A design for life

Gabriel Cuonzo and Julia Holden of the Italian Law firm Trevisan & Cuonzo explain how the case of the Panton chair changed Italian copyright law.

A recent judgement of the court of Milan in the case Vitra v. High Tech casts light on the legal criteria followed by Italian courts in granting copyright protection to industrial designs. The decision also opens the door to ancillary trade dress claims in cases of copyright infringement of industrial designs. Last but not least, the Milanese judges take the view that the current so-called 'grace period' of 13 years (starting from 2001) granted by newly*amended Art. 239 of the Italian IP Code to companies that could prove to have manufactured copies before the implementation (in 2001) of Directive 98/71/EC is in breach of the directive based on the principles laid down by the CJEU in the Flos case.

Case politics

The Panton chair case (Vitra v. High Tech) lasted some six years and triggered consecutive legislative amendments to the relevant provision (Art. 239 IP Code) of Italian IP law. Such amendments took place during the proceedings - which were stayed during a referral to the CJEU - and inevitably interfered with the management of the case. From a political dimension the Panton chair case (together with the subsequent twin case "Flos") can't be compared with any other intellectual property dispute before the Italian courts to date. The case and the underlying political battle between the Italian design industry and so called 'independent manufacturers' mirror the fragility and the contradictions of the Italian IP system. At the same time the firm commitment of the relevant economic sectors in favour of copyright protection and the unusual attention of the media constitute encouraging signs of an increased awareness of IP issues that had been neglected for a long time.

In late 2006, Vitra sued High Tech S.r.l. (a well known Milanese retailer of furniture and design goods) for importing and selling in Italy Chinese copies of Vitra's iconic Panton chair designed by Verner Panton. Vitra alleged copyright infringement and unfair competition for passing off. The action was brought before the court of Milan, home court of the defendant. Vitra filed a motion for preliminary injunction which was granted by the court. It was the first time that an Italian court acknowledged copyright protection for a piece of classic design furniture. The decision was widely reported on the Italian press and endorsed by experts and opinion leaders. Shortly after, the same judges of the 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. The new trend of the court of Milan triggered a vigorous reaction - both in the media and on a political level - by the 'Tuscan consortium', an association of unauthorised manufacturers of classic design furniture based in Tuscany. Their 'social' argument was that classic design should be free in a country like Italy where a number of small and medium-sized firms were essentially sustaining their business by manufacturing copies of iconic products like Vitra's Eames furniture or Cassina's Le Corbusier series. The counter-attack by the 'independent' manufacturers proved successful. In February 2007 the Italian government amended the relevant provision of the IP Code (Art 239) which in practice prevented copyright owners from enforcing their rights in relation to all designs published before 2001. The reform encountered fierce opposition from leading Italian industrial associations. In light of the impact that the 'new' version of Art. 239 would have on the pending Vitra and Flos cases, the court of Milan made a preliminary referral to the CJEU requesting – in essence - whether Art. 17 of Directive 98/71/EC should be interpreted as to preclude a Member State from passing legislation which excludes (or severely limits with an excessively long grace period) from copyright protection designs published or in public domain before 2001.

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Although the judgement of the CJEU (C-168/09) is 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 underlying principles of the decision are sufficiently clear and definitely in favour of copyright owners. In substance, the CJEU ruled that member states could not abolish nor substantially dilute protection for a class of designs - otherwise eligible for copyright - discriminated uniquely upon the date in which they were published or had fallen in public domain (before or after 2001). Immediately before the ruling of the CJEU the Italian government amended Art. 239 re-establishing copyright protection for classic designs (pre-2001) and limited the grace period to five years from 19 April 2001. The practical consequences of the new provision were to outlaw the 'independent' manufacturers since the grace period now expired on 19 April 2006. The ensuing heated political debate produced a further amendment on 24 February 2012 of art. 239 which now reads as follows:

"Copyright protection of designs and models pursuant to Article 2, no. 10 of Law no. 633 of 22 April 1941 (Italian Copyright Act) 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 is currently in force and the court of Milan had to apply it to establish – among other things - whether Vitra's Panton chair deserved to be protected as a work of art in accordance with Art.. 2 no. 10 of the Italian Copyright Act (ICA).

When does a chair cease to be just a chair?

To answer this almost philosophical question the Milan judges focus their attention to the specific language of Art.. 2 no. 10 of the ICA. To be eligible for copyright protection, works of industrial design - unlike the works of art listed in the other items of Art. 10 (e.g. musical or literary works) - must possess per se "creative character and artistic value". Since the latter are requirements specific to industrial design, their obvious meaning must be to allow a distinction between more or less good and successful designs and the few truly creative and artistic pieces. For the court of Milan, such a distinction cannot be operated by judges using their own knowledge and perception of art and design. It must be a more objective assessment based upon verifiable elements like the display of the design at issue in leading art museums and the 'unanimous' opinion of leading experts in the field of modern and contemporary art. The law requires that the design, per se", possesses artistic value. Unlike paintings or sculptures, the name of the designer/artist (even if it is Verner Panton or Le Courbusier) is not as such sufficient to automatically attribute to his works the elements of "creative character and artistic value". It has to be a case by case exercise whereby the focus is exclusively on the actual design in suit which needs to cross the invisible borders separating the world of mediocre, good or excellent design objects from the reign of creativity and art.

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". the court acknowledges that the above criteria - based upon the appreciation of the design by the artistic world over a necessarily long period of time - suits the works of classic design (conceived 30 to 80 years ago) but not the contemporary pieces i.e. the works that are launched on the market today and that - for this reason – can't yet have gained the level of high recognition which seems to be paramount. the court does not investigate the issue further but it acknowledges that a different approach may become necessary in cases involving contemporary designs.

Admissibility of ancillary passing off claims

According to the court of Milan, copying artistic designs like the Panton chair does not only constitute copyright infringement, but may at the same time qualify as an act of unfair competition for "slavish imitation" (passing off) under Art. 2598 of the Italian Civil Code. Recent years have witnessed a revival of successful passing off claims especially before the court of Milan. In the Panton chair case the court applies principles already expressed in more detail in earlier case law on classic design (in particular Vitra's catalogue case).

Passing off claims under Art. 2598 must satisfy three basic requirements:

The features of the product which is copied must be sufficiently distinctive;

They shall not be functional;

The imitator could have avoided confusion by adopting 'harmless variations' to differentiate its product from the original.

In design cases the first and third requirements are the toughest to meet. While consumers easily recognise a specific piece of furniture as iconic and sometimes are able to link it to the name of a designer (Verner Panton or Le Courbusier), the name of the manufacturer is often less known. Therefore some courts in the past have taken the view that - if a piece of design was not identified by consumers as originating from the businesses of the authorised manufacturer - there could be no proper confusion under Art. 2598. Also the third requirement ('harmless variations') was thought to be hard to fulfil in design cases, since any modification of the original features of the product would inevitably compromise the 'purity' of the design and therefore could not be 'harmless'. The opinion of the court of Milan convincingly departs from this traditional approach. As far as risk of confusion is concerned, the reasoning of the court is simple in its elegance. Based on the licence agreements submitted in the litigation, Vitra is the only authorised entity to manufacture and sell Panton chairs (as well as the other high end design objects listed in its catalogue) in Italy. On the other hand consumers are aware that only authorised companies are allowed to market artistic designs like the Panton chair. As a logical consequence consumers will always tend to assume that a product totally identical with the original, is manufactured under licence or with the authorization of the right owner. This creates a risk of confusion between the legitimate source (even if consumers do not know its name) and the unauthorised products. the court tackles the issue of 'harmless variations', stating that nothing prevents the imitator from amending the products at issue in a manner that - while retaining the core of the original design – makes sure consumers are not lead to think they originate from an authorised source.

The criteria used by the court of Milan to assess whether a design qualifies for copyright protection as well as a convincing construction of passing off claims are innovative, although some fine tuning will be required in future cases. The cultural premise of the reasoning of the court that only the opinion of art experts should be paramount and the sharp distinction between the world of design and the sphere of art, may be inadequate to capture the nature of industrial design in its purest form. Notwithstanding its limits the judgement 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 industry in the next decades.

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