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NEWS FROM THE FIRM

Gerardo Marasco and his team join the firm
Gerardo Marasco (formerly a partner of a leading Italian law firm) has joined the firm as a partner, together with a team of three lawyers: Claudio Cicu, Rossella Gullo and Francesco Tonini. The arrival of Gerardo and his team has significantly strengthened the firm's litigation capability.

The firm with Axel Johnson International in the purchase of AMC Instrument
A team led by Domenico Colella (with Simone Masotto, Arturo Santoro, Francesco Senesi and Marina Sartor) advised the multinational Swedish group Axel Johnson International on the purchase of AMC Instrument, a company specialised in the manufacture of products for the testing of steel wire ropes.

"Italy meets France in IP" congress in Lyon
On 1 February 2019, our partner Fabrizio Sanna will speak at the congress organised by the French and Italian groups of AIPPI. The paper presented by Fabrizio will focus on new issues on unfair competition in the fashion industry.

The firm with Antares Vision in the business combination with Alpi.
A team led by Pierfrancesco Giustiniani (with Elisa Cappellini and Alessandro Negri) advised Antares Vision, the Italian based international leader ion the track & trace and optical inspection devices business on the business combination with Alpi, the special purposes acquisition vehicle sponsored by Mediobanca, with a view to the forthcoming listing of the company's shares on AIM markets of Borsa Italiana.

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ANTITRUST

EU Commission fines Guess for distribution agreements blocking cross-border sales

On 17 December 2018, the European Commission closed proceedings against Guess with a finding that the selective distribution agreements implemented by the group from 1 January 2014 onwards were a breach of the prohibition of anticompetitive agreements set out in Art. 101 of the TFEU and, as a result, imposed a fine of Euro 39,821,000. In particular, the Commission found that the relevant distribution agreements restricted authorised retailers from (a) using Guess brand names and trademarks for the purposes of online search advertising; (b) selling online without prior specific authorisation, which Guess was contractually entitled to grant at its sole discretion and without reference to any quality criteria; (c) selling to consumers located outside their allocated territories and cross-selling between wholesalers and retailers; and (d) independently deciding on the retail prices. With regard to the effects of this practice, the Commission found that the agreements caused a fragmentation of European markets and increased prices in Central and Eastern European Countries.

TRADEMARKS

The ECJ on the distinctive character of trademarks of geographic origin

On 6 December 2018, the EU Court of Justice issued its judgment in case C-629/17 (*J. Portugal Ramos Vinhos SA v. Adega Cooperativa de Borba CRL*) regarding the trademark "adegaborba.pt". The ECJ diverged from the decisions of the Intellectual Property Court and the Court of Appeal of Lisbon, which had both rejected the action filed by a Portuguese winemaker against a competitor on the grounds that the relevant trademark was not valid. According to the claimant, the trademark did not contain any distinctive characters, since it only mentioned the geographical area and the plant where the wine is produced (and should therefore be cancelled). The ECJ ruled in favour of the claimant, stating that in Portuguese, the term "adega" means either the place where wine is stored or where it is produced and the term "Borba" means the geographical location where the wine is produced. In this respect the Court ruled that: "*Article 3(1)(c) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 […] must be interpreted as meaning that the registration of a trade mark consisting of a word sign, such as that at issue in the main proceedings, designating wine products and including a geographical name, must be refused where that sign contains, in particular, a term which is commonly used to designate facilities or sites in which those products are produced and is also one of the word elements of the business name of the legal entity seeking to register that trade mark*".

The GC on the descriptive nature of a trademark for nutritional bars

On 8 November 2018, the General Court (GC) of the EU issued its judgment in case T-758/17 (*Perfect Bar LLC v. EUIPO*) on the EU figurative trademark application "Perfect Bar" filed by the US company Perfect Bar LLC for products included in class 5 ("nutritional energy bars for use as a meal substitute" and similar goods) and rejected by the EUIPO. The rejection was based on Article 7(1)(c) of TMR No. 207/2009 (now Article 7.1(c) of TMR No. 1001/2017), on the grounds that the trademark was considered to be descriptive of the nature and qualities of the relevant products. According to the EUIPO (decision of 5 September 2017, case R 2440/2016-4), the average English consumer would perceive the noun "Bar" as a mere description of the products' shape and the adjective "Perfect" as a reference to their quality, therefore being incapable of linking the products to their manufacturer. The Court ruled that the trademark may be validly registered in relation to some of the relevant products ("Protein supplements" and "Dietary and nutritional supplements"), since they are not in the form of bars.

PATENTS

EPO reverses its opinion on the patentability of plants obtained by biological processes

On 5 December 2018, the Board of Appeal of the European Patent Office (the "EPO") issued its decision in case T-1063/18 [manca per ora il link, appena la decisione sarà visibile lo integro], which ruled in favour of the patentability of plants exclusively obtained by biological processes, thus overturning the (contrary) rules set forth by the Administrative Council of the EPO on 29 June 2017 (see Our Echo no. 22 of July 2017).

COPYRIGHT

ECJ finds that the storage of copyright protected works may fall within the scope of the right of distribution

On 19 December 2018, the EU Court of Justice issued its judgment in case C-572/17 (*Criminal proceedings against Imran Syed*) regarding the warehouse storage of copyright-infringing works . The ECJ stated that the storage by a retailer of goods protected by copyright may constitute a copyright infringement, since the actions preliminary to the conclusion of a contract of sale may also fall within the exclusive right of distribution 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, the "InfoSoc Directive") and, therefore, may be reserved to the copyright holders. The Court further clarified that any such storage may constitute an "act prior to a sale" if it is established that the copyrightable goods are actually intended to be sold to the public by the retailer without the right holder's authorisation.

DATA PROTECTION

EU Commission reports on Privacy Shield

On 19 December 2018, the European Commission published its Report on the second review of the functioning of the EU-US Privacy Shield (the "Privacy Shield"), an agreement aimed at guaranteeing the fundamental rights of EU residents whose data are transferred from the EU to companies located in the US for commercial reasons. According to the Report, the United States continues to ensure an adequate level of protection for personal data transferred from the EU to the US under the Privacy Shield. Therefore, the Privacy Shield may currently be used as one of the transfer mechanisms under the GDPR. Specifically, the Report noted that the framework of the Privacy Shield had been markedly improved by the US through the implementation of the recommendations made by the Commission in the context of its latest review of the agreement. On the other hand, the Report highlighted the continued absence of a permanent Ombudsperson to oversee the application of the Privacy Shield. Consequently, the US Government was invited to proceed with such appointment by 28 February 2019.

Italian Data Protection Authority on "Codes of Conduct" and "General Authorisations"

The Italian Data Protection Authority ("DPA") recently assessed the compliance with the GDPR of the "Codes of Conduct" for data processing activities carried out in the context of: a) journalistic activity; b) defensive investigations; c) archiving in the public interest and historical research purposes; d) statistical and scientific purposes. These Codes of Conduct, now referred to as "Ethical Rules", are to be included in Attachment A of the Italian Data Protection Code. Furthermore, pursuant to Article 21 no. 679/2016 Legislative Decree no. 101/2018, on 13 December 2018 the Italian DPA assessed the compliance with the GDPR of the provisions included in its "General Authorisations" issued in 2016. The amended versions of the processing authorisations are currently undergoing public consultation before being formally adopted.

LABOUR

Italian Data Protection Authority on use of emoticons for employment assessment

On 13 December 2018, the Italian Data Protection Authority ("DPA") prohibited employers from using emoticons published on the relevant company noticeboard to evaluate the professional activity of employees. According to the DPA, that data processing violates Regulation (EU) no. 679/2016 ("GDPR"), on the basis that it infringes the dignity, privacy and freedom of employees. Specifically, the DPA pointed out that employers are generally allowed to process information on their employees to manage their employment relationship, including the processing of data that would be necessary to carry out an assessment of the proper fulfilment of their duties. However, said assessments cannot be published on the company noticeboard since the same would be accessible to other unauthorised persons (for instance, other employees or third parties).

INDUSTRIES

E-COMMERCE

Italian Data Protection Authority on Uber's data collection

On 13 December 2018, the Italian DPA established the unlawfulness of data processing carried out by the companies Uber Technologies Inc. and Uber B.V., mainly on the grounds of the provision of incomplete information notices to data subjects (i.e. a lack of information on users' geo-location) and a lack of valid consent for data processing. The DPA will evaluate the relevant breaches for the purpose of establishing the amount of the fine payable by Uber in the context of separate administrative proceedings.

Italian Consumer Protection Authority against "*buy and share*" and pyramid sale mechanisms

On 13 December 2018, the consumer protection division of the Italian Competition Authority (the "ICA") adopted interim measures against four websites promoting online sales of electronic equipment using so-called "*buy and share*" sales systems (PS11175 - Zuami; PS11211 - Gladiatori Roma; PS11262 – Shop buy and PS112839 - Ibalo).Consumers were invited to purchase products at a deep discount and then, in order to receive the chosen product, to guarantee that at least 2 or 3 other consumers will make a similar purchase by joining a specific list. The ICA considered this sales system to be unfair and deceptive and, as a result, ordered the relevant traders cease sales activity, including for goods as being available for sale (but not, in fact, ready for delivery).
On 19 December 2018, the ICA imposed a fine of 3.2 million euros on Lyoness Italia S.r.l. for having implemented, by the promotion of deferred discounts ("cashback system"), a pyramid sale system, with the sole intent of recruiting new customers and not of marketing goods or services (PS11086). Under the terms of the pyramid scheme subscribers, following the payment of a subscription fee for accessing the Multi-Level Marketing, were intended to recruit other consumers in order to progress in their career as a "Lyconet Premium Marketer".

ISP

Italian Consumer Protection Authority fines Facebook for data misuse

On 29 November 2018, the consumer protection division of the Italian Competition Authority (the "ICA") closed proceedings against Facebook related to the collection and use of users' data for commercial purposes. The ICA imposed a fine of a total of Euro 10 million (i.e. the maximum of Euro 5 million for each practice). In particular, according to the ICA, the social network misled users in the signing-up process as to the extent to which the data they provided would be used by Facebook. The social network failed to inform users in a clear and transparent manner that their data would be used for commercial purposes, and specifically for targeted advertising campaigns. Instead, the alert published on the platform only emphasised the free nature of the service, without informing users of the "profitable ends that underlie the provision of the social network". In addition, the ICA identified a second unfair practice in relation to registered users' data, consisting of the transmission of their data to third parties (websites and apps) for commercial purposes. The relevant default setting on the site only allowed users to disable the data transmission service through an opt-out mechanism, resulting in a lack of users' express consent, amounting to a hypothesis of "undue influence" resulting from an aggressive commercial practice. It is worth noting that the ICA has expressly rejected the company's defence, which claimed that the relevant practices were subject to the exclusive competence of the Italian Data Protection Authority. Indeed, according to the ICA, the fact that privacy rules apply to the conduct at hand does not exempt the company from complying with consumer protection rules as "...they have a different material scope and pursue distinct interests...".

ENTERTAINMENT

Advocate General on unauthorised sampling

On 12 December 2018, the Advocate General Szpunar advised the EU Court of Justice in case C-476/17 (Pelham GmbH, Moses Pelham, Martin Haas v Ralf Hütter, Florian Schneider-Esleben) as to whether taking an extract of a sound recording for the purpose of using it in another sound recording (so-called "sampling") infringes the exclusive right of reproduction of the producer of the original sound recording pursuant to Article 2(c) of Directive (EC) No. 2001/29 of 22 May 2001 (on the harmonisation of certain aspects of copyright and related rights in the information society, the "InfoSoc Directive"). The Advocate General's opinion suggests that sampling constitutes an infringement of the rights of the producer of the original sound recording, where that sampling is made without the original producers' consent, since the concept of reproduction rights provided by the InfoSoc Directive concerns any "direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part" of subject matter and therefore includes the notion of sampling, which implies a direct and permanent reproduction, by digital means and in digital form, of a portion of a sound recording.

TECHNOLOGY

AI in the judicial system: new European Ethical Charter released

On 4 December 2018, the the European Commission for the Efficiency of Justice ("CEPEJ"), a body of the Council of European Union, adopted the European Ethical Charter on the use of artificial intelligence in judicial systems ("EECAI"). The EECAI includes five principles to be complied with by public institutions and private parties (including lawyers) when using AI. Those principles are: (a) protection of fundamental rights; (b) non-discrimination between individuals or groups of individuals; (c) quality and security of the processing of judicial decisions and data; (d) transparency, impartiality and fairness, in order to make data processing methods accessible and understandable; and (e) the principle of "under-user-control". In particular, this last principle highlights the need for users who are advised by an AI tool to be informed in clear and understandable language as to whether the solutions offered by the artificial intelligence tool would be binding or if different options would be available (for instance, the right to obtain protection before a court).

The Italia Data Protection Authority on electronic invoicing

On 20 December 2018, the Italian DPA ruled on electronic invoicing ("e-invoicing"), which became mandatory in Italy from 1 January 2019 in the provision of goods and services. In that respect, the DPA found several criticalities in the e-invoicing system as designed by the Italian Tax Authority since such system implied a disproportionate processing of data as compared to the underlying public interest. Based on the DPA's reasoning, said processing of data could constitute a risk for the rights and freedom of the data subjects. Moreover, the DPA prohibited the use of e-invoices in the healthcare sector.

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