

# Case Comment

## Atari Inc. & Bertolino v. Sidam Srl First Italian Court Decision on Video Games

*Massimo Introvigne*

In this significant case the Tribunal of Turin recognised for the first time that software as it related to video games was protectable under Italian copyright law as an expression of 'work of the intellect of a creative character'. However, it still remains open to what extent other forms of software can be protected under Italian copyright law.

Infringement and piracy of video games has occurred on a substantial scale in Italy for several years and is of concern to large companies operating in this field. The original manufacturers have endeavoured to pursue infringement and piracy by relying on copyright law and on provisions against unfair competition. The Italian copyright law dates back to 1941 and has not undergone any modification; although the law does not in terms provide for protection of software, a number of legal authors have considered that software, and particularly video games, might be covered by it. Further, Article 2598 of the Italian Civil Code dealing with unfair competition provides in paragraph 1 a general protection against those 'slavishly imitating the products of a competitor' and in paragraph 3 an even more general protection against anyone committing acts which are not in accordance with the principles of professional fairness, thereby damaging a competitor. Italian case law starting from Article 2598, paragraph 3 has elaborated the notion of 'parasitic competition', that is, systematic imitation of the behaviour of a competitor.

### Italian Legal Procedures

For those who are unfamiliar with Italian courts, it should be noted that civil actions can be started in Italy, depending on the subject-matter and the degree of importance of the economic interests involved, either before the local magistrate (*Pretore*) or before the Tribunal. The decisions of the *Pretore* may be appealed to the Tribunal, whereas an appeal against a Tribunal decision must be submitted before the Court of Appeal. Generally, the actions are of two types: actions having an urgent character (in the instant case, requests for an injunction against acts of unfair competition under Article 700 of the Civil Procedure Code or requests for seizure of goods which infringe copyright) or actions on an ordinary basis (actions for unfair competition, copyright infringement actions). In the case of 'urgent' actions, the order may be granted by a single judge even in a case before a Tribunal (in the latter case the order will be issued by the Tribunal President), without a preliminary hearing and, should the magistrate or Tribunal President deem it advisable, without giving prior notice to the defendant. Once the order has been secured on the basis of an 'urgent' action, the ordinary

civil action must be brought before the magistrate or the Tribunal within eight days. The ordinary civil action, independently of whether a preliminary urgent order has been issued or not, develops into a hearing before the local magistrate or, in case the action is brought before the Tribunal, before a court comprising three judges.

Actions for unfair competition or copyright infringement do not exclude each other; in fact, these actions may be brought concurrently before the same court.

Besides the protection afforded by the civil law, in particularly severe cases the protection afforded by criminal law may also be relied on and actual 'counterfeiting' of products covered by copyright belonging to a third party may be pursued as a criminal offence. The criminal action also may be started by an order of an urgent character by requesting seizure of the offending articles.

In the few video game cases submitted to the Italian courts, the plaintiffs (generally US or Japanese corporations) have up to now used the procedure involving the request of an 'urgent' order from the local magistrate. By way of example (the orders have not been published as yet), the *Pretore* of Padua (order of 19 October 1981) ordered a seizure under the criminal law for copyright infringement which amounted to a criminal offence; the *Pretore* of Piove di Sacco (order of 26 October 1982) ordered a seizure of a civil rather than of a criminal character based on copyright provisions; and the *Pretore* of Viareggio (order of 8 June 1983) delivered an urgent order based both on copyright infringement and unfair competition.

### The Atari Case<sup>1</sup>

By an order of 21–25 May 1982 in a case brought by Atari and its distributor Bertolino against Sidam Srl relating to three videogames *Asteroids*, *Missile Command* and *Centipede*, the *Pretore* of Turin ordered the defendants to discontinue the sale of the three videogames *Asteroids*, *Missile Storm* and *Magic Worm*. He held that they contravened both paragraph 1 (slavish imitation) and paragraph 3 (parasitic competition) of Article 2598 of the Civil Code. However, by the same order, the *Pretore* denied to Atari relief based on copyright, considering that the creations of Atari did not fall within the concept of 'intellectual work of a creative character' provided for under the 1941 Copyright Law of Italy.

Although it had succeeded thanks to the provisions against unfair competition, Atari considered the exclusion of video games and software from copyright protection to be a dangerous precedent and decided to summon Sidam before the Tribunal of Turin seeking an order on the basis of copyright and also confirmation that the acts performed by Sidam did amount to unfair competition in the form of both slavish imitation and parasitic competition.

The Turin Tribunal decision of 17 October 1983 contains a lengthy and detailed discussion of the problem of

<sup>1</sup> *Atari Inc. & Srl Bertolini v Sidam Srl*, Tribunal of Turin, 17 October 1983, as yet unreported. A report of the case will be published in the next issue of *Giurisprudenza Piemontese*.

protection of software in general and video games in particular. In accordance with the decision, 'four possible forms of protection of software may be envisaged: patents of invention, copyright, protection against unfair competition in the form of slavish imitation, and protection against unfair competition in the form of parasitic competition'.

As regards patents, the Tribunal held that the arguments of legal authors considering software patentable do not have practical relevance since they conflict with Article 12 of the new Italian Patent Law of 1979 which, in alignment with the Munich Convention on the European Patent, explicitly excludes computer programs (that is, software *per se*) from patentability.

As regards unfair competition due to slavish imitation and parasitic competition, the Tribunal confirmed that these are capable of applying to software and video games, provided the general conditions for applicability are met.

### *Video games—copyright laws and cinematographic works*

Reaching an opposite conclusion to that of the *Pretore*, the Tribunal held the Atari video games to be fully protected by the Copyright Law. They opened the door to protection of software in general, by remarking that in the Copyright Law subject-matter of protection—contrary to earlier interpretations—is not only the work of art itself, but rather the intellectual work or the mental work (this is the way of construing the statutory expression 'work of intellect'), provided the objective requirements of novelty, originality and non-obviousness (this is the way of construing the statutory expression 'of a creative character') are met:

The Atari video game is a work of the intelligence of the author and the programmer. The author of this work made an effort of professional expertise and intellectual elaboration ... [and] the product achieved may be defined briefly as an 'opera dell' ingegno' [intellectual work], novel and original in that it differs from those previously on the market.

In the specific case of video games the Tribunal, choosing among the various 'intellectual works' mentioned in the Copyright Law of 1941, considers that they may be classed as 'cinematographic works'. The Court—as stated in the decision—'does not ignore the objection that the representation contained in a video game is different from a classical cinematographic work, as commonly understood by the public'; however, the Court 'also remarks that "a movie" is merely a species of cinematographic work, which itself constitutes a genus sufficiently wide to cover, and in any case not to exclude, certain realisations which were not thought of at the time the legislator formulated his definition'. The Tribunal goes on to say:

It is irrelevant in order to qualify a novel or short story as a work of cinema what the specific realisation technology is. The statutory provision does not state that a cinematographic work can only and exclusively be one made by means of a movie camera, a celluloid film and a projector; it is possible that the work be achieved by means of other technologies, for instance by visualising

electronic impulses originating from punched cards, a magnetic band, a printed board or any other means apt to decodify an information language.

The defendant's objection that in this latter case the 'author' of the cinematographic work was not only the producer but also the video game player, who was able somehow to 'amend the ... story' was irrelevant, since 'the video game does resemble a small traditional film wherein the copyboard story may be amended by the spectator by means of apparatus available in the projection room. Nobody could deny the character of a cinematographic work to an "open film" of such kind'.

### *Unfair competition*

As regards unfair competition due to slavish imitation (Article 2598, paragraph 1 of the Civil Code), the Tribunal stated that that protection is 'fully compatible with the parallel protection accorded by the special law on copyright' and pointed out the presence both of the subjective element of deliberate copying by the defendant and the objective element of a danger of public confusion.

However, as regards unfair competition due to parasitic competition (Article 2598, paragraph 3 of the Civil Code), the Tribunal did not agree with the *Pretore* and said that in order to rely on parasitic competition 'imitation of the original products must be systematic and continuous'. Imitating three articles (the three imitated video games) of a competitor 'within a single and sole context' was not 'evidence of a systematic, slavish, usual and constant repetition of such unlawful acts in various time contexts'.

### **Conclusion**

Atari's action before the Tribunal of Turin may be explained by the circumstance that the rights protected in Italy by the Copyright Law are, in many ways, wider than those protected by the provisions against unfair competition; moreover, in an action for unfair competition the plaintiff must submit evidence of the fact that there is a subjective element in the unfair behaviour of the defendant whereas no such subjective element is needed in an action for copyright infringement any more than in infringement actions based on patent or trade mark law. The Turin decision of 17 October 1983, which is the first decision of an Italian court in the field of video games and software, is a precedent of importance for the protection of video games which should not fail to exert a positive influence on a number of other pending actions. Of particular interest is the more modern interpretation of the expression 'work of the intellect of a creative character' which defines what is copyrightable under the Italian Copyright Law of 1941 as compared to old theories which required an 'artistic standard'. This point seems apt to be extended beyond the field of video games towards a more general acknowledgement of the applicability of the copyright provisions to software. However, for software forms other than video games the problem remains open as to which of the categories provided for by the 1941 Copyright Law may actually cover programs produced by informatics. The assimilation to

'cinematographic works' is of interest for the field of video games but may not be suitable for application to programs of a different character. In this respect, although the decision of the Court of Turin shows how favourable results may be achieved by flexible interpretation and innovative construction, an amendment to the law explicitly inserting software as a protected category would be desirable.

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## The 'Anton Piller' Jurisdiction in Canada – Recent Developments

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The two cases dealt with in this Case Comment involving copyright infringement in video games illustrate the judicial division of opinion in Canada on the merits of the *Anton Piller* order. Jerome A.C.J. in *Atari* makes no secret of his dislike of their jurisdiction, while Heald J. in *Nintendo* embraces it (and its extension in *Yousif v Salama*) with enthusiasm.

### Atari Inc. v. Video Amusements of Canada Ltd and D'Allesandro<sup>1</sup>

This case represents the first time that the Canadian courts have been asked to adjudicate on the protection of the copyright law as it relates to computer circuits or computer games. According to Jerome A.C.J., such an adjudication involves a series of questions about almost every aspect of the copyright law, including authorship, residency of the author, definitions of literary and dramatic work, and allegations that these are, in fact, components of machines and therefore not subject to copyright. The issue in other words is whether the protection of Canadian copyright law extends to machines or pieces of equipment, EPROMS, source code or object code as the case may be. This is a question of major importance in copyright law in Canada.

The plaintiff brought a motion for an interlocutory injunction to enjoin the defendants from further infringing the plaintiff's copyright, and for the usual orders for delivery up of infringing materials, general, special and punitive damages, and an accounting of profits made by the defendant as a result of the alleged infringement. His Honour Justice Jerome stated that it is clear that the presiding judge on an interlocutory application of this sort ought not to be overly influenced by the suggestion that the lawsuit represents an attack on the validity of the copyright and that, therefore, a judge should be reluctant to order an injunction because the validity of the copyright is essentially what the lawsuit is all about.

Jerome J. then went on to consider all the relevant factors which the jurisprudence directs him to in this sort of application and concluded that in the circumstances it

would not be appropriate for an order to issue restraining the defendants in the terms which the plaintiff sought.

However, Justice Jerome stated that he did not want this decision to be interpreted by the defendants as an indication that they were now at liberty to continue to trial in total disregard of the plaintiff's copyright. In the circumstances, he felt that it was an appropriate case to place the defendants on warning by attempting to calculate the quantum of damages that a successful plaintiff might recover in this type of case in order that the defendants deposit security sufficient, in reasonable terms, to contemplate success by the plaintiff. He went on to request that counsel later make submissions on the amount that should be deposited. Jerome J. also stated that a second purpose of this type of order would be to underline to the defendants the seriousness of the sum of money being considered and the jeopardy that they were being placed in should they lose at trial. The basis for this type of order is found in the precedent of *Halliburton Co. & Others v Northstar Drillstem Testers Ltd & Others*,<sup>2</sup> a decision of His Honour Justice Cattanach. In that case, Cattanach J. refused the application for an interlocutory injunction against Northstar Ltd but on the imposition of terms which included the deposit of \$75,000 to ensure payment of damages to the plaintiff if awarded.

A second important finding of the *Halliburton* case which was made note of and applied in the instant case was an order for the disclosure of the source of the equipment used in the alleged infringement. Justice Jerome stated that he had an aversion to the *Anton Piller* type of order and said:

Counsel has often seemed to translate the danger because of a sort of criminal conspiracy, the danger that evidence is going to disappear, with simple evidence of flagrant violation, and I don't think the two fit together. Therefore, I have taken a rather hard line in those kinds of orders, because I'm very loathe to issue orders of that sort for search and seizure.

Jerome J. then went on to state that he preferred the type of order requiring disclosure of source and requested that counsel for both parties later make submissions on that aspect of the matter as well.

Another important aspect of the *Halliburton* style of relief was an order that unless the plaintiffs and defendants agreed that the matter was to proceed to trial with all due dispatch, the interlocutory injunction application could be brought on by the plaintiffs, at any time that they questioned the co-operativeness of the defendants, on two days' notice. Likewise, if the defendants at any time questioned the co-operativeness of the plaintiffs, they, too, could move on two days' notice to have the application for an interlocutory injunction dismissed entirely. This part of the order does not seem to have been considered in the *Atari* case.

Finally, the defendants Northstar Drillstem Testers Ltd & Others were required to keep an account of sales and profits made until a decision was rendered in the case. Jerome A.C.J. did not refer to this part of Cattanach J.'s order.

<sup>1</sup> Federal Court of Canada, 8 December 1982, unreported.

<sup>2</sup> (1982) 58 CPR (2d) 73.