

NEWS FROM THE FIRM

The Firm recognised as best IP firm in 2018

During the Toplegal Award gala dinner held on 19 November, the firm received the award for best IP firm in Italy for trademark and copyright matters.

The firm assists Patamu in a landmark antitrust case

A team led by **Sacha D'Ecclesis** and including **Giulia Ferrari** advised the collecting society Patamu in the proceedings before the Italian antitrust authority against SIAE (see further below on the proceedings).

Pietro Masi and Marianna Busetti join the firm

The recent arrival of **Pietro Masi** and **Marianna Busetti** has strengthened the firm's M&A capability. Pietro has worked in leading Italian law firms and has developed significant experience in the area of corporate law, with a specific focus on mergers & acquisitions and joint venture transactions. Marianna has been a member of the corporate practices of leading international firms, where she advised domestic and international clients on corporate and commercial law matters.

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CAPITAL MARKETS

Amendments to the Issuer Regulation concerning SMEs

Following a consultation carried out in November 2017, Consob, by a [resolution taken on 10 October 2018](#), approved certain amendments to the Issuer Regulation, including [in relation to SMEs](#). The resolution became effective on 24 November. With regard to SMEs, Consob focused particularly on the parameters concerning overall gross turnover and capitalisation, which are key factors for the qualification as an SME, the information obligations of issuers concerning the status as an SME and any loss of that status and the modalities for the publication of the list of SMEs by Consob. More specifically, for the definition of the overall gross turnover and capitalisation, the resolution provides that the financial year should be considered as the reference period, also clarifying that the reference date for capitalisation is the last day of the financial year. With regards to turnover (to be analysed as stated by Consob guidelines) the reference date is the date on which the draft balance sheet is approved. This will be the date for assessing whether or not a company meets the parameters to be considered as an SME. For the quantification of the capitalisation, Consob establishes the parameter as the average official price of the daily capitalisations during the reference period. If several classes of shares are listed at the same time, the capitalisation will be derived from the overall amount of the capitalisation of each class.

Higher threshold for the exemption from publication of a prospectus

Consob, with its [decision no. 20686](#) dated November 9, 2018, amended the Issuer Regulation setting a higher threshold for the exemption from the obligation to publish a prospectus, corresponding to Euro 8 million. The amended regulation has yet to be published in Gazzetta Ufficiale. The decision follows a [consultation](#) started in June 2018 (as mentioned in [Our Echo no. 33, July 2018](#)).

COPYRIGHT

New rules concerning the royalties due from the organisers of live shows and the criteria for the distribution of royalties due to artists and performers

On 5 September 2018, the Ministry for Cultural Heritage and Activities (MIBACT) adopted 2 decrees (published in the Official Gazette on 18 October 2018) implementing the provisions of [Legislative Decree No. 35 of 15 March 2017](#) (which, in turn, implemented [Directive \(EU\) No. 2014/26](#) of 26 February 2014 on the collective management of copyright and related rights). The [first decree](#) provides for an exemption or reduction of the royalties (for the exploitation of copyright) due from the organisers of live shows if the relevant performance (i) takes place in locations with capacity of no more than one hundred people, or (ii) is focused exclusively on works of young debuting artists under the age of 35. The [second decree](#) sets out new standards for the distribution of the amounts due to artists and performers (for the exploitation of copyright related rights), including royalties for private copying of phonograms and videograms.

ECJ states that the taste of a food is not eligible for copyright protection

On 3 November 2018, the EU Court of Justice issued its judgment in case [C-310/17](#) (Land Levola Hengelo BV v Smilde Foods BV) regarding the copyrightability of the taste of a food (namely a cream cheese). In its decision, the EU Court of Justice stated that the flavour of a food product is not eligible for copyright protection, since it cannot be qualified as a "work" pursuant to [Directive \(EC\) No. 2001/29](#) of 22 May 2001 (on the harmonisation of certain aspects of copyright and related rights in the information society "InfoSoc Directive"). The notion of "work" implies that the subject matter protected is both original and expressed in a way which makes it identifiable with sufficient precision and objectivity. This second requirement ("expression") is not met by the flavour of a food, since it cannot be identified with precision and objectivity, it being subject to one's sensations and experiences which are inevitably subjective and variable.

FINANCE

Court of Milan ruling on the application of the unfair terms regime to personal guarantors of companies

On 29 November 2018, the Court of Milan issued its judgement ([No. 12047/2018](#)) on the application of the rules on unfair terms (clausole vessatorie) to natural persons guaranteeing the payment obligations of companies. The Court held that in this context the guarantor was to be considered a "consumer" when acting outside the scope of his professional activity (not being a director or shareholder of the company), while previous Italian case law had often qualified the guarantor as a "professional" merely by extending the "professional" status of the guaranteed company to the guarantor. The Court of Milan decided in accordance with a recent pronouncement of the European Court of Justice ([C-110/14](#)), which held that the status of the guarantor is to be assessed independently from the status of the guaranteed party. As a result, the Court of Milan declared a specific term of the personal guarantee (i.e. the jurisdiction clause which obliged the consumer to take action outside his home jurisdiction) to be null and void as an unfair term.

ANTITRUST

Italian antitrust authority on SIAE abuse of dominant position

On 25 September 2018, the Italian Competition Authority ("ICA") [ascertained an abuse of a dominant position](#) held by SIAE (the Italian Society of Authors and Publishers, or Società Italiana degli Autori ed Editori) in the market for services for intellectual property management. According to the ICA, SIAE violated Article 102 TFEU by exceeding the powers it was granted under Article 180 of the Italian Copyright Law ("ICL"), both in its original and its current wording (as modified in 2017 to comply with [Directive \(EU\) No. 2014/26](#) of 26 February 2014 on the collective management of copyright, also known as [Bamier Directive](#)). Specifically, the ICA ascertained that since 2012 SIAE carried out "complex exclusionary strategy" designed to uphold its monopoly, "impairing the right of authors to choose copyright management services provided by its competitors", by (i) obliging right-holders to extend SIAE's mandate for the collective management of their copyrights even for services which did not fall within SIAE's exclusive powers pursuant to Article 180 ICL as they could be freely offered by other undertakings; (ii) imposing restrictions in order to secure the management of authors' economic rights in relation to right-holders who did not grant SIAE a mandate or that expressly chose not to use SIAE's services; (iii) imposing obstacles for users - in particular, national TV broadcasters and live concert organisers - when entering into licence agreements with other collective societies; and (iv) preventing competitors from collectively managing authors' economic rights for foreign repertoires and/or on behalf of foreign collective societies. According to the decision, the abuse of dominance took place at least since 1 January 2012 and was still on-going at the time of the decision. As a result, the Authority ordered SIAE to immediately end its anti-competitive behaviour and levied on SIAE a "symbolic pecuniary fine" of Euro 1,000. The Geo-blocking Regulation has entered into force on 3 December 2018.

DATA PROTECTION

Italian Supreme Court on unauthorised use of biometric data

On 15 October 2018, the Italian Supreme Court issued its [judgment \(No. 25686/2018\)](#) confirming the fine imposed by the Italian Data Protection Authority on an environmental hygiene services company. The breach related to the use of a badge capable of recognizing employees' fingerprints - tracing the employee's biometric data and therefore indirectly identifying the employee - with the purpose of controlling their presence at the workplace without the authorisation of the unions or of the Data Protection Authority.

The Data Protection Authority on "facilitated resolution" of violations

On 1 October 2018, the Italian Data Protection Authority published some [FAQs](#) in order to clarify for both public and private subjects how to benefit from the "facilitated resolution of personal data violations" provided for by [Legislative Decree No. 101/2018](#). The "facilitated resolution" provides those who have received a notification for certain personal data violations under the Privacy Code 196/2003 with the possibility of settling the penalty proceedings by paying a reduced sum amounting to two fifths of the legal minimum required. According to the Authority, reduced payment is not allowed if the notification is given after 25 May 2018 and if the proceedings have concluded with the adoption of an injunction by the authority.

PATENT

Draft legislation implementing the UP-UPC Package issued by the Italian Government

On 21 November 2018, the Italian Government published a draft [bill](#) adapting the Italian Intellectual Property Code to the [Unitary Patent Regulation](#) and the [Unifid Patent Court Agreement](#) (the [UP-UPC Package](#)), supplementing the amendments already applied pursuant to [Law No. 214](#) of 3 November 2016. The amendments included in the bill cover a number of areas, i.e. the implementation of a mechanism allowing applicants to validate a patent in Italy where the application for unitary effect is refused or withdrawn, the specification of the experimental use exception, the regulation of exemptions concerning the use of patented inventions in means of transport, and transitional provisions applicable to Italian proceedings in the period until the UP-UPC Package becomes effective. The bill will now be proposed to the Italian Parliament for approval.



INDUSTRIES

FASHION

The Italian Supreme court on the protection of "Ferragamo"

On 17 October 2018, the Italian Supreme Court issued its judgment (No. 26001/2018) on the protection of Ferragamo's 3D trademark shaped like an omega letter (known as "Gancini"). Ferragamo sued an Italian leather goods' manufacturer that marketed bags bearing (as a joint between the strap and the bag) a buckle reproducing an omega letter. The Court of Appeal of Milan (in the second instance judgment, no. 4472/2013) rejected the claim of counterfeiting, deeming that there was only a vague resemblance between the two signs and not sufficient to induce any confusion in the general public. The decision has now been overruled by the Supreme Court, according to which the protection of renowned trademarks is not conditional upon an actual risk of confusion. Renowned trademarks should be protected if there is a "nexus" (i.e. a certain resemblance) between them and later signs, and if these, in turn, threaten the renowned trademarks' distinctiveness and power of appeal, while trying to exploit their popularity. The case will now return to the Court of Appeal of Milan for re-examination on the basis of the principles set out by the Supreme Court.

TRAVEL

Non-compliance proceedings against Ryanair and Wizz Air

On 7 November 2018, the ICA opened non-compliance proceedings against the airlines Ryanair and Wizz Air for their failure to comply with the ICA's interim orders (both adopted on 31 October 2018: [PS/11237](#) and [PS/11238](#)) to suspend their respective new hand luggage policies, which allowed non-priority passengers to bring on board, free of charge, only a small carry-on bag and, consequently, to pay for "larger cabin bags" as from 1 November 2018. According to the ICA's arguments, as set forth in the main proceedings (both opened by the ICA on 20 September 2018), the extra charge for "larger cabin bags" could amount to an unfair commercial practice prohibited under Sections 20, 21 paragraph 1.b and 1.d and 22 of the Italian Consumer Code, as it amounts to a false representation of the actual price of the ticket, affects the comparison with the prices applied by other airlines and, thus, misleads consumers. For further information please see ICA decisions No. [IP308](#) and [IP309](#).

MEDIA

Revision of the Audiovisual Media Services Directive enacted

On 6 November 2018, the European Council adopted the revised text of [Directive \(EU\) No. 2010/13](#) of 10 March 2010 on the coordination of certain provisions governing audiovisual media services in view of changing market realities (the "Audiovisual Media Services Directive"). This was the final step in the EU legislative process related to audiovisual media services. The revised Audiovisual Media Services Directive will enter into force on the 20th day after its publication in the Official Journal of the EU. Member states will then have 21 months to implement it. Among the main changes, the revised Audiovisual Media Services Directive: strengthens the "principle of the country of origin"; extends certain audiovisual rules to content sharing platforms (such as YouTube and Facebook); enhances protection for children and minors from harmful content and from audiovisual commercial communications for unhealthy foods; reinforces protection on TV and video on demand against incitement to violence and terrorism; and redefines advertising limits.

New Regulation on copyright enforcement on Internet approved

On 18 October 2018, the Italian Communications Authority (Autorità per le garanzie nelle comunicazioni, AGCOM) approved [Resolution No. 490/18/CONS](#) amending the AGCOM [Regulation concerning the copyright enforcement on electronic communication networks](#). The amendments have been enacted following a public consultation and pursuant to Article 2 of [Law No. 167 of 20 November 2017](#). The new provisions provide the possibility for AGCOM to issue interim measures against infringers and the relevant Internet Service Provider within 3 days from the filing of the relevant request, and to require the Internet Service Provider to adopt the most suitable measures to prevent the recurrence of copyright violations already ascertained by AGCOM.

TECHNOLOGY

The Italian Competition Authority fines Apple and Samsung for planned obsolescence

On 25 September 2018, the Italian Competition Authority ("ICA") fined Apple and Samsung for unfair commercial practices (in proceedings [PS11039](#) and [PS11009](#)) pursuant to Articles 20, 21, 22 and 24 of the Italian Consumer Code ("ICC"). ICA applied the maximum prescribed fine on the basis that Apple and Samsung released firmware updates for their mobile phones which caused significant malfunctions and performance reduction, leading to early replacement with more recent products. Specifically, Apple and Samsung repeatedly reminded consumers to proceed with the downloads and induced them to install software updates not adequately supported by their devices, without adequately informing them or providing an effective solution to recover the full functionality of their devices.

New guidance on geo-blocking issued by the EU Commission

On 11 September 2018, the European Commission ("Commission") published [updated guidance](#) ("Guidance") on EU Regulation 2018/302 aimed at preventing unjustified geo-blocking in the internal market ("Geo-blocking Regulation") (see [Our Echo of March 2018](#)). The Guidance specifies that the Geo-blocking Regulation, which regulates both online and offline sales, only applies to goods or services purchased for the sole purpose of end use. In addition, its scope includes B2C and B2B transactions provided that the latter: (a) are not individually negotiated, and (b) the transaction is for the sole purpose of end use. Among others, electronically supplied services such as cloud computing services, data warehousing services, web hosting and the provision of firewalls, use of search engines, website supply, distance maintenance of software and equipment will be covered. On the other hand, the Geo-blocking Regulation does not apply to the provision of transport, financial, gambling and audiovisual services. Furthermore, the obligation to allow foreign customers to access and benefit from the same offers as local customers does not apply to online services related to non-audiovisual works protected by copyright (such as e-books, video games, music and software).

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