

# ITALY

Fabrizio Jacobacci

*Studio Legale Jacobacci & Associati*

This chapter forms part of:

LUXURY LAW

*Law Over Borders Comparative Guide 2022*

[www.globallegalpost.com/lawoverborders](http://www.globallegalpost.com/lawoverborders)



## 1. TRADEMARK

### 1.1 Sources of law

In Italy, trademark rights are governed by national and European Union law as well as international conventions.

The main source of law relating to trademarks in Italy is the Code of Industrial Property (CIP) (Law Decree No. 30 of 10 February 2005), which repealed and reorganized all prior legislation on industrial property, including the old Trademark Law. The CIP also contains a number of rules relating to the litigation of intellectual property rights that complement those of the Code of Civil Procedure.

In addition, Italy is party to a number of international treaties and, as a Member State of the European Union, Italian trademark law is also affected by Community legislation, in particular, by EC Directive no. 2004/48 on the Enforcement of IP rights and Directive no. 2436/2015 to approximate the laws of the Member States (the “Trademark Directive”). In addition, Regulation no. 2017/1001 on the Community trademark and Regulation no. 1151/2012 on quality schemes for agricultural products and foodstuffs which replaced the previous Regulation (EC) No 510/2006 on Geographical Indications.

Court decisions are not sources of law in Italy, since they are not binding for future cases between different parties. However, they may have a persuasive effect on future decisions, especially if rendered by higher courts. According to well-established principles and to the Italian Constitution, EU and international law prevails over national legislation.

Under Italian law, trademark protection can be obtained either by way of registration or by way of use. However, “use on a not merely local scale” is necessary to obtain protection in a form that is almost identical to that of a registered trademark.

The construction of the requirement of “use on a not merely local scale” has resulted in inconsistent decisions that identified the threshold to exceed the mere local use differently in terms of geographical extension. The recent trend however seems to be that any use that covers at least one main region of Italy is sufficient.

### 1.2 Substantive law

The general rule is that the scope of protection granted to trademarks is limited to the goods and services identical or similar to those for which the trademark is used or registered.

However, pursuant to Articles 12.1(e) and 20.1(c), of the CIP, a registered trademark having a reputation in Italy (i.e. a trademark that has acquired a reputation for at least some of the goods and services for which it has been registered), is also protected in relation to goods and services dissimilar from those for which it has been registered provided that:

- the two marks are similar;
- the use of the later mark can be detrimental to the repute or distinctiveness of the earlier mark or it enables the user to draw an unfair advantage from them; and
- the use is without due cause.

The interpretation of these provisions, as well as of the corresponding article in the Trademark Directive, has caused much debate and has produced a substantial number of judgements.

According to the decisions of the CJEU and of Italian courts, a trademark has a reputation if it is “known by a significant part of the relevant public for the products or services it covers” (see CJEU, *General Motors*, 14 September 1999, C-375/97). Therefore, reputation must satisfy a quantitative requirement, namely degree of knowledge of the earlier mark among the relevant public and how large a segment of the relevant public knows the mark. The qualitative aspects of the reputation may become relevant at a later stage, when the trademark proprietor must prove that the reputation attached to his mark has suffered detriment or that unfair advantage has been taken of it.

Italian law protects trademarks having a well-known status – that differs from that of trademark having a reputation – in accordance with Article 6bis of the Paris Union Convention. A well-known trademark is an unregistered mark (or at least unregistered in the country where protection under Article 6bis is sought) that is well-known by the public in Italy even though the mark in question is not used in the country and it has therefore acquired the well-known status for reasons other than its use.

According to Article 12.1(a) and (f), a well-known trademark may be invoked to prevent the registration of a later identical or similar mark for identical or similar goods and services, and if the mark is question in addition to being well-known it has also a reputation, also for dissimilar goods and services. This is an exception to the requirement that only registered trademarks can be protected for dissimilar goods and services.

Courts occasionally use the adjective ‘famous’ to designate a trademark as having a particularly high reputation, but the acknowledgement of this status is of no significant consequence in term of protection.

In short, there are no particular rules governing the trademarks of the luxury industry, nor protecting the “aura” of luxury surrounding them in a way that differs from that of a trademark having a reputation belonging to another industry. However, the proof that a trademark not only has a reputation, but also has an “aura” of luxury, may be helpful in establishing the additional conditions that must be satisfied by the proprietor to stop third parties from using a similar mark, namely, the detriment to the repute or distinctiveness of the mark or the unfair advantage.

### 1.3 Enforcement

There is no recognized test to prove that a trademark has a reputation. This is assessed based on a number of concurring factors and the trademark proprietor should submit as much evidence as possible to prove that the trademark is well known by a substantial portion of the relevant public.

In particular, the following is usually very helpful, if not necessary, to prove a reputation:

- sales details during the 5 years preceding the litigation;
- details of advertising expenditures during the 5 years preceding the litigation;
- market share data searched and created by independent and reliable agencies;

- copies of advertisements (videos, magazine ads, on-line, radio broadcast, etc.);
- market surveys produced by independent well-established agencies; and
- documents and material relating to promotional / sponsored events, such as sport / cultural events.

The purpose of the above is to provide a full picture of the intensity, geographical extent, duration of use of the trademark, the scale of the investments made by the undertaking in promoting the trademark, the market share and so on (see CJEU, *General Motors*).

To the extent this is possible, facts should be proved by documentary evidence that must be as objective as possible. For example, a mere spreadsheet recapitulating sales is not relevant evidence, while the same spreadsheet accompanied by a declaration made by an external auditor that he/she has verified the accuracy of the spreadsheet is persuasive evidence. Oral testimony is better used to confirm the origin and content of documentary evidence, thus, in case of doubt, the external auditor can be heard as a witness.

Affidavits – i.e., sworn declarations – have no greater evidentiary value than a simple declaration. Statements under oath can be usefully rendered only during testimony in court and not by way of affidavit.

Courts are willing to consider expert evidence even though they do not give it a substantial evidentiary weight to prove the reputation of a trademark.

Market surveys are often used to support a number of claims, from acquired distinctiveness of a trademark, to the actual existence of confusion between two signs or, more often, to prove the share of public who know the trademark and associate it with a specific undertaking.

When resulting from an activity of one of the parties, survey evidence is given some value by the courts as long as the questionnaire appears to have been drafted in order to avoid leading questions and the survey has been carried out by a respectable, recognized entity. Appreciation may be higher if the party applies to the court to order a survey evidence and this survey is carried out by an expert appointed by the court. In general, however, Italian courts very rarely resort to survey evidence carried out by experts in trademark disputes.

In case one of the parties produces the survey, the same shall provisionally bear its costs, whereas the court will normally charge these costs to the losing party at the end of the proceeding. Although market survey may have some impact in determining the outcome of the case, the courts do not regard them as the most relevant means of evidence. Further, there is no established threshold of recognition beyond which a trademark is considered to have a reputation, so establishing that a certain percentage of the public knows a certain mark is not overwhelming evidence of reputation (CJEU, *General Motors*).

Once the proprietor has proven the reputation of the trademark together with the detriment or unfair advantage, he can stop any use of an identical or similar mark made in the course of trade, i.e., intended for commercial reason.

Metatags pose a different range of problems. Since the beginning, the traditional approach of Italian courts is that the use of a third party's mark as a metatag does not amount to trademark infringement, but unfair competition (Tribunal of Rome, 18 January 2001, Tribunal of Milan, 8 February 2002 and Tribunal of Naples, 28 January 2001).

More recent decisions have ruled that the use of trademarks as key words (metatags have become technically obsolete) may amount to trademark infringement if the use is likely to confuse the public because of the manner in which it is made (Tribunal of Milan, 26 February 2009 and Tribunal of Palermo, 7 June 2013).

The use of a trademark in comparative advertising that may be detrimental to the reputation of the mark, takes unfair advantage of it, or creates a risk of confusion, amounts to trademark infringement. The Tribunal of Milan ruled that presenting the compared product as identical except for the mark to the product of reference is an attempt to attract consumers thanks to the reputation of the competitor's mark and not by an objective comparison between the respective products characteristics (Tribunal of Milan, 27 June 2013).

The use of a trademark in parodies for the purpose of criticism, controversy or mere humour is a legitimate exercise of freedom of speech, as long as the use is not for commercial use. On the contrary, if the parody is not the end, but a mere means to convey a commercial message, then the use may amount to trademark infringement. The circumstance that the original mark has been distorted for the purpose of parody may exclude confusion and therefore infringement. However, in the case of a trademark having a reputation, the same is not only protected if there is a likelihood of confusion, but also if the use may be detrimental to the mark and may enable the user to draw an unfair advantage.

In our society, luxury goods function as status symbols, they define class, social distinction, and even personal beliefs and values. Luxury companies utilize their trademarks as symbols to signal status and market their products or services. It is not a surprise, therefore, that trademarks have become their most valuable assets and no efforts are spared to constantly expand their scope of protection, often by testing the law in an attempt to stretch it to its furthest limits. In this respect, protection of shape marks and of colours continue to be the battleground on which the luxury industry focuses its efforts.

In relation to shape marks, the evolution has not been the most favourable. In the *Hauck v Stokke* case (C-205/13), the Court held that even if a shape is not indispensable to the function of the goods, the same is not protectable if it results from its nature. This has raised the threshold for obtaining and preserving trademark protection. On the opposite front, in the *KitKat* case (Case C-215/14), the CJEU stated that only the manner in which the goods at issue function is decisive, not the manner of manufacture; this seems to be, however, a modest victory for brand owners as the distinction is likely to have only a marginal practical impact.

At national level, Italian courts do not show any inclination to invalidate shape marks easily, but at the same time, they construe their scope of protection by excluding that infringement may occur when the similarity is limited to those elements that result from the nature of the allegedly infringing goods. In line with this approach, the Court of Appeal of Torino upheld the validity of the registration for the iconic shape of the Vespa scooter and its infringement by one of the three scooters accused of infringement (Judgement April 16, 2019). Tribunal of Rome dismissed a claim for infringement based on the Omega shape trademark of Ferragamo (Judgement July 8, 2020) observing that the similarity between the shape mark and the accused products was found only in relation to elements that are inherent to the nature of such products.

## 2. COPYRIGHT

### 2.1 Sources of law

The main Italian law regulating copyright is Italian Copyright Law (ICL) (Law No. 633 of 22 April 1941) on the protection of copyright and of other rights related to its exercise, as supplemented and amended by a number of subsequent laws.

A few residual provisions concerning copyright are also contained in the Italian Civil Code (Articles 2575-2583).

In addition to the national legislation, a number of directives enacted in the copyright field and implemented in Italy also governs Italian copyright law. Finally, Italy is party to a number of international treaties regarding copyright law, generally aimed at setting common rules and a minimum level of protection in member states.

Court decisions are not sources of law in Italy, since they are not binding for future cases between different parties. However, they may have a persuasive effect on future decisions, especially if rendered by higher courts. According to well-established principles and to the Italian Constitution, EU and international law prevails over national legislation.

### 2.2 Substantive law

According to Articles 1 and 2 of the ICL, copyright protects creative works belonging to literature, music, fine arts, architecture, theatre and cinematography, irrespective of their form of expression, as well as computer programs and databases. Finally, it also protects objects of industrial design, provided they have an artistic value.

The protection of objects of industrial design has been hotly debated in Italian courts over the past thirty years. The highly subjective character of the artistic value requirement – let alone its compliance with EU law as we shall see below in the Enforcement section – has caused commentators and courts to issue the most diverse opinions. Recently, case law seems to have found a criterion to establish that if an object of industrial design is copyrightable, namely, by ascertaining if the same has been recognized as a work of (applied) art in the relevant circles. Therefore, objects that have become part of permanent collection in museums or that have enjoyed the attention of art critics and, more generally, have been able to sail through and transcend the time in which they were created, are usually recognized as having an artistic value (Tribunal of Milan, 13 September 2012). This approach, however, fails to take into account that the work is protected by copyright as of its creation and not when the public or museum curators perceive it as a noteworthy object of design. Courts have recognized this limitation and have stressed that the inclusion of the object in dispute in museum collections or in temporary exhibition is a mere confirmation of its original artistic value (Tribunal of Milan, 9 January 2014) and it is not a requirement for establishing copyright protection. This approach is hardly compatible with the necessity to protect fashion industry products. Even successful products are quickly replaced and products of the fashion industry are often recognized as “iconic”, i.e., capable of transcending the time in which they were created years if not decades after their launch. Therefore, exclusive reliance on copyright instead of other forms of protection such as design – either registered or not – is not a sound approach.

Italian copyright law covers both economic and moral rights.

Economic rights are the rights to make any type of use of the work such as, without limitation, the right of publication; reproduction; transcription; public performance; broadcasting; making available or otherwise communicating to the public; distribution; elaboration; translation; rental and loan. These rights may be assigned or licensed in whole or in part, or waived and they have a limited duration of 70 years from the death of the author.

Moral rights consists in the author's right to:

- be recognized as the author, the so called 'right of paternity';
- oppose any distortion, mutilation or other modifications of the work which could damage its honour or reputation, the so called 'right of integrity'; and
- withdraw the work from the market in case the work no longer represents the author's views, the so-called 'right of repentance'.

All these rights are perpetual and may not be waived or assigned. The relatives of the author may, after their death, exercise the right of paternity and the right of integrity. These rights, however, are not acquired by the relatives' *mortis causa*, but are a right of personality belonging to them in their unique capacity as relatives that may well not coincide with that of heirs.

Finally, the ICL also provides for specific and limited economic rights – ie related rights – concerning specific kinds of works and granted to certain categories of beneficiaries, such as phonogram producers; producers of cinematographic or audiovisual works; radio or TV broadcasting companies; performers; authors of 'simple photographs' (that is, photos that are not creative enough to be considered works of art); and makers of non-creative databases.

Individuals create artworks, either alone or in a group. The general rule prescribes that the author of the artwork is also the owner of all economic rights, but the rules suffer from an important exception. The copyright in works of employees created in the performance of the employment contract belong to the employers. On the contrary, works created by consultants or suppliers belong to them, unless the agreement stipulates otherwise or they have been created under the direction and for use by the principal, in which case the principal acquires the right to use the work for which it paid the agreed consideration. However, such right does not include the right to license third parties or to make copies of the work for use by third parties.

The position of directors of a company may pose a delicate problem if the work has been created in the performance of the director's duty using the company's resources. In that case, it seems that the copyright should belong to the company. This approach cannot be applied to shareholders who have no duties *vis-à-vis* the company.

The contract by which copyright is assigned in whole or in part or is licensed must be proved in writing (Article 110 ICL) and not by way of testimony. Pure oral agreements are, therefore, valid, but unenforceable in the event their existence is denied. As a consequence it is a sound precaution to specifically regulate the assignment of copyright in writing. Such assignment must be drafted bearing in mind that the law, in order to protect the author, provides that the contract by which an author agrees to assign the copyright in all his future works or in all categories of work is null and void if the author obligation are not limited to a specific period of time.



### 2.3 Enforcement

The creation of the work is the only necessary requisite for copyright. While authors can register a variety of works with the SIAE (the Italian main collecting society), the registration is not necessary for the right to come into existence. The use of the copyright notice has no legal value and failing to affix it has no consequence.

In the absence of a registration system that provides a presumption of ownership, copyright enforcement requires producing evidence that the work has been created by the party that is seeking enforcement or proof of acquisition from the original author. Evidence other than that of assignment can be given by any means, including testimony. A general rule regularly applied by Italian court, however, is that if a party has been making a public use of the copyright in a certain work for a long time without being challenged, it is presumed that that party is the owner of the copyright, until the opponent produces evidence to the contrary.

To succeed in an infringement action is not necessary to prove actual copying or the intention to copy. It is sufficient to prove that essential elements of the original work have been reproduced, in whole or in part, in the copy. Case law often held that infringement occurs when the original work can be 'read' in the subsequent version.

While the law does not expressly mention the intention to copy as a requirement for establishing infringement, the knowledge deriving from access to the original work will be relevant for the assessment of damages, as no damages can be awarded where infringement was not wilful or negligent.

Copyright can be enforced against any subsequent right, including trademarks, designs, patents and other IP rights that may fall within the scope of protection granted by copyright law to the artwork. Since names – including names of fictional characters are rarely protected under copyright law; the commercial use of the name of fictional characters is unlikely to infringe an earlier copyright.

Unlike trademarks, which are protected against uses in the course of trade, copyright is also protected when the alleged infringer is not making a commercial use of it, except in very narrow, specific cases.

Under Italian law, there are no general defences or exceptions based on fair use or fair dealing. The defendant may only rely on the specific exceptions provided by ICL

The use of a copyrighted work for the purpose of parody has been the subject of frequent disputes in Italy. Art. 5.2(k) of Directive 2001/29 provides that Member States may provide for exceptions to the right of reproduction in the case of "use for the purpose of caricature, parody or pastiche". As a rule, a parody of a copyrighted work does not infringe the original work if it satisfies the essential characteristics for a parody. Namely, "first, to evoke an existing work, while being noticeably different from it, and secondly, to constitute an expression of humour or mockery" (CJEU, *Vandersteen*, 3 September 2014, C-201/13, Tribunal of Venice, 7 November 2015).

Although there is no statute of limitation to bring an action for copyright infringement, the claim for damages must be commenced no later than 5 years from the last act of infringement.

Also, importantly, action for copyright infringement can be cumulated with other types of actions, such as design infringement and unfair competition. All these actions can be brought before the same court and decided together.

Given the complex issues arising from the use of trademarks to protect the shape of product, copyright could offer an attractive alternative. The term of protection is not perpetual as in trademarks, but is far longer than that accorded by a design registration. However, not all shapes are eligible for copyright protection. As illustrated in the previous paragraphs, shapes of products are protected only if they have an artistic value and the difficulty in establishing, with sufficient certainty, the presence of such an element has often led luxury brands to rely on copyright when no other intellectual property rights was available.

Thus said, the CJEU (*Cofemel*, Case C683/17) dictates that the national legislation may not impose separate and specific requirements for the protection of object of industrial design. In paragraph [29], the court makes clear that the “concept of ‘work’ [...] constitutes [...] an autonomous concept of EU law which must be interpreted and applied uniformly, requiring two cumulative conditions to be satisfied. First, that concept entails that there exist an original subject matter, in the sense of being the author’s own intellectual creation. Second, classification as a work is reserved to the elements that are the expression of such creation”.

The court then moves on to clarify that the concept of a ‘work’ entails the existence of a subject matter that is identifiable with sufficient precision and objectivity and such precision and objectivity is not attained where an identification is essentially based on the sensations, which are intrinsically subjective, of an individual who perceives the subject matter at issue. Therefore, a condition such as “artistic value” may fail to meet the requirement of precision and objectivity required by the CJEU. The CJEU reiterated the same principle in the *Brompton* case (C-833/18). Although the issue at stake was whether copyright protection applies to a product whose shape is, at least in part, necessary to obtain a technical result, the CJEU seized the opportunity to repeat that to qualify as a “work” the item must be original, i.e. the author’s own intellectual creation and be an expression of that creation. “The subject matter reflects the personality of its author, as an expression of his free and creative choices” (*Brompton*, paragraphs [22] and [23]). These conditions are both necessary and sufficient, so that the addition of the “artistic value” requirement appears to violate EU law.

### 3. DESIGN

#### 3.1 Sources of law

The provisions contained in the CIP implemented in accordance with Directive No. 1998/71 govern Italian designs. Community designs are governed by Council Regulation (EC) No. 2002/6 of 12 December 2001 (hereafter ‘ECR’). In addition, Italy is party to the Paris Convention for the Protection of Industrial Property of 20 March 1883, as revised and amended.

Court decisions are not sources of law in Italy, since they are not binding for future cases between different parties. However, they may have a persuasive

effect on future decisions, especially if rendered by higher courts. According to well-established principles and to the Italian Constitution, EU and international law prevails over national legislation.

### 3.2 Substantive law

Italian design rights can be only obtained by way of registration with the Italian Patent and Trademark Office (UIBM), while Community designs may either be registered at the Office for Harmonization in the Internal Market (OHIM) or unregistered, the latter being subject to a different set of rules.

The object of protection of design rights is the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation.

Italian and Community law defines the term ‘product’ as “any industrial or handicraft item, including *inter alia* parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographic typefaces, but excluding computer programs”.

Therefore, design rights protect a very wide variety of features except for those features that, in the case of components, are not visible during normal use and those that are solely dictated by their function.

Appearances of products that are contrary to public policy or morality are not eligible for protection.

In order to benefit from design protection, the design must satisfy two separate requirements:

- The design must be new. No identical design has been made available to the public before either the date of filing of the application for registration (or the date of priority, if applicable) for national or registered Community designs, or, for unregistered Community designs, the date on which the design for which protection is claimed has first been made available to the public. The nature of the product to which the prior design relates is not relevant (*Group Nivelles* - Joined Cases C-361/15 P and C-405/15 P).

The disclosure made by the designer, a successor or a third party based on the knowledge of the design obtained from the designer in the 12-month period preceding the filing of the design application or the disclosure made as the result of an abuse do not deprive the design of novelty.

Similarly irrelevant is the disclosure that could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community.

- The design must also have individual character, meaning that the overall impression that the design produces on the informed user differs from the overall impression that may be produced on such user by any design that has been made available to the public. Differently from the assessment of novelty, the identification of the product to which an earlier design applies, or in which the latter is incorporated, is relevant for the assessment of individual character. It is through the identification of the product concerned that it will be possible to determine whether the informed user of the product to which the later design applies, or in which the later design is incorporated, is aware of the

earlier design. Only if that latter condition is fulfilled, the earlier design may prevent the later design from being recognised as having individual character.

The maximum duration of the protection for registered designs is 25 years whereas the protection for unregistered design is granted for 3 years after the first disclosure of the design within the European Union.

The owner of the design is the registrant or the person under whose name the unregistered design was disclosed.

It is however important to remember that registered/unregistered design are potentially eligible for copyright protection, in which case, since the rules governing ownership are not the same, the owner of the copyright, which almost unavoidably pre-dates the design, can seek a declaration of invalidity of the design. This situation can be avoided by securing the assignment of the copyrights from the author (independent designer, design agency, etc.) by way of a written agreement.

The assignment of design rights does not need to satisfy specific formalities. However, the rule to apply in order to resolve conflicts among concurring assignees is that the first to record the assignment prevails on all other assignees, including that who bought the right first. Recordation of the assignment is not necessary for its validity, but highly recommended.

Designers enjoy very narrow moral rights in relation to their creations. They are only entitled to be recognised as the authors of the design in the register.

### 3.3 Enforcement

The scope of protection of design rights encompasses all identical designs as well as those that do not produce a different overall impression on the informed user. Unregistered Community designs enjoy the same scope of protection, but only in respect of designs that have been made with the intention to copy the protected design. A number of factors, including prior knowledge of the design, degree of similarity, etc., are taken in account in order to establish if the similarity is the result of copying or of coincidence.

Registered and unregistered designs are protected against any unauthorized uses by third parties, such as the making, offering, putting on the market, importing, exporting or using a product in which the design is incorporated or to which it is applied, or storing such product for these purposes.

The design proprietor is entitled to enforce its rights against any kind of infringement, including infringement arising from use of the design in trademarks, registered designs, patents, domain names, trade names, pseudonyms or other distinctive signs or IP rights, even though a lot of these instances appear to be merely theoretical.

Like copyright, some limited uses do not fall within the scope of protection:

- private use with no commercial purpose;
- experimental use; or
- use for illustrative purposes such as teaching.

The most common defence to a claim for infringement is to challenge the validity or ownership of the design right and/or to argue that the litigious design does not produce a similar overall impression on the informed user, or that the design invoked is actually closer to the prior art than to the alleged

infringing product. In relation to an action for damages, the usual 5-year statute of limitation would also apply.

Finally, Article 8.2 ECR for Community design and Article 241 of the CIP for Italian designs provides that a component used for the purpose of the repair of a complex product is excluded from the scope of protection of design.

Actions for design infringement can be cumulated with both copyright infringement and unfair competition claims before the same court.

## **4. RIGHT OF PRIVACY, PUBLICITY AND PERSONAL ENDORSEMENT**

### **4.1 Sources of law**

Private individuals are entitled to control the use of their name, image and other aspects of their identity in accordance with Articles 6 - 10 of the Italian Civil Code and Articles 96 - 98 ICL, whether for commercial use or for any other purpose that is not consented by the law. In addition, the relatives of said person have a more limited right to prevent the use of the person's name and image. More specifically, they may prevent the use of the name for family reasons that deserve protection and the use of the image that may be detrimental to the respectability and reputation of that person or of their relatives. Said relatives' rights survive the passing of the person whose name or image is used.

### **4.2 Substantive law**

Any individual is entitled to the right to the name, likeness and personal identity. These rights, that include the right of publicity, i.e., the right to make a commercial use of one's name, are identified - together with certain other rights - as rights of personality and they cease with the passing of the individual. Relatives may have some residual separate right that, however, belongs to them as relatives and not as successors.

Traditionally, personality rights could not be assigned or licensed. However, the commercial use of one's name or image - the right of publicity - has become a frequent object of commercial transactions and it is well accepted that the same can be licensed, on an exclusive or non-exclusive basis, although not assigned.

There are no specific formalities required for the validity of a license concerning the right of publicity. However, the possibility of an oral license makes no commercial sense, although there have been instances where the agreement has been considered to have been concluded by implied consent of by a positive conduct (later regretted). The law on the protection of personal data is, however, changing this approach since the consent must be always express.

Although they may appear reasonably simple agreements, drafting of licenses (when the use of a celebrity name or image is used for a relatively long period of time) requires a number of precautions. First, the obligations that are imposed on the licensor in terms of their behaviour in relation to the licensee's products and business and in general must be clearly identified. The goodwill attached to a specific celebrity may well turn into a liability should the celebrity behave in a way that is damaging to the licensee and its business and this should be a cause for termination of the license upon notice given by the licensee.

Similar precautions should be taken by the licensor in the event the licensee is involved in practices that are contrary to the licensor's beliefs or ethical principles or, more generally, are incompatible with the way the licensor is perceived by the public. In all these cases, the licensor should be entitled to withdraw their consent to the use of the name and image.

Under Italian law, the passing of the licensor extinguishes the right of publicity. In theory, the licensee could continue using the name and image of the licensor without their consent and without paying their successors any consideration. Therefore, a contract usually provides that after the passing of the licensor the licensee cannot continue using the (now exhausted) right of publicity unless they obtain the relatives consent. A far preferable approach, however, is to register the name and image of the licensor as trademarks that, differently from the right of publicity, can be transferred *mortis causa*.

After the death of the licensor, the relatives could theoretically object to the use of the name or image of the deceased person. However, it seems difficult to argue that such use is detrimental to the respectability of the deceased since they had previously consented to it.

#### 4.3 Enforcement

As an exception to the other personality rights, Italian courts have recognised since the early 1980's that the exclusive licensee also has standing to sue for a violation of the right of publicity.

The right of publicity can be enforced against any unauthorised use, whether for commercial purpose or not and the typical remedy is the injunction. However, the commercial value of the image or name have an impact on the assessment of damages.

The commercial value can be proved by any means. The most obvious is to produce copy of the license agreement showing that other parties were willing to pay a consideration for the use of that individual right of publicity. The fame or celebrity of the individual will generally create the presumption that the right of publicity of that person has a commercial value.

The main defence used to seek the dismissal of a claim for violation of the right of publicity is to argue that the image:

- was taken at a public event; and that
- the use was not made for commercial purpose, but for the prevailing purpose of information.

The case law has made clear that the information purpose must be prevailing purpose of the use and not a mere excuse to make a commercial use of the person in question.

Luxury brands often use celebrities – including their own well-known designers – to endorse and promote their brand or (as they frequently state) as ambassador for the brand. Some even incorporate a celebrity's name or likeness on their goods. The main risk of hiring a celebrity to promote or endorse a product is the unexpected or disgraceful behaviour of those individuals, or unforeseen events such as death. Stakeholders will view any adverse behaviour at an event or by a celebrity as a reflection of that company's culture, values or operational ineptitude. The damage is essentially reputational and Luxury



brands should take the necessary precautions in their contract by stipulating that any actual or alleged criminal act or distasteful conduct from the celebrity will trigger the termination of the contract.

## 5. PRODUCT PLACEMENT

Product placement is governed by Directive no. 2010/13 of the European Parliament and Council as amended by Directive no. 2018/1808 of the European Parliament and of the Council. In Italy, the law regulates product placement with two separate legislative instruments, namely Ministerial Decree 30 July 2004 concerning product placement in movies and Legislative Decree N. 2010/44 for TV programmes.

Product placement in films is permitted if the placement is obvious, sincere and correct and coherent with the context of the story. Also, it is necessary that all product placement be listed in the credits at the end of the film.

Product placement is permitted in TV programmes if the presence of promotions within the programme is announced at the beginning of the programme and after each advertisement interruption as well as being listed in the end credits.

Finally, all products that are subject to an advertising ban, such as tobacco products cannot be objects of product placement. In addition, Article 10 of Legislative Decree N. 44/2010 - in line with Directive no. 2010/13 - imposes limits on the placement of alcoholic beverages and also prohibits the product placement of medicines in accordance with Directive no. 2007/65.

There are no specific remedies in the event a products placement contract is breached, other than the general remedies applicable to contract, namely damages and specific performance. The difficulty in enforcing an order for specific performance means that the brand owner is left with the only realistic option of seeking compensation for the damages suffered and the termination of the agreement.

Luxury brands are not immune from the most common risk involved by product placing, namely the irritation of viewers when confronted with a prominent product placement or a sequence that seems designed to sell, rather than entertain. This could interrupt the viewing experience, reflecting badly on the offending brands and the more so in the case of a luxury brand.

Although drafting an appropriate product placement contract is key for a successful product placement, in addition, educating the producer on the values of the brand to ensure that the exposure of the brand is in line with its perceived image. Luxury brands must be specifically careful in detailing all conditions of the product placement, as for the feature itself, the agreement should include the duration of the feature, whether or not there will be close-ups, and any other details regarding the appearance of the products. Importantly, brand owners should decide whether the producer could feature products from competitors in the same work. Investing financial resources to appear alongside competitors is not desirable.

## 6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

Legal entities are also entitled to the protection of their image and reputation that may be damaged by third parties with an emphasis on the economic

damages that may be suffered (legal entities are not capable of suffering psychological or biological damages). Having said that, the rules that apply to individuals cannot be applied to legal persons.

The name of a legal entity is a distinctive sign of the entity and as such is protected against the risk of confusion. In addition, if the company has acquired a reputation, any use in the trade of its name that may be detrimental to it can be prohibited.

The contractual protection of the image and reputation of a company is possible, but the provisions aimed at protecting it should be checked for potential violation of competition rules.

In particular, the Block Exemption (Commission Regulation (EU) No 330/2010 of 20 April 2010) with respect to vertical agreements allows selective distribution systems provided that the specific requirements in the Block Exemption are met and that the market share does not exceed 30 per cent.

On this basis, a restriction on the sale of products to certain re-sellers (that are not part of the selective distribution system) may be acceptable under the Block Exemption, and if these requirements are met, such prohibition on such sales may be allowed.

On the contrary, a restriction preventing selling below a certain price or outside of specific time periods in an agreement would be considered a “hardcore restriction” that can never be exempted under either the Block Exemption regulation or under Italian competition law.

Liquidated damages are generally permissible under Italian law. However, the amount of liquidated damages must be proportionate to the breach, otherwise the court has the right to reduce the amount provided in the contractual clause. The breach of the clauses protecting the corporate image or reputation would generally be considered a legitimate ground for application of liquidated damages.

## AUTHOR BIOGRAPHY



### **Fabrizio Jacobacci**

Fabrizio specializes in litigation and arbitration, most notably in the area of competition law and intellectual property, with particular emphasis on Life Sciences, including the regulatory aspects related to medical devices and pharma products. He has acquired an international reputation for his handling of various complex patent and trademark disputes.

Fabrizio is a frequent speaker at international conferences on intellectual property matters, including for the Intellectual Property Section of the New York State Bar Association, the International Trademark Association, the International Bar Association and Marques. He is a lecturer at the WIPO post-graduate specialisation course on intellectual property, jointly organized by WIPO and Turin University, and a member of the editorial board of the “European Trademark Reports” published by Sweet & Maxwell.