[IT] The Italian Supreme Court of Cassation renders a landmark decision on parody involving the fictional character "Zorro"

IRIS 2023-2:1/6

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On 30 December 2022, the Italian Supreme Court of Cassation published a landmark decision with regard to the use of parody as an exception to copyright and trademark rights. The case arose in relation to the unauthorised use of the literary character “Zorro” in the context of a commercial.

The proceedings underlying this decision date back to 2007, when the claim was originally brought, following the broadcast on television and radio of an advertising campaign launched by “Brio Blu”, a famous Italian water brand, starring an equally famous Italian actor impersonating a modern, funny version of “Zorro” to promote the company’s sparkling water. After the airing of the commercial, the US company Zorro Productions Inc., owner of the intellectual property rights in the namesake character, sued CO.GE.DI. International, the leading company in the mineral water market who commissioned the ad.

The Court of Rome initially upheld the plaintiff’s claims, recognising the validity of the enforced IP rights and their infringement. The first instance decision was however overturned by the Court of Appeal, on the grounds that the character “Zorro” had fallen into the public domain, and that the trademark rights in it had lapsed for non-use in the relevant classes. The plaintiff appealed the decision before the Supreme Court of Cassation, which – when first involved in the case in question – ruled that pursuant to the Universal Copyright Convention of 1952 the character had not in fact fallen into the public domain because, as a work of a US citizen published in Italy, Italian copyright law granted it protection up to 70 years after the death of its author. As a result, the Supreme Court of Cassation overruled the decision and returned the case to the Court of Appeal, which this time upheld Zorro Productions Inc.’s copyright claims. Court of AppealsThe court had stated that the mere use of a famous fictional character could indeed amount to an infringement of copyright, and its imitation could not be considered lawful by reason of the fact that the commercial consisted of a parody of “Zorro”. According to the Court of Appeals of Rome, the inapplicability of the exception, and thus the circumstance exempting the defendant from liability, followed from the fact that Italy had not transposed the (optional) parody exception provided in Article 5(3)(k) of Directive 2001/29/EC (also known as InfoSoc Directive). In any case, the Court of Appeal stated, parody would require a creative re-elaboration of the earlier work, which was absent in the case at hand. Conversely, the district

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court had dismissed the trademark claims on account of the deemed lack of distinctive use of the word and figurative “Zorro” signs made in the commercial.

The (partially) unsuccessful defendant — CO.GE.DI – subsequently appealed that Court of Appeal ruling to the Supreme Court of Cassation that led to delivery of the December 2022 decision. In essence, the water company argued that the judges of second instance had erred in excluding that the contested use of the character in the advertisement could be exempted based on the parody exception. Although not specifically transposed from the InfoSoc Directive, the parody exception had been consistently applied in the case law as it related to the right to criticism and review (provided in Article 70 of the Italian copyright law). For its part, Zorro Productions Inc. filed a cross-appeal, essentially against the part of the appellate decision in which trademark infringement had been ruled out.

Against this backdrop, the Supreme Court of Cassation was able to provide a useful overview of the balance between IP rights and freedom of expression, and thereby set out a number of important principles of law regarding copyright and trademark infringement. The decision opened by stating that it was uncontested that fictional characters were eligible for protection under Italian copyright law, independently from that accorded to the work in which they were originally conceived (in this case, a novel). Moving on from that preliminary clarification, the Supreme Court of Cassation deviated from the reasoning and conclusions of the Court of Appeal regarding the contested copyright infringement, taking the opportunity to define and describe the notion of parody. According to the judges of the court of last resort, parody consists of a “reworking” through a caricature imitation implemented with satirical, humorous, or critical purposes. As such, parody is by its very nature entwined with the original work (or character, in this instance), from which it departs for the purposes of conveying a message different from that targeted by the author of the work in question. Therefore, continues the decision, as opposed to plagiarism or counterfeiting – which are activities of mere reproduction – parody always reinterprets to some extent the original work, tweaking its meaning to convey a new message.

Having explained the above notion of parody, the Supreme Court of Cassation went on to discuss its compatibility with the exclusive rights of the author and his successors in title, excluding that parody could be subsumed under the regime of derivatives work, which would require the permission of the rightsholder – something that in relation to parodistic uses would likely be withheld. Instead, the Court held that parody should rather be treated as (an autonomous) manifestation of thought and artistic creation protected respectively under Articles 21 and 33 of the Italian Constitution. In addition, the Court noted how the parody exception, despite the fact that Article 5(3)(k) of the InfoSoc Directive had not been transposed in Italy, should be regarded as embedded in the (pre-

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existing) right to criticism and review provided under the quotation exception set forth in Article 70 paragraph 1 of the Italian copyright law. This was also true with reference to parody of a fictional character, as long as it did not conflict with the normal exploitation of the original work (that was, the character itself). In the light of this, the Supreme Court of Cassation remanded the case to the Court of Appeal to rule again on the copyright claim.

Regarding the alleged trademark infringement, the Supreme Court of Cassation held that the Court of Appeal should re-assess the claim, considering that what mattered was whether the use of the third-party sign that had acquired a reputation was capable of affecting the users' perception of it, irrespective of the fact that the sign was used to identify products or services. In conducting that analysis, the various functions of the trademark should be considered, as those were not in fact limited to the mere indication of origin of the product but should now encompass its meaning and value from a communication, investment, and advertising perspective. It was interesting to note that, in that respect, the Court took the stance that a similar conclusion was not affected by the recent legislative amendment to Article 20, paragraph 1 (c) of the Italian Industrial Property Code, which now provided that the use of the sign relevant to the infringement of a reputed trademark was also that which takes place "for purposes other than that of distinguishing the goods and services." According to the Court, the said amendment lacked real innovative scope and was actually implementing the preexisting interpretation of both scholars and case law in relation to the protection of trademarks with acquired distinctiveness. That said, even a parodistic use of someone else's renowned trademark (something not specifically addressed by either EU or Italian trademark law but allowed to a certain extent by case law) could create a link with the message the latter carried. A similar use would be unlawful insofar as it may result in an advantage for the unauthorised user and author of the parody, or be prejudicial to the trademark owner, for instance in the form of dilution or even tarnishment of the trademark itself, and therefore interfere with the exclusive rights conferred to the trademark owner upon registration.

Corte di Cassazione, decisione n. 38165/2022, pubblicata il 30 dicembre 2022

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Supreme Court of Cassation, decision No. 38165/2022, published on December 30, 2022

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