

Intellectual Property Rights Yearbook 2018

*A summary of developments in intellectual property law
and related areas prepared by Westerberg & Partners.*

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Foreword

This Yearbook for 2018 builds on a long tradition among its authors of informing about recent developments in Swedish IP law, both in respect of new legislation and case law. However, we are also proud to present it as the first Yearbook published by Westerberg & Partners, a boutique law firm with special focus on IP law and high value arbitration/litigation (see www.westerberg.com for more information).

We continue to hope the Yearbook can serve as a convenient source of information for anyone interested in keeping up to date with recent developments in the Swedish IP arena (with some outlooks into EU law in the IP field).

A quick overview of this year's content is as follows.

In the patent area Sweden is from the legislative point of view ready to go whenever the UPC finally comes alive and the Swedish patent litigation community closely follows





recent developments in respect of Brexit negotiations, the Max Planck report on UK's possibility to be part of the UPC following a Brexit and the German constitutional complaint.

Swedish case law in the patent area covers both procedural aspects of securing of evidence and the always interesting topic of infringement by equivalent means. A few decisions from the CJEU on the conditions for grant of SPCs have also occurred during the year (as usual) and we report the core findings.

In respect of trademarks we report on, among other things, case law related to parallel import and suggested changes to the Swedish Trademark Act allowing audio-visual or non-visual signs and the possibility to act towards counterfeit goods also under the transit procedure.

In the copyright area, our roundup of Swedish cases includes decisions on possible infringement through mere passive storage of software, private copying levies and criminal sanctions for the infamous Designers Revolt. Our outlook on the EU level covers the Digital Single Market Strategy and the controversial Copyright Directive.

Last but not least we report on cases under the Marketing Act and cover a case on certain aspects of the modern trend of influencer marketing and the revised ICC Advertising and Marketing Communications Code.

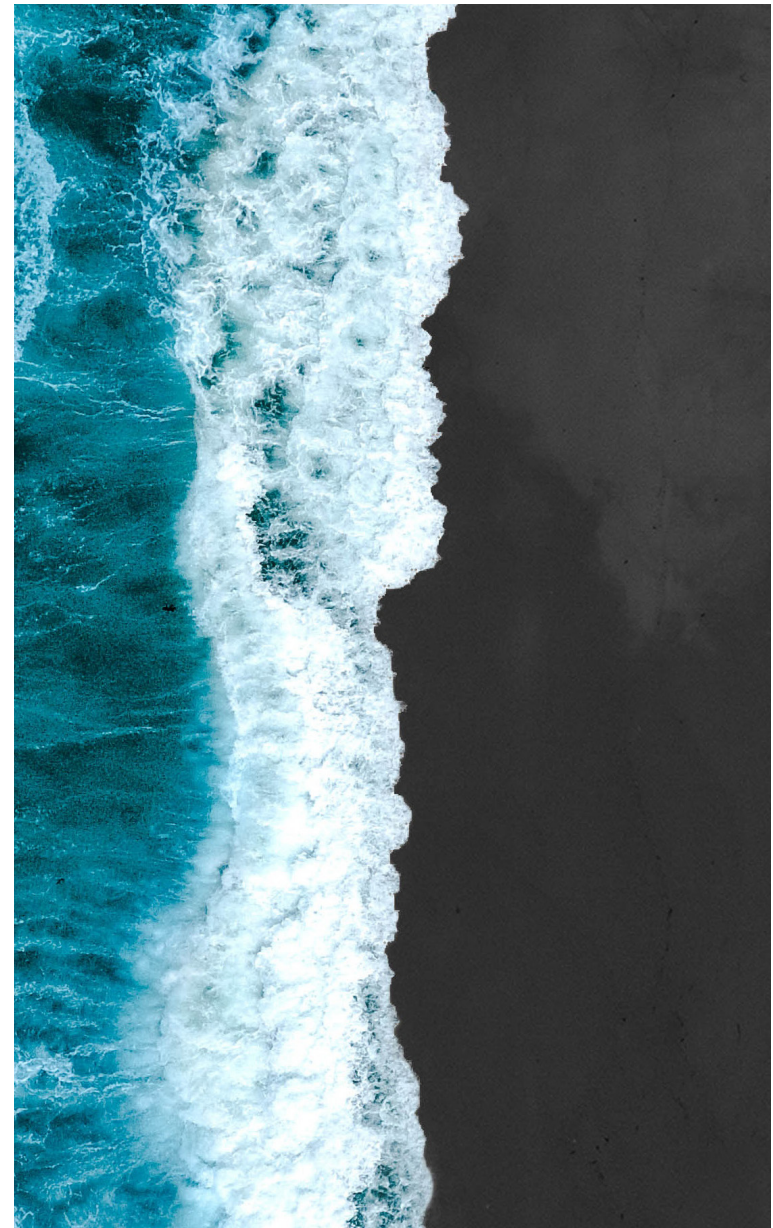
You meet our dedicated team of specialised IP lawyers in the list of contributors at the end. We all hope you enjoy the reading and wish you a successful New IP Year in 2019!

Patent law

General introduction

The year 2018 has been a slow year for patent case law in Sweden. The Patent and Market Court of Appeal handed down five judgments in patent cases during the year and of those five, most were concerned with procedural issues and not the merits of the disputes. However, the Patent and Market Court, the court of first instance, has handed down several interesting judgments as reported in this chapter.

As for the UPC, 2018 has brought little in way of progress and it remains to see what effects Brexit and the German court challenge will have.



Information order and production of documents? (Patent and Market Court of Appeal PMÖ 6806-17)

Introduction

Requests for an information order and/or an order for production of documents are commonly used procedural means for rightsholders to obtain information about the scope of a suspected infringement. Information orders relate to the information itself and are thus fulfilled by a party by collating and submitting the information to the requesting party. An order for production of documents, on the other hand, relates to actual documents (physical or electronic) held by the defending party. This decision discusses how two such requests should be handled when they both relate essentially to the same information.

Background

The alleged infringer of a patent was ordered by the first instance court to provide written information relating to the scope of certain sale of allegedly infringing products, as well as to submit certain documents. Said documents essentially related to the same information as the defendant had been ordered to submit under the information order. The decision was appealed to the Patent and Market Court of Appeal.

Decision

The Patent and Market Court of Appeal first agreed with the first instance court that probable cause of infringement of the disputed patent was at hand. It further agreed that the information concerned by the information order request was important for the claimant's action, and that the need for an information order outweighed the possible harm for the defendant on balance.

Deciding on what information to include in the order, the court further limited the order. First, it noted that some of the allegedly infringing products had been manufactured by a company in the United States and that the grounds for infringement did not include manufacture of those products, thus excluding such information from the order. Secondly, other products were manufactured by a Polish company in Poland, and the court noted that manufacture abroad would likely not constitute infringement of the Swedish patent. Finally, the court limited the relevant time-period for which information was to be provided to coincide with the grounds for alleged infringement, thus excluding products prior to that period.

Moving on to the request for production of documents, the court noted that the documents were likely to include trade secrets, and that the legal requirement was thus that of extraordinary grounds for production thereof.

While the court noted that there is no formal exception to granting an information order and an order of production of documents merely because the same information would be concerned by both orders, it also referred to the fact that the request for a document production order must be assessed in light of what stage the proceedings are in. Courts should be very restrictive in ordering the production of documents containing trade secrets, and the court noted that parties must generally be assumed to adhere to an information order by providing complete and truthful information as ordered.

In light of this, and the fact that the relevant information sought would in any event be provided for by the information order, the court denied the request for production of documents. It referred to the fact that at that stage of the proceedings, it was impossible to decide if the necessary requirement of the documents

having relevance as evidence in the proceedings would be fulfilled, since the information order could potentially be expected to lead to the information becoming common ground by the parties. Consequently, the request for production of documents was denied.

The parties were considered to be alternately successful and unsuccessful on appeal, with neither party being ordered to reimburse the other party's litigation costs on appeal.

Comment

This decision highlights the need to carefully consider if and when to submit procedural requests for information on the scale of an infringement. Where there is no particular reason to doubt that a party so ordered will truthfully provide information on the scope of the infringement, there may be no reason to also request copies of actual documents including such information by means of a document production order.

Requests for production of documents which include trade secrets, further, often lead to lengthy exchanges of submissions, which often delays the proceedings. As illustrated by this case, such requests may also lead to an infringed party having to cover its own litigation costs for the request, or even to reimburse the other party's costs.

It appears clear from the decision that the court thought the request for a document production order to be premature in light of what could be expected to result from the information order request. While this seems like a correct outcome, the downside of the decision, from a claimant's perspective, is that a two-step approach for obtaining information is liable to take considerably more time than the approach of asking for both orders at the same time. In proceedings where the defendant fails to provide adequate or correct and truthful information and the claimant thus has a real

need to review the underlying documents, this decision may negatively influence the time to a final judgment.

Infringement by equivalent means (Patent and Market Court PMT 2097-15 and 6191-17)

Introduction

The present judgment resolves the Swedish leg of the pemetrexed patent litigation. The court found infringement under the equivalence doctrine regardless of limitations made during the prosecution phase. The judgment, albeit made by the first instance court, appears to signal an increased willingness by the Swedish courts to consider equivalence arguments.

Background

The patent at issue claimed an invention involving the use of pemetrexed disodium in combination with vitamin B12, or certain pharmaceutical derivatives thereof, for cancer treatment. In an amendment made during prosecution, the patentee sought to claim the use of pemetrexed for use in combination with vitamin B12. The claim was subsequently limited to pemetrexed disodium in light of observations from the examiner. The patent was granted accordingly. A generics manufacturer brought proceedings for a declaration of non-infringement for the use of pemetrexed together with vitamin B12. After the generics manufacturer had received market approval for its treatment the patentee counter-sued for infringement. The case turned on whether the scope of protection extended to other forms of pemetrexed than the disodium salt form.

Decision

The court summarised the law on the scope of patent protection in Sweden with reference to Article 69 of the European Patent Con-

vention (“EPC”) together with the protocol thereto and explained that the rules on patent construction laid down in the EPC and its protocol should be considered in infringement cases in Sweden.

The court proceeded to explain the Swedish law on equivalence with reference to a 2016 judgment from the Patent and Market Court of Appeal, citing four cumulative criteria that speak for infringement by equivalence. The court opined that notwithstanding whether these four criteria were met, the facts of a particular case could still speak against equivalence. The court listed the nature of the invention and particularly its distance from the prior art, intentional limitations made during prosecution in light of prior art to achieve novelty and inventive step and the description citing the feature in question as especially preferred for the invention as examples of circumstances which could exclude infringement by equivalent means. The court added that the fact that the invention is simple does not necessarily exclude equivalence.

Turning to the facts of the case, the court held that there was no infringement in respect of the literal meaning of the claim, which was limited to pemetrexed disodium – a chemical compound distinct from the pemetrexed used by the generic. The court then proceeded to the equivalence issue and found that the inventive idea of the patent was fully engaged in the generic product, that it achieved the same technical result as the invention according to the patent, that the difference in the form of the active substance was close at hand for a person skilled in the art and that the generic solved the technical problem in an equivalent manner.

The court then examined whether the intentional limitation of the claim to pemetrexed disodium during prosecution excluded

infringement by equivalent means. The court observed that the limitation to the disodium form was not made to overcome any novelty or inventive step hurdle but rather in light of objections relative to added matter.

The court reiterated that pemetrexed in its various forms was not the means for the solution of the technical problem and that a person skilled in the art reads the patent mindful of the prosecution file and is aware of the fact that it is the anion which is responsible both for the intended effect as well as the toxic side effects would find that the invention pertains to the solution of the toxicity problem regardless of whether this arise from treatment with the disodium salt or any other form of pemetrexed. The court accordingly concluded that the limitation made during the prosecution phase did not exclude infringement by equivalent means. The court also held that the nature of the invention and the extent of its contribution to the art did not exclude equivalence. The court thus held that the generic infringed the patent.

Comment

Since a landmark appellate ruling some 30 years ago, Swedish courts have been restrictive in their application of the equivalence doctrine. While this approach is motivated in most cases, so as to afford certainty to third parties, there must be exceptions. The present judgment appears to signal an endeavour to strike a balance between the interest of achieving certainty for third parties and giving the inventor a reasonable protection in light of her or his contribution to the art. Regrettably, the Patent and Market Court of Appeal never got an opportunity to rule on the issue so it remains to see whether we are seeing a more liberal, post EPC 2000, approach to equivalence.

Infringement of method patents and burden of proof (Patent and Market Court PMT 1387-16)

Introduction

The burden of proof for infringement becomes important in the context of method patents where the patentee normally has difficulties in obtaining information on the method used and often has to resort to more or less precise analyses of the product.

Background

The case concerned manufacturing of heat exchangers where the patent covered a certain aspect of the manufacturing process where a specific percentage of the heat transfer area should be covered with the soldering material prior to the actual soldering together of the corrugated plates, which made up the final product.

In deciding the matter, the Patent and Market Court took a closer look at the burden of proof for infringement in the context of method patents.

Decision

The court gave an historical expose over the regulation of the burden of proof in respect of method patents starting with the special provision on a reversed burden of proof for method patents covering the manufacture of new substances. This provision was introduced in 1944 as a sort of compensation for the then existing prohibition against product patents on chemical compounds, pharmaceuticals and food. However, said provision was later abolished in connection with the implementation of the new Patents Act in 1967 and even if the issue of a reintroduction was discussed in connection with later amendments of the Patents Act this had not happened. In the discussions on a possible reintroduction it was referred to the

principle of free evaluation of evidence applied under the Code of Judicial Procedure and that the court, based on this principle, could draw negative inferences from the fact that the defendant refused to provide details on how the allegedly infringed product had been manufactured.

However, as the court noted the courts have in practice been cautious in allowing such negative inferences to entirely decide the outcome of a case, appreciating that a defendant often has valid reasons not to divulge trade secrets pertaining to its manufacturing methods. Instead a lower threshold has been applied for the claimant's burden of proof so that it only must make it probable that the patented method has been used in the manufacturing of the allegedly infringing product. This is also in line with the principle of letting the party who has reason and the best possibility to secure relevant evidence (in this context the method used to manufacture the relevant product) bear the burden of proof.

Eventually the court stated its approach in the case to be that it is firstly on the claimant to make it probable that the allegedly infringing product has been manufactured with the patented method and if this is successful it is on the defendant to make it probable that the patented method has not been used. The court noted that this approach should be in line with Article 34 of the TRIPS Agreement and Article 55 the UPC Agreement.

Comment

The case provides an ambitious overview over the legislators and the courts' handling of the burden of proof in respect of method patents and a clear message on the principles now applied. Of special interest is that the court sees reason to refer to the provisions of the UPC Agreement on this point.

Trademark law

General introduction

Following the changes in European trademark law in 2017, the Swedish government has presented its bill to implement the changes to the Swedish Trademark Act. Among the most notable news is the removal of the graphical representation requirement, which will open the possibility to register audio-visual or non-visual signs. As commented on in the article on the "Salt bae case", such EU registrations have already started to pop up.

Moreover, rightsholders applaud the possibility to act towards counterfeit goods also under the transit procedure. This change is a welcomed step in the fight towards counterfeit goods which previously suffered from this loophole. Further, the bill also includes the addition of a use requirement to enforce trademarks in infringement or revocation proceedings. This change will open for a new defense strategy for defendants as the burden of proof for usage lies with the rightsholder.

The trademark case law in 2018 included several cases dealing with the seemingly bottomless depth of parallel import issues, both before the CJEU as well as in the Swedish IP courts. We are content to note a general rightsholder friendly trend in those judgments.



Scope of protection of geographical indications (CJEU C-44/17)

Introduction

Geographical indications are descriptive names for products of a specific geographical origin – in this case “Scotch Whisky”. Geographical indications thus identify that a product originates from that region and imply that the product has a given quality, reputation or other characteristics which are essentially attributable to its geographical origin.

The question discussed in this case was whether and to what extent such protection could be relied upon to prevent use of a trademark – Glen Buchenbach – which does not itself include any part of the protected geographical indication, but could nevertheless make consumers think of the geographical indication.

Background

A German whisky producer marketed a whisky called “Glen Buchenbach”, which originated from Berglen, situated in the Buchenbach valley in Germany. The Scotch Whisky Association argued infringement of the “Scotch Whisky” geographical indication, claiming that use of the word “glen”, which in Scotland is a word commonly used instead of “valley”, would evoke in the relevant consumers an association with Scotland and Scotch Whisky. It further argued that “glen” is often used as an element of trademarks for Scotch Whisky products.

The court decided to request a preliminary ruling from the CJEU on the interpretation of Article 16(a) to (c) of Regulation No 110/2008, which relates to geographical indications for spirit drinks.

Decision

The CJEU had three main questions to decide.

The first was whether the use of “Glen” could be considered to constitute direct or indirect commercial use of “Scotch Whisky”, and thus be forbidden under Article 16(a). According to the CJEU, it did not. There was clearly no direct use of the geographical indication, but the CJEU also found that for indirect commercial use under Article 16(a) to be at hand, “it is not sufficient that that element is liable to evoke in the relevant public some kind of association with the indication concerned or the geographical area relating thereto”, as such protection may be conferred under Article 16(b) and (c).

The CJEU thus moved on to the second question, namely the alleged risk of “evocation” of the geographical indication under Article 16(b). Here the CJEU reminded the referring court that “evocation” may be at hand “even if the true origin of the product is indicated or the geographical indication is used in translation or accompanied by an expression such as ‘like’, ‘type’, ‘style’, ‘made’, ‘flavour’ or any other similar term”.

It further confirmed that it is not necessary to even partially incorporate the geographical indication to risk the application of Article 16(b). While such incorporation would be a relevant factor, it was up to the referring court to decide whether the average consumer, when confronted with “Glen” would think directly of the protected geographical indication, namely “Scotch Whisky”, in which case infringement would be at hand. Although “conceptual proximity” of the terms used could suffice, protection under Article 16(b), however, would not include just any evocation in the relevant public of some kind of association with the protected geographical indica-

tion or the geographical area relating thereto. Such a finding would, according to the CJEU, risk extending the scope of the regulation outside of what was intended.

The determining factor should instead be whether or not the image triggered by seeing the disputed designation directly in the mind of the consumer is that of the product whose geographical indication is protected. In that regard, the CJEU dismissed the arguments submitted by the defendant, that “Glen Buchenbach” was a play of words relating to the origin of that product, originating from “Berglen” in Buchenbach. It was not considered a viable excuse that the potentially infringing name had its own geographical associations, since a registered geographical indication protects against any evocation of said indication.

The third and final question considered was whether under Article 16(c), account should be taken of the context in which the use was made. Article 16 prohibits “any other false or misleading indication as to the provenance, origin, nature or essential qualities on the description, presentation or labelling of the product, liable to convey a false impression as to its origin”. The “Glen Buchenbach” products specified the German origin of the product, so the issue at hand was whether that fact should influence the outcome. The CJEU held that it should not: “If a false or misleading indication could nonetheless be permitted because it is accompanied by additional information relating, in particular, to the true origin of the product concerned, that provision would be deprived of practical effect.”

Comment

This ruling clarifies the scope of protection for geographical indications, providing for what is potentially a very broad scope of protection.

That you cannot use parts of a geographical indication or state that a product is of the same type as a protected indication has been clear from previous case law, but this ruling puts additional constraints on producers on markets with competing products protected as geographical indications. Where the geographical connection to the product is particularly strong, such as may be the case of Scotland with whisky, producers should be careful when associating their product to words and other factors which are associated with the region in question, in particular until further guidance from case law on the extent of the necessary connection has become available.

It is further interesting to consider this outcome in relation to the protection of trademarks. Where such protection could generally be assumed to require at least some similarity with the protected mark itself, the same does not apply for geographical indications.

It appears likely that this ruling will lead to further disputes over products which evoke the goodwill associated with famous geographical indications.

The concept of relabeling (CJEU C-642/16)

Introduction

In this case, the CJEU was asked whether the criteria in its case law on relabeling of parallel imported pharmaceuticals and the rights-holder’s right to oppose such measures, apply without restriction to medical devices. While the CJEU elaborated on the concept of repackaging of parallel imported goods, it did not answer the question as the circumstances were considered to substantially differ from the ones at hand in its established case law on pharmaceuticals. Nonetheless, the judgment provides important clarity to the industry

of parallel imports as it sheds light on under what circumstances relabeling is at hand in the first place.

Background

In 2012, an Austrian trader conducted parallel import of plasters and similar sanitary materials to Germany. On the parallel imported products, the importer's trademark had been applied neatly to an unprinted part of the original packaging where it did not cover the manufacturer's trademark.

As the importer had not given prior notice to the manufacturer along with a sample of the modified packaging, the manufacturer claimed that the conditions for exhaustion of the rights conferred by its trademark had not been fulfilled and lodged a trademark infringement suit against the importer. The German first and second instance courts found with the manufacturer but upon additional appeal, the German Federal Court of Justice stayed the proceedings and referred the following question to the CJEU;

Must Article 13(2) of Regulation [...] No 207/2009 be interpreted as meaning that the proprietor of the mark can oppose further commercialisation of a medical device imported from another Member State in its original internal and external packaging, to which the importer has affixed an additional external label, unless

- » *it is established that reliance on trademark rights by the proprietor in order to oppose the marketing of the overstickered product under that trademark would contribute to an artificial partitioning of the market between Member States;*
- » *it is shown that the new labelling cannot adversely affect the original condition of the product inside the packaging;*
- » *the packaging states clearly who overstickered the product and the name of the manufacturer;*

- » *the presentation of the overstickered product is not such as to be liable to damage the reputation of the trademark and of its proprietor; thus, the label must not be defective, of poor quality, or untidy; and*
- » *the importer gives notice to the trademark proprietor before the overstickered product is placed on the market, and, on demand, provides him with a specimen of that product?'*

Decision

As the question referred essentially addressed whether the five conditions that had been established in relation to pharmaceuticals in *Bristol-Myers Squibb* (C-427/93, C-429/93 and C-436/93) and *Boehringer Ingelheim* (C-348/04) also apply to medical devices, the CJEU firstly recalled these principles and their objectives.

Further, when addressing the case at hand, the court emphasized that even though the concept of repackaging includes relabeling of products bearing a mark, the circumstances in the present case differed from those in the *Boehringer* case. In the *Boehringer* case, the importer did not only affix an additional external label to the packaging or its repackaging, but also opened the original packaging to insert an information leaflet in a different language than the original. In the present case the packaging had not been modified and the original presentation of the packaging had not been affected other than by the attachment of the small label which did not conceal the mark and merely designated the parallel importer as responsible for placing it on the market.

Considering these differences, the CJEU held that the measures taken by the importer did not constitute a repackaging within the meaning of the *Boehringer* cases. Consequently, the court held that the relabeling made by the importer did not affect the guarantee of origin of the product and thus constitutes an exhaustion of rights of the trademark.

Comment

While the CJEU's reasoning is somewhat unsatisfactory as it does not address the core of the referred question, the judgment provides welcomed clarity on the relabeling of parallel imported goods. The CJEU's holding is not rightsholder friendly as it sets out that under the circumstances in the present case, a parallel importer may circumvent the criteria for justified import of relabeled parallel imported goods established in the Boehringer case.

In sum, such circumstances can be considered at hand when

- (i) the additional label is affixed to an unprinted part of the packaging;
- (ii) the packaging has not been opened; and
- (iii) the label is small and solely sets out information such as the name, address and telephone number of the parallel importer, a barcode and a central pharmacological number which serves to organize the movement of the products with pharmacies.

Parallel import of rebranded goods from outside the EEA (CJEU C-129/17)

Introduction

The CJEU has addressed the important question of whether a trademark holder can oppose removal of his trademark on goods that that have been imported from a third state to the EEA, where these goods have also been affixed with another trademark. The court held that such arrangements would undermine the essential function of the trademark and that rightsholders are therefore entitled to prohibit them. The judgment thus clogs yet another loophole for parallel importers to circumvent the rightsholder's exclusive right.

Background

In 2009, two Belgian companies jointly adopted a business model to import forklift trucks from a Japanese manufacturer to the EEA, where the trucks initially were placed in a customs warehousing procedure. Measures were then carried out to make the trucks compliant with EU standards. Moreover, and before launching the goods in the EEA, all the manufacturer's trademarks were removed and replaced by the importer's own trademarks.

The manufacturer brought a trademark infringement suit against the importers, claiming that the replacement of the signs was an infringement of its right as a proprietor of the marks to control the first placing on the market in the EEA, as well as the functions of investment and advertising. The defendants disputed the claim by submitting that they should be regarded as the manufacturers since they had modified the trucks, and therefore were entitled to affix their own marks. The court of first instance rejected the suit whereupon the case was appealed to the Court of Appeal in Brussels which stayed the proceedings and referred the following questions to the CJEU.

(1) (a) Do Article 5 of Directive 2008/95 and Article 9 of Council Regulation No 207/2009 cover the right of the trade mark proprietor to oppose the removal, by a third party, without the consent of the trademark proprietor, of all signs identical to the trademarks which had been applied to the goods (debranding), in the case where the goods concerned have never previously been traded within the EEA, such as goods placed in a customs warehouse, and where the removal by the third party occurs with a view to importing or placing those goods on the market within the EEA?

(b) Does it make any difference to the answer to question (a) above whether the importation of those goods or their placing on the market within the EEA occurs under its own distinctive sign applied by the third party (rebranding)?

(2) Does it make any difference to the answer to the first question whether the goods thus imported or placed on the market are, on the basis of their outward appearance or model, still identified by the relevant average consumer as originating from the trade-mark proprietor?

Decision

The CJEU recalled that the exclusive rights of a proprietor to market goods under its trademark within the EEA are not exhausted when such goods are marketed outside the EEA. Thus, the rights-holder holds the control of the first placing of the goods bearing its mark on the market in the EEA. The court further stated that even though this case did not concern import of goods with the proprietor's trademark, the procedure would imply a circumvention of the proprietor's right to control the first release of the goods within the EEA. Hence, such import would undermine the essential function of the trademark, namely to guarantee the origin of the product.

Further, the CJEU stated that launch of the trademark proprietor's goods in the EEA before the proprietor has made such launch substantially impedes on the proprietor's possibility to acquire an attractive reputation related to the goods. In addition, such actions also deprive the trademark holder of the economic advantage of being the first to put the goods on the market. Hence, both the investment and the advertising function would be adversely affected of such an order.

Consequently, the CJEU concluded that the proprietor of a trademark has the right to prohibit parallel import of goods such as the ones at hand in this case.

Comment

The precedent in this case is clearly beneficial for rightsholders, and reasonable as it prohibits a circumvention of trademark holders' right to control the first launch of their products on the market.

The judgment is important since an opposite outcome could have led to devastating consequences for rightsholders as it would have opened for a floodgate of import of goods from outside the EEA. From a legalistic perspective it would have been interesting if the CJEU would have addressed the defendants' argument that they should be considered as manufacturers due to their modifications of the products. As the CJEU did not even bother commenting on this, one can only conclude that the room for such, if any, is likely to be narrow and demand far more extensive modifications than the ones in this case.

Conditions for justifiable use of a PDO as a product name (CJEU C-393/16)

Introduction

In this judgment, the CJEU provides a breakdown of the conditions under which the use of a protected designation of origin ("PDO") as part of a product name should be considered permitted. The court held that there are circumstances where such product names could be accepted, but consideration must be had to whether the ingredient protected by the PDO provides an essential characteristic to the product. While determining this, the aroma or the taste of that ingredient will be of decisive importance.

Background

In 2012, a German distributor of foodstuffs launched an ice cream which contained twelve percent champagne under the name "Champagner Sorbet". The product caused a reaction from an association of champagne producers, the CIVC, which brought proceedings claiming that their PDO "Champagne" had been infringed. The national court referred the case to the CJEU, asking whether Article 118m(2)(a)(ii) of Regulation 1234/2007 and Article 103(2)(a)(ii)

of Regulation 1308/2013 are applicable when a PDO is incorporated as part of the name of a product which does not, seen as a whole, correspond to the product specifications but to which an ingredient has been added which does correspond to the product specifications. Further, the referring court asked for clarity on under which circumstances the incorporation of a PDO in a product name, such as ‘Champagner Sorbet’, constitutes an undue exploitation of the reputation of the PDO.

Decision

With reference to the preamble to Regulation 1234/2007, the CJEU concluded that the scope of protection for a PDO should be interpreted as particularly broad to safeguard the interest of holders of PDOs; to prohibit unauthorized use aimed to take advantage of its reputation. Moreover, the court referred to its decision in *Bureau national interprofessionnel du Cognac* (C-4/10 and C-27/10) where it held that use of a mark containing a protected geographical indication (“PGI”), or a term corresponding to that indication, constitutes a direct commercial use of that PGI. Considering this and the objective of a broad scope of protection, the CJEU held that the relevant provisions cover situations where a PDO is used as part of the name of a foodstuff which does not correspond to the product specifications for the PDO but contains an ingredient which correspond to those specifications.

As regards the question of undue exploitation of reputation, the CJEU stated that the use of the name ‘Champagner Sorbet’ to refer to a sorbet containing champagne is likely to extend the luxurious and prestigious reputation of the PDO to the product. However, it must also be considered whether such use constitutes an unfair use of the advantage of the PDO. For guidance on this, the court made reference to the guidelines cited in the applicable regula-

tions which set out three conditions for using a PDO as part of a product name;

- (i) that the foodstuff should not contain any other comparable ingredient,
- (ii) that the ingredient should be in sufficient quantities to confer an essential characteristic to the product, and
- (iii) that the percentage should be indicated near the trade name or in the list of ingredients.

As to the question of whether an essential characteristic is at hand, it must be established if the product has an essential aroma or taste imparted by the ingredient protected by the PDO. Thus, if the taste of the foodstuff is more attributable to the other ingredients, the use of the PDO should be considered unfair.

Comment

The CJEU’s holding in this case is a welcome confirmation for holders of PDOs that their rights should be given a relatively wide scope of protection. The establishment of the taste-requisite provides for an interesting evidentiary addition to the assessment of undue exploitation. As the taste of a product is a highly subjective element which will be challenging to convey to the court through usual presentation of evidence, expert witnesses will likely be of decisive importance. It will be interesting to follow how this precedent will be applied by the national courts.

Trademark infringement by individuals (Patent and Market Court of Appeal PMT 6325-16)

Introduction

In this case, the Patent and Market Court of Appeal clarifies the assessment of trademark infringement under the Trademark Act

when the infringement is constituted by the import of goods by an individual.

Background

In 2014, Swedish Customs impounded a package containing seven watches bearing trademarks identical to those belonging to a well-known watch manufacturer. The package was addressed to an individual who claimed that the package had been sent to him without his approval.

The trademark proprietor requested the district court to put the addressee of the package under an obligation to pay damages based on unauthorized trademark use. The proprietor also requested a prohibition under penalty of a fine against the recipient of the watches, covering – among others – the import, sale and marketing of goods bearing its trademarks.

The district court approved the requests made by the proprietor. However, the decision was subsequently appealed to the Patent and Market Court of Appeal by the recipient of the package containing the watches.

Decision

The Patent and Market Court of Appeal considered whether the recipient of the package had committed trademark infringement under the Trademark Act by importing watches in violation of the proprietor's exclusive rights.

The court initially established that the commitment of receiving the package, made by the addressee, had been an essential part of the import, therefore by itself constituting import of goods within the scope of the Trademark Act. Furthermore, the court considered the

circumstance that the import of the watches had been made on behalf of a business operation run by an individual other than the importer to be irrelevant in the present situation.

As the court established that the use of the trademarks had damaged its function of indicating origin and that the import had occurred without the approval of the proprietor, the court found that it constituted trademark infringement.

Comment

By its decision the court takes a rather rightsholder friendly stand. The reasoning regarding the extent of actions that may be enough to constitute a trademark infringement is of particular interest, as this decision sets the threshold comparatively low. It remains yet to be seen how this judgment affects future proceedings concerning trademark infringement committed by individuals.

Welcomed decision could ease the burden of proof of acquired distinctiveness through use (CJEU C-84/17 P, C-85/17 P and C-95-17 P)

Introduction

This ruling sets down a significant explanation of the requirements concerning the geographical scope of evidence of acquired distinctiveness needed for an EUTM which has been held inherently non-distinctive throughout the EU.

Even though the ruling confirms the decision of the General Court that evidence must be shown for the whole EU, and not just a substantial part or a majority of the member states, the CJEU ruling makes clear that evidence need not be submitted in respect of

each individual member state. It is sufficient if it can be concluded, through interpretation of the evidence submitted, that the trademark is perceived as having acquired distinctiveness in all member states.

Background

In 2002 the shape of the four-finger KitKat bar was registered as an EUTM by Nestlé. Cadbury (later Mondelez) filed a request for declaration of invalidity against the registration in 2007 claiming that the trademark was devoid of any distinctive character in relation to the goods for which it had been registered (e.g. “sweets”).

The Cancellation Division of the EUIPO upheld the application and declared the registration invalid. Under appeal Nestlé won and the Board of Appeal held that the trademark, which was found to be inherently devoid of distinctive character, had acquired distinctiveness through use. The General Court thereafter, under appeal of the applicant, found that the evidence of use filed showed that the trademark had acquired distinctiveness in some, but not all member states and that the Board of Appeal had incorrectly found that the trademark had acquired distinctive character throughout the EU without adjudicating on the distinctive character in the member states for which only limited or no evidence of use had been filed.

Decision

In the decision the CJEU initially confirms the unitary character of an EUTM, that it is to have equal effect amongst all member states, and that, therefore, a trademark, in order to be registrable, must have distinctive character throughout the whole EU and not just a substantial part or a majority of the member states.

The CJEU further concludes that if a trademark is considered devoid of distinctive character across all member states, then evidence

of acquired distinctiveness need to show that distinctiveness has been acquired through use throughout the whole EU. However, importantly, the CJEU states that it would be unreasonable if the holder of the EUTM would need to prove such acquisition of distinctive character in each individual member state. A distinction must be done between the fact to be proven, acquired distinctiveness through use of a trademark that had been found inherently devoid of distinctive character, and the means of proving this. The CJEU, referring to the Advocate General’s opinion, concludes that under certain circumstance evidence of use could be found sufficient even if evidence of acquired distinctiveness through use has not been shown for all individual member states. This is so for instance when several member states have been grouped together by the economic operators of a certain market i.e. in the same distribution network for marketing purposes or otherwise. Also, when member states could be linked together through geographical, cultural or linguistic proximity, the relevant public in a first member state could be seen as having sufficient knowledge also of goods and services of another national market within a second member state.

In the ruling at hand the CJEU found that the General Court was right in its findings and the case was referred back to the Board of Appeal to evaluate if the evidence provided meets the test set forth by the CJEU as regards evaluation of when evidence from one or several member states could be considered as sufficient also to prove acquired distinctiveness in member states for which limited or no evidence have been filed.

Comment

The ruling opens up for an ease of the burden of proof of acquired distinctiveness needed for trademarks which have been considered devoid of any distinctive character throughout the EU. The ruling

confirms that the evidence of acquired distinctiveness, under certain circumstances, need not cover each individual member state. Since the collection of evidence of acquired distinctiveness often require a lot of efforts of the trademark holder, including extensive costs for collection of evidence and carrying out market surveys, the possibility of being able to use evidence of use from certain groups of member states, sufficiently linked together, will be an important tool in an efficient and cost-effective procedure of defending against invalidation actions and in registration proceedings where the EUIPO rejects the application based upon lack of distinctive character.

What remains is to see what evidence of proximity between different member states or groups of member states will be considered sufficient in order for the trademark holders to be able to rely on evidence of acquired distinctiveness in one or several member states also for other member states for which no or limited evidence of use have been filed. Since this is something that will now be evaluated by the Board of Appeal in the continued handling of the KitKat case we will hopefully soon get further guidance in this respect.

Right to register a name as an EUTM (CJEU C-85/16 P and C-86/16 P)

Introduction

In this awaited judgement, the CJEU brings clarity to the right to register one's surname or forename as a trademark. The CJEU states that while Regulation No 207/2009 ("EUTMR") does not permit a holder of a trademark to prevent another party from using his or her own name in business, that same does not provide individuals with an unconditional right to register their names as an EUTM.

Background

On 21 January 2008 Kenzo Tsujimoto filed an application for international registration designating the EU. Registration was sought for the trademark KENZO ESTATE for alcoholic beverages in class 33.

Kenzo SA filed a notice of opposition against KENZO ESTATE based on the earlier EUTM KENZO for goods in classes 3, 18 and 25. The Opposition Division rejected the opposition, which Kenzo challenged before the Board of Appeal.

The Board of Appeal upheld Kenzo's challenge in its entirety. It considered that the three cumulative conditions in Article 8(5) EUTMR (now Article 8(5) of Regulation No 2017/1001) were met: (i) the marks at issue were highly similar for a non-negligible part of the relevant public; (ii) contrary to the view of the Opposition Division, the earlier trademark had established a reputation; and (iii) the trademark for which registration was sought would ride on the coat-tails of the earlier trademark. The Board of Appeal concluded that there was a risk that the trademark which Tsujimoto sought to register would take unfair advantage of the reputation of the earlier trademark KENZO.

Tsujimoto lodged an appeal against that decision with the General Court, which dismissed the action in its entirety.

Tsujimoto had also filed an application for international registration, designating the EU, for the trademark KENZO ESTATE for other goods and services in classes 29, 30, 31, 35, 41 and 43.

Kenzo, once again, filed a notice of opposition against KENZO ESTATE based on the same earlier trademark KENZO for goods in, classes 3, 18 and 25. Again, the Opposition Division rejected

Kenzo's opposition and Kenzo challenged that decision before the Board of Appeal. The Board of Appeal upheld Kenzo's challenge in part and found, with regard to the goods in classes 29 to 31 (covered by the registration applied for by Tsujimoto), that the goods were not regarded as luxury goods and that they were not invariably associated with the world of glamour or fashion. It took the view that they were common, mass-consumed foodstuffs that could be bought in any corner shop and that they had only a peripheral relation with Kenzo's goods. The Board of Appeal therefore rejected the opposition in respect of those goods. However, it upheld the opposition in relation to services and goods in classes 35, 41 and 43.

Tsujimoto lodged an appeal against that decision with the General Court, which dismissed the action in its entirety.

Tsujimoto asked the CJEU to set aside both judgments from the General Court.

Decision

Tsujimoto alleged that the General Court failed to take sufficient account of the fact that Kenzo was his forename.

The CJEU concluded that it follows from the EUTMR that a trademark that "would take unfair advantage of, or be detrimental to, the distinctive character or the repute of [an] earlier trademark" without justification is not eligible for registration. Furthermore, the court held that the EUTMR does not confer any unconditional right to register a name or a forename as an EUTM. The CJEU stated that the use of the appellant's forename, that is, Kenzo, in the composition of the mark KENZO ESTATE was not sufficient to constitute due cause for the use of that trademark within the meaning of Article 8(5) EUTMR.

The CJEU found that the mere fact that the term "kenzo", which is a component of the mark KENZO ESTATE, corresponds to the appellant's forename is irrelevant in the assessment of whether the use of that term constitutes due cause within the meaning of Article 8(5) EUTMR since the weighing of the different interests involved cannot undermine the essential function of the earlier trademark, which is to guarantee the origin of the product.

The CJEU therefore dismissed both of the appeals in their entirety.

Comment

The CJEU emphasizes that the EUTMR does not confer any unconditional right to register a name or a forename as an EUTM and that Article 8(5) CTMR must be considered in its entirety with regard to the general objective of the CTMR. This objective is to create a balance between the interests of the proprietor of a trademark and the interests of a third party using, in the course of trade, such a trademark. Consequently, the use of one's name or forename, where it is also an element of an earlier trademark, will not be capable of constituting due cause for use.

A trademark consisting of a colour applied to the sole of a shoe is not covered by the prohibition of the registration of shapes (CJEU C-163/16)

Introduction

The CJEU brings clarity to the prohibition of the registration of shapes set out in Article 3(1)(e)(iii) of Directive 2008/95/EC (the "Trademark Directive"). A trademark consisting of a colour applied

to the sole of a shoe is not covered by the prohibition of the registration of shapes as such trademark does not consist “exclusively of the shape” within the meaning of the Trademark Directive.

Background

On 28 December 2009 Christian Louboutin filed an application for registration of the figurative Benelux trademark shown below for footwear (other than orthopaedic footwear) in class 25.



Benelux trademark application

In the application, the trademark was described as “[t]he trademark consists of the colour red (Pantone 18-1663TP) applied to the sole of a shoe as shown (the contour of the shoe is not part of the trademark but is intended to show the positioning of the trademark)”.

During 2012, a Dutch shoe outlet retailer, sold high-heeled women’s shoes with red soles. Christian Louboutin initiated proceedings before a Dutch district court, claiming that the retailer had infringed the trademark at issue.

The Trademark Directive sets out a number of grounds on which registration of a trademark may be refused or declared invalid, particularly in relation to trademarks that consist exclusively of a shape that gives substantial value to the goods. The court considered that the trademark at issue was inextricably linked to a shoe sole and it raised the question as to whether the concept of “shape”,

within the meaning of the Trademark Directive is limited solely to three-dimensional properties of a product, such as its contours, measurements and volume, or whether that concept also covers other characteristics, such as colours.

Decision

The CJEU took the view that since the Trademark Directive provides no definition of the concept of “shape”, the meaning of that concept must be determined by considering its usual meaning in everyday language. The CJEU pointed out that it does not follow from the usual meaning of that concept that a colour per se, without an outline, may constitute a “shape”.

Furthermore, while it is true that the shape of the product or of a part of the product plays a role in creating an outline for the colour, it cannot, however, be held that a trademark consists of that shape in a case where the registration of the trademark did not seek to protect that shape but solely sought to protect the application of a colour to a specific part of that product.

Moreover, the CJEU stated that the trademark at issue does not relate to a specific shape of sole for high-heeled shoes since the description of that trademark explicitly states that the contour of the shoes does not form part of the trademark and is intended to show the positioning of the red colour covered by the registration.

The CJEU also held that a trademark, such as that at issue, cannot, in any event, be regarded as consisting “exclusively” of a shape, where the main element of that trademark is a specific colour designated by an internationally recognized identification code.

Comment

This decision clarifies that arguments under Article 3(1)(e)(iii) of the Trademark Directive, relating to trademarks consisting exclusively of a shape, can no longer be used within the EU to claim invalidity of the red Louboutin sole.

However, it must be noted that Directive 2008/95/EC has been replaced by Directive (EU) No. 2015/2436 of 16 December 2015, in which Article 4(1)(e)(iii), which corresponds to the previous Article 3(1)(e)(iii), is worded differently and prohibits signs “which consist exclusively of the shape, or another characteristic, which gives substantial value to the goods”.

The question therefore remains: shall a color be considered as “another characteristic,” and, if so, will the Christian Louboutin red sole be found to give substantial value to the high-heeled shoes?

Similarity between the goods alcoholic drinks and energy drinks (CJEU T-150/17)

Introduction

Since alcoholic and non-alcoholic drinks have previously been considered as similar only to a low degree in case law, highly reputable drinks have gained broad protection for their trademarks. In this judgment, the CJEU clarifies that alcoholic and non-alcoholic drinks are not similar goods even though they are mixed, consumed, or marketed together – narrowing the scope of protection for such trademarks.

Background

Asolo Ltd. had filed an application for registration of the EUTM FLÜGEL (“wings” in English) for beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups

and other preparations for the preparation of drinks in class 32 and alcoholic drinks (except beers) in class 33. The EUTM was registered on 1 February 1999.

In 2011, Red Bull GmbH filed a declaration of invalidity based on the two earlier Austrian trademarks VERLEIHT FLÜGEL (“gives wings” in English) and RED BULL VERLEIHT FLÜÜÜGEL (“Red Bull gives wings”) registered for energy drinks in class 32.

The Cancellation Division held that “alcoholic essences; alcoholic extracts; alcoholic fruit extracts” should be analysed in the same way as “alcoholic drinks” covered by class 33. In light of the repute of the earlier trademark VERLEIHT FLÜGEL, the Cancellation Division considered that for reasons of procedural economy it was necessary to base its conclusions on the repute of that trademark. In light of the repute of the earlier trademark, the link that could be made in the mind of the public between the earlier trademark and the contested trademark, and the possibility that the proprietor of the contested trademark could take unfair advantage of the earlier trademark, the Cancellation Division accepted the request for a declaration of invalidity for all of the goods covered by the contested trademark.

Asolo appealed the decision to the Board of Appeal, which dismissed the appeal. The Board of Appeal held that, in the present case, the relevant public consisted of average Austrian consumers, while noting that “energy drinks” were targeted more at a young public. With regard to the goods covered by the trademarks at issue, the Board of Appeal further noted that the energy drinks covered by the earlier trademark, were in part identical and in part similar to an average degree to the goods covered by the contested trademark. The Board of Appeal considered that since “other non-alco-

holic drinks” included energy drinks, those goods were identical. The goods “beers; mineral and aerated waters; fruit drinks and fruit juices” covered by the contested trademark, all being drinks and all with the same purpose as energy drinks, namely “to quench thirst”, were in competition with energy drinks and could be purchased at the same points of sale, and should therefore be considered similar to an average degree to energy drinks. The same was considered true of “syrops and other preparations for the preparation of drinks”. With regard to alcoholic drinks the Board of Appeal considered that they had a certain connection with energy drinks since alcoholic drinks were often mixed with energy drinks and/or consumed together. The same was considered true regarding “alcoholic essences; alcoholic extracts; fruits extracts (alcoholic)”.

Asolo requested that the CJEU set aside the decision of the Board of Appeal.

Decision

The CJEU upheld the action brought by Asolo and annulled the decision of the Board of appeal.

Initially, the CJEU noted that a large number of alcoholic and non-alcoholic drinks are mixed, consumed, or marketed together, either in the same establishments or as premixed alcoholic drinks. To consider that those goods should, for that reason alone, be described as similar, when they are not intended to be consumed either under the same circumstances, or in the same state of mind, or by the same consumers, would put a large number of goods which can be described as “drinks” into one and the same category.

The CJEU also considered that the Austrian public is used to and aware of the distinction between alcoholic and non-alcoholic drinks

and that the public will make that distinction when comparing the energy drink of the earlier trademark and the alcoholic drink of the trademark applied for.

Comment

Previous case law acknowledges a low degree of similarity between alcoholic drinks and non-alcoholic drinks but in this decision, it is clear that the CJEU provides the average consumer with a slightly higher awareness than has been seen previously. The CJEU considers that the average consumer is used to and aware of the distinction between alcoholic and non-alcoholic drinks. The CJEU has thus put a barrier in the way of highly reputable drinks gaining broad protection for their trademarks.

The Swedish provisions on descriptiveness and distinctiveness interpreted in light of the Trademark Directive (Patent and Market Court of Appeal PMÖÄ 10702-16)

Introduction

This judgment confirms that the Swedish Patent and Trademark Office (“PTO”) is not bound by its own earlier decisions and it also clearly confirms current case law regarding how to show proof of acquired distinctiveness. Furthermore, it discusses thoroughly the conceptual differences between 1) a trademark being descriptive and 2) a trademark lacking distinctiveness. At the end of the day, this judgment does not develop the case law in any way, but the court’s comparative study between the local Swedish definition of “distinctiveness” and the definition of the same used by the European Union’s legislative bodies is valuable and easily digested information for Swedish practitioners.

Background

A trademark application for BARNFONDEN (which translates to "the child foundation") was filed with the Swedish PTO. The applicant had filed evidence as proof of acquired distinctiveness. The trademark application was refused by the PTO due to lack of inherent and acquired distinctiveness. The evidence filed did not show sufficient proof of acquired distinctiveness. The applicant appealed the decision referring to already registered trademarks with similar semantic architecture. The decision was overturned by the Patent and Market Court. The Swedish PTO did not give up and filed an appeal with the Patent and Market Court of Appeal, arguing that although there is a theoretical difference between the Swedish Trademark Act and Directive 2008/95/EC (the "Trademark Directive"), Swedish law shall be interpreted in light of the Trademark Directive. Hence, the PTO argued that the trademark still lacked distinctiveness and was not registrable.

Decision

The Patent and Market Court of Appeal discussed whether it is possible to interpret the wording of the Swedish Trademark Act in light of the Trademark Directive. The issue discussed was the fact that the Trademark Directive clearly distinguishes between "descriptiveness" and "lack of distinctiveness", while the Swedish Trademark Act applies another methodology and does not distinguish between the two. In the Swedish Trademark Act, the examination of distinctiveness also includes consideration of whether the trademark is descriptive or not.

This difference has been discussed in the legislative history of the Swedish Trademark Act, but has not resulted in any changes to Swedish law.

The Court touched upon earlier CJEU case law regarding descriptive marks and lack of distinctiveness and confirmed that the mere fact that the trademark may be used to describe the goods or services, shall lead to refusal of a trademark application.

The Court moved on to confirm that BARNFONDEN is a grammatically correct composition of the two words "barn" (children) and "fonden" (foundation), and that this particular composition does not in any way go beyond the mere descriptive status of the words, i.e. BARNFONDEN is not a lexical invention. Hence, the trademark was found to be descriptive.

Lastly, the court examined whether the trademark had acquired distinctiveness through use. The evidence filed included marketing campaigns, the applicant's own magazine, annual reports and letters to potential aid donors. This evidence was dismissed by the court, as it found that the documents filed did not sufficiently include:

- (i) specification of the usage of the trademark;
- (ii) information on how the applicant had invested in its trademark;
- (iii) information on the market share of the trademark; or (iv) a market survey as proof of acquired distinctiveness. Consequently, BARNFONDEN was not proved registrable.

Comment

Although the case has no real precedential effect, it clearly confirms that the authorities are not bound by its earlier decisions. Practitioners will continue to find their most efficient arguments in current statutory regulations and case law established by the higher courts.

Furthermore, from a practical point of view, this case also gives guidance in the value of substantiating evidence regarding acquired distinctiveness. You are wasting your time if you are trying to cut corners when claiming acquired distinctiveness.

Finally, for professionals who deal with in-depth trademark law, this case does highlight the theoretical differences between the Swedish Trademark Act and the Trademark Directive and whether the Swedish law is sufficiently harmonised. For avoidance of uncertainty, the above also applies with regard to the new Trademark Directive 2015/2436/EC, as the relevant articles have not been amended.

Design law

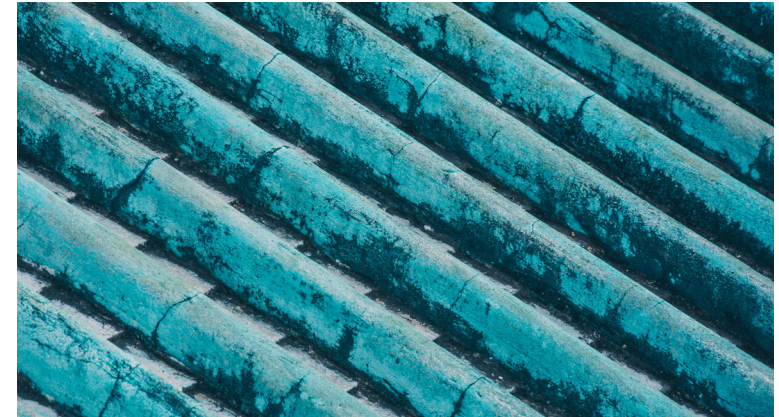
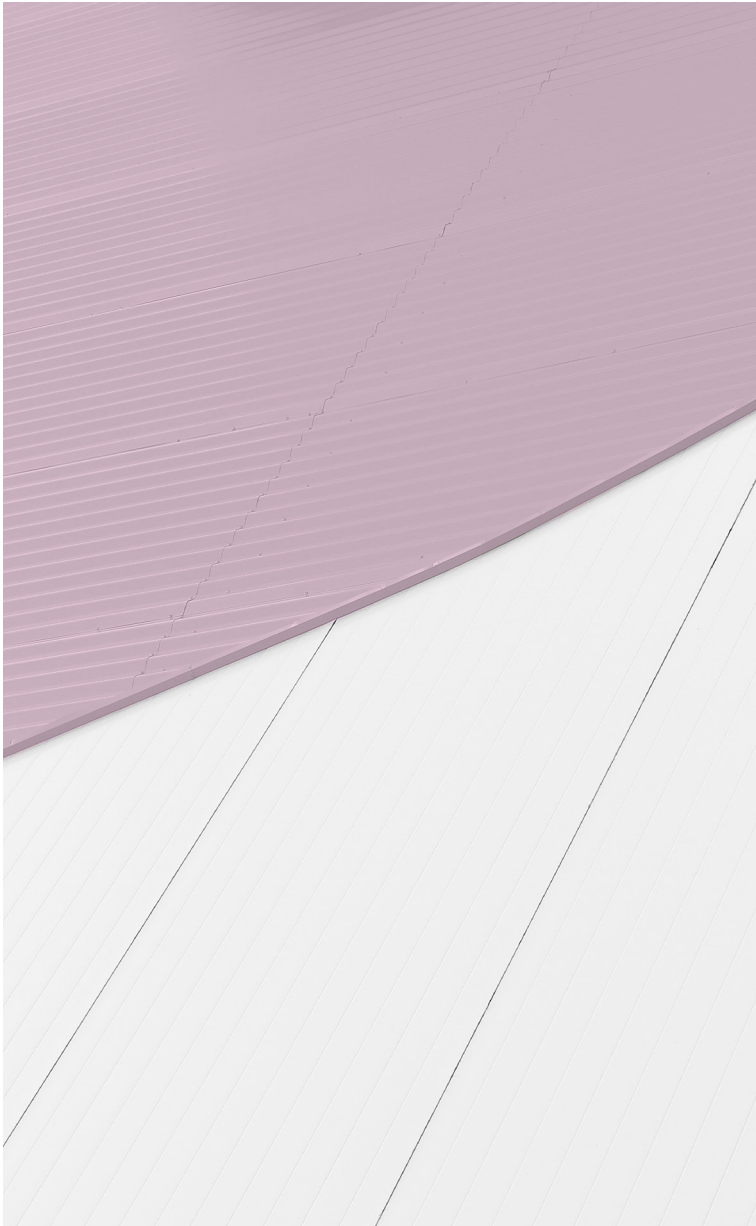
General introduction

While 2017 was a standout year for design case law, highlighted by the Nintendo cases (C-24/16 & C-25/16) and the Porsche case (C-435/16), 2018 has unfortunately not followed this trend. However, 2017's high filing intensity (with over 100,000 design applications before the EUIPO and over 1 million applications worldwide) seems to continue as the amount of design applications during 2018 remains strong, which is an indication of the commercial value of registered designs.

With regard to this year's cases, the most noteworthy is the CJEU's adjudication in the DOCERAM case (C-395/16) where it yet again addresses the seemingly inexhaustible field of issues relating to must-fit exceptions.

In addition to the cases accounted for here, two other cases are worth mentioning; namely C-2017/17P (EUIPO V Mast-Jägermeister) and T-794/16 (solen cikolata gıda sanayi ve ticaret v. Elka Zaharieva).





The former emphasises the importance of submitting clear depictions of the design for which protection is sought and that they only encompass what actually is applied for. The filed application concerned registration of two community designs regarding “beakers”. However, the depictions not only contained the beakers, but “bottles” as well. When the applicant did not comply with the request to either (i) add “bottles” in the classification and separate the application, or (ii) submit new depictions not showing the bottles, the CJEU held that the application could not be attributed a date of filing.

The latter case concerned an application for boxes containing ice cream cornets to which a competitor of the applicant filed an invalidity claim. Even though the case does not provide anything new, it should be mentioned since the General Court makes an extensive and detailed account for the assessment of the requirements for likelihood of confusion.

Newly submitted evidence and disclosure outside the EU (General Court T651/16)

Introduction

In this case the General Court provides helpful guidance on evidentiary rules as well as detailed reasoning on the effect of a prior disclosure of a design outside the EU. As regards the evidentiary issue, the court held that sharper images of previously submitted pictures were admissible as it was to be considered as the same evidence. On the question of prior disclosure, the case should be of particular interest for traders looking to file design applications in the EU, whose designs have been disclosed outside the Union. As described below, such possibility exists even though it was not at hand in this case.

Background

In 2013, a trader filed an invalidity application against an RCD for a slipper, held by an international shoe manufacturer. The RCD had been registered in late 2004 and claimed priority from a US design patent application filed earlier that year. The applicant claimed that the design lacked novelty since it had been disclosed previously by the applicant through an exhibition at a boat show in Fort Lauderdale, on the rightsholder's website, and that 10,000 pairs had been sold before the relevant date. In support of its claim, the applicant submitted evidence in the form of printouts.

The Invalidity Division dismissed the application by stating it could not be established that the earlier designs had been disclosed since the printouts were not dated and of poor quality. The applicant invoked new evidence in the form of sharper printouts and appealed to the Board of Appeal which overturned the Invalidity Division's decision. Besides concluding that the design had been previously disclosed on three separate events, the Board of Appeal also found that the new

printouts were not to be considered as new evidence but instead better versions of what had been previously submitted.

The rightsholder appealed to the General Court and argued that since the disclosure had been made in the US and only to a limited extent, the design had not become known in the normal course of business to the circles specialised in the sector in the EU. In addition, and with the objection from the rightsholder, the intervenor submitted new evidence in the form of the rejected decision to grant the US patent application.

Decision

Firstly, the General Court addressed the issue of admissibility of the newly submitted evidence before the Board of Appeal and the newly submitted decision of the USPTO. In accordance with the Board of Appeal's consideration, the court found that the printouts were to be considered as better versions of previously submitted evidence and therefore admissible. On the objections towards the newly submitted decision from the USPTO, the court noted both that the decision was made after the Board of Appeal's decision and that the document referred to facts that had been previously considered by the Board of Appeal. Hence, the late submission was deemed justified.

As regards the disclosure of the design, the court elaborated on the possibility for the relevant specialised circles to become aware of the disclosure. In this regard, consideration should be given to the composition of the specialised circles, their qualifications, customs and behaviour, the scope of their activities, their presence at events where designs are presented as well as the characteristics of the design at issue including the degree of technicality. In any event, the court held that a design cannot be deemed to be known in the normal course of business if the circles concerned could only have become aware of it by chance.

Considering the above, the court held that even if the disclosure took place outside the European Union, at least the three different disclosure events seen as a whole, the design had been exhibited, used in trade or otherwise disclosed before the relevant priority date.

Comment

The court's conclusion on the evidentiary issues in this case is of importance for all IP counsels since it clarifies the circumstances under which better versions of the same evidence can be submitted at a later stage in proceedings.

As regards the disclosure assessment, the judgment is of particular importance for traders whose main business is based outside the EU as the court addresses the possibility to register designs that have been subject to prior disclosure outside the union. As is clear from the court's reasoning, the effect of such disclosures may differ significantly depending on the relevant circles specialised in the sector and the characteristics of the design. In this regard, it would have been desirable if the court had taken the time to elaborate on these criteria and clarified in which direction these circumstances will affect a prior disclosure. As always with IP rights based on novelty, the take away lesson is to file an application to register before any external launch or at least within the grace period.

Rebuttal of presumption of validity (Patent and Market Court of Appeal PMÖÄ 9617-17)

Introduction

This case concerns the circumstances under which the established presumption of validity of registered IP rights, and more specifically design rights, can be rebutted. The outcome, which resulted in a rejection of the claimant's claim for an information order, opens for

a more extensive use of the invalidity-defense strategy also within the assessment of requests for information orders, preliminary injunctions and infringement investigations.

Background

A holder of an RCD for a knife blade sought an information order against a tools manufacturer claiming design infringement. The manufacturer disputed the request on the grounds that the design lacked novelty at the time of registration, was determined solely by technical features and comprised must-match elements. The lower court rejected the claim in its entirety. The case was appealed to the Patent and Market Court of Appeal which granted leave to appeal.

Decision

The appellate court confirmed the holding of the lower court that invalidity objections against a registered IP right can be considered when assessing a claim for an information order, even when an infringement case has not been brought. The court also elaborated on the applicable evidentiary threshold "probable cause" and how this should be applied in relation to such objections. The court found that the objections presented by the defendant raised several complex issues of both legal and evidentiary nature as to the validity of the right and that it could not be ruled out that it would be necessary to request a preliminary ruling from the CJEU. Considering this, the court concluded that the objections made by the defendant raised serious uncertainty about the validity of the RCD and consequently rejected the claim for an information order.

Comment

While this case provides some clarity on the applicable threshold for rebutting the presumption of validity of registered IP rights, and more specifically design rights, one could have hoped for

the highest IP court in Sweden to provide a more thorough and extensive reasoning. As one decisive factor in this case was the rare potential need for a preliminary ruling from the CJEU, it is somewhat difficult to assess the scope of the precedent. It would have been interesting if the lower court's consideration of the extent of the examination made within the registration procedure should be considered when assessing the strength of the presumption of validity. Such consideration is reasonable as some of the invalidity arguments might already have been addressed within the registration procedure. If such order would be adopted, design rights would arguably enjoy a weaker presumption of validity, as compared to trademarks, since the Swedish PTO does not examine design applications on the merits, as compared to trademark applications where such examination is made.

Notwithstanding the somewhat special circumstances behind the outcome of this case considering the potential need for a preliminary judgment, it is notable that the Patent and Market Court of Appeal has reversed the presumption of validity of a registered IP right in an additional IP case this year regarding trademarks, see our article on PMÖ 11215-17. This trend is clearly not rightsholder friendly since it undermines the presumption of validity and makes it harder to obtain legal remedies such as information orders and preliminary injunctions.

Copyright law

General introduction

2018 was another busy year for copyright practitioners with a wide range of interesting decisions handed down by the CJEU as well as the Swedish Supreme Court and specialised IP courts. This year's crop of Swedish cases included decisions on possible infringement through mere passive storage of software, private copying levies and criminal sanctions for the infamous Designers Revolt. Meanwhile the CJEU tackled issues such as the evergreen issue of communication to the public as well as the less common conundrum whether the taste of cheese can enjoy copyright protection.





On the legislative level, the EU Commission's Digital Single Market Strategy continued to be implemented and the controversial Copyright Directive became the subject of fierce lobbying by interest groups all over Europe. Particularly provisions on liability for internet platforms in Article 13 and the new neighbouring right for press publishers in Article 11 made the Parliament's deliberations a hot topic in the middle of our unusually warm summer. After dramatic twists and turns, both the Council and Parliament advanced the legislative process to trilogue negotiations which, at the time of writing, are in full swing without any significant breakthrough having been reported.

Liability for owner of internet connection (CJEU C-149/17 Bastei Lübbe)

Introduction

German courts have an unmatched record of providing strange questions for the CJEU to answer. This year the Germans once again posed a question many IP practitioners could only scratch their heads at. Is national legislation enabling a person to avoid liability for copyright infringement merely by showing that the internet connection used to commit copyright infringement is shared with other family members acceptable under Directive 2008/91/29/EC ("InfoSoc") and Directive 2004/48/EC ("Enforcement Directive")? Though the answer may be obvious, the case gave the court an opportunity to discuss interesting questions such as what constitutes effective, proportionate and dissuasive remedies for copyright infringement and the balancing of the fundamental right of protection for one's family life against that of copyright.

Background

A German national's internet connection was used to commit copyright infringement. The internet connection was password protected but the owner showed that it was not only used by him, but also by his parents. The question of how to place the burden of proof is not unusual in these situations and is likely handled somewhat differently in different Member States. In Germany there was national legislation and case law finding that since the burden of proof sits with the accuser, the owner of the internet connection can avoid liability by proving that other persons had access to the internet connection. The loophole was that the owner of the internet connection cannot be forced to divulge detailed

information about family members' use of the internet connection since that would be a violation of the respect of family life set forth in the Charter of Fundamental Rights of the European Union.

Decision

This case presented the court with a conflict of fundamental rights between the rightsholder's copyright interest and the owner's interest in preserving the right to protection for his family life.

The court boiled the case down to one succinct question: does InfoSoc and the Enforcement Directive preclude national legislation under which the owner of an internet connection used for copyright infringement cannot be held liable if he can name at least one family member who might have had access to that connection, without providing further details as to when and how the internet was used by that family member.

Article 8(1) InfoSoc demands that national legislation provide for appropriate remedies in respect of infringements of copyright, capable of leading to effective and dissuasive sanctions against their perpetrators. Article 3(1) and (2) of the Enforcement Directive similarly obligates Member States to provide for effective and dissuasive measures, procedures and remedies for the purposes of ensuring enforcement of intellectual property rights.

On the merits of the case, the court found that the German national legislation, as developed in case-law and applied by courts, rendered the rightsholder's burden of proof virtually impossible to fulfil. There was simply no way for a rightsholder to prove infringement if all it took was for the owner of the internet connection to show that it was accessible by other family members, while the owner did not have to give any additional information, for example who in

the family actually used the internet connection at the time of the infringement. By applying this legislation, the rightsholder's fundamental right to an effective remedy and to its intellectual property was seriously infringed and the fair balance between the various fundamental rights in question had not been respected.

Comment

A significant part of the court's copyright decisions over the last years has concerned how file-sharing constitutes copyright infringement and who liability shall sit with. This case tackles the small, but for rightsholders practically important, question of how the burden of proof shall be placed in an online environment where everyone has an internet connection and those connections are often shared.

As we see from this case, different principles have developed in different Member States. In a Swedish context, we may be thankful that we have not developed such a frankly strange custom as in Germany. Though different applications undoubtedly remain between Member States, to the frustration of many rightsholders who operate on the global scale, this case serves to harmonize the development and application of such national legislation in the EU.

This case presented the court with a delicate balancing of competing and irreconcilable fundamental rights. Family is important, but this time copyright won the day.

Communication to the public (CJEU C-161/17 Renckhoff)

Introduction

Another year, another blockbuster decision by the CJEU on the perennial question of what constitutes a communication to the

public under Directive 2008/91/29/EC ("InfoSoc"). This time the communication to the public does not concern linking on the internet, but rather the copying of a photograph that was freely available on a website. Any reader that has ever copied a photo found on the internet and pasted it into a presentation for work should read on attentively, particularly if that presentation was ever published on the internet.

Background

The case presents the rare instance of a genuinely sympathetic copyright infringement scenario. A pupil at a German secondary school had created a presentation which included a photographic work. The pupil had found the photo freely available on the internet where it was published with the photographer's consent, without any security measures to stop anyone from copying the work. The pupil copied the photo from the internet and pasted it into the presentation while remarkably enough actually citing the source of the photo in the presentation. The presentation was subsequently uploaded to the school's server and published on the school's website where it was freely available.

The rightsholder sued the German school for copyright infringement. The case concerning EUR 400 ended up before the court, where the Higher Regional Court in Hamburg asked how the court's jurisprudence on communication to the public should be applied to this scenario.

Decision

Over the last decade, the court has issued a long line of decisions concerning linking. An important legal argument in many of these cases has been that linking is essential to the functioning of the internet. This has arguably led the court to find a way to continue to allow linking by inventing the new public test. If the jurisprudence

on linking and the new public test was applied to the circumstances in this case, the result would have been that there was no new public and therefore no communication to the public and no copyright infringement by the school.

This pragmatic, if perhaps naïve, argument was put forward by interveners before the court. It should not matter whether the pupil had linked to the image in the presentation or copied the photo to the server. The end result was the same, the appearance of the photograph in the presentation. The interveners also seemed to suggest that the court should find that the rightsholder must use technical measures to stop the copying of the work, when possible, in order to continue enjoying copyright protection for the work.

The court did not find the interveners' argument persuasive. Applying the court's case law on linking to this scenario was not possible for a number of reasons. Most importantly, by the traditional method of linking on the internet, the linked use of the work remains dependent on the work as published on the first website. If the original work is taken down or put behind a paywall the link will no longer work. Thus the rightsholder retains control of the work even after publishing it on the Internet. If the court had allowed copying of such freely available works, rightsholders could in practice not control the work after it had been published, effectively introducing exhaustion of copyright in the right of communication. Such a rule would have likely constituted a direct violation of Article 3(3) InfoSoc. The court also found that it would have violated Article 3(1) InfoSoc to demand of rightsholders to publish the work online with security measures that removed the possibility of copying.

Comment

While the outcome of this case is logical, it is notable that this is arguably the first time the court has found that something many

people do every day without ever contemplating legal liability does in fact constitute a communication to the public and copyright infringement. In previous cases concerning linking, the court managed to find a legal rationale for allowing people to continue using the internet as they have been doing for years, but this time the traditional structure of copyright law won.

There might perhaps come a day when a court decides that publishing a photographic work on the internet without security measures that effectively stop anyone from copying the work is a reasonable and proportional demand to make of rightsholders in order for the work to continue enjoy copyright protection. But that day is likely a long way off. Until then the court will have to accept critics yelling "you are breaking the internet!" and calmly refer them to the accepted and traditional copyright *acquis*.

The taste of cheese cannot be protected by copyright (CJEU C-310/17 *Levola Hengelo*)

Introduction

In perhaps the least surprising IP decision of the year, the CJEU finds that the taste of cheese cannot be protected by copyright. While the outcome of the case was anticipated, the court seizes on the rare opportunity to elaborate on the concept of a work in Directive 2008/91/29/EC ("InfoSoc") and devises a new test for non-traditional types of works that leaves many commentators confused and wondering if the court has introduced a new fixation requirement for copyright.

Background

A producer of a cheese took the creative step of suing a competing cheesemonger for copyright infringement in the taste of a particu-

lar cheese. During infringement proceedings, the Dutch Court of Appeal was understandably uncertain whether the taste of cheese could constitute what would have had to be a very non-traditional type of work under InfoSoc. While not dismissing the notion out of hand, based in part on an earlier Dutch Supreme Court decision recognising in principle the possibility of copyright in the scent of a perfume, it decided to seek guidance from the CJEU.

Advocate General Wathael's made a forceful case against the possibility of extending copyright protection to the taste of cheese. With explicit reference to case law on graphical representation for trademarks, the Advocate General found that works protected by copyright must be defined with sufficient objectivity and precision, which precluded the taste of cheese from enjoying copyright protection.

Decision

The case gave the court a rare opportunity to rule on the protectability of copyright protected works and the nature of works, questions as old as copyright itself. While InfoSoc does not define the concept of work, neither does it explicitly leave it to the laws of Member States to define the concept. Accordingly, the court found that the concept of work constituted an autonomous concept of EU law which must be interpreted in the same way within the EU.

In order to classify something as a work under InfoSoc, the subject matter concerned must first be an original intellectual creation. Even if the taste of cheese could in theory constitute an original intellectual creation, the Berne Convention, WIPO Copyright Treaty and TRIPS Agreement led the court to conclude that copyright protection could only be granted to "expressions", not to mere ideas. The subject matter of the copyright protected work must therefore be expressed in a manner which makes it identifiable with sufficient precision and objectivity, even though that expression is not necessarily permanent.

The taste of cheese cannot be expressed with objective precision. Taste is based on the person's subjective taste sensations, experiences and even factors particular to the person such as age and food preferences, as well as the physical or mental environment or context in which the cheese is tasted. With current technology, it is simply not possible to objectively identify the taste of cheese or any other food in order to distinguish one product from a competitor's product. The taste of the claimant's spreadable cheese could therefore not enjoy copyright protection.

Comment

As IP practitioners, we continuously seek new ways to protect our client's intellectual property through creative applications of IP legislation. We may seek to register copyright works as trademarks and designs, or battle infringing products using marketing law. But in this case, the ambitious claim of copyright in this, no doubt delicious, cheese found the limits of what copyright can be extended to cover.

It is notable that the court manages to reach the same conclusion as the Advocate General without resorting to his controversial explicit reliance on trademark law. That being said, the decision clearly channels earlier trademark decisions such as *C-273/00 Sieckmann* on graphical representation and its seven-step test.

The decision raises many questions. Has the court in practice introduced a fixation requirement in EU copyright law in violation of the Berne Convention, even though it says the representation must not be permanent? Has the concept of a work under InfoSoc suddenly been harmonized effectively keeping Member States from national legislation protecting certain kinds of non-traditional work types? In the end we may come to look back at this decision as carving the traditional concept of work into something looking more and more like Swiss cheese.

Distribution right covers storage of infringing goods (CJEU C-572/17 Syed)

Introduction

As many of our clients will be aware, it is not uncommon to find counterfeit products of various kinds in the stalls of vendors in the Old Town in Stockholm. This year, the criminal case against a proprietor of such a stall ended up going all the way to the CJEU. The case presented the court an opportunity to shed light on the concept of the distribution right in copyright. In doing so, the court gave national courts some practical and easily-applied advice on whether and under which circumstances the act of storing counterfeits constituted a violation of Article 4(1) of Directive 2001/29/EC (“InfoSoc”).

Background

Counterfeit t-shirts had been sold in a stall in the Old Town. The proprietor of the stall was criminally charged with *inter alia* copyright infringement. The District Court and Court of Appeal reached different conclusions on whether the proprietor’s storage of identical t-shirts in a storage next to the stall in the Old Town, and in another storage in a suburb of Stockholm, both of which were regularly used to restock the stall, constituted additional infringements of copyright.

The Swedish Supreme Court sought guidance from the CJEU on whether and under which circumstances the storage of infringing products constituted a violation of the right of distribution, especially whether the proximity of the storage facility was relevant to this assessment.

Decision

In the leading earlier case on the scope of the distribution right, C-516/13 Dimensione Direct Sales, the CJEU had found that the distribution right was characterised by a series of acts going, at the very least, from the conclusion of a contract of sale to the performance thereof by delivery to a buyer. In this context, the words “at the very least” clearly signalled that other acts preceding the conclusion of a contract, but with the objective of completing a sale, could fall within the concept of the distribution right and thus constitute copyright infringement. Such an act could constitute an infringement even if a purchase had not resulted from the act itself, which is obviously not yet the case with the act of storing infringing products before sale in a store.

By applying this case law, the court found that the relevant question was whether the t-shirts in storage were actually intended to be sold to the public in a country in which they violated copyright. This since it would be theoretically possible for products in storage to be meant for export to a country where they did not constitute infringing goods. In essence, the purpose of the stored products must be taken into account when assessing whether stored goods constituted additional infringements.

The CJEU therefore instructed national courts to determine, in light of the evidence available to it, whether all of the stored products identical to those sold in the stall in the Old Town, or only some of them, were intended to be marketed in the stall. Applied to the case at hand, the Swedish courts had already established that both storages were regularly used to restock the store in the Old Town, strongly hinting that the Supreme Court will find that all stored

infringing products should be taken into account. But the CJEU pointed out that the proximity of the storage to the store was, by itself, not a decisive factor in this assessment.

Comment

The case clarifies the scope of the distribution right and helps rightsholders battle large scale counterfeiting by putting a spotlight on the contents of the warehouses where often large amounts of infringing goods may be stored in legal uncertainty. But rightsholders should also beware that the burden of proof and evidentiary standards for assessing evidence on the intended use of stored infringing goods may present a problem in the future, which may be an issue returning to the CJEU.

Storage of backups of software (Supreme Court T 1738–17)

Introduction

The Supreme Court has declared that the mere passive storage of backups of software protected by copyright with expired licences does not constitute copyright infringement. The judgment is significant as it clarifies which actions constitute copyright infringement and, from a practical perspective, relieves licensees from having to mine their backup servers in pursuit of potential 'sleeper' infringements.

Background

The dispute concerned a software licence agreement between a software company and a Swedish municipality. The District Court initially tried whether the municipality had acquired the copyright licence for the software, which was disputed by the software company. The court found that the municipality had held a licence for the software for a limited time only. The case was appealed to the Court

of Appeal; none of the parties succeeded on all claims. However, the court found that the software had been used after the municipality's licence had expired.

The Supreme Court granted leave to appeal for a limited issue – namely, whether the municipality's passive storage of backups of software on servers with expired licences constituted copyright infringement.

Decision

The Supreme Court found that the software was protected by copyright, but also that rightsholders' protection is limited by exceptions set out in the Copyright Act. Section 26(g) of the Copyright Act states that licensees may reproduce copies to the extent that is required to use the software and backup copies.

The court noted that the right to reproduce backups is absolute (i.e. not limited by mutual agreement by the parties) and that the action of saving a backup to a server may constitute copyright infringement if the person saving the backup does not hold a right to use the work. However, the subsequent passive storage of software on a backup server does not constitute an infringing action in itself.

The court also assessed whether a licensee has a legal obligation to remove existing backup copies when its licence expires and found that the legislature clearly states that such an obligation is neither necessary nor suitable.

In the court's examination of whether EU law contradicted its assessment under Swedish law, it emphasised that Article 4(1)(a) of the EU Computer Programs Directive (2009/24/EC) applies only to the reproduction of protected works and does not oblige users to remove previously reproduced works. Therefore, the court found that EU law does not oblige users to remove passively stored backups of software.

Comment

This Supreme Court judgment makes an important distinction between which actions constitute copyright infringement. Notably, the court finds that active actions (e.g. storing software on a backup server) may constitute copyright infringement, while passive actions (e.g. leaving stored copies of software idle on a backup server) do not.

Therefore, licensees with backups stored on their servers need not vet them for potentially infringing software. The decision should be welcomed as it may be difficult and time consuming for licensees to ensure that servers containing backups – which may not be regularly maintained and categorised – are properly monitored and updated and reflect expiring licence agreements.

Private copying levies on technically independent devices (Supreme Court T 3973-15)

Introduction

The Supreme Court has rendered its judgment in a long running dispute on private copying levies for mobile phones with an external memory device. The court found that the right to private copying levies includes devices which consist of two technically independent devices, in this case a mobile phone and an external memory device, even if the independent devices are not “especially suited for the production of copies of works for private use” and would thus not be subject to private copying levies if sold individually.

Background

Copyswede is a Swedish umbrella collecting society for private copying levies. Sony Mobile Communications AB imported and sold the multifunctional mobile phone “W715 Walkman”. The W715

Walkman had an internal memory with a capacity of 80 megabyte and was sold together with an external memory device with a capacity of 8 gigabyte. Copyswede initiated legal proceedings against Sony and claimed that Sony was liable to pay private copying levies for the import of approximately 74,050 mobile phones. The first instance and appellate court both found that Sony Mobile was indeed liable to pay private copying levies for the import. The case brought a number of interesting issues before the Supreme Court.

Decision

The Supreme Court found that two technically independent devices, such as a multifunctional mobile phone and an external memory device, may be subject to private copying levies even if only one, or neither, of the devices are suited for private copying when assessed independently. The court underlined that the provision regarding private copying levies is indented to be neutral from a technological standpoint and that the application of private copying levies should not be easy to circumvent.

The court further specified that the assessment should be based on whether the devices synergize so that they may be interpreted as a single device. The court found that the same assessment should be made for products with integrated components as for products with external components, especially if the devices are made available to function as a single device. In this case the external memory device was sold together with the mobile phone. The court thus found that the devices should be regarded as one single device, in this case a mobile phone.

The court referred to its previous ruling regarding iPhones (case T 2760-15), which were found to be “especially suited for the

production of copies of works for private use” and thus subject to private copying levies. As regards whether the W715 Walkman was also especially suited for private copying, the court emphasised that for this requirement, it is irrelevant whether the device has other functions than those intended to enable production of private copies. Such functions may instead be taken into consideration when determining the level of compensation. Referencing the iPhone judgment, the court found that the technical capacity and user-friendliness of the device should be considered. The court also pointed out that the threshold for the requirement is set at a low level; if the device is expected to be used for private copying to a ”non-negligible extent” the device should be considered to be suited for private copying.

The court found the W715 Walkman to be comparable to the iPhone and underlined that comparable devices should, as a rule, be treated equally. Private copying levies should therefore apply to multi-function mobile phones with external memory devices, such as the W715 Walkman.

On the level of compensation, the court stated that private copying levies are calculated based on the total memory capacity, but that the compensation may be reduced if it can be assumed that the device is used for other purposes than for private copying. Such other purposes include uses of the device that do not make use of the memory capacity, owing to the fact that it must be assumed that there are consumers or buyers that are not interested in the functions that makes the device suitable for private copying. The court concluded that a reduction of 25% of the statutory rate of SEK 4 per gigabyte was reasonable, considering that the mobile phones were multifunctional. This resulted in a significantly higher levy than the lower instance courts, which set the private copying levies to only 1/8 of the statutory rate.

Lastly, the Supreme Court clarified that private copying levies should be applied from the day of the import or manufacture of the product.

Comment

Although the judgment may seem to be of small practical significance, since mobile phones today are rarely sold with external memory devices, it broadens the applicability of private copying levies to encompass technologically independent devices sold together. More devices may therefore be subject to private copying levies following the Supreme Court’s assessment.

It is uncertain to what extent this broadening of the application of private copying will be applied in practice as the suitability of devices is assessed from case to case. Nevertheless, the decision must be viewed as a success for Copyswede.

Forfeiture of Pirate Bay domain names (Supreme Court B 2787-16)

Introduction

The Supreme Court has confirmed that domain names are property which can be forfeited to the state, providing rightsholders with another measure in their fight against online infringement.

Background

The famous copyright infringement case against the founders of the Pirate Bay was finally decided by the Svea Court of Appeal in 2010 and resulted in prison sentences for the defendants. However, copyright infringements under the domain names ’piratebay.se’ and ’thepiratebay.se’ continued.

In 2013 the IP prosecutor initiated action against one of the founders of the Pirate Bay – who was also the registered holder of the

Pirate Bay domain names – and the Internet Foundation in Sweden (IIS) – which is responsible under law for the Swedish top-level domain '.se' and provides the Pirate Bay domain names.

The Stockholm District Court and the Svea Court of Appeal found that the founder was guilty of copyright infringement and therefore the domain name could be forfeited to the state under the Copyright Act's rules on forfeiture.

However, the Svea Court of Appeal found that the IIS' administrative role in providing the domain name meant that it was not in possession of the domain name according to the meaning of the 'provisions on forfeiture'. It also found that it was not possible to order IIS to de-register the domain name instead of it being forfeited to the state. Upon forfeiture, the state could choose between paying the registration fee or de-registering the domain name, after which it could be registered by any third party.

The judgment was appealed by the founder. The Supreme Court granted leave to appeal regarding whether the right to domain names should be considered property that can be forfeited.

Decision

The Supreme Court noted that the concept of 'property' is central for the rules on forfeiture. It referred to the European Council Framework Decision 2005/212/JHA on confiscation of crime-related proceeds, instrumentalities and property, which defines 'property' as property of any description and 'instrumentalities' as any property used or intended to be used, in any manner, to commit a criminal offence.

The court concluded that:

- » a person who registers a domain name is granted an exclusive right to that domain name;
- » the rights to a domain name may be subject to dispute resolution and entitlement claims; and
- » domain names can be transferred and may have significant financial value

It also noted that the European Court on Human Rights has found that domain names are protected under the right to property in the European Convention on Human Rights and Fundamental Freedoms. Thus, the court found that domain names were property for the purposes of forfeiture. It noted that this was in line with international case law. It also concluded that domain names could constitute instrumentality in copyright crime.

In light of this assessment, the court did not grant leave to appeal for the rest of the appeal, making the Svea Court of Appeal judgment in these parts final.

Comment

The Supreme Court judgment is limited to the question of whether domain names are property for the purpose of forfeiture. The Supreme Court has yet to comment on whether it is possible to order the IIS to de-register domain names instead of ordering forfeiture and the practical consequences of domain name forfeiture. In this respect, the Svea Court of Appeal judgment remains the only higher-instance judgment.

Following the Svea Court of Appeal's conclusions, it appears that unless there is a change in the legislation, the state will have to pay the registration fees to keep forfeited domain names off the market. Thus, the forfeiture tool may be of little practical use when acting against copyright infringement, since it lies in the hands of the state whether the domain name will be kept off the market. Rightsholders are urged to monitor forfeited domain names and when necessary take control of them once they re-enter the market.

Criminal liability due to copyright infringement (Patent and Market Court of Appeal PMÖD B 9635-16)

Introduction

The Patent and Market Court of Appeal has increased the severity of penalty for a person who assisted a company in the day-to-day work at a company which was found liable for copyright infringement, from a conditional sentence of nine months in prison and a fine to a sentence of 18 months in prison. The severity of the penalty is also increased for the owner of the company from 18 to 24 months in prison.

Background

A company incorporated in Isle of Man sold copies of iconic furniture from an online store in the United Kingdom. The idea behind the company was to take advantage of the fact that under UK copyright law, works of applied art, such as furniture, had a shorter duration of copyright protection compared to most other countries (there have since been changes to UK copyright law). The company could therefore legally sell the copies in the UK while it was still covered by copyright in several other countries. The company

marketed the webstore and products in several Swedish magazines and newspapers and deliveries to Sweden took place via an external Swedish delivery company. The defendants in the case were the owner of the company, the wife of the owner, the product developer at the company and the CEO of the delivery company.

The first instance court found that the company's actual operations were handled in Sweden and held that the sales were considered to constitute copyright infringement. Both the owner and the product developer were sentenced to 18 months in prison. The CEO of the delivery company was sentenced as an accomplice to a conditional sentence of three months in prison and a fine. The wife, who had assisted the company with accounting, invoicing and similar was sentenced as a co-proprietor to a conditional sentence of nine months in prison. The defendants were jointly held liable to pay over SEK 25 million in damages.

Decision

The Patent and Market Court of Appeal did not amend the judgment on the CEO of the delivery company or the product developer. Regarding the wife, the court agreed with the first instance court's finding that her actions within the company had been necessary for the business, if only for a limited period of time. The second instance court held, in addition, that it had been shown that the wife, in conjunction with the owner, had been present at a meeting in Isle of Man where manufacture and deliveries of infringing copies had been discussed. Furthermore, the court pointed out that in certain email correspondence where she had participated, the wife had declared details of the sales and the expected turnover for the company. Further, it had been shown that the wife had been active within the company, in a way sufficient to establish criminal liability, for a longer period of time than what the first instance

court had found. Consequently, the appellate court considered her participation in the infringement more serious than the first instance court.

Regarding sentencing, the court found that the owner had taken the initiative for the business, had led and organised the work, been the sole owner of the company, had made considerable investments in the company and made most profit from it. The court sentenced him to 24 months in prison. For the wife, the court took into consideration that she had been of great importance for the business during a considerable period of time and that she had administered payments from customers, pay checks and other economic issues to make the business seem legal, sentencing her to 18 months in prison.

Turning to the issue of damages, the court noted that compensation should be paid in an amount corresponding to the hypothetical licence fee that would have been agreed had the defendant's obtained a licence. The copyright owners argued that a licence fee of 32% would have been reasonable, while the defendants agreed to a licence fee of 2% as being reasonable. Noting that the rightsholder has the evidentiary burden regarding the size of the reasonable licence fee, the court found that the copyright owners had not provided sufficient evidence for the 32% fee. Instead, the court found the 2% agreed licence fee reasonable and awarded the rightsholders approximately SEK 1.5 million in damages.

Comment

While the damages were set lower than in the first instance due to insufficient evidence, the sentences for two of the company executives were increased, which sends a strong message to infringers. The fact that the owner and the product developer were held liable is not surprising. However, in this decision, the court applies a stricter

view and increases the sentence for the wife, whose involvement consisted of assisting in the day-to-day operation, to 18 months in prison. The conviction should act as a strong deterrent, and could also be used to argue a wider group of persons liable to pay damages, increasing the chances of actually obtaining payment.

Copyright infringement through submission of evidence (Patent and Market Court of Appeal PMFT 2585-17 and PMFT 4717-18)

Introduction

In two separate judgments, the Patent and Market Court of Appeal has decided on the applicability of copyright for evidence in court cases, a question which has not previously been tried by Swedish courts.

In its first decision, the Patent and Market Court of Appeal found that there is no relevant exception that would apply to limit copyright protection for submitted evidence and that such evidence may therefore constitute copyright infringement. In its second decision, the court found that an exception under 26 d of the Copyright Act may be applicable on a case-by-case basis.

Additionally, in the first decision the court found that digitally submitting material protected by copyright to a court does not constitute a communication to the public, but that the submission is nonetheless a reproduction of the material. In the second decision the court found that the submission of physical copies of material protected by copyright constitutes a distribution to the public.

Background

The background to the first case was a child custody dispute in a district court where the mother had invoked a text as evidence that

the father was not a suitable custodian. The text was a one-page extract from a longer but unfinished story. The father brought an action against the mother for copyright infringement before the Patent and Market Court. The father claimed that the mother's submission of the text to the district court constituted a copyright infringement as he had not given his permission to the reproduction of his work. The text had been submitted digitally to the district court.

The second case related to a dispute regarding defamation before a district court. The defendant had submitted three photographs depicting the defendant which the claimant had captured (the claimant was, however, not party to the defamation dispute before the district court). The claimant argued that the defendant infringed his copyright by submitting the images while the defendant claimed that he had a right to submit the images as evidence in the defamation dispute. The photographs were submitted physically to the district court.

Decision

In the first judgment, the court started by concluding that the text was protected by copyright. The relevant questions were therefore whether the referral to the story constituted a reproduction of the copyright protected work and whether the referral was a communication to the public.

On the first question, the court found that it was undisputed that the mother had reproduced the text without the father's authorisation. Consequently, the reproduction constituted copyright infringement. On the second question, the court referred to the CJEU's interpretation and the two alternative requirements that must be fulfilled; there must be a "communication" and that communication must be "made to the public". The court found that submission of the text as

evidence does constitute a communication of the copyright protected work in question. However, the court noted that the CJEU has clarified that the public is an unspecified but rather large number of individuals. In this case, the court found that the exposure of the communication was limited and that submission of the text as evidence could therefore not constitute communication to the public.

Consequently, the court found that the mother had only reproduced one copy of the text, which had been submitted to the district court. The court went on to try whether there were any applicable exceptions under the Copyright Act. According to Section 26 b of the Copyright Act, the act does not hinder the reproduction of copyright protected works by law enforcement agencies. The court found this exception to be in line with Article 5(3)(e) of the Infosoc Directive (2001/29/EC), which provides member states with the possibility to make exceptions to copyright protection for "the purposes of public security or to ensure the proper performance or reporting of administrative, parliamentary or judicial proceedings". However, the court noted that the exception as introduced under Swedish law only applies to authorities, and an individual can therefore not rely on that exception. The court therefore concluded that the mother's submission of the text constituted copyright infringement. It is worth noting, however, that while the submission constituted an infringement, the court ultimately found that the father was not entitled to compensation for the infringement.

In the second judgment the court elaborated on its assessment of the applicability of 26 b of the Copyright Act, and found that an interpretation of 26 b that included use by individuals may be in line with Article 5(3) of Infosoc. However, the court noted that the preamble to the directive stresses the importance of "fair balance of rights and interests ... between rightsholders and users of protected

subject-matter”. Individuals can therefore not rely on the exception under 26 b as a general rule, but a case-by-case assessment must be made. The court found that in general, it is sufficient that the material is relevant to the proceedings.

In the second judgment the court found that submission of physical copies of material protected by copyright was a distribution to the public.

Comment

Although the first judgment appears sound from a legal technical perspective – the Copyright Act clearly states that the exception for use of copyright protected works is only applicable to law enforcement – it is quite problematic from a practical standpoint. In practice, this would mean that parties to proceedings are unable to submit evidence, which may often be protected by copyright, against each other without the risk of infringing the other party’s copyright. It would likely be the case that submission of vital evidence will always carry the risk of constituting copyright infringement.

It is thus welcome that the court makes a different and more practical assessment in the second judgment, where the court instead finds that the exception under 26 b of the Copyright Act may be applicable if the evidence is relevant to the proceedings at hand.

Further, it seems likely that the court’s decision that submission of digital copies of evidence does not constitute a communication to the public will be reversed in order to align the court’s assessment of digital and physical submissions. The court’s first judgment on digital submissions was likely made in order to minimise the implications for the defendant in the first case. It is therefore likely that this assessment will not stand as the court has now found that the exception under 26 b of the Copyright Act may be applicable (it is

clear that the exception would have been applicable to the mother’s submission of evidence in the proceedings).

Newspapers’ right to use material protected by copyright when reporting on current events (Patent and Market Court of Appeal PMT 722-17)

Introduction

This judgment involves several interesting topics, including whether the exception limiting the reach of copyright protection claims against newspapers is applicable on a newspaper’s webpage and Twitter page as well as whether photographs posted on Facebook have been communicated to the public. The court also examined to what extent a newspaper may rely on the exception for news, which is only applicable for current events.

Background

A Swedish politician had uploaded photographs of herself and another politician which were captured during a trip to Israel to Facebook. The photographs depicted the politicians posing adjacent to military vehicles, in some pictures with weapons, which the public came to perceive as controversial. A Swedish newspaper published the photographs without the rightsholders’ consent.

Decision

The Patent and Market Court of Appeal noted that the Swedish Copyright Act includes an exception under which copyright protection may be disregarded, provided that the photographs are published in a newspaper and in connection to current events.

The court also found that this right included digital publications, such as newspapers’ webpages and Twitter pages. The court no-

ted that the digitalisation of the media landscape must be taken into consideration, so as to not hinder newspapers' technical development. It should be noted that the court also highlighted that a case-by-case assessment must be made regarding whether the webpage or Twitter page has a journalistic function.

Furthermore, the court tried whether the photographs had been communicated to the public before the newspaper's publication of the same.

The court found that uploading the photographs to Facebook constituted a communication to the public, as this publication had made the photographs available to a large and indefinite number of individuals.

The court also tried whether the photographs had been published in connection to current events. The court found that in consideration of the current reporting in media in general, including the ongoing conflict in the Middle East, there was a public interest in the events depicted in the photographs, *inter alia* that the politicians were posing adjacent to an Israeli military vehicle. The court thus found that the newspaper did not require the rightsholder's consent to publish the photographs, and that the publications were in accordance with the Copyright Act and EU law, which grants a right to newspapers to publish pictures in connection with current events.

Comment

This decision is important for several reasons. Firstly, the judgment clarifies that the exception in the Copyright Act allowing newspapers to publish photographs without rightsholders' consent is applicable not only to physical newspapers, but also to other outlets available

to newspapers, such as their webpage and Twitter. Naturally, this indicates that the exception is applicable also to other outlets, such as Facebook pages and apps in general. This is especially significant in reassuring that the Copyright Act continues to be interpreted in a technically neutral manner, ensuring that it remains relevant for new technical means of communication.

While the definition of the term communication to the public has been addressed several times by the CJEU in recent years, the decision is also interesting in that it further clarifies that a publication on a Facebook page with a reasonably limited reach can also constitute a communication to the public. While perhaps not surprising, it is something to be mindful of as perceivably limited exposure can mean that a copyright protected work has been communicated to the public. It should be particularly noted, however, that the court assessed the publication's reach and found that it was rather extensive. It should therefore not be expected that uploads on private profiles to a strictly controlled group will be considered communicated to the public.

Lastly, the judgment clarifies how far reaching the term current events may be understood. The photographs themselves cannot be said to depict a current event. It is far-fetched to assume that the public would have been interested in the photographs had it not been for the ongoing conflict in the area. However, the connection between other current events in the Middle East at the time meant that the pictures would raise interest. As such, the court found them to depict a current event. This is surely worth noting, as the exception from protection applicable to photographs of current events clearly reaches beyond what is included in the photograph itself.

Motor boat qualifies for copyright protection as work of applied art (Patent and Market Court of Appeal PMT 11062-16)

Introduction

In this cornucopia of a copyright decision, the Patent and Market Court of Appeal gets the opportunity to try a veritable feast of copyright questions; who designed the motor boat, does the motor boat qualify for copyright protection as a work of applied art (Swe: brukskonst), who does the copyright belong to, as well as questions regarding copyright and insolvency. To top it off, the court is asked to decide whether another motor boat infringes the original boat.

The most interesting question in the case is likely whether the motor boat qualifies for copyright protection as a work of applied art. Finding itself far out to sea, the court manages to paddle itself back to shore and establish a clear precedent for the protection of motor boats as works of applied art.

Background

Although virtually every fact in this case was disputed, for the purposes of the Patent and Market Court of Appeal's decision whether the motor boat enjoyed copyright protection as a work of applied art, the most important facts were the following.

A person had designed a motor boat while employed by a company that designed such boats. In contrast to the common Swedish employment practice, the employee had only given the company a limited license to use the design, but not ownership of the design or a right for the employer to sublicense. Following the company's

bankruptcy, a new owner acquired the business and proceeded to market and produce a new line of motor boats that constituted only slight alterations of the earlier motor boat.

This likely came as frustrating news to the designer who seemed to have gone out of his way over several years to clearly inform every person and company involved in this long and winding saga about his unambiguous rights. Not ready to be shanghaied, the employee sued the new owners for copyright infringement.

Decision

It follows from Section 1 of the Swedish Copyright Act that copyright protection not only protects "traditional" categories of works like paintings, photographs and sculptures, but also to works of applied art. In order for works of applied art to enjoy copyright protection, the protectable subject matter must be found in the physical characteristics of a product. In a Swedish context we commonly discuss works of applied art in everyday objects like drinking glasses, but there is no formal problem with finding more complex and less everyday products like a motor boat to enjoy the same protection, as long as the motor boat qualifies for copyright protection as a work of applied art.

With reference to the canon of case law on what constitutes a work under EU copyright law (C-5/08 Infopaq and C-145/10 Painer), the court found that objects that qualify as works of applied art, through *inter alia* their originality and by being expressions of the author's personality, generally enjoy only limited copyright protection. This is the case since the functional demands of an everyday (or not so everyday) object generally limits the creative choices that can be

made in designing the object, as compared to the often limitless creative choices that can be made when for example painting a picture. With reference to NJA 2009 p 159, the court succinctly boiled the case law on works of applied art down to the following test: When an object qualifies for copyright protection as a work of applied art, but at the same time does not show a high level of originality (as compared to something like a painting), the protectable subject of the copyright is limited. But that limited protection is still larger than only a prohibition against exact copying. This means that the protection afforded such works of applied art, albeit limited, covers something more than only straight counterfeits.

By emphasizing the employee's detailed description of how the motor boat design had been created, and by distinguishing the finished motor boat from other motor boat designs, the court found that the motor boat did qualify for copyright protection as a work of applied art. The court went on to find that the new motor boat only differed from the original vessel through some slight modifications. The new motor boat thus infringed the original motor boat.

Comment

This case was likely received warmly by the boating industry since it clearly shows that motor boats like this one qualifies for copyright protection as works of applied art. But the case also serves as a reminder for employers in that and other industries to pay attention to IP issues in employment agreements. Perhaps most rewardingly, the case shows a rightsholder who did everything right and over several years tried to explain to everyone involved the extent of his unambiguous rights. When no one listened, he took them to court and in the end the court threw him a well-deserved lifebuoy.

Information orders (Patent and Market Court of Appeal PMÖÄ 2917-17)

Introduction

Evidentiary standards have become a trendy topic before Swedish and EU courts over the last years. In this case, the Patent and Market Court of Appeal focuses on the evidentiary standards applicable to information orders, where applicants seek information about the identify of owners of IP addresses from telecom companies. If the earlier Swedish case law on information orders all seemed to go against the interests of the telecom giants, the more stringent interpretation of evidence laid down in this case will at least give targets of information orders some minor comfort.

Background

A rightsholder sought an information order against one of Sweden's largest telecom companies, seeking to identify the owners of 240 IP addresses. The rightsholder claimed that movies it held the rights to had been downloaded illegally on a file sharing site by the owners of said IP addresses, and that the IP addresses had been supplied by the telecom company. The Patent and Market Court granted the order and gave the telecom company one month to comply.

Allegedly when attempting to follow the order and supply the rightsholder with the information, the telecom company realised that many of the IP addresses that were included in the information order were in fact not supplied by the company but by international subsidiaries or other companies. Unable to execute the order, the telecom company appealed and argued that it should not be forced to follow the information order under these circumstances.

Decision

Under Section 53 c of the Swedish Copyright Act, the court may, under penalty of a fine, order a party that on a commercial scale has made electronic communication services available which has been used in connection with an infringement, to provide certain information to rightsholders. According to NJA 2012 p 975, such an information order may include information on the names and addresses of owners of IP addresses that have been used to infringe copyright through file sharing.

There is no explicit evidentiary standard for how the court shall evaluate claims for information orders, neither in the Copyright Act nor in the Law on Court Matters (Swe: ärendelagen), which was applicable in this case. But on a general level, Section 6 of the Law on Court Matters stipulates that all such claims must describe in detail the decision the applicant seeks. Moreover, the information sought must be directly available to the target of the order. This has been interpreted in Swedish literature to mean that a company cannot be ordered to supply information held by a subsidiary. If the target of the order denies having access to the information sought, the applicant must thus prove that such is not the case through invoking written or verbal evidence.

Many facts were in dispute in the case, for example which companies had supplied which IP addresses and how burdensome it was for the telecom company to carry out this analysis. In order to prove its case, the rightsholders had identified the specific technical means, supplied by a third party, by which the IP addresses had been identified as belonging to the telecom company, and had explained how a third party expert had carried out the operation. The telecom company had simply denied having the information sought directly available to them.

The court found that the rightsholders had not reached the evidentiary standards that must be applied in a case like this. Crucially, they had not sufficiently described how the IP addresses had been identified as belonging to the telecom company, had not invoked verbal evidence from the expert who had carried out this analysis and had not sought to cross-examine the telecom company's witnesses in order to establish that the telecom company did in fact have the information sought directly available. On these grounds the court found that the rightsholders had not proven that the telecom company had access to the information.

Comment

This case clearly shows the need for rightsholder and their lawyers to carefully analyse which evidence must be invoked in order to be granted an information order against a telecom company in these high profile cases. Questions of a highly technical nature are bound to appear and rightsholders must be able to make the court understand these issues through clear and forceful communication. By doing the due diligence early on in the litigation, and by clearly defining before the day in court which facts are disputed and on what grounds, this is not an impossible task. But it is a task that may take some time, carry some cost and perhaps necessitate expert evidence in order to make the court see the light.

Another interesting part of the decision is that it serves as another example of how legal literature in Sweden is often relied on without question by courts. The general idea that a multinational telecom giant cannot in some way be ordered to produce information that is in fact held by its subsidiaries is by no means given but is handled very briefly in the decision through a simple reference to legal literature.

Multimillion damages for copyright infringement through global retransmissions of TV broadcasts (Patent and Market Court B 16838-17)

Introduction

On the ever-growing market for streaming services and online access to TV broadcasts, illegal services are common and sometimes difficult to shut down due to their technical complexity and the multi-jurisdictional scope of infringing activities. In this judgment, the Swedish Patent and Market Court held three persons liable for global retransmissions of TV broadcasts, sentencing them to prison and awarded rightsholders significant compensation for damages.

Background

A Swedish company operated by receiving, decoding, packaging and retransmitting TV broadcasts to paying customers around the world. It offered subscriptions to more than 2,000 TV channels, most of which were Arabic or Turkish, through its own website as well as to resellers in different parts of the world. The company operated mainly from Sweden but had technical equipment in Jordan, the United States, Greece, Denmark and Canada. It had an annual turnover of approximately EUR 5 million.

Three persons were indicted for copyright infringement and crimes against the Decoding Act – the company's CEO, an employee who was acting as the company's IT and channels manager, and another trader who supplied TV cards and infrastructure to decode and transmit certain channels.

Two international TV broadcasting companies claimed damages totalling approximately EUR 23 million.

Decision

The Swedish Patent and Market Court began by examining its jurisdiction, as the case concerned rightsholders that were not domiciled in and broadcasts that originated from outside Sweden. The relevant provisions on the rights of TV broadcasters in the Swedish Copyright Act apply to broadcasts originating from countries that are party to certain international treaties, such as the Rome Convention, the European Agreement on the Protection of Television Broadcasts and the Agreement on Trade-Related Aspects of Intellectual Property Rights.

The court made an individual assessment of the broadcasts at issue, taking into account where the broadcasts were produced, how they were broadcasted (e.g. via cable or satellite) and where the broadcasts were made available to the public.

The court concluded that the broadcasts enjoyed protection under the Swedish Copyright Act through the different international treaties. As the defendants had carried out decoding and retransmission activities in Sweden, the court found that it had jurisdiction over the whole chain of infringing activities.

In order to establish the facts, the court used information from the defendants' own management system which had been used to track their business and recovered by the authorities as part of the criminal investigation. The system's database included information regarding (for example) active channels, channel packages, TV boxes and paying subscribers. Investigators had also analysed the data and found that the illegal retransmissions had been active and accessed by customers when the investigation was carried out. The court concluded that the defendants had decoded and retrans-

mitted broadcasts illegally on a commercial scale. Further, it found that the defendants had operated decoding equipment in Jordan as well as in Sweden in order to access the original broadcasts.

The defendants alleged that they had sub-licensed a right to re-transmit the broadcasts globally from an Iraqi company and submitted agreements between themselves and the Iraqi company as well as the Iraqi company and the original broadcasting companies. The claimants stated that the agreements were forgeries and that they would not have been able to provide such licence rights. As the broadcasts included for example English Premier League football and other premier sports broadcasts, the claimants argued that global retransmission rights, such as those alleged by the defendants, are never used in practice and that any such hypothetical licences would be so expensive that no licensee would agree to pay that price.

The court found that it was clear that the defendants were aware of how the licensing industry regarding TV broadcasts – in particular sports broadcasts – worked and that it was therefore highly unlikely that they were of the impression that they had acquired any legal global retransmission rights. This conclusion was also supported by the fact that they had continued the retransmission despite having received cease and desist letters, alleging that the retransmissions constituted copyright infringement, on several occasions.

In light of these considerations, the court held that under the Swedish Copyright Act, the defendants were liable to pay reasonable compensation for use as well as compensation for any and all loss which the rightsholders could prove.

Reasonable compensation for copyright infringement is generally calculated based on a hypothetical licence fee, but as it was

clear that no global licences such as those at issue would ever be used, this model could not be used. Instead, the court referred to Supreme Court case law regarding reasonable compensation for use based on the Decoding Act and concluded that the calculation should be made based on:

- » the price that subscribers would have paid for legal access to the channels (irrespective of whether the subscribers had actually accessed each and every channel included in their subscription);
- » the number of subscribers; and
- » the period during which the infringement had occurred.

In this case, there had been approximately 55,000 subscribers to one of the channel packages and approximately 8,200 to the other. The rightsholders had submitted price lists from the relevant periods and based their claims on the lowest annual prices used. The court found that there was some uncertainty regarding, among other things, subscriptions that had been shorter than one year and deducted 10 % from the amounts claimed by the rightsholders. They were awarded approximately EUR 19 million and EUR 1.4 million, respectively, in reasonable compensation for damages. The rightsholders also argued that they had suffered further damages (e.g. goodwill damages and loss of revenue). However, they had neither specified how they had arrived at the claimed amounts nor submitted any evidence. Consequently, the court held that they had not shown the existence of any such damages and dismissed their claims in this regard.

Comment

As the Internet provides a global market for TV broadcasts and other digital services, piracy is becoming a global issue. Encouragingly, the

Swedish specialized IP court made an in-depth analysis and discovered that it had jurisdiction over the full infringement case. While the court generally has wider jurisdiction in criminal proceedings, the conclusions regarding copyright protection under Swedish law for foreign rightsholders may provide equally useful in civil proceedings against Swedish infringers.

Rightsholders should also note that the cease and desist letters sent to the infringers were important evidence in establishing that they had acted intentionally after having received the letters. The established view that any continued infringement after receiving (and perhaps ignored) such letters will be considered negligent or intentional is thus further asserted by this judgment. As the infringer is liable for damages beyond reasonable compensation for use only in cases of negligence or intent, rightsholders will continue to benefit from sending cease and desist letters as soon as infringements are identified.

Further, this judgment highlights the need for rightsholders to be able to specify all claims for damages and provide a sound basis for their damage calculations since there are statutory or punitive damages under Swedish law. In this case, the rightsholders had provided price lists, taken into account changes in prices and monetary value during the time of the infringement, and provided the court with detailed calculations of the reasonable compensation.

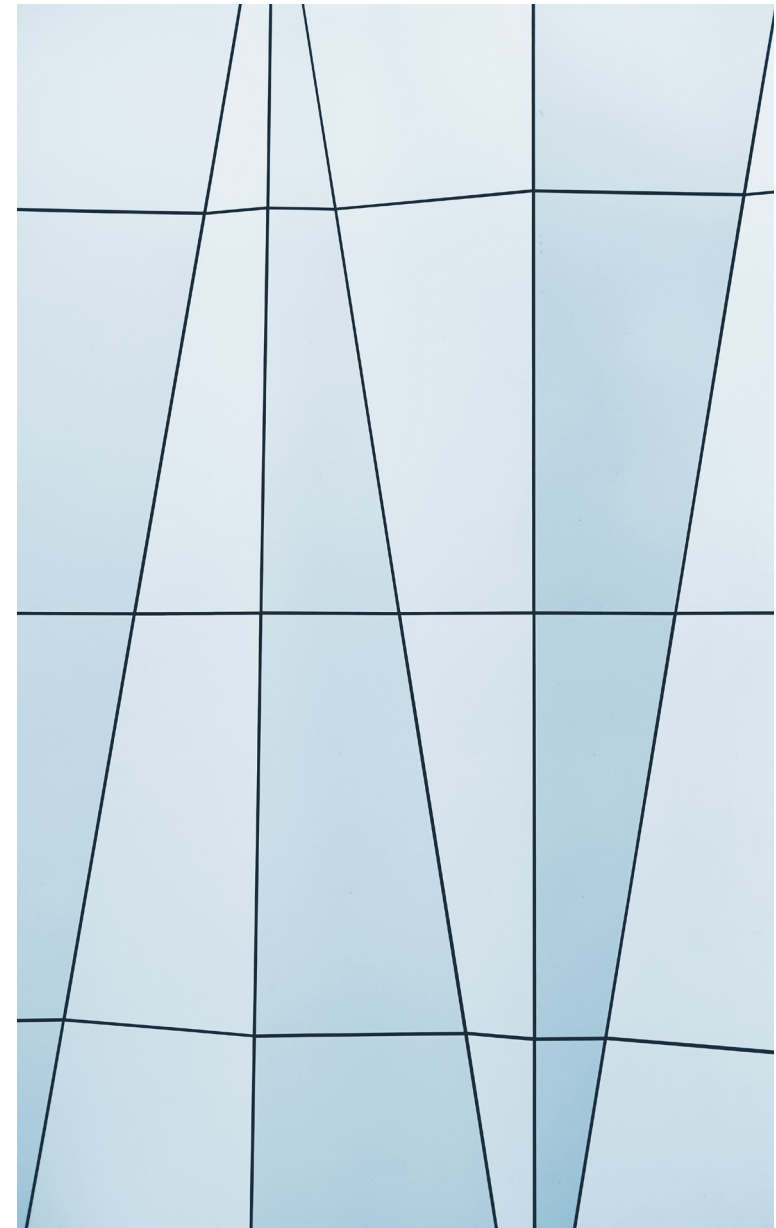
The court found these calculations to be reasonable and used them as the basis for its decision. In contrast, the rightsholders failed to provide substantial arguments or evidence regarding further damage and were thus not awarded any such compensation.

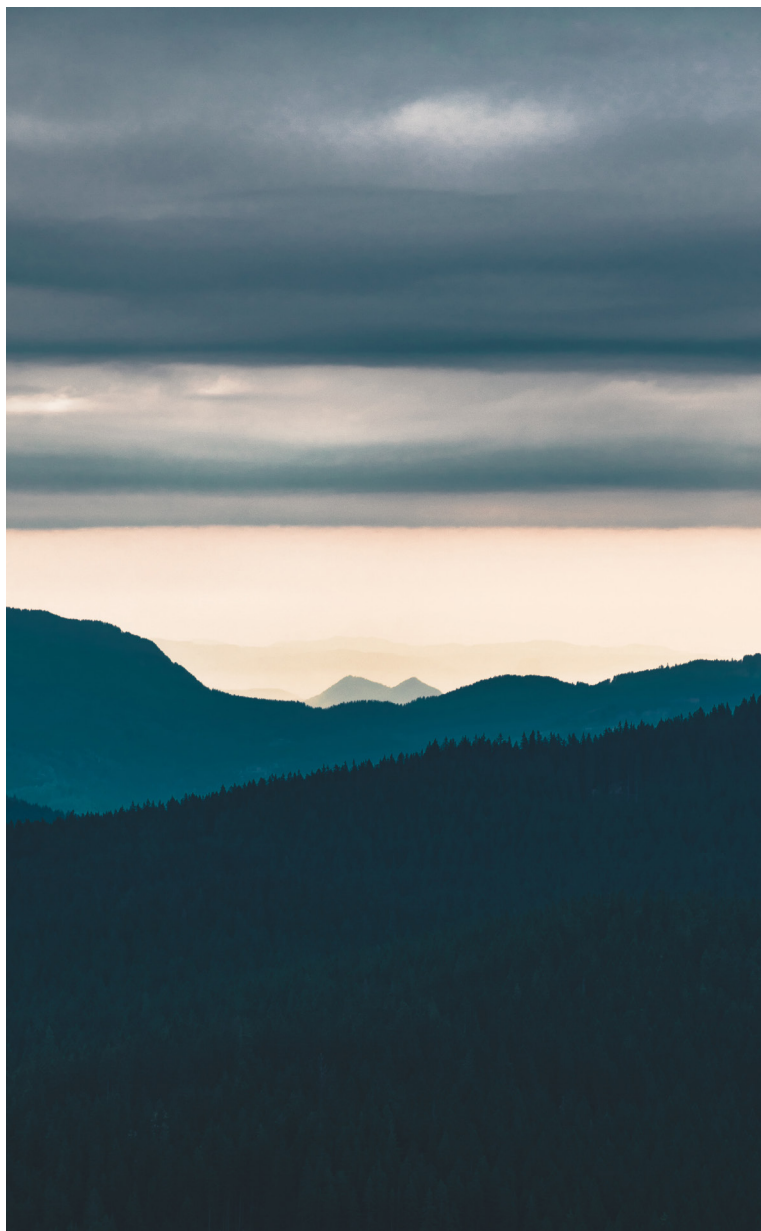
Marketing law

General introduction

This year, the ICC Advertising and Marketing Communications Code ("the ICC Marketing Code"), which is a self-regulatory framework and serves as a global cornerstone within the advertising and marketing industry, has seen a revision.

As such, the ICC Marketing Code provides ethical guidelines and seeks to protect consumers by clearly regulating responsible marketing. Thus, the ICC Marketing Code sets high standards for a full range of marketing activities and provides a solid and flexible starting point for ethical marketing standards adaptable to local needs. It should be specially noted that it covers all forms of advertising and marketing communications (including digital advertising and social media) and is technology as well as media neutral.





As new practices and technologies have evolved, the ICC Marketing Code has been revised and the scope extended to assure its usefulness and relevance. As such, it *inter alia* reflects changes in behaviour resulting from the ongoing digital revolution.

Some of the key changes to the 2018 edition of the ICC Marketing Code include:

- » clarified rules on advertising to children and teens;
- » consolidated rules on direct marketing and digital marketing communications;
- » updated terminology and guidance on the applicability of mobile phones and cross-devices to location-based advertising and interest-based advertising;
- » enhanced guidance on distinguishing marketing communications content from true editorial and user generated content; and
- » expanded coverage of the rules to include emerging mediums and participants, such as social media, artificial intelligence-enabled marketing, market influencers, bloggers, vloggers, affiliate networks, data analytics and ad tech companies

From case law, we report on the first judgment regarding influencer marketing and hidden marketing from a judicial court. The Patent and Market Court has also rendered some interesting judgments relating to the particular requirements when marketing alcohol and tobacco products.

Influencer marketing – is “#collaboration” clear enough? (Patent and Market Court PMT 11949-16)

Introduction

The debate regarding hidden marketing by influencers has been ongoing for some time, as social media’s influencer scene grows from strength to strength. The question of how influencer marketing should look to fulfil the requirements of marketing law has previously been discussed in different guidelines and by industry self-regulatory organization, but this judgment is the first from a judicial court in Sweden.

Background

The influencer behind one of Sweden’s most well-read blogs advertised a service for returning old mobile phones on her blog and Instagram account. A company acted as an intermediary between the marketed service provider and the influencer. The company was also responsible for the blog’s technical platform and provided server space for the blog.

The marketing consisted of three posts – two on the blog and one on Instagram. The first blog post included text presenting the marketed service, three pictures of the influencer and, at the end of the post, “in collaboration with” (Sw. ”I samarbete med”), without further reference to the company that it was in collaboration with. The second blog post was identical to the first, but it had been edited by the intermediary to include a lightly coloured field in which “sponsored post” was written, placed between the headline and body of the text. It also included a reference to the marketed service provider at the end of the post. The Instagram post included

a picture of the influencer holding a mobile phone and a short piece of text with “#collaboration” (Sw. ”#samarbete”) at the end of the six-line message.

The Consumer Agency requested that the court issue injunctions based on unfair marketing practices against the influencer (addressed to her limited liability company) and the intermediary. It alleged that the influencer gave the appearance that she acted as a regular person or consumer, that the advertisement was not clearly identifiable as marketing, and that the advertisement did not clearly state which entity was responsible for the marketing. It also alleged that the intermediary was liable for complicity in the unfair marketing.

Decision

The court began by stating that influencers can make recommendations through their channels, both with and without having received compensation (only the former constitutes marketing under the Marketing Act). Companies marketing their products or services through influencers generally ask for the advertisement to be written in the same tone as the influencer’s usual content. Because followers develop a relationship to the influencer, they are more likely to be affected by marketing through these channels than by other, more traditional types of advertisement.

Consequently, the court held that marketing posts must clearly state that they are advertisements, and that such notice must be given a prominent place in the post. The consumer must be able to identify the post as marketing at a cursory reading.

In its assessment of the average consumer, the influencer and intermediary had referred to Google Analytics statistics showing that 95 % of readers were between 18 and 34 years old, 95 % of readers were women and 90 % of visits to the blog were made by recurring

readers. Even though there were some uncertain factors regarding the statistics (including that about 30 % of logged readers had not been successfully age determined), the court held that it strongly supported that the average consumer was a female aged between 18 and 34 years and a recurring visitor. Moreover, it held that the same persons generally followed both the blog and the Instagram account and that most of the followers were experienced social media users. The average consumer was considered to be slightly more attentive in perceiving marketing in social media.

Turning to the assessment of the marketing, the court referred to several guidelines regarding online marketing provided by the International Chamber of Commerce, the Swedish Consumer Agency and other industry organisations. The court also noted that according to market surveys, consumers found the phrases “in collaboration with”, “sponsored post” and “#collaboration” to be a clear indication that the post contained marketing. However, for the marketing to be fair, the court concluded that consumers must be able to identify the post as marketing at a cursory reading and then to choose whether to read the whole post.

In the first blog post, the information that the post was sponsored was given at the end. It was written in a small font which did not differ from the rest of the content. Readers therefore had to read the whole post or scroll to the end to get this information. For these reasons, the court found that the post was not clearly identifiable as marketing. In contrast, the second blog post contained a coloured banner labelled “sponsored post” directly under the headline. Here, the court found that the average consumer would immediately identify the post as marketing. Regarding the Instagram post, the court noted that Instagram does not offer the same range of design

choices (for example fonts and colours) as a blog, which should be given some consideration. However, consumers must still be able to identify the post as marketing at a cursory reading and be able to choose not to read it. Stating “#collaboration” at the end of the post was considered insufficient. Moreover, it did not contain sufficient information regarding the company behind the marketing, since there was no such information in the hashtags used. Consequently, the court found that the first blog post and the Instagram post constituted unfair marketing.

Regarding liability, the court noted that the company whose services were marketed had the principal responsibility for the marketing. The influencer had been actively involved in designing and publishing the marketing. However, the marketing was not made to promote the influencer’s interest and the influenced was not involved in the actual marketed offer. Therefore, the court found that the influencer could be held liable only for complicity and issued an injunction against her company.

Assessing the intermediary’s liability, the court concluded that the intermediary had negotiated the deal between the influencer and the service provider. It had also contributed to the wording of the marketing by providing a draft blog post and notes on the influencer’s revised draft. It did not, however, have any final approval rights regarding the wording or layout. The intermediary also provided the technical platform for the blog, acted on behalf of the influencer in her initial contacts with the Consumer Agency and developed a technical solution to make it easier for the influencer to mark content as marketing. However, the court found that this was insufficient to hold the intermediary liable and issue an injunction against it.

Comment

The court's conclusion that the indication that a post constitutes marketing must be made at the very beginning of the post is perhaps unsurprising, as it is based on an established principle that the consumer must be able to identify marketing before he or she has read the entire advertisement.

It is interesting to note the rather narrow definition of the "average consumer" based on the statistics provided by the defendants. This appears to be a narrow definition of what could have been expected, but it may be a result of how the parties presented their arguments. Companies that are active in digital media should remember that data regarding actual users may be useful when arguing a certain definition of the average consumer and keep such information handy. It would not be recommended to over rely on being able to define the average consumer as narrowly as in these proceedings without good grounds.

Even though the intermediary between the influencer and the company that bought the advertisement space had taken several measures regarding the wording of the advertisement and had been active in providing the technical platform, it was not held liable for the unfair marketing. This, it appears that it may be difficult to obtain injunctions against such intermediaries if this finding stands on appeal.

Companies that engage influencers as part of their marketing strategies should keep in mind that they are ultimately, and primarily, responsible for the content and presentation of the marketing statements made by the influencer. Even though the Consumer Ombudsman chose to target the influencer and intermediary, this was a pilot case. Companies should therefore be careful to ensure that they have final say regarding the wording and design of advertise-

ments or that the agreement with the influencer imposes sufficient obligations on the influencer to include a clearly visible reference to the collaboration or sponsorship at the beginning of the posts. It may also be insufficient to use "#collaboration" without stating with which company the collaboration takes place.

Finally, it is worth considering that the case was decided on the specific facts relied on in those proceedings. While this included market surveys on the perception of words such as "#collaboration", the legality of all marketing is assessed on a case-by-case basis. As such, it is important to consider how a brief contact with the post could be interpreted by different consumers – for example "#collaboration" does not necessarily mean that it is a paid or commercial collaboration. The Consumer Agency has appealed the judgment against the intermediary and it remains to be seen whether the appellate court shares the Patent and Market Court's view.

Low probative value of market surveys (Patent and Market Court of Appeal PMT 5365-17)

Introduction

The use of market surveys in court proceedings is a recurring point of discussion in Swedish litigation. Parties often invoke market surveys on both sides in support of opposite positions and are usually keen to criticise the other party's survey. This judgment highlights the importance of careful consideration when designing the survey – both regarding the wording of questions and presentation of images – to ensure that the results cannot be questioned in court.

Background

An Israeli company that sold hair care products brought an infringement action against a Swedish competitor. The Israeli

company claimed that certain packages of hair care products launched by the competitor had a number of characteristic elements similar to their own packaging. Consequently, the Israeli company alleged that the competitor's marketing was unfair due to likelihood of confusion and passing off.

Decision

The court initially noted that in establishing whether the marketing at issue was unfair, it should first be assessed whether the Israeli company's packaging was distinctive and well-known.

Regarding distinctiveness, the court found that the design of the Israeli company's packaging was inherently distinctive as a result of the combination of a certain colour and other elements, such as the name of the company and certain capital letters. Both parties had submitted market surveys regarding whether the Israeli company's packages were well-known.

In assessing the market survey invoked by the Israeli company, the court initially noted that the selection of respondents was representative and that the number of respondents was sufficient. Irrespective of this, however, the court held that the survey lacked probative value due to the wording of the initial questions. The court noted that in the pictures of the hair care products which had been shown to the respondents, certain distinctive elements had not been covered appropriately. Consequently, the respondents had been shown pictures of packages where the name of the company was visible. Furthermore, the first question in the survey had explicitly mentioned "hair care products". As a result, the court held that the presentation of the questions had led the respondents to understand that the packaging was that of hair

care products and that it was associated with the Israeli company. Therefore, the court held that the survey lacked probative value.

Further, the court assessed if other circumstances than the market survey implied that the packages were well-known. With regard to the sales figures of the product, the court held that the product had only been on the market for a short period of time (four years) and annual sales ranged between 760,000 units and 250,000 units. Since hair care products have a short life span, it could not be ruled out that consumers may have bought more than one unit at each purchase. Consequently, the court held that no conclusions could be made regarding whether the product was well-known based on the sale figures.

In addition, regarding the extent of the marketing, the court held that the majority of the expenses for marketing was connected to marketing in media mainly directed towards women with a certain interest in fashion. That some marketing acts had been conducted through media which reached the general public, was not considered being sufficient for making the conclusion that the product was well-known by the relevant classes of person.

In light of the above, the court held that it had not been shown that the design was well-known. Consequently, neither a likelihood of confusion, nor passing off could be established.

In addition, it should be noted that the court also assessed the market survey submitted by Swedish company which was invoked in support of that the Israeli company's product was not well-known. The court referred to the first instance court's assessment and held that this survey also lacked probative value. However, this survey

was criticised because the picture of the product's get-up had been too extensively covered. While the first instance court held that the result of the survey *may* have been underestimated since neither the text, nor the Israeli company's initial capital letter were shown to the respondents, the Patent and Market Court of Appeal held that the survey could not provide adequate evidence on whether the product was well-known.

Comment

The case is a reminder of the difficulties in constructing a market survey in a way that will ensure that it is given high probative value in court proceedings. Caution must be exercised when wording questions and choosing pictures that will be shown to the respondents. As is evident from the abovementioned, different approaches should be applied depending on what one seeks to establish with a market survey (i.e. if it is to be used to prove that one's own trademarks or product packing is well-known or to disprove that the opponent's trademarks or products are well-known). In addition, the market survey is considered to have low probative value, additional evidence such as market shares and sales figures may be sufficient to repair the shortcomings in the survey.

Presentation of statements regarding tobacco products is decisive for the assessment of particular moderation in marketing (Patent and Market Court PMT 12882-17 and PMT 13852-17)

Introduction

The Patent and Market Court interprets the requirement that all marketing of tobacco products must be presented with particular

moderation and not be intrusive or encourage use of tobacco in two judgments, both relating to snus. The consumer ombudsman requested prohibitions against the use of certain wordings, claiming that using such wordings was unfair irrespective of the presentation. The court, however, did not agree and restricted the injunctions to specific presentations that were considered incompliant with the requirement for particular moderation.

Background

The consumer ombudsman initiated proceedings against two tobacco companies, claiming that their marketing of snus products was unlawful. The first company had launched an organic snus product and used the expression "organic tobacco" in different forms on a vending machine for snus, on a billboard, on a digital screen, and on stickers on the snus cooler. The second company marketed a snus using the expressions "full taste" (Sw. "smakrik"), "Good snus. Good price." (Sw. "Bra snus. Bra pris.") and "New price on quality!" (Sw. "Nytt pris på kvalitet!").

The consumer ombudsman argued that the expressions in themselves were unfair, as they encouraged use of tobacco, did not relate to objective properties regarding the products and therefore did not fulfil the requirement for particular moderation. The consumer ombudsman further argued that injunctions against the marketing was proportionate, based on the health risks related to snus products and the interest of public health.

Decision

The court noted that the fact that a statement is true, does not give a company an unconditional right to use it in marketing. The consumer ombudsman had not argued that the statements were untrue, but instead argued that irrespective of the truthfulness, the marketing

was unfair as it did not fulfil the requirements of particular moderation. Therefore, the court did not assess whether or not the statements were true.

Turning to the definition of the average consumer, the court noted that the legal age limit to purchase tobacco is 18 years and that the marketing had been used in sales locations for tobacco products. Therefore, the average consumer was a person who was 18 years old or older, that used or would consider using snus products.

In relation to the specific statements, the court reasoned both in relation to the wording as such, and to the specific presentation of the marketing statements.

Regarding “organic tobacco”, the court held that the requested injunction would cover all use in marketing, and thus for example objective information in e.g. product or price lists, which are allowed under the Swedish Tobacco Act. While tobacco product packaging may not imply that one product is less harmful than others, the court found that basing an injunction, under penalty of a fine, against general information that a tobacco product is organic would be too far-reaching and incompatible with marketing law.

However, the court found that the statement had an intriguing effect on the average consumer, and had been given a prominent placing in the marketing at issue. For example, the court noted that the word “EKO” (short for “ekologisk”, which translates to organic) had been used in a more salient design than the words “tobacco” or “organic tobacco”. It had also been used together with the statement “100 % organic tobacco”, which was considered to be a judgment of value. Therefore, the court held that the use at issue was intriguing and encouraged use of tobacco. The court also found that the use of the

statement “organic tobacco” on a billboard, where it was presented against a colourful background, had strengthened the impression that the products had certain health and environmental benefits. Thus, it was not considered “particularly moderate”.

In the second judgment, the court held that the expression “full taste” could, in certain cases, be a relevant, objective presentation of the product. Therefore, an injunction against general use of such words, irrespective of how they are presented, was considered too far-reaching. On the use at issue, the court noted that the marketing had been given a prominent placing in the form of a colourful sticker at eye-level on the door to the snus cooler. Therefore, the court found that it created a particular interest for these products, and that the marketing encouraged use as it was not sufficiently moderate and neutral.

The court also found that the statements relating to price (i.e. “Good Snus. Good Price.” and “New price on quality!”) constituted judgments of value that typically encourage use of tobacco, and that it did not constitute relevant and objective information about the product. Therefore, the court issued an injunction against the use of these wordings.

Comment

The courts are generally quite strict when assessing marketing of tobacco products, as the general rule is that such marketing is prohibited unless it is made at the point of sale and fulfils the requirement regarding particular moderation. In these cases, we are glad to see the court make a detailed assessment of the marketing at issue, and conclude that injunctions against use of certain words irrespective of the presentation is too far-reaching. Consequently, companies that market tobacco products should be able to use

words that describe the properties of the product as long as they are mindful of the presentation of the marketing and ensure that it complies with the applicable requirements.

The legislation regarding marketing of alcohol includes a corresponding requirement regarding particular moderation, and companies that market such products may also draw some guidance from these judgments.

Trade secrets

General introduction

2018 has been a slow year for trade secret litigation, but we report on one appellate court judgment regarding the importance of ensuring that trade secrets are in fact kept secret. The Trade Secrets Directive (2019/943) has been implemented by a new Trade Secrets Act, which replaces the previous one from 1990. While the changes to Swedish law are not drastic, we outline the noteworthy ones below.



New Trade Secrets Act implements EU directive

Introduction

According to the World Intellectual Property Organisation, Sweden is the runner-up for the most innovative nation in the world. Protecting innovations for which patents or other IP rights are not sought, as well as other valuable know-how, is essential for maintaining an inventive environment. However, employees must be able to report any abuse or wrongdoing at work and change jobs without restricting their right to use the professional knowledge and experience acquired in a previous position.

This balance of interests was the focus of Swedish legislators when drafting the Trade Secrets Act in 1990, and EU legislators when drafting the EU Trade Secrets Directive.

Scope of protection for trade secrets

The revised Trade Secrets Act brings the definition of “trade secret” more in line with the definition under the EU Trade Secrets Directive while retaining certain aspects of the earlier definition.

Under the new act, the existence of a trade secret assumes that the owner takes reasonable steps to keep the know-how secret. However, the concept of a trade secret continues to be limited to information relating to commercial activities and operations, which is a broad concept under Swedish law. Equally, the directive requirement that the information has commercial value is considered to correspond to the traditional Swedish law requirement that the disclosure of the information may harm the owner when competing on the market.

The term “infringement” is not used in the new act, which instead prohibits attacks on trade secrets. A definition of what constitutes

an attack – a concept which has been expanded relative to the previous act – has been introduced.

The acquisition of a trade secret is now considered an attack regardless of whether the attacker had lawful access when taking it. The new act expressly defines “attack” as the production without the owner’s consent of goods that benefit significantly from an attacked trade secret with regard to its design, properties, function, manufacture or marketing, as well as the offer for sale, placing on the market or to import, export or store them for such purposes.

Injunctive powers

Under the new act, the courts’ injunctive powers are increased so that an injunction may be entered against imminent attacks, including those which are neither wilful nor negligent. Additionally, the attacker which caused the unlawful disclosure of a trade secret (thus making it public and outside the scope of protection) may be prohibited from using the information for a reasonable period.

Injunctions may be granted as relief on the merits and interim relief.

Courts are also empowered to grant corrective measures, such as the recall, destruction, alteration of a document or object that contains an attacked trade secret.

Confidentiality and liability

One significant improvement is that a duty not to disclose or use trade secret information obtained by virtue of a court’s decision during court proceedings or a hearing in camera, subject to certain conditions, has been introduced into Swedish law. Breach of the duty is penalised as an attack on the trade secrets with the remedies set out under the new Trade Secrets Act.

The confidentiality of trade secrets filed in court in disputes relating to an attack or imminent attack on a trade secret is made without limitation periods, provided that the court does not find, on the merits, that the information does not constitute trade secrets. However, the earlier requirement that the party might suffer significant damages in the event of a disclosure remains. In other disputes, a trade secret filed with the courts cannot be kept confidential for more than 20 years.

The liability for damages caused by attacks are set out by separate provisions, all of which require that the attack is wilful or negligent. The various provisions set out conditions for liability which differ depending on the nature of the attack. The condition that an employee who uses or discloses a trade secret after the term of their employment can be held liable only in exceptional cases remains. The minimum sentence for aggravated corporate espionage is increased to six months imprisonment, which allows for the use of (for example) electronic surveillance in the investigation of such crimes.

Comments

The previous Trade Secrets Act, which was rather unique from an EU perspective, was considered mostly in line with the EU Trade Secrets Directive. The government has expressly stated that in most cases, the previous act's case law and doctrine will remain relevant when interpreting the new act.

The strengthened trade secret protection conferred by the directive aims to advance entrepreneurship, particularly regarding cross-border in the single market. However, trade secret protection

remains considerably less harmonised on an EU (and international) level than IP rights.

The government chose to retain certain aspects of the previous act and it remains to be seen whether these are deemed to align with the directive. In this respect, the courts are expected to apply the new act in a manner which conforms to EU law to the extent possible.

The explicit requirement that reasonable steps must be taken to keep information secret implies a duty of activity for business. Courts might foreseeably hold that the concept of "reasonable steps" depends on the nature of the information for which protection is claimed. However, businesses will continue to benefit from unambiguous confidentiality clauses in contracts and clear policies regarding the treatment of confidential information within the organisation. This will be particularly important for businesses operating in innovative fields which are highly dependent on proprietary know-how that cannot be protected by IP rights.

Even if the strengthened position for trade secret owners is welcome, discrepancies remain between trade secrets and other IP rights. For example, the act does not give trade secret owners access to orders on infringement investigations and information, remedies which are available under Swedish statutes in the IP field and are often a good tool when fighting unlawful use of IP rights.

Equally, any dispute on trade secrets will not be subject to the jurisdiction of Sweden's specialised IP courts – jurisdiction will remain vested in the courts of general jurisdiction and often subject to labour dispute rules.

Confidentiality requirements for protection as trade secrets (Svea Court of Appeal T 7307-17)

Introduction

In the present judgment, the courts examine whether certain information is trade secret under the now repealed Trade Secrets Act of 1990. The courts answer this question in the negative, making some general observations on the requirements which must be met for information to be protected as trade secret.

Background

The parties in the case were in dispute over a share purchase in a private company and the termination for cause of the contracts governing the transaction. One leg of the overall dispute was whether the buyers had breached an undertaking not to disclose information that might be a trade secret of the target company. The conduct complained about was various contacts between the buyers and employees, customers, financiers etc. of the target company. The seller was not very precise in arguing what the buyers had allegedly disclosed during these contacts, but it concerned at least one email sent to third parties from the buyers, in which they stated that they wanted the purchase price, which was specified in the email, for the shares repaid and that they believed that the sellers had not met its obligations.

Decision

The Stockholm District Court, the judgment of which the Svea Court of Appeal confirmed without adding anything, held that the confidentiality undertaking did not specify whether the conduct complained of constituted breach thereof. The court reasoned about the prerequisites for information being trade secret, and discussed the fact that the protected subject-matter was information

about the business and that operations of an enterprise is limited to information with a connection to the business of the enterprise. The court explained that the fact that information must be kept secret means that the information cannot be available to each person interested therein. The court characterised the secrecy requirement as relative. The court also touched upon the requirement that the disclosure of the information is likely to harm the enterprise in view of competition, explaining that it entails that the information at-issue must have a value for the enterprise which keeps it secret.

Turning to the case before it, the court held that the claimant had not presented sufficient evidence to concretise what information that it complained had been disclosed in the various contacts. The court analysed the email mentioned above, ruling that the ownership of shares in a company is publicly available through the record of shareholders which a company is required by statute to keep. That information could accordingly not, found the court, qualify as trade secrets. As for the email's disclosure of the buyers' opinion that the sellers were in breach of their obligations and should repay the purchase price for the shares, the court found that these were opinions of the buyers and could not be trade secrets of the target company. The court explained that it was unclear whether the parties had undertaken to keep the purchase price as such secret. Lastly, the court explained that the information disclosed by the email was not likely to harm the target company, but rather the sellers.

Comment

Although the Trade Secrets Act 1990 has been repealed and replaced by the Trade Secrets Act 2018, the older Act will continue to apply to attacks on trade secrets which took place before 1 July 2018. This judgment gives a useful overview of the protected subject matter under the 1990 Act.

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