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Italy bridges the historical gap between copyright and design

Julia Holden and Federico Aloisi review the Panton ruling, which they believe bridges a historical gap between industrial design and art.

On 13 September 2012, the IP Chamber of the Court of Milan handed down its judgment in the *Vitra v High Tech* case[1]. The Court granted copyright protection to Vitra's iconic Panton chair designed by Verner Panton and clarified the legal criteria to be followed by Italian courts in granting copyright protection to industrial design furniture. The Court also held that the current Italian provision establishing the statutory limitation to copyright protection on industrial design[2] is in breach of EU principles[3] and declared that Italian judges should disregard it.

The background

In mid 2006, the Custom Offices of La Spezia seized a batch of Panton chairs suspected of infringing Vitra's copyrights, informing the company that the chairs were imports from China for delivery to High Tech S.r.l. (a well known Milanese retailer of furniture and design goods).

Vitra filed a motion for preliminary injunction before the Court of Milan against High Tech, which was granted. The preliminary injunction was followed by the commencement of main proceedings in which Vitra claimed copyright infringement. Shortly after, the same Court of Milan issued a similar injunction in a case commenced by the Italian lighting company, Flos against Semeraro S.p.A. concerning the famous lamp Arco designed by Achille Castiglioni[4].

The injunctions granted to right holders in the *Panton and Arco* cases encountered fierce opposition by the Italian industry of unauthorized manufacturers/resellers of classic design furniture. Their social argument was that classic design should be free in a country like Italy, where small and medium-sized firms were essentially sustaining their businesses by manufacturing/reselling copies of classic design works like those illustrated in Vitra's Eames catalogue or in Cassina's Le Corbusier series.

In 2007 – under the pressure wielded by the industry of unauthorized manufacturers/resellers – the Italian Government amended the relevant internal provision preventing copyright owners from enforcing their rights in relation to designs published before 2001. The impact of the new legal scenario on the pending litigation urged the Court of Milan to preliminarily refer the *Panton and Arco* cases to the Court of Justice of the European Union (CJEU)[5], asking whether EU law allowed the Italian Government to pass legislation which excluded (or severely limited with an excessively long grace period) from copyright protection designs published or in public domain before 2001.

The answer of the CJEU was negative. Although the findings of the CJEU were formally limited to cases in which the designs were previously registered (and this was not the case for the Panton chair and the Arco lamp) the CJEU ruled that Member States could not abolish nor substantially dilute protection for a class of designs – otherwise eligible for copyright – based upon the date in which they were published or had fallen into the public domain (before or after 2001).

Immediately before the CJEU ruling the Italian

Résumé

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Government amended the law again, re-establishing copyright protection for classic designs (pre-2001) and limited the grace period to five years from 19 April 2001. The practical consequence of the new provision was to outlaw the unauthorized manufacturers/resellers since the grace period now expired on 19 April 2006.

Further lobbying activity by the unauthorized manufacturers/resellers produced another new amendment of the law which now provided that

> *"copyright protection of designs and models […] also covers works of industrial design that had entered the public domain prior to 19 April 2001. However third parties who had manufactured or marketed copies of industrial design works which had fallen into public domain in the 12 months before 19 April 2001 cannot be held liable of copyright infringement for the continuation of such activity after 19 April 2001. This limitation is only applicable to products manufactured or purchased before 19 April 2001 and manufactured for the thirteen years after 19 April 2001 and provided that said activity did not exceed the prior use limits – also with reference to quantity".*

The above provision establishes that the statutory limitation to copyrights on industrial designs is only applicable to manufacturers for the thirteen years after 19 April 2001 (in other words until 19 April 2014) within the limits of prior use. As to resellers, the statutory limitation is only applicable to the copies purchased before 2001. The Court of Milan had to apply it in the *Panton* case.

Which design pieces are eligible for copyright?

Under Italian law – unlike musical works, literary works, etc – to be eligible for copyright protection works of industrial design must possess "creative character and artistic value" . Since the latter are requirements specific to industrial design, their scope must be to allow a distinction between ordinary designs and the few truly creative and artistic pieces.

For the Court of Milan in the *Panton* case, such a distinction cannot be operated by courts but must be an objective assessment based upon verifiable elements. Amongst these elements, the Court of Milan gave major relevance to the display of the design at issue in leading art museums and to the widespread opinion that art experts expressed on the relevant design.

The Court acknowledged that the above criteria suits classic designs for their longstanding presence on the market, but not contemporary design as the latter cannot yet have gained the wide level of recognition which seems to be paramount. The Court did not investigate the issue further but acknowledged that a different approach may become necessary in cases involving contemporary designs.

The Court of Milan also specified that Italian copyright law requires that the design possesses creative character and artistic value, "per se". Accordingly, the name of the designer/artist (even if it is Verner Panton or Le Corbusier) is not as such sufficient to automatically attribute "creative character and artistic value" to their works. Assessment of these requirements has to be conducted through a case-by-case exercise exclusively on the actual design in suit, which needs to cross the invisible borders separating ordinary designs from the reign of art and creativity.

According to the Court of Milan, the Panton chair fits the bill because Vitra has more than sufficiently proved with numerous submissions that this work by Verner Panton embodies one of the "artistic trends in the post war period".

Unregistered designs

So, is Italy allowed to pass legislation which excludes (or severely limits with an excessively long grace period) copyright protection for unregistered designs?

Since the application of the statutory limitation to copyright was one of the defenses brought by High Tech, in its decision the Court had to address whether the provision was applicable to the copies of the Panton Chair imported from China and marketed by High Tech in Italy.

The Court held that High Tech could not take advantage of any of the various statutory limitations to copyright. High Tech had explicitly acknowledged it only imported and marketed copies of the Panton Chair after 2001 whereas the grace period until 2014 was only applicable to actual manufacturing activities insofar as commenced before 2001. The Court also clarified that in any event the provision had been declared in contrast with EU principles by the CJEU so that the Italian judge was obliged to disregard it.

Practical consequences

Notwithstanding its limitations, the judgment bridges a historical gap between industrial design and art. The interaction between these two core elements and a functioning legal framework will be decisive for the development of the Italian design industry for the years to come.

The *Panton* judgment may also prove useful from a broader perspective, in particular in other European countries. For instance in the United Kingdom a reform of the copyright protection for design is currently under scrutiny, which is particularly pertinent for the furniture sector. Indeed, the critical aspects of the reform under discussion in the UK are namely the threshold for artistic craftsmanship of the design and the limits of the transition period that will be set in respect of manufacturers and retailers of "replica" classic designs[6].

[1] District Court of Milan, Intellectual Property Chamber, decision No. 9917/12, case No. 1983/07.
[2] Article 239 Italian Intellectual Property Code.
[3] Article 17 Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs.
[4] District Court of Milan, Intellectual Property Chamber, case No. 74660/06.
[5] Cases Nos. C-168/09 and C-219/09.
[6] For a detailed summary of the reform proposed in the UK see "A blueprint for innovation" by Chris Mc Leod and Gill Dennis in ITMA review No. 397 October/November 2012, page 22 onwards.