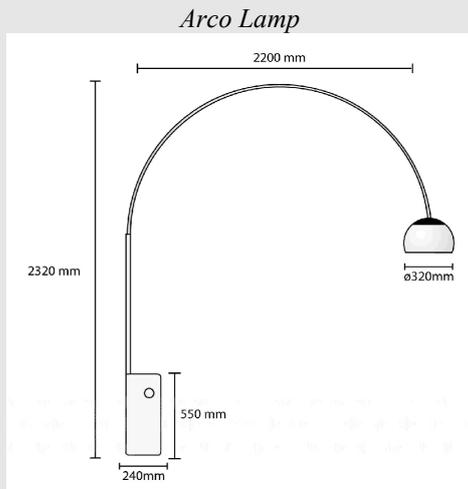


Court of Justice EU, 27 January 2011, Flos v Semeraro



COPYRIGHT – DESIGN LAW

Copyright protection not affected by expiration of national design right

- that Article 17 of Directive 98/71 must be interpreted as precluding legislation of a Member State which excludes from copyright protection in that Member State designs which were protected by a design right registered in or in respect of a Member State and which entered the public domain before the date of entry into force of that legislation, although they meet all the requirements to be eligible for such protection.

In that regard, as the Court stated in paragraphs 18 to 20 of its judgment in [Case C-60/98 Butterfly Music \[1999\] ECR I-3939](#), it is clear from Article 10(2) of Directive 93/98 that application of the terms of protection laid down by the directive may have the effect, in the Member States which had a shorter term of protection under their legislation, of protecting afresh works or subject matter which had entered the public domain. The Court held that that consequence results from the express will of the European Union legislature and that such a solution was intended to achieve as rapidly as possible the objective – formulated, in particular, in recital 2 in the preamble to Directive 93/98 – of harmonising the national laws on the terms of protection of copyright and related rights and to avoid the situation where rights have expired in some Member States but are protected in others.

43 That reasoning must also hold true in relation to the revival of copyright protection for designs which were previously protected by another intellectual property right. Indeed, in view of recitals 2 and 3 in the preamble to Directive 98/71, national law transposing the directive cannot – without undermining both the uniform application of the directive throughout the European Union and the smooth functioning of the internal market for products incorporating designs – preclude copyright protection in the case of designs which, although being in the public domain before the

date of entry into force of the national law concerned, at that date meet all the requirements to be eligible for such protection.

Legislation reviving copyright protection – no safe harbour for previous public domain designs irrespective of date of manufacture or marketing of products

- that, Article 17 of Directive 98/71 must be interpreted as precluding legislation of a Member State which – either for a substantial period of 10 years or completely – excludes from copyright protection designs which, although they meet all the requirements to be eligible for copyright protection, entered the public domain before the date of entry into force of that legislation, that being the case with regard to any third party who has manufactured or marketed products based on such designs in that State – irrespective of the date on which those acts were performed.

Furthermore, the legislative measure should ensure that the period of use of the designs by those third parties is limited to what is necessary for them to phase out the part of their business that is based on earlier use of those designs or to clear their stock.

60 The measure does not go beyond what is necessary to ensure that a balance is struck between the competing rights if it does not defer entitlement to copyright protection for a substantial period.

61 In this instance, as regards the definition of the category of third parties as against whom it is provided that copyright protection is for a temporary period to be unenforceable, Legislative Decree No 95/2001 and Article 239 of the IPC may be regarded as appropriate since they are directed solely at persons who acquired their rights before the entry into force of the national measures transposing Directive 98/71.

62 Conversely, unenforceability for a transitional period of 10 years does not appear to be justified by the need to safeguard the economic interests of third parties acting in good faith, since it is apparent that a shorter period would also allow the part of their business that is based on earlier use of those designs to be phased out and, even more so, their stock to be cleared.

63 Furthermore, a 10-year moratorium in respect of copyright protection appears to go beyond what is necessary, since, by taking 10 years off the period during which a work is protected (as a rule 70 years after the death of the author), the application of copyright protection is deferred for a substantial period.

64 As regards, in the second place, Article 4(4) of Decree Law No 10 of 15 February 2007, abolishing the moratorium and rendering copyright protection unenforceable for an indefinite period in the case of products manufactured on the basis of designs which were in the public domain before 19 April 2001, it follows from the foregoing that such a measure negates Article 17 of Directive 98/71, since it has the effect of preventing, generally, the application of the new protection, that is to say, protection relating to copyright. Nor does that measure seek to restrict the category of

third parties who may rely on the principle of the protection of legitimate expectations. On the contrary, the measure renders copyright more generally unenforceable, since, under the provision, it is not necessary for a third party to have begun exploiting the designs before 19 April 2001

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Court of Justice EU, 27 January 2011

(J. N. Cunha Rodrigues, A. Arabadjiev, A. Rosas, U. Lõhmus (Rapporteur) and A. Ó Caoimh)

Judgment of the Court (Second Chamber)

27 January 2011 (*)

(Industrial and commercial property – Directive 98/71/EC – Legal protection of designs – Article 17 – Obligation concerning the cumulation of design protection with copyright protection – National law precluding copyright protection or rendering it unenforceable for a certain period in the case of designs which entered the public domain before the entry into force of the law – Principle of the protection of legitimate expectations)

In Case C-168/09,

REFERENCE for a preliminary ruling under Article 234 EC from the Tribunale di Milano (Italy), made by decision of 12 March 2009, received at the Court on 12 May 2009, in the proceedings

Flos SpA

v

Semeraro Casa e Famiglia SpA,

intervener:

Assoluce – Associazione nazionale delle Imprese degli Apparecchi di Illuminazione,

THE COURT (Second Chamber),

composed of J. N. Cunha Rodrigues, President of the Chamber, A. Arabadjiev, A. Rosas, U. Lõhmus (Rapporteur), and A. Ó Caoimh, Judges, Advocate General: Y. Bot, Registrar: L. Hewlett, Principal Administrator, having regard to the written procedure and further to the hearing on 22 April 2010, after considering the observations submitted on behalf of:

– Flos SpA, by G. Casucci and N. Ferretti, avvocati,

– Semeraro Casa e Famiglia SpA, by G. Florida and F. Poletti, avvocati,

– Assoluce – Associazione Nazionale delle Imprese degli Apparecchi di Illuminazione, by C. Galli, M. Boggi and C. Paschi, avvocati,

– the Italian Government, by G. Palmieri, acting as Agent, assisted by S. Fiorentino, avvocato dello Stato,

– the European Commission, by H. Krämer and S. La Pergola, acting as Agents, after hearing the Opinion of the Advocate General at the sitting on 24 June 2010, gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Articles 17 and 19 of Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs (OJ 1998 L 289, p. 28).

2 The reference has been made in proceedings between Flos SpA ('Flos'), a company manufacturing designer lighting, and Semeraro Casa e Famiglia SpA ('Semeraro') concerning breach of the copyright that Flos claims to hold in respect of a design known as the 'Arco' lamp.

Legal context

European Union law

Directive 93/98/EEC

3 Council Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights (OJ 1993 L 290, p. 9) states, in recital 2 in the preamble, that differences between the national laws governing the terms of protection of copyright and related rights are liable to impede the free movement of goods and freedom to provide services, and to distort competition in the common market and that, with a view to the smooth operation of the internal market, the laws of the Member States should be harmonised so as to make terms of protection identical throughout the European Union.

4 Article 1(1) of Directive 93/98 provides that protection of the rights of an author in a literary or artistic work within the meaning of Article 2 of the Berne Convention for the Protection of Literary and Artistic Works (Paris Act of 24 July 1971), as amended on 28 July 1979, is to run for the life of the author and for 70 years after his death.

5 Article 10 of that directive, entitled 'Application in time', provides at paragraphs 1 to 3:

'1. Where a term of protection, which is longer than the corresponding term provided for by this Directive, is already running in a Member State on the date referred to in Article 13(1), this Directive shall not have the effect of shortening that term of protection in that Member State.

2. The terms of protection provided for in this Directive shall apply to all works and subject matter which are protected in at least one Member State, on the date referred to in Article 13(1), pursuant to national provisions on copyright or related rights or which meet the criteria for protection under [Council] Directive 92/100/EEC [of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (OJ 1992 L 346, p. 61)].

3. This Directive shall be without prejudice to any acts of exploitation performed before the date referred to in Article 13(1). Member States shall adopt the necessary provisions to protect in particular acquired rights of third parties.'

6 Pursuant to the first subparagraph of Article 13(1) of Directive 93/98, Member States were to bring into force the laws, regulations and administrative provisions necessary to comply with Articles 1 to 11 of the directive before 1 July 1995.

Directive 98/71

7 According to recitals 2 and 3 in the preamble to Directive 98/71, the differences in the legal protection of designs offered by the legislation of the Member States directly affect the establishment and functioning of the

internal market as regards goods embodying designs and can distort competition within the internal market; as a result the approximation of national design protection laws is necessary for the smooth functioning of the market.

8 In the words of recital 8 to Directive 98/71, ‘in the absence of harmonisation of copyright law, it is important to establish the principle of cumulation of protection under specific registered design protection law and under copyright law, whilst leaving Member States free to establish the extent of copyright protection and the conditions under which such protection is conferred’.

9 Article 12 of Directive 98/71, entitled ‘Rights conferred by the design right’, provides as follows:

‘1. The registration of a design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. The aforementioned use shall cover, in particular, the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes.

2. Where, under the law of a Member State, acts referred to in paragraph 1 could not be prevented before the date on which the provisions necessary to comply with this Directive entered into force, the rights conferred by the design right may not be invoked to prevent continuation of such acts by any person who had begun such acts prior to that date.’

10 Article 17 of Directive 98/71, entitled ‘Relationship to copyright’ provides:

‘A design protected by a design right registered in or in respect of a Member State in accordance with this Directive shall also be eligible for protection under the law of copyright of that State as from the date on which the design was created or fixed in any form. The extent to which, and the conditions under which, such a protection is conferred, including the level of originality required, shall be determined by each Member State.’

11 The first subparagraph of Article 19(1) of Directive 98/71 provided that Member States were to bring into force the laws, regulations or administrative provisions necessary to comply with the directive not later than 28 October 2001.

Directive 2001/29/EC

12 Article 1 of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (OJ 2001 L 167, p. 10), entitled ‘Scope’, states, at paragraph 1, that the directive concerns the legal protection of copyright and related rights in the framework of the internal market, with particular emphasis on the information society.

13 Article 2 of Directive 2001/29, entitled ‘Reproduction right’, provides:

‘Member States shall provide for the exclusive right to authorise or prohibit direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part:

(a) for authors, of their works;

...’

National legislation

14 Protection of designs is conferred by Royal Decree No 1411 of 25 August 1940 concerning provisions laid down by law in respect of patents for industrial designs (GURI No 247 of 21 October 1940). In the version which applied until 19 April 2001, Article 5 of the royal decree provided:

‘An ornamental design patent may be granted in respect of a new design which is capable of conferring on certain industrial products a special ornamental character by virtue of shape or by a particular combination of lines, colours or other features. The provisions relating to copyright shall not apply to the abovementioned designs ...’

15 Point 4 of the first paragraph of Article 2 of Law No 633 of 22 April 1941 concerning copyright and other rights related to the exercise thereof (GURI No 166 of 16 July 1941, ‘Law No 633/1941’), in the version which applied until 19 April 2001, made copyright protection for designs subject to the condition of ‘separability’ (‘scindabilità’), providing that copyright protection was afforded for ‘works ..., even the industrial applications of such works, provided that their artistic value is separable from the industrial nature of the product with which they are associated’.

16 Article 22 of Legislative Decree No 95 of 2 February 2001 implementing Directive 98/71 (GURI No 79 of 4 April 2001, ‘Legislative Decree No 95/2001’), which entered into force on 19 April 2001, amended point 4 of the first paragraph of Article 2 of Law No 633/1941, removing the requirement for ‘separability’ and adding to the categories of protected works, as a new point 10, ‘industrial designs which possess in themselves creative character and artistic value’.

17 Legislative Decree No 164 of 12 April 2001 implementing Directive 98/71 (GURI No 125 of 31 May 2001, ‘Legislative Decree No 164/2001’), inserted Article 25a into Legislative Decree No 95/2001, which introduced, as a transitional provision, a 10-year moratorium starting on 19 April 2001, during which ‘the protection conferred on designs under point 10 of the first paragraph of Article 2 of Law [No 633/1941] shall not be enforceable as against those persons who engaged before that date in the manufacture, supply or marketing of products based on designs that were in, or had entered into, the public domain’.

18 That provision was subsequently restated in Article 239 of the Italian Industrial Property Code (the ‘IPC’), which was adopted in 2005.

19 Article 4(4) of Decree-Law No 10 of 15 February 2007 implementing Community and international obligations (GURI No 38 of 15 February 2007), converted into a law by Law No 46 of 6 April 2007, abolished the 10-year moratorium introduced by Legislative Decree No 164/2001, amending Article 239 of the IPC. Article 239, as amended, provided:

‘The protection conferred on industrial designs under point 10 of the first paragraph of Article 2 of Law [No 633/1941] shall not be enforceable as against products based on designs that were in, or had entered into, the

public domain prior to the entry into force of Legislative Decree [No 95/2001].’

The dispute in the main proceedings and the questions referred for a preliminary ruling

20 On 23 November 2006, Flos brought proceedings against Semeraro before the Tribunale di Milano (Milan district court) complaining that Semeraro had imported from China and marketed in Italy a lamp called the ‘Fluida’ lamp, which, in its submission, imitated all the stylistic and aesthetic features of the Arco lamp, an industrial design in which Flos claimed to hold the property rights.

21 It is apparent from the order for reference that, in interim proceedings preceding the action on the merits in which that order was made, it was found that the Arco lamp, which was created in 1962 and entered the public domain before 19 April 2001, was eligible for copyright protection as an industrial design under Law No 633/1941, as amended by Legislative Decree No 95/2001, and that the lamp imported by Semeraro ‘slavishly imitated all [its] stylistic and aesthetic features’. The court hearing the interim proceedings, by order of 29 December 2006, therefore confiscated the imported lamps and prohibited Semeraro from continuing to market them.

22 As regards the proceedings on the substance, the national court states that, since these proceedings were commenced, legislative amendments have been made concerning copyright protection for industrial designs and that some doubt arises as to their conformity with Directive 98/71 and, more specifically, with the principle of cumulation of protection established by Article 17 of that directive.

23 In particular, the national court refers in that regard to Article 239 of the IPC, as amended by Article 4(4) of Decree Law No 10 of 15 February 2007.

24 In those circumstances, the Tribunale di Milano decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

‘1. Must Articles 17 and 19 of Directive [98/71] be interpreted as meaning that, in implementing a ... law of a Member State which has introduced copyright protection for designs into its legal order in accordance with that Directive, the discretion accorded to such a Member State to establish independently the extent to which, and the conditions under which, such protection is conferred may include discretion to preclude such protection in the case of designs which – albeit meeting the requirements for protection laid down in copyright law – fell to be regarded as having entered the public domain before the date on which the statutory provisions introducing copyright protection for designs into the domestic legal order entered into force, in so far as they had never been registered as designs or in so far as the relevant registration had already expired by that date?

2. If the answer to the first question is in the negative, must Articles 17 and 19 of Directive [98/71] be interpreted as meaning that, in implementing a national law of a Member State which has introduced copyright protection for designs into its legal order in accordance

with that Directive, the discretion accorded to such a Member State to establish independently the extent to which, and the conditions under which, such protection is conferred may include discretion to preclude such protection in the case of designs which – albeit meeting the requirements for protection laid down in copyright law – fell to be regarded as having entered the public domain before the date on which the statutory provisions introducing copyright protection for designs into the domestic legal order entered into force and where a third party – without authorisation from the holder of the copyright on such designs – has already produced and marketed products based on such designs in that State?

3. If the answers to the first and second questions are in the negative, must Articles 17 and 19 of Directive [98/71] be interpreted as meaning that, in implementing a national law of a Member State which has introduced copyright protection for designs into its legal order in accordance with that Directive, the discretion accorded to such a Member State to establish independently the extent to which, and the conditions under which, such protection is conferred may include discretion to preclude such protection in the case of designs which – albeit meeting the requirements for protection laid down in copyright law – fell to be regarded as having entered the public domain before the date on which the statutory provisions introducing copyright protection for designs into the domestic legal order entered into force and where a third party – without authorisation from the holder of the copyright on such designs – has already produced and marketed products based on such designs in that State, where protection is precluded for a substantial period (a period of 10 years)?’

Consideration of the questions referred

Preliminary observations

25 The European Commission and Semeraro express some doubts as to the relevance of Article 19 of Directive 98/71 for the outcome of the dispute in the main proceedings, since that provision merely sets the period within which the Member States were to comply with the directive.

26 In that regard, the order for reference contains no explanation of the relevance, for the resolution of the dispute before the national court, of the expiry of the period for transposition of Directive 98/71. Indeed, in the grounds explaining this reference for a preliminary ruling, the national court refers solely to Article 17 of Directive 98/71.

27 The questions should therefore be considered to relate essentially to Article 17 of Directive 98/71 and accordingly the Court will reply to them in the light of that provision alone.

First question

28 By its first question, the national court asks, in essence, whether Article 17 of Directive 98/71 must be interpreted as precluding legislation of a Member State which excludes from copyright protection designs which were in, or entered into, the public domain before the date of entry into force of the legislation that introduced such protection into the domestic legal order

of that State, either because the designs were never registered as such or because their registration had ceased to be effective as at that date, although they met all the requirements to be eligible for such protection.

29 The national court thus envisages two cases: first, the case of designs which, before the date of entry into force of the national legislation transposing Directive 98/71 (19 April 2001), were in the public domain because they had not been registered as designs and, second, the case of designs which, before that date, entered the public domain because the protection deriving from registration ceased to be effective.

30 In that regard, although Flos stated, at the hearing, that it had not registered the lamp at issue in the main proceedings as a design, the order for reference provides no information in that respect.

31 The Court must therefore take into account both the cases mentioned in paragraph 29 of this judgment when it replies to the first question. It falls to the national court to determine whether or not the lamp was registered as a design.

32 As regards the first case (that of designs which have never been registered as such), Article 17 of Directive 98/71 provides that only a design protected by a design right registered in or in respect of a Member State in accordance with that directive may be eligible, by virtue of the directive, for protection under the law of copyright of that State.

33 It follows that designs which, before the date of entry into force of the national legislation transposing Directive 98/71 into the legal order of a Member State, were in the public domain because they had not been registered do not fall within the scope of Article 17 of the directive.

34 However, it is conceivable that copyright protection for works which may be unregistered designs could arise under other directives concerning copyright, in particular Directive 2001/29, if the conditions for that directive's application are met, a matter which falls to be determined by the national court.

35 As regards the second case (that of designs which have entered the public domain because the protection resulting from registration has ceased to be effective), although the first sentence of Article 17 of Directive 98/71 provides that a design protected by a design right registered in or in respect of a Member State is also eligible for protection under the law of copyright of that State as from the date on which the design was created or fixed in any form, the second sentence of Article 17 allows the Member States to determine the extent to which, and the conditions under which, such a protection is conferred, including the level of originality required.

36 However, the second sentence cannot be interpreted as meaning that Member States have a choice as to whether or not to confer copyright protection for a design protected by a design right registered in or in respect of a Member State if the design meets the conditions under which copyright protection is conferred.

37 Indeed, it is clear from the wording of Article 17 of Directive 98/71, and particularly from the use of the

word 'also' in the first sentence thereof, that copyright protection must be conferred on all designs protected by a design right registered in or in respect of the Member State concerned.

38 The intention of the European Union legislature to confer that protection also emerges clearly from recital 8 in the preamble to Directive 98/71, affirming, in the absence of harmonisation of copyright legislation, the principle of cumulation of protection under specific registered design protection law and under copyright law.

39 Nor does the fact that the Member States are entitled to determine the extent of copyright protection and the conditions under which it is conferred affect the term of that protection, since the term has already been harmonised at European Union level by Directive 93/98.

40 In that regard, Article 1(1) of Directive 93/98 provides for copyright in a literary or artistic work within the meaning of Article 2 of the Berne Convention for the Protection of Literary and Artistic Works to run for the life of the author and for 70 years after his death. Article 10(2) of Directive 93/98 provides that that term of protection is to apply to all works and subject matter which, on 1 July 1995, were protected in at least one Member State.

41 It follows that, under Article 17 of Directive 98/71, designs which were protected by a design right in or in respect of a Member State and which met the conditions under which copyright protection is conferred by the Member States, in particular the condition relating to the level of originality, and in respect of which the term laid down in Article 1(1) of Directive 93/98, in conjunction with Article 10 (2) thereof, had not yet expired, were to be eligible for copyright protection in that Member State.

42 In that regard, as the Court stated in paragraphs 18 to 20 of its judgment in [Case C-60/98 Butterfly Music \[1999\] ECR I-3939](#), it is clear from Article 10(2) of Directive 93/98 that application of the terms of protection laid down by the directive may have the effect, in the Member States which had a shorter term of protection under their legislation, of protecting afresh works or subject matter which had entered the public domain. The Court held that that consequence results from the express will of the European Union legislature and that such a solution was intended to achieve as rapidly as possible the objective – formulated, in particular, in recital 2 in the preamble to Directive 93/98 – of harmonising the national laws on the terms of protection of copyright and related rights and to avoid the situation where rights have expired in some Member States but are protected in others.

43 That reasoning must also hold true in relation to the revival of copyright protection for designs which were previously protected by another intellectual property right. Indeed, in view of recitals 2 and 3 in the preamble to Directive 98/71, national law transposing the directive cannot – without undermining both the uniform application of the directive throughout the European Union and the smooth functioning of the internal market for products incorporating designs –

preclude copyright protection in the case of designs which, although being in the public domain before the date of entry into force of the national law concerned, at that date meet all the requirements to be eligible for such protection.

44 Accordingly, the answer to the first question is that Article 17 of Directive 98/71 must be interpreted as precluding legislation of a Member State which excludes from copyright protection in that Member State designs which were protected by a design right registered in or in respect of a Member State and which entered the public domain before the date of entry into force of that legislation, although they meet all the requirements to be eligible for such protection.

Second and third questions

45 By its second and third questions, which it is appropriate to consider together, the national court asks, in essence, whether Article 17 of Directive 98/71 must be interpreted as precluding legislation of a Member State which – either for a substantial period, namely 10 years, or completely – excludes from copyright protection designs which, although they meet all the requirements to be eligible for copyright protection, entered the public domain before the date of entry into force of that legislation, that being the case with regard to third parties who have produced and marketed products based on such designs in that State.

46 Concerning the revival of protection under an intellectual property right, namely copyright, for designs which were in the public domain, Flos, the Italian Government and the Commission, in their written observations, and Semeraro, at the hearing, maintained that such protection is likely to give rise to a conflict between, on the one hand, the legitimate interests of the rightholders and their successors in title and, on the other, the interests of third parties acting in good faith who had relied on the availability of the designs in order to produce or market products on the basis of those designs.

47 It is true that national legislation transposing Directive 98/71, such as Legislative Decree No 164/2001 inserting Article 25a into Legislative Decree No 95/2001, and Article 239 of the IPC, setting a 10-year moratorium which renders the protection of the designs concerned unenforceable as against a category of third parties to have manufactured products on the basis of those designs before 19 April 2001, may give rise to a legitimate expectation, on the part of third party producers of those products, that they will be able to continue using those designs.

48 However, as regards the application of copyright protection to designs, Directive 98/71, unlike Article 10(3) of Directive 93/98, does not contain express provision as to its application in time so far as the protection of the acquired rights and legitimate expectations of third parties is concerned.

49 In that regard, Article 12(2) of Directive 98/71, which concerns the carrying out of acts of exploitation of designs by any person who first carried out such acts before the date of entry into force of the national provisions transposing the directive, relates solely to rights

conferred by registration of a design, as is apparent from the actual wording of Article 12(2), and it cannot therefore apply in relation to copyright protection.

50 However, the absence of a provision expressly referring to protection, for third parties, of acquired rights and legitimate expectations in relation to the revival of copyright protection provided for in Article 17 of Directive 98/71 does not preclude application of the principle that acquired rights must be respected or the principle of legitimate expectations, both of which are among the fundamental principles of European Union law.

51 In that connection, it should be recalled that, in accordance with the principle that amending legislation applies, except where otherwise provided, to the future consequences of situations which arose under the law as it stood before amendment (see, in particular, Case 68/69 Brock [1970] ECR 171, paragraph 6; Case 270/84 Licata v Economic and Social Committee [1986] ECR 2305, paragraph 31; and *Butterfly Music*, paragraph 24), acts performed before the date of entry into force of new legislation continue to be governed by the previous law. Thus, the revival of copyright protection has no effect on acts of exploitation definitively performed by a third party before the date on which such rights became applicable.

52 Conversely, by virtue of that principle, the fact that copyright protection applies with regard to the future consequences of situations which are not definitively settled means that it has an effect on a third party's rights to continue the exploitation of subject-matter which is protected afresh by an intellectual property right (see, to that effect, *Butterfly Music*, paragraph 24).

53 It should also be recalled that it is settled case-law that the principle of the protection of legitimate expectations cannot be extended to the point of generally preventing new rules from applying to the future consequences of situations which arose under the earlier rules (see, to that effect, Case 278/84 Germany v Commission [1987] ECR 1, paragraph 36; Case 203/86 Spain v Council [1988] ECR 4563, paragraph 19; Case C-221/88 Busseni [1990] ECR I-495, paragraph 35; and *Butterfly Music*, paragraph 25).

54 In this instance, the Member State concerned adopted two types of legislative measure intended to protect the acquired rights and legitimate expectations of a particular category of third parties.

55 As regards, in the first place, the legislative measure providing for a transitional period in relation to a specific category of third parties with a view to protecting their legitimate interests, it follows from the principle that acquired rights must be respected and from the principle of the protection of legitimate expectations that Article 17 of Directive 98/71 does not preclude such a measure, provided that the measure does not have the effect of deferring for a substantial period the application of the new rules on copyright protection for designs so as to prevent them from applying on the date laid down by that directive (see, to that effect, *Butterfly Music*, paragraphs 23 and 28).

56 In that regard, the assessment of the compatibility of the length of that transitional period and of the category of third parties covered by the legislative measure must be carried out in the light of the principle of proportionality.

57 Accordingly, the legislative measure adopted by the Member State concerned must be appropriate for attaining the objective pursued by the national law and necessary for that purpose – namely ensuring that a balance is struck between, on the one hand, the acquired rights and legitimate expectations of the third parties concerned and, on the other, the interests of the rightholders. Care must also be taken to make sure that the measure does not go beyond what is needed to ensure that that balance is struck.

58 For that purpose, the measure may be regarded as appropriate only if it is directed at a category of third parties entitled to rely on the principle of protection of legitimate expectations – that is to say, persons who have already performed acts of exploitation in relation to designs within the public domain at the date of entry into force of the legislation transposing Article 17 of Directive 98/71 into the domestic law of the Member State concerned.

59 Furthermore, the legislative measure should ensure that the period of use of the designs by those third parties is limited to what is necessary for them to phase out the part of their business that is based on earlier use of those designs or to clear their stock.

60 The measure does not go beyond what is necessary to ensure that a balance is struck between the competing rights if it does not defer entitlement to copyright protection for a substantial period.

61 In this instance, as regards the definition of the category of third parties as against whom it is provided that copyright protection is for a temporary period to be unenforceable, Legislative Decree No 95/2001 and Article 239 of the IPC may be regarded as appropriate since they are directed solely at persons who acquired their rights before the entry into force of the national measures transposing Directive 98/71.

62 Conversely, unenforceability for a transitional period of 10 years does not appear to be justified by the need to safeguard the economic interests of third parties acting in good faith, since it is apparent that a shorter period would also allow the part of their business that is based on earlier use of those designs to be phased out and, even more so, their stock to be cleared.

63 Furthermore, a 10-year moratorium in respect of copyright protection appears to go beyond what is necessary, since, by taking 10 years off the period during which a work is protected (as a rule 70 years after the death of the author), the application of copyright protection is deferred for a substantial period.

64 As regards, in the second place, Article 4(4) of Decree Law No 10 of 15 February 2007, abolishing the moratorium and rendering copyright protection unenforceable for an indefinite period in the case of products manufactured on the basis of designs which were in the public domain before 19 April 2001, it follows from the foregoing that such a measure negates

Article 17 of Directive 98/71, since it has the effect of preventing, generally, the application of the new protection, that is to say, protection relating to copyright. Nor does that measure seek to restrict the category of third parties who may rely on the principle of the protection of legitimate expectations. On the contrary, the measure renders copyright more generally unenforceable, since, under the provision, it is not necessary for a third party to have begun exploiting the designs before 19 April 2001.

65 In view of all the foregoing considerations, the answer to the second and third questions is that, Article 17 of Directive 98/71 must be interpreted as precluding legislation of a Member State which – either for a substantial period of 10 years or completely – excludes from copyright protection designs which, although they meet all the requirements to be eligible for copyright protection, entered the public domain before the date of entry into force of that legislation, that being the case with regard to any third party who has manufactured or marketed products based on such designs in that State – irrespective of the date on which those acts were performed.

Costs

66 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Second Chamber) hereby rules:

1. Article 17 of Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs must be interpreted as precluding legislation of a Member State which excludes from copyright protection in that Member State designs which were protected by a design right registered in or in respect of a Member State and which entered the public domain before the date of entry into force of that legislation, although they meet all the requirements to be eligible for copyright protection.

2. Article 17 of Directive 98/71 must be interpreted as precluding legislation of a Member State which – either for a substantial period of 10 years or completely – excludes from copyright protection designs which, although they meet all the requirements to be eligible for copyright protection, entered the public domain before the date of entry into force of that legislation, that being the case with regard to any third party who has manufactured or marketed products based on such designs in that State – irrespective of the date on which those acts were performed.

Opinion of Advocate General Bot

delivered on 24 June 2010 1(1)
Case C-168/09
Flos SpA
v

Semeraro Casa e Famiglia SpA

Reference for a preliminary ruling from the Tribunale di Milano (Italy)

(Directive 98/71/EC – Industrial and commercial property – Legal protection of designs – Application of copyright to designs within the public domain – Directive 93/98/EEC – Acquired rights – Transitional period)

1. The legal framework of the present case is Directive 98/71/EC, (2) Article 17 of which enshrines the principle of the cumulation of protection of registered designs with copyright protection. Thus, under that provision, a design enjoys protection under copyright law as from the date on which the design was created or fixed in any form.

2. A dispute concerning the reproduction of the famous Arco lamp, conceived by the Castiglioni brothers, arose between Flos SpA ('Flos'), which declares that it holds all the property rights in that lamp, and Semeraro Casa e Famiglia SpA ('Semeraro').

3. In accordance with the national legislation in force at the time, the design of the Arco lamp was within the public domain and Semeraro was thus entitled to manufacture, import from China and market the Fluida lamp that imitates the shape of the Arco design.

4. With the entry into force of Directive 98/71 and its transposition into the Italian legal order, Flos considers that copyright law ought to apply to the Arco design. It therefore objects to the fact that Semeraro is manufacturing and marketing the Fluida lamp, and is calling upon the Italian courts to prohibit marketing of the lamp.

5. The question that arises in the present case is therefore whether, first, a design which was in the public domain before the entry into force of Directive 98/71 enjoys protection under copyright law.

6. In the event of a reply in the affirmative to this first question, the referring court asks, secondly, whether the fact that a third party has lawfully manufactured and marketed a product imitating the shape of a design in the public domain affects the eligibility for copyright protection of that design and, if appropriate, whether it is possible to establish a transitional period during which such protection is excluded.

7. In this Opinion I shall be proposing that the Court should rule that Article 17 of Directive 98/71 must be interpreted as precluding legislation in a Member State which provides that designs which entered the public domain before the entry into force of national provisions implementing that directive are not eligible for copyright protection.

8. Next, I shall state the reasons why I believe that Article 17 of Directive 98/71 does not preclude the establishment of a reasonable transitional period during which persons who were lawfully entitled to manufacture and market a product imitating a design that was in the public domain before the entry into force of national provisions implementing that directive may continue to market that product.

I – Legal framework

A – European Union Law

1. Directive 93/98/EEC

9. Council Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights (3) entered into force on 1 July 1995. (4)

10. That directive provides for copyright protection of a literary or artistic work for the lifetime of the author plus 70 years after his or her death. (5)

11. Under Article 10(2) of Directive 93/98, '[t]he terms of protection provided for in this Directive shall apply to all works and subject matter which are protected in at least one Member State, on the date referred to in Article 13(1), pursuant to national provisions on copyright or related rights or which meet the criteria for protection under Directive 92/100/EEC [(6)]'.

12. Under Article 10(3), Directive 93/98 is without prejudice to any acts of exploitation performed before the date of the directive's entry into force. Member States are to adopt the necessary provisions to protect in particular acquired rights of third parties.

2. Directive 98/71

13. Directive 98/71 is intended to approximate the design protection laws of the Member States.

14. In particular, that directive enshrines the principle of the cumulation of protection under specific registered design protection law with protection under copyright law.

15. Thus, under Article 17 of that directive, '[a] design protected by a design right registered in or in respect of a Member State in accordance with this Directive shall also be eligible for protection under the law of copyright of that State as from the date on which the design was created or fixed in any form. The extent to which, and the conditions under which, such a protection is conferred, including the level of originality required, shall be determined by each Member State'.

16. Under Article 19 of Directive 98/71, Member States had until 28 October 2001 to comply with the directive.

B – National law

17. Prior to the transposition of Directive 98/71 into the Italian legal order, Law No 633 of 22 April 1941 on the protection of copyright and other related rights (7) provided, in point 4 of the first paragraph of Article 2, that this protection was conferred on works of sculpture, painting, design, engraving and similar figurative arts, including stage and set designs, and the industrial applications of such works, provided that their artistic value was separable from the industrial nature of the product with which they were associated.

18. After the transposition of Directive 98/71 into the Italian legal order, Legislative Decree No 95 of 2 February 2001 on the implementation of Directive 98/71 (8), amended that provision by removing the separability requirement. Thus, as a result of that amendment, point 4 of paragraph 1 of Article 2 of Law No 633/41 was deleted and a point 10 was added. Under this new point, industrial designs which possess in themselves creative character and artistic value are protected by copyright. Legislative Decree No 95/2001 entered into force on 19 April 2001.

19. Legislative Decree No 164 of 12 April 2001 on the implementation of Directive 98/71 (9) inserted into Legislative Decree No 95/2001 an Article 25a which provided that, for a period of ten years from the date of entry into force of the latter decree, the protection conferred on designs under point 10 of the first paragraph of Article 2 of Law No 633 of 22 April 1941 was not enforceable as against those who engaged before that date in the manufacture, supply or marketing of products based on designs that had entered into the public domain.

20. All those provisions were incorporated into the Italian Industrial Property Code. In particular, Article 239 of that code reproduced the ten-year moratorium established by Article 25a of Legislative Decree No 95/2001. Likewise, Article 44 of the code limited the duration of protection conferred by copyright to 25 years from the death of the author, instead of 70 years.

21. However, the Commission of the European Communities commenced proceedings against the Italian Republic for non-compliance with Articles 17 and 18 of Directive 98/71 since, according to the Commission, the ten-year moratorium and the limitation of protection to 25 years from the death of the author were contrary to those articles.

22. In order to comply with European Union law, the Italian Republic adopted paragraph 4 of Article 4 of Decree-Law No 10 of 15 February 2007 implementing Community and international obligations. (10) This provision increases the duration of copyright in respect of industrial designs to 70 years and amends Article 239 of the Italian Industrial Property Code. Thus, under that article, the protection granted to industrial designs within the meaning of the first paragraph of Article 2(10) of Law No 633/41, as amended, is not enforceable as against products made in accordance with designs that entered into the public domain before the date of entry into force of Legislative Decree No 95/2001.

II – Facts and main proceedings

23. Flos is an Italian company which has, since the beginning of the 1960's, been operating in the sector of high-value lighting products. It stated that it holds all property rights in the famous Arco lamp design created by the Italian designers Achilles and Pier Giacomo Castiglioni.

24. Flos claims that Semeraro imported from China and marketed in Italy the Fluida lamp design that imitates all the stylistic and aesthetic features of the Arco lamp, in breach of its copyright in that lamp. Flos considers that Semeraro infringed its property rights in the industrial design for the Arco lamp and that it therefore infringed competition law.

25. Semeraro disputed the fact that the Arco design could have any intrinsic artistic value, which is a prerequisite under point 10 of the first paragraph of Article 2 of Law No 633/41 for eligibility for copyright protection. It further refuted the existence of any identity of form between the two lamp designs.

26. It should be made clear that, since the Arco lamp design was in the public domain under the national leg-

islation in force at the time, Semeraro was lawfully entitled to copy that model.

27. Assoluce (the national association of manufacturers of lighting products) intervened in support of Flos.

28. Prior to its action on the merits, Flos applied for interim measures, seeking confiscation of the Fluida lamp and an order prohibiting Semeraro from further importing or marketing the lamp.

29. By order of 29 December 2006, the Italian court ruled that the Arco lamp enjoyed copyright in the industrial design and that the Fluida lamp design imitated its form slavishly. It therefore ordered confiscation of the lamps and prohibited Semeraro from continuing to market them. That order was upheld on appeal.

30. The Tribunale di Milano (Italy) has doubts as to the conformity with European Union law of the successive legislative amendments which have occurred during the course of the proceedings.

III – The questions referred

31. The Tribunale di Milano decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

‘(1) Must Articles 17 and 19 of Directive [98/71] be interpreted as meaning that, in implementing a national law of a Member State which has introduced copyright protection for designs into its legal order in accordance with that directive, the discretion accorded to such a Member State to establish independently the extent to which, and the conditions under which, such protection is conferred may include discretion to preclude such protection in the case of designs which – albeit meeting the requirements for protection laid down in copyright law – fell to be regarded as having entered into the public domain before the date on which the statutory provisions introducing copyright protection for designs into the domestic legal order entered into force, in so far as they had never been registered as designs or in so far as the relevant registration had already expired by that date?

(2) If the answer to the first question is in the negative, must Articles 17 and 19 of Directive [98/71] be interpreted as meaning that, in implementing a national law of a Member State which has introduced copyright protection for designs into its legal order in accordance with that Directive, the discretion accorded to such a Member State to establish independently the extent to which, and the conditions under which, such protection is conferred may include discretion to preclude such protection in the case of designs which – albeit meeting the requirements for protection laid down in copyright law – fell to be regarded as having entered into the public domain before the date on which the statutory provisions introducing copyright protection for designs into the domestic legal order entered into force and where a third party – without authorisation from the holder of the copyright on such designs – has already produced and marketed products based on such designs in that State?

(3) If the answers to the first and second questions are in the negative, must Articles 17 and 19 of Directive [98/71] be interpreted as meaning that, in implementing

a national law of a Member State which has introduced copyright protection for designs into its legal order in accordance with that Directive, the discretion accorded to such a Member State to establish independently the extent to which, and the conditions under which, such protection is conferred may include discretion to preclude such protection in the case of designs which – albeit meeting the requirements for protection laid down in copyright law – fell to be regarded as having entered into the public domain before the date on which the statutory provisions introducing copyright protection for designs into the domestic legal order entered into force and where a third party – without authorisation from the holder of the copyright on such designs – has already produced and marketed products based on such designs in that State, where protection is precluded for a substantial period (a period of 10 years)?’

IV – Analysis

32. Like the Commission, I believe that Article 19 of Directive 98/71 is not relevant to the present case. In fact, that provision merely set the date by which the Member States had to comply with the provisions of that directive, namely 28 October 2001. However, the issue to be decided in this case is not whether the Italian Republic transposed the directive within the time limits laid down.

33. The dispute in the main proceedings concerns the question whether Semeraro, which at the material time lawfully acquired the right to manufacture and market the Fluida lamp design, must now cease such manufacture and marketing on the ground that the national legislation implementing Directive 98/71 revived the copyright in the Arco model which the Fluida design copies.

34. In particular, the national court seeks to ascertain whether Article 17 of the directive must be interpreted as precluding legislation in a Member State which provides that designs which were in the public domain before the entry into force of national provisions implementing the directive are not eligible for copyright protection.

35. In the event of an affirmative answer, the national court is essentially asking whether the fact that a third party lawfully acquired the right to produce and market a product imitating a design that is in the public domain affects copyright protection in regard to that design and, in an appropriate case, whether it is possible to lay down a transitional period during which such protection is excluded.

A – Application of copyright to designs that entered the public domain before the entry into force of Directive 98/71

36. Under Article 17 of Directive 98/71, a design registered in or in respect of a Member State is also eligible for protection under the law of copyright of that State as from the date on which the design was created or fixed in any form. (11)

37. The directive does not specify whether a design that was in the public domain before it entered into force may enjoy such protection.

38. Under the second sentence of Article 17, ‘[t]he extent to which, and the conditions under which, such a protection is conferred ... shall be determined by each Member State’. The national court accordingly asks whether the Member States have a certain margin of discretion enabling them to exclude from copyright protection designs that entered the public domain before the entry into force of the national legislation transposing Directive 98/71.

39. I do not believe so, for the following reasons.

40. It is clear from the preparatory documents which led to the enactment of Directive 98/71 that the directive is intended to harmonise national laws in respect of designs so that these laws become compatible both with each other so far as their more salient features are concerned and also with the future system of Community protection. (12)

41. It is also stated that the approximation of those laws need not cover all aspects of national legislation, but that it is sufficient to reconcile the features which are necessary for the coexistence of specific national and Community design protection and, in particular, those concerning the scope and term of protection. (13)

42. Those preparatory documents also state that ‘[t]here is no cause to interfere in matters such as existing national provisions relating to the official procedures and to the examination as to fulfilment of requirements for protection. (14) That is the reason, I believe, why the second sentence of Article 17 of Directive 98/71 provides that the extent to which, and the conditions under which, copyright protection is conferred, including the level of originality required, are to be determined by each Member State.

43. Conversely, the term of copyright protection and its temporal application were harmonised at European Union level in Council Directive 93/98, which was in force at the time when the facts giving rise to the dispute in the main proceedings occurred. (15)

44. Under Directive 93/98, that protection lasts for the author’s lifetime plus 70 years. (16) Article 10(2) of that directive provides, in addition, that that term applies to all works and subject matter which are protected in at least one Member State on the date of entry into force of the directive.

45. I therefore believe that Article 17 of Directive 98/71 must be read in conjunction with the provisions of Directive 93/98 and, in particular, Article 10(2) of the latter directive.

46. The latter provision has already been interpreted by the Court in a case involving the revival of copyright in a musical work.

47. Thus, in its judgment in *Butterfly Music*, (17) the Court held that it is clear from that provision that application of the terms of protection laid down by Directive 93/98 may have the effect, in the Member States which had a shorter term of protection under their legislation, of protecting afresh works or subject-matter which had entered the public domain. (18)

48. The Court pointed out that that solution was adopted in order to achieve as rapidly as possible the objective of harmonising the national laws governing

the terms of protection of copyright and to avoid the situation where rights have expired in some Member States but are protected in others. (19)

49. I believe that this case-law may be applied to the present case.

50. One of the main contributions of Directive 98/71 is to lay down the principle of the cumulation of specific registered design protection with copyright protection, in order to eliminate disparities in the laws of the Member States in this field. In its preparatory work, the Commission stated that the cumulative application of design protection is mandatory, and that consequently national legislation needs to be amended where it provides that copyright protection cannot, or can only under certain conditions, be cumulated with protection under specific design protection law. (20)

51. The cumulation of specific registered design protection with copyright protection is not therefore an option offered to Member States, but an objective to be achieved in order to put an end to the disparities between the various laws.

52. This objective would, to my mind, be jeopardised if the Member States were able to apply or not to apply copyright protection to designs that have entered the public domain. In fact, the result of that would be that a design created before the entry into force of Directive 98/71 would be protected in certain Member States but not in others. The disparities that this directive seeks to remove would remain, and trade between Member States would be affected. In addition, it would also run counter to the main objective of Directive 93/98 which seeks to harmonise the term and application in time of copyright protection. (21)

53. I consider the solution in the Butterfly Music judgment to be the only one that guarantees uniform application of Directive 98/71 throughout the European Union.

54. In the light of these considerations, I believe that Article 17 of Directive 98/71 must be interpreted as precluding legislation in a Member State which provides that designs that entered the public domain before the entry into force of national provisions transposing that directive are not eligible for copyright protection.

55. The question is now whether the fact that third parties have lawfully produced and marketed a product copying a design that has entered the public domain affects the application of copyright protection to that design.

B – Effect of the rights that third parties have lawfully acquired on the application of copyright in designs that entered the public domain before the entry into force of Directive 98/71

56. We have seen that, in my view, copyright protection of designs applies as from their creation, even if, at the time of entry into force of Directive 98/71, they are in the public domain.

57. By its second and third questions, the national court queries whether it should not be otherwise or if, at least, a transitional period during which such protection is excluded should be instituted, when a third party, such as Semeraro, has lawfully produced and marketed

a design imitating another design that has entered the public domain.

58. Directive 98/71 does not specify what effect the application of copyright might be on rights acquired by third parties before the entry into force of national provisions transposing the directive.

59. In my view, in order to provide a useful reply to the national court, reference should once again be made to the provisions of Directive 93/98 governing the terms of application in time of copyright, in particular at Article 10(3) thereof.

60. Under that provision, Directive 93/98 is without prejudice to any acts of exploitation performed before the date of entry into force of the latter and Member States are to adopt the necessary provisions to protect in particular acquired rights of third parties.

61. In Butterfly Music, the Court first stated that the application of terms of protection provided by Directive 93/98 could have the effect of protecting afresh works or subject matter to have entered the public domain, and then quoted recital 27 in the preamble to the directive, which states that ‘respect of acquired rights and legitimate expectations is part of the Community legal order [and that] Member States may provide in particular that in certain circumstances the copyright and related rights which are revived pursuant to this Directive may not give rise to payments by persons who undertook in good faith the exploitation of the works at the time when such works lay within the public domain’. (22)

62. The Court went on to say that the directive provided for the possibility that copyright and related rights which had expired could be revived, without prejudice to acts of exploitation performed before the date of its implementation, while leaving it to the Member States to adopt measures to protect acquired rights of third parties. (23)

63. The Court observed that amending legislation applies, unless otherwise provided, to the future consequences of situations which arose under earlier legislation. Since the revival of copyright and related rights has no effect on acts of exploitation definitively performed by a third party before the date on which revival occurred, it could not be considered to have retroactive effect. Its application to the future consequences of situations which were not definitively settled meant, on the other hand, that it had an effect on a third party’s rights to continue the exploitation of a sound recording where the copies already manufactured had not yet been marketed and sold on that date. (24)

64. The Court also noted that the principle of the protection of legitimate expectations could not be extended to the point of generally preventing new rules from applying to the future consequences of situations which had arisen under earlier rules. (25)

65. The Court therefore held that the institution of a limited period during which third parties who were lawfully reproducing and marketing sound-recording media in respect of which the rights of use had expired under the previous legislation might distribute those media met the requirements of Directive 93/98. (26)

First, such legislation satisfied the obligation imposed on the Member States to adopt measures to protect acquired rights of third parties and, secondly, it met the need to apply new terms of protection of copyright and related rights on the date laid down by that directive, that being the directive's principal objective. (27)

66. The same reasoning must, in my view, be followed in the present case.

67. In fact, a fair balance must be struck between, on the one hand, compliance with a major objective of Directive 98/71, namely the application of copyright protection to designs and, on the other, the need to guarantee the rights that third parties acquired in good faith before the entry into force of national provisions transposing the directive. Intellectual property is a field in which interests that can sometimes seem to be very much in conflict have to co-exist. It is essential to encourage creativity by ensuring that works and designs will be protected from any form of counterfeiting. Similarly, it is important to allow adequate competition in this type of market so that the citizens of the European Union can have access to the fruits of creativity, be it in the field of technology, information or design.

68. In accordance with the case-law cited in point 63 of this Opinion, the application of copyright to designs that entered the public domain before the date of entry into force of the national provisions transposing Directive 98/71 cannot affect situations definitively settled before that date. To my mind that therefore means that the copyright enjoyed by the Arco design cannot be relied on against Fluida lamps which were manufactured and sold on the market before that date.

69. Conversely, since the Member States enjoy a certain margin of discretion in regard to rights acquired by third parties, (28) the competent national authorities may provide for a transitional period starting from the date of entry into force of the provisions transposing Directive 98/71, during which third parties having lawfully acquired the right to market a product imitating a design that entered the public domain before this date may continue to market that product.

70. In its observations, Flos indicates moreover that 'it seems acceptable to provide for a transitional rule which mitigates the abruptness of the transition to protection on the basis of copyright arising from implementation of Directive 98/71'.

71. The Court stated in *Butterfly Music* that the transitional period must be a reasonable one. (29) In fact, account has to be taken not only of the legitimate interests of third parties acting in good faith, but also of the interests of copyright holders and of the objective pursued by the legislation in question.

72. The national court will, in my view, have to take account of several matters in considering the specific situation in the present case, in order to assess the need for a transitional period during which the Arco lamp is not eligible for copyright protection.

73. We have seen that Article 17 of Directive 98/71 does not specify whether copyright protection is applicable to designs that entered the public domain before the entry into force of the directive.

74. I note that, initially, the Italian legislation transposing Directive 98/71 provided for a transitional period of ten years during which designs that had entered the public domain were not to be eligible for copyright protection. Then, at a later stage, following infringement proceedings initiated by the Commission, the Italian legislature amended the legislation to provide that copyright protection is not applicable to designs that entered the public domain before the entry into force of Legislative Decree No 95/2001, transposing Directive 98/71.

75. In the light of these matters and of the fact that Directive 98/71 is silent on the application of copyright to designs that are in the public domain, I believe that the entry into force of the directive in the national legal order is likely to have created in Semeraro a legitimate expectation as to the maintenance in force of the national legislation existing at the time, namely that all rights in the Arco lamp were extinguished and that it was therefore entitled to continue to produce and market Fluida lamps.

76. Economic operators could reasonably have doubts, in my view, as to an interpretation of Article 17 of Directive 98/71 such as the one that I am proposing to the Court, namely that designs that entered the public domain before the entry into force of the national provisions transposing that directive are eligible for copyright protection.

77. As to the term of the transitional period, the national court asks whether it is appropriate to provide for a period of ten years, as the Italian legislature initially did.

78. In my view, the transitional period should be sufficiently long to secure the economic interests of undertakings which have invested in good faith in the production of designs imitating ones that entered the public domain before the date of entry into force of Directive 98/71. It is in fact a matter of protecting those undertakings whose economic activities become illegal almost overnight owing to the transposition of the directive.

79. Nor, however, should the transitional period have the effect of preventing new rules from applying to the future consequences of situations which arose under the earlier rules. (30)

80. In the case giving rise to the *Butterfly Music* judgment, the Court held that a period of three months for the distribution of sound-recording media by third parties who had, lawfully, acquired rights could be considered to be reasonable having regard to the objective pursued and in view of the circumstances in which Directive 93/98 was transposed. This period may appear very short and strict but in fact, as the Court pointed out, the transposition had allowed such third parties nearly a year after the date of implementation of the directive to continue marketing sound recording media. (31)

81. As regards the present case, a period of 10 years in a term of protection of 70 years after author's death, seems to me excessive. Indeed, the Commission brought infringement proceedings against the Italian

Republic, inter alia, because the national legislation provided for a ten-year transitional period.

82. Conversely, I am inclined to the view that the period enjoyed by Semeraro between 28 October 2001, the date by which the Member States had to comply with Directive 98/71, (32) and 29 December 2006, the date on which the Italian court ordered seizure of the Fluida lamp and prohibited Semeraro from marketing it, is a reasonable one.

83. During this period of a little over five years, Semeraro was, in fact, able to produce and sell its lamps on the market.

84. This period seems to me to strike a fair balance between protection of the rights that third parties have lawfully acquired and the need to secure one of the objectives of Directive 98/71, namely the application of copyright to designs.

85. It is therefore in the light of the circumstances of the present case, and taking into account the legislative aims in question, that it will be for the national court to assess to what extent it is necessary to lay down a reasonable transitional period in order to ensure the protection of rights acquired by third parties.

86. In the light of the foregoing, I believe that Article 17 of Directive 98/71 does not preclude the establishment of a reasonable transitional period during which persons who were able lawfully to produce and market a product imitating a design that entered the public domain before the entry into force of national provisions implementing that directive may continue to market that product.

V – Conclusion

87. In the light of all the foregoing considerations, I propose that the Court should reply as follows to the questions raised by the Tribunale di Milano:

(1) Article 17 of Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs must be interpreted as precluding legislation of a Member State which provides that designs that entered the public domain before the entry into force of national provisions transposing that directive are not eligible for copyright protection.

(2) Article 17 of Directive 98/71 does not preclude the establishment of a reasonable transitional period during which persons who were able lawfully to produce and market a product imitating a design that entered the public domain before the entry into force of national provisions implementing that directive may continue to market that product.

rights related to copyright in the field of intellectual property (OJ 1992 L 346, p. 61).

7 – GURI No 166 of 16 July 1941, ‘Law No 633/41’.

8 – GURI No 79 of 4 April 2001, ‘Legislative decree No 95/2001’.

9 – GURI No 125 of 31 May 2001.

10 – GURI No 38 of 15 February 2007.

11 – *My italics*.

12 – See point 1.4 of the Proposal for a European Parliament and Council Directive on the legal protection of designs (COM (93) 344 final).

13 – See point 1.5 of the Proposal.

14 – *Ibid*.

15 – Directive 93/98 was codified by Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights (OJ 2006 L 372, p. 12).

16 – See Article 1(1) of Directive 93/98.

17 – Case C-60/98 [1999] ECR I-3939.

18 – *Ibid*. (paragraph 18).

19 – *Ibid*. (paragraph 20).

20 – See Article 18 of the Proposal for a directive mentioned in footnote 12.

21 – See recital 2 in the preamble to the directive.

22 – *Butterfly Music* (paragraph 22).

23 – *Ibid*. (paragraph 23).

24 – *Ibid*. (paragraph 24).

25 – *Ibid*. (paragraph 25 and case-law cited).

26 – *Ibid*. (paragraph 26).

27 – *Ibid*. (paragraphs 27 and 28).

28 – *Ibid*. (paragraph 23).

29 – *Ibid*. (paragraph 27).

30 – *Ibid*. (paragraphs 25 and 28).

31 – *Ibid*. (paragraphs 27 and 28).

32 – See Article 19(1) of the directive.

1 – Original language: French.

2 – Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs (OJ 1998 L 289, p. 28).

3 – OJ 1993 L 290, p. 9.

4 – See Article 13(1) of Directive 93/98.

5 – See Article 1(1) of that directive.

6 – Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain