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The Court of Genoa and the Court of Milan on the unauthorized use of the Ferrari trademark through association to a designer's brand, online and offline

With the order published on 4 February 2020, the Court of Genoa upheld the appeal lodged by Ferrari SpA against a preliminary decision issued in December 2019, rejecting the complaint brought by the Italian car manufacturer against the company of a German designer (Philipp Plein, or the "Designer").

A few months later, with a ruling published on June 3, the Court of Milan upheld the application filed by Ferrari against the Designer as part of proceedings on the merits, also ordering compensation for both economic and non-economic damages.

The facts of the two suits are very similar, as both concern an unauthorized use of the FERRARI trade mark through an undue association:

- the proceedings in Genova concerned the publication, on the designer's Instagram page, of a video depicting a pair of shoes he had created and marketed, resting on the bonnet of a Ferrari, with the FERRARI logo clearly evident in the foreground, and a video depicting a car wash with women in skimpy clothes, vaguely engaged in washing a car, with the sneakers always placed on the bonnet of the Ferrari and with a commercial caption in the side;
- in the case decided in Milan, the Designer had used some FERRARI cars during one of his 2017 summer fashion shows in Milan, with drawings and graphic elements bearing its own trademark, PHILIPP PLEIN, associated with the prancing horse, which notoriously identifies FERRARI.

In a nutshell, in both cases it was contested that the use of the mark FERRARI suggested a de facto non-existing association between the car manufacturer and the Designer, covered by Article 20 of the Italian Industrial Property Code (IPC) and Article 9 of EU Regulation 2017/1001 (the "Trademark Regulation").

The PI appeal proceedings before the Court of Genoa

The PI appeal Judge preliminarily observed that the positioning of the sneakers on the car, both of which are green, **suggests that the "FERRARI" trade mark is linked to the Designer's brand and that there is, therefore, an association between the trade mark and the product**, which was not the case. Having said that, the two requirements for a PI have been assessed: a *prima facie* valid right and the risk of irreparable damage.

A ***prima facie* valid right** exists within the meaning of Article 20 of the IPC, which offers well-known trade marks protection also in case of dissimilar goods and services. In other words, the trade mark owner may prohibit third parties from using it in the course of trade even for dissimilar goods or services and also for purposes other than that of distinguishing the goods and services, if such use gives rise to an undue advantage or is detrimental to them. Moreover, Article 9(2)(c) of the Regulation offers protection similar to that of Article 20 IPC, while Article 9(3)(e) of the Regulation specifies that the use of the mark may be

prohibited by the owner even when made in commercial correspondence or advertising (i.e. even if there is no actual infringement).

The trade mark "FERRARI" has been recognized as a **well-known trade mark**, while the use made by the Designer has been considered as **commercial use**.

Interestingly, the PI appeal Judge **clarified when the use of a trade mark made by an influencer is commercial rather than merely descriptive of one's life habits**. Since the influencer, by nature, tells and shares his private life with the public, it is inevitable that he flaunts consumer goods that often bear another party's trade mark. However, it is necessary to **distinguish a lawful use** (i.e., use authorized by the trade mark owner or when the shared images do not have an advertising/commercial meaning and are instead merely descriptive of everyday life scenes) **from an unlawful use** (i.e., a use that is not made for descriptive purposes of everyday life but for commercial and advertising purposes). The latter occurs for example - as in the present case - when someone else's trade mark is accompanied by advertising captions, is used in a context mainly dedicated to advertising communication or appears in images that have a meaning and a commercial purpose rather than a narrative one of the influencer's life habits.

In the case at hand, placing shoes on the hood of a car does not describe a moment of life: *"there is no doubt that the image of some shoes displayed on the hood of a car does not describe the moment of life of anyone (a moment that can be the act of eating, resting, walking, celebrating, talking, etc.), also considering the fact that placing shoes on the hood of a car does not have any practical justification"* [free translation]. On the contrary, it simply shows off the Designer's branded sneakers and the bonnet marked "FERRARI".

Such a representation can only have the purpose of promoting the marketing of the designer's shoes by associating them with the luxury car branded FERRARI. Likewise, the content of the captions used by the Designer is typically commercial (for example: *"5000 US. \$ is the price tag for this one of a kind sneakers which is only available at PP stores and online on(...).com"*). Moreover, it is evident that the Designer's Instagram profile has mainly commercial and advertising nature and function, for example in the light of "swipe-ups" to an e-commerce platform and "shop now" links as an invitation to purchase.

With regard to the damage to the image complained of, the PI appeal Judge considered that the images constituted a type of **dilution by tarnishment** that exists when the use of the trade mark diminishes the aura of luxury acquired by the trade mark with the public to the point of compromising its power of attraction.

In the present case, the well-known trade mark FERRARI provides an idea of exclusivity and, in any case, absence of vulgarity, which is devalued by videos and images shown on the Designer's Instagram profile.

As regards the risk of irreparable damage, the PI measures of injunction and publication of the order have the **purpose of discouraging the unlawful conduct even if that conduct has ceased, since they are intended to prevent reiteration**. Therefore, the risk of an irreparable damage exists when there is a well-founded risk of repetition of the offence.

In the case at hand, the risk of reiteration exists considering that the Designer had adopted a behaviour that is similar to that contested since 2017 without interrupting it despite the warnings received from Ferrari; in responding to the warning letter, he had maintained a derisory and not at all repentant attitude, continuing to assert the legitimacy of his behaviour; after issuing the PI complaint, he had continued to publish stories on his profile still associating the trade mark FERRARI with his creations for promotional purposes.

The Judge also noted that, although there is a procedure provided for by Instagram through which it is possible to report illicit content and request its removal, it cannot be concluded that this procedure must be

activated prior to the proposition of a PI complaint, since it has no preventive effect and cannot impose a procedural condition not provided for by law.

Upholding the PI appeal, the Court of Genoa ordered the injunction preventing the use of the trade mark FERRARI and its car models, the removal of videos and posts from the Designer's Instagram profile and set a penalty of €20,000 for each breach.

The proceedings before the Court of Milan

In the case before the Court of Milan, the Judges also found that **the use of the "FERRARI" signs by the Designer for promotional, advertising and commercial purposes creates a real risk of association between the two companies** in the eyes of the consumer. Moreover, this use for commercial purposes rather than for mere enjoyment, excludes the exhaustion of the rights of the owner referred to in Article 5 of the IPC invoked by the Designer.

Having acknowledged that "FERRARI" is a well-known trade mark, which can be protected under Article 9(2)(c) of the Regulation and Article 20(1)(c) IPC - which, in general, protects well-known signs against the so-called "dilution by blurring" (in case of detriment to the distinctive character of the mark to the extent that its ability to identify the goods and services for which it is registered is weakened; "dilution by tarnishment" (in case of damage to the reputation of the mark to such an extent that its attractive power is weakened) and "free-riding" (in case the third party, using a mark that is identical or similar to the well-known one, acquires an undue advantage from the distinctive character or the reputation of the mark itself) - in the present case the Judges concluded **that there was a case of 'parasitism'**: *'the use of the FERRARI cars, which are decorated with the defendant's distinctive signs in association with the trade mark of the car manufacturer (...) constitutes unlawful use of the trade mark with a reputation owned by the plaintiff, inasmuch as it constitutes unlawful association with the distinctive features of the well-known sign (...)'* [free translation].

As regards compensation for damages, **the Judges acknowledged both economic and non-economic damages**. With regard to the former, the loss of profit was calculated according to the "price of consent" criterion, the price at which Ferrari would have been willing to grant the right of economic exploitation of its trade mark, by setting it against the activity actually carried out by the Designer. Considering both the wide diffusion of the images and the persistence of the offence due to the fact that the images of the fashion show were still on the internet, the Court settled the sum of € 200,000 on an equitable basis.

Non-economic damages were also acknowledged in the light of the tarnishing of the FERRARI trade mark associated with garments, also considering the fact that the car manufacturer has a very strict corporate policy regarding the granting of economic exploitation rights, precisely in order to preserve the trade mark's reputation. The Judge quantified said damages in € 100,000.

In its ruling, the Court also granted an injunction against the use of promotional images and videos exploiting the FERRARI trade mark - ordering the removal of all images and videos showing cars bearing the FERRARI mark from the internet, social media and platforms, also ordering a €10,000 penalty for each breach as well as the publication of the ruling.