

June 12 2023

Copyright contracts in public procurement

Westerberg & Partners Advokatbyrå AB | Intellectual Property - Sweden

> [Introduction](#)

> [Facts](#)

> [Patent and Market Court](#)

> [Patent and Market Court of Appeal](#)

> [Comment](#)



HANS
ERIKSSON



FELICIA
TAUBERT

Introduction

Copyright questions in the context of public procurement have not been common in Swedish jurisprudence. But as Swedish municipalities' needs for digital tools and software grow in the current digitised society, so does the risk that questions arise concerning copyright and other IP rights as a result of publicly procured business.

In a case concerning copyright infringement and hefty damages in the Patent and Market Court of Appeal,⁽¹⁾ questions particular to the public procurement process arose, such as:

- the relevance of framework agreements and main agreements;
- request specifications; and
- work orders in a case.

In its judgment, the Court found that a Swedish government agency did not commit copyright infringement in a biometric station's software when it continued using the software after the expiry of the agreement on the grounds that the agreement included a perpetual licence that survived the agreement's expiration.

Facts

In 2015, the defendant (the Swedish Migration Agency) undertook a public procurement of so-called "biometric stations", a machine where biometric values such as fingerprints can be captured to ensure identities and issue identity documents. The claimant was the company that had been awarded the contract to deliver the biometric stations, and owned the copyright to the software used with the stations.

The parties agreed that the defendant owned the biometric stations that had been procured but did not agree whether that meant the defendant had also received a perpetual licence to use the copyright in the software after the framework agreement or main agreement expired. The defendant continued using the biometric stations and the software after the expiry without additional payment to the claimant, which promptly sued for copyright infringement and claimed substantial damages.

Patent and Market Court

The Patent and Market Court in the first instance had to initially assess the particular structure of a procurement agreement (ie, the relationship between the framework agreement or main agreement with its relevant provisions regarding copyright and the underlying request specification and its relevant provisions) in the context of previous business customs that had developed between the parties through earlier procurements. The Court unsurprisingly found that both documents were part of the agreement and had to be given weight when assessing the substance of the claimant's demands.

The Court also found that it followed from the request specification in this case that the defendant would be given "full right of use without time limit" to the software. According to the main agreement that the parties later entered into, the defendant was similarly to receive "full ownership and disposal rights" to the IP rights incurred, accrued or acquired in connection with the performance of assignments.

However, the main agreement had an expiration date, and the relevance of this was the central issue in the litigation. The Court found that the fact that the main agreement was limited in time (as agreements commonly are) only meant that, after its expiry, the defendant could not buy more biometric stations under the agreement from the claimant – even after the expiration, the perpetual licence remained. The Court also found that the defendant's continued use of the biometric stations and software after this date did not mean that the main agreement had been renewed.

On these grounds, the first-instance court rejected the claimant's demands (for further details please see "[Copyright licences in public procurement](#)"). Not happy with the outcome, the claimant appealed.

Patent and Market Court of Appeal

The Patent and Market Court of Appeal in the second instance confirmed the first-instance court's judgment. The appeal court grounded its decision in a careful analysis of public procurement case law and the peculiarities of procurement agreements, while applying classic Swedish principles of copyright contract interpretation (which is generally good for rights holders but was of no use to the claimant in this instance).

The Court found that the contractual condition (that the defendant was to receive full ownership and disposal of the IP rights as stated above) and the provision in the procurement documents (that the defendant would be given full right of use without time limit) complemented each other and clearly expressed that the defendant had sought to acquire a perpetual right of use to the software needed to run the biometric stations. This conclusion was not voided by the simple fact that the main agreement between the parties was limited in time and had expired.

Moreover, since the claimant had responded affirmatively to the contractual condition in the request specification documentation, the defendant had been given no reason to think that the claimant would demand payment for use of the software after the expiry of the contract period. According to the Court, the implication of the agreement was clearly for the defendant to receive a right to use the software for an unlimited time. The defendant's continued use of the software after the end of the contract period therefore did not constitute copyright infringement.

Comment

This judgment highlights the importance of limiting the scope of copyright licences and acts as a reminder to carefully navigate the often-large binder of different framework agreements, request specifications and work orders that are commonly part of a public procurement transaction.

It also serves as an example where clearer communication in the parties' pre-agreement discussions (and documentation of such) likely would have helped iron out any uncertainties regarding the nature of the products and services being procured and delivered. However, this is a well-known problem with public procurement, where one party (in this case the government agency) specifies the demands on a wholly one-sided basis and is often limited in how much additional discussions can be had with the other party. As was shown in this case, it is sometimes a problem no amount of high-octane copyright litigation is able to solve afterwards.

For further information on this topic please contact [Hans Eriksson](#) or [Felicia Taubert](#) at Westerberg & Partners Advokatbyrå Ab by telephone (+46 8 5784 03 00) or email (hans.eriksson@westerberg.com or felicia.taubert@westerberg.com). The Westerberg & Partners Advokatbyrå Ab website can be accessed at www.westerberg.com.

Endnotes

(1) PMCA, PMT 9573-21.