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Recent amendments to the Italian copyright law

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The year 2006 and the beginning of the year 2007 have seen a series of amendment to the Italian copyright law , and namely:

- the implementation of the EU Directive on resale right for the benefit of the author of an original work of art (2001/84/EC);
- the implementation of the EU Directive on the enforcement of intellectual property rights (2004/48/EC);
- the modification of the remuneration regime for public rental and lending;
- the modification of the protection regime for industrial design.

Directive 2001/84/ EC (resale right)

The so-called “resale right” consists in the right of authors of works of graphic or plastic art (pictures, collages, paintings, drawings, engravings, prints, lithographs, sculptures, tapestries, ceramics, glassware and photographs) to receive a compensation for every sale, further to the fist one, of (the original of) their work. Interestingly enough, the Italian copyright law already granted such right since its original enactment of 1941 but the provisions relating thereto have never been, in practical terms, enforced. Hopefully, this will now happen after the implementation of the Directive made by legislative Decree

n° 118 of April 9, 2006 (just a few months after the January 1, 2006, deadline set forth by the Directive).

Compared to the original provision, the protected subject-matter has been extended, as it now covers collages, engravings, lithographs, tapestries, ceramics, glassware and photographs in addition to pictures, paintings, drawings, prints, sculptures and manuscripts originals, provided of course that they consist in the original created by the author (art. 145 of the law). The regulation does not apply to acts of resale between private individuals but only to those involving art market professionals such as salesrooms, art galleries and any other art dealer in works of art. Moreover, the right does not apply to acts of resale where the seller has acquired the work directly from the author less than three years before and the resale price does not exceed Euro 10.000,00 (art. 144).

Contrary to the prior regulation, the royalty share to the benefit of the author is no longer based on “the presumed higher value obtained by the work in comparison to its original price of sale” (former artt. 144, 145 and 147 of the law) but rather on the resale price as such (if higher than Euro 3.000,00) according to a decreasing scale from 4% (up to Euro 50.000,00) to 0,25% (up to Euro 500.000,00) and in no case exceeding Euro 12.500,00 (art. 150). Finally, it is worth noting that the right to collect the royalty from the seller remains, as in the past, with the Italian collecting society SIAE (Società Italiana degli Autori ed Editori), to which the seller must effect the payment and disclose any necessary information concerning the resale (artt. 162 and 163), and to which the author must address his or her request of compensation (art. 164 of the law).

Directive 2004/48/EC (IP rights enforcement)

The legislative Decree n° 140 of April 22, 2006 (just a few days before the April 29, 2006, deadline set forth by the Directive) implemented in Italy the later Directive n° 48 of April 29, 2004, on the enforcement of intellectual property rights (the so-called “enforcement Directive”). Prior to the

Directive, European institutions aimed at the harmonization of substantive laws, while this latter instrument focuses on “ensuring that intellectual property rights enjoy an equivalent level of protection throughout the Community” (whereas 8), noticing that “the protection of intellectual property is an essential element for the success of the internal market” (whereas 1) and that “without effective means of enforcing intellectual property rights, innovation and creativity are discouraged and investment diminished”, from which the need to “ensure that the substantive law on intellectual property, which is nowadays largely part of the *acquis communautaire*, is applied effectively in the Community” (whereas 3).

In essence, purpose of the regulation is to reinforce (and harmonize) the judicial protection of intellectual property rights, by addressing some basic aspects of legal procedures: legal capacity to sue and to be sued, acquisition and preservation of evidence of the infringement and sanctions. As a result, some significant improvements have been introduced in the Italian copyright law to raise the protection threshold to the minimum standard set forth by the Directive.

Art. 1 of the Decree introduces a new art. 99 bis (under the header “Title of neighboring rights”) according to which “entitled to a neighboring right, save proof on the contrary, is he or she who appears as such in the usual manners on protected material or is announced as such in the performance, representation or communication to the public” (the presumption of ownership set forth by art. 5, b) of the Directive), therefore extending to neighboring rights owners the same presumption already foreseen for copyright owners by art. 167 of the Italian law (and art. 5, a) of the Directive).

Art. 2 of the Decree amends art. 156 of the law, expressly granting the Judge the power to “fix an amount due for every violation or disregard ascertained or delay in the execution of the measure” (the recurring penalty set forth by art. 11 of the Directive), therefore closing an existing gap between the Italian copyright law and other industrial property instruments (trademarks and patent laws), where

similar provisions had already been introduced as per art. 41.1 of the TRIPS Agreement , inducing the Italian Courts to apply them to copyright by way of extensive interpretation .

The newly introduced art. 162 bis of the law clearly states the connection between provisional and precautionary measures and the introduction of the procedure on the merits within the given term of 20 working or 31 calendar days, whichever the longer (art. 9.5 of the Directive), although it must be noted that Italy took a slightly different stand here, whereby the provision contains an exception (paragraph 4) when “the measure is suitable to anticipate the effects of the decision on the merits”, in which case the parties (in practical terms, the applicant) can, but do not have to, introduce the case to avoid the interim measures being revoked or ceasing to have effect. The provision of paragraph 4 substantially varies from the general procedural rule that interim and anticipatory measures must be conveyed into a procedure on the merits, whereby Italy seems to have privileged the purpose of ensuring those “effective and expeditious measures and procedures of enforcement” sought by the TRIPS Agreement.

Art. 3 of the Decree introduces into the law a new art. 156 bis, allowing the party that has “furnished to the Judge substantial elements to prove its claim and indicated documents, elements or information held by the opposite party that contain such elements, to obtain from the Judge an order of exhibition or disclosure, as well as elements to identify individuals involved in the production and distribution of infringing goods and services” and, should the infringement take place on a commercial scale, “the exhibition of banking, financial and commercial documents” relating thereto, while paragraph 4 of the article authorizes the Judge to “deduct arguments of proof from the answers of the parties or the unjustified refusal to comply with Court’s orders”. The provision offers to the claimant/right-owner some powerful instrument to substantiate before the Court the prejudice suffered, and for the Court to assess the quantum of the reimbursement award, even though some perplexities already arise with regards to expressions such as the “substantiality” of the elements of proof or on how the discretionary

power of the Courts will assess the “commercial scale” of the infringement in order to grant the order of additional documents exhibition. It will have to be seen if the Courts will opt for a quantitative (amount of products distributed), qualitative (extent of the distribution network) meaning of the “scale”, or if they will pay more attention to the purpose (gains made) of such distribution.

Art. 4 of the Decree introduces into the law a new art. 156 ter, implementing art. 8 of the Directive on the right of information and stating now that the Court, in response to a justified and proportionate request, may order that “information be provided on the origin and distribution networks of the goods or services which infringe a right protected by the present law” (identifying producers, manufacturers, distributors, suppliers, wholesalers and retailers as well as quantities and prices thereof).

The newly amended art. 158 of the law clarifies terms and references for reparatory measures, expressly granting the Judge the power to order the destruction of infringing goods at the expenses of the infringer (art. 10.1, c) of the Directive) and the reimbursement of damages “also considering the profits made by the infringer” (art. 13.1, a) of the Directive) and, as the case may be, “on the basis of at least the amount of fees which would have been due if the infringer has requested authorization” (art. 13.1, b) of the Directive). It is a significant improvement towards a fair restoration policy, quite properly exposing the infringer to a liability compared to the success of the infringing product.

The newly introduced art. 162 ter of the law grants the Judge the power to order “the precautionary seizure of the movable and immovable property of the alleged infringer, including the blocking of his or her bank accounts and other assets” (art. 9.2 of the Directive). It should be noted here that the Italian provision is not limited, such as in the Directive, to infringements “committed on a commercial scale”, therefore moving even further and preventing a discrimination of treatment that seemed unreasonable between categories of claimants/right-owners.

Finally, the newly introduced art. 171 octies extends the sanctions set forth for the crime of false testimony, although halved, for he or she who refuses without justified reason to answer questions of the Judge, or submits false information to the Court.

Public rental and lending

With decision of October 26, 2006 the European Court of Justice had declared that Italy had failed to fulfill its obligations under articles 1 and 5 of the Council Directive 92/100/EEC of November 19, 1992, on rental and lending right and on certain rights related to copyright in the field of intellectual property, by exempting all categories of public lending establishments from the obligation to remunerate authors for the lending carried out by them. Consequently, with Law n. 286 of November 24, 2006 Italy amended the first paragraph of article 69 of the Italian Copyright Law, by deleting the insert “to whom no remuneration shall be due” from the wording of the provision that now reads:

“Lending from libraries and record libraries belonging to the State or to public authorities, made exclusively for purposes of cultural promotion and personal study, shall not require authorization by the right holder[, to whom no remuneration shall be due,] and shall exclusively concern:

- (a) printed copies of the works, except for music scores;
- (b) phonograms and videograms containing cinematographic or audiovisual works or sequences of moving images, with or without sound, provided that at least 18 months have elapsed since the first exercise of the right of distribution or, where the right of distribution has not been exercised, provided that at least 24 months have elapsed since the making of the said works and sequences of moving images.”

With the same instrument, Italy has allocated funds to the Ministry for cultural goods and activities in the amount of Euro 2.200.000,00 for the year 2007 and Euro 3.000.000,00 for the year 2008, to be distributed to right-owners by the Italian Collecting Society SIAE (Società Italiana degli Autori ed

Editori) in agreement with the Ministry, local authorities and the right-owners representing organizations.

Protection of industrial design

The European Union had initiated against Italy the infringement procedure n. 2005/4088, objecting that Italy had violated the Council Directive n. 93/98/EEC, harmonizing the term of protection of copyright and certain related rights, with reference to art. 44 of the Italian Industrial Property Code, establishing in 25 (instead of 70, as foreseen by the Directive) years after the death of the author the term of protection of design protected by copyright, therefore having creative character. It should be noted that design can be subject to registration, entitling the right-owner to the exclusive utilization right for the period of 5 years as of the date of filing the request, extendable up to a maximum of 25 years, and, should it have artistic value, is also subject to copyright protection for a longer term, as protection runs for the whole life of the author and for a number of years after his or her death. We are therefore in presence of a double protection structure, according to whether there is, or there is not, creative connotation in the design, similar to the one foreseen for photographs (respectively, 70 years from the death of the author or 20 years from the taking of the picture).

The determination of the duration of copyright protection for design has been, however, labored over time. Law Decree n. 545 of October 23, 1996, converted into law with Law n. 650 of December 23, 1996, established copyright protection for design (70 years after the death of the author) but immediately afterwards Law n. 266 of August 7, 1997 (art. 27), repealed the provision and replaced it with the shorter term of 15 years after death. Then again the Legislative Decree n. 95 of February 2, 2001 (art. 22), implementing the Parliament and Council Directive n. 98/71/EC on the legal protection of designs, (re)introduced into the Italian Copyright Law (Law n. 633/41) the protection of design for 70 years after the death of the author until when the Legislative Decree n. 30 of February 10, 2005 (art.

44), adopting the Industrial Property Code, (re)established the protection of design for the shorter term of 25 years after the death of the author.

Now, following the infringement procedure mentioned above, Italy has issued the Law Decree n. 10 of February 15, 2007, converted into law with Law n. 46 of April 6, 2007, once again modifying into 70 years after the death of the author the term foreseen by art. 44 of the Industrial Property Code. It should be noted, however, that on the same occasion a transitional provision thereto has been modified, as art. 239 of the Code has also been amended and now totally excludes copyright protection for designs that, at the date of entry into force of the Legislative Decree n. 95 of February 2, 2001, were or were fallen in the public domain, therefore creating a disparity of treatment that is not justified and from which we should expect the debate to be resumed soon.