
Italian market ready to face the opposition

Bad reputations are hard to shake. Many still believe that Italy has ineffective enforcement and trademark registration systems, but the former is no longer true and the latter is set to change too

Until the mid-1990s, trademark law practice in Italy was clearly divided between IP consultants, who prosecute applications for IP rights, and law firms, which handle litigation. The launch of the Community trademark (CTM) system in 1996 changed this. As in the rest of the European Union, firms that prosecute trademark applications saw the volume of work available to them fall and their margins melt. They had to consider other areas of work. “IP consultants used to see litigation as this big, scary beast, but they had to move into this area when work started drying up on the prosecution side,” explains Roberto Valenti, a partner with DLA Piper in Milan. The main consultancy firms (eg, Jacobacci & Partners, Studio Torta, Modiano SpA, Notarbartolo & Gervasi SpA and Barzano & Zanardo) started setting up associate law firms to offer one-stop IP shops to their clients.

More recently, the reign of the boutique firms, in particular those led by IP law professors (which handled the bulk of IP litigation) has been challenged by full-service firms. Such firms have realized that intellectual property may be a lucrative area for investment, especially when corporate work is slowing down. They believe that a strong IP department may open new market opportunities for the firm as a whole. Valenti, who joined DLA Piper last year after nine years at boutique firm Trevisan & Cuonzo and three years as a founding partner of a specialized IP law firm, predicts that international and national general practice firms will increase their presence in the Italian IP law market. For instance, Italian firm Bonelli Erede Pappalardo is said to have invested heavily into building an IP department led by Giovanni Guglielmetti – a highly regarded IP litigator – and the IP practices of international firms Bird & Bird and Lovells are flourishing.

Established practitioners are not as optimistic as Valenti about the chances of the newcomers in the litigation market. Arguing for the boutique firms, Fabrizio Jacobacci of Studio Legale Jacobacci & Associati in Milan explains that larger firms do not always appeal to IP clients. “Clients think they get better representation from smaller, specialized outfits,” he says. Jacobacci also believes that most of the

IP work handled by larger firms derives from corporate work and so is contract-based, rather than litigation-based; and litigation requires a different kind of expertise. Lastly, he thinks that because large firms are usually headed by corporate lawyers, IP specialists are not happy there and leave after two or three years. “This is what happened at Freshfields and Linklaters. They no longer have an IP practice worth mentioning.”

Whether IP departments at full-service firms manage to prosper remains to be seen. In the meantime, they stimulate competition in the market; this should play to brand owners’ advantage as diversity means better services for clients.

Growing, competitive market

The fast growth in the number of trademark applications of the 1980s and early 1990s may be a distant memory, but things are getting busier on the prosecution front after the lull of the late 1990s. Italy is now fourth in the European Union for CTM filings and the numbers of national applications are rising too. Fabrizio de Benedetti of IP consultancy Società Italiana Brevetti in Rome explains that a lot of medium-sized and small local companies are very active in terms of trademark protection, especially in the traditionally Italian fields of fashion, food and wine, and entertainment. This makes up, to some extent, for the loss of work seen when larger and international companies moved to CTM and Madrid registrations. Paolo Perani of consultancy firm Perani Mezzanotte & Partners in Milan agrees: “The market is definitely growing and we’re hiring new people.”

On the litigation front, things are picking up too, as a consequence of both the rise in prosecution work and the more efficient enforcement system. “Proceedings in Italy used to be very lengthy and the whole system was viewed negatively,” explains Jacobacci. “The system is now perceived as having improved, so clients are more prepared to litigate. In fact, the system is now probably even better than it is perceived to be!”

Opposition

However, more than competition in the market for IP services, what really gets trademark practitioners and brand owners’ pulses racing is the prospect of the implementation of the opposition system. “I would say that this is one of the key issues in Italy at the moment,” Perani says.

It is nearly 10 years since the Italian trademark law was amended to provide for an opposition system. The provision remains to be implemented because of the chronic lack of resources suffered by the

“ Right now, the UIBM does not have proper examiners – just bureaucrats putting stamps on trademark applications ”

Italian Patent and Trademark Office (UIBM). The fact that repeated emails and telephone calls from *World Trademark Review* to the UIBM remained unanswered seems to be evidence of this state of affairs.

Besides the funding and staffing issues, the implementation of the opposition procedure was delayed by problems concerning fees (these have now been resolved). “Also, the rules for opposition are still being discussed within a committee of which I’m a member,” de Benedetti explains. The procedure to publish oppositions is not in place either. “Efforts are being made, but it is unlikely that the procedure will be implemented by the target date of October 2008; 2009 is more realistic,” he adds.

Opposition will ultimately be available for all classes, but it is likely that the system will be rolled out in phases, with opposition first available in classes that attract the fewest applications.

Oppositions will obviously make brand owners’ lives easier. Their only option at the moment is to file an invalidity claim against a registered trademark, which is costly as it requires representation in court by a lawyer. For law firms, the downside of the introduction of the opposition system is that IP consultants are likely to grab a big chunk of the work, even though lawyers can represent clients before the UIBM.

Gloom, but not all doom

The issue of opposition aside, practitioners see the rest of the UIBM’s performance as poor. “Examiners are often inadequate in terms of their number and the quality of their work,” says de Benedetti. Valenti is just as critical. “Right now, the UIBM does not have proper examiners – just bureaucrats putting stamps on trademark applications,” he says. (Some would argue, however, that examination in Italy is not as lenient as it used to be since the introduction of the CTM system and harmonization of practices across Europe.) According to de Benedetti, this view is borne out by the fact that the Board of Appeal, which is composed of judges from the Supreme Court (including university professors specializing in IP law), will often overturn examination decisions.

Having said that, practitioners praise Maria Ludovica Agrò, the UIBM president, whom they credit with the impetus given to implementing the opposition procedure. “The office’s director is active and she’s doing her best to renew and improve the office’s practice,” says Perani. Agrò has thus obtained a new status for the UIBM, which gives it some autonomy within the ministry of economic development. For instance, the UIBM may now use some of the

Litigation and the courts

The performance of the Italian courts in relation to trademark matters has gone from “good to very good” over a few years, says Valenti. “Courts tend to offer broad protection for trademarks – more than for patents or copyrights,” he observes. This is because judges do not have a technical background: they rely on technical experts for patent cases and so are quite cautious. “They don’t have this problem with trademarks,” Valenti explains. “They’re well prepared, the decisions are of a high standard and the level of service is good for the cost involved.”

However, of the chambers within 12 regional courts (Bari, Bologna, Catania, Florence, Genoa, Milan, Naples, Palermo, Rome, Turin, Trieste and Venice) designated to handle IP cases, only a handful can be said to be truly specialized. Milan and Rome hear around 60% of all trademark cases, while a further 30% are heard by the courts in Turin, Bologna and Venice. “Judges in these courts share their experiences, take part in conferences and are thus becoming more specialized,” says de Benedetti. Jacobacci distinguishes the Turin court as doing particularly good work. That court’s rules provide that complex cases must be decided within three years of

filing, while less complex cases must be concluded within 12 to 18 months (instead of five years as was the case a few years ago).

Under the new Italian Code of Industrial Property Rights (Legislative Decree 30 of February 10 2005), which came into force in March 2005, damages are not only assessed on the basis of lost profits, but may also include any reasonable royalties due to the IP owner, which the infringer would have paid if it had been granted a licence.

In civil proceedings, search and description orders are very useful ways to obtain information and evidence. “These orders are as effective as discovery in other jurisdictions,” Valenti claims. “These orders would be even more valuable if the courts were more inclined to issue them *ex parte*.”

Another peculiarity of the Italian system is that a trademark application can be the basis of an infringement action or an action against a later application to register a similar trademark. Such proceedings must be brought before the courts. Once such an action is filed, the owner of the senior application can request the UIBM to perform an accelerated examination; following registration, the court will issue its decision.

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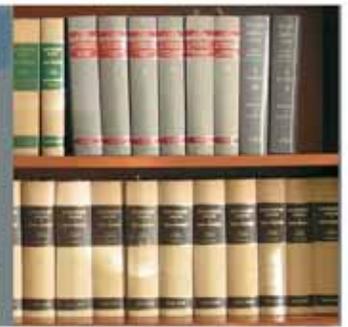
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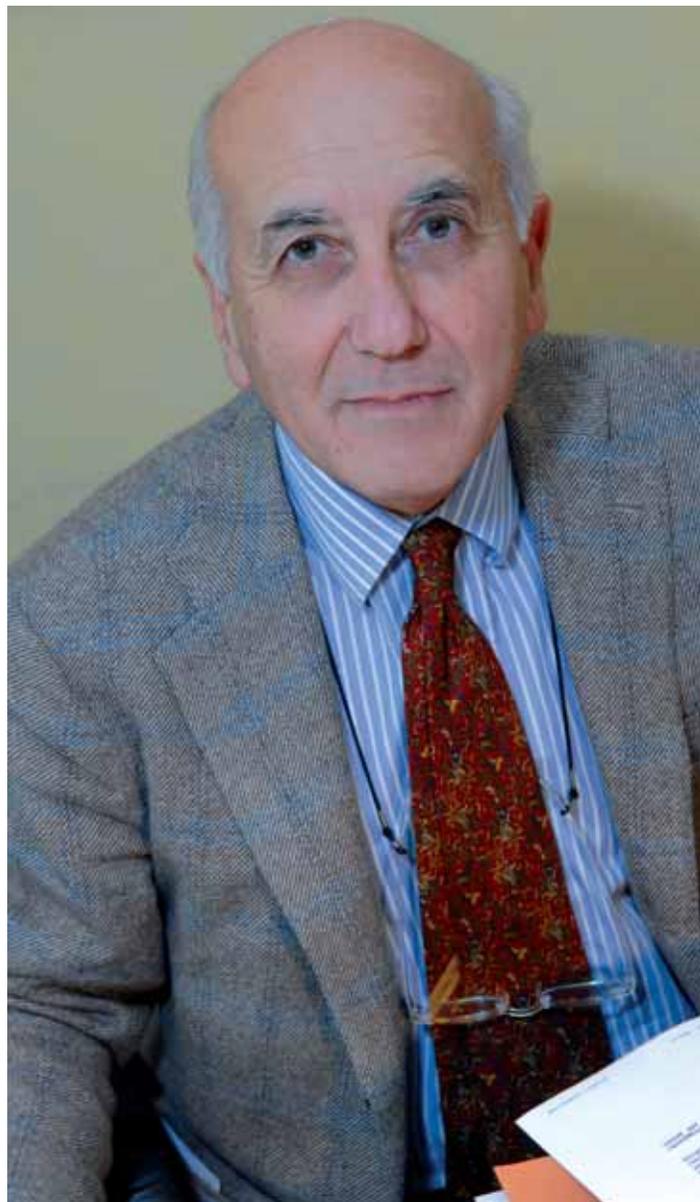
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What exactly is the meaning of the label 'Made in Italy' and how can such a sign be lawfully used for products? If the answer to these questions appears simple at first glance, Italian case law shows that over the years the Supreme Court has been split over the interpretation of the law prohibiting the use of signs that are capable of misleading consumers in connection with the origin and the quality of products placed on the market.

'Origin of product' is often interpreted as referring to the warranties of quality that manufacturers give with respect to their products, regardless of the place of production. The Supreme Court has thus held legal the use of an indication referring to the 'Italian manufacturer' for industrial products made entirely outside Italy, but under the control and following the directions of an Italian entrepreneur (Case 13712, April 14 2005). The court further held that for signs such as 'Italian design' or 'Product designed in Italy', the place of manufacturing is irrelevant, provided that the Italian manufacturer can guarantee the same standards of quality for its foreign-made and Italian-made products (Cases 8684 of March 1 2007 and 24043 of March 2 2006).

On the other hand, the court has stated that when used in connection with the designation 'Made in Italy', the term 'origin of products' must be interpreted as referring to the geographical place of production as established under the EU Customs Code Regulation (2913/92), rather than the place of legal origin, which is exclusively connected with the manufacturer that warrants the quality of the product. The court has thus held that the use of the designation 'Made in Italy' for products manufactured outside Italy by an Italian manufacturer was unlawful, even if the manufacturer ensured that the quality standards were the same as those used for the Italian production (Case 34103 of 2005).

First and second instance courts have recently recognized the lawfulness of the designation 'Fabric made in Italy' on jackets

designed in Italy but further tailored in Tunisia with Italian fabrics (Criminal Court of Livorno, April 7 2008).

The administrative courts have not upheld this view. Administrative courts still interpret the law strictly by requiring a clear indication of both the geographical place of origin and the manufacturer on the products (Tribunal of Friuli Venezia Giulia, Case 157/2006).

The Supreme Court has also considered cases regarding specific types of product, such as agricultural goods traded under protected designations of origin (PDOs) or geographical indications of origin (GIOS). In this respect, the court stated that an Italian entrepreneur that uses the indication 'Made in Italy' for agricultural products grown in different countries and packaged in Italy does not commit a crime under Article 517 of the Italian Criminal Code. The court noted that the place of origin of agricultural products is established by the mere place of production exclusively in respect of PDOs and GIOS. For all other products, including generic agricultural goods, the EU Customs Code Regulation applies. Article 24 of the regulation provides that the place of origin is the place where the last transformation or a significant step in the manufacturing process occurred (Criminal Chamber of the Supreme Court, Case 27250 of March 2007).

Article 4(49) of the Italian Fiscal Law (350/2003) provides that if the indication 'Made in Italy' is found to be misleading under the relevant applicable provisions when used in connection with products that do not originate from Italy, a regulation should be adopted and a controlling authority appointed to settle the matter. Neither option has been taken yet.

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Rank	Brand Owner Industry	Brand value (\$m)	Logo	Rank	Brand Owner Industry	Brand value (\$m)	Logo
1	TIM Telecom Italia SpA Telecommunications	16,136		6	DIESEL Diesel SpA Fashion	2,415	
2	GENERALI ASSICURAZIONI Generali SpA Insurance	12,895		7	ENEL Enel SpA Utilities	2,339	
3	PRADA Prada SpA Group Fashion	3,984		8	BULGARI Bulgari SpA Fashion	2,284	

Source: **Brand Finance** (www.brandfinance.com), January 2007 (extracted from the BrandFinance 250 report)

Key trademark decisions

Recent Italian court decisions of particular interest include the following.

In a case stemming from the use by BBC Ice Cream Ltd of a series of trademarks for ice creams that incorporated the term 'ice cream' and other English words, the Court of Milan granted on February 5 2008 a preliminary injunction to Gilmar SpA on the basis of the latter's ICE trademark in Class 25. The court held that the average Italian consumer would not have the necessary knowledge of the English language to distinguish the two marks.

Fashion house Fendi brought an action against Israeli producers of bags and other accessories that bore a double 'f' that looked similar to the well-known Fendi double 'F' mark, albeit in a different position. The Court of Milan issued a surprising decision, holding that there was no infringement because:

- letter marks are weak; and
- small differences between the marks at issue were sufficient to avoid confusion and thus a finding of infringement.

On the issue of letter marks, the Supreme Court held that single letters may be registered as trademarks, but registrability must be decided on a case-by-case basis. The court thus reversed a decision of a court of appeal in Florence which had maintained that the famous 'hook device' mark owned by Salvatore Ferragamo was not distinctive because it merely consists of the Greek letter 'Ω' (*Salvatore Ferragamo Italia SpA v Biagini Giovanni e C Snc*, March 16 2007).

The Court of Milan held that a trademark which featured the stylized letter 'A' and resembled a couple having sex was null and void because it was against public order and decency. In contrast, the Court of Rome held the mark to be valid as part of a decision in infringement proceedings.

With regards to counterfeiting, the Supreme Court has started to reverse its case law of finding that, as fake goods are recognized as such by the public, counterfeiting should not be viewed as a criminal offence. For more on this topic, see "Anti-counterfeiting in Italy shows signs of improvement", *World Trademark Review* issue 12, March-April 2008.

revenues coming from the fees it receives. This will pay partly for the implementation of the opposition system. "It is possible that this autonomy will help solve most of the office's problems – including the lack of publication of trademark applications and the implementation of the opposition system – in the future," says Perani.

What lies ahead

Perani believes that the opposition system is the key to the future of trademark prosecution and protection in Italy. Examination will improve, resulting in stronger rights that will make enforcement easier. "Enforcement will also become more cost-effective as many expensive litigation cases could be replaced by opposition proceedings," Perani says. Court decisions, which are already generally well reasoned and far quicker than they used to be (in particular in the context of preliminary injunctions), will also become more predictable. De Benedetti says that Italian Customs is already very active in seizing suspected infringing goods *ex officio*. "In fact, I believe Italian Customs is among the most active in Europe," he claims.

The prediction is that once the opposition system is in place, prosecution work will increase and in the short term, litigators may lose some work. "But this is fine," says Valenti. "In any case, litigators who provide a good service will do well as the market as a whole grows – even if the economy slows down."

Mark owners can thus look forward to improved services in an increasingly sophisticated consumer market. [WTR](#)

The trademark experts' experts

WTR spoke to a number of leading practitioners in Italy to find out who they rated as the best in the trademark law business. Here are the names that were mentioned most

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