



National Group: Italian Group

Title: Protection against the dilution of a trade mark

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Questions

I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

1. Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?

Italian law does provide protection against the dilution of a trademark. The relevant provisions are the following:

- Article 12, letters f) and g) of the Italian Code of Industrial Property (legislative decree no. 30, 10.02.2005, further referred to as "CIP") which – amongst others – states that a trademark is not novel when: it is identical or similar to an earlier reputed trademark in the course of trade for non-similar products (or services), if the use of the later trademark

without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the reputation of the well known earlier trademark. According to art. 12 letter g), the same rules apply for the protection of well-known trademarks as identified by Article 6-bis of the Paris Convention.

- Article 20, 1, letter c) of the CIP, according to which it is prohibited to use a sign identical or similar to a reputed trademark in the course of trade even¹ for non-similar products (or services) if such use without due cause brings unfair advantage, or it is detrimental to, the distinctive character or the reputation of the well known trademark;

- Article 22 of the CIP which prohibits adoption as an individual firm name, company name, partnership name, insignia or business domain name of a sign that is identical or similar to a registered trademark for dissimilar goods or services and that enjoys a reputation in Italy, if use of the sign without due cause is likely to take unfair advantage of, or be detrimental to, the distinctive character or the reputation of the prior mark.

Because the taking of an unfair advantage from the use of a well-known trademark is not the subject matter of Question Q214, hereinafter we will focus on the inflicting detriment only, by quickly referring to the unfair advantage exclusively when it is necessary in order to fully answer the question.

2. Is there a legal definition of dilution in your legislation or case law?

Although the CIP does not expressly contain a definition of dilution, the corresponding concept is described under the above-mentioned Article 20, as the detriment inflicted to the distinctive character or the reputation of a trademark. The wording dilution is often used in relation to a detriment caused by blurring (annacquamento), especially with respect to the trademarks consisting of the shape of the product. In other cases, dilution is used to describe a detriment caused by a tarnishment.

3.1. Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

Pursuant to Article 12 and 20 of the CIP above, a trademark is eligible to be protected against dilution when:

- (i) it enjoys a reputation (rinomanza); or
- (ii) is a well-known trademark (marchio notoriamente conosciuto), according to Article 6-bis of the Paris Convention (Article 12(1)(g) of the CIP).

3.2. To be eligible for protection against dilution, does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

¹ The word "even" was specifically added in the CIP for the purpose of ensuring that protection above and beyond confusion is admissible in the ambit of similar products

Distinctiveness is required for the protection of any trademark, regardless of the fact that the mark is inherently distinctive or has acquired distinctiveness through use. In this respect, it should be further noted that whenever a distinctive trademark contains any descriptive elements, such descriptive elements are not eligible for protection against either dilution or confusion (see Court of Naples, 2nd February 2006, which rejected an action brought by Intel, based on its trademark “Intel Inside”, as the assumed infringing sign included only the word “inside”, that the Court held not distinctive).

3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a mark has a reputation, is well known or famous? For what point in time does this have to be assessed?

Immediately after the introduction in the law of the category of the trademark that enjoys a reputation (i.e. after the interpretation of the European Directive no. 89/104/EEC), the prevailing Italian scholars maintained that is not the decree and size of the reputation that makes the distinction in terms of the eligibility of protection, but rather the "mental link", which is established between the trademark which enjoys the reputation and the counterfeiter's trademark, i.e. it is eligible for additional protection beyond the “traditional” likelihood of confusion any trade mark which “convey(s) a message benefiting the good or service for which the infringing sign is used even if consumers are not really confused” (Galli, The scope of trademark protection and the “new” trademark infringement, in ECTA Gazette, 2005; see also Vanzetti-Galli, La nuova legge marchi, Milano, 2001, at page 38 et seq.; Sandri, Marchio comunitario e marchio di rinomanza, in Il Dir. Ind., 1995, at page 123).

According to this interpretation, the question as to whether only the so-called de haute renommée trademark (i.e. the famous trademark)² or also the trademark which is simply known amongst the relevant consumers ends to be immaterial.

In any event, although the opinion is not homonymous, the opinion is now the one given by the ECJ, according to which to be eligible for protection against dilution a trademark needs to be known by a significant part of the public that is interested in the relevant goods or services (CG 14-7-1999, General Motors, Giur. Ann. Dir. Ind. 1999, 1569; Trib Roma 18 January 2005, in Dir. Prat. Soc. 05, 18 78), considering that, in any event, account must be taken of “all the relevant elements in the case i.e., specifically, the market share held by the mark, the intensity, geographical area and duration of its use as well as the size of the

² The category of “famous mark” (marchio celebre), elaborated by legal literature and case law before 1992 (the year in which the Italian Trademarks Act was significantly amended), included those trademarks which are very well known among the general public, based on a level of knowledge among consumers belonging to several product markets, so high that consumers are led to believe that even products bearing that trademark in different markets have originated from the owner of the famous trademark (for an exhaustive excursus of the concept of famous trademarks see Galli, Funzione del marchio e ampiezza della tutela, Milano 1996; Leonini, Marchi famosi e marchi evocativi, Milano, 1992)

investment made by the enterprise in order to promote it "

For a better understanding of the Italian concept of "rinomanza" (reputation) see Court of Milan, 2nd August 2008, in WTR Daily, 20th January 2009, which protected the red color and overall appearance of Ferrari formula 1 cars as unregistered renowned trademarks and emphasized "the evocative capacity of the copy products with respect to the originals" as an element that confirms the renown of the imitated signs. See also: Court of Vicenza, 9th November 2000 in Giur. Ann. Dir. Ind., 2001, no. 4249, which stated that a trademark enjoying a reputation is a trademark known by a sufficient number of groups who are interested in the products and services distinguished by the same trademark (case relating to the Alta Vista trademark for internet services); Court of Turin, 23rd May 2000, ivi, no. 4159 according to which "the notion of a reputed trademark is more wide-ranging than that of a famous trademark resulting from case-law (meaning case-law precedent to 1992, editor's note) as it is a well-known trademark whenever (...) the use of the trademark without any justifiable reason brings a distinct unjustified advantage to be obtained either from the trademark's fame or when the use causes prejudice towards the distinct character or the fame which has already been acquired by the trademark; Court of Appeal of Milan, 8th May 2001, in Giur. Ann. Dir. Ind., 2002, no. 4349; Court of Rome, 3rd March 2006, ivi, 2006, no. 5005; Court of Milan, 6th June 2002, ivi, 2002, no. 4442.

As to the concept of well-known marks, this is used by reference to article 6-bis of Paris Convention, referring to those marks which are known, regardless of its use in the Country, to a large number of those involved in the production or trade or use of the goods concerned, and is clearly associated with such goods as coming from a particular source.

All the factors mentioned in paragraph 15 and 22 above are relevant for determining whether a mark has a reputation (or is well known). What is essential however is proving – by means of all the possible elements – that the mark is sufficiently well known to generate a mental link between the allegedly infringing trademark and the reputed mark in the public of reference, which causes prejudice to the reputed mark (or draws unfair advantage from it).

Such assessment shall be carried out referring to the time in which the potentially infringing trademark begins to be used (see Court of Milan, 27th August 2007, in IP Law Galli Newsletter, March 2008).

3.3.2 For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold? What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?

No specific threshold needs to be met, neither in terms of percentage of population awareness, nor in terms of widespread recognition across the country. Nevertheless to enjoy sufficient reputation a trademark needs to be known by a significant section of the public concerned by the products or services which it covers, in a substantial part of the territory in which it is registered or used.

According to art. 12, 1, b) of the CIP a trademark which within the meaning of art. 6-bis of the Paris convention is well-known to the interested public, also due to the reputation acquired throughout the country through the promotion of a trademark, shall be also considered as known in Italy.

3.3.3 What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the relevant sector of public? Is recognition or fame in a limited product market (“niche market”) sufficient?

Reputation exists where the mark is known by a significant part of the public that is interested in the relevant goods or services (relevant sector of public).

Also marks which are well known in a limited product market (niche market) are eligible for dilution protection under the Italian CIP, provided that the reputed niche mark is also known among consumers of the different niche market in which the infringer acts. What is of essence is the mental link to be established with the reputed mark made by the public of reference.

3.4. To be eligible for protection against dilution, is it required that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country where protection is being sought?

Based on Article 6-bis of the Paris Convention, as recalled by CIP, protection against dilution is granted regardless of the use or the registration of the trademark: being well known is the only criterion a mark must meet for this purpose.

3.5. Are there any other criteria a mark must comply with to be eligible for protection against dilution?

No. As explained under point 3.4, no further criteria are required.

3.6. Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?

Eligibility for protection against dilution is an issue of fact, to be assessed on a case-by-case basis, by following the legal criteria above mentioned.

There is no burden of proof in the technical sense, but the party who claims protection against dilution must provide the court with sufficient evidence in order to assess whether or not there is any actual dilution or likelihood thereof.

All the elements mentioned in point 3.6 (sales, advertising figures, survey evidence) may be considered and discretionally evaluated by the court.

There is no evidential standard, as proof varies from case to case.

3.7. Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?

No

4. Does your law require the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark? If so, in which circumstances does a 'mental association' or 'link' between the earlier trademark and the later trademark exist? Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a 'mental association' or 'link'? Are there other factors to take into account? Is the assessment of a link a question of fact (so something that can be established by market surveys), or is it a question of law to be established by the courts or authorities on the basis of such factors?

Yes, the existence, or at least the likely existence, of a mental association or link between the earlier mark and the later mark is required.

Such mental association must be assessed globally, by taking into account all the relevant factors mentioned in paragraphs 27 and 28 above, which will be discretionally evaluated by the Judge as circumstantial evidence. Please also note that under Italian law a renowned trade mark is also protected against the use of a sign in economic activity with a non-distinctive function, provided that said use gives rise to a mental association or link between the trade mark and the sign which may damage the distinctive character or repute of the trade mark, or allow the user to take unfair advantage of the distinctive character or repute of the trade mark (see Court of Milan, 16th January 2009, in WTR Daily, 27th February 2009).

Any supplementary factors may be taken into consideration as far as they are useful to prove the existence of a mental association or link between the earlier mark and the later mark which is likely to be detrimental to (or take unfair advantage of) the distinctive character or the reputation of the prior mark.

Assessing the existence of such a link between the earlier mark and the later mark is a matter of fact, to be ascertained by means of all relevant circumstantial evidence, including market surveys.

5. Does such 'mental association' or 'link' between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark's repute or

distinctive character? Or does detriment have to be proved over and above the existence of a 'mental association' or 'link'?

As stated above, the existence of a mental association or link between the earlier mark and the later mark, although necessary, is not sufficient for dilution to be affirmed. In fact, such link also needs to cause a detriment to the distinctive character or the reputation of the prior mark (or take unfair advantage thereof).

6. Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?

Assessing the existence of detriment is a matter of fact as well, to be ascertained by means of all relevant circumstantial evidence. All the elements which can show that the use of the later sign which is detrimental to (or take unfair advantage of) the distinctive character or the reputation of the prior mark should be taken into consideration, varying on basis of the specific market of reference and by the kind of message brought by the mark may be taken into consideration, on a case-by-case basis. See again Court of Milan, 16th January 2009, in WTR Daily, 27th February 2009, which considered the nature of the activity for which the infringing sign was used, in comparison with the message conveyed by the earlier trademark (in that case: the name Bulgari used as a pseudonym of a pornographic actress on calendars and in connection with pornographic movies and shows, which was considered detrimental to the renown of the trademark Bulgari for luxury goods)

7. Must actual dilution be proved or is a showing of likelihood of dilution sufficient? Whose burden of proof is it? How does one prove dilution or likelihood of dilution? Does detriment require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the economic behaviour of the average consumer or likelihood of such change in behaviour?

While Article 12 of the CIP (concerning the novelty issue) expressly requires likelihood of dilution, Article 20 of the CIP (concerning the scope of protection) seems to require actual dilution. However also in this case detriment can be regarded as likely: actually, as stated above (see point 3.6), there is no burden of proof in the technical sense, since the party who claims protection against dilution must provide the court with sufficient evidence in order to assess whether or not there is the alleged dilution.

Accordingly, evidence of a change in economic behavior should be sufficient to prove the detriment, but should not be necessarily required. However, this specific issue has never been directly faced in our jurisdiction.

8. What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object

- to the registration of a later trademark?
- to the actual use of a later trademark?
- in respect of dissimilar goods only or also in respect of similar goods?

A trademark which enjoys a reputation is granted extended protection against later registrations: in fact, pursuant to article 12, 1, letters (f) and (g) of the CIP a trademark lacks novelty if it is similar to a reputed or well-known trademark even for dissimilar goods or services when the use of the later trademark without due cause would be detrimental to (or take unfair advantage of) the distinctive character or the repute of the well known earlier trademark.

A trademark which enjoys a reputation is also granted extended protection against the actual use of a later trademark. In fact, pursuant to Article 20, letter (c) of the CIP the registered reputed trademark holder is entitled to prohibit third parties from using a subsequent identical or similar sign being used for similar or dissimilar goods or services, provided that use of the subsequent sign causes prejudice to (or brings unfair advantage from) the distinctive character or the reputation of the reputed mark.

Consequently each of the three above-mentioned questions can be answered in the affirmative.

9. **What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?**

Remedies are the same as those offered in case of lack of novelty or infringement of other trademarks. In particular the earlier trademark owner may file a cancellation action and an infringement action. The remedies concerning infringements of reputed trademarks are the same as for infringements of other trademarks. Said remedies include final injunction and final order to withdraw counterfeit goods from the market which are always backed up by a fine. The infringer is also ordered to pay compensation and surrender profits made from the infringement and the counterfeit goods may be handed over to the holder of the violated right or destroyed at the expense of the infringer. Urgency measures include seizure (including the seizure of the infringer's books), preliminary injunctions and orders to withdraw counterfeit goods from the market, again backed up by a fine. The Judge can also order publication of his ruling at the expense of the infringer, both at interim stage (although this is rare) and at the end of first instance proceedings.

The Italian trademark office does not refuse the registration of a later trademark on grounds of dilution.

II. **Proposals for adoption of uniform rules**

The Groups are invited to put forward proposals for adoption of uniform rules with a view to protecting trademarks against dilution. More specifically, the Groups are invited to answer the following questions:

1. Which trademarks should be eligible for protection against dilution? What should the eligibility criteria be? Should recognition or fame in a limited product market (“niche market”) be sufficient?

In the opinion of the Italian Group of AIPPI the current Italian discipline and case law for reputed trademarks is satisfactory and could represent a viable basis for the harmonization of the rules protecting trademarks against dilution. In particular the Italian Group of AIPPI considers that all the trade marks which convey a message benefiting the good or service for which the infringing sign is used, even if consumers are not really confused, should be eligible for protection against dilution. If this prerequisite is met, also trade marks which are known in a limited product market (niche market) should be eligible for dilution protection.

2. Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?

Since the rationale underlying the protection against dilution depends on the renown that the trademark enjoys on the market, and not on its registration, it is the prevailing opinion of the Italian Group of AIPPI that also trademark not registered or applied for registration should be eligible for said protection, provided that the prerequisite indicated above holds .

3. Should there be a registry of eligible marks? If so, what should the evidentiary value of registration be? Should it be possible to challenge it in litigation?

The Italian AIPPI Group advises against introducing a registry of eligible marks, because the reputation of a mark is a circumstance to be assessed on the market. In countries where such registry already exists, this should only have an indicative value.

4. Should the existence of a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?

It is the prevailing opinion of the Italian Group of AIPPI that the existence of such a mental association or link should be the sole requirement, regardless of the actual degree of reputation, to assess the trademark dilution, provided that such link has caused at least a detriment (or an unfair advantage) to the distinctive character or the reputation of the prior mark

5. Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely?

In the opinion of the Italia Group of AIPPI, the detriment to the distinctive character or reputation of the earlier mark does not require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely, even if this change would be relevant in assessing such detriment.

6. What should the remedies be for dilution of a mark?

In the opinion of the Italia Group of AIPPI, these remedies should be the same as those provided for any other kind of infringement or lack of novelty cases.

National Groups are invited to comment on any additional issue concerning the protection of a mark against dilution.

It is the prevailing opinion of the Italian Group of AIPPI that a trade mark should be protected even against the use of a sign in economic activity with a non-distinctive function, provided that said use gives rise to a mental association or link between the trade mark and the sign which may damage the distinctive character or repute of the trade mark, or allow the user to take unfair advantage of the distinctive character or repute of the trade mark.

Note: It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.

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