ISSN: 2281-5147

Opinio Juris in Comparatione

Studies in Comparative and National Law

Op. J. Vol. I, n. I/2013

Some Ideas from "Intellectual Property between Traditional Dogmas and Modern Challenges" Scuola Superiore Sant'Anna Seminar Series March- April 2013

by

Silvia Scalzini

SOME IDEAS FROM "INTELLECTUAL PROPERTY BETWEEN TRADITIONAL DOGMAS AND MODERN CHALLENGES" SCUOLA SUPERIORE SANT'ANNA SEMINAR SERIES MARCH- APRIL 2013

by

Silvia Scalzini*

Many people argue that the development of the so-called "knowledge-based-economy"[1] has given a new input to reflections on intellectual property (IP) issues. In fact, the fast technological progress has led to a paradigm shift, resulting in the loss of importance of traditional forms of wealth and in the increasing value of new goods, such as the digital ones. In this context, IP law often proves to be inadequate to face for the changing economic and social needs. In particular, the greater emphasis on users/consumers' interests, and the opening to diffuse interests has engendered new tensions between the interests underlying the balance of IP rights (IPRs).[2]

What are the origins of IP, and how has the legal, economic and value-laden approach to its regulation changed over the centuries? To answer these questions, the Seminar Series "Intellectual Property Between Traditional Dogmas and Modern Challenges", organized by Scuola Superiore Sant'Anna in March and April 2013, brought together leading Italian scholars and public officers. The aim was to offer to PhD candidates and undergraduate students the opportunity to have a diachronic glimpse over three main areas: IP and private law, IP and competition law, IP and ethics.

---

* Scuola Superiore Sant'Anna, Pisa, Italy

[1] See, among others, FEDERAL TRADE COMMISSION, *Competition and Intellectual Property Law and Policy in the Knowledge-Based Economy*, available at www.ftc.gov; R. HILTY, S. KRUJATZ, B. BAJON, A. FRUEH, A. KUR, J. DREXL, C. GEIGER, AND N. KLASS, *European Commission - Green Paper: Copyright in the Knowledge Economy - Comments by the Max Planck Institute for Intellectual Property, Competition and Tax Law* (December 3, 2008). Max Planck Institute for Intellectual Property, Competition & Tax Law Research Paper Series No. 08-05. Available at SSRN: http://ssrn.com/abstract=1317730 or http://dx.doi.org/10.2139/ssrn.1317730; R. P. MERGES, *A new dynamism in the Public Domain*, in *The University of Chicago Law Review*, Vol. 71, No. 1 (Winter, 2004), pp. 183-203.

[2] For these considerations see G. GHIDINI, L. BRICEÑO MORAIA, *Il futuro della proprietà intellettuale: un universo in espansione*, in *Il diritto industriale*, 2, 2011, 201 ss.

The first introductory seminar focused on the private law roots of IPRs. As Professor Francesco Donato Busnelli pointed out several times, the field of IP is characterized by a persistent bipolarity, where the interaction between private law and industrial law creates overlaps which impacts both on the IP terminology and its regulation. In this sense, the Italian case represents a paradigmatic example of the effects caused by the absence of a single body of law regulating IPRs in a homogeneous and coherent manner[3]. To mirror such dualism, the seminar consisted of a stimulating dialog between an expert in civil law, Professor Busnelli, and an expert in intellectual property law, Professor Luigi Carlo Ubertazzi.

Using traditional private law language, concepts and institutions, Professor Busnelli emphasized several interpretative issues affecting IPRs that captivated the attention of experts in civil law. After a short overview on the sources of the law, he discussed the nature and status of IPRs, with particular regard to the relationship with property rights, and their interplay with fundamental rights. In the chapter "Person" he asked himself <<the author, who was "costui"[4] ?>>, touching upon the problems posed by moral rights and the persisting differences in their protections among Europe and the United States. Then, he analyzed the problem posed by the negotiations of IPRs between parties with different bargaining power, devoting particular attention to the risk of hold-up in a contractual relation. Finally, Professor Busnelli turned to civil liability, mentioning currently debated issues such as liquidation of non-pecuniary damages in case of IP infringement.

After stating that IP is a projection of law and not necessary *de rerum natura*, Professor Luigi Carlo Ubertazzi retraced the evolution of IP protection systems from the onset to the present days, both from the perspective of the history of legal institutions and from the perspective of the history of the sources of law. Then, he identified the conflicting interests involved in IP Law and the various measures provided for their protection. In this context, he underlined – followed by Professor Erica Palmerini during the discussion – how we are now witnessing a new rebalance of authors' and users' rights, due to the revaluation of the latter. Professor Ubertazzi emphasized also the fact that IP is mostly governed by private law, while just few issues pertain to the realm of public law. As a matter of fact, IP is dominated by a private law culture. As to the most stimulating matters of private law, he found that the issue of the circulation of IPRs rights might be of great interest. Along the same line, during the final discussion he pointed out the risk of incurring in a reduction of Party Autonomy when negotiating international agreements, due to the global standardization of contractual models.

[3] I.e. author's right is regulated by Law 22.4.1941, n. 633, while trademarks, patents, and so on, are regulated by Legislative Decree 10.2.2005, n. 30, Industrial property Code.
[4] It's a typical Italian expression. The English translation could be "Who was that fellow?"

The second seminar focused on the interplay between IP and Competition Law. In fact, there is an intersection between these two bodies of law, which legitimize the intervention of antitrust rules on the exercise of IPRs. Indeed (and for the sake of simplicity) IPRs "*can give rise to significant market power in particular cases*"[5] that may hamper competition; nevertheless, there are many who argue that the two bodies of law can share the same purposes of promoting consumer welfare, innovation and an efficient allocation of resources [6]. Nowadays, the relevance of the topic is increasingly evident, while the share of regulatory efforts between private and public ordering deserves particular attention. The seminar offered a profitable dialogue between theory and practice, introduced by Professor Raffaele Teti, with particular attention to the latest decisions of the Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato, ICA*). As stated by Professor Roberto Pardolesi, a convergence and a possible coexistence between IP and Competition Law is today widely accepted, but the feasibility of this statement is increasingly slippery and depends on the recognition of the role and of the functions of IPRs. For the purposes of innovation, IPRs are a second best solution that deals with the problem of information as a public good[7]. However, the recent paradigm shift in economy, the best example of which is the relocation of American economy centrality to Silicon Valley, has led to a remarkable and alarming extension of the protection granted by IPRs. After considering the consequences of this extension, Professor Pardolesi discussed the goals of Competition Law and wondered whether or not, beyond the explicit conflict between IP Law and Competition Law, these two bodies of law could converge towards the same objective. The reality is that this interplay creates a series of tensions, with the result that the challenge is to determine to what extent one discipline can coexist with another.

As a discussant, Gianluca Sepe, Official at *Autorità Garante della Concorrenza e del Mercato*, illustrated how ICA evaluates antitrust cases when dealing with IP matters. After recalling the well-known Fichte's Parable on the Caliph Harun al Rashid (a story repeatedly mentioned during the Series of Seminars to show the different approaches to IP issues), he talked about the Competition Authorities' trend to incentivize innovation and promote consumer welfare, by showing a specific case decided by the Italian Authority. In case under N. A415 - SAPEC AFRO/BAYER-HELM, ICA applied the essential facility doctrine and established an abuse of dominant position, consisting in the refusal to grant access to some studies on

[5] See A. HEIMLER, *Competition law enforcement and intellectual property rights,* 2 (2008), http://ssrn.com/abstract=1105326.

[6] See i.e. Guidelines on the application of Article 81 of the EC Treaty to technology transfer agreements, *§* 5; see also *A Competition Policy Perspective on Patent Law: The Federal Trade Commission's Report on the Evolving IP Marketplace,* by E. RAMIREZ AND L. KIMMEL, August, (2011), www.atitrustsource.com.

[7] In the sense of Ronald Coase' s example of the lighthouse.

vertebrates, protected by IPRs. Hence, Gianluca Sepe illustrated the steps of the Authority's evaluations and the resulting case-law on this decision.

The third and final seminar of the Series examined IP from the point of view of ethics and social norms, with particular attention to models of knowledge diffusion and the importance of considering the public as a stakeholder, especially in digital environment. The importance of this topic is also shown by the latest generation political movements' agendas (e.g. Pirate Parties), which often suggest changes to IP rules in the name of public interest. Given the growing consensus towards these movements across Europe, a careful consideration on these issues was fully appropriate.

As a consequence, Professor Maria Chiara Pievatolo illustrated the philosophical eighteenth-century debate that gave rise to the foundations of contemporary IP law – and particularly of copyright/author's right law-, comparing the ideas of two great philosophers: Fichte and Kant[8]. In this respect, she made a comparison between a classical theory on intellectual property and a theory that she considered to be more open and actual, because it explains the author's right without relying on the concept of intellectual property, but by referring to public use of reason. Indeed, she clarified that, according to Kant, a book- or a text- is a speech and so an action is a way to relate with the public and is the subject of personal rights (not of rights on things)[9]. The role of the publisher is justified only in terms of putting the author in contact with the public, and so the publisher has to be authorized by the author. The interests of the public deserve to be recognized, because the public must be able to interact with the author, if the author wants it. Through a re-reading of Kant, Professor Pievatolo proposed an alternative conceptualization of copyright, which gives more prominence to the interests of the public.

Professor Roberto Caso offered his own interpretation of the issues at stake from a legal perspective[10]. After considering the various interests underlying IP laws today, he pointed out the marginal of the role played by the public's interests – seen as the interests of communities that express social norms- in the balance provided by laws currently in force Then, he emphasized how the digital revolution has made many copyright rules obsolete and created new problems to be solved (such as, e.g., the switch from the concept of copy to the concept of access, DRM etc.). Here, the most innovative rules often arise from the interaction between social norms, technology and contracts. He showed how in some cases social norms created new rules through contractual tools, which aimed to temper or even contrast the exclusive

[8] The slides of the lecture entitled "*L'uso pubblico della ragione e i suoi vincoli. Filosofie della "proprietà" intellettuale"* are avaiable at archiviomarini.sp.unipi.it.

[9] For more details, see M. C. PIEVATOLO, *Freedom, ownership and copyright: why does Kant reject the concept of intellectual property?*, in *Società italiana di filosofia politica*, 2010, available at http://eprints.rclis.org/12886/.

[10] The slides of the lecture entitled "*L'immoralità della proprietà intellettuale. Dall'alba del copyright al tramonto (?) del diritto d'autore*" are avaiable at archiviomarini.sp.unipi.it.

control granted by IP law. Some examples of such are the Open Source Initiative, the Open Access Movement and the Creative Commons Licenses. In addition, according to Professor Caso, technology is a tool that drafts the boundaries within a community work, as well as the concept itself of community. Technology also changed the way individuals think (at cognitive level) and their interactions with the community. So the way to draw a technology weighs on the interactions of individuals in a community and, therefore, on its social norms. As the moderator Professor Enza Pellecchia pointed out, these scholars combined best practices with their theories and, in this regard, they explained the importance of Open Access in scientific research, especially if publicly funded. Professor Pievatolo, in particular, explained that the main problem of the diffusion of Open Access culture is the lack of interest of many scholars in the publication process, considered only as a technical problem untied with research issues. According to Professor Pievatolo, such lack of interest limits the possibility for a scholarly work to produce further research. In response, Professor Caso highlighted the need to implement Open Access principles through specific policy actions. He also pointed out that Open Access is a way to multiply the visibility of a work and its possibility to be quoted, thus increasing (and not decreasing) academic freedom. At this point Professor Busnelli emphasized the basic importance of providing access to information, especially to young people.

The Seminar Series started from the fundamental evolutionary path of IPRs to emphasize the most debated current issues in the field of IP. Each speaker highlighted, more or less explicitly, how changing economic and social needs have influenced the approach towards IPRs, and provided several suggestions for future research.

To mention few examples, the constantly changing interplay between opposite interests and the revaluation of the "public" as stakeholder are forefront issues which require further investigation and the adoption of a multi-layered analytical perspective[11]. Particular attention should be devoted, in this sense, to the field of digital copyright, where the greater access to knowledge for users, made possible by new technologies, is at the same time over-constrained by laws and technological tools implemented to guarantee an effective control over protected works and to avoid infringements[12].

[11] For example, through the lens of international human rights. See, e.g.. L. SHAVER- C. SGANGA, *The Right to Take Part in Cultural Life: On Copyright and Human Rights* (July 21, 2009), in *Wisconsin International Law Journal*, Vol. 27, p. 637, 2009, available at SSRN: http://ssrn.com/abstract=1437319.

[12] On this issue, particular attention should be given to the recent U.S. discussion on the policy issues critical to economic growth; see, in particular, U.S. DEPARTMENT OF COMMERCE, *Green paper on Copyright Policy, Creativity, and Innovation in the Digital Economy* (July 2013), available at http://www.uspto.gov/news/pr/2013/13-22.jsp.

Another concern of the changing interplay of interests in the digital era is the one of the declining role of traditional intermediaries, such as publishers. In new digital markets the interests of authors and intermediaries no longer coincide as usual[13], because of the possibility for the author to reach the public more easily and less costly. As a consequence, the issue of the renewed emphasis on the author should be subject of a deeper comparative analysis, with special regard to the protection of author's moral right in digital environment, where the attribution and the integrity of the works are more vulnerable[14]. In addition, the declining role of traditional intermediaries goes hand in hand with the rise of new intermediaries and new business models, that often take advantage of third party's content without sharing the additional value generated. Their characteristics and implications require a careful analysis, as shown by the rise of disputes such as the one between Google Books Search and printed books' right holders[15], or between news aggregators and traditional publishers[16]. Here, the need to protect IPRs clashes with the importance of stimulating and protecting innovation, development and access to information, and of drawing a new balance which already appears to be lost.

The role and limits of private autonomy in the field of IP are topics far from being fully analyzed and understood. Here, the main challenge is to determine the optimal share of regulatory efforts between private and public ordering. In this direction, one of the most interesting line of research concern IP in digital environment, where, as discussed during the seminars, contracts are tools that may temper or even contrast with the exclusive control granted by IP Law[17]. This issue is also linked with the particular nature

[13] For the example of the e-Books market see N. ELKIN-KOREN, *The Changing Nature of Books and the Uneasy Case for Copyright. George Washington Law Review*, Vol. 79, p. 101, 2011. Available at SSRN: http://ssrn.com/abstract=1909176.

[14] See, in particular, J. C. GINSBURG, *Moral Rights in the US: Still in Need of a Guardian Ad Litem* (February 16, 2012). *Columbia Public Law Research Paper No. 12-293*. Available at SSRN: http://ssrn.com/abstract=2006548 or http://dx.doi.org/10.2139/ssrn.2006548.

[15] See, among others, F. MÜLLER-LANGER- M. SCHEUFEN, *Just Google It! – The Google Book Search Settlement: A Law and Economics Analysis*, in *Max Planck Institute for Intellectual Property and Competition Law Research Paper No. 11-06;* R. PARDOLESI, *Tramonti Americani: Il Rigetto Del Google Books Settlement*, Nota a Corte federale distrettuale Stati uniti d'America, distretto meridionale di New York 22 marzo 2011 in *Il Foro italiano*, 2011, fasc. 5 pag. 277 – 280; P. SAMUELSON, *The Google Book Settlement as Copyright Reform* (April 21, 2011), in *Wisconsin Law Review, Forthcoming; UC Berkeley Public Law Research Paper No. 1683589*, available at SSRN: http://ssrn.com/abstract=1683589.

[16] ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD), *The Evolution of News and the Internet*, Directorate for Science, Technology and Industry, Committee for Information, Computer and Communications Policy Working Party on the Information Economy (2010), available at: www.oecd.org; See also KIMBERLY ISBELL-CITIZEN MEDIA LAW PROJECT, *The Rise of the News Aggregator: Legal Implications and Best Practices*, in *The Berkman Center for Internet & Society Research Publication Series (Harvard)*, Research Publication No. 2010-10 August 30, 2010; for the latest developments in Europe see the German Law "Leistungsschutzrecht für Presseverleger" (Achte Gesetz zur Änderung des Urheberrechtsgesetzes).

[17] The consequences of which have been described also in terms of legal marginalism. See N.W. NETANEL, *Copyright and a Democratic Civil Society*, in 106 *Yale Law Journal* 283 (1996) and see also the reflections of G. SPEDICATO, *Sul marginalismo della legge e gli equilibri del sistema: riflessioni in tema di autonomia privata e digital copyright*, in S. BISI, C. DI COCCO (a cura di), *Open source e proprietà intellettuale: fondamenti filosofici, tecnologie informatiche e gestione dei diritti*, Bologna, Gedit, 2008.

and approach of the European Antitrust intervention on the exercise of copyright and other IPRs, from the control over contractual relationships[18] to more incisive measures directed to grant access to protected works[19]. The debate on the matter is inserted in the context of broader proposals of reform of the current patent system, where scholars have already advocated for the extension of the mechanism of compulsory license in order to stimulate innovation[20].

A final consideration concerns the increasing reference to a continuous and constant comparison and reapprochement between different legal systems, due to the changing dimension of marketplaces and the increasing number of cross-border negotiations. Here, future policies should aim to implement shared solutions, but without prejudice to values and principles of each legal systems (especially with regards to less developed countries[21]).

These are only few of the interesting hints and grounds for future research provided by the interesting discussions of this Seminar Series. Much work has still to be done to tackle the challenges posed by contemporary IP law, and this is the reason why these seminars constituted just the beginning of Scuola Sant'Anna's research endeavors in the field.

[18] See, in particular, Commission Regulation (EC) No 772/2004 of 7 April 2004 on the application of Article 81(3) of the Treaty to categories of technology transfer agreements (whose date of expiry is upcoming) and Guidelines on the application of Article 81 of the EC Treaty to technology transfer agreements.

[19] See, for example, Court of Justice of the European Union, 6 april 1995, case C-241/91, C-242/91, RTE, IPT vs Commission (Magill case); European Commission, 13 august 2003, case COMP D3/38.044, NDC Health vs. IMS Health (IMS Heath Case); European Commission, 24 march 2004, case COMP/C-3/37.792 (Case Microsoft). See also J. DREXL, *Research Handbook on Intellectual Property and Competition Law*, Edward Elgar Publishing, 2008.

[20] See, in particular, the suggestions of G. GHIDINI, *Innovation, Competition and Consumer Welfare in Intellectual Property Law*, Edward Elgar Publishing (2010), 80 ff.

[21] For an in-depth discussion, see, among others, G. GHIDINI, *Innovation, Competition and Consumer Welfare in Intellectual Property Law*, Edward Elgar Publishing (2010), 247 ff.; R.D. ANDERSON, *Competition policy and Intellectual Property in the WTO: more guidance needed?*, in J. DREXL, *Research Handbook on Intellectual Property and Competition Law*, Edward Elgar Publishing, 2008, 451 ff.