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Norway

Norway to enforce tough measures for IP rights

Strengthening IP rights enforcement

Background

In April 2011 the Ministry of Justice issued a proposal to strengthen IP rights enforcement. One reason for the reform being proposed is increased public awareness of the need to combat dangerous counterfeit products (especially pharmaceutical ones). The proposal includes all IP rights laws, with the exception of copyright.

Since Norway is not an EU member state, it is not obliged to implement the EU IP Rights Enforcement Directive (2004/48/EC). However, if the amendments proposed by the ministry are enacted, IP rights enforcement in Norway will become more similar (although not identical) to the solutions put forward by the EU directive.

Calculating damages

The proposal's most fundamental amendment relates to the way in which damages are calculated for IP rights infringement. Under the ministry's proposal, if the infringer is negligent, the rights holder will be able to choose between:

- a reasonable licence fee;
- the patent owner's financial loss (typically, lost profits); or
- the profits reaped by the infringer by the infringement.

The final option is a novelty, although there have been some instances in recent case law where the courts have awarded damages on an account-of-profits basis.

If there is gross negligence or wilfulness on the part of the infringer, the rights holder will also have the alternative option of claiming double licence fees. If enacted, this approach will be unique to Norway.

The proposed changes will make Norwegian IP rights enforcement more efficient, especially in cases in which loss is difficult to substantiate.

Crime without punishment

Even though IP rights infringements have been punishable for a long time in Norway, the rules are not uniform across all IP rights and, generally, only wilful infringements are punishable. With the exception of infringements against trademarks and integrated circuit rights in certain aggravating circumstances, the maximum prison sentence is three months. It is thus unsurprising that only a few rights holders have taken the time to press charges against IP infringers.

The ministry now proposes that all IP rights should have similar rules in this area, namely that:

- negligent infringements become punishable;
- the statutory maximum sentence be one year rather than three months; and
- the statutory maximum sentence be extended to three years in particularly aggravating circumstances.

Procedural law

Right to information

New provisions modelled on the EU directive are proposed to ensure that rights holders have access to more information than before (eg, about the origin and distribution systems or networks of infringing or allegedly infringing products). The general procedural rules proposed will also apply to copyright infringement. However, the Ministry of Justice has made it clear that the rules on the right to information cannot be relied on to obtain information from internet service providers (ISPs) about the identity of subscribers that may have been involved in illegal file sharing and other online IP infringements. This remains the jurisdiction of the Ministry of Culture, which has prepared a study of measures to strengthen copyright enforcement.

Exclusive jurisdiction

Under existing Norwegian law, the Oslo District Court has exclusive jurisdiction in invalidity cases concerning patents, registered trademarks, designs and plant breeder's rights. However, pure infringement cases (ie, cases where the defendant does not challenge the validity of the IP right as a defence) are heard by the ordinary district courts, and usually the court having jurisdiction is that where the defendant has its place of business.

Thus, if infringement and invalidity cases about the same IP right are not consolidated and heard jointly before the Oslo District Court, such cases may be heard in different courts. As a result, the Ministry of Justice has proposed that the Oslo District Court should have exclusive jurisdiction in all cases concerning registerable IP rights. This will not affect preliminary injunction actions.

The ministry's move is expected to reduce the risk of dilatory tactics. It will no longer be possible for a defendant to file an invalidity action in the final phase before an infringement trial, with the aim of slowing down court procedures and requiring the transfer of the infringement case to the Oslo District Court in order for it to be consolidated with the invalidity case. Also, this may potentially save time, as there will be no further need to transfer infringement cases to the Oslo District Court in order to consolidate them.

Comment

To date, reactions to the proposal have been positive. It is clear that Norwegian and foreign rights holders will benefit from IP rights enforcement in Norway becoming more similar to that in other European countries. The Ministry of Justice is now receiving comments, reports and proposals from interested parties and government agencies, but it is unknown when a bill will be put before Parliament. Since the proposal is not controversial in nature, the schedule will more than likely depend on the government's priorities.

Recent IP case law

In 2010 and 2011 the Norwegian courts decided numerous IP cases, but there has been an absence of watershed cases, particularly in regard to patents. Nevertheless, the cases below are notable, either because of their magnitude or because they demonstrate well how Norwegian courts interpret and apply IP law.

Patents

Kvassheim v SINTEF

The Borgarting Court of Appeal has ruled twice on *Kvassheim v SINTEF*. Torbjørn Kvassheim sued the state-owned research foundation SINTEF, claiming damages for contributory infringement to his fish counter patent. He claimed that SINTEF was liable for delivering to his competitor software developed for fish counters that infringed his patent.

In 2009 the appeal court ruled in favour of SINTEF, accepting its argument that research cannot infringe a patent, and thus that delivering the results of research to a customer could not have infringed a patent either. In December 2009 the Supreme Court upheld an appeal by Kvassheim, quashing the earlier judgment and sending the case back to the appeal court for a full hearing (that landmark decision on the experimental exemption and contributory infringement was discussed in *IP Value 2011*).

However, when the appeal court examined whether Kvassheim's competitor had actually infringed the patent, it found that he had not. This ruling was surprising since in 2003, based on the same facts, another appeal court had awarded Kvassheim €750,000 in damages from the primary infringer. SINTEF's action to have the patent invalidated was unsuccessful.

Mundipharma v Ratiopharm

One of the biggest patent cases decided by a Norwegian court in 2010 was *Mundipharma v Ratiopharm*. The case concerned two patents for oxycodone formulations with controlled release for pain relief. In October 2008 Ratiopharm – which intended to market and distribute medicaments with oxycodone together with the manufacturer Acino Pharma – brought an action against Mundipharma, the owner of the patents, to have the patents invalidated for lack of inventive step and insufficiency, and for the claims' scope having been expanded after the relevant date. Ratiopharm also brought an action to obtain a declaratory judgment that its as-yet undistributed oxycodone medicament did not infringe. Mundipharma brought a cross-action to obtain a restraining order.

In 2009 the district court ruled against Mundipharma in both cases, and consequently:

- the patents were invalidated;
- the declaratory statement was returned as requested;
- no restraining order was granted; and
- Ratiopharm and Acino Pharma were awarded costs of €616,000.

However, the Borgarting Court of Appeal reached opposing conclusions. It held that it was not obvious for the skilled person to consider that oxycodone was a better suited active ingredient for achieving the purpose of the formulation, and that the solution of the patent improved on the nearest prior art. The appeal court also found that the scope of the patents had not been expanded, and that the disclosure was sufficiently clear to enable a skilled person to work the invention. Thus, the patents were upheld as valid.

On the issue of infringement, the appeal court found that the patents had been infringed. Referring to the fact that the construction of the patents had led to contrasting results, Ratiopharm defended itself by claiming that it had shown no negligence and had acted in good faith. The appeal court disagreed. It found that Ratiopharm had acted negligently and that it had taken a deliberate risk, gambling on its claim construction. Thus, it awarded Mundipharma €3.85 million in damages and €1.41 million in costs. Ratiopharm's and Acino Pharma's further appeal to the Supreme Court was not granted a hearing before that court..

This judgment shows that even if a court construes the claims of a patent to mean that something is not infringing or that the patent is invalid, the party cannot escape liability for claiming that it acted in good faith and was not negligent if the court eventually decides the case by a different construction.

Trademark law

Kraft Foods v Juritzen Forlag

In the Oslo District Court's October 19 2010 judgment, book publisher Juritzen Forlag AS was found to infringe Kraft Foods' trademark rights. Juritzen Forlag's *Easter Crime* book had on its cover the three-coloured stripes by which Kraft Foods' well-known Kvikk Lunsj chocolate bar is identified. The Kvikk Lunsj chocolate bar is also known as the most popular Norwegian Easter chocolate, which underlined the unfair use of its colours on *Easter Crime*'s cover.

Juritzen Forlag was found to be in violation of Kraft Foods' invoked trademarks and its use of Kvikk Lunsj's three-coloured stripes also constituted an act of unfair competition.

Copyright law

The *BlackSheeps* case

On July 20 2011 the Indre Finnmark District Court pronounced its judgment in the *The BlackSheeps*, which involved an award-winning youth band. Two of the former BlackSheeps band members had filed a lawsuit regarding rights to the band's 10 songs and to the band's name.

The court decided that:

- the remaining band members would have the rights to the band name;
- the individual band members' share of the copyright in existing works should remain as reflected in the band's registration with the Norwegian performing rights society TONO, namely with:
  - one member holding copyright in all of the band's songs;
  - one member owning copyright in nine songs;
  - one member holding copyright in six songs; and
  - the last member being a co-owner of the copyright to just two songs.

In reaching its decision, the court determined as important:

- the age of the band members (16 and 17 years of age when the band dissolved); and
- the relatively short time that the band had played together (three years).

According to the court, the position of the band's front figure was also of importance when considering the right to make use of the band's name.

Come Dine with Me v 4-Star Dinner

Do television programme formats or concepts enjoy protection under Norwegian law? If so, what is the nature of that protection and its scope? These questions have preoccupied the Norwegian media and entertainment industry, as well as IP lawyers, for some time now. In 2010 the Oslo District Court returned a judgment which, although it set no precedent, certainly gives an indication of how Norwegian courts may view such issues.

In August 2009 ITV Studios, Scandinavian broadcaster Viasat and Swedish production and distribution company Silverback requested a preliminary injunction to have Norwegian broadcaster TVNorge AS discontinue all further marketing, production and broadcasting of its *4-Star Dinner* television programme. They claimed that the programme infringed their copyright in the *Come Dine with Me* format. However, their request for an injunction was rejected.

In January 2010 the plaintiffs appealed before the Oslo District Court. The court concluded that *Come Dine with Me* enjoyed no copyright protection, essentially because copyright protects form rather than content. The court also found that the broadcasting of *4-Star Dinner* did not constitute an act of unfair competition.

Supreme Court orders ISP to disclose customer's identity

Sandrew Metronome Norge AS and Filmkameratene AS filed a lawsuit against the Norwegian ISP Altibox AS in relation to a copyright infringement made by a third party who used Altibox's services. The infringer had downloaded the Norwegian films *Max Manus* and *The Kautokeino Rebellion* without the copyright owners' permission.

As the copyright owners did not know the infringer's identity, in an action to secure evidence they demanded that Altibox be ordered to disclose the identity of its customer who had held two IP addresses during two specific timeframes. The copyright owners prevailed in the district court and the appeal court.

Altibox appealed before the Supreme Court, but the court upheld the earlier judgments. The Supreme Court held that even though the information concerning Altibox's customer was confidential under the E-commerce Act, nonetheless it was not exempt from the rules of securing evidence. The Supreme Court found that the appeal court had thoroughly assessed the circumstances of the case, including the fact that the infringements in question could lead to both civil and criminal liability, which meant that the plaintiffs' request was not disproportionate. Further, the Supreme Court found that ordering the ISP to disclose the requested information was not in violation of Article 8 of the European Convention on Human Rights. Thus, the Supreme Court found that Altibox should provide the copyright owners with information about the identity of its customer and the IP addresses used in the infringement.

Unfair competition law

Jurisdiction in *Marin Alpin v Würth International*

Norwegian company Marin Alpin AS sued Swiss company Würth International AG in Norway for unfair competition under Norwegian law, for having allegedly copied a sports jacket. The jackets in question had been distributed internally in the Würth group in some European countries, but not in Norway. Würth claimed that the case should be dismissed for lack of jurisdiction. Marin Alpin contended that under Article 5(3) of the Lugano Convention, Norwegian courts had jurisdiction as Norway was "the place where the harmful event occurred" – its reasoning was that the loss of profits arose where Marin Alpin had its registered office. Würth subsequently lost in the district court but won in the appeal court.

The Supreme Court dismissed Marin Alpin's further appeal on the merits. A majority of three justices found that the claimed loss of income was an indirect consequence of acts that occurred abroad. The fact that the loss was then felt by Marin Alpin in Norway was irrelevant. The court found that Marin Alpin's interpretation of Article 5 (on jurisdiction and enforcement) would undermine the main rule in Article 2, which provides that the place of residence or business of the defendant has jurisdiction.

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His practice includes IP law, particularly patents and trademarks, and both transactions and litigation. He also advises clients on competition law issues and assists in corporate transactions, especially those involving intellectual property or information technology. He is chairman of the board of the Norwegian Association for Industrial Property Rights and president of the Norwegian national group of the International Association for the Protection of Intellectual Property. Mr Svendsen regularly writes articles and speaks on subjects of patent law, IP enforcement and international dispute resolution.

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He currently heads Grette's IP law department. His work includes contentious and non-contentious IP, unfair competition and competition law. Mr Reimers is an external lecturer (marketing law, EU/EEA law and competition law) and has lectured at the Norwegian National Academy of the Arts and at the Norwegian Patent Office. He is the co-author of *Immaterialrett* (*IP Law*) (Per Helset editor, Oslo, 2009).