

## A New Era For Design And Copyright In Italy

By *Massimiliano Patrini*

**D**esign is one of the most important industrial assets of the Italian modern economy. From fashion to furniture, the role played by the design is critical and creates occupation and richness in our country. Despite the huge relevance of the “design industry,” Italy has delayed for a very long time the implementation of one of the foremost instruments of protection of design works, that is copyright.

Due to the major changes that have occurred in the recent legislation, the time has now arrived and we can say that we have entered into a new era for Italian Intellectual Property. The very recent decision held by the Court of Justice on 27th January 2011 has endorsed the approach taken by the Italian legislator. The result is a new system in which the room for the valorization of the design is becoming more and more significant, also in terms of its financial exploitation. As a matter of fact, beside the traditional “patent” protection, it is now possible to claim copyright law, also for those designs that were created in the past, within the time-limit of 70 years after the death of the author. This should lead all the owners of IP rights on design works to reconsider their strategy in Italy. The new approach should take into consideration both the perspective of the litigation and that of financial exploitation in a strict sense, as closely related between them. In fact, it is understood that the immediate consequences of a broader “right of exclusivity” on the market shall consist in a wider market for selling the product (without the competition and interference of the infringing “copies”), as well as in a more profitable license approach to the same market.

The design protection, in its essence, can now be outlined as follows:

- **The Registered Design**, established by Industrial Property code (legislative decree 10th February 2005);
- **The Community Unregistered Design** (EC Regulation 6/2002).
- **The Copyright**, (law No. 633 of April 22, 1941 and Industrial Property Code hereinafter also referred as “IPC”).
- **The Trademarks** (Article 7 IPC).
- **The Unfair Competition** (Article 2598 civil code).

Focusing on the relationship between design and copyright, it is worth summarizing how this type of protection has been applied, enforced and interpreted in Italy in the last few decades, in the context of a legislation that is really complex.

### 1. The Italian Legislation on Design Before 2001

In order to understand the terms of the matter and the actual extent of the reform, we must go back to before 2001. At that time the legislation and case law did not acknowledge copyright protection for industrial design. The Italian legislation was based on the criterion that if a shape

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was registered and “patented” as a model, it could not also fall under copyright protection. The shape (bi or three-dimensional) was eligible to copyright protection only in the event that, even if applied to industrial field, its artistic meaning was separable from the industrial essence of the product to which it pertained. In accordance with this reasoning, the design and shape were regarded as “design-protectable” insofar as it was possible to conceive the artistic estimation of those shapes, regardless of their industrial function, exactly like for any other type of artistic work (paintings, sculptures tec.). This clearly amounted to denying the copyright protection for the industrial works design. The concept of the so-called “divisibility” of the shape from the artistic value has influenced for more than 60 years the Italian legislation and case law. As a consequence, the design protection was limited to the patent (the so called *modello ornamentale*, now registered model) and/or, but within very strict limits, to unfair competition rules. (Section 2598 Italian civil code).

### 2. The Italian Legislation After 2001

On April 2001 we assisted in the very first “revolution.” EU Directive 98/71 was enforced through Legislative Decree No. 95/2001. Therefore, the protection under Section 2 of the Copyright Law was made available to works of industrial design, **having creative character and artistic value.**

The relevant provision of Legislative decree No. 95/2001 were then transferred to Industrial Property code (February 2005). The combined provisions of Article 44 and Article 239 IPC originally provided for a progressive application of the new duration of protection provisions as follows:

- **Article 44** IPC established the duration of the right of economic exploitation up to 25 years from the date of death of the author/creator;
- **Article 239** IPC established a ten year grace period of validity, up to April 2011 for those works which, on April 19, 2001, were already in the public domain.

Although the 2001 Decree (and then the IPC) was a step towards harmonization with the European community's system, the European Commission considered it inadequate both by reason of the 25 instead of 70-years protection after the death of the author/creator (Art. 44 IPC) and by reason of the grace period (Art. 239 IPC); this was the justification to avoid enforcement of the copyright against entities which were lawfully (at least from a copyright infringement perspective) in the business of dealing with copies of works and to permit them to exhaust inventories, convert their production, and cease infringing the rights of the authors /creators during the grace period.

Two infringement procedures were brought against Italy to which the government responded with Decree Law No. 10 of February 15, 2007 amending Art. 44 IPC to provide for 70 years of protection and Art. 239 IPC to exclude copyright protection for works which were in the public domain before April 2001, thereby awarding copyright protection for the same period as for industrial design works and eliminating the grace period tout-court, thus causing great uncertainty about the correct way to interpret the law and its enforcement.

Art. 239 IPC was further revised by Law No. 99 of July 23, 2009 (the "*Made in Italy Law*") whereby copy of works in the public domain started before April 2001 could continue within the limits of prior use without limitation.

Meanwhile and notwithstanding the grace period, Italian Courts handed down several decisions awarding copyright protection in favor of certain well-known design works, granting attachments and injunctions against their unauthorized reproduction. In *Vitra Patente A.G. vs. High Tech s.r.l.* of November 28, 2006 the Court of Milan granted copyright protection (through *inaudita altera parte* seizure, confirmed after the *ex parte* proceedings) for **Panton Chair** against the slavish imitation of the

same by a similar product. The order was based on the assertion that Panton Chair has to be protected by copyright, being the artistic value of the same was well demonstrated by the exposure of this work in the most important exhibitions and museums all over the world. In *Flos S.p.A. vs. Semeraro Casa e Famiglia S.p.A.* of December 29, 2006 (the litigation which originated the Decision by the Court of Justice of January 27, 2011), the IP section of the Court of Milan granted in favour of Flos S.p.A. an *inaudita altera parte* attachment, by prosecuting the copyright infringement of the well-known lamp "Arco di Castiglioni." The decision was then confirmed by the Collegiate Court at the end of the appeal, filed by Semeraro Casa e Famiglia S.p.A. In this frame it is also important to mention other significant decisions that confirm the enforceability of copyright protection for Works Designs, such as that held by the Court of Florence in respect to "**Wagenfeld**" Lamp on August, 2003.

### 3. The Legislative Frame In 2011

Two recent interventions, almost simultaneous, by Italian Parliament and by the Court of Justice, had given a substantial (hopefully definitive) boost to the harmonization of the IP Italian System to EU Directive 98/71.

Reference is made to the decision held by the second Chamber of the Court of Justice in case C-168/09 (between the Italian companies Flos and Semeraro Casa e Famiglia S.p.A.) of January 27, 2011 as well as to Legislative Decree 131 of 2010, issued on September 2, 2010.

Art. 123 of Legislative Decree 131 of 2010 has further revised Art. 239 IPC to provide that copyright is now fully effective for the designs that meet the substantial requirements of such protection. Therefore it applies against the copies manufactured after 2006 and imported against 19th April 2001.

As already noticed, this makes available a more and more effective and efficient copyright protection, not only for the design of the future, but also for the one from the "past," with a remarkable impact on the financial assessment of this asset for all those entities that, up to now, were excluded from copyright protection and unable to claim the exclusive right of exploitation in Italy.

As a matter of fact, the principal aim of the legislator was to harmonize Italy with EC rules protecting copyright on the design works that, before the decision in C-168/09, had been clearly expressed in the opinion of the General Attorney in the case at issue. Accordingly, Italian law was regarded as inconsistent with EC regulations in excluding copyright protection

for the works that were already in public domain on 2001.

The Court has then partially upheld the conclusion by Advocate General that stated the legislation of a member state cannot impede the enforcement of copyright for those design works (having requirements to be eligible for this type of protection) that were *registered* in a member State and entered into public domain before 2001. **It is therefore now debated if, pursuant to EC-168/09, copyright can be actually enforced against the designs that were not registered in EU before 2001.**

The Court has also recognized that Article 17 of the EU Directive 98/71 must be interpreted in the sense that the Italian legislation—*either for a substantial period of 10 years or completely*—cannot refuse copyright protection for those designs that, even if entered into public domain, are eligible to this protection. It follows that copyright protection has to be enforced against a *third party who has manufactured or marketed products reproducing such design, irrespective of the date on which those acts were committed.*

The IP section of the Court of Venice has recently granted preliminary measures in favor of the Italian company Cassina, by ordering the seizure and injunction against unauthorized copies of the well known model of Le Corbusier chair “LC.” The IP section prosecuted the infringement of the copyright owned by Cassina and, at same time, ordered the infringer to immediately desist from any further exploitation of the trademarks “LC” as well as to cease the use of images pertaining to the chair at issue, also through Web sites and other means. This decision is the most effective evidence of the new perspective in the Italian IP system, that finally allows to think in a different way for the future to protect and valorize the design, even if it comes from the past.

#### 4. The Commercial Exploitation of IP Design Rights and Copyright

Once ascertained that the amended legislative frame (Industrial property code) finally provides a wider protection for copyright on design works, the purpose of this paper is also to examine the impact of said reformation in terms of commercial exploitation.

As usual, the owner of the IPR on design works has mainly three ways of exploitation:

- exploitation of the design by itself,
- assignment of IPR,
- licensing of IPR.

Both license and assignment agreements are subject to the provisions of Italian civil code (Sections 1321-

1469). The assignment can be also construed as a sale agreement (sections 1470-1536 ICC), trade-in, contribution in company capital or, more in general, as any agreement able to transfer the property. The license is not regulated by any specific provisions (with the sole exception of Law No. 129 of 6th May, 2004 concerning *franchising* agreement, that is mainly regarded as a Trademark license).

The licensee, either exclusive or non-exclusive, is fully entitled to bring actions against the infringers with, or without, the concurrent participation of the licensor.

Since patent and copyright protection under Italian legislation are cumulative (Article 44 IPC), as a matter of theory, both the IPR might be covered by the scope of the same license agreement.

Nonetheless, the licensing (or assignment) of copyright on design poses a really peculiar issue. It pertains to the characteristic of the so called *artistic value* (Art. 2 copyright law) that must vest the design and that cannot be regarded as foregone. In fact, as demonstrated by the precedents mentioned in section 3, all the cases in which the Court had acknowledged and granted copyright protection concerned design works created by the most prominent designers and architects. In these cases, it was not difficult to catch the artistic value by referring to the *Curricula* of the designers, the prizes awarded by the works, and the worldwide presence in museums and exhibitions around the world.

The situation might be slightly different in the perspective of a young designer, for an item with a short commercial life, where the evidence of the artistic value of the work can be more questionable. In this case the issue is to avoid being part (either as licensor or licensee) of a copyright agreement that can be, in actual fact, considered as invalid for the lack of an appreciable scope and content (Article 1325 Civil code). It is therefore advisable to have a license covering both a registered design and the relevant copyright. In order to support the actual existence of the copyright in a strict sense, it is also suitable to describe into the agreement a short resume of the designer and its professional background.

Articles 138 and 139 of IPC also provide a peculiar type of publicity for the registered designs, to be voluntarily performed at the Italian PTO whose aim is to prevent and solve the disputes that may raise in case the same IPR are transferred to different entities, in different times.

Accordingly, article 138 “Recording” of IPC provides that “*the following documents must be disclosed*

to the public by means of recording at Italian Patent and Trademark Office.”

a) *Inter vivos agreements, whether free of charge or for a consideration, transferring some of all the rights on industrial property titles;*

b) *Inter vivos agreements, whether free of charge or for consideration, which generate, modify or transfer personal or rights of enjoyment of real property, special liens or guarantee rights. [...].*

Article 139 “Effects of recording” IPC also reads “Before being recorded, deeds and judgments [...] shall have no effect as to third parties having purchased and lawfully maintained rights on the industrial property title for any reason whatsoever. 2. In case of conflict among several purchasers of the same industrial property right from the same holder, the purchaser who first recorded his title of purchase shall be preferred. [...]”

**Article 110 of copyright law** provides that the transfer of the rights of exploitation has to be proved in written form. We will try to summarize the subject matter by comparing two design works.

The first one, on the left side of the figure shown here, is protectable for the time being under the design registration only (including Community unregistered design); the one on the right side is eligible for copyright protection.

In conclusion, here are some bullet points as reminders in approaching the licensing of patent and/or copyright design in Italy:

1. Verify the date of creation of the design work.
2. Verify the chain of control of the IPR. It means to exactly learn all the steps from the creator of the shape to the entity that finally manufactures and/or licenses (or assigns) a certain item. Despite worldwide visibility and financial relevance of

the design, this is still one of the most common issues that we handle during due diligence operations, as well in the context of negotiations for the transfer of IPR, especially towards SME.

3. Ascertain in which quality the designer has rendered his professional activity in favor of the owner-licensor-assignor of IPR, *i.e.*: if he acted as independent designer or as employee.

4. Verify the compliance with the formalities provided by articles 138-139 IPC.

5. Comply with the requirement of the written form pursuant to article 110 copyright law.

6. Keep an updated “history file” of the design life, by collecting all the elements that are able to prove that a certain work acquired the features to be eligible to copyright.

7. Insert into the agreement premises a short resume of the professional background of the designer (either as individual or legal entity). ■

License Of A Registered Design	License Of The Copyright
	
<b>Substantive requirements:</b> Novelty (art. 32 IPC) and individual character (art. 33 IPC)	<b>Substantive requirements:</b> Artistic value
<b>Duration:</b> 3 years for unregistered Community design; From 5 up to 25 years for registered design.	<b>Duration:</b> 70 years after author’s death for all the works created after 2001
<b>Written form:</b> not compulsory but strongly advisable	<b>Written form:</b> ad probationem according to article 110 copyright law
<b>Formalities:</b> registration of the model at Italian PTO OHIM and WIPO; <b>Recordal of the agreements</b> according to articles 138 and 139 Industrial Property code. <i>Not compulsory but strongly advisable.</i>	<b>Formalities:</b> None