**Milan court applies *Nintendo v Big Ben* in fast fashion lawsuit against ZARA**

Tribunale di Milano (Milan Court of First Instance), *Diesel spa and Others v Zara Italia srl and Others*, case No 22303/2016, decision No 5390/2018, 15 May 2018

Following the decision of the Court of Justice of the European Union in *Nintendo v Big Ben*, C‑24/16 and C‑25/16, EU:C:2017:724, in the context of proceedings against Zara for alleged infringement of a number of design rights, the Milan Court of First Instance has ruled that it had jurisdiction: (1) in relation to infringements committed in the entire EU territory; and also (2) to determine the amount of compensation due for damages caused throughout the EU.

**Legal context and facts**

In its action first brought in 2016, OTB – parent company to, *inter alia*, fashion brands Diesel and Marni – sued the Zara group of companies (including ZARA ESPANA and ZARA ITALIA) before the Milan Court of First Instance, claiming that:

* Zara had infringed:
* Diesel's Community registered design right No 2649491-002 (filed on 10 March 2015) and unregistered design right relating to women's skinny jeans SKINZEE-SP2
* Marni's unregistered Community design right concerning its winter sandal FUSSBET, first disclosed in February 2014

by marketing, respectively, jeans named BIKER CERNIERE (item 5899/167) and a pair of ZARA HOME sandals (item 15049071);

* Zara had acted contrary to the principles of fair competition under Article 2598 of the Italian Civil Code;
* It was entitled to receive compensation for the entire amount of the damages suffered in the territory of the EU due to Zara's infringements.

The defendants sought the dismissal of the action, also submitting that the Italian court would lack jurisdiction over defendants established abroad, and that this would be in line with the position of the Court of Justice of the European Union (CJEU).

In 2016 the Milan Court of First Instance confirmed an interim injunction in favour of the claimants first issued on 27 November 2015 (Milan Court of First Instance, *Diesel spa and Others v Zara Italia srl and Others*, Case No 67269/2015, 4 March 2016)

**Analysis**

First, the court addressed the claim that it would lack jurisdiction in relation to foreign defendants. It rejected the defendants’ submission, holding that jurisdiction would subsist under Article 8(1) No 1 of Regulation (EU) 1215/2012 (the Brussels I Regulation recast). This provision states that person domiciled in a Member State may also be sued "where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings".

With regard to the merits of the case, the Court focused on the notions of individual character and informed user. With regard to the latter, the Court recalled the definition as provided by the CJEU in *PepsiCo v Grupo Promer Mon Graphic*, C-281/10 P, EU:C:2011:679. With regard to the former, it noted how account should be taken of the degree of freedom of the designer, as required under Article 6 of Regulation 6/02 (the Community Design Regulation). In the case at issue such freedom would not be really influenced by functional aspects (which relate to the shape of the human body) but rather by the "extremely crowded character of the clothing sector (in particular, jeans)". It follows that "modest differences which may nonetheless be perceived by the informed user as different from already known shapes may justify the validity of the right". In any case attention should be paid to the overall impression provided by the designs at issue. The Court held DIESEL's rights over SKINZEE-SP2 valid and found that ZARA had infringed such rights. In relation to Marni's claim, the Court confirmed the validity of the unregistered Community design right for the statutory 3-year term, holding that "the appearance of Marni's sandal presents enough characteristic elements to produce an overall different impression in the sector".

Turning to the territorial scope of the measures to be adopted and the compensation of damages, the question was whether a court in Italy would have competence to rule also in relation to activities of a defendant domiciled in Spain for the same infringing activities committed outside Italy but still within the EU territory. The Milan judges answered this point in the affirmative, referring to the recent CJEU decision in *Nintendo v Big Ben*, whose background proceedings were considered "entirely similar" to the present case. Not only would the Milan court have EU-wide jurisdiction to rule on the infringement, but it would also have EU-wide jurisdiction in relation to remedies, including damages:

Indeed such measure [award of damages] - which is an ancillary request to the one seeking declaration of infringement, rooted in this case within the jurisdiction of the Community design court under Article 83(1) of Regulation 6/02 - falls within the scope of Article 88(2) of Regulation 6/02, which states that on all matters not covered by it, a Community design court shall apply its national law and its private international law.

The Milan court held that this requires consideration – in line with the CJEU decision in *Ergo Insurance*, C-359/14, EU:C:2016:40 – of Regulation (EC) 864/2007 (the Rome II Regulation). According to Article 19 therein, for activities of ZARA ESPANA other than those which have given rise to the infringement on the Italian territory, the applicable law would be the Spanish one.

The Court ordered the defendants to cease any production and selling activities related to SKINZEE-SP2 and withdraw the infringing products form the market in relation to the entire EU territory (the expiry of the right over the FUSSBET sandal meant that no such order could be made). It also ordered that the proceedings continue in order to determine the actual amount of the damage to be awarded to the claimants, also taking into account Spanish law with regard to ZARA ESPANA's activities.

**Practical significance**

The relevance of the fashion industry to world economies has grown over time. Today it equals 2% of world's Gross Domestic Product (see https://fashionunited.com/global-fashion-industry-statistics). In parallel to this, a phenomenon that has really boomed over the past few years is also that of 'fast fashion', which is characterized - also raising a number of concerns, including sustainability (or lack thereof) - by very rapid production cycles, low cost and prices, and items 'inspired' by looks seen on catwalks or those worn by celebrities.

But when does inspiration translate to an actual IP infringement? And is it worth it - or even altogether possible from a legal standpoint - for, say, a fashion house to take action in an attempt to repress the production and sale of garments that look a bit too similar to the real thing?

The decision of the Milan court, being one of the first national applications of the CJEU ruling in *Nintendo v Big Ben*, is good news for fashion brands. It confirms that in principle a design court in a EU Member State has jurisdiction to consider remedies, including damages, also in relation to infringing activities occurred outside the territory where the court seized has its seat. This may signal the beginning of a new enforcement era, in which also contrasting fast fashion phenomena might become easier and worth pursuing.

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