

Overview

Interfirm network has been introduced in Italy by a decree on 10th February 2009 that has been converted in law in April of the same year.

Italy industrial landscape is full of small and medium firms, whose primary need to survive obviously calls for strategic alliances. For this reason, interfirm networks are thus to be seen as the most essential response to this fundamental and vital needing. The growth of the number of companies that has adopted this model has come before of any regulatory intervention.

Definition of “Interfirm Contract”

An interfirm contract is a private agreement by means of which more firms seek to increase, to the benefit of one or more allied firms, the ability to innovate and competitiveness on the market. For this purpose, they enter into a contract that mandates them to cooperate with regard to some specific issues and in some given forms. This cooperation may be operational or merely information in nature. Consequently, parties to the above-mentioned contract may be bound to cooperate, for example, to realize a product at a cheaper price or just to share information – where such cooperation is more significant, allied firms can even undertake a common endeavour in order to lower the costs of the production process.

The relevant regulatory framework, which the national association of entrepreneurs has been long pining and lobbying for, has led to a lot of academic talking in Italy. It was even questioned whether it was appropriate to pass it, as some other legal device actually enable firms to come to the same outcome. More seriously, it is debated whether the regulatory intervention makes sense in terms of rationality of contents of the regulatory framework.

Innovations coming from this kind of contract

Interfirm contracts enable firms – also corporate ones – to carry out an entrepreneurial activity together without incorporating the business. That is, they have a chance to enjoy limited liability without incorporating.

Firms are therefore able to keep the internal regulation of the affairs depending solely on their needs; this can potentially lead to more innovation and competitiveness.

The issue, however, is that our jurisdiction is dominated – inter alia – by two very important principles.

On one hand, any person's or legal entity's liability is very strictly related to her own wealth. Moreover, partnerships and corporations liability regime is set out by detailed legal provisions, which cannot be departed. This is aimed ensuring a proper protection of creditors.

The choice for a business organization form entails, therefore, a specific "liability scheme", that perspective creditors are allowed to take into account when assessing loans' riskiness.

As the sole proprietor of a firm does not benefit from any limited liability regime, creditors will be able to claim a right on his persona assets too, regardless of whether it is connected to the business undertaken.

Interfirm contracts are therefore to be regarded as a clear and striking departure from such principles.

Contract for innovation & Asset partitioning

It is clear that Italy and United States belong to two different regulations from which we have a different approach to same issues.

Like in Italy, also in U.S. companies cooperate between them to be more competitive and innovative. Those kinds of collaboration are not based on schemes emanated by government, they are instead based on a random system given by opportunism of each case.

For this reason the "contracting for innovation" that was born, it tries to offer an appropriate way to meet the different needs that arise in business relationships, at the same time it aims to lead jurisprudence to face particular cases.

Contract for innovation is a private agreement between two or more enterprises to jointly perform one or more economic activities to increase their potentials for innovation and competitiveness.

In the U.S. several studies have been done about asset partitioning. These focuses on economics advantages are given by assets fragmentation.

Despite U.S. is the homeland of Business Trust in entrepreneurial activity, with no real reason the corporate tools prevailed.