

Newsletter

PA IP

Trademark protection and the reproduction of miniature car models: the recent ruling of the Italian Supreme Court in Ferrari v. Brumm.

With order no. 32408 of July 7, 2022 (published on November 3, 2022), the Italian Supreme Court ("the **Court**") dismissed the appeal filed by Ferrari S.p.A. ("**Ferrari**") against the ruling of the Court of Appeal of Bologna (judgment no. 2029/2016) alleging the erroneous and false application of rules of law and requesting the referral of the question to the Court of Justice of the European Union ("**CJEU**") for a preliminary ruling.

In particular, the Court's order is part of the dispute involving the famous Italian '*house of the prancing horse*' and the company Brumm S.n.c. ('**Brumm**'), active in the production of miniature models of carriages and vintage cars.

In 2016, the Court of Appeal of Bologna confirmed the ruling of the Court of First Instance of Modena, which in 2010 had ascertained and declared that the production and marketing of Brumm's model cars could not be considered an infringement of Ferrari's industrial property rights, nor an infringement of copyright or unfair competition, condemning Ferrari to pay compensation for the damages suffered by Brumm.

In the appeal filed by Ferrari before the Court, Ferrari complained, first of all, the lack of jurisdiction of Italian courts: a plea declared inadmissible by the same Court.

On the other hand, in relation to the proposed preliminary question to the CJEU, Ferrari asked whether the use of a renowned trademark constitutes a use falling within the meaning of Article 5(2) of Directive 89/104¹ where a manufacturer produces and distributes on the market a model

¹ Article 5(2) of Directive 89/104 provides that "*the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark*".

car that reproduces a real existing model on a reduced scale, adding to it the trademark affixed to the original vehicle by the proprietor of the same trademark.

The Court rejected the appellant's request to refer the question to the CJEU for a preliminary ruling and likewise rejected the appeal.

Ferrari invoked the CJEU's previous ruling (CJEU, 25 January 2007, Case C-48/05 *Adam Opel AG v. Autec AG*), to argue that this ruling left room for uncertainty and in particular did not fully address the evocative power of renowned trademarks.

In the Court's view, however, the CJEU's precedent addressed the question under Article 5(2) of the Directive in question, which gives the proprietor of a registered trademark - which enjoys a reputation in the Member State - the right to prohibit third parties from using it, where such use without due cause takes unfair advantage of, or damages, the distinctive character or the reputation of that trademark, emphasising that it is duty of the national court to determine whether those infringements have occurred, as a factual assessment.

Indeed, the CJEU stated on that occasion that *"where a trade mark is registered both for motor vehicles – in respect of which it is well known – and for toys, the affixing by a third party, without authorisation from the trade mark proprietor, of a sign identical to that trade mark on scale models of vehicles bearing that trade mark, in order faithfully to reproduce those vehicles, and the marketing of those scale models:*

- (i) *constitute, for the purposes of Article 5(1)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, a use which the proprietor of the trade mark is entitled to prevent if that use affects or is liable to affect the functions of the trade mark as a trade mark registered for toys;*
- (ii) *constitute, within the meaning of Article 5(2) of that directive, a use which the proprietor of the trade mark is entitled to prevent – where the protection defined in that provision has been introduced into national law – if, without due cause, use of that sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark as a trade mark registered for motor vehicles".*

The CJEU also clarified that it will be for the merit court to assess whether the use in question was *"without due cause"* such as to allow the user to take *"unfair advantage"* of the distinctive character or repute of the trademark, as a trademark registered for motor vehicles, or whether it was detrimental to those characteristics of the trademark. In fact, the affixing of the trademark on model cars, as in the present case, is not exempt from the rule laid down in Article 6(1)(b) of the Directive, which authorises the use of other people's trademarks as a necessary indication of characteristics of the product, since it actually fulfils the function of a faithful reproduction of the original vehicles.

This guidance of the CJEU, in short, makes it possible to state that the affixing of the sign on model cars is neither automatically unlawful (under Article 5(2)) nor invariably exempt from liability under Article 6(1)(b), and according to the Court it was correctly taken as a point of reference by the appellate courts and does not require further preliminary examination, representing a set of principles perfectly suited to the case at hand. Similarly - again according to the Court - the court of appeal made an unquestionable concrete application of that guideline by noting that in the case at issue in the decision, the faithful reproductions of Ferrari cars made by Brumm did not cause any damage, not even potential, to the functions of the Ferrari marks, as evidence to the contrary was proved. To this end, factual evidence was put to the test,

including the fact that some of Brumm's models were on display in the Ferrari Gallery, while some reviews of Ferrari model cars produced by Brumm were to be found in various magazines, including 'Ferrari World'.

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