

Norway

Courts lead the way in IP rights enforcement

In 2008 and 2009 the Norwegian courts ruled on a fair number of IP cases. The recent trend of increasing numbers of patent cases reaching the courts has continued: the Supreme Court heard one patent case in 2008 and two in 2009. This represents a considerable increase compared to previous years.

On November 6 2009 a district court refused to grant a preliminary injunction that Telenor, a major internet service provider, should block access to Pirate Bay file-sharing websites.

With regard to legislation, Parliament is to consider a new Trademarks Act. The act will formally implement into Norwegian law the principle of regional (European Economic Area) exhaustion of trademarks, and will also introduce certain amendments to all IP legislation (eg, the abrogation of the requirement for foreign rights owners to have an attorney domiciled in Norway).

Patents

Key cases

Courts' restraint in setting aside Intellectual Property Office decisions and impact of EPO decisions

In *Biomar* (Rt 2008 p1555) the Supreme Court affirmed the Norwegian Intellectual Property Office's refusal to grant a patent for fish feed with added histidine for the prevention of cataracts in salmonidae. The court held that it was obvious to a skilled person trying to solve the problem of eye cataracts in fish to search literature dealing with cataracts in other species. Such literature mentioned histidine. The judgment included statements on the average person skilled in the art and inventive step; such statements will undoubtedly be referred to and quoted in patent cases in the years to come.

The judgment had two significant aspects:

- It reinstated the *Swingball* doctrine, which requires courts to show restraint in setting aside the discretionary assessments of the Norwegian Intellectual Property Office in view of its considerable specialised competence.
- It highlighted the importance of decisions of

European Patent Office (EPO) bodies. The Supreme Court did not attach decisive importance to the fact that the EPO had granted a patent on the invention and the Opposition Division had upheld the grant. The language in the judgment suggested that greater importance would have been attached to a decision of the Technical Board of Appeal. Thus, the question of which EPO body returned the relevant decision appears to be important.

The decision has strengthened the position of patentees as it will now be harder to challenge granted patents successfully. It will become even more important to challenge a patent to find new matter successfully (ie, citations that were unknown to the Intellectual Property Office when it granted the patent).

However, the impact of the Supreme Court's view on the importance of decisions of different EPO bodies should not be overrated. EPO practice is relevant but not decisive, and the practice of the Boards of Appeals carries more weight than that of the Opposition Division. The outcome of parallel cases before the EPO and the Norwegian courts may differ, as each body decides on the basis of evidence and arguments submitted to it.

Doctrine of equivalents and analogy method patents

The Supreme Court's decision of September 2 2009 in *Eisai/Pfizer v Krka Sverige AB* may have brought the doctrine of equivalents and its application to analogy process pharmaceutical patents very close to a definition. The scope of protection of such patents has been the subject of many disputes, as has the doctrine of equivalents, especially when the two issues come together before the courts.

The Oslo Court of Execution and Enforcement had granted Eisai and second named defendant Pfizer an interlocutory injunction against Krka after it was found to have infringed an analogy process patent for the preparation of the compound donepezil. The court found that it was obvious to a skilled person to try the method

applied by Krka to prepare the compound. The method used by Krka was found not to be novel and, since the patent concerned a pioneer invention, the two methods had to be seen as equivalent. The fact that Krka's method used a different reaction did not matter.

On appeal, the Borgarting Court of Appeal quashed the order of the lower court. The parties disagreed as to whether the disputed method had to be deemed an obvious modification of the patented method to qualify as an equivalent, or whether it sufficed that it was a method that was obvious to try, but which was nevertheless a different method in principle. The court rejected the latter criterion, suggested by the patentee. Applying the first, it found that Krka's method differed considerably from the patented method.

Leave was granted to have the further appeal heard by the Supreme Court. On September 2 2009 the Supreme Court returned what is in all likelihood a precedential decision. The Supreme Court dismissed the appeal. The decision confirms the practice of the lower courts on equivalents in recent years, stating that the test of equivalence comprises three criteria:

- the infringing object should solve the problem of the patented invention;
- the modifications made were obvious to the skilled person; and
- the infringing object or method did not belong to the free technique.

The Supreme Court also agreed with the Court of Appeal that the second criterion would not be fulfilled by any method that was obvious to the skilled person. The decision is important to the pharmaceutical industry in that it will not be easy for owners of analogy method patents to argue infringement on the basis of equivalence unless the disputed method is a modification of the protected method. There may also be reflections of this on cases about other categories of patent. On the other hand, patent owners may find comfort in the Supreme Court's approval of the three-criteria test of equivalence.

Scope of experimental use exception

In *Torbjørn Kvassheim v SINTEF* (Borgarting Court of Appeal (LB 2007-192273)) the Borgarting Court of Appeal dealt with the scope of the experimental use exception, particularly in relation to contributory patent infringement and the liability of parties assisting a patent infringer. SINTEF, a major Norwegian research foundation, had been sued for compensatory damages caused by its involvement in developing a fish counter for a fish counter supplier for use in the fish farming industry. The supplier was found to have infringed the

plaintiff's patent in a 2003 judgment, but had gone bankrupt, so the patentee had not recovered any of the €700,000 damages awarded to him. The patentee then sued SINTEF, claiming it was liable as a contributory infringer. He lost in the district court and on appeal, with the appeal court finding that the research and development work undertaken by SINTEF did not qualify as patent infringement as it was covered by the experimental use exception.

The further appeal to the Supreme Court is due to be heard in December 2009.

Dual activity drilling patents invalid for lack of inventive step

In *Transocean v SeaDrill* (Borgarting Court of Appeal, July 3 2009) the Borgarting Court of Appeal found that Transocean's device and method patents for dual activity drilling were obvious to the skilled person and thus rejected Transocean's appeals against the district court judgment, in which the patents had also been found to be invalid. However, the basis for the court of appeal's decision was somewhat different from that of the lower court, as it held a different reference to be the closest art compared to the district court. Interestingly, while the appeal court referred to the Supreme Court's reinstatement in *Biomar* of the principle of caution and restraint when a court considers setting aside a Intellectual Property Office decision, it added that this principle was of limited importance in the case at hand, since the court intended to rely on a different basis to the patent authorities in Norway and Europe. The judgment is important to the oil and gas industry. The judgment has been appealed, but at the time of writing it was not known if the appeal will be heard by the Supreme Court.

Legislation

Bolar provision

In order to implement EU Directive 2004/27/EC, the Norwegian Patents Act is to be amended to introduce a so-called 'Bolar' provision, permitting manufacturers of generic pharmaceuticals to use the technology of patented drugs to carry out work that is required or necessary to market or obtain regulatory approval of the generic drug while the patent is still in force. The Bolar provision thereby allows the generic manufacturer to market and produce its products as soon as the patent expires. The amendments are expected to be approved by Parliament in late 2009 or early 2010.

Proposal to abrogate obligation to have Norwegian attorney

The government has submitted a bill to Parliament for a

new Trademarks Act. Concurrently, certain amendments to the Patents and Designs Acts have also been proposed, such as the abrogation of the current requirement that all owners of patents and registered designs have an attorney domiciled in Norway. Instead, they will have to register a postal address which the Norwegian Intellectual Property Office can use for communications.

Regulations

New Intellectual Property Office fee regulations

The new Intellectual Property Office fee regulations, which came into force on May 1 2009, do not amend the existing fee structure. However, they lay down some important new provisions regarding deadlines. For example, for a trademark, patent or design application or any other document to be deemed to have been filed with the Intellectual Property Office, it must either be delivered directly to the office or be sent via Altinn.no (the electronic service for a number of public authorities). Direct delivery should be to the official address of the Intellectual Property Office or to its fax number, and not to any named officer. If a document is sent or delivered electronically to Altinn, or to the official email address or fax number of the Intellectual Property Office, a national holiday or weekend day may be designated as the date of filing.

Trademarks and trade names

Key cases

Cancellation of trademark

In *Pascal Sjøtt & Salt* (Supreme Court (Rt 2008 p 1268)) the Supreme Court found that the trademark PASCAL Sjøtt & SALT violated the prior registration of the trademark Sjøtt + SALT owned by Sjøtt + Salt AS. ('Sjøtt + salt' means 'sweet + salt'). The parties traded in the same type of business, one in Oslo and the other in Bergen. The Supreme Court found that the average consumer could be led to believe there was a business connection between them.

After a review of the relevant case law, the Supreme Court found that there was a danger of confusion between the two marks, even though the word 'Pascal' was an important element of the later registered trademark. Therefore, that trademark was declared invalid.

Designation of origin

In *Champagneria* (Borgarting Court of Appeal (LB-2008-117063)) the *Comité Interprofessionnel du Vin de Champagne* and the *Institut National des Appellations d'Origine* appealed a district court judgment finding that Oslo restaurant Champagneria had not infringed the protected designation of origin CHAMPAGNE. The

Borgarting Court of Appeal rejected the appeal, stating that no designation of origin rules covered the use of 'Champagneria' for services. Similarly to the lower court, the appeal court also found that CHAMPAGNE had not been established as a common mark. The *Kodak* rule, affording enhanced protection to particularly well-known marks, cannot be applied by analogy to designations of geographical origin. Although the appeal court confirmed that the general provision in Section 1 of the Marketing Act prohibiting acts contrary to good business practice can offer protection against the exploitation of the goodwill and the dilution of designations of origin, it also said that the threshold that must necessarily be applied in such cases had not been exceeded by Champagneria. Nor was Champagneria found to have violated Section 2, which bans misleading marketing. Accordingly, the registration of the trade name Champagneria AS was upheld. The judgment is final as the plaintiffs did not seek further appeal.

Cancellation of trademark for non-use

In *Le Meridien* (Borgarting Court of Appeal (LB-2008-78905)) the Borgarting Court of Appeal stated that to fulfil the use requirement, a trademark must be used in accordance with normal marketing activities in the relevant industry sector. The marketing efforts should be directed at the Norwegian market and concern the relevant goods or services. The marketing must have been performed by the company itself or pursuant to an agreement with it, and have been directed at companies and individuals in Norway. The judgment has been appealed and was due to be heard by the Supreme Court in late 2009, but has been stayed.

Legislation

Trademark law reform

The Ministry of Justice recently submitted a long-awaited bill for a new Trademarks Act. Changes to the law include the following:

- Original products from markets outside the European Economic Area (the EU member states plus Norway, Iceland and Liechtenstein) will be unable to be imported into Norway without the trademark owner's consent. Thus, the principle of regional exhaustion will at last have made its way into formal law.
- Administrative re-examinations of registered trademarks will be introduced. They will take place at the Norwegian Intellectual Property Office as an alternative to court action. The current provisions on non-use will be revitalised by the option of re-examination.

- The courts will have the power to order that domain names be cancelled or transferred to the trademark owner so as to avoid continued infringement.
- The current statutory requirement that all registered trademark owners have an attorney domiciled in Norway will be abrogated. Instead, all registered trademark owners must register a postal address which the Norwegian Intellectual Property Office can use for communications. The Patents Act and the Designs Act will be similarly amended.

Design rights

Damages award based on rendering of profit

Awarding damages for IP rights infringements on the basis of an account of profit, which is not rooted in formal law, appears to be something of a new trend. It started with a 2007 judgment of the Borgarting Court of Appeal and the same approach was taken more recently in *Schneider v Etman* (Dalane District Court), a case of product imitation in which a series of electrical fittings and boxes had been copied. The court found there was trademark infringement, design infringement and unfair competition. It held that it would be contrary to important principles of justice for the defendant to keep any profit from his breaches of the law, having deliberately exploited the plaintiff's efforts for his own benefit.

It is hoped that this trend, which undoubtedly represents a strengthening of the enforcement of IP

rights, will be confirmed and further refined in the government's proposal for reform of the penalties and damages system for IP rights violations, which is expected in 2010.

Copyright

The much awaited *Telenor* ruling was rendered on November 6 2009. In the wake of the Swedish judgment in *The Pirate Bay*, 12 Norwegian record companies, five US film studios, three Norwegian movie distributors, two Norwegian film producers and the Norwegian performing rights society TONO petitioned a Norwegian district court for a preliminary injunction ordering Telenor, Norway's biggest internet service provider, to block access to The Pirate Bay's file-sharing internet sites. The case triggered heated public debate about file sharing, particularly the enforcement of IP rights. The court refused to grant the injunction. Although it found that Telenor contributed actively to copyright infringement by offering the necessary infrastructure and providing operational, maintenance and support services, and passively by not intervening when a service is used for illegal file sharing, the court also said that, since the contributory acts of Telenor were not specifically directed at Telenor's individual customers and their acts or at The Pirate Bay's acts, the contribution was not unlawful and no injunctive order could be issued to stop it. It is likely that we have not heard the last of this.



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