INTERATIONAL LEAGUE OF COMPETITION LAW

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Question B

1.- Italian legislation on indications of origin has developed in a fragmentary manner often through the adoption of special laws in relation to specific contexts as in the case of Prosciutto di Parma (it was recognized as a designation of origin by Law 506/1970, later replaced by Law 26/1990), or in the case of the law on ceramics (see Law n.188/1990 as amended by Law n.52/1996).

However it has progressively acquired homogeneity thanks to international agreements and above all EU laws.

Generally, the protection of designations of origin (registered and unregistered and regardless of whether they obtained protection through ad hoc legislation) has been entrusted to unfair competition regulations, as emerges from Articles 29 and 30 of the Italian Industrial Property Code (Legislative Decree 10 January 2005 n. 30) (hereinafter “IP Code”).

Notably, Article 29 of the IP Code states that “protection is granted to geographical indications and designations of origin identifying a country, a region or a place when used to describe a product originated from such place, and whose quality, reputation or characteristics are exclusively or essentially due to the geographical environment of origin”.

Article 30 states that “Subject to the provisions concerning unfair competition, and international conventions on the subject, and save the rights to trademarks previously acquired in good faith, the use of geographical indications and designations of origin is prohibited, when it is eligible to mislead the public and entails undue exploitation of the reputation of the protected designation, as is the use of any means of designation or presentation of a product that indicates or suggests that the same product originates from a locality different than its true place of origin, or that the product has qualities that belong to the products originating from a locality designated by a geographical indication”.

Reputation is protected directly from any form of parasitical exploitation, even if there is no public deception. These signs are thus coming to resemble (other) distinctive signs, in
particular trademarks, which are likewise now protected against any form of commercial parasitism.

Therefore, the use of signs infringing a geographic indication or a misleading use of an indication of origin can be considered an unfair competition tort according to Article 2598 of Italian Civil Code.

Moreover, in the Italian criminal law it is also expressly prohibited the "import and export for the purpose of sale or marketing of products bearing false or misleading indications of source " (see Article 517 c.p.), and in particular the use for non Italian products of "stamping 'Made in Italy' " or otherwise " signs, pictures, or anything else that could lead consumers to believe that the product or good is of Italian origin " (see Article 517 bis c.p.). According to Article 517 quater it shall be punished with imprisonment from one to six years and a fine up to EUR 20000 for whoever forges geographical indications or appellations of origin of food products protected under special laws, community regulations and international conventions.

Being Italy a member state of the European Union, the EC general rules on protection of GIs fully apply in Italy (i.e. Regulation (EU) No. 1151/2012 of the European Parliament and of the Council (hereinafter “EC Regulation”) on quality schemes for agricultural products and foodstuffs replacing the previous Council Regulation No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs).

Finally, we must also remember the European Community rules on labeling, recently specified in particular by Directive n. 2000/13/C.E on the approximation of the laws of the Member States relating to the labeling, presentation and advertising of foodstuffs.

From the foregoing, therefore, what emerges is the coexistence of several different sources of rules, which partly overlap, creating problems of interpretation and coordination.

Italy has not enacted a general national registration system for geographical indication. However, some specialized systems of registration in relation to certain specific agricultural sectors have been established:

- cheese: Law 10 April 1954 n. 125;
- olive oil: Law 3 August 1998 n. 313;
- cured meats: Law 4 November 1981 n. 628 (Prosciutto Veneto- berico-euganeo); Law 30 May 1989 n. 224 (Salame di Varzi); Law 12 January 1990 n. 11 (Prosciutto di Modena); Law 13 February 19990 n. 26 (Prosciutto di Parma); Law 14 February 1990 n. 30 (Prosciutto di san Daniele);
- truffles: Law 17 July 1970 n. 568

Among sui generis protection, the most relevant is the system of registration of GIs in the wine sector established by Law 10 February 1992 n. 164 (hereinafter referred to as the Wine GIs).

Regarding the indication of source (“made in” and so on), please see the answer to question 13.

2.- According to Articles 29 and 30 of IP Code, Article 2598 of Italian Civil Code and Article 517 of Italian Penal Code, it is forbidden the misleading use of GIs. The aim of these rules is the protection of both the reputation of the indication of origin itself and the consumer (see also answers 1 and 6).

Regarding the fair use of the indication of source “Made in Italy” see answer 13.

3.- Please refer to answers to questions 1 and 5.

4.- All products falling within the scope of the TRIPS Agreement need to fulfill the same requirements. Italy has been a member of the TRIPS Treaty since 1996. The country of origin principle applies.
According to EU Regulation, the only requirements benefit from the protection are the following:

- The agricultural products or foodstuffs must originate from the specific region, place or country to which the indication refers;
- The production, processing or preparation of the products must take place in the defined geographical area; and
- The quality or characteristics of the products must be due to a particular geographical environment with its inherent natural and human factors (so-called ‘milieu’).

5. As said above, in Italy the general rules on the protection of GIs established by Council Regulation N° 1151/2012 (here in after EC Regulation) concerning the geographic indication and designation of origin for agricultural products and foodstuffs, are compulsory.

Three EU schemes known as PDO (protected designation of origin), PGI (protected geographical indication) and TSG (traditional specialty guaranteed) promote and protect names of quality agricultural products and foodstuffs (see Regulation (EU) No. 1151/2012, hereinafter, the Regulation)

Protected Designation of Origin - PDO: covers agricultural products and foodstuffs which are produced, processed and prepared in a given geographical area using recognized know-how.

Protected Geographical Indication - PGI: covers agricultural products and foodstuffs closely linked to the geographical area. At least one of the stages of production, processing or preparation takes place in the area.

Traditional Speciality Guaranteed - TSG: highlights traditional character, either in the composition or means of production.

The essential feature of the EU system is that applicants must positively demonstrate that the characteristics, qualities or reputation of the product is essentially attributable to the geographic environment of origin. The proper geographic name can be registered if the link is proven.
Article 7(1)(f) of Regulation set out the characteristics of the link. Applicants must in fact provide details establishing “(i) the link between the quality or characteristics of the product and the geographical environment referred to in Article 5(1); or (ii) where appropriate, the link between a given quality, the reputation or other characteristic of the product and the geographical origin referred to in Article 5(2)”.

Once the Commission approves the registration, the name is protected by the means of Article 13 that prohibits both direct and indirect commercial use or evocation of the registered name, including imitation, translation, or the use of terms such as “like” or “style”.

This procedure of registration is administered by the Italian Minister of Agriculture pursuant the rules set forth in the Commission implementing Regulation (EU) No 668/2014 of 13 June 2014 laying down rules for the application of Regulation (EU) No 1151/2012 of the European Parliament, and in the Decree of the Minister of agricultural food and forestry October 14, 2013.

As explained in question 1, for some specific agricultural products there are some specialized systems of registration (e.g.: cheese: Law 10 April 1954 n. 1 25; olive oil: Law 3 August 1998 n. 31 3). Among these, the most relevant is the system of registration of GIs in the wine sector established by Law 10 February 1992 n. 1 64 (hereinafter referred to as the Wine GIs). These procedures of registration are administered by the Italian Minister of Agriculture.

6.- Even if in Italy there is no uniform registration system for GIs, the Italian industrial Property Code (Legislative Decree 30 January 2005 n. 30, hereinafter referred to as the iP Code) sets forth general protection for (registered and unregistered) GIs against all deceptive use according to the Articles 29 and 30 IP code and according the Article 517 of Italian Penal Code (see the answer to question 1). The misleading and deceptive use of an indication of origin can be considered also an unfair competition tort.

7.- Pursuant to the IP Code, the right on a designations of origin is a proprietary right, even if a general system of registration is not established in Italy (please refer to answer to question 5 here above). Since the IP Code does not set forth any specific provision on the holding of the right, it is disputed whether all the interested operators can be considered co—owners of the designation of origin or not.
Abstractly, any operator in the relevant field can use GIs in his business, provided that his products meet the standard and requirements of production set forth in the Specifications adopted pursuant of Articles 7 (concerning the PDO/PGI) and 19 (concerning the TSG) of EC Regulation or adopted on the basis of *sui generis* regulation.

In any case the registration of designation of origin is managed by the Consortiums according to Articles 8 and 20 of EC Regulation or Article 19 of Wine GIs Law. The Consortium also has the scope of promoting the products they oversee and protect, as well as programming their production and marketing on the basis of the specifications. Any operator, in order to use the designation of origin must ask and receive the authorization from the Consortium.

Concerning designation of origin used in field different from the agriculture products and foodstuffs, it can be possible that a group of producer file a collective trade mark according to Article 11 of IP Code mentioned in the answer to question 10.

8.- For what concerns agricultural products and foodstuffs, requests of IGPs are managed by the Italian Minister of Agriculture. The Italian Minister of Agriculture appoints a private body panel that provides verifications on the requirements needed to obtain a GI, according to the Article 53 Law 24 April 1998, no. 128, as amended by Article 14 Law 21 December 1999, no. 526.

Regarding Antitrust Law we would like to point out the following.

First of all, the granting of a denomination of origin does not have to result into an unjustified privilege, or anyhow detriment of the development of other analogous initiatives in the same region (see the Article 11 paragraph 4 of IP Code mentioned on the answer of question 10). The Specification shall provide clear rules and criteria that must be met in order to benefit from a GI. The Specification shall not provide for unjustified duty for the user of the GI (e.g. royalties, the imposition of some supplier for packaging, for advertising and so on).

Moreover, when the use of GIs by any subject is authorized by the voluntary consortiums, which supervise on the respect of the Specifications, the Consortium cannot give to the user of the GIs a production target, or promote anticipative agreement with operator affiliated to other Consortiums, through the Specifications adopted.
In the case Consorzio Parmigiano Reggiano, I168, 1996/4352 issued in November 1996 it is stated that the production plans, the specific regulations and the relative enforcement acts, adopted by the Consortium for the Protection of Parmigiano-Reggiano for the cheese making dairy campaigns from 1991 to 1994, constituted a violation of Section 2 of Law no. 287/90 (agreements). In addition, the Authority established that the decisions concerning the 1991-1995 production plans as well as the specific regulations applied in 1994 and 1995 also violated Section 2 of the mentioned Law. Indeed, these plans and regulations on the one hand fixed the maximum quantity of the total production for the reference year; on the other hand, they fixed the annual production share that each cheese maker could not exceed. The agreement protocol undersigned by the two Consortia in 1994 - and subsequently no longer renewed - which fixed a maximum threshold of Grana cheese production, by assigning 51 percent of the total production to the Consortium for the Protection of Parmigiano-Reggiano, and 49 percent left to the Grana-Padano Consortium, constitutes an infringement of the Competition Act as well.

As such, the Authority issued a cease and desist order to the Consortia and ascertained that the production plans and the agreement protocol between the two organizations could violate the Competition Act.

The above mentioned Consortia amended the planning rules, which are set forth in the specific regulations arranged by the Consortia themselves, and they will transform the planning mechanism into a control system of the production requests made by each member of the two Consortia.

On the basis of the new principles, the Consortia will limit themselves to gather the requests made by the single cheese dairies, after having ascertained their capacity of producing quality cheese. Further, the two Consortia will define a total production target, whose value will be merely indicative. The documents filed to the Authority by the Consortia provide the concrete ways of applying the new planning rules, but do not contain the changes to be made in the Consortia’s specific regulations, so as to realize a system of rules which is not restrictive of competition. Therefore, the Authority asked both the Consortia to file the amendments of their regulations within 90 days from the notification of the decision.
9.- Articles 29 and 30 of the IP Code set out the principle that the trademark rights previously acquired in good faith can be used by the owner. The protection of GIs does not allow the holder to forbid third parties from using in their business activity their own names, or the name of the assignor of the same activity, unless such name is used in such a way so as to deceive the public. (see also the answer to question n. 10)

The Italian case law stated that a producer complying with the Specification of PDO/PGI has the right to obtain the authorization to use the PDO/PGI and the collective trademark (Court of Bologna, June 19, 2009 in GADI, 5437).

10.- In PDO/PGI matter Article 53 Law 24 April 1998, no. 128, as amended by Article 14 Law 21 December 1999, no. 526 allows the registration of denomination of origin as collective trademarks by the consortiums established for the protection of the denomination of origin at issue.

The conditions of such registration are set forth in article 11 of the IP Code.

Article 11 of the IP Code provide that: “1. Persons whose function is to guarantee the origin, the nature or the quality of certain products or services, may obtain the registration of specific trademarks as collective trademarks, and have the right of allowing the use of such trademarks to producers or traders. 2. Regulations concerning the use of collective trademarks, and the controls and related sanctions, are to be attached to the application form for registration; amendments to the regulations must be communicated by the applicants to the Italian Patents and Trademarks Office in order for the same to be included among the documents attached to the application. 3. The provisions set forth in paragraphs 1 and 2 are also applicable to foreign collective trademarks registered in the country of origin. 4. Notwithstanding the provisions of Article 13, paragraph 1, a collective trademark may consist of signs or indications which may serve, in trade, to identify the geographical origin of the goods or services. However, in such event, the Italian Patents and Trademarks Office may reject registration, by a provision setting forth the reasons there for, when the requested trademarks may result into an unjustified privilege, or anyhow detriment to the development of other analogous initiatives in the same region. The Italian Patents and Trademarks Office may request the opinion of interested or competent public authorities, categories and bodies. The granted registration of a collective trademark consisting of a geographical name does not entitle the holder to prohibit any third party from using such name in the trade, provided such use
is effected in compliance with professional fairness and therefore limited to the purpose of specifying the place of origin”.

The collective trademark can be registered also in order to protect a denomination of origin for non-agricultural products and/or foodstuffs by a group of producers.

11. For what concerns conflicts between Trademarks (TM) and Geographical Indications (GIs), it is stated under Article 30 of the CPI that “Subject to the provisions concerning unfair competition, and international conventions on the subject, and save the rights to trademarks previously acquired in good faith, the use of geographical indications and designations of origin is prohibited, when it is eligible to mislead the public and entails undue exploitation of the reputation of the protected designation, as is the use of any means of designation or presentation of a product that indicates or suggests that the same product originates from a locality different than its true place of origin, or that the product has qualities that belong to the products originating from a locality designated by a geographical indication”. Italian Law is therefore compliant with EU Law, in particular with Article 14(1) of EC Regulation when it states that “where a designation of origin or a geographical indication is registered under this Regulation, the registration of a trade mark the use of which would contravene Article 13(1) and which relates to a product of the same type shall be refused if the application for registration of the trade mark is submitted after the date of submission of the registration application in respect of the designation of origin or the geographical indication to the Commission. Trade marks registered in breach of the first subparagraph shall be invalidated. The provisions of this paragraph shall apply notwithstanding the provisions of Directive 2008/95/EC. Without prejudice to Article 6(4), a trade mark the use of which contravenes Article 13(1) which has been applied for, registered, or established by use if that possibility is provided for by the legislation concerned, in good faith within the territory of the Union, before the date on which the application for protection of the designation of origin or geographical indication is submitted to the Commission, may continue to be used and renewed for that product notwithstanding the registration of a designation of origin or geographical indication, provided that no grounds for its invalidity or revocation exist under Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (1) or under Directive 2008/95/EC. In such cases, the use of the protected designation of origin or protected geographical indication shall be permitted as well as use of the relevant trade marks"
It is established a ground for coexistence between a prior Trademark, proven that it is registered in good faith and no ground for invalidity or revocation exist, and a later (considering the date of the application) Geographical Indication or Designation of Origin.

The provision is not limited to the possibility of continuing to use the registered Trademark, it is indeed permitted to renew the right as well.

The Court of Rome, was recently asked to decide in relation to a declaration of non-infringement of the Trademarks “Vermentino di Maremma” and “Moro di Capalbio” with the IGT “Maremma Toscana” and the PDO “Capalbio”. The Trademarks have been considered invalid, since registered after the IGT and the PDO. The Court on one side stated that if a Trademark could reproduce a GI, when the production of the product bearing the Trademark does not take place in the designated area, the scope of GIs legislation would be vanished. On the other side it was stated that if the TM is identical to the GI, in case the product is truly produced in the area of interest, the TM would have no distinctiveness. In the first case the TM would be considered deceptive, whilst in the second case the TM would be considered descriptive and without distinctive character (Court of Rome, 28.4.2014, in http://www.ipinitalia.com/vermentino%20di%20maremma.pdf)

12.- First of all, for what concerns food and agricultural products, wines, aromatic wines and spirits EU Law sets out different standards of protection: Protected Designation of Origin (PDO), Protected Geographical Indications (PGI) and Traditional Specialty Guaranteed (TSG).

PDOs require a stronger link between the product and its territory of origin, all stages of production in fact must take place in the indicated area. For a PGI it is instead sufficient that only one of the production’s steps (production, processing, preparation) takes place in the defined geographic area. Moreover only geographical names can be registered as PGIs, whilst a PDO name may be non-geographical or traditional.

Products bearing a TSG instead highlight traditional character, either in the composition or in the means of production.

In Italy, for what concerns wines, we have different standards of protection based on the strength of the link between the product and its territory of origin: (decreasing order) D.O.C.G. - Vini a Denominazione di Origine Controllata e Garantita (Designation of
controlled and guaranteed origin); D.O.C. - Vini a Denominazione di Origine Controllata (Designation of Origin); I.G.T. - Vini a Identificazione Geografica Tipica (Typical Geographical Indication); D.O.P. - Denominazione di Origine Protetta (protected Designation of Origin); I.G.P. - Indicazione Geografica Protetta (Protected Geographical Indication).

Regarding the possibility to highlight in the advertisement of a product that, one specific manufacturing step took place in a specific region, please see the answer to question 13.

13.- Italy has signed the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods on April 14th 1891 which states that “goods bearing a false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin shall be seized on importation into any of the said countries”.

However, this obligation - as it has been incorporated into our law - is not interpreted as a duty to indicate the origin of the goods. Pursuant to the current interpretation, under Madrid Agreement it is only forbidden to affix marks and/or signs containing indication potentially deceptive (addresses, phone numbers, references to web sites, etc.) regarding the source or the origin of the products.

In particular, Article 1 of Presidential Decree no. 656/1968 (implementation decree of the aforesaid Madrid Agreement) provides that goods with false or misleading indications of origin are subject, when introduced in Italy, to administrative detention carried out by the competent customs office that shall immediately alert the Public Prosecutor.

Italian Law in order to determinate the origin of the products, must refer to Council Regulation (EEC) n. 2913/92 establishing the Community Customs Code (C.C.C.) and the Commission Regulation (EEC) n. 2454/93 which lays down the provisions for the implementation of the Council Regulation just mentioned.

Article 24 of the C.C.C. provides the key principles for the identification of the Country of origin for the marking purpose, such as:

Goods whose production involved more than one country shall be deemed to originate in the country where they underwent their last substantial, economically justified processing or working in an undertaking equipped for that purpose and resulting in the manufacture of a new product or representing an important stage of manufacture.
This principle is known as the “Substantial transformation”.

In other words, in relation to a product of which the manufacturing process involves two or more countries, the producer can indicate as country of origin of the product ("made in"), the country where it underwent its most relevant working.

The Substantial transformation is determined on the basis of the rules set forth in the annexes to the C.C.C.

Anyway Italian Law provides specific rules in order to determine the substantial transformation and consequently the origin of the products in specific fields.

Law n. 55/2010, regarding the Textile Sector, footwear, leather goods, as well as the products and tanning beds, provides for a compulsory labeling system containing evidence of the place of origin of each phase processing.

A product may bear the indication "Made in Italy" only if the most relevant processing phase of its production is performed in Italy.

The most relevant processing phases are the following:

- textile industry: spinning, weaving, finishing and packaging performed in Italy also using the import fiber;

- leather industry: tanning, cutting, assembling and finishing preparation took place in the national territory also with the use of imported raw hides.

- footwear industry: leather tanning, processing of the upper, assembling and finishing made in Italian territory using imported raw hides.

- tanning sector: tanning, dyeing, fattening, finishing.

- sofas industry: leather tanning, polyurethane processing, assembling drums, skin and tissue cutting, assembling and finishing always performed on the national territory using raw hides also imported.

We have to point out that the producer can use the indication “100% Made in Italy” only if the product can be considered entirely realized in Italy. According to Law n° 166/2009, Section 16, a product can be considered entirely realized in Italy if the product itself or the materials used to produce it, can be classified as made in Italy under current regulations, and if the design, processing and packaging are made exclusively in the Italian territory.
From the comparative analysis of these Regulations, it results that it is possible to indicate "Made in Italy" for a product, only if the product is wholly produced in Italy or if a substantive stage of processing is performed in Italy.

In any case, in Italy, it is not compulsory to indicate the origin of products, except for the following cases:

- The Food Come From Newly Established L. 4/2011;
- Toys by virtue of Legislative Decree no. 313/1991, etc.

14. For what concerns mandatory labeling requirements, EU law applies. The indication of the place of origin or provenance is mandatory for some food and agricultural products.

Article 26 of Regulation 1169/2011 first of all provides that mandatory information about the provenance of food must not be in conflict with rules governing Geographical Indications and Traditional Specialties Guaranteed. It specifies then that the indication of the country of origin shall be mandatory only in some identified case, and in particular: “(a) where failure to indicate this might mislead the consumer as to the true country of origin or place of provenance of the food, in particular if the information accompanying the food or the label as a whole would otherwise imply that the food has a different country of origin or place of provenance; (b) for meat falling within the Combined Nomenclature ('CN') codes listed in Annex XI. The application of this point shall be subject to the adoption of implementing acts referred to in paragraph 8.

Where the country of origin or the place of provenance of a food is given and where it is not the same as that of its primary ingredient: (a) the country of origin or place of provenance of the primary ingredient in question shall also be given; or (b) the country of origin or place of provenance of the primary ingredient shall be indicated as being different to that of the food. The application of this paragraph shall be subject to the adoption of the implementing acts referred to in paragraph 8.[…]."

15. Mandatory labeling requirements, as described above in question n. 14, must not be in conflict with PGIs and PDOs. In order to benefit from a PDO or a PGI you have to fulfill the given criteria, and of course, if you do not comply with those criteria, the indication of the place of production, when mandatory, must not mislead the consumer as to the existing PDO or PGI within the same area.
16. The ordinary courts of law retain jurisdiction for the civil and penal enforcement of all cases concerning GIs.

Civil proceedings are mostly based on unfair competition rules (see Article 2598 Civil Code: misleading competition, denigration and appropriation of goodwill, unfair commercial practices). The Civil Court is competent also for the case of infringement of GIs according to Articles 29 and 30 of Italian IP Code.

Criminal proceedings concern provisions of Section 517 – Penal Code which was found suitable to also punish the misleading use of geographical indications and designations of origin. It was considered misleading even fallacious indications that recall the Italian provenance of products not manufactured in the country even if those rules have been interpreted strictly by the law, which in this respect has sanctioned only explicit claims of geographical origin “inveritiera” - i.e. “not true” (cfr. in particular Cass. pen., decision N° 29533 on 7.5.2009).

Administrative proceedings are mostly based on Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods of April 14, 1891. The Custom Authority can seize the products imported bearing misleading sign (see also answer to question 1). In order to protect the GIs provided by the EC Regulation the Italian Minister agricultural food and forestry can apply administrative fines and seizure in case of the uncompliant use of denomination of origin by the member of the Consortium mentioned answering to the question 7.

17. Regarding to the geographical indications and appellations of origin we wish for an harmonization of the EU rules and domestic rules, not only for agricultural products and foodstuffs. It could be useful an exclusive regulation at EU level in order to substitute the domestic ones. Regarding the indication of source we deem opportune to introduce the duty of the indication of source, also specifying the intra EU origin. For Example the consumer should be aware if the origin of a product is French or Italian and so on. Therefore we have appreciated the Italian progress on protection of “made in” and we wish for a further legislative effort and an extension of the protection of the “made in” at EU regulation level.