

[Electronic Commerce & Law Report: News Archive](#) > [2017](#) > [Latest Developments](#) > [News](#) > Sharing Economy: Italy Emerges as Main Front in Uber's European Battles

◀ Previous | Next ▶



▶ See Related Articles

✉ Contact Editor

📄 Reprints & Permissions

Sharing Economy

Italy Emerges as Main Front in Uber's European Battles



By [Eric J. Lyman](#)

A high-profile showdown between San Francisco-based Uber Technologies Inc. and Italy's main taxi drivers' union is shaping up to have consequences that could reach across the European Union, analysts said.

Unica-Filt CGIL, the Italian taxi drivers' trade union, has been critical of the ride-hailing service for years. It lobbied to have the baseline UberPop service—which lets users summon rides from non-professional drivers—outlawed in 2015. After that, the union set its sights on high-end Uber services such as “Uber Black,” which uses an app to link passengers with limousine drivers.

In February, unionized drivers stayed off the streets of major Italian cities for six days in an effort to push the courts into forcing drivers using the “Uber Black” service to follow the same rules as drivers from traditional limousine services, such as requiring them to return to a central location between each call. An Uber spokesman told Bloomberg BNA at the time that doing so would make Uber's business model ineffective and, ultimately, hurt competition.

Then, on April 7, a Rome judge ruled that “Uber Black” represented “unfair competition” to taxi drivers and threatened to fine the company up to 10,000 euros (\$11,000) for each day it operated starting April 17—10 days after the ruling. Other higher-end Uber services, such as “Uber Lux” and “Uber-Van,” were also blocked.

Unica-Filt CGIL, in a statement, called the ruling a victory in “the latest battle in a legal war that began in 2015 to prohibit the most striking form of unfair competition ever registered on the Italian public transportation sector.” But Uber appealed and a regional court, April 14, temporarily suspended the higher-end services ban.

This time, Uber declared vindication—a spokesman told Bloomberg BNA that the suspended ban “restored the freedom of choice to both Italian consumers and drivers.” But the ruling wasn't on the appeal's merits; it was only intended to let Uber keep operating until the appeal could be heard, sources familiar with the case told Bloomberg BNA. The appeal process could take months or even years.

Regardless of how the case ends, damage from the Italian battle may have already been done, some analysts say.

“There is a strong urge in Italy for companies to see new forms of competition as unfair,” Roberto Pardales, a markets and competition professor at Rome's LUISS University, said in an interview. Courts' willingness to consider Uber unfair competition for taxis could impact how other segments of the sharing economy—whether they be online lodging services like AirBNB, home-meal businesses or other peer-to-peer services—are treated in Italy in the future, Pardales said.

John Cabot University business administration professor Pietro Paganini, an officer with the sustainability think tank Competere, said that putting up barriers to new forms of competition helps established companies—in this case taxi drivers—in the short-term but, ultimately, hurts innovation.

“Competition would make taxi service better and would prepare taxi drivers for competition they will eventually have to face,” Paganini told Bloomberg BNA. “Even if the taxi drivers ultimately get their way, what will happen in a few years when there are driverless cars? Will the taxis insist they use drivers anyway?”

Andrea Giuricin, a Milan-based economist and a fellow with the free market Bruno Leoni Institute think

Snapshot

- Rome court's national ban on Uber suspended a week later
- Outcome of Italian case could impact how other countries treat Uber

tank, said Italy could see a knock-on effect in increased prices and reduced options that could make Italy less attractive to tourists. It could also make entrepreneurs and technology companies wary of making future investments in the country.

"Companies will be suspicious of any market where the regulatory landscape is capable of shifting so dramatically," Giuricin said in an interview.

But the biggest risk, according to Giuricin and others, is the possibility that the arguments used against Uber in Italy could also be used elsewhere.

"If Italy makes it difficult for ride-sharing services, it would be easy to imagine taxi drivers in France or Spain to start asking, 'Why can't we do what Italy did?'" Giuricin said.

That is already starting to happen. Uber will be forced to shut down in Denmark later this month, for example, after rules were put in place to make Uber drivers use fare meters. Specific European cities, including Frankfurt, London, Madrid, and Paris, have taken steps to limit Uber's role. Since Italy's 2015 ban on Uber Pop, Belgium, France, Germany, the Netherlands and Spain have taken similar steps.

But Italy was the first to pass an outright nationwide ban and, even if it was temporarily suspended, the country remains the largest European country where such a ban is in the works.

Last year, the European Commission gave its support to what it called the "collaborative economy," saying it supported specific laws that sought to make new companies adapt to local traditions and practices. But it also said that "Absolute bans and quantitative restrictions of an activity normally constitute a measure of last resort."

But the commission is treading lightly when it comes to the latest developments. Lucia Caudet, a commission spokesperson for internal markets and industry, told Bloomberg BNA that the commission's main goal in this area is to assure consistent treatment across the 28-nation bloc.

"National and local authorities are responding with a patchwork of different regulatory actions," Caudet said. "This fragmented approach to new business models creates uncertainty for traditional operators, new services providers and consumers alike and may hamper innovation, job creation and growth."

Caudet did not say the commission was likely to take specific action against Italy or any other country in this area.

The European Court of Justice is also mulling a decision that could determine whether Uber should be considered a transportation service or a digital platform, something that could have a continent-wide impact on how the company is regulated. Uber's European officials already take pains to cast the company as a digital platform linking drivers to potential passengers.

For its part, Unica-Filt CGIL said that, regardless of the outcome in court, it would be unfair to allow Uber drivers and taxi drivers to compete under the same set of rules because they provide different services.

"Taxi drivers have to pass certain tests on knowledge of the city, where hospitals, schools, museums are," Nicola Di Giacobbe, a national coordinator for Unica-Filt CGIL, told Bloomberg BNA. "Taxi drivers cannot turn down a fare, and they must serve the entire city. That an alternate service may not guarantee these basic services is unthinkable."

"It's helpful to recall that taxis provide a public service, something that is not the case for the services based on apps," Di Giacobbe said. "This is not something that should be left to the open market."

To contact the reporter on this story: Eric J. Lyman in Rome at correspondents@bna.com.

To contact the editor responsible for this story: Keith Perine kperine@bna.com

Related Articles

Topics:

- [electronic commerce law](#)
- [mobile applications](#)
- [non-U.S. antitrust regulation](#)
- [non-U.S. transportation regulation](#)

Companies:

- [Uber Technologies Inc](#)

Countries:

- [European Union](#)
- [Italy](#)

[◀ Previous](#) | [Next ▶](#)

[⬆ Top](#)[Home](#) | [About](#) | [Site Map](#) | [Help](#)[Contact Us](#) or call 1-800-372-1033

ISSN 2159-3051

[Copyright](#) © 2017, The Bureau of National Affairs, Inc.[Terms of Service](#) | [Copyright FAQs](#) | [Internet Privacy Policy](#) | [BNA Accessibility Statement](#) | [License](#)

Reproduction or redistribution, in whole or in part, and in any form, without express written permission, is prohibited except as permitted by the BNA Copyright Policy.