

DECISION N. 473/09
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ORIGINAL
URGENT
16 MAR 2009

THE ITALIAN REPUBLIC
IN THE NAME OF THE ITALIAN PEOPLE
THE CIVIL AND CRIMINAL COURT OF VERONA
CIVIL SECTION IV

The Investigating Magistrate Hon. EUGENIA TOMMASI DI VIGNANO
has pronounced the following

DECISION

SUBJECT: unfair competition

In the civil lawsuit filed by writ of summons served on, Chron. N., Notices Office of the COURT OF VERONA

BY

FONDAZIONE ARENA DI VERONA, with head office in Verona, Piazza Brà n. 28, VAT n. 00231130238, in the person of its legal representative pro tempore, with chosen domicile in Verona, Corso Cavour n. 32 at the office of the lawyer Luigi Righetti who represents and defends the same pursuant to power of attorney in the margin of the writ of summons;

PLAINTIFF

VERSUS

RAINER KLOSE

with home address at 98 Ismaninger Strasse, Munich (Germany);

DEFENDANT IN ABSENTIA

PLEAS

ON THE PLAINTIFF'S SIDE:

- for the Court to find that the defendant has illegitimately used the domain names "arena-verona.com", "arena-verona.ch", arena-verona.de" and "arena-verona.at" and has counterfeited the distinctive signs of Fondazione Arena di Verona;
- to find that actions of unfair competition have taken place;
- to find that the exclusive rights of Fondazione Arena di Verona and its right to its image have been violated;
- to order Mr. Klose to refrain from using the distinctive signs belonging to Fondazione Arena di Verona, and especially the domain names "arena-verona.com", "arena-verona.ch", arena-verona.de" and "arena-

verona.at”, as well as the image of Fondazione and of the opera season of the Arena, and to order Mr. Klose to pay a penalty of 3,000 euro per day for every day’s violation as from the fifth day after the notification of the Court’s decision;

- to order the publication of the Court’s decision in two national daily newspapers, one Italian and the other German, and in a local newspaper, at the defendant’s expense;

- to issue any other opportune provision.

- To order the defendant to pay compensation for all damages, economical and other, quantified during the proceedings, also according to fairness.

- In any case, with reimbursement of expenses, taxes and fees plus all additional charges pursuant to law.

THE PROCEEDINGS

By writ of summons served for the second time pursuant to art. 140 of the civil procedural code, on 10-21/11/2003, Fondazione Arena di Verona summoned to court Rainer Klose for this latter to hear the Court find that he had illegitimately used the distinctive signs of the aforesaid Fondazione and to be ordered not to continue using the said signs, and to consequently pay compensation for all damages suffered.

The plaintiff inferred, in particular, that pursuant to art. 15 of Lgs. Decree 367/96 and in virtue of the almost one hundred years’ of use, it has an exclusive right to the name Arena di Verona, being also a registered trademark, of known fame, adding that Fondazione was also the assignee of many domain names on the internet, which refer to the expressions over which it had exclusive rights, i.e. “arena” and “Verona”. These domain names led to the official website, arena.it, in which Fondazione illustrated and publicised its own institutional activity and through which it sold tickets for the performances, with immediate and direct registration of the bookings with the central ticket office. Give this, the plaintiff illustrated that it had found that in September ’99 four internet sites had been registered named “arena-verona.com”, “arena-verona.ch”, arena-verona.de” and “arena-verona.at” and that the said signed had been assigned to the summoned party Rainer Klose, a citizen of Munich, who was found to be employed by the company RCK Production Medien; that the aforesaid sites with the extensions .de, .ch and .at led to the .com site containing images and news of the amphitheatre, summed up in the works represented in the site, the calendar of the performances, the arrangement of the places, ticket prices, the on-line contract for the sale of the tickets, sundry information and a link to the official site of Fondazione Arena di Verona and another link to the “legitimization letter” of Fondazione Arena di Verona itself, which was presented to internet surfers as proof of the effective connection with Fondazione and of being accredited by the same; that this site opened by the defendant dealt only and exclusively with the activity of Fondazione Arena di Verona and appeared in the very first positions in searches by means of the most well known search engines.

Subsequent to the many attempts at serving the writ of summons into the hands of the person concerned, and the negative outcome since he could not be found, the regularity of the renewed serving of the writ of summons pursuant to art. 140 of the civil proc. code was ascertained and the summoned party was then declared absent.

The oral inquiry by the questioning of witnesses, requested by the plaintiff, then took place.

On the outcome, at the hearing of 2/10/2008, the plaintiff presented its pleas and the case was adjourned for the decision with the term pursuant to law granted for the deposit of the final statement.

REASONS FOR THE DECISION

The plaintiff's claim is founded and worthy of acceptance.

The conduct adopted by the summoned party Rainer Klose, who has remained absent, in fact represents illicit behaviour from many aspects and produces economic and non-economic damage to Fondazione Arena di Verona.

In practice, the conduct with which the summoned party is charged has been proven in the lawsuit by the copious documentation lodged in the deeds by the plaintiff, as well as the statements rendered by the witnesses questioned during the oral inquiry. It must therefore be maintained as included in the deeds of the case that: a) the summoned party, who has apparently been working for the company RCK Production Medien since September '99, has unjustly registered in his own name certain internet sites named "arena-verona.com", "arena-verona.de", "arena-verona.ch" and "arena-verona.at", then followed – as stated by the plaintiff at the final hearing – by "arena-verona.li", "arena-verona.fr", "arena-verona.teletour.it", "arena-verona.ru", "arena-verona.cn" (where the present homepage of the site "arena-verona.com" appears, bearing the list of the aforesaid sites as well as docs. 5, 6, 7 and 8 presented by the plaintiff, bearing the certifications of registration of the sites in the defendant's name); b) the various sites with extensions other than .com lead to the same .com site, translated into various languages, containing images and news of the amphitheatre, summaries of the operas performed there, the calendar of performances, the seating plan, ticket prices, the on-line contract for the sale of the said tickets, information of various kinds (see, to this regard, the statement of the witness Corrado Ferrero), and a link to the "legitimization letter" of Fondazione itself, which is presented to internet surfers as proof of the effective connection with Fondazione and of being accredited by the same; c) the "arena-verona.com" site registered by the defendant, which leads to all the others, deals only and exclusively with the activity of Fondazione Arena di Verona, offering exactly the same services as those offered by the official Arena site (again, witness Corrado Ferraro).

The illicit use on the part of the defendant of the words "arena" and "Verona" for the name of the several sites on the internet web represents:

A) Breach of the right to the name, protected by art. 7 of the civil code. Indeed, Fondazione Arena di Verona, a recognised independent opera company (Law 800/67, art. 6) and known as "Arena di Verona",

“... has the exclusive right to use its name, which is historic and also represents the image of the theatre entrusted to the same, and of the name of the organised manifestations” (art. 15 of Lgs. Decree 367/96). The wording “Arena di Verona” can therefore be considered the name of the entity, i.e. the name by which the body is universally known to the public, and it can therefore be legitimately protected by the ruling of art.7 of the civil code against the unfair use on the part of third parties. The said protection is represented by the duplicate faculty of requesting: 1) the harmful fact to cease, in view of the unfair nature of the behaviour; 2) compensation for the damages, on the basis of the presumed illicit nature of the behaviour pursuant to art. 2043 of the civil code, the subject committing the violation being therefore guilty of malicious intent or misconduct. In this case the defendant’s malicious intent appears evident from the unauthorised use of the expression arena(di)Verona as the “domain name” for an internet site illustrating the activity of Fondazione Arena di Verona, therefore the defendant can be ordered to cease the harmful fact and to pay compensation for the damages, as found and quantified herein.

B) Breach of the right to the exclusive use of the trademark as recognised by art. 20 of Lgs. Decree 30/05.

On this point, it may be observed that in February 2000 the plaintiff registered “Fondazione Arena di Verona” as a trademark. Even before the registration, however, since it was recognised as an opera company, Fondazione has used the name “Arena di Verona” with no other additions or specifications (see on this point the statements of the witness Corrado Ferraro, marketing director of Fondazione, and the plaintiff can therefore claim to be the owner of the trademark “Arena di Verona”, to be understood as a trademark in fact, of widespread fame, even before the year 2000, and then as a registered trademark. It thus follows that the plaintiff has the right to the protection pursuant to art. 20, clause 1, letters b) and c) of Lgs. Decree 30/05, consisting in third parties being forbidden to use a sign identical or similar to the registered trademark in their businesses, if any risk of confusion between the two signs exists and if use of the sign without a justified reason allows for obtaining undue gain from the distinctive or fame of the trademark or prejudices the same. It must be borne in mind, on the question of counterfeiting the trademark and exploitation of the same on the Internet electronic network, the risk of confusion/association is present in a particular way: in this context, reference must be made to so-called “initial confusion”, which consists in the confusion of a protected trademark when the user approaches a site which recalls, by the domain name, the same name as the protected trademark and offers similar services. This, in itself, is sufficient to lead the user to continue further in his/her search in favour of the imitator, since the useful effect for the site holder is the moment of “contact” with the surfer, in as much as it can exploit the users’ demand for products of a certain kind and finds services that can more or less substitute those sought. This interference therefore involves an illicit version of clientele from one (the holder of the trademark to be protected) to the other (the holder of the domain name) (Court of Naples, 26/2/02).

In this case, the “initial confusion” effect exists, since the internet surfer who enters the words “arena” and “Verona” in the most well known search engines (Yahoo, Google, AltaVista, Altaweb, etc.) immediately enters into contact also with the sites registered by the defendant, falsely accredited by Fondazione Arena and structured to offer services similar to those offered by the official Fondazione site, and there is also the effect of the unfair advantage in the defendant’s favour, since the abusive use of domain names similar to Arena di Verona produces, through the above described interference, an illicit diversion of customers from the protected trademark holder (in this case, the plaintiff Fondazione) to the domain name holder (the defendant Rainer Klose), in many cases without the internet user being aware that the site visited is not the official site of the “Arena di Verona”.

The defendant can therefore be forbidden, pursuant to the laws on industrial property rights, to use the distinctive sign identical or similar to the protected trademark “arena di Verona”, with the same being ordered to pay compensation for the damages as indicated and quantified herein.

C) Breach of the laws on unfair competition (arts. 2598, nos. 1 and 3, 2599 and 2600 of the civil code).

It is clear that the illegal activity, consisting of the appropriation or counterfeiting of a trademark, by the use of distinctive signs identical or similar to those legitimately used by the rival entrepreneur, may be inferred by this latter as the basis not only of an *actio in rem*, to protect its exclusive rights over the trademark, but also and jointly, a personal action at law for unfair competition, when the conduct in question has created the possibility of confusion between the respective products (Supreme Court 16647/08). To this regard, it must be noted that domain names registered in the Internet network (such as those in question registered by the defendant) cannot be considered the same as a mere internet address, since they have the character of a real distinctive sign (see, to this regard, the present art. 22 of the industrial property code, which has adopted the said principle), since the rule itself of the network – first come first served – is subject to events that can lower the level of protection recognised to the distinctive sign by civil law: the subject that knowingly registers a domain name containing a reference to the protected trademark of rival businesses commits unfair competition, since he/she unfairly exploits, to his/her own advantage, the fame of the distinctive sign belonging to the trademark holder (in this case, that of Fondazione Arena di Verona), thus generating confusion for users and induces them to believe that the services offered at the site (e.g. on-line booking/sale of tickets for the performances in the Arena) are provided, or at least authorised, by the subjects holding the trademark itself (see Ordinary Court of Naples, 28/19/01). The above-mentioned unfair diversion of customers is therefore produced, and consequently the unfair increase in the economic value of the abusive site, both as regards the greater number of visits on the part of the Internet surfing public (which – in this particular case – have gone to the site either to book and buy tickets on-line for the performances produced in the Arena di Verona, or to find information on the performances, on the Arena amphitheatre and on available accommodation in Verona), and as regards the increased attraction of the site for advertisers who may wish to insert banners or other forms

of electronic advertising. To understand the size of the phenomenon, it must be taken into account that the defendant's website arena-verona.com gives – at present – the information that 100,000 tickets a year for the performances at the Arena are sold through the site.

In the light of the above observations, having found that the defendant's behaviour is illegitimate, the Court can therefore order the same, pursuant to art. 7 of the civil code, art. 20 of the Industrial Property Code and art. 2599 of the civil code, to cease the said behaviour through the immediate cancellation and closure of the sites "arena-verona.com", "arena-verona.de", "arena-verona.ch" and "arena-verona.at", simultaneously banning the aforesaid use in any form whatsoever on the electronic network of domain names containing the words "arena" and "Verona".

The defendant must therefore be ordered, pursuant to arts. 7 and 2600 of the civil code, and 125 of the Industrial Property code, to pay compensation for the economic and non-economic damages sustained by the plaintiff.

With regard to the prejudice suffered by Fondazione, it must be taken into account that the defendant's behaviour has certainly caused the non-economic damages of the compromise of the rights to the name of the foundation "Arena di Verona" as recognised by the aforesaid arts. 6 of Law 800/67 (firstly) and 15 of Lgs. Decree 367/96 (secondly), resulting also in harm to the image of Fondazione, caused both by the effect of confusion/association determined by the use on the part of Klose of internet domain names similar to the plaintiff's name/trademark, and by the potential discredit and organisational difficulties caused to the plaintiff by the on-line booking/purchase of tickets which cannot then be actually available to the buyer ("... the defendant in fact sells tickets to the public, or rather it in fact sells simple bookings and he then privately buys through other channels a number of authentic tickets theoretically corresponding to the number of bookings he has placed. We are not even sure that he then actually buys the same number of tickets as bookings, with all the difficulties that can arise for the public ...), witness Ferraro; see also the statements given on this point by the witness Lavagna, the full text of which is here only referred to for brevity).

The defendant's behaviour has also caused the plaintiff economic damages, which are certainly difficult to quantify, but which must be indemnified taking into account: 1) the unfair diversion of clientele from the official site of Fondazione to that registered by the defendant, involving a lower number of visits to the official site; 2) the loss of the distinctive force of the plaintiff's trademark on the electronic network, for having appeared with insistence in the defendant's sites, resulting among the first positions in research carried out by internet users with the main search engines of the electronic network; 3) the interference with the advertising and sponsoring policy implemented by Fondazione through its own official website, due to the unfair competition carried out by the defendant's sites; 4) the impairment to the plaintiff's right to use domain names including the words "arena" and "Verona" illegitimately registered by the defendant, also to be considered in relationship with the interest of the plaintiff Fondazione towards the electronic

market of internet, as testified by the number of internet domains assigned to the defendant (plaintiff's doc. 38) and by the expenses sustained by the same for the registration and maintenance of the said domains (plaintiff's doc. 20); 5) the fact that the defendant's illicit behaviour dates back in time (the defendant's first registrations of the "arena-verona" sites on the internet date back to 1999), still in progress to the plaintiff's detriment; 6) the unfair advantages obtained by the defendant (for example, but not only, the number of tickets for performances at the Arena sold/booked through its own sites; the return on advertising to the advantage of the said sites; etc.)

In the light of the above considerations, the economic and non-economic damages suffered by the plaintiff can be estimated according to fairness as a total sum of € 180,000.00, expressed in current legal tender, plus the legal interests accrued from the date of the publication of this decision until actual payment of the balance.

Pursuant to art. 124 of the Industrial Property Code, the Judge, pronouncing the injunction, can fix a sum due for every breach or infringement successively ascertained and for every delay in the execution of the order.

In consideration of the seriousness of the defendant's behaviour, as well as the fact that it dates back in time and the consequent prolonged protraction of the prejudicial effects on the plaintiff, the quantification of a sanction of € 1,000.00 for every day's delay in the execution of this decision, from the date of its publication, appears fair.

Pursuant to art. 2599 of the civil code, the decision that rules on unfair competition allows for provisions to be pronounced in order to eliminate the effects.

In the case in question, should execution of this decision be delayed by more than 30 days from the date of its publication, an order shall be issued for the blackout of the internet sites registered by the defendant and indicated in the provision, addressed to the providers of the relative network services.

Pursuant to art. 2600 of the civil code, the publication of this decision can be arranged in two national daily newspapers, one Italian and the other German, as well as in a local newspaper, at the defendant's expense.

The costs of the case shall be borne by the loser of this lawsuit and amount to the sums specified in this decision.

FOR THESE REASONS

The Court of Verona, represented by a sole magistrate, with final decision and rejecting every diverse claim and exception, rules as follows:

in view of arts. 7 of the civil code, 20, 124 and 125 of the Industrial Property Code and 2598 nos. 1 and 3, 2599 and 2600 of the civil code;

in acceptance of the plea of the Fondazione Arena di Verona;

finding the defendant's behaviour to be illicit for the reasons and grounds in the narrative;

1) orders the defendant Rainer Klose to refrain from using the domain names “arena-verona.com”, “arena-verona.de”, “arena-verona.ch” and “arena-verona.at” in the internet network, at the same time forbidding the aforesaid use in any form on the electronic network of domain names containing the words “arena” and “Verona”;

2) orders the defendant to pay to the plaintiff the total sum of € 180,000.00, in current legal tender, plus legal interests from the date of the publication of this decision until payment of the balance;

3) orders the defendant to pay to the plaintiff the sum of € 1,000.00 for every day’s delay in the execution of this decision, from the date of its publication;

4) orders the providers of the relative internet services to blackout the sites registered by the defendant with the domain names indicated in point 1) of this provision, in the case of a delay of more than 30 days in the execution of this decision, from the date of its publication;

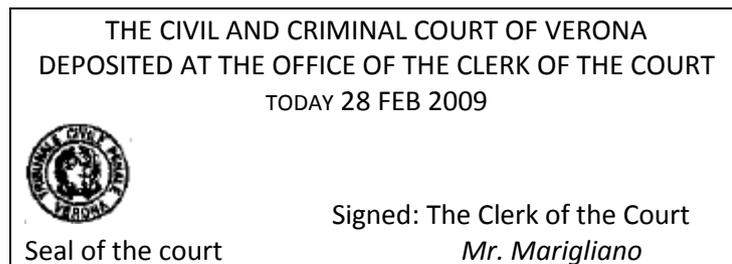
5) orders the publication of the provisions of this decision in two national daily newspapers, one Italian and the other German, and also in a local newspaper, at the defendant’s expense.

The defendant is ordered to reimburse Fondazione Arena di Verona for the expenses of the litigation, quantified as € 4,250.00 for fees, € 2,455.17 for dues, € 547.17 for advance payments, € 635.92 for court costs, plus reimbursement of general expenses pursuant to art. 15 of the Financial Act, VAT pursuant to law and the lawyers’ provident fund contribution.

Verona, 28/2/2009

Signed: The Clerk of the Court
Mr. Marigliano

Signed: The Investigating Magistrate
Hon. E. Tommasi di Vignano



Illegible stamp indicating that this deed has been transmitted to the attorneys by fax.

Document on 11 sides and up to this point on the 12th side, initialled by the Magistrate on each side and with the seal of the court between pages 2 and 3, 4 and 5, 6 and 7, 8 and 9, 10 and 11, and on page 12.