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# Italian Government Amends Legislation on the Protection of the "Made in Italy" Marking

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**O**n September 25, 2009, with law decree N° 135, the Italian government repealed the provision adopted last July and contained in par. 4, article 17 of the law N° 99 of July 23, 2009<sup>1</sup> revising the law with respect to the use of Italian trademarks and "Made in Italy" marking. The July legislation required that all operators introducing goods or products of foreign origin into Italy bearing "trademarks of Italian companies" contain a precise and clear indication of the country or place where goods were manufactured and remove from those goods any indication which might deceive or mislead consumers about their "foreign" origin. Violations of the July law were punishable under the article 517 of the Italian Penal Code ("Sale of goods with false indications of origin") with imprisonment for up to two (2) years and fine up to 20,000 euros.

The legislation was strongly criticized by companies and commentators who urged the Italian Government to amend the text of the law. The provisions of par 4, article 17 of law N° 99 were criticized as being confusing and imposing requirements equivalent to restrictions on imports (prohibited by the art. 28 of the Treaty establishing the EU Community<sup>2</sup>). In addition, the Italian Parliament failed to issue a notification of the measures introduced by the provisions of the July law as required by the Directive 98/34/EC of 22 June 1998<sup>3</sup>.

The September 25 decree is currently awaiting conversion into law by the Parliament<sup>4</sup>, but has been adopted by the Italian Government under a special procedure of urgency (known as "anti-infringement" procedure) which is designed to avoid condemnations of

the Italian Government for a violation of the Community law.

The law decree N° 135/2009 entered into force the day after its adoption, i.e. September 26th, 2009. As of that date, therefore, the provisions of the July law are "blocked". The new law removes the July measures aimed at strengthening the "Made in Italy" brand. At the same time, it amends article 4 of law N° 350/2003 with the introduction of, among other things, two new paragraphs (49a and 49b) whose provisions will enter into force after 45 days from the date of the publication of the decree (i.e. November 9).

In the meantime, the Italian Customs administration has issued a new Notice (N° 129830 of September 29th, 2009) withdrawing the positions contained in the Notices N° 110635 of 11 August 2009 and N° 111601 of 13 August 2009. As a result of this withdrawal, no origin document or a "self-declaration" will be required when foreign made products bearing Italian trademarks goods are introduced in Italy. In short, the fact that a good labeled with an Italian trademark is produced abroad does not automatically imply that there is a "misleading indication of origin" under article 517 of the Italian Penal Code, even if the manufacturer has omitted to indicate the Country of origin on the product.

According to the new text of paragraphs 49, 49a and 49b, the crime of "misleading indication of origin," will occur only if the following conditions exist:

a) a foreign-made product bears markings, images or signs inducing the consumer to believe

that they are of Italian origin (regardless of the fact that the foreign origin and provenance is expressly indicated on them);

b) a company makes a false or misleading use of its trademarks, according to the provisions set forth in the art. 21 of legislative decree N° 146 of August 2nd (i.e. the trademark transmits a false information and is, therefore, untruthful or in any way, deceives or is likely to deceive the average consumer, even if the information is factually correct, in relation to a series of elements listed by the article 21, and in either case information causes or is likely to encourage consumers to take a purchasing decision that they would not have taken otherwise<sup>5</sup>).

Any violation to the above two provisions is punishable under the article 517 of the Italian Penal Code (“Sale of goods with false indications of origin”) by imprisonment for up to two (2) years and fine up to 20,000 euros.

In addition, paragraph 49a introduces an “aggravated” form of misleading indication of origin which is subject to an administrative penalty from 10,000 to 250,000 euros (which, in our opinion, is applicable in addition to the penal sanction established by the art. 517 of the Penal Code), together with the seizure of goods, unless such violation is regularized by the trademark owner or licensee by affixing to the product, packaging or documentation provided to the consumer, the correct indication of the origin. This “aggravated” form of misleading indication of origin occurs if the trademark owner or licensee uses it in a way which induces consumers to believe that the products are of Italian origin and (this is an additional requirement) the products are not accompanied by:

- 1) precise and self-evident indication concerning the (real) origin or provenance;
- 2) indications sufficient to avoid any consumer misunderstanding concerning the origin of the product; or
- 3) a declaration by the trademark owner or

the licensee that additional information concerning the exact foreign origin of the product will be made available to the consumer during the marketing of goods.

In other terms, paragraph 49a, article 4 of law N° 350/2003 makes it a crime of misleading indication of origin each time a company affixes an Italian trademark to a foreign made product and one of the 3 conditions listed above are not met. The condition N° 3, in particular, implies that producers of goods manufactured in whole or in part abroad and introduced in Italy with a trademark that suggests Italian origin, will avoid incurring in the “misleading indication of origin” crime if they provide for Italian customs officers with an engagement (a certification) that, before placing their goods on the Italian market, they will adopt all the measures needed to ensure that the consumer will be aware of the exact (foreign) origin of goods. Such an engagement will not, however, eliminate the risk of temporary detention of goods by Italian Customs authorities. It is, therefore, advisable that the trademark owner or licensee apply the required information [see the items a through c listed above] to their products, packing and/or documentation before importing goods into Italy.

The new provisions adopted by the Italian government will probably lead to an increase of post-clearance controls by customs which are necessary to verify that the origin information concerning goods introduced in Italy from other countries is correctly reported. Accordingly, it is essential for manufacturers established in Italy and performing some processing activities abroad to maintain detailed technical documentation relating to production and make it available to customs authorities upon request.

Another important provision of the new law decree is contained in paragraph 4, art. 16 of law decree N° 135 (which introduces a new paragraph 49b to the article 4 of law N° 350/2003), preventing companies from using indications on their goods such as: “100% Italia” (“Made in

Italy”)), “tutto italiano” (all Italian), or other similar indications, unless the product is entirely realized in Italy. “Entirely Realized in Italy” means that the goods meet the rules for the acquisition of the Italian origin set forth in the Community Customs Code and its Implementing Provisions<sup>6</sup> and they have been: 1) designed, 2) produced, 3) processed and 4) packaged exclusively within the Italian territory. One or more ministerial decrees will define in more detail the implementing measures for such provision. Any violation will be punished with the fine provided for the article 517 of the Penal Code, increased by one third, and the possible application of additional sanctions if the conduct conflicts with other internal rules.

Both this provision and the aggravated form of “misleading indication of origin” foreseen by



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the paragraph 49a of law N° 350/2003 will enter into force after 45 days from the publication of the law decree N° 135 in the Official Journal of the Italian Republic, i.e. on November 9th, 2009.

As some aspects of this new law are still unclear, it is impossible to predict their full impact until there are official interpretations or there is some experience regarding the practical implementation of these new provisions.

Importers of Italian branded products which are manufactured or processed in part outside of Italy would, therefore, be well advised to monitor the legislation and its implementation to ensure that their manufacturing and labeling practices are in full compliance with the prevailing law.



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1 Law n. 99 of 23 July 2009, “Development and internationalization of companies, and energetic sources”, published in the Official Journal of the Italian Republic on July 31, 2009]

2 Art. 28: “Quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States”.

3 According to the Directive 98/34/EC of 22 June 1998, the draft of any technical regulation or national regulation potentially able to create barriers to trade to be adopted by Member States, must be notified to the EC Commission, before the final approval, so that the Commission can verify the compatibility of such rules with the Community law.

4 Law decrees adopted by the Government in Italy need to be converted by the Parliament into law within 60 days since their adoption, otherwise they will be

deemed invalid. During the conversion they can also undergo substantial changes.

5 With the legislative decree N° 146 of August 2nd, the Italian Parliament has transposed into the national law system, the Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005, concerning unfair business-to-consumer commercial practices in the internal market [published in the Official Journal of the European Union, L 149/22 of 11.6.2005]. Misleading actions are listed by the article 6 of the Directive [<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:149:0022:0039:EN:PD F>].

6 These rules are listed, in particular, by Articles 22 to 26 of the Community Customs Code (EEC Regulation n. 2913/1992 of 12 October 1992, hereinafter “CCC”) and by Articles 35-65 and Annexes 9 to 11 of Commission Regulation No. 2454/93 (Implementing Provisions to the Community Customs Code).