





Intellectual Property Rights Yearbook 2022

A summary and analysis of developments in Swedish and EU case law pertaining to intellectual property rights and related areas.

Editorial team: Maria Bruder, Siri Alvsing and Josefine Lindén
© 2022 Westerberg & Partners Advokatbyrå AB

Contents

Foreword	12
Definitions	16
Patent law	18
Interim measures are not dependent on a confirmation of validity of a patent (CJEU, C-44/21 Phoenix Contact)	22
Interpretation of Brussels Ia Regulation in the case of patent applications deposited and patents granted in third countries (CJEU, C-399/21 IRnova)	25
'AstraZeneca's SPC' – grave procedural error in a case of Supplementary Protection Certificate for medicinal products (Supreme Court, Ö 5978-21)	29
Pan-European infringement jurisdiction? (PMCA, PMÖ 671-21)	33
The admissibility of pre-grant litigation (PMCA, PMÖ 5185-22)	35
Patent infringement and addition of new evidence (PMCA, PMT 7752-20)	37
Ex parte PI? (PMCA, PMÖ 9563-22)	40
The doctrine of hierarchy of courts (PMCA, PMÖ 10423-22)	43

Transfer of a patent application (PMCA, PMÖÄ 10991-21)	46
Presumption of validity in preliminary proceedings (PMCA, PMÖÄ 11098-22)	49
Presumption of a patent's validity and a product's 'embodiment' of a patent? (PMCA, PMÖ 11599-21)	51
Supplemental Protection Certificate for medicinal products (PMCA, PMÖÄ 12516-21)	53
Trademark law	56
Falsified Medicines Directive's impact on parallel trade clarified by CJEU and Swedish courts (CJEU, C-147/20 Novartis Pharma, C-204/20 Bayer and C-224/20 MSD and Others, PMC, PMT 17606-21 and PMCA, PMT 8284-20)	60
Platform liability for third-party advertisements (CJEU, C-148/21 and C-184/21)	68
Exhaustion and reasonable ground to object to continued sales of relabelled reusable products (CJEU, C-197/21 Soda-Club (CO2) and SodaStream International)	72
The concept of 'reasonable and proportionate costs' for the reimbursement of legal costs (CJEU, C-531/20 NovaText)	79
Genuine use in the EU (GC, T-768/20 Standard International Management v EUIPO)	82

De minimis calculation
(PMCA, PMT 13188-20) 86

Likelihood of confusion despite
low degree of distinctiveness
(PMC, PMÄ 16679-21) 89

Difficulties for one-letter trademarks to establish
distinctiveness and to enjoy a wide scope of protection
(PMC, PMÄ 19591-21) 93

Design law 96

GC on evidence of design considerations
in invalidity actions against RCD
(GC, T 231/21 Praesidiad v EUIPO) 100

Applicable law for supplementary
claims in infringement actions
(CJEU, C 421/20) 103

Social media posts as evidence of
disclosure to the public
(Third Board of Appeal, R 726/2021-3) 105

Copyright law 110

Handling of exceptions from
and reimbursement of levies
(CJEU, C-263/21 Ametic) 112

Poland's Article 17 challenge
(CJEU, C-401/19 Poland v Parliament and Council) 115

Private copying levies for cloud storage
(CJEU, C-433/20 Austro-Mechana) 120

The right to compensation for legal
costs incurred before the proceedings
(CJEU, C-559/20 Koch Media) 123

Distribution of TV/radio programmes
to hotel guests revisited
(CJEU, C-716/20 RTL Television GmbH) 126

The interpretation of license agreements
for use of photographic works in Sweden
(PMCA, PMT 4780-21) 129

Copyright contracts in public procurement
(PMCA, PMT 9573-21) 133

Infringement of radio and
television companies' signal rights
(PMCA, B 12022-21) 137

Reasonable compensation for
museum's copyright infringement
(PMCA, PMÖÄ 13244-21) 141

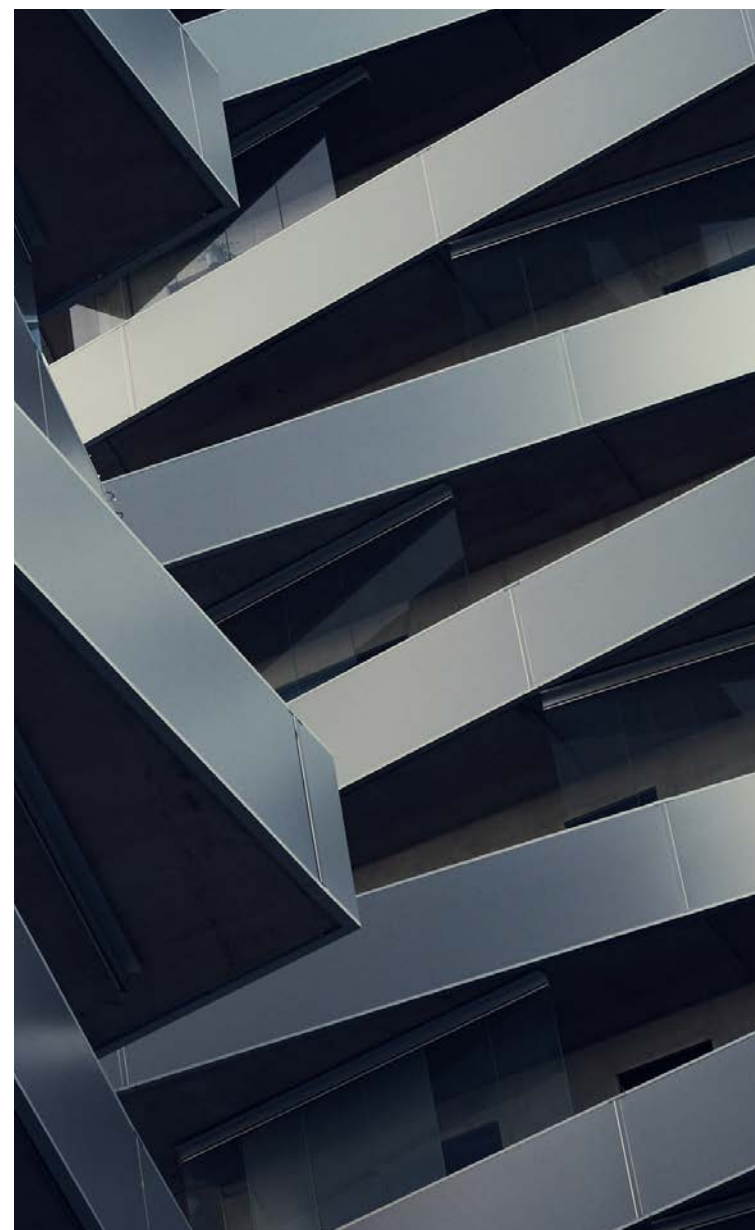
Scope of protection for
works of applied art post-Cofemel
(PMCA, PMT 13853-20) 144

Database rights and content aggregation
(PMC, PMT 11815-20) 148

Designer table enjoys
protection as work of applied art
(PMC, PMT 16606-21) 153

Copyright to replacement parts of
design furniture and repair limitations
(PMC, PMT 16530-21) 158

Media law	162
Compensation for defamation (Supreme Court, T 3762-21)	164
Journalistic defamation (Supreme Court, B 4923-22)	167
Gross defamation – similar statements in different media resulting in different judgments (Stockholm District Court, B 568-21 and Svea Court of Appeal, B 374-20)	171
Marketing law	176
Environmental claims and marketing (PMCA, PMT 1782-21)	180
Marketing of electronic cigarettes and refill containers (PMCA, PMT 9231-21)	184
Online sales of alcoholic beverages (PMCA, PMÖÄ 13055-20)	187
Use of environmental claims in marketing of building materials (PMCA, PMT 13193-20)	191
Trade secrets	196
The use of IT forensic evidence in trade secret litigation (PMC, PMT 8087-20)	198
The IP team at Westerberg	206



Foreword

The year 2022 has been yet another challenging and extraordinary year in many ways. Hardly had the Covid-19 pandemic passed before the world was confronting another event that has caused much suffering, millions of refugees, skyrocketing inflation and a recession in the economy – Russia's invasion of Ukraine.

From an IP point of view, 2022 has been eventful. Within the area of patent law, we report on nine cases from the PMCA, one case from the Supreme Court and a couple of cases from the CJEU. The cases provide new insights on, *inter alia*, the hierarchy of the courts, the possibilities to request an injunction pre-grant of a patent, the possibilities to request an injunction ex parte and the jurisdiction of Swedish courts in patent infringement cases where the validity of non-Swedish patents are questioned.

In respect of trademark law, we report on, among other things, cases relating on the

concept of objective necessity to re-box medicinal products subject to parallel distribution, calculation of *de minimis* compensation in trademark infringement cases and exhaustion of exclusivity and whether the trademark holder has a reasonable ground to object to a continued use of its protected trademark.

In the copyright area, we report on the CJEU's blockbuster decision regarding the Republic of Poland's failed action to invalidate Article 17 of Directive (EU) 2019/790 ('Digital Single Market Directive') as well as on two separate judgments which present valuable clarifications on the EU law requirements that must be fulfilled by national systems in the members states for the collection and distribution of copyright levies and on further clarifications on the boundaries on the distribution of TV channels to guests in hotel rooms. We also report on Swedish cases that cover issues such as copyright in individual parts of applied art and consequential

limitations on repair or reupholstering of furniture, works of applied art and database rights in the context of content aggregation.

For designs, the notable case law relates to which law to apply for supplementary claims in national Community design courts, disclosure of a design which consequently destroys the required novelty, and the distinction of what kind of proof is needed to prevent invalidation of an RCD which is claimed to be solely dictated by its technical function.

For media law, we report on three separate judgments from the Supreme Court on defamation which include conflicting results in different courts as the same defamation of the same man by the same woman and clarifications as to the interesting topic of re-distributions by various people on the internet of similar defamatory statements.

We also report on cases under the Marketing Act which cover marketing of alcohol and the use of environmental statements in marketing.

Last but not least, we report on a trade secret case pertaining to practical questions regarding the use of IT forensic evidence.

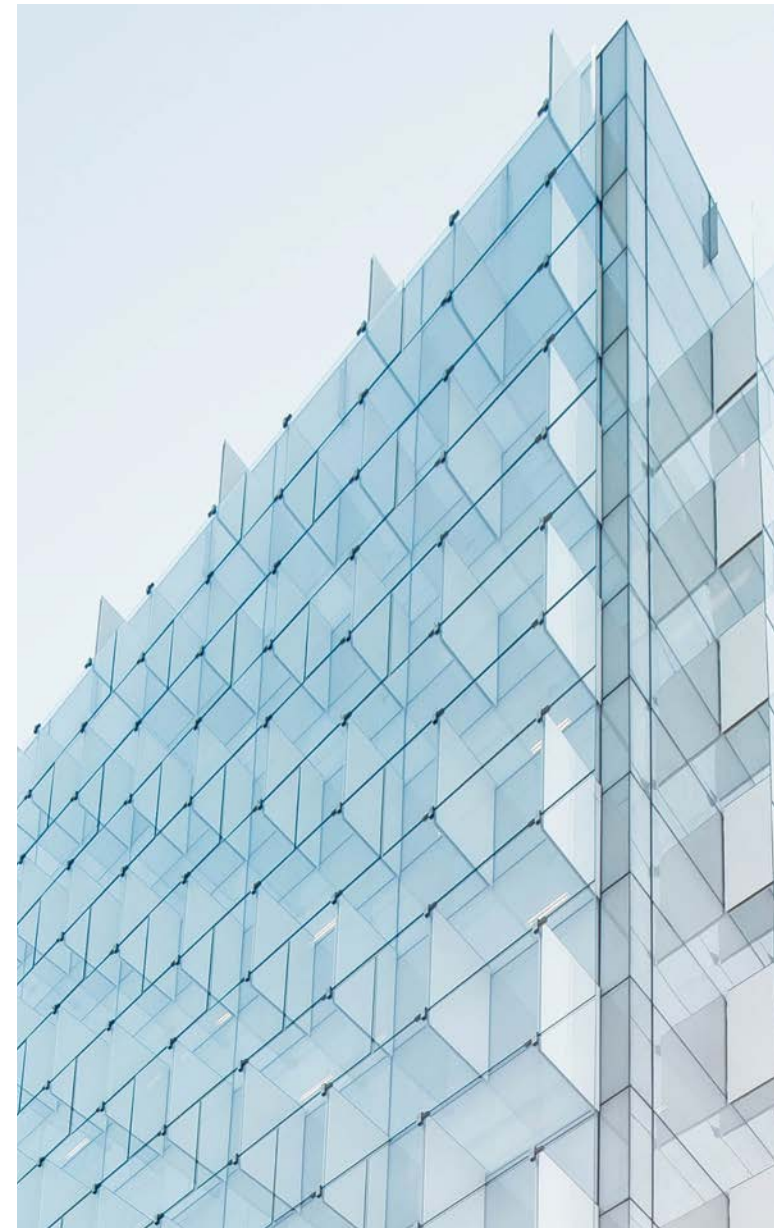
You will meet our dedicated team of specialised IP lawyers in the list of contributors at the end. Do not hesitate to contact us should you wish further discussion on any IP matter.

We all hope that you will enjoy our publication and we wish you a successful New IP Year in 2023!



Definitions

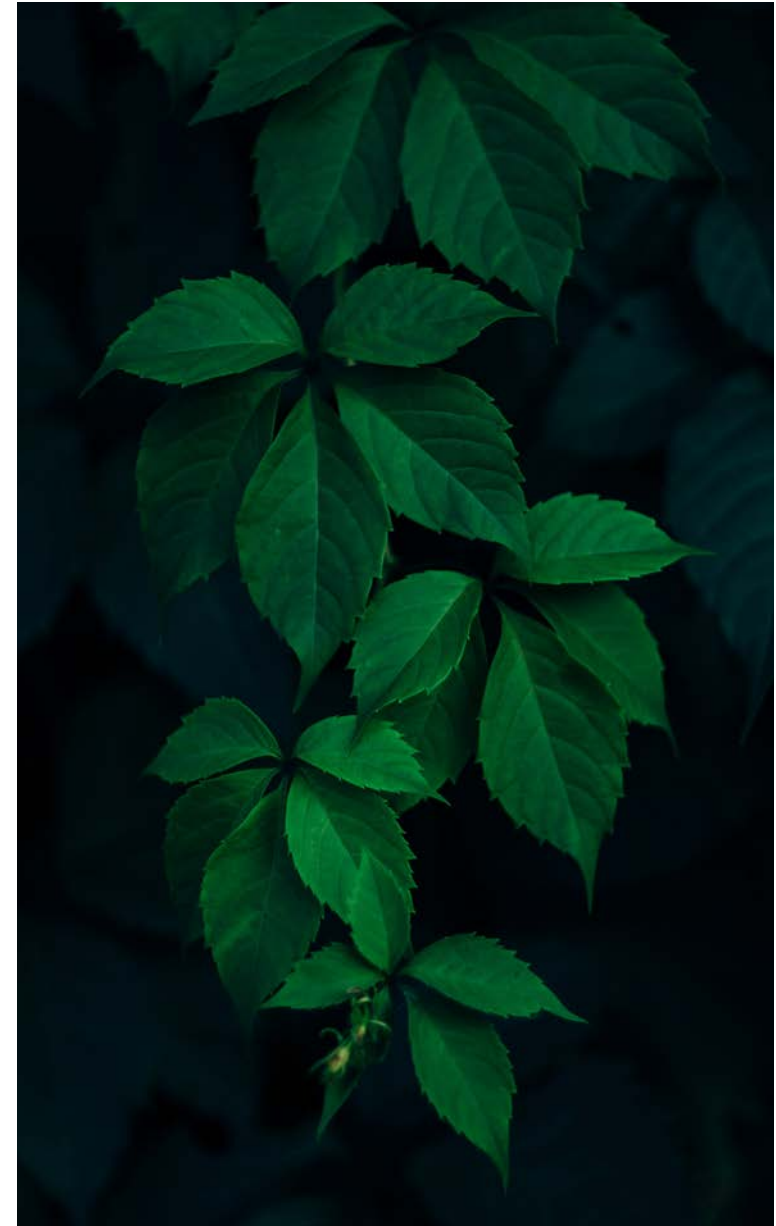
BoA	<i>Board of Appeal</i>
CJEU	<i>Court of Justice of the European Union</i>
EUIPO	<i>European Union Intellectual Property Office</i>
EUTM	<i>EU trademark</i>
EUTMR	<i>Regulation (EU) 2017/1001 on the European Union trademark</i>
EPO	<i>European Patent Office</i>
GC	<i>General Court</i>
PMC	<i>Patent and Market Court</i>
PMCA	<i>Patent and Market Court of Appeal</i>
RCD	<i>Registered Community Design</i>
SPC	<i>Supplementary Protection Certificate</i>



Patent law

General introduction

One of the major events under 2022 was the announcement that the Unified Patent Court ('UPC') would open its doors on 1 April 2023. Due to technical difficulties to retrieve means of authorisation to the case management system of the UPC this date was later pushed to 1 June 2023. Despite the slight delay, the new patent court presents additional possibilities in patent litigation. One of the benefits of the UPC is that the rightsholder will be entitled to request an injunction against patent infringement across the entire UPC territory from one and the same court. Conversely, however, any patent may be revoked for the entire UPC territory by the one court. Sweden will participate in the Baltic-Nordic regional division, which will have its seat in Stockholm.





With the start of the sunrise period of the court fast approaching, it is important to make sure that the strategy for this new patent landscape is in place. Regardless of whether one decides to opt-out of the system entirely or to stay in, the implications of this new system will be considerable.

From a strategic point of view, the Baltic-Nordic regional division in Stockholm is a promising venue for possible disputes before the UPC. With an experienced and highly qualified set of judges, we anticipate that the court will offer good opportunities to successfully request a preliminary injunction. It is furthermore likely that the court will try the question of validity together with the question of infringement and hesitate to refer the question of validity to the central division. The Baltic-Nordic regional division will further have English as procedural language, facilitating the proceedings for English speaking patentees.

The patent case law this year presents a spread of interesting procedural and substantive questions. The Supreme Court has ruled that the omission to refer a question relating to supplemental protection certificate to the CJEU was a grave procedural error. Furthermore, we report on cases regarding the conditions for pre-grant litigation, the principle of proportionality in a request for an information order and the jurisdiction of Swedish courts in patent infringement cases where non-Swedish patents are asserted.

Interim measures are not dependent on a confirmation of validity of a patent (CJEU, C-44/21 Phoenix Contact)

Introduction

From a Swedish perspective the presumption of validity of a patent in interim proceedings is strong. It is only if the defendant provides evidence to show that the patent is likely to be revoked that the presumption is lifted and the patent holder will need to show that the patent will likely be upheld (RH 2016:65, RH 2016:68 and PMÖD 2017:4). This has however not been the case in Germany.

The CJEU clarifies in this case that Article 9 (1) of Directive 2004/48 ('Enforcement Directive') must be interpreted as precluding national case law from prohibiting interim measures solely on the basis that the validity of the patent has not been examined in opposition or invalidity proceedings.

Background

This case commenced following the granting of a patent for a plug connector. During the patent application proceedings, a company submitted observations on the patentability of the product. Shortly after the approval of the patent, the patent holder initiated an action of infringement against the defendant, which was the same company that submitted observations during the proceedings before the EPO. The German court concluded that an infringement had occurred and that the patent was valid. However, the court found itself to be prohibited in granting interim measures as case law *in principle* required a refusal of such a request if the patent had not been proven valid through opposition or invalidity proceedings. This was not a requirement in the German laws but a result of

established case law. The German court therefore decided to refer the question to the CJEU on whether it was compatible with the Enforcement Directive to refuse interim measures for patent infringement if the validity of the patent in dispute had not been confirmed in opposition or invalidity proceedings at first instance.

Decision

The CJEU firstly established that Article 9(1) of the Enforcement Directive, read in conjunction with its recitals 17 and 22, required the Member States to provide for the possibility to issue a preliminary injunction and that such a decision should be possible to render without awaiting a decision on the merits. Further, the CJEU emphasised that the Enforcement Directive provided a minimum standard of protection for the rightsholders which could not be deviated from unless it was in a direction to the benefit of the rightsholder. The purpose of the provisions of the Enforcement Directive was to provide effective legal remedies designed to prevent, terminate, and rectify any infringement of an existing IP right. To this effect patents were presumed valid upon grant and the legal instruments such as adequate security, right to damages and the national courts' obligation to provide guarantees that the interim measures are not abused safeguarded the defendant's interests.

Therefore, the CJEU found that case law that imposed a requirement that the validity of the patent in suit must have undergone examination in administrative or civil proceedings would deprive Article 9(1)(a) of the Enforcement Directive of any practical effect. The CJEU thereby established that the German case law in question disregarded the objectives of a high level of protection of IP and did not comply with the Enforcement Directive.

In light of this conclusion the CJEU also found, with reference to CJEU case law in *DI* (C-441/14, paragraph 33 and the case law cited), that the requirement for national courts to interpret national law in conformity with EU law entailed an obligation to change established case law where necessary if the case law in question is based on an interpretation of national law that is incompatible with the objectives of EU law. The CJEU thereby, quite strongly, urged the German court to ensure that Article 9(1) of the Enforcement Directive was given full effect, if necessary, by refusing of its own motion to apply national case law where that case law is not compatible with that provision.

Comment

The referral of the question to the CJEU stirred up a discussion amongst scholars in Germany as the ‘case law’ in Germany was not so strict that it did not allow for exceptions to *the principle* that the patent in suit needed to have undergone a confirmative decision or judgment in opposition or invalidity proceedings. The CJEU’s understanding of the ‘case law’ was therefore according to some incomplete and there were in fact possibilities for the national court to grant a preliminary injunction based on its assessment of the validity of the patent in suit. The outcome has therefore been met with some hesitation and critics claim that the more relevant questions regarding the evidentiary standard for assessing the validity of a patent in interim proceedings remain. In any event, it is likely that the decision will have an effect on the traditionally very restrictive German approach in granting preliminary injunctions.

The decision from the CJEU will most likely only have marginal effect in Sweden as Swedish courts already challenge case law and principles that may be incompatible with EU law.

Wendela Hårdemark, Josefine Lindén and Simon Fredriksson

Interpretation of Brussels Ia Regulation in the case of patent applications deposited and patents granted in third countries (CJEU, C-399/21 *IRnova*)

Introduction

The present case concerns interpretation of the Brussels Ia Regulation in the case of patent applications deposited and patents granted in third countries. It is of particular relevance for the answer to the question of jurisdiction in cross-national disputes as regards employee inventions.

Background

A company, with its registered office in Sweden, brought an entitlement (‘better right’) action to inventions referred to in a granted US patent and several US, Chinese and European patent applications before the PMC. One ground for its action was that the inventions were supposedly developed by the company’s employees and was the rightful owner of the inventions.

The PMC declared that it had jurisdiction to hear the action regarding the inventions covered by the European patent applications. However, the court stated that it did not have jurisdiction relating to the third country applications, i.e. those in China and the United States and the granted patent in the United States.

Against this background, the company appealed the court’s decision on lack of jurisdiction before the PMCA, which in turn decided to stay the case and referred a question about the interpretation of the Brussels Ia Regulation to the CJEU.

Decision

Slightly rephrasing the question referred according to the CJEU, the national court intends to get an answer to whether Article 24(4) of the Brussels Ia Regulation should be applied to an entitlement action concerning patents and patent applications in third countries.

As a first step in answering this question, the CJEU took a position on whether the current situation is covered by the scope of Brussels Ia Regulation. Since the dispute in the national case both concerns a civil and commercial matter and has an international element through the third country patent and patent applications, the CJEU found that the Brussels Ia Regulation is applicable.

The second step in answering the national court's question was whether Article 24(4) of the Brussels Ia Regulation is applicable to the dispute in question.

Article 24(4) states that, in an action concerning the registration or validity of patents, trademarks, designs or similar rights for which deposition or registration is required, the courts of the Member State where deposition or registration has been requested or has taken place shall have exclusive jurisdiction, regardless of the domicile of the parties.

Referring to the wording of the relevant provision, the CJEU initially stated that it is not in a Member State that the patent applications have been filed or that the patent has been granted, but in a third country. Since the article does not regulate this situation, it cannot be applicable in the current dispute.

Further, the CJEU found that the dispute before the national court is not a dispute 'concerning the registration or validity of a

patent' within the meaning of Article 24(4) of Brussels Ia Regulation. In connection with this, the CJEU stated that this expression in Article 24(4) should not be given a wider interpretation than is required in view of its objective, which is to ensure sole jurisdiction for courts in the country in which the registration or validity is at question, as such courts will be best placed to solve such disputes.

Giving a broader interpretation of the article would deprive the parties of the opportunity to choose a forum, which in turn means that they must bring proceedings in a court that is not the court where either party is domiciled.

In light of this, the CJEU found that the dispute does not concern the registration or validity of a patent, but rather concerns the subject matter of the right – a question of who the right proprietor is. This, the CJEU considered, was a preliminary question of who the inventor is, which is distinct from the validity of the patent and patent applications. In such cases, there is no material or legal connection to the place where the right has been registered that would justify an application of the rule of exclusive jurisdiction.

In view of this, the CJEU ruled that Article 24(4) of the Brussels Ia Regulation does not apply to a dispute concerning the determination of whether a person is entitled to certain inventions covered by patent applications filed and patents granted in third countries, however pointing out that the national court may have to apply third country law in determining who is entitled to the patent or patent application in those countries.

Comment

Entitlement proceedings generally require significant investigations into the development work leading to the invention; understanding what the core of the inventive contribution is, reviewing development

notes, considering the technical contribution seen in successive prototypes and so on. The central evidence is usually the natural persons involved in development of the invention, necessitating (often lengthy) witness testimonies, often from several persons, on the actual work performed. In our experience, such proceedings are often costly and time-consuming.

It would appear to be good procedural economy in being able to litigate the issue of entitlement to all patents and applications before the courts of the country where the inventive effort took place, and the evidence accordingly is located. However, jurisdiction may be asserted under Article 4 of the Brussels Ia Regulation regardless of whether the work occurred in the country of the defendant's domicile or elsewhere. Nevertheless, the ruling has the benefit that need for proceedings in multiple jurisdictions is reduced. A claimant should still be mindful of the fact that the third country patents are objects of property in those countries. The Brussels Ia Regulation does not determine whether the third countries will recognise the judgment.

Ludvig Holm, Björn Rundblom Andersson and Filip Jerneke

'AstraZeneca's SPC' – grave procedural error in a case of Supplementary Protection Certificate for medicinal products (Supreme Court, Ö 5978-21)

Introduction

Since Regulation No 469/2009 ('SPC Regulation') entered into force, the CJEU has tried a plethora of cases related to the interpretation of the SPC Regulation. However, new questions are continuously raised by pharmaceutical companies while challenging the decisions by the competent authorities and as a consequence the case law is still evolving.

In this case the Supreme Court finds that the PMCA, *ex officio*, should have requested a preliminary ruling from the CJEU since the interpretation of EU law was unclear and of relevance for the outcome.

Background

The applicant had been granted an SPC for the product dapagliflozin in February 2014. The grant was based on a European patent regarding C-aryl glucoside SGLT2 inhibitors and the first market authorisation for the pharmaceutical Forxiga. In July 2014 the applicant requested the grant of an SPC for a product which consisted of a combination of the substances dapagliflozin and metformin. The same European patent was invoked as basis for the grant and a first market authorisation for the pharmaceutical Xigduo. The Swedish Intellectual Property Office rejected the application as the applicant had already been granted an SPC based on the same European patent. One of the questions in the case was how to interpret Article 3(c) in the SPC Regulation i.e., whether the product – the combination of dapagliflozin and metformin – had already been

subject of a certificate. Upon appeal the PMC and the PMCA both rejected the application. In neither of the instances was the question of referral to the CJEU raised by the parties nor the courts.

The applicant lodged a complaint for grave procedural error to the Supreme Court. In the complaint the applicant claimed that the PMCA's omission to *ex officio* request a preliminary ruling from the CJEU regarding the interpretation of Article 3(c) of the SPC Regulation constituted a grave procedural error that could have affected the outcome of the decision.

Decision

In light of the complaint lodged, the Supreme Court had to determine if the PMCA *ex officio* had had an obligation to request a preliminary ruling from the CJEU regarding the interpretation of Article 3(c) of the SPC Regulation in view of the established case law from the CJEU and the specific circumstances in the case.

According to Article 267 of the Treaty on the Functioning of the European Union ("TFEU") and Article 19(3)(b) of the Treaty of the European Union the reference for a preliminary ruling is a fundamental mechanism of EU law. If a question relating to EU law is raised in a court, in which decisions cannot be appealed according to national law, that court is in principle obliged to refer the question to the CJEU (cf. Article 267 third paragraph of TFEU). Therefore, as explained by the Supreme Court, an omission to request a preliminary ruling from the CJEU would be considered a procedural error, but it may not always constitute a grave procedural error to which end the decision rendered will quashed. The decisive factors for finding that an error was *grave* were 1) if the court in question was the last instance, 2) if the court had

rendered a decision with prejudicial effect and 3) if the question of EU law would determine the outcome of the dispute. As the first two requirements were already fulfilled the question to be determined by the Supreme Court was the importance of the interpretation of Article 3(c) of the SPC Regulation in the case.

The Supreme Court found that the CJEU in fact had interpreted Article 3(c) of the SPC Regulation on several occasions, but that this was not an indication that further guidance was superfluous. Instead, the Supreme Court noted that the CJEU had provided its previous guidance in relation to the specific circumstances in those main proceedings. This favoured the conclusion that the details of the national proceedings should be given great importance in the assessment of whether the CJEU had provided an answer that could be applied in the case at hand. The Supreme Court noted that this was even more relevant since the interpretation of Article 3(c) of the SPC Regulation was more restrictive than its literal wording and in principle did limit the rightsholders' possibilities. As a consequence, the Supreme Court found that, in cases where the circumstances in the national proceedings were not identical with the circumstances already tried, previous case law from the CJEU should only be applied if it unequivocally answers the questions of relevance to the case at hand.

Since the circumstances in the case in fact differed from *inter alia* the CJEU's judgment in Actavis Group PTC and Actavis UK (C-443/12) this was enough for the Supreme Court to find that the interpretation of Article 3(c) of the SPC Regulation was unclear. The fact that other Member States had found that Article 3(c) did not prevent the grant of an SPC for a combination of the substances dapagliflozin and metformin, added further support to

this conclusion. Finally, the Supreme Court found that the multiple referrals to the CJEU, regarding the interpretation of Article 3(c) of the SPC Regulation, clearly indicated that further guidance was necessary and that an exception from the obligation to refer the case to the CJEU did not exist.

The Supreme Court therefore found that previous case law from the CJEU could not be considered to unequivocally answer the questions in the case. The interpretation of Article 3(c) of the SPC Regulation was therefore not clear and did not lack relevance for the assessment. The omission by the PMCA to request a preliminary ruling from the CJEU regarding the interpretation of Article 3(c) of the SPC Regulation was therefore considered a grave procedural error which presumably could have affected the outcome of the case. The PMCA's decision was thereby revoked, and the case referred back to the PMCA.

Comment

The Supreme Court rarely renders decisions finding that a grave procedural error has occurred, and it is equally unusual that the Supreme Court provides guidance in patent cases. Even though the Supreme Court has not tried whether the applicant in this case has fulfilled Article 3(c) of the SPC Regulation, it is clear that the Supreme Court has not found the provision to be obvious. This may affect the Intellectual Property Office's decisions onwards. Furthermore, this decision will most likely result in an increase in referrals to the CJEU from the PMCA even without the question being raised by the parties.

Wendela Hårdemark

Pan-European infringement jurisdiction? (PMCA, PMÖ 671-21)

Introduction

The PMCA has decided to ask the CJEU to clarify whether infringement falls within the exclusive jurisdiction of the courts of the country where the patent is registered, if and when the validity of the at-issue patent is contentious. The CJEU's answer will determine whether claimants have an avenue for enforcing all national parts of a European patent before the courts of the country where the defendant is domiciled regardless of validity having to be litigated before the courts of the countries where the patent is designated.

Background

A German company brought proceedings before the PMC against a Swedish company for infringement of ten national designations of a European patent. The defendant objected, among other things, that all national parts of the patent were invalid, and that the infringement claims accordingly were to be rejected. The defendant also objected that the Swedish courts lacked jurisdiction over the infringement case with respect to all national parts of the European patent other than the Swedish.

The claimant disputed the preliminary objection and argued that infringement is not covered by the exclusive jurisdiction vested in the courts of the country of registration under Article 24(4) of the Brussels Ia Regulation. Said article provides that proceedings concerning validity, irrespective of whether the issue is raised by way of an action or as a defence, fall within the exclusive jurisdiction of the courts in question. The claimant also argued that a provision of Swedish law had the effect that validity never becomes contentious

in Swedish infringement proceedings. Thirdly, the claimant argued that Article 24(4) does not cover non-EU patents. It followed, according to the claimant, that the Turkish and UK designations asserted before the Swedish court could not be subject to the exclusive jurisdiction of any other court under the Brussels Ia Regulation.

The PMC decided to decline jurisdiction over the case insofar all designations of the European patent except the Swedish were concerned. The claimant appealed.

Decision

The PMCA found that the questions before it were not *acte claire* and decided to stay the proceedings and send three questions to the CJEU. The first question asked was essentially whether Article 24(4) of the Brussels Ia Regulation covers infringement proceedings when validity is contested as a defence. The second question considered the significance of domestic procedural rules under which a defendant who wishes to rely on invalidity as defence to infringement must sue the patentee for revocation. The third question contemplates whether Article 24(4) extends to third country rights.

Comment

Since the decision of the PMCA was to refer questions, there is little to comment on with respect to the decision as such. The CJEU will have to decide whether infringement can be pursued before the courts of the defendant's domicile regardless validity of the patent having to be adjudicated elsewhere. In other words, the question is whether infringement is divisible from the validity. The answer will be greatly significant not only for the current patent litigation landscape but will resonate also in the Unitary patent system as the UPC will base its international jurisdiction on the Brussels Ia Regulation and Lugano Convention (2007).

Björn Rundblom Andersson and Wendela Hårdemark

The admissibility of pre-grant litigation (PMCA, PMÖ 5185-22)

Introduction

The present decision was handed down in infringement proceedings initiated before patent grant. The decision opens the door for pre-grant litigation in certain situations.

Background

Three affiliated pharmaceutical companies sought a preliminary injunction, a final injunction and a declaration of liability *per se* against two generics companies based on a patent that was expected to be granted soon. The patent application in question had been rejected by the Examining Division of the EPO. However, a Technical Board of Appeal had reversed the decision and referred the matter back to the Examining Division with the order to grant a patent.

The PMC held the claimants' action inadmissible, citing a provision in the Swedish Procedural Code on the admissibility of requests for specific performance, which covers injunctive relief. The main rule according to that provision is that a request will not be admissible until the claim falls due. The PMC therefore held that there could be no claim for performance before the patent had been granted. The claimants appealed the ruling to the PMCA, which reversed the decision.

Decision

The PMCA noted that it is sufficient for admissibility that the performance has come due when the court rules on the merits of the claim. The court agreed with the lower court that it would be difficult to formulate a generally applicable rule as to when the inception of an IP right is so likely or close at hand that an infringement

action should be allowed. Instead, the court held, this must be decided on a case-by-case basis.

In the immediate case, the court noted that the Technical Board of Appeal had ordered the Examining Division *to grant* the patent with the patent claim on which the claimants had based their infringement assertion. The court held that, at the present stage, it had to accept the claimants' assertions in relation to the continued prosecution of the application as well as to when the patent would be granted. Furthermore, the court found it to be unlikely that the lower court would rule on the merits of the claim before the grant of the patent and there were no reasons not to initiate the preparations of the case. It thus found the claim for injunctive relief admissible.

As for the declaration sought by the claimants, the court found that it also was admissible as it was based on an assertion of legal relationship between the claimants and the defendants.

Comment

The ruling by the PMCA confines itself to the question of admissibility and it should be noted that the PMCA clearly distinguished the question to admissibility in general and not in relation to the possibilities to grant a preliminary injunction before grant of the patent application. It accordingly answered only the question of whether a claimant can initiate proceedings. As was indicated by the PMCA, and later confirmed by the PMC in the same case, a preliminary injunction cannot be granted if there is no valid patent. Notably, the ruling opens the door for pre-grant litigation, which likely is most relevant for pharmaceutical companies. The present case will therefore be of interest to follow in order to analyse whether there are any tangible strategic benefits in bringing pre-grant infringement proceedings, in circumstances where they are admissible.

Björn Rundblom Andersson and Wendela Hårdemark

Patent infringement and addition of new evidence (PMCA, PMT 7752–20)

Introduction

The case includes on top of the question of patent infringement an interesting saga regarding the possibilities to invoke new evidence in the proceedings before the PMCA. The PMCA highlights in its judgment that the burden of proof of infringement lies upon the patent holder and that a high evidentiary standard is applied.

Background

The patent holder of a European patent regarding a swab for collecting biological specimen filed a request for an injunction against a distributor of *inter alia* swabs. During the prosecution of the European patent the independent claim 1 had been subject to limitations where in particular several new features had been added. One such feature regarded the fibre count in a specific interval. The patent holder based its request on direct infringement and the doctrine of equivalence.

The PMC found after assessing the evidence that the patent holder had not shown that the claimed infringing swabs fulfilled all the features in the independent claim 1. It was in particular three features added in the prosecution procedure that were not fulfilled. Nor did the PMC find infringement by equivalence. The request was therefore rejected. The patent holder appealed the judgment and the PMCA granted leave to appeal. During the proceedings, the patent holder invoked several new pieces of evidence such as certain documentation and license agreements entered into after the judgment of the PMC. This newly presented evidence was invoked by the patent holder to show that

the invention was pioneering and had had significant commercial success. The request was first dismissed by the PMCA but, notably, was later admitted before the main hearing.

Decision

The PMCA decided first to assess whether the patent holder had shown that the claimed infringing swabs fulfilled the feature regarding the fibre count in a specific interval of the independent claim 1 of the European patent (feature h). The patent holder had claimed that feature h should be understood to relate to a nominal value of fibre density. The PMCA however rejected this interpretation with reference to the patent description which clearly established that it referred to a specific interval where the values were quantified. The question therefore remained if the patent holder had shown that the allegedly infringing swabs' fibre density fell within the set-out values of feature h. Both parties had prior to the main hearing performed tests on the swabs. The tests showed different data on the fibre's density. The results further showed that the density varied from time to time, as well as between different samples. Since the patent holder could not present any further evidence which refuted the results from the distributor's tests the PMCA found that a direct infringement had not been shown.

In relation to the claimed infringement based on equivalence the PMCA briefly established that the invention was of a 'simple kind' (Sw. *enkelt slag*), followed closely the prior art before the priority date and had been subject to limitations during prosecution. All these factors limited the possibility to at all apply the doctrine of equivalence. Without further discussion regarding the evidence that the patent holder had presented in this regard, the PMCA did not find infringement based on this ground.

Comment

This case again stresses the importance of the evidence invoked to support a claim of patent infringement. While the test presented by the patent holder regarding the fibre density did show that the swabs fell within the specified interval this was not enough to show infringement in view of the evidence presented by the distributor. It seems likely that the PMCA has in particular considered that the separate test results invoked by the parties undeniably were close to each other and the base line was above the highest value of fibre density.

Another interesting takeaway from this case is how the PMCA managed the question of new evidence invoked in the proceedings. As mentioned, the PMCA first rejected the new evidence from the patent holder as irrelevant since the theme of proof referred to legal facts and not evidentiary facts. The patent holder did however persist and upon a change of the theme of proof again requested that the new evidence should be allowed. This request was not only allowed by the PMCA, but it was also enough for the PMCA to accept the new evidence. More precisely the change in theme of proof meant that the evidence went from being considered irrelevant to being relevant. The case therefore shows that it may be possible to change the theme of proof and in principle request a renewed assessment even after a decision by the PMCA to reject the evidence.

Wendela Hårdemark and Simon Fredriksson

Ex parte PI? (PMCA, PMÖ 9563-22)

Introduction

This case examines the conditions under which a preliminary injunction can be granted *ex parte*. While it ultimately was found that those conditions were not met in the case at hand, the ruling opens for interesting questions on the traditionally restrictive Swedish view on *ex parte* preliminary relief in patent cases.

Background

A pharmaceutical company initiated infringement proceedings against a generics company under a newly granted European patent and requested that a preliminary injunction be granted against the defendant. The defendant's generic product had been selected as the product of the period for the month starting approximately two weeks after the opening of the proceedings. The claimant submitted that the matter was urgent but did not initially request an injunction *ex parte*. The claimant instead proposed that a 14-day deadline be fixed for the defence. The PMC set the deadline to 14 days from service of the summons. At the time of the summons application, the patent had yet to be validated in Sweden. However, validation was completed two days thereafter.

A few days after the summons was issued, and before the defendant had taken service thereof, the claimant requested that the preliminary injunction should be granted *ex parte*. The defendant acknowledged receipt of the summons nine days after it was issued. On the same day the PMC granted a preliminary injunction *ex parte*. The defendant appealed.

Decision

The PMCA began by discussing the legal prerequisite under Section 57b of the Patents Act for granting a preliminary injunction

ex parte. That requirement is that a delay is prejudicial (Sw. *medföra skada*). The court noted that the rule was considered to satisfy Sweden's obligations under Article 9(4) of Directive 2004/48 ('Enforcement Directive') to provide means for preliminary relief *ex parte*, especially where a delay would cause the claimant irreparable harm. The court then discussed a Supreme Court precedent on interim attachment, which entailed that such relief could be granted *ex parte* where there is a significant risk of sabotage and whereby the degree of urgency is of fundamental importance. The PMCA held that precedent to be relevant also for preliminary injunctions under the Patents Act but added that the Enforcement Directive meant that it was particularly relevant whether a delay would cause the claimant irreparable harm.

Turning then to the case before it, the PMCA focused on the fact that the claimant had not requested the preliminary injunction on an *ex parte* basis in the summons application. The court noted that the claimant was aware at that time that the defendant had the generic product in its possession, that it was actively preparing its launch and that the product had been chosen as the product of the period for the following month.

The court then considered the circumstances cited by the claimant when it requested that the preliminary injunction be granted *ex parte*. These were mainly, according to the court, that the patent had been validated, that the defendant had taken significant time to accept service of the summons, that some further administrative steps to enable launch had been taken, as well as some circumstances relating to the defendant's person.

Weighing the circumstances before it, the PMCA held that there had not been sufficient grounds to grant the preliminary injunction *ex parte*.

Comment

The case shows that a party's conduct in the proceedings may very well be given evidentiary importance. The PMCA seems to have treated the fact that the preliminary injunction was not requested *ex parte* at least upon the validation of the patent as more or less conclusive for its decision. With regard to the lack of possibilities to request a preliminary injunction before the validation of the patent it is unlikely that it had made any difference if the request had been made already in the application of summons. The window of opportunity is therefore quite narrow and the lesson learned is that the request of *ex parte* proceedings must be raised upon the date of validation of the patent to be considered by the court. In fact, the court's reference to what the claimant's position was at the time of the summons application implies that the PMCA considered that the claimant had accepted the considerable objective risk for harm caused by the generic drug entering the market and being chosen product of the period.

It is interesting to consider what the outcome of the appeal would have been if the claimant had requested an *ex parte* preliminary injunction in the summons application. Such a request would not be possible to grant until the patent had been validated (see the decision from the PMCA in PMÖ 5185-22, also covered in this Yearbook). Another option would have been to request the court to try the request *ex parte* immediately upon validation. Notably, the ruling is silent on the meaning of 'irreparable harm' in the context of generic market entry, and it remains to be seen if the circumstances highlighted by the claimant could have motivated an injunction *ex parte* if the request had been made at the time of validation of the patent.

Björn Rundblom Andersson and Wendela Hårdemark

The doctrine of hierarchy of courts (PMCA, PMÖ 10423-22)

Introduction

In this decision where the PMCA grants an order to produce information it is held that the doctrine of hierarchy of courts plays a less significant role when interim rulings are handed down. Accordingly, the PMCA rules on a request to produce information, despite that all prerequisites relating to the request had not been tried before the first instance. The decision also confirms that the threshold for being successful in arguing that such an injunction is not proportionate continues to be high.

Background

The claimant in a patent infringement case filed against a competitor a request for an injunction to produce information relating to purchase prices of allegedly infringing products. Information on sales price and the number of sold products was already available. The PMC rejected the claimant's request as it found that an injunction would not be proportionate, as the information sought constituted trade secrets. The reasons for producing the information would in other words not outweigh the detriment it would cause the defendant to produce the information sought, which would reveal the defendant's profit margin. The other prerequisites for an injunction to produce information, such as probable cause for infringement of a valid patent, were not tried by the PMC.

The decision was appealed to the PMCA.

Decision

The first question the PMCA had to try was whether it should refer the case back to the PMC as all prerequisites for granting an

injunction to produce information had not been tried by the PMC. It could possibly contravene the doctrine of hierarchy of courts according to which higher courts shall not rule on issues which have not been tried in the lower court, were the PMCA to assess these prerequisites as the only court.

Hereto, the PMCA held that it would indeed have been favourable if the PMC had also assessed the other prerequisites for granting an injunction to produce information. One such prerequisite not tried by the PMC was whether there was probable cause that the defendant infringed the patent in suit. However, the PMCA noted that it had sufficient access to relevant evidence and facts in order to try this itself. The PMCA also noted that the doctrine of hierarchy of courts is not absolute. In particular, as underlined by the PMCA, said principle carries a less significant role in relation to interim measures (such as an injunction to produce information).

The PMCA therefore found that it '*without difficulty*' could try whether there was probable cause for infringement why the case was not referred back to the PMC.

The PMCA proceeded to assess whether the prerequisites were met for granting an injunction to produce evidence. First it found that there was probable cause that the patent was valid whereafter it was noted that the defendant had attested that its use, at least to some extent, fell within the scope of the invention.

Last, the PMCA found that the claimant had a justified interest of obtaining the information sought and that the request was proportionate. For the question of proportionality, the PMCA simply noted that the claimant's interest in obtaining the information

outweighed the corresponding interests of the defendant. This despite that the parties were competitors and that the requested information constituted trade secrets. The PMCA thus ordered the defendant to produce the information sought.

Comment

Two major takeaways can be discerned based on this case. First, the PMCA disregards the doctrine of hierarchy of courts as having a minor significance for interim rulings notwithstanding that the doctrine is well-established in Sweden. However, the question of probable cause for infringement can be complex also in such cases, and in particular in relation to patents. Furthermore, it can be discussed whether the PMCA's reasoning applies for other interim actions. For example, the prerequisite of probable cause for infringement also applies when assessing a request for a preliminary injunction. It would be quite far-reaching, although quite unlikely to happen, if the PMC denied an injunction based on probable cause of the patent being invalid but refrained from commenting on infringement.

As for the other takeaway, the decision fortifies the difficulties a defendant will have in arguing that an injunction is not proportionate when probable cause for infringement has been established. Historically, protection of trade secrets is strong in Sweden, often leading to failed and/or very time-consuming actions for access to confidential information in IP proceedings. The parties being competitors is explicitly something pointed out in the legislative history as circumstances to consider when assessing proportionality. That the parties in this case were competitors was also emphasised by the PMC when it found that the injunction was not proportionate in its decision, which the PMCA ultimately overturned.

The fact that the information sought in this case related to purchase price, and thus indirectly profit margin, may have been decisive as profit margin is listed as a relevant factor in calculating damages and as sales price and number of sold products was already known. One should therefore be careful in drawing too far-reaching conclusions as to the effect on trade secret confidentiality in general.

Måns Ullman and Ludvig Holm

Transfer of a patent application (PMCA, PMÖÄ 10991-21)

Introduction

During the last couple of years several cases have raised the question of entitlement to patent rights (see *inter alia* PMCA 2017:3 and PMÖÄ 3701-21). In this case, which started as an administrative matter, the PMCA finds that an invention created by two inventors under their employment had been assigned to the employer which also filed an application for a patent. Notably, without any specific review of any employment agreement, the PMCA rejects the inventors' claim that the employer only had acted as commissioner.

Background

In October 2015 a company ('Company D') applied for a patent regarding an invention which was a machine for sawing trenches and laying pipes/cables. The application included the information that C.G. and H.H. were the inventors. Upon request from the Swedish Intellectual Property Office ('IPO') Company D submitted that it based its right to the invention on employment agreements with C.G. and H.H. The agreements were however not invoked

since this is not a requirement before the IPO. In the subsequent prosecution of the patent application were C.G. and H.H. on different occasions involved with the submissions to the IPO and acted on behalf of Company D. Shortly before entering into bankruptcy in May 2018, Company D sold the patent application to another company. The sale was later recovered by the bankruptcy estate of Company D through a judgment by the district court of Södertörn in October 2020, a judgment that became legally binding in January 2021. The bankruptcy estate of Company D thereafter sold the patent application to a third company. In parallel to these events C.G. and H.H. requested in December 2020 that the patent application should be transferred to them as allegedly the proper title to the invention belonged to them.

Before the IPO and the PMC, C.G. and H.H. argued that the invention had never been assigned to Company D, that the patent attorney wrongfully had labelled the agreement between the inventors and Company D an employment agreement and that Company D instead only had acted as a commissioner on behalf of C.G. and H.H. Both the IPO and the PMC rejected the inventors' claim.

Decision

C.G. and H.H. appealed the PMC's decision and the PMCA granted leave to appeal. In support of their request C.G. and H.H. presented evidence to support the assertion that Company D only had a right to represent and act as agent for the inventors. The evidence were *inter alia* a written agreement dated October 2015 in which Company D was given a right to represent the inventors before *inter alia* the IPO regarding the patent applications and a purchase agreement regarding the sales of shares in the patent application. The inventors did however not present an employment agreement.

The PMCA did not find the invoked evidence convincing. Instead, the PMCA found that the inventors had given Company D the right to apply for a patent, that the right was based on employment agreements and that the inventors had omitted to raise an objection against accepting Company D as applicant, despite several communications to the inventors. The inventors had furthermore waited, for five years, to raise the question of entitlement and had not until it had been established that the patent application was to be recovered by the bankruptcy estate of Company D filed such a request. The PMCA therefore concluded that the inventors had intended to assign the right to Company D and dismissed the appeal.

Comment

What is noteworthy with this case is how the PMCA favours the information in the patent application which indicates a strong presumption, despite any requirement for further evidence, that a legal entity claiming the right to an invention in fact has such a right. It is however likely that a decisive factor in the case was that the invention had been created under an employment. Under *inter alia* the Act (1949:345) on the Right to Employee's Inventions the employer is, depending on the nature of the invention, either directly the owner to such rights or has at least precedence to acquire the invention. Therefore, if an inventor would like to challenge the presumption of the entitlement of the legal entity, he or she must act directly upon any communication from the IPO and show supporting documentation that the invention has not been assigned to the employer. An omission in this regard will, as has been shown in the case, lead to a rejection of a claim of proper title to the invention.

Wendela Hårdemark

Presumption of validity in preliminary proceedings (PMCA, PMÖÄ 11098-22)

Introduction

The PMCA reinforces the presumption of validity which applies when assessing a request for a preliminary injunction. The court finds that the examination of a prior art document made in the course of the examination of a patent application under certain circumstances can be attributed to one of its divisional patents when it is subject to preliminary proceedings.

Background

A licensee to a patent relating to a multiple sclerosis medicinal product commenced infringement proceedings and requested that the PMCA grant a preliminary injunction. The patent in suit was based on a divisional application of a subsequently revoked European patent.

The questions the PMCA had to assess was whether the defendant had succeeded in overcoming the presumption of validity which applies to a patent in the course of preliminary proceedings.

Decision

First, the court noted that the presumption that a patent is valid which applies when ruling on a preliminary injunction can be overcome under certain circumstances. Namely when the defendant makes it probable that the patent will be found invalid when tried on the merits as a result of

- (i) new facts and evidence not considered during the prosecution of the patent, or
- (ii) inadequacies in the course of the application procedure.

The court noted, regarding the case in question, that said presumption of validity was not affected by the fact that the patent in suit was based on a divisional application. The defendant had submitted that a certain prior art document had not been considered by the EPO. However, the court noted that said prior art document had indeed been considered by the EPO examiner in the course of the examination of the patent upon which the divisional application was based, *i.e.* the parent patent.

The court held that this was significant, as the patent in suit had had the same examiner and that revocation proceedings relating to the parent patent had been pending in parallel with the examination of the patent in suit. The court therefore held that it was evident that the prior art document in question could not have escaped the EPO's attention when examining the patent in suit.

The court thus found that the defendant had not made it probable that the patent in suit would be found invalid when tried on the merits. The court also found that the remaining prerequisites for granting a preliminary injunction were at hand and a preliminary injunction was thus granted.

Comment

The presumption that a granted patent is valid when assessing a claim for preliminary injunction is well-established in Sweden. The presumption has been justified by the fact that patents are granted following a scrutinous examination already in the application stage. This case reinforces the strength of this presumption by attributing an examination made of another (parent) patent to the patent based on a divisional application thereof. Thus, the presumption of validity during preliminary actions such as a request for a preliminary injunction remains strong under Swedish patent law.

Måns Ullman and Ludvig Holm

Presumption of a patent's validity and a product's 'embodiment' of a patent? (PMCA, PMÖ 11599-21)

Introduction

Through this ruling the PMCA delivers a clear decision discussing the presumption of a patent's validity and scope of protection in relation to unclear and disputed features. In particular, the court confirms through its reasoning that if any uncertainty regarding a product's general availability on the market at the day of application is at hand, it cannot be enough to disprove the presumption. Additionally, the court expands the possibilities to combine separate patents and products, as well as their relation to each other, in a party's claims.

Background

The holders of a patent for a security striker plate made claims of patent infringement and asked the court to issue an information order. The defendant counterclaimed that the patent in question was invalid. According to the defendant's petition the patent was invalid on several grounds, initially claiming that two older patents had not been accounted for during patent prosecution. Furthermore, the defendant presented a claim that the patented product lacked inventive step over publicly available products at the priority date. While a granted patent is presumed to be valid, that presumption can be disproven through new evidence that was not accounted for in the prosecution procedure, or by deficiencies in the grant of the patent.

Decision

The court commenced its assessment with the defendant's first claim that two patents, one Swedish and one Norwegian, had not

been accounted for during prosecution. On this matter the court found that the patents had been accounted for, and it therefore constituted insufficient grounds to disprove the presumption at that preliminary stage of the proceedings.

The second claim was the more complicated in terms of its composition and was therefore broken up into two separate segments. First, the defendant claimed that a comparable product was generally available at the priority date, causing lack of inventive step. Secondly the defendant claimed that a second product constituted an ‘embodiment’ of the Swedish patent brought forth in the first claim. This second product on its own, in conjunction with the aforementioned Swedish patent or the first product, meant that the contested patent lacked inventive step according to the defendant.

The court did not in any depth go into its rationale behind its ruling, but it stated that it could not from its current high-level analysis be made sufficiently certain that the two products were publicly available on the priority date. It could therefore not be accepted that any of the claims made based on the products’ public availability could disprove the presumption of validity.

Following the decision to preliminarily not question the patent’s validity, the court moved on to the question of whether patent infringement had occurred. That analysis found that a certain term used in the patent was unclear from the description and lacked a standard definition. As a result of the court’s analysis, the patent was considered likely valid, but unlikely to be infringed.

Comment

This ruling confirms, again, the strong presumption of validity in Swedish preliminary actions. The court does not provide any

abundance of explanation to how or why the two products brought forward as novelty-destroying were not considered publicly available. It points out that the products’ technical features do not on their own make it so that the presumption can be considered disproven, but it does not expand on it much further. It using the term ‘contains such elements of uncertainty’ (Sw. *‘innehåller sådana osäkerhetsmoment’*) regarding the product’s public availability, does provide a hint towards the required level of evidence to negate the presumption. This choice of wording provides us with the impression that the court aimed to confirm that disproving the presumption of validity requires clear and solid evidence.

Ludvig Holm and Simon Fredriksson

Supplemental Protection Certificate for medicinal products (PMCA, PMÖÄ 12516-21)

Introduction

In this case the PMCA provides further guidance as to the application of Article 3(b) of Regulation No 469/2009 (‘SPC Regulation’) and the concept ‘product’.

In its assessment the PMCA concludes that a product will not be eligible for an SPC if it in the summary of product characteristics is explicitly identified as an excipient. In addition, the PMCA establishes that evidence that had not been part of the application for a market authorisation, cannot be considered in order to determine what product that is included in that market authorisation.

Background

The applicant had requested the grant of an SPC for the product Trastuzumab and recombinant human hyaluronidase. According to the invoked market authorisation for the pharmaceutical Subcutaneous Herceptin, Trastuzumab was identified as the active ingredient and recombinant human hyaluronidase as one of several excipients. The applicant further explained that recombinant human hyaluronidase was decisive for the therapeutic effect as it made it possible to administer Trastuzumab subcutaneously. The Swedish Intellectual Property Office ('IPO') and the PMC rejected the application since it could not be established that the applicant had fulfilled the requirement in Article 3(b) of the SPC Regulation. The PMC found that it had not been shown that recombinant human hyaluronidase on its own had a clinical effect that fell within the therapeutic indications that the market authorisation encompassed. The applicant appealed the decision.

Decision

The main question before the PMCA was whether recombinant human hyaluronidase could be considered an active ingredient or a combination of active ingredients under the invoked market authorisation. With reference to established case law from the CJEU the PMCA clarified that a distinction should be made between an 'active ingredient' and an adjuvant, where an adjuvant cannot be considered an active ingredient (GlaxoSmithKline Biologicals, C-210/13, paragraph 38). Furthermore, the PMCA concluded that an active ingredient whose effect does not fall within the therapeutic indications covered by the wording of the marketing authorisation cannot be granted an SPC (Forsgren, C-631/13, paragraph 55).

In its assessment, the PMCA found that neither the summary of product characteristics nor the market authorisation presented

evidence that recombinant human hyaluronidase had an own effect on breast cancer, i.e., an own effect on the therapeutic indication covered by the market authorisation. Instead, recombinant human hyaluronidase was throughout referred to as an excipient. Recombinant human hyaluronidase was consequently according to the PMCA not an active ingredient. With this conclusion, Trastuzumab and recombinant human hyaluronidase could not be considered a combination of active ingredients either.

The PMCA also had the opportunity to clarify that it is only the documentation on which the market authorisation is based upon that is relevant while when identifying the product/active ingredient. The additional evidence regarding the effects of recombinant human hyaluronidase on cancer invoked by the applicant could therefore not be considered.

Comment

The decision is the first where the PMCA applies Article 3(b) of the SPC Regulation and further light is shed on the complex distinction of the concept 'product' in Article 1(b) of the SPC Regulation. Needless to say, this decision will not resolve all questions relating to SPCs, but it is a useful reminder that the documentation on which the market authorisation is based will be decisive for the assessment of the concept 'product' under the SPC Regulation.

Wendela Hårdemark

Trademark law

General introduction

2022 marks yet another productive year from the CJEU and the Swedish IP courts with several important judgments. If one were to distinguish a trend, it would be difficult not to mention that the issue of exhaustion continues to produce unsettled questions to be litigated at the highest levels, particularly within the pharma parallel trade sector. While rightsholders came out on top in the latest series of cases, it is safe to say that new litigation will arise on new aspects in this seemingly evergreen field of trademark law.





On the prosecution side, rightsholders should follow the rapidly evolving case law on the issue of proving fair use with care to avoid unpleasant pit falls. As established by recent case law, the need for a well-thought-out trademark strategy is becoming increasingly vital as the mere registration of a broad portfolio will not be sufficient in the absence of documented proof of genuine use. From an international perspective, a positive trend can be detected from China where the trademark offices and courts continue a stricter approach towards bad faith applicants. Such development is highly welcomed by rightsholders.

Lastly, the metaverse discussions remains a topical issue as it is still unsettled what measures rightsholders actually need to take to safeguard their trademarks rights in the myriad of new digital environments. If you plan to use your trademarks in the metaverse or for NFTs or want to be able to enforce against use of your trademark in connection with virtual goods, it is advisable to review your trademark portfolio to make sure that relevant protection exists.

Falsified Medicines Directive's impact on parallel trade clarified by CJEU and Swedish courts (CJEU, C-147/20 Novartis Pharma, C-204/20 Bayer and C-224/20 MSD and Others, PMC, PMT 17606-21 and PMCA, PMT 8284-20)

Introduction

On 17 November 2022, the CJEU delivered three blockbuster decisions regarding Directive 2011/62/EU ('Falsified Medicines Directive') and its impact on parallel trade, delivering a clear win for original manufacturers of medicinal products that wish to limit the reboxing of their medicinal products in parallel trade within the EU in order to protect their trademark rights. In these decisions, the CJEU reaffirms its earlier case law on reboxing and gives important clarifications to national competent medical authorities on how to assess relabelled and reboxed presentations in parallel trade.

In 2022, the Swedish specialist IP courts delivered two additional decisions in highly similar cases between some of the same parties, in addition to the CJEU's findings affirming that there is nothing particular about the Swedish market that means reboxing would be preferred over relabelling here and thus delivering similar full wins for the original manufacturers against the parallel traders. In the last of these Swedish cases, the PMC also highly likely became the first national court in Europe to apply the CJEU's November 17 decisions when issuing its judgment two weeks later.

Background

Pharma regulatory law requires parallel traders to change the medicinal product's original packaging by for example including

a package leaflet in the local language, when medicinal products are parallel traded from one EU Member State to another. That can either be done through relabelling (where the original outer packaging is opened, the package leaflet is changed, and the packaging is resealed and over-stickered) or by reboxing (where the outer packaging is opened and the medicinal product with the new package leaflet is placed into new outer packaging). Original manufacturers generally prefer relabelling, while parallel traders generally prefer reboxing, for various reasons including the original manufacturers' argument that reboxing constitutes a graver violation of the trademark holders' rights than relabelling.

Over the years, the question of reboxing or relabelling has become a perennial trademark question. After the CJEU's important decisions of the 90's and 00's (BMS, C-427/93, C-429/93 and C-436/93, Paranova C-379/97, Boehringer Ingelheim I, C-143/00 and Boehringer Ingelheim II, C-348/04) a shaky truce held between original manufacturers and parallel traders.

This truce was upended in 2019 by the adoption of the Falsified Medicines Directive which introduced a number of changes to Directive 2001/83/EC in order to combat the threat of falsified medicines, including the mandatory use of safety features in the form of a unique identifier (a barcode with information about the individual medicinal product) and an anti-tampering device (commonly a piece of adhesive tape or similar that closed the box). The introduction of these safety features was interpreted by some parallel traders to signal a sea change for parallel trade, and the parallel traders now claimed that it was always objectively necessary to rebox. The parallel traders' position immediately led to a number of cases in Germany (that ended up as CJEU Novartis Pharma, C-147/20 and Bayer, C-204/20) and a number of cases in Denmark

(which led to *MSD and Others*, C-224/20) that quickly made their way to the CJEU, where Advocate General Szpunar delivered an opinion that was favourable to the original manufacturers in the beginning of the year.

Meanwhile in Sweden, complementing legal proceedings regarding similar questions between Novartis and two parallel traders were initiated before the specialist Swedish IP courts where the parties decided not to take questions to the CJEU and instead go for final decisions on the merits to assess whether the particularities of the Swedish pharma market meant it was objectively necessary to rebox certain medicinal products on the Swedish market.

Decision

CJEU decisions

The cases before the CJEU concerned the principle of exhaustion of trademark rights. As has long been established, the proprietor of an EUTM cannot prohibit its use by a third party in relation to goods which have been put into circulation in the EU under the trademark with their consent, unless there are legitimate reasons to oppose further commercialisation, especially where the condition of the goods is changed or impaired after they have been put on the market. Since reboxing and relabelling always per definition involves some kind of change of the original packaging of the medicinal product, the question of trademark exhaustion has been central to the CJEU's jurisprudence in this field.

According to the so-called BMS Conditions, parallel traders are only allowed to rebox, over the trademark holder's demand for relabelling, if it is shown to be objectively necessary to rebox to access the market in a Member State. Over the years, the parallel traders have sought to get the CJEU to interpret 'objective necessity'

broadly, while original manufacturers have argued for a narrower interpretation in order to protect their trademark rights.

It was in this treacherous and mined terrain Article 47a of the Falsified Medicine Directive appeared in 2019. According to Article 47a, the safety features introduced and mandated by the directive shall not be removed or covered, either fully or partially, unless the parallel traders ensure certain strict conditions are met. This helps ensure that the medicinal product is authentic and has not been tampered with. If persons authorised to supply medicinal products to the public have reason to believe that the packaging of the medicinal product has been tampered with, or that the safety features indicate that the medicinal product may not be authentic, they should not supply the product and must immediately inform the relevant competent authorities.

The parallel traders argued that the opening and replacement of the anti-tampering device – inherent to the act of relabelling a medicinal product – would inevitably lead to visible and irreversible traces of opening of the original packaging. According to this argument, relabelling as a repackaging method would now raise questions about the integrity of the medicinal products which would in turn lead pharmacists to not supply relabelled medicinal products to patients. The parallel traders had thus identified a new argument for a broad interpretation of objective necessity and they also found some support for this view in guidelines issued by some national authorities.

The three November 17 cases assessed this central question from different angles without finding any support for the parallel traders' argument. The court found that the parallel traders' argument was based on a misconception: The mere presence of traces on the outer

packaging of a medicinal product of it having been opened by a parallel trader, such as traces of a new anti-tampering device having been placed on top of the original, opened anti-tampering device, was not in itself sufficient to justify a replacement of this outer packaging. Put plainly, the anti-tampering device is not there to prove that the medicinal product has never been opened (because parallel traders always have to open the product packaging), the anti-tampering device is there to signal if the medicinal product has been opened or tampered with by someone outside the legitimate supply chain (that is, someone else than the parallel trader).

The court also noted that accepting the parallel traders' argument would mean that the Falsified Medicines Directive effectively made relabelling illegal. The court found no support for this argument and noted that Article 47a expressly provided for the possibility of replacing the two safety features and the implementing regulation explicitly mentioned relabelling as well as reboxing in several places. This clearly showed that the legislator did not intend to prevent the reuse of the original outer packaging in relabelling, as long as the original safety features can be replaced by equally effective features for enabling identification of the authenticity and verification of the integrity of the medicinal products.

Another question that the parallel traders had raised was whether the unique identifier barcode could be attached to the medicinal product with an adhesive label (which is how information is placed on the outer packaging when relabelling) or had to be printed directly on the product packaging (which would require reboxing). Again the court found no support for the parallel traders' view and affirmed that the barcode can be attached to the outer packaging using an adhesive label (as long as this label cannot be removed without being damaged and that the barcode remains readable).

Original manufacturers would argue that most anti-tampering devices used today in the EU can easily be relabelled without any traces on the outer packaging, fully in line with the wording and spirit of the Falsified Medicines Directive. But in the November 17 decisions, the CJEU went even further to strengthen the original manufacturers' hand by finding that even if the relabelling operation would lead to 'visible or tangible traces of that original outer packaging having been opened', it would not be objectively necessary for parallel traders to rebox if two conditions are met:

- (i) there was no doubt that those traces of opening are attributable to the parallel importer's relabelling; and
- (ii) there was not a strong resistance from a significant proportion of consumers in the destination Member State to relabelled medicinal products that would constitute a barrier to effective access to that market (and parallel importers cannot rely on any kind of general presumption of consumer resistance, such a statement has to be proven in the individual case).

The CJEU also clarified that national competent authorities (national Medical Product Agencies such as the Swedish Medical Products Agency) cannot issue regulations and guidelines that limit the parallel traders' right to relabel in relation to Article 47a, or apply such national rules in a way that means that relabelling is only allowed in certain situations. Such rules and such applications would violate the Falsified Medicines Directive and cannot be relied on to establish objective necessity to rebox.

Swedish decisions

The same developments on the European pharma market that gave rise to the CJEU referrals described above led to similar cases in

Sweden in 2019 (PMT 8284-20 regarding centrally authorised medicinal products) and 2021 (PMT 17606-21 regarding nationally authorised medicinal products), which were both finally decided in 2022.

In these cases, the parallel traders focused more on the particular circumstances on the Swedish market and particularly on the Swedish Medical Products Agency's view of reboxing and relabelling, as expressed through its regulations, guidelines and decisions in reboxing matters on applications from parallel traders.

If the questions answered by the CJEU in the November 17 cases discussed above concerned overarching high-level questions about the Falsified Medicines Directive and parallel trade, these two Swedish cases concerned the nitty gritty practical side of parallel trade, for example the procedures by which parallel traders have to apply to the European Medicines Agency, EMA (for centrally authorised medicinal products) or the Swedish Medical Products Agency (for nationally authorised medicinal products) as well as the relevance of certain documents issued by the EU commission for the Swedish Medical Product Agency's assessment. Through these decisions the Swedish pharma market has gotten important clarifications that has also led to changes at the Swedish Medical Products Agency.

The last of the decisions was issued on 2 December 2022, just two weeks after the November 17 cases and thus highly likely mark the first time a national court has applied this new CJEU reboxing jurisprudence in national litigation. Fully in line with the CJEU decisions and Novartis' claims in that case, the PMC found in that case that even if the parallel trader had been able to show that the Swedish Medical Products Agency did not allow relabelling, that would not have constituted objective necessity to rebox since

such decisions would violate EU law in the form of the Falsified Medicines Directive.

In perhaps the clearest signal possible that this matter was now finally settled for the Swedish market after the November 17 decisions and the two Swedish decisions, the parallel trader did not appeal the PMC's judgment.

Comment

In these November 17 cases, the CJEU came down heavily on the side of original manufacturers of medicinal products by delivering a clear win on all counts. In fact, it is difficult to find any part of the decisions that do not strongly favour the original manufacturers and their trademark rights over the interests of the parallel traders. Though not formally part of the decisions, it is also notable that the Advocate General delivered a veritable broadside against the parallel trade industry in his opinion, not only finding for the companies that spend billions developing life-saving medicines over the parallel traders on the particulars of these trademark cases, but more generally questioning the utility and societal good of parallel trade of medicinal products.

In light of these cases, if original manufacturers of medicinal products in Europe wish to effectively prohibit reboxing in parallel trade, they should make sure to use 'basic' outer packaging and anti-tampering devices that can easily be relabelled in accordance with this CJEU jurisprudence. As for the parallel traders, it is safe to say that these decisions confirm that they will generally have to continue relabelling and will only be allowed to rebox in situations where the medicinal products have unusual packaging that cannot be effectively relabelled, or if the original manufacturer does not object to reboxing.

These two Swedish decisions mark the first time the new CJEU jurisprudence on reboxing under the Falsified Medicines Directive is applied by national courts. These Swedish cases however go a step further, affirming the principle that in order to argue that it is objectively necessary for a parallel trader to rebox a medicinal product on the Swedish market, the parallel trader needs to 'have tried' to relabel by filing the necessary documentation with the Swedish Medical Products Agency. It is not enough for the parallel trader to rely on general and vague emails from the Medical Products Agency that suggest that reboxing could be necessary, there needs to be a full assessment in the individual case, based on the materials the parallel trader supplies. These important clarifications apply to all types of arguments about reboxing and relabelling, also those that do not concern the Falsified Medicines Directive and thus contribute to greater regulatory clarity on the Swedish market.

Hans Eriksson

Platform liability for third-party advertisements (CJEU, C-148/21 and C-184/21)

Introduction

In this case, the CJEU deals with the issue of whether and under what circumstances advertisements for infringing goods from third-party sellers on online marketplaces can be attributed to the operator when the operator also markets its own goods on said platform. Simply put, that assessment should be based on whether a well-informed and reasonably observant user might get the impression that there is a link between the trademark at issue and the operator. The judgment adds further clarification to the CJEU's

previous case law in *Coty Germany* (C-567/18) etc. and should be studied with great care by all online market operators whose platforms also include sales of its own goods and services, as it paves the way for operator liability for third-party counterfeit ads.

Background

The separate national proceedings in Luxembourg and Belgium were initiated by a French designer of luxury footwear, characterised by its trademark protected red sole products, against a global online platform operator which sold products both directly in its own name for its own account and indirectly by providing an online marketplace for third-party sellers. In short, the rightsholder argued that the use of advertisements for infringing red-sole shoes on the marketplace was to be attributed to the operator as it had an active role in the use of the trademark in suit, and since the advertising was to be regarded as the operator's own commercial communication. Notably, the operator used a uniform format for all advertisements which were displayed at the same time regardless of origin, and all included the logo of the operator. In addition, the operator offered ancillary services to the third-party sellers, such as assistance with the presentation of the advertisements, storage, and transportation of their products. The operator disputed the claim in its entirety arguing that it merely had acted as a neutral intermediary in relation to the third-party sellers and that the use of the trademark should not be attributed to itself.

The national first instance courts decided to stay the proceedings and referred the case to the CJEU for a preliminary ruling. In essence, the questions asked concerned whether and under what circumstances advertisements for infringing goods from third-party sellers on online marketplaces can be attributed to the operator when the operator also markets its own goods on said platform.

Decision

Referring to its decision in *Coty Germany* (C-567/18), the CJEU stressed that trademark use at the very least implies the controlled direct or indirect use of a mark for its own commercial communication. Moreover, said decision also established that use of a trademark on an online marketplace is solely attributable to the selling customers of the marketplace, provided that the operator of the marketplace does not itself use the sign in its own commercial communication. Lastly, the court held, it has also been settled that the mere provision of technical conditions for the use of a trademark in exchange for compensation does not constitute trademark use.

As regards the concept of ‘commercial communication’, the CJEU stated that it refers to any form of communication intended for third parties with the purpose of marketing the company’s business, its goods, or services, or to demonstrate that it is engaged in such business. Accordingly, ‘use’ of a trademark in a company’s own commercial communication presupposes that the trademark is perceived as an integral part of the company and thus part of its business. To assess this, the CJEU explained that it must be considered if the advertisement creates a connection between the services offered by the operator and the trademark at issue. The basis for this assessment is whether a well-informed and reasonably observant user could get the impression that the operator is selling the product marketed under the trademark in its own name and on its own account. Further, the CJEU stressed that it is of particular importance to consider how the advertisements were presented, both individually, and as a whole, as well as the nature and the extent of the services provided by the operator.

As regards the presentation of the advertisements, the CJEU explained that they must be presented so that a well-informed and reasonably observant user can easily distinguish offers from, on the one hand, the operator of the website and, on the other hand, third-party sellers. In the CJEU’s view, the method used by the operator where the operator’s logo was presented on all ads, and the third-party ads were shown at the same time as its own ads, could make it difficult to make such distinction. Consequently, a well-informed informed and reasonably observant user could be given the impression that the operator marketed the products of the third-party sellers in its own name and on its own account. As explained by the CJEU, this is especially the case when the operator, in connection with the various offers from both the operator itself and from third-party sellers uses expressions such as ‘bestsellers’, ‘most sought after’, and ‘most popular’ to promote some of the offers. Regarding the nature and scope of the services provided by the operator, e.g., responding to user requests, storing, shipping, and management of returns, the CJEU held that this could also give the impression that there is a connection between the operator and the trademarks affixed on these goods.

In conclusion, the CJEU ruled that an unauthorised use of a trademark in third-party ads on an online marketplace which also includes the sale of the operator’s own products, could be attributed to the operator if a well-informed and reasonably observant user establishes a link between the services of the operator and the trademark in question. In the court’s view, this is particularly the case when such user could get the impression that the operator sells the goods affixed with that mark in its own name and for its own account.

Comment

The CJEU's judgment in this case serves as important supplementary guidance to its decisions in *Google France* (C-236/08), *L'Oréal/eBay* (C-324/09) and *Coty Germany* (C-567/18) as it addresses the particulars of an online marketplace business model that includes a varied assortment of goods originating from both third-party sellers and the operator of the platform. In contrast to the Advocate General's opinion, the CJEU's finding is stricter towards platform operators as it puts pressure on the operators to clearly distinguish between its own products and third-party ads, or otherwise take its possible liability into account when drafting contracts with third-party sellers. The CJEU's reasoning indicates that the operator's measures to distance itself from the third-party counterfeit goods were insufficient in this regard and it will be interesting to see how the national courts will apply the guidance in the following national proceedings and which implications that will ensue.

Filip Jerneke, Simon Fredriksson and Petter Larsson

Exhaustion and reasonable ground to object to continued sales of relabelled reusable products (CJEU, C-197/21 *Soda-Club* (CO2) and *SodaStream International*)

Introduction

In this case, the CJEU deals with the evergreen issue in IP law in general, and trademark law in particular, namely exhaustion of exclusivity and whether the trademark holder has a reasonable ground to object to a continued use of its protected trademark.

This case concerns the sales of relabelled refillable carbon dioxide bottles affixed with the registered trademark of the manufacturer, and in short, the question of which circumstances that should be considered to assess whether a false impression is given that there is an economic link between the trademark holder and the reseller.

In summary, the CJEU establishes that this should be based on an overall assessment of the information provided on the product and the new label in light of the normal distribution models in the sector concerned and the consumers awareness of these methods.

Background

In 2016, a Finnish soda stream business started providing refilled carbon dioxide bottles to be used in carbon machines to make carbonated water. The bottles fitted both with its own carbon dioxide machines as well as with the machines of an international competitor. Some of the refilled bottles had initially been put on the market by the competitor and carried an engraving of the trademark registered brand name of the international competitor. When the competitor's refilled bottles were resold, new labels were attached on the bottles while leaving the trademark engraving visible.

The competitor brought trademark infringement proceedings against the Finnish trader before the Finnish Market Court on the basis of unauthorised use of the engraved trademark on the bottles which entailed an incorrect impression of a link between the two businesses. In short, the defendant disputed the action in its entirety, arguing that the relabelling did not negatively affect the function of the trademark since the new label would inform the consumers of the origin. The Market Court partially found with the claimant and both parties appealed to the Finnish Supreme Court which referred the case to the CJEU.

In essence, the questions referred to the CJEU concerned whether and under which circumstances a trademark holder may object to resales of relabelled refillable products where its trademark remains visible on the products.

Decision

In the CJEU's view, the issue of whether a trademark holder may object to continued marketing of its goods should be assessed in light of the justified interests of the trademark holder to notify the consumer of the origin of the product. Having established that starting point, the court proceeded to cite its key conclusion in *Viking Gas* (C-46/10), namely that the sales of refillable gas bottles within the EEA entails an exhaustion of the trademark rights attached to the product. However, the CJEU's reasonable ground doctrine provides trademark holders the right to object to the continued sales of its products under certain circumstances. Such reasonable ground is at hand if any of the following grounds are applicable:

- » if the reputation of the trademark is severely damaged, or;
- » if a false impression is given of a link between the reseller and the trademark holder.

As regards the issue of a possible false impression, the CJEU held that this should be based on an overall assessment of the measures taken by the reseller, i.e. how the products are presented to the consumers, and that the information provided on the new label is of great importance. The standard in this regard should be that the information of the origin of the products should be clear to a normally informed and reasonably attentive consumer. In addition, the court held that any sector specific practice should be considered to assess whether the relevant consumers are accustomed to competitors refilling bottles originating from other manufacturers, and whether the product is intended to be refilled many times.

Comment

To establish a fair outer protection for trademark holders whose products have been put on the market is a delicate balancing act. The CJEU's reasoning is sound in this regard as it refers the possibilities to object to further sales to the fundamental functions of the trademark, namely, to ascertain that normally informed and reasonably attentive consumers are not confused by the origin of the products.

Historically, the issue of exhaustion versus reasonable ground to object has mainly been relevant to the parallel trade sector but the increasing societal sustainability interests of providing reusable products may entail a rising relevance for new sectors. One thing is certain, the outer limits of exhaustion of IP rights will continue to raise new questions and be litigated and it will be interesting to follow which new sectors that will be concerned and how the CJEU will add to its case law.

Petter Larsson

Limitation in consequence of acquiescence (CJEU, C-466/20 HEITEC)

Introduction

The case concerns the interpretation of the concept of acquiescence under the EUTMR and Directive 2015/2436 ('Trademark Directive'). The CJEU considers what actions the proprietor of an earlier trademark needs to take in order to interrupt the acquiescence. The CJEU clarifies that mere sending of a warning letter does not suffice to interrupt the acquiescence. The court

also clarifies that initiating a court proceeding would not suffice, this if the conduct of the claimant may raise doubts as to the serious nature of the action brought before the court.

Background

The German company HEITEC AG, is the proprietor of the EUTM HEITEC, applied for in 1998, with priority claimed as from 1991, and registered in 2005. The defendant, another Germany company registered in 2003 under the name HEITECH Promotion GmbH, is the proprietor of a German figurative trademark containing the word element “heitech promotion”, which was applied for in 2002, registered in 2003 and in use since 2004.

In 2004, Heitech contacted the representatives of Heitec proposing the conclusion of a coexistence agreement. In 2008, Heitech applied for an EU figurative mark containing the word element “heitech”. The trademark was registered the same year. On 22 April 2009, Heitec sent a warning letter to Heitech regarding the use of, *inter alia*, the trademarks. In its reply Heitech again proposed the conclusion of a coexistence agreement.

A couple of years later, in 2012, Heitec filed an infringement action against Heitech. However, due to circumstances relating to Heitec, the action was not served until May 2014. The court of first instance ordered Heitech to pay Heitec the costs of sending the warning letter but rejected all other claims. Heitec appealed the decision to the Higher Regional Court of Nuremberg, which rejected all claims on the grounds that Heitec was time-barred due to acquiescence. This since Heitec, albeit being aware of Heitech’s use of its later signs for an uninterrupted period of more than five

years, had not taken sufficient measures to stop the use within this period.

Heitec appealed before the Federal Court of Justice. The court decided to refer the case to the CJEU to clarify, *inter alia*, whether acquiescence can be excluded by other conduct than bringing an action before a court or administrative authority and if so, whether sending of a warning letter, containing a request to refrain from using the sign and to enter into an obligation to pay a contractual penalty in the event of an infringement, would constitute conduct precluding acquiescence.

Decision

The CJEU first noted that the purpose of limitation in consequence of acquiescence is to safeguard legal certainty. The court then interpreted the concept of ‘acquiescence’ under Article 9 of Directive 2008/95 and Articles 54, 110 and 111 of Regulation No 207/2009 (‘CTMR’) and stated that it followed from those provisions that a proprietor is time-barred from seeking a declaration of invalidity or opposing the use of a later mark where the proprietor has failed to timely carry out an act that clearly expressed its wish to oppose the use and to remedy the alleged infringement of its rights.

The CJEU then recalled its decision in *Budějovický Budvar* (C-482/09), that bringing of an administrative or court action before the expiry of the period of five years constitutes such a clear expression to oppose the use of the later mark and, therefore, ends the acquiescence. However, the CJEU stated, in certain cases the conduct of the claimant, such as the lack of diligence in meeting the formal requirements of national law for service of the defendant, may raise doubts as to the serious nature of the

action brought before the court. In such circumstances, which were attributable to the applicant, the acquiescence would end when, and only when, the deficiencies in the application had been rectified.

The CJEU also held that the mere sending of a warning letter (even if the proprietor does so repeatedly) without taking any further actions to enforce the proprietors' rights – in case of incompliance of the other party – would not end the acquiescence and interrupt the limitation period.

Comment

The central issue in this case concerns what actions may suffice in order to ensure that the possibility of an acquiescence defence is ruled out. While the ruling may be viewed as prompting the parties to litigate it could however be argued that the ruling balances the interests of both sides to safeguard the legal certainty of each party. While the rightsholder of the earlier trademark has the right to oppose the use of a potentially infringing later mark, by setting a period of limitation in consequence of acquiescence of five consecutive years with knowledge of the use of the later trademark, the EU legislature has sought to ensure that the protection conferred by an earlier trademark on its proprietor remains limited to cases where the proprietor shows itself to be sufficiently vigilant by opposing the use of signs by other operators likely to infringe its mark.

Maria Bruder and Yaroslava Sushinets

The concept of 'reasonable and proportionate costs' for the reimbursement of legal costs (CJEU, C-531/20 NovaText)

Introduction

In this case, the CJEU elaborates on its previous ruling in *United Video Properties* (C-57/15) regarding the determination of reasonability and proportionality of legal costs and other expenses of the successful party in an IP dispute which are subject to reimbursement by the unsuccessful party. In short, the CJEU's reasoning clarifies that Articles 3(1) and 14 of Directive 2004/48 ('Enforcement Directive') preclude Member States from automatically awarding the successful party legal cost without prior assessment of the reasonableness and proportionality of the costs.

Background

In 2016, the University of Heidelberg brought a court action for a cease-and-desist order against the German company NovaText on the grounds of infringement of its EUTM. The proceedings concluded when the parties reached a judicial settlement. In the application for summons, the University of Heidelberg's attorney referred to the assistance of a patent lawyer and, during the taxation of costs proceedings, gave an assurance that the patent lawyer had in fact assisted with the proceedings. The Regional Court, Mannheim, ordered NovaText to pay the costs of the proceedings, EUR 10,528.95, including EUR 5,193.16 for the assistance of the patent attorney.

NovaText appealed to the *Oberlandesgericht Karlsruhe*, which dismissed the appeal, on grounds that paragraph 140(3) of the German Trademark Act stipulated for automatic reimbursement of costs incurred by the involvement of a patent attorney without

any requirement to establish that such assistance was necessary. By its appeal before the Bundesgerichtshof, NovaText requested annulment of the order for taxation of costs in so far as it concerned NovaText's obligation to pay the patent attorneys costs. The Bundesgerichtshof decided to stay the proceedings and refer the case to the CJEU to clarify whether Articles 3(1) and 14 of the Enforcement Directive preclude national legislation or an interpretation thereof which prevent the court to take due account, in each case brought before it, of the specific characteristics of that case for the purpose of assessing whether the legal costs incurred by the successful party are reasonable and proportionate.

Decision

First, the CJEU noted that Article 14 laid down the principle that reasonable and proportionate legal costs and other expenses incurred by the successful party were, as a general rule, to be borne by the unsuccessful party. The CJEU then held that the provision aimed to strengthen the level of protection of IP, by avoiding the situation in which an injured party is deterred from bringing legal proceedings in order to protect their rights.

The CJEU then examined the term 'legal cost' and reaffirmed its conclusion in *United Video Properties* (C-57/15) that the attorney's fees fall within the concept of 'legal costs'. The court then held that the cost of a representative, such as a patent lawyer, would also qualify as 'legal costs' if the costs arise immediately and directly from the legal action itself.

The CJEU then turned to analysis of the concept of 'reasonable' legal costs and other expenses and recalled its ruling in *United Video Properties*, that excessive costs due to unusually high fees agreed between the successful party and its attorney, or due to the

provision, by the attorney, of services that are not considered necessary in order to ensure the enforcement of the rights, were not reasonable. According to the court, the requirement 'proportionality' of costs meant that the successful party was to be entitled to reimbursement of, at the very least, a significant and appropriate part of the reasonable costs that had been incurred, but not necessarily the entirety of the costs.

Finally, the CJEU held that in accordance with Article 14 of the Enforcement Directive, read in the light of recital 17 thereof, national courts must be able to review, in every case, the reasonableness and proportionality of the legal costs incurred by the successful party in respect of the assistance of a representative, such as a patent attorney. Therefore, a national court may not go so far as to subtract a category of court costs or other expenses from any judicial review of their reasonableness and proportionality. In the light of these considerations, the CJEU ruled that Articles 3 and 14 of the Enforcement Directive preclude national legislation or interpretation thereof from automatically obliging the unsuccessful party to reimburse legal costs and other expenses without prior assessment the reasonableness and proportionality of the costs.

Comment

Further to its judgment in *United Video Properties*, the CJEU's finding in the case at hand provides clarity as to the autonomous and uniform interpretation of the concept of 'reasonable and proportionate legal costs' throughout the EU in light of recitals 10 and 17 and Articles 3 and 14 of the Enforcement Directive. While recognising the right of the successful party to reimbursement of its legal and other costs, which also include the involvement of patent attorneys and other advisors' assistance, the CJEU, nevertheless reaffirmed that the national courts are obliged to take

into account all specific details of the cases they examine and to analyse whether such costs were reasonable and proportionate before ordering their reimbursement. This conclusion ensures the capability of rightsholders to protect their IP rights in court proceedings and at the same time provides for safeguards against the abuse by the parties of the measures, procedures and remedies prescribed by the Directive.

Maria Bruder and Yaroslava Sushinets

Genuine use in the EU (GC, T-768/20 Standard International Management v EUIPO)

Introduction

In this judgment the GC confirms that advertisements and offers for sale could successfully be used to prove use of an EUTM in relation to, *inter alia*, hotel services. According to the GC, the advertising and promotional activities, within the EU, under a trademark relating to a hotel and hotel services provided in New York constitute acts of use within the EU and genuine use of the EUTM in relation to hotel services and ancillary services.

Background

Standard International Management LLC (Standard Hotel) owns several boutique hotels, including the well-known hotel The Standard in New York. In 2009, Standard Hotel filed an application for registration of the following EUTM for, among others, hotel services in class 43.



The EUTM was registered in 2011.

In 2018, Asia Standard Management Services Ltd filed an application for revocation of the EUTM registration, claiming that the trademark had not been put to genuine use in the EU. In 2020, the Cancellation Division revoked the trademark in its entirety. Standard Hotel appealed the decision to the BoA.

The BoA upheld the decision of the Cancellation Division and dismissed the appeal. In its decision, the BoA held that, with regard to the place of use of the mark, the evidence of use concerned hotel services provided in the United States. In particular, the BoA found that the relevant evidence was insufficient, taking into account the place of provision of the hotel and hotel services, which was outside the EU, irrespective of the fact that the advertisements and offers for sale of those services were targeted at consumers in the EU.

Standard Hotel filed a claim for annulment of the decision of the BoA before the GC. In support of its action, Standard Hotel claimed that the BoA erred in finding that the advertisements and offers for sale, targeted at consumers within the EU, of hotel and ancillary services in the United States, did not constitute relevant evidence to demonstrate use of the trademark within the EU.

Decision

The GC annulled the decision of the BoA. The court held that the BoA erred in finding that the trademark, because the hotel and hotel

services are provided in the United States, had not been put into genuine use in the EU. The BoA wrongfully did not distinguish between the place of provision of services and the place of use of the trademark. Only the latter is relevant to the examination of whether a trademark has been put to genuine use within the EU. According to the court there is genuine use of a trademark when the trademark is used in accordance with its essential function (to guarantee the identity of the origin of the goods and services for which it has been registered), or to create or preserve an outlet for those goods or services. Even when the goods or services are provided outside the EU, the holder can make use of the trademark, through advertising, within the EU, to create or preserve an outlet for those goods and services amongst consumers within the EU.

In the judgment the court confirmed that the acts of advertising and marketing provided by the Standard Hotel within the EU were part of acts of use of a trademark and that the trademark therefore had been put into genuine use within the EU. In the decision the court referred to the fact that in infringement actions, a trademark holder can prohibit a third party from using a trademark in advertising to offer goods or services for sale. Followingly, as such acts could constitute infringing use of an EUTM, they should also constitute use for the purposes of establishing genuine use.

The court further commented that this conclusion is supported by the EUIPO's examination guidelines which provide that 'where the goods or services are available abroad, such as holiday accommodation or particular products, advertising alone may be sufficient to amount to genuine use'.

Comment

The judgment highlights the importance of distinguishing between the place of provision of services and the place of use of the trademark. As for hotel and hotel services, advertisement of those services could naturally be aimed at consumers outside the country where the hotel is located. The decision makes clear that advertising and offers for sale within the EU, in relation to such services provided outside the EU, should still constitute genuine use of an EUTM in relation to, the services provided outside of the EU.

The decision provides comfort for holders of trademarks in relation to hotels, and probably also other establishments, such as amusement parks and museums, outside the EU with a significant number of consumers within the EU. Even the mere EU-targeted advertising and promotions should be sufficient in order for the holders to be able to maintain an EUTM registration in relation to the actual services (provided outside the EU). This making it possible to bar third parties from setting up similar establishments under similar trademarks within the EU.

Helena Wassén Öström and Mirja Johansson

De minimis calculation (PMCA, PMT 13188-20)

Introduction

In this case, the PMCA addresses a recurring issue in Swedish IP infringement proceedings the last couple of years, namely the level of reasonable compensation (*de minimis*) when there is little or no evidence to prove the level of a reasonable license fee which otherwise should serve as the basis. In a non-unanimous judgment, the PMCA provides guidance on how to calculate *de minimis* compensation in the absence of evidence of a license market for the IP right in suit.

Background

In 2020, a founder and former owner of a fitness event company brought a trademark infringement action against his former business. The founder argued that the defendant had used a figurative trademark, owned by the founder, without permission and claimed reasonable compensation. Whilst the use of the trademark was common ground, the defendant disputed the claim in its entirety, arguing that it held a license to use the trademark by way of the founder's consent.

In short, the PMC held that such consent had only existed up until the founder had sent the letter of claim. As regards the compensation sought, the PMC held that the claimant had not provided sufficient evidence in support of the monetary claim. The court thus made a conservative estimate by awarding a

de minimis compensation amounting to one percent of the income related to the events where the trademark had been used without authorisation. The judgment was appealed to the PMCA.

Decision

With reference to case law, the PMCA's majority in this case held that the level of reasonable compensation as a starting point should be based on a hypothetical license fee. Ideally and if possible, such fee should be based on an established license market for the trademark at dispute with consideration to the nature of the infringement. As noted by the majority, this model is not seldom problematic since there is not always a license market for the IP right in suit, not least for trademarks. Moreover, estimating a hypothetical license fee carries other challenges since it is not certain that a potential licensee would have accepted the sought remuneration and a *de minimis* compensation must not exceed the highest possible license fee. On the other hand, the court noted, one cannot base the award on the level of compensation that the infringer would have accepted. Lastly, the court stressed that the level of compensation must not allow for it to become profitable to exploit third-party IP rights.

In the absence of sufficient evidence to prove that the license fee should be set to a certain percentage, the majority turned to the other limited evidence in the case, and the nature of the business where the trademark had been used. The court held that it was reasonable to factor in the number of participants and income related to the fitness events arranged by the defendant. Seemingly, the majority's chief rationale for using this model was based on the

finding that it was assumable that the trademark had been decisive in attracting customers to the defendant's events. By applying a moderate estimate of that value, the court tripled the compensation awarded by the PMC.

Comment

Like many infringement actions in the last couple of years, the claimant's action in this case was supported by limited evidence to prove the level of the claimed reasonable compensation. In the absence of evidence to support a hypothetical license fee, it is thus interesting to highlight the majority's consideration of other factors in this case such as e.g. the number of customers and the strength of the trademark instead of solely relying on its discretion to arbitrarily award an amount which not seldom borders to making it profitable to exploit third-party IP rights. While the PMCA's decision is somewhat casuistic, it indeed opens the door for alternate ways to calculate the level of reasonable compensation in cases where there is no license market which lightens the burden for rightsholders.

In our view, the PMCA's judgment is welcome since it allows for consideration of other parameters than merely the level of a hypothetical license fee which is often difficult to prove. Hopefully, the judgment will allow for more consistency in the level of the Swedish IP courts' awards for reasonable compensation due to IP infringements and a reasonable and proportionate increase in the levels of awarded *de minimis* compensations.

Maria Bruder and Petter Larsson

Likelihood of confusion despite low degree of distinctiveness (PMC, PMÄ 16679-21)

Introduction

In this case the trademark application Tandläkargruppen Odenplan was refused protection due to the earlier registered company name, Tandläkarhuset Odenplan AB, notwithstanding the low degree of distinctiveness in the trademark elements of both marks, whereas Tandläkar- means dentist and Odenplan is the location of both businesses.

The PMC put emphasis on the fact that it is not possible to draw a general conclusion that descriptive elements of signs should be excluded from the assessment of similarity. Since the signs at issue consist of partly identical words in an identical order, the court concluded that likelihood of confusion existed between the signs.

The outcome differs from several recent Swedish court judgments where the courts (PMC and PMCA) concluded that no likelihood of confusion existed due to descriptive elements (see for example *Cura of Sweden v. Care of Sweden*, SVENSKA POOLFABRIKEN (device mark) v. SVENSKA POOLFABRIKEN, LEGALROOM v. LegalZoom and Ebox v. eboks (both device marks)).

Background

In July 2020, a company applied to register the word mark Tandläkargruppen Odenplan for various dental services in class 44.

The company Tandläkarhuset Odenplan AB filed an opposition based on its earlier registered company name, also covering dental services. The Swedish Intellectual Property Office (IPO) found

that the company name, Tandläkarhuset Odenplan AB, enjoyed a normal degree of inherent distinctiveness. In its assessment of the likelihood of confusion the IPO found that the services were identical and that the marks were conceptually similar to a high degree. The IPO therefore concluded that there was likelihood of confusion between the signs at issue.

The decision was appealed to the PMC.

Decision

The PMC initially confirmed that the relative grounds for refusal of trademarks applies to company names as well, i.e., a Swedish company name registration could prevent a similar sign from being registered as a trademark and vice versa (cross-protection).

The court then referred to CJEU case law stating that the global appreciation of the visual, aural or conceptual similarity of the signs in question, must be based on the overall impression given by the marks, bearing in mind their distinctive and dominant components. Further, the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details.

The court also stated that it has to be assessed case by case whether the descriptive elements of a sign are to be excluded from the assessment of similarity.

Moving on to the comparison of the signs, the court held that the earlier sign, Tandläkarhuset Odenplan AB, is a combination of the Swedish words ‘tandläkare=dentist’ and ‘hus=house’. The word ‘Odenplan’ is a geographical place in Stockholm. These words cannot be neglected regardless of whether they are descriptive or not. The term AB, short for ‘Aktiebolag=joint-stock company’ can however be neglected.

Contrary to the IPO’s assessment, the court held that Tandläkarhuset Odenplan AB enjoyed less than normal degree of distinctiveness taking into account the descriptive elements in the company name.

The contested trademark, Tandläkargruppen Odenplan, also consisted of ‘tandläkare=dentist’ and ‘Odenplan’ and it is a normal structure of words in the Swedish language. The words ‘tandläkar-’ and ‘Odenplan’ cannot be neglected.

Furthermore, the court found the similarity between the signs to be enhanced due to the following:

- » they shared identical words;
- » the order in which the words were presented was the same; and
- » the construction of the signs was the same.

With regard to the comparison of services, the court held that the services were identical.

Taking all the aforementioned into consideration, the court concluded that there existed likelihood of confusion between the company name and trademark.

Comment

The decision essentially confirms that likelihood of confusion is at hand when the signs are identical and/or highly similar (words in same order etc.). Of course, the outcome depends on the specific circumstances of each case.

This decision may appear reasonable considering the similarities between the trademarks. The company name Tandläkarhuset Odenplan AB and the trademark Tandläkargruppen Odenplan

share two words and they are presented in the same order. Taken into account the court's reasoning the outcome would probably have been different if the contested trademark included for example a different geographical place, e.g. Tandläkargruppen Karlaplan.

On the other hand, it could be discussed whether this type of highly descriptive sign should really be eligible for protection.

In a recent Swedish judgment, PMT 669-21, the PMCA reached a different conclusion than in the case at issue since they found that there was no likelihood of confusion between Cura of Sweden and Care of Sweden. In that case the court found that 'cura' and 'care' were the most distinctive elements in each sign. Although there was only one letter differing between the trademarks, they were not considered confusingly similar. It should also be mentioned that the goods covered by the trademarks in that case were considered highly similar, which differs from the case at issue where the services were identical. With the Cura-case in mind, one can conclude that there is a very fine line in the determining of likelihood of confusion when it comes to trademarks which enjoy a low degree of distinctiveness.

Annalena Nordin

Difficulties for one-letter trademarks to establish distinctiveness and to enjoy a wide scope of protection (PMC, PMÄ 19591-21)

Introduction

In this case, the PMC refused a trademark registration consisting of the below slightly stylised 'G'

G

The judgment clearly illustrates the difficulty in obtaining a trademark registration for a single, not stylised, letter. However, the ruling also illustrates that if you succeed in registering a one-letter figurative trademark with a basic design, you will enjoy a broader scope of protection and be able to prevent latter trademark registrations compared to if you would hold a more stylised (and distinctive) one-letter trademark.

Background

The applicant filed a Swedish trademark application for a slightly stylised 'G' (below the 'G mark'). The Swedish Intellectual Property Office rejected the application based on likelihood of confusion with nine earlier trademark registrations consisting of the letter G, as shown below:



The applicant appealed to the PMC.

Decision

In its decision, the PMC initially noted that the relevant sector of consumers was the general public, i.e. consumers that were informed to an average degree and that were reasonably attentive.

The PMC then stated that the G mark as well as the cited trademarks covered cosmetics and/or products that were equivalent to skincare. Hence, the court found that there was identity or at least similarity between the products.

The PMC then went on to assess the similarity between the G mark and the earlier trademarks. As the conflicting trademarks were phonetically and conceptually identical to the G mark, the court found that in order to exclude similarity there had to be a significant difference in the figurative elements of the marks.

First the court compared the G mark with the below trademarks.



The court agreed with the applicant, that the **G** in the G mark ended with an arrow and that none of the cited trademarks included an arrow. However, the PMC found that the slight differences between the G mark and the above trademarks would not outweigh the similarities between the marks. In an overall comparison, the court considered the G mark to be similar to the earlier trademarks.



Regarding the remaining five cited trademarks shown above, the PMC found that they were stylised to a greater degree and to the extent that the trademarks provided a different overall impression compared to the G mark. The court also deemed that there was no risk that the relevant sector of consumers would get the impression that there was a commercial connection between the owners of the earlier trademarks and the applicant.

On a separate note, the court generally commented that both the G mark and the conflicting trademarks enjoyed less than an average degree of distinctiveness and consequently a limited scope of protection. This was due to the fact that all the marks comprised of a single letter, only slightly stylised.

In conclusion, the court found that there was likelihood of confusion between the G mark and four of the cited trademarks, while the five remaining trademarks included more distinct figurative elements and hence were not found confusingly similar to the G mark. The court explicitly confirmed that it had taken the limited scope of protection of the earlier trademarks into account.

The decision has become final.

Comment

This decision, once again, shows that building strong trademark rights begins already in the choice of the trademark. Choosing a less inherently distinctive trademark will often require much effort and large investments when applying for registration and when enforcing your rights, since you will often need to establish enhanced distinctiveness through use.

However, the outcome of the case also indirectly emphasises the value for trademark owners to obtain trademark rights for the word mark version of a figurative trademark with basic design as this will give you a broader scope of protection. In a situation where the word mark is not available due to earlier registrations, it could be an option to try to obtain registration for a figurative version of the word mark.

Maria Bruder and Annalena Nordin

Design law

General introduction

The EU design protection was harmonised around the turn of the millennium. Since then, the number of design applications has increased year after year and the EU design system has developed through adaptations to new technology. Meanwhile, the CJEU has developed case law for design protection in the EU.

In a step to modernise EU design law further, the European Commission has on 28 November 2022 laid down proposals for a revised Design Regulation and Directive.





The Commission said the changes 'will make it cheaper, quicker and more predictable to protect industrial designs across the EU'.

The proposals include an introduction of a 'repair clause' which will allow the reproduction of spare parts of complex products such as cars.

Once adopted, EU Member States will have two years to transpose the Directive into national law.

Considering the hot topic of how to protect your IP in the metaverse it should also be pointed out that the EUIPO has confirmed that it is already possible to register your design rights in relation to NFTs and metaverse.

In the following, we will provide our analysis of three cases (one BoA case, one GC case, and one CJEU case) that we believe are of particular interest for clients and practitioners of EU design. Like in the past, the design law development tends to take place at EU authorities and judiciary bodies rather than at national courts.

GC on evidence of design considerations in invalidity actions against RCD (GC, T 231/21 Praesidiad v EUIPO)

Introduction

In this case the GC delivers a ruling on what evidence is admissible in invalidity actions against RCDs. In its judgment the court sets a low threshold for the evidence required to dismiss an invalidity claim based on the ground that the design is solely dictated by its technical function.

Background

An application for invalidity was filed against an RCD for ‘posts’. The Cancellation Division of the EUIPO declared the RCD invalid. The BoA thereafter confirmed the decision. The design owner filed an appeal based on the ground that the BoA had erroneously dismissed several pieces of evidence, consisting of four expert opinions and marketing materials. The design owner argued that previous instances erroneously dismissed the presented evidence and based their decisions entirely on the corresponding patent application and its description.

Decision

In relation to whether an RCD is solely dictated by its technical function the GC started by concluding that an RCD should only be invalidated if the technical features were the only consideration for the design. While previous instances based their decisions on the patent application corresponding to the design registration alone, the GC emphasised that the investigation should include the product itself, as well as any other relevant material submitted in

support of the invalidity claim. Hence, the main question for the court to answer was whether the previous instances had erroneously dismissed the design owner’s evidence.

Firstly, the court concluded that a certain design feature could not be both technical and visual, why it had to be proven that at least one specific feature was designed with a different purpose. The court then went on by concluding that the mere existence of a patent application does not, on its own, hinder the consideration of other factors.

As for the expert opinions the court stated that while the statements confirmed that the technical features played a significant role in the design process, they also confirmed that the features were designed also with visual aspects in mind. The court, unlike the EUIPO and the BoA, stated that such statements could not be disregarded only on the basis that the experts used conditional tense such as ‘in my opinion’. Nor did it matter that only two of the product’s parts were designed by taking the visual aspects into consideration.

The design owner claimed that the existence of other designs that fulfilled the same technical function implied that the RCD was not exclusively technical. While such other designs could influence an assessment, it could not, on its own, prove a use of visual design elements. The court concluded that the BoA had erred in their omission to consider such other designs.

Furthermore, the fact that the products concerned are visible to the public – and are of noticeably large size – formed additional indications in support of the claim that the designer had taken visual aspects into consideration in its designing of the product. The court was convinced that users of visible products desire more design features of the same products.

In conclusion, the court found that the BoA erred in its finding that the design only consisted of features dictated by its technical features. Hence, the contested decision was annulled in its entirety and the application for invalidity of the RCD was rejected.

Comment

An initial takeaway from this judgment is how the court reaches an altogether different assessment than the BoA. The court clearly demonstrates how the evidence was examined. The BoA focused its decision on the vagueness of the evidence and hence its inability to support the design owner's defence. The court instead used the uncertainty as the decisive factor to reject the invalidity claim.

The court's examination presents how to prove that a design is not solely dictated by technical functions and hence how to avoid invalidation of an RCD. With the court accepting the expert opinions, despite the technical functions being the main consideration in the design process, the court set a low threshold for avoidance of invalidity of an RCD.

Annalena Nordin and Simon Fredriksson

Applicable law for supplementary claims in infringement actions (CJEU, C-421/20)

Introduction

By way of a request from Higher Regional Court of Düsseldorf, Germany, the CJEU delivers a judgment whereby it clarifies the principles around applicable law in infringement actions. This by analysing, *inter alia*, the rules of private international law, including Regulation No 864/2007 ('Rome II'). Said regulation states that non-contractual obligations, which are not governed by the relevant Community instrument, shall be governed by the law of the country it occurred in.

In this case the referring court had observed that the outcome of the dispute would, to some extent, depend on which law to apply, why it was crucial for the sake of legal certainty to obtain clarity in the said question.

Background

A German company owning a RCD for a tire rim brought an action for infringement against an Italian competitor before a German court. The RCD holder took the view that the defendant had infringed its rights through the sale and marketing, in Germany, of a similar design. The second national court instance in Germany established that an infringement had taken place, but referred a question to the court regarding which Member State's law to apply. The questions asked by the German court was, in essence, whether it, as the court giving a ruling on the infringement action, must apply German law on the supplementary claims of, *inter alia*, damages, and destruction of the infringing products based on the fact that

the court action in question concerned the offering on the market in Germany. Or, was the court to apply Italian law based on the fact that the putting of the product for sale online had taken place in Italy.

Decision

The court began by declaring, after an examination of Rome II that the main principle is that the national (in this case German) Community design court before which an action is brought is to rule on infringements that are subject of the action at issue, by applying the law of the country in which the infringement was committed. The court hereby stated that applying national law also in the supplementary claims upholds the principle of *lex loci protectionis*.

While it could not be ruled out that infringement had not occurred in other Member States as well, the design owner had in this case brought a targeted action (as opposed to an action aimed at infringements in several Member States) relating to acts of infringement taking place in Germany, why the supplementary claims should also be governed by German law.

The court further explains that national courts giving a ruling on only acts of infringement in that Member State cannot be required (i) to ascertain whether there is, within another Member State concerned by the action, an initial act of infringement and (ii) to rely on that act in order to apply the law of that other Member State, although both that act and the territory of that Member State are not concerned by the dispute in question.

In conclusion, the court found that supplementary claims regarding damages, destruction of products and submission of information in cases of alleged infringement in a single Member State shall be governed by national law in the said Member State.

Comment

Together with the judgment in Nintendo (C-24/16 and C-25/16) this judgment provides further guidance on how to strategically plan for infringement actions where acts of design infringement takes place in several countries. It is now clearer for the design owners which law is applicable in similar cases.

While the Nintendo case related to acts of infringements taking place in several Member States, this case relates to acts of infringement committed within a single state.

This judgment, concluding that national law is applicable also on the supplementary claims, will hopefully imply better consistency and quality of judgments since these will then be entirely governed by the same Member State law.

Simon Fredriksson and Annalena Nordin

Social media posts as evidence of disclosure to the public (Third Board of Appeal, R 726/2021–3)

Introduction

In this decision the Third BoA recognises that third-party social media posts very well can constitute a disclosure to the public by a design owner. This practice implies an opportunity to conveniently find and use content of non-official social media accounts to prove early disclosure of a design and hence more easily claim lack of novelty and distinctive character as basis of an invalidity action against an RCD.

Background

An RCD for a type of shoes was contested through an application of invalidity. The invalidity application was based on lack of novelty and individual character. Supporting its claims, the applicant presented three social media posts displaying the shoes, that dated back approximately one and half years before the RCD filing date. Furthermore, the applicant referred to several news articles that reported on the social media posts. The invalidation applicant claimed that these articles in conjunction or as separate pieces of evidence were valid proof to invalidate the RCD, since the evidence proved that the RCD had been disclosed prior to the grace period of 12 months. The Invalidity Division of the EUIPO declared the contested RCD invalid. The design owner filed an appeal against the decision, requesting that the decision to invalidate the RCD to be set aside.

Decision

The main question for the BoA to decide upon was whether the design had been disclosed

- (i) on a date prior to the 12 month grace period,
- (ii) to the circles specialised in the sector concerned,
- (iii) operating within the Community, and thus
- (iv) resulting in the RCD's invalidity.

First, the BoA concluded that a social media post can constitute a 'publication' in accordance with the law. This was not disputed by the design owner. With numerous comments and over 300 000 likes the BoA also confirmed that the posts in question had been made available to the public.

Due to its popularity the posts were also covered in several news articles presented to the BoA by the invalidity applicant. Those articles displayed the shoe in a photo quality that was clear and without obscurity, making the appearance of the design discernible. The BoA confirmed that these news articles constituted disclosures on their own. After reviewing all the evidence, the BoA concluded that the invalidity applicant had provided solid and objective evidence that the design was sufficiently disclosed to the public prior to the 12 month grace period.

To dispute the outcome of sufficient disclosure the owner argued that the materials could have been manipulated. That line of defence was rejected by the BoA which expressed that while the materials had an abstract possibility to be manipulated, a mere statement in this regard was not sufficient to undermine the credibility of the evidence. Likewise, the design owner did not provide a reason for the editor to manipulate the dates and furthermore the design owner had not provided any explanation on how social media comments and likes theoretically could be manipulated.

Additionally, the design owner argued that the disclosure was not known in the circle of specialists in the sector. The BoA found that the specialists may search the internet, and nothing indicated that the articles were hard to find. Consequently, the BoA found that the design owner had not proven this line of defence.

After a comparison between the two shoes, the BoA found them similar enough for the prior design to destroy the individual character of the RCD. Hence, the appeal was dismissed in its entirety.

Comment

This case provides several interesting topics for future consideration. First, the BoA's reasoning regarding the social media posts gives clear guidance on the conditions for such materials to be considered as publications made to the public.

Secondly, the BoA, by its requirement of 'clear signs of falsification' for dismissal of evidence, sets a high threshold for such defence.

Third and last, the BoA more or less confirms that anything available on the internet may be considered as having been made available to the specialised circles.

We note that the decision has been appealed and look forward to monitor the future developments.

Annalena Nordin and Simon Fredriksson



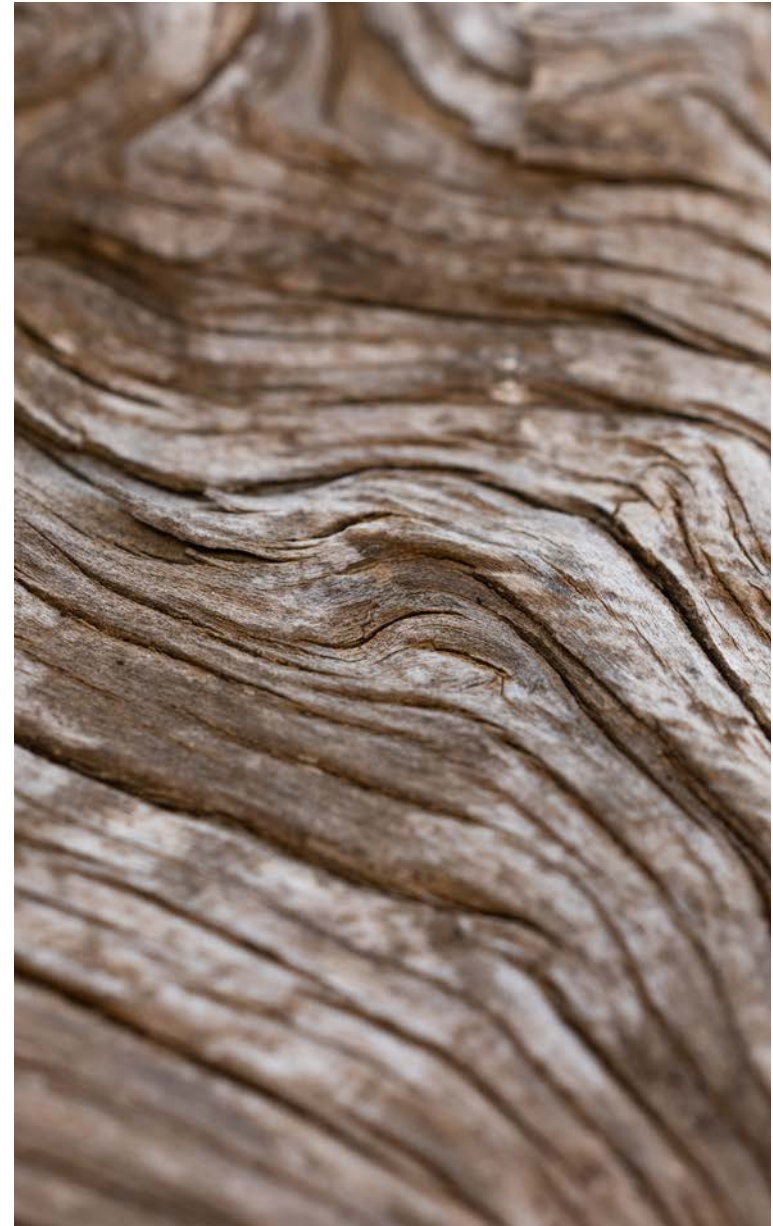
Copyright law

General introduction

2022 was another great year for copyright. In this Yearbook we report on the CJEU's blockbuster decision regarding the Republic of Poland's challenge to the infamous Article 17 of Directive (EU) 2019/790 ('Digital Single Market Directive'), as well as on two judgments which present valuable clarifications on the EU law requirements that must be fulfilled by national systems in the Member States for the collection and distribution of copyright levies and on another CJEU judgment that provides further clarifications on the boundaries on the distribution of TV channels to guests in hotel rooms.

On the Swedish front, we have identified a number of interesting cases that cover issues such as copyright in individual parts of applied art and consequential limitations on repair or reupholstering of furniture, works of applied art and database rights in the context of content aggregation.

On the legislative front, important changes to the Swedish Copyright Act implementing the Digital Single Markets Directive entered into force on 1 January 2023. These changes will likely shape the copyright landscape for years to come and may give rise to litigation in several fields which we look forward to reporting on in the future.



Handling of exceptions from and reimbursement of levies (CJEU, C-263/21 Ametic)

Introduction

Private copying levies aim at compensating damage that arises to rightsholders because of reproduction under a private copying exception. It is up to Member States to choose and design their system of compensation for private copying levies. However, Member States must ensure that such a system meets the criteria that follows from the underlying EU rules that the system is fulfilling. In the present case, the CJEU clarifies which requirements that must be upheld if a legal person established and controlled by rightsholders is entrusted with management of exemptions from and reimbursements in respect of private copying levies.

Background

In the main proceedings an industry organisation claimed annulment of certain provisions in the national legislation.

According to the national legislation, the obligation to pay levies is exempted for equipment, devices or media which is used exclusively for professional purposes. To be exempted, one must obtain a certificate issued by a legal person. This legal person is to be set up by IP management organisations and will be engaged in management of both exemptions and reimbursements of paid levies.

However, the referring court stressed that the fact that the legal person is controlled by rights management organisations might affect the decision on the granting of exemption certificates or reimbursements.

Against this background, the national court asked two questions. The first was whether the form of composition of this legal person

is compatible with Directive 2001/29 ('Infosoc') or with the general principles of EU law. The second was if it is compatible with the Infosoc Directive or the general principles of EU law to confer on such legal person powers to request information from those who apply for an exemption.

Decision

The CJEU pointed out that Member States enjoy a broad discretion in the details of its levies system and may decide, among other things, who is to pay levies.

However, the CJEU also stated that a national levies system must ensure that users who purchase reproduction equipment, devices and media for purposes unrelated to the making of copies for private use may be exempted from the levy.

The question raised by the referring court concerns whether the fact that the legal person issuing exemption certificates and making reimbursements of compensation is established by management organisations for IP rights, could entail an imbalance or asymmetry in the interests which it seeks to protect.

The CJEU stressed that if such legal person has a margin of discretion that makes it arbitrary whether an application for exemption will be granted, it can risk jeopardising the requirement that provisions on levies must not entail an unjustified difference in treatment between different categories of economic operators and be liable to upset the fair balance between rightsholders and users that is required under recital 31 of the Infosoc Directive.

However, the CJEU established that if the system for the application for exemption and reimbursement rests on objective criteria so that such legal person has no room for discretion, it is compatible with the EU law requirements. To eliminate the risk of bias, it is however

according to the CJEU also necessary that a refusal can be subject to extrajudicial proceedings or judicial proceedings before an independent body.

As regards the second question, the CJEU stressed that Member States have an obligation to ensure an effective collection of compensation. For that purpose, a person responsible for the management of the system must be able to verify the conditions for obtaining an exemption notice. With reference to this, the CJEU ruled that the Infosoc Directive and the principle of equal treatment are not an obstacle to legislation that gives such legal person the authority to check whether the conditions for exemption or reimbursement are met, but that this presupposes that the legal entity is obliged to maintain the confidentiality of the information obtained.

Comment

The obligation to pay levies is often vested with companies in the technology sector who distribute devices that can be used for such private copying. Such companies are not involved in or responsible for the copying, but still used as intermediaries between private individuals doing the copying and rightsholders who shall be compensated for such copying. Against this background, this decision provides valuable legal protection for those companies liable for paying levies when a legal person that is controlled by rightsholders is entrusted with management of exemptions and reimbursements. For such systems, the CJEU has in this case established that such a legal person must not be given a margin of discretion that makes it arbitrary whether it will grant an exemption or a reimbursement and that it must maintain the confidentiality of information that it obtains to verify that the conditions for obtaining an exemption are met.

Stefan Widmark and Filip Jerneke

Poland's Article 17 challenge (CJEU, C-401/19 Poland v Parliament and Council)

Introduction

In the blockbuster copyright case of the year, the CJEU dismissed the Republic of Poland's action to annul significant parts of Article 17 of Directive (EU) 2019/790 ('Digital Single Markets Directive') on the grounds that the imposition of burdensome obligations on so-called online content-sharing service providers (OCSSPs) violated fundamental rights enshrined in the Charter of Fundamental Rights of the European Union.

While the outcome of the case was a dismissal, Poland's challenge shone a light on the complicated Article 17 regime which is currently developing in EU Member States' national legislation and stirred up a lively debate in academia and copyright circles. In that sense, the Republic of Poland's unsuccessful action still contributed to a greater understanding of the new system and what it demands of the OCSSPs and of national legislation transposing the Digital Single Markets Directive.

Background

As many readers of the Westerberg Yearbook will know, the Digital Single Markets Directive is arguably the most important development in European copyright law in recent years and the adoption of the Directive was mired in controversy, not least concerning the infamous Article 17 which imposes obligations on OCSSPs such as YouTube.

The Republic of Poland filed a constitutional challenge against Article 17 and argued that Article 17's imposition on OCSSPs of the obligations to make 'best efforts' to 1) ensure the unavailability

of specific works and other subject matter for which the rights-holders have provided the OCSSP with relevant and necessary information (point (b) of Article 17(4)); and 2) to prevent the future uploads of protected works or other subject-matter for which the rightsholders have lodged a sufficiently substantiated notice (point (c), *in fine*, of Article 17(4)), made it necessary for the OCSSP to carry out prior automatic verification of content uploaded online by users, and therefore make it necessary to introduce preventive control mechanisms (i.e. upload filters that block content) in order for the OCSSPs to avoid liability for copyright infringement.

According to the Republic of Poland, such upload filters undermine the essence of the right to freedom of expression and information and do not comply with the requirement that limitations imposed on that right be proportional and necessary. In the Republic of Poland's view, these deficiencies in the Article 17 regime cannot be remedied and significant parts of Article 17 should therefore be annulled. If those particular parts of the regime cannot be annulled, all of Article 17 must be struck down.

Decision

The court confirmed the Republic of Poland's overarching view that Article 17 requires OCSSPs to carry out a prior review of uploaded content and that this review may (read: will) require the use of automatic recognition and filtering tools. This means that at least the biggest OCSSPs like YouTube will need to use automated content filtering in order to comply with the best efforts obligations in Article 17 (which it should be mentioned big OCSSPs like YouTube already do).

The court also confirmed that such prior review and filtering is liable to restrict the dissemination of online content and will thus

– in itself – constitute a limitation on the exercise of the right to freedom of expression and information of users. But importantly the court concluded that such limitations were proportional and justified in relation to the goals of Article 17 and the broader Digital Single Markets Directive – which is to offer a high level of protection to copyright holders in the modern digital environment. The court went on to justify the imposition of these obligations on OCSSPs based on a number of different arguments about the strong and practical safeguards included in the Article 17 regime:

- » An upload filter that cannot make a distinction between lawful and unlawful content is not consistent with the requirements of Article 17 and the fair balance between competing rights and interests. Put another way, over-blocking is a very real and serious problem that must be carefully monitored by OCSSPs and may not be the result of their application of filtering technology.
- » An OCSSP cannot be expected to operate such filtering technology without the proper input of rightsholders, who must provide 'relevant and necessary information' and/or a 'sufficiently substantiated notification' regarding their claimed rights.
- » The OCSSP's filtering obligation cannot constitute a so-called general monitoring obligation (cf. Glawischnig-Piesczek, C-18/18).
- » Additionally, in a stroke of a pen the court harmonised the concept of parody and pastiche, at least as far as concerns uses on OCSSP services, by prescribing that users in the EU should be able to rely on such exceptions and limitations to copyright when using these platforms (even if these exceptions and limitations are not recognised by national copyright

legislation, as they were explicitly considered optional for Member States to implement as part of Directive 2001/29/EC). In fact, the court went as far as to recognise these rights as ‘users rights’, which is a significant departure in the CJEU copyright acquis.

On these grounds, the court dismissed the Republic of Poland’s action and confirmed that Article 17 was here to stay. At the same time, the court emphasised that national legislatures must take great care when implementing the new regime in order to strike a fair balance between the various fundamental rights at stake.

Comment

The court’s decision was a welcome clarification on several thorny issues concerning the Article 17 regime. But the court’s decision also raises several new questions about Article 17, not the least of which is how national legislators should transpose the 1219-word monstrosity of an Article into crisply worded and easily digestible national law.

Even though the EU legislator has a tool for implementing detailed legislation that will have the same meaning in the different Member States (i.e. a regulation that has direct effect in all Member States without transposition), and even though the EU legislator instead chose to introduce Article 17 by way of a Directive, what is abundantly clear from the court’s decision is that Article 17 is a complex and delicately balanced system that leaves very little room for the whims of national legislators. That this has been and will continue to be a big challenge for national legislators is obvious from the different ways in which Member States have decided to transpose Article 17 into their national law while respecting the fundamental rights at stake.

The challenge for national legislatures grew even more difficult upon the adoption this year by the EU legislator of the Digital Services Act (which confusingly in contrast to the Digital Single Markets Directive is a regulation with direct effect). The DSA introduces additional obligations on OCSSPs and sets up several highly interesting and mighty complex questions regarding the legislations’ practical impact.

Interestingly the court also sent the EU Commission a veritable broadside as concerns the latter’s idea to use so-called trusted flaggers to earmark commercially sensitive content as a preventive measure. If nothing else, this shows the complicated nature of the Article 17 regime and underscores the challenges facing national legislators.

Another question is of course what the big OCSSPs should make of this new legislation and what practical effects it will have for users of these global services. Perhaps the most important remaining question is how these platforms will work in practice, if – as appears likely – OCSSPs are not able to develop a filtering solution that will catch all infringing uploads while never overblocking. The application of Article 17 – not on a digital utopia, but on the digital reality – will be the true test of the Article 17 regime.

Hans Eriksson

Private copying levies for cloud storage (CJEU, C-433/20 *Austro-Mechana*)

Introduction

Copyright means, among other things, that only the right holder may reproduce the work. However, there are exceptions to this exclusive right. One is the exception for private copying. For this exception to be justified, rightsholders must be entitled to receive fair compensation for damages caused by such copying. The present case deals with storage of copies in the cloud. Whether levies systems should include copying in the cloud has been widely debated during later years. The CJEU's judgment in the present case provides sought for answers to two of the debated questions.

Background

The present case was initiated by a copyright organisation who sued a company for levies on a cloud-based storage space that it offers for private individuals.

The national court substantially asked two questions. Firstly, it asked whether the expression 'reproductions on any medium' in Article 5(2)(b) of Directive 2001/29 ('Infosoc') includes offering of storagespace for private individuals on a cloud storing service. Secondly, it asked if Article 5(2)(b) of the Infosoc Directive prohibits national legislation that implements this article but which does not require providers of cloud storage services to pay fair compensation.

Decision

To answer the first question, the CJEU divided the expression 'reproduction on any medium' in Article 5(2)(b) of the Infosoc Directive into two parts.

Regarding 'reproduction' the court stated that it must be understood in a broad sense. Based on this, the court ruled that putting a copy of a work in a cloud storage service constitutes reproduction within the meaning of Article 5(2)(b).

For 'any medium' the CJEU stressed that it is not defined in the directive, nor is there a reference to the legislation of the Member States to define this expression. In such a context, the court stated, this expression must be given an autonomous interpretation throughout the Union, considering both the wording of the provision and the context, but also the objective behind the provision.

With this starting point, the court established that the expression 'any medium' must include cloud storage. When doing so the court stressed the fact that copyright would be at risk of becoming outdated or obsolete because of the technological development if exceptions and limitations are interpreted in such a way that no account is taken of this technological development or the rise of digital media and cloud computing.

Thus, the court ruled that a system of fair compensation, in which the producer or importer of servers by means of which cloud computing services are offered to private persons is required to pay levies, at the same time as levies are charged on the media that is integrated into the connected devices that make it possible to copy protected subject matter in a cloud computing storage space, such as mobile phones, computers and tablets, falls within the discretion allowed to the national legislature for defining the various elements of the fair compensation system.

However, the CJEU stressed that it has held that the level of compensation must be linked to the harm caused to rightsholders

and that any compensation system that is not linked to the harm would not be compatible with its case law.

The CJEU also highlighted that copying of protected works in the cloud includes several acts of reproduction from several connected terminals and that these acts may be classified as a single process for purposes of private copying. Due to this, the court established that Member States may use levy systems where fair compensation is paid solely in respect of devices or media which form a necessary part of that process, if such compensation may reasonably be regarded as reflecting the possible harm to the rightsholders of this process.

In summary the CJEU concluded that while it is open to the Member States to take account of the fact that certain devices and media may be used for the purpose of private copying in connection with cloud computing, they must ensure that the levy thus paid, in so far as it affects several devices and media in that single process, does not exceed the possible harm to the rightsholders resulting from the act in question.

Comment

Private copying levies aim to compensate rightsholders for damage caused by private copying. For levy systems not to become obsolete, it is reasonable that the CJEU has now established that levies are also relevant for cloud storage services. On the other hand, it is equally reasonable that the CJEU also establishes that this does not mean that levies must be charged for each step in the multi-step process that produces the private copies that are stored in the cloud so as to cause the compensation to exceed the possible harm to rightsholders resulting from the acts in question.

Stefan Widmark and Filip Jerneke

The right to compensation for legal costs incurred before the proceedings (CJEU, C-559/20 Koch Media)

Introduction

In accordance with established case law the CJEU confirms that legal costs for i.e. a warning or cease-and-desist letter should be recoverable from the unsuccessful party and that this type of extrajudicial legal costs can be classified as ‘other expenses’ within the meaning of Article 14 of Directive 2004/48/EC (‘Enforcement Directive’). Furthermore, the CJEU concludes that Article 14 of the Enforcement Directive does not prohibit a national application of a flat-rate calculation of the legal costs unless such application is considered unfair.

Background

The applicant was a distributor of computer games and was the holder of exclusive copyrights for making a computer game available to the public. The defendant was a natural person who offered the applicant’s computer game to others for download on a file-sharing platform. The applicant considered these acts an infringement of its exclusive rights and instructed a law firm to send a cease-and-desist letter to the defendant, which was mandatory under German law. The defendant accepted to cease the acts but rejected the claim for damages and to pay the legal costs. The applicant therefore brought proceedings before the national court. The court of first instance accepted the applicant’s damages claim for copyright infringement but did only award a part of its legal costs for the extrajudicial proceedings (for example the warning letter). The applicant appealed the decision on legal costs and requested full compensation. The court of appeal stayed the proceeding and referred two questions to the CJEU for a preliminary ruling.

Decision

The first question was whether costs for sending a cease-and-desist letter or the assistance in extrajudicial proceedings could be classified as ‘legal costs’ or ‘other expenses’ within the meaning of Article 14 of the Enforcement Directive.

The CJEU initially noted that costs for extrajudicial proceedings cannot be classified as ‘legal costs’ under Article 14 of the Enforcement Directive as ‘legal costs’ assumed that an action had been initiated before a court. Furthermore, the CJEU, with reference to its judgment in *United Video Properties* (C-57/15), noted that only costs that are directly and closely related to the judicial proceedings can be considered ‘other expenses’.

The CJEU emphasised that extrajudicial proceedings are necessary to ensure a strong level of protection of IP and to avoid later legal proceedings. Even though, at that stage, no proceeding has yet been brought before court, the Enforcement Directive does not preclude compensation for legal costs associated with that type of actions as ‘other expenses’ within the meaning of Article 14 in the Enforcement Directive. Thus, the CJEU found that costs associated with a cease-and-desist letter are covered by the term of ‘other expenses’ in Article 14.

The second question for the CJEU was whether reimbursement claims could be limited when the infringement had been committed by a natural person without a commercial purpose. With reference to case law, the CJEU confirmed that national

legislation providing for a flat-rate of reimbursement of a lawyer’s fees could, in principle, be justified, provided that it is reasonable in relation to the actual costs to enforce its rights. The CJEU therefore held that, in a situation where a natural person has carried out an infringement without a commercial purpose, the rightsholder’s claim to reimbursement could be calculated on a flat-rate basis of the value in dispute, unless the national court considers that, in view of the specific characteristics of the case, the application of such a limitation is unfair.

Comment

Cease-and-desist letters are more or less mandatory in infringement proceedings following *inter alia* the code of conduct of the Swedish Bar Association. The letters serve an important purpose possibly enabling a stop of the infringement and allowing the parties to reach a settlement without the need to pursue a court action.

The CJEU’s judgment will not lead to any significant changes in Sweden. Swedish law and practice already allow the rightsholder to claim compensation for the work with cease-and-desist letters and other pre-court actions. Except for so-called ‘small claim cases’ (i.e., claims up to SEK 24,650 for 2022), there is no limitation other than the general concepts of proportionate and reasonable in relation to the quantum of the recoverable legal costs. The judgment may however lead to an inclusion of a claim for legal costs already in the cease-and-desist letter, a practice that until today has not been common in Sweden.

Wendela Hårdemark and Ulrika Norlin

Distribution of TV/radio programmes to hotel guests revisited (CJEU, C-716/20 RTL Television GmbH)

Introduction

Again, the use of television sets in hotel rooms is subject to a judgment from the CJEU, this time with Directive 93/83/EEC ('SatCab') in focus. Unlike the situation in *Rafael Hotels SA* (C-306/05), the claimant here is a broadcast organisation. This judgment concerns the extent to which the rules that follow from SatCab may be invoked by a broadcast organisation against a hotel.

Background

SatCab was adopted when cable retransmission was something new within the area of television distribution, principally to facilitate, *inter alia*, cable retransmission by promoting the granting of authorisations by rightsholders to, *inter alia*, cable operators.

The claimant in this case, a German broadcasting company, brought action against a Portuguese hotel operator and its parent company before the Portuguese courts. The broadcast company claimed, *inter alia*, that the defendants should be ordered to pay compensation for the making available of programmes of a channel of the broadcasting company, without the broadcasting company's authorisation, in hotel rooms operated by defendants.

The channel was broadcasted by satellite and could be received in several European counties. The hotel operator captured the satellite signals and transmitted them through coaxial cables on the TV sets in the hotels' rooms. According to the broadcast company, it was entitled to authorise or refuse to authorise the reception and making available of the programmes of the channel, and such making available required its prior authorisation.

The CJEU set out to answer if Article 1(3) of SatCab, read in conjunction with Article 8(1) thereof, must be interpreted as requiring Member States to provide broadcasting organisations with an exclusive right to authorise or prohibit cable retransmission within the meaning of that provision. Further, the CJEU set out to answer if the simultaneous, unaltered and unabridged distribution of TV or radio programmes broadcasted by satellite and intended for reception by the public constitutes such retransmission when the transmission is carried out by a hotel.

Decision

The CJEU first pointed out that SatCab governs only the exercise of the cable retransmission right in the relationship between copyright owners and holders of related rights, on the one hand, and 'cable operators' or 'cable distributors' of traditional cable networks, on the other.

Thus, Article 1(3) read in conjunction with Article 8(1) does according to the CJEU not give broadcasting organisations an exclusive right to authorise or prohibit cable retransmission, within the meaning of that provision.

The CJEU pointed out that the concepts of 'cable operator' or 'cable distributor' in SatCab designate operators of traditional cable networks. Thus, establishments such as hotels do not fall within the concepts of 'cable operator' or 'cable distributor' within the meaning of SatCab.

Comment

The right of communication to the public has been subject to several decisions by the CJEU. However, this case does not concern authors' right of communication to the public. Instead, it concerns broadcast organisations' right of communication. To some extent the judgment shows the dispersity in legislation within the area of copyright law within the EU.

As ascertained above, the purpose of SatCab is to create prerequisites between authors and holders of related rights on the one hand, and ‘cable operators’ or ‘cable distributors’ on the other. The judgment clarifies that the rules in SatCab govern only the exercise of the cable retransmission right in the relationship between these parties. Thus, the purpose of SatCab is not to enable and/or facilitate for a broadcast company to be authorised to grant or refuse to grant authorisation for such retransmission. Thus, broadcast organisations cannot rely on SatCab when it comes to their right of communication to the public.

Instead, the exclusive right for broadcast organisations to make works available is regulated in Article 3(2) Directive 2001/29/EC (‘InfoSoc’). Article 8(3) of Directive 2006/115/EC (‘Rental Right Directive’) also provides a limited right of communication to the public for broadcast companies. Furthermore, it is apparent from recital 16 in the preamble to the Rental Right Directive, that Member States are able to provide for more far-reaching protection for broadcast organisations than that required by the provisions laid down in that directive in respect of broadcasting and communication to the public. According to the CJEU in *C More Entertainment AB* (C-279/13), Article 3(2) Infosoc does not affect the option open to the Member States, set out in Article 8(3) of the Rental Right Directive, read in conjunction with recital 16 to that directive to grant broadcasting organisations the exclusive right to authorise or prohibit acts of communication to the public of their transmissions, provided that such protection does not undermine that of copyright.

Depending on national law, broadcast organisations may thus be granted an exclusive right of communication to the public also in relation to hotels. Just not in the light of SatCab.

Stefan Widmark and Felicia Taubert

The interpretation of license agreements for use of photographic works in Sweden (PMCA, PMT 4780-21)

Introduction

The commercial use of photographic works under license or assignment raises well-known legal challenges for both licensee and licensor. A recent case from the PMCA regarding the exploitation of photographic works in the context of a Holocaust remembrance exhibition reminds us of many of the challenges inherent to the interpretation of copyright assignment agreements, such as clearly defining the scope of the license and how the photographer’s moral rights shall be handled. Sometimes even fairly standard licensing agreements end up in litigation and in such situations this case also serves to illuminate some common pitfalls for litigants.

Background

The claimant was a Swedish photographer that planned a photographic exhibition, spotlighting Holocaust survivors and interviewing them for the purposes of preserving their memories for generations to come. The defendant, the Raoul Wallenberg Academy for Young Learners, was an NGO that promoted human rights that partnered with the claimant in financing and conducting this exhibition.

The parties entered into an agreement for the claimant to deliver certain portrait stills and record interviews with Holocaust survivors for use in the exhibition against a certain fee. The portrait stills and interviews were subsequently used both in the exhibition at a museum, in a mobile app that was used on the museum grounds as well as in the NGO’s social media and at

certain marketing events. It did not take long until it became abundantly clear that the parties interpreted the agreement very differently, and after letters flying back and forth, off to court they went.

First instance decision

In the face of wildly different interpretations of the scope of the agreement, the PMC first had to assess the circumstances under which the agreement was entered into. The court found that the parties' plan from the outset was for the exhibition to have a digital component with a mobile application and that the exhibition would later tour and be exhibited in Swedish schools. Since the copyright relevant actions alleged to constitute infringement (both making copies of the photographic works and making the works available to the public) were found to be explicitly governed by the agreement between the parties, the court unsurprisingly found that these actions should be assessed under the agreement, instead of under applicable Swedish copyright law.

Interpreting the agreement, the court found that the photographer (claimant) owned all IP rights in the results (photographic portraits and interviews) to be supplied and that the NGO (defendant) was granted a license to use the results and the copyright vested in the results against the payment of a fee. The rights granted the defendant were broad in nature, including a right to sublicense against additional payment to the photographer. As is usually the case in Swedish copyright litigation concerning the interpretation of copyright assignments, the court interpreted the agreement using common legal principles of contract interpretation, as well as the two specific doctrinal legal interpretation principles

recognised (albeit rarely considered decisive) under Swedish copyright jurisprudence: 1) the so-called speciality principle (Sw. *specialitetsgrundsatsen*) which dictates that copyright assignments shall be interpreted narrowly, and 2) the so-called specification principle (Sw. *specifikationsprincipen*) which states that ambiguous clauses in such agreements shall be interpreted to favour the copyright holder.

One major disagreement between the parties was whether the license granted the defendant in the agreement was limited to the term of the agreement or perpetual in nature. On this point the court found that the plain reading of the clause suggested a license that was not limited to the term of the agreement, and that this interpretation was supported by witness evidence. Simply put, the claimant was found to be well aware that the defendant intended to use the materials for several years and that this had been fairly clearly set out in the text of the agreement.

Neither the exhibition of the photographic works at the museum, nor the use of the works at certain events, on the mobile application or in the defendant's social media, was found to violate the spirit or wording of the agreement. The use third parties (the museum and social media platforms respectively) had thus made of the results did not qualify as a sublicensed use under the agreement, much less one that would trigger additional remuneration to the claimant.

As to the photographer's moral rights to be mentioned as the author/photographer under Section 3 of the Swedish Copyright Act, the claimant had argued that her name had not been properly mentioned at some time in the mobile application's interface. The court found that the evidence invoked was not enough to

establish a violation of claimant's moral rights. Since the claimant has the burden of proof, this argument too fell flat. In the end, the claimant was not successful on any point and was ordered to pay the defendant's full legal costs, to the tune of about EUR/USD 100,000.

Second instance decision

The PMCA confirmed the lower court's decision. When interpreting the agreement between the parties, the court methodically worked its way through the relevant clause's different provisions and confirmed the lower court's interpretation of the relevant clauses and their practical meaning for the parties and the exhibition. In several instances, the court pointed out that the evidence invoked was lacking and did not show what it was argued to show.

Comment

This case serves as a timely reminder that copyright litigation in Sweden – and elsewhere this author assumes – often comes down to a careful analysis of what the documents invoked in a case actually establishes as facts in the case, rather than a complicated application of overarching principles of law and a balancing of interests in favour of the little guy. Similarly, the plain wording of an assignment agreement is sometimes clear enough to withstand assault on all legal fronts. This is important to keep in mind in copyright litigation, especially in cases where the litigation concerns works where the authors have a strong connection to the works and its exploitation.

Hans Eriksson

Copyright contracts in public procurement (PMCA, PMT 9573-21)

Introduction

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

In a recent case from the PMCA, questions particular to the public procurement process such as the relevance of framework agreements/main agreements, request specifications and work orders arose in a case concerning copyright infringement and hefty damages. In its judgment, the court found that a Swedish government agency did not commit copyright infringement in a biometric station's software when it continued using the software after the expiry of the agreement on the grounds that the agreement included a perpetual license that survived the agreement's expiration.

Background

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

The parties agreed that the defendant owned the biometric stations that had been procured but did not agree whether that meant that the defendant also had received a perpetual license to

use the copyright in the software after the framework agreement/main agreement expired. The defendant continued using the biometric stations and the software after the expiry without additional payment to the claimant which promptly sued for copyright infringement and claimed substantial damages.

The first instance PMC had to initially assess the particular structure of a procurement agreement, that is the relationship between the framework agreement/main agreement with its relevant provisions regarding copyright and the underlying request specification and its relevant provisions, seen in the light of previous business customs that had developed between the parties through earlier procurements. The court unsurprisingly found that both documents were part of the agreement and must be given weight when assessing the substance of claimant's demands.

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

But at the same time, the main agreement had an expiration date, and the relevance of this was the central issue in the litigation. The court found that the fact that the main agreement was limited in time – as agreements commonly are – only meant that after the expiry thereof, the defendant could not buy more biometric stations under the agreement from the claimant – even after the

expiration, the perpetual license remained. The court also found that the fact that the biometric stations and the software continued to be used by the defendant after said date did not mean that the main agreement had been renewed.

On these grounds, the first instance court rejected the claimant's demands. Not happy with the outcome, the claimant appealed.

Decision

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

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

Moreover, since the claimant had responded affirmatively to the condition in the request specification documentation, the defendant had been given no reason to think that the claimant would demand

payment for use of the software after the expiry of the contract period. According to the court, the implication of the agreement clearly was for defendant to receive a right to use the software for an unlimited time. Thus, defendant's continued use of the software after the end of the contract period did not constitute an unauthorised production of copies and thus not copyright infringement.

Comment

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

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

Hans Eriksson and Felicia Taubert

Infringement of radio and television companies' signal rights (PMCA, B 12022-21)

Introduction

The hijacking and illegal re-broadcast over the internet to IP set-top boxes of radio and television companies' broadcasting signals constitutes a real challenge for the industry, particularly for radio and television companies that commercialise sports broadcasts and other premium content. In Sweden, criminal and civil cases regarding pirated broadcasting signals can often be mired in technical minutiae and complicated legal questions regarding territoriality, see for a current example B 7503-18 which the Supreme Court has granted leave to appeal.

This criminal case from the PMCA shows that these cases can be assessed in a pragmatic and efficient way and should serve as a reminder to radio and television companies that criminal complaints against the operators of systems with pirated set-top boxes remains a crucial tool in the fight against signal piracy.

Background

Radio and television companies have certain exclusive rights to their broadcasting signals according to Section 48 of the Copyright Act. It is not what is being broadcast that is protected, it is the broadcasting signals *themselves* that enjoy protection under this so-called signal right. The signal right includes the right to record the broadcast on a device from which it can be reproduced, to make copies of such a recording and to distribute copies of such recordings to the public. With particular relevance to this case, Section 48 paragraph 4 also establishes that radio and television companies have exclusive rights to re-broadcast its broadcasting

signals. This re-broadcasting right can for example be infringed by someone downloading a television company's broadcasting signals and then re-broadcasting them via the internet to set-top boxes without the television company's consent.

The defendant in this criminal case had been selling set-top boxes that gave the users access to certain broadcast signals that had been re-broadcast over the internet without the television companies' permission. The set-top boxes had been sold through a web page which the defendant administrated (and without payment to the television companies). Unbeknownst to the defendant, a representative of the television companies' had made a straw purchase of an illegal set-top box which was later analysed and used to report the defendant to the police.

The central question in the case was whether the defendant, by administrating the webpage and selling the IP set-top boxes, had infringed the companies' signal rights, either by violating the television companies' exclusive right to re-broadcasting himself, or by aiding and abetting the infringement of the re-broadcasting right and thus committing contributory infringement (Sw. *medverkansansvar*), and could be held criminally liable.

Decision

Systems with illegal set-top boxes are often a part of a global network where broadcasting signals are decoded and re-broadcast over the internet from different parts of the world to illegal set-top boxes around the world as part of a global criminal enterprise. Such a system often involves many different servers, hosted by different companies all over the world, and agents that sell the set-top

boxes on the local market and sometimes even offer illegal monthly subscription plans (to content the agent does not have a right to sell access to).

The PMCA quickly disposed of the question whether the defendant had himself infringed the re-broadcasting right under Section 48 of the Copyright Act. There was no evidence of this, and the defendant did not have the technical knowledge or hardware to do so. Instead, the question became whether the defendant's sale of the set-top boxes in itself constituted contributory infringement of the television companies' signal rights.

The PMCA found that in order to find the defendant liable for contributory infringement of the signal right, there must be a 'main infringement' for the defendant to contribute to. Under the circumstances in the case, where illegally re-broadcast signals had been proven in court to be available to purchasers of the set-top box in Sweden, the court found that there had *prima facie* been an illegal re-broadcasting of the television companies' broadcast signals (a 'main infringement'). The court found it immaterial to the question of the defendant's subsequent liability for contributory infringement where that illegal re-broadcast actually originated or who was responsible for this 'main infringement'.

As to the question whether the defendant's actions constituted contributory infringement, the court found that since the set-top boxes was the necessary and decisive means of accessing the illegally re-broadcast signals in Sweden, the defendant had aided and abetted in infringing the television companies' exclusive rights to their broadcasting signals through his sales of the set-top boxes.

The defendant was thus found guilty of criminal copyright infringement and sentenced to probation. The defendant was also sentenced to pay significant damages to the injured television companies.

Comment

This case represents a small win for radio and television companies and a good example where a Swedish court has managed to assess complicated technical and legal arguments about broadcast signals, decoding and internet traffic in a straightforward manner and fashioned an effective tool to use against broadcasting pirates.

Even though the Swedish criminal penalties for these kinds of infringements are low, the broadcasting industry can hope that, as the legal process of stopping an operation of this kind on a distributional level and prosecuting the guilty parties becomes easier and more efficient, these developments will discourage signal hijacking at the source.

We look forward to reporting on the parallel case B 7503-18 which concerns complicated questions of territoriality which is currently before the Supreme Court.

Hans Eriksson and Oliver Edstrand

Reasonable compensation for museum's copyright infringement (PMCA, PMÖÄ 13244-21)

Introduction

The question of how to calculate reasonable compensation for copyright infringement has been the subject of some discussion in Sweden in recent years. In Swedish copyright jurisprudence, this calculation is commonly conducted on the basis of a fictitious hypothetical licensing fee between the parties, in which evidence of licensing standards on the relevant market becomes of crucial importance. But in NJA 2019 s. 3, the Swedish Supreme Court found the outer limits of this method and established that a court cannot base its calculation on a hypothetical licensing fee in situations where the infringing use would never have been licensed under any circumstance in reality. In this interesting recent case, the PMCA revisited the issue in a case that divided the panel of judges.

Background

The claimant was a professional documentary filmmaker who held copyright in two 1960's films. The defendant was the Municipality of Stockholm in its position as owner and operator of the Stockholm City Museum. The museum had copied the films and made them available to the public in various ways, including by digitising the films and by making them available for free over the internet. The claimant sought sizeable damages from the defendant.

The first instance PMC faced a number of common copyright questions, such as whether the films constituted film works (they did) and whether a 1960's copyright assignment from the author to the museum should be construed to include the right to make

one of the works available over the at the time non-existent internet (it did not, based on traditional Swedish principles of copyright contract interpretation that will likely send chills down the spines of Swedish museum operators who want to use modern digital tools to make their collections available to dwindling audiences).

On the issue of assessing the amount of damages, the court applied the common Swedish method of establishing a hypothetical licensing fee, based on evidence about the licensing standards on the relevant market and the legal fiction that the parties would have entered into a license that covered the copyright relevant uses in the case.

In light of the Supreme Court's decision in NJA 2019 s. 3, the court found that the claimant had not invoked sufficient evidence as to what was the typical market value of the works at issue and the court was instead forced to make an overall assessment that resulted in a comparatively low award of about EUR 3,000 for the museum's seven-year infringement.

Decision

Following the claimant's appeal, the main issue before the second instance PMCA was the size of the reasonable compensation to be awarded for the museum's copyright infringement. (The issue of the first instance court's harsh contract interpretation was unfortunately not put before the appeals court.)

Like the first instance court had done previously, the PMCA also based its assessment on a calculation of a hypothetical licensing fee as set out by Swedish Supreme Court in NJA 2019 s. 3 but reached a very different conclusion on the size of the claimant's payday.

The court's first question was whether there was support for the existence of established licensing tariffs or other common principles on the relevant market. Based on witness testimony and the trade association tariff, the majority of the court found that there was a relevant licensing market and compensation model that could serve to support the calculation of a hypothetical licensing fee. When applying these tariffs and principles, the claimant's sought damages were awarded in full to the tune of about EUR 25,000 instead of the previously awarded EUR 3,000.

The chair of the judge panel filed a strong dissent, arguing the opposite view of how to apply the precedent in NJA 2019 s. 3 when calculating damages in this case. The chair found that even though there was a tariff from a trade organisation invoked, that tariff was of little relevance to this case since it was more commercial in nature and did not cover the uses the museum had made of the works at issue, i.e. using the works in museum collections and similar. The chair also pointed out that the tariff did not appear to be applicable to these kinds of film works. In the view of the dissenting judge, the majority's application of the hypothetical licensing fee was manifestly wrong since it resulted in the museum paying such a large amount for two works, out of likely thousands in the collection.

Comment

The perennial question of how to apply the hypothetical licensing fee construct in copyright litigation remains an interesting one and this decision is a welcome further application of the principles for calculating reasonable compensation for copyright infringement set out in NJA 2019 s. 3. If nothing else, this case shows the

importance and value of invoking evidence to establish a baseline for calculating reasonable compensation and in this instance the Municipality of Stockholm appears to have had the opportunity to defend its case more forcefully on the issue of damages.

Reading between the lines of the chair's dissenting opinion, one cannot avoid the conclusion that if the museum should rightly pay this much on a per film basis for all the film rights in its city museum collections, the inhabitants and perhaps more importantly taxpayers of Stockholm municipality must indeed be the most film-loving people in the world.

Filip Jerneke and Hans Eriksson

Scope of protection for works of applied art post-Cofemel (PMCA, PMT 13853-20)

Introduction

The originality test for works of applied art is one perennial European copyright question that has hopefully been finally answered by the CJEU in *Cofemel* (C-683/17) and *Brompton Bicycle* (C-833/18). But the question how national courts shall factor in prior art in the relevant field and the functional elements of the designs when assessing infringement remains an unsettled question, subject to trends and traditions in national case law.

In Sweden there is a long-standing tradition for courts to let the prior art and functional elements of the design severely limit the scope of protection of works of applied art and generally only recognising a very narrow scope of protection for such works. In this recent case from the PMCA, these questions were front and centre in a copyright infringement battle between two chairs.

Background

The rightsholder of the so-called Jackie chair brought action for copyright infringement against a competitor that had manufactured, marketed, and sold a chair with a similar overall design. Both chairs were used within the healthcare industry and had certain arguably functional elements, such as cushions for the seat and back.

The claimant ordered liberally off the menu of actions available to Swedish litigants in copyright litigation and requested that the court issue an injunction against the defendant under the penalty of a fine, order the competitor to compensate for the infringement, to spread information about the judgment and destroy all marketing materials and copies of the infringing chair.

The first instance rejected the claims. The claimant did not take this sitting down and proceeded to appeal the case to the PMCA.

Decision

The PMCA applied the CJEU's originality jurisprudence and found (unsurprisingly) that the Jackie chair qualified as a work of applied art by being the result of the author's intellectual creation and reflecting the author's personality, notwithstanding the functional requirements necessary for chairs used within the healthcare industry.

The court emphasised that it is now settled by the CJEU that the extent of copyright protection for various kinds of works is not dependent on the level of creative freedom exercised by the author, and consequently works of applied art shall not have any narrower degree of protection than any other work afforded copyright protection.

But when moving on from originality to the issue of how to conduct the infringement assessment between the battling chairs,

the court drifted away from clear CJEU precedent to more choppy waters. The majority of the court conducted the infringement assessment according to the method established in earlier Swedish case law NJA 1994 s. 74. According to this method, works of applied art are compared to existing prior art and works that are found to be ‘more original’ as compared to the prior art enjoys a greater scope of protection than a ‘less original’ work. Over the decades, this method has led works of applied art to be considered to have a very narrow scope of protection in Sweden, essentially only protection against direct copying.

In the present case, the battle stood between two chairs that had certain functional requirements. It was also undisputed that the Jackie chair had been designed with inspiration from prior art and that similar armchairs were available on the market. The court found that the chairs showed similarities when viewed from the front and from the side as well as similarities on the back cushion. At a closer inspection, the court did however find that the chairs’ overall impression differed in that the Jackie chair had an additive design with many and separate parts while the competing chair had an integrated design where separate parts were not visible. The armrests on the chairs, which were dominating parts of the design, differed significantly.

The court concluded that the defendant’s chair had an overall impression that differed from the Jackie chair in the extent that it did not fall within the scope of protection of the Jackie chair and thus that the competing chair did not infringe the copyright of the Jackie chair.

In a strongly worded and according to the authors persuasively argued dissenting opinion, one of the judges on the panel objected to the method employed by the majority when assessing infringement (as well as the finding of non-infringement). According to the

dissent, pre-Infosoc Swedish case law such as NJA 1994 s. 74 *Smultron* lacks relevance after *Infopaq* (C-5/08), *Painer* (C-145/10), *Soulier and Doke* (C-301/15), *FAPL* (C-403/08) and most importantly *Pelham* (C-476/17). The legal method of identifying the scope of protection of the work of applied art based on a comparison with prior art and applying it in infringement assessment as established in NJA 1994 s. 74 is wrong for several reasons, not the least being that there is no novelty requirement in copyright (as compared to patents and designs). This method employed by the majority also seems to be incompatible with the majority’s own reading of applicable CJEU case law that the creative freedom of the author shall not influence the scope of protection since that seems to be the inevitable result of employing such a method.

Comment

In this decision, the majority of the court grants the Jackie chair a quite limited scope of protection, apparently based largely on the design’s similarity to prior art and its functional elements. This may be right or wrong on the merits, but the most interesting part of the decision is undoubtedly the methodology question post-*Cofemel*. The authors cannot shake the feeling that the ghost of old Swedish copyright jurisprudence haunts this decision and that the dissenting judge’s view of the method to be employed in assessing infringement of works of applied art is at least more correct in light of recent CJEU jurisprudence.

Since the court did not grant the claimant leave to appeal, we will have to wait to see if Swedish courts will continue to apply the arguably outdated method established in NJA 1994 s. 74 when assessing infringement of works of applied art in the future. When those cases are argued, the dissenting judge’s opinion will likely take centre stage.

Hans Eriksson and Josefine Lindén

Database rights and content aggregation (PMC, PMT 11815-20)

Introduction

Content aggregation is big business in 2022. Why have seven different newspapers clogging up your mailbox, when you can have that content carefully selected and curated for you according to your interests and taste? This dynamic is not lost on entrepreneurs and innovators around the world, sensing an opportunity to create value for users and perhaps birthing a unicorn in the process. But digital aggregation often involves the use of different data sets, including the use of data protected as databases, and the makers of databases often want to protect their own investment against aggregators perceived free-riding. Since one person's entrepreneurial aggregator is often another person's parasitical competitor, balancing these interests is no easy task for national courts, as shown in this interesting decision from the PMC.

Background

Advocate General Szpunar described the competing interests at stake when database rights collide with content aggregation in the following way in his opinion in CV-Online Latvia (C-762/19), paragraph 40:

‘While the *sui generis* right provided for in Article 7 of Directive 96/9 has as its objective to protect database makers against the creation of parasitical competing products, it must not at the same time have the effect of preventing the creation of innovative products which have added value. However, it may prove difficult to distinguish those two categories of products. What may seem to be parasitical to the maker of a database will represent considerable added value for users.’

According to the CJEU in CV-Online Latvia, the key to fairly balancing these interest lies in ensuring that the makers of databases are able to redeem their investment. Content aggregators should be free to create and market new products and services based on the information in publicly available databases, as long as the database maker can still redeem the investment. On the one hand, this enables innovation to flourish while reigning in some content aggregators wilder tendencies. On the other hand, the CJEU's decision emphasises that there can be circumstances in which content aggregators may extract or re-utilise all or substantial parts of a database, without adversely affecting the database maker's investment, which is a development likely not welcomed by many database makers.

The PMC had the opportunity to apply these principles for the first time in Sweden in litigation between the makers of two competing parking mobile apps.

The claimant operated the most widely used mobile parking app in Sweden. The information available through the app consisted of geographical data about parking spaces, parking zones, rates etc. This information was collected, coded, stored and continuously updated in a database. The claimant was able to show that it had made substantial investments in obtaining, verifying and presenting the content of the database, which was found to qualify for database protection under Chapter 5 Section 49 of the Swedish Copyright Act (implementing Article 7 of Directive 96/9/EC, ‘Database Directive’).

The defendant operated a so-called parking app aggregator. The aggregator was a free-to-use mobile application that in essence showed users which parking apps supplied parking spots in a particular geographical location, enabled users to compare the different parking

apps offer and used the parking app to pay for the parking chosen by the user.

As is sometimes the case when developing innovative new digital solutions, challenging established business models and taking them to market, the defendant had not yet entered into agreement with the claimant at the time the aggregator app was launched. Companies related to the defendant had discussed such a collaboration previously, but the idea had been shot down by the claimant.

Decision

A main issue in the case was whether the use of the aggregator app involved any relevant uses of the claimant's database (i.e. any extraction and/or re-utilisation of the whole or a substantial part of the contents of the database). The defendant claimed that the aggregator app worked based on crowdsourced information, that is information supplied by the user through the use of the parking apps, which was communicated to the aggregator app. To the contrary, the claimant argued that the aggregator app included all or significant parts of the claimant's database, resulting from a prohibited extraction and re-utilisation of virtually the whole database, and did not rely on crowdsourced information to work.

How could the claimant show that the aggregator app included all or significant parts of the database? In a moment of inspired lawyering, the claimant had the idea of constructing a dummy version of its parking app (a version of the software without any information about parking rates, zones etc. in it). If the aggregator app worked solely based on information from the user's parking app, then using the empty dummy app with the aggregator app would lead the aggregator app not to work. By showing that the aggregator app worked even with only the dummy app installed on the user's phone, claimant was able to make a persuasive argument

that the aggregator app must have access to the information in the claimant's database in some other way than by crowdsourcing.

How could the claimant show that the company behind the aggregator app had extracted and re-utilised all or significant parts of the database? The claimant showed how the defendant had previously scraped data from the database at the time of developing the aggregator app. The data scraping concerned virtually all of defendant's database, had been carried out systematically over months and could be traced back to IP addresses belonging to companies and persons related to the defendant. Additionally, the defendant had not been able to explain why it carried out such a significant data scraping of claimant's database, just before the launch of the aggregator app. If the aggregator app worked solely based on the user's crowdsourced information, such data scraping would seem unnecessary.

Based on these circumstances, the court found that the defendant had extracted and re-utilised substantial parts of the claimant's database, in order to acquire and use the information in the database in the operation of the aggregator app.

As to the balancing of interest between the maker of the database and the content aggregator, taking the service's added value to the user into account, the court found that the defendant's actions had negatively affected the claimant's ability to redeem its investments in the database and thus constituted infringement under the principles set out in CV-Online Latvia.

The court found that when the parking app's users used the aggregator app to park and pay, they interacted with the claimant only through the aggregator app. This meant that the claimant 'lost direct contact with the customers' which it would have had if the users had interacted with the parking app directly. Put another

way, the operation of the aggregator app created an additional layer between the claimant and its customers, and this additional layer was considered to damage the claimant's ability to redeem its investment. The court also found that the operation of the aggregator app made it more difficult for claimant to sell additional services to its customers through the parking app, since the customers only viewed the aggregator app, which was considered to further damage the claimant's ability to redeem its investment. Lastly the court also found that the defendant's actions could not be excused by the added value the aggregator app gave its users, by simplifying its use of many competing parking apps.

Comment

The argument that the aggregator app created an additional layer between the claimant and its customers seems in principle to be applicable to most situations when a database maker battles a content or service aggregator, whether it is a parking app, an online CV database (CV-Online Latvia) or a meta search engine (C-202/12 Innoweb). To this author, it is not clear how a litigant could quantify the adverse effect of this 'additional layer' on the database maker's ability to recoup its investment, and it is therefore not obvious that this circumstance by itself motivates a finding of infringement under the principles set out in CV-Online Latvia. The court's conclusion that the aggregator app resulted in the claimant selling less additional services to its customers through its parking app on the other hand seems to be a stronger argument in this regard, and one that can in practice more easily be substantiated by evidence. It will be interesting to see whether this balancing of interests between makers of databases and content and service aggregators is confirmed on appeal or by other national courts in future litigation.

Hans Eriksson

Designer table enjoys protection as work of applied art (PMC, PMT 16606-21)

Introduction

Cases concerning infringement of works of applied art has become something of a trend in Sweden. This case between a high-end furniture designer and a national retail chain regarding infringement of a pillar dining table exemplifies this trend and garnered significant media attention in 2022.

The first instance outcome confirms the current Swedish case law in the area, including the continued relevance of assessing prior art (as discussed in detail in another article regarding PMT 13853-20 in this Yearbook), while also dealing with common procedural objections such as how to factor in the tables' technical aspects in the originality assessment and questions of transfer of rights.

Background

The claimant was a high-end design and furniture company that developed, manufactured and sold interior design products, including a circular pillar dining table with a rounded and panelled base (the Palais table). The Palais table had been exhibited and sold since 2017 and had won several awards.

The defendant was a national furniture chain which subsequently had developed, manufactured and sold a highly similar but not slavishly identical table (the Cord table). This table was sold at a lower price than the Palais table.

The claimant argued that the Cord table infringed the Palais table and sued for copyright infringement, including claims for an injunction against future sales of the Cord table as well as destruction of infringing tables and publication of the decision.

Decision

The court identified four main issues in the case:

- » Who had designed the Palais table and whether the rights had correctly been transferred to the claimant.
- » Whether the Palais table enjoyed copyright protection as a work of applied art by being original (including by assessing the prior art).
- » Whether the Cord table fell within the Palais table's scope of protection and thus infringed copyright.
- » Whether the Cord table had been independently created without knowledge of the Palais table.

The first question

As is commonly the case in Swedish copyright litigation, the court based its assessment of authorship and transfer of rights largely on the witness testimony of the designer of the Palais table. The court found that the table had been designed by two natural persons and that they had transferred the economic rights that come with a possible copyright protection to the claimant. The company thus had the right to bring an action for infringement in the case.

The second question

According to the Copyright Act, an author who has created a literary or artistic work has copyright to the work, regardless of how the work is expressed. Within the framework of the concept of work falls, among other things, applied art.

As far as the protection of applied art is concerned, the significance of the work's technical function is an important issue. If technical

considerations heavily influence the design, the space for original creation can shrink. The court reiterated the principles laid down by the CJEU in *Brompton Bicycle* (C-833/18), namely that such technical considerations do not necessarily prevent the author from reflecting his personality in the work by giving expression to free and creative choices.

In the present case, the court found that the technical considerations in the design of a table like the Palais table did not prevent the authors from reflecting their personality in the work by expressing free and creative choices. The court however found reason to assess the extent to which the finished work – the Palais table – distanced itself from prior art, in order to assess whether the designers had in fact designed the Palais table in a way that reflected such free and creative choices. (This traditional Swedish method of assessing infringement of works of applied art has its detractors and has been discussed in another article in this Yearbook, PMT 13853-20 on p. 144 et seq.)

According to the court, the essential design elements of the Palais table were considered to differ from the examples of prior art invoked by the defendant and against this background, the court found that the designers had made several creative choices in their design of the table, including by using a neat and distinctly bevelled tabletop and a solid base. The court concluded that the Palais table enjoyed protection as a work of applied art under the CJEU's originality jurisprudence.

The third question

When determining whether the Palais table had been infringed by the Cord table, the court went on to assess the table's scope of protection and whether the Cord table infringed said scope of protection.

The court found that the Palais table consists of a combination of two simple shapes, and even if the work distances itself from other products of the same type that were on the market at the time of the design, the basic shapes and the additional shape elements could be found on several earlier tables. The table's scope of protection was therefore considered to only include tables that showed a 'striking similarity' (Sw. *påfallande likhet*) with the Palais table.

Applied to the facts of the case, the court found that the Cord table exhibited all the form elements of the Palais table and that the two tables were 'nearly identical'. The only differences, according to the court, between the tables were the circumference of the base and tabletop. The court thus ruled that the minor deviations between the tables did not take away the impression that they were nearly identical.

The fourth question

Under the circumstances in the case, where the court had identified 'striking similarity' between the Cord table and the Palais table, the court found that the defendant had to meet a high bar to show that the Cord table had been independently created without knowledge of the Palais table. The court's assessment largely came down to an assessment of the invoked witness testimony, where the defendant's representatives claimed to not have known of the Palais table and that they had created the table based on other inspiration.

Based on evidence that showed that the Palais table had won several awards and garnered significant industry attention, the court appeared to simply not believe the defendant's version of events and did not find it proven that the Cord table had been independently created without knowledge of the Palais table.

The court thus found fully in favour of the claimants. The case has been appealed and is awaiting a decision on leave to appeal.

Comment

This case shows that the Swedish tradition of giving weight to prior art in cases concerning works of applied art is alive and well, notwithstanding certain critical voices raised in other cases. This practice commonly leads to these cases shaping up to be prior art detective stories where the parties invoke dozens of examples of sometimes-undated prior art that needs to be assessed for relevance. This in turn requires significant work and raises litigation costs for both parties. In the end, the court simply found that the Cord table was too close to the Palais table to avoid infringement.

As to the court's assessment of the question of authorship and transfer or rights, the case reiterates the long-standing Swedish tradition that the defendant's blanket claim that the rights have not been correctly transferred is not enough for the burden of proof to swing to the claimant in any significant way. In order to claim that the rights have not been transferred correctly, the defendant needs to invoke some concrete proof in this regard.

Hans Eriksson, Josefine Lindén och Filip Jerneke

Copyright to replacement parts of design furniture and repair limitations (PMC, PMT 16530-21)

Introduction

In this case, the PMC deals with the unusual issue of copyright infringement of an individual element of a piece of furniture, namely the replaceable pad to the famous designer armchair 'Jetson' which was designed by the renowned Swedish designer Bruno Mathsson. In short, the PMC held that the pad, as a stand-alone element, enjoyed copyright and that the manufacture, marketing, and sales of replacement pads to the Jetson armchair constituted copyright infringement. Moreover, the case deals with the delicate dividing line between on the one hand copyright and on the other hand protection of the private sphere which is sought for by certain limitations to copyright under the Swedish Copyright Act. Here, the PMC referred to the fact that the Swedish private copying exception does not include a right to engage third parties to make copies of applied art and thus found for the rightsholder. The judgment has led to lively discussions in the Swedish copyright community.

Background

In 2021, an upholstering business specialised in the renovation of designer furniture, including the manufacture and sale of replacement pads to armchairs caught the attention of the exclusive licensee of the rights to the Jetson armchair which brought infringement proceedings against the upholsterer, arguing that the manufacture, marketing, and sales of the pads infringed its copyright to the original Jetson pad.

While the defendant did not question that the Jetson chair was protected by copyright, he disputed the action, arguing that the stand-alone Jetson pad was not protected by copyright. Moreover,

the action was also contested on the ground that the replacement pads were not covered by its scope of protection, and that the provision of new pads to an owner of a Jetson armchair is to be equated to the right for an owner of an armchair to have it repaired or reupholstered due to exhaustion of rights to the physical copy.

Decision

In the absence of testimony from the deceased creator of the chair, the PMC relied heavily on the claimant's expert witness and held that the creator had made sufficient artistic considerations in his design of the Jetson pad and thus found that the pad itself enjoyed copyright protection. Further, the court also held that the minor differences between the original pad and the replacement pads entailed that the replacement pads were encompassed by the scope of protection of the original pad.

As regards the defendant's objection that the manufacture and provision of new pads should be equated to such repairing or reupholstering which the owner of an armchair is entitled to, the court referred to the statutory prohibition to engage third parties when making copies of applied art and concluded that it prohibited the defendant's production and provision of new pads to the customer. The court thus found for the claimant and issued an injunction.

The judgment was not appealed and is thus final.

Comment

The judgment in this case is noteworthy for several reasons.

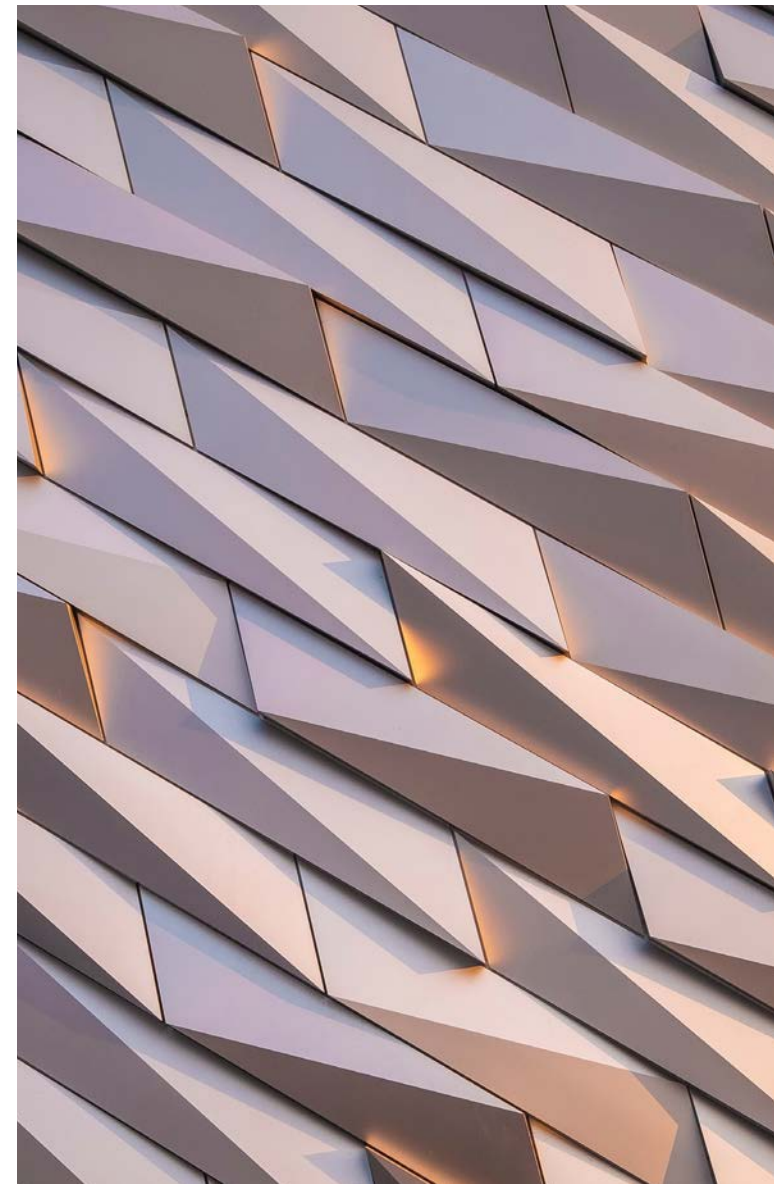
First, it is ground-breaking in that the PMC awarded copyright protection to a separate element of a piece of furniture, even in the absence of a testimony by the creator. The court's finding in this part could be added to a pile of rightsholder friendly judgments in cases concerning applied art from the Swedish IP courts in the last

couple of years. While one should be hesitant to read too much into the court's finding given the rather special nature of the furniture, it will be interesting to see whether the judgment will generate a new wave of legal actions based on claimed copyright to separate elements of applied art and if so, if the IP courts will continue their recent trend.

As regards the defence that the defendant's production and provision of new pads to Jetson armchairs should be equated to the customer's right to repair or reupholster its own armchair, it is unfortunate that the judgment does not include an expanded and sophisticated discussion on the dividing line between copyright and the private sphere, and that the judgment was not appealed. First, it is unsatisfactory that the statute in the Swedish Copyright Act which limits copyright to applied art to the benefit of an owner's right to repair such applied art was not part of the court's application of the law. Second, it is unfortunate that the court's reference to the limitation to the private copying exception that prohibits the engagement of third parties to make copies of applied art did not include an analysis as to whether this limitation is applicable to merely a part of an armchair, albeit a copyright protected part, especially considering the right of amendment vested with an owner of applied art under the Swedish Copyright.

While the judgment is merely a first instance decision, the court's conclusion in this part is likely to generate uncertainty in the Swedish furniture upholstery community. Assuming that the demand for furniture upholstery and similar repair services will not decrease in the current era of environmental awareness and recession, similar cases should be expected to follow and will hopefully lead to clarifying precedents.

Stefan Widmark and Petter Larsson



Media law

General introduction

For media law, 2022 included several interesting Supreme Court judgments in the exceedingly relevant area (with the introduction of social media platforms and the sometimes aggressive tone and dialogue on such platforms) on defamation. In one of the judgments there were conflicting outcomes in two different courts on substantially the exact same case with one of the two cases being decided by judges and the other case being decided by a jury. One of the other judgments provided highly topical clarifications on how to evaluate the re-distributions in social media of defamatory statements first put on social media by someone else. The last judgment includes a pedagogical step-by-step explanation of how defamation cases are to be tried and which specific considerations that apply to allegations against journalists.



Compensation for defamation (Supreme Court, T 3762-21)

Introduction

It is easy to share information on the internet today. Consequently, information that constitutes defamation can easily be shared to a large group of people via the internet, including by persons who are not the original source of the information. This fact has raised questions of how to determine the damage in such cases and the significance of whether the injured party has received, or is entitled to, compensation from other persons who have shared the same information. In this judgment, the Supreme Court has presented answers, albeit somewhat ambiguous, to these questions.

Background

In the current case, a person shared defamatory information about another person by sharing an article in two groups on Facebook. The article was written by a third person and had also separately been shared by several other people. In the article the defamed person, a journalist, was called an animal abuser, a humbug and a mythomaniac.

Referring to the fact that it was not shown that the injured party had already received compensation from other persons who had also distributed the information and to the fact that the information was shared extensively, the District Court of Gothenburg found that the injured party was entitled to receive SEK 10,000 in compensation.

On appeal, the Court of Appeal for Western Sweden found, unlike the District Court, that the right to compensation corresponded to an amount of SEK 5,000, because the injured party was entitled to compensation from other wrongdoers.

The Court of Appeal's judgment was appealed to the Supreme Court.

Decision

The Supreme Court granted leave for appeal with the Court of Appeal's review of the facts and evaluation that the shared information constituted defamation and that the defamatory statements were not justifiable as starting point. Thus, the only issue that was under scrutiny by the Supreme Court was which relevance, if any, it should have that the injured party had already received, or was entitled to, compensation from other wrongdoers who had distributed substantially the same statements.

The Supreme Court firstly clarified that defamation is completed when the defamatory information is shared with a third party and that this means that each re-distribution of defamatory information, for example by sharing such information on the internet, constitutes a separate crime. Each person who re-distributes such information will thus be eligible to pay damages to the defamed person.

Secondly, the Supreme Court established that compensation for defamation is as a starting point not affected by the fact that the injured party has already received, or is at least entitled to, compensation from other persons who share the same defamatory information, since it is in such cases not the same damage and therefore not a case of joint liability for damages. However, the Supreme Court also, somewhat conflictingly, noted that the fact that the information had already been distributed by others could on the other hand affect the assessment of the damage caused by the act and that the previous distribution of the same information can also influence the assessment of whether the later distribution of this information is a serious violation. Also, when evaluating damage for the defamation at issue the Supreme Court categorically stated that the damage was not affected by the fact that the defamed person might also be entitled to damages from other distributors of the same defamatory statements.

The defamed person was awarded the same damages by the Supreme Court as in the Court of Appeal's judgment. However, the Supreme Court specifically stated that since the defamed person did not appeal the Court of Appeal's judgment, a possible increase of the damages was not possible even if the Supreme Court would have deemed this to be appropriate.

Comment

Firstly, it should be stressed that the level of damage awarded in this case should not be seen as a precedence, since the Supreme Court did not have competence to award higher damages because the defamed person had not appealed the Court of Appeal's judgment. This is unfortunate, not the least since, as the Supreme Court also noted, there was a change in the law as of 1 July 2022 that aimed at raising the level of damages for defamation and similar crimes. It would have been of value if the Supreme Court had been able to evaluate the effect of this change.

Secondly, it should be noted that the Supreme Court's judgment is unfortunately unclear and ambiguous on the main issue of how the fact that a defamed person is entitled to receive compensation from others who have shared the same information should, if at all, influence the evaluation of damages. The Supreme Court undoubtedly established that as a starting point it should not have any influence and that each single re-distribution of defamatory information is a separate crime. On the other hand, the Supreme Court stressed that the fact that the information has previously been shared by others can affect not only the level of damages but also whether a re-distribution of the same information is a serious violation, which is a requirement to award damages. However, the Supreme Court did in this case not apply the latter principle at all and thus afforded no guidance as to its actual implications.

Stefan Widmark and Felicia Taubert

Journalistic defamation (Supreme Court, B 4923-22)

Introduction

In this case, the Supreme Court deals with a defamation case concerning allegations published online against a journalist at one of Sweden's biggest newspapers. The judgment includes a pedagogical step-by-step explanation of how such cases are to be tried and which specific considerations that apply to allegations against journalists. In brief, the Supreme Court concludes that while journalists must put up with more scrutiny, this normally requires that statements have a connection to the person's profession or position and that the requirements of justifiability and factual support apply also in such cases.

Background

In 2020, a major Swedish newspaper published a chronicle which accounted for the author's everyday life in Syria during the first three years of the Syrian revolution. Despite frequent bombings from the al Assad regime, the author described the situation as fairly pleasant. Moreover, the chronicle included a reference to an American journalist who had described the author as an 'oasis in the war'.

The chronicle was noticed by an online newspaper which published an article that included the name and picture of the author with the headline 'Suspected jihadist became journalist at [...]'. Moreover, the article included a statement which questioned what kind of actions the author had taken to enjoy the protection of the al-Nusra and the al-Qaeda. The publisher of the online newspaper was prosecuted for gross defamation.

Both the District Court, which includes first-step jury proceedings, and the Court of Appeal found the publisher guilty of gross defamation. The case was appealed to the Supreme Court which granted leave to appeal.

Decision

The Supreme Court started by pedagogically laying down the legal conditions for the concept of defamation under Swedish law. In short, criminal liability for defamation requires that a person is pointed out as a criminal or reprehensible in its way of living, or otherwise furnishes information to cause exposure to the disrespect of others. As explained by the court, this requires that the information is sufficiently specific which should be contrasted to general critique etc. which is not criminal. Moreover, there is no requirement that the information results in the disrespect of others but merely that it functions as serviceable means for this purpose. The reasoning also clarifies that the profession or position of the targeted individual should be considered and that people that have voluntarily 'entered the public scene', including journalists, must endure more scrutiny.

Criminal liability is however exempted if the action was justifiable and the statement was true, or if there was reasonable ground for it. As explained by the Supreme Court, the assessment of justifiability should be made under the presumption that the statement was true and should consider when, by whom and to who the statement was made and the purpose of the statement. The Supreme Court stressed that there must be room for political debate and naming individual persons when ventilating issues relating to society, culture, or science and that the importance of freedom of speech

carries extra weight in professional news reporting. The Supreme Court also explained that the assessment of justifiability should be based on the known facts at the time when the statement was made, whereas the assessment of whether the statement was true should be based on the known facts at the time of the evaluation. Further, justifiability should be assessed objectively and include what type of situation the person making the statement was in, for example if they were under stress. Also, the Supreme Court stressed that the need to verify statements is greater the more severe the statement is.

As regards the case at issue, the Supreme Court first held that the statement 'suspected jihadist' was sufficiently specific and intended to depict the journalist as reprehensible and that the same applied for the allegation that the journalist had for questionable reasons enjoyed the protection and favour from two known terror organisations. Stressing the public interest to assess journalists' connections to terror organisations, the Supreme Court held that it was justifiable to publish the statements. Considering the severity of the statements the Supreme Court established that the higher threshold for verification that there was reasonable ground applied and since almost no real verification of the statements had been made, that standard was not met. Lastly, the Supreme Court deemed it to be a gross violation since the published statements had been distributed to and read by many, that the statements were severe and included claims of connection with terrorist organisations, that the victim was a journalist who had been identified with both name and photograph, and that hardly any verification was made.

Comment

The Supreme Court's judgment forms a comprehensive guide to the issues that are to be evaluated in a defamation case. Considering

that defamation cases are subject to an initial, affirmative jury decision, clarity in these aspects is welcomed.

The judgment illustrates that controversial allegations against journalists implies a tough balancing act. While the reasoning both establishes that journalists will have to put up with a higher degree of scrutiny and criticism than others, and that it lies in the public interest to obtain information that could question their credibility which typically would make it justifiable to make critical statements against journalists, it is also made clear that the requirements for factual support and verification are equally relevant in this area and that it might be deemed as a severe crime to make unsupported defamatory statements against journalists. These aspects are indeed two sides of the same coin.

The Supreme Court's reasoning should be studied with care by all serious media houses as it could serve as helpful guidance on whether to publish, especially in the present news landscape where quick publication is in demand and limited time for verification is often at hand.

Stefan Widmark and Petter Larsson

Gross defamation – similar statements in different media resulting in different judgments (Stockholm District Court, B 568-21 and Svea Court of Appeal B 374-20)

Introduction

Whether defamation is made in constitutionally protected or other media can have decisive effect. This is shown in two judgments from Stockholm District Court and the Svea Court of Appeal. The cases concern similar statements made relatively close in time by the same woman about a man. However, the woman was convicted in one case but acquitted in the other.

Background

Books are constitutionally protected media, but Instagram and Facebook are not. For defamation in a book the Chancellor of Justice is the sole prosecutor. Prosecution for defamation on Instagram or Facebook are handled by the public prosecutor.

Between 16 October 2017, and 21 August 2018, in connection with the breakthrough of the #MeToo movement, a woman named a man, a well-known journalist, in posts on Instagram and Facebook and claimed he raped her in 2006. The public prosecutor deemed this to be defamation and prosecuted the woman (case B 374-20).

In August 2020, the woman wrote and published a book in which she made similar statements but without naming the man. The Chancellor of Justice deemed this to be defamation and prosecuted the woman (case B 568-21).

Cases on defamation in constitutionally protected media are typically adjudicated by a jury. In a jury trial no grounds for the judgment are given and if the jury acquits the defendant such acquittal cannot be overruled by a superior court.

Decisions

Case B 568-21

The jury acquitted the woman.

Case B 374-20

The Court of Appeal held that the man was defamed by being pointed out as a rapist.

As regards whether the statements were justifiable, the Court of Appeal reasoned as follows. Like the first instance court, the Court of Appeal held that the man's position as a journalist did not mean that he must accept an equal scrutiny of his actions as, e.g., a leading politician. However, unlike the first instance court, the Court of Appeal held that the information had some connection to his professional role since it could have impact on his credibility as a feminist writer and opinion maker. Furthermore, the Court of Appeal stated that a significant factor is the time lapse between the alleged event and the statements. Here, the event was eleven years old at the time of the first post.

Considering that the information referred to events that occurred far back in time, that the information was given to a large group of people and that the man did not belong to those who must withstand the closest scrutiny, the Court of Appeal considered that the statements were not justifiable.

The Court of Appeal also established that it is not automatically defensible to defame an individual because it is done in the context

of the MeToo movement and that an assessment must be made in each case. Stressing that the woman could have shared her story without naming the man, that her statements also included crimes that she was not exposed to, that there was a long time lapse between the events and the statements and that she had shared her statements to a large number of people and facilitated further spreading through other people, the Court of Appeal stated that also in the light of the MeToo movement the statements were not justifiable.

The Court of Appeal found the woman to be guilty of gross defamation on seven occasions. Here it referred to a recent Supreme Court ruling, NJA 2020 s. 917, in which the Supreme Court stated that defamation is not a continuing crime, and that defamation ends when it is completed. The Court of Appeal also stressed that for defamation the extent of the crime is decided firstly by the number of plaintiffs and secondly by the time related and spatial context. Based on this, the Court of Appeal judged that identical posts on Facebook and Instagram the same day were one crime, while two posts on Instagram published on different days with different content and partially different angles, were two crimes.

In November 2022, the Court of Appeal's ruling was appealed to the Supreme Court.

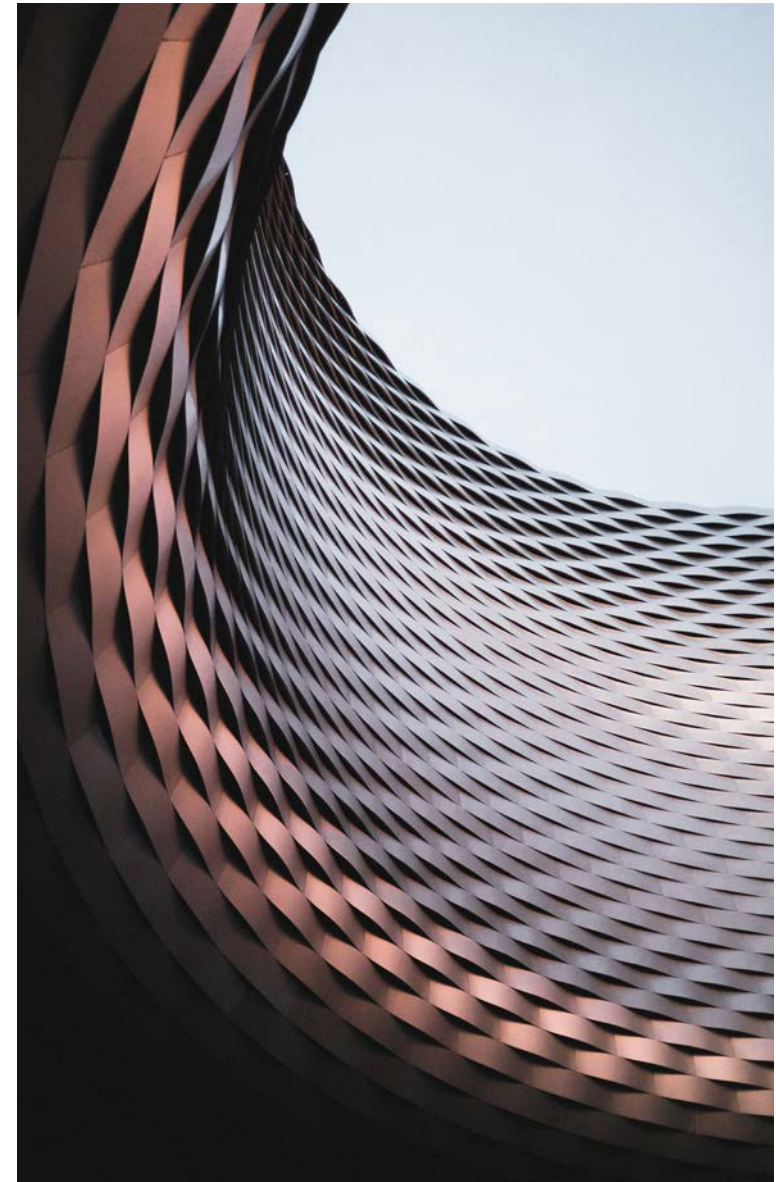
Comment

We will never know the jury's grounds for acquitting. Theoretically the grounds for acquittal were either (i) that the statements were not deemed to be defamatory, or (ii) that the statements were justifiable, and the woman had showed that the statements were true or that she had reasonable grounds for them. The second alternative would appear to be the likely one since the statements themselves were clearly defamatory.

Based on the grounds stated by the Court of Appeal, it seems as if its judgment could have been the same as the jury's if the woman's statements were made closer in time to the event and did not include crimes that did not relate to her.

The fact that the woman was convicted in one case but acquitted in the other even though they concerned similar statements relatively close in time about the same man causes uncertainty. For this reason, it would be desirable if the Supreme Court grants leave to appeal. Also, a Supreme Court judgment will provide valuable clarifications as to whether the Court of Appeal was correct in giving decisive importance to the aforementioned factors when deeming the statements to be non-justifiable.

Stefan Widmark and Felicia Taubert

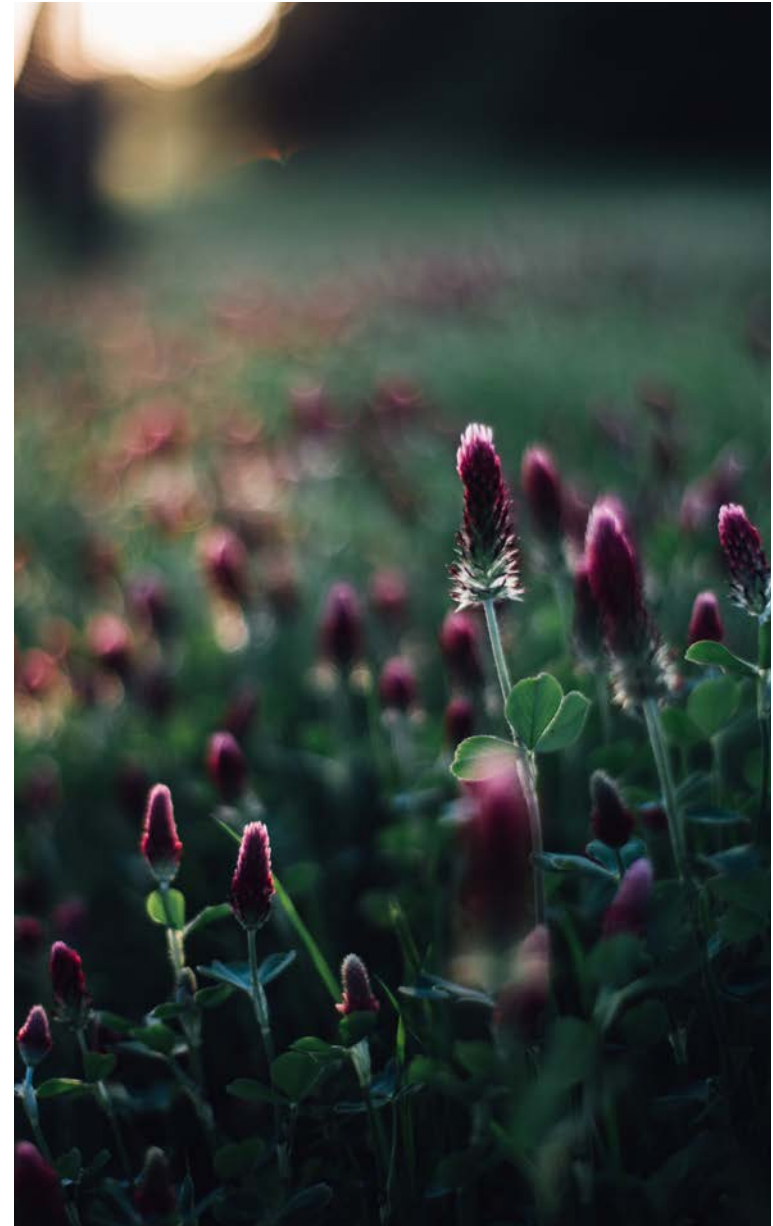


Marketing law

General introduction

On the legislative level, new regulations in the Swedish Marketing Act apply from 1 September 2022. The amendments implement Directive 2019/2161 which rules on better enforcement and modernisation of Union consumer protection. Among other things, specific information and transparency requirements for traders are added to the Marketing Act. For example, a trader who provides access to consumer reviews of products must disclose whether the trader ensures that the reviews come from consumers who have used or purchased the products and, if so, how this is done.

Several amendments have also been made on legislative level within the area of marketing of tobacco and nicotine products. The amendments





entered into force in August 2022. Among the most notable news is the new Act on Tobacco-free Nicotine Products, which includes limitations of marketing of such products.

From the Swedish courts, we report on the hot topic greenwashing. This year, the PMCA has issued two judgments that address the use of environmental claims in marketing. We also continue to report on judgments within the highly regulated markets for tobacco and alcohol. The PMCA has issued a very important judgment in which the court has ruled that the choice of law in the E-Commerce Act takes precedence over the rule of the choice of law in the Marketing Act, i.e. the law in the country to which the marketing is directed. The judgment has been appealed and the Supreme Court has granted leave to appeal. We look forward to reporting on this in next year's Yearbook.

Environmental claims and marketing (PMCA, PMT 1782-21)

Introduction

In recent years, there has been a significant increase in marketing statements that include environmental claims. If a trader promotes a product or service as more environmentally friendly than it is (so-called greenwashing), such advertisement is often considered misleading and unfair.

In this judgment, the PMCA clarifies that in order for the marketing not to be considered misleading, when traders use third-party certifications the trader must inform the consumers about the certification in relation to the claim in question, with a reference to where all information about the certification can be found.

Background

A company had used environmental claims in its marketing for cosmetic products, among other things, information that its products were certified by Ecocert Organic Cosmos. The Swedish Consumer Ombudsman initiated proceedings against the company, claiming that the statement was misleading and unfair.

The PMC held that the information about Ecocert Organic Cosmos was not unfair according to the Marketing Act, this as the label Ecocert Organic Cosmos was considered known to the average consumer and also as the label was found in the Consumer Ombudsman's own information to consumers.

The Consumer Ombudsman appealed the decision to the PMCA and requested that the marketing should be injunctioned from continued use.

Decision

The PMCA first stated that EU Regulation No 1223/2009 on cosmetic products was applicable. However, after careful review the court noted that neither the regulation nor the technical documents provided specific rules on environmental claims. The PMCA concluded that, in absence of specific rules, Directive 2005/29/EC ('UCPD') provided a legal basis to ensure that traders did not use environmental claims in ways that were misleading to consumers. The court thus held that environmental claims should therefore be assessed in the same way as marketing in general.

The PMCA then assessed whether the use of third-party certifications constituted environmental claims. The court concluded, after having reviewed Swedish case law and the Commission's Guidance on the interpretation and application of the UCPD, that the certifications 'Cosmos Organic' and 'Ecocert Cosmos Organic' constituted environmental claims. This as the elements 'eco' and 'organic' gave the average consumer the impression that the product in question had a positive or no impact on the environment or were less damaging to the environment than competing goods.

Thereafter, the PMCA assessed whether the claims in question were misleading or not. The court emphasised that particularly strict requirements applied when a certification included an environmental claim.

The PMCA again referred to the Commission's Guidance and held that an average consumer was not expected to know the meaning or significance of private certificates. Traders should thus inform consumers about these elements and the relevant characteristics in relation to the claim in question, with a reference to where

all information about the certification could be found, including whether the certification was carried out by a third party or not. The court concluded that in general, it was not enough to refer to a third-party certification only briefly.

However, the court noted, the use of a certificate without further qualifications could sometimes be justified. This could be the case if a product was covered by a license to use the ecolabel of a publicly run ecolabel scheme (such as the EU Ecolabel or the Nordic Ecolabel 'the Swan') or other robust and reputable labelling schemes subject to third-party verification.

In the present case, the PMCA found that the trader had not shown that Ecocert Cosmos Organic constituted a robust and reputable labelling scheme. Although Ecocert Cosmos Organic did exist in the Swedish Consumer Agency's information to consumers and was one of the most common environmental certifications for cosmetic products in Sweden, it was still not evident that an average consumer would know its meaning or significance. Therefore, in relation to the claim in question the trader should have informed about the meaning or significance of the third-party certification.

The PMCA then reviewed the marketing and concluded that the Ecocert Cosmos Organic certificate had occurred on the trader's Instagram, on a blog and in the Elle Magazine. In relation to the marketing, there were no links or references to where information about the certification could be found. The fact that such information could be found on the trader's website was not sufficient, this since the marketing had been published on other platforms. Consequently, the PMCA found that the marketing was misleading and constituted unfair marketing.

Comment

As noted by the PMCA, environmental claims in marketing have been assessed in national case law for decades. The judgment is in line with the strict approach to environmental claims by holding that use of third-party certifications constitutes unfair marketing, unless reference to where all information about the certification can be found is provided in relation to the claim in question.

Within the EU, progress in the legal field of environmental claims is ongoing. The New Consumer Agenda and the Circular Economy Action Plan 2020 foresee further proposals to tackle greenwashing. Furthermore, in March 2022, the Commission published a proposal for amending the UCPD as regards empowering consumers for the green transition through better protection against unfair practices and better information, e.g., two additional practices are added in Article 6(2) and ten additional commercial practices are added to Annex I of Directive 2005/29/EC (the so-called blacklist).

In addition, the International Chamber of Commerce has launched guidelines for environmental claims translated to Swedish in order to facilitate the use of environmental claims in marketing communications.

The amendments will presumably further clarify the requirements for environmental claims.

Maria Bruder and Ulrika Norlin

Marketing of electronic cigarettes and refill containers (PMCA, PMT 9231-21)

Introduction

In July 2019, the Swedish Act on Tobacco and Similar Products (Sw. *lag om tobak och liknande produkter*, 'LTLP') entered into force. The European Commission had views on Sweden's implementation of certain provisions in Directive 2014/40/EU ('Tobacco Products Directive'). Due to the criticism, the Swedish legislature made some amendments to the LTLP in August 2022 to bring the LTLP into better agreement with the directive.

This judgment sheds some light on marketing of electronic cigarettes and refill containers after these legislative amendments.

Background

Under the LTLP, marketing of electronic cigarettes or refill containers via commercial communication in information society services is prohibited.

A company had promoted electronic cigarettes and refill containers on its website, in emails, on Facebook and on refill containers. The Swedish Consumer Ombudsman ('SCO') sought an injunction against the company claiming that 16 of the company's marketing actions violated the LTLP. The first instance, PMC, found that all of the 16 actions in question violated the LTLP.

Decision

The company initially objected that some of the actions were made before July 2019 and therefore could not be banned by the court. The first question for the PMCA was whether or not the claims should be dismissed. After review, the PMCA found that, since there was no change in the substantive law, provisional regulations were not necessary. Thus, even the new version of the LTLP form

1 August 2022 was applicable in the case.

Thereafter, the PMCA turned to the marketing at issue. Some of the marketing actions will be handled below.

One question for the PMCA was whether the use of customer reviews, published on the company's website next to product descriptions, was compliant with the law. The PMCA initially noted that the claim in question was not intended to prevent consumers from expressing their opinions about products. However, the PMCA found that the reviews, in their context, constituted commercial communications with the aim or direct or indirect effect of promoting electronic cigarettes and refill containers. The PMCA also stated that the company was responsible for publications on its website, although the reviews in fact were managed and moderated by a third party.

Another question for the PMCA was whether the use of various forms of discounts and free shipping offers was legal under the LTLP. The company had used the statement 'Always free shipping on purchases over SEK 500' with a symbol of a truck in an information box next to product descriptions on its website. The company had also used the statement 'Free shipping – We always offer free shipping over SEK 499 and of course free returns' on its website together with general information about free support, secure payments etc. The court noted that a truck is normally associated with delivery. Due to the context, the statements were essential information, although the condition of free shipping was linked to purchases exceeding a specific amount. The PMCA found that the statements constituted such necessary information that the consumer needed in order to make an informed purchasing decision.

The company had also used a function of 'customers also purchased' and offers for products that the consumer had viewed or added

to its virtual shopping bag. The PMCA found that the marketing constituted commercial messages whose purpose or direct or indirect effect was to promote electronic cigarettes and refill containers.

The PMCA also held that emails and Facebook posts were published outside the company's sales channels. Consequently, the emails and posts could not qualify such information about a product that was necessary for sale. Instead, the PMCA found that the emails and posts constituted commercial messages.

Furthermore, the PMCA found that the use of the label 'ecojuice' did not lead to associations to health and a healthy lifestyle. However, according to the court, 'ecojuice' gave the average consumer the impression that the product was organic. Therefore, 'ecojuice' breached the prohibition of labelling electronic cigarettes and refill containers in such way that the consumer may obtain the impression that the product had environmental advantages. The fact that 'ecojuice' was a registered trademark did not imply that the company could use it when the company was in breach of LTLP.

Comment

In this case, the marketing of electronic cigarettes or refill containers were assessed by the PMCA for the first time. The court's assessment of the marketing statements in this judgment aligns with previous case law regarding the marketing of tobacco products.

Banners, customer reviews and 'customers also bought'-functions are common in modern e-commerce. Hence, marketing of electronic cigarettes or refill containers meets challenges in digital marketing in comparison to other goods. A welcome supplement in relation to existing case law are the statements about free delivery that were considered as necessary information by the PMCA. It is convenient with an example in case law of lawful marketing to facilitate the interpretation of the LTLP's boundaries.

Jonas Löfgren and Ulrika Norlin

Online sales of alcoholic beverages (PMCA, PMÖÄ 13055-20)

Introduction

The present case deals with the e-commerce of alcoholic beverages to Swedish consumers from another Member State within the EEA. In Sweden, marketing and sale of alcohol is limited by a strict national alcohol policy with the aim to protect public health. As an example of this strict policy, Sweden applies a monopoly for the sale of alcoholic beverages to consumers conducted by the State-owned company Systembolaget. This case gives guidance on to what extent foreign businesses can, despite this strict alcohol policy, turn to the Swedish market for marketing and sales of alcoholic beverages.

Background

The current case was initiated when Systembolaget targeted a Swedish parent company and its wholly-owned subsidiary, being a Danish company, that marketed alcoholic beverages on the internet for transport and sale to consumers in Sweden. Systembolaget argued that this violated the Swedish Alcohol Act and therefore should be prohibited under the rules in the Swedish Marketing Act.

The PMC upheld Systembolaget's claim. The court found that the marketing was misleading and improper according to both the Alcohol Act and the Marketing Act. For this reason, the court found that the marketing should be prohibited. The defendants appealed the decision to the PMCA and demanded that the court should dismiss Systembolaget's claim.

Decision

Given that the marketing and sales took place via the internet, the PMCA initially analysed and applied Directive 2000/31/EC ('E-Commerce Directive'), and the corresponding Swedish

E-Commerce Act for the current marketing and whether Swedish law was applicable.

Since the marketing and sales took place via the internet, it constituted an information society service for which the E-Commerce Act applies. It follows from the E-Commerce Act, the court emphasised, that Swedish law applies to service providers with Sweden as the state of establishment, and that this rule applies if the marketing and sales is directed to Sweden and/or to another Member State(s) within the EEA. Moreover, the court confirmed that the rule of the choice of law in the E-Commerce Act takes precedence over the rule of the choice of law in the Marketing Act, i.e. the law in the country to which the marketing is directed.

In order to determine whether Sweden was to be considered the state of establishment in the current case, the court needed to decide if the Swedish parent company or the Danish subsidiary was responsible for the marketing and sales and where the responsible entity was established.

The court found that the Danish company was responsible for the marketing and sales since it was responsible for the website and since it entered into the purchase agreements with the Swedish customers. Further, the facts that the Danish company had its registered place of business in Denmark, its warehouse in Denmark and at least one employee in Denmark proved that it was established in Denmark and not in Sweden. The court then considered if the Danish company was established in Sweden as well as Denmark. In spite of the facts that the Danish company was a wholly-owned subsidiary to the Swedish company, that the two companies' members of the board were the same, that the board members and CEOs were living in Sweden and that the Swedish company was the

owner of the domain name(s) and intellectual property rights, the court still found that the Danish company was not considered to be established in Sweden (as well as Denmark).

Moreover, the facts that the Danish company sold the vast majority of its products to Swedish consumers, that it used Swedish language on the website and that the domain name was registered under the Swedish .se top level domain, and that Swedish law was applicable to the purchases from the website did not, according to the court, constitute facts in support of where the company was established but rather which country its marketing was directed towards (Sweden).

As a next step, the court recognised the position of the CJEU that a businessman is free to set up his business within the Member State where he believes that the laws are more favourable for his business as compared to other Member States. Thus, the fact that the subsidiary was established in Denmark by the Swedish parent company for the purpose of selling products to Sweden did not, according to the court, constitute an abuse of Union law.

Since the PMCA found that the Danish company was established in Denmark, and not in Sweden, the court ruled that the Danish company, according to the E-Commerce Act, was free to market and sell its products online to Sweden without interference of national Swedish rules.

Systembolaget then argued that the exception in the E-Commerce Act for protection of certain specified interests, including public health, would apply. The Alcohol Act contains rules for protection of public health. However, according to the PMCA, the Alcohol Act only regulates sales in Sweden to consumers and not sales from abroad to Swedish consumers. Further, the PMCA noted that

according to the Alcohol Act a consumer is allowed to import alcoholic beverages for personal use provided that the import is made from another EEA Member State, such as Denmark. Further, the PMCA ruled that such import is allowed also if the transport to Sweden is carried out by someone else on behalf of the seller of the goods.

Finally, the PMCA stated that there was no reason to make a different assessment of where the goods have been sold than regarding the state of establishment. Thus, the court found that the Danish company's sales activities had been conducted from Denmark to Swedish customers. Since no sales had taken place in Sweden, the Alcohol Act was not applicable, and neither was the exception in the E-Commerce Act for the protection of public health.

PMCA thus overturned the PMC's judgment and dismissed Systembolaget's claim.

Comment

The outcome of this case is interesting as it further opens the possibility for foreign businesses within the EEA to market and sell alcoholic beverages to Swedish consumers. Moreover, this case is also of general importance since it underlines that the rule of the choice of law in the E-Commerce Act takes precedence over the same rule in the Marketing Act. However, the last word has not been said as the Swedish Supreme Court has granted leave to appeal. Nevertheless, if this judgment stands, it will fundamentally change Sweden's otherwise strict alcohol policy.

Henrik Wistam and Filip Jerneke

Use of environmental claims in marketing of building materials (PMCA, PMT 13193-20)

Introduction

As consumers are becoming more aware of and concerned about climate changes, environmental claims in marketing are becoming increasingly common across a variety of sectors. But while statements on zero emissions, carbon neutrality, or 'green' products may be powerful communication tools, it is often difficult to prove their veracity in court. In this judgment, the PMCA found that a company had not proven that the method used to assess the emissions was a recognised or generally accepted method, and that its claims regarding reduced emissions was therefore misleading.

Background

A company that sold building materials had used different environmental claims in its marketing, in essence claiming that its products were environmentally friendly in certain ways. An industry organisation considered the statements misleading and initiated an action before the PMC, requesting that the court should prohibit the company from using a large number of environmental claims in its marketing.

The PMC held that the company had not presented sufficient evidence to prove that the marketing claims were true. The court thus found for the claimant and prohibited the company from using the environmental claims in its marketing.

The company appealed the PMC's judgment as regarded two of the marketing claims:

- » 'By using [the company's product], you contribute to reducing the emissions of CO₂ and other greenhouse gases', and

- » '[The company's] building solutions contribute to reduced emissions of climate gases'.

Decision

The PMCA first recalled the general requirements under marketing legislation:

- » that all marketing must comply with good marketing practices and not be misleading;
- » that the company responsible for a specific marketing measure has the burden to prove that all marketing statements are correct and truthful; and
- » that the marketing shall be assessed based on how it is perceived by the average consumer.

The court then accounted for the specific rules for marketing claims regarding environmental and/or health aspects, where it noted *inter alia* that particularly strict requirements apply to the use of such claims. It also referred to the ICC's Advertising and Communications Code and the chapter relating to the use of environmental claims. Under the ICC Code, vague or non-specific claims of environmental benefit should be made only if they are valid, without qualification, in all reasonably foreseeable circumstances and if this is not the case, general environmental claims should either be qualified or avoided (Article D1). The court further noted that the ICC Code stipulates that marketing communications should use technical demonstrations or scientific findings about environmental impact only when they are backed by reliable scientific evidence (Article D2), and that any life-cycle benefits claim should be substantiated by a life cycle analysis (Article D4).

Turning to the marketing claims at issue and the evidence presented to support them, the PMCA noted that the company had invoked

expert evidence as well as other written evidence to prove that the storage of carbon dioxide during the products' lifetime exceeded the emissions caused by them. This had been calculated in the form of a so-called dynamic life-cycle analysis. The PMCA noted that there was nothing in the evidence to support that the method was generally accepted or recognised for measuring and comparing the emissions of carbon dioxide or other greenhouse gases caused by building materials. On the contrary, several publications that had been invoked as evidence indicated that the method was not commonly used and that the question of how CO₂ storage should be calculated was subject to debate. The PMCA held that the company had not shown that the method of analysis used to support the marketing claims was generally accepted. Consequently, the dynamic life-cycle analysis could not prove that the claims regarding reduced emissions were correct (irrespective of its results).

The court also noted that marketing claims used contrasted the company's products against other products, as they used the wording that the products 'contributed to *reduced* emissions'. Meanwhile, the company had not invoked any evidence regarding the emissions of comparative products. The PMCA therefore held that 'there was no real possibility for the court to assess whether the claims, in their relative meaning, were true'.

In conclusion, the PMCA found that since the company had not presented sufficient evidence to substantiate the claims, the marketing was misleading.

Comment

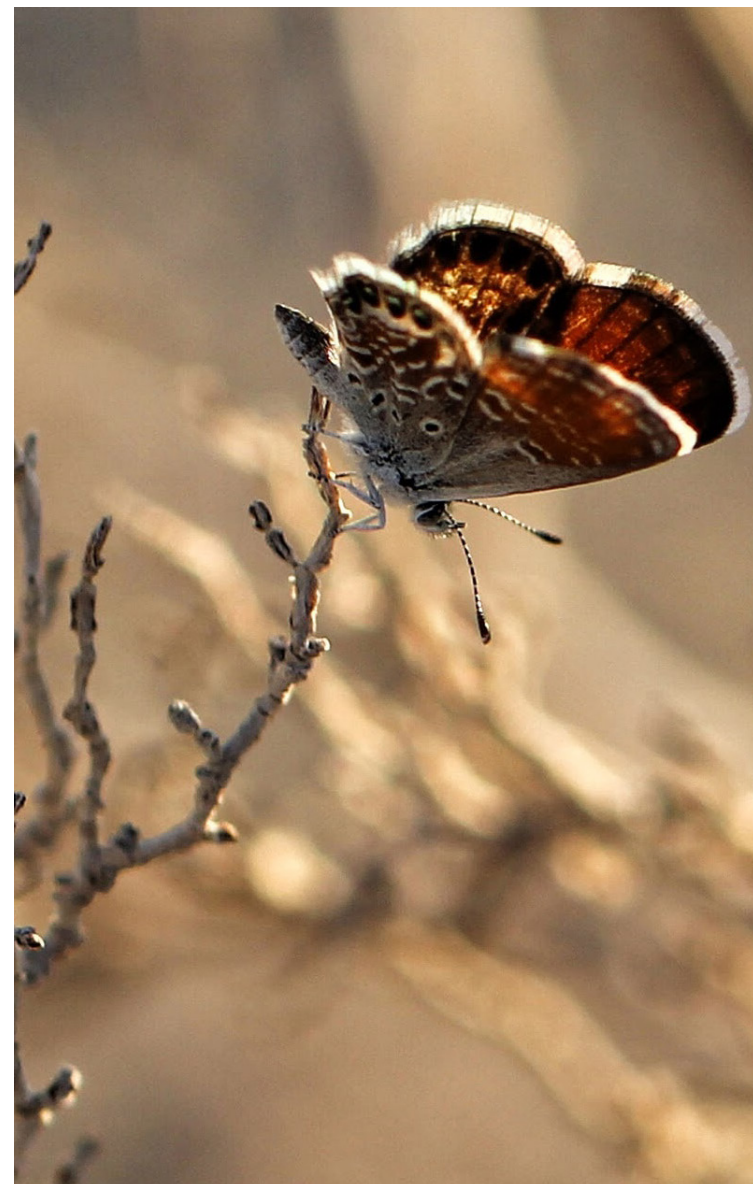
This judgment highlights the importance that the evidence invoked to support environmental claims is scientifically reliable and correct. Naturally, the claims must accurately reflect the results of any tests or analysis carried out to support them. However, as follows from this judgment, the methods used for any scientific

testing must also be established and recognised within the relevant field. It is quite possible that for certain types of products, or for specific aspects of a product such as its environmental impact, the testing methods are subject to debate – in such situations, it may be difficult for companies to know how a court will value such evidence in potential litigation, and whether it will be sufficient evidence to support its claims. In such situations, it may be advisable to carry out several analysis using different methods, or to ensure that there is enough other evidence to support the claim.

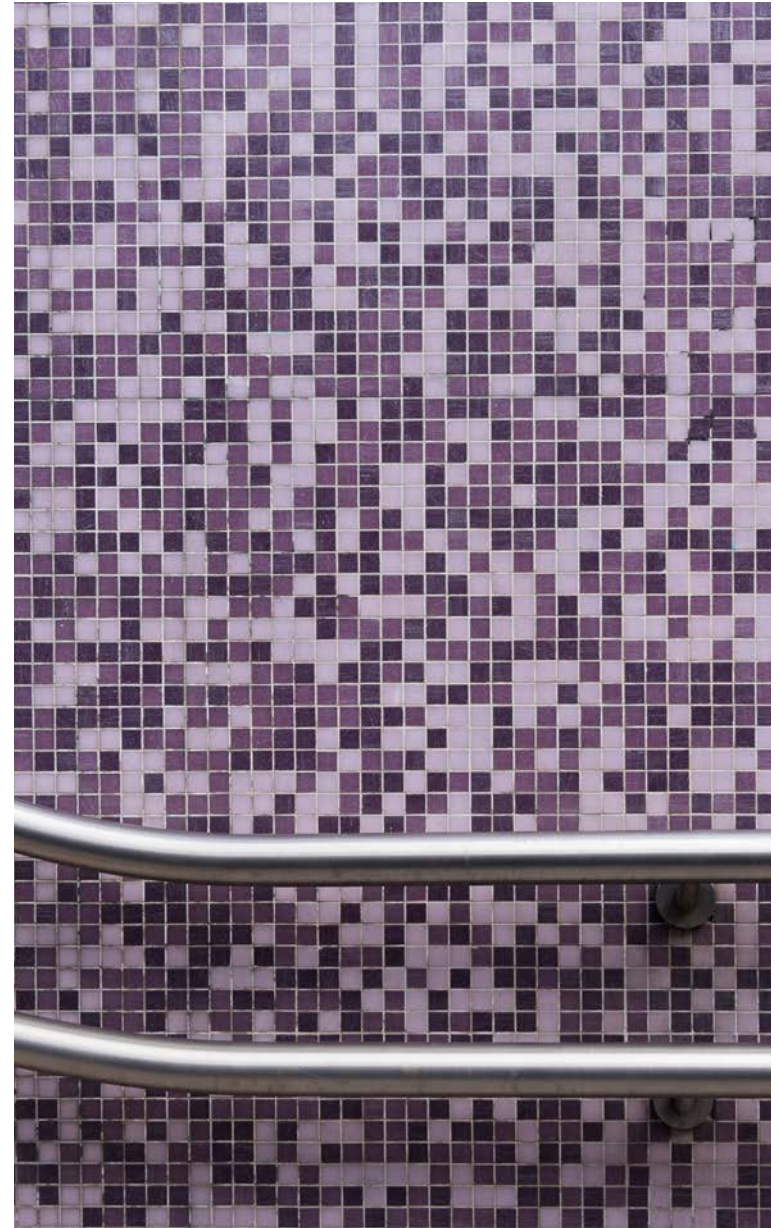
The requirement that any scientific methods used must be established and recognised within the relevant field applies not only in relation to analysis of environmental impact. For example, market surveys are often used to prove that a company or product enjoys a certain position on the market – it is equally important that such surveys are conducted using established methods that fulfil general requirements regarding e.g., representation and appropriate structure of the questionnaire used for the survey. Surveys, scientific analysis and similar evidence should therefore always be prepared with this in mind.

To avoid environmental claims being considered misleading, we generally advise clients to qualify their environmental claims. It should always be clear to the average consumer precisely what aspects of a product a claim relates to, and what advantages the product has. This mitigates the risk that a court would consider the claims as vague or open to interpretation, as all reasonable interpretations must be true and substantiated by reliable evidence. It also facilitates a closer connection between the claims used and the underlying evidence. If a specific testing method has been used, it may be advisable to include such information as a qualification of the claim.

Siri Alvsing



Trade secrets



The use of IT forensic evidence in trade secret litigation (PMC, PMT 8087-20)

Introduction

IT forensic reports by third-party IT investigators are commonly relied on as key evidence in misappropriation of trade secrets litigation in Sweden. But a recent decision from the PMC spotlights some inherent limitations of IP forensic evidence and suggests that over-reliance on such evidence can become a significant hurdle for litigants if the findings in the IT forensic evidence cannot be corroborated by other evidence.

Though only a first instance decision, this case appears to signal something of a shift in the Swedish specialist IP court's scrutiny of IT forensic evidence and may therefore have significant impact on future litigation in Sweden.

Background

IT forensics (also known as digital or computer forensics) is the field of forensic science that is concerned with analysing data from computers and other data carriers for use in civil litigation or criminal proceedings. Over the last few years, this kind of evidence has become more and more commonly used in investigations of suspected IP infringement as well as misappropriation of trade secrets in a modern digital environment.

There are several specialised third-party IT forensic actors that help clients conduct such investigations and prepare materials for submission in Swedish litigation. In a typical case, the IT forensic may be contacted by a company upon a key employee's departure under suspicious circumstances. The IT forensic may be tasked

to analyse the former employee's computer and phone and to flag any suspicious actions, such as unusual exports of data to a private email accounts or unknown USB devices.

IT forensic reports have certain inherent and likely unavoidable limitations. In the typical case described above, the IT forensic has only had access to the former employee's work computer. The IT forensic may be able to see a large transfer of data to an unknown USB device, but if the IT forensic does not have access to the unknown USB device the forensic can only report his findings with a certain level of likelihood which amounts to less than legal certainty. Similarly, the modern digital environment with connected devices and networks is simply put complicated, and the former employee may even have used various kinds of encryptions or other technical tools to hide certain actions. There are also ethical codes for IT forensics to follow. Swedish IT forensics are therefore careful not to overstate the certainty of their findings in written reports and in oral expert witness testimony. In many cases, the somewhat preliminary findings in the IT forensic report therefore needs to be corroborated by other evidence that the claimant must invoke in the litigation.

One way of securing such corroborative evidence in civil cases of IP infringement (concerning infringement of rights subject to the Enforcement Directive) is through the procedural tool of an evidence seizure order (Sw. *intrångsundersökning*). The goal of such a court-ordered action is to secure evidence of the ongoing infringement from the defendant (similar to a dawn raid under competition law). Commonly, Swedish litigants use an IT forensic report to substantiate the facts to the preliminary level needed to be granted the evidence seizure order *ex parte*, that is without the defendant's hearing. After the raid is carried out, the preliminary findings in the IT forensic report can be confirmed and corroborated by the

digital files seized during the raid and be used in the ensuing litigation. But if the claimant relies on an IT forensic report with some uncertainties and is not granted an evidence seizure order, or cannot otherwise secure corroborative evidence through other procedural tools such as orders to produce information (Sw. *informations-föreläggande*) or orders to produce evidence (Sw. *edition*), the IT forensic reports' findings may not be fully accepted by courts. This was a lesson learned the hard way by the claimant in this litigation between two actors in the field of agricultural development (seed priming and vitalisation).

As concerns the background to this case, in 2013, the claimant (Company A) entered into an exclusive license agreement with the defendants (Company B and Person B) for a patent to prime and vitalise seeds. According to the license agreement, improvements to the patent belonged to the licensor Company B. At the same time, the parties entered into a consultancy agreement for Person B to work for Company A in commercialising the invention. Person B also served on the board of Company A.

In 2015, Company B terminated the exclusive patent license agreement and subsequently left Company A's board and Company A was forced to cease commercialising the invention. Around this time Person B copied a large number of documents, test results and other materials to unknown USB devices and forwarded some sensitive information to a personal email address.

Company A had a leading expert IT forensic firm carry out a detailed investigation which was presented in several IT forensic reports, detailing different parts of the alleged copyright infringement and misappropriation of trade secrets.

In what must be a Swedish record, the claimant sought *ex parte* evidence seizure orders against the defendant no less than four (4)

times in this case. The first three times the order was denied on various grounds (not sufficient security for costs posed, not sufficient evidence invoked etc.) but on the fourth try a limited order was granted by the court.

For unknown reasons, the still secret order allowing the evidence seizure to be carried out by the Enforcement Agency was not executed by the Agency in time. After a few weeks, the PMC sent the order to the defendant, perhaps believing that the evidence seizure had by now been executed even though this was not the case. Even though the order had been issued *ex parte*, the defendant thus got the opportunity to file an appeal before the seizure had been conducted. On appeal, the PMCA dismissed the order. Back at the first instance court for a final decision on the merits, the order was dismissed on the grounds that the defendant had attested as true the file copying that the claimant had alleged and that thus an evidence seizure was not necessary and proportional, something that the claimant turned out to regret.

Following these procedural motions, the claimant sued the defendant for copyright infringement and trade secret misappropriation, seeking permanent injunctions on penalty of a significant fine and significant damages from the defendants. The claimant relied heavily on the IT forensic evidence to establish the facts of the case.

Decision

The PMC dismissed the claimant's action in its entirety and ordered it to pay defendants' full litigation costs to the tune of more than SEK 8 million.

The court found that Company A, Company B and Person B's relationship was governed by the patent license agreement and by the consultancy agreement, and that these contracts had been

entered into freely by the parties who both had legal representation. The court interpreted these agreements to mean that both the know-how and results of the parties' joint work commercialising Company B/Person B's patent through Company A, and the resulting improvements to the patented invention, belonged to Company B. The court also found that Person B had an important and broad role within Company A as a board member and thus did not only function as a hired consultant.

On the merits of the alleged copyright infringement claim, the court – quite surprisingly to this author – found that even though the defendant had attested as true the file copying alleged by the claimant at the preliminary stage when the evidence seizure orders were being litigated, and even though the timing and contents of this copying was in the court's view suspect and raised several questions about Person B's loyalty to Company A, the evidence was not enough to establish which files had been copied and thus the copyright infringement claim could not be granted. Between the lines one cannot help reach the conclusion that the court was frustrated with the way in which the claimant prosecuted the litigation since the claimant had not availed itself of the opportunity to seek the production of evidence needed to corroborate the information in the IT forensic report.

In short, the court found it factually proven that the defendant had copied several file directories to an unknown USB device, but that it had not been shown which files had been included in said directories. This even though it does not appear from the decision that the defendant had disputed the copying or argued that the directories were only partially copied.

The court did find it factually proven that the defendant had copied certain schematics and technical drawings that enjoyed copyright

protection to an unknown USB device. The claimant was able to show that Company A had a company policy against using outside data storage which this copying would blatantly violate. But the court – again quite surprisingly – found that Person B had such an important and broad role in Company A, as the driving force of the business as well as board member, that the IT policy would not apply to her work. The court also found that this copying, although again recognised as suspect by the court, had been necessitated by Person B's work for Company A and thus did not constitute copyright infringement.

On the merits of the alleged misappropriation of trade secrets claim, the court found that the schematics and technical drawings did include trade secrets belonging to Company A. (Since the court had found that the claimant had not substantiated the copying of the other materials in the case in the form of file directories – again even though Person B's copying of these directories had been attested as true by the defendant in the early stages of the proceedings – these directories were not further adjudicated by the court.) The court reached the same conclusion here as on the merits of the copyright infringement claim, that even though the copying of these schematics and drawings were suspect, the copyright had been necessitated by Person B's work for Company A and thus did not constitute misappropriation of trade secrets either.

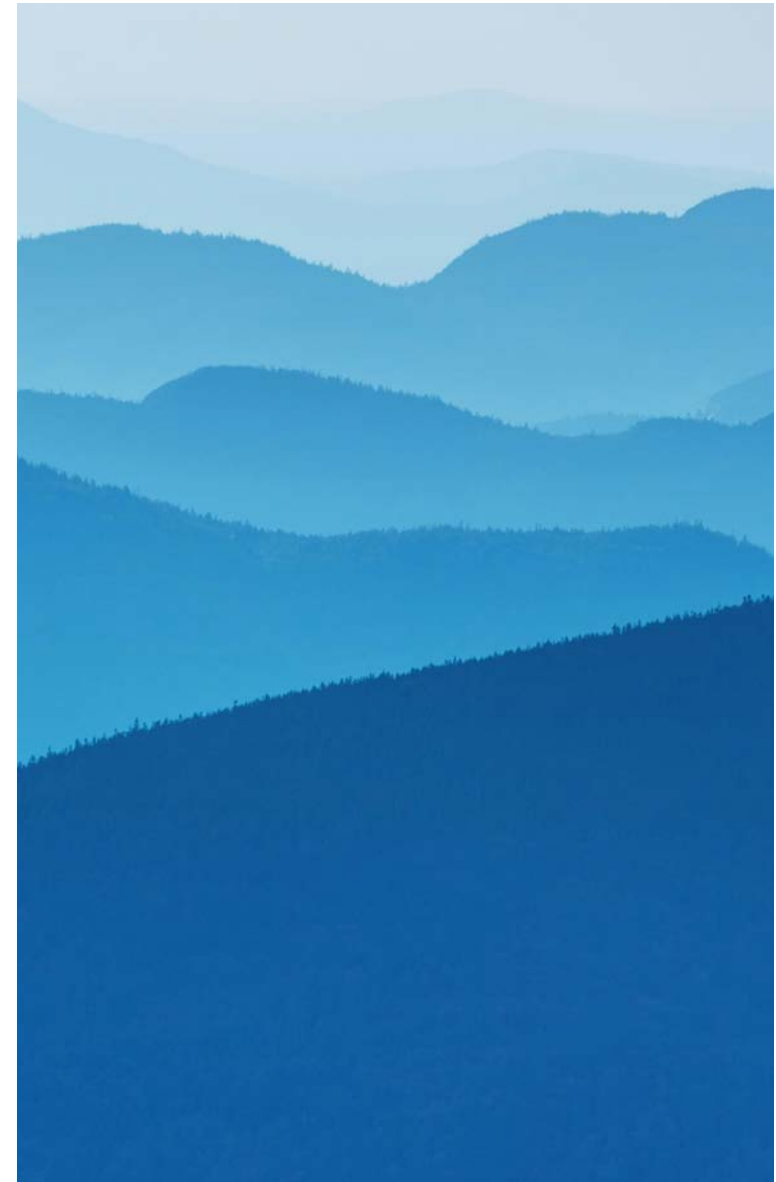
Comment

This case showcases the limits of IT forensic evidence and the risks involved in relying to heavily on such evidence in IP litigation in Sweden. IT forensic evidence is to its nature somewhat preliminary, which the IT forensic experts themselves are careful to point out. When such evidence is relied on to substantiate important facts of the case, the IT forensic report and expert witness testimony should

to the farthest extent possible be corroborated by other written or in-person evidence. This is most easily accomplished if an evidence seizure order is sought and granted, but even if this is not the case (and not for lack of trying in this case...) there are several other procedural tools for a claimant to use in order to secure the needed additional documents.

All in all, it seems fair to say that the claimant faced a stiff-necked court in this instance. The case involves several interesting questions, such as the relevance of Person B's earlier acceptance that the file copying had been carried out as described by the claimant during the early stages of the case and the finding that Person B would not be bound by the IT policy forbidding the use of external USB devices because of Person B's important role in the company – an argument can be made that the more important the role, the more important following the IT policy becomes!

Hans Eriksson



The IP team at Westerberg



Jonas Westerberg, partner
Managing Partner

Commercial and contentious intellectual property law and litigation, with special focus on patents, trade secrets and copyright.

Tel: +46 766 170 919
jonas.westerberg@westerberg.com



Henrik Wistam, partner
Head of the IP practice group

Intellectual property law, marketing law, counterfeiting, litigation.

Tel: +46 766 170 928
henrik.wistam@westerberg.com



Maria Bruder, partner

Intellectual property law, with a special focus on media and marketing law litigation and commercial dispute resolution.

Tel: +46 766 170 933
maria.bruder@westerberg.com



Hans Eriksson, partner

Intellectual property law, with a special focus on copyright and trademark law.

Tel: +46 766 170 940
hans.eriksson@westerberg.com



Ludvig Holm, partner

Intellectual property law, with a special focus on patent and trademark litigation, marketing law and life sciences.

Tel: +46 766 170 876
ludvig.holm@westerberg.com



Wendela Hårdemark, partner

Intellectual property law, with a special focus on patent litigation, licence agreement arbitration, copyright and trade secret disputes.

Tel: +46 766 170 954
wendela.hardemark@westerberg.com



Jonas Löfgren, partner

Commercial contracts, regulatory and marketing issues relating to life sciences and related highly regulated areas such as cosmetics, alcohol, tobacco and foodstuffs.

Tel: +46 766 170 829
jonas.lofgren@westerberg.com



Björn Rundblom Andersson, partner

Intellectual property law, with a special focus on patent litigation, licence agreement arbitration, copyright and trade secret disputes.

Tel: +46 766 170 860
bjorn.rundblom.andersson@westerberg.com



**Helena Wassén Öström, partner
Head of Trademark and Design Prosecution**

Extensive experience of portfolio strategy and management, brand clearance, trademark prosecution, cancellations, oppositions etc. Authorised Swedish trademark attorney and professional representative on EU trademarks and designs at the EUIPO.

Tel: +46 766 170 963
helena.wassen.ostrom@westerberg.com



Stefan Widmark, partner

Intellectual property law, with a special focus on copyright and marketing law litigation.

Tel: +46 766 170 973
stefan.widmark@westerberg.com



Siri Alvsing, senior associate

Intellectual property law (copyright, design, patent and trademark law) and marketing law, including litigation within these fields. Regulatory and marketing issues relating to life sciences.

Tel: +46 766 170 968
siri.alvsing@westerberg.com



Petter Larsson, senior associate

Intellectual property law (copyright, design, patent and trademark law) and marketing law, including litigation within these fields. Regulatory and marketing issues relating to life sciences.

Tel: +46 766 170 807
petter.larsson@westerberg.com



Annalena Nordin, senior associate

Intellectual property law, focusing on trademark and design law. Strategic portfolio management, including clearance, filing and renewal strategies, trademark oppositions, portfolio due diligence and acting against infringements.

Tel: +46 766 170 818
annalena.nordin@westerberg.com



Simon Fredriksson, associate

Intellectual property law (copyright, design, patent, and trademark law) and marketing law, including litigation within these fields. Regulatory and marketing issues relating to life sciences.

Tel: +46 766 170 915
simon.fredriksson@westerberg.com



Linnea Harnesk, associate

Intellectual property law (copyright, design, patent and trademark law) and marketing law, including litigation within these fields. Strategic management of IP portfolios.

Tel: +46 766 170 846
linnea.harnesk@westerberg.com



Mirja Johansson, associate

Intellectual property law, focusing on trademark and design law.

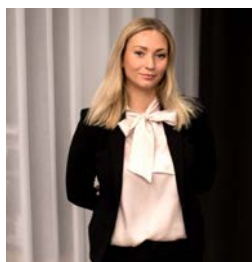
Tel: +46 766 170 904
mirja.johansson@westerberg.com



Filip Jerneke, associate

Intellectual property law (copyright, design, patent, and trademark law) and marketing law, including litigation within these fields. Regulatory and marketing issues relating to life sciences.

Tel: +46 766 170 939
filip.jerneke@westerberg.com



Josefine Lindén, associate

Intellectual property law (copyright, design, patent, and trademark law) and marketing law, including litigation within these fields. Regulatory and marketing issues relating to life sciences.

Tel: +46 766 170 838
josefine.linden@westerberg.com



Ulrika Norlin, associate

Intellectual property law (copyright, design, patent, and trademark law) and marketing law, including litigation within these fields. Regulatory and marketing issues relating to life sciences.

Tel: +46 766 170 959
ulrika.norlin@westerberg.com



Felicia Taubert, associate

Intellectual property law (copyright, design, patent and trademark law) and marketing law, including litigation within these fields. Regulatory and marketing issues relating to life sciences.

Tel: +46 766 170 825
felicia.taubert@westerberg.com



Måns Ullman, associate

Intellectual property law (copyright, design, patent, and trademark law) and marketing law, including litigation within these fields. Regulatory and marketing issues relating to life sciences.

Tel: +46 766 170 930
mans.ullman@westerberg.com



Joanna Wallestam, associate

Intellectual property law, focusing on trademark and design law. Strategic portfolio management, including clearance, filing and renewal strategies, trademark oppositions, portfolio due diligence and acting against infringements.

Tel: +46 766 170 834
joanna.wallestam@westerberg.com





Westerberg & Partners
Advokatbyrå AB
 P.O. Box 3101
 103 62 Stockholm | Sweden
info@westerberg.com
www.westerberg.com
 Phone +46 8 578 403 00
 Fax +46 8 578 403 99
 Org. No 559162-3268

