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The Hermès case in the Italian and international legal system

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PREFACE

The turnover linked to the fashion world today is one of the most important in the world in terms of incomes, just think that in Italy in 2021 (latest data available at the time of writing this paper) the fashion industry and the market of luxury goods recorded revenues of 91.7 billion euros¹

This "turnover" does not only involve the big fashion and luxury companies or the big names, but also a whole series of other sectors that gravitate around this world. Think of companies operating in the field of advertising, marketing or digital.

In an increasingly connected and digital era, large fashion companies face great challenges and find themselves having to deal with new problems.

The world is constantly and rapidly evolving and the economy evolves accordingly. In an increasingly connected economy, the possibilities of counterfeiting brand abuse increase dramatically, as do those of creating confusion in the final consumer. The digitization of the economy certainly gives rise to new opportunities but also to new problems, at the heart of the problems of fashion law, on the one hand the more traditional and on the other the more modern, there is however an essential element: the brand.

The latter continues to be the main distinctive sign of a company in whatever sector it operates, but precisely because of the ability it sometimes has to create a true and proper "economic identity" it is still the most important in the fashion industry.

First with the advent of the internet and now of the metaverse, it becomes essential for sector operators to seek ways to protect their products and for legislation to provide adequate responses to the changing needs of society.

In this paper we want to focus attention not only on the traditional legislation of the protection of the brand but also on the new frontiers that technology makes available which undoubtedly represent important opportunities but are not without pitfalls. The

¹This is the preliminary data released by Confindustria Moda. There is still a gap of -6.4% compared to 2019, when sales exceeded 98 billion. The first quarter of 2022 is also positive.

"economic operators", the legislator and also the final consumer must therefore work in synergy for the protection of what are defined as "intellectual works" even in an interconnected and globalized reality such as the one we are about to experience.

The core of this paper is represented by two cases submitted to the Court of Turin and to the United States District Court, C.D. California. The renowned French fashion house Hermès has sued the Turin-based company Laurence s.r.l. in Italy for counterfeiting three famous models of handbags, Kelly, Birkin and Lindy; the first two are registered as national and Community trademarks, while the third as a Community model. In 2014, in the State of California, the French maison filed a complaint against the defendants Emperia Inc., Anne-Sophie Inc. (ASI), and Top's handbag Inc., three "sister" companies belonging to the same group, for having produced and sold/distributed to online retailers Charming Charlie and JustFab, Birkin model knock-off; iconic model of the maison which is given particular protection.

The counterfeiting of famous brands is a widespread and ever-expanding phenomenon within our society. For this reason, the need for adequate legal protection to protect the owners of these trademarks is evident.

In the first chapter, the norms that both sides used as a basis for their arguments will be set out; they are both of the national and community type but also American.

Subsequently, will be described the characteristics imposed by the law that the trademark must possess in order to be registered, the procedure for registering the trademark and finally the action for its nullity.

Also, the discipline on designs and models is analyzed, highlighting the requirements and the registration procedure.

The second chapter, on the other hand, focuses on the development of cases. First, a brief introduction is presented on the plaintiffs and defendants, highlighting the different brands and designs owned by Hermès. We then proceed with the analysis of the Italian case, the allegations made by Hermès against the Turin company and the defenses of Laurence s.r.l.. Subsequently, the Court's arguments will be described on the basis of the evidence made available to it. Finally, with regard to the three models of bags covered by the sentence, the measures that the Judge deemed appropriate to adopt will be listed.

The chapter concludes with an examination of the Californian case, studying the allegations made by the French fashion house, with the related requests and the final decision of the judge.

In the third and final chapter will be presented a case of “virtual counterfeit”, which always sees the famous protagonist fashion house Hermès, and the theme of brand protection in the digital world, more particularly in the nascent metaverse. After a general introduction to the subject, its advantages and dangers, the American case will be analysed, of particular importance as the decisions adopted will create precedents and lay the foundations for a future more substantial regulation. In conclusion, will be presented what can be considered as a first European legislation of reference in the absence of a specific legislation that does not yet exist, considering the novelty of the metaverse.

Chapter I: Legislation analysis

1.1 The reference legislation

The sources of the regulation of trademarks and other distinctive signs are to be found in national and community legislation, in some international agreements and in American legislation with the Lanham Act.

With regard to national legislation, reference will be made to Legislative Decree no. 30 of 2005 of the industrial property code, with particular attention to the regulation of trademarks regarding registration and the requirements of novelty and distinctive capacity that the trademark must possess. There will also be reference to the art. 125 on compensation for damages, in the third paragraph of art. 124 regarding the destruction of all assets constituting the object of infringement of an industrial property right, in art. 9 about shape marks and art. 25 concerning cases of invalidity of a trademark.

With regard to Community legislation, reference is made to the regulation on Community trademarks n. 40 of 1994, replaced today by Regulation no. 207 of 2009. In addition, particular attention will also be paid to art. 4 about the signs that can be registered as a Community trademark, the art. 7 regarding the absolute impediments to registration and art. 51 which describes the causes of absolute nullity.

The second reference Community legislation is made up of Regulation no. 6 of 2002 concerning the discipline on designs and models, according to which the Court decrees its judgment regarding the Lindy bag, protected by registration as a Community model.

In relation to international discipline, reference is made to the Paris Union Convention of 20 March 1883, with its subsequent revisions and for the protection of industrial property, the Madrid Agreement of 14 April 1891 with its subsequent amendments for the international registration of trademarks, supplemented by the Madrid Protocol of June 27, 1989; the Nice Agreement of June 15, 1957 (and subsequent revisions) on the international classification of goods and services.

While with regard to American legislation, reference will be made to section 43(a) of the Lanham Act.

1.1.1 National legislation

In national legislation, the trademark is regulated by articles 2569-2574 of the Civil Code and by the Industrial Property Code. The Court of Turin appeals precisely to the latter: introduced with Legislative Decree No. 30 on 10 February 2005, effective from 19 March 2005, amended in 2010 and subsequently in 2016, it is divided into eight chapters and 246 articles. In particular, the regulation of trademarks is analyzed in the first section of the second head (articles 7-28).

The present case also appeals to the current rules on compensation for damages, in particular to art. 125, third paragraph of the c.p.i. since Hermès International is asking the Court for the return of the profits that the defendant obtained from the marketing of the bags deemed to be counterfeited². It also refers to the first paragraph of the art. 125, which provides that compensation for damages is governed by articles 1226 and 1227 of the civil code, i.e. by loss of profit and emerging damage³.

Hermès also requests to be compensated for the damages the sum of which, as provided for by art. 1226, must be decided by the judge through an equitable evaluation if it is not possible to estimate the damage in its precise amount.

On the other hand, the defendant refers instead to the provisions of art. 124 of the c.p.i. and precisely what is provided for in the third paragraph, according to which, in the event of violation of an industrial property right, there may be the possibility, subject to temporary withdrawal from the market of the products, to modify the same constituting violation and subsequently be able to reinsert them with a new shape. This will allow the defendant to be able to recover the leather of the bags deemed to be counterfeit.

² The holder of an injured right has the right to request, as an alternative to compensation for damages, the return of the profits obtained from infringer.

³ By emerging damage we mean the financial loss suffered by the victim; while by loss of profit we mean the gain derived from a third party's tort, i.e. the profit that the subject would have obtained without the occurrence of the harmful event.

1.1.2 Community legislation

In the Community context, the main normative source of the brand is represented by the Regulation of the Council of the European Union n. 40/94 of 20 December 1993, later replaced by Regulation no. 207/2009. It was drafted many years later than the national one; in fact, with the birth of the European Economic Community, the need was immediately felt to promote harmonious development and coordination between the activities of the individual Member States and those of the Community, for the purpose of a smooth functioning of an internal market that offers the same conditions of a national market.

In the field of trademarks, a contrast had arisen between the exclusive use of the trademark, the effects of which are produced on a national level (principle of territoriality), and the simultaneous maintenance of free competition and movement of goods within the Community system.

With the introduction of the Community trademark, the intention is not to replace the national legislation in force in the individual Member States, but to bring the Community legislation closer to it, thus generating the coexistence of two legal systems. The objectives are multiple, among these there is that of avoiding the coexistence of identical and/or different brands, registered for the same products in different Member States, a situation which could confuse the consumer as to the origin of the product; to facilitate exports, and to maintain free competition in the Community. These objectives had already been stated in the founding treaty of the European Economic Community, i.e. the Treaty of Rome, drawn up in 1957.

Therefore we can argue that the Community trademark is configured as a promoter of industrial activities, allowing companies to enter new markets through the expansion of their production activity. In addition, the Community trademark is also important for the consumer, as it acts as a guarantor of market transparency, improving their understanding of the origin of the product and facilitating purchasing decisions. The first stage for the introduction of a Community framework for trademark protection was the creation by the six original Member States of working groups, whose objective was to analyze and unify the matter of trademarks, designs and models and patents for invention. The result was the publication of a Convention in 1973, however the Convention proved to be unsuitable

for achieving the Commission's objective of harmonizing the matter, so it was decided to opt for a Regulation⁴, and for a Community Trade Mark Directive. On 21 December 1988, the Council adopted Directive 89/104, published in the GUCE 40/1 of 11 February 1989. Subsequently, on 20 December 1993, CE Regulation no. 40 of 1994 was adopted, published in the GUCE the 14th January 1994. This Regulation marked the birth of the Community enterprise trademark and its main objective is to unify the discipline relating to the enterprise trademark at European level, to reduce and prevent acts of unfair competition and counterfeiting and to guarantee the protection deriving from the registration of trademarks, not only at a national level but also at a Community level, allowing the permanence of the national disciplines of each Member State and at the same time trying to minimize the differences that may be⁵. The management of the Community trademark, of its registration and of the problems that may arise in this regard is entrusted to a single Office, which has its own legal autonomy, in the administrative and financial fields⁶. This prevents the procedure for registering Community trademarks from becoming problematic, as it would be if there were many different offices, one in each country, deciding on a question of Community importance. These functions and responsibilities are entrusted to the Office for Harmonization in the Internal Market (UAMI), established with the same Regulation 40/94 in 1996, so from 1 January of the same year the Community trademarks began to be filed. With the entry into force of EU Regulation 2015/2424, in force since 23 March 2016, the name of the Community trademark and that of the UAMI have been changed inter alia, whose current names are the European Union trademark (EU trademark) and the European Union Intellectual Property Office (EUIPO).

Title I of the aforementioned Regulation of 1996 contains general provisions regarding the characteristics of the Community trademark and its effectiveness from which two fundamental characteristics of the Community trademark can be deduced: autonomy and unity.

⁴ Contrary to the Convention, it has a more imperative and is directly applicable to all Member States.

⁵ If there were an enlargement of the European Union, the protection granted to the Community trademark would automatically extend to the new Members as well; Furthermore, the use of the Community trademark is also granted to the owner only in a part of the countries of the EU, without jeopardizing its validity for non-use in other countries, causing its forfeiture. For example, if the trademark is used only in Italy, the owner still enjoys the rights connected to it even in countries where there is no actual use.

⁶ The two systems of protection of trademarks, national and Community are independent.

The content of the art. 14 of Regulation no. 40 of 1994, reaffirms the autonomous nature of the Community trademark according to which, in the matter of counterfeiting of the same, the application of national legislation is accompanied by them. While the unitary nature of the Community trademark is explained by art. 1, second paragraph, according to which he produces the same effects in all Member States, conferring the right of exclusivity for the entire community territory.

Regulation no. 40 of 1994 was replaced with the new regulation n. 207 of 26 February 2009, the objectives of the new Regulation remain unchanged compared to the previous one and only changes have been made in form and not in substance.

The first novelty concerns the division of demand; pursuant to art. 44 *“The applicant may split the application by declaring that a part of the goods or services included in the original application will be the subject of one or more split applications. The goods or services of the partial application cannot overlap with the goods or services that remain in the original application or appear in other party applications. However, the division is not admissible: a) if opposition has been formed against the original application and this declaration has the effect of introducing a division between the goods or services object of the opposition, until the decision on the division object of opposition it has not become final or until the opposition proceedings have been abandoned; b) in the periods established by the implementing regulation”*.

Furthermore, in the second and third session of the sixth title the term "causes" was replaced with "reasons", for which the new Regulation speaks of "reasons for revocation" and "reasons for absolute and relative nullity".

Two new articles have also been introduced regarding preliminary review, distinguishing between "Review of decisions in ex parte cases"⁷ and "Review of decisions in inter partes cases"⁸

⁷ Article 61 of Regulation 207/2009/EC: "1. When the party who filed the appeal is the only party in the proceedings and the body whose decision is contested deems the appeal admissible and well founded, the body in question must accept the requests of the appellant. 2. If the requests of the appellant are not accepted within one month of receipt of the statement containing the reasons, the appeal must be immediately referred to the Board of Appeal, without an opinion on the merits."

⁸ Art 62 of Regulation 207/2009/EC: "1. If the proceedings bring the appellant against another party and if the body whose decision is contested finds that appeal admissible and well founded, it must grant the appellant's motions 2. The appellant's motions can be granted only if the whose decision is contested notifies

A further novelty is of a procedural nature, in fact pursuant to art. 80, the EUIPO provides for the cancellation of a registration and the revocation of a decision if they are affected by procedural errors attributable to it.

the other party of its intention to accept them and the latter accepts within two months from the date of receipt of the notification.

1.1.3 American legislation

With regard to the US discipline, creations in the fashion field have always enjoyed less protection than in the old continent and rather uncertain in the legal field.

The Trademark Act 1946, commonly known as the Lanham Act, provided the right assurance that many trademark owners were looking for. A member of Congress Fritz Garland Lanham promoted the new act, and finally in 1946, 8 years after the provision of the first draft, the "new" Trademark Act was enacted and today it occupies chapter 22 (Trademarks) of title XV (Commerce and Trade) of the United States Code.

The trademark is defined in § 45 as including *"any word, name, symbol, or device, or any combination thereof"*. The primary objective of the Lanham Act is to limit and eliminate the risk of likelihood of confusion.

The Lanham Act requires and regulates the keeping of two registers for trademarks at the USPTO (United States Patent and Trademark Office). The "main register" causes full protection of the goods since it determines a presumption of validity of the trademark, and this register is accessed with a prior preliminary assessment of the absence of impediments: *"No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it [...] Consists of a mark which [...] comprises any matter that, as a whole, is functional."*

The "supplementary register" brings weaker protection, placing the burden of proving the absence of impediments to registration on the trademark owner. This register allows the temporary protection of the trademark for 5 years until through use, it acquires distinctiveness for secondary meaning and subsequently it will then be registered in the main register. Each *"symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral, device"* which is suitable for distinguishing the owner's products and which is not functional, accesses the supplementary register.

While section 43(a) of the Lanham Act offers protection against all types of product imitation, including three-dimensional trademark imitation, the central subject of the *Hermès vs. Emperia Inc.*

Trade dress consists of the tendency to extend the scope of brand protection, to the extent that it is defined as the overall image of a product on the market, a notion that includes the packaging of a product and its shape, some have also defined it as “the overall image of the business”.

To file a trade dress infringement procedure under Sect. 43(a) of the Lanham Act, the applicant must prove two situations:

- That the trade dress gives full protection rights for distinctiveness and non functionality (impediment of functionality preliminarily identified by the jurisprudence to reconcile the protection of the trademark and the patent for invention, subsequently positivised in the Lanham Act in 1988). An amendment of 1988 made it mandatory for the plaintiff in an action for infringement of the trade dress to prove the non-functionality of the trade dress, thus recognizing the jurisprudential practice which derived the protection of the trade dress from § 43(a).
- That the defendant has infringed the appellant's three-dimensional trademark, creating a risk of consumer confusion on the market.

1.2 The trademark

The fundamental concept around which the judgment is concerned is the trademark. The following paragraph will outline the fundamental concepts regarding its historical evolution, the functions, the various types of trademarks with a focus on shape marks, furthermore will be analyzed the trademark registration procedure and the various cases of its nullity.

1.2.1 Historical evolution and functions of the trademark

Since its origins, the trademark was born from the fusion of a writing form with a graphic element and is testimony to how the word-thought synthesis can have enormous expressive and evocative capacities.

Halfway between writing and drawing, it has benefited over the centuries from notable supports, just think of the Tablet of Pylos of Mycenae, the six-pointed star or more simply the symbols of Christianity; its history receives a notable twist with the trademarks of Renaissance publishers and printers. In fact, with the diffusion of the press, the brand begins to circulate and to become a real communication tool. Many artists begin to use an acronym, a signature to "stamp their works," and confirm their authorship.

The alchemical symbols of metals appear on the scene, the fire brands impressed on the cattle to recognize their ownership and from the East the Tibetan amulets and Chinese ideograms make their appearance, all of this strongly contributed to the evolution of the brand and its function identity. From a stylistic point of view, however, the most important contribution is certainly provided to Western writing with graphic customization or transformation into drawing. The fundamental milestones are represented by the birth of uppercase and lowercase cursive, the papal writing of the fourth century, the humanistic writing, the labyrinth writing of Renaissance Germany and the seventeenth-century calligraphies, etc.

However, the turning point took place between the end of the 19th and the beginning of the 1900s when the first major industrial brands were born in that fertile historical-cultural background, which we still find today, albeit renewed and modernised.

The Levi's (1886) Coca cola (1886) Michelin (1898) Fiat (1899) and Plasmon (1901) brand was born. These are the first major brands of western society, which owe part of their fortune also to the continuous stylistic updating over the years.

The diffusion of the trademark was facilitated above all by the development of commercial traffic: the products were in fact marketed in distinct places and very distant from the production area, thus lacking the direct relationship and purchase by consumers in the shop of the craftsman.

In the modern era, the main function of the brand is certainly the so-called distinctive function that arises from the company's desire to distinguish the products or services put on the market from those offered by competing companies. In a highly globalized and competitive market such as the current one, it is in fact essential to be able to identify a particular product as coming from a certain company and distinguish it from that of competing companies.

If this is true in all economic sectors, from food to personal care goods, in the world of fashion the brand or signature takes on an "amplified" importance.

In fact, the brand, and distinctive signs in general, represent the most relevant and significant group of industrial property rights in the fashion world. It is precisely in the fashion sector that expressions such as «branded» are regularly used to refer to what is legally defined as a brand.

Now more than ever, individuals are aware of the intrinsic meaning that each brand embodies, and a particular brand often defines who we are through the expression of a set of values and attributes codified over time.

Every well-known brand becomes the expression of a way of life, of a value, thus also assuming an "emotional" and attractive value.

The symbolic value of the brand assumes for the consumer the function of guide and orientation in the purchasing process; brands have become important “cultural resources” that people refer to.

So we can said that the main functions of the brand are that of differentiating, indicating origin and attractive of the costumers. What the brand therefore represents and the

contents as well as the values it embodies are considered worthy of protection in our legal system (but not only in ours), for which the legislator has "developed" a whole series of protections and actions to trademark protection, obviously in the presence of certain legal conditions.

1.2.2 Trademarks types

The brand is the distinctive sign of products or services and can be classified according to different criteria:

Producing or selling, general and special, word and figurative⁹, strong and weak, registered and unregistered. Sometimes trademarks can be made up of a combination of figures or symbols and names, giving rise to the so-called mixed trademarks.

According to the art.7 c.p.i., (as modified by the D. Igs. N. 15/2019 which have transposed the Community Directive n. 2436/2015) may be registered: all the signs, in particular words, including the names of persons, drawings, letters, numbers, sounds, shape of the product or of its packaging, combinations or chromatic tones, provided that they are suitable:

- a) To distinguish the products or services of an enterprise from those of other enterprises.
- b) To be represented in the register in such a way as to enable the competent authorities and the public to determine clearly and precisely the object of the protection conferred on the holder.

-A mark may coincide with the business name

-A mark may not contain portraits of persons, without their consent or the consent of the heirs or the relatives up to the 4°degree (art. 8, par.1)

-A mark may contain the name of a person other than the person applying for registration, provided that its use doesn't impair the reputation, credit or decorum of those entitled to bear the name and, if the name is largely known, with the consent of this person or of the heirs (art.8, par.2 and par.3)

-A mark may not contain coats of arms, emblems and similar with political significance or of high symbolic value (art.10).

⁹ The denominative ones are made up of words regardless of mere "outline" graphic elements, for example, personal names, geographical denominations or slogans. While figurative/emblematic marks are those made up exclusively of figures, letters or numbers.

The prevailing jurisprudence sentenced that the single letters of the alphabet may be registered as marks only in presence of particular graphic characterizations that are able to attribute a distinctive character.



Also the sounds, colors, odors and shapes (we will analyze the latter's in the next paragraph) can be registered as marks, but they have to respect some rules.

The remarkable evocative ability with which a sound is endowed has not escaped companies, which increasingly use motifs or musical symbols to distinguish their products or services.

In order to be registered as trademarks, the sounds must be in themselves suitable for distinguish the products or services of one enterprise from those of another. Moreover, before D. L.gs. N. 15/2019, it was necessary the graphic representation of the sound so the transposition for example in notes, in images, lines or characters that defined exactly the sound¹⁰.

One of the most famous sound trademarks is that of Metro Goldwyn Meyer, which was among other things in 1996 the first sound trademark application at European level, at the time the application was rejected because the lion's roar had not been graphically represented clearly, preventing the correct registration of the trademark. Only in 2006 was it approved thanks to a new application with more precise graphic and sound representation.

¹⁰ Neuroscientists and numerous research teams are often involved in the creation of large companies' sound marks getting to a satisfactory result can also require months of testing, and all this for a sound that usually varies from about 3 to 5 seconds.



Then we can have also the color mark that may consist of color combinations or simple color tones. However, for the single color there is the prohibition of exclusive exploitation as a brand when the color mark is constituted by the color of the product that it intends to designate (eg. white for white wine). On the other hand, impediment exists where the color chosen as a trade mark has no connection with the marked product (purple for a white wine).

For example, Christian Louboutin, a well-known French designer, has registered as a trademark a precise shade of red with which he usually colors the sole of his shoes, the color is clearly a distinctive sign that allows the shoes of his production to be clearly distinguished from those of the competitors, which is why registration as a trademark was granted.



The olfactory mark has also recently been introduced. Numerous studies have shown that consumers, when influenced by smells, are more stimulated to buy. Olfactory memory is in fact one of our most important emotional baggage and, if applied to the commercial sector, it is able to contribute to customer loyalty, strengthen brand memory and influence purchasing decisions. The perfume that envelops the store environments and vaporized on the products themselves, so that the fragrance can last after purchase, thus becomes an identifying and distinctive element of the company that will remain in the mind of the consumer allowing him, through the olfactory memory, to reconnect to that perfume a pleasant shopping experience. Similarly, the particular scent of a product will become a recognizable element for consumers. The legislative decree n. 15/2019, made changes to the Industrial Property Code (CPI), in application of Directive 2015/2436 of the European Parliament. Specifically, the new art. 7 of the Industrial Property Code "Subject of registration" has eliminated, among the requisites required to obtain a valid registration, that of the graphic representation, which has always been considered an obstacle to the registration of atypical trademarks, such as the olfactory one. However, although the registration of these trademarks is recognized in the abstract, obtaining it is still very difficult due to its subjectivity.

1.2.1.1 Shape marks

As anticipated in the previous paragraph, we will now analyze shape marks, both two-dimensional and three-dimensional. According to the art. 7 of the c.p.i.: *"All signs capable of being represented graphically, in particular words, including personal names, designs, letters, numbers, sounds, the shape of the product or its packaging, the combinations or chromatic shades, provided that they are capable of distinguishing the products or services of one company from those of other companies"*.

In the sentence of the Court of Turin, which is analyzed in this work, the analyzed and registered trademarks, both national and Community ones, are all shape marks: the Hermès fashion house in order to protect certain models of handbags they produce, or Birkin and Kelly, has registered the particular shape that each of the bags assumes, as a distinctive function of the product, and the Court of Turin is called to verify whether the closures of the bags are such as to allow the achievement of a technical result.

May not be registered as a trade mark, signs consisting exclusively of:

- shape, or other characteristic, imposed by the nature of the product.
- shape, or other characteristic, necessary to obtain a technical result.
- shape, or other characteristic, which gives a substantial value to the product

As provided by the art.9 of the c.p.i.: *"signs consisting exclusively of the shape imposed by the nature of the product, the shape of the product necessary to obtain a technical result, or the shape which gives substantial value to the product cannot be registered as a trademark"*.

In the case of signs that take the form imposed by the nature of the product, these cannot be registered since they do not have any distinctive capacity; but also in order to avoid the establishment of long-term monopolies on essential forms for the production or marketing of a specific product. For example, the Bottega Veneta fashion house had requested the registration of its woven leather texture but the Court of Turin decreed the impossibility of registering it as a three-dimensional trademark for two reasons:

a) because it violates the principle that the trademark does not belong to the product since if the "woven leather" shape mark is isolated, nothing would remain of the product.

b) the "woven leather" shape was held by the Court itself, a shape imposed by the very nature of the product as it coincides with the shape that the leather material takes on at the end of the manufacturing process. In this case there was an extension of the first limit to the registration of the shape mark, since in addition to the signs that constitute the shape, the shape that the raw material assumes in the finished product was also included, excluding it from registration whenever its appearance coincides with that assumed when the product is completed. In fact, the Cassation excludes from registration as a shape mark those consisting in the shape of a raw material resulting from a standardized manufacturing process¹¹.

The object of protection is the sign, not the product in its characteristics.



¹¹ Court of Turin 14 November 2008, in Riv. dir. ind., 2009, II, 289.

The second prohibition on registering product shapes necessary to obtain a technical result is justified by the purpose of preventing the registration of shapes whose essential characteristics perform a technical function which would prevent others, in addition to the registrant, from offering a product which includes the aforementioned function. The Philips case will be cited as an example. In 1966 Philips created a new type of electric razor with three rotating heads and in 1985 it filed a trademark consisting of the graphic representation of the shape and configuration of the upper part of this razor, made up of three circular heads with rotating blades, arranged in the shape of an equilateral triangle. This trademark was registered, following use, under the Trade Marks Act 1938. When in 1995, Remington, a competitor company, began manufacturing and marketing in the United Kingdom, the DT 55 razor with three rotating heads arranged in a triangular equilateral, according to a configuration similar to the one used by Philips, the latter sued it, alleging the infringement of its trademark right. With a counterclaim, Remington requested the cancellation of the trademark registered by Philips. The High Court of Justice (England & Wales), Chancery Division (Patents Court) (United Kingdom), upheld it and canceled the registration of the Philips trade mark since it was considered that the trade mark in question consisted solely of a sign which served commercially to designate the destination of the product, as well as in a form necessary to obtain a technical result and capable of conferring substantial value on the product¹².



¹² Court of Appeal, England & Wales, Civil Division, United Kingdom, judgment of 18.6.2002-case c-299/99.

Finally, the third and last prohibition is that of registering as trademarks signs consisting of the shape which gives substantial value to the product. In fact, if the shape is the only element that gives substantial value to the product, this represents the only reason for purchase, exercising an attractive value, they can only be registered as ornamental models and not as trademarks. For example, the European Trademark Office rejected the application for registration as a shape mark of a designer wireless stereo speaker manufactured by the famous brand Bang & Olufsen. In 2003 B&O had applied for the registration as a three-dimensional Community trademark of the shape of its iconic Beolab 8002 loudspeaker, registration which had been refused by EUIPO as it had deemed the trademark lacking the distinctive capacity required by law. B&O had appealed against this decision before the General Court of the EU, which had concluded that EUIPO had misapplied the law. Subsequently, EUIPO proceeded to re-examine the application for registration, to verify whether – having overcome the problem of distinctive character – there were other impediments to the registration itself. The impediment was found this time in the fact that the trademark would consist exclusively of the "shape that gives substantial value to the product", and therefore not validly registrable as a trademark according to art. 7 of the regulation¹³.



The protection for shape marks has the objective of preventing a company from monopolizing, by registering one of the three shapes described above as a trademark, not only the sign itself, but the entire manufacturing activity, taking possession for an unlimited period of time, of shapes which instead should be registered as designs/models and therefore should be able to be exploited exclusively by the owner for a limited period of time, i.e. 25 years.

¹³ EU Court, judgment of 6 October 2011 in T-508/08.

1.2.3 Legal requirements for the protection

The regulation of trademarks, both Community and national, provides for a series of requisites that the sign must possess in order to enjoy guardianship and protection; this in order to assure companies that their brand is able to distinguish products and services on the market.

May not be registered a brand which doesn't meet all the following requirements at the date of filing of the application for registration because such brand would be considered void:

- 1- Novelty (art.12 c.p.i)
- 2- Distinctive capacity (originality) (art.13 c.p.i.)
- 3- Legality (art. 14 c.p.i., par.1, a) and c))
- 4- Truth (art. 14 c.p.i., par.1, b))

The first and most important prerequisite for trademark protection is represented by the novelty of the sign. The art. 12 c.p.i. strictly indicates the cases in which this requirement is missing.

“1. Signs cannot be registered as a trademark if, on the date of filing the application: a) they are identical or similar to a sign already known as a trademark or distinctive sign of products or services manufactured, marketed or provided by others for identical or similar goods or services, if the identity or similarity between the signs and the identity or affinity between the goods or services could lead to a likelihood of confusion for the public, which may also consist in a likelihood of association between the two signs. The trademark is also considered known which pursuant to article 6-bis of the Paris Convention for the protection of industrial property, text of Stockholm 14 July 1967, ratified with law 28 April 1976, n. 424, is notoriously known to the interested public, also by virtue of the notoriety acquired in the State through the promotion of the brand. The previous use of the sign, when it does not import notoriety, or imports purely local notoriety, does not remove the novelty, but the pre-user third party has the right to continue using the trademark, also for advertising purposes, within the limits of local diffusion, despite the registration of the trademark itself. Previous use of the sign by the

applicant or his assignor does not constitute an obstacle to registration; b) are identical or similar to a sign already known such as company, denomination or company name, sign and domain name used in economic activity, or other distinctive sign adopted by others, if due to the identity or similarity between the signs and the The identity or affinity between the business activity carried out by them and the products or services for which the trademark is registered may give rise to a likelihood of confusion for the public, which may also consist in a risk of association between the two signs. The previous use of the sign, when it does not import notoriety, or imports purely local notoriety, does not detract from the novelty. Previous use of the sign by the applicant or his assignor does not constitute an obstacle to registration; c) are identical to a trademark already registered by others in the State or effectively in the State following an application filed on an earlier date or having effect from an earlier date by virtue of a priority right or a valid seniority claim for products or services identical; d) are identical or similar to a trademark already registered by others in the State or effectively in the State, following an application filed on an earlier date or having effect from an earlier date by virtue of a priority right or a valid seniority claim for identical or similar products or services, if due to the identity or similarity between the signs and the identity or affinity between the goods or services there is a likelihood of confusion for the public, which may also consist in a likelihood of association between the two signs; e) are identical or similar to a trademark already registered by others in the State or effectively in the State, following an application filed on an earlier date or having effect from an earlier date by virtue of a priority right or a valid seniority claim for goods or services, even if not similar, when the earlier trademark enjoys a reputation in the Community, if Community, or in the State and when the use of the later one without just cause would take unfair advantage of the distinctive character or the reputation of the earlier sign or would cause damage to the same; f) are identical or similar to a well-known trademark pursuant to article 6-bis of the Paris Convention for the protection of industrial property, for products or services, even if not similar, when the conditions referred to in letter e) are met. 2. In the cases referred to in letters c), d) and e), the earlier trademark which has expired for more than two years or three if it is a collective trademark or which can be considered revoked due to non-use pursuant to Article 24 at the time of filing the application or objection of nullity. 3. For the purposes

set out in paragraph 1, letters c), d) and e), the earlier applications are assimilated to the earlier registered trademarks, subject to subsequent registration".

The article prohibits the registration as a trademark of those signs which are identical or similar to other signs already registered or used by others. So your own use of the trademark, if it does not allow you to assert an exclusive right, allows you to prevail over the registration of others both by making it your own and by requesting that it be declared null. The scope of the two cases envisaged by Article 12 is different.

In the case of registration by others, the impediment sanctioned by law is absolute and a third party can proceed with the registration of the same sign only if the previous registration has lost its effectiveness due to expiry of more than two years or due to non-use. In the second case, on the other hand, the use of the sign by others must have had such a weight as to make it acquire notoriety that was not purely local. If the person who has used the trademark without registering it has not acquired general notoriety, he can continue to use the trademark to the extent that he had previously used it and the trademark can be registered by others.

The requirement of novelty is also essential for a trademark since, in the case of a famous trademark, the owners will be able to hinder an undue advantage that third parties will derive from the use of signs similar or identical to theirs even for non-similar products. Signs that are identical or similar to a previously registered trademark for products that are also not similar when such a trademark enjoys renown do not therefore enjoy the requirement of novelty.

As regards the second characteristic, i.e. the distinctive capacity: the trademark must be original, it must not consist of generic denominations, descriptive indications, or exclusively of signs that indicate the origin, quality or species of the product to which they are affixed and finally by signs that have become commonly used in current and commercial language¹⁴. For example, the word "shoe" cannot be registered as a trademark for shoes, this being a generic and descriptive denomination of the product it distinguishes, devoid of originality.

¹⁴ We refer, for example, to expressions such as hyper, mega, super. Registration of a sign with such a denomination cannot take place as they are expressions lacking in originality and therefore in distinctive capacity.

The distinctive capacity is the requirement that allows the sign to identify the species of a product within the kind of goods to which it belongs and can vary over time, depending on how the perception that the final consumer has of the sign changes. Brands can therefore be divided into strong brands and weak brands.

The former are those endowed with a strong distinctive capacity, given by the fact that the brand is made up of denominations that have no connection with the product they distinguish. Among these are, for example, the Diesel or Frutta brands used for clothing. On the other hand, weak trademarks are those whose denomination conceptually refers to the asset they identify, thus conferring a weak distinctive capacity on the trademark. Some examples are "Divani&Divani", to indicate the production of sofas, "Scarpe&Scarpe" as a brand for footwear. Of these two types of trademarks, the strong one ensures greater protection and protection since the slightest similarity between such trademarks is enough to generate confusion and counterfeiting. Conversely, for weak trademarks there will be no infringement if a trademark is registered on the market that presents a small variant with respect to the (already) registered trademark, since protection is not guaranteed for the common parts of the trademark, which can therefore be used by others, but only for the elements of originality inherent in the brand itself. For example, another trademark containing the word sofas does not constitute an infringement of the "Divani&Divani" trademark, since it is a common denomination; the originality of the aforementioned trademark could coincide with the combination of two identical words, but certainly not with the use of the word sofa for a trademark that identifies sofas. For weak brands, therefore, a minimal variation is sufficient to avoid confusion and counterfeiting, on the contrary for strong ones.

Notwithstanding what has been stated so far, the art. 13 of the c.p.i. contains provisions regarding the protection of the trademark which has acquired the distinctive capacity before registration¹⁵ or following registration on the basis of the use that has been made of it¹⁶. More precisely, the law establishes that both a trademark which before registration acquired distinctive capacity and a trademark which instead acquired it afterwards, following the use made of it, can equally be registered. In these cases, the concept of

¹⁵ Art. 13, paragraph 2, c.p.i..

¹⁶ Art. 13, paragraph 3, IPC; Article 7, paragraph 3, Reg. 40/1994.

secondary meaning emerges, i.e. the phenomenon according to which a sign, initially devoid of distinctive capacity, over time acquires a second meaning such as to make it recognizable and identifiable in the eyes of the consumer. It is essential to underline that the acquisition of the secondary meaning takes place following the use of the trademark and this use needs to be proven in order to make the sign registrable. The proof can consist, for example, of testimonials from operators in the sector to which the product belongs or through opinion polls. An example of secondary meaning is the Aspirin brand; in this case as the sign has acquired, in addition to the generic meaning, even a specific “distinctive character” refers to the undertaking, following the use made by the registrant before the application, it is valid.

Another aspect closely connected to the requirement of distinctiveness is that of vulgarization. We speak of vulgarization in the case in which the judge declares the revocation of the trademark when, due to the fact of the activity or inactivity of its owner, it has become a generic denomination of the product or service in the trade or in any case has lost its distinctive capacity (art.13, 4 paragraph, c.p.i.)¹⁷. An example of vulgarization are the brands Nylon and Biro, in this case the public no longer perceives the link between the trademark and its owner, but he believes that the mark generically indicates an entire category of products or services.

The third requirement that the trademark must possess is that of legality:

The art. 14 c.p.i. establishes, in fact, that: “1. *The following cannot be registered as a trademark:*

a) signs contrary to the law, public order or morality;

b) signs likely to deceive the public, in particular as to the geographical origin, nature or quality of the products or services; (The truth requirement)

c) signs the use of which would constitute a violation of another's copyright, industrial property or other exclusive right of third parties.

¹⁷ "The trademark lapses if, due to the fact of the activity or inactivity of its owner, it has become in commerce the generic name of the product or service or has in any case lost its distinctiveness".

2. The trademark expires:

a) whether it has become capable of misleading the public, in particular regarding the nature, quality or origin of the products or services, due to the manner and context in which it is used by the owner or with his consent, for the products or services for which it is registered; b) if it has become contrary to the law, public order or morality; c) for omission by the owner of the checks envisaged by the regulatory provisions on the use of the collective mark”.

1.2.4 The registration procedure

In our legal system the constitutive fact of the trademark is represented, first of all, by the registration, and this can be deduced from the provisions of art. 2569 of the Civil Code: *“Anyone who has registered a new trademark suitable for distinguishing products or services in the forms established by law has the right to use it exclusively for the products or services for which it was registered. In the absence of registration, the trademark is protected pursuant to art. 2571”*¹⁸

By registering a trademark, you acquire the right to exclusive use of the same¹⁹ and it is therefore possible to prohibit third parties from using an identical brand for their own goods. This right, once granted, takes effect retroactively from the moment of filing of the application²⁰ for the national trademark, while for the Community trademark the effects start from the publication date of registration of the trademark²¹.

The registration lasts ten years from the date of filing of the application²² and can subsequently be renewed for another ten years without any limit²³.

In the Italian legal system, the trademark receives protection both if it is registered and if it is used, but in the absence of registration. The latter case is defined with the expression "de facto trademark". The law provides that if there is a risk of confusion between a trademark to be registered and one already present on the unregistered market, there is

¹⁸ Trademarks can be classified according to various criteria. A first distinction is based on the nature of the activity carried out by the trademark owner (trademark and trade mark). Another distinction is that between general trademarks and special trademarks depending that the entrepreneur uses a single trademark for all products (general trademark) or several trademarks to differentiate the different products of his company (special trademarks). Furthermore, the individual trademark, used by a single entrepreneur, can be distinguished from the collective trademark (or category) [see 2570]. In relation to their composition, trademarks can be: emblematic or figurative (they consist of figures, reproductions of objects from the real world or fantastic drawings); nominative (name of the manufacturer); denominative (names common and fictional or various combinations of words).

¹⁹ Art. 15, paragraph 1, c.p.i.; Art. 20, paragraph 1, c.p.i.; Art. 9, paragraph 1, Reg. 40/1994.

²⁰ Art. 15, paragraph 2, c.p.i.

²¹ Art. 9, paragraph 3, Reg. 40/1994.

²² Art. 15, paragraph 4, c.p.i.

²³ Art. 16, paragraph 2, c.p.i.; Art. 46, Reg. 40/1994.

protection for the earlier one only if it has been used over time and if it has acquired a qualified reputation among the consumer.

This is the only case in which the de facto trademark is protected, i.e. only for the purpose of avoiding the risk of confusion with an identical or similar one for which registration is to be obtained. The de facto trademark therefore enjoys weaker protection than the registered one, which instead enjoys the maximum degree of protection provided by law.

The subjects entitled to obtain the registration of the trademark are the direct users of the same who intend to use it in the production or marketing of their products, whether they are natural persons, legal entities or public bodies²⁴. They can apply to the appropriate offices of competence which are the Italian Patent and Trademark Office (UIBM) or the decentralized offices at the Chambers of Commerce for national trademarks, while the European Union Intellectual Property Office (EUIPO) for Community trademarks.

The UIBM is the office that operates on a national level as recipient of applications for the registration of patents, trademarks, designs and models. It also has the task of evaluating the technical and formal regularity of the filed application and therefore decreeing its acceptance or not. Established in 2009, the General Management not only has the objective of protecting industrial property, increasing its value both nationally and internationally, but also deals with the fight against counterfeiting; in fact, it contributes to the support of Italian and foreign companies in the management of their innovations in order to preserve competitiveness in the market. The EUIPO, as already mentioned, is the Office that deals with the management of filing applications and the registration itself of trademarks or models from countries belonging to the European Community and is based in Alicante, Spain.

The application must have precise requirements and contain certain information: the identification data of the owner, the reproduction of the trademark and the indication of the gender of goods or services for which registration is requested (verification of admissibility)²⁵.

²⁴ Art. 19, c.p.i.; art. 5 Reg. 40/1994.

²⁵ Art. 148, paragraph 1, c.p.i.; art. 26, Reg. 40/1994.

After ascertaining the admissibility of the application, the respective Offices verify its formal regularity, i.e. they ensure that the content of the application is complete and compliant, as indicated by articles 156, first paragraph, of the c.p.i. and 36 of Regulation no. 40 of 1994.

The list of products that the application must contain must be such as to group them according to their nature and to allow the classification of each individual good according to the classes established by the international classification of products and services, i.e. the Nice Agreement²⁶. If there are formal irregularities, the applicant has the possibility to correct them within two months from the date on which the finding was communicated.

In addition to the formal regularity, the Offices also verify the substantial regularity of the application²⁷, focusing on the validity of the sign; making sure that there are no absolute impediments to registration, thus making sure that the trademark has a distinctive capacity, that it is not contrary to the law, public order or morality and that it does not mislead the consumer.

In this phase of the verification of substantial regularity there is a difference between the Community legislation and the national trademark: the Community legislation includes in the examination the presence or absence of the requirement of novelty, while for the national trademark there is no verification of this requirement.

Once this check has been passed, the application is considered registrable and the one relating to national trademarks is published in the bulletin of trademarks, while in the bulletin of Community trademarks for the other typology.

In the case of the Community trademark, however, there is a further step before the publication of the application: the EUIPO draws up a report to verify the situation of earlier Community trademarks which could potentially hinder registration²⁸, subsequently the results are communicated to the applicant, who, if necessary, has one month to modify the application, finally the Office will arrange for its publication.

²⁶ Art. 156, paragraph 1, letter d), c.p.i.

²⁷ Art. 170, paragraph 1, letter a), c.p.i. .; art. 38, Reg. 40/1994.

²⁸ Art. 39, Reg. 40/1994.

With the publication of the application, the registration of the national and Community trademark becomes opposable to third parties already in possession of identical or similar trademarks who therefore possess earlier rights on the sign. Within two months, the opponent and the applicant must reach an agreement on the matter (art. 178.1 of the c.p.i.).

The opposition must possess certain elements, under penalty of its acceptance:²⁹ such as the products, the identification of the applicant to whom it is addressed and the reasons that give a valid justification.

Both at national and EU level, in the event that the application for registration is refused in favor of the acceptance of an opposition, the applicant can appeal to the Commission of Appeals within 60 days by submitting the application for review³⁰.

In addition to oppositions, third parties may submit to the Office, during the registration procedure, written observations pursuant to art. 175 of the c.p.i. and 41 of Regulation no. 40 of 1994, or they can indicate and explain the reasons according to which the sign should not be registered.

²⁹ Art. 176, paragraph 2, c.p.i.; Art. 42, paragraph 3, Reg. 40/1994.

³⁰ Article 135, paragraph 1, c.p.i.; art. 130 Reg. 40/1994.

1.2.5 The invalidity of the trademark

Since in the judgment in question the defendant invokes the nullity of the trademarks registered by the plaintiff, the following paragraph will analyze the case of nullity of the trademark, with the related causes, the subjects who can implement a nullity action and the effects, both with regard to national and Community legislation.

In the national legislation, the art. 25 of the c.p.i. lists the hypotheses of relative and absolute nullity which deprive the trademark of its effects. They exist when:

- the trademark does not meet one of the requirements set out in art. 7 of the c.p.i. (susceptibility of graphic representation and indication of provenance and origin of the product);
- the trademark lacks novelty according to one of the cases contained in art. 12 of the c.p.i.;
- the trademark is in contrast with the provisions of art. 9 of the c.p.i. about the shape marks;
- the trademark represents coats of arms that fall within the international conventions in force on the matter or that the sign contains coats of arms or emblems that are of public interest (Article 10 of c.p.i.);
- the trademark does not have a distinctive capacity in accordance with the provisions of art. 13 of the c.p.i. or does not meet the requirement of lawfulness (Article 14, paragraph 1, of c.p.i.);
- the trademark whose application was made in bad faith;
- personal names, portraits and well-known signs have been registered as trademarks without having obtained the consent of the owners or, in the event of death, of the spouse and children or if, other than the applicant for registration, they damage the reputation or dignity of the bearer of such names (art. 8, c.p.i.).

Any person who considers this trademark an obstacle to the exercise of his business (absolute nullity) can obtain the invalidity of the trademark, an action which in this case can only be exercised by their owner in the event that there is the presence of earlier rights

which should be against violation and prejudice, in this case it is a hypothesis of relative nullity given that the action cannot be asserted by anyone.

It is now necessary to distinguish between absolute grounds for refusal and relative grounds:

Among the absolute grounds, i.e. those strictly connected to the nature of the sign, contained in Regulation no. 40 of 1994, first paragraph of art. 7, include:

- the unsuitability of the sign to be considered a trademark and therefore in conflict with art. 7 of the c.p.i.;
- the lack of distinctive capacity;
- lack of lawfulness;
- the presence of one of the hypotheses listed in art. 9 of the c.p.i. which provide for the exclusion from registration as a trademark of certain forms.

While among the relative grounds, i.e. those that arise in the presence of prior rights by third parties and in the absence of novelty, contained in Regulation no. 40 of 1994, in the first paragraph of the art. 8, include:

- the lack of novelty;
- the presence of prior rights of third parties which conflict with the registration of the trademark.

All impediments are cumulative, i.e. in order for a sign to be considered suitable as a trademark, all the conditions must be met.

According to the art. 7 of the Regulation in question, the following are excluded from registration:

- trademarks not susceptible to graphic representation and which do not indicate the origin and provenance of the product (Article 4);
- trademarks devoid of distinctive character, composed exclusively of signs that have become commonly used in current language and of signs that have a descriptive value of the product, such as the indication of quality, destination or geographical origin;

- signs whose shape gives a substantial value or utility to the product and which derive from the very nature of the product;
- signs contrary to public order or morality;
- trademarks that can mislead the consumer about, for example, the characteristics or origin of the product;
- trademarks that conflict with the art. 6 of the Paris Convention due to the lack of authorization from the competent authorities;
- trademarks consisting of coats of arms, emblems other than those envisaged by art. 6 ter of the Paris Convention and if they are in the public interest;
- brands of wines or spirits containing geographical indications of origin;
- trademarks that contain a designation of origin or geographical area in compliance with EEC regulation no. 2081 of 1992⁷⁴ and corresponding to the provisions of art. 13 of the aforementioned regulation sets out whether the application for trademark registration was submitted to the Commission at a later time than that for the designation of origin or geographical area.

In the judgment in question, since the defendant, with a counterclaim, will ask to ascertain the nullity of the trademarks owned by Hermès due to lack of novelty, of distinctive capacity, for the registration of signs whose shape is imposed by the very nature of the product and confers to the product a technical result, the presence of both types of impediments is recognized, both absolute and relative.

The art. 8 of the same Regulation n. 40 of 1994 in the first paragraph explains that the trademark must be excluded from registration following the opposition of a third party having earlier rights if:

- the trademark to be registered is identical to the earlier trademark and the products for which registration is to be obtained are also identical to those of the third party;
- if there is a likelihood of confusion due to the identity or similarity between the trademark to be registered and the one previously registered belonging to a third party.

The nullity of the trademark can be decreed for all the products that it distinguishes (total nullity) or only for a part of the classes of products (partial nullity), as established by Article 27 of the industrial property code. The immediate effect of the nullity of the trademark is the loss of the right to exclusive use of the same as it is declared invalid and the effectiveness of the trademark is lost from its origin (effectiveness *ex tunc*)³¹.

Although, during the registration procedure, the trademark is subjected to a preventive examination to exclude the presence of absolute grounds, it can be declared invalid even after having obtained registration.

According to the art. 120 c.p.i., the application for nullity, for the national trademark, must be presented to the national judges belonging to the specialized sections of the Courts and to the Courts of Appeal.

On the other hand, according to the Community legislation in question, the application for invalidity for a Community trademark, if made primarily, must be presented to the Office in writing and accompanied by reasons, the Cancellation Division pronounces on it and the decision is taken three members (art. 129, Reg. 40/1994), finally everything will be transcribed in a register.

In the case under analysis, the application for invalidity is made for both national and Community trademarks, but not primarily, but through a counterclaim for cancellation in the context of an infringement action. Jurisdiction belongs exclusively to the Community Trademark Courts, set up by each member state of the European Community. Once the counterclaim for invalidity has been received, the Court of Community trademarks will notify the Office, which will register it in the register of Community trademarks. Generally, the competent Court is the one in which the defendant has domicile, in the judgment in question the defendant Laurence s.r.l. is based in Turin and is the specialized section on industrial and intellectual property of the Court of Turin.

³¹ Art. 54, Reg. 40/1994; art. 123, c.p.i..

1.3 Designs and models

The ruling commented on in this paper is based not only on the legislation protecting the trademark, but also on that relating to designs and models. This legislation is invoked with regard to the Lindy bag, which is protected as a Community model registered according to Reg. n. 6 of 12 December 2001 published in the GUCE n. L 3 of 5 January 2002. For this reason it is considered appropriate to define what is meant by design and model, explain the requirements necessary for its registration, indicate the registration procedure and the advantages that are obtained following its obtaining.

1.3.1 Definition of design and model

The expression design or model means *"the appearance of a product or a part thereof which results in particular from the characteristics of the lines, contours, colours, shape, surface structure and/or materials of the product itself and/or its ornament"*³². The design (two-dimensional) or model (three-dimensional) therefore aim to protect a specific shape of a product, the externally visible aspect of a product or a part thereof, which is not dictated by a technical function.

It is therefore understandable how the terms design and model identify exclusively the aesthetic and decorative aspects of an object and have the purpose of making a product more pleasant in the eyes of the final consumer or, in any case, capable of arousing a different impression in the public than to that generated by products of the same kind, giving it its own characteristics that allow it to be identified.

The protection of the aesthetic aspect and not of the functional one is the difference in protection that distinguishes designs or models from utility models. In fact the utility models are related with the technical function of the products. They are creations destined to give greater functionality to products already in use. They can be considered smaller industrial inventions, also operating in the technical field. The protection is still based on

³² Art. 3, letter a), Reg. 6/2002.

patenting and the rules on industrial inventions are mostly valid. The patent lasts 10 years from the date of filing the application.

The design or model is relevant for a series of industrial, fashion and handicraft products: from technical or medical instruments to watches, jewels and other luxury goods; home accessories, toys, furniture and electrical accessories, to automobiles and architectural structures; from fabric motifs to sporting goods. Designs are also important in packaging and marketing a particular product.

The essence of the design or model reflects the company's desire to differentiate its image in the market in which it operates, but above all to protect the investments made for its creation: in the absence of registration of a design or model, other companies could use them in their business, thus taking advantage of the image created by a competitor and the effort that goes with it. Through this protection, protection is granted to an innovative creative effort from an aesthetic point of view and, through registration, it can be protected from any attempts at imitation.

1.3.2 Registration requirements

The discipline on Community designs and models was introduced with Regulation n. 6/02/EC which largely took over the discipline sanctioned by Directive n. 71/98/EC on the harmonization of designs and models in the Member States and with Regulation no. 2245/02/EC.

For the purpose of registering designs and models, no particular aesthetic appeal is required, but three requirements are necessary: Novelty, individual character and lawfulness.

Novelty if no identical design or model, whose characteristics differ only due to irrelevant details, was disclosed prior to the registration request or on the priority date; as established by art. 32 of the industrial protection code: *"A design or model is new if no identical design or model has been disclosed prior to the date of submission of the application for registration, or, if priority is claimed, prior to the date of the latter. The designs or models are deemed identical when their characteristics differ only in irrelevant details"*.

In the case of designs and models, the legislator, alongside the concept of absolute novelty, has also foreseen a form of relative novelty. The absolute novelty refers to all disclosures of the design or model prior to filing, taking into account not only the product sector in which the product in question is placed; on the contrary, the relative novelty refers only to the sector to which the design or model belongs.

The assessment of the novelty requirement, according to the majority doctrine, is carried out only in relation to the scope of the relative novelty, an interpretation widely shared by the community legislator himself.

The above also includes unregistered designs or models as an object of community protection, provided they meet the requirements of novelty and individuality. Compared to those for which registration has taken place, they differ in terms of the duration of protection: while registered designs and models are protected for a period of five years, renewable up to a maximum of 25 years³³, those not registered are protected for a period

³³ Art. 12, Reg. 6/2002; art. 37, c.p.i.

of three years starting from the date on which they were disclosed to the public for the first time, within the Community.

The protection between the two does not differ only in terms of duration, but also in the type of actions it prohibits. In the case of registered designs/models, the protection is aimed at avoiding their systematic reproduction and the production of similar designs or models and enjoys wider protection; if, on the other hand, registration has not taken place, protection is provided only against copying.

In order for a design or model to be validly registered, it must not only be "new" compared to others already disclosed, but it must also have the so-called "individual character". It exists when the design or model arouses in an informed user a different and significant general impression compared to the one he has in front of any other previously disclosed design or model; as established by article 33 of the industrial protection code: *"A design or model has an individual character if the general impression it arouses in the informed user differs from the general impression aroused in that user by any design or model that has been disclosed before of the date of submission of the application for registration or, if priority is claimed, before the date of the latter"*.

The assessment of the individual character must be carried out by the legislator with regard to the "informed user", i.e. that operator capable of orienting himself in the industrial sector to which the design or model belongs with such ease as to allow him to identify those designs which actually reproduce designs and previously disclosed models. The informed user, on the other hand, coincides with the recipient of the product who over time has acquired relevant experience given the frequent use of a given design or model. His degree of attention is higher than the average "because he does not occasionally come into contact with the products of a certain sector but keeps himself constantly informed on the characteristics of the products and their evolution"³⁴.

Remaining still on the subject of validity requirements, a parallelism can be seen between the individual character that a design or model must possess and the distinctive capacity that instead belongs to the trademark, with the difference that, while in the first case we refer to the perception of the informed consumer, the second refers to the average

³⁴ CE Court, 22 June 2010, case T-153/08.

consumer, i.e. the subject who does not have particular skills in the field of distinguishing brands and has an attention span not above the average.

A further requirement for the validity of the design or model is explained in the first paragraph of the art. 36, according to which it is necessary that the external appearance of the product does not in any way present a technical function; furthermore, those characteristics of the product's appearance which must necessarily be made according to their exact conformation to allow mechanical connection with another product, thus safeguarding its functionality, are excluded from registration³⁵.

The third and final requirement that it must possess is that of lawfulness: that is, it must not be contrary to the public order and morality; crests or other signs protected by international conventions or that are of particular public interest cannot be registered.

The lack of the above requisites entails the nullity of the design or model to be registered³⁶.

³⁵ Art. 36, paragraph 2, c.p.i.; the only exception allowed to this article belongs to the so-called modular systems, such as for example Legos, whose external conformation is necessary in order to guarantee the connection of each piece to the end to get a final result.

³⁶ Art. 25, paragraph 1, letters a) and b), Reg. 6/2002.

1.3.3 The registration procedure and rights conferred

The application for registration is filed, at the owner's choice, with the EUIPO or with one of the offices competent for industrial property in the Member State, which, in turn, sends it to the EUIPO within two weeks (art. 35, Reg. 6/2002).

According to article 36, it must contain indications regarding the identity of the applicant, the request for registration, a reproducible representation of the design or model and the list of products in which the design or model is intended to be incorporated. Multiple filings are also permitted, i.e. in one application there may be a request for registration of multiple designs or models as long as they belong to the same product class (art. 39, paragraph 1). The application can be submitted in a single language and the payment is a single one.

Similarly to what happens for the application for registration of the trademark, here too there is the verification of both the formal regularity³⁷ and the substantial one³⁸. However, there are two differences in this procedure compared to that relating to trademarks: the first is that for designs and models, during the registration request, only compliance with the definition set forth in art. 3 and about the non-contrary to public order and morality, while for trademarks, as already mentioned, the presence of the essential requirements of validity and of the elements that constitute absolute and relative impediments also occurs.

The second difference, on the other hand, concerns the possibility granted to third parties to oppose the registration: in the case of a design or model, it can be advanced only after registration has taken place through a nullity action. Once approved, the application is registered and published by the EUIPO in the Community Designs Bulletin.

The registration of a design or model lasts 5 years from the date of the submission of the relevant application, with the possibility of extending the duration for one or more periods of 5 years, up to a maximum of 25 years.

At the end of this period, the design or model becomes freely reproducible. With the registration of a design or model, the owner acquires the exclusive right to use it as well as the right to prohibit third parties from using it without his consent. The owner obtains

³⁷ Art. 45, Reg. 6/2002.

³⁸ Art. 47, Reg. 6/2002.

full exclusivity, not limited only to the registered shape of the product but to any design or model that produces the same general impression on the informed user.

The advantages that derive from a community registration are many. Through a better and more extensive protection of designs and models at the community level, designers are more encouraged to express their creative talents to the fullest in order to be able to create a product that, among many, stands out; innovative processes and the willingness to invest in new products are also encouraged, reducing, among other things, the administrative costs that must be incurred to register the design or model.

Chapter II: The Hermès case

The following chapter aims to provide a description of the parties involved and the content of the judgments of this work, in order to understand and highlight the legal issues involved and the actions of the plaintiffs and of the defendants.

The chapter also aims to explain the legal issues that led Hermès International and Hermès Sellier to sue Laurence S.r.l and Emperia Inc. with all the parent companies of the latter.

As regards the Italian case, the ruling in question concerns the RG case n. 12959/2008 and was issued by the Court of Turin, more precisely by the civil section IX specialized in the field of industrial and intellectual property, which also pronounced itself as the Court of trademarks and Community models. The lawsuit was brought by the companies Hermès Sellier, and Hermès International, represented by lawyers F. Jacobicci and A. Camusso, who have sued the Turin-based company Laurence S.r.l., defended by lawyers M. Ricolfi, C.E. Mazzetti and C. Molteni.

As for the American case, the ruling question concerns the case n. 2:14-cv-03522 and was issued by the US District Court for the Central District of California, with the presiding judges: Victor B. Kenton and Stephen V. Wilson. The lawsuit was brought by the company Hermès International, who have sued Emperia Inc., Anne-Sophie Inc. (ASI), e Top's handbg Inc., three parent companies.

2.1 The parties

2.1.1 The plaintiffs: *Hermès International and Hermès Sellier*



The plaintiff companies are part of the Hermès group. Hermès holds a privileged position within the luxury market, in the period 2017-2021 revenues increased by 61.86% while the Ebitda went from 2,165.00 to 4,159.00 million euros³⁹.

Hermès International is the parent company, and was converted into a limited partnership by shares in December 1990. Hermès employs over 17,600 people worldwide. Sixteen professions feed the creativity of the maison, whose collections stand out all over the world in over 300 stores and 45 countries⁴⁰.

The story began in Paris in 1837, in the harness workshop opened in the French capital, in rue Basse-du-Rempart by Thierry Hermès, a saddler and son of an innkeeper. The wind of modernity was blowing in the city and Thierry immediately understood its potential. The refinement, essentiality and technical prowess of its products was rewarded during the Universal Exhibition of Art and Industry in Paris in 1867. In a few decades its name conquered the European aristocracy and the rampant French bourgeoisie, thanks also to a strong spirit of adaptation to changes. In fact, between the two world wars, lifestyles change so they decided to move from the production of saddles and harnesses to leather goods: buckskin garments, bijoux with an equestrian flavor, belts, luggage and the first

³⁹ <https://www.evaluation.it/aziende/bilanci-aziende/hermes-international/>.

⁴⁰ <https://www.hermes.com/it/it/story/221111-hermes-employeur/#:~:text=Creatrice%2C%20artigiana%20e%20commerciant%20di,oltre%2017.600%20%20collaboratori%20in%20il%20mondo.>

women's collection designed by Lola Prusac. Many of her creations have become cult objects: just think of the famous silk carré or two legendary bags, the Kelly and the Birkin, the subject of the ruling.

The history of the Kelly bag dates back to 1937, designed by Robert Dumas, it was born from the first model of bag that the maison had created: originally presented as a saddle bag, it soon took on a more chic and elegant look. The current name, Kelly, can be traced back to the 1950s when the movie star Grace Kelly was photographed on the cover of LIFE magazine, trying to hide her pregnancy by hiding her baby bump behind her Hermès bag, black version in crocus; so the maison decided to give her her name as a tribute. Since then she has never left the scene, and, today as in the past, the Kelly remains that iconic and timeless accessory, a source of inspiration for the greatest designers, which drives women all over the world crazy.

The Kelly is still in production today and, although its style has undergone several evolutions over the years, its distinctive features such as quality and identity have always remained unchanged; just think of the production process, rigorously carried out by hand from start to finish for a total of about 18 hours of work for each bag.

Each Kelly is handmade by a single craftsman whose name will then be embossed inside the article along with its manufacturing date. These two details identify the bag as original, also giving added value to the product itself.

Quality is then present at every stage of processing, starting first of all with the selection of raw materials such as the leather used for the creation of the piece. The requirements for the selection of hides are very precise, rigorous and very high. Once the leathers for each bag have been selected, they are delivered in pieces and hand-cut directly to the atelier where the magic will begin.

The craftsman will begin to create the first inner lining made of goatskin and then focus on the base of the bag, hand-sewn with approximately 2600 stitches. The seams are among the most distinctive and exclusive features of the Maison. In the processing of leather goods, in fact, a double saddle stitching is always performed as it has been verified to be a guaranteeing technique of tightness and strength.

Among the production phases there is also that of ironing, that is when the bag is now completed and is ironed so as to eliminate any trace of crease or imperfection to the touch. We then move on to the printing of the name “Hermès Paris” on each bag and to the fine-tuning of details such as the handle, made with five pieces of leather modeled by hand, and the hardware, intended as metal parts of external decoration, rigorously gold-plated according to the pearling process.

The second bag being analyzed is the Birkin, whose name derives from Jane Mallory Birkin, English actress and singer. It all began in 1983 on an Air France Paris-London flight, alongside the icon of the twentieth century, traveled by Jean-Louis Dumas, then a designer for the French maison, who later became president. During the flight the singer complained that there was no bag on the market that was both capacious, refined, but also comfortable and practical. Dumas took up the challenge and a few weeks later had a bag delivered to the actress's home that met her requests exactly: wide shape, refined design, in soft leather and twist lock closure with flap divided into three sections⁴¹.

Its most classic and iconic version is in a color that has absolutely nothing basic: orange. This is the color that has always characterized the Hermès maison⁴². Otherwise It is available in many colors and different leathers: from black to beige, from red to pink, from ostrich to crocodile leather.

The two bags are of the same kind. From a technical point of view, the main difference lies in the fact that the Birkin has two handles and always remains open, the Kelly instead has two handles and must necessarily be closed. Constant of both: the very high desirability.

While The Lindy Bag was first introduced to the public during the Hermès 1992 collection. Designed by Friederic Vidal, the bag was created as a homage to the American Street Dance, Lindy Hop. The handles are placed on the shorter end of the bag instead of going on the long side of the bag so the structure folds on itself, giving it a special silhouette.

⁴¹ Karen Homer, *Hermès la storia della celebre casa di moda*, Il Castello, 2023.

⁴² In 1945 Émile-Maurice Hermès, in search of beige boxes that could not be found in times of war, had to choose the orange ones to package their products.

Since these bags are not mass-produced and their creation requires great skill, they are very expensive (the base price is around € 6000) and there is a long waiting list to get them. Given the prestige, fame and reputation of these bags, they are protected all over the world by various trademarks.

For the **KELLY** bag

- Registration of Italian trademark n. 1003725 *“forma di una borsa per signore caratterizzata da un fondo rettangolare allungato a due facce principali sostanzialmente rettangolari di cui quella posteriore si estende con un risvolto che, a borsa chiusa, copre la zona superiore della faccia anteriore; il risvolto presenta una zona rastremata in corrispondenza della quale due cinghie che si estendono dai lati della faccia posteriore attraverso le facce laterali, fuoriescono dalle feritoie nella faccia anteriore e sono atte ad impegnarsi con il dispositivo di chiusura della borsa; la chiusura essendo assicurata da un lucchetto la cui faccia anteriore presenta una lettera “H” stilizzata”*⁴³.

The trademark was filed on 10 May 2002 and registered on 13 April 2006 at the Italian Patent and Trademark Office by Hermès Italie s.p.a.



The Italian shape mark n. 1003725

⁴³ Uibm.gov.it., online database.

- Registration of Italian trademark n. 882873 *"il marchio consiste nella forma e decorazione del dispositivo di chiusura di una borsa o simili, caratterizzato da un risvolto presentante una zona rastremata cui si sovrappone una cinghia le cui estremità si impegnano con una chiusura assicurata da un lucchetto la cui faccia anteriore è decorata con una lettera "H" stilizzata"*⁴⁴.

The trademark application number 882873 was filed by the company Hermès Italie s.p.a. on January 8, 2003 and the registration obtained on February 6, 2003 at the Italian Patent and Trademark Office.



The Italian shape mark n. 882873

⁴⁴ Uibm.gov.it, Kelly locking device, online database.

- Registration of community trademark n. 002083327 *"The trademarks consists of the representation of a ladies' handbag, distinguished by the fact that the bag flaps which are rectangular and appear on both sides, in the upper section of the front side of the bag, are held by a" bag strap ", both parts of which run from the outer edge of the bag's back side through the side section to the front side where they are held together there with a locking element with a padlock ⁴⁵".*

The trademark was filed on February 9, 2001 and registered on June 14, 2005 by Hermès International at EUIPO.



The Community shape mark n. 002083327

⁴⁵ Tmdn.org, Kelly bag. [Online] Available at: <https://www.tmdn.org/tmview/welcome#>.

For the **BIRKIN** bag

- Registration of Italian trademark n. 1003726 “*Il marchio nella forma di una borsa per signora caratterizzata da un fondo rettangolare allungato a due facce principali sostanzialmente rettangolari di cui quella posteriore si estende con un risvolto che, a borsa chiusa, copre la zona superiore della faccia anteriore; il risvolto presenta una zona rastremata in corrispondenza della quale due cinghie che si estendono dai lati della faccia posteriore attraverso le facce laterali, fuoriescono dalle feritoie nella faccia anteriore e sono atte ad impegnarsi con il dispositivo di chiusura della borsa; il risvolto della faccia posteriore presenta due intagli che si estendono dal bordo fino alla zona di collegamento del manico al corpo della borsa; la chiusura essendo assicurata da un lucchetto la cui faccia anteriore presenta una lettera “H” stilizzata*”⁴⁶.

The shape mark was filed by Hermès Italie on May 10, 2002 and registered on April 13, 2006.



The Italian shape mark n. 1003726

⁴⁶ Uibm.gov.it., Birkin bag, online database.

- Registration of Italian trademark n. 882872 *"il marchio consiste nella forma e decorazione del dispositivo di chiusura di una borsa o simili, caratterizzato da un risvolto presentante una zona rastremata cui si sovrappone una cinghia le cui estremità si impegnano con una chiusura assicurata da un lucchetto la cui faccia anteriore è decorata con una lettera "H" stilizzata"*⁴⁷.

The trademark application number 882872 was filed by the company Hermès Italie s.p.a. on January 8, 2003 and the registration obtained on February 6, 2003 at the Italian Patent and Trademark Office.



The Italian shape mark n. 882872

⁴⁷ Uibm.gov.it., Birkin locking device, online database.

- Registration of community trademark n. 004467247 which is not related in description.

The brand was registered by Hermès International s.c.p.a. on May 26, 2005 and registered on May 11, 2007.



The Community shape mark n. 004467247

- US trademark registration no. 3936105 “Color is not claimed as a feature of the mark. The mark consists of the configuration of a handbag, having rectangular sides a rectangular bottom, and a dimpled triangular profile. The top of the bag consists of a rectangular flap having three protruding lobes, between which are two keyhole-shaped openings that surround the base of the handles. Over the flap is a horizontal rectangular strap having an opening to receive a padlock eye. A lock in the shape of a padlock forms the clasp for the bag at the center of the strap. The broken lines in the drawing represent the location of the handles and are not part of the mark”⁴⁸.

The shape of the Birkin bag was officially registered with the Patent and Trademark Office on March 29, 2011.



The american shape mark No. 3936105

⁴⁸ Tmsearch.uspto.gov., U.S. Birkin Trademark. [Online] Available at: <http://tmsearch.uspto.gov/bin/showfield?f=doc&state=4806:py9w8n.2.1>.

- US trademark registration no. 1806107 *“The mark consists of rectangular straps which fit over the flap of the handbag, and whose ends are joined with rectangular hardware which includes a turn-lock and a padlock. The dotted line appearing on the drawing is not a part of the mark and serves only to show the position of the mark”*⁴⁹.



The American shape mark No. 1806107

⁴⁹ Tmsearch.uspto.gov., U.S. Turn-lock Trademark. [Online] Available at:
<http://tmsearch.uspto.gov/bin/showfield?f=doc&state=4806:py9w8n.3.1>.

For the **LINDY** bag

- Registration of two community models n. 000573555-0016 and 000573555-0017⁵⁰.

The first is owned by Hermès Sellier, filed on 7 August 2006 and was registered on the same day. According to the Eurolocarno database, the product in question belongs to the “bags” category; this model got renewal on June 23, 2011.



The community model n. 000573555-0016

The second model, also owned by Hermès Sellier, was registered with EUIPO on the 7 August 2006. It is also part of the "bags" category.



The community model n. 000573555-0017

⁵⁰ Tmdn.org., Lindy bag. [Online] Available at: <https://www.tmdn.org/tmdsview-web/welcome>.

2.1.2 The agreed parties: Laurence S.r.l. and Emperia Inc, Anne Sophie Inc., Tops Handbag Inc.

The defendants are companies that are much smaller and less well known than the French maison.

Laurence S.r.l. is a company registered in the province of Turin, with the following legal form: SRL and VAT number 00675650014.

The registered office is located in Via Antonio Gramsci 15, at postcode 10123. The company develops an estimated turnover in the range of 0.25 - 0.5 (Ml. Euro). Laurence S.r.l. has an estimated number of employees from 2 to 5. The company is classified with the ateco code 52432, in the leather goods category, more precisely in the leather goods sub-category⁵¹.

As for the Californian brands, they are three private unlisted companies whose main business is to import women's bags and resell them to distributors and retailers throughout the United States.

Emperia Inc. is headquartered at 2450 E Vernon Ave, Vernon, California 90058, went to a showroom on the 5th Avenue in New York. Emperia specializes in producing high quality, designer inspired, on trend, vegan leather handbags. Emperia is a vertically integrated company, controlling all aspects of design, production, operations and delivery. They manufacture bags for specialty and chain store retailers, for everyone from higher end retailers to specialty boutiques.

Anne-Sophie Inc. (ASI) is a Delaware company that manufactures and distributes women's handbags under the brands Emperia, Ferris & Mor, Anne-Sophie and Alyssa.

Finally, Tops Handbag Ing., Another Californian company, is one of the main producers of “handbags”, which works for Emperia.

The aforementioned companies have been sued by Hermès International with allegations of trademark counterfeiting, false designation of origin and unfair competition.

⁵¹ <https://www.impresaitalia.info/kk04774929/laurence-srl/torino.aspx>.

In Italy, in fact, Laurence S.r.l. has produced and sold bags that represent the copy of the “Birkin”, “Kelly” and “Lindy” models, respectively protected by Italian and Community trademarks and by a Community model.

While the Californian company has distributed thousands of inexpensive bags to various online retailers that had the overall appearance and most important design features of the Birkin model, registered as a "Trade dress" in the "Principal Register" of the USPTO (United States Patent and Trademark Office).

2.2: The Italian case: *Hermès Internation V. Laurence S.r.l.*

2.2.1 *The accusations and requests of the plaintiff*

Subject to national jurisdiction, the defendant Laurence S.r.l., is sued by the French giant to report and inhibit, first of all, an incorrect production activity that could mislead the consumer about the origin of the models of the bags, but also a behavior contrary to professional correctness, to be avoided in competitive relationships. According to Hermès, Laurence has carried out acts of unfair competition, through the production and sale of bags similar to the three original models "Birkin", "Kelly" and "Lindy", iconic products of the maison and respectively protected by Italian and Community model.

As provided for by Article 2598 of the Civil Code, "[...] anyone who 1) uses names or distinctive signs legitimately used by others, or slavishly imitates the products of a competitor, or performs acts by any other means suitable for engaging in unfair competition to create confusion with the products and with the competing activity [...]".

In addition, the plaintiff asks Laurence S.r.l. a pecuniary measure by way of penalty consisting in the payment, for each 56 days of delay in the execution of the sentence, of a sum of not less than two thousand euros and for each model marketed by Laurence S.r.l., after the issuance of the sentence, a sum equal to five hundred euros.

Still on the subject of pecuniary sanctions, the French fashion house formulates a request for compensation for damages following the sale of the bags reproducing their models, to be settled on an equitable basis in the event that it cannot be measured and proven in its precise amount⁵². Alternatively or in aggregate, Hermès asks for the payment of an amount equivalent to the net profit that Laurence S.r.l. would have obtained from the sale of the products in question⁵³.

Among the claims of the plaintiff there is also that of obtaining the publication of the sentence in two national newspapers and at least in one fashion magazine; the will is

⁵² Art. 1226 of the Italian Civil Code.

⁵³ Article 125, paragraph 3, c.p.i ..

evidently that of informing other fashion operators of the damage suffered and of informing the final consumer of the incorrect behavior of the Turin company.

By way of preliminary investigation⁵⁴, on the other hand, the plaintiff party requests that the Judge orders Laurence S.r.l. the display of any type of information necessary to identify the number and price of the bags marketed since 2003 by the Turin company⁵⁵.

In addition to this, Hermès asks the Judge about the testimonial evidence of Laurence S.r.l. on four important issues:

- confirmation regarding the visit which took place on 25 November 2007 at the Laurence S.r.l. on behalf of representatives of Hermès, directly appointed by the French fashion house; the aim was to verify the production of the models covered by the sentence;
- admission that the saleswoman, during that visit, explained that some models made by the Turin company were made at the request of customers, while others were like the Hermès models;
- confirms that with regard to a specific model, namely Lindy, during the aforementioned visit the shop assistant of Laurence S.r.l. had shown a bag describing it and comparing it to the production model of the French house;
- finally, again with reference to the Lindy model, confirms that the shop assistant had explicitly said that the model of bag shown was precisely that of Hermès, that it was a new and difficult to find model.

Such witness evidence is useful because, if confirmed, it would demonstrate the defendant's unfair competition against Hermès regarding the Lindy model.

⁵⁴ V. Andrioli, *Diritto processuale civile*, E. Jovene, Napoli, 1979, p. 230. Per attività istruttoria si intende quel momento in cui si acquisiscono degli elementi di fatto che saranno valutati dal Giudice al fine di giungere ad una decisione. Si tratta della raccolta delle prove e dei fatti rilevanti sui quali si fonderà il giudizio dell'autorità.

⁵⁵ Art. 121 bis, c.p.i.

2.2.2 The defendant and its defense: the inquiries

In relation to the preliminary inquiries, the Turin-based company requires, first of all, the provision of an expert technical consultancy (CTU) for the Kelly and Birkin bags, more reliable if carried out by an expert in the fashion sector⁵⁶, in such a way as to verify whether the trademarks have the characteristics necessary for registration, such as novelty and distinctive capacity, and whether the shape of the bags, protected by the trademarks, is imposed by the nature of the product, is necessary to obtain a technical result or confers substantial value to the product⁵⁷. If only one of the aforementioned cases occurs, the shape mark must be considered invalid due to absolute impediment to registration.

Furthermore, the defendant also requests the same technical advice for the Lindy model, through which to compare the model made by Hermès with that of the Turin company to ascertain the existence of the likelihood of confusion that may arise in an informed user, with a higher attention than an average consumer. In other words, we want to establish whether the two models arouse an equal or different general impression. To this end, the dimensions of the products will be compared, among other things and it will be discussed whether the bag of the Turin company actually constitutes a copy of Hermès Lindy⁵⁸. Obviously, the advice will be favorable to Laurence S.r.l. if there will be numerous differences between the two.

The defendant also asks for testimonial evidence to prove the absence of reproduction of the brand / logo of the maison on the bags produced and marketed by Laurence. At the same time, the Court held that the failure to reproduce the trademark was of no relevance, pointing out, moreover, that Laurence sold the bags produced using the same name chosen for the original models of the maison, consequently generating a high risk of confusion towards customers.

In addition, the defendant filed an accusation against the plaintiff regarding two Italian shape marks, for which it asks the Court to first verify the lack of active legitimacy of the French fashion house. It is about the marks 882872 and 882873, which refer to the shape

⁵⁶ Art. 7, paragraph 1, letter b), Reg. 40/1994; art. 12, art. 13, c.p.i ..

⁵⁷ Art. 7, paragraph 1, letter e), Reg. 40/1994; art. 9, c.p.i .

⁵⁸ Art. 22, paragraph 1 and 2, Reg. 6 / 2002.

of the leather flap that forms the closing system of the Kelly and Birkin bag models on which the letter “H”, symbol of the French brand, is placed. Laurence preliminarily rejects the accusation for trademarks number 882872 and number 882873, since these two Italian brands are not investigated as the ownership belongs to a company outside the proceeding, which is not involved in the trial, namely Hermès Italie s.p.a .. In order to be able to consider these brands subject to examination of the judgment, one could assume the existence of a licensing relationship between Hermès Italie and the plaintiff party, but this is not relevant for the purposes of the proceedings since the assets of the companies mentioned are autonomous and such this circumstance prevents the attribution of property rights that belong only to the effective owner of the trademark to another company belonging to the group. This "supposition" advanced by the plaintiff seems reasonable, in light of the fact that Hermès Sellier markets the Birkin and Kelly models (also) in Italy and the models are the subject of exclusive rights of Hermès Italie since it is the latter that has registered of the marks here subject to preliminary objection. If there was no licensing relationship between the two, it would fall into a circumstance of counterfeit products. However, it is not enough to affirm the presence of a license relationship to reject the preliminary objection, as it should be proven and the plaintiff has not provided any documentation. For all these reasons, the Court upheld the preliminary objection advanced by Laurence S.r.l., thus excluding the trademarks number 882872 and 882873 from the assessment of unfair competition and counterfeiting requested by the counterparty.

Again in counterclaim Laurence S.r.l. asks, in the alternative, and therefore after acceptance of the plaintiffs' requests, that the bags seized by herself can be modified, thus allowing the recovery of the leather and its re-use for the production of further products. This option is provided for in the third paragraph of art. 124 of the industrial property code note 52 Art.124 c.p.i. paragraph 3: *“With the sentence that ascertains the violation of an industrial property right, the destruction of all the things constituting the violation can be ordered, if no particular reasons oppose it, at the expense of the author of the violation. The destruction of the thing cannot be ordered and the person entitled can only obtain compensation for damages, if the destruction of the thing is detrimental to the national economy. If the products constituting a violation of industrial property rights are susceptible, after adequate modification, to a legitimate use, the judge may order,*

instead of their definitive withdrawal or destruction, their temporary withdrawal from the market, with the possibility of reintegration to following the adjustments imposed to guarantee compliance with the law "

Analyzing the requests of both parties, it can be seen that while the request of the French company is based on an hypothesis of unfair competition and counterfeiting by Laurence S.r.l., the Turin company focuses on the issue of the nullity of the trademarks; attempting to reject the accusations made by the counterparty by demonstrating as evidence its decades-long production of handbags in order to deprive Hermès of all rights on the models of handbags that are the subject of the sentence.

2.2.3 Trademark nullity: evidence for and against

In this regard, the defendant advances in its defense and requests by means of a counterclaim for invalidity that the Italian trademark 1003725 and the community trademark 002083327 be declared null and void, placed to protect the Kelly bag model, and the Italian trademark 1003726. and the community trademark 004467247 to protect the Birkin bag, claiming that they are invalid due to specific absolute and relative impediments, thus causing de facto the impossibility for Hermés of the exclusive use rights acquired following the registration of a community and national trademark. In this question there are three relevant cases that the Turin company wants to highlight in order to make the brands of the French maison ineffective:

In the first place, it recognizes the lack of a suitable sign to constitute a registrable trademark, according to Articles 4 and 7 of the Community Trademark Regulation no. 40/94 and according to art. 7 of the industrial property code. They refer to the object of registration, that is, a sign can be registered as a trademark if it is susceptible of graphic representation and if it is suitable to distinguish the services and products of the company on which it is placed. If these elements do not exist, the sign cannot be registered. In this case, shape marks are concerned: they can be considered registrable as long as the shape is an element that characterizes and distinguishes the specific product by its origin; it is in fact necessary that it allows to identify a certain asset as deriving from a specific company. In light of this, according to the first instance judge, the application for invalidity that the Turin company has made, invoking the non-existence of a sign suitable to be considered a trademark, cannot be accepted as the registered shape marks for the models Birkin and Kelly connote them as products from a specific fashion house. The shape marks in question distinguish a particular model of bag within the general category to which they belong, thus fulfilling their distinctive capacity function. They are therefore suitable for characterizing products as coming from a certain firm. As regards the second case, Laurence S.r.l. argues that with regard to registered trademarks, which protect the shapes and closures of the bags, there is an impediment to their registration. According to the provisions of art. 9 of the c.p.i. and by art. 7 in paragraph 1, lett. e, of Regulation no. 40/1994 in which the conditions that imply the exclusion of a shape mark from

registration are set out, a shape that is imposed by the very nature of the product, which confers substantial value to the product or which is capable of obtaining a technical result. We then proceed now to the analysis of the first paragraph, art. 7 lett. e) of Regulation no. 40/1994 with reference to the case in question, paying particular attention to the adverb "exclusively" which introduces the three cases which are valid to exclude the possibility of registering certain signs as shape marks. As for the first question, consisting in the existence of a shape imposed by the very nature of the product, the court considers, again like the previous one, that this accusation must be rejected since the bag product can take different forms. The shape marks that Hermès has registered identify two models of bags whose conformations do not depend on the nature of the product. Within these products, the configurations that can be assumed are many, as are the ways of closing a bag and it is for this reason that the French fashion house was able to register the aforementioned shape marks⁵⁹. Among the causes that exclude a sign from registration as a trademark there is also that consisting in the fact that the shape gives a technical result to the product: Laurence S.r.l. invoked in this case, this motivation with particular reference to bag closures, placing the brand number 002083327 at the center of attention. The reason for this prohibition is in the fact that we want to avoid that a useful way technical result has perpetual protection, giving a competitive advantage to the company that has registered this shape as a trademark. The other trademarks mentioned above are not taken into consideration considering this profile of nullity, as they also concern the shape of the bag and not just the closure. The Board's decision on trademark number 002083327 is based on the descriptive content of the trademark, according to which the latter does not consist exclusively of a form that allows the bag to be closed and which is therefore necessary to obtain a technical result. The closing system results, in fact, from the padlock that blocks the flap in the front part of the bag, without involving the straps, which are in any case part of the description of the brand number 002083327. The fact that the straps do not contribute to being a necessary and indispensable element when the bag is closed, but falling within the brand in question, they exclude it from its consideration as a shape mark consisting exclusively of a sign that allows a technical

⁵⁹ Trib. CE, February 16, 2000, case T-122/99, consulted at www.curia.europa.eu In this case, Procter & Gamble had filed an application with EUIPO to register the shape of a soap it produces. had been rejected because the shape that was wanted to be registered was deemed imposed by the very nature of the product.

result to be obtained. The third case study identified by the article in question here concerns signs consisting exclusively of a shape that confers substantial value to the product. In this case, we want to prevent the shape assumed by an object from becoming the only determining element in the final consumer's choice of purchase. In fact, the buyer should not only be attracted by the shape of the product, but also by other elements; if this were not the case, the shape would not be registered as a trademark, while it would be registered as a model, with consequent access to the protection of the patent system. In the present case, the purchase and sale of a bag is presumed not to be due solely and exclusively to the shape, but that additional characteristics such as material, color, size, personal needs and the financial availability of the subject are considered. For these reasons also this request for invalidity by Laurence S.r.l. is rejected, excluding that the shape of the bags in question gives them a certain substantial value.

In summary, the trademarks owned by the plaintiffs comply with what the legislation, both national and EU, requires regarding the suitability of the form for obtaining registration; this result makes the technical advice requested by the defendant superfluous in order to verify the correctness of the shape marks registered by the French fashion house.

Thirdly and lastly, the defendant wants to demonstrate the anteriority of the production of the bags of the same with respect to the registration of the Birkin, Kelly and Lindy models. What Laurence S.r.l. tries to prove is the fact that they have been producing a Kelly-like model since 1970, a Birkin-like model since 1985, and the Lindy-like duffel bag since the mid-1970s. The defendant argues that for the signs relating to the Kelly and Birkin models there is a lack of distinctiveness and novelty, according to the provisions of Articles 7, paragraph 1, lett. b) and d) and 51 of Regulation no. 40/1994, as well as art. 12, 13 and 25, lett. b) of the c.p.i. .. In light of this, the same invokes the right to pre-use⁶⁰, thus depriving of foundation the accusation of counterfeiting and / or unfair competition by the plaintiff, given that their production and marketing of bags precedes the registration of Hermès models as trademarks. Specifically, Laurence S.r.l. highlights how the lack of distinctiveness at the time of registration constitutes an absolute impediment

⁶⁰ Art. 12, paragraph 1, letter b, c.p.i. ; art. 2571 c.c. ; art. 107, Reg. 40/1994.

to the same. The plaintiffs would then have applied for registration for forms of bags that were already present and widespread on the market, making them lacking the ability to accurately identify the manufacturing company. It is in fact necessary that a form, if registration is requested, allows the consumer to trace the manufacturer of origin without carrying out a careful analysis of the product; as soon as you have seen the product, you should be able to identify the company from which it derives and distinguish it from the others. In addition, Laurence S.r.l. has provided documentation to testify that the model of bags produced, the shape of which is similar to the Kelly and Birkin model, has been widely used since the 1970s and also during the years preceding the registrations of the aforementioned brands. On the other hand, there is no evidence demonstrating the acquisition of the distinctive ability by the trademarks registered by the plaintiffs. The plaintiffs have, in fact, only brought substantial evidence in press reviews, that is a set of articles dealing with the Hermès brand in newspapers of the fashion sector and other sectors, however not sufficient to demonstrate the distinctive ability of the brands. The Board therefore decides, contrary to the previous cases, to declare the Italian shape marks 1003725 and 1003726 and the Community trade marks 002083327 and 004467247 null for lack of distinctive capacity. The defendant's request in this regard is therefore accepted: at the time when the aforementioned trademarks were registered, models of bags with a similar shape were already on the market. In the light of this decision, the examination of the defendant's requests regarding the right of pre-use that it has on the stock exchange models in question becomes superfluous. By declaring the aforementioned trademarks null and void, the claims of the plaintiffs regarding compensation for damages, allegations of unfair competition and counterfeiting are rejected by the Board, being considered absorbed.

2.2.4 Community models: assessments of their validity

We now consider the Lindy model, which the French fashion company has protected with community models number 000573555-0016 and 000573555-0017, described above. For the bag model in question, Laurence S.r.l. had asked the Court for official technical advice in order to ascertain whether the French and Turin products could arouse the same impression in an informed user. This with the aim of verifying the validity of the allegations of counterfeiting and unfair competition made by the plaintiff. As for the alleged counterfeiting of the Lindy model, Laurence S.r.l. claims that she was the first to produce it: the Turin-based company initially produced this model as a travel or sports bag, equipped with handles and shoulder strap. Only later, in the eighties, was a lady's bag made along the lines of the “trunk” model. The Turin company therefore argues that from the comparison between its model of bag and that produced by Hermès, there are differences such as to generate a different general impression in the informed user. In addition, on the basis of the evidence and documentation provided by the defendant, the model made by it turns out to be a sports bag, large and made of technical material, which differs from the model produced by Hermès in that the compartments and hinges are different and lack the straps that are instead present in the French model. In light of this, the informed user should in no case be confused, since he would always be able to notice the differences and recognize the model made by Hermès in his own individuality. Unfortunately, however, the documentation provided by the defendant is not relevant for the purposes of art. 22 of Regulation number 6 of 2002, according to which a third party acquires the right to pre-use a model with respect to a registered Community one, if he proves that he has widely disseminated and used his model, before the request for filing was requested and if it does not constitute a copy. In fact, the documentation reported sketches that were undated and unsuitable for proving the successful marketing of the sports bag model which, in some cases, had nothing to do with Lindy, that of Hermès. In addition, with regard to models, the question of the impression aroused in the informed user is fundamental. The impression that the defendant's product, similar to Lindy, arouses in an informed consumer is a general impression of similarity and not of diversity; although there is no confusion between the two products, to exclude that the bag made by Laurence S.r.l. is a copy of that of the actresses, it is necessary that it produces a different overall impression. The latter, in the present case, does not apply since what distinguishes

the bag of Laurence S.r.l. from the Lindy model are banal elements that do not contribute to making the product endowed with its own individuality. The observation of both models therefore leads an informed consumer to support their similarity, rather than their diversity, given the absence of characteristics such as to confer individuality. What you should have is a different impression of the two similar products, which arises from the observation of the whole object and not from the detailed analysis of the details. From all these observations, the court decided that there is a case of counterfeiting of the aforementioned Community models owned by the plaintiffs. From this follows the prohibition of the production and marketing of the bag made by the defendant and the imposition of a fine of 1500 euros for any production subsequent to the issuing of the aforementioned sentence. The finding of the counterfeiting took place through the comparison between the registered model and the product assumed to be the copy.

As regards the accusation of unfair competition, Laurence S.r.l. It argues that the models produced all carry the company's logo printed on the leather and are sold only in their point of sale. In this way the defendant disputes the claims of the plaintiffs. The hypothesis of unfair competition was on all three models of bags objects of the sentence, but, since for the brands that protect "Birkin" and "Kelly", the court has decided to preliminarily declare their nullity, it is taken into consideration only for the Lindy model. For the latter exchange it is not possible to ascertain unfair competition as a comparison between the two products would be needed in order to verify whether they are actually confusing or not. The plaintiffs did not in fact deposit a copy of the Lindy bag, therefore it was not possible to make a comparison between the two products and establish the existence of unfair competition⁶¹. The accusation of unfair competition made by the French fashion house is considered rejected.

⁶¹ Art. 2598, paragraph 2, of the Italian Civil Code.

2.2.5 The sentence

The requests made by the plaintiff are accepted only with regard to the Lindy model. The Court in fact sentenced the defendant to pay damages for infringement, not being able to ascertain the existence of unfair competition due to the impossibility of comparing the bags produced by the defendant with those of the plaintiff; in addition to this, it must provide for the destruction of all bags constituting counterfeiting. In this regard, it should be added that the quantification of the compensation for damages can only be done on an equitable basis as the defendant did not keep the accounts in an analytical way and it is not possible to trace the precise proceeds obtained from the sale of the bag. It is therefore necessary to assess the amount of compensation due to Hermès in another way. The Court maintains that Laurence S.r.l. has sold at least twenty copies of the Lindy model in the period between the registration of the trademark and the sentence in question. The payment is therefore set at € 18 thousand, in addition to the legal interest accrued from the date of presentation of the sentence.

As regards the Birkin and Kelly models, the registered trademarks that protect them have been declared null and void due to lack of distinctive capacity, namely numbers 00208337, 004467247, 1003725 and 1003726; therefore it was not possible to accuse the Turin company of counterfeiting and unfair competition for the latter models of bags.

Finally, the Court decided not to provide for the publication of the sentence in fashion magazines and in two national newspapers. however, a copy of the sentence must be sent to the Italian Patent and Trademark Office, by the Chancellery.

As regards the support of the legal costs, the Court declares that they are fully compensated, since there is the loss of both parties and not just one. According to the criteria for allocating these expenses, the legislative choice is to indemnify the person who has had to defend his reasons from the unjustified accusations of the counterparty, who would therefore be entitled to reimbursement in full at the end of the dispute. However, since this is a case of reciprocal unsuccessfulness, the Judge has correctly decided to compensate the court costs in whole or even partially.

Basically, the requests made by the French fashion house were only partially accepted for the Lindy model. As regards the other two models of bags, the defendant's requests were instead accepted. The decisions of the Court are to the disadvantage, on the one hand, of the defendant in that it is required to compensate the damages caused to the plaintiff by the marketing and production of a copy of the Lindy model; on the other hand, the disadvantaged party is the French fashion house as it sees its own brands declared null for lack of distinctive ability.

2.3 The American case: *Hermès International V. Emperia Inc.*

2.3.1 The accusations of the plaintiff

In 2014, in the State of California, the French maison filed a complaint against Emperia Inc., Anne-Sophie Inc. (ASI), and Top's handbg Inc., three parent companies belonging to the same group, for having produced and sold / distributed to online retailers: Charming Charlie and JustFab, knock-off of the Birkin model. As has already been said, because of the enormous sales, extensive advertising, promotion, and media coverage, the bag model in question has become a symbol of luxury so the Birkin Bag's shape has acquired secondary meaning and developed into a famous tridimensional trademark, defined by: *“(a) a distinctive three lobed flap design with keyhole shaped notches to fit around the base of the handle, (b) a dimpled triangular profile, (c) a closure which consists of two thin, horizontal straps designed to fit over the flap, with metal plates at their end that fit over a circular turn lock, (d) a padlock which fits through the center eye of the turn lock and (e), typically, a key fob affixed to a leather strap, one end of which is affixed to the bag by wrapping around the base of one end of the handle”*⁶².

For this reason, the 29th March of 2011, the USPTO (United States Patent and Trademark Office), decided that both the shape and the lock of the bag must be registered in the Principal Register, in order to give particular protection to it. As a consequence Hermès becomes the owner of the registered trademarks n. 3936105 and n. 1806107.

As the owner of the trademarks, Hermès exercises its rights, accusing the Californian companies of “trademark infringement, unfair competition, false designation of origin and dilution by tarnishment” for the production and sale of products that infringe registered trademarks no. 3936105 and 1806107 relating to the “Birkin bag”.

⁶² <https://www.iptrademarkattorney.com/trade-dress-handbag-attorney-trademark-purse-hermes-birkin-bag-emperia/>



Provision of primary interest, in this ruling as in the others that allowed Hermès, owner of trademarks no. 3936105 and no. 1806107 duly registered and configuring the design of the Birkin bag, to avail itself of the relative protection and to oppose their rights towards the illicit reproduction of the iconic bag, is the Lanham Act: Central source for the protection of intellectual property in the American continent, which attributes substantial importance, similarly to the provisions of Italian law, to the registration of the trademark: *“Any person who shall, without the consent of the registrant use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive [...] shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive [...]”*⁶³.

A further disputed and recognizable profile in the conduct voluntarily put in place by the defendants is § 1125, 1, a) and b), 15 U.S.C., Sect. 43 which establishes the false designation of origin. In fact, although they produced bags of a lower quality by selling them indirectly at a highly competitive price, they exploited the reputation of the brand as well as the original model, consequently spreading an erroneous belief about the

⁶³ 15 U.S.C., Sect. 32, § 1114 Lanham Act.

authenticity of counterfeit products. These activities carried out in violation of the rights of the owner of a duly registered trademark, constitute conduct that can be punished in the forms and terms provided for by the same § 1125 and according to the provisions of § 1117, Sect. 43 of the Lanham Act.

Emperia, Inc., it is involved in the same counterfeiting acts as its parent companies. In fact, Anne-Sophie Inc. and Top's Handbag Inc., have distributed most of the bags in question under the Emperia brand. They voluntarily and deliberately took this action, intentionally infringing the trademarks, and voluntarily continued in their illegal activities even after receiving the notification of infringement by Hermès. According to the French company, in fact, the sale of imitations of the Birkin model created in the consumer public a risk of confusion, error and mislead.

In fact, even if consumers buy the imitations produced, aware that they do not come from Hermès and that therefore they are not authentic bags, those who see the bags being worn by customers, may believe that in reality the bags are authentic, thus giving the copies the same prestige of the original Birkin. According to Hermès, the defendants have taken these actions with the express intent of confusing, misleading or deceiving the public as to the origin of the bags in question. The shares of the three companies involved therefore also constitute a false denomination of origin according to the Lanham Act, 15 U.S.C. § 1125: *“1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.”*

Third accusation raised by the French maison concerns that the actions of the defendants constitute infringement of the registered trademark and acts of unfair competition according to the common law of the State of California⁶⁴.

Finally, by selling poorer copies, the accused parties have created "dilution by tarnishment" of the famous brand. In other words they have diminished the ability of the Birkin brand to effectively identify and distinguish the good in question, associating the original product with the cheaper and of a lower quality American product, thereby creating the false impression that Hermès has licensed his famous brand for the production of consumer goods.

⁶⁴ State Trademark registration statute (California).

2.3.2 *The requests of the plaintiff*

As a consequence of the damage suffered by Hermès itself and by the consumers, the French maison first requests that:

- the defendants and their representatives, staff, employees and all persons acting, be prohibited from producing, importing, distributing, advertising, selling or offering for sale the accused products, or any bag bearing an identical or similar sign to Birkin that could create confusion, error or deception in the consumer;
- the delivery by the defendants of all imitations of the bag together with all the promotional and commercial material, in order to be destroyed.
- that all names and general information of the different sellers of the counterfeit products be provided.
- the payment by the parent companies of all damages received as a result of their unfair behavior, that these be tripled, in application of 15 U.S.C. Section 111774: :“ *When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party)*”,

- the payment of all legal costs and fees associated with the case in question, as required by law.
- the delivery to the applicant's lawyer, within 30 days of any injunction, a report written under oath detailing the ways in which the defendants complied with the requests mentioned above.

2.3.3 The sentence

On 07/31/2014, n. 2.14-CV-03522, Hermès wins the appeal against Emperia Inc, Anne Sophie Inc, Top's Handbag Inc. as the Court recognizes the disputes brought by the French giant deriving from the production and sale by the defendants of vulgar imitations of the iconic product a violation of the maison's rights.

The Court affirms the exclusive ownership of Hermès on the registered trademark n. 3936105 about the design of the Birkin Bag as well as inherent to the brand n. 1806107 about the particular closure of the bag, registration that gives the brand full effect and gives it full protection, given that the peculiar characteristics of the products are such as to make them absolutely distinguishable from other similar products. The trademarks in question meet all the requisites required for the registration of the trade dress, such as novelty, distinctive ability and non-functionality and are therefore subject to the protection of the Lanham Act, and the owner of the trademarks therefore has the right and the power to prohibit third parties to use the same in other productions. In fact, the violation creates a risk of confusion in consumers and threatens their reputation

The Court affirms the existence of a real case of trademark infringement as well as false denomination of origin and unfair competition. The same ordered and therefore prohibited the defendants and all those who were employed by them or who had acted in concert, any subsequent production, import, distribution, advertising, sale and marketing of products that had similar characteristics to the original model.

The court prohibits the shipment, delivery, distribution, transfer, movement, storage and any placing on the market of such counterfeit products, with the exception of those previously placed on the market purchased by the consumers of the defendant companies, which are exempt from the provisions of the standing order: *“Injunctions are hereby permanently restrained and enjoined from infringing upon the Birkin Bag Designs, either directly or contributorily, in any manner, including generally, but not limited to manufacturing, importing, distributing, advertising, selling and/or offering for sale (i) any Accused Products, and (ii) any bag bearing a mark identical or confusingly similar to the Birkin Bag Designs [...]”*.

*Furthermore, Defendants and their agents, servants, employees and all persons in active concert and participation with them who receive actual notice of this Permanent Injunction are hereby permanently restrained and enjoined from: a) Passing off, inducing or enabling others to sell or pass off any products or other items that are not Hermès's genuine merchandise as and for Hermès' genuine merchandise; b) Knowingly leasing space to any tenant who is engaged in the manufacturing, purchasing, production, distribution, circulation, sale, offering for sale, importation, exportation, advertisement, promotion, display, shipping, marketing of Enjoined Products; c) Knowingly shipping, delivering, holding for sale, distributing, returning, transferring or otherwise moving or storing any Enjoined Products [...]"*⁶⁵.

The Court also prohibits intentionally favoring and assisting any person or entity to carry out the prohibited activities mentioned above.

The Court also imposed on the Californian companies the compensation for the damages caused to Hermès. Finally, the court established that if the defendant parties continue in their illegal activities, the damage caused which must be compensated will be tripled, in accordance with 15 U.S.C. § 1117, since the defendants would intentionally and voluntarily continue their violation.

Therefore we can say that contrary to the Italian case, in the American case Hermès International sees all its requests met and the validity of the registered trademarks n.3936105 and n.1806107 confirmed.

⁶⁵ Hermès International c. Emperia Inc., U.S. District Court of California n. 2.14-CV-03522, 31.07.2014

Chapter III: Trademarks in the Metaverse

As we have seen in the previous paragraphs, brand protection legislation is constantly evolving, trying to adapt as much as possible to market needs. The same situation can be seen in the case of trademark protection in the virtual world, or rather in the so-called metaverse. Obviously, in this case the difficulties are greater, as this is a field that is still too young and without reference regulations, which however will become increasingly pervasive. Indeed, it is certain that the decisions adopted for their resolution will lay the foundations for future and more substantial regulation.

3.1 The Metaverse

The origin of the metaverse is attributed to a novel of 1992 by writer Neal Stephenson entitled "Snow Crash". In the novel, all of humanity interacts in a virtual, entirely digital space, where every single individual is represented by a digital twin of the world real defined Avatar, a sort of parallel universe where everything is possible.

The metaverse could be defined simplistically as "the place" where common reality merges with the virtual one. It represents an evolution of the internet, indeed its main purpose is to break down the barriers of the internet and merge the virtual world that the internet represents with the real one of everyday life.

Probably the pandemic and the isolation that we have all experienced, has accelerated a process that was already underway: the interdependence of people who started from the need to socialize has arrived at the conduct of business, but is destined to completely "invade" the individual to the point of making the boundaries between virtual and real imperceptible.

Mark Zuckerberg himself, the well-known founder of Facebook in recent July 2021, set up a "metaverse" division on his platform convinced that the future of the platform itself will be to become a "metaverse" society.

What seemed like science fiction until a few years ago has become reality. The metaverse is therefore a technological platform which, through the users' alter ego avatars, re-proposes daily life in the virtual world with the aim of intercepting the users' needs through new functions, tools and games of augmented reality.

Over time, the digital spaces will be destined to host not only socialisation, entertainment or recreational activities but also business meetings and shopping for goods and services.

It will now be necessary to understand what will be the path that will lead a large part of individuals to complete their real life with online experiences.

In March 2022, for example, the first Metaverse Fashion Week in the history of fashion was held, on the Decentraland platform where fashion houses of the caliber of Hogan (Tod's group) presented in NFT (non fungible token) a digital re-edition of the first luxury sneakers of the brand name.

The business opportunities are therefore endless. Experts predict a value for the metaverse of around 700 billion euros in 2024.

Fashion has always been the spokesperson for the social changes underway and the role is to offer the market new contents and ongoing transformations, operating through an aesthetic language, made up of shapes and materials and now also of "intangible" goods, which goes straight to the emotional sphere of people.

From the point of view of the Maison, the Metaverse is an excellent opportunity to translate one's value system into an even more universal form: this interconnected reality offers the possibility of creating excellent branding, of transmitting values, principles and above all products of a brand in a huge and almost unlimited universe, giving the brand a contemporary, technological and up-to-date aura.

Another advantage of the metaverse is that it is an open and democratic space, where anyone has the opportunity to express their creativity. Here, even young designers would have the opportunity to make their work known, without having to enter the armoured calendars of the official Fashion Weeks⁶⁶.

⁶⁶ This is the case of the British Fashion Award-winning designer for Metaverse Design, Sapphire, who in addition to creating customized outfits for the platform's players, has a store that has sold over 2 and a half million items.

But are we really facing a democratic revolution? The answer cannot be unequivocal, in the opinion of various analysts, in fact, a large part of the world population is not yet sufficiently literate to understand the complex dynamics of the metaverse, especially if connected to the opening of wallets and therefore to the purchase of important goods in virtual. Added to this is a sort of skepticism of those who have no particular enthusiasm for buying virtual goods. The times are therefore still premature to be able to answer the question. But it seems clear that Metaverse, NFT and technology truly represent the future of the fashion system.

3.2 NFT non fungible Token

NFTs are unique digital items that cannot be counterfeited and whose ownership can be transferred. A sort of unique and unequivocal certificate of ownership of a digital object and/or work. The uniqueness of an NFT is guaranteed by the blockchain technology which prevents the digital certificate from being reproduced or modified in any way.

The NFT obviously does not exist in nature but must be created. Today it is possible to create an NFT of a painting, text, music, object, etc. In general for anything that can have a digital format, an NFT can be created. Once transformed into NFT that work will be unique, original because it can never be modified or duplicated again.

To understand the scope of the "phenomenon" and the economic implications that arise from it, just think that the "digital" version of a Gucci bag was sold for more than 4,000 euros to be worn in the Roblox video game. The same bag in the shop costs around 700 euros less.

To continue with some examples, Balenciaga has provided its virtual customers with accessories and skins while they are playing.

Currently, therefore, it is the gaming market connected to the fashion market, the one most advanced in the use of NFTs. Boys and girls who play online not only buy the game, but also a whole series of accessories, objects, skins and digital characters with it.

The other sectors, in addition to gaming, however, follow closely, first of all art, fashion and music.

With regard to the fashion sector that most interests this elaborate, the various brands have already understood the strong communication and advertising potential that this innovation brings with it.

In fact, the fashion approach to NFTs has various declinations. Some brands have used them to build customer loyalty, others to generate new revenue streams, still others to raise money for a good cause; finally some are using them to improve their image and/or tell a story.

Just to give an example, Gucci created its first NFT inspired by the "Aria" collection with an auction base of 20,000 dollars⁶⁷.

The post-pandemic landscape has changed priorities, leading brands to think "more digitally" than in the past. Several digital-native companies have been born, which are exploring the area, and only time will be able to give us answers on what will happen in a fluid market such as that of NFTs.

⁶⁷ The proceeds were donated to UNICEF and destined for the global UNICEF-USA vaccination campaign.

3.3 The first trademark disputes in the metaverse: the Metabirkins

The interim decision of the U.S. District Court of New York rendered by Judge Jed S. Rakoff on May 18, 2022, which sees the plaintiffs, “Hermès International” and “Hermès of Paris, Inc.” (“Hermès”), and the defendant “Mason Rothschild” (“Rothschild”)⁶⁸.

At the beginning of January 2022, the famous French brand Hermès warned and sued a digital artist from Los Angeles: Mason Rothschild, for having created some digital images that reproduce the famous Hermès "Birkin" luxury bags, depicted in a faux fur version. These representations have been called with the title of "MetaBirkin" of which a collection of 100 specimens has been created, each numbered from 0 to 99. These digital images have been reproduced with blockchain technology in as many NFTs, which have been placed in sale on four different digital platforms and promoted for sale on the main social networks, without requiring the authorization of the fashion house.



For context, it's worth noting that Rothschild didn't create any tangible bags, but simply created digital art inspired by the Hermès brand, choosing to title his collection of colourful and stylish fur bags, such as "MetaBirkins". According to the complaint, obtained by BeInCrypto, Hermès alleges that Rothschild did nothing but take the famous

⁶⁸ These are issues that only apparently concern US justice, as it examines matters relating to freedom of expression, the protection of distinctive signs and the qualification of works of art, themes that are necessarily reflected in all systems legal entities of the globe, also taking into account that the technology of virtual digital marketplaces appears rooted, at least for now, mainly in the U.S.A.

Birkin brand and add a generic “meta” to it, creating a very high risk of confusion and dilution to the use of well-known and accepted Hermès brands.

In its appeal, Hermès complained that its rights to the Birkin brand had been violated, violating the Lanham Act and documented cases in which both the media and consumers had expressed the belief that the MetaBirkins were attributable to Hermès itself.

In essence, by way of trademark infringement, Hermès argued that based on the considerable strength of its Birkin brand, Rothschild's firm gave consumers a false appellation of origin as well as diluted the trademark in all fashion, the luxury and digital art spaces.

Defending himself, Rothschild reaffirmed the artistic purpose of this operation, namely that of recognizing a tribute to the most famous handbag, as well as the most exclusive and of the best quality, existing in the world, giving life to a work of art and not to a series of counterfeiting acts of a renowned distinctive sign, as hypothesized by Hermès. According to Rothschild's claims, the use of the name "MetaBirkin" would be legitimate under the First Amendment of the U.S. Constitutional Charter, in line with the principles elaborated in the decision *Rogers vs. Grimaldi – MGM/UA and PEA*⁶⁹ which had recognized the non-applicability of the Lanham Act in some cases, subject to specific examination by the Courts, on a par with the 1st and 14th Amendments of the US Constitution which respectively concern freedom of thought and the right of all to non-discrimination and just process. Rothschild clarified through the Instagram account @MetaBirkins that he would give battle, appealing to the First Amendment of the American Constitution of the press or the right of citizens to assemble peacefully and

⁶⁹ Here reference is made to the sentence of August 5, 1988 which emanates from the same Court of New York. This is a dispute that arose due to the use made by the great director Federico Fellini of the name of dancer and actress Ginger Rogers in the title of the film: "Ginger and Fred" and in its screenplay. In this dispute, undertaken by the actress, the US court considered legitimate the use made by the Italian director in the feature film and in his promotion of the name of Ginger Rogers (and, implicitly, also of that of Fred Astaire who was not part of the process not even through heirs or foundations), as Federico Fellini had intended to use the names of the two artists by leveraging the high reputation of the two artists for the level of style and excellence in the dance they evoked. In no way could the Film, therefore, make the audience infer that the work was about the two dancers. They did not hold for the New York Court, neither the violation of the name and the commercial scope of its identity, nor the violation of the right to publicity connected to it, as well as a violation of the right to privacy of Ginger Rogers has not been committed, since its name has been used for of public interest as an expression of freedom of thought and information for the public regarding a work of art, the Film, and not for commercial purposes or for the purpose of deceiving the public about its content.

petition the government for redress and the rights it protects, to make and sell art featuring Birkin bags, refusing to apologize for the project and inviting Hermès to be part of this movement. The artist then asked the court to declare Hermès' appeal inadmissible, citing precedents in which the protection of freedom of expression enshrined in the first amendment to the US Constitution had been extended to "expressive" works of art reproducing, in the title or content, registered trademarks owned by third parties.

The court therefore essentially had to establish whether the images of the MetaBirkins could be considered commercial products devoid of an expressive character, in which case it would have been sufficient to establish whether the infringement of the registered trademarks was evident, or whether they were works of art endowed with an expressive character, which the NFTs had simply certified ownership, in this case both Hermès' trademark rights and the artist's rights to mention the trademark should have been taken into account.

3.3.1 *The sentence*

The judge, having evaluated the arguments of the parties, issued a powerful order where he crystallized some salient points. A key question was whether *Rogers v. Grimaldi* to balance artistic expression with brand protection. The same case, in 1989 had in fact established the principle of the "lawfulness of the exercise of artistic expression". The Judge answered in the affirmative to this question (despite the objection of the Hermès lawyers) stating that: «since NFTs are simply codes that indicate where an image is located and authenticate it, the use of NFTs to authenticate an image and allowing traceable subsequent resale does not render the image an asset without First Amendment protection (any more than selling numbered copies of physical paintings renders paintings assets for purposes of the *Rogers* case). Precisely for this aspect, the Judge defined the prevalence of the artistic-creative element, agreeing with the artist. On the other hand, with regard to misleading consumers, Hermès in its acts relied on many words and actions of Rothschild himself to assert its reasons, which did not escape Judge Rakoff. Judge noted that the artist created social media channels called MetaBirkins, advertised MetaBirkins as "not your mother's Birkin" and even complained about counterfeiting his MetaBirkins NFTs. The prosecution in turn argued "that Rothschild himself made statements that confused consumers." The Judge, accepting Hermès' position in the order, thus established that: "since the amended complaint contains sufficient allegations of explicit deception, both in terms of the likelihood of confusion and according to Rothschild's theory of the analysis of explicit deception, the Court dismisses the motion, ." Hermès wins this first round⁷⁰. The decision therefore does not put an end to the legal dispute. However, two interesting considerations on this first pronouncement should be highlighted.

1 – The use of the NFT in itself does not deprive the work of its artistic character – For the court, the NFT is simply a tool to certify the authenticity of the image and trace the transfer of ownership; in itself the use of NFT in connection with digital images does not

⁷⁰ Hermès represented by a Baker & Hostetler team including partners Gerald Ferguson, Oren Warshavsky, Tracy Cole and Deborah Wilcox. While Rothschild is represented by the recently formed Lex Lumina firm, whose team includes managing partner Rhett Millsaps II, Harvard law professor Rebecca Tushnet, UCLA law professor Mark McKenna and New York University Chris Sprigman.

demonstrate that the nature of these is solely commercial to the point of excluding the protection reserved for works of art.

2- Wearable NFTs – In a note to the decision, the court noted that the choice of considering Mason Rothschild's works worthy of protection as works of art could have been different if the NFTs had been linked to the image digital version of a virtually wearable Birkin handbag.

3.4 The current European reference legislation

The metaverse promises to be a vision of great impact in the business world. However, in augmented three-dimensionality there is something very real: the rights of people and businesses.

The first aspect to consider is that relating to the concept of identity. The avatars that populate digital reality are not fantasy creations, but represent to all intents and purposes, albeit in virtual mode, the identity of a person and as such are subject to the same responsibilities and enjoy the same rights as a human being in real life real.

It is about recreating a society and as such it will be necessary to regulate the interactions and relationships between individuals effectively. A scenario that of the metaverse which, experts reassure, will not replace the current world wide web with which it will connect, let alone the reality which, at least according to the auspices, will benefit from the digital universe at a social, economic and cultural level.

In fact, the metaverse opens up a series of scenarios not only connected to the various fields of application or in terms of user experience, but also on a regulatory level. The questions it raises with respect to governance range from which will be the designated authority that will formulate the laws that govern this digital reality and enforce them, to what will be the rights and responsibilities of the users/avatars who will populate it. The issue of privacy assumes central importance considering the enormous amount of personal data that will circulate and the value they will enjoy for companies that do business thanks to their collection and treatment.

For this reason it is essential to move as soon as possible towards the regulation of this new digital dimension. The European Union is in fact moving to formulate a regulation capable of regulating its use and above all to protect user data.

The challenge therefore is that of legal compliance, on which BigTechs should have learned their lesson after about 25 years of the Internet.

The metaverse therefore poses problems of absolute juridical relevance in a context, however, less "improvised" than in the past. If in 2000 the directive on the subject of

ecommerce made it possible to "ferry" the internet in these years of great changes, today we have a decidedly more mature and complex legal framework made up of 4 proposals of great importance in terms of attention to fundamental rights:

- Proposal for EU Regulation 112/2018 which promotes fairness and transparency for commercial users of online intermediation services;
- Proposal for Regulation 850/2020 relating to a single market for digital services;
- Proposal for Regulation 842/2020 relating to fair and contestable markets in the digital sector;
- Proposal for Regulation 106/2020 relating to harmonized rules on artificial intelligence (AI).

The first three proposals aim at greater accountability of the provider also through Alternative Dispute Resolution systems approved by the Supervisory Authorities, while the fourth is a futuristic regulation that sets itself the ambitious goal of regulating artificial intelligence.

More specifically, the regulation classifies products that use, fully or partially, AI software according to the risk of negative impact on fundamental rights, such as human dignity, freedom, equality, democracy, the right to non-discrimination, data protection, health and safety.

The more likely the product is to endanger these rights, the stricter the measures taken to eliminate or mitigate the negative impact on fundamental rights. In detail, article 5 provides for the prohibition of making products susceptible to:

- cause or be able to cause physical or psychological harm by manipulating human behaviour to circumvent users' free will through subliminal techniques or by exploiting the vulnerabilities of a specific group;
- to impose the so-called "social scoring" by or on behalf of public authorities which may lead to harmful or unfavourable treatment. In fact, considering the increasingly advanced trend in video games to enhance artificial intelligence in the so-called "non-playing characters", the fundamental risk may be that of having extremely evolved avatars capable of directing our social interactions, our consumption habits or, as has already

happened, our political or religious opinions in an even more pervasive way. As always in the law of new technologies, the time factor is truly fundamental and we hope that this time the law will not arrive too late, but will be able to anticipate the adverse effects of this new world.

CONCLUSIONS

The main objective of this paper is to provide examples of counterfeiting of a famous brand, and to demonstrate how the risk of counterfeiting increases with the birth of new technological frontiers such as the metaverse.

The desire to own a luxury product at all costs is driven by various reasons, such as, for example, the exclusivity in using the product, the values, the messages that the brand communicates and the quality it possesses.

Unfortunately, brand counterfeiting is an ever-increasing phenomenon, harmful to the global economy. Counterfeiting is an illegal and immoral act which takes the form, for example, in the slavish imitation of an artistic or literary work or, as in the case analysed, of luxury products. This phenomenon of illegal appropriation of assets, i.e. the reputation of others or the result of investments by the beneficial owner of an intellectual property right, causes huge losses for an estimated value of 600 billion dollars a year.

Counterfeit products are increasingly similar to the originals and are conquering an ever-growing share of the market. Counterfeiting and piracy discourage innovation and creativity, discourage investment, erode the competitiveness of businesses, eliminate secure jobs by increasing undeclared work, undermine consumer confidence in the quality of branded products, jeopardizing their health and safety, especially in the case of food, pharmaceuticals and toys.

Not least, the relationships linking counterfeiting to organized crime are now known. The negative effects of the phenomenon are therefore multiple and affect different interests, public and private, economic and social.

The protagonist of this document is the French fashion house Hermès International, one of the most renowned and strongest brands in the fashion sector and repeatedly engaged in the fight against counterfeiting of its products.

The analysis that has been carried out concerns two cases, one submitted to the Court of Turin and the other to the Californian Court, with the aim of studying the Italian, European and American disciplines, in terms of trademarks and designs and models.

Particular attention was also paid to the theme of the metaverse and a legal case that once again sees the famous French maison as the protagonist.

In the case of *Hermès International vs. Laurence s.r.l.*, the judge rejected most of the requests proposed by the French company, declaring the lack of active legitimacy and the nullity of the Italian and Community trademarks relating to the Birkin and Kelly bag models.

The Court of Turin accepted only the requests relating to the Lindy model, establishing that the production, marketing and advertising of the aforementioned bag constitutes an infringement of the Community model and consequently inhibits any further production, marketing of the Lindy bag produced by Laurence. Although the trademarks protecting the well-known models of Kelly and Birkin bags have been declared invalid, it is believed that this decision does not involve any particular upheaval as regards the reputation and notoriety of these models. It is certainly a negative consequence, but for Hermès this does not damage its image, given the decades-long production in the world of fashion under the messages of elegance, attention to detail and quality that the company transmits.

The analysis shows how the behaviour of Laurence s.r.l. may fall into numerous cases constituting an illicit act in the normal competitive relationship, including slavish imitation, the appropriation of qualities and parasitic competition for hooking up, in order to exploit the reputation of the Hermès brand. This is incorrect behaviour which violates the normal competitive relationship between two companies active in the same sector.

With regard to the decision of the Californian Court in the case *Hermès International vs. Emperia Inc.*, the judge accepted most of the requests proposed by the French fashion house, confirming the validity of the American trademarks relating to the Birkin model and inhibiting the production, marketing and advertising of this model by American companies.

The final decisions taken by the Italian and US judges are in opposition to each other, but the substantial difference of the different legal systems must be kept in mind. In fact, it is precisely from the analysis of the sentences that the difference in approach between the "Common law" systems and the "Civil law" systems emerges irrefutable.

Civil Law is the model of legal order developed in continental Europe starting from Roman-Justinian law. The founding element is constituted by a system of codes and the task of the judges is to apply the relative law.

While in the Common law system, the law is mainly created by the rulings of judges on previous cases. The ruling then creates the law just like in the case of *Hermès vs Rothschild*. In this case the sentence that create the precedent was the one of *Rogers vs Grimaldi* that established the principle of the "lawfulness of the exercise of artistic expression". Precisely for this aspect, the Judge defined the prevalence of the artistic-creative element, agreeing, only for this aspect (the Court at the end accepting the complaints of trademark infringement presented by *Hermès*) with the artist.

Therefore, from the analysis carried out in this paper, it emerged that in the United States sufficient and adequate protection is not guaranteed for creations in the field of fashion, or rather there is still a lot of confusion about it, unlike the European Union where most of countries have successfully managed to introduce a fair, harmonious and satisfactory regulation to protect fashion design. Certainly there is still much to do both in the new and in the old continent and the "economic operators", the legislator and also the final consumer must therefore work in synergy for the protection of what are defined as "intellectual works" even in an interconnected and globalized reality such as the one we are about to experience.

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