

Norway: Supreme Court finds that after sales use may damage functions of a trade mark

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In a decision of 17 January 2018 (HR-2018-110-A), the Norwegian Supreme Court concludes that trade mark protection covers instances where there is a clear possibility that damage to the functions of a trade mark may occur only after the products have been sold.

This is the first decision after joining the EEA in which the Norwegian Supreme Court addresses the issue of damage to the functions of a trade mark.

The claimant Addcon is the proprietor of the registered trade mark ENSILOX for silage additives, a preserving agent, used for waste and biproducts in the fishing industry. The plaintiff Solberg had been distributing this product to the fishing industry for many years. In 2013 they changed manufacturer and started distributing essentially the same product by the manufacturer Helm under the trade mark HELM AQUA+. Solberg's customers had been notified of this manufacturer change.

However, after the manufacturer change, Solberg mistakenly labelled 230 tons of silage additives as ENSILOX by Helm. They also mislabeled the invoices of this delivery as well as that of an additional 138 tons delivered by tank lorry. Addcon took Solberg to court for the potential damage to the functions of its trade mark.

The Oslo District Court and the Borgarting Appeal Court found no trade mark infringement; the mislabeling was based on a misunderstanding, the products were equal and the customers had been informed about the change of manufacturer. There was no damage to any of the functions of the trade mark ENSILOX.

The Supreme Court does not quite agree.

Initially, the Supreme Court assesses the requirement of damage to the functions of a trade mark when the marks are identical and are used for the same products. They lean heavily on EU jurisprudence when finding that it is sufficient for trade mark infringement that there is a clear possibility of damage to a trade mark function, in this case the origin and quality functions. Furthermore, they add that that protection of the trade mark functions is not only limited to the actual sales situation, but e.g. also to after sales situations.

According to the Supreme Court, neither the Norwegian Trade Marks Act nor the EU Trade Mark Directive makes a distinction between before and after a sale for the assessment of damage to the function of a trade mark, nor does case law from the European Court of Justice exclude after sales situations from the protection of a trade mark. The Supreme Court argues that mislabeling may damage the origin and quality function after a sale, for example if a deficient or substandard product is associated with the trade mark proprietor during subsequent use. The fact that the original purchaser is aware of the mislabeling is not decisive. The products may fall into the hands of third parties who are unaware of the mislabeling, e.g. through bankruptcy, occasional borrowing between traders or when products go astray. On the basis of this, the Supreme Court finds that there is no reason to exclude from trade mark protection the damage to trade mark functions after a sale.

Applied to the facts of the case, the Supreme Court finds that the mislabeling of products as ENSILOX is liable to cause some confusion; it is unclear if the products come from Addcon or if Helm has a license.

Furthermore, although the end users had been informed of the change of manufacturer and the goods were not meant for further sale, it cannot be excluded that traders may borrow or purchase products from each other, nor can it be excluded that all employees of the relevant customers have not been informed of

the mislabeling.

Based on this, the Supreme Court finds that the mislabeling of the 230 tons may cause damage to the origin and quality functions. However, they also find that the incorrect labelling on the invoices for the 138 tons does not constitute any damage to any of the trade mark functions; the risk of any damage is simply too distant.

Although it may be tempting to excuse the mislabeling in this instance - it was not intentional, but perhaps more accidental - the decision sets a general rule which should be pretty easy to follow; don't use the wrong trade mark on your products. Even if the relevant public will not be mistaken as to the origin or quality of the products at the time of sale. The functions of a trade mark may be harmed even after the product has been sold, in particular if the mislabeled products are substandard or deficient.