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ITALIAN REPUBLIC

IN THE NAME OF THE ITALIAN PEOPLE

**THE SUPREME COURSE OF CASSATION
FIRST CIVIL SECTION**

regarding Appeal 26756/2013 proposed by:

Composed by	Magistrates	Subject
RAGONESI VITTORIO	Chair	
SCALDAFERRI ANDREA	Judge Judge	Trademark
BISOGLNI GIACINTO DE	Reporting Judge	
CHIARA CARLO		
FALABELLA MASSIMO		Ud. 18/01/2017 PU Chronol. 7970 R.G.N. 26756/2013

JUDGMENT

(omissis) Limited, in the person of the acting legal representative,
electively domiciled at (omissis)
at the lawyer (omissis) f who represents and defends it together with the
lawyer (omissis) (omissis)
duly appointed for the notary (omissis) , with

-appellant



80
2017

Apostille no. (omissis) Of 21.11.2013 and proxy for the notary

versus

(omissis) BV, in the person of the acting legal representative, electively domiciled at (omissis), at the lawyer (omissis), who represents and defends it together with the lawyer (omissis), duly appointed with regard to the defence; - the cross-appellant -

against Judgment no. 3376/2013 of the COURT OF APPEAL in MILAN, filed on 04/09/2013;

having heard the report of the case at the public hearing of 18/01/2017 by the judge FALABELLA MASSIMO;

having heard, for the appellant, the lawyer (omissis) who requested the admissibility of the appeal;

having heard, for the cross-appellant, the lawyer (omissis) who requested the rejection of the appeal;

having heard the public prosecutor, in the person of the Deputy Prosecutor General, LUIGI SALVATO, who concluded in favour of the rejection of the appeal.

FACTS OF THE CASE

1. Between June and December 2007 (omissis) BV filed

(omissis) (omissis)ed , with Apostille
9.1.2017; no.

several Community trademark registration applications that consisted of the
name part " (omissis) ", accompanied or not by graphic variations.

2. Said company invoked (omissis) Ltd, which

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assumed it was the owner of the national trademarks "(omissis) (omissis) "and " (omissis) ". Those trademarks, according to the plaintiff, had not been used by the defendant for some time for the production of *scooters*, having ceased production of motor vehicles in India (after purchasing distinctive trademarks from the company) (omissis) (omissis) , which at the time had taken over (omissis), the original registration-holder). It therefore requested that the Court of Milan pronounce the forfeiture of the abovementioned trademarks due to non-use.

Appearing before the Court, the defendant objected, inter alia, to the continuing reputation of the trademark "(omissis)", a circumstance which would exclude the operation in the present case of the forfeiture due to non-use.

The Court, in its judgment of 7 July 2010, dismissed the plaintiff's claims.

3. The Milan Court of Appeal set out the appeal in its decision of 4 September 2013. Overturning the local court's decision, the district court judge declared forfeiture due to the non-use of the abovementioned trademarks. He/she noted, in summary, that the testimonial inquiry had established the cessation of the importing of "(omissis)" manufactured in (omissis) and performed by (omissis) Spa as from 1985, and that with the cessation of the importation of the *scooters* produced there, it had to be presumed that the "effective" use of the trademark ceased to exist in Italy: in particular, the use of the distinctive sign after the cessation of importation, involving apparently limited quantities, could not be regarded as suitable for avoiding its forfeiture. The ruling court therefore observed that upon the entry into force of the reforming law regarding companies' trademarks, i.e. Legislative Decree 480/1992,

- the trademarks (omissis) of (omissis) Ltd had already been forfeited pursuant to Article 41 of Royal Decree 929/1942 (Section I: Trademarks) and that according to Article 91 of Legislative Decree 480/1992, the new rules regulating non-use forfeiture were applied to the trademarks already granted at the date of entry into force of the decree, where such trademarks had not already been forfeited. Therefore, this forfeiture could not have been remedied by the late recommencement of the use provided by Legislative Decree 480 as cited: in fact, the possibility of injecting life into a dormant trademark registration, recommencing its use, even after the period envisaged for forfeiture, but before an action was put forward to declare forfeiture, was introduced only by amendment, in 1992, Article 42 Trademarks Act. Lastly, the Court of Appeal observed that the mere renewal of the registration did not constitute use of the trademark and would not, therefore, overcome its forfeiture.

4. (omissis) has appealed the judgment for cassation of the Court of Appeal of Milan, relying on six pleas. Defends against counter-appeal (omissis). Both parties have lodged submissions.

REASONS FOR THE DECISION

1. It should first be pointed out that there is no explanation in this case of the decision of the EU Court of 30 September 2014 (Case T-51/12) referred to by the appellant in its submission under Article 378 of the Italian Code of Civil Procedure during the hearing of the case. The judgment in question was the subject of the forfeiture of a Community trademark registered on 6 August 2002, where, in the present case, the forfeiture, which would have occurred more than ten years before, of certain national trademarks dating back to 1948, 1968 and 1969 (see conclusions drawn by (omissis) on appeal, as reproduced in the contested judgment).

2. With the first plea, the violation of Article 42 Trademarks Act in the part in which the judgment under appeal assumes that the use of the trademark is capable of avoiding its forfeiture must consist of use which is "at least tendentially capable of altering the market situation" and therefore "potentially capable of affecting the legal sphere of competitors.". According to the plaintiff, for the right to a distinctive sign to be constituted, it is certainly necessary for the sign to be understood by the public as a means of identifying the source of origin; however, the rule would apply to the emergence of the right, not for its preservation too. In the present case, the reputation arising from the use was considered not as a constitutive fact of the law, but as a conservative case of the same. In that case, "use of the trademark which keeps its reputation can be less intense than what it takes to acquire the right". In particular, exploitation which ensures the maintenance of the reputation of the trademark may be restricted to commercial use such as that which, according to the judgment under appeal, was made in Italy after the cessation of the importation of the *scooters* as from (omissis).

The second plea raises the violation of Article 42 Trademarks Act in the part in which the judgment under appeal assumes that the trademark's use is capable of maintaining the validity of the trademark and of avoiding forfeiture in respect of limited quantities of goods, irrespective of the reputation which that use has retained with regard to the sign itself. According to the plaintiff, the trademark's forfeiture due to for lack of use would not be a sanction for insufficient exploitation of the sign, rather a necessary consequence of the fact that the registered trademark does not acquire (or loses) a distinctive function for consumers. In summary, therefore,

it is necessary to assess whether the marketing of the (omissis) *scooters* after the cessation of importation, or, alternatively, the use of such a trademark in *merchandising*, allowed the public (or not) to attribute or retain the ability to differentiate the motor vehicles marketed in Italy with that sign.

2.1. The two pleas, which lend themselves to being dealt with jointly, are dismissed.

As noted earlier, the ruling court pointed out that, with the 1985 cessation of Lambretta's imports from India, the "effective" use of the trademark had ceased. The appeal judge stated in that regard that after the cessation of imports, the use of the trademark "omissis" concerned limited quantities, such as not to impede forfeiture: indeed, a trademark can be said to be appropriately utilised if its use is at least capable of altering the market situation and, therefore, potentially suitable for affecting the sphere of competitors.

The ruling court therefore deems the "effective" use of the trademark to have ceased in 1985. It follows that the forfeiture, according to the ruling court, occurred in 1988, under the legislation prior to the reform that was implemented by Legislative Decree 480/1992. According to Article 42(1) Trademarks Act in the original version, the patent trademark is indeed forfeited if it is not used within three years of the granting of the patent, or if, after that three-year period, use is suspended for three years. The present case - as argued on the basis of the findings of the District Court - would therefore be insensitive to the regulation introduced with the new one in 1992, since according to Article 91 of the aforementioned legislative decree, the new rules governing forfeiture for non-use *"apply to trademarks already granted on the date of entry into force"*

of this *decree*, provided that no forfeiture has occurred by that date.

The appellant's assumption that it would be relevant, given the persistent reputation of the trademark "(omissis)" - which the public were said to have remembered well beyond the moment when the importation of scooters from India ceased - cannot be shared: insomuch as the same Article 42(1) Trademarks Act correlates the forfeiture to the differing element of the failure to "*utilise*" the sign.

It is easy, moreover, to seize on the rationale for that regulation, which was introduced precisely in order to avoid prolonged trademark reservations, where there is no use and no presence on the market (Court of Cassation 6 October 2008, no. 24637).

It is therefore not required that the trademark, in its forfeiture, has completely lost its distinctive character. Such a condition, in addition to being unforeseeable, and to being extraneous within the regulation on forfeiture, would, moreover, be problematic in terms of concrete observation and as a result would cause serious difficulties of a practical nature. On the other hand, it is always possible that the consumer retains the memory of a forfeited trademark. However, it is significant that such a circumstance is not, in itself, either inconvenient to the registration of an identical or similar trademark, since it is sufficient, for the requirement of novelty, that the former has been forfeited due to "*non-use*" [Art. 12(2) Italian Industrial Property Code and Art. 17d Trademarks Act, as amended by Legislative Decree 480/1992].

In the past, this Court has also underlined how the use of a company's trademark, in order to be able to prevent the patent from being forfeited for non-use over a period of three years, pursuant to Art. 42 Trademarks Act, may also have a discontinuous or local character, or come from the initiative of persons other than the holder

of the patent, provided that it does not contradict the will of the holder, but must always present requirements of effectiveness, that is to say, having the means and intensity to preserve the individuality of the product and to testify to a definitive presence in the market in which the firm operated (Court of Cassation 17 October 1977, no. 4434). In that regard, the statement by the appeal judge cannot be challenged, according to which the trademark - so as not to experience forfeiture - must be utilised in a manner which is adequate for modifying the market situation, affecting the competitors' sphere: this applies in particular since, the District Court thus meant to emphasise how the use of the trademark should be effective in terms of outcome.

2.2. In its submission pursuant to Article 378 of the Italian Code of Civil Procedure, the appellant's defence put forward two matters referred for a preliminary ruling by the Court of Justice in the matter of forfeiture, and in the light of the fact that the public, with regard to the products whose trademark forfeiture is being sought, still retains a memory of the sign which is no longer used. These matters, however, fall outside the jurisdiction of the Court of Justice, given that - as has been stated - the extrajudicial case discussed here was refined before being decentralised pursuant to Directives 89/104/EC and 95/08/EC, as cited in the defence submission mentioned above.

3. The third plea contains an allegation of infringement of Article 58(1) Trademarks Act, "in the part in which the judgment is held that the use of the trademark capable of avoiding its forfeiture must be proven by the holder of the relevant trademark, where the party requesting verification has provided evidence of the lack of use"; the plea also deploys the wholly and contradictory reasoning of the pronouncement, relying in that regard on Art. 360(4) of the Italian Code of Civil Procedure. The appellant notes that

the text of the Law on Trademarks of 1942 in force until 31 December 1992 did not provide for the rule, now contained in Article 121 of Legislative Decree 30/2005 (Italian Industrial Property Code), according to which proof of non-use may be furnished by any means, including simple presumptions. On the other hand, the judgment under appeal inferred evidence, which was uncertain, apart from contradictory testimonials, of the cessation of importation in 1985 of (omissis) *scooters* and argued that, in the face of such evidence, Scooters (omissis) should have and could provide the proof to the contrary. The plaintiff adds, in this regard, that the transitional rules contained in Article 91 of Legislative Decree 480/1992 implied that for trademarks prior to 1992, not only the foreseeable reasons for the forfeiture were valid, but also the rules relating to the burden of proof. Finally, it emphasised that the ruling was based on contradictory statements by one of the witnesses (omissis) and that the procedural rules imposing the necessary logic of reasoning adopted had thus been violated.

3.1. The objections raised are devoid of the requisite consistency.

According to the jurisprudence based on the original text of Royal Decree 929/1942 - that is to say, according to the legislative provision noted here - the actor acting for the declaration of forfeiture of a patented trademark and who has the burden of proving the non-use of that trademark throughout the national territory can also carry it out indirectly and presumptuously, provided that there is evidence of significant and concordant circumstances suitable for evidencing such non-use (Court of Cassation May 10, 1984, no. 2866); in particular, the burden in of proof question, so that it does not result in being practically impossible to fulfil, must be understood not in the sense that a concrete demonstration is required of the

historical fact that no object covered by the contested trademark has been produced or sold in any place in the national territory, but in the sense that certain circumstances relating to the life of the trademark are established, whereby the non-use of this can also be assumed by way of presumption, also with the possibility that it is normally up to the holder of the trademark to contest the presumptive value of the elements demonstrated by the adversary (Court of Cassation 9 December 1977, no. 5334).

Further deductions aimed at denouncing the logical contradiction of the reasoning given by the ruling court on evidence of non-use are clearly not admissible. In that regard, it should be noted that in the new wording of the cited text (no. 5), resulting from Article 54 of Legislative Decree 83/2012, converted to Law 134/2012, there is a lack of any literal reference to the "reasoning" of the judgment under appeal, with the consequence that it is only the anomalous reasoning in violation of constitutionally relevant law which can be brought before the Court of Cassation, since it is relevant to the existence of the reasoning in itself, provided that the lack results from the wording of the judgment under appeal, irrespective of the contesting of the procedural findings. This anomaly is exhausted in the "absolute lack of material and graphical reasons", in the "apparent reasoning", in the "irrefutable conflict between irreconcilable claims" and in the "uncertain and objectively incomprehensible reasoning", excluding any relevance of a simple lack of "sufficiency" of reasoning. At the same time, the case referred to pursuant to no. 5 of Article 360 of the Italian Code of Civil Procedure, as reformulated, introduced into the system specific grounds for cassation, concerning the mere examination of a historical, principal or secondary fact, the existence of which results from the text of the judgment or from the procedural documents, which was the subject of

dispute between the parties and is of decisive character, that is to say, if it were examined, it would have resulted in a different outcome of the dispute; the omitted examination of elements of the investigation does not in itself include the omission of a decisive factor in considering whether the relevant facts of the case were still taken into account by the judge, even though the judgment did not take into account all corroborative findings (Court of Cassation. 7 April 2014, no. 8053); the possibility of judicial review must also be excluded on the occasion of the legitimacy of the logical correctness of the reasoning concerning the corroborative validity of a given procedural result, without the contradictory nature of the reasoning having autonomous significance any longer (Court of Cassation July 16, 2014, no. 16300).

4. The subject of the fourth plea is the alleged violation of Article 24 and Art. 235 of the Italian Industrial Property Code, as well of Article 91 of Legislative Decree 480/1992, insofar as the judgment under appeal did not take account of the resumption of use of the trademark by the holder before the third party had registered a trademark with could be confused with it. The appellant maintains that it is obvious that the resumption of use of the trademark "(omissis)" by it was preceded by the registration of the trademarks made by (omissis). Nevertheless, Article 24(3) of the Italian Industrial Property Code expressly states that in such a case, forfeiture cannot be declared. The judgment at issue was erroneous since the registrations prior to 1 January 1993 were governed by the causes of earlier forfeitures (according to the limits of which the then three-year period of non-use had already expired on the date of entry into force of the decree), while in every other aspect they had to be regulated by the new rules. If the law allowed such a difference in treatment - between the holder of the new trademark, who could rectify the forfeiture due to non-use through the resumption of exploitation of the sign, and the

holder of a pre-existing trademark, for whom this was not permitted - this would be found to be inconsistent with the provisions of Article 3 of the Italian Constitution.

4.1. There are no grounds for this.

The application of the Article 24(3) of the Italian Industrial Property Code and of Article 42(3) Trademarks Act (in the original text), according to which the forfeiture cannot be enforced if, between the expiry of the five-year period of non-use and the submission of the main application or the counterclaim for forfeiture, the effective use of the trademark on the market was started or restarted, is hindered by Articles 91 Trademarks Act and 235 of the Italian Industrial Property Code, for which the rules of Legislative Decree 480/1992 governing forfeiture due to non-use apply to the trademarks already granted on the date of entry into force of the same decree, provided that they have not yet expired on that date: and in the present case, as has been seen, forfeiture occurred before then.

On the other hand, nor can it be argued that the abovementioned diversification of the trade mark system at the time of its forfeiture is unreasonable and that, therefore, the holder of the distinctive sign which had been forfeited before the entry into force of Legislative Decree 480/1992 is unjustifiably deprived of the option of renovation envisaged by Article 42(3) Trademarks Act (and now by Article 24(3) of the Italian Industrial Property Code. Indeed, this disparity of treatment has a rational basis since, by enforcement of the law prior to 1992, the third parties interested in asserting the forfeiture could only rely on the irretrievability of the productive effect in terms of the non-use of the sign: this effect was not likely to be overturned by subsequent renovation, depending on a resumption of the actual use of the trademark before those third parties acting in court to enforce the forfeiture. It is evident, therefore, that the extension of the legislation mentioned in Article 42(3) of the aforementioned act to the trademarks which had been forfeited before the 1992 reform would unduly penalise those third parties.

It must also be considered however, as the Prosecutor General pointed out during the discussion, that the application of a differentiated treatment to the same cases but at different times does not in itself contradict the principle of equality, as the flow of time can be a valid element of diversification of legal situations (Court of Justice Judgment 254 of 2014, Court of Justice Judgment 25 of 2012).

5. The fifth complaint concerns the violation of Article 58(1) Trademarks Act, in the updated wording, and contests the appeal judgment, where it is assumed that the renewal of the registration of a trademark which has not been used, but which is still known to the market, has no effect. The ruling court, according to the plaintiff, had denied relief for the renewal of the registration of the trademark as an element of relevance for the purpose of preventing the forfeiture, but had failed to examine whether the resumption of use, together with the renewal of the registration - before the memory of the trademark disappeared and before the sign had ceased to represent an indication of the business origin of the products for consumers - were capable of preventing the appropriation by third parties of the sign itself.

5.1. This reasoning is invalid.

As rightly observed by the Court of Appeal, the "redemption" effected at the time of the expiration of the first registration, even if it may be regarded as an indication of the intention to use that trademark at a later stage, does not serve to exceed the penalty imposed by the legislature (Court of Cassation 6 October 2008, no. 24637). Nor could the renewed submission [of the registration] prevent forfeiture of one with the resumption of use, since renovation does not apply, as explained, to the trademarks underlying them, which have been forfeited before the entry into force of Legislative Decree 480/1992. The complaint regarding the contested decision is therefore not effective with regard to the profiles in question.

6. The sixth plea complains of the violation of Article 100 of the Italian Code of Civil Procedure; the judgment is criticised where it assumes the irrelevance of the question of the validity or invalidity of

the cross-appellant's registrations without asking whether the actor's interest was worthy of protection, where the actor had requested the forfeiture of a trademark which it could not legitimately use. The appellant points out that the question raised by the ruling judges concerned the possibility, on the part of the current cross-appellant, of starting or continuing the exploitation of its "(omissis)" trademarks, registered in 2007. The question demanded a negative response, as the famous trademarks of (omissis) *scooters* are well remembered, and of which the same plaintiff had become the holder. In summary, the plaintiff believes that the (omissis) registrations were at the same time an usurpation of Scooters (omissis) rights to the residual goodwill of (omissis), which it acquired with the motorcycle manufacturing business, acting in bad faith and deceitfully with regard to the public as to the existence of a historical continuity from the (omissis) bikes offered once gain on the market and the well-known *scooter* of the past.

6.1. The complaint must be dismissed.

The ruling court considered the question as to the possibility of third parties adopting a renowned sign by entering a new registration - having regard to the lack of novelty which would arising from the existence of the link to the relevant sign

previously - was of no relevance, "since no application was submitted in the present case for the registrations of which the plaintiff is the holder." Nor is it understood how the issue can explain the bearing on the interests (as regards the action of forfeiture), since in the present case, (omissis), as the holder of the new "(omissis)" trademarks (which are not the subject - it is repeated - of any action of invalidity and which the current cross-appellant claims are obviously valid), has a clear interest in having identical or similar distinctive signs already owned by Scooters (omissis) as forfeited: such an interest is to be evaluated in the same way as the active prospect from the party (Court of Cassation 15 May 2015, no. 9934) and that it can certainly not be conditional upon the deduction, on the part of the plaintiff, of unauthorised use of the registered signs, which is not mentioned in the judgment under appeal.

7. In conclusion, the application is dismissed.

8. Judicial fees shall be paid by the losing party.

The obligation of the appellant to proceed, under Article 13 (1) *quater* Presidential Decree 115/2002 is acknowledged, upon payment of the additional amount by single contribution equal to the amount due for the main action pursuant to Article 1 *bis* of the same Article 13.

For these reasons

The Court

dismisses the appeal; orders the appellant party to pay the costs of the proceedings, of € 8,200.00, of which € 200.00 is for disbursements, in addition to the payment of 15% of the overheads and ancillary charges; declares the appellant party required to proceed, under Article 13 (1) *quater* Presidential Decree 115/2002, upon payment - with the additional amount as a single contribution equal to that

due to the main appeal under the rules of Article 1 *bis* of the same Article 13

Thus decided in Rome, in the Chamber of the First Civil Division,
on January 18, 2016.

The Reporting Judge

The Chair

[signed]

[signed]

Submitted to the Registry
28 March 2017

Clerk of the Court
Franca Caldarola

Clerk of the Court
Franca Caldarola

[signed]

[signed]