

## Bugnion SpA

## Italy

**The Italian legal system grants protection to various unregistered signs, but in practice protection is limited by the heavy burden of proof imposed on the owners of such signs and the somewhat unpredictable application of the law by the courts**

Exclusive rights to the use of a distinctive sign in Italy are obtained predominantly by registering the sign as a trademark. However, in certain cases exclusive rights may also be acquired on the basis of use of the sign in the course of trade.

To help set the picture, we shall start by describing three recent court decisions.

The first case involved a restaurant named *Quattroventi*. The restaurant had been in business for over 50 years near the city of Mantua when a shopping centre opened just 400 metres away under the same name. The shopping complex included several restaurants. Neither designation was registered as a trademark.

The owner of the *Quattroventi* restaurant started civil proceedings against the owner of the shopping centre, seeking an order for the complex to change its name. On April 7 2004 the Court of Mantua rejected the plea on the grounds that:

- the two businesses operated in different fields; and
- the restaurant owner had no right to prohibit the use of the same name by the shopping centre.

The court considered lawful the coexistence of the two activities with the same name.

The second case involved a buttons manufacturer, *Fiocchi Snaps*, which had not registered some of its trademarks (*ALFA*, *KAPPA*, *MU*). In 1999 *Fiocchi Snaps* sued a competitor, *Battista Lozio & Figli SpA*, for trademark infringement and requested the invalidation of *Battista's* registered marks *ALFA*, *KAPPA*, *MU* on the grounds that they were identical to its own unregistered marks. The Court of Milan granted *Fiocchi's* request on July 3 2005 on the basis that *Fiocchi* had proven extensive use of its trademark in the form of invoices and catalogues dating back to 1951.

The third case involved *Azienda Agricola Frattina*, a small wine producer in the Italian region of Friuli which was sued by *Villa Frattina SpA* for infringement of its registered trademark *FRATTINA*.

In its counterclaim, *Azienda Agricola Frattina* showed that it had started using its trademark *FRATTINA* 30 years previously, which was much earlier than *Villa Frattina's* registration. Accordingly, *Azienda Agricola Frattina* alleged both unfair competition and unlawful trademark registration on the part of *Villa Frattina*.

The Court of Trieste decision of May 8 2007 acknowledged *Azienda Agricola Frattina's* prior use of the trademark, but regarded such use as purely local as it had been limited to two Italian regions only. On this basis, the court held that the trademarks could coexist within the territorial limits of *Azienda Agricola Frattina's* prior use, whereas *Villa Frattina* had exclusive rights elsewhere in the country on account of its registration.

The Civil Code provides most of the rules governing unregistered rights. The Industrial Property Code, implemented in 2005, describes certain unregistered commercial signs as 'untitled' industrial property rights. The code regulates these signs' relationship with registered rights (described as 'titled rights').

#### Priority of unregistered marks

The Civil Code provides that anyone having lawfully used a trademark without registration may acquire rights to the mark and resort to the rules of unfair competition to prevent others from using the same or a similar unregistered trademark for similar goods and/or services in the same territory.

However, the presumption of validity that is inherent to rights obtained by registration does not apply to unregistered marks. This means that in order to enforce its right, the prior user has the burden to prove:

- the inherent distinctiveness of the mark;
- the date of first use;
- consistent and continued use;
- the channels of trade;

- use within a certain geographical territory; and
- the notoriety of the mark.

#### Priority of unregistered commercial signs

Most of the principles outlined above for unregistered marks also apply to other unregistered signs such as business names, insignia and domain names including a company name. Even if such signs are subject to registration, any claim to exclusive rights therein will derive principally from actual use in the course of trade.

This is the case for domain names, which can be enforced against other signs only upon evidence that they have been used in the relevant territory – the courts will dismiss, without actual proof of use in Italy, any claim by a domain name owner that it has the right to prevent another party using a sign similar to the domain name simply because the domain name is potentially visible in any jurisdiction.

The unlawful use of unregistered commercial signs is regulated by the provisions against unfair competition practices to the same extent and within the same limits as described above for unregistered marks.

Evaluating confusing similarity between unregistered commercial signs is based on the same criteria as for assessing trademark similarity. The plaintiff carries the same burden of proof as described for unregistered marks.

However, careful attention should be given to the identification of what the 'relevant public' is when comparing two unregistered commercial signs. For instance, when applying the confusing similarity criteria to unregistered company names, account must be taken of the fact that the relevant public will normally consist of qualified and attentive businesspeople. This, in turn, generally implies a reduced likelihood of confusion.

In the first case described at the beginning of this article, the plaintiff claimed protection of his business name and insignia. Despite the close proximity of the restaurant and shopping centre, and the fact that there were restaurants in the shopping centre, the court rejected the

plaintiff's claim stating that no similarity existed between restaurant services and shopping centre services.

### Unregistered signs versus registered marks

The protection afforded to unregistered signs may also be claimed against registered trademarks. As mentioned earlier, the relationship between unregistered signs and registered trademarks is regulated by the Intellectual Property Code. In particular, the code provides that a trademark application will be rejected if it is identical or confusingly similar to a business, corporate or trade name, an insignia, or a domain name, as long as:

- such a sign is known in the trade and has been used before the trademark application was filed; and
- the sign's notoriety is not purely local.

Therefore, an unregistered earlier mark may be protected against a subsequent registration for the same or a similar mark when its owner is able to show use and notoriety of the sign in a relevant part of the country (as opposed to local use). This may lead to the cancellation of the registered mark to be cancelled (as happened in the second case described above).

On the other hand, earlier marks that have been used only 'locally', as defined in the code, may not prohibit the subsequent registration of the same or similar mark by third parties. In such cases, the unregistered mark may continue to be used only within the boundaries of its prior use (if proved), where it will coexist with the registered trademark, whereas the latter will enjoy exclusive rights elsewhere.

The provisions governing the validation of a registered trademark regularly used in trade do not apply to unregistered trademarks. This means that the proprietor of an unregistered trademark that has tolerated a subsequent registered trademark for over five years cannot bring cancellation proceedings. However, the proprietor of a registered trademark can bring proceedings against an unregistered trademark at any time, as happened in the third case described above.

Similar arguments apply in respect of other unregistered signs, although it is difficult to envisage that insignia may possess notoriety beyond their local boundaries.

### The burden of proof

As unregistered marks do not benefit from a presumption of validity, it is easy to understand that the issue of evidence is a key factor in considering whether to enforce one's



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unregistered rights before an Italian court.

The courts have occasionally been lenient in acknowledging rights to a mark acquired by use alone, but generally speaking the burden of proof is considerable. As seen above, one should bear in mind, among other things, the need to show:

- first use of the mark;
- consistency of use over time;
- territorial extent of use; and
- notoriety among consumers.

That task is often prohibitive and case law is not consistent when it comes to evaluating evidence of use, as shown by the second and third cases described above.

On the topic of burden of proof, establishing notoriety of the unregistered mark – that is, sufficient awareness among the public beyond local knowledge – is also difficult. This requirement has frequently been misunderstood by courts that have interpreted it as a requirement to prove mere use.

It is worth noting that the Intellectual Property Code generally prohibits the use of untitled rights that are identical or confusingly similar to a third party's registered trademark when the relevant public is likely to be confused.

### Conclusion

Whereas the Italian legal system grants protection to a series of unregistered signs, the extent of such protection is fairly limited in practice.

In a decision of March 27 1998 (Case 3236), the Supreme Court summarized the rationale behind the entire Italian trademark system, recognizing it as being entirely based on, and directed to encourage, the logic of registration. The decision specifically asserts that an earlier unregistered trademark with local use constitutes a marginal problem that must not prevent or paralyze the national or worldwide development of registered trademarks and, consequently, cannot prohibit the coexistence of the registered trademark in the same territory where the earlier unregistered mark is used. [WTR](#)