 alone Alibaba removed 7 million infringing products on sale on its platform. More generally on this point see VAN DERLUIT, DRUMMOND, *Alibaba needs your help in the fight against fakes*, in *WTR Daily*, 14 March 2014.

<sup>32</sup> See the decision of the First Intermediate Court of Shanghai, (2011) Hu Yi Zhong Min Wu (Zhi) Zhong Zi No. 40, (*E-Land vs Taobao*) concerning the infringement of a South Korean trademark on the online platform Taobao. The Court ruled that Taobao had a real and proper obligation to take action to prevent the infringement. On the problems of online infringement in China and on the most suitable instruments for tackling it see GALLI, FRATTI, *La contraffazione dei segni distintivi registrati e non registrati in Cina: la lunga marcia dalla tutela contro la confondibilità a quella contro il parassitismo*, in *Il dir. ind.*,

In Italy there have been interventions by the Antitrust Authority and the Telecommunications Authority. The former body is increasingly active in suppressing websites which systematically offer infringing products. Such websites are engaging in unfair and misleading commercial practices and are thus blacked out (obviously only in Italy) by the Postal and Telecommunications Police. The latter body, furthermore, has introduced a Regulation<sup>33</sup> which provides for a simple, cheap and quick procedure (especially in cases in which urgent action is required) to remove content from the internet which violates other parties' copyright.

One possible way of tackling these phenomena effectively is to take legal action as a "group" composed of the producers and Consortiums who are the victims of infringement - a sort of class action. Court orders would be sought which have Pan-European efficacy and are wide-ranging i.e. relate to all or almost all infringing products made by one single infringer, so that it is no longer financially viable for the infringer to continue with the illicit activity. Operations of this sort are possible in all sectors, provided they are preceded by serious legal and intelligence work, and by targeted monitoring, aimed at reconstructing as far as possible the chain of infringing products and the clusters of infringement, identifying those parties who are involved to the greatest extent and the bases of the infringers.

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2014, p. 219 ff., in which the above decision is also amply commented on. See also *China passes new e-commerce law – a "safe harbour" with Chinese characteristics*, in <https://www.deacons.com/zh-bk/news-and-insights/publications/china-passes-new-e-commercelaw-a-safe-harbour-with-chinese-characteristics.html>. The article also mentions together with the above mentioned case E-Land Vs Taobao also the decision issued on 2016 Wenqing Culture Vs Baidu considering these two decision as the most relevant in the application of the rules concerning the safe harbor before the E-commerce law was issued.

<sup>33</sup> Regulation on Copyright Protection online and implementing procedures pursuant to Legislative Decree 9 April 2003, no. 70, adopted by Resolution no. 680/13/CONS of 12 December 2013. It was precisely the introduction of the AGCOM Regulation that allowed Italy for the first time to be removed from the Watch List of countries considered at risk for US companies, from the perspective of insufficient protection of IP rights. The list is drafted annually by the US Secretary of Commerce and Italy had been on it right from its very inception in 1989 (cfr. on this point GALLI, PAGANINI, *How Italy successfully improved its approach to intellectual property rights protection – Case Study on Italy*, in 2014 *International Property Rights Index*, available at [www.internationalpropertyrightsindex.org](http://www.internationalpropertyrightsindex.org)). The Constitutional Court by its decision no. 247 issued on 3 December 2015 held inadmissible the remittals by the TAR (Regional Administrative Tribunal) of Lazio, Section I, Orders 26 September 2014, that had asked the Court to scrutinize the constitutionality of the Regulation.

*9. Geographical names, protection against free riding and the opportunities for exploitation: the new prospects for consortiums, businesses and territorial bodies*

The progressive coming together of the rules on designations of origin and those on trademarks can be seen not only as regards protection against any form of parasitism but also as regards – in strict correlation with the former at the level of balancing interests – the primary importance attributed to the fact that the sign does not mislead, which has always been fundamental for designations of origin and has now also become the keystone in the new trademark law.

This two-fold coming together also indicates a possible path towards harmonization of the rules at international level, creating the conditions for overcoming the current divarication between the position of EU Member States and that of non-EU Member States, especially the United States and the Asian countries. The World Congress of AIPPI (International Association for the Protection of Intellectual Property) held in Göteborg in October 2006 passed a Resolution<sup>34</sup> which proposed a ban on public deception and undue exploitation of commercial reputation as a guideline for resolving, at international level too, frequent conflicts between trademarks and designations of origin. It is extremely significant that this proposal was also approved by the North American delegates, thus indicating a possible path towards harmonization and a workable strategy for settling these conflicts on the basis of current rules.

In Italy the amendments to the CIP introduced by the 2010 reform may also permit legitimate exploitation of values inherent in “significant” geographical names, in particular by means of licences<sup>35</sup>. The new Italian provisions allow Consortiums protecting designations of origin and public territorial bodies to use geographical names and other symbols connected to the territory in the best possible manner as instruments to valorize the positive externalities linked to the renown of that territory. Not only would all forms of free-riding and parasitical exploitation of this renown be forbidden, said renown would also be positively monetized, in particular by allowing these signs to be used by companies operating in the territory,

<sup>34</sup> See <https://www.aippi.org/download/committees/191/RS191English.pdf>.

<sup>35</sup> From this same perspective the new wording of Article 19 CIP on the trademarks of public territorial bodies is also important. The article states that “the exploitation of a trademark for commercial purposes may be exercised directly by the municipality also through merchandising activity, with the relative proceeds going to the financing of institutional activities or covering past deficits of that body”.



precise limits being imposed on them in order to avoid the signs themselves becoming a source of deception. This would act as a driving force for the development of local initiatives in that area<sup>36</sup>.

Naturally, in this case too the consolidated rights of third parties are excepted, even only with regard to non-distinctive use of these signs: although it cannot be ruled out that changing public perceptions may lead to these rights lapsing or allow various forms of exploiting the signs with a distinctive function. The keystone, once again, will be public perception, the decisive element both in establishing whether a sign is protectable and in defining its scope of protection. This is fully in line with the indications of EU law.

This all represents a new balance between exclusive rights, competition and contracts in which protection is given only to what really requires and deserves protection, in the knowledge that rules are intended to regulate real situations and that their justification is strictly connected to human experience of such situations, from a perspective, which could be defined as natural law, of adapting the law to real life interpersonal relations<sup>37</sup>.

#### 10. *The new frontiers: a) Food design and food patenting*

However, distinctive signs are not the only area of intellectual property that is relevant to food. The protection of food design and also patenting have become increasingly important.

Design and even light design are being increasingly applied in the food sector, to the point that new expressions, Food Design and Food Lighting, are being coined to indicate respectively the design of foods and packaging thereof and lighting projects and systems applied to food; and even though there are still no decisions that have dealt specifically with the latter issue, this does not mean that there are no possible forms of legal protection for this forms of expression, in which the technical and artistic aspects are closely linked<sup>38</sup>.

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<sup>36</sup> On these possibilities see GALLI, *Codice della proprietà industriale: la riforma*, 2010, already cited, and, in the same book, CONTINI, *Le opportunità di sfruttamento della nuova protezione delle denominazioni di origine e il ruolo dei Consorzi*, p. 43 ff.

<sup>37</sup> For this approach I refer to my essay *La proprietà industriale tra diritto internazionale e diritti naturali*, in VARIOUS AUTHORS, *L'incidenza del diritto internazionale sul diritto civile (Atti del V Convegno Nazionale SISDIC)*, Naples, 2011, p. 117 ff.

<sup>38</sup> See BACCHINI, *Food Design e impiattamento creativo: spunti di riflessione*, in *AIPPI News*, 18 settembre 2015, in <https://aippi.it/wp-content/uploads/2015/09/Aippinews-3-2015>.

First of all, the outward appearance and also the presentation of the products on the plate can in fact be protected as designs, that EU law protects them either as a result of a registration (and in this case the protection can last 25 years), or as a result of their disclosure to interested circles (and in this case the protection lasts 3 years). The application of this protection also to the shape and presentation of food is facilitated by the change of perspective that, at least in our country, is achieved in the implementation of the EU Directive no. 98/71/CE<sup>39</sup> and the corresponding Regulation (EC) no. 6/2001 on the Community model<sup>40</sup>. Today, in fact, access to protection as a model is no longer subordinate to the fact that the shape gives the product a special ornament (as was the case in Italy until 2001), but depends on a completely new requirement: the individual character, defined as the ability of the model to produce a different impression on the informed user, compared to the shapes already known in the European Community<sup>41</sup>. Therefore, the protection today concerns the market value

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pdf; GALLI, *Food Design e illuminazione: prove tecniche di protezione legale*, *ibid.*; and Id., *Quale protezione IP per i sistemi di gestione dell'illuminazione, per il design e le architetture della luce e per il food lighting*, in SANDRI (Editor), *IP Avantgarde. Il futuro della proprietà intellettuale alle nostre spalle*, Roma, 2019, p. 45 ff.

<sup>39</sup> See GALLI, *Lattuazione della Direttiva comunitaria sulla protezione di disegni e modelli*, in *Nuove leggi civili commentate*, 2001, 883 e ss.

<sup>40</sup> On the new balance of interests that has been outlined in this way between the different types of protection of shapes, see extensively GALLI, BOGNI, *The "new" levels of protection of the shape of products, between communication and innovation*, in *Rivista dell'Ordine dei Consulenti in Proprietà Industriale*, 2008.

<sup>41</sup> Both the novelty and the individual character are defined by the Directive and the corresponding Regulation on Community Design in terms of "difference" from the relevant antecedents. The second requirement differs from the first because it seems to refer to a "qualified" difference, while with regard to novelty, it has been argued that instead "a sensible modification of a dimension, or of the colour, or of another formal characteristic, or even an application without modification on a product other than the one incorporating the previous form, will be sufficient to affirm the novelty of the form in question" (so SCORDAMAGLIA, *La nozione di "disegno e modello" ed i requisiti per la sua tutela nelle proposte di regolamentazione comunitaria*, in *Riv. dir. ind.*, 1995, I, 113 et seq., at p. 135). From the wording of the Directive and the Regulation ("the general impression it arouses in the informed user"), it is clear that this qualification is not necessarily to be sought from an aesthetic point of view, as the "special ornament" of the old Italian law, but may also consist simply in the capacity of the shape to impose itself on the consumer's attention: this results in a downward widening of the scope of the shapes that can be protected as a model, accentuated also by the prescription likewise contained in the Directive and the Regulation, according to which, in ascertaining the individual character of a shape, the margin of freedom from which the author has benefited in creating the design is taken into consideration. In fact this prescription transposes the doctrine of the so-called crowded art,

of product shapes, not only their aesthetic value, and as such it is frequently invoked for the shape of new foods (such as for new types of pasta), for their external presentation and even for the layout of food shops or restaurants.

Likewise, when the means to shape food products or to realize their lighting are peculiar and suitable to solve a technical problem in a non trivial way, or at least to provide a particular effectiveness or convenience of application or use to already existing products, it is certainly possible to resort to patent protection. For invention in the first case (innovative solutions not within the reach of the expert in the field), with a duration of 20 years, for model in the second (particularly effective forms), with a duration of 10 years, of course in countries (and Italy is among them) that also admit this form of protection. In particular, this second hypothesis seems in fact feasible, in the face of lighting devices “designed” specifically to highlight the peculiarities of gastronomic products, without altering their organoleptic features and visual pleasantness, and indeed trying to enhance the latter. So far, there is nothing different from any other form of innovation: identical protection rules, simply applied to the peculiar problems that the shape and lighting of food products may present. At most, particular attention must be paid to enforcement, which is obviously only possible against those who produce similar equipment, or against the user who uses them in his professional activity (for example, restaurateurs), not obviously against private individuals who use them in the home (Article 68 CIP), perhaps by adapting pre-existing equipment (but if the adaptation is carried out by a professional, it may be the latter who is liable for contributory infringement: Article 66 CIP).

Some more peculiarities present instead other forms of protection and in particular that of copyright, which is certainly conceivable, at least in the abstract, when a particular shape or lighting take on a creative value. To this end, a particular gradient of artistic value is required only for shapes under the Italian law: in fact, only for industrial design works copyright protection

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that had already accepted by a part of our case law in relation to the ascertainment of the existence of the special ornament (see, for example, Court of Milan, 6 October 1995, in *Giur. ann. dir. ind.*, 1997, p. 123 ff.), according to which in the sectors in which numerous products with similar shapes coexist, even modest differences with respect to pre-existing forms can give rise to a valid model. In the sense that they possess individual character, and can therefore be registered as a model, even those shapes which, although without “acquiring importance in the final purchasing decisions” of consumers, are nevertheless “suitable for establishing a ‘privileged contact’ with the public”, drawing their attention to the product, see SARTI, *Marchi di forma ed imitazione servile di fronte alla disciplina europea del design*, in VARIOUS AUTHORS, *Marchi e forme distintive: la nuova disciplina*, Milan, 2001, at page 249 ff.

is subordinate to the requirement of artistic value<sup>42</sup>, while any other work (and Article 2 of the Italian copyright law contains a non-exhaustive list, but only illustrative) can be protected in the presence of creativity alone. It has thus been considered, since a decision in Milan in 1967, that Ikebana's floral compositions, for example, can be protected: therefore, nothing prevents us, at least in theory, from imagining that among the "installations" that since the Avantgarde Art era are fully part of the creations of figurative art there are also "gastronomic" installations, in which lights can play a fundamental role, albeit always in conjunction with other elements.

The copyright protection of a work also includes the right to reproduce it (including photographic reproduction: the exclusivity on the photographs or films of the installations is indeed the typical form of economic exploitation of the same by the owner of the rights), in this case without the limit of private use and for non-commercial purposes, which in the field of copyright does not work, and therefore offers authors the possibility to prohibit any replication of the work, even in a "diversified" form that constitutes an elaboration, even creative. On the other hand, it is not forbidden to simply take a cue from one creation in order to create another autonomous one, and obviously the boundary is thin: there is an elaboration, and not an autonomous creation, even if it is "inspired" by the previous one, when the expressive elements are taken from it (not the idea only, which cannot be monopolized by copyright), as it happens, for example, for a literary work, when the plot and the characters are taken at least in part to make a sequel or a prequel of the story, while it is always allowed to draw inspiration from it, or to take generic or non-expressive elements, such as the style and the basic situation. Of course, the discrimination between the two cases is even more difficult when discussing an installation, but it is clear that it is not possible to take up precisely the elements representative of it, such as the arrangement of the lights aimed at creating a particular effect.

An even more delicate problem is to establish who is the owner of these hypothetical copyrights. Article 10 of the Italian copyright law states that "*If the work was created with the indistinguishable and inseparable contribution of several people, the copyright belongs in common to all co-authors. The undivided parties are presumed to be of equal value, unless there is written proof of a*

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<sup>42</sup> However, the conformity with EU law of the Italian rule requiring artistic value for the protection of industrial design works has been questioned by a recent CJEU judgment delivered on 12 September 2019 in case C-683/17, *Cofemel-Sociedade de Vestuário, SA v G-Star Raw CV*: see GALLI, *Addio al valore artistico per le opere dell'industrial design?*, in *Filodiritto*, 16 settembre 2019, in <https://www.filodiritto.com/addio-al-valore-artistico-le-opere-dellindustrial-design>

*different agreement*". However, only those who have made a real creative contribution participate in the communion, not those who have simply made available the technical means by which the work has been created, or those who have materially put it into practice following the instructions of others; moreover, when the work consists of several divisible creative contributions, having the character of autonomous creations, the discipline of communion does not apply, but there is the hypothesis of the collective work, of which the author (and holder of the exclusivity) is considered to be the one who has organized these different contributions, it being understood that he must first have obtained the consent of the authors of the individual parties to the inclusion in the work.

#### 11. (continued) *b) The protection of GMOs*

Finally, in the food field the IP protection of innovations concerning new plant varieties and new animal breeds are of great importance, especially when they are obtained from recombinant DNA and are therefore genetically modified organisms (GMOs). On the subject of inventions aimed at obtaining new plant varieties, the Enlarged Board of Appeal of the European Patent Office in the well-known Novartis-Transgenic Plants case overturned a previous and more restrictive orientation of the Technical Board of Appeal, finally concluding that patentability is allowed whenever the object of the claim is not a specific plant variety, but a technical teaching that allows the insertion of a foreign gene into the genome of a plurality of plant varieties in order to obtain certain desired characteristics: the Board explained in this regard that in this case "*the inventor ... aims at providing tools whereby a desired property can be bestowed on plants by inserting a gene into the genome of those plants. Providing these tools is a step which precedes the further steps of introducing the gene into a specific plant. Nevertheless, it is the contribution of the inventor in the genetic field which makes it possible to take the second step and insert the gene in the genome of any appropriate plant or plant variety. Choosing a suitable plant for this purpose and arriving at a specific, marketable product, which will mostly be a plant variety, is a matter of routine breeding steps which may be rewarded by a plant breeders' right*"<sup>43</sup>.

<sup>43</sup> Decision of the Enlarged Board of Appeal, December 20, 1999 – Case No. G 1/98 (Novartis AG), in *IIC*, 2000, 430 ff. On this issue see CAPASSO, *Le invenzioni biotecnologiche*, in GALLI, GAMBINO (Editors), *Codice commentato della proprietà industriale e intellettuale*, Torino, 2011, p. 814 ff.

In the same way the Examining Division of the U.E.B. had considered that a genetically modified organism of animal type could be protected through patenting, if the biotechnological invention did not concern a specific breed, but a wider taxonomic category<sup>44</sup>.

Of course, when the innovation concerns only a single variety, the plant variety protection (PVP) is always possible, which is also allowed for varieties obtained by biological and non-technical methods<sup>45</sup>, but is not excluded for those that are obtained inventively and through recombinant DNA. However, while the patent for inventions gives its holder the right to prohibit any activity that implies the implementation (also by equivalents) of its invention, the exclusivity granted by the special patent for plant varieties does not imply a general prohibition on the reproduction of plants that possess the varietal features, but, as it results from Article 13, paragraph 2 of the EC Regulation no. 2100/94, the holder has the right to prohibit only unauthorised acts of production or reproduction, offering for sale and marketing which are carried out with regard to varietal constituents – that is to say, whole plants or parts of plants obtained from the multiplication of original material coming from the holder –, so that the mere fact that a plant material replicates the same varietal characteristics is not sufficient for establishing an infringement, since the fact that it is the result of the unauthorised reproduction of the varietal material must also happen<sup>46</sup>.

However, the major opposition to biotech patents, in particular on GMOs, is founded on considerations as to the hypothetical danger they pose for humans and the environment<sup>47</sup>, that have been taken into account by the Directive no. 98/44/EC on the legal protection of biotechnological

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<sup>44</sup> See Harvard/Onco-mouse, decision T 19/90, in *EPO O.J.*, 1990, 476 ff., concerning a transgenic mouse predisposed to get cancer and therefore to be used to test the treatments related to it.

<sup>45</sup> In the Code of Industrial Property the protection of plant varieties can be found in articles 100-116. Furthermore, the International Convention for the Protection of New Varieties of Plants of 1991 and the EC Regulation no. 2100/94 of 27 July 1994 should be taken into consideration.

<sup>46</sup> See again CAPASSO, *L'ambito di protezione della privativa sulle varietà vegetali*, in GALLI, GAMBINO (Editors), *Codice commentato della Proprietà Industriale e Intellettuale*, Torino, 2011, at page 935, where she also stresses that “proof of unauthorised use of reproductive and propagating material of the protected variety ... follows the ordinary rules and must therefore be provided by the rightholder”.

<sup>47</sup> Again in relation to the Onco-mouse case, questions of contrariety to public order were also raised, equally rejected by the EPO Technical Board of Appeal with its decision T 315/03, issued on July 6, 2004, on the basis of a sort of comparison of interests between the benefits that the patented innovation could bring to the progress of medicine and the disadvantages it could cause to the environment.

inventions. However, the Italian Law introduced 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*”. Whether or not the choice of the legislator is correct is, however, much discussed. It has in fact been noted that an excess of regulations and the increase in checks on the use of GMOs – many more than those provided for other areas of biotech research – leads to an escalation in costs which only large companies can afford, leading to many smaller companies being pushed out of the market and the sector becoming ever more concentrated, risking ever decreasing competition in the field. Nevertheless, the problem exists and it has a legal bearing.

Actually the implementation of the Directive by Italy was carried out in January 2006 by means of a decree law<sup>48</sup>, given that Italy had remained one of the very few European countries to have failed to do so, which led to a decision by the Court of Justice declaring that it failed to fulfill its obligations under Article 15 of that Directive<sup>49</sup>. A choice, that of the legislator of 2006, in many ways unfortunate, which did not do justice to the sensitivity shown on these issues by our case law, which in the 90s had had the opportunity to deal with the validity and infringement of patents on biotechnological inventions, admitting the patentability and protecting them in terms substantially corresponding to those dictated by the Directive and even before the guidelines expressed by the Board of Appeal of the European Patent Office<sup>50</sup>.

<sup>48</sup> Decree-Law 10 January 2006, no. 3, later converted by the Parliament in Law 22 February 2006, no. 78.

<sup>49</sup> Ruling of 16 June 2005, in case C-456/03.

<sup>50</sup> The first Italian case regarding biotech inventions concerned a number of patents relating to the recombinant production of erythropoietin, a key protein in the treatment of illnesses such as haemophilia, but rather scarce in nature. See Court of Milan 22 November 1993, in *Giur. ann. dir. ind.*, 1993, p. 768 ff; and Court of Appeal of Milan, 5 May 1995, *ibid.*, 1995, p. 970 ff. See also Court of Milan, interim order 28 January 1999, in *Giur. ann. dir. ind.*, 1999, p. 909 ff. and Court of Milan, interim order 19 May 1999, *ibid.*, 1145 ff. The second case – the first to have obtained a trial decision – concerned the identification of the genetic sequence of the hepatitis C virus (or rather, of most of it) and the use of this discovery in the production of immunoassay kits to identify the presence of this illness in the blood: see Court of Milan, 11 November 1999, in *Giur. ann. dir. ind.*, 1999, p. 1361 ff. (which ruled that the patent was valid – except for some minor claims – and infringed), preceded by the interim orders of the Court of Milan, interim order 10 February 1997, *ibid.*, 1997, 615 ff; and of the Court of Milan, interim order 22 March 1997, *ibid.*, 646 ff. In both cases the invention consisted essentially in identifying the genetic information (i.e.

In fact, the law for the implementation of the Directive approved in 2006 reproduced the text of the Directive in a substantially faithful way, but in some points it introduced some questionable restrictive specifications regarding the limits of patentability and formulated some rules in an unnecessarily complicated way. However the extensive revision of the Industrial Property Code carried out in 2010<sup>51</sup> included the incorporation in the Code of the rules adopted in 2006, what gave an opportunity not only to eliminate duplications of rules that could lead to uncertainties of interpretation, but also to modify and improve our regulatory framework on biotech patents too.

Italy was thus able to specify – albeit only in a “cryptic” way, given the political sensitivity of the matter – the facultative character of the presentation to the Italian Patent and Trade Mark Office of declarations on the origin of the biological material used for the invention, that no other European country requires (and above all, that are not provided for in the European patent system) and also to appropriately limit the obligation to make the deposit of a sample of the biological material to the only cases of impossibility of a complete description of it in the text of the patent application, thus eliminating the undue extension of this obligation to all applications for patents for microbiological processes. Furthermore the 2010 revision cancelled the obligation, also unduly provided for by the legislative decree transposing the Directive, to include the function and industrial applicability of the isolated elements of the human body also in the formulation of the claims (even if the obligation has remained when the isolated elements of the human body are genes or parts of them).

It was also deleted, since it was not reproduced in the Code and the 2010 decree formally repealed the law of 2006, the rule introduced at that time, which stated that all “legal transactions” stipulated in violation of the rules of that law were null, with an unfortunate formulation that did take into account neither the general rule of Article 1418 Italian Civil Code, nor, above all, the exceptions that precisely in patent matters Article 77 CIP provides for. Moreover it was implemented also Recital 26 of EC Directive 98/44, which states: “*if an invention is based on biological material of human origin or if it uses such material, where a patent application is filed, the person from whose body the material is taken must have had an opportunity of expressing free and informed consent thereto, in accordance with national*

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the DNA sequence) relative to the production of the protein and subsequently inserting it in a micro-organism which is thus capable of producing the desired amount of the protein in question.

<sup>51</sup> Legislative Decree 10 August 2010, no. 131.



*law*”, since the 2010 revision of the Code of Industrial Property expressly provided sanctions for the violation of said rule.

Certainly some obscurities and also some discrepancies with Community law have remained, precisely because there was a lack of political will to carry out a more intense reformation, which even the delegation law<sup>52</sup> would have allowed. The incorporation of the provisions on biotech patents in the Code, in an autonomous section which makes their derogatory character evident, but at the same time limits it, allowing the general provisions to operate fully (and also the more general provisions on biotechnology to have a positive effect on other provisions of the Code, as in the case of the definition of biological material) represents a further step towards the full adaptation of the Italian IP law to the living world of innovation also in the food domain.

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<sup>52</sup> The delegation was included in Law 23 July 2009 No. 99.

