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**The “twilight” of trade mark
distinctive function and the role in
comparative advertising**

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Introduction

The main topic developed by this thesis regards the role, the functions and the characteristics of the trade mark. The analysis deals with the evolution of trade mark at the earlier stage to the most important innovations introduced after the reform by d.lgs. n. 480/1992. Such reform causes many changes in the discipline. Above all, it is possible to mention the complete weakness of the distinctive function of trade mark that leads to various consequences; in particular, the consideration of new functions exercised by the trade mark such as the suggestive one, enabling to attract the consumer. The reform affects also a specific category of trade marks, those with reputation. In this context the opportunity to concede a wider protection grows over time so that the more a trade mark benefits from the notoriety the more the protection is enlarged. Then the topic shifts to use of trade mark in comparative advertising with all the requirements needed in order to make use of it in a legal way. The L'Oréal case analyzed at the end of the thesis aims to give a practical view on all the arguments treated: the use of trade mark and its specific regulation, the enlarged protection given to a trade mark with reputation, the use in the comparative advertising with the licit conditions required.

The core of analysis in chapter I is the role of trade mark function as a distinctive sign. Indeed, an entrepreneur's aim is to make his products and services stand out among the public in order to distinguish his goods from those of other competitors. Before starting the proper analysis of the trade mark distinctive function, it is important to mention the trade mark laws and regulations and to stress the different typologies of trade mark to various parameters including, among others, the differentiation between the general or the special trade mark, individual or collective, weak or strong and between registered or unregistered. The reform introduced in 1992 represents a real turning point on many aspects concerning this topic. For this reason, there is a distinction about the functions and characteristics before and after the reform, with a special attention to the evolution of the distinctive function and to the different views belonging to various authors. At the beginning the distinctive function was considered the only one juridically protected and this was confirmed by the belief "one trade mark, one enterprise": in this way a

distinctive sign arose, was protected, circulated and expired according to the decisions of the single enterprise. Instead, after 1992 the discipline became less tighten, therefore the trade mark experienced a process of “dematerialization” in which it could be protected on its own and not only in relation to an enterprise; thus, it detached from the typical distinctive function and led to a different concept of trade mark, causing the crisis of the traditional distinctive function. Then, the topic moves to other features of protection highlighting the concept of secondary meaning and vulgarization, a way to rehabilitate the trade mark and a way to declare the forfeiture of it respectively. Finally, the chapter ends with an explanation of some of the functions introduced after 1992 such as the qualitative guarantee function and the advertising function.

The second chapter is exclusively focused on the topic of trade mark with reputation. It examines the long path that these trade marks had to follow up to an explicit recognition as a legally relevant category. It treats some of the most authoritative considerations of the Italian scholarship and the relevant reflections of the case-law in order to highlight the stages that resulted from doctrinal awareness about the existence of the so-called renowned trade mark up to their proper definition and legal protection through the expression “trade mark with reputation”. Also here, the break is identified with the reform of the 1992, indeed the above mentioned path concerns the long way from the protection of the “famous” trade mark before the reform to the innovation brought after the reform. Actually, the definition of trade mark with reputation was found only in 1999 with the sentence of General Motors according to which an enlarged protection should be given when the sign is known by the significant part of the public focused on a substantial part of the territory. Subsequently, the attention shifts to the requirements needed in order to benefit from an enlarged extra-commodity protection, such as the prejudice and the unfair advantage. Finally, this chapter ends with the explanation of the concept of “connection”, according to which the consumer can establish a link or a mental relation between the third parties trade mark and the earlier reputed one; and the concept of due cause constituting the last element for the determination of trade mark with reputation.

The third and last chapter concerns the role of trade mark in comparative advertising. Actually, at the beginning it gives some explanations on general traits of unfair competition and the rules regulating this topic. At the same time, it analyses the art. 2598 c.c. as it disciplines the acts of unfair competition including particularly the confusion, denigration, appropriation of merits and the non-compliance with the principles of professional fairness. Afterwards, the focus moves to the use of comparative advertising and especially to the conditions that allow a licit comparative advertising, such as, among them: not to mislead, or take unfair advantage of the reputation of a trade mark, or not to create discredit or denigration for a competitor's trade mark or create confusion. Lastly, there is an analysis of an important practical case; in the proceedings see *L'Oréal and Others against Bellure, Malaika and Starion*. The analysis is divided into three parts: the first one defines the context between the claimants and the defendants; the second one identifies the prominent rules that intervene in this specific case; and finally, the third one contains all the consideration made by the Court in order to solve the case.

Chapter I

The evolution of trade mark functions

SUMMARY: 1.1 The context: basics of intellectual property (IP) – 1.2 Trade mark: notions and role as distinctive sign – 1.2.1 Typologies of trade mark – 1.2.2 Unregistered trademark – 1.3 Trade mark: the development of functions – 1.4 From the old system to the reform of 1992 – 1.5 The changes after 1992 and the “crisis” of traditional origin function – 1.5.1 Further features of protection: the development of secondary meaning and vulgarization – 1.6 Qualitative guarantee function – 1.7 Advertising function

The context: basics of intellectual property (IP)

Before starting to focus on the main topic of this work, it is important to give a general overview to understand where trade marks are arranged.

The theme of intellectual property acquired more and more value in the course of history; it indicates the juridical principles that aim to protect human inventiveness and ingenuity, allowing creators or owners to benefit from their own works in a creation. This principle is outlined in the article 27 of the Universal Declaration of Human Right.¹ The great relevance of IP was rewarded in the Paris Convention for the Protection of Industrial Property (1883)² and the Berne Convention for the Protection of

¹ Art. 27.2 Universal Declaration of Human Rights: “*Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author*”.

² It is one of the first international agreements focus on the protection of the industrial property including patents, trademarks, industrial designs, utility models, service marks, trade names, geographical indications and the repression of unfair competition. It provides the minimum standard for protection and a similar treatment for foreign trademarks. At the beginning, it was signed by 11 countries, while now it counts 177 countries worldwide. Source: WIPO at <https://www.wipo.int/treaties/en/ip/paris/>; THE EDITORS OF ENCYCLOPAEDIA BRITANNICA, *Encyclopaedia Britannica*, <https://www.britannica.com/topic/trademark#ref237457>

Literary and Artistic Works (1886).³ Both treaties are managed by the World Intellectual Property Organization (WIPO), that is a specialized agency of the United Nations, established in 1967 and headquartered in Geneva, Switzerland. The WIPO promotes innovation and creativity all over the world for the economic, cultural and social development through an international intellectual property system.⁴ It makes easier to protect and promote inventions, patents, brand, trademark and design across borders with a single application to the entire world. One of the main goals that WIPO is determined to achieve is to make the IP works for everyone at the same way: from individual inventors to small businesses to the world's biggest companies. WIPO gives the tools to use IP effectively and helps to create an environment where innovations, information and knowledge flourish in order to improve the future. The intellectual property system aims at creating a balance among the innovators themselves, the society in which they introduced the inventions and the public interest to whom the creation is addressed.

The promotion and protection of the intellectual property is important for several reason.⁵ First, it allows the business to be competitive in a market where competitiveness is an essential factor and, above all, to distinguish the products or services of that specific business from those of competitors. Second, it fosters innovation; indeed, creators are compensated for their inventions and they acquired a legal protection that encourage them to focus more on research and development in order to exploit further resources for additional innovations. Third, intellectual property obtains relevance even from social-economic point of view, not only in creating new market space and new opportunities but also in realizing jobs and industries, so that it contributes to push the economic growth and improve the quality standard of life.

³ It is an international agreement focus on the protection of copyright providing creators like authors, musicians, poets, painters, the possibility to control their own works. It contains minimum protection to be granted and provisions to developing countries. Source: WIPO at <https://www.wipo.int/treaties/en/ip/berne/>;

https://www.wipo.int/treaties/en/ip/berne/summary_berne.html
⁴ WIPO, available on <https://www.wipo.int/portal/en/index.html>

⁵ WIPO, *What is intellectual property*, https://www.wipo.int/edocs/pubdocs/en/intproperty/450/wipo_pub_450.pdf;
Nibusinessinfo available on <https://www.nibusinessinfo.co.uk/content/importance-protecting-intellectual-property> and Ministero dello Sviluppo Economico available on <http://www.uibm.gov.it/index.php/la-proprieta-industriale/scoprire-la-pi/perche-protegg>

IP consists of two categories: copyright and industrial property. The former involves original works: literary and artistic creation such as novels, poems, plays, movies, music, paintings, sculptures and computer programs. Copyright grants authors exclusive rights; especially, economic rights: enabling them to control the exploitation of their original works and moral rights: aiming to protect the intimate relationship with their creation including the right to prevent the mutilation or false attribution of their work. The latter concerns technical and design innovations such as patents for inventions, industrial designs and utility models, and distinctive marks such as commercial names and designations, trade marks and geographical indications. Therefore, the topic of trade mark is developed in the industrial property rights, so that it is important to stress on that aspect rather than on copyright. It is not appropriate to talk about a real distinction between intellectual property and industrial property; indeed, it is better to think of industrial property as a part of intellectual property. The greatness of enhanced industrial property rights arises from the competitiveness concept; it is a wide argument of discussion but in this case, it is better to put a boundary and consider it only in relation of the factors of the industrial property that allow a company the ability to provide products and services as or more effectively and efficiently than the relevant competitors.⁶

The primary aim of industrial property is to generate signs containing and infusing information about a product or a service, offered in a market, specially to consumers. Industrial property rights are acquiring through two different methods: patenting and registration. The first one is used for patents and utility models, while the second one for trade marks and designs. With the acquisition of certain rights, there is the assurance to be protected against unauthorized use of the registered signs or simply against any actions that could threaten the company; therefore, misleading the consumers about the products or services.

⁶ See in particular, works of M. PORTER and P. KRUGMAN on competition and competitive strategy; OECD (2017), Competition Assessment Toolkit: Volume 1. Principles, available on <http://www.oecd.org/competition/assessment-toolkit.htm>

1.2 Trade mark: notions, role as a distinctive sign

An entrepreneurial activity must find a way to be competitive in a market making their products different from those of other competitors. This differentiation becomes possible through the use of identification signs that enable consumers to learn about and to recognize that specific business among all the others. The identification signs, more precisely known as distinctive signs give a method to stand out the products of the company among public. Belong to the Civil Code there are three main types of distinctive signs to identify an entrepreneur: brand name (“*ditta*”),⁷ sign (“*insegna*”)⁸ and trade mark (“*marchio*”). The discipline has not a clear definition of the signs but in a very few words the first consists of entrepreneur’s commercial name, the second corresponds to the distinctive sign of the places used by entrepreneur for his activity, while the third is the distinctive sign of the product. This last definition appears to be very reducing; indeed, trade mark can be considered not only as a material application on products, but also it can be used on services; so, the material application is not a required characteristic or an essential element in function of distinctive sign of trade mark. Following the itinerary of the current work, the focus will be on trade mark and in particular on definition, application and regulations but above all on functions that the last distinctive sign acquires over the years.

The discipline of trade mark has different sources: from laws contained in the Civil Code (c.c.) to those of the most recent Industrial Property Code (i.p.c.), so it is important to see them carefully.⁹ The Civil Code has only few rules contained in art. 2569-2574 with a reference to the special laws, particularly the r.d. 21 *June* 1942, n. 929 that suffered from a huge modification with d.lgs. 4 *December* 1992, n. 480. The last one represents the main regulation that caused a big change in the functions of trade mark, and because of this, it would be taken into account later on. Over years, Italian discipline was driven by the need of adaptation of European regulations. One of them is the EEC Directive n. 89/104 on the reconciliation of legislations on trade marks, then substituted by Dir. 2008/95/EC. And again, there were other changes in order to adjust

⁷ Art. 2563 ss. c.c.

⁸ Art. 2568 c.c.

⁹ A. VANZETTI, V. DI CATALDO, *Manuale di diritto industriale*, VII ed., Milano, Giuffrè, 2012, 150; D. SARTI, *Diritto commerciale*, a cura di M. Cian, Torino, Giappichelli, 219 and 237.

Italian legislation on international pacts, thanks to the agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). TRIPs is an international agreement among members of the World Trade Organization (WTO); it came into effect in 1995 with the aim to support international commerce granting a unified protection of the intellectual property rights among WTO members.¹⁰

Then, from 2005 the discipline of trade mark is contained in the industrial property code (d. lgs. 10 February 2005 n.30) and more precisely artt. 7-28 for substantial aspects, artt. 117-143 for trial and infringement aspects, art. 147-148 and 169-173 for the registration procedure and again artt. 156-159 and 174-184 for the specific aspects of trade mark registration. Even if the i.p.c. is relatively recent, it experienced various modifications such as from d.lgs. 140/2006 (following Directive CE n. 2004/48/CE on respect of intellectual property rights, «enforcement») and l. 99/2009 it was object of revision of d.lgs. 131/2010, «corrective decree», finally the recent d.lgs. 15/2019.

Then, deserves a special mention the Reg. EU 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark, that has recently replaced the previous Community trade mark, which was introduced more than 20 years ago by the Reg. EC n. 40/94, substituted in its turn by Reg. EC n. 207/09. The target, as mentioned on the new Regulation is to “*promote throughout the Union a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those obtaining in a national market*”.¹¹ This new Regulation, in substituting the former on Community trade mark, introduced some modifications or implemented others; the aim was to update the EU Trade Mark protection system in accordance to the new internet age (as also disciplined by the Dir. EU 2015/2436). It provided a simplification and an acceleration of the registration procedure and a strengthening of the legal certainty of trade mark system. The new Regulation institutes a mediation service with the EUIPO¹² (European Union Intellectual Property Office) aimed at

¹⁰ L. BERTO, *La disciplina del marchio nel Trips Agreement*, in *Ius in Itinere* 2018, LawTeacher available on <https://www.lawteacher.net/acts/trips-agreement-intellectual-property.php>

¹¹ Reg. EU 2017/1001 of 14 June 2017 as mentioned at the first part of point 3. See also an explanation of the new regulation available on <http://inmentor.net/en/the-european-union-trade-mark/>

¹² EUIPO, see the role of mediation available on <https://euipo.europa.eu/ohimportal/en/mediation>; one of the main important modifications

allowing the parties of a dispute concerning European Union trade marks to reach an amicable and quick settlement.

The topic of trade mark was also regulated by international conventions concerning specific outlines, such as: Paris Convention 1883 (CUP), Madrid Arrangement 1891, Nice Agreement 1957, Treaty of Geneva 1994.

At a very first instance it is possible to say that trademark is a distinctive sign permitting a public of consumers to distinguish an entrepreneur's products or services from those of other entrepreneurs.

1.2.1 Typologies of trade mark

There are many different typologies of trade mark in the market according to different parameters. At the previous paragraph, it has already shown as a trade mark can be linked to a product or to a service. At the beginning, in order to be a trade mark, there was the need of the material application on products, however the material application is not a qualifying element linked to the function of trade mark. The system refers also to service trade mark that has an intangible nature and because of this it does not need a material application; examples of service trade mark are school uniforms or advertising of telecommunication companies. Here it is possible to notice that the difference is done according to the typical product of the company: tangible or intangible one.

Then, a distinction can be made depending on the nature of the owner's trade mark activity: trade mark "*of factory*" and "*of commerce*". The first is an application on entrepreneur's own product with the aim at guaranteeing the origin of the product, while the second one is a material application done not by the proprietor himself but by a commercial mediator, who has to distribute and promote the product to other point of sale. According to the article 2572 c.c. and 20.3 i.p.c. the two signs can coexist and,

includes the necessity to submit the application directly to the EUIPO and no more to file an EU trade mark within a national offices of the Member states.

especially, the mediator can apply his sign over the products, but he has the prohibition to remove the entrepreneur's sign.¹³

Again, another main differentiation is due to the general trade mark and the special trade mark. The former must communicate an information to consumers regarding the origin of product, such that every product keeping that trade mark come from the same company; while the latter is used to distinguish a specific product of that company from another product of the same company due to a precise characteristic of itself. To better understand this definition, consider the trade mark FERRERO: in this way it consists of a general trade mark as it indicates the origin of all the products coming from the multinational company. While FERRERO Rocher or Kinder FERRERO correspond to special trade mark as they indicate a specific product, unique on its genre, coming from the same company but with different characteristics: indeed, each of them has its own ingredients and taste as they represent different products. Even if they come from the same company, it is not the same for a consumer to eat FERRERO Rocher or Kinder FERRERO.¹⁴

Another classification should be catch based on trade mark characteristics, indeed from the article 7 i.p.c. of the d.lgs. 10 February 2005 n. 30 only signs that can have a graphical representation can be trade marks enabling both, authorities and public, to determine clearly the subject of protection. This point has undergone an important change with the recent introduction of the d.lgs. 20 February 2019 n. 15 according to which the part concerning the graphical representation has been removed (but actually it has been no longer applied since 1 October 2017); the new introduction of 2019 adds a point according to which the object of registration must be represented (not only graphically) in such a way to enable the authorities and the public determining with clearness and precision the object of registration. This means that sign can be

¹³ Art. 2572 c.c.: “*the mediator can apply his own mark to the products that puts for sale, but he cannot suppress the producer's mark*”; art 20.3 i.p.c.: “*The retailer can apply his own mark to the goods that he puts for sale, but he cannot suppress the producer's mark or the retailer's mark from whom he has received the products or the goods*”.

¹⁴ A. VANZETTI, V. DI CATALDO, (n. 9), 154. The example of the FERRERO trade mark is taken from this part. The authors made also other examples, like the automobile bearing a plurality of trade mark such as: “FIAT Punto” having both the trade mark “FIAT” and “Punto”, each of them communicating a different message.

represented in any appropriate form that must be clear, precise, self-contained, easily accessible, intelligible, durable and objective; the great improvement is identified in the possibility to use the available technology and so to be at the time of the digital age.

There is a distinction among denominative trade mark and figurative ones; the first is composed by words and can correspond to the brand name or entrepreneur's civil name.¹⁵ The second one occurs when trade mark is shaped by figures, numbers, designs. For the application are considered also the mixed trade mark, consisting of a mix character of both, denominative and figurative.

The development of modern techniques facilitated the introduction of new forms of protection, differently than the traditional categories of denominative, figurative, mixed trade mark. European and national system with the old art. 4 CTMR and art. 7 i.p.c. identified signs made up by colors,¹⁶ sounds,¹⁷ smell or olfactory¹⁸ but also movement or animated.¹⁹

¹⁵ G.F. CAMPOBASSO, *Diritto Commerciale 1, diritto dell'impresa*, VI Ed, UTET Giuridica, Milano, 2011, 174.

¹⁶ Cfr. CG 6-5-2003, C-104/01, *Libertel*: “a color may be represented graphically in a way that is clear, precise, self-contained, easily accessible, intelligible, durable and objective. The latter condition cannot be satisfied merely by reproducing on paper the color in question but may be satisfied by designating that color using an internationally recognized identification code”.

¹⁷ Before the elimination of the graphical requirement since 1 October 2017, they must be represented using methods for reproducing sound graphically, for example: musical notation; Cfr. CG 27-11-2003, C-283/01, *Shield Mark*: “requirements [representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective] are not satisfied when the sign is represented graphically by means of a description using the written language, such as an indication that the sign consists of the notes going to make up a musical work, or the indication that it is the cry of an animal, or by means of a simple onomatopoeia, without more, or by means of a sequence of musical notes, without more. Those requirements are satisfied where the sign is represented by a stave divided into measures and showing, in particular, a clef, musical notes and rests whose form indicates the relative value and, where necessary, accidentals”. While for the request of registration at EUIPO, there is the possibility to use attachments and sound documents as identification elements of a sound trade mark.

¹⁸ There is no way of an identification of a smell such that it is clear, precise, self-contained, easily accessible, intelligible, durable and objective. In USA, where the system is very different from UE, is common the use of chemical formulae, but here it is not acceptable because it does not represent the smell but the product itself and may not be understood by public reading the formula: cfr. MANSANI, *Marchi olfattivi*, in *Riv. Dir. Ind.* 1996, I, 266.

¹⁹ They contain sequences and animation; in the past the graphical representation requirement could be reached by showing the different sequences of movements combined with detailed description explaining the animation. Example: Nokia.

A mention must be made to the shape trade mark that could be registered according to art. 9 i.p.c. and art. 7.1 e) CTMR, particularly the community regulation excludes from the registration the shape or the other characteristic “*which results from the nature of the goods*”, “*which is necessary to obtain a technical result*” and “*which gives substantial value to the good*”. The first has not an easy definition but consists of a standard shape, the way in which the product is represented; the second is imposed by utility reasons²⁰ but could be patented for inventions or utility models within the limits allowed; finally, the third comes into play when the shape is appreciated by consumer for aesthetic characteristics. The reasons why shape trade mark need this kind of protection is link to the risk of creating a potential perpetual monopoly on the industrial products.²¹ So that it is possible to conclude that the shape trade mark must be extraneous from the product itself.²²

According to the number of subjects involved there is a classification as individual trade mark or collective ones. The most used and the standard one is represented by the individual trade mark with the distinctive function linked to only one entrepreneur, who is responsible for all the production and commercial strategies. The collective trade mark,²³ on the contrary, is usually request by a consortium or public entities and used by various entrepreneurs; Here, the proprietor permits third parties to use trade mark in respect of quality characteristics defined in a regulation. Art. 11 i.p.c defines the protected juridical function of collective trade mark such that it does not have the function of distinguish products of one company from those of another, but products or services used by different entrepreneurs (under permission), which must fulfill the qualitative standard characteristics guarantee by the proprietor. So, it is a way of attesting the origin, nature and quality of given products or services. With the entry into force of the Reg. 2017/1001 a new category of trade mark is created: the certification marks. They are “*capable of distinguishing goods or services which are certified by the proprietor of the mark in respect of material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics, with the exception*

²⁰ Cfr CG 18-6-2002, C-299/99, *Philips*.

²¹ G. GHIDINI, *Profili evolutivi del diritto industriale*, Milano, Giuffrè, 2015, 384.

²² M. RICOLFI, *Le nozioni di “attitudine a distinguere” nel c.p.i. e nel diritto comunitario*, Dir. Ind, 2008, 157.

²³ See art. 2570 c.c, art. 11 i.p.c.

of geographical origin, from goods and services which are not so certified". So that it shows goods with the same mark that comply with a given standard defined in the regulations of use and controlled by the certification mark owner. The certification marks were defined also in art. 27 and 28 of the Dir. EU 2015/2436 with the aim to certificate certain characteristics of the products and services, such as the quality.

Based on the originality factor it is possible to discern weak trade mark and strong trade mark. The main difference of the two is the different degree of distinctive capacity of the signs and the relation that they tighten with the products; strong trade mark does not have a direct relation with the products marked, indeed it consist of an imaginative and original concept extraneous from the product to which it refers. While, the weak trade mark²⁴ has a relation with the product marked so that the distinctive sign call to mind the product itself. Their distinctive capacity depends on morphological transformations of product's generic name and descriptive indications of its features.

A simple example is the brand "Apple",²⁵ it is a strong trade mark as there is not a suggestive relation between apples and the technological products that Apple marked, indeed consumers associate the mentioned distinctive sign with smartphones and computers. While it would be a weak trade mark if there is a direct relation between the sign and the product.²⁶ The difference of the two trade marks is not only met in the relation that they create with the product but also in terms of juridical protection; the strong trade mark is totally protected against the risk of counterfeiting, while the weak has some limitations concerning only the elements that characterized the sign. The limited protection of weak trade mark is due to the fact that they are composed of terms of common use, generic or descriptive, so that a broad protection would not be guaranteed because it would lead the establishment of an inadmissible monopoly in favor of the owner of the trademark.

²⁴ M.S. SPOLIDORO, *La capacità distintiva dei marchi c.d. deboli*, in *Il dir. ind.*, 2007, 40.

²⁵ Example taken from Ufficio Brevetti available on <https://www.ufficiobrevetti.it/marchio-forte/>

²⁶ In the field of apples, an example of weak trademark is "Melinda", as it contains the word "mela" that is exactly what it identifies.

It is important to underline that the words weak and strong are referred just to the juridical world and not to the valuation or importance of the brand, company and trade mark.

1.2.2 Unregistered trademark

Trade mark is the only distinctive sign with a registration procedure, however the system of distinctive signs protects even unregistered trade mark. Italian discipline mentions this topic in art. 2571 c.c. saying that who makes use of an unregistered trade mark has the faculty to continue the use although the registration obtained by others. Neither the civil code, neither the industrial property code has a concrete discipline regarding their protection. The protection seems to be established on the discipline of unfair competition and particularly related to the concept of brand name and sign as in the art. 2598.1 c.c.²⁷.

Basically, the protection is against the likelihood of confusion for the trade mark in use, known by the public and limited to the territory in which the sign is known. The protection is limited to the period of time in which the trade mark in object is effectively used e known. From these lines it is possible to understand that the protection is extremely weak. The weaknesses of protection can be justified by the very low economic investment for unregistered trade mark.²⁸ There is no EU-wide protection so the user must rely on national laws; for example, in UK a trader can act against another trader for trying to suggest to consumers that his products or services are similar or identical to those of the original trader. To obtain protection, the owner of the sign must prove the use and the territory where it is known.

On the opposite site, the registered trade mark is protected across all national territory (if the registration is at national level)²⁹ without taking into consideration the use and the effective knowing of the public. The art. 19 i.p.c. disciplines the right to registration

²⁷ Art. 2598.1 c.c. “*he uses name or distinctive sign suitable to create confusion with the name or with the distinctive sign legitimately used by others, or he imitates slavishly the products of a competitor, or he makes with any other means acts that can create confusion with the products and with the activity of a competitor*”.

²⁸ D. SARTI, a cura di M. Cian, (n. 9), 236.

²⁹ Registration of trade mark could be at three different level: national, EU and international.

and in particular the right to ask for registration to whom uses or proposes to use in the production or in the commercialization of products or even in the provision of services; meaning that, on the contrary of the unregistered trade mark, there is not the need to prove the current use for the registration but it is enough to demonstrate the subsequent use for all the element directed to the production activity. The effective use must be fulfilled in five years in order to avoid the forfeiture of the right.

1.3 Trade mark: the development of functions

The roles of trade mark underwent important changes in the course of history, especially with the reform of 1992, that represented the turning point on many aspects concerning the topic of trade mark. This part deals with functions of trade mark with respect to changes due to reforms; at beginning the trade mark identifies the entrepreneur, then it can be given up together with the company, finally it acquires value on its own. So that it is relevant to sketch the passage from the possibility to transmit information to the market accreditation management.

In order to understand better all the passages of the functions, it is important to find out how trade mark conducts a pro-competitive function in the market, considering three main aspects of perfect competition.³⁰ First of all, a trade mark in order to be registered must observe the characteristics of distinctiveness as said in art. 7 i.p.c., allowing the proprietor to distinguish his products to those of other companies. In that way, the trade mark is considered a means of identification; to stand out of the market and be identified, the company aims at maintaining a certain quality standard and, actually, improving itself. The second point concerns the trade mark as an informative tool, indeed the sign communicates to the consumers the qualitative characteristics of products, meaning that consumers are aware when they buy a product with that mark and they know what to expect. Sometimes the qualities are not directly observable, but thanks to the trade mark, a consumer can relate that quality to the one already tested.

³⁰ G. GHIDINI, G. CAVANI, *Lezioni di diritto industriale; proprietà industriale, intellettuale e concorrenza*, Milano, Giuffrè, 2014, 60.

Trade mark can also cut the cost of research by identifying rapidly and immediately the products; otherwise there would be the need to employ resources and time for acquiring information. The last aspect is related to the purchase choice, permitting the consumers to use the rational judgment during the purchase of the products on the basis of quality and price. So that trade mark favored a competition on merits and not on irrational choices, which are provoked mainly by the influence of advertising. These three points of perfect competition promote the optimal allocation of resources in order to conquer consumers and acquire a strong value on the market. Trade mark must guarantee that all products with the same sign identify the origin under the control of a unique company, enabling the consumers, without any risk of confusion, to distinguish that product from the ones having another origin.³¹

The first, already mentioned, function of trade mark is to have a distinctive character in order to indicate the origin of the products and be protected against the risk of confusion. The importance of being distinct is relevant for both, the consumers and the entrepreneur, in relation of the risk of confusion; confusion about the origin of the products can lead consumers carry out a wrong choice, different for what they expect. Trade marks constituted the guarantee of the origin of the products in which they are applied or services to which they refer, coming from a unique entrepreneur.³²

It is necessary to run across the history of trade mark in order to realise the strengthening from the legislative point of view, bringing to the acquisition of more and more protection. At the beginning it was considered only a mere instrument aimed at indicating the origin of products about the company provenance, then it moved through the direction of vehicular information regarding communication and suggestion of commercial advertising. So, in the course of years, and in particular with the reform of 1992, the discipline of trade mark detached from the original and traditional function and due to this fact, there was also the need of creating new forms of protection that

³¹ Cfr CG 17-10-1990, C-10/89, *Hag*; CG 23-5-1978, C-102/77, *Hoffmann-La Roche vs Centrafarm*; CG 10-10-1978, C-3/78, *Centrafarm vs American Home Products Corporation*; CG, 3-12-1981, C-1/81, *Pfizer*; CG 22-6-1976, C-119/75 *Terrapin vs Terranova*.

³² C. GALLI, *Funzione del marchio e ampiezza della tutela*, Milano, Giuffrè, 1996, according to the author the trade mark constitutes for the consumers the guarantee of the provenance that is constant in time and comes from a unique entrepreneurial source of all the products on which it was applied or the services for which it was employed.

would go over the likelihood of confusion by setting up new means to counteract the attempts of exploit in parasitic way the reputation and notoriety.³³

The concept of trade mark functions undoubtedly evolved in time, indeed the actual doctrine is certainly very different from the first adopted about sixty years ago; so that it is possible to say that the notion of trade mark is a dynamic concept and not a static one.³⁴

The old regulation in the topic of trade mark was r.d. n. 929/1942 in “*la legge marchi*” (l.m.), belonging to that regulation the only juridically protected function was that of the indication of origin. In Italy, the thesis was elaborated by Vanzetti,³⁵ who explains that trade mark function must coincide with the juridically protected function comparable with social-economical function allocated by laws in a legal system.³⁶

In the course of time many authors participated in the debate regarding the functions of trade mark and particularly if it was correct to consider the only juridically protected function, as distinctive sign, the identification of the origin of products.

According to Sena³⁷ the function of trade mark consists of distinguish products of one entrepreneur from those of other. The trade mark on its own is not a distinctive sign as it does not attest any information neither on quality, neither on origin of products. It acquires significance together with another element, probably with the advertising one.

Belong to Cionti³⁸ the distinctive function is considered the only necessary function of distinctive sign and it has a double aspect of identification for entrepreneurial activities and distinction for consumers. While, the attractive value of the trade mark has not to be protected because it did not constitute an autonomous function from trade mark, but it was linked to the distinctive one and occurred during the choice of consumers.

³³ V. MANGINI, A. M. TONI, *Manuale breve di diritto industriale-quarta edizione ampliata e aggiornata*, CEDAM, 2015, 135.

³⁴ A. VANZETTI, *Funzione e natura giuridica del marchio*, in *Riv. Dir. Comm.*, 1961, I, 41; SANDRI, *Natura e funzione del marchio: dal segno/marchio al marchio/segno nella giurisprudenza comunitaria*, in *Studi in onore di A. Vanzetti*, Giuffrè, Milano, 2004, pag. 1390.

³⁵ Cfr A. VANZETTI, a brilliant author in this topic, particularly works in *Riv.dir.comm* and *Riv.dir.ind*, such as: *Cessione del marchio* in *Riv. dir. comm.* 1959, I; *Equilibrio di interessi e diritto al marchio*, 1960, I; *Funzione e natura del marchio*, 1961, I.

³⁶ A. VANZETTI, *Funzione e natura giuridica del marchio*: the function of trade mark was not identifiable with the economic function that the trade mark acquired on the market, but rather it is the typical economic-social function which is attributed by the rules of a legal system.

³⁷ SENA, *Brevi note sulla funzione del marchio*, in *Riv. Dir. Ind.*, 1989, I, 5.

³⁸ CIONTI, *Osservazioni sui segni distintivi, loro definizione e funzione*, in *Riv. Dir. Ind.*, 1975, I, 441.

Vanzetti, one of the most well-known professor in this field, in his works, although acknowledging the influence of the suggestive function, pointed out that the only protectable function was the distinctive one interpreted as indication of origin of production source. According to his view, trade mark developed two functions: on one hand the distinctive factor, allowing an entrepreneur to distinguish his products from competitors and letting consumer identifying product with respect of their needs; on the other hand the suggestive function, intended as a trade mark capacity to attract consumers for the characteristics of product itself and the advertising, independently from the quality and the price.³⁹ But, as said before, only the first one enjoyed the right of protection, indeed there were no evolutive interpretations to widen protection to other function, such as the suggestive one.

The protectable function of indication of origin meant that trade mark recognizes the product to which it was applied coming from an always constant source of production.⁴⁰ At that time, before the community reform, the bond of the trademark with company represented the continuity element, a sort of constant factor indispensable for the identification.⁴¹

Being the identification of the origin of products the only juridical protected function, its main scope consisted in making products distinguishable from those of another company. In these terms, it was established an indissoluble bond between the distinctive sign and a company, in Italian called “*one trade mark, one enterprise*”.

In effect, according to the legislative discipline a trade mark must identify the provenance of the goods; so that occurred the constant condition of connection to the company to which it referred.

When the original civil code was in force (1942), a trade mark was constantly linked to a company, indeed in relation to that company a trade mark arose, was protected, circulated in the market and lost its function with the end of the company.⁴²

³⁹ A. VANZETTI, *Funzione e natura giuridica del marchio*, in *Riv. Dir. Comm.*, 17-88; A. VANZETTI, *Equilibrio d'interessi e diritto al marchio*, in *Riv. Dir. Comm.*, 1960, I, 267, interesting to see the relation between function and advertising of trade mark.

⁴⁰ Cfr. A. VANZETTI, *Funzione e natura giuridica del marchio*; the trade mark identifies the products to which it is applied as coming from a source of production that is always constant.

⁴¹ A. VANZETTI, *La funzione del marchio in un regime di libera cessione*, in *Riv. Dir. Ind.*, 1998, I, 71: the concept of identification, if referred to a product, that is to an exemplar of a series that the distinctive sign allows the public to remind to that series, characterized by a common entrepreneurial provenance, it implies a temporal dimension since the concept itself loses its meaning if it is inserted in an instantaneous perspective.

In these conditions, trade mark arose and lapsed with the company; the registration of a trade mark must be requested by the entrepreneur himself that used or proposed to use that specific sign in the ordinal activities of his company. Trade mark was protected regarding the limits of the principle of speciality. In fact, trade mark must be used for specific products or services; with the principle of speciality there was a limitation in the scope of protection, so that the exclusive right of the holder of trade mark is limited to goods and services for which it is registered or at maximum to similar goods or services. A good example is identifiable in the use of Lotus trademarks, including pastries, papers and motor vehicles; this usage is allowed because it consists of very different goods, such that there would not be the likelihood of confusion and they can coexist in a market.⁴³ In conclusion, the usage of the same trade mark for various goods in a market is permitted if they are originated from different enterprises.

The circulation of trade mark followed the principles of transfer exclusivity; due to the tight connection between the two, the transfer was possible only with the company or with a branch of company. The conditions of the loss of rights happened not only with the non-use, but also with the termination of activity of the company, so once a company ended the cycle of production and closed the gates brought away also the trade mark used.

1.4 From the old system to the reform of 1992

The old system, where the discipline of trade mark was mainly contained in R.D. n. 929 of 1942, was characterized, as it can be seen on the previous paragraph, by a strong and indissoluble bond between the trade mark and the company, indeed every products or services indicated with the same mark belonged to the same constant source of production. Indeed, the art. 15 of R.D. suggested that: *“the mark cannot be transferred if not in dependence of the enterprise transfer, or a particular branch of it, at condition, moreover, that the transfer of the trade mark itself takes place for the exclusive use of it. Anyway, from the transfer of trade mark must not derive deception in those characters*

⁴² G. GHIDINI, G. CAVANI, (n. 30), 62.

⁴³ EUIPO, *Intellectual Property teaching kit*, IP advanced Part II, Trademarks, slide 26.

of products or goods that are essential for the public appreciation". Even the art. 2573 c.c., confirmed the bond between the two components, stating that the right to the exclusive use of the registered trade mark can be transferred only with the enterprise or a particular branch of it.

The doctrine lingered on the significance of transfer such that authors split in two parties; on the one side they interpreted in a restrictive manner, giving a literal significance, such that transfer occurred only in the change of ownership, from the original owner to a third one; on the other side, authors gave a wide meaning to transfer referring to the license field, that would become the main supported in particular with the introduction of the reform of 1992.

The continue connection between trade mark and company or a branch of it, tended to stabilize the qualitative characteristics of the trade mark itself, even if the last point did not constitute a requirement of protection for the system.

At that time the tight relation with the two key players and the guarantee of quality was asserted by economic and social environment. Most economic activities were concentrated not in big companies, that were on a small number, but in small and medium size, both for national and european environment. The activity of the companies was specialized on a certain branch; even for bigger companies producing in different sectors, each factor was addressed to the production of one genre of goods marked with a special trade mark rather than the general trade mark, which were licensed for goods of a different genre than that used for company holder.

Everything was created in the company, every productive cycle was realized in one factory, because the outsourcing was not so frequent. The productive and commercial policies remained the same, even if the owner changed, because they were conditioned by the corporate hub.⁴⁴ This happened as the corporate hub, that was the essential element, did not change through time but on the contrary remained unaltered independently from the economic sequence of events of the company. Consumers based their choices mostly on physical characteristic of the products, which therefore depended on features of the corporate hub where they were manufactured. Finally,

⁴⁴ L. MANSANI, *La funzione di indicazione d'origine del marchio nell'ordinamento comunitario*, Milano, Giuffrè, 2000, 75.

Mansani concluded that goods with the same trade mark remained equivalent even if the ownership changed.⁴⁵ Another important difference between the situation at that time and today is the marketing policies; they were not used and did not constitute an instrument for the disclosure of the products features. Therefore, there was a scarce diffusion of the television as a means of promotion and all the strategies of advertising were very inadequate, because energies were focused more on the intrinsic characteristics of products.

The national and European market suffered from various changes in the course of time; for example, during the 70's economic conditions shifted to the phenomenon of concentration of companies and relevant acquisition; taking into consideration these new forms, it led to a different perspective of the bond between trade mark and company. The notion of company, used until now, was considered too much narrow and could no more satisfied the new economical and entrepreneurial needs.

The concept of source of production had a wide meaning, from the one hand it included all the organization of factors necessary to the production, on the other hand it consisted of individual factors that were essential to produce single products. Entrepreneurs and collaborators' activities were part of factors that led to production.⁴⁶ Until 70's the concept of source of production was related to the traditional theory that considered trade mark having an origin function. In the same book, Auteri linked trade mark to those elements that remained constant whatever the market conditions and that consisted on factors which were essential in giving the qualities to products characterized. In order to make the productive factors, that needed to follow the trade mark among transfers, coinciding with the source of production, that had the role to represent the object of identification, it should be assumed that those factors are immutable. Obviously, these requirements would be reached only if the proprietor had the obligation not to change the production core unit. Actually, there is no regulation that prohibits the transformation of core characteristics used in production, enabling to modify the qualitative standard of goods. The absence of prohibition of production core transformation goes contrary to the need of constant source of production, that means

⁴⁵ L. MANSANI, *ibidem*, 76.

⁴⁶ P. AUTERI, *Territorialità del diritto di marchio e circolazione di prodotti "originali"*, Giuffrè, Milano, 1973, 186.

verify a trade mark distinctive function and guarantee to consumers the provenance of goods and the protection acquired. From this point of view, it is important the combination of the productive factors that constitutes the basis of the products; if this combination is destroyed and rearranged in an entirely new way different from the previous it is no more possible to speak about the same company. In reality, what guarantees the continuity of production is the activity of the entrepreneur and of collaborators, that replace him during the business activities. In conclusion, *“the source of the product, the entity identified by the sign, is represented by the enterprise; the company detects independently only as a union act, factor of continuity, in the only moments of crisis in the life of trade mark, at the moment of the transfer, to then leave the place for the owner’s enterprise”*.⁴⁷

The doctrine shifted its attention from the company as materially showed to the activity of exploitation and organization of the company productive components, referring to the function of indication of origin. The consideration of the bond between the trade mark and the company was no more the same; it was not necessary that trade mark qualifies the constant activity, but rather that it consisted of bearer of messages coming from a specific and variable center of production.

Over time even the traditional origin function expanded its notion, while its boundaries became less clamped; indeed, all products in the market acquired legitimately the trade mark from both, the company owner of the sign and the companies connected to the first one. Moreover, the licensee company obtained the possibility to make use of trade mark because of a contractual authorization the owner of the sign and the company that introduced it in the market or worked next to the owner in the production of goods.

The question of the licence was very thorny and the fact of conceding the use of trade mark to an extraneous entity outward of the source of production created a lot of doubts and questions in the doctrine. The development of the license contract went in contrast with the first assumption of a trade mark function: origin function, stating that the trade mark in object had a specific provenance, almost immutable. The doubt, in the case of a license, arose when the productive core could not be the same of that of the owner, because the licensee usually had an autonomous enterprise structure. While the non-exclusive licenses gave the possibility to licensee to take the position against the sales

⁴⁷ P. AUTERI, *ibidem*, 189.

of all other licensees, due to the fact that the products realized by the licensees were different from the own ones.

The argument of the license will be debated on the next paragraph because it acquired more importance after the reform of 1992, by now it is better to focus on the difference between exclusive and non-exclusive license in order to give a general overview.

With the exclusive license, the licensor (the owner of the trade mark) cannot directly use on his own the trade mark given to the licensee and cannot grant other licenses to third parties; in other words this type of license gave the right of exclusivity to the third part, that became the only one authorized to use the sign and maintained this exclusivity right even in respect of the licensor. While with the non-exclusive license the licensor can negotiate with different licensees and directly exploit the trade mark on his own; in fact, the licensor had the possibility to continue to use the sign to identify his own manufactured products and to give the license to more than one licensee, such that each of them could apply the license sign on the various products.

The non-exclusivity license created more imbalance regarding its admissibility, because it went in contrast with the principle of the indissoluble bond between a company and the derivative trade mark. Therefore, it means a simultaneous usage of the same trade mark by a multiple number of licensees, a concept that was not expected according to that principle.

Before and during the law of trade mark of 1942 the case-law did not allow such use of the non-exclusivity license, because otherwise it would support the licensor's needs to enter and exploit different new markets that would not be accessible without the external help of collaborations. Then, with the previous years close to the reform of 1992, the use of non-exclusive license started to be permitted under specific conditions.⁴⁸ The owner must continue to produce goods to which the trade mark referred to, in this way he was interested to control all the procedures and results of his trade mark independently from his licensees. The licensor must have a regulation concerning the usage of trade mark in his own and licensees' commercial activities; the trade mark's owner must have the power to control the activities done by the licensees.

⁴⁸ According to the case-law of those years, there must be specific conditions under which a non-exclusive license was permitted. Cfr. Trib. Milano, 26 febbraio, 1976, in *Giur. ann. dir. ind.*, 1976, p. 815; Trib. Milano, 28 giugno 1978, in *Giur. ann. dir. ind.*, 1979, p. 1200, where the usage of trade mark by part of licensees were allowed if it identify products for which the licensor was obliged to ask third part for the development.

The discipline of license had not an easy interpretation, but the division of exclusive and non-exclusive certainly helped; for the former it was applied the discipline of the art.15 of R.D. n. 929, in fact it allowed, as the cession, an independence between the usage of licensee's trade mark and the licensor.⁴⁹ For the latter, the discipline of the art.15 of R.D. n. 929 could not be applied because it contrasted legal requirements, indeed there was not a separation between the power of the licensor and the power of licensee.

Finally, it was relevant to identify the bond between the owner of the sign (the licensor) and the licensees, in a way that the former could regulate and control the activities of the latter.

These misunderstandings reflected the way in which the community organs operated; therefore, their main scope was to give protection to the trade mark owner, avoiding that the exclusive right conferred by the sign hindered the free movement of goods.

The best way to resolve these arguments was to consider the origin function of trade mark related to the enterprise owner, who independently from exclusive or non-exclusive license, must give instructions and indications on commercial and production strategies according to the choice of products that must be respected by the licensees.

Regardless of how the products were manufactured, the entrepreneurial origin remained only one and coincided with the owner, who assumed the responsibilities to check and control not only his production core but also the licensees' one.

This solution guaranteed the ideal continuity between the owner's activity and that of the licensees.

In order to better define the entrepreneurial origin, it was relevant to focus on the power to decide which goods and with which features must be intersect in the market with a specific trade mark. Over time, the economic reality changed; as it was said before, at the beginning of the 1942 most of economic activities were concentrated in small-medium size companies, while bigger ones were in small numbers. All the economic activities that led to the finite products revolved around the same company because the license was very rarely used. But then, the market changed its aspects and it was frequent that the productive activities, above all of bigger companies, were delegated to

⁴⁹ P. AUTERI, *ibidem*, 308.

licensees' companies, while that the principal focused more on commercial and financial strategies in order to conquer the market.

Starting from 70's the possibility to use the license grew out of proportion; it was recurring that a product with a specific trade mark was produced in one branch of the company, assembled in a different one, distributed by a third components. With these new market conditions, it was really difficult to individuate the productive core and so in order to adapt to the reality facts, the origin of products must be traced back to the power of directions and controls operated by the owner of the sign.

1.5 The changes after 1992 and the “crisis” of traditional origin function

The d.lgs. 4 December 1992 n. 480⁵⁰ was introduced with the scope to implement Italian regulations to Dir. 89/104/EEC based on the approximation of the trade mark laws of the Member States.⁵¹

The reform of 1992 provoked a huge turning point in the discipline of trade mark.

The most considerable feature that the reform entails is the slackening of the bond between the trade mark and the company.⁵² It constitutes a real turning point, therefore according to the classical notion the distinctive sign of the trade mark completely depends on the company to which it is referred. From the old law of 1942 the sentence “*one trade mark, one enterprise*” explains better the relation between the two elements;

⁵⁰ The reform of 1992 dictated the modifications of r.d. 21 June 1942, n. 929. Available on GAZZETTA UFFICIALE:

https://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=1992-12-16&atto.codiceRedazionale=092G0523&elenco30giorni=false

⁵¹ The aim of the Directive 89/104/EEC is to guarantee the same protection, under the laws of all Member States, to registered trade marks. This Directive is no longer in force and it was substituted firstly by Directive of European Parliament and of Council 22 October 2008, 2008/95/CE, and then by the Directive EU of the European Parliament and of Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks.

⁵² G. GHIDINI, G. CAVANI, (n. 30), 63. The authors do not talk only about slackening, but also about a completely annulment of the bond between trade mark and company. On the contrary, in the classical notion they were strictly linked one another, indeed the distinctive sign arose, was protected, circulated and expired according to the enterprise. With the reform the trade mark undergoes a dematerialization process that pushes it near an intangible good that could be protected on its own, without considering the company to which it is referred.

as it was said in the previous paragraph, the distinctive sign arose, was protected, circulated and expired belong to the decisions of the enterprise. The system after the 1992 is subjected to a big change in the discipline of trade mark; as the trade mark deals with a process of dematerialization, that in turn leads to an intangible goods, protected on its own and related to the commercial value that it manifests. It is a process of either dematerialization, either drift or annulment that detaches from the typical distinctive function and brings to a different concept of trade mark.

The industrial property Code, after being released, went through copious modifications.⁵³ One of them is the d. lgs. 140/2006⁵⁴ in the area of interest of the enforcement, from dir. CE 48/2004, which introduced new protection tools of the right of industrial property mainly of trial features. Then, in 2010 the introduction of two legislations enriched the regulatory: the first one entered into force on 10 March 2010 regarding the regulation of implementation; while, the second one was the d.lgs. n. 131 13 August 2010, which modified in a substantial manner the text of i.p.c.. The Regulation adjusted the opposition procedure of the trade mark registration, bringing it closer to the community discipline. At the same time the d.lgs. n. 131/2010 inspected the i.p.c., that initially had to be done after a year of the entrance into force of the Code itself in order to verify the functioning and eventually to adapt the disposition in the community environment. So that the i.p.c. had been renewed with a work of revision of 130 articles, designing a new equilibrium among competition, contractual relationship, and market dynamics in order to enforce the protection of the new economic intentions. Finally, it is important to cite the art. 19 of the delegation law 99/2009 demanding for new revisions especially: *a)* better define the penalties in the case of infringement of the protection according to the biotechnology inventions; *b)* to introduce tools capable of simplify the administrative fulfillment; *c)* to introduce *ex novo* two specific disciplines: the first one aims at giving Italian municipality the possibility to obtain the ownership

⁵³ V. MANGINI, A. M. TONI, (n. 33), 77, here there is a regulatory framework on the revision of the i.p.c. mentioned the main changes in the Code. This written is the reference point for all the following sentences in the thesis concerning this topic.

⁵⁴ GAZZETTA UFFICIALE, available on https://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2006-04-07&atto.codiceRedazionale=006G0161&elenco30giorni=false it constitutes an implementation from the Directive 2004/48/CE on the respect of intellectual property rights.

of a trade mark that can identify with the distinctive sign the cultural, historical and environmental heritage. The second one has the purpose of assign to universities and other public research institutions the right to ask for a patent. Almost all the requests have been accepted, such that for example a new section is created *ex novo* regarding the regulation of the biotechnology inventions. Instead for the request of new tools capable of simplify the administration fulfillment, there was an adaptation of the national legislation to the community ones and a novelty that permitted to obtain a more rapid decision based on the initial cross-examination. The last one was reformed in small part, while the point concerning the universities and other public research institutions was not treated. The most recent modifications of the Code are that of the d.lgs. 15/2019, that provokes a huge changes concerning especially the elimination of the graphical requirement for the registration, the addition of the certification marks to that of the collective ones and again some changes on the protection of reputed trade mark.

In order to be registered, the owner of the trade mark must fulfil the following requirements: to possess his own entrepreneurial activity or to demonstrate, meanwhile filing the application, to have a clear and objective purpose to begin a commercialization activity of products indicated with that trade mark. However, with the reform of 1992 these requirements were no more employed, indeed it was enough that anyone could obtain the registration proposing to get the trade mark used by enterprises under his control or approval.⁵⁵ The discipline of the right to registration is contained in art. 19 i.p.c.; the last locution in art. 19.1 i.p.c. shows how the quality of being entrepreneur fails. Therefore, the legislator gives the opportunity to register a trade mark even to whom is neither an entrepreneur neither would like to become one, but with the aim to get it used by third parties. So that, nowadays, each subject is

⁵⁵ G. GHIDINI, G. CAVANI, *ibidem*, 64. The main difference from the old law concerns the ownership of the trade mark such that anyone is legitimated to apply the request for registration. The possibility to register a trade mark is released from the entrepreneurial quality. The right to registration is disciplined in art 19 i.p.c., while the art. 19.3 i.p.c., according to the modification of art. 12 d.lgs. 13 August 2010 n. 131, confirmed the process of slackening between trade mark and company given the possibility to register the trade mark even to the administration of the State, Region, Provinces and Municipalities. The sign may have in object graphical distinctive elements from the cultural, historical and architectural environment, even though the proceeds coming from the exploitation of the trade mark, are used to finance institutional activities or to cover any deficits of the institutions.

legitimated to apply the request for registration in respect of the requirements already mentioned. However, it was not easy to pass from the old law registration of 1942 to the new features introduced by the reform of 1992 and even authors are somehow in discordance. On the one side they agree with the registration obtained by subjects that are not the proprietors of the enterprises and that do not intend to exploit directly the registered sign. These ones tended to assign and permit the usage to other entrepreneurs, being interested to the suggestive or attractive value. Moreover, the hypothesis of the trade mark registration made by a subject that is not interested on the usage on his own enterprise is permitted by law, not constituting causes of invalidity. On the other side, authors are more careful; the chance to become the ownership of a trade mark is tied to the intent to use it in an entrepreneurial field so much to propose the rejection of the registration to whom would like to give the sign before any utilization.⁵⁶

The way in which trade mark was registered before the reform of 1992, reflected the tight bond between the trade mark and the company, such that it identified the origin function. The first direction considered that the registration of the trade mark could be made only by those who practiced the enterprise or had already begun the preliminary organization for the following exercise in the enterprise.⁵⁷ The second direction does not consider necessary for the applicant to possess entrepreneur's qualities at the moment of registration, but it is sufficient that he acquires those qualities in the following three

⁵⁶ L. C. UBERTAZZI, *Codice della proprietà industriale, Commentario Breve alle leggi su proprietà intellettuale e concorrenza*, 4^{ed.}, CEDAM, 2009, art.19 i.p.c. from d.lgs. 10 February 2005 n. 30. The authors in discordance to the way in which a trade mark is registered are cited by Ubertazzi through his commentary. The registration can be made even by non-entrepreneurs that do not intend to use directly the sign, but just want to allow the usage to different entrepreneurs in order to exploit the suggestive or attractive value. Authors that agree with this sentence: Abriani, Sena and RICOLFI in, *I segni distintivi*, 28; Trib. Milano 19-03-2004, *GADI* 04, 939; App. Torino 22-11-2002, 03, 563. Other authors, on the contrary, think that the application of registration needs to be considered invalid if the cession of the trade mark is before the real utilization, such that the subject requiring the filing is not interested on his own but just want to cede the sign and exploit the suggestive or attractive value, like: Roverati, SPADA, *La legittimazione alla domanda*, in *Commento tematico della legge marchi*, 224.

⁵⁷ L. C. UBERTAZZI, *ibidem*, in his commentary cited CORRADO, *I marchi dei prodotti e dei servizi*, 153; VANZETTI, *R. d. comm.* 61, I, 33; and another reference such as Trib. Venezia 21-7-1998, *GADI* 99, 566. The author mentioned many other written in which there is the agreement upon the fact to be an entrepreneur or show the preliminary organization to become one in order to make the registration of that specific trade mark valid.

years, corresponding to the deadline for non-use.⁵⁸ The previous article, before the art. 19 i.p.c., was the art. 22 l.m. (“*legge marchi*”), in which it was mentioned that the right to registration was granted even to those products that would be commercialized after a perspective of expansion of the entrepreneurial activity, and not only to those products that the enterprise already manufactured or intended to produce.

Sometimes the need to register a trade mark, without any intent to benefit from it, is dictated with the aim to prevent the use by third parties. This option finds a protection as a matter of invalidity causes; indeed, trade mark cannot be registered if the request is done in “*mala fede*”.⁵⁹

The application in “*mala fede*” is prohibited as defined in art. 19.2 i.p.c.; it is verifiable when the applicant wants to register a sign misusing third’s activity or a relationship of collaboration taking advantage of third’s ideas. It could be also possible that someone wants to register a sign uniquely with the aim of emulating third’s goods or impeding to conduct third’s entrepreneurial activities.

In other words, the scope of the law consists in giving an early protection to whom had already allocated the sign to act as its own trade mark but that had not already arranged it for the registration; and, on the contrary, in rejecting the protection to whom became aware of this situation and would like to exploit it on their advantage, trying to register the sign first.⁶⁰ The main characteristics of the registration in “*mala fede*” focused on the hypothesis in which the subject has a legitimate expectation relatively to the registration of a specific distinctive sign. The case-law allows an early protection if the same sign is damaged by a timely registration desired by third party, that is aware of the situation and just wants to create an obstacle to the competitor entrepreneurial activities. Again, the case-law broadens the protection of the expectations in the case in which the

⁵⁸ L. C. UBERTAZZI, *ibidem*, in his commentary cited G. GUGLIELMETTI, *Il marchio, oggetto e contenuto*, 39; Trib. Torino 29-8-2000, GADI 00, 1138.

⁵⁹ L. C. UBERTAZZI, *ibidem*, in his commentary cited Libertini; MAYR, *L’onere di utilizzazione del marchio*, 236; referring to those authors that do not approve the new thesis of registration of the trade mark. In particular, regarding the opportunity to apply for the registration with the only aim to prevent the use by third parties. This point leads to the concepts of “*mala fede*”, and corresponds to the art. 19.2 i.p.c.

⁶⁰ L. C. UBERTAZZI, *ibidem*, in his commentary cited: CAVANI, *Commento generale alla riforma*, in GHIDINI, *La riforma della legge marchi*, 55; RICOLFI, *I segni distintivi*, 104; MARASÀ, *La circolazione del marchio*, in *Commento tematico della legge marchi*, 152; the authors made different concret explanations of what is about the registration in “*mala fede*”.

subject used the registered sign abroad and would like to exploit it also in Italy, but the registration is anticipated by another subject that wants to obstruct the way of commercialization. Finally, it constitutes another point of registration in “*mala fede*”, when the applicant is completely aware of the situation that someone has an expectation right of protection to that specific sign but ignores it totally because the registration is only programmed and not already done.

It is possible to make a distinction, according to Ubertazzi, between two hypotheses. The first one occurs when the applicant abuses of the information and the knowledge acquired by contractual relationship, leading to an illicit use; while the second one happens when the applicant does not know about the intention of the former registration, as there is no contractual relationship between the parties. Obviously, it is more difficult to enforce the second hypothesis as it is tricky to define the protection of the distinctive sign; therefore, the applicant has no relationship with the other part. To sum up, it is possible to affirm that the registration within “*mala fede*” is absolutely prohibited and that it is defined as the awareness of infringing the rights of others.

The reform provoked a “twilight” of the distinctive sign of trade mark as the tight indication of the origin function, in fact the indissoluble bond between trade mark and company at the beginning of the evolution of law was present as the main feature, while then the idea of “*one trade mark, one enterprise*” has blurred.⁶¹ From 1992, the right on trade mark arises independently from the existence of an entrepreneurial activity or from the entrepreneur’s opportunity to use the distinctive sign in his own activity. This sentence can be validated by the previous explanation of the art. 19.1 i.p.c.; furthermore, it is possible to evince that the circulation of the trade mark can take place in an independent way from the enterprise to which it was firstly connected as there is no more the indissoluble bond between the two elements. And again, due to the fact that

⁶¹ G. GHIDINI, G. CAVANI, (n. 30), 64. The authors explained in brief the consequences brought by the system after 1992. They focused their ideas in four major points. The first one consists on the reflection of the art. 19.1 i.p.c. giving the right to anyone to register a trade mark without taking in consideration the relation with the entrepreneurial activity. The second one includes the limits, by now, overcome regarding the merchandise similarity and the risk of confusion among products belong to the trade mark with reputation. The third one is about the possibility for a trade mark to circulate regardless the relationship with that specific enterprise or a branch of it. And finally, with the fourth one, the exclusive right granted by a trade mark is not expired in the case of a company dissolution, because the right is independent from the vicissitudes of the enterprise.

the owner of a trade mark can be also an ordinary person different from an entrepreneur, the exclusive right is independent from the sequence of events that occurred in the company which exploits the trade mark, such that if the company expired, the trade mark still exists.

The process of evolution of the trade mark function started from the consideration of the distinctive sign as a typical tool dictating information regarding the origin of the products or services and developed as a fundamental vehicle of communication and suggestion transmitted through commercial advertising. The evolution brought the distinctive sign to slowly get away from the original role, and the protection to increase, including not only the protection to the likelihood of confusion but also that of any attempts to exploit the reputation of a trade mark. As it is possible to see from this passage, with the evolution of the functions, there was the need to reform the legislation in the subject of trade mark. Apart from the distinctive function that was the only one juridically protected, then other “secondary” function emerged such as the attractive or suggestive one. So, the trade mark acquired more and more independence highlighted by the capacity to be the object of the disposition act even separately from the reference production core.⁶²

The distinctive function loses little by little its strength by a reinforcement of other functions, at the beginning considered accessory, like the suggestive and promotional one. The loss is due to various changes: the progressive removal of the bond between trade mark and company; the weakened linkage between the right acquired by the trade mark registration and the exercise of an entrepreneurial activity; and the phenomenon of coexistence on the market of similar trade mark used for goods coming from completely different enterprises, such as the merchandising case. Trade mark was no more intended as an accessory entity of the product to which it is referred but as an autonomous element capable of attracting consumers, independently from the characteristics of quality or indication of origin to which it was initially attributed. Even the advertising reflected the evolution of trade mark function. In fact, at the beginning it was not

⁶² V. MANGINI, A. M. TONI, (n. 33), 135, holding that the evolution of trade mark function passed across the tool of information, indicating the origin of products and services with that particular trade mark, and the vehicle of suggestion, spreading the commercial advertising. This evolution led to the need of a radical legislation modification.

utilized, then it was used as a simple means of information to prove the existence of products and finally as a vehicle to valorize the distinctive sign. According to these facts, the enterprises attention was focused more on the possibility to be known from the public consumers rather than on the creation of association with a certain trade mark in order to defend the traditional origin function proving the provenance of the goods.⁶³

The utilization of trade mark as an autonomous good resulted from an economic process that started from the United States at the end of the Great Depression and spread all over the world after the second World War. Many external factors contributed to the evolution of the process, impeding the traditional identification function of the sign that linked in an insoluble way the trade mark to the company. These factors included: *a)* The rapid advancement in technology that surely facilitated new marketing means and the development of the advertising polices such as television, radio and all the telecommunication elements taking into account also the internet; *b)* the company policies were no more focused on the single product production but rather on the production differentiation; *c)* the increasingly inclination to productive and distributive decentralization through third licensee companies; *d)* the usage of accounting techniques for the management of the financial resources and the trade mark enhanced as a *per se* asset thanks to its selling power. The trade mark perceived as the traditional origin function was no more enough and indeed it was considered a limitation because it acquired an autonomous value that can be economically exploited in order to attract consumers.⁶⁴

It is possible to see a detachment of the classical linkage in respect of the transfer and the license. In the first case it began to be considered valid not only the transfer of the

⁶³ V. MANGINI, A. M. TONI, *ibidem*, 144, describing the decline of the distinctive function of trade mark with the acquisition of an autonomous position. The context is merely the same of the ones already mentioned: the distinctive function lost his strength and on the contrary, the initially considered as secondary functions acquired value, such as the suggestive or attractive functions. The authors in the text cited also Naomi Klein's opinions, a Canadian writer and journalist; according to her view the increasingly development of big companies at the end of 1900, especially in the fashion industry, was due to the conceived idea that the big companies have to produce above all trade mark and not products. Again, according to her words "*products come from enterprises, while trade mark is ingenuity result*".

⁶⁴ G. GHIDINI, (n. 21), 349, in this section there is an explanation of the material factors that led to evolution of trade mark, considering it as an autonomous good with its own commercial value.

company or a branch of it but also the know-how,⁶⁵ useful to realize goods of the same typologies and characteristics of the transferor's company. In the second case the license was little by little assigned to third operators juridically independent and not only to group companies.

The commercial value of the trade mark dramatically increased due to some consequences, such as the possibility to register it also for a non-entrepreneur, to circulate more freely thanks to the detachment of the bond between trade mark and company, and finally to the division of the transfer for a part of products. Ghidini highlighted the importance to the property esteem as intangible asset and talked about the accounting principles,⁶⁶ in particular the international one that could extend the value of the trade mark also for those created for internal enterprise development. The non-exclusive licenses gave the opportunity to confer a plurality of them without any number limitations, in addition they could be divided not only for the sector of activity, as it was for the transfer, but also for territorial area. Ghidini mentioned one of Auteri's work⁶⁷ in order to explain the different usage in terms of application area between the license and the transfer. The scope of it is founded in the risk of a joint use in the same market territory that could lead to a confusion of the same trade mark from independent manufacturers of related goods. From the art. 23.2 i.p.c. it is possible to evince that the likelihood of confusion is partially solved in the case of non-exclusive license because the licensees must use the trade mark to distinguish products or services equal to those in the market with the same trade mark given by the owner or other licensees. In the same part of the article mentioned above, it is possible to notice a reference to the

⁶⁵ The know-how is considered as any restricted information or knowledge or secret that improves its owner ability to produce the desired outcome. Usually this knowledge is not known to the great majority of people, not even to other experts in that specific field. The know-how is the ability to do something with more skills or efficiency than someone without that knowledge. A concrete example should be made in the case in which the company production of a kind of good is more efficient than a competitor even when they use the same equipment and processes. So that the transfer of know-how is necessary in order to realize goods with the same type and features to that of the transferor's company.

⁶⁶ G. GHIDINI, *ibidem*, while talking on the international accounting principles there is a reference to IAS 38, reviewed by the UE regulation of 2014 n. 2015/28. The IAS identified the concept of "fair value" of the enterprise assets and gave extension to the valorization of trade mark created and becoming famous through the internal enterprise development.

⁶⁷ P. AUTERI, *La licenza di marchio e il merchandising* in AA. VV., *Segni e forme distintive, Atti del Convegno di Milano*, 16-17 Giugno 2000, Giuffrè, Milano, 2001, 157. The difference between the transfer and licensee use in respect of the territory area are made in order to avoid the risk of a joint use, defined as "*couso*" by the author.

territorial area, such that differently from the transfer, the trade mark can be object of non-exclusive license even for the totality or part of the State territory and not only for the totality or part of the products or services for which it was registered.⁶⁸ Anyway, these characteristics, according to Ghidini, increased the revenue streams of the circulation of the trade mark and the volume of advertising investment.

Having referred to the art. 23 i.p.c., it is useful to give some explanations. The text of the article does not suffer from modifications after the 1992, indeed the content is merely the same of that of the “*legge marchi*”. The introduction of free transfer was not imposed by directives but rather, over time, by the foreign regulations, especially it was contained in the regulation of community trade mark. The reform of 1992 has showed the system of free circulation of trade mark; however, as the previous discipline, it allows the full transferability of the trade mark in sectors in which the sign has never been utilized.⁶⁹ The first limitation in the free transfer of trade mark regards the entire category of products that must be alike or similar in order to avoid the coexistence of interfered trade mark in charge of different subjects. With the increasing product differentiation, the notion of affinity among products may lead to consider non-alike products those that actually are from the commodity point of view. Even if according to other authors the rising of product specialization is known to the public so that the partial transfer is considered to be possible even for alike products.⁷⁰ The affinity is determined not only through the observation of the objective characteristics of the product but also in the way and the context in which the sign is used. The affinity occurs when the products in object do not have essential distinctive feature provoking a likelihood of confusion. Focusing now on the likelihood of confusion and especially on

⁶⁸ Art. 23.2 i.p.c. “*The trade mark can be object of license even non-exclusive for the totality or part of products or services for which it was registered and for the totality or part of the territory of the State, provided that, in case of non-exclusive license, the licensee expressly undertake to use a mark to distinguish products or services equal to those correspondents put in the commerce or provided in the territory of the State with the same mark by the proprietor or other licensees.*” In the first part of the sentence it is possible to notice how a trade mark can be an object of the (non-exclusive) license, not only for the sectors of activity to which it is registered but also for the part of a territorial area. While in the second part there is the definition that can explain why the likelihood of confusion in terms of joint use, as defined before, for non-exclusive license is limited.

⁶⁹ L. C. UBERTAZZI, *ibidem*, commentary of the art. 23 i.p.c.

⁷⁰ L. C. UBERTAZZI, *ibidem*, the author in this sentence cited the work of ZORZI, *Il marchio come valore di scambio*, 136.

deception for the public it is better to explain the deceptive effect. The rule on transfer is based on the principle that forbids the use of deceptive trade mark, both in objective characteristics and in the way and the context in which the trade mark is utilized before and after the transfer.⁷¹ Obviously, the reform of 1992 influenced somehow even this field, it strikes out the tie with the company and the concept of sign as an indication of origin, which consisted on the main meaning of guarantee of qualitative constancy that represented for the public. It introduced new forms of warranty regarding the notion of deception for the public but did not modified the prohibition on the deceptive use. Anyway, the free transfer of the trade mark seemed to be strictly linked with the enlargement of protection over the limit of the likelihood of confusion on the entrepreneurial provenance of goods marked with that trade mark. The first authors after the reform interpreted it as the necessity to impose to licensees or assignees the constant maintenance of qualitative level that products or services possessed before the transfer. This solution aimed at balancing the free transferability with the regulation on trade mark protection. In that case the assignee had to maintain the same standard characteristics of the entrepreneur's product or, on the contrary, in the case of variation he had to advise the public. In this way such a disposition could seem to be wasteful by coinciding with the old art. 41 l.m. or the art. 14 i.p.c.⁷² in which the transfer of a trade mark provoked a deception to the public; it occurred when the message transmitted to the public by the trade mark is inextricably linked to the original proprietor of the sign. In order to define a deception for the public, it must occur elements that are perceived as characterizing in consumers' choices. This means that there is not an obligation to provide the identical quality on products and services, indeed the rule may be respected even when there are small changes in characteristics, both in the case of improvement or in a case of worsening, but they do not have to result determinants in the choices. What is forbidden is essentially a change or a relevant deterioration on products and services

⁷¹ L. C. UBERTAZZI, *ibidem*, while speaking about the prohibition of the use of deceptive trade mark for the public, the author mentioned other works, such as: AUTERI, *Cessione e licenza di marchio*, in GHIDINI, *La riforma della legge marchi*, 96; MARASÀ, (n. 60), 104; MARCHETTI, *Note sulla libera trasferibilità del marchio*, in GHIDINI, *La riforma della legge marchi*, 165.

⁷² The art. 14 i.p.c. deals with the features of lawfulness, especially the first part with what does not constitute an object of registration as trade mark and the second part when the trade mark lapses. In the first part it is said that they cannot constitute an object of registration as trade mark the sign that could deceive the public in particular on the geographical provenance, on the nature, on the quality of products or services.

ceded. Another case in which the deceptive use of trade mark occur is when the assignee, even without changing the essential characteristics of the products, uses the trade mark in a way to persuade the public that those characteristics are massively improved, especially in the advertising context.⁷³

Talking about the trade mark transfer there is the need to take into consideration even the license, which distinguishes from the transfer because the proprietor of the sign still maintains the position but gives up to another subject the faculty to use it.⁷⁴ Moreover, the license creates an obligatory contract of duration, while the transfer has instantaneous effects. The owner control over the licensee possesses even today a great significance, giving to the proprietors the power to control that the licensee respects the qualitative characteristics of the products.

The topic of joint-use suffered from a change after the reform; in fact at the beginning, the attention fell on the exceptional circumstances that could legitimate a situation of joint-use, while under the new law the focus was made on the specific situation in which the joint-use is not tolerable for a protection of a different interest from that of the contractors.⁷⁵

1.5.1 Further features of protection: the development of secondary meaning and vulgarization

The reform caused other changes in the protection features in order to give a preferential protection to the owner's interests rather than to different rights deserving of protection such as the freedom of competition. First of all, there was an extension of protection for the shape trade mark, concerning the structure of industrial products and its relative

⁷³ L. C. UBERTAZZI, *ibidem*, among the works it is possible to find GHIDINI, R. d. ind. 93, I, 215; MARASÀ, (n. 60), 103.

⁷⁴ L. C. UBERTAZZI, *ibidem*, the distinction between transfer and license can be founded in AMMENDOLA, *Licenza di marchio e tutela dell'avviamento*, 122, 236; AUTERI, *La licenza del marchio e il merchandising*, in *Segni e forme distintive, la nuova disciplina*, 158.

⁷⁵ L. C. UBERTAZZI, *ibidem*, the author mentioned MARASÀ, (n. 60), 110 referred to the difference of joint-use before and after the reform of 1992.

packaging.⁷⁶ It consisted of a protection that went in contrast with the historical custom of pro-competitive inspiration. Then, it allowed the coexistence of agreements between the owner and third parties, that is to say a plurality of agreements on the same trade mark.⁷⁷

Again, other two huge modifications concerned the legislator's willpower placed in the private owners' interests, so that to permit to privatize or to re-privatize expressions of trade mark. The first one represented the possibility of rehabilitation following the registration of the trade mark that, at the beginning had any kind of distinctive function, but then acquired it due to usage condition and advertising support. The second one included the limited opportunity to declare the forfeiture for vulgarization. It occurred when trade mark, in the market use, acquired a generic denomination based on the common name of the products or services. The forfeiture can be declared only if the generalization is carried out by the owner's behaviour, both in active or passive way: in the former case if the owner used his trade mark to describe the typology of product in the market; while in the latter case if he did not take action against third parties utilization, spreading the usage of his trade mark and transforming it in a "genre sign".⁷⁸ These two huge modifications acquired a strong importance with the introduction of distinctive capability as a dynamic concept.⁷⁹ In order to evaluate the distinctive capability of trade mark there was the need to follow the events before and after the request for registration. The distinctive capability varies over time as you change the perception that the public has on the sign; this means that if the public increasingly sees the sign as distinctive character of products and services of a specific company, the distinctive capability extends. While if the public more and more perceives the sign as a

⁷⁶ G. GHIDINI, *ibidem*, 356, from the note 99: the new form of protection of shape trade mark established a huge change in regulation; indeed in 1986 the House of Lords denied the trade mark protection of the shape of Coca-Cola.

⁷⁷ For the plurality of agreements on the same trade mark see also the topic of the non-exclusive license at page 34.

⁷⁸ G. GHIDINI, *ibidem*, 356. The author mentioned four of the most important action taking place for further protectionist features of the doctrine. In particular the possibility of rehabilitation after the registration thanks to usage condition and advertising support, and the forfeiture for vulgarization according to the generalization of typologies of products and the transformation in a genre sign.

⁷⁹ For the distinctive capability intended as a dynamic concept see also page 17-18 and the corresponding note 34.

generic term, its distinctive capability decreases until it is lost. In this way it is possible to say that the distinctive capability is intended as a dynamic concept. The art. 13 i.p.c. distinguishes two phenomena: on the one side the rehabilitation of trade mark, also known as secondary meaning, and on the other side the forfeiture due to vulgarization.⁸⁰ In terms of rehabilitation there are two hypotheses: the first one occurs when the trade mark had a generic meaning and then a distinctive one is added; the second one takes place when the distinctive character is acquired only after the registration. A common assumption is the juridical effect of holder's privatizing action; in the case of secondary meaning, the holder can transform the perception of the public, through advertising tools and marketing strategies, from a sign used in a general way to an individual image of trade mark. While in the case of vulgarization the holder tries to counter the process of generalization of the sign through advertising recovery actions and legal proceedings against third parties' usage of the trade mark.⁸¹

The introduction of the secondary meaning in the discipline strengthens the role of the protection of trade mark. This phenomenon constitutes a consequence of an exclusive use of the sign in connection with a single product propped up by the advertising; it adds to the public perception another specific meaning of the sign in respect of the original generic meaning. Therefore, it is defined as an acquisition of secondary meaning of the sign. The advertising does not constitute the only tool capable of rehabilitate the sign but rather it is possible to affirm that the sign acquires the distinctive capability even without it, thanks to a slow but intense diffusion on the market of the products or services marked. At the same time an excellent utilization of the advertising tool could lead to the acquisition of secondary meaning and

⁸⁰ G. GHIDINI, G. CAVANI, (n. 30), 72. These explanations and the following ones are taken from this part of the book in which the authors talked about the rehabilitation of trade mark, called: the secondary meaning, and so acquired when the distinctive capability manifested after the registration; and about the forfeiture due to vulgarization.

⁸¹ G. GHIDINI, *ibidem*, 393 holding that the symmetry between secondary meaning and vulgarization intended as opposite cases but with the same substantial assumption: the distinctive capability. Particularly, he focuses on the generic characteristic that lead to the transformation in the opposite case: on one hand, the acquisition of the distinctive feature, on the other hand the lost of the distinctive feature due to the process of generalization. See the note 164, where he affirmed that the reference parameter for the acquisition of the distinctive capability is given by the perception of the public and especially: «presumed perception of a reasonably, well-informed, observant, and circumspect average consumer of the goods or services at issue» (BGH, sentence *ECR Award*, in *II C*, 2015, 263).

consequently to an establishment of the distinctive capability of the trade mark in the market.⁸²

Moreover, the sign, lacking the distinctive character at the beginning, but then obtaining it by the usage in the market, can be protected as trade mark. The art 13 i.p.c. treats the rehabilitation topic in the second and third paragraphs telling the hypotheses in which the trade mark acquires the distinctive features before the registration⁸³ and the one in which it is originally devoid of any distinctive character at the moment of registration so that it is invalid but gets it over time and is rehabilitated.⁸⁴

The rehabilitation is not possible for all the typologies of trade mark, indeed the art. 13 i.p.c. maintains from the invalidity only the trade mark that were originally lacking distinctive capability. It does not take into account trade mark that has different reasons to forbid the registration such as the sign structurally unsuitable to distinguish, or sign constituted exclusively by a shape that is given by the nature of the product or given by a shape technically necessary or again that adds substantial value to the products.⁸⁵ Other conditions that do not give the opportunity to rehabilitate the distinctive sign are those cited in art. 14 i.p.c. that constituted cases in which the registration as trade mark is forbidden.⁸⁶ The concept of secondary meaning enlarged its applicability only after

⁸² L. C. UBERTAZZI, *ibidem*, 72, in his brief commentary on d. lgs. 10 February 2005, n. 30 he mentioned the work of OLIVIERI, *Il Secondary meaning*, in *Commento tematico della legge marchi*, 204 in which he affirmed that the advertising strategy is not indispensable for the acquisition of the distinctive capability, even if it inevitably helps in achieving the desired rehabilitation. The holder of the sign can also count on a slow but strong diffusion on the market of products and services marked.

⁸³ Art 13.2 i.p.c. the signs that before the request for registration, and after the use that has been done have acquired distinctive character can constitute an object of registration as trade mark. This sentence proves in few words the possibility to consider a trade mark also the sign that acquires a distinctive character before the registration due to the usage done.

⁸⁴ Art 13.3 i.p.c. the trade mark cannot be considered null if before the request proposition, the sign in object, after the use that has been done, has acquired distinctive character. This means that even the rehabilitation of trade mark, that gets the distinctive character after the registration, is possible according to the null conditions and demonstrating the usage that has been made of it.

⁸⁵ All these characteristics are contained in the art. 9 i.p.c. regarding the shape of the trade mark: they cannot be object of registration as trade mark the sign that are constituted exclusively by the shape or other characteristic obtained by the nature of the product, by a technical result or by a substantial value given to product; so that could not be registered regardless the rehabilitation.

⁸⁶ The art 14.1 i.p.c. was modified by the recent d.lgs 15/2019, which apart from the confirmation of the standard signs that cannot be registered, such as: signs that are contrary to the law or custom, that are capable to deceive the public for the determination of the geographical provenance, nature, quality, that constituted a violation of third's right; it added other features such as signs that are out of the registration following the legislation of the European Union, State or international agreements, according to different parameters.

the reform of 1992 and regarded all the sign without the initial distinctive character including the shape of the trade mark that obtained that feature in a following moment with the exclusion of forms *ex art. 9 i.p.c.* The acquisition of secondary meaning for the shape of trade mark has been the subject of a lot of discussions with consequently a lot of objections. According to many authors, the achievement of the distinctive capability would bring inevitably to a monopoly on the product and so to a concept that is completely adverse to the secondary meaning legislation. The impossibility to give a distinctive capability to the shape of the trade mark could be overcome by different conditions. The first one to consider is that the secondary meaning influences the distinctive capability of the sign regardless the nature of it; then the acquisition of secondary meaning for the shape of trade mark is introduced by communitarian legislation. According to other authors the secondary meaning can be applied but in order to acquire the distinctive capability there is the need to make a concrete examination of the characteristics. The main relevant is not to consider the sign that is in contrast with the absolute legitimate impediments provided by the discipline of the shape of trade mark, in fact in this case it would not acquire the secondary meaning at all.⁸⁷

In order to assert the rehabilitation concept, it was required that the sign must become suitable to identify the product or the service as coming from an enterprise determined by a great majority of the public. Indeed, when the public is able to associate the word adopted as trade mark to the products or services of a certain enterprise and perceived it in the other new distinctive function, it constitutes the phenomenon of secondary meaning.

The acquisition of distinctive capability is checked through an analysis of concrete elements: market share, intensity, geographical extension, duration of the use of trade mark, advertising investment, percentage of consumers that identify the product or the service as coming from a certain company and the declarations of the Chambers of

Thus, they are sign that cannot be registered independently from the distinctive characteristics and because of that they cannot boast of the possibility to rehabilitate.

⁸⁷ L. C. UBERTAZZI, *ibidem*, 73, the shape of trade mark is a delicate topic and in the course of time many authors have different considerations. For example, according to Sarti, the acquisition of distinctive capability for the secondary meaning is possible after making a concrete examination, especially excluding the absolute legitimate impediments provided by the discipline of the shape of trade mark, as analyzed in the paragraph 1.2.1 page 12-13.

commerce or other professional associations.⁸⁸ The distinctive capability is not strengthened only by the constant use of the trade mark over time but also by the effect of the determined use and other elements such as the diffusion of the goods in the large retail trade. It is necessary to assess the perception that the public has on that specific trade mark in order to understand if there is a change from a generic sign to a specific one allowing the acquisition of the distinctive capability.⁸⁹ The perception is measured thanks to a survey on a sample of effective or potential consumers; this method is sustained by the great majority of the juridical system.⁹⁰

It is important to note that the acquisition of the secondary meaning on a descriptive term, with the following rehabilitation of the trade mark does not allow the owner to ban the usage of the word to third parties in relation of its first descriptive meaning.⁹¹ Third parties can continue to use that specific sign in order to describe the genre and the characteristics of their own products or services; if the acquisition of the distinctive capability regards only a small part or a certain configuration of the feature, the protection is certainly limited to that part.⁹²

The trade mark, acquiring the distinctive capability thanks to its secondary meaning, is usually considered valid but only as weak trade mark, indeed it is protected in relation to variations or distinguishing additions to the descriptive terms.⁹³ Before the 1992 the

⁸⁸A. VANZETTI, V. DI CATALDO, (n. 9), 185. They explain the secondary meaning concept in accordance to the public perception of identifying a product or service as coming from a certain company.

⁸⁹ L. C. UBERTAZZI, *ibidem*, 73, the public perception is the main instrument to assess the change on a trade mark and consequently the acquisition of the distinctive capability. To confirm this theory the author cited also Vanzetti.

⁹⁰ L. C. UBERTAZZI, *ibidem*, 73. The Italian scholarship but also the case-law supports the idea of surveys to value the perception of the public, with a special reference to DE SAPIA, *L'acquisto della capacità distintiva*, 272; FRANZOSI, in SCUFFI-FRANZOSI-FITTANTE, *Codice della proprietà industriale*, 105; CAVANI, *Commento generale alla riforma*, in GHIDINI, *La riforma della legge marchi*, 51.

⁹¹ This sentence can be confirmed by the art. 21.1/b i.p.c. on the limitations of the trade mark right in which it is underlined that the holder of a registered trade mark cannot forbid third parties the use in the economic activities of: “*indications concerning the species, quality, quantity, destination, value, geographical provenance, the era of product fabrication or of service performance or of other characteristics of product or service*”.

⁹² L. C. UBERTAZZI, *ibidem*, 72, the acquisition of the secondary meaning involves the rehabilitation of the distinctive capability of the sign (initially un-equipped) but does not impede third parties to continue the usage to describe the features of their goods.

⁹³ G. GHIDINI, *ibidem*, 395, the sign acquiring the distinctive capability thanks to the secondary meaning is reputed as weak trade mark. In this regard the author mentioned in note 167 Cass.

rehabilitation of topic in question was denied in Italian case-law, so that trade mark without distinctive capability was considered invalid and with no possibilities to acquire it. Over time, it was no more possible to reject the evidence, indeed the sign could be strengthened in relation to a specific activity or specific products even after the registration and taking into consideration the intensity and the duration of the use. Therefore, the protection would be enlarged both reputing an initial weak trade mark into a strong one and the already strong trade mark into a further reinforcement. Following a part of case-law, the most rooted in traditions, it was affirmed that the distinctive capacity of similar trade mark must be valued at the moment of registration and not in a following one, otherwise it would mean that they were not able to create something original.⁹⁴

Beside the rehabilitation, also the vulgarization, that constitutes the exact symmetry, needs a special mention. It occurs when the trade mark is originally equipped of distinctive capability but then, after time, it loses this distinctiveness referring not to the only good primarily marked but to the entire *genus* commodity-related.⁹⁵ The loss of the distinctive capability is due to usage of that trade mark name to designate an entire category of products or services; classical examples can be found in the terms “Thermos”, “Nylon”, “Cellophane”, and “Pullman” that now are used to describe a category of goods while at the beginning were used as a specific trade mark to appoint the unique good associated. There are mainly two hypotheses of vulgarization: *a*) the trade mark that coincides with the forename of a new and patented product such as the case of “nylon” and “cellophane”. The use to describe the new product could not be prevented, giving competitive disadvantage to new producers; *b*) trade mark can

Civ., Sez. I, 02-02-2015, *Natuzzi S.p.A vs Divani&Divani*, available also on: www.altalex.com/index.php?idnot=70307

⁹⁴ L. C. UBERTAZZI, *ibidem*, 74. The author made an analysis of the events before the reform of 1992, in which the secondary meaning was not considered as a valid card. Even if through time, the scholarship and the case-law have noticed that the events following the registration could affect the distinctive capability.

⁹⁵ Art. 13.4 i.p.c.: “*the trade mark deteriorates if, for the activity or inactivity of his owner, has become in the market a generic denomination of the products or of the services or that it has anyway lost its distinctive capability*”. It explains the reasons why the trademark equipped of the distinctive capability at the moment of registration, then loses it. The lost can be due to the activity or inactivity of the owner in not acting against attempts to generic denomination of a products in the market.

become such successful to indicate *for antonomasia* a product like the case of “thermos” and “pullman”.⁹⁶ According to art 13.4 i.p.c., the vulgarization occurs in both cases: when the trade mark has become a generic denomination of product and when it has anyway lost its distinctive capability. The main objective element of the vulgarization is given by the situation in which the trade mark does not identify anymore the product as coming from a certain company but rather it brings to the association of products of the same genre and characteristics. The vulgarization takes place even when the conceptual connection between the product and the company fades. The forfeiture of the trade mark due to vulgarization is identifiable when the word indicating the trade mark focused on its generic denomination function and not in its descriptive function of the typical product features as coming from a certain company.⁹⁷ According to a recent case-law only the denominative trade mark can fall into vulgarization; for example, in a decision the vulgarization was denied because the distinctive function was primarily identifiable from the figurative element.⁹⁸ But at the same time other decisions affirmed that the vulgarization could have happened even for the generic figurative trade mark.⁹⁹ The topic of vulgarization let the authors discuss even regarding the insertion of the trade mark in vocabularies; at the beginning it constituted a significative meaning but not a decisive element for the proof of vulgarization; then, the case-law gave the possibility to insert the trade mark in a scientific-dictionary without the risk of vulgarization due to the extreme specialization, and again according to the art. 10 CTMR, the holder of the community trade mark, filed in the dictionary, could ask to indicate that it is a registered trade mark.¹⁰⁰ Nonetheless the insertion of the sign in dictionaries or encyclopedias as a proof of vulgarization has been criticized for a long time, but certainly is the usage current language and not the technic-scientific one that can ascertain the vulgarization.

⁹⁶ G. GHIDINI, G. CAVANI, *ibidem*, 74, the for classical terms of vulgarization are taken from this part, especially the two hypotheses named a) and b).

⁹⁷ L. C. UBERTAZZI, *ibidem*, 75. Trade mark generalized only with reference to its generic denomination function and not according to its descriptive function. This definition is also accepted by many other authors such as: CAVANI, *Commento generale alla riforma*, in GHIDINI, *La riforma della legge marchi*, 52; LA VILLA, *Introduzione al diritto dei marchi d'impresa*, 119; VANZETTI, *R. d. comm.* 63, I, 127.

⁹⁸ Trib. Milano 3-2-2002, *GADI* 04, 359.

⁹⁹ App. Milano 18-7-1995, *GADI* 95, 1162; Trib. Torino 22-4-1999, *GADI* 99, 1096.

¹⁰⁰ L. C. UBERTAZZI, *ibidem*, 75, citing other authors that treated the topic of the vulgarization in the dictionary or encyclopedia such as Di Cataldo, Vanzetti, Sena, Spolidoro and Liuzzo.

As it was already mentioned above, the discipline of vulgarization acquired a different perspective with the introduction of the reform of 1992. Indeed, in the past the loss of the distinctive capability of the sign occurred to the exclusivity reactions of the public consumer. Before the 1992 the behaviour of the holder was really controversial in the scholarship and case-laws, indeed it was focused on the “objective theory”; in other words, the forfeiture occurred when the sign had become objectively generic denomination without considering the owner’s behaviour. The distinctive capability constitutes the essential element for the affirmation of the right but also for the conservation of it. According to the case-law of that time, the behaviour of the holder had not to take into account, but the objective perception of the consumers.

Under the reform, it was accepted the “subjective theory”, also according to the European trend. This new theory gave importance to the activity or inactivity of the owner’s trade mark, as it is said in the art. 13.4 i.p.c., that in order to avoid the forfeiture he must adopt a different trade mark from the generic denomination of the product and, in the case of counterfeit operations, he must take action against any attempts of using his trade mark as generic denomination in an improper way. The aim of this modification is principally due to the sense of injustice created by the forfeiture of trade mark without any fault of the owner. Referring to the owner’s actions, he may avoid being considered inactive with a reaction against the third parties’ utilization of his sign and a usage of the trade mark to demonstrate that it is always recognizable. The inactivity demonstrates the lack of reaction to counterfeit and shows indifference in relation to the defense of the trade mark, so that for a part of authors it represents a reason for the vulgarization.¹⁰¹ More difficult to assess is the vulgarization caused by the activity of the holder, indeed the holder may behave in such a way to repute the trade mark as a generic denomination. This could be done by the holder himself in defining the trade mark with a generic denomination, but also in the advertising by rendering that trade mark a synonym of the entire generic category.

Even the advertising investment is protected, in fact the owner is driven to say that it deals with his product, telling the consumers that in the market there are many other

¹⁰¹ L. C. UBERTAZZI, *ibidem*, 76. The inactivity of the holder to protect the sign from vulgarization shows the indifference to the protection so that for many authors it can be seen as a way to “agree” with the forfeiture by not doing nothing to avoid it.

products replaceable and not only goods marked by the successful trade mark.¹⁰² According to other authors there was also an “intermediate theory”,¹⁰³ that constituted a middle field between the subjective and the objective ones in which the active behaviour of the holder was relevant in order to avoid the vulgarization of the sign, but the real forfeiture of the right derived from the objective characteristics of the trade mark in becoming generalized.

The forfeiture leads to the destruction of all the efforts and the economic investments made on trade mark; that is why the holders put resistance to the vulgarization, especially if that specific denomination was used for a long time to indicate a patented product. For this reason, on one side the current legislation rewards the interest for a trade mark conservation even if objectively generalized. On the other side, the competitors’ interest in not asserting the appropriability of the descriptive terms, allows them to use other products with that denomination and collocates them on the market. Even the consumers have the interest to be able to recognize and compare the products or services of the same nature but showed by different enterprises.¹⁰⁴

In conclusion, as it is said for the secondary meaning, in case of generalization not dependent on the activity or inactivity of the holder and so not attributable to holder’s actions, it is possible to avoid the forfeiture. So that, the holder’s competitors can continue to use the descriptive common tool embodied in a sign more complex but containing distinctive variants made by each of them.¹⁰⁵

¹⁰² G. GHIDINI, G. CAVANI, *ibidem*, 75. The authors cited also the Ricolfi’s believes in the sentence relating to the advertising investment. There is an example taken by the trade mark “Roberts” in order to distinguish its products from those of competitors. The claim “*se non è Roberts non è borotalco*” was launched by Roberts in order to remind consumers that in the market there are also products that can replace the successful trade mark in creating a valid replacement option.

¹⁰³ L. C. UBERTAZZI, *ibidem*, 76, talking about the intermediate theory in accordance with other authors, where the behaviour of the holder needs to be taken into account, but the most important thing is anyway the objective generalization of the sign.

¹⁰⁴ G. GHIDINI, *ibidem*, 397, focusing on the two different side of the coin about vulgarization: the interest of the holders and that of the competitor. The holders are, as it can be understood, against the spread of vulgarization, otherwise they rapidly lose all the investment they made on that specific trade mark. The competitors would like to use the same denomination to provide consumers other products. At the same time, even the consumers deserve a mention, indeed they may have the possibility to compare products of the same nature but coming from different enterprises.

¹⁰⁵ G. GHIDINI, *ibidem*, 398, it consists of a trade mark registered and used for a long time, that is why third parties have to apply different variants on the products or services in order to adopt a sign that does not generate confusion.

And again, the generalized sign becomes a weak trade mark, independently from the holder's behaviour both considering the active or passive way, as it is said for the secondary meaning.

1.6 Qualitative guarantee function

The qualitative guarantee function constitutes an essential characteristic for the trade mark, both for the producers but particularly for the consumers. This function acquired more and more value with the development of the commerce on a long distance that interrupts the direct relationship among consumers and producers on a local market. The absence of the direct relation could lead to different issues on the both sides: from the point of view of the producers, they could alter the quality of the products by acquiring raw materials of poor quality or saving on production costs; from the point of view of the consumers, they could not know exactly what they are buying without an appropriate information of all the features related to that product or service and because of this they could take different decision compared to those that they would have get knowing the qualitative characteristics. In these terms, the qualitative guarantee function is intended as a consumer expectation of a constant quality of products marked with that same trade mark. The usage of the trade mark helps in the definitions of the qualitative characteristics; the application of the trade mark on products or services and the opportunity to have an exclusive right thanks to that sign prompts the producers to provide products with the constant qualitative requirement and the consumers to be sure of the product they are buying. In case of positive result, consumers tend to put trust in that trade mark and to purchase again the product while, on the contrary, in case of unfulfilled expectations they tend to be reluctant on the products with that quality and therefore they would not buy anymore the goods made by that producers.¹⁰⁶

Before the reform of 1992, the perception of the qualitative constant guarantee function was similar to the suggestive one, indeed it was considered as a function that could not

¹⁰⁶ N. BOTTERO, M. TRAVOSTINO, *Il diritto dei marchi d'impresa. Profili sostanziali, processuali e contabili*, Torino, UTET, 2009, 5.

take an autonomous role with respect to the distinctive one.¹⁰⁷ It was estimated as a derivative and related to the distinctive function, that remained the only juridically protected and recognized function.

The qualitative guarantee function is strictly linked to the origin function and therefore to the distinctive function, indeed a specific mention to the different type of protection of general trade mark and the special one is needed. The message that they communicate to the public is different, constituting a different discipline. As it has already said before, the general trade mark conveys a message on the origin of the product in favor of the consumers, who can recognize the company and can rely on all products coming from that company as a qualitative function that they have already experienced. So, for the general trade mark the distinctive function performed in line with the indication of the origin function of the products marked by a certain company.¹⁰⁸ While the special trade mark conveys a personalized message according to the specific characteristics of the single product. Even the special trade mark in the majority of cases transmits a message: if the product continues to have that special trade mark over time, it is possible to assume that it comes from the same company and so that it indirectly guarantees the qualitative constancy of the product due to the identical and constant origin. The distinctive function identifies in a function of identity guarantee over time, qualitative and structural or commodity-related constancy.¹⁰⁹

At the beginning, the check on the quality of products offered was not considered by the legislative system. However, the message of the quality was an informative element but without a specific protection. At the time in which there was an indissoluble bond between the trade mark and the company, the check on the quality was implicitly done in order to guarantee to the public the unaltered provenance of the products from the same entrepreneurial core.¹¹⁰ The quality check was assured by the holder of the trade

¹⁰⁷ Trib. Milano, 24-04-1980, GDI, 1981, 220. It denied an autonomous protection to the qualitative guarantee function and to the suggestive/attractive function of the trade mark with reputation; and again, Trib. Milano, 12 maggio 1980, in *Riv. dir. ind.*, 1983, 305.

¹⁰⁸ A. VANZETTI, V. DI CATALDO, (n. 9), 154.

¹⁰⁹ A. VANZETTI, V. DI CATALDO, *ibidem*, 155.

¹¹⁰ There was a practical difficulty in proving the constant qualitative function. Cfr. MANSANI, *La funzione di indicazione d'origine del marchio nell'ordinamento comunitario*; the practical application of the regulations on the constant qualitative function, especially with the license concession, caused many issues. In the transfer of the license it is difficult to determine when

mark especially in the case of license. At that time the duty of the holder to check the quality had a double effect: on one side, not being regulated by any law, it may go in contrast with the free movements of goods; on the other side, the absence of quality control may lead to a deceptive message, bringing the public in confusion in relation to the provenance of the good or to the transfer of trade mark.

In this context new regulations based on the deceptive theme has arisen with the aim to prohibit the use of trade mark in a way to deceive consumers especially on the nature, the quality or the provenance of products or services. The principle banning the use of deceptive trade mark, is specified in articles such as 21.2 i.p.c., 23.2 i.p.c., 23.4 i.p.c. and in its general view it prohibits the qualitative worsening on goods marked with the same trade mark without an adequate information. The prohibition of the deceptive use acquired over time an extended protection, indeed the number of situations in which it is present the co-existence of the sign increased more and more. This is due to the legislative innovation that had to regulate the relationship among trade marks registration, and so to the valuation of the obstacles that could be bring up by the trade mark holder of the previous registration. After letting the decision to the previous trade mark holder, it was necessary to establish a new balanced regulation in which the use of a deceptive trade mark constituted a cause of decadence that could be claimed by anyone was interested.¹¹¹

The scope of the new terms of protection was also to assure the truth of the message as a guarantee to consumers. The truth of the message was strictly linked to the quality and the origin function of the trade mark; indeed, the absence of the deception contributed to ensure the primary distinctive function of the trade mark and to protect the public from an eventually misrepresentation of the market situation. In conclusion, the holder must inform the public on the origin and on any changes occurred and must verify the correspondence of the message launched in order to guarantee the information on

the licensee can modify the characteristics of the trade mark acquired and so the duration in which the licensee has to maintain the same constant qualitative function in order to respect both the licensor and the public. It is also difficult to determine if the non-respect of that regulations can lead to an invalidation of the cession. Another problem was when the object of the transfer was no more the trade mark but the stock or the share; in this case the ownership of the decision of the product to insert in the market with the trade mark of the cession radically changed, but the formal ownership of the trade mark remained unaltered.

¹¹¹ M. RICOLFI, *Trattato dei marchi diritto europeo e nazionale*, Volume I, Giappichelli, Torino, 2015, 58.

products quality. Thus, the quality may represent a way to distinguish a trade mark with all its features.

The qualitative guarantee function, according to the scholarship and the case-law, represented an aspect of the distinctive function and for this reason could not possess an autonomous function.¹¹² Even nowadays the guarantee function of qualitative consistency is deprived of any legal basis. However, it is possible to argue that the innovations introduced in 1992 added to the traditional protection of the trade mark distinctive function the prevision of a guarantee pertaining to the absence of deception on the essential characteristics in the public's evaluation.¹¹³ The innovations referred to all the typologies of trade mark and not only to the one with reputation; the function of trade mark as expression of a standard of quality could be seen in the case of license, as it has already said, because the trade mark holder must put attention on the quality of the licensees' products, that in its turn must respect the characteristics of the trade mark in object. In these measures, the provision sanctions the deception of trade mark referring to a principle of truth, that has to inform the discipline and the public, and to a non-deceptive status¹¹⁴ defined in the effective expression.

¹¹² Cfr. VANZETTI, *Funzione e natura giuridica del marchio*, the author denied the protection of the guarantee function of trade mark from the legal point of view, at least the doctrine does not impose a commitment for the holder of the trade mark to align the production on constant qualitative level. But also, the same author affirmed that the trade mark holder can vary the qualitative level of production. See also MANGINI, *Funzione del marchio e interessi dei consumatori: ancora sulla giurisprudenza comunitaria in tema di diritti di marchio*, in *Riv. Dir. Ind.*, 1979, I, 96; in which he affirmed that the qualitative guarantee function consists of an aspect of the distinctive function in the form of indication of origin and cannot acquire an autonomous function.

¹¹³ M. RICOLFI, *ibidem*, 59, talking about the innovation introduced with the reform of 1992, the author mentioned also the guarantee function with the aim at preventing the use of deceptive trade mark that could divert the choices of consumers.

¹¹⁴ M. RICOLFI, *ibidem*, 60. See note 197 in which he mentioned other authors such as A. VANZETTI, V. DI CATALDO, *Manuale di diritto industriale*, 157; C. GALLI, *Lo "statuto di non decettività" del marchio: attualità e prospettive di un concetto giuridico*, in *Studi in memoria di Paola A.E. Frassi*, Giuffrè, Milano, 2010, 371; but even previous work of P. FRASSI, *Nullità assoluta e relativa del marchio. Osservazioni in margine al d.lgs. 1999/447*, in *Riv. dir. ind.* 2000, I, 164.

1.7 Advertising function

In the social-economical context the trade mark acquired, over years, different meaning to whose the legislator did not give space as an autonomous discipline. It is possible to find the distinctive sign that obtained value in itself thanks to the advertising function, enabling an emotional attraction for the potential consumers. It has developed a passage from the trade mark as a sign to indicate the origin to a real and proper symbol. Indeed, the advertising function assumed a much more important role than the traditional origin function intended as a label in the moment of a message evocation in the consumers' mind. Indeed, the aim is to institute a continue evocation in the consumer's mind such that the evocation of that specific goods would not be replaceable with other goods of the same commodity class.¹¹⁵ The passage from a mere sign to a symbol can be underlined by the initial consideration of an informative tool to a follow observation of an emotional instrument released by the product respectively. Trade mark became a messages bearer enabling to evoke rewarding images for the purchaser of the product or the service.¹¹⁶

This change was not considered before the reform, where the only juridically protected function was the one related to the indication of products origin, but instead it gained more importance with the reform of 1992 in which the major social and legislative characteristics were revalued. The notion of trade mark become more articulated than the traditional one upgrading the suggestive element that can create an establishment in consumers' mind, the so called selling power.

The advertising function is found at all level of the discipline of trade mark, even if it was thought that it is more reserved for the reputed trade mark as they are endowed with a powerful attractive power.¹¹⁷ The protection level of trade mark has increased after the

¹¹⁵ Thanks to the correct marketing strategies, the product, even if it is imitated by a competitor but it constitutes a unique brand, it continues to have value over time and to conquer the consumers' preferences on the market.

¹¹⁶ C. GALLI, *Il marchio come segno e la capacità distintiva nella prospettiva del diritto comunitario*, in *Dir. Ind.*, 2008, 426.

¹¹⁷ There were many conflicting opinions in relation of the functions assumed by the trade mark, especially for the functions that differ from the distinctive one. In this case the attractive function obviously has a more powerful influence with the reputed trade mark as it has a greater strength, but it has an influence even to all the level of trade mark.

1992, indeed it had not taken in consideration the only distinctive function intended in the traditional way. The extended protection occurred especially for a typology of trade mark: the reputed trade mark or the trade mark with reputation, but it will be explained on the next chapter. Trade marks holders can enjoy the attractive function, apart from the distinctive one and the indication of origin always present, especially when he possesses reputed trade marks, that unlike the ordinary ones persist in the market for several years and for this reason they are utilized in various communication channels for the advertising service.

With the changes due to the reform, the restricted transfer and the bond between trade mark and company are fading so that the selling power of the trade mark acquired more importance in order to attract new consumers and increase the loyalty of the actual consumers. The attractive function focused on the evocation of different traits such as: a combination of values, meanings, associations, emotions that structured physically in the object of trade mark and then impressed in consumers' mind. Thus, the marketing choices started taking a huge weight, while before the reform were almost nonexistent. The distinctive function, after the reform, may be intended in an extensive way with respect to the traditional vision, including the exploitation of the attractive function and the advertising power of the sign. However, the doctrine was not oriented to assign to the advertising function an autonomous function of protection. Over years, the distinctive function of indication of origin did not constitute the only juridically protected function but acquired more value even other features such as the suggestive one. Indeed, over years, not only the connection between trade mark and company completely changed but also the discipline of protection. Therefore, the distinctive function is no more the only one juridically protected but even the attractive function acquired an extension of protection. With the last one function, the commercial value, also known as the selling power, obtained an autonomous protection. The reform of 1992 completely subverts the traditional system: the protection of the attractive function is explicitly recognised.

In order to determine an eventually counterfeit action, the Court of Justice takes into account even other functions of the trade mark and not only if the sign interferes with the distinctive sphere of that trade mark; rather if it interposes with other protected

functions that do not constitute a distinctive use, but it is perceived like that by the public. So that after the reform of 1992 the prejudice, deriving from the use of the sign, affects all the function of trade mark, in fact in the sentence C-487/07 of L'Oréal it is said that the counterfeit action takes place: *“even where such use is not capable of jeopardising the essential function of the mark, which is to indicate the origin of the goods or services, provided that such use affects or is liable to affect one of the other functions of the mark”*.¹¹⁸

The value of the advertising function shifted the balances, indeed in the past the protection was assured according to the consideration of the consumers following the experiences of their purchases, while nowadays it is proportionate to the quality and quantity of the advertising and promotional power of the sign, so to the selling power. This protection is also extended to different market segments in which the holder is not directly participating or productive.¹¹⁹ So that the pro-competitive scope of the trade mark fades, in fact it is no more about allowing the consumers to choose among the best supplies of the company but instead to give protection to its promotional and advertising investment. According to Ricolfi there are three different way to protect the advertising investment and the selling power of the trade mark.

The first one is the argued topic in the United States, in which the system would have to protect the uniqueness of the trade mark once it had become famous, impeding anyone to use a similar sign for any kind of goods.¹²⁰

The second one constitutes the exact opposite and is identifiable in the solution of the United States with the Trademark Dilution Revision Act (TDRA) of 2006. This regulation did not aim to protect the uniqueness of the trade mark, even if it is in favor of the extension of the trade mark protection; the protection is considered valid for a second sign of non-similar goods, but the usage of the successive trade mark must

¹¹⁸ JUDGMENT OF THE COURT (First Chamber) 18 June 2009, cit. L'Oréal case, 65.

¹¹⁹ M. RICOLFI, *ibidem*, 49 stating that the extensive protection given to trade mark thanks to the advertising function and especially he focused on the different situation from the past to the present giving importance to the selling power of the trade mark and to the “de-specialized” protection: meaning that the holder is not an active participant to the advertising and promotional functions.

¹²⁰ M. RICOLFI, *ibidem*, 50. See note 157 in which he talked about a double absolute protection: on the one side regardless the risk of confusion and on the other side regardless the other functions of trade mark such as the qualitative and the advertising ones.

provoke a prejudice with respect to the former. Thus, it could be protected even in the absence of the likelihood of confusion. The forbidden prejudice in the US takes the form of dilution of the trade mark power in the market and splits up in two: the dilution by blurring and the dilution by tarnishment. The former consists in the mudslide of the distinctive character of the prior trade mark,¹²¹ while the latter consists in the mudslide of the prior trade mark due to negative association invoked by the successive trade mark.¹²² The third one is highlighted in the European right of trade mark, including also the Italian discipline, and it is located halfway between the two extremes of the United States. As it is mentioned above, the extension of protection is linked not only to the negative association (prejudice) of the use of the second trade mark on the first, like in the United States, but also to the positive association so to the unfair advantage that the second trade mark gained from the distinctive character or from the reputed trade mark of the previous one.¹²³

The extended protection gave the possibility to consider a new typology of function, besides the distinctive and the indication of origin, that is the advertising function also known as promotional, suggestive and attractive. One of the changes introduced with the new reform, as already said, is the one that allow the registration of the trade mark to anyone, even to those that are not directly interested in the production of that specific goods but instead may be interested in the sale or license. So that, the right to obtain the registration could be asserted also to those that have invested in the promotion of the sign in creating an advertising function.¹²⁴

¹²¹ The dilution by blurring occurred when the use of the successive trade mark damages the correlation between the prior trade mark and the goods associated. Even with the absence of the risk of confusion, the presence of the successive trade mark in the market may decrease the effectiveness of the prior trade mark as an identifier of the goods.

¹²² The dilution by tarnishment occurred when the entrance in the market of a following trade mark creates a negative association of the prior trade mark in the consumers' mind.

¹²³ M. RICOLFI, *ibidem*, 53. See note 162 in which the author pointed out how the difference of the two systems was identified by authors, such as: B. BEEBE, *A Defense of the New Federal Trademark Antidilution Law*, 1164; C. GALLI, *Protezione del marchio e interessi del mercato*, in *Studi di diritto industriale in onore di Adriano Vanzetti*, I, 661; from the conclusions of the General Lawyer Jacobs of 10 luglio 2003, cause C-408/01, *Adidas-Salomon AG e Adidas Benelux c. Fitnessworld Trading Ltd.*, in *Racc. 2003*, I, 389.

¹²⁴ It constituted a real change in the topic of the trade mark. At the beginning, and so before the reform of 1992 the registration was permitted only to those that proved the use corresponding to the juridically protected function. While now, this decision leads to a completely detachment from the old regulation.

At the same time, another phenomenon of extended protection is given by the “piracy” of trade mark, in which the prior and the successive trade mark are identical. This makes up the theme of the double identity, where the protection is granted not according to the likelihood of confusion but according to possible forms of parasitic advantage of the prior trade mark promotional investment. The discipline of the double identity, over years, counts other phenomena such as the online usage of third parties trade mark and the comparative advertising, that will be treated in the third chapter. The advertising function in the case of double identity became a necessary requirement for the protection, even for the trade mark without reputation.¹²⁵

The evolution of the protection of the trade mark discipline led to a various view on the base of protection. In particular if the protection of the trade mark would extend to any kind of interference on the different functions, so that not only to the distinctive character but also to the qualitative and advertising ones. The basis of the protection would be identified with any kind of prejudice to the trade mark in question in which the likelihood of confusion would constitute a special case.¹²⁶

Nowadays, with the free circulation of trade mark without any bond to a specific company and its extinction rights, the advertising function asserts its presence. These updated legislative regulations give the possibility to new contractual exploitation of the economic value of the trade mark such as the merchandising, that was forbidden in the past.

It is possible to mention also the investment function that in some case could be integrated with the advertising function; however, the Court of Justice in the Interflora case affirmed that the investment function is not less distinct that the others. Indeed, not only the advertising but even different commercial techniques are employed when the trade mark is used to acquire or preserve reputation. The investment function is defined in the same decision as when: “*a trade mark may also be used by its proprietor to*

¹²⁵ M. RICOLFI, *ibidem*, 55, stating that the author introduced the concept of the double identity and linked it with other phenomena such as the use online of others trade mark and the role of the comparative advertising, that will be treated later. So that in this context, the concept of piracy grew up.

¹²⁶ M. RICOLFI, *ibidem*, 55. See note 175 in which he mentioned other authors, who considered relevant the advertising function even for the ordinary trade mark and not only the ones with the double identity; such as: D. SARTI, *I Segni distintivi e denominazioni di origine*, 69-70; C. GALLI, *Funzione del marchio*, 110, 163; but even before the reform of 1992 G. SENA, *Brevi note sulla funzione del marchio*, in *Riv. dir. ind.* 1989, I, 5.

acquire or preserve a reputation capable of attracting consumers and retaining their loyalty".¹²⁷ The proprietor's use to acquire or preserve a reputation is jeopardized by the third party's use, identifiable with the competitor, of an identical sign to that of the proprietor's registered trade mark; in that way, the investment function would be adversely affected. Moreover, if the trade mark "*already enjoys such a reputation, the investment function is adversely affected where use by a third party of a sign identical with that mark in relation to identical goods or services affects that reputation and thereby jeopardises its maintenance*".¹²⁸ In those cases, the trade mark proprietor is entitled to prevent the third party use under art. 5.1/a of the Dir. 89/104/EEC.

At the same time, it is important to underline that if the third party's use is done within fair competition and so respecting the trade mark's function as an indication of origin, the proprietor is not allowed to prevent the third party use of that sign if the only consequence is the adaptation of the efforts to "*acquire or preserve a reputation capable of attracting consumers and retaining their loyalty*". And finally, the fact that some consumers may no longer buy products or services bearing that trade mark cannot be considered as a violation of the proprietor's right.¹²⁹

¹²⁷ CJEU, 22 September 2011, Case C-323/09, *Interflora vs Marks & Spencer*, especially at point 60 in which it is defined the investment function.

¹²⁸ See the *Interflora* case (C-323/09) especially at point 63.

¹²⁹ See the *Interflora* case (C-323/09) especially at point 64 in which the trade mark's proprietor cannot prevent competitors to use a sign that is identical to that of the trade mark "*in relation to goods or services identical with those for which the mark is registered*", if the use follows the conditions of the fair competition.

Chapter II

The role of trade mark with reputation

SUMMARY: 2.1 Different views and definitions – 2.2 The protection of “famous” trade mark before the reform of 1992 – 2.3 The innovation after the reform of 1992 and the notions of trade mark with reputation – 2.4 The sentence of General Motors – 2.5 The notion of prejudice and unfair advantage – 2.6 The concept of “connection” – 2.7 The due cause

2.1 Different views and definitions

Before giving any explanation, it is important to focus on the social-economic environment in which the concept grew up, especially on the Directive 89/104/EEC (substituted by the Directive 2008/95/EC and then by the Directive 2015/2436) issued with the preparatory work for the enactment of the Regulation 40/94 (then regulation 207/2009 and now Reg. UE 2017/1001) on the community trade mark. In this way, the national legislation has been modeled following the discipline of community trade mark, indeed the aim was to align the content of the Directive with the one of the future regulation and of course in order to have a certain correspondence between the national laws and the communitarian ones. It was possible to avoid gap with the community laws; in order to make the national and communitarian law equally adopted such to prevent any discrepancies in the discipline.

The discipline included a series of laws on the theme of trade mark according to which the member states had to conform their regulations. Some of them regarding the principles of registration, validation, invalidity and some others the content of the national rights. The main scope of the directive, such as to adapt the member states legislation to the communitarian one, concerned the abolition of the obstacles regarding the free movement of goods.¹³⁰ In order to reach the goal, it was not necessary to

¹³⁰ See the Directive 89/104/EEC especially the first “whereas” in which it is said that: “Whereas the trade mark laws at present applicable in the Member States contain disparities

modify all trade mark laws of the Member states, instead it was sufficient to limit the national provisions that directly affect the internal market.¹³¹ Others of them were not mandatory but actually gave the possibility to the member states to translate the content of that discipline in a national law.

Starting from these ideas the Italian legislator took the opportunity to develop and innovate in more points the old law of trade mark of 1942.

First of all, focusing on the topic of trade mark it is relevant to state the notion of notoriety and asking what it includes. The Italian translation of the Directive used the term notoriety, while in “*legge marchi*” the term adopted was reputation; so, as it was decided to follow the principles of the old law of 1942, the expression of notoriety has been found out to be unusable because the art. 17 l.m. gave a different meaning and a more restricted one.¹³² The trade mark that benefited from notoriety, at the time of the old regulation, was that one that has been considered an object of “*preuso*”,¹³³ indeed it possessed the requirements to subtract the novelty principle to a trade mark registered in a second moment for goods of the same genre.

Then, even the expression of renowned trade mark has been avoided otherwise it would have led in difficult interpretations with respect to the extra-commodity protection.

which may impede the free movement of goods and freedom to provide services and may distort competition within the common market; whereas it is therefore necessary, in view of the establishment and functioning of the internal market, to approximate the laws of Member States”.

¹³¹ See the Directive 89/104/EEC especially the third “whereas” in which it is said that: “Whereas it does not appear to be necessary at present to undertake full-scale approximation of the trade mark laws of the Member States and it will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market”.

¹³² The art. 17 of the old “*legge marchi*” was about what signs were not considered new at the moment of the request for application. The entire article is available on EDILPORTALE, <https://www.edilportale.com/normativa/regio-decreto/1942/929/legge-marchi-italiana-ai-sensi-del-regio-decreto-no.929-del-21-giugno-1942-e-successive-modifiche.1614.html>

¹³³ The “*preuso*” is a situation in which a trade mark obtains the registration in a following moment thanks to its usage. It is regulated by the article 9 of the R.D. 21 June 1942 n. 929 and leads to many different juridical consequences that depend on various factors such as the territorial diffusion of the trade mark, the attribution of that trade mark to products of the same category and the ownership of the right. The most interesting aspect is the one related to the diffusion on the territory of the trade mark and especially two of them that marked similar products. The legislation tends to give protection to the one that effectively used the trade mark before the registration if in a continuative way through time. More information are available on <https://digilander.libero.it/quadernigiuridici/preuso.htm>

The Italian legislator based the so long-awaited expression on a different version of the directive and especially on the French one, in which it talked about a “*la marque renommée*”,¹³⁴ combining both the renowned trade mark and the well-known trade mark.

The notion of trade mark with reputation has acquired value only after a period of different points of view, of different theories and of different definitions. The path that brought to the definition and protection of the trade mark with reputation has been full of obstacles, indeed it has passed from the first interpretation of “famous” trade mark to the current one in force. The reform of 1992 represented a real turning point even in the theme of reputed trade mark; therefore, the chapter will retrace the main aspects of the protection of “famous” trade mark before the reform of 1992 and the innovations introduced with the reform itself proceeding to the definition of trade mark with reputation. The elaboration of the passage will be combined with other explanations, such as the concept of connection, the role of prejudice and unfair advantage and other details treated later.

The specific notoriety of trade mark constitutes an element for the determination of the protection not only for the discipline of trade mark with reputation¹³⁵ but also in relation to the others functions attributable to that trade mark such as the investment, communication and advertising functions, that emerged only with well-known trade mark.¹³⁶ The case-law, over time, has affirmed that the more a trade mark benefits from the notoriety the more the protection is enlarged provoking other consequences: from the expansion of the similarity concept to the acquisition of an extra-commodity protection, for reputed sign.¹³⁷

¹³⁴ D. BRANDT, *La protection élargie de la marque de haute renommée au-delà des produits identiques et similaires, Etudes de droit comparé*, Genève, Librairie Droz, 1985. The notoriety and the reputation constitute two notions very close one another but they manifested at a different degree: the notoriety is less intense than the reputation, as it is considered at a low level. Then, the two concepts show two different effects: the notoriety remove the territorial obstacles for protection, while the reputation do the same with the addition that it repulses in other things the professional limits for trade mark rights.

¹³⁵ It is possible to find the discipline of trade mark with reputation in the i.p.c. and especially in articles 12.1/e and 20.1/c.

¹³⁶ A. VANZETTI, V. DI CATALDO, (n. 9), 242.

¹³⁷ The judgment of the Court in the case of Lloyd on 22 June 1999 affirmed that: “marks with a highly distinctive character, either per se or because of the recognition they possess on the market, enjoy broader protection than marks with a less distinctive character”.

The protection of trade mark with reputation is contained in the i.p.c. and in the Regulation on the EU trade mark, respectively in the art. 12.1/e/f i.p.c. regarding the novelty requirement, in the art. 20.1/c i.p.c. relating to protection against the counterfeiting, in the art. 8.5 on the relative ground for refusal and in 9.2/c on the rights conferred by an EU trade mark of the Reg EU 2017/1001. Before the introduction of the Regulation of 2017, the same topic was treated even on the community trade mark, indeed Italian legislator introduced the enlarged protection of the trade mark with reputation in compliance with CTMR and so the other communitarian legislations. The introduction of the new discipline, due to the reform of 1992 that implemented the previous Directive 89/104/EEC, brought to many interpretative issues both discussed in the Italian scholarship and in the case-law. The main problem of interpretation was based on the definition of trade mark with reputation and specially on what the expression refers to. Many authors debated on the content of that expression, which did not correspond to the previous “famous” trade mark, instead it is even wider. Someone believed that the notion overlapped with the concept of “*renowned trade mark*”, giving a restricted interpretation of it;¹³⁸ other authors assumed a wider notion including both renowned trade mark and trade mark simply known, the latter being able to acquire importance, for e.g., in a limited territory.¹³⁹ Another part of the doctrine focused on the enlarged protection, so that to be considered a trade mark with reputation it had to occur at least one of the two elements constituting the protection: the unfair advantage or the prejudice. It gave the possibility to enlarge the protection even to trade mark simply known, in a limited territory or in a limited field.

The category of trade mark with reputation, besides the unfair advantage for the competitor and the prejudice for the holder, protects even the trade mark that suffer from prejudice due to the usage of third parties. The prejudice arises with the more and

¹³⁸ M. FAZZINI, *Prime impressioni sulla riforma della disciplina dei marchi*, in *Riv. Dir. Ind.*, 1993, I, 161, but also Vanzetti in his first view on that topic, then completely revisited: VANZETTI, *Commento alla Direttiva CEE del 21 dicembre 1988 sul ravvicinamento delle legislazioni degli Stati membri in materia di marchi d'impresa*, 1443.

¹³⁹ Cfr. BASTIAN, *Il marchio celebre nel diritto europeo dei marchi e nella giurisprudenza della corte di giustizia europea*, in *Studi in onore di A. Vanzetti*, Milano, Giuffrè, 2004, I, 122; GALLI, *Funzione del marchio e ampiezza della tutela*, 211, ID., *La protezione del marchio oltre il limite del pericolo di confusione*, 27; GHIDINI, said that with the reform “*ogni marchio è potenzialmente un «marchio rinomato»*”; RICOLFI, *I segni distintivi, Diritto interno e comunitario*, Torino, Giappichelli, 1999.

more knowledge the trade mark has acquired over time, so when it is known by the public. It is possible to notice two different point of view according to the Italian case-law and to the communitarian one.¹⁴⁰ For the former it is possible to talk about reputation when the trade mark is known by a very high percentage of consumers such that it may acquire a suggestive or symbolic value thanks to the investment on advertising, while for the latter it is sufficient that the trade mark is known by a significative part of consumers interested on that specific products or services marked. The elements utilized to measure if the trade mark is known by the public are almost the same used to determine the distinctive capability, as mentioned on paragraph 1.5.1, so the market share, intensity, geographical extension, duration of the use of trade mark, adverting investment made to promote it.

The category of trade mark with reputation is not a delimited and closed one but, on the contrary, it is possible to affirm that it is open, indeed once a trade mark has acquired an attractive capacity and has developed the same function it is protected by law.¹⁴¹ The open category is anyway constituted by a maximum and a minimum threshold:¹⁴² the maximum limit included the renowned trade mark as defined by the previous case-law and which are capable to give an evocative sensation in fact “*Some brands are transformative: opening a Tiffany package will feel different from opening a Macy’s package – the feeling will be more intense, more special. Further, the wearing of a Tiffany bracelet may even make the wearer feel more attractive and confident*”.¹⁴³ In order to constitute a maximum limit, the trade mark must be known to the great majority of population even to whose had never purchased or tried the products marked. The minimum threshold is given by the trade mark that do not reach a high degree of notoriety and that is known only by a specific segment of the population.

¹⁴⁰ L.C. UBERTAZZI, *ibidem*, 108.

¹⁴¹ L.C. UBERTAZZI, *ibidem*, 108. He reported the concept expressed by MASSA, *Funzione attrattiva e autonomia del marchio*, 140 in which once a trade mark acquired the attractive capability is also able to develop the same function and for this reason it tended to be protected by law.

¹⁴² L.C. UBERTAZZI, *ibidem*, 108, noting that the category of trade mark with reputation is an open one with two extremes. At the vertex the sign that are well-known by the great majority of population, on the contrary at the basis only the sign known by some segments of population. It is possible to see the affirmation of this concept in the works of Ricolfi and Abriani.

¹⁴³ J. B. SWANN, *Dilution Redefined for the year 2002*, in G.B. DINWOODIE– M.D. JANIS, *Trademarks and Unfair Competition: Law and Policy*, 20.

The first one at the vertex would benefit from an extended protection in any commodity sphere, while the second one at the basis would benefit from protection only if the consumers could lead a connection to the sign.

The degree of knowledge in order to define the notoriety may be reached when the previous trade mark is known by a significant part of the public, which is interested in those products or services identified with that trade mark.¹⁴⁴

2.2 The protection of “famous” trade mark before the reform of 1992

The protection of the “famous” trade mark arose as the protection of “*renowned trade mark, super well-known or of high reputation*”. The trade mark holder had the necessity to identify another category that is different from the ordinary one in order to exploit the sign. The holder had the interest to make sure that his sign is not used neither to distinguish different products in order to have the possibility to eventually exploit it in the future or to avoid the weakening of the attractive power. With the creation of the new category the holder acquired an enlarged protection, in fact the current law has already provided a protection to whom used an identical trade mark for identical or similar products, while the new one assured a protection also for different products, this last point on the contrary was not dictated by law.

The first problem was so related to the judicial definition, as already mentioned for the trade mark with reputation, that created a discussed debate. Some people located the “famous” trade mark in those that are known and appreciated by the public, others believed that it identified those trade mark that benefited from an intense advertising, and again others located it outward the genre limit, considering that it should be defined as famous trade mark the one that is known out of the regular buyers.

Another author considered the notoriety or fame and the symbolical value in a completely different way, using the definition of famous trade mark to indicate those

¹⁴⁴ G. SENA, *Il diritto dei marchi. Marchio nazionale e marchio comunitario*, Milano, Giuffrè, 2007, 152; N. BOTTERO, M. TRAVOSTINO, *Il diritto dei marchi d'impresa. Profili sostanziali, processuali e contabili*, Torino, UTET, 2009, 157; M. RICOLFI, *I segni distintivi di impresa*, in P. AUTERI, G. FLORIDIA, V. MANGINI, G. OLIVIERI, M. RICOLFI, P. SPADA, *Diritto industriale. Proprietà intellettuale e concorrenza*, Giappichelli, Torino, 2009, 126; A. VANZETTI, V. DI CATALDO, *Manuale di diritto industriale*, 246.

that acquired a certain notoriety and the definition of evocative trade mark for those that had acquired a symbolical value and reminded to a certain image.¹⁴⁵

The case-law before the 1992 did not find the requirements to distinguish a renowned trade mark from the ordinary one. Indeed in the case of the trade mark Biki, the Court only said that the celebrity of the trade mark deserved a special protection and especially an enlarged one but did not explain a concrete definition.¹⁴⁶

Thus, different views were elaborated; there was not a clear method of distinction between the ordinary trade mark and the reputed one. Someone said that the essential element of the reputed sign was to be known outward the area of product consumers.¹⁴⁷

For somebody else the elements from which deserved notoriety were different:¹⁴⁸ *a*) the association of the same trade mark to products in distant commercial sector; *b*) the usage of the trade mark by its holder in different productive sectors in order to create expectations of the enterprise expansions in consumers' mind; *c*) the acquisition of trade mark notoriety in different sectors from the original one. Again, other authors believed that the renowned trade mark had developed the fame thanks to the constant and intense advertising such that it had acquired a commercial success, in fact the goods marked with that trade mark were appreciated by the consumers. Especially, others focused more on the point of view of purchasers that knew the goods outside the commodity production source in which it was normally applied.

The main common aspect is the usage of the trade mark in a different sector from the original one, moreover another decision added the creation of the same success for the different products.¹⁴⁹ Finally, according to another decision of the Court, the element to expand the protection was to be found in the likelihood of confusion, such that it could be granted only if the public believed that the products come from the same enterprise.¹⁵⁰

¹⁴⁵ F. LEONINI, *Marchi famosi e marchi evocativi*, Giuffrè, Milano, 1991, 130, stating that the symbolical value constitutes “*un genus a sé stante*”.

¹⁴⁶ Trib. Milano, 30 maggio 1974, in *Riv. Dir. Ind.*, 1983, II, 223. It is one of the first case in the theme.

¹⁴⁷ L.C. UBERTAZZI, *ibidem*, 111. See App. Milano 05-09-1986, *GADI* 86, 462; and App. Genova 14-01-1986, *GADI* 86, 330.

¹⁴⁸ L.C. UBERTAZZI, *ibidem*, 111. See Trib. Milano 18-04-1983, *GADI* 84, 174.

¹⁴⁹ L.C. UBERTAZZI, *ibidem*, 111. See Trib. Bassano del Grappa 15-12-1990, *GADI* 94, 163.

¹⁵⁰ L.C. UBERTAZZI, *ibidem*, 111. See Trib. Vicenza, 28-10-1993, *GADI* 94, 462.

The Court of Cassation differentiated the renowned from the ordinary trade mark according to the public consideration. In other words, the public connected to the trade mark a product with good quality, so they would purchase other goods on the market with the same trade mark, imagining that even those new products would have been with the same quality characteristics. The renowned trade mark was so an object of intense advertising used for products that were appreciated by the public and that were present on the market. To confirm this thesis even other Tribunals affirmed that a trade mark could become renowned when the products marked with the same trade mark would have used in different sectors with the same success of the previous, being appreciated by the public.

The interpretation of the notion given by the case-law and the doctrine was really restricted, considering nowadays the extent of the notion of trade mark with reputation.

A further problem in relation to the restricted interpretation that did not afford the affirmation of the enlarged protection to the renowned trade mark was the principle of speciality, that did not make a difference between the renowned and the ordinary trade mark. The only notoriety of the trade mark was not sufficient to assess the exceeding of the products distance especially if the trade mark holder used it for only one genre of products.¹⁵¹

The principle of speciality, as already seen in the previous chapter, determined the limit of the likelihood of confusion; furthermore, it was in line with the protection against the likelihood of confusion concerning the origin of products and services.

The principle of speciality at that time, was affirmed in the art. 2569 c.c. according to which the trade mark must be used by the proprietor in an exclusive way concerning the things for which it had been registered; so the registered trade mark holder could enforce his exclusivity only referring to the typology of products for which it was requested the registration. The first attempt of expansion of the principle of speciality was linked to the concept of similarity, according to which the registered trade mark could comprehend also the products considered similar.

However, the main issue concerning the discipline of renowned trade mark was to identify the possibility to overcome the principle of speciality when the renowned trade

¹⁵¹ L.C. UBERTAZZI, *ibidem*, 112. An example of trade mark used to indicate only one genre of products is the Coca-Cola.

mark was used by third parties for non-similar products and so for those that were different from the holder in order to avoid the dilution of the attractive capacity acquired by the sign.

A small part of the Italian scholarship, based on the art. 11 l.m.,¹⁵² tried to overcome the principle of speciality and so to extend the protection to non-similar products. The article did not specify the exact typology of products for which it could bring the consumers in confusion about the entrepreneurial origin but instead it mentioned the deceit and confusion as strictly correlated; indeed, from the deceit of the third parties use of renowned trade mark derived the confusion with third parties' activities so that the public believed in a bonded relation between the old and the new usage of the sign. The adoption of renowned trade mark could led the consumers in confusion not only in relation to identical or similar products but also when they were different. The usage of the renowned trade mark increased the likelihood of confusion because it was extended to cases in which the public, even if aware that the products were not similar, assumed that the one who produced the first product was also the same that produced the second product. Again, the public considered that, even if the enterprises were different, it could exist an economic or commercial bond among them.¹⁵³ Indeed, the purchasers could believe that the products marked with the same renowned sign came from the same enterprises, even if the goods were very different from the commodity point of view.

While, the other part of the scholarship, although aware in the interest of an enlarged protection for the sign of renowned trade mark holder, linked this protection to the distinctive function of the trade mark and consequently to the limit of the likelihood of confusion.

¹⁵² The art. 11 l.m. from the law of 1942 forbade the deceptive or muddle use of the sign, by dictating: *"It is not allowed to use the trademark in a way contrary to the law nor, in particular, in order to generate confusion on the market with other signs known as distinctive of products or goods of others, or to be misled in any case in the choice of the same with respect to nature, quality or provenance of the products or services, or to harm the exclusive rights of third parties, such as patent rights for industrial invention, or patent rights for industrial model, or copyright"*.

¹⁵³ G. GUGLIEMMETTI, *La tutela del marchio di alta rinomanza*, 295. The author asserted the necessity to enlarge the protection of the renowned trade mark and to extend the notion of the similar products. Even if, he did not consider a risk of confusion for the renowned trade mark when the degree of specialization is high and when the product distance is remarkable.

Before the reform of 1992, the Italian case-law admitted the existence of the dilution phenomenon but without giving an exact definition or the relative consequences that could have been verified on the protection of trade mark, indeed the theory was stated and identified in other abroad countries because the Italian judges were more focused on the speciality principle as a mandatory concept.¹⁵⁴

Beside the fame acquired, the primary believe at that time was to consider those trade mark protected only in relation to the limit of the principle of speciality, so that a trade mark was protected only in relation to a certain genre of product and to the similar ones.

The notion of similarity acquired importance for the determination of the limit of renowned trade mark protection, the main elaboration of the theme went to an interpretation in favor of the protection of trade mark holder against the likelihood of confusion and the risk of deception for the consumers. The starting point of the similarity concept focused on the product itself, then it moved to the legal function of the trade mark intended as a function of the indication of production source, and finally it extended to a complete context taking into consideration the whole distinctive function. At the beginning were considered similar those products that for their nature were linked to the product marked or were used to satisfy the same needs of the same consumers.

Anyway, this belief was overcome as it was inadequate to avoid the confusion and the deception of the consumers on the origin of different products coming from the same enterprise. According to that views, the Courts started to interpret the notion of similarity in the way of the distinctive function of products origin; consequently, products coming from the same production source, according to consumers' ideas, were considered to be similar.¹⁵⁵ The evolution of the case-law confirmed the necessity to declare how the trade mark would be perceived by consumers in order to define the

¹⁵⁴ L.C. UBERTAZZI, *ibidem*, 112. See references from Trib. Milano 12-02-1980, *R. d. ind.* 83, II, 305; Trib. Milano 24-04-1980, *GADI* 81, 220; CORRADO, *I marchi dei prodotti e dei servizi*, 263; GHIDINI, *La concorrenza sleale*, *Giur. Bigiavi*, 35; PESCE, *Territorialità del marchio ed effetti della circolazione internazionale del marchio notorio*, in *Problemi attuali del diritto industriale*, 192.

¹⁵⁵ Cass., 10 giugno 1977, n. 2396, *ivi*, 897/4, Trib. Roma, 30 settembre 1980, *ivi*, 1340/3; Trib. Milano, 16 settembre 1982, *ivi*, 1619/1; Cass., 24 ottobre 1983, n. 6244, *ivi*, 1602/2. See also App. Milano, 22 settembre 1972, in *GADI*, 169/4 in which Vanzetti affirmed the concept of similarity among products as coming from the same production source.

similarity and in that way considering other elements such as the reputation, the style of the products, the characteristics of the enterprise, the way in which they were produced, the dynamics of the market and of the sector and finally all the context in which that specific trade mark was developed. Based on the last conception that the public could relate to each other two different products to the same origin source, the case-law enlarged the concept of similarity for more protection but remained in any cases inside the limits of the principle of speciality.

About the topic of similarity there were two different opinions; the first one retained similar those products that the public could connect to the products of the renowned trade mark. They were considered to come from the same productive source, and they referred to market conditions in the context in which they expressed their distinctive function. It was based not only on the market conditions but also on the enterprise capacity to expand the production through other products. The protection was assured until the consumers were not misled on the provenance of products. However, the enlarged protection was not granted for products with a significant commodities sector distance, for renowned trade mark always used to determine a specific single product¹⁵⁶ such that the product was the only one manufactured by the enterprise of the trade mark holder and for this reason for the consumer was not even possible to think of an enlargement outward the scope of production.

The second opinion took into consideration the trend theory according to which it was the notoriety, intended as a dynamic factor, that determined the commodity-sector of trade mark protection.

It was important to underline the concept of trend: it is used to indicate not a fact identifiable at a certain date, but the path of the trade mark to acquire a strong symbolical value. The application of the renowned trade mark granted the similarity to products and justified the enlargement of protection, without taking into account other

¹⁵⁶ When the trade mark is always associated to a unique product, the notoriety is detected in the product itself and not in the trade mark. Indeed, the trade mark has not a value in itself unless that of the distinctive function of the sign, thanks to the last one characteristic, the consumer that had already purchase a product bearing that mark with positive result, is encouraged to buy another product of the same genre with the same trade mark in order to meet again the positive qualities already proven. On the contrary, when the trade mark is used to indicate different products it is possible that it is the trade mark itself having the attractive capability and acquiring the notoriety and so it determines a positive attraction for the products that actually possess that mark or that in the future will be able to appear on the market with that specific trade mark. Cfr Cass. 21 october 1988 (*Champagne* case).

factors such as the enterprise capacity or the sector capacity, as it was for the first opinion.

Other articles used to assure a protection for the renowned trade mark, except for those of the “*legge marchi*” and the principle of speciality, were the articles of the Civil Code and particularly the art. 2598 c.c. and 2043 c.c. employed when the commodity sector distance was such high to exclude the existence of similarity. The former article is about the unfair competition and in the third paragraph acts like: “... *anyone that uses directly or indirectly any mean which does not comply with the principles of fair professional conduct and which is capable of harming other companies performs acts of unfair competition*”; the latter is about the damage compensation for the torts and provides that: “*Any fraudulent, malicious, or negligent act that causes an unjustified injury to another obliges the person who has committed the act to pay damages*”.

The unfair competition acts are divided into three main categories according to the art. 2598 c.c.,¹⁵⁷ the first one includes the misuse of name and of distinctive signs that belonged to third parties; the slavish imitation of competitor’s products and any acts that could generate confusion with the competitor’s products. All these characteristics could lead the consumers taking different choice from what they would have done with a clear and precise information about the products. Indeed, they may consider that specific products, services or activities belong to a different entrepreneur. In order to determine if products suffer from a likelihood of confusion, it must be taken as a key element the average consumer: reasonably well-informed, reasonably observant and circumspect.¹⁵⁸ The second category is about the spreading of news and opinions made to create discredit to competitor’s products and the appropriation of the qualities characterizing competitor’s products, services, or their business activity.

And finally, the third category encloses the usage of unfair and dishonest means in order to damage the competitor’s business.

However, these points constituted a rough idea of the art. 2598 c.c.; indeed, the precise explanation will be treated in the third chapter (3.1.1).

¹⁵⁷ GIp, available on <https://www.glp.eu/en/resources/focus/legal-actions/unfair-competition/>

¹⁵⁸ IGI Global, Disseminator of knowledge, available on <https://www.igi-global.com/dictionary/average-consumer/45360>. The definition of average consumer was not determined in an easy way and however had a lot of facets. The examination of the confusion is done on objective elements.

While, the damage compensation for torts, as mentioned in art. 2043 c.c., affirms that an injury is unjustified if it creates an offence to the absolute right of the victim such as property, life and reputation. Here it is possible to evince that there is not a proper division between the physical damages and the pure economic loss as both may create an unjustified injury.¹⁵⁹

In other words, following a literal interpretation of the article 1.1 c) and 17.1 g) l.m. of 1942, it is possible to notice the first attempt to overcome the similarity concept as the discipline could not be applied to goods placed on the identical commodity sector, in fact those articles gave relevance to the notoriety of non-similar trade mark. Even if, in some old decisions,¹⁶⁰ the protection of trade mark with reputation also worked for similar or identical sign applied on similar or identical products. So, with the later introduction of the i.p.c. the protection was assured for both: similar and non-similar products.

Even in the past, before the reform of 1992, the protection of the reputed trade mark had been tried to be assured, but the attempts to assure an enlarged protection to that trade mark was limited by the principle of speciality, as already mentioned above.

In the past there was also a specific differentiation between renowned trade mark and well-known trade mark; the former indicates a trade mark that, due to the notoriety acquired by a specific sign, persuades the customer public that any product marked by that sign comes from the same company of the (renowned) sign holder. The latter benefits from a special regulation that applies when other trade marks that conflict with it are registered or used for identical or similar products.¹⁶¹ Obviously, the identification of the signs used was difficult to verify, so other authors believed that the reputed trade mark was that used in more countries, or with a particularly high degree of distinctive and advertising power, or that was known in all the social categories, or again that was well-known thanks to a strong advertisement procedure and present in the market for many years.

¹⁵⁹ P. G. MONATERI, *Economic losses in Italy*, Introduction: the standard doctrine, available also on <http://www.jus.unitn.it/cardozo/review/torts/monateri-1995/ecolos.html>

¹⁶⁰ L.C. UBERTAZZI, *ibidem*, 110, for the decisions of causes from the past with the protection of reputed trade mark for similar good see also Trib. Firenze, 29-06-2004, *GADI* 04, 1176.

¹⁶¹ L.C. UBERTAZZI, *ibidem*, 110. See also G. GUGLIELMETTI, *Il marchio celebre o "de haute renommée"*.

The two phenomena influenced in a different manner the enlargement of protection depending on whether the trade mark acquired the notoriety: the fame achieved at the public or through the symbolical value. Then, it was observed that the public had expectations not only when the trade mark became known by themselves but when it added a particular symbolical value; so that deserved a special protection the so-called evocative trade mark.¹⁶²

2.3 The innovation after the reform of 1992 and the notions of trade mark with reputation

The introduction of trade mark with reputation was principally due to the reform of 1992, whose is worthy of many changes in the discipline of trade mark: from the conception of new trade mark functions to the enlargement of protection. Indeed, the trade mark with reputation benefited from a special protection that went beyond the limit of the similarity among products and services. The trade mark with reputation is not only that simply known by the public but rather it has acquired such a prestige and a validation as to possess an advertising value for different typologies of goods that are even distant one another from the commodity point of view.¹⁶³

At the beginning, not being expressly defined in the law concerning that topic, it was thought that the concept of trade mark with reputation must be identified time after time through some methods of verification such as surveys in order to become aware if a certain trade mark is known by the public. The idea that generated from this conception is not only focused on a quantitative information, but it is even wider, including the trade mark well-known to a very high percentage of consumers and trade mark that possessed a lower degree of notoriety.¹⁶⁴

¹⁶² L.C. UBERTAZZI, *ibidem*, 111, for the evocative trade mark see also LEONINI, *Marchi famosi e marchi evocativi*, 86.

¹⁶³ D. SARTI, (n. 9), 252.

¹⁶⁴ A. VANZETTI, V. DI CATALDO, (n. 9), 261. The notion of trade mark with reputation must be intended in a wider sense, according to the authors it is not important the quantitative datum in the assertion of the degree of notoriety. To confirm this, they made an example in which they affirmed that it is not right to consider trade mark with reputation those that overcame a certain percentage of recognizability at the public.

At the time of introduction of the d.lgs. n. 480/92, the main laws regulating the category of trade mark with reputation were included in the articles 1.1, 13.2 and 17.1/e. In the first article the registered trade mark proprietor can make use of it in an exclusive way, such that he has the right to prevent third parties' usage. The prohibition comprehends a sign that is similar or identical to the registered trade mark and used for similar or identical products or services; due to the identity or similarity between the signs or between the products or services, it may create a likelihood of confusion for the public, which should also consists in the likelihood of association between the two signs.

Furthermore, it includes also an identical or similar sign for non-similar products or services if the registered trade mark is with reputation and if the use of the sign without due cause permits to take unfair advantage of the distinctive character or of the repute of a trade mark or create a prejudice. Most of the Italian scholarship considered this provision as the affirmation of the double protection of trade marks enabling to distinguish the protection conceded to the ordinary trade mark from that given to the trade mark with reputation. Thus, the proprietor of the ordinary trade mark is protected within the limit of similarity between signs, while the proprietor of the reputed trade mark has an extra-commodity protection, by the overcoming the similarity concept. This aspects will be reclaimed again in the next pages, now it is relevant to give an overview also to the other articles mentioned. The article 13.2 extends the prohibition to use a similar sign to the reputed trade mark even in relation to the brand name or the sign or any entrepreneurial distinctive sign, even for non-similar products or services. Finally, the article 17 concerns the novelty principle and especially the art.17.1/e affirms that signs are not configurable as new if they are identical or similar to a trade mark already registered in the State by others, following an application having effect from an earlier date or, if valid at community level, it must have a claim of precedence for non-similar products or services, when the earlier trade mark is the reputed one and when the use of the second trade mark without due cause would take unfair advantage or create a prejudice.

In other words, the path that leads to the protection of trade mark with reputation started with the necessity to introduce an enlarged protection concerning the extra-commodity level and overcoming the principle of speciality.

The extended protection is applicable when the use of an existent trade mark may determine a prejudice for the trade mark holder or an unfair advantage for the person that adopted that trade mark. This constitutes the main point of the law, in fact the art. 20.1/c i.p.c. highlights how an enlarged protection is given to trade mark with reputation by saying that the use of the sign or of a similar sign by third parties without the right motivations provokes an unfair advantage or a prejudice and particularly: *“a sign identical or similar to the registered trade mark for products or services, even not similar, if the registered trade mark is with reputation and if the use of the sign, even for purposes that are different from distinguishing the products and services, without due cause allows to take unfair advantage from the distinctive character or from the reputation of the trade mark or prejudice them”*. After the modifications of the d.lgs. n. 15/2019 the reputed trade mark owner acquired the faculty to forbid third parties to use in their economic activities a sign identical or similar even for scopes that are different from that of distinguish products and services, and again in the new second comma of the art. 20.2-bis the owner could prevent third parties to introduce in Italy products with the relative packaging material if coming from extra-Eu countries and bearing, without authorization, an identical or similar sign to the trade mark.

The unfair advantage given to third parties, mentioned in the article above can be verified in any case: for the renowned trade mark but also for trade mark that are known even with limitation concerning the territory and the scope.

Even according to the sentence above it is possible to say that the expression trade mark with reputation seems to include in its meaning both, the renowned trade marks as discussed in the previous reform of 1942 and the trade marks that are simply well-known.

The non-prohibitive degree to assess the extended protection had also found confirmation in the Court of Justice and in the communitarian judges' opinions. Furthermore, according to the Court, based on the application of the trade mark with reputation discipline it was sufficient that the sign was known by a significative part of the public, and in order to assess the knowledge level the judge must take into consideration all the relevant elements, as already mentioned on paragraph 1.5.1 and

reiterated at page 59.¹⁶⁵ As it is possible to see it is not specified anywhere that in order to be a reputed trade mark the essential element was to be known by a certain percentage of the public.

According to the CJEU, the use of the trade mark for non-similar products could lead to an unfair advantage for the benefit of the third parties and a prejudice to the holder. The following step is to determine how this is possible and how it leads to these consequences; the similarity among trade marks may let the public think that exists a “connection” between the trade mark with reputation and the trade mark used by third parties. Again, the connection is established when it evokes in the consumers’ mind the trade mark with reputation; even here, the consumer taken into consideration is defined as the average consumer that is reasonably well-informed, reasonably observant and circumspect,¹⁶⁶ however, the concept of connection will be treated at paragraph 2.6.

The advantage acquired by the third parties is determined in two ways: the first one consists mainly in economic advantages; in fact, with the affirmation of the new product, the trade mark of which is similar to another one with reputation, third parties can benefit from a large saving in the affirmation of the product in the market. This saving could reflect also in other field and above all they can save on marketing and on investment as the trade mark is already known to the public. While the second way includes the parasitic advantage resulting from the positive notoriety of the trade mark holder.

On the other side of the coin, the holder may suffer from prejudice as the new trade mark could damage its image in the case in which third parties adopted a scarce quality with respect to the one normally used by the previous trade mark causing an injury to the image of the original trade mark. The weakness of the image is combined with the loss of the distinctive character of the previous trade mark because its uniqueness in the market is affected.

Obviously, even the product distance needs to be taken into consideration; indeed, assuming the same product distance for a case of high reputation and another case of not well-known trade mark, the former would acquire more protection than the latter while

¹⁶⁵ A. VANZETTI, V. DI CATALDO, *ibidem*, 262. The part relative to the sign known by significant part of the public and all the elements taking into consideration are taken from the case of General Motors of 14 September 1999.

¹⁶⁶ The notion of average consumer will be treated later when talking in detail about the concept of “connection”, however at the moment it is sufficient to refer to the already cited notion.

continuously evaluating the similarity of the products. The protection would be much wider and would touch products that are distant in commodity sense as much as the trade mark is renowned; while for the products that do not benefit from such notoriety the protection would not be absolute but instead limited to the products that are far less distant and to which the prejudice or the unfair advantage could occur.¹⁶⁷

From these considerations it is possible to affirm that it does not exist a big difference between the ordinary trade mark and the ones that benefit from a reputation especially in terms of the likelihood of connection that could occur even to the ordinary trade mark in a non-confusing association.

At the same time, the legislator well divided the two themes of ordinary trade mark and trade mark with reputation with respect to the protection conceded; only for the reputed trade mark the protection is extended also to non-similar products, while for the ordinary trade mark in an opposite way. But again, other authors were not convinced that the two categories were defined in a completely detached way, otherwise they wondered about the possibility to individuate a sort of continuum. Indeed, some of them thought that the two typologies of trade mark had different levels of protection, but progressive.¹⁶⁸ To confirm this hypothesis the concept of similarity should arise *a posteriori* in the sense that products or services with respect to which there is likelihood of confusion or association should be considered as similar. Even the protection of trade marks with reputation should not be detached from commodity references, since it assumes that consumers establish a link between signs, without which there could not be the imitator's unfair advantage or the holder's prejudice, both at the basis of protection. The thesis developed was object of various criticisms because there was the risk to standardize a protection that had to be considered an exceptional one. The problem of this conception could expand also to the European level without finding the compatibility between laws of the member states and European laws. Another

¹⁶⁷ A. VANZETTI, V. DI CATALDO, *ibidem*, 262. The authors analyzed the commodity product distance in combination with the level of notoriety of the trade mark. In fact, the more the trade mark is renowned the more it is protected even in case of very distant products from one another; while the less the trade mark is renowned, the less it is protected when the product distance increases.

¹⁶⁸ L.C. UBERTAZZI, *ibidem*, 108. He mentioned other authors with respect to the concept of "continuum" and not a marked line between the reputed trade mark and the ordinary ones. See also Ricolfi, Vanzetti-Di Cataldo, but even GALLI, *Funzione del marchio e ampiezza della tutela*, 188; and Mansani.

intermediate option was elaborated by an author¹⁶⁹ according to whom the similarity as a limitation to the rights conferred by the registration must be elaborated before, on the contrary the similarity as an element of confusion or of association must be elaborated in a second moment.

The law regulates the protection of the trade mark with reputation not only referring to the unfair advantage and the prejudice provoked but introduces the fact that third parties used it without due cause. The definition of due cause (that will be explained in detail at paragraph 2.7) was not found in an easy way and indeed it has been object of debates. The identification of the meaning of due cause appeared in one of the sentences of the Court of Justice¹⁷⁰ according to which the due cause of the use of third parties trade mark with reputation occurs when the advertising ads found on internet, that are linked to a trade mark with reputation, also suggested other solutions with respect to the products or services of the trade mark with reputation holder. The use must be made in a healthy competition in the case of the products and of the services considered.¹⁷¹ Again, it must demonstrate that it does not constitute a pure imitation of the products or services of that trade mark holder, or that it does not consist of a case of dilution in provoking prejudice to the trade mark function.

There are even different opinions concerning the role assumed by the trade mark with reputation; for some of them it consists of a special protection reserved for only a certain category of trade mark,¹⁷² while for some other it is like the same ordinary protection of trade mark with the addition of hypotheses in which the appropriation of a third party's trade mark could determine an unfair advantage for the third party or a prejudice for the proprietor of the previous trade mark.

The reform of 1992 provoked many changes, as it was also analyzed in the first chapter. At the beginning of the new law of 1992 were presents two categories of trade mark, as already mentioned in the previous pages: the ordinary, based on the distinctive sign of

¹⁶⁹ L.C. UBERTAZZI, *ibidem*, 108; for the intermediate option see the work of SPOLIDORO, *I rapporti fra il marchio e gli altri segni distintivi*, 68.

¹⁷⁰ Court of Justice UE, 22 September 2011, *Interflora case* (C-323/09).

¹⁷¹ The approval of the use in the case of healthy competition followed the principles of art. 5.2 of the Directive 89/104 and the art. 9.1./c of the Regulation 40/94, that in turn corresponded to the art. 20.1/c i.p.c.

¹⁷² The category of trade mark with reputation could not be wide because the protection given by the law is completely different from the protection given to the ordinary trade mark.

the products provenance and the trade mark with reputation, an evocative symbol, containing an attractive selling power that constituted the object of protection *per se*.

Another relevant point treated in the discipline was the limit of exclusivity right¹⁷³ according to which the holder of the exclusive right could not oppose himself to the trade mark usage in the descriptive function sense made by third parties. The new law introduced affirmed that the proprietor could not oppose to third party if the use followed the principles of professional right, so not in function of the trade mark itself but in descriptive function. Obviously, it did not mean that any kind of descriptive use was permitted but instead it was intended as a further limitation. Indeed, the correct behaviour must be verified according to the case and not *a priori*.

One of the most significant innovations introduced with the reform of 1992 was the passage from the restricted transfer to the free transfer of the trade mark.

Finally, the original strongest basis where the distinctive function developed as the only juridically protected function of the trade mark collapsed.¹⁷⁴

It is possible to underline how all the passages and the changes regarding the introduction of the new regulation of 1992, such as the possibility for a non-entrepreneur to register a trade mark, the transition from the restricted transfer to a free one, the identification of others trade mark functions could contribute to the enlargement of protection from the famous trade mark to the simply well-known one and summing up concerning the whole world of the trade mark with reputation.

From these radical changes derived also that the trade mark with reputation benefited from an extra-commodity protection including also the non-similar products and regardless the likelihood of confusion. The necessary requirements to benefit from the enlarged protection and especially from the extra-commodity protection included first of

¹⁷³ Art. 6 Directive 89/104/EEC while talking about the limitation of the effects of a trade mark, indeed the proprietor could not prevent third party to use the trade mark, if providing that is used in an honest way. This concept regards: “a) *his own name or address*; b) *indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services*; c) *the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts*”; this is true even for “*an earlier right which only applies in a particular locality if that right is recognized by the laws of the Member State in question and within the limits of the territory in which it is recognized*”.

¹⁷⁴ The theme of the collapse of the trade mark distinctive function, and the passage from a restricted transferability to a free transfer of goods is principally exposed in the first chapter and especially in the paragraph 1.5.

all the reputation, that must be valued according to different parameters: the territorial level and the public interested, then the usage of the trade mark from third party with the intent to reach unfair advantage from the reputation of that trade mark or from the distinctive capability and the creation of a prejudice for the holder.

Concerning the territorial area to which considered a trade mark with reputation, the art. 20.1/c) i.p.c. uses the expression of the State,¹⁷⁵ so that it is not possible to narrow the application to a limited territory, even if with the enlarged protection it is sufficient that the notoriety of the trade mark in question is valid for a substantial part of the territory.

Concerning the trade mark with reputation, it is important to stress all the points mentioned so to analyze them in all their aspects from the unfair advantage and prejudice to the concept of connection and due cause, as it will be discussed on the next paragraphs.

2.4 The sentence of General Motors

It is important to underline the decision of the legislator to use the word “trade mark with reputation”. The Italian translation of the directive, as already seen, was constituted by the term notoriety, but it has been abandoned as it could go in contrast with the expression used to define the case of “*preuso*”. At the same time the notion of renowned trade mark has been rejected because in fact it indicated that limited typology of trade mark that were known by the public. Finally, the expression has been found out by the translation of the French word for “*renommée*”, this last one detached from the category of ordinary trade mark because of its extra-commodity protection.

In order to benefit from this characteristic, it was anyway necessary that existed the concept of unfair advantage for the third party or prejudice for the holder, and that the usage of the distinctive sign has been made without due cause.

Even if the discipline of trade mark with reputation was introduced both at european and national level, neither the directive neither the Italian regulation contained a proper

¹⁷⁵ It is possible to notice that the art. 20.1/c) i.p.c mentioned the state as a parameter to assess the notoriety of a trade mark.

definition of it. The absence of a definition determined different interpretations from the most restricted one to the most indulgent concerning a wider meaning of this concept. Belong to Ricolfi, who in turn followed the communitarian discipline, it was possible to include inside the concept of reputation not only the high reputation, or the proper fame, but the level of notoriety could be lower even though it occurred the phenomenon of the unfair advantage or of the prejudice, as the regulation dictated.

It is only in 1999, that a definition has been found, when the Court of Justice dealt with the dispute between General Motors Corporation vs Yplon SA.¹⁷⁶ In order to have a precise outline of the dispute it is necessary to specify the reason of the dispute that is linked to the usage of a third trade mark: Chevy. For the General Motors the trade mark Chevy is used to indicate vans and similar vehicles while for Yplon it is used to denote detergents and various cleaning products.

The sentence has interpreted the art. 5.2 of the Directive 89/104/EEC and defined that the enlarged protection should be given in cases in which the sign is “*known by a significant part of the public concerned in a substantial part of that territory, which part may consist of a part of one of the countries composing that territory*”.¹⁷⁷ The term of “significant part” eliminated the debated conception of the determination of a certain percentage. In fact, at the beginning it was thought that in order to have an enlarged protection the notoriety of the trade mark must overcome a certain percentage.¹⁷⁸

Then, the Court of Justice mentioned some elements that must be taken into consideration while defining the protection by the national judge: the market share held by the trade mark, the intensity, geographical range and duration of its use, and the size of the investment made by the undertaking in promoting it.¹⁷⁹

As it is possible to understand from the sentence of General Motors, it is necessary that the distinctive sign, in order to be considered a trade mark with reputation, possessed certain requirements so to benefit from an enlarged protection and overcome the

¹⁷⁶ JUDGMENT OF THE COURT, Case C-375/97, *General Motors vs Yplon*, 14 September 1999.

¹⁷⁷ General Motors case and especially the point 31, in which it is possible to find this sentence.

¹⁷⁸ A. VANZETTI, V. DI CATALDO, (n. 9), 261; in which the authors made an example of the percentage to overcome, see also note 156 concerning the same theme.

¹⁷⁹ See the case of General Motors in object and especially the point 27 in which it is explained all the relevant facts that the national judge must take into consideration.

principle of speciality. Apart from the knowledge of a significant part of the public, the sentence underlined another important framework: the element of territoriality in order to grant an enlarged protection and be considered a trade mark with reputation.

The trade mark benefited from notoriety so far as it “*has a reputation in the Member State*”.¹⁸⁰ However, the sentence explained that in the case in which it is not possible to assess the reputation in the member state, the element must comprehend a substantial part of it. The sentence of General Motors contributed to extend the notion of trade mark with reputation smoothing also the limit of the extra-commodity protection. Even concerning the point of territoriality, as for the entire definition mentioned above, neither the directive neither the Italian regulation suggested solutions. The topic of territoriality was, indeed, firstly introduced in this sentence and then developed throughout the national case-law.

The articles of the i.p.c. affirmed that a trade mark benefited from high reputation in relation to the State,¹⁸¹ but actually they did not give a clear definition about the requirement of territoriality.

The other requirement concerning notoriety and reputation regarded the public that is interested. The Court of Justice with reference to the sentence of General Motors affirmed that the distinctive sign of the trade mark must be known by a significant part of the public that is interested in the products or services produced by the company in order to guarantee the extension of the protection and the definition of trade mark with reputation and particularly: “*The public amongst which the earlier trade mark must have acquired a reputation is that concerned by that trade mark, that is to say,*

¹⁸⁰ See the case of General Motors in object and especially the point 28: “*Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it*”.

¹⁸¹ In particular see the art. 12/d/e/f i.p.c. and art. 20.1/c i.p.c., certainly already mentioned in the thesis, in which the for the former a trade mark is not considered new in the case in which the sign at the moment of the application are identical or similar to the one already registered in the State; while, for the latter the proprietor of the trade mark had the right to prevent third party to use that trade mark in the economical activity the sign that is similar or identical to the one already registered if the registered trade mark is a reputed one in the State.

depending on the product or service marketed, either the public at large or a more specialized public, for example traders in a specific sector”.¹⁸²

The relationship between how the sign is perceived by the public and the protection itself is linked to the theme of notoriety; indeed, the public would be able to perceive as a trade mark the distinctive sign that has benefited from notoriety and consequently that is well-known. In that way, the public may be able to attribute to trade mark a suggestive function that constituted the main message. It is possible to confirm that the sign, that is well-known to the public, is always perceived by consumers such that the notoriety could outline how the trade mark intensity is known by the public interested. The perceptive element given by the public is one of the key factors for the determination of trade mark protection.

In this way the Court of Justice, thanks to the articles of the Directive 89/104/EEC, defined the trade mark with reputation focusing on two elements: the public and the territory. In order to identify the notoriety or reputation, the first factor must refer to a significant part of the public interested, while the second factor must correspond to the territory of the State, or if it is not possible it is sufficient that the reputation exists in a substantial part of it.

Obviously, this sentence took into consideration even other requirements such as the similarity among signs and the connection among them, but they would not be discussed here as the sentence did not give an exact definition of the interpretative field, leaving the concepts on a basic meaning.

2.5 The notion of prejudice and unfair advantage

The concept of trade mark with reputation¹⁸³ did not refer to the high notoriety or to the fame but the greater is the reputation the greater is the risk of connection of the same

¹⁸² General Motors case and especially the point 24 in which it is possible to find this sentence regarding the public that is interested in the products or services produced by the enterprise in order to assess the reputation of a trade mark.

¹⁸³ Case C-375/97, *General Motors vs Yplon*, at point 20 in which the terms reputation was defined in other languages: “*er renommeret*’ in the Danish version of that provision; *’bekannt*

trade mark to non-similar products or services because the suggestion power increases with the spread of that trade mark knowledge among the consumers and the public.

The requirements that must occur in order to benefit from the extra-commodity protection are the prejudice for the holder and the unfair advantage for the third party. The exploitation could derive from the usage of two options: the distinctive capability or the reputation of the trade mark; it is important now, to stress deeply on them in order to understand their functioning.

The prejudice to the reputation of trade mark (detriment to the repute of trade mark) occurs even if there is no likelihood of confusion or no likelihood of association, indeed it is sufficient the loss of the prestige or of the image of the trade mark due to the combination of sign coming from different company. The loss of the uniqueness of the trade mark characteristic does not automatically create a case of dilution of the distinctive capability and so in that way it does not constitute a case of prejudice for the holder of a trade mark.

The unfair advantage takes place when third parties benefit from the renowned trade mark for non-similar products or services. It means that, exploiting the famous trade mark for non-similar goods, third parties can conquer part of the market without their own commercial efforts.¹⁸⁴ According to the case-law the unfair advantage may be represented by parasitic grappling to the image of the imitating trade mark, allowing third parties to take advantage from the reputed sign and conquer space in the market.

The usage of a trade mark that is similar to the reputed one must be prohibited even if the likelihood of confusion does not subsist because it is sufficient that it is instituted an establishment link to the reputed sign without a valid cause. From these words, it is possible to understand that what is important is not the likelihood of confusion in a proper way, instead it is the trade mark use that could damage the selling power of the

ist' in the German version; 'χαίρει φήμης' in the Greek version; 'goce de renombre' in the Spanish version; 'jouit d'une renommée' in the French version; 'gode di notorietà' in the Italian version; 'bekend is' in the Dutch version; 'goze de prestigio' in the Portuguese version; 'laajalti tunnettu' in the Finnish version; 'är känd' in the Swedish version".

¹⁸⁴ L. C. UBERTAZZI, *ibidem*, 109. The author mentioned FRANZOSI, in SCUFFI- FRANZOSI-FITTANTE, *Codice della proprietà industriale*, 134 while talking about the absence of third parties' commercial efforts due to the unfair advantage.

previous reputed trade mark or that could help the second trade mark gaining the market without making commercial efforts.

Considering a case of a reputed trade mark granted in merchandising, it would be much easier for the holder to demonstrate an unfair advantage obtained by third parties rather than in the case of a reputed trade mark that is known in a limited commodity field.

In order to identify the field in which the reputed trade mark can obtain an enlarged protection it is necessary to study the market trends.¹⁸⁵

In other words, it is possible to affirm that the unfair advantage consists in the parasitic grappling of the imitator's products and services to the image that is linked to the imitated trade mark and its notoriety, while the prejudice occurs with the dilution of the counterfeit trade mark. The topic of dilution arises into two main forms: the dilution of the distinctive sign, provoked by the loss of trade mark uniqueness in the market, the so-called dilution by blurring and the dilution due to the discredit of commercial reputation inasmuch compared with goods of poor quality, or anyway of activities that are not in coherent with the image, the style and the line of the trade mark, the so-called dilution by tarnishment.¹⁸⁶

These two elements are necessary to define the size of the protection of trade mark with reputation.

In the recent year there was the tendency to enclose the new counterfeit actions into the following hypotheses: the use in a parody way of the known sign; the imitation of the shape of products instead of the products themselves so that to attract the consumers as the famous trade mark (look-alike); the purchase of counterfeit luxury goods with the aim to deceive third parties, but without the possibility to deceive the purchaser, who is in accordance with the counterfeiter (post-sale confusion); the purchase of counterfeit luxury goods in which the deception is only at the initial phase (pre-sale confusion); the use on its own internet site of third parties well-known trade mark in order to attract visitors (cybersquatting). The trade mark in that way does not distinguish with the aim

¹⁸⁵ L. C. UBERTAZZI, *ibidem*, 109, at the moment of the valuation of the market trends he refers to App. Milano 14-10-1994.

¹⁸⁶ V. MANGINI, A. M. TONI, (n. 33), 143. The authors in these lines made a simple and clear distinction between the unfair advantage and the prejudice derived by the usage of a trade mark and valued in order to assess the extra-commodity protection.

to define a clear characteristics of their products, but instead it becomes itself the ensemble of qualities in creating the reason for the purchase.¹⁸⁷

The CJEU divided the elements, as already mentioned, in three types of injuries: the first one includes the prejudice to the distinctive sign of the previous trade mark; the second one the prejudice to the reputation and finally the third one the unfair advantage obtained by the distinctive capability or the reputation of the former trade mark. In order to apply the regulation on trade mark with reputation it is sufficient that occurs only one of these three injuries.¹⁸⁸

The CJEU also assumed that the evidence for the unfair advantage or the prejudice do not refer to the effective and actual damage of the previous reputed trade mark but that it is sufficient to demonstrate the existence of elements that would create a future injury.¹⁸⁹

The valuation of the unfair advantage or the prejudice must be done case by case and in accordance to certain standard that must be reconsider each time, so that it is not necessary the risk or the possibility of an injury rather than it must occur in a real situation in which the sign of the previous trade mark is used by third parties such that the extra-commodity protection is linked to the notoriety of the former trade mark.

Another element that needs to be taken into consideration is the public; the sentence mentioned above about General Motors focused on the knowledge of the trade mark by a significant part of the public, while about ten years later, the Intel sentence highlighted that the public to which to refer varies according to the infringement that the holder of

¹⁸⁷ G. GHIDINI, G. CAVANI, (n. 30), 67. The authors cited some of the counterfeit elements linked to the unfair advantage and the prejudice.

¹⁸⁸ JUDGMENT OF THE COURT, Case C-252/07, *Intel Corporation vs CPM United Kingdom*, 27 November 2008, in particular see points 27 and 28: “*The types of injury against which Article 4(4)(a) of the Directive ensures such protection for the benefit of trade marks with a reputation are, first, detriment to the distinctive character of the earlier mark, secondly, detriment to the repute of that mark and, thirdly, unfair advantage taken of the distinctive character or the repute of that mark. Just one of those three types of injury suffices for that provision to apply*”.

¹⁸⁹ See the Intel case (C-252/07) and especially the point 38 in which it is explained that: “*The proprietor of the earlier trade mark is not required, for that purpose, to demonstrate actual and present injury to its mark for the purposes of Article 4(4)(a) of the Directive. When it is foreseeable that such injury will ensue from the use which the proprietor of the later mark may be led to make of its mark, the proprietor of the earlier mark cannot be required to wait for it actually to occur in order to be able to prohibit that use. The proprietor of the earlier mark must, however, prove that there is a serious risk that such an injury will occur in the future*”.

the previous trade mark asserted. The sentence, in fact, refers to the public as an average consumer when it is underlined: “*The existence of injury consisting of detriment to the distinctive character or the repute of the earlier mark must be assessed by reference to average consumers of the goods and services for which that mark is registered, who are reasonably well informed and reasonably observant and circumspect*”. And again: “*Secondly, as regards injury consisting of unfair advantage taken of the distinctive character or the repute of the earlier mark, in so far as what is prohibited is the drawing of benefit from that mark by the proprietor of the later mark, the existence of such injury must be assessed by reference to average consumers of the goods or services for which the later mark is registered, who are reasonably well informed and reasonably observant and circumspect*”.¹⁹⁰

It is also important to highlight that there are other elements that are taken into consideration while defining the unfair advantage or the prejudice; they are contained in the sense that the more the notoriety and the distinctive capability of a previous trade mark are relevant the more it would be admitted the infringement. Again, at the same time, the more the evocation and the recollection of the earlier trade mark is immediate the more is the risk that the usage of the following trade mark would generate an unfair advantage or a prejudice.¹⁹¹

At the end of the previous paragraph, while talking about the sentence of General Motors, it was said that the sentence mentioned even other requirements but without

¹⁹⁰ See the Intel case (C-252/07) and especially the points 35 and 36 in which it is explained that the decisions concerning the unfair advantage, or the prejudice must be taken into consideration by referring to the average consumer.

¹⁹¹ Case C-375/97, *General Motors vs Yplon*, at point 30: “*If, at the end of its examination, the national court decides that the condition as to the existence of a reputation is fulfilled, as regards both the public concerned and the territory in question, it must then go on to examine the second condition laid down in Article 5(2) of the Directive, which is that the earlier trade mark must be detrimentally affected without due cause. Here it should be observed that the stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it*”; Case C-252/07, *Intel Corporation vs CPM United Kingdom* at points 67 and 69, respectively: “*The more immediately and strongly the earlier mark is brought to mind by the later mark, the greater the likelihood that the current or future use of the later mark is taking unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier mark*”; and “*As regards the strength of the reputation and the degree of distinctive character of the earlier mark, the Court has already held that the stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it*”.

giving a clear definition, while now with the Intel sentence it is possible to fix better some concepts.

Concerning the prejudice to the distinctive capability of the earlier trade mark that the Court of Justice defined as dilution, whittling away or blurring, it occurs when the ability to identify the goods as coming from the proprietor is weakened.¹⁹² This is possible when the earlier trade mark is no more able to generate an association with the products according to which it was registered such that its identity is not clearer and precise and not imprinted in consumers' mind.

The prejudice to the distinctive capability of the trade mark occurs when the uniqueness of the sign in the market is lost. The weakening of the distinctive feature is provoked by the usage of a trade mark by third parties that is similar to an earlier trade mark, with the result not to create an immediate association with the products for which it was registered.

In the Intel sentence the Court of Justice established the criteria according to which a second trade mark could create a prejudice to the distinctive character of the reputed earlier one. It was found out that the uniqueness of the earlier reputed trade mark did not constitute an essential element for the determination of the weakness of the distinctive character, even if it could contribute to this. It also added that only one single first use of the second trade mark could damage the distinctive character of the previous trade mark.¹⁹³ In conclusion, the Court of Justice affirmed that, for the detriment of the distinctive character, the proprietor must give a proof of a "*change in the economic*

¹⁹² See the Intel case (C-252/07) and especially the point 29; "*As regards, in particular, detriment to the distinctive character of the earlier mark, also referred to as 'dilution', 'whittling away' or 'blurring', such detriment is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so*".

¹⁹³ See the Intel case (C-252/07) and especially the point 72 in which it was affirmed that: "...it is not necessary for the earlier mark to be unique in order to establish such injury or a serious likelihood that it will occur in the future". And again, at point 74 "*the more 'unique' the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character*". Finally, the point 75 assessed that: "*a first use of an identical or similar mark may suffice, in some circumstances, to cause actual and present detriment to the distinctive character of the earlier mark or to give rise to a serious likelihood that such detriment will occur in the future*".

*behaviour of the average consumer” or “a serious likelihood that such a change will occur in the future”.*¹⁹⁴

In a following sentence of 14 November 2013, in the case *Wolf*, it has been resumed and expanded the notion of an average consumer economical behaviour and especially, it has been stated that this expression must be intended as an objective nature condition such that it was not sufficient to base the results only to subjective elements like the perception of the average consumer.

The detriment to the repute of trade mark occurs when the third party use the sign in such a way that can damage the image or the reputation of the previous trade mark. All this is expected when the second trade mark is used by third parties for goods of poor quality that lead the consumers to make negative association even without the likelihood of confusion. An example of the detriment to notoriety of a reputed trade mark should be taken by a case in which the renowned trade mark 4711, registered and used for an eau de Cologne, retained that a sewerage purification company discredited it by putting on its vehicles the trade mark and the number 4711 as a service trade mark.¹⁹⁵ Indeed, for the earlier reputed eau de Cologne 4711 trade mark the usage of the same number for a sewerage purification company was not correct and actually caused discredit.

The detriment to the distinctive capability or to the reputation assumed two different names, respectively: dilution by blurring and dilution by tarnishment. In brief, the former indicated the weakness of the distinctive character of the earlier trade mark due to the usage of a second trade mark by third parties, while the latter showed the damage to the commercial reputation of the sign or of the image of the earlier trade mark.

On the contrary, the hypotheses of unfair advantage given by the distinctive character or by the reputation of the previous trade mark, also called free-riding or parasitism, occur when a third part, using an identical or similar trade mark to the earlier reputed one, utilizes a parasitic grappling to engage with its notoriety or its distinctiveness and as a

¹⁹⁴ See the *Intel* case (C-252/07) and especially the points 77, 78 in which it is possible to find the reference of a change in the economic behaviour of an average consumer. This means that at the moment of the purchase of the goods the average consumer is persuaded in relation to the origin of the products and services and maybe he could have different and disoriented behaviour.

¹⁹⁵ G. GHIDINI, (n. 21), 368.

consequence obtaining some benefits, such as saving in the affirmation of the trade mark in the market and in advertising or marketing investment.

In other words, the unfair advantage occurred because of the benefits acquired by third parties through the exploitation of a similar or identical sign; it manifested in third parties' attempts to exploit the success of the reputed trade mark or when the commercialization of the new trade mark could be facilitated by an association with the previous reputed trade mark. It is also important to underline that all the main aspects will be treated in the next chapter while talking about the L'Oréal practical case. In order to assess the unfair advantage, it is necessary to take into consideration different elements, such as: the level of notoriety, the degree of distinctive character and the degree of similarity between the two marks.

2.6 The concept of “connection”

The expression “connection” is used to indicate a mental link between the third party enterprise and that of the reputed sign holder. The idea of connection is very wide, including not only the productive link but also the relational one and so the commercial identity and the image on the market of the enterprise. The connection could be identified in relation to a commodity extension of the productive activity, intended as a vertical development such as the merchandising and according to sponsorship relation, intended as a horizontal development such as the joint venture.¹⁹⁶

The perception of connection, made for identical or similar commodity field, could lead to a likelihood of confusion because of a wrong association, indeed a sufficient condition for the application of the enlarged protection of a reputed trade mark is the assumption that the consumer could establish a connection or even a mental relation under psychological level, like a *déjà-vù*.¹⁹⁷

¹⁹⁶ G. GHIDINI, (n. 21), 366. The author affirmed that the connection could occur according to an expansion of productive activity or a sponsorship relation.

¹⁹⁷ G. GHIDINI, *ibidem*, 367, see in particular note 118 in which a necessary but also sufficient condition for the approval of an enlarged protection of a trade mark with reputation arises when the consumer institutes a mental connection or even a psychological one.

The key point of a mental relation underlined how even a simple mnemonic effect due for example to the similarity of pronunciation or of a sound between the third party trade mark and an earlier reputed one, even if non-similar, could create a prejudice for the proprietor or an unfair advantage for third party.

It is possible to find the word “connection” in the art 16.3 TRIPs that stated: “*Article 6-bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use*”. As it is possible to understand from these phrase the protection should be extended for non-similar goods, but the consumers must identify a connection between the two goods, while creating a prejudice to the owner’s interest or an unfair advantage to third parties.

The association does not constitute on a basis of an iconic similarity, rather than it is focused on an evocation of a bond among enterprises; indeed, the connection is not inherent from trade mark to trade mark but actually from the third party marked goods to the proprietor of the reputed sign and so to his enterprise.¹⁹⁸

In the definition of the accuracy limit within which it is permitted to use a third party trade mark, an usage that allows the commercial association between the third party and the proprietor of the trade mark must be excluded and the same is for usages that create an unfair advantage to third party or a prejudice for the proprietor.

These two levels of protection should be found also for the ordinary trade mark within the limit of the similarity and for the trade mark with reputation over the limit of similarity. It is also important to underline that the specific conditions of prejudice and unfair advantage can be realized only in relation to a substantial connection between goods.¹⁹⁹

¹⁹⁸ G. GHIDINI, *ibidem*, 369. There is the passage of the explanation of the law such that the association is linked to the evocation of a bond among enterprises. The risk of association is mentioned only in relation to ordinary trade mark conflicts.

¹⁹⁹ G. GHIDINI, *ibidem*, 369.

It is not sure that the semantic coincidence always generates an unfair advantage or a prejudice, but what it is relevant is the empathic suggestion. In order to understand this difference an example should be useful: if on the advertising material of a concert appears the logo of a bank (ex: Intesa), everyone at the concert would associate that logo to the bank, thinking that the bank helped in the sponsorship of the event, while if the same logo Intesa is on the aftershave nobody would make an association with the bank, without transferring on the aftershave the notoriety of the bank. So that, the same word used in a commercial language does not constitute itself the cause of a trade mark weakness intended as the loss of the distinctive capability of a trade mark with reputation or the cause of a dilution effect. This concept is highlighted by the pacific coexistence in the mark of a various horses used for different trade mark such as Ferrari, Aston Martin, Mustang and that of Giorgio Armani.²⁰⁰

Taking into consideration the sentence Intel,²⁰¹ the Court affirmed that a necessary condition to obtain the enlarged protection of the trade mark with reputation is that the public creates a connection between the two marks; as it is underlined above, it is necessary to be cautious in fact it is not sufficient a merely similarity, as also in the decision it is affirmed that: *“However, the fact that the conflicting marks are identical, and even more so if they are merely similar, is not sufficient for it to be concluded that there is a link between those marks”*.²⁰²

Furthermore, the connection should be examined not only in relation to the iconic sphere of identity or similarity but also to the substantial one among the enterprises that are in conflicts.

In conclusion, the protection is not assured every time, despite the objective identity or similarity of the marks if the public does not institute a connection between the proprietor of the earlier reputed trade mark and the third party non-similar products.

²⁰⁰ G. GHIDINI, *ibidem*, 371, see note 124 where, the example of a mere semantic coincidence is given, especially the example of the Bank Intesa that should be the sponsor of a music event rather than that applied on an aftershave. And again, the pacific coexistence on a market of various horses used as a trade mark.

²⁰¹ G. GHIDINI, *ibidem*, 371, see the note 125 in which it is reported the example of the Intel sentence regarding the term “connection”.

²⁰² JUDGMENT OF THE COURT, Case C-252/07, *Intel Corporation vs CPM United Kingdom*, 27 November 2008, at point 45 in which it affirmed that the merely similarity is not enough to give the possibility of an enlarged protection.

The Court, at point 32 of the sentence, excludes that every kind of connection is sufficient to determine the enlargement of protection, but rather there is the need of a special connection such that the use of a following trade mark determines an actual or potential changes in the economic behaviour of the consumer, in fact: “ *However, the existence of such a link is not sufficient, in itself, to establish that there is one of the types of injury referred to in Article 4(4)(a) of the Directive, which constitute, [...], the specific condition of the protection of trade marks with a reputation laid down by that provision*”. This principle finds a valid consolidation in the Wolf decision, as already mentioned few pages above, in which the changes of the economic behaviour of consumer may not be perceived only by subjective elements such as the consumers’ perception. According to the Court “*The mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark within the meaning of Article 8(5) of Regulation N° 207/2009, in as much as that similarity does not cause any confusion in their minds*”.²⁰³

Talking also about the unfair advantage that could exploit the trade marks from the distinctive character or the reputation of the previous one, it occurs when the images or the characteristics of the previous reputed trade mark are shifted to the goods of the second trade mark, so that the commercialization of this last one is facilitated by an association with the previous reputed trade mark.²⁰⁴

The advantage could lead to a prejudice to the owner like a loss of chances of expansion the art. 16.3 TRIPs affirmed that the usage for non-similar products is not valid if it could lead to prejudice same owner’s interests in suggesting the connection. At the same time, though the owner may not demonstrate the existence of an effective injury of his trade mark, he must prove the existence of elements according to which there is a serious risk that an injury will occur in the future.²⁰⁵

Then, the definition of “connection” was given by the Court of Justice in the Intel case especially at point 60 and 63 in which it is explained that the connection exists when the second trade mark evokes in the average consumer’s mind the earlier reputed trade

²⁰³ JUDGMENT OF THE COURT, Case C-383/12, *Environmental Manufacturing LLP vs Société Elmar Wolf*, 14 November 2013, at point 37.

²⁰⁴ Trib. UE, 17 July 2010, T-124/09.

²⁰⁵ See the Intel case (C-252/07) and especially the point 38; Trib. UE, 17 July 2010, T-124/09 point 41.

mark.²⁰⁶ In order to assess the level of connection it is important to consider all the factors that exist, such as the degree of similarity among trade marks and among the goods for which these trade marks are registered and so the nature, the public interested the level of notoriety, of distinctive character and of likelihood of confusion.²⁰⁷

It is interesting to focus on the single factors that contribute to the creation of a connection; concerning the degree of similarity even if it is not sufficient for the determination of a connection, as it has been already seen above, the greater the similarity, the greater the possibility that in the mind of an average consumer is established a connection with the previous reputed trade mark. Concerning the public interested, it is possible to affirm that if the previous trade mark is known only by the reference public or if it is known and has acquired notoriety outside the reference public, it should be useful in the identification of a connection. At the same time, the more would be the degree of distinctive character, the more would increase the possibility that an interested public evokes the previous trade mark. While the likelihood of confusion is not necessary for the determination of the connection; the differentiation between the two concepts was very discussed as considered two different typologies of similarity. Through the connection, a consumer transfers the notoriety of a reputed trade mark on third party sign in order to take advantage or, on the contrary, he transfers on the trade mark the negative characteristics of third party sign in compromising the notoriety or the distinctive capability of the reputed trade mark. The possibility to transfer a certain positive or negative value is given by the concrete opportunity that the enterprises are put in connection among each others in the consumers' mind based on different elements and not only on the mnemonic factor.²⁰⁸

In conclusion, what is important to underline following the Intel decision is that the concept of connection does not exist every time there is a reference to trade mark with reputation and that, even if the existence is proved, it does not always correspond to an

²⁰⁶ See the Intel case (C-252/07) and especially the point 60 and 63; “*for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark would call the earlier mark to mind is tantamount to the existence of such a link*”.

²⁰⁷ See the Intel case (C-252/07) and especially the point 42, the factors concerned: “*the degree of similarity between the conflicting marks; the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public; the strength of the earlier mark's reputation; the degree of the earlier mark's distinctive character, whether inherent or acquired through use; the existence of the likelihood of confusion on the part of the public*”.

²⁰⁸ G. GHIDINI, *ibidem*, 319.

unfair advantage or to a prejudice. So that the existence is demonstrated by the analysis of some factors taken in consideration case by case, but it is not sufficient to determine the detriment of the distinctive character or of reputation and unfair advantage.²⁰⁹

2.7 The due cause

The last element for the determination of trade mark with reputation is identifiable with the right of “due cause”; it occurs at the final step, after that the owner of the previous trade mark proved the existence of the risk of unfair advantage or prejudice, such that the owner of the successive trade mark must demonstrate the presence of a due cause that allows him to use an identical or similar trade mark to the reputed one. The Intel decision is useful even in the identification of a due cause; indeed, at point 39 it was affirmed that *“When the proprietor of the earlier mark has shown that there is either actual and present injury to its mark for the purposes of Article 4(4)(a) of the Directive or, failing that, a serious risk that such injury will occur in the future, it is for the proprietor of the later mark to establish that there is due cause for the use of that mark”*. As it has been already seen in the determination of trade mark with reputation, the articles 12 and 20 i.p.c. extended the protection in the case in which the third party has acquired an unfair advantage from the distinctive character or from the reputation of the previous trade mark or has caused a prejudice “without a due cause”. Indeed, the unfair advantage or the prejudice constituted an injury if who uses the previous reputed trade mark do it without a due cause. At the same time, despite the importance of the last concept of due cause for trade mark with reputation, there is not an exact and clear definition of it, such that there is the need to refer to each sentences and to the interpretations of the Courts. Anyway, the cases in which it was examined the due cause

²⁰⁹ See the Intel case (C-252/07) and especially the points 31 and 32, in which respectively: *“In the absence of such a link in the mind of the public, the use of the later mark is not likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark”*. And, *“However, the existence of such a link is not sufficient, in itself, to establish that there is one of the types of injury referred to in Article 4(4)(a) of the Directive, which constitute, ... , the specific condition of the protection of trade marks with a reputation laid down by that provision”*.

are in a low number both at European and national level but despite the existence of these cases, even if at low number, there is not a general definition of a due cause.

The absence of a definition is probably due to the fact that the examination of the due cause is not standardized rather than it occurs only in eventual cases. Indeed, at the first instance the judges evaluate the requirements needed that could cause an injury; in the cases in which the lack of one of these elements is assessed, the judges stopped there and do not go in the examination of the due cause, especially they do not evaluate the usage of a successive trade mark that is identical or similar to that of the holder's previous reputed one.²¹⁰ This constitutes the main reason why, despite the various number of decisions regarding trade mark with reputation, the decisions containing the due cause are so in a low number.

In many other situations the holder of the second trade mark does not apply for the examination of the due cause but rather he protects himself solely by denying the hypotheses of unfair advantage and prejudice. The reasons to protect the new trade mark with the concept of due cause are different from that used to protect the earlier trade mark by the unfair advantage and the prejudice.

Taking into consideration the i.p.c. and especially the art. 20 and 21, it was possible to say that the limitation to the right of trade mark as mentioned in art. 21.1 i.p.c.²¹¹ could help to weave the concept of due cause as cited in the art. 20.1/c i.p.c.²¹² but the same concept is not only limited to those points.

It was possible to affirm that, firstly because the art. 20 i.p.c. does not refer explicitly to the art. 21 i.p.c., and above all because such interpretation of the law would lead to a

²¹⁰ One of the few sentences in which it is possible to find the theme of "due cause" is the one expressed by the Tribunal of 7 July 2010 in the *Roncato* case. Indeed, at point 51 it was affirmed that the examination of the existence of at least one of the different typologies of risk must precede the evaluation of eventual "due cause". In the case in which none of the risks occurs, it is not possible to prevent the registration and the use of the trade mark in question not being the lack of due cause for the usage of that trade mark.

²¹¹ In the art. 21.1 i.p.c. the owner could not forbid third parties the usage of the trade mark in the economic activities if it is necessary to indicate the destination of the products or services as long as they follow the principles of professional fairness.

²¹² In the art. 20.1/c i.p.c., instead of article 21.1 i.p.c., the owner has the right to forbid third parties the usage in their economic activities of a sign that is identical or similar to the one already registered for even non-similar goods if it consists of a trade mark with reputation and if the usage of the sign, even for a different scope than that to distinguish products and services, without "due cause" could allow to the unfair advantage from the distinctive character or the reputation of the trade mark or to a prejudice.

restriction of the competition and would impede third parties to use trade mark that are identical or similar to those of the reputed ones even in different cases from those explained by the legislation on the legal use of trade mark deserving of protection.

Retracing the passage of the art. 21.1 i.p.c., the owner could not prevent the usage by third parties of a trade mark, both for ordinary trade mark and trade mark with reputation, in the case in which this descriptive usage is in compliance with professional fairness principles. This means that if the due cause coincides with the legal use as confirmed in the art. 21.1 i.p.c., the third party would be limited in discussing further reasons in relation to those of the article mentioned above and in any case he had to prove the respect of the limit of professional fairness.

Having said that, it is possible to affirm that the notion of “due cause” may be considered a general clause that is very effective in the case of parasitic grappling and prejudice in which the third parties’ interests in the sector are greater than those of the earlier reputed trade mark owner. In some articles of the i.p.c. it is possible to retrace hypothesis that are similar to that of the “due cause”, in which on the contrary, is the proprietor of the trade mark that has the faculty to indicate a reason for the protection of his own exclusive right.²¹³

In conclusion, the due cause is not limited to the list of hypothesis as mentioned in the art. 21.1 i.p.c. but it is an open notion in which it is possible to follow different views; each of them could justify the parasitic use and the detrimental use of the identical or similar sign to the other trade mark with reputation.

The absence of a clear definition gives the opportunity to the judging body to make an assessment according to its sensibility and not to a proper law. The sensibility would be influenced even by the level of notoriety of the trade mark, in fact, the more a trade mark is reputed the more it would be protected.

²¹³ For example, in the art 5.2 i.p.c. the limitation to the owner’s power does not apply when it is possible to identify “legitimate reasons” according to which he can oppose a further commercialization if the conditions of the trade mark are altered and modified in the market. In this case, indeed, is the interest of the holder that takes over that of the competitors.

Chapter III

Comparative advertising

SUMMARY: 3.1 General traits of unfair competition – 3.1.1 The proceedings: confusion, denigration, appropriation of merits, non-compliance with principles of professional fairness – 3.2 The use of comparative advertising – 3.2.1 Comparative advertising requirements – 3.3 L’Oréal practical case: regulatory context, preliminary questions focus on reputed trade mark in comparative advertising – 3.3.1 Prominent rules – 3.3.2 Analysis of the questions

3.1 General traits of unfair competition

The problem of the unfair competition arises in the system focused on the principle of freedom of competition, in which each entrepreneur could legitimately enlarge his own supply through different techniques by stealing consumers from competitors; indeed, at the same time, each consumer could freely choose towards which enterprises express the demand preference.²¹⁴ The decisions concerning the supply of an entrepreneur and the demand of a client can be addressed to the directly interested subjects without being influenced by the political environment. The protection of this market system comes from the art. 41 of the Constitution according to which the private economic initiative is free and above all from the art. 119 TFEU (Treaty on the Functioning of the European Union) in which the action taken by the member states includes the adoption of a political economics based on the principle of an economy that is of an open market and free in competition.²¹⁵ The interest of the enterprise to satisfy the demand of consumers

²¹⁴ D. SARTI, (n. 9), 183, in the part regarding the relationship among entrepreneurs, he affirmed that the discipline of the economic activity must guarantee an equilibrium in the relationship among entrepreneurs and then he focused on the problem that could arise in the system of freedom of competition in which each entrepreneur could steal some clients from the competitors and each client is free to direct his own demand where he desires.

²¹⁵ D. SARTI, *ibidem*, 183. The author mentioned the art. 41 Cost. and 119 TFEU in order to understand the interest of the discipline to protect the system of the market.

derived from the need to increase their volumes and not to lose market shares in favor of competitors.

Despite the freedom of competition in the market, rules have been developed over time following a thread on principles of fairness that must be respected by all the participants. The introduction of the rules aimed at regulating the competition such that the attempts to steal clients from the competitors and all the consequences which this entails do not turn into a real unruly struggle. At the beginning, the new entrepreneurial class focused on an uncontrolled liberalism, then it proposed a new set of rules in limiting the competition dynamics in order to avoid that the newcomers exerted strong pressure.²¹⁶ This set of rules found a definition in an international sphere with the Paris Union Convention for the protection of industrial property of 1883. The Convention has been modified several times, particularly with the revision of Stockholm of 1967 (entry into force ten years later in Italy), the art. 10 *bis* obliged the member of the Union “*to assure to nationals of such countries effective protection against unfair competition*”. Then, in the following paragraph defined the unfair competition as “*any act of competition contrary to honest practices in industrial or commercial matters*” and specifically all the acts that contributed to create confusion with the goods or the activities of the competitors, the false allegations with the aim to discredit the goods or the activities of the competitor and then the indications or allegations suitable to mislead the public in relation to the nature and to the characteristics of the products.

In these terms, it is important to consider the art. 2598 c.c. focused on a healthy competition based on the merits of each enterprise and not on acts that could damage the competitor’s enterprise.

It was difficult to underline that the concept of disloyalty of the competition and that of professional fairness should be defined not in accordance to ethic value of the professional environment but rather in relation to the coherence between entrepreneurial

²¹⁶ G. GHIDINI, G. CAVANI, (n. 30), 112. The economic system based on free competition market is emerged in our system a little bit late with respect to the development of the economic order in its turn based on the competition principle. The growth of this market is due to different social, economic, technological and political effects, and above all the development of new technologies that led to the mechanization of the productive process and to the usage of new means of transport. In a field devoid of rules, the class of entrepreneurs established; in a second moment the same class settled various rules in order to put limits on the dynamics of the system.

behaviour and competitive market; as much as the idea that the loyalty of the competition was related to the principle of free competition.²¹⁷

It is important to focus on other regulations that had to intervene; at the beginning, the Directive 84/450/EEC concerning misleading advertising had been introduced, then the Directive 97/55/EC amended the former 84/450/EEC in order to enclose also the comparative advertising; finally, they were substituted by the Directive 2006/114/EC, concerning both misleading and comparative advertising. These disciplines were substituted in a second moment by a more complex laws inserting for example the unfair commercial practices.

The discipline of unfair commercial practices is based on various laws that identified the unfair professional behaviour that could prevent the consumer to make a freely and aware choice of products.

In that way, the consumer has acquired a more central role with respect to the past. Indeed, from the protection of the consumer derives the protection of the fair competition. The Dir. 2005/29/EC on the unfair business-to-consumer commercial practices in the internal market, affirmed that it protects the economic interest of the consumer from the unfair commercial practices between the enterprise and the consumers themselves. And again, it protects the legitimate activities from that of competitors that do not respect the rule on the market, leading to an unfair competition.²¹⁸ From this derives an improvement of the judgment parameters in the determination of the fairness, loyalty and professional diligence, on which even the illegal verification must base on.

According to the art. 41 Cost. the assessment of an improper behaviour must be accomplished in the interests of the market and not in the interests of the merchants, indeed what is important is to protect the general interest of the consumer regardless the convenience of a special category of profession. From this statement it is possible to

²¹⁷ G. GHIDINI, G. CAVANI, *ibidem*, 114.

²¹⁸ Directive 2005/29/EC at point 8 affirmed that: “*This Directive directly protects consumer economic interests from unfair business-to-consumer commercial practices. Thereby, it also indirectly protects legitimate businesses from their competitors who do not play by the rules in this Directive and thus guarantees fair competition in fields coordinated by it. It is understood that there are other commercial practices which, although not harming consumers, may hurt competitors and business customers. The Commission should carefully examine the need for Community action in the field of unfair competition beyond the remit of this Directive and, if necessary, make a legislative proposal to cover these other aspects of unfair competition*”.

understand that the case-law has explicitly recognized the protection of consumers' interests as a necessary element for the determination of loyalty in the relationships of unfair competition.²¹⁹

After having analyzed the evolution, it is now important to see in detail the topic of the unfair competition. The scope of the discipline is essentially based on the prohibition of the attempts to take advantage of non-transparent market situations or of incorrect state of advantage in the entrepreneurial initiative. At the same time, the system must avoid that the enterprises take advantage of certain market situations, such as the case in which an effective competition is absent, provoking the imposition of unpleasant supply, without the opportunity for the consumers to have a better alternative.

The first requirement that must be respected in order to enforce the rules is that the subjects, both the active (the author) and the passive (the damaged) of the act, are qualified as entrepreneurs and between them it exists a competitive relationship that could be even just potential. On the contrary, if it is not possible to classify the subjects as entrepreneurs, the art. 2043 c.c. on the illicit facts must be taken into account and not the 2598 c.c. regulating the acts of unfair competition. It is interesting now trying to understand the two main factors. The former, concerning the notion of entrepreneur, includes various subjects that practice on the market an entrepreneurial activity. Particularly, there is a reference to the art. 2598 c.c. in the theme of unfair competition as already mentioned at page 68; it is possible to confirm the application of this article even to public entities and public enterprises, while the discipline does not apply to professionals relationships.²²⁰ The author of the act, usually, conducted an activity that is addressed to the same clients of the subject damaged, this means that both are consisted in an entrepreneurial activity. At the same time, there are even other acts that could damage a third party enterprise but made up by non-entrepreneurs like the denigration of an enterprise by a consumer.²²¹

²¹⁹ G. GHIDINI, G. CAVANI, *ibidem*, 115 pointing out that the main parameter for the identification of the loyalty in the relationship for the unfair competition is determinable by focusing the attention on the consumers' interests.

²²⁰ G. GHIDINI, G. CAVANI, *ibidem*, 116 holding that they introduced the discipline of the unfair competition by focusing, at a first instance, on the subjects involved. It came out that the subjects must correspond to the qualification of entrepreneurs.

²²¹ D. SARTI, (n. 9), 186.

The latter, regards what the competition relationship consists of; it basically occurs when the entrepreneurs shared the same final costumers, so when they offered the same or similar products or services on the market. The market to take as reference includes the actual and the potential one and especially the geographical area possible of expansion. A potential relationship of competition could exist when one or both of the subjects involved in the relation have not started the entrepreneurial activity but actually, they can demonstrate that they have that intention, while showing preparatory acts of the production goods and of organization. This potential relationship is valid even when the enterprises do not conduct the same activity but the first can be the possible development of the second such that among the entrepreneurs, even if they are on different economic level, can exist a certain tie, like the producers and the distributors.²²²

Another important point is that the entrepreneur can comply with the activities of third parties that have a bond in such a way with the enterprises and that would like to act in its interest. It is sufficient a collaboration or subordination relationship in order to make the entrepreneur responsible for the activities enforced by the employee.²²³

The responsibility for the unfair competition occurred not necessarily when the illicit facts were done by the clerks in the field of the exercise in which they operate in the place of the entrepreneur, but rather it is sufficient a simple interest of the entrepreneur to the illicit facts. This typology of relation between the owner and third parties that determined the responsibility of the owner is due to the fact that the third parties involved do not possess the subjective requirements in order to affirm a competitive illicit, indeed, they are not the entrepreneurs. The responsibility of third parties is identifiable when they operate on behalf of the entrepreneur, even in his objective interest but without a juridical relationship with the entrepreneur; here, the third parties, the employees or the auxiliary could respond in relation with the entrepreneur to the illicit act done in the name of responsibility for the unfair competition.²²⁴

²²² G. GHIDINI, G. CAVANI, *ibidem*, 116. They focused on the second factor concerned the unfair competition, that is the competitive relationship among subjects.

²²³ See the art. 2049 c.c. in which it is affirmed the responsibility of the owner such that the owner is responsible for the damages that could derive by the illicit fact of their clerks in course of the exercise in which they operate.

²²⁴ G. GHIDINI, G. CAVANI, *ibidem*, 117. Another element to take into account is the responsibility of the entrepreneur for the auxiliary and third parties subjected to him. But

Another point that has to be considered is the legitimacy of the professional associations as defined in the art. 2601 c.c., according to which if the acts of the unfair competition create a prejudice for the interests of a professional category, the same category can bring actions for the repression. The standing to act for the repression of the unfair competition is given to professional associations if the behaviour has led to prejudice the interests of an entire category; today the law is applicable to each entrepreneurial association.²²⁵

There is the possibility for the category to ask for an eventual compensation for damages that the competitive illicit provoked to the associates, underlining the injury of their own right and asking for a complete compensation for damages.

Finally, it is important to underline how the discipline of competitive illicit differentiates from that of the civil illicit with regards to the concept of damage. The competitive illicit does not require the presence of an actual damage but instead it is sufficient that the unfair act is able to cause a prejudice to the other enterprise. It could be defined as an illicit of danger with respect to which the participant can react before that a damage really occurs and so as a prevention. In order to assess the protection against the acts of unfair competition it is relevant to define that if the acts are done with fraud or negligence the author must compensate for the damages; so that it is the author that must demonstrate the eventual absence of fraud.²²⁶

actually, the case-law introduced the direct responsibility of the third parties involved for the subjects that operate on behalf of the entrepreneur but that do not have a juridical relationship with the entrepreneur. See Cass. 9117/2012.

²²⁵ G. GHIDINI, G. CAVANI, *ibidem*, 117. The legitimacy of the professional associations is dictated by the art. 2601 c.c. according to which when the acts of unfair competition create a prejudice to the interests of a professional category, the actions taken to repress the unfair competition can be made even by the professional association that represents the category. The article refers only to the active legitimacy of the category, while the legitimacy of the passive side of the association was admitted by the case-law, especially App. Milano 30 July 1999; App. Milano 15 November 1994.

²²⁶ G. GHIDINI, G. CAVANI, *ibidem*, 118. The authors focused on the differentiation between the competitive illicit and the civil illicit (also known as “*aquilano*”). The main difference is that for the former is it sufficient the possibility of the illicit act to create a prejudice to the second enterprise, so that it does not require the actual damage. Finally, the art. 2600 c.c. is mentioned according to which “*if the acts of unfair competition are committed with intent or negligence, the author is obliged to pay damages*” (as it is said in the art. 2043 c.c.) and again “*once the acts of competition have been ascertained, the fault is presumed*”.

3.1.1 The proceedings: confusion, denigration, appropriation of merits, non-compliance with principles of professional fairness

The acts of the unfair competition are disciplined in the art. 2598 c.c. and are divided into three main parts, the first paragraph includes the possibility of confusion, the second one the denigration and appropriation of merits and finally, the third one the non-compliance with the principles of professional fairness.

The first part of the article regulates three aspects: *a)* the usage of nouns or distinctive signs that can generate a likelihood of confusion; *b)* the imitation of competitor's goods; *c)* the usage of any other means to produce confusion with the activity and the products of a competitor.

Considering the first part (*a*) of the provision, the aim is to avoid that the consumer is deceived about the provenance and the origin of the goods, so that he is deceived in his choices. In order to prove the confusion, it is not necessary that the confusion has effectively manifested, however it is sufficient that exists a concrete likelihood of confusion. The valuation is assessed considering if the consumer is deceived on the commercial source and consequently is led to effectuate wrong choices.²²⁷ The general interest of this article can be linked to the transparency of the market and to the possibility to identify the goods of an enterprise from those of another through the distinctive sign.²²⁸ This part safeguards the legal usage of names and distinctive signs by a competitor aiming at preventing confusion. It also protects the signs that, following the discipline of the unfair competition, are not registered but legally used; this concept works side by side with the legislation regulating the Industrial Property Code of the registered trade marks.

The signs under the legal protection of art. 2598 c.c. are the same of those mentioned in the art. 7 i.p.c. including everything that can make the product distinguishable in the market.²²⁹

²²⁷ G. GHIDINI, G. CAVANI, (n. 30), 118.

²²⁸ D. SARTI, (n. 9), 189.

²²⁹ See paragraph 1.2.1 at page 8 while talking about the requirements needed for the registration in the art. 7 i.p.c.

According to art. 2598 c.c. and the law regulating the registered trade marks, signs have to be new²³⁰ and distinctive about the origin of products or services offered by the entrepreneur.

In order to require the protection, it is necessary to demonstrate that the distinctive sign is not only used but also known to the public and perceived as an identification sign of the enterprise. Indeed, the likelihood of confusion cannot resort if the sign is unknown or if it is descriptive of a generic typology of products or services.

Anyway, to apply the art. 2598.1 c.c., it is necessary to prove the existence of a concrete likelihood of confusion, such that the distinctive signs in conflict are known to the public of the same territorial area.²³¹

The second part (*b*) of the phrase of art. 2598.1 c.c. prohibits the slavish imitation of competitor's goods. Even in this case, the problem resides in the possibility of confusion for customers, and not on a disvalue judgment. The protection against the imitation regards only the external aspect of the product, not the internal components, because the latter cannot be source of confusion as they are not visible.

The judgment regarding the likelihood of confusion, is based on the first impression of the consumer about the product, including also other important factors, like the distribution channel, the way the product is commercialised and its price range.

The only imitation of characterizing forms of third parties' products can lead to mislead the consumer; while the standardized shapes or shapes that have a common use, such that unable to distinguish goods from those of others, are not protected.²³²

Also the so-called functional forms, linked to the technical and structural aspect of the product, are not protected by the law, because the legislator wants to avoid the creation of a monopoly situation and to permit the free usage of these forms once the patent time is expired.

²³⁰ The sign should not have been already registered by someone else or be made knowable and used for similar products.

²³¹ D. SARTI, *ibidem*, 190, holding that there is no likelihood of confusion if the same restaurant name "Scacomatto" is used both in Milan or Palermo.

²³² The shape of a products is not always perceived by the public as an indication of the distinctive sign of the origin. See the CJEU, *Procter&Gamble* case of 29 April 2004.

Therefore, only the forms that, even having an aesthetic merit, are characterised by a distinctive effect, fostering the contact between producer and consumer are subjected to protection against the slavish imitations.

The competitor, in order to assert his products on the market is obliged to differentiate its product from the original, by using variants such as to avoid the likelihood of confusion, especially if the competitor took inspiration from the functional form of the product. It is possible to retain that the forms protected against the slavish imitation which creates confusion are identifiable with those registrable as shape trade mark.

The third part (c) of the sentence of the art. 2598.1, forbids the usage of any other means suitable to produce confusion with the activity and the products of a competitor.

Any action with the intention of producing confusion on the origin of a product is embedded in the prohibition, like imitating its secondary distinctive signs²³³.

All these limitations, however, should not prohibit the producer to follow the market trends, being them functional or aesthetic: in this sense, only when there is effectively confusion upon the choice of products between two competitors it is possible to talk about an illicit.

The second part of the article regulates two aspects: a) The diffusion of news and appreciations about the products and the activity of a competitor in order to cause denigration; b) The appropriation of merits of the products or of third party enterprise.

With the term “denigration” as indicated in the first part of the sentence of art. 2598.2 c.c., the legislator indicates any activity with the sole intention to negatively affect the opinion of the consumer through diffusion of false news and information, that can refer to a competitor’s products, or enterprise or personal reputation related to his entrepreneurial qualities.²³⁴

More precisely, it is illicit to refer to a competitor’s activities or products in a negative way taking into consideration untruthful facts. The false discrediting claims constitute the central theme of denigration, including for e.g. claims on the scarce quality of the

²³³ G. GHIDINI, G. CAVANI, *ibidem*, 122. Some examples of secondary distinctive signs are catalogues, fonts, colours and layout of an advertisement. Even the usage of photography of a third parties’ product or the imitation of the extern part of a competitor’s shop is forbidden.

²³⁴ G. GHIDINI, G. CAVANI, *ibidem*, 122, about the definition of denigration.

competitor's products or on the financial situation of the competitor.²³⁵ In order to apply the law, it is necessary to identify a passive subject, even if it is not explicitly mentioned in the act.

Another way to denigrate a competitor, is through explicit or implicit comparisons between his products or activities.

In the past, the law tended to consider illicit every type of comparison between products, even if based on true facts. Although the truthful comparison was permitted, the message was perceived as tendentious: the commercial prestige of the entrepreneur was always object of legal protection, prohibiting every reference to the competitor in a pejorative tone. The problem concerned the exaltation of its own products through a comparison with a competitor by highlighting the lower qualities of the latter.

Another way to compare different products is indirectly: this method consists in the disclosure of third entities' opinions, like specialised magazines or research institutes. In this case, the illicit lies in the corruption of the third parties such as that their opinions are influenced in illegal way by the entrepreneur. Otherwise, if the opinion has been expressed based on a scientific method, without the influence of the entrepreneur or other entities and so with data and information that reflect the reality, the act is not to be considered an illicit.

Then, the hyperbolic exaltation of the products does not constitute an illicit as mentioned in the art. 20.3 cod. cons. Stating that: “[...]is not an illicit the common and lawful advertisement containing exaggerated statements that should not be taken literally”.

An example of “licit hyperbolic affirmation” can be found in the Redbull slogan, “Redbull gives you wings”: this statement is an obvious exaggeration and it does not have to be listened literally.

The hyperbolic affirmation is considered illicit when it is expressed in a certain manner that can be explicitly translated into a negative judgment of competitor's products or activities.

²³⁵ D. SARTI, *ibidem*, 191, holding that it is frequent, in the denigration case, to state that the competitor is on the verge of bankruptcy while talking about the financial situation. It inevitably involves a subjectivity degree as coming from third parties that do not possess all the tools to be able to know the real economic situation of a third entrepreneur.

If an entrepreneur is subjected to a denigration made by a competitor, he is not allowed in his turn to carry out a denigrating act to that competitor, but instead he must always answer with licit and truthful facts.

The second part of the Art. 2598.2 c.c. regulates the theme of the appropriation of merits of the products or of third party enterprise.

The illicit consists in the appropriation of positive characteristics belonging to a competitor, in order to increase the prestige and influence the choice of the consumer. The appropriation can be realised not only in advertising but also through a deceptive label. The merit that the offender is gaining by illicit appropriation can be a characteristic of a single competitor or of an entire category²³⁶.

The appropriation of merits occurs when the entrepreneur copies in his catalogues the competitor's products or affirms to have received awards that actually were attributed to third party or again asserts to possess commercial relationship with a well-known enterprise, while this relationship is regulated by third party.²³⁷

If instead, the qualities illicitly referred to the offender do not belong to a single entrepreneur or to a category either, it is not the case of illicit appropriation of merits but that of misleading advertising.

The same second part of art. 2598.2 c.c. regulates also the illicit act of a parasitic link of its own products to that of competitor. This case shows a comparison with an equivalent relation to a competitor's products, producing a more renowned good, using competitor's distinctive signs²³⁸.

Anyway, whenever what is stated is truthful, corresponding to reality, there is no illicit; there must be an existing analogy between the products or services of an enterprise and those of the competitors.

²³⁶ G. GHIDINI, G. CAVANI, *ibidem*, 124 in which it is possible to make an example of the latter illicit: if a foreign company that produces typical Italian products produces and sell a low quality wine with the Italian flag on the label, it constituted an appropriation of merits done in an illicit way.

²³⁷ D. SARTI, *ibidem*, 192. The author mentioned M. AMMENDOLA, *L'appropriazione di pregi*, Milano, Giuffrè, 1991; Trib. Roma, 31-03-2004, *GADI*, 2004, 997; Trib. Milano, 29-09-2007, *GADI*, 2007, 1024. Concerning the false award of prizes, he cited C. SANTAGATA, *Concorrenza sleale e trasparenza del mercato*, CEDAM, 1979; Trib. Reggio Emilia, 28-05-2005, *GADI*, 2005, 658.

²³⁸ An example is when a competitor's trade mark is used, followed by expressions as "like" and others, indicating a direct link between the two products.

According to the case-law it constitutes an illicit act the conducts making the consumer believed that a competitor's product is produced by the other enterprise in question, like appropriating of competitor's photos or slogans by the usage in its own enterprise.

Another case regulated by art. 2598 c.c. is the so-called *look alike*: this occurs when there is a slavish imitation, without creating confusion on the product forms, shapes or package.

If this illicit occurs, the law considers it as a case of an attempts to link the products to that of competitors, even if the imitator used a trade mark that is clearly different, avoiding every confusion for the consumer. This usually happens with the wide consumption goods used on a daily base, such as food or products for housekeeping²³⁹.

The third part of the article regulates the usage of means that are not in line with the principles of professional fairness and aim at damaging other firms.

In order to identify the cases treated by this article, it is important to define the concept of professional fairness, even if there are many different positioning.

The first position considers compliant with professional fairness every action or behaviour developed by entrepreneurs in the beliefs of their fairness²⁴⁰.

Another position suggests giving an essentially economic content to the fairness principles. The action allowed are those coherent with the principles of freedom of competition and economic initiative, as in the art. 41 Cost; on the contrary, the illicit ones are those not in line with these principles.

In this perspective, it is clearly visible the direct link between the freedom and the fairness of competition, even if the former operates at the structural level to, while the latter regulates relationships between enterprises²⁴¹.

In this jagged framework, the introduction of a new doctrine, helped the judges to define the parameters for professional fairness: in the proceedings, the professional

²³⁹ This examples fit perfectly in the case, because the purchase of these goods is quick and made without too much attention to the product.

²⁴⁰ G. GHIDINI, G. CAVANI, *ibidem*, 126. This judgment must be done referring to the commercial common sense, i.e. the moral judgment that the professional environment expresses about a determined business practice.

²⁴¹ G. GHIDINI, G. CAVANI, *ibidem*, 126. It is important to underline that the freedom of competition is a necessary parameter to obtain a fair competition.

fairness of a company is valued based on the presence of malice, an element that testifies the illicit²⁴².

According to this clause, the action must be intended in damaging the competitor's enterprise and, in accordance with the general principles, it is considered illicit even the only possibility to damage the competitor. The valuation of this situation must be interpreted case by case by the judge, however the case-law elaborated different general typologies of incorrect behaviour grouped under different classes²⁴³: *a)* violation of third party's exclusives; *b)* pricing decisions; *c)* acts of boycott; *d)* transfer of employees, agents and collaborators; *e)* abuse of secret information; *f)* systemic imitation of third party's entrepreneurial initiatives; *g)* misleading advertising.

a) The violation of exclusives consists of selling in a certain area, where an entrepreneur has the exclusivity to sell. Nowadays the case-law has a more liberal orientation, since this practice is not considered illegal, unless something blameful happens²⁴⁴.

This new orientation is an expression of freedom of competition: it encourages the competition between firms, due to the benefits that a fair competition can have on the market, like lower prices and better circulation of products.

b) The unilateral determination of prices is considered licit, since it is a way to express the freedom of business initiative: nowadays in fact, every rule regarding a minimum price imposition have been abrogated.

It is right to think that entities with a strong economic and financial structure are more likely to decide the selling price, influencing the market as a whole; however, an illicit is constituted when the firm, with its action, causes monopolistic effects in altering the competitive physiognomy of the sector of a market. The illicit is characterised by the absence of a rational reason and a time duration of the fact, since short – term pricing decisions are allowed.

c) To boycott a competitor, means to obstruct his commercial relationships. There are two types of boycott: the primary one (or direct), consisting in the declination to bargain and the secondary one (or indirect), that consists not only in having an omissive behaviour, but also in inviting other subjects not to have business affairs with a

²⁴² It must be emphasized that the illicit for unfair competition discerns from subjective elements: the detection of the illicit must be based on objective elements.

²⁴³ G. GHIDINI, G. CAVANI, *ibidem*, 128. See the grouping on different classes according to the incorrect behaviour.

²⁴⁴ An example is to recycle and sell stolen products in the market.

determined subject. The illicit arises when the action is done, even if there are no effective damages to the other enterprise. It is considered illicit even pressing other entrepreneurs not to have affairs with a certain subject. The unfairness of the action resides in the attempt to eliminate the competitor: the core of the action is to create a monopolistic situation, so it must be excluded every reason that can justify its act.

d) According to the general principles, taking employees that work for a competitor is legal intended as an expression of freedom of job circulation and economic initiative, that gives to the employees the opportunity to improve their conditions and to the enterprise to improve its organisation and efficiency. However, it constitutes an illicit act when an enterprise subtracts employees, agents and collaborators from another one by promising better wages and jobs, through unfair means²⁴⁵ and with the intention to damage its competitor²⁴⁶.

In the absence of unfair means, the incorrect behaviour is found in objective elements, like the decrease in efficiency and the disruption of the organisational chain of the firm²⁴⁷. It must be underlined that there is no illicit, if there is no pression from the entrepreneur on an employee to leave a competitor's firm and join another one.²⁴⁸

e) By definition, sensitive information is secret information and must be distinguished by the one gained by the employee during his working relationship with the company (know - how). Indeed, client lists that are not easily accessible, especially if they contain specific information to generate commercial purposes *ad hoc* for the client, are considered secret.

f) Also known as parasitic unfair competition, it consists in the systemic imitation, even if partial, of third party's entrepreneurial policies. The illicit prescind from the likelihood of confusion between different firms, otherwise it would be the case regulated by art. 2598.1 c.c. To be included in this case, the existence of multiple

²⁴⁵ G. GHIDINI, G. CAVANI, *ibidem*, 129. The denigration a competitor by making the employees in a situation to think that their company is having economic and financial problems.

²⁴⁶ G. GHIDINI, G. CAVANI, *ibidem*, 129. E.g. by acquiring personnel from a competitor, in order to obtain its know-how or confidential information on the enterprise.

²⁴⁷ It is important to underline that not only the effects of the illicit must be considered, but also the finality of the act, as programmed by the author of the illicit. The effects of this action are well studied and go beyond the damage caused by subtracting workforce from the competitor. The action of subtracting must be referred particularly to the targeted employees are the most experienced ones, aiming to create imbalances to the competitor's enterprise.

²⁴⁸ According to VANZETTI-DI CATALDO the illicit of the transfer presupposes an intent to damage the competitor's enterprise, the so-called *animus nocendi*.

actions aiming at the imitation of the competitor is necessary, but it is not enough: in addition to the quantity of imitation acts committed, it is necessary also that the imitation regards the original and distinctive character of the products or activities of the competitors. If only the quantity factor is taken into account, a group of actions could be considered as illicit, even if, taken singularly, these acts are licit because they do not cause confusion. Being very difficult to judge a parasitic behaviour, the case-law drew up a list of temporal and quantitative indexes to value a certain act.

g) Nowadays, the consumer protection is regulated by the Consumer Code and the d.lgs. n. 145/2007. Even with the new dispositions the misleading advertising is an act of unfair competition.²⁴⁹ In the past, it was considered illicit only the advertising based on false information, like the origin, the composition and the quality of the product, without regards towards persuasive or allusive advertising. In the present, instead, it is also considered illicit the advertising that causes confusion to the consumer.

In any case, these explanation refers to an already identified group of incorrect behaviour, but other cases can be observed. Indeed, an actual example, is the abusive usage of metatags, that are non-visible keywords indicating the presence of certain text references in the site. This instrument can be used to convey masses of potential customers from the site of a competitor to another (usually to the own enterprise).²⁵⁰

3.2 The use of comparative advertising

Today, the comparison is regulated by d.lgs. 145/2007, regarding both the misleading and the comparative advertising. The legislator stated that the comparison is legal if truthful, correct and verifiable, even if it can indirectly damage the competitor: the lawfulness of the comparison is an expression of consumer's interest protection, through a better knowledge of the products in the market. The aim is to stimulate

²⁴⁹ For further information concerning the misleading advertising see the paragraph 3.1 on the general traits of unfair competition.

²⁵⁰ G. GHIDINI, G. CAVANI, *ibidem*, 133. According to the art. 2598.3 c.c. it is considered illicit the usage of metatags that indicates the trade mark, the exclusive activity or any distinctive sign that constitutes a competitor's characteristic.

choices driven by rationality and objectivity, in compliance with the law regulating the protection of the consumer. An example of a licit comparison is to compare the price of two products: the comparison must be between two comparable products, with the same or similar characteristics.²⁵¹

The comparative advertising is defined as “*any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor*” by the art. 2 of the Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising. In other words, the comparative advertising is intended as a form of advertising communication that makes comparison between the products or the services promoted, and similar products or services produced by competitor’s enterprise.

The advertising comparison should be divided into three main forms: the indirect, the direct and the superlative comparison. In the first case the competitor cannot be identified as there is not a specific reference to competitor’s name, indeed the goods promoted have special and unique merits and therefore it is implicitly affirmed that those merits are not owned by all the competing products; in the second case there is a real and proper comparison between the goods promoted and those of the competitor, that can be expressively cited in the case of nominative comparison or easily identifiable for unique references in the case of direct comparison by reference; and finally, in the third case there is not a specific term of comparison and not a reference to a certain products of the competitors, but the usage of superlative adjectives creates a comparative effects with respect to the generality of products or services of the same commodity category.²⁵²

At the beginning, following the traditional approach, the comparative advertising was valued according to the art. 2598 c.c. as unfair competitive acts because it was thought that it generated discredit on competitors, so it was intended as a denigrating advertising or as a mendacious one.

²⁵¹ To see the comparison criteria, see art. 4 d.lgs. n. 145/2007. The condition to allow a comparative advertising will be analysed in paragraph 3.2.1.

²⁵² E. APA, *La pubblicità commerciale, Struttura, natura e referenti costituzionali*, Napoli, Jovene Editore, 2011, 232 holding that the author individuates these three main forms of comparative advertising.

Primarily, the Self-regulatory Code²⁵³ allowed only the indirect and superlative comparison of the advertising discipline, an exception of direct comparison could be done for the duopoly situation, in which it was impossible to make only an indirect comparison. Then, with the introduction of reforms over time, the comparison was allowed only if it is useful to illustrate characteristics and advantages of goods and services, objectively comparing essential elements, technically verifiable and representative of competing goods and services that meet the same needs or set the same objectives.²⁵⁴

The legitimacy of the comparative advertising occurred only in 1997, with the introduction of the Directive 97/55/EC of European Parliament and of the Council of 6 October 1997. This directive amended the former 84/450/EEC concerning misleading advertising in order to include comparative advertising. Before the adoption of the Directive, some States like Germany and Belgium were opposed to the legitimacy of the comparative advertising, as considered a tendentious and persuasive commercial communication.²⁵⁵ According to this vision, the comparative advertising was seen as an element to denigrate the goods of the competitors and therefore, the comparison did not always create a controllable effects on the consumer perception such that the same information could deceive the consumer.²⁵⁶ However, the consideration of comparison among products, based on truthful and relevant elements instead of altered, suggestive or irrelevant information, constituted a real instrument in order to help the consumer in making aware of his choices. Some other countries, on the contrary, favored the introduction of the comparative advertising, intended as the possibility to make a comparison as a moment of market-transparency facilitating the enterprises openness to

²⁵³ The Self-regulatory Code has the aim to assure that the commercial communication is realized as a service for the public, with special regard to its influence on the consumer. So that, it defines the activities that are in contrast with the main scope, even if they comply with the laws in force. The ensemble of rules constitutes a regulatory basis for the self-regulation of commercial communication. See other information at IAP, *Instituto dell'Autodisciplina pubblicitaria*, available on: <https://www.iap.it/codice-e-altre-fonti/il-codice/#>

²⁵⁴ See the former note (253) for more information.

²⁵⁵ E. APA, *ibidem*, 235. The author at the note 328 mentioned the position of other authors on the comparative advertising. According to Ghidini in a commentary of the Court of Cassation of 10 August 1966, affirmed that the comparison must be retained illicit following the art. 2598.2 c.c. if tendentious or deceitful. And again, Fois in a work of 2000 asserted that the concept of tendentiousness should be linked to any informative manifestations, including as so also the advertising, that bears its purpose and it is conditioned by it.

²⁵⁶ I. BAIETTI, *La pubblicità comparativa*, Milano, E.G.E.A, 1999, 25.

the market. It acquired more and more an informative value through the development and the spread of messages containing objective and verifiable data. In these countries, such as Spain, Holland and United Kingdom, it was also thought that the comparative advertising could stimulate the competition, indeed, the increasing of the competition led to an increase of the goods in the market and consequently to a reduction of prices. At that time, in fact, the essential conditions in order to guarantee a comparative advertising were the correctness and completeness of the information such as that the data selected must be clear and objective in order not to create confusion for the consumers; and again the data must be verifiable on the basis of the affirmation; finally, the adviser must not denigrate the goods of the competitors otherwise it would lead to an unfair competition.²⁵⁷ The conditions for a lawful comparative advertising necessary nowadays would be analysed in the next paragraph.

It is important to mention the evolution of comparative advertising across Europe with some brief explanation of the Directives. The first Directive on advertising, as said before, is the Directive 84/450/EEC relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising. With the term “misleading advertising” is intended any kind of advertising that could lead the public to be deceived because of its deceptive nature or again to affect the public economic behaviour in such a way as to injure the competitors.²⁵⁸ However, as it is possible to notice, in this Directive there is no reference to the comparative advertising. To be able to talk concretely on this topic, a reference should be made on the Directive 97/55/EC, even if it is no longer in force, which introduced the comparative advertising amending the former Directive 84/450/EEC. It made some amendments; one of the main consisted in the scope defined in the art. 1 while inserting the topic of comparative advertising such as “*to protect consumers, persons carrying on a trade or business or practising a craft or profession and the interests of the public in general against misleading advertising and the unfair consequences thereof and to lay*

²⁵⁷ I. BAIETTI, *ibidem*, 24. The author explained why some countries favoured the comparative advertising seeing almost as an informative way to make the consumers aware of their choices and again she mentioned some of the indispensable conditions in order to affirm the presence of the comparative advertising.

²⁵⁸ Art. 2.2 of the Council Directive 84/450/EEC of 10 September 1984.

down the conditions under which comparative advertising is permitted".²⁵⁹ What is really important concerning the theme of comparative advertising is that the directive in question introduced the licit conditions in order to admit it. Anyway, the Directive was substituted by the Dir. 2006/114/EC of the European Parliament and of the Council of 12 December 2006, with the aim to unify both the topic concerning misleading and comparative advertising; this last one is the most recent as it is still now in force.

The main purpose of the Dir. 2006/114/EC is to "*protect traders against misleading advertising and the unfair consequences thereof and to lay down the conditions under which comparative advertising is permitted*".

The recent Directive could be intended as a discipline in a general commercial advertising that could be applied to every kind of advertising message independently from the product or the services promoted, from the subjects to whom is offered and from the reasons that push the consumer in the purchase. The Dir. of 2006/114/EC amended the previous Dir. 84/450/EEC with a regulation addressed to the protection of the "trader" intended as "*any natural or legal person who is acting for purposes relating to his trade, craft, business or profession and anyone acting in the name of or on behalf of a trader*".²⁶⁰

Actually, the argument is really controversial concerning the subjects involved or the message recipients; indeed, it is not clear how the definition of "trader" should be interpreted. Particularly, if the professionals mentioned by the law are those that are induced to buy the goods or if it comprehends those professionals who offer goods or services on the market as the promoted ones.²⁶¹

Indeed, it is possible to affirm that the protection gave to consumers for the advertising messages that could damage their economic interests is disciplined by a different Directive: the 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) N. 2006/2004 of the European Parliament and of the

²⁵⁹ Art. 1 of the Directive 97/55/EC of European Parliament and of the Council of 6 October 1997.

²⁶⁰ Art. 2/d of the Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising.

²⁶¹ G. DE CRISTOFARO, *Le "pratiche commerciali sleali" tra imprese e consumatori. La Direttiva 2005/29/CE e il diritto italiano*, Torino, Giappichelli, 2007.

Council. However, the distinction between the two directives is very weak, regarding either the subjects involved for their applicability, either the protection to the interest of competitors and consumers. Regardless the subjects to which the advertising messages is addressed to, the spread of misleading advertising is anyway in contrast with the correctness of a healthy competition. The purpose of the Directive is, indeed, “*to contribute to the proper functioning of the internal market and achieve a high level of consumer protection by approximating the laws, regulations and administrative provisions of the Member States on unfair commercial practices harming consumers' economic interests*”.²⁶²

It is interesting to say that the Italian scholarship, even before the introduction of the Directive 97/55/EC, gave the opportunity to the consumers to be informed on the characteristics of the promoted products and on the fact that the advertising can express informative content such as the fundamental features, the price and the place of purchase, so it is useful from the social point of view.²⁶³

It is possible to affirm that the discipline of comparative advertising aims at guaranteeing the right of information of the consumer and consequently a good functioning of the competitive market. In that way, the comparative advertising must not provide benefits only to the advertiser, or to the enterprise of the goods promoted but instead it must create benefits even to consumers by allowing an informative means. Today the comparative advertising could be developed as the enterprise desired following all the possible forms, while respecting certain assumptions.

3.2.1 Comparative advertising requirements

Before starting to consider the single requirements for a licit comparative advertising, it is important to stress on some factors. First of all, the comparison constitutes the essential element for the determination of a licit comparative advertising. Then, the licit

²⁶² Art. 1 of the Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005.

²⁶³ E. APA, *ibidem*, 236, there is the affirmation in the Italian doctrine of the social utility of the advertising helping the consumers in making their choices while comparing the characteristics of the goods.

conditions for a correct comparative advertising should not be interpreted as exceptions to a general interdiction of comparison but rather as assumptions in the absence of which comparative advertising, in general licit, must be considered illicit.²⁶⁴

All the conditions treated may be cumulative and respected simultaneously, so that the only violation of one point led to consider the entire comparative advertising as illicit.²⁶⁵

The existence of a comparison and the possibility to verify the licit conditions are two of the main elements in order to assess the comparative advertising and are consequently bound one another. Afterwards, it is important to state that the comparison can be made on different fronts, concerning not only the goods such as the products or the services of the enterprise, but also the enterprises themselves such as the degree of reliability or the management organization.

The licit conditions are constituted by eight points, mentioned in the art. 4 of the last Directive 2006/114/EC. The conditions are made up by either positive and negative formulation, some of them contained general prohibition already seen in other cases like the deception, denigration or likelihood of confusion; some other specific requirements for the comparison like goods with the same purpose that satisfy the same need; and again other rules are found also in different field such as the products with designation of origin.

The first requirement mentioned in the art. 4/a of the Dir. 2006/114/EC regarded the assumption of not misleading, especially: *“it is not misleading within the meaning of Articles 2(b), 3 and 8(1) of this Directive or Articles 6 and 7 of Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market (‘Unfair Commercial Practices Directive’)*”. With the misleading advertising, consumers can be influenced on their behaviour as they can effectuate different choices of purchase from that they would made in a normal condition.

²⁶⁴ The inexistence of a general prohibition of comparison in our legal system is granted by the art. 41 of Constitution and art. 21 of Constitution.

²⁶⁵ The point 11 of the Directive in force 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising affirmed that: *“The conditions of comparative advertising should be cumulative and respected in their entirety. In accordance with the Treaty, the choice of forms and methods for the implementation of these conditions should be left to the Member States, insofar as those forms and methods are not already determined by this Directive”*.

This point is focused mostly on the misleading advertising, indeed it referred even to the Dir. 2005/29/EC, so it could be considered as an incorrect competitive tool, both for the consumers and for the direct competitor while risking losing part of the clientele. But also, the reference to the articles of this Directive are all based on the misleading advertising, from the definition of it on art. 2/b to the other elements that must be considered in order to determine the misleading advertising such as on the art. 3.²⁶⁶ In order to be a misleading advertising it is not necessary that the content is false or mendacious,²⁶⁷ but instead the misleading facts could derive from a wrong representation of the characteristics of the goods that mislead the consumers, for example of a non-objective elements or an incorrect comparison.

What had to be absolutely repressed was the false advertising statement and not the suggestion or magnification that it could be found intrinsically in each promotional advertising. Therefore, only the false statement was economically harmful, leading to the identification of the false advertising.²⁶⁸

The second requirement following the art. 4/b of the Dir. 2006/114/EC affirmed that “*it compares goods or services meeting the same needs or intended for the same purpose*”. This sentence means that the comparison must relate to substantially similar products and services that meet the same requirements.

The first part of the sentence makes a reference to a comparative advertising according to the same need; following this point the satisfaction of the same need can be realized even with products of different commodity relation. Considering the classical example in order to satisfy the need of be quenched: the consumer can have a lot of alternatives

²⁶⁶ The art. 3 of the Dir. 2006/114/EC mentioned all the elements that must be taken into consideration in order to define if an advertising is misleading. They are divided into three main area: the first one is about the characteristics of the products or services such as the nature, composition, uses, specification, origin and others; the second one includes the prices, the way in which the prices are calculated and conditions of sale; finally, the last one regarding the characteristics of the advertising operator.

²⁶⁷ The misleading advertising is different from the mendacious or false statement, indeed, in the last case the quality declared is totally invented as the information is completely false, while in the first case the consumer gets a deceptive information that leads him to imagine a product that is not equal to that in reality. In other words, it is not the information in itself to be false but it is the way in which it is presented that leads the consumer to think something false.

²⁶⁸ See more information of SMALL BUSINESS, Negative effects of false advertising, also available on <https://smallbusiness.chron.com/negative-effects-false-advertising-25679.html>

from the water, to the juices, and beers.²⁶⁹ Although different one another, they constitute alternatives for the consumer that has the need to drink, so it is on the interests of the consumer to be informed on the various options in order to make a conscious choice.²⁷⁰ The need derives from the inside of the consumer, while the purposes, as mentioned in the second part of the sentence come from the same goods. The aim is to avoid a comparison of goods that are not interchangeable even if part of the same commodity sector and prevent that the comparison is made on the same genre of goods, but with absolutely different level of quality, value, technological improvement and performance. The same need is perceived in a different way according to consumers; indeed, they can have greater or lower expectations according to their economical behaviour, their propensity to purchase and their social condition. It is possible to affirm that the comparison can be made between similar products, but above all that occupy the same market segment and the same quality level.²⁷¹

The third point of art. 4/c affirmed that the comparative advertising is licit if “*it objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price*”. It identified the elements for an appropriate comparison and especially the characteristics of goods and services compared that should be essential, concrete and verifiable. The objectivity reclaimed as first element is similar to the concept of impartiality; the concept is, at the same time, an autonomous element that is linked to other requirements. It is important to stress on the mode and on the form according to which the concept is expressed for the objectivity. First of all the two goods must be comparable so that they must be on the same segment level from the economic and qualitative point of view, and so must be addressed to the same reference market. Then, the information given must be real and truthful such that the consumer is able to make a right choice according to his needs, but again the comparison must be based on different characteristics of the goods either

²⁶⁹ However, over time, the satisfaction of the need to be quenched was discussed. For a part of the authors (like the one taken into consideration) water, juices or beer satisfy the same need, for others it was not possible to affirm this, as the expression of the “same need” could be intended in different manners according to different consumers.

²⁷⁰ FUSI, TESTA, COTTAFAVI, *Le nuove regole per la pubblicità comparativa*, 2000, 200, the example is taken from this work, according to which the satisfaction of the same need should be considered from the nature of the need and not on the goods.

²⁷¹ FUSI, TESTA, COTTAFAVI, *ibidem*, apart from the identity of needs and purpose, another element to take into consideration is that the comparison must be made according to the same level of quality and price.

positive or less positive such that the advertiser could not take only the facts from an arbitrary selection. The aim of the comparison is not to show the great superiority of one product with respect to another. It is important to stress even the way in which the comparison is made and particularly with an expressive form proportionated to the situation of the comparison. It is about finding the equilibrium between the rational element of the comparison and the emotion aroused in order to increase the attractive capability of the goods.

The object of comparison is formed by the characteristics of goods or services compared; the word “characteristics” includes in its meaning not only the technical features relating to the structure and the functioning of the goods but also their functions, utility, performances. So that the comparison must be made on essential elements and not on the marginal ones in relation to that specific goods. Indeed, the term “relevant” means that the comparison must be made on the performances intrinsically linked to that specific products. The other word “verifiable” means that all the characteristics of the goods promoted must be subjected to demonstration. Again, the term “representative features” means that all the characteristics mentioned in the promotion of goods must have a significative character according to the average consumer. Thus, the advertiser should select the right information to mention in the comparison in order to arouse the attention of the consumers and avoid the information that should generate apathy. The same information must be proven by specialized independent research institutes in order to satisfy the requirement of verifiability. The comparison aimed at giving information is admitted, while the one focused only in suggestive and emotional feelings in order to hit emotionally the consumers is not allowed.²⁷² It is considered illicit as because it lacks any factual contents, indeed the merely suggestive advertising leads to argumentation that are totally irrational and illogic as there is nothing concrete to say. The factual element is linked to the object of comparison, on the contrary, the suggestion regards the mode in which the communication is expressed. In order to make a good advertising it is important to balance even these two elements and so that generate a factual comparison with, at the same time, suggestive features.²⁷³

²⁷² FUSI, TESTA, COTTAFANI, *ibidem*. The comparison must be based on characteristics and real merits of the goods promoted, and not on pure emotionally aspects of irrationality.

²⁷³ The suggestive element is used even in non-comparative advertising, but in the simple spot of one product or service because it helped to capture the consumers attention, while stating the

The fourth point concerned the discredit and the denigration and especially it affirmed at the art. 4/d that the comparative advertising is considered licit if “*it does not discredit or denigrate the trade marks, trade names, other distinguishing marks, goods, services, activities or circumstances of a competitor*”. This concept is almost linked to the art. 2598.2 c.c. on the unfair competition, as described in the paragraph above. Obviously, this prohibition is valid for all the typologies of advertising and not only for the comparative one. If the comparison is truthful, objective and fair, the denigration cannot be interfered by the profits aim or the attempts to attract the clientele, while on the contrary, if the objective is pursued with incorrect modes it could generate discredit or denigration. In this context it is important to stress the manner according to which the advertising languages is utilised and particularly if the tone is too aggressive or imperative and used in an incorrect way, causing free discredit to the competitors or discouraging the purchase of the competitor’s goods.

The parameters to take into consideration for the balancing of the interests involved must be valued case by case considering the willingness of the advertiser to promote himself on the market and distinguish himself from competitors, the interest of the latter not to be denigrated and the right of consumers to be properly informed. The requirements of truthfulness, deception and non-denigration are autonomous requirements of lawfulness, which must be respected simultaneously. The denigration is found out not only on the false statement but also on those that are truth but presented in an incomplete and partial way as to put the competitor in a bad light. It is clear that the advertiser wants to put his products in better result with respect to those of competitors concerning for example the quality of the products promoted, but he has to do it without declaring news that does not result from the comparison. Furthermore, all the information must be clear, precise, certain and easily verifiable.

The fifth point of the art. 4/e of the Directive affirmed that the same comparative advertising is admitted “*for products with designation of origin, it relates in each case to products with the same designation*”. The comparison is licit for goods that have the same designation of origin; the purpose of the protection for the geographical

technical features of the goods in promotion. Various examples should be found in most of the modern commercials, such as with beautiful women for hair products, for perfumes or branded clothes, but also children and babies for the diaper advertising.

indications and designations of origin is also mentioned at point 12 of this Directive.²⁷⁴ The point concerning the designations of origin has led to numerous criticisms as it was considered to be too restricted, thus it is unlikely that the associates of the same consortium decide to face each other in promotional campaigns to compare products known by the general public and commercially distributed under the same trade mark. The other point of the art. 4/f regards the prohibition to utilize the unfair advantage technique to compare a trade mark to a brand of another enterprises that is already known to the public and that for this reason benefited from notoriety, with the only aim to exploit it in order to attract clientele. The article affirmed that “*it does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products*”. The violation of this aspect and so the use of unfair advantage is regulated as an act of unfair competition as it can be seen from the already mentioned art. 2598.2 c.c.²⁷⁵

The following step, as in the art. 4/g, asserts that the comparative advertising is licit if “*it does not present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name*”. The aim of this requirement is to avoid further confusion. It is in line with the art. 2598.1 c.c. concerning the unfair competition, in which it denies the slavish imitation of products and services and of third parties distinctive signs.²⁷⁶

The last requirement regards the confusion and particularly, as affirmed in the art. 4/h of the Directive, the comparative advertising that is permitted when “*it does not create confusion among traders, between the advertiser and a competitor or between the advertiser's trade marks, trade names, other distinguishing marks, goods or services and those of a competitor*”. The likelihood of confusion is one of the main elements

²⁷⁴ Directive 2006/114/EC at point 12. “*These conditions should include, in particular, consideration of the provisions resulting from Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuff and in particular Article 13 thereof, and of the other Community provisions adopted in the agricultural sphere*”.

²⁷⁵ For the art. 2598.2 c.c. see paragraph 3.1.1. Here it is important to focus on the theme of appropriation of merits, which must comprehend also advertising for coupling and parasitic economic actions.

²⁷⁶ For the art. 2598.2 c.c. see paragraph 3.1.1. Here the intent is to prohibit the possibility to create confusion, either through the use of others' name and distinctive sign, either through the slavish imitation of a competitor's products or done with any other means that can generate confusion.

taken into consideration, not only in this field, with the aim to protect the average consumer. Even for this condition requirement there is a reference to art. 2598.1 on unfair competition, according to which it constitutes an act of unfair competition the one suitable for creating confusion by any means. For this reason, it is not necessary the presence of confusion in itself, however it is sufficient only the concrete possibility of the likelihood of confusion; so, the relevance of the risk has to be taken into consideration. Apart from the legislative point of view, even conceptually the confusion and the comparison are on two different roads; in fact, the scope of the advertiser, even with the usage of comparative advertising is to stand out the promoted trade mark or product, distinguishing them from competitors.

At the same time, the likelihood of confusion can be caused by a lack of clarity of the message generated. The risk, that can emerge for example to the claims or representations used or the similarity of the distinctive signs, identifies with the probability that the message could lead the public to a wrong idea on the identity of the comparative companies or on the origin of their products or services. The confusion should occur not necessarily among the goods, products, services or distinctive signs of the direct competitor, but also among other enterprises that are not present in the comparative advertising. And again, another typologies of risk that can be instituted in consumers' mind is the risk of connection that, independently from the correctness of the comparative advertising technique adopted, can be established.

The confusion must be valued according to the reference target focusing on the impression that the message could generate.

3.3 L'Oréal practical case: regulatory context, preliminary questions focus on reputed trade mark in comparative advertising

The case C-487/07 counterposed in the proceeding on one side the L'Oréal SA, Lancôme parfums et beauté & Cie SNC and Laboratoire Garnier & Cie, that together formed the "L'Oréal and Others"; on the other side Bellure NV, Malaika Investments Ltd, trading as 'Honey pot cosmetic & Perfumery Sales', and Starion International Ltd.

The claimants seek a declaration that their trade mark rights have been infringed by the defendants.²⁷⁷

In order to understand the following decision, it is better to focus on the facts that led to the proceedings and especially on the examination of the dispute by stressing on the key players.

The claimants coincided with L'Oréal and Others, members of the L'Oréal group, which produces and markets fine fragrances. They possess even other well-known trade marks, in the United Kingdom, that are registered for perfumers and other fragrances and they are part of the case. These trade marks include the Trésor perfume marks, the Miracle perfume marks, the word mark Anaïs-Anaïs and the Noa perfume marks. All these categories include various types of trade marks and it is important to see them in detail.²⁷⁸ The Trésor perfume marks have registration for: *a*) the Trésor word mark; *b*) the Trésor bottle mark, consisting of a representation of the perfume bottle, viewed from the side and the front in which it is possible to notice the word "Trésor"; *c*) the Trésor packaging mark, consisting of a representation of the packaging in which it is possible to put the bottle, as mentioned in the previous point *b*, viewed from the front with the name Trésor.

The Miracle perfume marks include *a*) the Miracle word mark; *b*) the Miracle bottle mark, consisting of a representation of the perfume bottle, viewed from the front, with the word "Miracle" in evidence; *c*) The Miracle packaging mark consisting of a representation of the packaging in which it is possible to put the bottle as mentioned in the previous point *b*, viewed from the front with the name Miracle.

The third well-known trade mark that is registered for perfumes and other fragrances is the word mark Anaïs-Anaïs.

Finally, the last well-known trade mark for this case is the Noa perfume marks which including *a*) the word mark Noa Noa; and *b*) the word and figurative marks making up the word "Noa" written in a stylised form.

²⁷⁷ JUDGMENT OF THE COURT, Case C-487/07, *L'Oréal SA, Lancôme parfums et beauté & Cie SNC e Laboratoire Garnier & Cie vs Bellure NV, Malaika Investments Ltd e Starion International Ltd*, 18 June 2009.

²⁷⁸ See the L'Oréal case (C-487/07) and especially the point 14 in which it is possible to find the explanation of the division in different types of trade marks for the main well-known trade marks of the L'Oréal and Others including the Trésor perfume marks, the Miracle perfume marks, the word mark Anaïs-Anaïs and the Noa perfume marks.

On the opposite side, the defendants are Bellure NV, Malaika Investments Ltd, trading as 'Honey pot cosmetic & Perfumery Sales' and Starion International Ltd respectively mentioned in the case as "Bellure", "Malaika" and "Starion". The reference market is the one of the United Kingdom, where the three defendants create imitations of the fine fragrances. Particularly, together the Malaika and Starion take care of the "Creation Lamis" range, while the Starion itself looks at the "Dorall" and "Stich" ranges; thus, Bellure produces the "Creation Lamis" and "Dorall" ranges.²⁷⁹ Proceeding with the analysis even more in detail about the ranges produced, it is possible to notice the imitation of the Trésor perfume made by the "Creation Lamis" range particularly with La Valeur perfume; indeed, the bottle and the packaging are very similar to those of Trésor. At the same time, the imitation of the Miracle perfume generated again by the "Creation Lamis" range with their "Pink Wonder" perfume, in which the bottle and the packaging are very similar to those of Miracle.²⁸⁰ However, as the following point states, the similarity is present but not in such a way to mislead the public or the professionals. Another imitation of the Trésor perfume, especially due to the similarity of the bottle and the packaging is the Coffret d'Or perfume produced by the "Dorall" range.²⁸¹ On the contrary, the packaging of "Stich" range is constituted by a very basics form and even for this reason it does not generate any type of resemblance to the other bottle and packaging of fragrances marked L'Oréal and Others. The case does not limit to the similarity of bottle and packaging of perfumes, indeed the Malaika and Starion with their "Creation Lamis", "Dorall" and "Stich" ranges make use of comparison lists in the marketing field "*which indicate the word mark of the fine fragrance of which the perfume being marketed is an imitation*".²⁸² All these questions lead the L'Oréal and Others to the High Court of Justice of England and Wales (Chancery Division) in order to prove the infringement of the rights against Bellure, Malaika and Starion.

²⁷⁹ See the L'Oréal case (C-487/07) and especially the points 15 and 16 in which it is possible to find a classification of the imitations range of fine fragrances made by Bellure, Malaika and Starion.

²⁸⁰ See the L'Oréal case (C-487/07) and especially the point 17 about the imitations created by the "Creations Lamis" range.

²⁸¹ See the L'Oréal case (C-487/07) and especially the point 19 in which the bottle and the packaging of the Coffret d'Or made by the "Dorall" range are "*slightly similar in appearance to those of the Trésor brand*".

²⁸² See the L'Oréal case (C-487/07) and especially the point 21 about the use of the comparison lists.

3.3.1 Prominent rules

Several rules can be employed for the L'Oréal case of 18 June 2009, going from the use of a third party trade mark to the use in comparative advertising. It is important to stress the main prominent rules before the analysis of the decision. Firstly, we will consider the Directive 89/104/EEC aimed at approximating the laws of the Member States relating to trade mark, then substituted by the Dir. 2008/95/EC and, finally, substituted by the Dir. EU 2015/2436, but this last one, that is now in force, would not be taken into consideration because the facts for the L'Oréal case have happened in 2009. Secondly, it is important to remember that L'Oréal is a trade mark with reputation and for this reason such a characteristic must be taken into account in the proceedings. Then, it is also relevant to mention regulations on the unfair competition, namely the appropriation of merits: indeed it is possible to think that the Bellure, Malaika and Starion with the imitation of the L'Oréal perfumes would like to appropriate of its merits. Finally, another regulation that must be taken into account is the one regarding the advertising especially the Directive 84/450/EEC relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising, subsequently amended with the Dir. 97/55/EC containing an integration of comparative advertising, then substituted by the Dir. 2006/114/EC that is still now in force concerning both the misleading and comparative advertising.

After having considered the possible regulation that can occur, it is necessary to focus on the legal context utilized by the ECJ in the L'Oréal case.

The Court took into consideration the Directive 89/104/EEC and especially it mentioned the point 10 of the preamble of the Directive stating that a registered trade mark possesses as primarily function that one to indicate the origin, but above all that it is protected not only in the case of identity but also in the case of similarity between the mark and the sign and the goods or services. In order to understand the concept of similarity and the relation with the likelihood of confusion it is interesting to notice that the likelihood of confusion depends on different elements such as the recognition of the

trade mark in the market, the association that the public can generate, the degree of similarity between the sign and the trade mark.²⁸³

Some provisions of the same Directive are used in the decision, quoted in particular articles 5 and 6, respectively on “rights conferred by a trade mark” and “limitation of the effects of a trade mark”. The first one, and so the art. 5, gives the proprietor an exclusive right such as to prevent third parties from using his trade mark if there are any sign which are identical or similar to the registered trade mark (5.1/a) and that such identity or similarity could provoke a likelihood of confusion on part of the public or a likelihood of association between the sign and the trade mark (5.1/b).²⁸⁴ The second paragraph of the article refers to the trade mark with reputation and particularly the proprietor has the right to prevent third parties “*from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark*”.²⁸⁵

The second one, and so the article 6, does not permit the proprietor to prohibit to third parties the usage of the “*indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services*”.²⁸⁶

Concerning the legal context, it is relevant to examine the regulation aspects of comparative advertising; the proceedings employed the Dir. 97/55 that was introduced in the former Dir. 84/450. The comparative advertising constitutes a great tools in order to objectively measure the merits of the comparable goods.²⁸⁷

Anyway, it was important to determine all the conditions in order to permit the comparative advertising not to be detrimental to competitors, distort the competition,

²⁸³ Dir. 89/104/EEC, see the point 10 of the preamble.

²⁸⁴ Art. 5.1 of the Dir. 89/104/EEC about the exclusive rights of the proprietor of the registered trade mark.

²⁸⁵ Art. 5.2 of the Dir. 89/104/EEC about the exclusive right of the proprietor to prevent third parties the usage of the sign in the case of trade mark with reputation.

²⁸⁶ Art. 6.1/b of the Dir. 89/104/EEC about the limitation of the proprietor in not prohibiting the usage of the trade mark to third party.

²⁸⁷ Dir. 97/55/EC at point 2 of the preamble. In the first part there is a special mention of the internal market in which the range of choices was increasing a lot, giving to consumers the possibility “*to make the best possible use of the internal market*”.

have a negative effect on consumers choices, or used in an unfair manner. This is necessary in order to identify criteria of objective comparison between goods with “*the same needs or intended for the same purpose*”.²⁸⁸

The use of a comparative advertising leads to mention third party goods in order to identify the goods and the services of a competitor and create a clear distinction between them by objectively highlighting the differences. Such a use does not go in contrast with the exclusive right of the proprietor to prevent third parties the usage of any identical or similar sign, as described in the art. 5 of the Dir. 89/104/EEC, if it complies with the conditions of this Directive.²⁸⁹

However, it is important to affirm that a comparison with an imitation of goods and services does not fulfil the conditions necessary to permit the comparative advertising.²⁹⁰

The comparative advertising is permitted when different conditions, that should be cumulative and respected in their entirety, are met. The conditions mentioned in the art. 3a of this Directive are the same of the ones analysed in the paragraph 3.2.1 of the following Dir. 2006/114/EC contained in the art. 4. Indeed, it is not necessary to spend other time by restating the requirements, the only important thing to say is that the conditions remained the same from the content point of view even if some changes occurred in the formal field by the different positioning of the statements.

According to the national legislation²⁹¹ “*the provisions of Directive 89/104 were transposed into national law by the Trade Marks Act 1994*” and “*The provisions of Article 3a of Directive 84/450 were transposed into national law by the Control of Misleading Advertisements (Amendment) Regulations 2000 (SI 2000/914), [...]*”.

The L’Oréal and Others substantially claimed two different aspects constituted an infringement to their rights: the first one concerned the usage of comparison list, prohibited by the section 10.1 of the Trade Marks Act 1994; the second one regarded

²⁸⁸ Dir. 97/55/EC at points 7 and 9 of the preamble while avoiding all the possible distortion in order to create the objective criteria of comparison.

²⁸⁹ Dir. 97/55/EC at points 13, 14 and 15 of the preamble makes reference to a trade mark in order to make use of a correct comparative advertising without breaching the exclusive right of the proprietor to prevent third parties from using of any identical or similar sign, if it complies with the conditions of this Directive for a objective highlighting of the differences.

²⁹⁰ Dir. 97/55/EC at point 19 in which a comparison of an imitation of goods does not respect the conditions according to which a comparative advertising is permitted.

²⁹¹ See the L’Oréal case (C-487/07) and especially the points 12 and 13.

the imitation of the bottles and the packaging of their perfumes, prohibited by the section 10.3 of the Trade Marks Act 1994. However, the High Court granted the application for the entire section of 10.1, instead for the section 10.3 specifically for the Trésor packaging mark and the Miracle bottle mark.²⁹²

The comparison list, while citing the word marks of L'Oréal and Others, may be used as a comparative advertising as intended in the Dir. 84/450/EC or Dir. 97/55/EC, indeed the "*referring court is uncertain whether the use of a competitor's trade mark in such lists may be prevented under Article 5(1)(a) of Directive 89/104*". And again, if this constituted the case mentioned the same referring courts "*wonders whether such use could none the less be permitted by virtue of Article 6(1)(b) of Directive 89/104*".

Finally, the referring court concerning the use of bottles and packaging similar to the fine fragrances of L'Oréal, "*seeks clarification of the concept of 'unfair advantage' within the meaning of Article 5(2) of Directive 89/104*".²⁹³

Therefore, the Court of Appeal England and Wales (Civil Division) decided to report to the Court of Justice some questions, that constitute the basis for the analysis of the case.²⁹⁴

The first one regards the case in which a trader uses in an advertisement the competitor registered trade mark with the aim to compare the characteristics without create confusion or jeopardize the function of trade mark as indication of origin. It was not clear at the beginning if this use corresponds to the part *a* or *b* of the art. 5.1 of the Dir. 89/104/EEC.

The second question concerns the link or not to the art. 5.1/*a* of the Dir. 89/104/EEC about the usage of a well-known registered trade mark in order to indicate a feature of his own product such that it does not create any likelihood of confusion; does not affect the sale of goods marked by the well-known trade mark; does not jeopardize the essential function as guarantee of origin and does not generate a prejudice to the

²⁹² See the L'Oréal case (C-487/07) and especially the points 23, 24 and 25.

²⁹³ See the L'Oréal case (C-487/07) and especially the points 27, 28 and 29. In which respectively: the first point regards the comparison lists, prevented by the art. 5.1 of the Dir. 89/104; the second the eventual permission requirements of the art. 6 of the Dir. 89/104; and the last one the usage of the bottles and packaging in relation to the art. 5.2 of the Dir. 89/104.

²⁹⁴ See the L'Oréal case (C-487/07) and especially the point 30 in which the questions to the Court of Justice for the preliminary ruling are mentioned.

reputation such as with the tarnishment of the image or the dilution and finally it plays a relevant role in the promotion.

The third question is about the meaning of the “unfair advantage” and especially the relation of the unfair advantage in the case of a comparison list with a well-known trade mark considering the context of the art. 3a.1/g (as in the point 11 of this proceedings) of the Dir. 84/450/EEC.

The fourth affects the context of the art. 3a.1/h of the Dir. 84/450/EEC about the meaning of presenting “goods or services as imitations or replicas” and particularly if it comprehends also the hypothesis in which a party affirms that his products possesses identical essential characteristics to that of the well-known trade mark without generating any confusion or deception.

The fifth and last question concerns the case in which the trader uses a sign that is similar to a registered trade mark with reputation without creating confusion among them such that the essential function of guarantee of origin is respected; there is no case of tarnishing or blurring of the reputed trade mark or of its notoriety; the sales of the trade mark are not compromised; the proprietor is not deprived of any reward concerning the maintenance, promotion and strengthening of its trade mark but at last the trader gained a commercial advantage due to the similarity with the registered trade mark. The question is to understand if such usage is equal to take an unfair advantage from the reputation of the registered trade mark as from the art. 5.2 of the Dir. 89/104/EEC.

3.3.2 Analysis of the questions

The questions quoted at point 30 of the L’Oréal case can be divided into two parts; the former includes the first four questions on the interpretations of the art. 5.1 of the Dir. 89/104/EEC and 3a.1 of the Dir. 84/450/EEC as amended by the Dir. 97/55/EC concerning the use in comparison list; the latter is about the interpretation of the art 5.2 of the Dir. 89/104/EEC relating to the usage of bottles and packaging. It is possible to

start from the last question since the art. 5.2 “*can also be applied to the use of those marks in the comparison lists at issue*”.²⁹⁵

The fifth question concerns the interpretation of the art 5.2 of the Dir. 89/104/EEC; the referring court wonders if the third party using a sign similar to a trade mark with reputation can take unfair advantage from the trade mark by the marketing of the goods even if a likelihood of confusion is not created or a detriment to the mark is not caused. As it is also mentioned in the article 5.2, unlike the article 5.1, a wider protection is given to trade mark with reputation to such an extent that the protection is allowed if the use of the sign, that is identical or similar to the registered trade mark, without due cause would take unfair advantage or it would be detrimental.²⁹⁶ The infringements, according to the art. 5.2 also occurs when the public establishes a connection between the sign and the mark without confusing them, so that it is sufficient that the public institutes a link between them for the degree of similarity. At the same time the connection constitutes a necessary conditions for the determination of a types of injury but not the only one that proves the existence of such an injury. The injuries can be divided into three categories, as analysed at paragraph 2.5:²⁹⁷ the first one is the detriment to the distinctive character also called dilution that occurs when “*mark’s ability to identify the goods or services for which it is registered is weakened*”; the second one is the detriment to the repute of the mark also called tarnishment that is caused when “*the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced*”; the third one refers to the unfair advantage taken from the distinctive character or the repute of the trade mark also called parasitism or free-riding, consolidating “*by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear*

²⁹⁵ See the L’Oréal case (C-487/07) and especially the point 31 about the division of the questions.

²⁹⁶ See Case C-408/01 *Adidas-Salomon and Adidas Benelux* 2003, paragraphs 18-22 and 27; and Case C-102/07 *adidas and adidas Benelux* 2008, paragraphs 37 and 40; together with, as regards Article 4(4)(a) of Directive 89/104, Case C-252/07 *Intel Corporation* 2008, paragraph 26; Case C-292/00 *Davidoff* 2003, paragraph 30.

²⁹⁷ See the L’Oréal case (C-487/07) and especially the points 39, 40 and 41 concerning the detriment to the distinctive character (dilution), detriment to the repute of the mark (tarnishment) and the unfair advantage from the distinctive character or the repute of a trade mark.

exploitation on the coat-tails of the mark with a reputation". In order to determine the injury, some factors must be taken into consideration such as the "*strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned*".²⁹⁸

Focusing on the case, it is evident that Malaika and Starion makes use of bottles and packaging that are similar to the L'Oréal and Others, which is a trade mark with reputation, but the imitations are of poor quality of the luxury fragrances.²⁹⁹

The referring court affirmed that there is such a link between the Malaika and Starion packaging and the L'Oréal and Others bottles and packaging that it may give a commercial advantage to the defendants; indeed the similarity was generated with the only exclusive purpose of creating an association on the consumers' mind between the luxury fragrances and their imitation in order to facilitate their marketing strategies. The use of packaging and bottles similar to those of the reputed trade mark aimed at exploiting the promotional marketing strategies while taking advantage of the distinctive character and the reputation of trade mark.

As to the question relative to article 5.2 of the Dir. 89/104/EEC, it is possible to state that the existence of the unfair advantage taken from the distinctive character or the repute of a mark does not subsist neither in the likelihood of confusion neither in the likelihood of detriment to the distinctive character or the repute of a mark. Indeed, the unfair advantage exploited by third party of a sign that is similar to that of reputed trade mark exists when third party tries "*to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image*".³⁰⁰

²⁹⁸ See the L'Oréal case (C-487/07) and especially the point 44 while taking about the factors for the determination of the injury. See also the Intel case, 67-69.

²⁹⁹ See the L'Oréal case (C-487/07) particularly at point 46 in which it is said that constitutes a "*downmarket imitations*".

³⁰⁰ See the L'Oréal case (C-487/07) particularly at point 50 concerning the answer to the fifth question.

The first and the second question must be interpreted together because they are strictly linked one another. Thus, in the first question the referring court wonders if the art. 5.1/a or b of the Dir. 89/104/EEC may be interpreted in a way that allows the proprietor of a registered trade mark to prohibit third party the usage of the identical sign in a comparative advertising, even if that use does not jeopardise the essential function of indication of origin of the trade mark; while in the second, the referring court investigates if the proprietor of a well-known trade mark has the possibility to oppose to that use, according to the art. 5.1/a, even if the same use has an important role in the promotion of third party's goods without jeopardising the trade mark itself or its function. The comparison lists as mentioned in this proceeding are qualified as comparative advertising according to the art. 2.1 of the Dir. 84/450/EEC.³⁰¹ It is important to remember that the proprietor of a registered trade mark cannot forbid the use by third party of an identical or similar sign in the case of comparative advertising if all the requirements, as mentioned in art. 3a.1 of the Dir. 84/450/EEC, are respected.

In this case the defendants Malaika and Starion properly used the word marks of the perfumes registered by the L'Oréal and Others in the comparison lists so that it results that the use was made for identical products of those registered. It is possible to affirm that the usage of this kind "*falls within the scope of application of Article 5(1)(a) of Directive 89/104 and not that of Article 5(1)(b)*".³⁰² The art. 5.1/a confers an exclusive right to the proprietor of the registered trade mark for the protection of his interests and particularly for the protection of the trade mark functions, such that the consolidation of that right occurs when the use of the sign by third party affects the functions of the trade mark, including not only the essential function but also all the others, like the guarantee of quality, investment or advertising functions.³⁰³ This protection is wider than that given to art. 5.1/b in which the conditions are based on the establishment of a likelihood of confusion so that it influences the essential function. Indeed, as also affirmed in the point 10 of the preamble of the Dir. 89/104/EEC in the case of identity between the sign

³⁰¹ There are various typologies of forms according to which the comparative advertising may arise. See Case C-112/99 *Toshiba Europe* 2001, 28 and 31; Case C-44/01 *Pippig Augenoptik* 2003, 35; Case C-381/05 *De Landtsheer Emmanuel* 2007, 16; and Case C-533/06 *O2 Holdings and O2 (UK)* 2008, 42.

³⁰² See the L'Oréal case (C-487/07) particularly at points 55 and 56.

³⁰³ See Case C-206/01 *Arsenal Football Club* 2002, 51; Case C-245/02 *Anheuser-Busch* 2004, 59; and Case C-48/05 *Adam Opel* 2007, 21. See the L'Oréal case (C-487/07) particularly at point 58.

and the trade mark the protection is absolute, while in the case of similarity between the sign and the trade mark the condition for the protection is given by the assessment of the likelihood of confusion.³⁰⁴

The comparison lists made by Malaika and Starion pursue an advertising purpose such that it is up to the referring court to decide if the use of the marks by third parties taken from the L'Oréal and Others affects one of the function of those marks. Furthermore, the court must consider that it is a trade mark with reputation, and consequently the use in comparison lists may be prohibited in accordance to the art. 5.2. of the Dir. 89/104/EEC for whose applicability it is not necessary the likelihood of detriment to the trade mark or the proprietor if the third party takes unfair advantage of the use.

It is possible to solve the first and second questions by noting that the art. 5.1/a must be interpreted such as the proprietor of a registered trade mark could prevent the use of an identical sign by third party in a comparative advertising when all the conditions mentioned in the art. 3a.1 of the Dir. 84/450/EEC are not respected. This is possible even if the usage does not jeopardise the essential function of the indication of trade mark origin but it is liable to affect other functions of the mark.³⁰⁵

The third and the fourth question regards the application of the art. 3a.1 of the Dir. 84/450/EEC while taking into consideration a case in which in a comparison lists, the advertiser affirms that his products “*has a major characteristic similar to that of product marketed under a well-known trade mark, of which the advertiser’s product constitutes an imitation*” but without causing confusion or deception. The referring court inquires if the advertiser benefits from the unfair advantage of the reputation of that trade mark as in the art. 3a.1/g or presents “goods or services as imitations or replicas” as in the art. 3a.1/h. In the preamble of the Dir. 97/55/EC it is said that the aim is to stimulate competition while giving the possibility to competitors to underline objectively the merits of the different products through a comparison and, at the same time, to avoid any strategies that could be detrimental for the competition or that could generate adverse effect on consumer choice. The conditions that must be respected have

³⁰⁴ See the L'Oréal case (C-487/07) especially at point 59 while conferring a wider protection to the art. 5.1/a with respect to the 5.1/b.

³⁰⁵ See the L'Oréal case (C-487/07) especially at points 63, 64 and 65 in which the referring court draws its conclusions on the first and second questions.

a double effects: on the one side to protect the exclusive right of the proprietor; on the other side to protect the interests of the consumers and competitors providing the consumers with the objective characteristics of the different goods in comparative advertising. The comparison highlights objectively the differences without creating a situation of unfair competition. The letter *h* of the article 3 regards the fact that the comparative advertising must not represent a goods as an imitation or a replica and such a condition is valid not only “*to counterfeit goods but also to any imitation or replica*”, moreover this part of the article does not require neither the existence of the misleading character of the comparative advertising neither that of a likelihood of confusion.³⁰⁶ The scope of the art. 3a.1/*h* is to avoid that the advertiser affirms in a comparative advertising that his products or services represents an imitation or a replica. This aspect is also faced at point 84 of the Advocate General Opinion in which he states that either the advertisements that explicitly evoke the concept of imitation or replica, either those that implicitly refer to such idea, are prohibited.

The purpose of the comparison lists made by Malaika and Starion is to indicate to the public that their perfumes constituted an imitation of the original luxury ones marked by L’Oréal and Others as for the art. 3a.1/*h*; the Advocate General affirmed at point 88 that in this case it is irrelevant to know if the advertising concerns an imitation of the product as a whole or an imitation of the essential characteristic like the smell for the perfumes.³⁰⁷ While taking into consideration the letter *g* of the article, the comparative advertising must not take unfair advantage of the reputation of a trade mark. The expression of take an unfair advantage must be interpreted in the same manner while considering this provision and that of the art. 5.2 of the Dir. 89/104/EEC. If the advertiser in a comparative advertising promotes the products as an imitation, it constitutes an unfair competition and for this reason any advantage gained from that advertisements is understood as taking unfair advantage of the reputation of a trade mark.

The third and fourth question must be solved as follows: “*who states explicitly or implicitly in comparative advertising that the product marketed by him is an imitation of*

³⁰⁶ See the L’Oréal case (C-487/07) especially at points 73, 74. The possible existence of the misleading character or that of the likelihood of confusion are mentioned in the same article 3a of the Directive but in correspondence to the letters *a* and *d*.

³⁰⁷ See the L’Oréal case (C-487/07) especially at points 75 and 76 about the art. 3a.1/*h*.

a product bearing a well-known trade mark presents ‘goods or services as imitations or replicas’” (art. 3a.1/h); and “the advantage gained by the advertiser as a result of such unlawful comparative advertising must be considered to be an advantage taken unfairly of the reputation of that mark” (art. 3a.1/g).

Finally, it is possible to affirm that the decisions taken by the Court at the time in the L’Oréal proceeding are still valid. It is clear that the directives used to solve the case are not in force anymore and they were replaced; indeed the Dir. 89/104/EEC was substituted firstly by the Dir. 2008/95/EC and then by the Dir. EU 2015/2436; while the Dir. 84/450/EEC was amended by the Dir. 97/55/EC, as already seen in the proceedings, and then by the Dir. 2006/114/EC. The Directives that are still in force are different from that used in the L’Oréal case, however, they do not produce any substantial changes in the relevant decision. The difference is inherent in the form of writing or in changes of articles numbers, but it does not harm the content.

Conclusion

The aim of this thesis was to analyse the evolution of trade mark with a special attention to the reform of 1992, indeed the first and the second chapters were based on the differentiation of laws and believes before and after the reform. In the first chapter, the analysis of the evolution was treated in line with the distinctive function; it was found out that at beginning the trade mark identified the entrepreneur while finally it acquired value on its own. It was possible to highlight the passage from the possibility to transmit information to the market accreditation management. Indeed, the old system, regulated by R.D. n. 929 of 1942, was characterized by an indissoluble bond between the trade mark and the company, such that every products or services indicated with the same mark belonged to the same constant source of production. On the contrary, among the innovation introduced with the reform it was possible to confirm the slackening of the bond claimed before, and the opportunity also for a non-entrepreneur to register a trade mark with the only aim to have it used by third parties. The traditional distinctive function intended as a typical tool to indicate the origin of goods was weakened as the circulation of trade mark could take place independently from the enterprise to which it was firstly connected. In this context the need to modify the former legislation arose, so that apart from the original distinctive function other “secondary” functions emerged such as the suggestive or attractive one. The trade mark itself was no more considered an accessory entity of the product but an autonomous element capable of attracting consumers, independently from the characteristics of quality or indication of origin to which it was initially attributed.

The initial absence of a clear definition of “trade mark with reputation” led to different interpretations over time, in fact even if the discipline was introduced both at European and national level, it was only with the sentence of General Motors that was possible to find a definition, becoming then the point of reference for European and national disputes. The useful criteria and so the essential elements to determine the reputed trade mark were identified in the public interest, the territoriality, the similarity of the sign and the connection between them.

The art. 20.1/c i.p.c. underlines how an enlarged protection is given to the trade mark with reputation by declaring that the use of the sign by third parties without the due cause provokes an unfair advantage or a prejudice. According to the definition, these elements were analysed; indeed, there are mainly three types of injuries. The prejudice (detriment) to the repute of trade mark also called “tarnishment”, caused by the loss of the prestige or by the reduction of trade mark’s power of attraction because of the use by third party of identical or similar sign to that employed by the reputed trade mark. Then, the prejudice (detriment) to the distinctive character, also called “dilution” generated when the trade mark identity in the market is weakening due to the use of identical or similar sign by third parties. Finally, the unfair advantage of the distinctive character or the repute of the trade mark obtained by third party, usually referred to a case of parasitism in which the use of identical or similar sign allow them to exploit the coat-tails of the trade mark with reputation.

In the end, the traits of unfair competition were treated as to introduce comparative advertising. The attention was focus on the licit conditions that permitted the usage of that advertisement including not only prohibition with a negative statement so as not to create confusion, denigration, discredit or be misleading but also obligation in a positive statement like comparing goods with the same needs or purposes so that the features compared must be material, relevant, verifiable and representative. The final analysis of L’Oréal case was done in order to give a practical view of all the topics treated, grouped in a single proceedings. In this specific case, two main directives were taken into consideration: the 89/104/EEC for the use of trade mark and reputed trade mark and the 84/450/EEC for the use in comparative advertising. Although the case was solved with old directives, that have been now replaced, the decisions taken by the Court are still current; however, the articles taken into account do not suffer from big changes in the context, but rather on simple formal writing and numerations.

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