

Compulsory patent licence as defence against claim for preliminary injunction

17 May 2021 | Contributed by [Westerberg & Partners Advokatbyrå Ab](#)

Introduction

Facts

Decision

Comment

Introduction

In a recent decision (PMÖ 11561-20), the Patent and Market Court of Appeal (PMCA) issued a preliminary injunction to prohibit a company from selling, importing and using certain products in the life sciences field. In reaching this finding, the court provided that an argument that the requirements for a compulsory licence are fulfilled when no such action has been filed is not itself sufficient to prevent a preliminary injunction.

Facts

The claimant, a company in the life sciences field, owned a patent relating to DNA sequencing. The claimant commenced proceedings against a competitor, claiming among other things that the competitor sold sequencing kits which infringed the claimant's patent. The action included a claim for a preliminary injunction, which was granted by the first-instance Patent and Market Court.

The defendant appealed to the PMCA, maintaining that:

- its sequencing kits were essential for fighting the COVID-19 pandemic;
- a compulsory licence could be issued following the potential filing of such an action; and
- a preliminary injunction should therefore not be issued.

Decision

First, the PMCA found that:

- the claimant's patent was likely to be valid;
- the defendant's sequencing kits infringed the patent; and
- it could reasonably be expected that the defendant would continue to infringe without an injunction.

The court then assessed whether the fact that the requirements for a compulsory licence could be fulfilled if the fact that such an action were filed entailed that a preliminary injunction should not be issued.

The court noted that certain requirements apply for a compulsory licence to be issued – for example, that the presumptive licensee has:

- tried to obtain a licence from the rights holder on reasonable terms without success; and
- filed an action for a compulsory licence before a court.

Neither of these requirements had been fulfilled.

The court observed that where a compulsory licence has not been issued, the systematic function of Swedish patent legislation strongly indicates that a mere assertion that the requirements for a compulsory licence are fulfilled is insufficient to prevent the grant of a preliminary injunction.

Comment

This decision is one of the few Swedish decisions to touch on compulsory licences (no such judgments appear to have been handed down since the mid-twentieth century and those originated from issues which arose in connection with World War II). When referring to the systematic functions of Swedish patent legislation, the

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court confirmed that the possibility to effectively void the legal monopoly granted by a patent for reasons of a potential public interest is already addressed by the specific requirements for obtaining a compulsory licence. Considering that a compulsory licence is a severe limitation of the proprietor's rights in a patent, this finding appears to align with the underlying purposes of patent legislation.

It can also be considered whether this finding confirms what has previously been indicated in the literature – namely, that when assessing proportionality in connection with a preliminary injunction, only the parties' interests should be considered, meaning that those of a third party or the public should not be taken into consideration. However, this issue was not directly addressed since the court found that an action would have had to have been filed for the compulsory licence argument to apply – it thus did not consider whether the products were indeed essential to combat the pandemic or whether such public interest arguments could be relevant or decisive.

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