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Topic III B.

FREE SOFTWARE AND CREATIVE COMMONS LICENSES IN ITALY: A WORK STILL IN PROGRESS

Questionnaire[1]

I. General information on FOSS and alternative licensing

1. Rules applicable to license contracts in general

Italian law specifically provides for license contracts in connection with trademarks and patents: *see* Art. 19.3 (on licensing and merchandising by public entities), Art. 23 (on exclusive and non-exclusive trademark licensing), Arts. 64-65 (on licensing of employees' inventions), Arts. 70-74 (on compulsory licensing of patented inventions), and Art. 138.1(a) (on the recording of licenses in Patent and Trademark registries) of the Codice di proprietà industriale (c.p.i.). In the copyright act (legge diritto d'autore, l.d.a.), references to licenses are to be found in Art. 71*ter* (on restrictions to online access on the premises of libraries and archives) and Art. 188 (on the impact of foreign compulsory licenses on the term of protection).

It may therefore be said that neither trademark law, patent law, nor copyright law provide for a comprehensive set of rules concerning licensing.

The lack of specialized legislative provisions on licensing raises the question as to which set of rules should apply. A first set of rules can be found in the general principles of contract law and of the law of obligations. In this respect, the obligation undertaken by the licensor may be seen as entailing a negative component, i.e. the duty not to invoke the rightholder's exclusive right (described as an obligation of *pati*, of suffering the licensee's behaviour) and possibly also a positive component, i.e. the authorisation by the licensor to the licensee to exploit the protected work in dealings with third parties, i.e. on the market.

This obligation may in turn be seen as the effect either of a contract or of a unilateral act. The two possibilities should be examined separately.[2]

1.1. *Licensing as a contractual relationship*. Licensing may be based on a contract, in particular where the transaction takes place by way of payment of consideration (usually in the form of a royalty or fee). In the absence of specialized provisions concerning license contracts, licensing is seen as the effect of a number of typical contracts which are characterized, in the negative, by not transferring altogether the whole or part of the right from time to time concerned, and in the positive, by giving the licensee an entitlement to exploit the entity. In this respect, the contracts of lease, of usufruct and even of temporary contribution of an asset to a licensee corporation in exchange for shares are mentioned. In this light, license contracts are governed both by the rules concerning the specific type of contract which is believed to occur in the specific instance and by the general rules of contract law (to the extent the former do not provide).

1.2. *Licensing based on a non-contractual obligation.* Licensing is not always based on a contract. The rightholder may also unilaterally undertake, vis-à-vis a specific person or entity, not to invoke her or his exclusive right, e.g. in a context where the beneficiary, i.e. the licensee, does not undertake a reciprocal obligation

1 I wish to thank the Italian Creative Commons team and in particular Marco Ciurcina, Federico Morando and Massimo Travostino for their help in preparing the replies to the questionnaire.

2 For a careful (and original) review of the issues implicated in this dichotomy *see* M Bertani, *Diritto d'autore europeo*, Torino, Giappichelli, 2011, 172 ff.

(e.g. does not agree to pay compensation in the form of royalties). This second form of licensing rests on the idea that the consent of the rightholder (here the authorization to use the entity) makes use of the same entity by the authorized third party lawful; or on the idea that licensing may be based on a waiver of the exclusive right to the benefit of a specific person or entity. There are a number of difficulties to be found in characterizing licences as non-contractual obligations such as those briefly touched upon here. I will come back to these in the appropriate context below (*see* **II.1**). For now, I will confine myself to mentioning the difficulties which may be met in distinguishing non-contractual obligations from mere tolerance, where the rightholder fails to act to enforce her or his right, but does not *undertake* an obligation to do so.

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We may therefore say, as a result of the foregoing analysis, that, while licensing of intellectual property rights does not have a specialized legislative basis, it is still governed by legal principles to be derived either from contract law or from the law of obligations.

This analysis, however, is incomplete. Licensing is also constituted "bottom up", that is to say, by the application of rules relating to the characteristic features of each individual intellectual property right; such features shaping the contracts and obligations concerning that specific intellectual property right. In this respect, trademark law is based on the prohibition of deception of the interested public; and this principle is assumed to underlie non-exclusive licensing (e.g. by imposing on the licensor a duty to police uniformity of the quality of the trademarked goods supplied by the various licensees: *see* Art. 23.2 c.p.i.).

From this perspective, a further layer of complexity should be added, concerning the impact which copyright law has on the rules governing licensing.

1.3. Also in copyright law, licensing is contrasted to transfer or assignment, exactly as in the other branches of intellectual property law. Again, a transfer or assignment has final effect, making the transferee or assignee the new owner or right holder, whereas a licensee, by way of contrast, has only a temporary entitlement over the work.[3] However, the notion of licensing is also contrasted to the notion of concession or publishing.[4] A publishing (or other concession) agreement is entered into by the parties in their mutual interest; this does not mean that they form a joint-venture or become associates, but that the rightholder has a legally recognized interest in the dissemination of her/his work and the other party (the publisher or concessionaire, e.g. a music publishing business) has an obligation to produce copies of the work and to distribute them. This is not the case in licensing. A licensee has the entitlement (or option) to reproduce and disseminate the work or perform any other activity authorized by the rightholder;

3 One may wonder whether the license may be for an unlimited time or for a time corresponding to the residual life of the copyright; and, if so, what would be the difference between an unlimited license and a transfer. The reply, as sketched out by the relevant litterature (D Sarti, *Diritti esclusivi e circolazione dei beni*, Milano, Giuffrè, 1996, 131-132) lies in the economic function of the two agreements. In licensing, the licensor's interest is linked to the economic choices made by the licensee, e.g. because the licensor obtains a share of licensee's proceeds in the form of royalties or other mechanism which entail that the licensor shares the licensee's fortune. In this context, an unlimited (or very long term) contract, where the consideration received by licensor consists in a lump sum, would be treated as a transfer, even though the parties may. for some reason or other (to avoid application of exhaustion, for tax avoidance reasons), prefer the label of license.

4 For the following analysis *see* the references in my *Il diritto d'autore*, in N Abriani-G Cottino-M Ricolfi, *Diritto industriale*, in *Trattato di diritto commerciale* diretto da G. Cottino, Padova, Cedam, 2001, 335 ff. at 495 ff.

the licensee, however, is not under an obligation to do so. The decision rests solely in her or his hands.

2. *Special provisions on FOSS or other alternative licenses*

Italy has enacted special provisions both on FOSS and on other alternative licenses. For clarity's sake, hereafter I will deal first with provisions concerning FOSS as such and then with those concerning other alternative licenses.

2.1. The rules on FOSS are to be found in legislative decree n. 82 of 2005, the so called "Digital Administration Code" (Codice dell'Amministrazione Digitale or 'CAD').

Art. 68 of the Code governs software procurement by public administrations. It mandates a comparative assessment by the relevant public administration of the various software types, including FOSS, (lett. c) of Sec. 1). The benchmarks for the assessment include interoperability and format openness (Sec. 2). The Act No 221 of 17 December 2012 inserted into Art. 68 Sec. 1*bis* and Sec.1*ter* which set out more specific assessment criteria. According to these criteria, the purchase of proprietary software (as opposed to FOSS or programs generated within the public administration) would appear to be the last resort solution, even though there is criticism of the actual functioning of the criteria.[5]

Format openness is defined under Sec. 3 of the same Art. 68, as amended by the 221/2012 Act, as requiring the availability of source code and the re-usability of data under a license which enables their re-use, both in a disaggregated format and for commercial purposes. In turn, format openness is one of the preferential criteria set out under Sec. 1*bis* of Art. 68, referred to above, that should be taken into consideration by public administrations when making the decision between different types of software.

In turn, Art. 69 deals with the re-usability of programs already commissioned by public administrations (i.e. acquired by means of a procurement contract or otherwise). This provision is based on the general idea that software acquired by one branch of the public administration should be re-usable by the other branches and that the original contracts, whereby the public administration acquires the software, should allow (legally) and enable (practically) re-use by other branches.

There is also a great number of laws adopted by the Italian Regions under their law-making powers dealing with FOSS. These include:

Art. 8 of the Act No 20 of 2012 of the Puglia Region;
Art. 8 of the Act No 16 of 2012 of the Trento Province;
Art. 3 of the Act No 11 of 2012 of the Umbria Region;
Art. 4 of the Act No 7 of 2012 of the Lazio Region;
Art. 3 of the Act No 19 of 2008 of the Veneto Region.

2.2. I am not aware of any rules concerning FOSS licensing, apart from those incidental to the procurement rules mentioned in 2.1. On the contrary there are quite a few provisions relating to "alternative licenses" in various acts concerning the conditions of access and re-use of public sector information (=PSI).

5 It is often stated that the rules enable resort to loopholes which all too easily enable selection of proprietary over open-source software, e.g. by way of reference, in lett. c), to "security levels", which may – inappropriately, it is said – be held to be lower when the source code is publicly available. I have not yet obtained replies concerning my inquiries on this issue. It is also noted that the criteria are much more vague than the prior, stringent ones, enacted 19 December 2003 by the Ministry for innovation and technologies under the guidance of the then Minister Luciano Stanca (available at http://www.interlex.it/testi/dirett_os.htm).

The original provisions are to be found once again in the CAD at Art. 52. The subject matter of these provisions is "data and documents" (Sec. 2 of Art. 52 CAD), i.e. entities which, as a rule, are not in the public domain, but rather enjoy protection either under the *sui generis* data base protection or under copyright law, or both. Sec. 1 of the same Art. 52 provides for access and re-use of PSI and related meta-data. Sec. 2 provides that in principle such PSI must be made available non-transactionally, unless the PSI Directive and Italian implementing legislation of the same (legislative decree No 36 of 24 January 2006) provides for the use of a standard license.[6] If the latter is the case, then the decision to adopt the standard license must be explained in accordance with national guidelines provided by the Agenzia per l'Italia Digitale provided for by Sec. 7.

However, if the rule applies (i.e. non-transactional access is provided), then data and documents are understood to be released "as open data under Art. 68, Sec. 3, of this act" (*see* above **2.1**).

The notion of open data in lett. b) of Sec. 3 of Art. 52 covers data (and rather confusingly not documents) which are available under terms of a license (again rather confusingly, as the access and re-use is supposed to be non-transactional, i.e. not involving a license) which enables re-use by any person or entity, also for commercial purposes, in a disaggregated format.

The difficulties in reading these provisions would appear to be somehow mitigated by the provisions of Art. 7 of the Transparency Act (legislative decree No 33 of 14 March 2013), which provide that documents, information and data, the publication of which is mandated under current legislation, are published in open formats under Art. 68 of CAD and are re-usable under current legislation "without any further restrictions other than the obligation to credit the source and to respect their integrity".

It is submitted that this provision mandates the use of licenses such as the Creative Commons Attribution License (CC-BY), the Open Data Commons Attribution License (ODC-BY), or the Italian Open Data License (IODL) 2.0[7].

This is confirmed by the Guidelines of the Agenzia per l'Italia Digitale (provided for by Sec. 7 of Art. 52 CAD) which state that "in the event the license does not provide in this regard, data are understood to be released under the terms of the CC-BY license (attribution), i.e. under the sole obligation to credit the source. Credit to the source may be given simply by indicating the name of the entity and the URL of the web page where the data/content to be licensed is available. In general, it is advised to use CC-BY 2.5".

Also, the Act No. 112 of 7 October 2013 carries provisions concerning access and re-use of the output of cultural heritage digitisation programs (*see* Art. 2, Sec. 3; on the regime of open access for State-financed publications *see* Art. 4, Sec. 2).

At the Regional level, *see*:

Art. 4 of the Act No 7 of 2012 of the Lazio Region;

Art. 6 of the Act No 20 of 2012 of the Puglia Region;

Art. 9 of the Act No 16 of 2012 of the Trento Province;

3. *Reported case law on FOSS or other alternative licenses*

6 In this context I use the expression "non-transactional" as meaning in such a way that the data holder unilaterally authorizes the re-use of the data or document material, and the re-user just accesses it (e.g. by download), without the need of consenting to license terms and conditions.

7 On which *see* below **I.4**.

The only reported case in these areas concerns the constitutionality of a specific Regional law intended to foster the diffusion of FOSS.

Act No 9 of 26 March 2009, adopted by the Piedmont Region,[8] was challenged by the Italian central government for violation of the apportionment of legislative jurisdiction between central State and Regions as provided for by Art. 117, Sec. 1, lett. e) and l) of the Italian Constitution. In the Judgement of March 23, 2010, No 122, two of the challenges were upheld. First, the Court held that a regional law cannot provide that violation of copyright concerning FOSS software is not a criminal offence. Criminal protection of copyright protected works is within the exclusive competence of the central State; that FOSS is available under a GPL license does not rule out that the terms of the license may be violated and that, if so, the underlying copyright may be infringed. It is for the State, not for a Region, to establish whether criminal sanctions should apply in this event. Second, the Court held that a provision mandating that FOSS interoperable with other software, including proprietary software, is *per se* lawful, exceeds the boundaries of (EU based) national legislation indicating the limits within which interoperability is a ground for an exception to copyright protection (art. 64*quater*.1 of the Italian copyright Act). Two other challenges where rejected. It was held admissible that regional legislation could require various branches of the Regional government to procure software which can be modified. It was also held that the use of assessment criteria which, while not preventing altogether the purchase of proprietary software, took into account the advantages of FOSS over proprietary software in a broad welfare perspective was also admissible, i.e. criteria taking account of positive externalities rather than just cost alone, in accordance with Art. 68 CAD.

4. Jurisdiction-specific standard licenses for FOSS or other content

4. Are there any jurisdiction-specific standard licenses for FOSS or other jurisdiction-specific alternative licensing schemes used in your country?

In Italy there is a licensing scheme adopted for open data. The Italian Open Data License (IODL) was adopted in May 2012 in connection with data, information and databases held by public administrations (see http://www.dati.gov.it/iodl/2.0/). The license was developed by a public entity, FORMEZ PA. The first version, 1.0, contained a share-alike clause, which was held to be too restrictive. The 2.0 license is basically an attribution only open license. For additional information see http://it.wikipedia.org/wiki/Italian_Open_Data_License.

II. Contract law

1. Contracts or unilateral instruments (e.g. waiver)

As a rule, to the ordinary Italian lawyer (and even to the ordinary Italian intellectual property lawyer), the notion of license naturally evokes a contract (as

8 *See* **I.2.1**.

indicated above at **I.1.1**). Art. 1321 of the Italian Civil Code, however, defines contract as an agreement between two or more than two parties. Now if we turn to the GPL, CC or other alternative licenses, it cannot be taken for granted that licensee to a GPL, a CC license or other alternative license has "agreed" in the meaning of this provision. There is no doubt that an agreement is there when licensee agrees to pay compensation and accepts the terms and conditions. The situation is much less clear when, as with GPL, CC and other alternative licenses, no payment is provided for and there is not even express acceptance of license terms and conditions by the user. In this respect, it should be noted that Art. 1333 ("Contract binding on offeror only") adopts a rather expansive notion of contract in that it provides: "1. An offer intended to create a contract which provides only for obligations on the offeror is irrevocable as soon as it comes to the knowledge of the offeree. 2. The offeree can reject the offer within the time required by the nature of the transaction or by usage. In the absence of such rejection the contract is concluded". Accordingly, it might be argued that, if the other party (i.e. the licensee) fails to refuse the proposal, then the agreement is concluded.

As earlier noted (**I.1.2**), a license may also be based on a non-contractual legal act. According to this view, a GPL or CC license may be construed in two alternative, non-contractual ways. First, it may be conceptualized as a "unilateral act" (atto unilaterale). Art. 1324 of the Italian Civil Code provides the rules applicable to unilateral acts: "Unless otherwise provided by law, the rules concerning contracts apply, to the extent compatible, to unilateral *inter vivos* acts having patrimonial content". Second, a license may be conceptualized as a special case of unilateral act, i.e. as a "unilateral promise" (promessa unilaterale). Art. 1987 of the Italian Civil Code provides the following on the effects of promises: "A unilateral promise of a performance is not binding except in the specific instances permitted by law".

Both constructions are problematic, however. Nevertheless, discussion as to the conceptualisation of the GPL or CC as unilateral acts is very limited.[9]

Let us look at both alternatives.

First, on the notion of unilateral acts, Arts. 1324 and 1334 of the Italian Civil Code covers a variety of situations.[10] These include cases where the person or entity which has a given legal entitlement waives (or undertakes to waive) his right. Even though the waiver may benefit third parties, it is not required that the unilateral act is brought to the knowledge of such third parties or may be refused by them to take effect.[11]

Second, unilateral promises under Arts. 1987 ff. of the Italian Civil Code are conceptualized as unilateral acts. There is a certain difficulty, however, in enlisting these provisions in order to explain the working of licenses and specifically the working of the GPL or CC license. While the legal notion given by Art. 1987 of the Italian Civil Code would at first glance appear to fit, as the licensor indeed engages in a promise which is binding on her/him, that is obliging her/him to abstain from invoking her/his rights to the extent licensee complies with the terms of the conditions of the license, the difficulty arises from the fact that according to

9 For a discussion of the issues dealt with in the text *see* M Bertani, *Diritto d'autore europeo*, quoted above n 2, 172 ff.; V Zeno-Zencovich-P Sammarco, *Sistema e archetipi delle licenze* open source, (2004) *Annuario Italiano Diritto Autor*, 234 ff., 240.

10 For a full overview s*ee* L Bigliazzi-Geri-U Breccia-FD Busnelli-U Natoli, *Diritto civile*, 3. *Obbligazioni e contratti*, Torino, Utet, 1989, 528 ff.

11 *See* L Bigliazzi-Geri-U Breccia-FD Busnelli-U Natoli, *Diritto civile*, 3. *Obbligazioni e contratti*, above n 9, 533.

the same provision "unilateral promises are not binding unless they are specifically provided for by the law". In other words, in contract law, the principle of atypicity rules (Art. 1322 of the Italian Civil Code), whereas unilateral promises are deemed to be governed by the principle of typicity (Art. 1987).[12] This is not surprising, since in the architecture of the Civil Code contract is the main frame of reference provided for the exchange of goods or services. But this turns out to be a real hindrance, in a context, such as the digital environment, where the exchange is based on multiple, unilateral (if sometimes linked) transactions.

Now the law specifically provides for only two cases of unilateral promises. The first is the promise to pay a sum of money owed, Art. 1988. This is the basis for promissory notes, so this provision does not concern us here. The second case is the promise to the public, Art. 1989 ff. Promises to the public do not really fit with GPL and CC licenses as they may be revoked, Art. 1990; and furthermore they are automatically terminated one year after their announcement, Art. 1989, Sec. 1 (however, the promise may state otherwise).

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As a result, the idea (discussed in **I.1.2**) that a license may be a unilateral act, based on the consent of the rightholder, while generally sound, still raises some doubts and is open to further discussion. However, these doubts are likely to be overcome when a less traditional understanding of unilateral acts has become mainstream, as it should under current circumstances.

2. FOSS and alternative licenses as contracts

a) Offer and acceptance

b) Consideration requirement

2.a) The typical practice of FOSS and other alternative communities c maybe described as follows: A puts a program accompanied by a FOSS license on the Internet, B uses the program under the terms of the FOSS license without further communication with A). It may be asked whether this practice is compatible with the principles of offer and acceptance. It is true that Art. 1327 of the Italian Civil Code, in contemplating that the performance by the offeree may take place without a prior reply, adds that the offeree/acceptor "must promptly give notice of the beginning of the performance" (Sec. 2 of the same Art. 1327). However, it is well established that this provision concerns bilateral contracts, i.e. contracts whereby both parties undertake obligations. When only one party makes an undertaking, the mechanism envisaged by Art. 1333 of the Civil Code (referred to in **II.1**) applies. Here, no communication from the offeree is required; failure to reject the offer would be sufficient to bring about the conclusion of the contract. It might be argued that the provision implies that rejection

12 This idea, however, has been rejected by scholars who consider it a legacy of the past: *see* L Bigliazzi-Geri-U Breccia-FD Busnelli-U Natoli, *Diritto civile*, 3. *Obbligazioni e contratti*, above n 9, 529; CM Bianca, *Diritto civile*, III, *Il contratto*, Milano, Giuffrè, 2000, 260 ff.

should come within a certain time-frame or deadline. However, Art. 1333 refers to "the time required by the nature of the transaction". When the program is put on the Internet by the licensor, it may be reasonably argued that the "nature of the transaction" does not require the prospective licensee to reject or accept within a certain deadline and that by downloading or otherwise using the program the user forfeits the right to refuse.

2.b) Art. 1325 of the Italian Civil Code indicates a "causa" (n. 2) among the requirements for the existence of a contract. However, it is well established that "causa" does not mean consideration. Indeed, gifts are also made via contract (Art. 769 of the Italian Civil Code). More to the point, Art. 1333 of the Italian Civil Code, referred to more than once above, provides that a contract may create obligations for one party and not for the other. It is essential, however, that the transaction (and the transfer of resources triggered by the same) has an underlying rationale or ground (this is the closest translation I can think of for the word "causa"). Liberality would be the underlying rationale for a gift; liberality possibly accompanied by more egoistic purposes (including disseminating one's work and contributing to the popularity of the creator and to the economic benefits which may flow from it) would be a perfectly acceptable underlying rationale for a FOSS or alternative license.

3. Formal requirements

Art. 110 of the Italian Copyright Act provides that "the transfer of rights over copyrighted works must be proved in writing". The provision is applicable whether the transfer takes place *via* a contract or *via* a unilateral act. It concerns the transfer of rights, as opposed to the transfer of copies. The right to publish must be transferred in writing, a book need not be transferred by a written deed (and usually it is not). The provision is subject to a number of exceptions: *see* Arts. 38, 39, Sec. 2, 45 and 109, Sec. 2. The case law has expanded on these exceptions: the written requirement does not apply to works created in an employment relationship and possibly not even in furtherance of a procurement contract. The exception which comes closest to covering alternative licenses is found in Sec. 2 of Art. 109 of the Italian Copyright Act. This provision was originally intended to indicate that the actual transfer of a mould or engraving tool by the rightholder to a third party should be understood, in the absence of a contrary agreement, as entailing the permission to reproduce the work. However, the literal wording refers to the transfer of "moulds, engraved copper tools *or other similar means* to reproduce a work". The words in italics are so broad that it is arguable that the transmission of a digital file, which by itself enables the creation of infinite copies at zero cost, may be encompassed by it. There is no case law yet on this issue.[13]

4. Alternative licenses as standard terms and conditions

13 Another route to avoid the strictures of Art. 110 of the Italian Copyright act is discussed in M Bertani, *Diritto d'autore europeo*, above n 2, 178 and 181.

It is submitted that alternative licenses are likely to be considered as standard terms and conditions for the purposes of Art. 1341 of the Italian Civil Code. This provision applies whether alternative licensees are understood as contracts or as unilateral acts or promises (*see* **II.1**); and irrespective of whether the party consenting to them is an end user or a professional. The fact that the terms and conditions are not drafted by the licensor, but by entities which may be independent from licensor, is not deemed to rule out the applicability of Art. 1341.[14]

As a result of the applicability of Sec. 2 of this provision, certain clauses are considered ineffective, unless they are "specifically approved in writing". The clauses listed in this provision include limitations of liability and exclusive choice of forum clauses.

It might be argued that this requirement is met by having a "double click" feature for those clauses which fall under the list contained in Art. 1341 of the Italian Civil Code. The argument is doubtful, however, as clicking would appear to fall afoul of the requirement of writing on two occasions; the first, with respect to the requirement provided for in relation to copyright licenses (*see* **II.2**) and the second in connection with the "specific approval" under Sec. 1 of Art. 1341 c.c.

It should also be considered that Arts. 33 ff. of the legislative decree No 206 of 6 September 2005, Consumer Code, prohibit "unfair and vexatious clauses". This ban applies to the extent that two conditions are met: that the licensor is considered a "professional" under EU consumer protection legislation and that the licensee is considered a non-professional, i.e. a consumer.

5. FOSS licenses drafted in English only

The fact that a license is drafted in English does not by itself rule out that it is valid and binding. The fact that in some cases a specific provision concerning a given contract indicates that contractual information must be given in the Italian language (*see* Art. 120, Sec. 4, lett. b) of the legislative decree No 209 of 2005, Private Insurance Code, concerning coverage of mass risks) is based on the assumption that there is no general requirement to this effect.

In this respect, it should be noted that an unofficial translation of the GPL into Italian is available at http://www.softwarelibero.it/gnudoc/gpl.it.txt.

Interesting questions arise in connection with the fact that it is increasingly common that public administrations make available for re-use IP-protected data, documents and data sets under alternative licenses, as sometimes mandated by law (*see* **I.2.2**). It is commonly believed that an Italian public administration may not use a language other than Italian in its dealings with citizens and residents, except for certain limited exceptions concerning ethnic minorities. However, I have not found a provision which supports this belief. Again, Art. 122 of the Italian Civil Procedure Code, which prescribes the use of the Italian language in briefs before Italian courts, would seem to be based on the assumption that there is no general obligation that dealings between Italian civil servants and the public are to be conducted in the Italian language. However, a lengthy and unpersuasive decision by the Tribunale

14 *See* CM Bianca, *Condizioni generali di contratto.* I. *Diritto civile*, in *Enc. Giur. Treccani*, VII, Roma, 1988, 3. As acknowledged at 7, the case law rules out the applicability of the provision of Art. 1341 c.c. to the extent the standard terms have been jointly drafted by bodies which represent the diverging interests of the parties (e.g. landlords and tenants). Probably this rather exceptional situation does not occur in the case of alternative licenses..

Amministrativo Regionale Lombardia of 23 May 2013, n. 1348, held otherwise, reaching the conclusion that a decision by the Milano Polytechnic to hold a PhD programme in English only is in violation of Art. 1 of the Italian Constitution, which states that the Italian language is the official language of the Republic. The question of the use of a foreign language in licenses granted by an Italian public administration may be considered moot, as such use would create serious political and institutional issues, quite apart from the legal issue I just mentioned (but *see* the Guidelines of the Agenzia per l'Italia digitale referred to in **I.2.2**).

6. Special rules of interpretation for license contracts

Special rules of interpretation are provided not for license contracts, but for standard terms and conditions; and we have seen that the case can be made, quite plausibly, that these rules apply to alternative licenses. More specifically, Art. 1370 of the Italian Civil Code provides that standard terms and conditions, in the event of doubt, must be interpreted against the party who has adopted them. *Interpretatio contra auctorem*, as we say. This is one of the final rules of interpretation; the rules spelled out in Arts. 1362-1369 prevail over it. Notice, however, that this conclusion might be rejected in those cases where the license is not seen as a contract, but rather as a unilateral act. Cass. 3755 of 1983 held that Art. 1370 presupposes the existence of an agreement having bilateral character and therefore does not apply to unilateral acts.

7. Promulgation of revised versions of FOSS and other alternative licenses

Some of the most important FOSS licenses contain clauses which allow the entity promulgating the license to publish revised versions of the license, see e.g. Section 14 GNU GPL Version 3 and Section 10 Mozilla Public License Version 2.0. In the typical case, the licensee may choose whether he/she would like to make use of the rights granted under the new version of the license or whether he/she prefers to retain the terms of the older license version.

The clause is arguably valid under Italian law. The power to alter the terms of the legal relationship while the relationship still is on-going (*ius variandi*) is not necessarily against legal rules.[15] Labour contracts are based on this power. There are specific provisions which prohibit contractual provisions from giving one party the right to unilaterally change the terms of an on-going contractual relationship; *see* lett. m) of Art. 33, Sec. 2, of the legislative decree No 206 of 6 September 2005, Consumer Code, which prohibits "unfair and vexatious clauses" and includes among them any clause that provides the option for the "professional" to unilaterally amend the terms of the bargain, in the absence of a reasonable ground set out in advance in the contract.

Now, while it may be argued that a provision enabling one party to change the contents of an on-going contractual relationship while still in force may be invalid and unenforceable, this outcome should not be seen as being based on a general principle,

15 CM Bianca, *Diritto civile*, III, *Il contratto*, above n 11, 337-338 (according to whom subsequent determinations of contractual content may be left to one of the parties, to the extent this determination is not likely to adversely affect the other party"). *See* also Artt. 1285, 1378,1685 and 1711, Sec. 2, of the Italian Civil Code and the decision by the Court of Cassation No 367 of 18 January 1979.

but is based instead on the imbalance of power between the party entitled to choose and the other party.

It is submitted that this objection is not to be found in the clauses of alternative licenses to which the question refers. The right to choose is contained in an agreement drafted by one party; but the option to resort to it is in the hands of the other party.

8. Disclaimers of warranty and liability

Art. 1229, Sec. 1, of the Italian Civil Code declares null and void any clause which exonerates the party under a contractual or, by means of Art. 1324 of the Italian Civil Code, non-contractual obligation from liability, if such liability arises from wilful misconduct or gross negligence. The fact that alternative licensing does not provide for payment of consideration does not play a role in assessing the validity of the clause, but may still be of relevance in assessing liability. The lack of payment of consideration is relevant in a number of situations (Arts. 1710, Sec. 1; 1768, Sec. 2; 798 in connection with gifts; 1812; 1821, Sec. 2 of the Italian Civil Code), acting to mitigate the liability of the party under the obligation. We may therefore assume that there is a general principle to this effect and that this principle may operate when FOSS or other alternative schemes do not entail payment or other consideration.[16]

9. Automatic termination of licenses

Some of the most important FOSS and other alternative licenses provide that the licensee's rights under the license are automatically terminated if he/she fails to comply with the terms of the license, see e.g. Section 4 GNU GPL Version 2,Section 5 Mozilla Public License Version 2.0, Section 7 Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Unported. It would appear that the provision is enforceable under Italian law. However, there are theoretical reasons that might work against this conclusion. Art. 1456 of the Italian Civil Code provides for "automatic termination" in the event that a term of the contract is not complied with. However, the same provision requires that the clause, the breach of which triggers termination, be specifically indicated. Furthermore, it requires the innocent party (not in breach) to give notice to the other party. So Art. 1456 would not help much in this respect. However, the case law indicates that the parties can agree that non-compliance with any term of the license is a terminating condition (condizione risolutiva) under Arts. 1355 ff. of the Italian Civil Code. The idea is contestable, however, as a condition is usually thought of (and defined) as an occurrence or event, which conveys the idea that an agreement may be conditional on *external* events rather than the behaviour of one of the two parties. Nevertheless, the case law is rather consistent in saying that yes, the parties may agree to this: see Cass. 24 november 2003, No 17859; of 10 October 1993, No 10074; of 8 August 1990, n. 8051.

16 The same conclusion is reached by V Zeno-Zencovich-P Sammarco, *Sistema e archetipi delle licenze* open source, above n 8, 260-261.

III. Copyright law

1. *Mere use of a program without a license*

Typical FOSS licenses grant a non-exclusive license to copy and distribute the covered program with or without modifications. By contrast, the mere use of the program is typically excluded or not explicitly mentioned. Under Italian law it is possible to use a program without the conclusion of a license contract. Use as such is permitted without the need for the conclusion of a license. I would base this conclusion on Art. 5(1) of the EU copyright Directive, which provides: "1. In the absence of specific contractual provisions, the acts referred to in points (a) and (b) of Article 4(1) shall not require authorization by the rightholder where they are necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose, including for error correction". A lawful acquirer is therefore authorized to use, even though he makes temporary copies of the program in the course of the use. Art. 64*ter* of the Italian Copyright Act nicely dovetails this provision. Of course, if use were contractually restricted, the restriction would apply.

2. *Interpretation of broad and unspecific license grants*

Some of the older FOSS licenses use broad and unspecific terminology for the license grant, see e.g. Section 1 GNU GPL Version 2 ("copy and distribute"). This raises the question whether distribution includes "making available to the public" is an issue of contractual construction. Following the German approach, the construction rules in Italy are dominated also by the principle of purpose-bound transmission (*Zweckübertragung*). This principle is derived from Arts. 19 and 119 of the Italian Copyright Act. The former provision spells out the notion that each of the exclusive rights granted to copyright holders is independent from the others. The latter provision, in its Sec. 5, provides that the grant of one right does not entail the grant of any other right, unless the further right is "necessarily dependent" on the right granted. Moreover, Sec. 3 of Art. 119 provides that an additional right attributed by later legislation may not be granted in advance of the passing of such legislation.

It would appear that, putting together these strands, the conclusion should be in the negative: "making available to the public" does not seem to be covered by "distribution". This conclusion sits a bit uneasily, however, with a practical consideration of the facts at hand. The language of the GPL is written with respect to US law, i.e. where "making available to the public" is covered by distribution. Looking to other language in GPLv2 may help interpretation in this respect, e.g. the last sentence of sect. 3 seems to imply that online dissemination is covered ("If distribution of executable or object code is made by offering access to copy from a designated place..."). It has also been suggested[17] that the rules of interpretation of "open" licenses should be guided to a large extent by the understanding of the rules by the global FOSS communities, rather than by rigid adherence to State laws.

17 By A Metzger, *Transnational Law for Transnational Communities: the Emergence of a Lex Mercatoria (or Lex Informatica) for International Creative Communities*, (2012) *Jipitec*, 361 ff., at 365 f.

3. *Modes of using a work unknown at the time of the license grant*

While Sec. 3 of Art. 119 of the Italian Copyright Act, providing that additional rights attributed by later legislation may not be granted in advance of the passing of such legislation, expressly concerns only future rights, the provision is also deemed to restrict the grant of authorisations for future uses of a work unknown at the time of the grant. Both cannot be transferred in advance. The argument behind this provision was proposed several decades ago;[18] but is still followed today.

4. *Direct license or sub-license*

The right holder and the distributor of FOSS are typically not identical, e.g. the community of Linux developers has written the code of the Linux kernel, S produces smartphones equipped with Android and distributes these products to its customers. This raises the question whether that customers, who want to acquire rights under the applicable FOSS license may acquire these rights only directly from the right holders or a grant of sub-licenses possible. It is my understanding that alternative licensing, including FOSS, is based on direct licensing between the rightholder and the licensees; i.e. between the community of Linux developers and the Android phone users in the example above. The role of S is confined to enable users to access the terms of the alternative license in question; users/licensees and the community of Linux developers/licensors stand in a direct relationship with one another. In our legal system, it is believed that a subcontract is admissible only where a legal provision allows for it.[19] On top of this, sublicensing is not relevant here as users would not seem to obtain rights from S but directly from the licensor instead.[20]

5. *Revocation or rescission rights in copyright legislation*

Under Italian law there no revocation or rescission rights in the copyright legislation that may allow an author to end a license granted under a FOSS or other alternative licensing model. However, it is widely believed that contractual obligations cannot be perpetual.[21] The issue may be seen as being open to debate from at least two perspectives.

First, if one assumes that a license granted under a FOSS or other alternative licensing model is best explained as a unilateral act rather than as a contract (*see* above **I.1.2** and **II.1**), then it may well be that such a unilateral act turns out not to be subject to revocation. For example, a waiver is not typically conceived of as being revocable, but rather as something final. This is best explained by thinking about a release, e.g. given in relation to an image or a copyright protected sentence to be incorporated in a movie.

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18 P Greco- P Vercellone, *I diritti sulle opere dell'ingegno*, in *Trattato di dir. civ. it.* sotto la direzione di F. Vassalli, Torino, Utet, 1974, 277.

19 CM Bianca, *Diritto civile*, III, *Il contratto*, above n 11, 728 ff.

20 I argued this point in §§ 33 of my prior work *Licensing: A Conceptual Framework for EU Guidance to the Member States*, (2012) *Masaryk University Journal of Law and Technology*, 415-443, also available at *SSRN: http://ssrn.com/abstract=2223863*.

21 For a review of the literature and of the case law *see* P Gallo, *Trattato del contratto*, T. 2, *Il contenuto. Gli effetti*, Torino, Utet, 2010, 1247 ff. and note 33.

As it was noted a long time ago,[22] the entire movie industry would be built on quicksand, if the release were revocable; the legal experience of over one century tells us this is not the case.

Second, it is also debatable whether all contractual obligations are necessarily and *per se* revocable. Again, it would seem that an obligation not to exercise a certain right (which may be in several regards differentiated from a waiver, e.g. because the obligation is assumed against given consideration) may be perpetual. In our example, one does not see why, if the release described above is given by way of a contract, then it could be unilaterally terminated after the lapse of a certain period of time.

6. *Author's statutory right for equitable remuneration*

A right to equitable remuneration is provided in Arts. 18, Sec. 5; 46, Sec. 3; 46*bis*, Secc. 1 and 2; 180, Sec. 5.[23] However, no equitable remuneration is provided in connection with software.

7. *Participation in the distribution of revenues by collecting societies*

1. It is not currently permitted by our (main) collecting society, SIAE, that an author *grants licenses in accordance with an alternative licensing model and participates at the same time in the distribution of revenues by collecting societies, e.g. if the collecting society collects compensatory remuneration for private copying?* They have, however, been in talks with Creative Commons Italy since 2008 with the aim of changing their by-laws. The process has not progressed as of December 27, 2013.

8. Right to modify and moral rights

Typical alternative licenses permit licensees to modify the work and to distribute adaptations, see e.g. Section 3(b) Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Unported. The author still may prohibit changes to the work that are violating his moral rights? Even a waiver would be of no legal effect.

9. *Remedies in case termination of the licensee's rights*

On the issue of termination, *see* above **II.9**. An infringement action may follow thereafter and damages may be assessed. Damages are provided for in Art. 158 of the Italian Copyright Act, which has been rewritten to comply with the Enforcement

22 P Vercellone, *Il diritto sul proprio ritratto*, Torino, Utet, 1959, 118 ff. This argument has been reiterated, in recent times, in connection with releases concerning the portraits or names of individuals, also entities protected through personality rights, in the entertainment industry: *see* G. Resta, *I diritti della personalità*, in G. Alpa-G. Resta, *Le persone e la famiglia*, 1 *Le persone fisiche e i diritti della personalità* in *Trattato di diritto civile* diretto da R. Sacco, Torino, Utet, 2006, 361 ff., at 632 f.

23 For an overview *see* the references in my *Il diritto d'autore*, above at note 3, 490 f.

Directive. While it is arguable that the head of damages corresponding to the "hypothetical royalty" would not apply, the calculation of damages based on disgorgement of profits obtained by infringer is likely to apply. This is not a foregone conclusion, as the wording of the provision refers to infringer's profit as a criterion to assess damages, rather than as a self-standing head of claim; so that it is arguable – and argued – that proof of actual damages is required before the criterion of disgorgement is used.

IV. Other aspects

1. *Legal disputes based on patent claims and FOSS*

FOSS developers fear the practice of patent offices in all regions of the world of granting patents for information technology including software innovations. The fear is well grounded; but I am not aware of any case or even proceeding until now.

2. *Trademark conflicts concerning FOSS*

I am not aware of any conflict in this area.

3. *Copyleft provisions and competition law?*

1. Copyleft provisions have been challenged for being anti-competitive based on the argument that they may give rise to legal constraints on the licensee's freedom to dispose of its innovations. According to the competition law legislation of Italy, they may be illegal. As I have not given much thought to this issue, I will confine myself to stating that (i) from a restraint of trade perspective, copyleft creates constraints which in principle have no final term and may imply a restriction on the licensee's freedom to pursue alternative courses in his business decisions. Moreover, in IP licensing there is a traditional suspicion against grant-back clauses imposed on licensees. Even though the licensee accepting a copyleft restriction technically does not give up the result of his creativity, still it may be said that the range of her options are restricted to re-uses which may not challenge, but only complement, copyleft innovation. Furthermore, (ii) from an abuse of dominant position perspective, copyleft features are viral and may end up creating a – possibly collective – dominant position. Apache and Android may be a harbinger of things to come in this regard. These thoughts should not be taken too seriously, though.

4. Public procurement

See **I.2**.

5. *Other issues*

5.1. The subject matter of the license is controversial. What is the subject matter of the license? The right over the work or content; a part of them; the file; a fragment of the file? These questions have not yet received a clear reply.

5.2. *Direct licensing*. One may wonder that, if as indicated in my reply to **III.4** the mechanism at work, whereby the customer acquires right from the rightholder, cannot be accounted for by the mechanism of sublicensing, then the (alternative) mechanism at work should be more clearly identified. I submit that the licensor has a direct licensing relationship with all her licensees as detailed in § 8 of my parallel paper for this same conference.

5.3. *Stability*. In the event a license is terminated (e.g. by means of an automatic termination clause as discussed in **II.9**), do the rights acquired by the downstream licensees (or by the customers in the hypothetical discussed at **III.4**) survive? There is no doubt they do; but what is the mechanism which accounts for this outcome? This matter has been explored in Germany by BGH GRUR 2012, 916 – *M2 Trade*.

5.4. *Revocability*. Does the fact that a license is construed as a contract rather than as a unilateral act affect the question as to whether it may be revoked? (this item is in part discussed in **III.4**).

Marco Ricolfi

References for the cited FOSS and other alternative licenses

- GNU General Public License Version 3.0, http://www.gnu.org/licenses/gpl.html
- GNU General Public License Version 2.0, http://www.gnu.org/licenses/gpl-2.0.html
- Mozilla Public License Version 2.0, http://www.mozilla.org/MPL/2.0/
- BSD License (simple version), http://www.freebsd.org/copyright/freebsd-license.html
- Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Unported, http://creativecommons.org/licenses/by-nc-sa/3.0/legalcode

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