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## What's mine is yours: employees' economic rights under the Copyright Act

**According to Article 12bis of the Italian Copyright Act, the economic rights associated with software and databases created by an employee in connection with their employment responsibilities belong to the employer, in the absence of an agreement to the contrary.**

### Background

Articles 64 and 65 of the Italian Industrial Property Code (IIPC) address the rights to inventions made by employees, in light of specific types of employment relationship. While the IIPC refers to inventions protected through patent applications or maintained as trade secrets, it does not explicitly refer to software or databases developed by employees.

In this regard, Article 12bis of the Italian Copyright Act provides that an employer acquires the economic rights of an employee's work when undertaken as part of their duties or under specific instructions from an employer; the employer does not require a specific transfer of rights.

The economic rights associated with software or databases created or modified during employment are automatically transferred to the employer without the need for a specific transfer or compensation, unless otherwise agreed.

### Facts

The plaintiff in the case at hand worked as a marketing manager for the defendant.

The employee claimed to have independently created and developed, outside of his working relationship with the employer, an integrated operational marketing platform aimed at developing commercial sales data in connection with the sales chain between distributors and retailers. The employee also claimed to have sold this work to the employer.

After his dismissal, the employee requested payment for the transfer of the software to the employer, who continued to use it.

According to the employee, the software was created outside the scope of his employment and thus did not automatically belong to the employer under the Italian Copyright Act. In addition, the employee argued that the employer was in breach of contract.

However, the employer claimed that the software was created within the scope of the employee's role and the employer was therefore automatically entitled to its economic rights.

### **Decision**

The board denied the breach of contract claim based on lack of evidence that an agreement existed.

It further noted that the software was designed to process commercial data contained in the sales database of the employer, in connection with the sales chain between distributors and retailers, and was useful for understanding market dynamics and predicting the preferences of the market in the immediate future.

The court found that:

- the software comprised a set of tools that aggregates and disaggregates pre-existing data, through search or reading criteria;
- the software does not constitute a new and original database with respect to the commercial database of the employer; and
- the scope of the software development project was part of employer's marketing activities.

Therefore, the software was clearly within the scope of the employee's role and the court dismissed the employee's case.

### **Comment**

In light of the favourable outcome for the employer, this decision shows that an employee's claim to the economic rights of software or databases must be strongly supported by evidence that:

- an agreement exists between an employee and an employer which gives the employee rights to the software; or
- the software was developed independently from and outside of the employee's role.

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