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NEWS FROM THE FIRM

The firm prevails for Ferrari in proceedings against a well know fashion company

A team led by Matteo Orsingher and Fabrizio Sanna, assisted by with associates Valentina Mauri and Yara Toriello, advised Ferrari in precautionary proceedings against a well know fashion designer and his company Philipp Plein International AG) before the Court of Genoa, and on the merits before the Court of Milan,. The precautionary proceedings ended last February with a collegial order preventing the designer from using Ferrari brands and cars in his media social channels and for promotional purposes for his products. More recently, on June 3, the judgment on the merits resulted in a sentence that also prevents the fashion company from using the Ferrari brands for promotional purposes, and obliges the company to pay compensation for damages on the basis of the unauthorised use of Ferrari cars during a fashion show organised in 2017.

CAPITAL MARKETS

ESMA updated statements on Brexit transition period

On 10 November 2020, the European Securities and Markets Authority (ESMA) updated its three statements (previously published in preparation for a no-deal Brexit scenario) regarding the mitigation of the impact on reporting under the European Market Infrastructure Regulation (EMIR) and the Securities Financing Transactions Regulation (SFTR) (for further details, please see Our Echo April 2020), and on the operation of ESMA databases and IT systems after 31 December 2020 (the end of the Brexit transition period). The amendments to such statements mainly focus on covering (a) issues affecting reporting, recordkeeping, reconciliation, data access, portability and aggregation of derivatives under EMIR and SFTR; (b) MiFID II/MiFIR publications performed by the various ESMA databases, as well as the annual ancillary activity calculations; (c) actions related to transaction reporting systems and ESMA's registers and data.

ESMA "Final Report" on Amendments to Market Abuse Regulation

On 29 October 2020, ESMA published its Final Report on amendments to the Market Abuse Regulation (MAR) for the promotion of the use of SME Growth Markets (SME GMs). The report, to be read in conjunction with the annexed final draft of the Regulatory Technical Standards (RTS) on Liquidity Contracts and the final draft of the Implementing Technical Standards (ITS) on Insiders Lists, aims at identifying solutions to facilitate the functioning of SME GMs concerning the operation of liquidity contracts and dealing with insider list obligations, and highlights, *inter alia*, that: (a) the relevant requirements applying to liquidity contracts are set out in the body of the RTS; and (b) the new template for insider lists contains only the fields necessary for supervisory purposes.

Consob new paperwork on Prospectus Regulation

On 22 October 2020, Consob issued a new legal research paper entitled "The Prospectus Regulation. The long and winding road". The study focuses on three main topics: (a) the importance of mandatory disclosure in order to reduce informational asymmetry and help investors make informed investment decisions; (b) the objectives achieved by EU Prospectus Regulations 1129/2017 through a comparative analysis on different prospectuses and supplements from seven EU countries and (c) the current EU regulatory framework involving prospectuses with a particular focus on the different national rules in terms of liability.

Q&As relating to the application of the new Code of Corporate Governance published

On 4 November 2020, the Corporate Governance Committee approved a first set of Q&As concerning the application of the new Code of Corporate Governance (the "Code"), published on 31 January 2020. The purpose of the Q&As is to answer all the interpretative questions raised so far in the light of the provisions of the new Code and to provide some general criteria for its application. The Q&As will be periodically updated in order to respond to any further clarifications that may arise from the application of the Code.

DATA PROTECTION

EDPB Guidelines on data protection by design and by default

On 20 October 2020, following public consultation, the European Data Protection Board ("EDPB") adopted version 2.0 of Guidelines No. 4/2019 on Article 25 of Regulation 2016/679 regarding data protection by design and by default ("Guidelines"). The Guidelines clarify that data protection by design is principally aimed at ensuring the effectiveness of the implementation of the data protection principles enshrined in Article 5 of the GDPR. Consequently, Article 25 does not require the implementation of standard measures, but rather the implementation of measures that are specific to each processing. On the other hand, data protection by default mainly relates to processing configuration and settings to ensure that only processing that is strictly necessary is carried out. In context, the Guidelines provide valuable examples of implementation of data protection by design and by default with reference to each of the relevant data protection principles.

The Garante's new inspection plan for the second half of 2020

On 1 October 2020, the Italian Data Protection Authority (the "Garante") issued its new inspection plan for the half year July - December 2020, according to which inspections will concern data processing carried out in the sectors of electronic invoicing, whistleblowing, calls recorded by call centres, food delivery and reputational rating. The checks will also cover data breaches occurring in the above-mentioned sectors.

TRADEMARKS

The ECJ on "genuine use" suitable to avoid revocation

On 22 October 2020, the EU Court of Justice (ECJ) issued its judgment in joined cases C-720/18 and C-721/18 (*Ferrari SpA v. DU*), clarifying the interpretation of Articles 12(1) and 13 of Directive 2008/95 (now repealed and replaced by Directive 2015/2436) with respect to a trademark's "genuine use" suitable to avoid its revocation due to non-use. According to the ECJ, the use of a trademark only with respect to a category of the goods covered by registration and the relevant replacement parts (such as expensive luxury sports cars and related replacement parts or accessories) qualifies as "genuine use" in connection with all the goods in that category, unless it is apparent that the relevant consumer will perceive them as an independent subcategory of the registered goods. Moreover, the ECJ clarified that the following activities also support the trademark's "genuine use": (a) the resale of second-hand goods bearing such trademark, and (b) the provision, by the trademark's owner, of services connected to the goods previously featured by that trademark on the condition that those services are provided under the same trademark.

The ECJ on reputation of the trademark and likelihood of confusion

On 17 September 2020, the EU Court of Justice (ECJ) issued its judgment in joined cases C-449/18 and C-474/18 in the dispute *J.M. – E.V. e hijos v. Messi Cuccittini*, in which it confirmed that the well-known football player Lionel Messi can register a trademark including his surname, despite the earlier trademark "Massi". According to the ECJ, in order to assess the likelihood of confusion between trademarks it is necessary to carry out a global assessment of all the relevant factors, also including the possible reputation of the applicant, insofar as that reputation may clearly have an influence on the perception of the trademark by the relevant public and, consequently, on the likelihood of confusion with earlier trademarks. The ECJ therefore concluded that the notoriety of the football player Messi (treated as a well-known fact) establishes a conceptual difference between the "Messi" and "Massi" trademarks at issue, which counteracts the visual and phonetic similarities of such signs, thus excluding any likelihood of confusion.

The ECJ on registration of a trademark in bad faith

On 28 October 2020, the EU Court of Justice (ECJ) issued its judgment in case T-173/19 (*Target Ventures Group Ltd v. European Union Intellectual Property Office, and the intervener Target Partners GmbH*), clarifying the interpretation of Article 52(1)(b) of Regulation (EC) 207/2009 (now repealed and replaced by Article 59(1)(b) Regulation EU 2017/1001) with respect to a trademark's registration in bad faith as clear and absolute grounds for its invalidity. According to the ECJ, the registration of a trademark without any intention of using it in connection with the relevant goods and services may constitute bad faith, when the application cannot be justified in light of the trademarks' functions. Such bad faith may, however, be established only if there are objective and consistent indications that, when the application for registration was filed, the applicant had the intention either of undermining, against honest practices, the interests of third parties, or, without even targeting specific third parties, of obtaining an exclusive right for purposes other than those falling within the trademark's functions.

DESIGN

The Supreme Court on the protection of component parts of a complex product

On 29 October 2020, the Supreme Court issued its judgment no. 29965 on the requirements for protection of a registered design applied to, or incorporated in, a product which constitutes a component part of a complex product (in the case at issue, the "Folletto" vacuum cleaner). The Court reaffirmed that, in order to be protected, a design applied to a component of a complex product must, once incorporated into the product, remain visible during the "ordinary" use of the product by the consumer. For this purpose, according to the Court, the replacement/maintenance activities carried out by the consumer (during which the component might become visible) are not suitable to amount to an "ordinary" use of the product.

COVID-19 SPECIAL

For more tips on COVID-19 see our special newsletters:

- **NEW** Law Decree no. 137/2020 ("Decreto Ristori") – Latest employment provisions related to the Covid-19 Emergency
- Latest Employment News in Italy related to Covid-19 Emergency
- Special Newsletter: COVID-19 e HR (2)
- Liquidity Decree
- New disclosure obligations on holding thresholds and on shareholders "investment intentions" declarations for listed companies
- COVID-19 forward looking statements
- Contracts at the time of the Coronavirus
- COVID-19 and HR
- COVID-19 and Impact of Coronavius on certain Corporate Issues
- COVID-19 and Suspension of Contractual Obligations

CORPORATE

Bank of Italy implements European Banking Authority's new guidelines concerning Stock Broking Companies (Società di intermediazione mobiliare)

On 23 October 2020, Bank of Italy issued a new communication by which it implemented the European Banking Authority's new guidelines providing clarification and instructions on how to fill in the supervisory reporting and disclosure requirements, in accordance with the amendments introduced by Regulation (EU) No. 873 of 2020 in the context of the Covid-19 pandemic and applicable to Stock Broking Companies and the groups of which they are part.

FINANCE

Draft decree adapting the TUF to the Prospectus Regulation approved

On 30 October 2020, the Italian government preliminarily approved the draft legislative decree which adapts the Consolidated Law on Financial Intermediation (*TUF*) to Regulation (EU) No. 1129/2017 of 14 June 2017 (on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, *Regolamento Prospetto*). The relevant parliamentary committees must express their opinion on the draft by December 2020. Notwithstanding issuers' requests, the draft does not include amendments aimed at reducing costs and time for the implementation and approval of the prospectus (e.g., *inter alia*, limiting Consob's discretion in the prospectus approval procedure and allowing the use of English in the prospectus). Moreover, requests to eliminate gold-plating provisions, such as the application of Consob's powers pursuant to Article 115 TUF and the presumption of responsibility of the placement agent for false information or omissions in the prospectus, have not been addressed.

RESTRUCTURING

The new Code on businesses in distress or insolvency

On 5 November 2020, Legislative Decree No. 147 of 26 October 2020 (the **Decree**) was published in the Official Gazette. The Decree implements additional provisions and restates provisions to Legislative Decree No. 14 of 12 January 2019, the so-called Code on businesses in distress or insolvency (see Our Echo of February 2019). The Decree aims to eliminate any misprints and material errors, to clarify the content of some controversial provisions and to better coordinate the use of the various institutions provided by the Code on businesses in distress or insolvency by integrating them in accordance with the principles and criteria set out in Law No. 155 of 19 October 2017. In addition, the Decree takes into account the update of EU legal framework in the light of Directive 1023/2019/EU of the European Parliament and of the Council of 20 June 2020 concerning measures to increase the effectiveness of restructuring, insolvency and debt procedures. The main amendments implemented by the Decree will redefine, *inter alia*: (a) the notion of crisis, replacing the expression "difficulty" with "imbalance"; (b) the "crisis index" in order to make it more descriptive of a situation of reversible insolvency rather than a situation of prediction of insolvency; (c) the provision to qualify a company that exercises direction and coordination activities; (d) the "protective measures" related to the debtor's assets; (e) the rules relating to the identification of the component of the *Organismi di composizione della crisi d'impresa* (OCRI), to tighten the criteria; and (f) the granting of exclusive management powers to directors for the implementation of the organisational structures needed to detect the indexes of distress.

Italian Supreme Court on "declaration of insolvency"

On 19 June 2020 and 22 October 2020, the Italian Supreme Court issued two judgments, in case no. 11984/2020 and in case no. 23174/2020 respectively, on the relation between certain extraordinary transactions and the declaration of insolvency governed by Article 10 of Royal Decree no. 267/1942 (Italian Bankruptcy Law). By these two decisions – concerning, respectively, a full demerger of a consortium into two newly incorporated consortia, and a transformation of a limited liability company into a company co-ownership (*comunione d'azienda*) - the Court stated that demergers and transformations always determine a succession relationship between separate entities, with the consequence that the insolvency declaration provided for by Article 10 of the Italian Bankruptcy Law in relation to the entity/entities resulting from the demerger/transformation is not precluded. Otherwise, such extraordinary transactions could erroneously be considered as a means aimed at removing corporate entities from the scope of the Italian Bankruptcy Law, thus losing sight of their true nature as instruments for the reorganisation of corporate entities.

INDUSTRIES

FOOD

The ECJ on food information to consumers

On 1 October 2020, the EU Court of Justice ("ECJ") issued its judgment in case C-485/18 (*Groupe Lactalis v Premier ministre, Garde des Sceaux, Ministre de la Justice, Ministre de l'Agriculture et de l'Alimentation, Ministre de l'Économie et des Finances*) clarifying that Regulation (EC) No. 1169/2011 of 25 October 2011, on the provision of food information to consumers, harmonises the mandatory indication of the country of origin or place of provenance of food products with the exception of certain categories of foods, such as meat and milk as a final product or as an ingredient, and does not prevent Member States from implementing further national requirements should certain conditions, set forth under Article 39 of Regulation (EC) No. 1169/2011, be met. Specifically, these additional national requirements are to be justified, firstly, on grounds "*relating to the protection of public health, consumers, the prevention of unfair competition" and, secondly, based on a "proven link*" (i.e. *nesso comprovato*) between the qualities of the food products and their origin or provenance.

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