

European Court Rules Against Norway in Ladbrokes Case

Brussels (Reuters) – A European court ruled on Wednesday that Norway could be in breach of European internal-market rules by blocking bookmaker Ladbrokes from setting up gambling operations in the Scandinavian country.

The ultimate decision will be made by an Oslo court, which will use the European Free Trade Association court (EFTA court) ruling on the law to help it decide the case.

Ladbrokes, the world's largest betting company, had tried to break into the Norwegian gambling market but the government turned it down.

Ladbroke's then asked the Oslo court to nullify rules giving Norwegian firms such as Norsk Tipping and Norsk Rikstoto a monopoly over lottery games and sports betting.

The EFTA court, sitting in Luxembourg, found that the Norwegian government measures did not genuinely address concerns of battling gambling addiction and crime – Oslo's justification for restricting commercial companies in the business.

„A system based on an exclusive right ... completely denies private operators access to the respective market and thus encroaches upon the freedom to provide services and the right of establishment,“ the EFTA court said in a statement.

Norway also said that gambling companies must use their money for socially beneficial purposes, but the court rejected that argument.

„The motive of financing benevolent or public-interest activities cannot in itself be regarded as an objective

justification for restrictions on free movement," the EFTA court said.

In a separate, narrower case in March, the EFTA court ruled that Norway could establish a monopoly on gambling machines to fight gambling addiction. That case was brought by the EFTA Surveillance Authority, the executive branch of EFTA.

The EFTA court, which deals with cases from non-EU countries Norway, Iceland and Liechtenstein, uses the same rule book as the European Union in issues of free movement of goods and capital, which often affect cross-border businesses.

This means the top court of the EU 27-member bloc, the European Court of Justice (ECJ), sometimes takes EFTA judgments into account although there is no requirement to do so.

In March, the ECJ rapped Italy over restrictions placed on Stanley International Betting.

The European Commission, whose decisions can be challenged at the ECJ, is investigating betting markets in Germany, the Netherlands and Sweden.