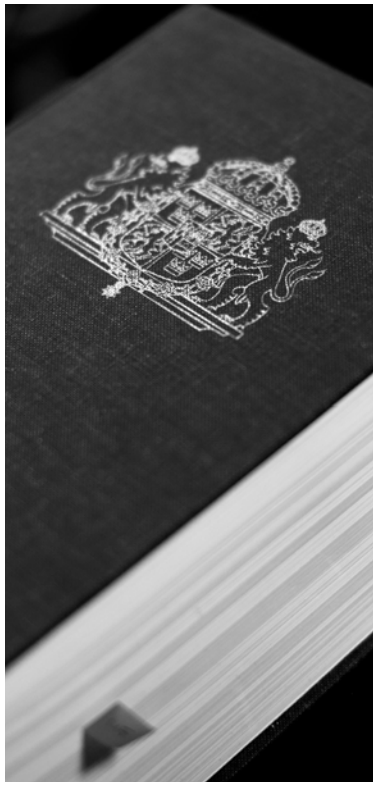
Intellectual Property Rights Yearbook 2024

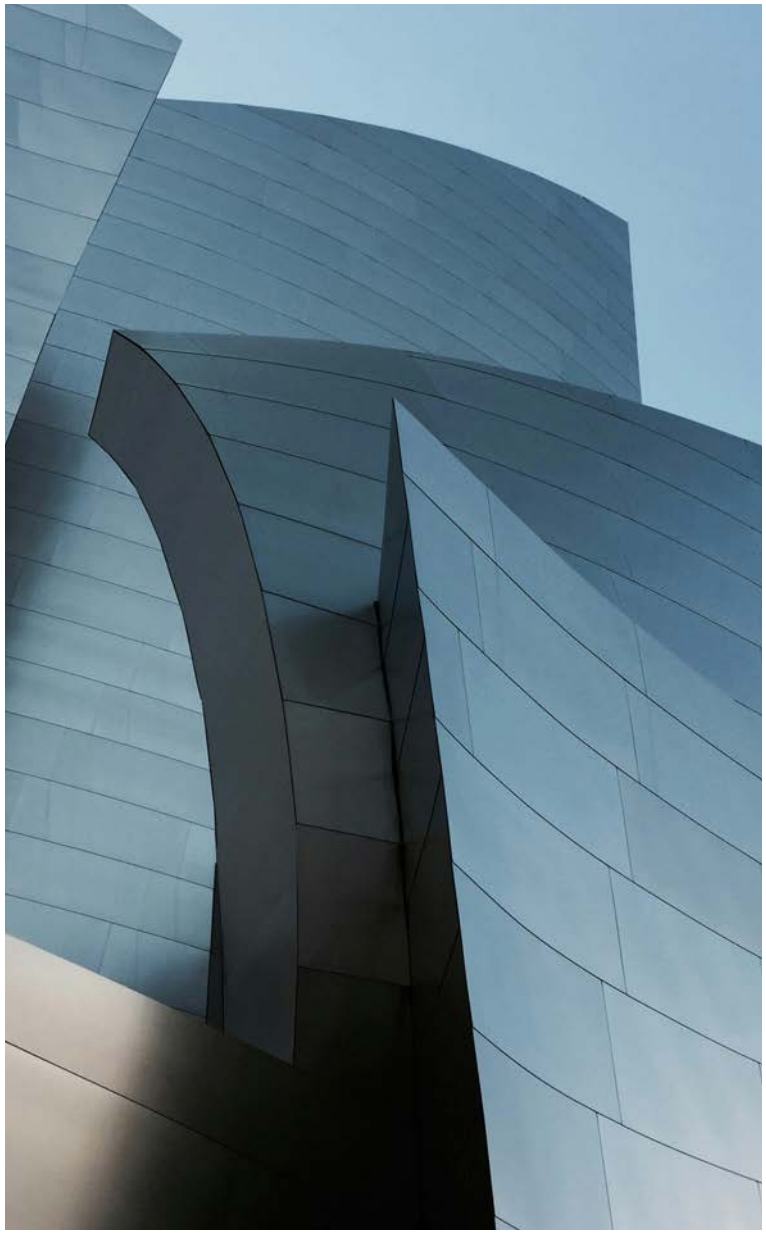


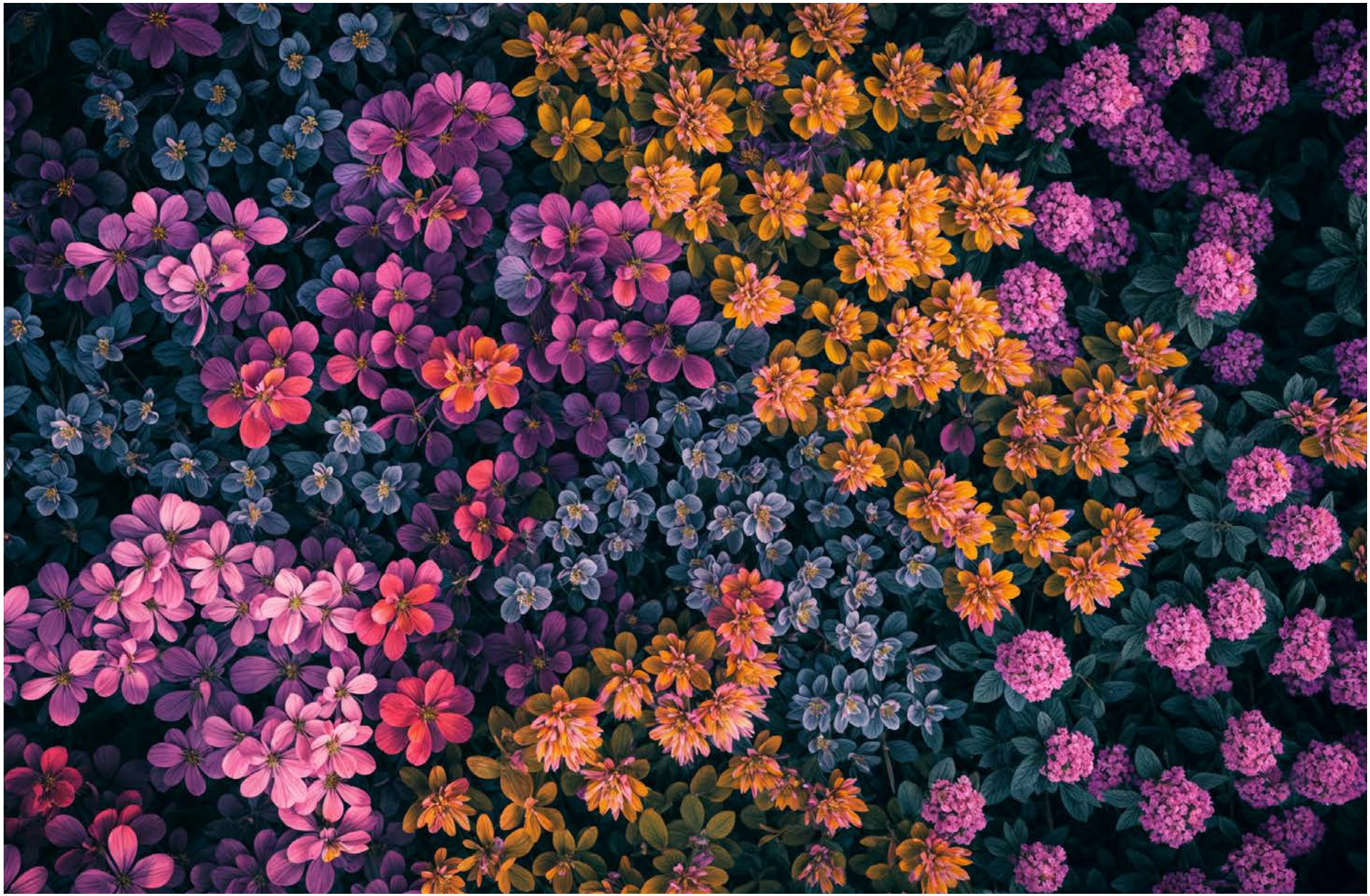
Intellectual Property Rights Yearbook 2024

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, Josefine Arvebratt and Filip Jerneke

Content





Foreword

In many ways, the year 2024 has seen a continuation of the many challenges the world faced in 2023: wars, political instability, and economic challenges in many countries including Sweden. The rapid advancement of generative AI tools has been the subject of much debate also in 2024, not least within the field of law.

The year has been eventful within the IP area. Within patent law, we report on several interesting topics, including auxiliary requests on appeal, regulatory trigger points for when a medicinal product is considered offered for sale, parent companies' liability for subsidiaries' alleged infringing acts, along with a summary of landmark rulings by the UPC courts and the latest developments relating to SPCs before the CJEU.

For trademarks we report, *inter alia*, on a CJEU judgment covering the question whether inclusion of an element in a non-original radiator grille for inserting and mounting the car manufacturer's emblem which reproduces the shape of an EU figurative trademark constitutes trademark use. This year's trademark chapter also covers judgments from the Swedish PMCs concerning customisation of watches and trademark infringement, use of trademarks in job advertisements, revocation of a company name containing the representative's personal name as well as cancellation of a trademark application due to bad faith.

Our reports on design case law includes the intricacies of basing an invalidity claim of an RCD on it being solely dictated by its technical function as well as the issue of whether social media posts may constitute prior disclosures to the public.

On the copyright front, we report on several interesting cases, regarding, among other things, international reciprocity of protection for works of applied art and the provision of illegal IPTV services.

It has been a rather slow year within media law, but we report on two Supreme Court cases relating to

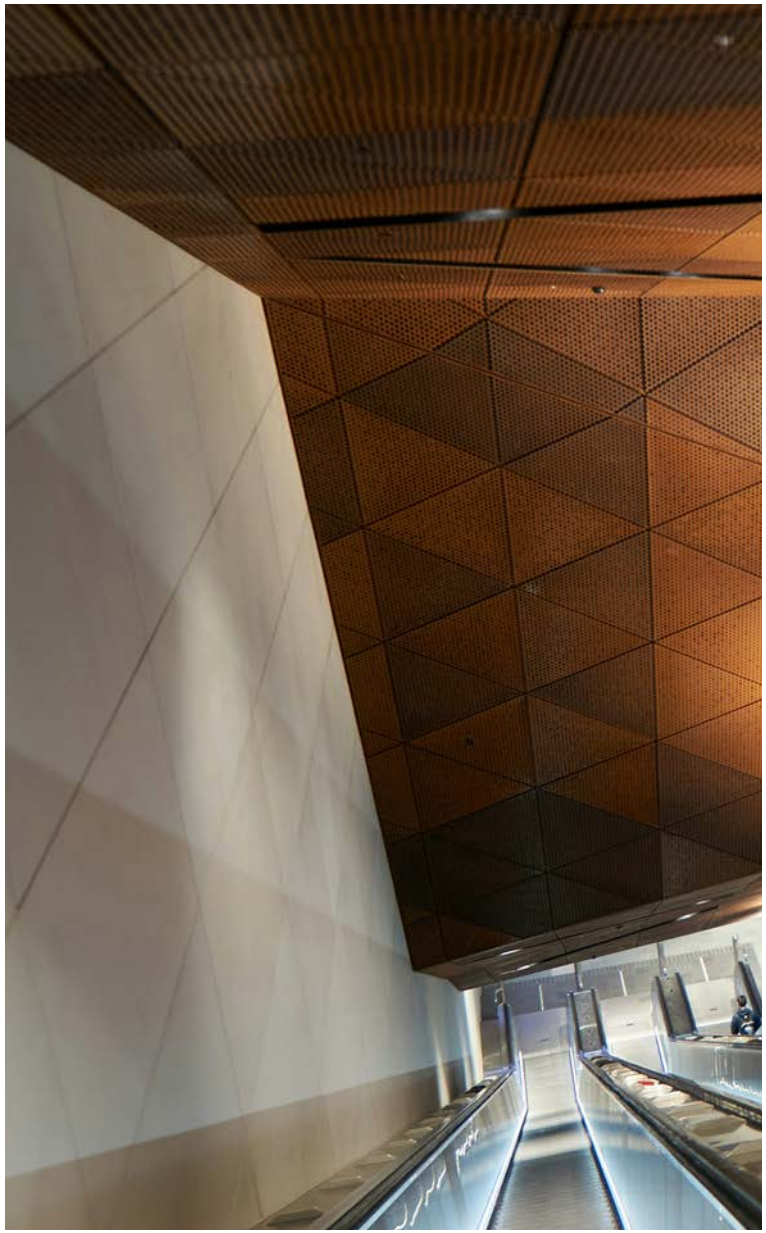
the constitutional provisions of the Fundamental Law on Freedom of Expression, and in particular the provisions on freedom to procure information and the ban on other obstructive measures as well as the balance between freedom of the press and the prosecution of criminal offences.

For marketing law, the new Directive 2024/825/EU ('EmpCo Directive') on empowering consumers for the green transition came into force on 27 March 2024. The EmpCo Directive amends, *inter alia*, the Directive 2005/29/EC ('Unfair Commercial Practices Directive'), by, for example, establishing that environmental claims relating to future environmental performances without the necessary support shall constitute misleading omissions. Our reports on case law also cover the CJEU's judgments on the concept of 'prior price' in relation to price reductions as well as whether valuation services provided by a trader before the purchase of gold from a consumer constitute a product (combined product) within the meaning of the Unfair Commercial Practices Directive.

Last but not least, we report on an interesting trade secrets case that signals an important development in how Swedish courts handle factually complicated and legally complex trade secret litigations.

You will find our dedicated team of specialised IP lawyers in the list of contributors at the end. Please do not hesitate to contact us for further discussions on any IP matter.

We all hope that you will enjoy our publication and wish you a successful New IP Year in 2025!



Definitions

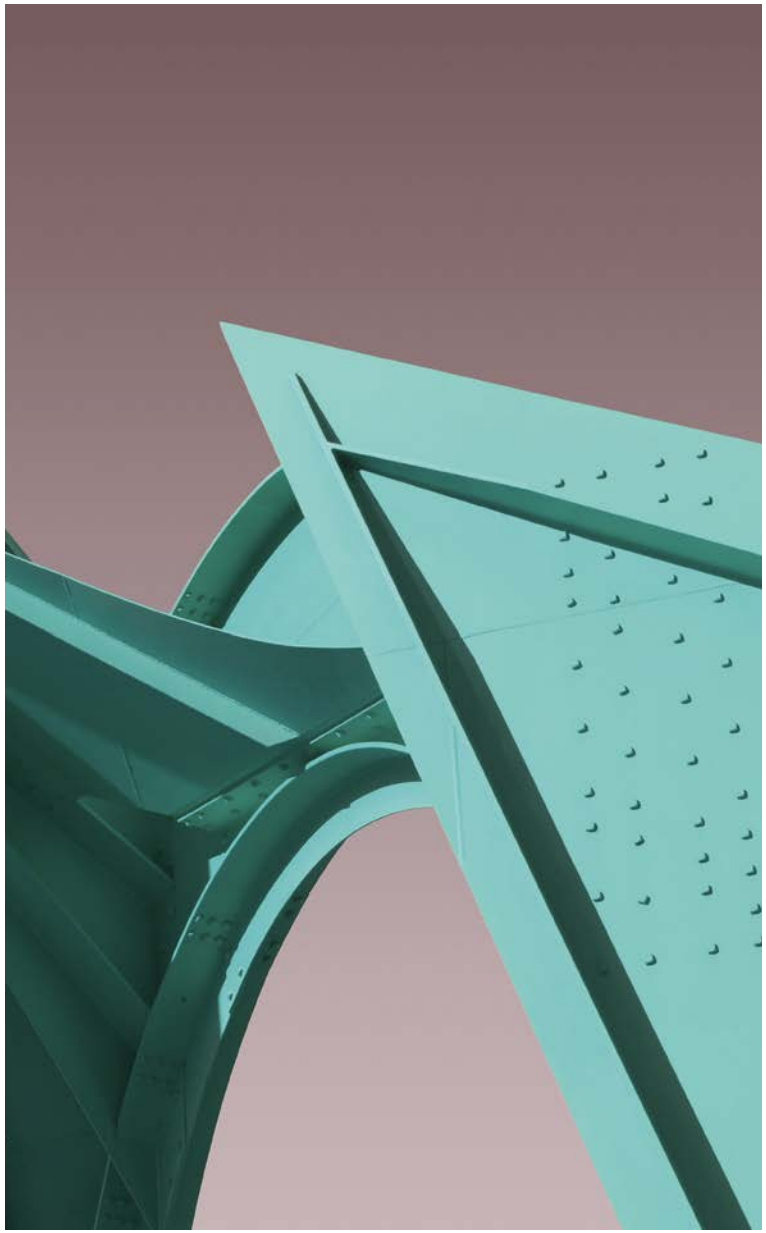
BoA	*Board of Appeal*
CJEU	*Court of Justice of the European Union*
CMO	*Collective management organisation*
EUIPO	*European Union Intellectual Property Office*
EUTM	*EU trademark*
EUTMR	*Regulation (EU) 2017/1001 on the European Union trademark*
EPO	*European Patent Office*
GC	*General Court*
PMC	*Patent and Market Court*
PI	*Preliminary Injuction*
PMCA	*Patent and Market Court of Appeal*
RCD	*Registered Community Design*
SPC	*Supplementary Protection Certificate*
UPC	*United Patent Court*

Patent law

General introduction

2024 proved to be a slow patent year in Sweden in the course of which the PMCA rendered only five decisions. We cover those decisions in this chapter, along with our comments on a decision on the merits by the PMC (first instance) which touches upon several interesting issues. Looking beyond the Swedish jurisdiction, it has been busier at the UPC where several interesting decisions have been rendered. Our comments on a selection of these decisions are found in this chapter.

Looking into 2025, we look forward to gaining some clarity on cross-border jurisdiction in light of the CJEU's forthcoming ruling in the BSH v. Electrolux case (C-339/22), where BSH has brought claims for damages against Electrolux for alleged infringement in several EU and non-EU states before the Swedish courts.



SPCs for combination products (CJEU, C-119/22 Teva v MSD and C-149/22 MSD v Clonmel)

Introduction

The CJEU provides some further clarification on Article 3(a) and (c) in Regulation (EC) No 469/2009 (the 'SPC Regulation') when it rules that a medicinal product containing two active ingredients is not *per se* disqualified from an SPC merely because one of the active ingredients have previously been subject to an SPC.

Background

Two medicinal products companies held patents which covered a stand-alone active ingredient as well as that active ingredient in combination with another active ingredient. The companies obtained SPCs for the combination products (where both active ingredients were included in the medicinal product) although they had previously held SPCs relating to only one of the active ingredients.

The referrals at issue related to the interpretation of the requirements in Articles 3(a) (that the product is protected by the basic patent) and 3(c) (that the product has not previously been subject to an SPC) in the SPC Regulation in order to obtain an SPC.

Based on the referrals, the CJEU set out to answer (i) whether Article 3(c) in the SPC Regulation precludes the grant of an SPC for a combination of active ingredients when one of the ingredients has already been the subject of a prior SPC and the other was already known at the filing or priority date of the patent, (ii) if Article 3(a) of the SPC Regulation means that it suffices that a product is expressly mentioned in the claims of the basic patent in order for that product to be regarded as being protected by a basic patent, and (iii) if Article 3(a) of the SPC Regulation means that a product consisting of two active ingredients is protected by a basic patent if both ingredients are expressly mentioned in the claims, and the specification of that patent teaches that one ingredient may be used alone or in combination with the other ingredient which is in the public domain.

Decision

On the first question, the CJEU ruled that Article 3(c) does not prohibit the grant of an SPC for a combination product simply because one component has previously been covered by an SPC. The CJEU applied a strict interpretation of the term 'product' in said article and clarified that whether the two products differ from each other depends on a comparison of the active ingredients included in the products, not therapeutic use. Therefore, ruled the court, a combination product with two different active ingredients must be treated as distinct from a product with a single active ingredient, regardless of their inclusion in earlier SPCs.

In reaching this conclusion, the CJEU held that considerations based on the 'basic patent', which is a term pertaining to Article 3(a), is irrelevant for the assessment of Article 3(c) of the SPC Regulation. In other words, it lacks relevance that only one of the active ingredients has been disclosed in the basic patent for the assessment of whether the requirement in Article 3(c) is met.

The CJEU, moving on to the second question, held that it is not sufficient that a product is expressly mentioned in a claim to be regarded as being protected by that basic patent. The court applied the two-step test set forth in Teva v. Gilead (C-121/17) according to which a product is considered protected by a basic patent if (i) it for the skilled person in light of the

description and drawings necessarily falls under the invention of that patent and, (ii) it is expressly mentioned in the claims or is specifically identifiable.

While the latter of the requirements was satisfied, the first was not. If the mere mention of a product sufficed it would, according to the court, be contrary to the very limits which the EU legislature intended to set, more precisely that the product actually falls under the scope of protection provided by that patent. In such case, the mere mention would make it possible to obtain an SPC for a product which is not the result of the research which led to the protected invention.

Turning to the third question the CJEU concluded that a product consisting of two active ingredients is considered protected by a basic patent in a case where both ingredients are expressly mentioned in the claims and the specification of that patent teaches that one ingredient may be used alone or in combination with the other ingredient which is in the public domain if the combination necessarily falls under the invention.

Again, applying the two-step test, the court in particular pointed out that the specification of the patent must still, under the circumstances at issue, disclose how the combination of the two active ingredients is a feature required for the solution of the technical problem according to the patent. However, the court emphasised that the fact that one of the active ingredients were public domain did not disqualify the product with regard to the first step ((i) above). Namely, the combination may fall under the invention as long as the basic patent discloses that the combination has a combined effect which goes further than merely combining the ingredients and that it contributes to the solution of the technical problem.

Comment

These cases arguably iron out some question marks left in the wake of the Actavis I and II cases (Actavis v. Sanofi, C-443/12, and Actavis v. Boehringer Ingelheim, C-577/13, respectively). In particular, in the Actavis I case the CJEU, applying Article 3(c) of the SPC Regulation, held that for a combination product to differ from a product consisting of one of the active ingredients in the combination product, it needs to concern a 'totally separate invention'. The case at issue steps away from such an assessment and effectively explains that no such considerations shall be made when applying Article 3(c) of the SPC Regulation.

Ludvig Holm and Måns Ullman

The first 18 months of the UPC

Since the UPC opened its doors in June 2023 the case load has picked up speed. A total of 635 actions had been brought up until 31 December 2024. 239 of these are infringement claims, in which counterclaims for revocation has been filed in 251 instances (the number of counterclaims exceeds the infringement actions as each defendant previously had to bring their own revocation action). 55 stand-alone revocation actions have been brought. Requests for provisional measures make up 62 of the total actions brought. The German local divisions handle a major part of all cases before the UPC courts and the language of proceedings are 53% in English and 39% in German. 7 infringement actions and 12 counterclaims for revocation have been brought before the Nordic Baltic Regional Division.

Several interesting issues have been ruled on by the courts in the course of the past eighteen months. For example, in UPC_CoA_470/2023, the Court of Appeal defined the threshold for a preliminary injunction to be granted insofar the validity of the patent at issue is concerned, i.e. whether the court with a sufficient degree of certainty is satisfied that the patent is valid. A sufficient degree of certainty is, according to the court, lacking if it on the balance of probabilities is more likely than not that the patent is not valid.

According to two decisions by the Munich and Lisbon Local Divisions, UPC_CFI_201/2024 and UPC_CFI_317/2024, from late 2024, the perception of the end user is highly relevant when assessing which company that has carried out the acts alleged to infringe. In the latter case, although a subsidiary in a group of companies had offered products on a website, the parent company holding the domain name was liable for infringement, *inter alia*, as the court found that the website users perceived the parent company as the entity which offered products for sale on the website.

In the end of November 2024, the Mannheim local division ruled on the UPC's first FRAND case, UPC_CFI_ 210/2023. The court applied the requirements set forth by the CJEU in Huawei v. ZTE (C-170/13) and held, among other things, that the question whether the parties has shown a 'willingness to license' shall be assessed based on the parties' overall behaviour also including such behaviour subsequent to the initial negotiations. As to the ruling, the defendant's counteroffer was not FRAND compliant.

The Court of Appeal has also provided some clarification as to the jurisdiction of the UPC in relation to patents opted out in the course of the sunrise period (three months prior to the entry into force of the UPC) whereby the opt out is later withdrawn and national proceedings had been brought before the entry into force of the UPC, UPC_CoA_489/2023. Actions brought regarding such a patent are, according to the Court of Appeal, admissible as opposed to if national proceedings would have been commenced during the transition period.

The UPC has also taken steps in favour of transparency following a decision by the Court of Appeal in UPC_CoA_404/2023. Upon a request to take part of written pleadings by a member of the public, the court concluded that the fact that the proceedings in question have been settled does not necessarily mean that written pleadings shall be confidential and accordingly granted the request.

Naturally, the cases referred to above is only a small selection of the decisions rendered by the UPC courts. Looking into 2025, landmark cases are likely to emerge from the Court of Appeal following several decisions from the lower instances.

Ludvig Holm and Måns Ullman

Priority – New EPO practice affirmed by the PMCA (PMCA, PMT 14326-22)

Introduction

In this judgment, classified as precedential, the PMCA has introduced a presumption rule regarding the right to claim priority, reinforcing the principle that Swedish patent law should be interpreted in line with EPO practice.

Background

Over the past five years, a patent which covers the pharmaceutical substance apixaban for the treatment of thromboembolic disorders, and which is used in the pharmaceutical apixaban, has been subject to legal proceedings across Europe. In these proceedings the validity of the patent has been challenged in *inter alia* the UK, Norway, France, Spain, and now Sweden.

One objection raised in several countries, including Sweden, was that the patent lacked novelty because the applicant did not have the right to claim priority from a U.S. patent application filed by the inventors of the invention covered by the European patent. The objection was based on the argument that the rights to the U.S. patent application had not been transferred to the applicant before another, novelty-destroying application was filed. The patent holder contested the objection, arguing both that the opponent lacked a legitimate interest in the priority issue and that there was a presumption that the applicant had the right to claim priority, which the opponent had not rebutted.

When this issue was tried in Sweden, the PMC determined that the key issue was whether the applicant had acquired the rights to the U.S. patent application within the priority year. To resolve this, the court had to assess whether the inventors had transferred the rights to the U.S. application to a company ultimately owned by the applicant before the patent application was filed. After concluding that U.S. law applied to these questions, the PMC found evidence that the inventors had indeed transferred the U.S. application to a company ultimately owned by the applicant. Therefore, priority could be claimed from the U.S. application. The judgment was appealed to the PMCA.

Before the PMCA ruled on the matter, the EPO Enlarged BoA addressed the priority issue in cases G 1/22 and G 2/22. The board concluded that Articles 87-89 of the EPC and the associated implementation rules establish a presumption that the applicant has the right to the claimed priority. It also determined that there are no formal requirements for transferring priority rights (see Article 86 EPC). This presumption can be rebutted by the opponent, who must then prove that the claimed priority is invalid. This marked a departure from earlier practice where the EPO placed the burden of proof on the applicant. It was also established that the presumption applies even when the European patent application originates from a PCT application or where the priority applicant is not identical to the subsequent applicant. Thereby, a jointly filed application is presumed to include at least an implicit license. Finally, the Enlarged BoA noted that the type of evidence required must be substantial to rebut the presumption.

Decision

The PMCA first addressed whether a claimant could challenge priority in revocation proceedings without a direct legitimate interest. The court determined that revocation proceedings serve a general interest, allowing opponents to raise priority challenges even if they themselves do not claim such rights.

Secondly, the PMCA evaluated the relevance of the EPO Enlarged Board's decisions. While not formally binding on national courts, the PMCA found no conflict between Swedish law and the EPO approach. Citing Sweden's long-standing policy of harmonising national patent practice with EPO standards, the court adopted the presumption rule introduced in G 1/22 and G 2/22.

Since the opponent failed to present evidence of misconduct or other specific circumstances undermining the presumption, the PMCA upheld the patent.

Comment

A key takeaway from the PMCA's decision is that it reinforces Sweden's position that EPO case law should be followed regarding European patents valid in Sweden. Consequently, NJA 2000 s. 497 remains applicable. Although the Enlarged BoA's decisions are not legally binding on national courts, the PMCA clarified that the guiding practice developed there should be followed.

Through the PMCA's judgment, the earlier assumption that the applicant must prove priority has been replaced by the EPO's new practice and presumption rule for priority rights.

It is not uncommon that patent law issues are complex and that national courts can reach different outcomes although the facts of the case are highly similar. Notably, Finland's Market Court rejected the introduction of a presumption rule based the Enlarged BoA's decision and claimed it to be non-binding. Therefore, in a non-final decision, the Finnish part of the European patent at issue in this case was deemed invalid.

Finally, the PMCA also touched upon the issue of 'plausibility' when assessing sufficiency of disclosure. The court found that it was likely that the substance was suitable for achieving the therapeutic effect, i.e., suitable for the treatment of thromboembolic disorder. The admittedly interesting question of the 'to be or not to be' of plausibility in Sweden will be left to further study.

Wendela Hårdemark

Regulatory PI trigger points (PMCA, PMÖ 9842-24)

Introduction

In this PI decision, the PMCA addresses the regulatory trigger points for when a medicinal product is considered offered for sale in the sense of the Swedish Patent Act. In summary, inclusion on the product of the month list of the Dental and Pharmaceutical Benefits Agency (Sw. acronym 'TLV'), 'marketed' status in the medical databases FASS and VARA, and information on availability in a pharmacist web shop jointly were considered to form an offer for sale which merited a PI. The decision forms an important addition, and distinction to the existing case law from the Supreme Court (NJA 2008 s. 1192) which established that an application for a pricing decision from the TLV does not itself constitute an offer for sale under the Swedish Patent Act.

Background

An international pharmaceutical company brought patent infringement proceedings, including a request for a PI, against a generics company based on its patent to a certain treatment of tromboembolic concerns. In short, the PI application was triggered by the inclusion of a generic product on the product of the month list published by the TLV, which inclusion is preceded by a confirmation from the supplier to the authority on availability. The defendant disputed that the products had been offered for sale and specifically referred to the product being listed as non-available in LiiV, which is the medicinal products database operated by suppliers to provide information on e.g. availability to the TLV. In turn, the information provided in LiiV governs the information in the VARA database which is used by pharmacies and health care operators.

The PMC granted the PI based on the defendant's confirmation on availability to the TLV, which in the court's view formed a clear expression of a desire to commercialise the products – an offering for sale. The PI was appealed to the PMCA, including a request for a stay of execution, which was initially granted.

Decision

Following the stay of execution of the PI on appeal, the status information for the generic products in both FASS and VARA was subsequently updated to 'marketed' by the defendant and as a result, the products were also listed as available on a retail pharmacy web shop. Further, and upon confirmation by the defendant to the TLV, the products were also listed as product of the month for the upcoming month of September 2024. The patent holder thus filed a request for the stay of execution to be lifted which was granted by the PMCA in late August 2024. To avoid a violation of the PI, the defendant quickly changed the information in the LiiV database which entailed that the products were listed as non-available in VARA and were de-listed from being the product of the month.

In its decision on the merits of the PI, the PMCA agreed with the PMC's general findings on the legal concept of 'offer for sale'. Turning to the partly different circumstances at hand, as compared to the first instance proceedings, the PMCA did not address the new acts of the defendant separately, but instead held in conclusion that the initially changed status of the generic product in the medical databases VARA and FASS, indicating that the generic product was available for sale, the listing of the product as available at the e-pharmacist's web shop, and the confirmation to the TLV on availability jointly constituted an offer for sale. The PI was thus upheld, and no appeal was allowed.

Comment

The PMCA's finding is reasonable and unsurprising considering that the defendant after the first instance PI proceedings updated the information in the FASS and LiiV databases which entailed that its products were listed as 'marketed', and therefore listed as available on a retail pharmacy web shop. Considering the initial grant of a stay of execution of the PI which was solely based on a mere confirmation on availability to the TLV, and the subsequent lift of the same once the changed status in the databases were pointed out by the patent holder, the question arises whether those latter acts indeed should serve as the relevant trigger point. Given the summary nature of stay of execution decisions, it is prudent not to read too much into that distinction at this stage and it cannot be excluded that the PI would have been upheld on the basis of the defendant's confirmation on availability to the TLV alone.

It is unfortunate that the circumstances before the PMCA were not the same as in the first instance, and that the appellate court chose not to assess the acts of the defendant separately – further guidance would have been helpful. Considering the PMCA's sweeping and bundled reasoning, it is not possible to distinguish whether a confirmation on availability to the TLV within a product of the month application alone constitutes an offer for sale. In our view, and in line with the PMC's findings, that question should be answered in the affirmative but some doubt now remains.

On whether a changed status in the LiiV database would suffice as a trigger point alone, the PMCA's reference to the PMC's general findings on the legal concept of offer for sale should be noted, as it encompassed a reference to a first instance decision from 2014 where information in relevant databases that a medical product is marketed was considered an offer for sale in the sense of the Patent Act (Stockholm District Court in case B 18125-13). Accordingly, and considering the PMCA's lift of the stay of execution due to changed status in the medical databases, a 'marketed' status therein should constitute an offer for sale under the Swedish Patent Act.

Ludvig Holm and Petter Larsson

Equivalence and file-wrapper estoppel (PMCA, PMÖ 10325-24)

Introduction

In this PI decision, the PMCA discusses the impact of restrictions to the patent claims during the prosecution phase to successfully argue infringement by equivalence. In line with EPO case law, the PMCA stresses the exemptive nature of the doctrine of equivalents which is excluded if the relevant feature has been subject to a limitation during the prosecution phase.

Background

Upon the initial rejection by the EPO of the patent holder's original wording in a patent application for a pharmaceutical, the independent claim was restricted to a fast release absorption tablet combined with a fast half-life, which was subsequently granted. Following the launch of a generic product in capsule form, the patent holder brought infringement proceedings, including a request for a PI, arguing that also capsules were covered by the scope of the patent, either through its wording or through equivalence. The PI request was rejected by the PMC and the case was appealed to the PMCA.

Decision

The PMCA referenced the PMC's finding that capsules were not covered by the wording of the claim and quickly moved on to the issue of equivalence. Here, the court explained the concept of file wrapper estoppel and its limitation in relation to the doctrine of equivalence. Considering the claim amendment made relative to the tablet form feature during the application procedure before the EPO, the PMCA rejected infringement by equivalence.

Comment

The PMCA's decision serves as a useful reminder of the exemptive nature of the doctrine of equivalence, and its restrictions relative to the file-wrapper estoppel limitation. From the perspective of the pharmaceutical industry, it would have been interesting to have the PMCA's view on the equivalence between tablets and capsules but considering the limitations made during prosecution, the outcome appears reasonable and arguably enabled to strike a good balance for the claimant's scope of protection.

Simon Fredriksson and Petter Larsson

Dismissal of new auxiliary requests on appeal (PMCA, PMÖÄ 7816-23 and 6388-23)

Introduction

In these two unrelated but similar and closely rendered decisions, the PMCA clarifies the statutory cut-off principle for new auxiliary requests on appeal in patent application proceedings. In summary, amendments to patent claims sought which have not been subject to the PMC's review are generally not admissible on appeal unless they are of minor, corrective nature. The decisions have been labelled as 'indicative' and thus arguably carry additional precedential weight.

Background

Both cases concerned Swedish patent applications subject to opposition proceedings before the Swedish Intellectual Property Office, and subsequently the PMC, where one of the patents was revoked and the other upheld with amended claims. Upon appeal to the PMCA, both patentees submitted new auxiliary requests that had not been subject to the first instance court's review.

Decision

The PMCA referenced the statutory cut-off principle for submittal of new patent claims before the PMCA and explained that this encompassed all new claims but those of corrective nature, which addresses obvious typos etc. Considering that the auxiliary requests were substantially new as compared to those that had been subject to the PMC's review, they were thus dismissed in both cases. Further, the PMCA confirmed the findings of the PMC on patentability.

Comment

The PMCA's findings are unsurprising considering the rather clear, general statutory prohibition for submitting new claims which have not been subject to the PMC's review. Nonetheless, the PMCA's clarifying distinction on minor, corrective amendments is useful and serves as an important reminder to submit all relevant claim combinations before the PMC, at the latest.

The PMCA's conclusions on the cut-off principle for new auxiliary claims in patent application proceedings should not be extended to invalidity proceedings where the issue of admissibility is yet to be fully answered.

Ludvig Holm and Petter Larsson

Common general knowledge and furtherance (PMC, PMT 1663-20 and PMT 1775-21)

Introduction

The PMC (first instance) finds a patent relating to vacuum cleaners invalid, which patent was previously upheld in opposition proceedings before the EPO. It also finds that a registered domain holder which licenses the domain to a subsidiary is not necessarily liable to pay damages for infringement carried out on a website at said domain. It was also ruled that a translation error from the original language of a European patent granted prior to 1 July 2014 to Swedish shall not be subject to the skilled person's interpretation of what was reasonably intended, but shall rather be interpreted literally (in this case to the detriment of the patent holder).

Background

A patent proprietor claimed compensation based on alleged patent infringement. The European patent at issue related to vacuum cleaners and had been upheld both by German courts (insofar as the German part was concerned) and the Technical BoA of the EPO. The alleged infringer contested infringement and filed an invalidity action with respect to the Swedish part of the European patent.

In addition to the invalidity claim, the infringement defendant argued that the allegedly infringing products did not read on the patent and that it, under all circumstances, had not carried out the allegedly infringing acts as such. The infringement defendant also noted that the Swedish translation of the relevant patent claim had been erroneously translated from the original German language and that even should the products read on the original version of the patent, they did not read on the Swedish translation. The infringement claimant argued that the skilled person would have understood that it was an obvious translation error, because the Swedish wording was technically impossible, and would interpret the wording of the Swedish translation in light of the description to be that of the original German version.

Decision

The infringement defendant had objected to the Swedish courts' jurisdiction over the non-Swedish parts of the European patent and that issue was referred to CJEU. Therefore, the infringement was ruled by interlocutory judgment as to whether the defendant in Sweden was liable *per se* for patent infringement by certain conduct or for furthering infringement of others by licensing domains to a subsidiary which used the domains for hosting websites on which the allegedly infringing products were offered for sale. The interlocutory judgment also examined whether the defendant furthered the alleged infringement by licensing its trademarks to subsidiaries which applied the trademark on the allegedly infringing products.

First, the PMC ruled that the patent as such was invalid as it did not show an inventive step. The prior art document, in the light of which the patent was held non-inventive, exhibited, according to the PMC, all features of the relevant claim save for a feature. In essence, the missing feature covered that three certain parts of a vacuum cleaner housing were formed as one integral component, i.e. as opposed to being mechanically coupled. The Technical BoA of the EPO had dismissed this prior art document concluding that no evidence on its file indicated that the skilled person, based on his or her common general knowledge, would have manufactured the vacuum cleaner according to the prior art with the three parts as one integral component.

In the case at issue, however, both parties put forward extensive evidence including expert testimony on plastics construction and excerpts from textbooks in the relevant field. Based on this evidence, the court found that the skilled person would seek to integrate as many details as possible into the same component, and solve any potential difficulties with manufacturing the component, should such arise. Unlike the Technical BoA, the Swedish court thus found that it had been shown that the skilled person possessed knowledge which would incentivise them to reach the invention according to the patent.

On the issue of infringement *per se* the PMC found that the defendant had not committed direct infringement. The PMC then proceeded to assess whether the defendant had furthered the infringement by licensing a domain, which hosted a website on which alleged infringement took place, to a subsidiary. No, answered the PMC. To assess whether the infringement defendant was liable to pay damages for furthering an infringement the PMC looked to principles from Swedish criminal law as contribution or furtherance is not expressly mentioned in the provision on damages in the Patent Act. To further a crime pursuant to criminal law provisions, the courts shall assess whether the furtherance has been carried out with 'advice or deed'. Furtherance has not been carried out with advice or deed if the conduct does not imply an impermissible risk of the unlawful effect, explained the court.

The PMC noted that the website was part of a legitimate business and that the products at issue constituted only a minor share of the product catalogue available on the website. To license the domain on which such a (legitimate) website is used was not considered such an impermissible risk taking which could have made the claimant liable for furtherance. The court applied the same rationale when finding that providing a trademark license to its subsidiaries did not constitute furtherance when that trademark was used on allegedly infringing products.

With regard to the translation issue, the PMC noted that pursuant to the Patent Act in its wording at the time of the grant of the patent, before 1 July 2014, infringement is only at hand if the allegedly infringing products read on the claim both in its original and translated wording, as opposed to the current wording of the Patent Act, where it only has to read on the claim in the original language. Having so ruled, the PMC held that, contrary to the infringement claimant's position, the skilled person would not interpret or construe the translation error (even in consideration of that the translation error did not make any technical sense) to mean something else than the translated wording. Instead, translation errors under such circumstances as those at issue shall be the responsibility of the patent proprietor, not third parties.

Comment

The judgment has been appealed and as such it is too early to draw any firm conclusions. However, a couple of high-level comments may be ventured.

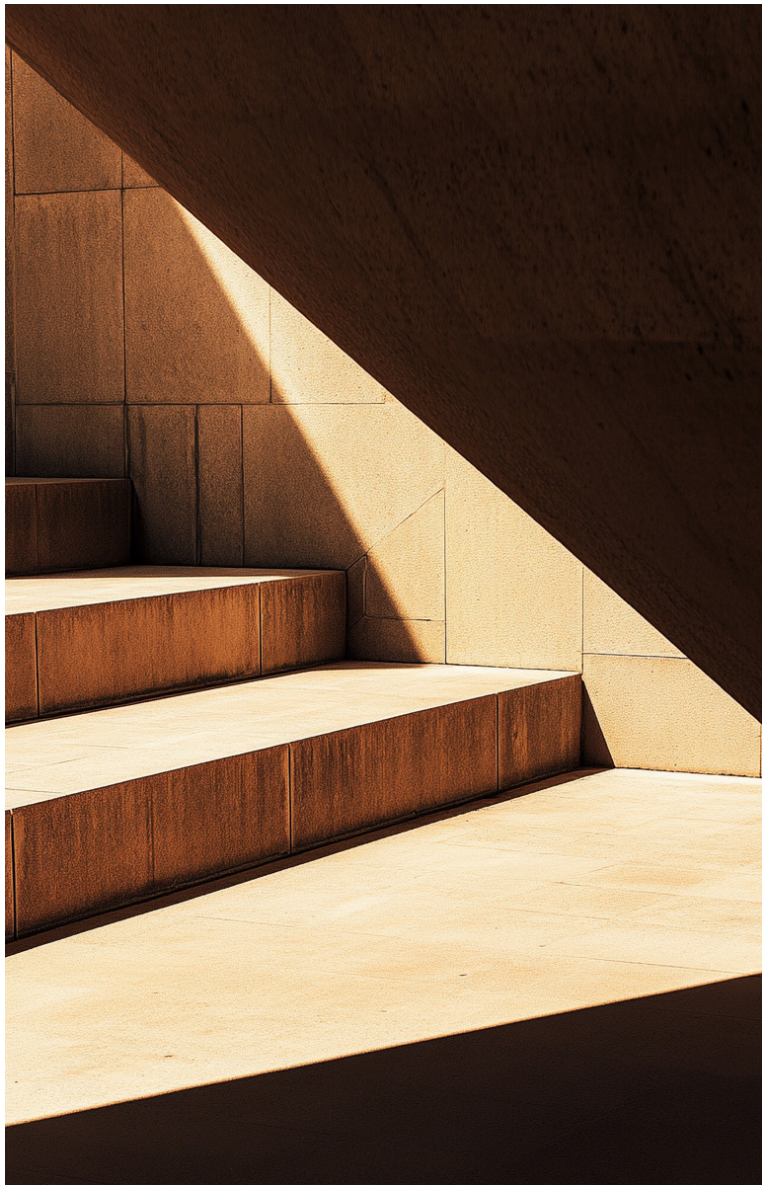
The importance of the common general knowledge for validity assessment in Sweden remains strong and may lead to outcomes that differ from jurisdictions where it is not given the same weight. Similarly, the importance of expert evidence, including the requirement to testify, and the parties' possibilities to cross-examine the experts are cornerstones in Swedish patent litigation. Although this procedure is time consuming, which may increase the costs, it also ensures that the evidence is given due consideration by the courts.

The judgment also confirms that the legal personality of a company is important and the parent company in a group is not as such liable

for the conduct of the group companies. There must be a degree of culpability on the part of the parent.

It is also noteworthy that there is case law according to which a parent company has been found liable for furtherance of infringement because it had licensed a domain through which the subsidiary committed trademark infringement. However, that case related to a preliminary injunction based on provision of services used in infringement, something which is harmonised by Directive 2004/48/EC ('Enforcement Directive'). At the time of this judgment, the patent had expired and no injunctive relief could thus be sought why only the question of damages was at issue and the court accordingly looked to Swedish criminal law for guidance.

Björn Rundblom Andersson and Måns Ullman



Trademark law

General introduction

On the enforcement side, 2024 has been quite a slow year for trademark case law but we have seen an increase in disputes regarding company names (compared to previous years). This increase may be an indication of the importance of considering protection of both trademarks, trade names and company names to achieve a comprehensive protection. Also design rights is something that sometimes could be considered as possible supplement when building an overall protection strategy for one's important names, logos, and, especially, unconventional trademarks. There are a few trademark cases that have been lodged to the CJEU which judgments hopefully will be rendered during 2025.

On the prosecution side we continue to follow the development regarding bad faith. Something which no longer only relates to the shady third-party companies trying to take advantage of famous trademarks, but something which also the rightful trademark owners have to consider in setting up their trademark strategy. Grasping for too wide protection, for instance using very broad specifications (as in the Sky vs. Skykick case decided by the UK Supreme court in 2024) is something that could potentially backfire when trying to enforce.

Further, several decisions in 2024 underline the importance of investing time and efforts in collecting and preparing solid evidence when you are alleging either trademark rights establishment through use, enhanced distinctiveness or reputation in your trademark. This not only in civil proceedings but also to be able to be successful with such claims in administrative registration matters.

Trademark use on radiator grill (CJEU, C-334/22 Audi)

Introduction

In this interesting case, the CJEU again addresses the issue of the use of trademarks on non-original spare parts. The case raises a number of legal aspects, but the potentially most interesting one is how CJEU limits the scope of referential use under Article 14(1)(c) EUTMR.

Background

The proprietor of a figurative mark, a manufacturer of motor vehicles, brought action against a natural person, engaged in the sale of spare parts for motor vehicles, for trademark infringement before the national court. The mark in question is, *inter alia*, registered for use on the grilles of motor vehicles.

The defendant had advertised and sold grilles adapted and designed for older models of motor vehicles. The grilles contained an element designed for the attachment of an emblem of the brand of the motor vehicle manufacturer which, according to the national court, was identical to the trademark.

In order for the referring court to rule on the dispute, it was required to determine whether the scope of protection conferred by the trademark of the claimant also extends to elements designed for attachment of the claimant's emblem to the radiator grilles. Hence, the court decided to stay the proceedings and referred several questions to the CJEU.

Decision

The CJEU's judgment addresses two of the referred questions. The first question was whether a third party who, without the consent of the proprietor of an EUTM, imports and offers radiator grilles for motor vehicles containing an element designed for the attachment of the emblem representing that trademark and the shape of which is identical with, or similar to, that trademark, is using a sign in the course of trade in a manner liable to affect one or more of the functions of that trademark.

The national court had referred to Regulation No 6/2002 ('Community Design Regulation') on protection of RCDs, and in particular Article 110 of that regulation which excludes protection for repair parts. Initially, the CJEU stressed that the relevant dispute concerned solely the protection conferred by an EUTM and not also the protection conferred by an RCD. The CJEU emphasised that the EUTMR does not provide for a so-called 'repair' clause similar to that in the Community Design Regulation. In addition, it is clear from case law that the scope of Article 110 of the Community Design Regulation imposes limitations only on the protection for designs and that it applies without prejudice to the provisions of EU law relating to trademarks. Thus, the court emphasised that the objective of preserving undistorted competition between manufacturers of motor vehicles and sellers of non-original spare parts could not lead to the application, by analogy, of Article 110 of the Community Design Regulation and to the limitation, on the basis of that provision, of the rights conferred on the proprietor of an EUTM.

Furthermore, within the context of the referring court's question, the CJEU had to determine what falls within the concept of 'using' a trademark. The CJEU emphasised that the concept of 'using' within the meaning of Article 9(2) EUTMR is not defined in the regulation. However, the court clarified that the right for the proprietor of an EUTM to prevent any third party to use an identical or similar sign is reserved for cases in which the use of the sign adversely affects or is liable to adversely affect the functions

of the trademark, which include not only the essential function of the trademark, but also the function of guaranteeing the quality of that product or service, or those of communication, investment, or advertising. With reference to case law, the CJEU additionally stated that the term 'use' refers exclusively to active conduct on the part of the third party. In addition, the use must occur in the course of trade, which is the case if it is in the context of a commercial activity intended to obtain an economic advantage and not in the private sphere.

Against this background, the CJEU found that the component of the grilles designed for the attachment of the claimant's trademark constituted a sign within the meaning of Article 9(2) of EUTMR, and that the fact that the sign was an element of a spare part for a motor vehicle did not affect that position. With reference to this, the CJEU concluded that a third party who, without the consent of the proprietor of an EUTM, imports and offers radiator grilles for motor vehicles containing an element which is designed for the attachment of the emblem representing that EUTM and the shape of which is identical with, or similar to, that trademark, is using a sign in the course of trade in a manner liable to affect one or more of the functions of that trademark.

The second question addressed was whether Article 14(1)(c) of the EUTMR must be interpreted as precluding the manufacturer of motor vehicles which is the proprietor of an EUTM from prohibiting a third party from using a sign identical with, or similar to, that trademark in relation to radiator grilles, where that sign consists of the shape of an element of the radiator grille designed for the attachment thereto of the emblem representing that trademark, irrespective of whether it is technically possible to attach that emblem to that radiator grille without also affixing the trademark to it.

First, the CJEU emphasised that Article 14(1)(c) of EUTMR does not entitle its proprietor to prohibit a third party from using in the course of trade, that trademark to designate or refer to goods or services as being those of that proprietor. This applies in particular where the use of that trademark is necessary to indicate the intended purpose of a product or service. As a result, the CJEU stated that this is one of the situations in which the use of the trademark is not capable of being prohibited by its proprietor.

However, the CJEU stressed that the situation in which a third party affixes a sign identical with, or similar to, the trademark to spare parts marketed by it and intended to be incorporated into the goods of that proprietor, must be distinguished from a situation in which such an undertaking, without affixing a sign identical with, or similar to, the trademark to those spare parts, uses that trademark to indicate that those spare parts are intended to be incorporated into the goods of the proprietor of that trademark. The CJEU held that the first situation, where the undertaking is affixing a sign which is identical with, or similar to, the trademark on the goods marketed by the third party exceeds the referential use permitted by Article 14(1)(c) of the EUTMR.

Consequently, the CJEU found that Article 14(1)(c) of the EUTMR does not preclude the holder of an EUTM from prohibiting a third party from using a sign identical with, or similar to, that trademark in relation to radiator grilles, where that sign consists of the shape of an element of the radiator grilles designed for attaching the emblem representing that trademark. This applies, according to the court, regardless of whether or not there is a technical possibility of attaching the emblem to the radiator grille without also affixing the sign to it.

Comment

This judgment deals with several issues in relation to the market for spare parts, which is important to rightsholders, in particular in the automobile industry. First, regarding the existence of a repair clause, the CJEU again confirms that EU trademark law does not include a repair clause equivalent to that under EU design law. In our view, this is logical, seeing as the purpose of design protection is to protect the appearance of a product, whereas a trademark protects other interests such as designating the origin of products. Consequently, while using a shape protected by design rights may be necessary to repair a product, that is generally not true for trademarks. There is no need to have a trademark affixed to a product in order for it to fulfil its primary function of being used.

Importantly, the CJEU differentiates between two situations: where a third party affixes a trademark to a product, and where a third party uses a trademark to identify a product. The court points out that the second situation does fall within the scope of Article 14(1)(c) of the EUTMR and is thus allowed. Rightsholders will thus still have to tolerate third parties using their trademarks in situations such as advertising, under certain conditions, as established by the CJEU in for example BMW (C-63/97) and Gillette (C-228/03). However, in light of this judgment, rightsholders will not have to tolerate third parties affixing their trademarks on the goods itself.

It will be interesting to see whether this outcome will affect how rightsholders use their trademarks on spare parts, and if it is possible to use this judgment strategically to prevent, or at least affect the extent to which, third party suppliers may sell non-original spare parts.

Siri Alvsing and Filip Jerneke

Distinctiveness of stripes placed on shoes (GC, T-307/23 Jimi Projects v EUIPO – Salis Sulam)

Introduction

In this case the GC addresses the validity of a figurative EUTM depicting two parallel stripes placed on the side of a sports shoe. In its decision, the GC examines the criteria of distinctiveness necessary for registration under EU trademark law and the conclusion of the court underlines the difficulty of showing inherent and acquired distinctiveness for position trademarks. The shape and placement of the two parallel stripes were not seen as features that were perceived by the relevant consumers as an indication of commercial origin and were, thus, not considered distinctive.

Background

The EUTM application for registration of the trademark in question was filed in 2002 and in 2020 an invalidation action was filed against the registration. The invalidation action was directed against the goods '[f]ootwear, including sports footwear' in class 25 in the contested trademark registration.

The Cancellation Division upheld the application for invalidity on the ground that the contested mark lacked distinctive character. The BoA dismissed the appeal on the same grounds. Ultimately the case was appealed to the GC and the court has now delivered its judgment.

Decision

In the decision, the court stated that the distinctive character of an EUTM must be assessed by reference to the goods or services

in question and the relevant public's perception of the nature of the sign in question. According to the decision the relevant public will generally not make assumptions on the commercial origin of a shoe on the basis of a sign which is indistinguishable from the appearance of the shoe itself. In the case it was not disputed that the mark was indistinguishable from the appearance of the goods in question. Considering that such signs will only be distinctive in case they depart significantly from the norms or customs of the sector in question, the court concluded that the BoA was right in finding that the mark was devoid of any distinctive character.

As regards the applicant's arguments about the relevant public's 'level of attention' the court, referring to established case law, concluded that for 'everyday consumer goods that are aimed at the general public' the consumers will apply 'an average level of attention when purchasing them'. The fact that, as argued by the applicant, it is common for footwear manufactures to place relatively simple design elements on the side of shoes to indicate commercial origin, does, according to the court, not mean that the average consumer will apply a higher level of attention in relation to such everyday consumer goods.

The court further rejected the applicant's argument that the two stripes did not constitute a simple geometric shape and concluded that it is apparent from the analysis carried out that the two parallel stripes are similar to simple geometric shapes. With reference to, *inter alia*, the shape and location of the mark, the court concluded that it is a generic shape that does not display any features that could enable a consumer to remember it as an indication of the commercial origin. In this context the court also made it clear that in the analysis, besides the arguments and evidence provided by the parties in the case, also well-known facts observed by the EUIPO may be taken into account.

The court found that the relevant date for assessment of distinctive character in invalidity proceedings is generally, as correctly stated by the applicant, the date of the application. However, the court further stated that the BoA did not err when using later case law for the interpretation of the substantive rules applicable in the case. Such case law simply interprets the rules in force on the date the application was filed.

Finally, as regards the applicant's argument that the cancellation infringes the principles of legitimate expectations and legal certainty, the court concluded that a registration does not protect the owner from the risk of the registration later being declared invalid. The court further concluded that applicant's claims regarding the BoA's decision to base its decision on the relevant public's perception of the mark at the date of its decision, and not as at the date of the application, has to be rejected as the applicant has not shown that there was any change in the relevant public's perception between these dates.

Comment

This case presents a few key takeaways, including the importance of continuously ensuring that your trademark possesses inherent or acquired distinctiveness to secure and maintain protection as an EUTM. For trademarks that consist of simple or commonplace design elements which form part of the actual goods, and if such goods are everyday goods, extensive use can often be needed in order to be able to successfully register your trademark. Further, the case underlines the importance of always filing evidence to support your claims in any proceedings. Successfully being able to do so some 20 years or more after making the application will, however, often be very challenging, unless potential future evidence is collected and kept in the file continuously. While potentially quite burdensome,

such work is advisable in relation to any important trademarks in a company's portfolio, in particular regarding unconventional trademarks.

The case also serves as a reminder for businesses that it can, especially in the long run, be a good idea to invest in a unique and distinctive branding and make sure to protect it from the start and use it in a consistent manner as a trademark to further strengthen the protection thereof through use.

Simon Fredriksson and Helena Wassén Öström

The possibility of conversion despite a not-yet-final decision refusing an EUTM (Grand BoA, R 497/2024-G)

Introduction

In this opinion the Grand BoA provides a reasoned clarification in relation to the process of conversion of EUTM applications into national applications. The opinion establishes that a conversion cannot be excluded when the application is withdrawn before a refusal decision has become final, i.e. provided that the trademark applicant withdraws the application during the appeal period. What is made clear through this opinion is that filing an appeal is not necessary, a welcomed approach that deviates from the EUIPO Guidelines in this regard.

Background

An EUTM application (or registration) can be converted into national applications in EU Member States when issues arise such as the issuance of a rejection of an EUTM application, blocking an EU-wide registration of the trademark.

The EUIPO's long-standing practice in relation to conversion has been that conversion is not available if a refusal decision is not appealed, and this even if the application or registration has been withdrawn and the request for conversion is filed prior to the refusal or cancellation decision has become final. According to the EUIPO Guidelines, a request for conversion should be rejected if no appeal has been filed against the EUIPO's refusal decision if the application is withdrawn and no appeal is filed during the appeal period. Thus, filing an appeal has been a prerequisite to be able to file a conversion.

When the BoA, in its decision Nightwatch (R 1241/2020-4) took an approach which differed from this practice, and allowed the conversion of a refused EUTM application without an appeal having been filed, the Executive Director of the EUIPO took the opportunity, pursuant to Article 157(4)(l) EUTMR, to put forward questions on the possibility of conversion despite a not-yet-final decision refusing the mark.

Decision

The Grand BoA concluded that the reference to the 'decision of the Office' in Article 139(2)(b) EUTMR should be interpreted as only referring to final refusal decisions, as held in Nightwatch. A decision of the Office only becomes final if no appeal is filed within the period designated for appeal.

Furthermore, the Grand BoA stated that where conversion is requested subsequent to a voluntarily withdrawal of the EUTM application (Article 139(5) EUTMR), Article 139(2)(b) EUTMR does not apply. A withdrawing of a trademark application means that the proceedings become moot, and that the decision does not become final. As the effects of the decision are suspended until the decision becomes final, the Grand BoA considered that there were no legal grounds for requiring filing of an appeal.

The Grand BoA found that a request for conversion of a refused EUTM application cannot be seen as an attempt to circumvent the EUTM appeal mechanism. The EUTM system is not superior to the national trademark systems, rather the systems coexist.

Also, the Grand BoA found that no relevant distinction can be made as to whether the refused EUTM application is withdrawn during the period of appeal to the higher instance or after an appeal had been filed.

Comment

First of all, it is interesting to note that this is the first time the EUIPO Executive Director has taken the opportunity to refer questions to the Grand BoA. One could only speculate about the reason for it, but as the EUIPO's Guidelines have, for long, clearly stated that an appeal is necessary to be able to request conversion of a rejected EUTM application we assume that also the EUIPO Executive Director considered it important to clarify the conversion process. The decision of the Grand BoA provides welcome clarifications in many aspects surrounding the conversion process in relation to EUTM applications. The opinion makes it clear that there is no need to file an appeal following a refusal decision in order to be able to request conversion of a refused EUTM application. Thus, the conversion process will become easier and less expensive.

Felicia Taubert and Helena Wassén Öström

The comparison of virtual and real-life goods and services (Opposition Division, B3199946)

Introduction

The Opposition Division has by way of a new decision taken the first step and started investigating the issue of the comparisons between virtual and real-life goods with regard to trademark oppositions. This initial step comes through a clear statement saying that virtual goods and services and their real-life counterparts are not *per se* considered to be similar. Thus, the parties must provide material for or against a finding of similarity.

Background

An Italian retail chain applied for registration of a figurative trademark for, essentially, soaps, perfumery, essential oils and other cosmetic items in class 3, and in class 35 for the same products in their virtual form. A company from the UAE filed an opposition based on Article 8(1)(b) of EUTMR and its previous EUTM for classes 3, 4 and 35.

As a starting point for the assessment of the similarity between the trademarks, Article 8(1)(b) states that there is a likelihood of confusion if the public is likely to believe that the goods or services in question come from the same undertaking. The assessment of likelihood is made on the basis of a number of independent factors, the similarity of the signs, the similarity of the goods and services, the distinctive character of the earlier trademark, the distinctive and dominant components of the opposing signs, and the relevant public.

Decision

The Opposition Division began its assessment by reviewing the similarity of the goods in class 3, where it was deemed that there were similarities between the contested physical goods and the opponent's cosmetics.

This brought the case to the crucial question of the similarity between virtual and real-life goods, whereby the virtual goods in the case were virtual counterparts to the registered real-life services in class 35.

The Opposition Division stated the assessment of similarity is a matter of law and it must be assessed upon what the parties submitted or what is generally known. The Opposition Division is not allowed to speculate or investigate the matter and is restricted to well-known facts. In other words, facts which are likely to be known by anyone or which may be learned from accessible sources. Furthermore, facts of a highly technical nature are excluded.

Further, the Opposition Division stated that when comparing products for use online and in virtual environments with their real word counterparts, the nature, purpose and method of use of these products are not the same. However, it also says that in certain circumstances there can be a complementarity between such products because of the possible close connection between them on the market from the consumer's perspective.

In light of the novelty of the technology used for the virtual goods, and its complexity, no well-known facts were deemed to exist on the matter. Further, in the present case no concrete evidence was presented to prove that it would be common for virtual goods and their real-life counterparts to be distributed through the same distribution channels or to target the same relevant public. The lack of evidence meant that it was not proven that the goods and services at issue were complementary or to what extent they could target the same relevant public. It was thus established that there

was no similarity between the virtual goods and the real-life counterparts in class 35.

Comment

This decision comes as a welcome start to the process of creating a clear picture of the matter of comparisons between virtual goods and services and their real-life counterparts.

The Opposition Division makes it clear that such products are not *per se* considered to be similar and that it is up to the parties to submit material for or against a finding of similarity. For a finding of similarity, the focus of such material should be to establish complementarity between the products because of the possible close connection between them.

Simon Fredriksson and Henrik Wistam

No likelihood of confusion between Swedish berry names 'LINGON' and 'HALLON' and insufficient evidence of reputation (PMCA, PMÄ 5140-23 and PMÄ 5142-23)

Introduction

Swedes are known for appreciating outdoor life and berry picking could almost be considered a national sport. Hence, a berry-picker would not confuse lingonberries (Sw. *lingon*) and raspberries (Sw. *hallon*). In these two judgments from the PMCA the question was whether they could be confusingly similar in relation to telecommunication services. In the decisions, both the word marks and the device marks LINGON MOBIL (Eng. *lingonberry mobile*) and HALLON (Eng. *raspberry*) respectively were compared.

The court further assessed whether the earlier trademarks HALLON and/or HALLON (device) enjoyed reputation for telecommunication services or, at least, enhanced distinctiveness to be considered in the evaluation of risk for confusion. The court concluded that the HALLON trademarks enjoyed enhanced distinctiveness in relation to telecommunication services. However, the evidence was considered insufficient to support the reputation claim. The rulings confirm the practice that substantive evidence is required to prove reputation in Sweden and that rightsholders need to be thorough when preparing evidence.

Background

The applicant applied for trademark registration for the word mark LINGON MOBIL and the device mark (shown below) and registrations were granted for '[a]rranging subscriptions to Internet services; arranging subscriptions to telephone services' in class 35.

The claimant filed oppositions against the registrations based on its earlier registered word mark HALLON and the device mark (shown below) covering goods and services in classes 9, 35, 36 and 38, for example 'telephones and mobile telephones' and 'electronic and telecommunication transmission services'.

Applicant's trademarks	Claimant's trademarks
LINGON MOBIL	HALLON
	

The claimant alleged that the HALLON trademarks enjoyed enhanced distinctiveness as well as reputation in relation to telecommunication services in Sweden. It further argued that the trademarks for LINGON MOBIL took unfair advantage of, or were detrimental to, the HALLON trademarks' distinctiveness and reputation.

The Swedish Intellectual Property Office ('IPO') concluded that there was a low degree of similarity between the trademarks LINGON MOBIL and HALLON, and therefore no likelihood of confusion. This, even though the HALLON trademarks were considered to enjoy enhanced distinctiveness. The IPO did not find that sufficient evidence to prove reputation had been filed by the claimant.

The claimant appealed the decisions, first to the PMC, and thereafter to the PMCA. However, both instances dismissed the appeals in their entirety and confirmed the findings of the lower instances.

Decision

In the appeals the applicant of LINGON MOBIL added new circumstances in which they argued to have reasonable grounds for using the trademarks LINGON MOBIL. According to the PMCA, the new circumstances could have been invoked earlier and the applicant had no valid reason for not doing so. As a result, the new circumstances were disregarded by the court.

The HALLON trademarks were deemed to possess a normal degree of inherent distinctiveness. The evidence showed that substantial resources had been spent promoting the HALLON trademarks since 2013 and market surveys showed that around 40% of respondents (with some assistance from the questions) recognised the trademarks for mobile phone services. In addition, the trademarks had been exposed to the general public in newspapers. However, there was no evidence submitted confirming the number of sold goods or services under the trademarks.

The court concluded that the HALLON trademarks enjoyed enhanced distinctiveness in relation to telecommunication services since the trademarks had been used for a long period of time with some strength in terms of exposure and geographical spread. However, the evidence was not considered sufficient to support the claim that the HALLON trademarks enjoyed reputation in Sweden for any of the goods or services in question.

As for the comparison of the marks, the PMCA agreed with the PMC's assessment confirming that there are some visual similarities since LINGON and HALLON contain the same

number of characters and end with ON. However, the similarities are outweighed by the fact the trademarks begin with four different letters.

In conclusion, the court found that there was no likelihood of confusion between the trademarks. The court came to this conclusion despite the finding that the HALLON trademarks enjoyed enhanced distinctiveness in relation to telecommunication services, and the goods and services were considered similar.

Comment

In our view it is reasonable to conclude that the similarities between the trademarks are low. Consumers on the market are likely to be able to distinguish between these berry trademarks.

On the other hand, the HALLON trademarks have been widely exposed on the Swedish market for over a decade and, even though some of the evidence was criticised by the court, the claimant succeeded in proving enhanced distinctiveness. As berry names could be seen as quite an unusual choice for the goods and services in question, one could wonder if it was a coincidence that the applicant chose LINGON MOBIL as its trademark for telephone services or if the applicant might have had the claimant's earlier trademarks in mind. Most of all, the decision is yet another reminder that rightsholders must be very cautious when preparing a case alleging enhanced distinctiveness and/or reputation. Extensive and well-prepared evidence is key to success, regardless of how well-known your trademark 'actually' is.

Joanna Wallestam and Helena Wassén Öström

Use of trademarks and company names in job advertisements (PMCA, PMT 1029-23)

Introduction

This judgment from the PMCA highlights two interesting issues: which actions constitute trademark use compared to the use of a company name and how should an injunction be worded?

The issues were brought to a head in this case where trademarks and company names had been used in job advertisements and job vacancies online. The PMCA further adjusted and rephrased how an injunction should be worded to better reflect the principles of trademark law.

Background

Two Swedish companies within the same company group held the proprietary rights to several registered and unregistered (but established by use) trademarks and company names. The Swedish companies had conducted business within manufacturing and sales of concrete and cement etc. since the 1960s. The companies brought suit against two German companies who – according to the claimants – had infringed the claimants' trademarks and company names in Sweden by using identical and similar trademarks and company names on websites were job vacancies were listed as well as industry magazines that listed jobs within the sector. The German companies disputed all claims and argued that there were no risk of confusion and that the companies thus were entitled to use the marks. The Swedish companies were successful in the first instance whereafter the German companies filed an appeal to the PMCA.

Decision

The reasoning of the PMCA contained several interesting sections in relation to, *inter alia*, what may constitute use of a trademark and use of a company name, respectively, as well as the issue of how an injunction against using a certain trademark and/or company name should be worded.

The claimants had invoked evidence proving that the defendant had used marks that were identical or highly similar to the trademarks and the company names owned by the Swedish companies on three different websites with the top domain .se and on a German website with the top domain .de. The websites listed jobs within the sector and information about the employer. The PMCA stated that a prerequisite for 'use of a trademark' is that the mark is used to differentiate between goods or services. This is not the case if the mark is only used to identify a company or a business. In order for an action to be considered as use of a trademark, it must further be a promotional measure. The PMCA clarified that a job vacancy ad may constitute marketing if the design of the ad has the character of being a promotional measure and at least partly is intended to promote the sales of the goods or services of the company conducting the marketing.

For two of the websites with a .se top domain, the court clarified that these were intended to recruit sellers to the German companies. The job vacancies did not mention which goods or services the company offered, and the vacancies were not designed in a promotional style. The third website with a .se top domain did include further information about the goods and services offered by the German companies, but the PMCA found that the website was not promotional as the information about the goods and services was simply informational.

None of the websites with a Swedish top domain offered any goods or services for sale and the PMCA stated that there was no support that the marks used on the websites had been used to distinguish goods or services. Instead, the marks had been used to identify the German companies' operations in sales and manufacturing of concrete and cement. Therefore, the marks had been used as a company name – but not as a trademark.

On the website with a German top domain, the German companies agreed that the marks had been used on the website for marketing and offering of the products and services as well as for the operations for the same. As such, the use of the marks constituted both use in the sense of a trademark and a company name perspective.

The PMCA found that the marks used by the German companies were confusingly similar to the Swedish trademarks and the company name held by the Swedish companies and thus concluded that the use of the marks on the German website constituted trademark infringement and infringement of a company name.

Although the PMCA came to the same conclusion in relation to the infringement issue as the PMC, the appeal court addressed the wording of the injunction rendered by the PMC. The injunction handed by the PMC included use of the trademarks 'as shown in the exhibits to the judgment'. This wording is often used in judgment regarding the Swedish Marketing Act. The PMCA however stated that such wording is less suitable in trademark infringement cases where the injunction instead shall reflect the actual actions taken by the infringer, such as offering, importing or exporting goods under the trademark. To avoid any interpretational issues and unclarities, the PMCA thus reworded the injunction to include the use of the infringing marks for the recruitment of

sellers and for offering and marketing of concrete, cement and related services.

Comment

This judgment clarifies which actions may constitute use within the meaning of trademark law versus company name law and highlights the importance of protecting both. In this case, it was clear that the use of infringing marks in job advertisements did not constitute use under trademark law – but was instead covered by the Swedish Company Names Act. For rightsholders with both trademarks and company names, this case highlights the importance of considering what each right is supposed to protect (goods and services versus the business as such).

In relation to the PMCA's amendments to the wording of the injunction, this may serve as a reminder that it must be specified which actions that may constitute infringement of a trademark (or company name). It is thus the actual actions that may be covered by an injunction, and it is not sufficient to simply refer to actions as reflected in exhibits.

Interestingly, the PMCA granted leave to appeal to the Supreme Court and the judgment was appealed by both parties. It remains to be seen whether the Supreme Court will try the case or not.

Josefine Arvebratt and Maria Bruder

Revocation of a company name containing the representative's personal name (PMCA, PMT 13910-23)

Introduction

In this case, the PMCA provides guidance as to the right to register a company name that contains the representative's personal name when in conflict with an older EUTM containing the name. The case emphasises that the exclusive right to trademarks confers stronger rights than a right to a company name.

Background

Under the Company Names Act (Sw. *lagen om företagsnamn*), the right to a company name is acquired, *inter alia*, through registration. A company name may be revoked if there is a risk for confusion between the company name and an older EUTM.

Pursuant to the EUTMR and the Swedish Trademark Act a trademark shall not entitle the proprietor to prohibit a third party from using a name of the third party in the course of trade, where that third party is a natural person, provided that the use by the third party is in accordance with honest practices in industrial or commercial matters.

In July 2022, the company name 'Amiri Rice & Spice' was registered for '[…] *work with the import of rice, grain and spices for sale in Sweden, the Nordic countries and Europe.*'

The holder of two EUTMs, containing the word AMIRI, subsequently filed an application for revocation of the company name in September 2022. The EUTMs were registered in classes 29, 30 and

31, and covered rice and spices. The trademark holder claimed, *inter alia*, that likelihood of confusion existed between the company name and the EUTMs.

The defendant argued that its representative – who had previously been a partner of the company holding the EUTMs – was entitled to use his personal name in the company name and thus that there were no grounds for revocation.

The PMC revoked the registration of the company name and the defendant appealed the judgment to the PMCA.

Decision

Initially, the PMCA found that a likelihood of confusion existed between the company name and the EUTM's. The PMCA noted that 'AMIRI' was a dominant element of the EUTM's and that, although 'Rice & Spice' to some extent contributed to distinctiveness of the Company Name, the initial element of the company name – 'Amiri' – gave the impression that the products sold by the company had the same commercial origin as the products sold under the EUTM's.

The PMCA then analysed Article 14 in the EUTMR and the Swedish Trademark Act, stating that the use of a personal name in the course of trade may, under certain conditions, be allowed despite a likelihood of confusion with a registered trademark. The court then found that for the grounds for refusal listed in the Company Names Act, there was no corresponding restriction that could confer a right to register a business name in the situations covered by the restrictions in Article 14. The court held that there was no legal basis for taking into account the right to use personal names under trademark law when assessing grounds for refusal under the Company Names Act.

Comment

The conclusion of the judgment is that the owner of an older trademark may object to a registration of a company name, containing a personal name, despite that the use of the company name is in accordance with honest practices in industrial or commercial matters. However, if the personal name is registered as a trademark (instead of a company name), a different outcome may be possible. The judgment supports that the limitations of the effects of a trademark under Article 14 of the EUTMR and Chapter 1, Section 11 of the Swedish Trademark Act, may be invoked by the holder of a younger trademark as a defence against a claim for revocation based on an older trademark. Thus, if you want to use your personal name in your business practice, you should consider registering your personal name as a trademark and not as a company name.

Maria Bruder and Felicia Taubert

Trademark registration in bad faith (PMCA, PMÄ 4662-24)

Introduction

This case deals with the issue of bad faith in the context of trademark registrations. The PMCA states relatively bluntly that the applicant made the trademark application with an improper intention and hence that the application was made in bad faith.

Background

The company Guldrutans Kafferosteri, which had been active in the coffee sector for over 50 years, started a collaboration with a natural person in 2010. Shortly thereafter, they set up another company together, Guldrutan International. On 4 February 2021, Guldrutans Kafferosteri was declared bankrupt, whereafter the bankruptcy company was transferred to the company Hälsinge Kaffe & Rosteri, also operating in the coffee sector. On 10 February 2021, the natural person applied for registration of the trademark GULDRUTAN in classes relating to coffee. Hälsinge Kaffe & Rosteri opposed the registration and requested it to be cancelled as the registration was i) made in bad faith and ii) confusingly similar to the older unregistered trademark Guldrutan.

The Swedish Intellectual Property Office ('IPO') upheld the opposition and cancelled the registration. This decision was appealed, but the PMC found that the application was made in bad faith and that there thus were grounds for refusal of trademark registering. The decision was subsequently appealed to the PMCA.

Decision

The PMCA referred to Chapter 2, Section 7, Paragraph 2 of the Swedish Trademark Act, and held that a trademark must not be registered if the application was made in bad faith. The court then stated that the concept of bad faith has an autonomous meaning under EU law and is thus mainly determined based on case law from the CJEU. In general, the concept presupposes the existence of a dishonest state of mind or intention from the applicant. Essentially, the intention must be to undermine the interests of third parties in a manner that is inconsistent with honest practices or to obtain an exclusive right for purposes other than those falling within the essential functions of a trademark. The court further held that when assessing if the applicant acted in bad faith, it must make an overall assessment considering all the factors relevant in the case. In this assessment, it must be considered whether the applicant knew or should have known that a third party was using an identical or similar sign for an identical or similar product with a likelihood of confusion with the sign applied for.

The PMCA then went on to consider whether the applicant had acted in bad faith when applying for the trademark GULDRUTAN. The court found that it was undisputed that the applicant had previously had a business relationship with Guldrutans Kafferosteri and that he, within this cooperation, had been permitted to use the trademark GULDRUTAN. It was also undisputed that the applicant was aware that Guldrutans Kafferosteri had used the unregistered trademark Guldrutan in its own business for a long time. However, the PMCA emphasised that the fact that an applicant has such knowledge is not in itself sufficient to prove bad faith. According to the court, the applicant's intention at the time of filing the application should also be considered. This implies that it, *inter alia*, must be considered whether the applicant intended to prevent the other party from continuing to use the sign.

In the present case, the PMCA noted that the application was filed only a few days after the bankruptcy of Guldrutans Kafferosteri.

Consequently, the applicant must have been aware that the unregistered trademark Guldrutan had an economic value and that it was an asset in the bankruptcy. With reference to this, the PMCA stated that the fact that the application was made so close in time to the bankruptcy also strongly indicated that the applicant was aware that the possibility of continuing to use the unregistered trademark Guldrutan would be affected by the bankruptcy. This was especially true as the cooperation between the parties had deteriorated just before the bankruptcy. Furthermore, the PMCA noted that the applicant's interest in the trademark Guldrutan stemmed from the previous co-operation and that the applicant was thus aware that the use of the trademark required consent from Hälsinge Kaffe & Rosteri.

In view of this and considering that an application for registration of a trademark aims to acquire an exclusive right conferring a right to prevent others to use a trademark, the PMCA concluded that the application was made with improper intentions. The PMCA also found that the applicant had acted disloyally against his former partner when he shortly after the bankruptcy of Guldrutans Kafferosteri applied for registration of the trademark GULDRUTAN. Hence, the PMCA found that the application was made in bad faith. The decision of the PMC was accordingly upheld.

Comment

The case is a straightforward example of how CJEU case law impacts the assessment of Swedish courts of whether a trademark application has been made in bad faith. Since both the IPO and the PMC concluded that the application had been filed in bad faith and as the PMCA upheld the PMC's decision, one may question whether the case should have been granted leave to appeal at all.

Maria Bruder and Filip Jerneke

Similarity and risk of confusion between company names (PMCA, PMT 16754-23)

Introduction

This case concerns the similarity between the company names Corai Medicinteknik AB ('Corai') and Acorai AB ('Acorai') and whether the registration of the latter should be revoked. The first instance found that the company names and their respective registered businesses were not similar to an extent that could cause a risk of confusion. Once the case was appealed to the PMCA, the second instance did however conduct a stricter comparison between the names and the registered businesses and found that the company names were confusingly similar and Acorai was therefore revoked. In its decision the PMCA stressed that it is the registered business that is decisive and not the actual business carried out.

Background

Corai registered its company name in 2018 and in 2020, Acorai registered its company name. Corai requested that the Swedish Companies Registration Office must revoke Acorai's company name. As Acorai objected to the revocation, Corai requested the matter to be submitted to the PMC.

The registered company names and businesses for each company were as follows:

Corai Medicinteknik A	Acorai AB
… research and development, marketing and sales of medical devices and related activities.	… research and development in cardiovascular diseases.

In addition to the registered business of Acorai, Corai argued that Acorai conducted marketing and sales of medical devices which made the businesses highly similar. Although the marketing and sales of medical devices as such was not disputed, Acorai objected that the 'actual business' (i.e. business outside of the scope of the registered business) of the company could not be taken into account within a revocation action and instead that only the registered business should be assessed.

Decision

The PMCA started by stating that it is the registered businesses of each company that shall be compared and found that both companies were registered for business focused on research and development within the medical field, albeit Corai's registered business was more general than Acorai's. The similarity between the businesses was thus significant. Further, the PMCA agreed with Acorai that the actual business is not relevant when it is not reflected in the registered business of the older company.

As the similar businesses were R&D, the PMCA clarified that the relevant public primarily consisted of professionals within the medical field (not patients or consumers) and that the degree of attention for those are high.

As to the distinctiveness of the earlier company name, the PMCA stated that 'Corai' was the prominent part of the company name and that 'Medicinteknik' (Eng. *medical devices*) and 'AB' (Eng. *limited company*) were simply descriptive for the business conducted. As was argued by Corai, the court agreed that 'Corai' could be perceived as an evocation of the Latin word 'cor', meaning heart. Taking this into account, the distinctiveness was found to be of a normal degree.

For the comparison between the two company names, the court stated that the fact that 'Medicinteknik' was missing from Acorai's company name was of little importance. Instead, a comparison should be made based on 'Corai' versus 'Acorai', the dominant elements of each company name. Visually, the first letter of the names differs but they were otherwise found to be highly similar. There was also a phonetical similarity between the company names. Both company names were found to be associated with the Latin word 'cor' and therefore also had a conceptual similarity. The overall impression was thus that the similarity between the company names was high. The fact that the relevant public was deemed to have a high degree of attention, did not counterbalance the similarity and the PMCA therefore concluded that there was a risk of confusion. This finding resulted in the revocation of the registration of Acorai's company name.

Comment

The PMCA in this judgment clarifies that the court shall only take into account the registered business and not the business or activities that the company actually conducts. This strengthens the predictability of the assessment of similarity between company names and companies are urged to review and update its registered business.

Josefine Arvebratt and Henrik Wistam

Customisation of watches and trademark infringement (PMC, PMT 8939-23)

Introduction

Luxury watchmaking brands like Rolex, Patek Philippe and Audemars Piguet have a history of vigorously enforcing their IP rights and have contributed to the creation of a lot of important IP case law in Europe and beyond. This case, which is a first of its kind in Sweden, concerns a new trend in the watchmaking industry, whereby third parties customise or personalise watches ('modding'), and the interesting trademark issues this practice raises.

Background

The customisation of watches by third parties has grown significantly in recent years. In a short amount of time, a market has been created for owners of high-end timepieces to customise their watches by adding features and changing appearances in order to create unique works of art. The customisation process, whereby a third party works on the watch and markets and sells the resulting modified watch, including sometimes by removing and re-applying the original trademark and adding features not on the original model, raises several IP questions, including questions about trademark consumption as well as questions regarding private use vs. commercial use (cf. Arsenal Football Club (C-206/01)). These questions are often discussed in IP circles under the rubric of sustainability, upcycling and the right to repair.

The apparent commercial success of this trend in the high-end watch segment has recently led to a proliferation of companies that has started to offer similar customisation and personalisation services also for watches from mid-market brands.

In this case, Swiss watchmaker Tissot sued a Swedish defendant, which sold Tissot watches directly to the customer and offered customised versions of the watches, whereby the defendant personalised the watch according to a number of different concepts and delivered the finished watch to the customer.

Tissot argued that that the trademark rights in the watches had not been consumed, and that the defendant's actions constituted trademark infringement (under Article 15(1) of the EUTMR) in Tissot's EUTM. Tissot also argued that even if the defendant had bought the watches on the EU market, the third-party customisation process damaged the watches and constituted reason for Tissot to object to the future marketing and commercialisation of the products (under Article 15(2) of the EUTMR).

The defendant mounted a two-pronged defence:

» First, the customisation service it offered customers was an extension of the customer's private use of the Tissot watch they had bought and did thus not constitute trade mark use or infringement.

» Secondly, the defendant claimed to have had bought the watches on the EU market whereby the trademark rights in the watches had been exhausted. The defendant also took the position that the customisation process did not damage the watches and did not give Tissot the right to object to the future commercialisation and marketing of the products.

Decision

The court found that the defendant had sold Tissot watches through its e-commerce website, and as an integrated part of the sales

process the customer could decide to customise the watch according to a number of pre-determined themes, created by the defendant. This was thus not a case where customers first had bought Tissot watches on the market and subsequently used the defendant's services to customise the watch. The customisation service offered the defendant was thus not private in nature and the defendant's use of the Tissot trademark in this context constituted trademark use. Thus fell the defendant's first line of defence.

As to the question of exhaustion of trademark rights, the court reiterated that it followed from the practice of the CJEU that the defendanthad the burden of proof that the exclusive trademark rights in these watches had been exhausted (Schweppes, C-291/16, p. 52). The court thus found that it was up to the defendant alone to prove that the watches had been put on the market in the EU by Tissot. Interestingly, the court did not discuss the more nuanced view of the issue of burden of proof for exhaustion of trademark rights, issued by the CJEU in Hewlett Packard (C-367/21) a mere two months earlier. This was likely an oversight, but in fairness to the court, the facts of that case were different from this case in several aspects.

The court took what arguably constituted a stern view of the evidence invoked by the defendant and concluded that it failed to show that the exclusive trademark rights in these watches had been exhausted. The invoices and receipts invoked by the defendant indicated, among other things, the place of purchase, model and number of watches purchased by the defendant, but not any information (e.g. serial number) that could make it possible to link a specific invoice or receipt to a specifically sold Tissot watch. Thus also fell the defendant's second and final line of defence.

The court also *obiter dictum* confirmed that – even if the defendant had been able to show that it had bought the watches on the open market – Tissot retained the right under Article 15(2) of the EUTMR to object to the further marketing of the customised Tissot watches in this case. The court reached this conclusion based on a finding of passing-off and the customers getting the impression that there was a commercial relationship between Tissot and the defendant, which damaged the functions of the trademark right. It should be mentioned here that many third-party watch customisation companies are careful to make clear on their websites that there is no commercial relationship between the customizer and the watchmaker. Likely an expensive oversight by the defendant in this case.

The court thus granted the watchmaker's claims and awarded substantial damages.

Comment

This case raises interesting trademark questions, as well as evidentiary questions about the burden of proof for exhaustion of trademark rights, that are particularly timely in the context of recent discussions in IP circles about sustainability and the right to repair.

On a sidenote, this decision was issued just weeks after a similar case was decided by the Swiss Supreme Court in litigation between Rolex and an un-named Swiss defendant (but widely reported to be the high-end customisation pioneer Artisans de Geneve). In this case, Rolex argued that the defendant's customisation work, which required it to remove and then reapply Rolex trademarks on the dials alongside the atelier's own trademark, constituted trademark infringement.

The Swiss Supreme Court – much like the Swedish court – made an important distinction between the private and commercial uses of trademarks, that is between:

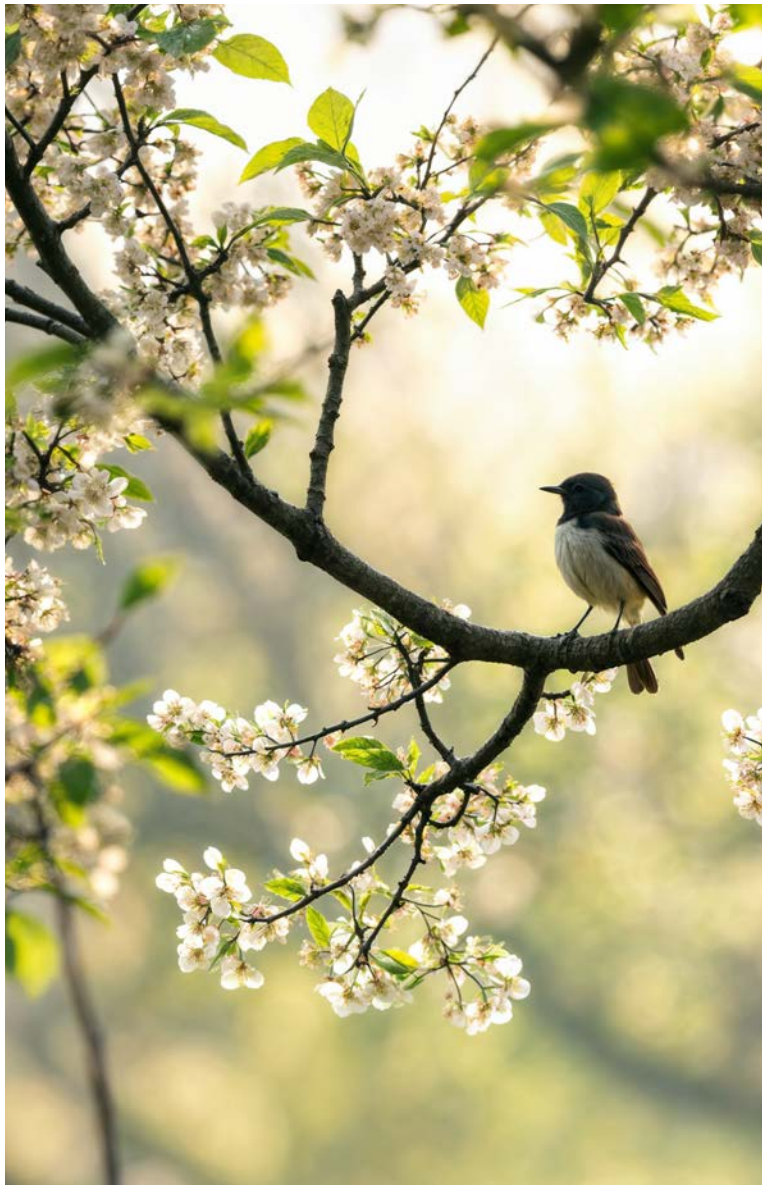
» the atelier's supply of watch customisation services to private individuals who brough their privately-owned Rolex watches to the atelier and wished to have them customised according to specific instructions; and

» the atelier selling customised Rolexes to its customers on a larger scale.

Based on the facts of that case, and in contrast to the outcome of the Swedish case, the atelier's customisation work was found to be allowed under the first private use scenario.

Taken together, the Swiss and Swedish decisions likely point the way forward for the watch customisation industry in Europe.

Hans Eriksson



Design law

General introduction

One of the highlights of this year's case law in design law was the emerging importance of dotted/broken lines (T-757/22). Even though broken lines can be used to exclude parts of the design from protection, the GC has now concluded that the broken lines still can be considered in an assessment of individual character.

Lego has also continued to make headlines, where the appropriately dubbed Lego exemption (T-537-22) continued to be explored, and it was explained that only one of a design's features had to be protected by the modular design exemption for the whole design to be protected. Another returnee when it comes to these cases was social media posts as prior disclosure (T-647/22) where the GC now delivered its judgment on the BoA's prior decision covered in the 2024 Yearbook.

The GC determined that third party social media posts may constitute prior disclosures despite the image asserted not being perfectly clear.

On the legislative front, the new EU design legislation package (including a new regulation and a new directive) was finally published and entered into force on 8 December 2024. Some of the main changes in the new legislations are the re-naming of the term Community Designs into EU Designs, modernised definitions, a specification of the visibility requirements, introduction of a repair clause and provisions that will help combat illegal 3D printing. As for the directive, the Member States will have 36 months to transpose it into the national law. The implementation of the regulation will be phased. Most of the changes will be applicable from the 1 May 2025, while some provisions will take effect only after 18 months.

The Lego exception in design law (GC, T-537/22 Delta-Sport Handelskontor v EUIPO - Lego)

Introduction

The famous Lego toy building bricks has been the subject of myriad European IP litigation throughout the years. This time the case before the GC concerned procedural questions associated with an invalidity request of an RCD. Through this judgment the court provides guidance on the interpretation of Regulation No 6/2002 ('Community Design Regulation'), specifically regarding the intricacies of basing an invalidity claim of an RCD on it being solely dictated by its technical function. This case serves as a reminder that the exception for modular systems – which has fittingly been dubbed the Lego exception – is indeed very much alive.

Background

Article 8(2) of the Community Design Regulation provides that an RCD will not subsist in features of a product which must necessarily be reproduced in their exact form and dimensions, in order to permit the product in which the design is incorporated to be mechanically connected to another product so that either product may perform its function.

Article 8(3) serves as an exception to the aforementioned article which establishes that designs that form part of a 'modular system' can nonetheless be protected, despite the fact that all of the design's features fall under Article 8(2). This exception has previously allowed various Lego bricks to maintain its validity and has hence been described as the Lego exception.

In this case, a German company requested invalidity of an RCD depicting a flat building block that could be combined with other blocks within the Lego building system. The applicant argued that the design subsided of features which were all necessary for the product to be connected to other bricks in the system, and that it was to be invalidated.

The BoA upheld the RCD. In essence, the BoA found that the applicant was right to point out that all features of the RCD must be reproduced in their exact form and dimensions in order for the product in which the design is incorporated to perform its function, and thus fell under Article 8(2). However, the BoA also found that these features of the design additionally served the purpose of allowing the assembly or connection of mutually interchangeable products within a modular system, and that the RCD thus fell under the exemption from invalidity in Article 8(3).

The applicant appealed the decision to the GC.

Decision

The applicant's first plea alleged that the BoA incorrectly found that all the features of the design fell within Article 8(2). In turn the applicant argued that the RCD could not be subject to the exception in Article 8(3). The applicant argued that one feature – the smooth surface – did not meet the requirements of Article 8(2) since it had nothing to with the toy brick's connection to another brick, and that this meant that the RCD, as a whole, did not fall within the scope of Article 8(2).

The court found that even if the smooth surface feature of the design did not fall under Article 8(2), this did not mean that the

RCD should be invalidated since an RCD can only be declared invalid under Article 8(2) if:

i) all the features of the design fall under that article, and

ii) none of the features of the design are part of a modular design that falls under the exception in Article 8(3).

Put another way, the exception only requires that one of the RCD's features is protected by the modular design exception, for the design as a whole to remain valid. Since the court found that the other six features of the RCD met the modular design requirement, the court found that the RCD could not be invalidated no matter how the flat surface was regarded. On that basis, the court rejected the plea.

In its second plea, the applicant argued that the burden of proof for establishing the RCD's novelty and individual character should rest with the rightsholder. Considering an RCD's presumption of validity after registration, the court pointed out that nothing indicated that the presumption was to be applied differently in an invalidity action and that it must be consistently applied. It would thus be contrary to the system of RCDs for a rightsholder to have the burden of proof. The applicant's second plea was consequently rejected.

By its third plea, the applicant argued that the BoA had not properly taken into account what the applicant viewed as certain well-known and undisputed facts relevant for the case. This allegedly well-known and undisputed fact was that the RCD had already been disclosed prior to registration, which the applicant argued was evident from certain screenshots of a website and through a referral to a previous judgment of the CJEU.

The court found that the question whether a design has been disclosed – in the legal sense of the word – does not constitute a 'fact' that can be well-known. Similarly, the claim that a design has been disclosed prior to registration cannot be proven simply by the circumstance that the owner of the design does not contest this claim when it is made in proceedings before the court or by vague references to previous case law concerning another Lego brick.

In order for the court to conclude that a design has been disclosed prior to registration, an applicant must provide the court with direct evidence of such disclosure. In light of the applicant failing to present enough evidence of an earlier disclosure, the final plea was also rejected.

Ultimately, the court dismissed all of the applicant's pleas and the RCD was upheld.

Comment

This judgment provides well-needed guidance on the complexities of Article 8 of the Community Design Regulation and serves as a reminder that the Lego company – and other companies who can credibly claim to commercialise a modular design system – have struck gold through the incorporation of Article 8(3). No doubt, the Lego company will continue to build a strong IP portfolio one block at a time.

Hans Eriksson and Simon Fredriksson

Social media posts as prior disclosure, a second time (GC, T-647/22 Puma v EUIPO – Handelsmaatschappij J. Van Hilst)

Introduction

Associated to a BoA decision (which we covered in the 2022 Yearbook) this judgment from the GC covers the question of social media posts as prior disclosures of designs, within Regulation No 6/2002. The court follows the same reasoning and agrees with the BoA that third party social media posts may constitute prior disclosures to the public. This judgment enables the finding of non-official social media accounts to prove early disclosure and eases claims for a lack of novelty and distinctive character as basis of an invalidity action against an RCD.

Background

In 2019 an RCD for a type of shoes was contested through an application of invalidity, based on lack of novelty and individual character. Supporting its claims, the applicant presented three social media posts, from approximately one and half years before the RCD filing date which displayed the shoes, as well as various news articles that covered the three posts. The applicant claimed that the posts and articles in conjunction, or as separate pieces of evidence, were enough to invalidate the RCD, since it proved disclosure prior to the grace period of 12 months.

As we noted back in 2022, the BoA concluded that the social media posts provided clear images of the design, making its appearance discernible and subsequently making them disclosures, and that the news articles constituted disclosures on their own. The applicant had subsequently provided solid and objective evidence before the BoA that the design was sufficiently disclosed to the public prior to the 12 month grace period. An appeal was then submitted to the GC by the rightsholder after the decision was made public.

Decision

After concluding that a court settlement between the parties agreed upon before a national court did not prevent the applicant from seeking invalidation of the RCD, the court proceeded to the rights-holder's second plea. In its plea the rightsholder argued that the evidence provided by the applicant were insufficient to demonstrate the disclosure of the prior design.

The claims were, in essence, that the posts failed to present the observer with a clear enough view of the design, and that all aspects of the design were not visible. The rightsholder argued that identification of the design was only possible through enlargement of the photos, which the public lacked access to and was moreover only achievable for certain aspects of the design.

The court divided its assessment into two parts:

- whether facts constituting a disclosure before the date of filing had been presented, and

- whether those facts could reasonably become known in the normal course of business to the circles specialised in the sector.

The court noted that neither Regulation No 6/2002 nor Regulation No 2245/2002 establishes any compulsory form for the evidence presented, and that the applicant is free to choose which evidence it provides to prove a disclosure. With regard to the freedom given to the applicant, the court also made it clear that a disclosure could not be proven by means of probabilities or supposition and must be

demonstrated by solid and objective evidence that proves effective disclosure of the earlier design on the market.

First, the court rejected the rightsholder's argument that the design was indistinguishable from the photos and the argument that the photos were focused on the person wearing them, not the shoe itself. The court concluded that the images in question contained enough detail to make the features of the design perceptible and found the rightsholder's argument that the features were only discernible from a retroactive perspective (i.e. with information now known) unfounded. Lastly, the court rejected the argument that the BoA failed to account that Instagram is primarily used on mobile phones which makes small details in such a photo imperceptible. It stated that the photos were not so blurred nor small that the details in the photos could not be discerned, also stating that Instagram pictures could be screenshotted to allow enlarging. Adequate facts constituting a disclosure had thus been presented by the applicant.

Following on, the court concluded that the rightsholder failed to present enough evidence showing that the disclosure was such that it could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, as described in Article 7(1) of Regulation No 6/2002.

In conclusion, the court upheld the BoA's decision and rejected the appeal from the rightsholder. With the end result that the RCD remained invalidated.

Comment

This judgment cements the opinion of the BoA that social media posts very well can function as disclosures of a prior design. In line with our previous comment the judgment confirms that anything available on the internet may be considered as having been made available to the specialised circles, irrespective of whether it was published by an unofficial account.

Simon Fredriksson and Ludvig Holm

Which features of the earlier disclosed design should be considered in an invalidity action of an RCD? (GC, T-757/22 Puma v EUIPO - Road Star Group)

Introduction

It has long been recognised that the form in which a protected design is presented is of great importance to any rightsholder. Broken lines are often used in design registrations to illustrate the entire product in which the design will ultimately be incorporated in. In this case the GC demonstrates the importance of a clear strategy for each design registration and the impact broken lines can have on an RCD.

This comes by way of the GC clarifying that the comparison of an RCD's individual character shall include all the features of the contested design, notwithstanding that the earlier design that is claimed to contradict the individual character of the contested design includes features presented in broken lines. Having filed for a design registration based on a presentation that includes design features beyond the protected design can thus impact the comparison of two opposite designs in an invalidity action.

Background

In 2021, a shoe manufacturer filed an application to declare its competitor's RCD invalid as the applicant considered that the design did not fulfil the requirement of individual character. The applicant had previously registered and published several designs depicting shoe soles, which had then been assembled into a complete shoe when sold. The earlier registered designs depicted a highly generic shoe, whereas the upper part was excluded from protection by means of broken lines, with the result that only the sole was subject to protection. The applicant claimed that the sole of the contested design was similar to the sole of the earlier designs and that the contested design subsequently was to be invalidated.

The invalidity request passed through the Invalidity Division and the BoA, which both dismissed the action before it finally landed before the GC.

Decision

The applicant argued that the contested RCD failed to meet the requirement of individual character presented in Article 6 of Regulation No 6/2002, which in turn meant that it should be invalidated on the basis of Article 25 of the same regulation. Under this regulation, a design is to be considered to have individual character if the overall impression it produces on an informed user differs from the overall impression produced by any design which previously has been made available to the public.

The GC started off by specifying the four components of an assessment of individual character, which included the determining of:

(i) the sector in which the products are intended to be incorporated;

(ii) who the informed user of those products is and the informed user's degree of awareness of the prior art;

(iii) the designer's degree of freedom in developing the design; and

(iv) taking that degree of freedom into account, conducting a comparison of the overall impressions produced on the informed user by both the contested and prior design.

Regarding the three first criteria the GC swiftly moved past them and concluded that both the contested design and all of the prior

designs were in the shoe sector, where the informed user would display a relatively high level of attention and where the designer's degree of freedom was high.

For the fourth and final criterium the GC stated that the comparison of the overall impressions produced by the designs at issue must be based on the features disclosed in the contested design and must relate to the protected features of that design, nothing more, nothing less. Since the contested design displays and protects a complete shoe, both the shoe and the sole must be taken into account during the comparison. The GC thus went against what the applicant argued, which was that only the sole of the prior design was to be regarded in the assessment (due to the broken lines showing the rest of the shoe in those designs).

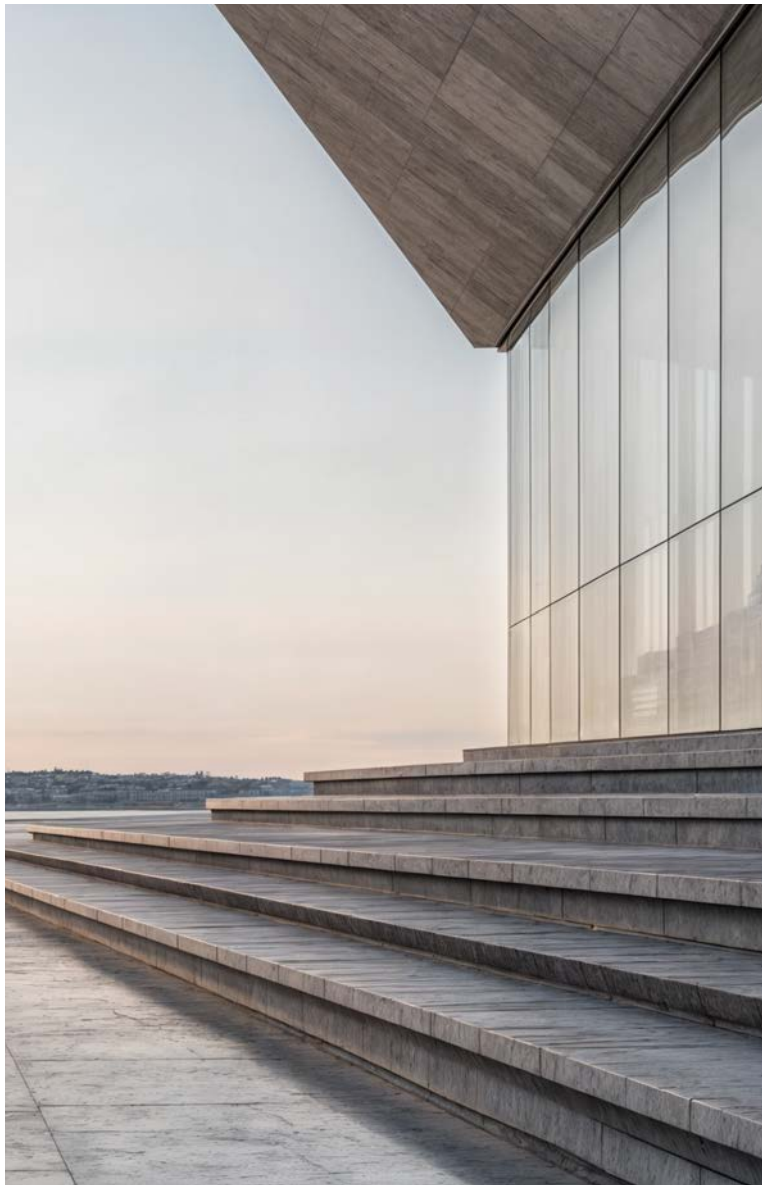
Even though the GC made it clear that a specific aspect of a design may have such status as to singlehandedly affect the overall impression, the GC did not find that to be the case for the soles in this assessment. All of the applicant's designs were compared to the contested design and for varied reasons, all based on features above the sole, the contested design was deemed to have individual character.

The applicant's request to invalidate the contested RCD was thus ultimately dismissed.

Comment

This judgment shows the importance of setting a clear strategy for protection and enforcement before filing for a design registration. Broken lines can be used to exclude parts of the design from protection, and thus comparison with prior art, but the design drawn using broken lines can still be considered in an assessment of individual character from a subsequent design filing.

Simon Fredriksson and Ludvig Holm

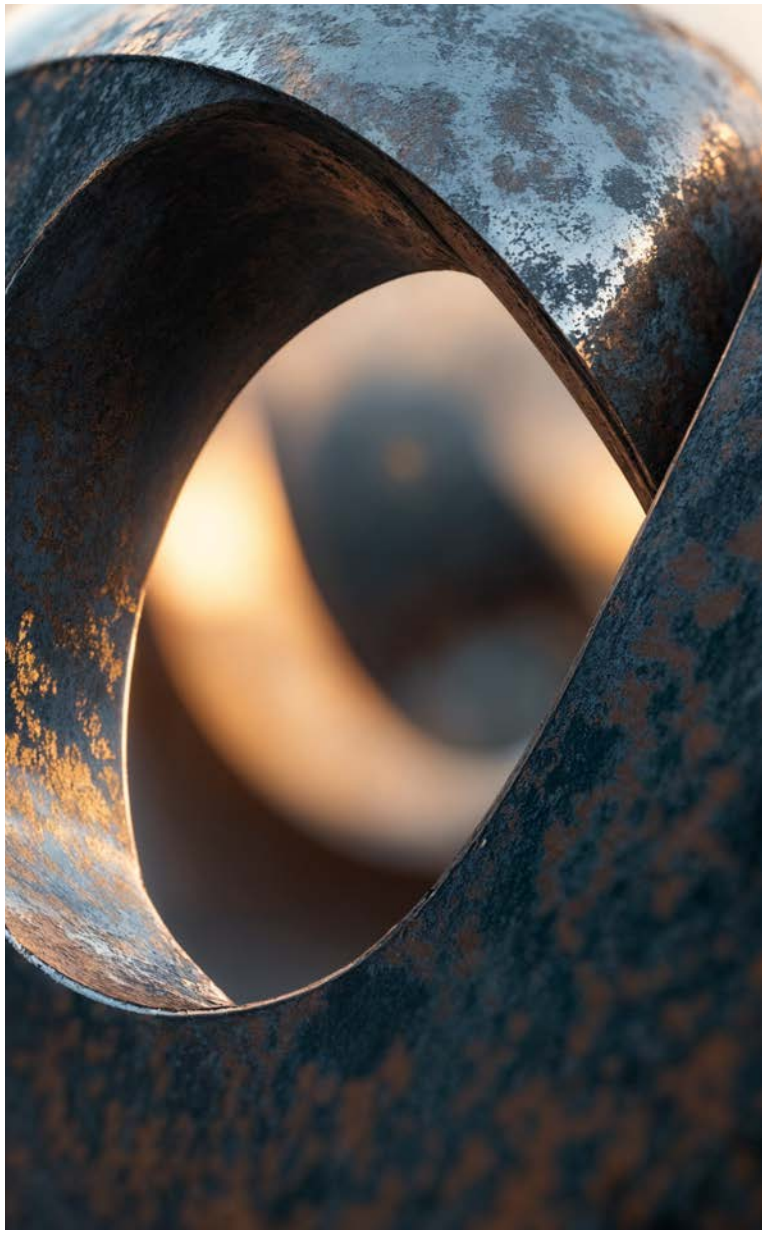


Copyright law

General introduction

In this yearbook we report on several interesting CJEU copyright cases, regarding among other things international reciprocity of protection for works of applied art under the Berne Convention, the evergreen question of communication to the public and the possibility of EU Directives having 'vertical direct effect', allowing national courts to disapply incorrect national transpositions of directives, in certain situations.

On the Swedish front, we have particularly noted a number of cases regarding the provision of illegal IP television, which have answered many questions in this tricky and emerging area of copyright law, where we also expect even further clarifications from the Supreme Court in the near future.



The CJEU questions CMOs' supremacy over copyright intermediary services (CJEU, C-10/22 LEA)

Introduction

The Directive 2014/26/EU on Collective Management of Copyright and related rights etc. (the 'CRM Directive') mentions two different types of organisations that manage and commercialise literary, musical or photographic works:

» CMOs, which manage copyrights or related rights on behalf of more than one rightsholder. CMOs are owned or controlled by its members and operates on a not-for-profit basis.

» Independent management entities ('IMEs'), which manage such rights for the collective benefit of rightsholders but which are neither owned nor controlled by the rightsholders and operates on a for-profit basis.

IMEs have stirred up some controversy over the last few years, as exemplified by this recent case from the CJEU where the court found that national legislation practically outlawing an IME's provision of services is contrary to Article 56 of Treaty on the Functioning of the EU ('TFEU').

Background

An Italian CMO sued a Luxembourg-based IME seeking an injunction against the IME's provision of services on the Italian market, based on a provision of the Italian Copyright Act which generally and absolutely outlawed the provision of such services in Italy.

The IME argued that the CRM Directive had not been transposed correctly into Italian legislation and the question posed to the CJEU was thus whether the CRM Directive precluded national legislation which reserved access to the market for the intermediation of copyrights to entities which were classified as CMOs under the CRM Directive.

Decision

The CJEU reiterated that the purpose of the CRM Directive was to coordinate the national provisions relating to how CMOs manage copyrights on behalf of rightsholders. Looking closely at the CRM Directive, the court did not find any provision explicitly about IMEs' access to market, and reached the conclusion that the CRM Directive did not require Member States to ensure that rightsholders have the right to authorise IMEs to manage their rights. Put simply, the CRM Directive did not preclude national legislation which generally and absolutely excluded the possibility of IMEs established in another Member State from providing their services in another Member State.

Similarly, the court found that neither Directive 2000/31/EC on Electronic Commerce nor Directive 2006/123/EC on Services in the Internal Market was applicable in this situation. The court therefore proceeded to assess whether such strict national legislation was an obstacle to the free movement of services under Article 56 of TFEU.

Article 56 of TFEU prohibits every national measure that prohibits or impedes the free movement of services in the EU. The CJEU held that the national legislation in question, which did not allow IMEs established in another Member State to provide their services in Italy, manifestly constituted an obstacle against the freedom to provide such services. Such an obstacle could only be justified by an overriding reason of public interest, if it is suitable for the

attainment of the public interest objective concerned and does not go beyond what it is necessary to fulfill that objective.

The CJEU found that the Italian prohibition against IME's providing services in Italy went further than what was necessary to secure the attainment of the public interest objective relating to copyright protection, mainly since the prohibition did not take into account which regulatory requirements the IME operated under (in Luxembourg). The Italian legislation was thus found to constitute an unjustified obstacle under Article 56 of TFEU.

Comment

This case serves as a timely reminder to Member States – including Sweden – that have incorporated the CRM Directive in a manner which arguably or even absolutely prohibits the provision of IME services to take a close look at the legislation and make sure that it would survive CJEU scrutiny. It remains to be seen whether this case will have a ripple effect across Europe and liberalise the copyright intermediate market, so stay tuned for future updates!

Hans Eriksson and Angelica Kaijser

Communication to the public redux (CJEU, C-723/22 Citadines and C-135/23 GEMA)

Introduction

In the 2023 Yearbook, we reported on the CJEU's latest decision about the apparently perennial copyright question whether the broadcast of music or TV, or even the mere installation of equipment allowing for such broadcasts in public places, constitutes an act of communication to the public under Article 3 of Directive 2001/29/EC ('InfoSoc') and Article 8 of Directive 2006/115/EC ('Rental and Lending Directive'), in combined cases Blue Air Aviation and UPR (C-775/21 and C-826/21). The CJEU's previous exploration of this question had previously concerned: dentist waiting rooms (SCF, C-135/10), rehab facilities (Reha Training, C-117/15), hotel rooms (SGAE, C-306/05), spas (OSA, C-351/12) rental cars (STIM & SAMI, C-753/18) and now also airplanes and trains (Blue Air Aviation and UPR).

This question is obviously of paramount importance for CMOs all over Europe, but in light of the numerous examples in case law mentioned above, one could be excused for thinking that we would not see any additional such cases taking up valuable space in the CJEU's docket in 2024. But then one would be wrong, because during the year, both the Higher Regional Court in Munich (Citadines, C-723/22) and the Lower Court in Potsdam (GEMA, C-135/23) asked for clarifications on these kinds of questions from the CJEU.

Background

In Citadines, the referring court wanted to know whether the particular set up of the defendant's hotel, where hotel rooms were equipped with TVs, with the signal being retransmitted via the hotel's

own cable distribution system, would constitute a communication to the public (in addition to constituting a cable retransmission which the hotel had already entered into a license for). Put another way, the practical question in the case was whether the hotel needed both a license for cable retransmission and a license for communication to the public from its local collecting society. (Diligent readers of CJEU case law could however be excused for asking themselves at this point, whether the CJEU is in the habit of answering practical questions in the most straightforward way…)

In GEMA, the referring court wanted to know whether the particular set up of the defendant's apartment complex, where apartments were equipped with TVs, but without the signal being retransmitted in any way, would constitute a communication to the public. The important question in this case was whether the provision of TV sets under these circumstances constituted the 'mere provision of physical facilities for enabling or making a communication', since such a provision does not amount to a communication to the public under InfoSoc, as was found to be the case in STIM & SAMI .

Decision

By now it is well established in the CJEU's jurisprudence that in order to constitute a communication to the public there must be: i) an act of communication, and ii) a public (duh). As the court has reiterated on several occasions, this assessment must be carried out in the individual case and may take into account a number of different factors.

In the Citadines case, the court pointed out that under national German law, the right of communication to the public was divided into two parts: i) retransmission, and ii) communication of broadcasts. This 'division' in national copyright law was likely the

reason why the German CMO apparently issued separate licenses for retransmission and communication to the public.

» On the retransmission question, the court pointed out that that 'cable retransmission' under Directive 93/83 ('SatCab Directive') concerns the rights of copyright owners and holders of related rights, and their relationship to 'traditional cable operators and cable distributors'. The court found that a hotel cannot be considered a cable operator or distributor, even if that hotel retransmits signals within its premises. Put another way: a hotel simply has no business entering into cable retransmission agreements with CMOs.

» On the question of communication to the public however, the court found that it was clear from previous case law that a hotel that equips rooms and common areas with TV sets and retransmits signals to those sets, commits a communication to the public under the InfoSoc (Reha Training, C-117/15).

The court left the practical question asked in the referral – whether the cable retransmission license that the hotel had already entered into with the CMO should be considered to cover the communication to the public right – up to the national court. But if one was to speculate on the circumstances of the case, it seems likely that the CMO has forced the hotel to enter into a retransmission license, and that the CMO has been paid under that license. Since the CJEU has now clarified that this retransmission license should never have been entered into, it seems reasonable that the hotel should be considered to have already paid for the communication to the public right, or, at the very least, that the payment paid under the retransmission license should be deducted from the payment due to the CMO under the communication to the public license.

In the GEMA case, the eponymous German CMO sought to have the court declare that it was sufficient for the owner of an apartment building to merely install TV sets in the rooms (with individual indoor antennas that could pick up TV signals), without any additional signal distribution carried out by the owner, in order for the owner to be carrying out a communication to the public. However, allowing this act to constitute a communication to the public would, on its face, come perilously close to saying that the 'mere provision of physical facilities for enabling or making a communication' constituted a communication to the public. Where to draw the line?

The court found an interesting – if practically complicated and cumbersome – solution to this difficult question: in order for an act of supplying TV sets with indoor antennas to constitute communication to the public, the referring court would have to determine in every case whether there was a 'new public' residing in those apartments. The court suggested this fact could be established by assessing whether the tenants of the apartments lived there permanently or if the tenants were tourists or other short-term occupants. The argument being that a permanent occupant of an apartment building in a German city is not a new public in the context of transmission of TV programs that include music, but is rather someone who has in licensing theory already been taken into account when the rights have been cleared, while international tourists or perhaps other short-term occupants of the apartments would constitute such a new public which has not been taken into account.

Comment

The GEMA case in particular raises almost as many questions as it answers: How about if half the tenants of the apartment building are permanent residents and the other half tourists or short-term tenants? What if the short-term tenants are nonetheless German, then they are indeed not permanent residents in the apartment, but their potential viewing of the TV program should already have been taken into account in the rights clearing process if the program is nationally broadcast? Is there a threshold number of apartments in order for the obligation to enter into a license with the CMO kicks in?

Only one thing appears certain, there will be more cases on this issue coming from German courts in the future.

Hans Eriksson

The scope of copyright protection for computer programs (CJEU, C-159/23 Sony Computer Entertainment Europe)

Introduction

In this case, the CJEU clarifies the extent of protection that a proprietor is granted under the Directive 2009/24 ('Computer Programs Directive'). The CJEU finds that a protection granted under the Computer Programs Directive essentially covers changes related to the underlying program code. This entails that e.g. changes to the variables stored in the computer's RAM are not considered to infringe the copyright to computer programs. This is a clear limitation of the extent of protection under the Computer Programs Directive which possibly could affect how infringements may be enforced in the future.

Background

As the exclusive licensee for Europe, Sony markets PlayStation consoles and games. Until 2014, Sony marketed, *inter alia*, the PSP console and games intended for the PSP console. A developer of software, Datel, produced software and a device that enabled the PSP console to be controlled by motion and the software worked exclusively with Sony's games. Sony brought an action claiming that the users of Datel's devices and software altered the software which underpins that game in a manner contrary to copyright.

The first instance in Germany upheld Sony's claims in part. However, the second instance dismissed Sony's action in its entirety. This judgment was appealed to the German Supreme Court. The Supreme Court noted that Datel's software did not change the protected computer program's source code or object code, nor did it reproduce said code. However, the court also noted that Datel's software ran at the same time as the protected computer program and changed the content of variables which the protected computer program has transferred to the RAM of that computer. The Supreme Court thus decided to stay the case and referred a couple of questions to the CJEU.

Decision

The CJEU reiterated that under Article 1 of the Computer Programs Directive, a computer program is protected by copyright as a literary work within the meaning of the Berne Convention, provided that it is original in the sense that it is the author's own intellectual creation. The protection covers the expression of the computer program in any form, but not ideas and principles which underlie any element of a computer program, including those which underlie its interfaces.

In previous case law, the CJEU has found that the concept 'expression in any form' of a computer program covers anything that permits reproduction in different computer languages, such as the source code and the object code. Conversely, as the graphic user interface of a computer program does not enable the reproduction of that program it cannot constitute a form of expression in the sense of the Computer Programs Directive. The CJEU has further found that neither the functionality of a computer program nor the programming language and the format of data files used in a computer program in order to exploit certain of its functions constitute a form of expression of a program.

The CJEU held that the protection guaranteed by the Computer Programs Directive is limited to the intellectual creation as it is reflected in the text of the source code and object code, i.e.

the literal expression of the computer program in those codes. The CJEU stated that several aspects could be considered to support such an interpretation. First, the court stated that both Article 1(1) of Computer Programs Directive and Article 10(1) of the TRIPS Agreement stipulates that computer programs, whether in source or object code, are to be protected as literary works under the Berne Convention. Second, such an interpretation is also supported by the preamble to the Computer Programs Directive. Third, the court held that the interpretation is consistent with the objectives pursued by the legal protection of computer programs, i.e., *inter alia*, to protect the authors of programs against their unauthorised reproduction and the distribution of pirated copies of those programs.

The CJEU also referred to recital 10 of the Computer Programs Directive and noted that it states that the function of a computer program is to communicate and work together with other components of a computer system and with users. For that purpose, a logical and, where appropriate, physical interconnection and interaction is required to permit all elements of software and hardware to work with other software and hardware and with users in all the ways in which they are intended to function.

The CJEU noted that Datel's software did not change or reproduce either the object code, the source code or the internal structure and organisation of Sony's software used on the PSP console. Instead, the software in question only changed the content of the variables temporarily transferred by Sony's games to the PSP console's RAM, which was used during the running of the game. Considering this, the CJEU found that the defendant's software did not in itself enable the data program or a part of it to be reproduced. Thus, the CJEU found that the content of the variables was an element of said program by means of which users make use of its features, which is not protected as a 'form of expression' of a computer program within the meaning the Computer Programs Directive. Put in other words, the CJEU held that the content of the variable data transferred by a protected computer program to the RAM of a computer and used by that program in its running does not fall within the protection conferred by the Computer Programs Directive, in so far as that content does not enable such a program to be reproduced or subsequently created.

Comment

In this case, the CJEU provides an additional clarification on how the expression 'in any form' in the sense of the Computer Programs Directive must be interpreted and how this in turn affects the scope of protection granted under the directive. In essence, the CJEU confirms that changes that are not related to the underlying program code of the program does not infringe the copyright under the directive. As this limits the extent of protection, proprietors of copyright protected computer programs may need to look for other legal solutions to enforce possible infringements.

Hans Eriksson and Filip Jerneke

Material reciprocity in copyright (CJEU, C-227/23 Kwantum)

Introduction

In C-227/23, the CJEU reaffirmed its established position that Member States cannot apply material reciprocity to limit the protection of works originating from third countries or authored by nationals of third countries. Instead, as long as a work of applied art satisfies the requirements of a 'work' under Directive 2001/29/EC ('InfoSoc'), copyright protection applies, regardless of the work's origin or the author's nationality. This decision has far-reaching implications for the treatment of non-EU designers within the EU's harmonised copyright framework.

Background

In 2014, a Swiss manufacturer of designer furniture noted that a chain of interior furniture shops in the Netherlands and Belgium was marketing a chair which they considered highly similar to their chair the 'Dining Sidechair Wood' ('DSW'). The DSW, to which the Swiss manufacturer owned the IP rights, was designed as part of a furniture design competition in New York by two nationals of the United States of America.

As a result of the chain of shops' marketing, the manufacturer brought an action regarding copyright infringement in the Netherlands. The first instance dismissed the claim and found that there was no infringement. However, the second instance set aside the judgment of the first instance and found that there was an infringement. This judgment was also appealed.

The Dutch Supreme Court ruled that the case focused on the application and scope of material reciprocity under Article 2(7) of the Berne Convention. Essentially, this article stipulates that works protected in the country of origin solely as designs and models, are to be entitled in another country of the Union established by that convention only to such special protection as is granted in that country to designs and models. Thereby, the article lays down a criterion of material reciprocity. With reference to this, the Supreme Court stated that, *inter alia*, the question of whether the Member States themselves may determine if they will disapply that criterion with respect to a work the country of origin of which is a third country and the author of which is a national of a third country arose. Thus, the Supreme Court declared a stay of proceedings and referred several questions to the CJEU.

Decision

It follows from Article 1(1) of InfoSoc that the directive concerns the legal protection of copyright and related rights in the framework of the internal market. The scope of InfoSoc is not defined in accordance with the criterion of the country of origin of the work or the nationality of the author. Instead, InfoSoc applies to all works and other subject matters that meet the criteria for protection, i.e. the subject matter must be original in the sense that it is the author's own intellectual creation, and the subject matter must reflect and express the author's own intellectual creation.

The CJEU clarified that any claim for copyright protection of applied art marketed within a Member State falls within the scope of EU law, as long as the subject qualifies as a 'work' under InfoSoc. Hence, as the main proceedings concerned an action brought before the Netherlands court and the claimant has claimed copyright protection in Netherlands and Belgium, the CJEU concluded that InfoSoc was applicable.

Next, the CJEU examined questions two, three and four together. In essence, these questions concerned whether Articles 2(a) and 4(1) of InfoSoc, read in conjunction with Article 17(2) and Article 52(1) of the Charter, must be interpreted as precluding Member States from applying the criterion of material reciprocity in respect of a work of applied art of which the country of origin is a third country and the author is a national of a third country as stipulated in the Berne Convention.

In this assessment, the CJEU initially stated that there are no conditions relating to the country of origin of the work in question or to the nationality of the author of that work in InfoSoc. The scope of InfoSoc, instead, covers all the works for which protection is sought in the territory of the EU, irrespective of the country of origin of those works or the nationality of their author. The CJEU also noted that the objectives in the InfoSoc would be disregarded if only works originating in a Member State or from an author of which is a national of a Member State were protected. Thus, the CJEU found that Articles 2(a) and 4(1) of InfoSoc applies to works of applied art originating in third countries or the authors of which are nationals of such countries.

Further, the CJEU held that the application of the criterion of material reciprocity by a Member State would both be contrary to the wording of Articles 2(a) and 4(1) and undermine the objectives of InfoSoc. This is because the application of the criterion of material reciprocity would entail that works of applied art originating in third countries could be treated differently in different Member States. In addition, the CJEU noted that IP rights are protected under Article 17(2) of the Charter and that any limitation on the exercise of those rights must, in accordance with Article 52(1), be provided for by law. The application of the criterion of material reciprocity by a Member State may be considered to constitute such limitation and the court thus found that such limitation must be provided for by law.

In cases where EU law harmonises copyright, the EU legislature alone shall determine whether the grant in the EU of that copyright should be limited in respect of works the country of origin of which is a third country or the author of which is a national of a third country, not the national legislature. With reference to this and the adoption of InfoSoc, the CJEU noted that the Member States no longer are competent to implement the relevant provisions of the Berne Convention. The court then stated that the list of exceptions and limitations in Article 5 of InfoSoc to the exclusive rights provided for in Articles 2 to 4 of that directive is exhaustive. Consequently, the court noted that Article 5 does not contain any limitation similar to that of the criterion of material reciprocity in the Berne Convention. Hence, the CJEU found that Article 2(a) and Article 4(1) of InfoSoc precludes Member States from applying the criterion of material reciprocity as stipulated in the second sentence of Article 2(7) of the Berne Convention in respect of a work of applied art of which the country of origin is a third country and the author is a national of a third country.

Finally, regarding the fifth question, the CJEU stated that Article 351 of the Treaty of the Functioning of the EU ('TFEU') regulates that the rights and obligations arising from agreements concluded before 1 January 1958 between one or more Member States on the one hand, and one or more third countries on the other, are not to be affected by the provisions of the Treaties. In case law, the CJEU has held that the Berne Convention displays the characteristics of an international agreement for the purposes of Article 351 of TFEU. However, the court found that Member States no longer may

avail themselves of the option of applying the criterion of material reciprocity referred to in the second sentence of Article 2(7) of the Berne Convention, even though that convention entered into force before 1 January 1958. Article 351 of TFEU thus does not permit a Member State to apply the criterion of material reciprocity.

Comment

The decision is an important clarification of the possibility of copyright protection to works of applied art that are designed in or by nationals from non-EU countries. As EU law harmonises copyright, national legislators in the Member States are no longer competent to implement any limitations regarding the protection of works based on material reciprocity. Thus, this entails that all works of applied art that meets the conditions for protection in InfoSoc are copyright protected in the Member States, irrespective of the country of origin of those works or the nationality of their authors.

For practitioners and stakeholders, the judgment underscores the need to align national practices with EU law. It also highlights the importance of InfoSoc as the definitive framework for copyright protection in the EU, ensuring consistency and fairness in a globalised market.

Wendela Hårdemark and Filip Jerneke

Rules on private copying compensation have direct effect (CJEU, C-230/23 Reprobel)

Introduction

In November, the CJEU clarified that Article 5(2)(a) and (b) of Directive 2001/29/EC ('InfoSoc') has direct effect and can prevent the application of national legislation.

Background

Reprobel, a Belgian collective rights management organisation representing 15 member organisations of authors and publishers, brought an action in December 2020 against Copaco (a company selling copiers and scanners). Reprobel claimed that Copaco should pay invoiced compensation for private copying (hereinafter private copying compensation) for the period November 2015 – January 2017, calculated on a flat-rate basis. The flat-rate compensation was contested because it failed to reflect the actual harm suffered by rightsholders, as required under EU law. The system lacked mechanisms for correcting overcompensation, such as refunds, which led to concerns that the compensation collected exceeded the actual damage incurred. Copaco disputed the payment obligation, referring to the CJEU judgment in case Hewlett-Packard Belgium (C-572/13), which had invalidated the Belgian flat-rate compensation, and argued that Article 5(2)(a) and (b) of the InfoSoc had direct effect. Reprobel opposed Copaco's argument and further claimed that Copaco could not invoke provisions of the InfoSoc against Reprobel because Reprobel was a private-law organisation, not a state entity.

The Belgian court in Ghent stayed the case and referred five questions to the CJEU. This article focuses primarily on questions 4 and 5,

which dealt with whether Article 5(2)(a) and (b) of the InfoSoc can have direct effect.

Decision

The CJEU explained that when a directive's provision is clear, precise, and imposes a specific obligation, a national court can apply it directly. This applies if the directive has not been implemented on time or has been implemented incorrectly in national law. To meet the criteria, the provision must unambiguously impose a clear obligation on a Member State to achieve a specific result. Three aspects are considered in this assessment: i) the parties protected by the provision, ii) the content of the protection, and iii) who is responsible for granting this protection.

Regarding Article 5(2)(a) and (b) of the InfoSoc, the CJEU found that it aimed to protect rightsholders. Although Member States were not obliged to introduce exceptions for private copying, they were required to provide reasonable compensation to authors who suffer harm from the application of such exceptions and, when designing such systems, consider the conditions for compensation structures and levels. Referring to earlier case law in Hewlett-Packard Belgium, the CJEU held that such a condition, in a system combining pre-determined flat-rate compensation and proportionate compensation determined afterward, requires that the fee collected essentially reflects the actual damage suffered by the rightsholders. To meet this condition, such a system must include mechanisms, including refunds, to correct any overcompensation. Article 5(2) was thus deemed unconditional and sufficiently clear, and the Belgian implementation of the provision was found to be inadequate.

The CJEU therefore concluded that Article 5(2)(a) and (b) of the InfoSoc must be interpreted as having direct effect. An individual may invoke this article to avoid the application of national provisions that require individuals to pay private copying compensation if the national provisions have not correctly implemented the directive. Copaco was therefore entitled to invoke Article 5(2) of the InfoSoc directly against Reprobel.

Comment

In Sweden, an exception for the reproduction of copies for private use has been introduced through Section 12 of the Copyright Act (implementing Article 5(2)(b) of the InfoSoc). This exception includes a right to compensation for authors, known as private copying compensation, further regulated in Sections 26 k-m of the Copyright Act. The Swedish Government is currently working on updates in the legislation based on the reports Private Copying Compensation for the Future (SOU 2022:20) and Limitations in Copyright (SOU 2024:4). The former report discussed the need to introduce formalised rules on refunds for paid private copying compensation in the Copyright Act. At the time, the report concluded that such a need did not exist, but it cannot be ruled out that this position will change in light of the CJEU's clear stance that it is necessary for a private copying compensation system to include a right to refund compensation collected incorrectly to finance such payments.

Wendela Hårdemark

Conditions for ex parte decision (PMCA, PMÖ 10383-24)

Introduction

This judgment deals with the conditions for an *ex parte* decision to be issued in the event of an alleged copyright and trade secret infringement. The PMCA finds that there is no reason to make an exception to the general rule that the opposing party must be heard.

Background

The case concerns a former employee accused of copying a substantial number of files from the employer's IT system during the notice period. The files, alleged to contain copyrighted material and trade secrets, were primarily copied to USB sticks, enabling continued access to the material post-employment. Upon being confronted, the employee returned the USB sticks. However, the employer argued that it was impossible to verify whether the files had been further copied to other storage media. It was also alleged that the data had been manipulated prior to returning the USB sticks.

Therefore, the employer requested that the court should issue the preliminary injunction *ex parte*, i.e. without hearing the employee, as there was an imminent risk of sabotage. The sabotage was said to occur by, *inter alia*, enabling the former employee to make further copies of the material and trade secrets, to convert them into different formats, to make commercial decisions based on the material and trade secrets, and to contact the customers, suppliers and other parties included in the material and trade secrets. It was further alleged that the material and the value of the trade secrets quickly would be undermined if it was to continue to be used before the court had decided on a preliminary injunction, and thus it was claimed that delay in issuing the injunction would cause irreparable harm.

The PMC rejected the request, holding there were no sufficient reasons to bypass the principle of hearing the opposing party. The decision was subsequently appealed to the PMCA.

Decision

The PMCA reaffirmed that preliminary injunctions for copyright or trade secret infringements should not be granted *ex parte* unless there is a clear and present risk of irreparable harm caused by the delay. For such exceptions, a *qualified risk of sabotage* must be demonstrated, where urgency is paramount.

The court emphasised:

» Allegations of risk are insufficient. Circumstances must show that the opposing party could immediately act to jeopardise the applicant's rights if notified.

» Proportionality must be considered, balancing the applicant's urgency against the inconvenience to the opposing party.

The PMCA found the claimant's arguments unconvincing. Specifically, the return of the USB sticks and the lack of further evidence rebutted claims of imminent risk of sabotage. Consequently, the appeal was dismissed.

Comment

This judgment reinforces the principle that the opposing party must be heard unless there are valid and substantiated reasons to deviate. Even in cases involving digital information – often perceived as easy to delete or manipulate – the court requires clear evidence of sabotage risk. Here, the return of the USB sticks and the absence of additional evidence undermined the claimant's case for an *ex parte* injunction.

Wendela Hårdemark and Filip Jerneke

IPTV as the new front in online piracy (PMCA, PMB 13963-23, PMB 5652-23, PMB 14039-23 and PMB 317-24)

Introduction

In recent years, following the demise of Pirate Bay and P2P (peer-to-peer) filesharing, IPTV – online services whereby TV broadcasts or movies are streamed to customers through a paying subscription service with dedicated hardware (an IPTV box) – has exploded in popularity. This new frontier in online piracy has presented Swedish authorities with a host of legal challenges, and in record time, illegal IPTV networks have become one of the big focus areas for Swedish IP prosecutors' and the Swedish broadcasting industry alike.

During 2024, no less than four judgments were handed down concerning illegal IPTV networks by the PMCA, and one of those cases has been granted leave to appeal to the Supreme Court. These judgments sketch out a fuller picture of the (il)legality of IPTV services, and the stiff sentences and high damages awarded in these cases will hopefully serve as a deterrent in the future. These cases have dealt with a number of interesting questions related to copyright, including the distinction between copyright infringement of individual works (movies) and infringement of the TV companies' signalling right to broadcasts (signalling right), in the context of IPTV, which has been shown to have a perhaps surprisingly significant impact on the compensation awarded to rightsholders.

PMB 14039-23

Under Section 48 of the Copyright Act, TV companies have an exclusive right to dispose of their broadcasts, the so-called signalling right. When such TV broadcasts (commonly live sporting events or other premium content) are pirated and retransmitted through an illegal IPTV network without payment to the TV companies, this right is violated and the rightsholder can demand compensation.

In this case, the court found that the two defendants had run a large-scale illegal IPTV network whereby they had provided the technical means to retransmit television signals in violation of the TV companies' signalling right. The court found that the number of users of the illegal IPTV network had been significant and that it had been going on for an extended period of time, i.e., that it was a crime of significant scale. Furthermore, the criminal activity had been conducted in an organised, business-like manner and generated substantial revenue as well as being the perpetrators' main source of income. The offences resulted in stiff prison sentences for the two defendants.

As for the TV companies' compensation, the court found that this compensation should be calculated based on the subscription fee which would have been paid to the TV companies for the pirated TV channel packages. This method of calculating compensation is different from calculating damages for infringement of individual film works under the Copyright Act, where a reasonable compensation model is instead used, based on a hypothetical licensing fee. Since the TV companies were able to show that the subscription fees for the pirated TV channel packages were high, the court awarded significant compensation of SEK 114 million (about € 10 million) against the defendants.

PMB 5652-23 and PMB 13963-23

These cases concerned infringement of individual film works illegally made available over an IPTV network.

PMB 5652-23 raised interesting questions regarding compensation levels for the rightsholders (movie studios) in cases where the pirated content had only been made available for a limited time. Regarding short-term infringements the court found that there is no reason to doubt that the act of disclosure itself should be given great importance in the determination of fair compensation and that the greatest loss of income occurs at the beginning of an infringement. At the same time, if a movie is only made available for a brief period, fewer members of the public have the opportunity to view the movie than if the movie is available for a longer period. Due to the lower possible viewer count, the court ruled that the compensation for two movies which had only been shown to have been available for two days would be significantly less than the compensation for the movies that had been available for an extensive period. For the two short-term infringements, the injured party received SEK 5,000 respectively SEK 15,000. In comparison, for the long-term infringements, where the film works had been made available for 1 year and 8 months, a compensation between SEK 84,000 and SEK 162,000 for each work was awarded.

In PMB 13936-23, the rightsholders in film works made illegally available over an IPTV network had structured their claims for compensation to include claims for so-called non-pecuniary damages under Section 54 of the Copyright Act.

The court found that awards for such non-financial damages have historically primarily been awarded in cases where a copyright infringement causes a natural person discomfort and inconvenience, but that in theory nothing in the Copyright Act precludes a legal person from claiming such damages. However, the court found it highly unlikely that this type of copyright infringement would cause any personal discomfort that requires compensation, not

even for a natural person and much less so for a legal person. Thus, the court considered that it was too far-fetched for a legal entity to be considered to have suffered non-financial damage through an infringement of copyright protected work in the context of an illegal IPTV service. The defendant appealed and a partial leave of appeal has been granted by the Supreme Court as concerns the issue of non-pecuniary damages under the Copyright Act.

PMB 317-24

In this case, the court took the opportunity to opine on the application of contributory copyright infringement in the context of illegal IPTV networks.

The defendants in this case had sold subscriptions to IPTV broadcasts via their website, social media and email address, using a limited liability company, and had sold subscriptions to the illegal retransmissions as well as provided customer support. The defendants were not responsible for the infringement of signalling right through the IPTV service themselves, but were considered to have had full knowledge of the broadcast's illegality and were held responsible through an application of the principle of contributory copyright infringement.

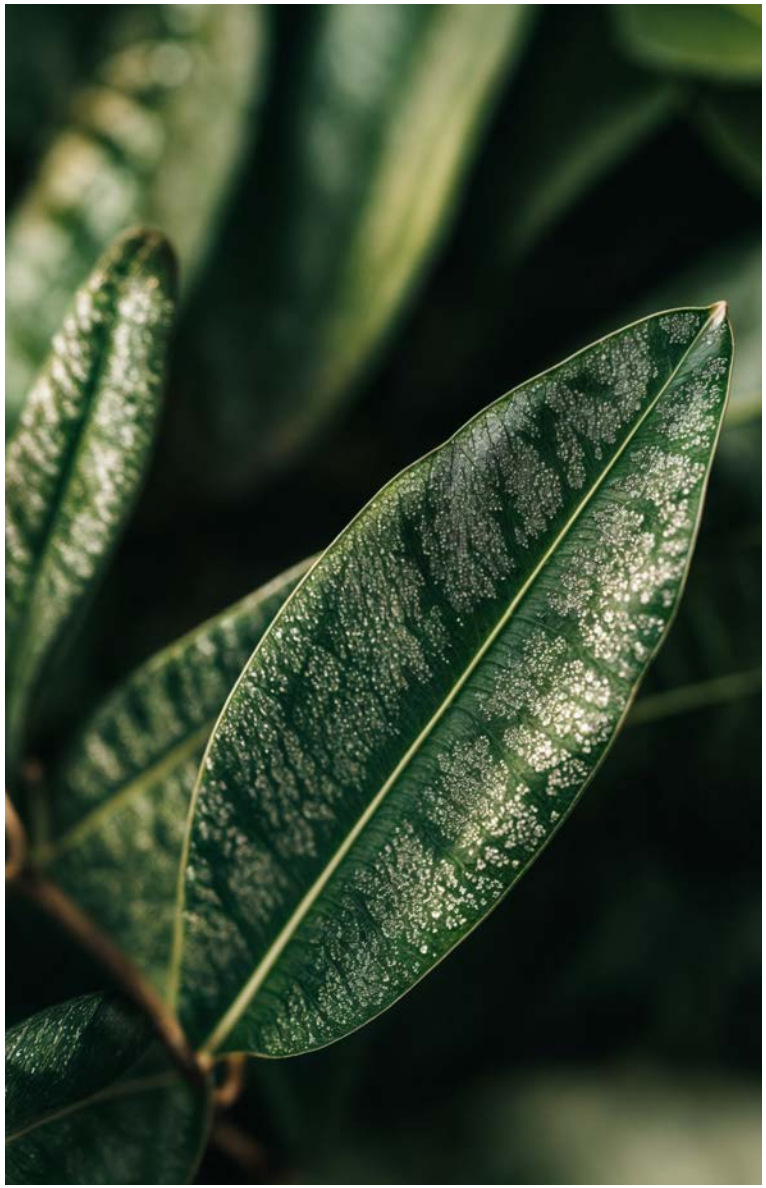
Comment

These four judgments show that Swedish authorities take online piracy seriously and should serve as a stern reminder to all parties involved in providing illegal IPTV networks of the criminal risks involved.

As is evident from these decisions, the method for calculating compensation in cases of signal right infringement of TV companies' broadcast rights, as compared to the calculation of compensation

in cases of infringement of movie studios' copyright property in individual film works, leads to wildly different results with much higher awards in cases of infringement of the signalling right. This outcome seems hard to justify and raises questions of equity legal certainty that future cases may have to answer.

Hans Eriksson, Simon Fredriksson and Angelica Kaijser



Media law

General introduction

2024 saw two important press freedom cases decided by the Supreme Court. In these cases, the court tried to delicately balance the interests of a free and vibrant press with the public's interest in investigating and prosecuting criminal offences. These judgments answer many questions, but also raise some new ones, for example how to prosecute journalists' violations of the ban against photography in the court room, if the digital memory card cannot be seized as part of the investigation.

The seizure of the memory card (Supreme Court, B 2927-23)

Introduction

Under the Code of Judicial Procedure, photography in or into the courtroom is prohibited during court sessions, unless otherwise provided by law. In this case, the Supreme Court clarifies how the seizure of journalistic material, in order to investigate suspected violations of the ban on photography, relates to the constitutional provisions of the Fundamental Law on Freedom of Expression, and in particular the provisions on freedom to procure information and the ban on other obstructive measures. According to the Supreme Court, the seizure at issue was in conflict with the constitutional ban on obstructive measures. The Supreme Court's conclusion and reasoning might have the effect that the police and prosecutor are tied up and effectively deprived of the opportunity to investigate and possibly prosecute journalists who are suspected of having breached the ban on photography in or into a courtroom.

Background

In connection with a main hearing in Attunda District Court, the Swedish Police Authority decided to seize a memory card in a camera, belonging to a photographer at a media company. The photographer was suspected of having violated the ban on photography in or into a courtroom, and the seizure was made since the information on the memory card could be relevant to the investigation of the suspected crime. The media company appealed the decision, first to the District Court, which found that the decision was legally founded, then to the Court of Appeal, which decided to cancel the seizure.

The media company argued that the seizure was in conflict with certain constitutional provisions of the Fundamental Law on Freedom of Expression; the freedom to procure information, which means that everyone is free to procure information for the purpose of communicating or publishing it in programmes or through technical recordings, and the ban of obstructive measures, which means that it is not permitted for an authority or any other public body to prohibit or obstruct the production, publication or dissemination to the public of a programme or technical recording on the basis of its content, unless the measure is supported by the Fundamental Law on Freedom of Expression. Both the District Court and the Court of Appeal considered that the ban on photography in or into a courtroom refers to the method of acquisition. Since it follows from the Fundamental Law on Freedom of Expression that the freedom to obtain information does not prevent the law from prescribing liability and compensation obligations relating to 'the manner in which' information has been obtained and that the method of obtaining information is thus not protected by the Constitution, the seizure was therefore not in conflict with the provision on freedom to procure information. However, the Court of Appeal held, unlike the District Court, that the seizure conflicted with the ban on obstructive measures. The prosecutor appealed the decision to the Supreme Court, which granted leave to appeal.

Decision

Initially, the Supreme Court found, like the lower instances, that the conditions for seizure were fulfilled. The Supreme Court then found, also like the lower instances, that the seizure was not in conflict with the freedom to procure information. The Supreme Court noted that the ban on photography in or into a courtroom specifically refers to the method of procuring information and that

what is penalised by the ban on photography in or into a courtroom is solely the method – not what is depicted in the pictures. In this regard, the Supreme Court noted that nothing according to the Fundamental Law on Freedom of Expression prevents provisions on liability relating to 'the manner in which' information has been procured and that the method of procuring information is therefore not protected by the Fundamental Law on Freedom of Expression.

The Supreme Court however then found that the seizure was made in order to examine the contents of the memory card in order to find evidence that filming had taken place in the courtroom and that the seizure, which was thus made on the basis of the contents, had the effect of preventing the media company for a certain period of time from producing, publishing and distributing the information contained on the memory card in a programme or in a technical recording, and that the media company was deprived of the possibility to decide whether to publish the material during that period. Since there is no support in the Fundamental Law on Freedom of Expression for implementing such a measure, the Supreme Court therefore concluded that the seizure was in conflict with the ban on obstructive measures.

Comment

One of the aims of the ban on photography is to provide safety for all parties concerned by court proceedings. In order to achieve such safety, consideration has been given to the advantages and disadvantages of, for example, media being able to document what happens in connection with proceedings. An overall assessment of various considerations has led to the conclusion that it should not be permitted to create certain visual material from a courtroom, such as photographs.

In practice, the Supreme Court's decision appears to cause great difficulties for the police and prosecutor to investigate breaches by journalists of the ban against photography in or into a courtroom and creates something of a catch-22 situation, since the possibility to investigate a suspected breach by a journalist of the ban on photography in or into a courtroom can easily be prevented by a claim from the journalist and or his/her employer that a seizure of the memory card on which pictures have suspectedly been taken in conflict with the ban on photography in or into the courtroom would in an unconstitutional manner prevent them from producing, publishing and disseminating material and deprive them of the possibility to decide whether to publish the material. This is especially so since there is likely no legal ground for the investigating police and prosecutor to dismantle such arguments from journalists and media companies by instead using the rules on seizure to just make a copy of the content on the memory card.

Felicia Taubert and Stefan Widmark

The balance between freedom of the press and the prosecution of criminal offences (Supreme Court, Ö 1737-24)

Introduction

In this criminal case, the Supreme Court deals with complicated questions regarding the conditions for ordering media companies, during a preliminary investigation, to disclose films and photographs from news coverage of an event where a crime is suspected to have occurred.

Background

During a demonstration in 2023 in Malmö, a Quran was set on fire. As a result, riots broke out the same night in parts of Malmö. These riots were filmed and photographed as part of several media companies' news coverage.

As a consequence of the riots, a preliminary investigation was initiated into, *inter alia*, sabotage of emergency service activities, arson and gross arson. Within the framework of this preliminary investigation the investigators asked the media companies to promptly disclose their footage from the riots.

Following a negative response from the media companies, the prosecutor requested the production of the footage by way of a court decision. However, the District Court rejected the request. The Court of Appeal subsequently upheld the District Court's decision.

The media companies appealed to the Supreme Court. Since the Court of Appeal's decision, several people had been prosecuted and subsequently convicted. Nevertheless, the investigation was still ongoing and there were still people who had been charged as suspected on reasonable grounds for involvement in criminal offences during the riot. Furthermore, it was considered that the footage could also be used to identify unidentified perpetrators. Thus, the question considered by the Supreme Court was limited to whether the footage could be disclosed in light of the criminal suspicions that were subject of the still ongoing preliminary investigation.

Decision

Initially, the Supreme Court concluded that the rules regarding provision of documents and provision of objects are substantially the same in all material respects. Hence, the Supreme Court held that both provision of documents and provision of objects requires that the material requested must be limited and identifiable as well as that it can be assumed to be relevant as evidence.

Where these circumstances are present, the court must balance the applicant's interest in obtaining the document/object requested against the holder's interest in not providing it. The Supreme Court emphasised that factors that should be considered in this balancing of interests are the evidential value of the object and the seriousness of the suspected crime. On arguments against provision of journalistic material, the court noted that the provision thereof in such a situation constitutes an interference with the freedom of the press, which in turn may affect the general conditions under which the press gathers information and carries out its work. With reference to this, the Supreme Court concluded that media companies in general have a legitimate and strong interest in not disclosing material, and this applies in particular when it comes to material where there is a journalistic right and obligation not to disclose the source of information.

Subsequently, the court held that there are exceptions to the obligation to provide documents or objects. As an example, the court mentioned

the confidentiality obligation stipulated in the Freedom of the Press Act and the Fundamental Law on Freedom of Expression. The confidentiality obligation protects the identity of press sources and is therefore part of the freedom to communicate information. However, there are certain situations in which this obligation of confidentiality must be overridden. As an example of such a situation, the court mentioned the case where, for reasons of public or private interest, it is of particular importance that information about an identity is disclosed in the course of the examination of a witness or of a party under oath.

Further regarding provision of documents or objects during the preliminary investigation, the Supreme Court noted that, as a general rule, the preliminary investigation must have progressed to the point where someone is a reasonable suspect.

In the present case, the court concluded that the requested material could be relevant as evidence, and it was also considered to be identified with a sufficient degree of precision. In addition, the court found that the protection of sources did not prevent the disclosure of the requested material.

As a result, the question was whether the media companies' interest in not disclosing the material still outweighs the prosecutor's interest in having access to it. The Supreme Court began by stating that the interest of freedom of the press is important, and even occasional interventions can have wider implications. In this case, the material in question has been created for publicity reasons and the media companies have a legitimate and strong interest in not having to disclose such material.

By way of counterbalance, the court noted that the preliminary investigation concerned serious offences against both individuals

and important functions of society. The Supreme Court also concluded that the public interest in investigating and prosecuting offences is strong. In addition, the court held that the material in question typically is the kind of evidence that is central in criminal investigations such as the one at issue in this case. Also, it was established by the court that the request did not relate to parts of the material that included information about persons who enjoy anonymity protection or was otherwise covered by the duty of confidentiality and that a decision on the request was therefore not affected by the rules regarding protection of sources behind journalistic material. However, the court noted that the prosecutor's request for disclosure of evidence in the present case concerned extensive image and film material with a broad definition in time and space. The court also noted that the specific offences that remained to be investigated had not been specified – not in terms of time or place, or in any other way. The objective of identifying additional perpetrators could not be considered as specific criminal suspicions.

With reference to this, the Supreme Court concluded that it was not possible to decide whether all or only small parts of the requested material were relevant for further investigation. Considering this, the Supreme Court found that it was not possible to assess the interest in investigating and prosecuting further suspected offences if such were not specified further. Hence, the Supreme Court rejected the appeal, and the material did not have to be provided.

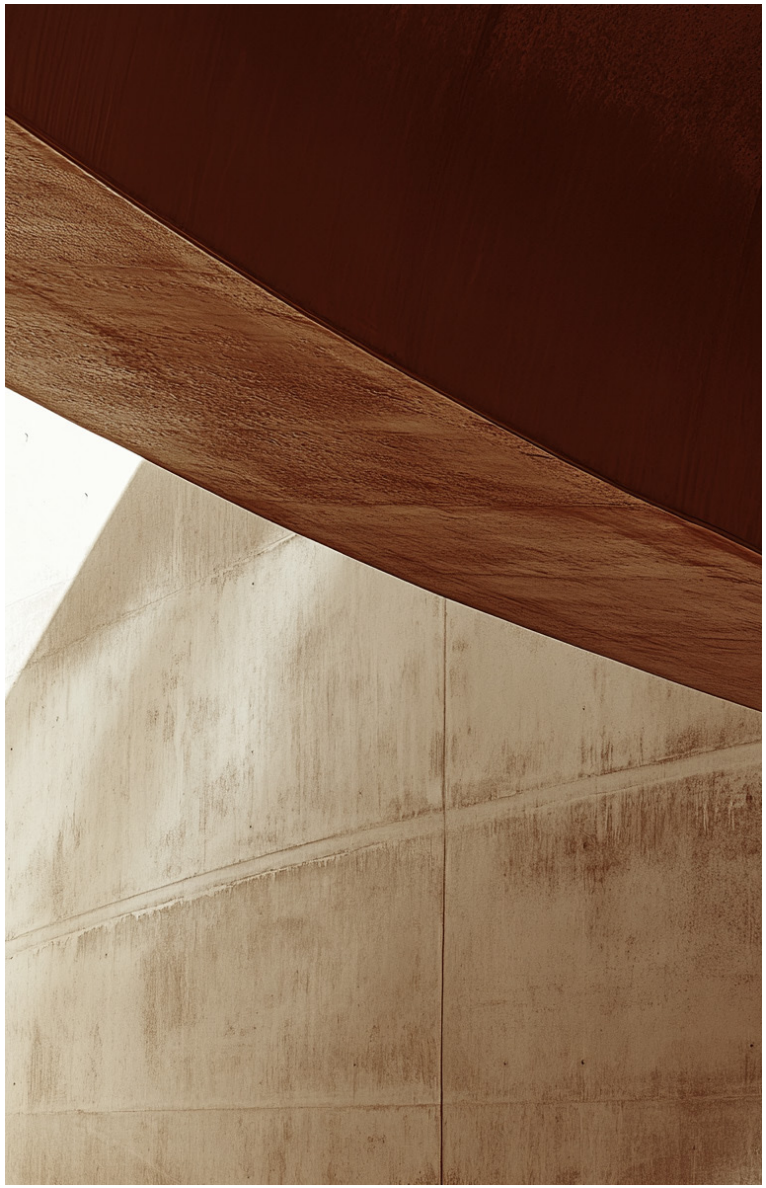
Two of the judges were of a dissenting opinion. These dissenting judges held that the information provided on the suspected offences was sufficient to make a balance of interests. As a result, the judges concluded that the prosecutor's interest in obtaining the material was significant, particularly considering the gravity of the offences

against individuals. Further, the judges noted that provision of the material would not entail the revealing of any particular journalistic practices or similar. Thus, the dissenting judges held that there were no obstacles to the provision of the material.

Comment

The most interesting question in this case is the balance of, on the one hand, the freedom of the press and, on the other hand, the public interest in prosecuting criminal offences. From the judgment, it can be deduced that there is no general obstacle against journalistic material being made subject of an order to provide material. It also appears that a balance must for such material be struck between on the one hand the media's fundamental interest in not having to provide material that it has collected for publicizing purposes and on the other hand the public interest in such material being provided to facilitate the investigation and prosecution of serious crimes and the use of such material as evidence. This puts a limit on provision of such material to situations where this is strongly motivated; a prosecutor who requests provision of material has the burden to specify clearly which part of the material that the request relates to and which type of crime that is being investigated. There is no right for prosecutors to routinely and in an unspecific manner request material from media companies for general purposes of identifying potential criminal acts. In our view, this is a highly reasonable balancing of interests.

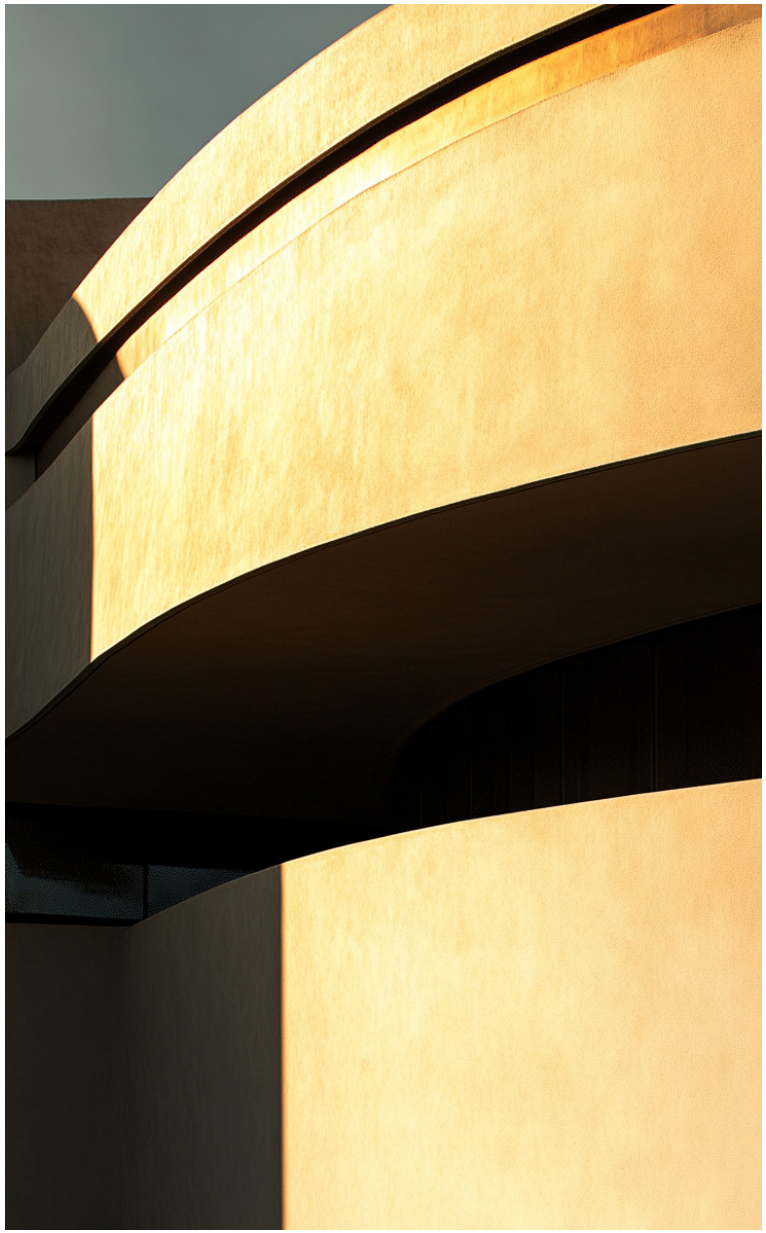
Filip Jerneke and Stefan Widmark



Marketing law

General introduction

While the new Green Claims Directive has yet to be adopted, rules on green claims have entered into the field of marketing law during 2024. The new Directive 2024/825/EU ('EmpCo Directive') on empowering consumers for the green transition came into force on 27 March 2024. The EmpCo Directive amends, *inter alia*, the Directive 2005/29/EC ('Unfair Commercial Practices Directive'), including introducing a rule that environmental claims relating to future environmental performance without the necessary support shall constitute misleading omissions.



The ICC Advertising and Marketing Communications Code has also been updated during 2024, with amendments and updates covering influencer marketing, AI generated marketing, environmental claims and rules on marketing directed towards children and teens etc. It remains to be seen how the updated ICC Code will affect what the courts consider to be 'good marketing practices' in the future.

One of this year's notable judgments is the CJEU's judgment in Aldi Süd (C-330/23) on the concept of 'prior price' in relation to price reductions. The CJEU clarified that when promoting a price reduction by using percentages or promotional language, such price reduction must be based on the 'prior price'. The Swedish Consumer Agency has also focused on price information during 2024, conducting a review of the compliance of the market's communication on prices (in addition to a review that was conducted during 2023). Communication on pricing thus appears to continue to be a hot topic also in 2025.

Prior price will be the basis for price reductions (CJEU, C-330/23 Aldi Süd)

Introduction

Price indications, price information and consumer protection are ever-topical subjects. As applicable legislation is clarified, so are the obligations for businesses. Price information is regulated by Directive 98/6/EC on consumer protection in the indication of the prices of products offered to consumers ('Price Indication Directive'), which is implemented in Sweden through the Price Information Act. From 2023 onwards, there is a mandatory obligation for companies to present the prior price in close connection with the current price. The prior price should be the lowest price during a period of 30 days prior to the current price. In this recent case from the CJEU, the court finds that the prior price should serve as the basis for the calculation of the reduction in advertisements conveying a price reduction. This judgment therefore serves as a welcomed clarification on how price information should be presented in relation to price reductions.

Background

A German consumer association filed a claim against a German grocery store group's marketing. The marketing in question was a part of the group wide weekly marketing and concerned bananas and pineapples. The advertisements were presented in the following way:

C-330/23, p. 12.

The advertisement for bananas presented a 23% reduction although the reduced price was in fact the same price as the lowest price during the 30 days prior. Regarding the bananas, the reduced price was in fact higher than the prior price, but the price was still presented as a reduction. This, the consumer association argued, negatively impacted consumers' interests and constituted unfair marketing. The referring court therefore asked the CJEU whether Articles 6a(1) and 6a(2) of the Price Indication Directive should be interpreted as meaning that a reduction in the form of a percentage and other advertisements intended to emphasise a price reduction should be based on the prior price within the meaning of Article 6a(2).

Decision

According to Article 6a(1) any announcement of a reduction shall also indicate the prior price. The concept of prior price is defined in Article 6a(2) as the lowest price applied by the trader during the period not shorter than 30 days prior to the application of the relevant price. The court began by stating that the wording of Articles 6a(1) and 6a(2) do not clarify how a price reduction should be presented and calculated. According to the recitals of the Price Indication Directive, the purpose of the directive is to enhance consumer information and to simplify price comparisons. The court also discussed the European Commission's notice from 2021 regarding the Price Indication Directive where it was stated that the purpose of the directive is to prevent traders from deceiving the consumer by increasing the price charged before announcing a price reduction and thus displaying false price reductions.

On that basis, the court discussed that an interpretation of Article 6a(1) where it would be sufficient to only present the prior price next to a price reduction without calculating the reduction based on that prior price would undermine the purpose of the Price

Indication Directive. The court therefore held that, in order to be compatible with the purposes and objectives of the Price Indication Directive, an advertisement with a price reduction must be calculated on the basis of the previous price as defined in Article 6a(2).

Comment

This case clarifies an important aspect of how companies should disclose price information in relation to price reductions. The reduction in the form of a percentage or other reductions should be based on the prior price as defined in Article 6a(2). This might indicate a shift whereby the original price becomes less important in relation to the prior price. However, there are still situations where the regular price may be different from the prior price as defined in Article 6a(2) but where there may still be an interest in showing both.

Both the European Commission and the Swedish Consumer Agency have issued guidance on how the rules regarding price information should be interpreted for such a situation. Based on these, the European Commission and the Swedish Consumer Agency appear to hold diverging views on whether it is in such situations legal to display the regular price in addition to the prior price as defined in Article 6a(2). The Swedish Consumer Agency states that no other price information should typically be provided in addition to the prior price. The European Commission, on the other hand, is of the opinion that Article 6a does not prevent a seller from indicating other reference prices when announcing a price reduction, provided that such additional reference prices are clearly explained, that they do not create confusion and do not detract the consumer's attention from the indication of the 'prior' price in accordance with Article 6a.

From a practical perspective, risk avert companies targeting Sweden with their marketing should of course consider following the Swedish Consumer Agency guidance, as the agency can take action against unfair marketing on its own initiative, through the Swedish Consumer Ombudsman. However, we deem that there are strong arguments as to why the European Commission's guidance is more clearly anchored in the wording of both the directive and the Swedish Marketing Act. Thus, if it is important to also indicate other reference prices, such as the regular price, when announcing a price reduction, we are of the opinion that this could be done in a manner that would by Swedish courts be deemed to be in line with the relevant Swedish legislation.

Angelica Kaijser and Stefan Widmark

CJEU clarifies the concept of average consumer under the Unfair Commercial Practices Directive (CJEU, C-646/22 Compass Banca)

Introduction

In this case, the CJEU nuanced existing principles in relation to the interpretation of the term 'average consumer' in the Directive 2005/297 EC concerning unfair business-to-consumer commercial practices in the internal market ('Unfair Commercial Practices Directive'). The question the CJEU had before them was whether the term 'average consumer' should not only refer to *homo economicus* but also include new theories regarding that consumers often act without having all necessary information and therefore make irrational decisions. The CJEU stated that the term 'average consumer' is an objective criterion meaning that it is well informed and reasonably observant. Consequently, neither a more nor less informed consumer will meet the definition of an average consumer.

Background

An Italian bank offered personal loans to consumers on the Italian market. Along with the loan offer, the bank offered insurance covering certain risks that did not need to be linked to the loan. Although obtaining the insurance was not a requirement to sign the loan, the services were offered together, in such a way that the consumer was led to believe that it was not possible to sign the loan without also agreeing to the insurance, so called framing. The Italian competition authority launched an investigation in autumn 2018 to determine whether this business practice was unfair under the Unfair Commercial Practices Directive. The competition authority subsequently brought an action against the bank for unfair marketing in relation to the offer of personal loans with insurance.

The referring court therefore sought clarification as to whether the concept of the average consumer gives any importance to the theory of 'bounded rationality'; that consumers often act without having all the necessary information and therefore take irrational decisions, as opposed to the idea of *homo economicus*. The question in this case relates to when the consumer is exposed to framing. The CJEU also had to take a stand as to whether framing is considered an aggressive business method under the Unfair Commercial Practices Directive.

Decision

The court began by considering whether the concept of the average consumer is not a *homo economicus* but also includes the theory of bounded rationality, i.e. that a consumer's ability to make decisions depends on the number of stimuli received and the ability to remain attentive over time and to memorise all the information received. The question was thus asked on the basis that a consumer is not only reasonably well-informed and reasonably observant but also considering that an individual's decision-making capacity is affected. The court began by stating that recital 18 of the Unfair Commercial Practices Directive recognises that the impact of commercial practices must be assessed on a 'notional, typical consumer'. Furthermore, the CJEU has previously stated that the average consumer is an objective concept and independent of the concrete knowledge that the consumer in question may have and possesses. Consequently, neither a more nor a less informed consumer fulfils the criterion of being an 'average consumer'.

However, the court emphasises that the concept average consumer is not static and that it remains for the national courts to determine the average consumer's reaction in each case. The court stated that Article 7 of the directive requires the trader to provide the consumer with all the information necessary for him to take an informed decision, considering information which is reasonably available to all consumers including all relevant social, cultural and linguistic factors. Therefore, the well-informed nature of the average consumer

does not preclude a commercial practice from altering the economic behaviour of the consumer due to the consumer's lack of information.

As regards the other questions concerning whether the commercial practice framing is to be regarded as aggressive or misleading under the Unfair Commercial Practices Directive, the court began by recalling that the commercial practices which are always to be regarded as unfair are set out in the complete and exhaustive list in Annex 1, and that framing is not included. The court further found that the commercial practice was not aggressive, as it presupposes that the consumer has been subjected to harassment, coercion (including physical violence) or undue influence, which was not the case. As to whether it could be considered misleading, the court held that while marketing consisting of framing may require more information to ensure that the customer is not misled, in this case the consumer was not misled about the fact that there were two separate services, and the marketing was thus not unfair under the Directive.

Comment

This case serves as a friendly reminder of the concept of the average consumer and how to assess whether a commercial practice is unfair under the Unfair Commercial Practices Directive. It is important to note that although the assessment should be based on the average consumer, this does not exclude that the individual consumer may be biased or influenced. It is therefore necessary to assess whether the commercial practice could constitute an unfair commercial practice because of the information or lack of information in the marketing.

Angelica Kaijser and Stefan Widmark

Clarification of 'product' under the Unfair Commercial Practices Directive: CJEU illustrates an indissociable link between combined products (CJEU, C-379/23 Guldbrev)

Introduction

In this case, the CJEU clarifies the meaning of the term 'product' under Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market ('Unfair Commercial Practices Directive'). The court finds that two separate products originating from a company and a consumer respectively could be considered to constitute one product if there is an indissociable link between the products. Consequently, all commercial practices connected to the product falls under the scope of the Unfair Commercial Practices Directive.

Background

This case concerned a public limited company whose business was to value and buy gold from consumers. The company did not have any physical stores and conducted all their marketing through their website and advertisements online e.g. through search engines. The company offered a price for the consumer's gold based on weight and carat and if the consumer agreed to the terms of the valuation service, the transaction took place. Two separate services were therefore simultaneously carried out. The Swedish Consumer Agency sued the company on the grounds that the marketing constituted unfair marketing in breach of the Unfair Commercial Practices Directive due to that the advertisement of the value service constituted bait advertisement and bait and switch advertisement contrary to several provisions in Annex I of the directive (also called 'the blacklist'). The company, on the other

hand, argued that the Unfair Commercial Practices Directive was not applicable since the marketing concerned purchases from consumers which were not considered as products within the meaning of the directive.

The referring court therefore asked the CJEU how the term 'product' shall be interpreted and whether valuation and purchase of gold from consumers should constitute a product under Articles 2(c), (d) and (i) and 3(1) of the Unfair Commercial Practices Directive.

Decision

The first question concerned whether the Unfair Commercial Practices Directive was applicable. According to Article 3(1) of the Unfair Commercial Practices Directive, the directive shall apply to unfair business-to-consumer commercial practices before, during and after a commercial transaction in connection to a product. The court stated that viewed separately, only the valuation service could be considered a product under, and subsequently only the company's commercial practices linked to the valuation service would be covered by, the directive. The court held that, in order for the directive to cover all the commercial practices involved in the whole transaction, they must be considered to constitute one and the same product. Whether the gold valuation and the purchase could be seen as one product was therefore of the utmost importance.

As regards combination products which are a combination of at least two separate products, the court stated that in earlier case law, combination products have been deemed commercial practices if they clearly form part of a company's commercial strategy and relate directly to the promotion thereof. The court argued that there was nothing in the definition of 'product' itself or in previous

case law that would hinder deeming an offer such as in the present case to constitute a product. Nor did the wording of the other articles in question prevent that such offer could constitute a product. Additionally, the court held that the purpose of the directive is to provide a high level of protection for consumers in the EU. The CJEU therefore concluded that there was nothing that impeded a combined offer such as this from being considered a 'product' under the directive.

Under these circumstances, the CJEU found that because there was an indissociable link between the valuation service and the purchase, they should be seen as one combined product under the Unfair Commercial Practices Directive.

In conclusion, the CJEU found that Articles 2(c), (d) and (i) and 3(1) should be interpreted such that the gold valuation and the purchase from the consumer should be seen as one product and the directive is therefore applicable to all commercial practices, such as marketing, related to the product.

Comment

In situations such as these, particularly where several services or products are offered together, this judgment is welcome as it deals with a situation where the marketing of one product also promotes another product. It would be contrary to the purpose and scope of the Unfair Commercial Practices Directive to allow this joint service-purchase arrangement if it circumvents the marketing legislation and consumer protection. In our view, this judgment therefore provides valuable clarification on important consumer protection aspects of the Unfair Commercial Practices Directive in general and the required 'product' in particular.

Angelica Kaijser and Stefan Widmark

Unfair clauses in consumer contracts (Supreme Court, T 3408-23)

Introduction

In the present case, the Swedish Supreme Court has rendered a ruling on the issue of whether late payment fees are unfair under the Act on Contractual Terms in Consumer relations ('Consumer Contracts Act'). The court concluded that a late payment fee included in a loan agreement between a creditor and a consumer was not covered by the Swedish Act on Compensation for Debt Collection Costs etc. (Sw. *lag om ersättning för inkassokostnader m.m.*) ('Debt Collection Act'). Therefore, the fee was not contrary to mandatory law and not unfair under the Consumer Contracts Act.

Background

As reported in the 2023 Yearbook, a Swedish credit company included, in its general terms for consumer credits, a clause that apart from interest on overdue payment obliged the consumer also to pay a late payment fee to the creditor.

Following the PMCA's judgment in which the clause was held to be contrary to the Debt Collection Act and thus considered unfair under the Consumer Contracts Act, the creditor appealed the judgment to the Supreme Court.

Decision

The Supreme Court stated that the precedent question was whether the condition on late payment fee is contrary to the mandatory rules in the Debt Collection Act and thus unfair under the Consumer Contracts Act.

Firstly, the court reviewed the rules of the Consumer Contracts Act and stated that if a contractual term falling within the scope of the act was considered unfair to the consumer, the trader may be prohibited from using the same or substantially the same terms and conditions. Referring to case law, the court held that conditions in an agreement that contradicted mandatory legal provisions were to be considered unfair. The court then shifted its focus to consider whether the condition in the agreement was contrary to the Debt Collection Act, or, more precisely, whether a condition of the kind in question fell within the scope of the Debt Collection Act.

The court stated that the Debt Collection Act regulated the debtor's obligation to reimburse the creditor for the costs of measures aimed at obtaining the debtor to pay a debt that was due. By its structure and wording the regulation was exhaustive. However, according to the court it was clear that the act could be exhaustive only within its scope of application. Thus, the act did not regulate what other conditions that a debtor and a creditor could agree on. For example, the act did not cover agreed liability for payment notices, accounting fees or other types of agreed remuneration relating to debts that had not fallen due for payment.

The court then stated that a crucial question was therefore whether late payment fees fell within the scope of the Debt Collection Act.

As the obligation to pay the fee was already agreed when the credit was taken and was not linked to, or dependent on, the creditor taking any action or incurring any costs in the particular case, the fee was deemed to merely be of a behavioural function. However, regardless of the structure of the condition, the court hold that it could be assumed that a late payment would often lead to some action by the creditor. To some extent, the late payment fee in question could therefore be assumed to be aimed at covering various types of costs that may arise due to the delay in payment. However, unlike the compensation referred to in the Debt Collection Act, the late payment fee did not require any specific action to be taken by the

creditor. In view of the freedom of contract between the parties, the court found that it was going too far to consider late payment fees to be covered by the Debt Collection Act.

Consequently, the court concluded that fees of the kind in question did not fall within the scope of the Debt Collection Act and that the condition was thus not contrary to any mandatory law, which in turn meant that the condition was not considered unfair under the Consumer Contracts Act.

The Supreme court thus reversed the PMCA's decision and referred the case back to the PMCA as the claimant had put forward additional grounds to its claims that the PMCA had not tried.

Comment

The now delivered judgment of the Supreme Court does not change the basic premise of contractual terms between traders and consumers in that a clause that is in violation of mandatory law is still deemed unfair under the Consumer Contracts Act.

Instead, the judgment means that an overdue payment in the general terms and conditions of a credit to consumers is not considered to be covered by the Debt Collection Act, which allows these general clauses to continue to appear in the contracts and to act as a behavioural device to make the debtor pay. The Supreme Court thus followed the opinion of the two judges who wrote the dissenting opinion in PMCA.

With the case now referred back to the PMCA to assess whether the fee is considered unfair on other grounds and thus is invalid on that basis, the PMCA's judgment must be awaited before this case is finally resolved.

Maria Bruder and Simon Fredriksson

Contractual terms containing exemption from obligation to repay entry fee in the event of cancellation of a running race are not unfair to the consumer (PMCA, PMT 7458-23)

Introduction

In this case, the PMCA deals with the repercussions regarding entry fees to the running race Göteborgsvarvet (Eng. *the Gothenburg Lap*). In short, the PMCA holds that the terms and conditions set out in the application form and agreement for the race were fair and reasonable under the Act On Contractual Terms in Consumer Relations ('Consumer Contracts Act'). The court's reasoning accounts for relevant case law and includes important take-aways in relation to terms and conditions used by companies and organisations who provide services and organise events.

Background

The Gothenburg Athletics Federation ('GFIF') is a non-profit association that organises several races each year, one of which is the half marathon race 'the Gothenburg Lap'. In 2020, the in-person Gothenburg Lap was cancelled due to the Covid-19 pandemic. Runners who had registered for the race could choose between donating the registration fee to GFIF, running a digital race or changing their registration to the 2021 scheduled races. The Gothenburg Lap was planned to be carried out in September 2021. On 24 August 2021, GFIF decided to cancel the race due to the increased spread of infection in the region. A number of runners requested their application fees to be refunded. GFIF denied reimbursement citing the entry conditions in the agreement between the runners and GFIF.

In September 2021 the Swedish Consumer Agency initiated a supervisory case against GFIF, after having received notifications from consumers who questioned the association's right to keep the application fees. GFIF denied that its terms were unfair but changed its conditions after the initiation of the review such that a full refund of the entry fee was allowed if a race was cancelled more than 180 days before the start. After that, the refundable amount was reduced. When less than 30 days remained before the start no refund would be given. In the latter case, it would however be possible to change the registration to the next scheduled race.

Despite GFIF's change of its terms, the Swedish Consumer Ombudsman ('SCO') brought an action before the PMC and requested, *inter alia*, the court to prohibit GFIF from using contractual terms in a consumer contract concerning participation in a running race that did not provide for a refund of the registration fee if GFIF cancelled the race without fault of the consumer.

The PMC dismissed the SCO's claims and the judgment was appealed.

Decision

The PMCA referred to the PMC's judgment in which the PMC had given detailed account of, *inter alia*, relevant legislative texts, preparatory works, case law of the CJEU and the so-called grey list, which contained contractual terms that should typically be considered unfair unless they had been subject to individual negotiations between the trader and the consumer, including contractual terms that allowed the trader to retain payment from a consumer when the trader decided not to conclude the contract, without a corresponding right for the consumer (point 1(d)).

The PMCA then held that it constitutes a significant disadvantage for the consumer if the consumer does not receive a refund of the registration fee when a running race is cancelled without any fault of the consumer. The court stated that such contractual terms are a departure from the general principles of contract law that contracts must be honoured, i.e. if you do not receive an agreed service, you should not have to pay for it. Therefore, as a starting point, contract terms where the consumer bore the entire risk of non-performance were considered an imbalance between consumer and trader.

Thereafter, the court noted that the purpose of GFIF's activities was to promote and support sports clubs in the Gothenburg area, that GFIF was a non-profit organisation with, due to taxation rules, limited disposal of its revenues and that its officials did not receive any remuneration for their work. Based on this, the court held that GFIF did not constitute a 'normal' profit-making organisation, since the association's activities were so strongly linked financially to its purpose of promoting sports clubs. According to the court, GFIF was therefore an organisation with clear elements of a popular movement. The court also considered that GFIF was unable to take out insurance against financial consequences of a race cancellation. Thus, the organisation had a legitimate interest in exempting itself from a repayment obligation. The court held that these conditions somewhat evened out the imbalance between the parties, partly because the consumer could normally be considered to have a greater understanding for GFIF's need to regulate its risk-taking than if the contracting party had been a different kind of trader. The PMCA then clarified that a consumer generally takes financial risks by signing up for a race of the current type. A large risk is attributable to the consumer themselves; the consumer may be prevented from participating in the race because of personal events, e.g. temporary illness, and it is the consumer who bears such financial risks. The fact that the consumer was prepared to take these risks also suggested that contractual

terms, exempting the organiser from an obligation to reimburse the entry fee in the event of the cancellation of a race of the type in question, would not be decisive for the consumer. The PMCA thus in conclusion found that the terms of the contract were not considered unfair to the consumer.

Comment

The PMCA's judgment expresses that even if a contractual term may seem unfair, the term must be assessed in the light of all the circumstances of the individual case. A trader which is a non-profit organisation with limited financial resources that cannot take out insurance against loss of income, may thus be entitled to apply contractual terms against a consumer that would have been considered unfair if they were applied by another trader.

The judgment has been appealed to the Supreme Court and leave to appeal has been granted.

A further take-away is that even if a trader chooses to change its terms and conditions during a supervision matter, the SCO can and often will choose to bring an action and have the matter reviewed by the court. This stems from the SCO's purpose of establishing case law in consumer related areas where such is lacking.

Maria Bruder and Linnea Harnesk

E-merchant responsibilities for listing of payment options under the Payment Services Act (PMCA, PMT 10634-23)

Introduction

To what extent are e-merchants responsible for compliance with the presentation restrictions of credit payment options in relation to non-credit options provided for in the Payment Services Act (Sw. *lag om betaltjänster*)? In this case, this important and commercially highly interesting question for the e-commence industry was litigated before the PMCA. However, due to a seemingly poorly structured action by the Consumer Ombudsman the court never got to the core of the issue but still made some general statements on the neighbouring issue of the extent of the liability of payment service providers. In short, payment service providers that do not control the set-up of an e-merchant's platform can, generally, not be held liable for the listing of credit payment options before non-credit payment options or presentations of credit payment as the preselected payment option. At the time of publishing, the case is pending before the Supreme Court which is yet to rule on the issue of leave to appeal.

Background

The Consumer Ombudsman brought an action against a Swedish online clothing company on the basis that its web-shop listed invoicing and credit card payment – i.e. credit options – as the default payment options in relation to debit card payments. Some, but not all the payment services provided on the platform were provided by a foreign payment service provider. The Consumer Ombudsman claimed that the order of the payment options listed on the e-merchant's web-shop constituted unfair marketing and thus violated the prohibition of listing and preselecting credit payment options before non-credit options under Chapter 7a Section 1 of

the Payment Services Act. After the PMC rejected the claimant's action, the case was appealed to the PMCA.

Decision

The PCMA initially clarified that the responsibility under the Payment Services Act not to preselect, nor list credit payment options before non-credit payment options rests with payment service providers, even if the e-merchant operates the e-commerce platform. Moreover, the court referenced the legislative bill where it is explained that payment service providers may include conditions on how payment options should be presented in its contractual relations with e-merchants to ascertain compliance.

Considering that payment service providers generally do not have any direct control of the structure and order of the payment options on their platforms, the PMCA held that it cannot be presumed that payment service providers have any direct control over the presentation of the payment options. In cases such as the one at hand, when the payment service provider does not provide all payment methods on the e-commerce platform, a primary responsibility for the content under the Marketing Act cannot be attributed to the payment service provider, except under special circumstances. As the Consumer Ombudsman had not invoked any circumstances that could be considered to constitute a primary liability for the payment service provider, the PMCA concluded that the payment service provider had not violated Chapter 7a Section 1 of the Payment Services Act. Consequently, the e-merchant had no contributory responsibility for the incorrect presentation of the payment options under Marketing Law. The Consumer Ombudsman's action was thus rejected in its entirety.

Comment

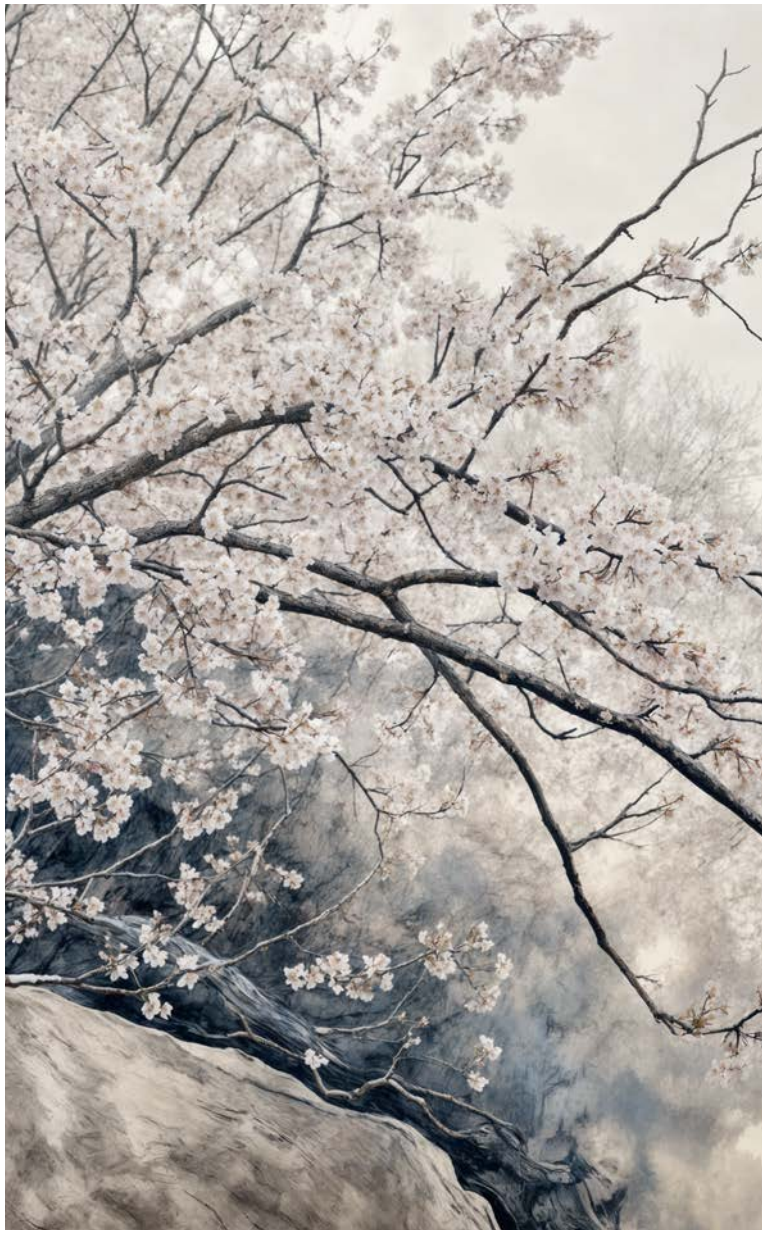
It is unfortunate that the Consumer Ombudsman failed to invoke any facts that could form a primary responsibility for the payment service provider since the e-merchant's contributory responsibility under the Marketing Act turned on that circumstance. Accordingly, the PMCA never got to the core of the issue in this case, and the outer limits of responsibility of the e-merchant and the payment service provider, respectively.

The PMCA's judgment creates an intriguing dynamic between e-merchants and payment service providers from a responsibility standpoint as neither party was held primarily responsible for the incorrect presentation of payment options in this case. The payment service provider's lack of control of the listing of the payment options on the platform proved to be a free card for both parties since it prevented primary responsibility for the payment service provider and thereby also any contributory responsibility for the e-merchant. The PMCA's finding thus forms a seemingly hard-pierced veil protecting both e-merchants and payment service providers from enforcement of the presentation restrictions of credit payment options.

An interesting take-away is the PMCA's statement on control in situations where all payment options on a platform are provided by same the payment service provider. Seemingly, the PMCA's view is that the provision of all payment options to a web-shop may indicate more control which in turn speaks in favour of a primary responsibility for such payment service providers. However, the PMCA's reasoning is vague in this part, and it is prudent not to make any advanced conclusions in this regard. Hopefully, the Supreme Court will grant leave to appeal and clarify the core of these issues.

Simon Fredriksson and Petter Larsson

Trade secrets



General introduction

Trade secrets remain an emerging field of IP law in Sweden, and in this year's Yearbook we report on a case that holds tantalising clues about how Swedish courts are likely to adjudicate trade secrets cases in years to come.

Trade secrets and copyright claims in dispute about seed fertilisation (PMCA, PMT 6373-22)

Introduction

The Swedish PMCA recently rendered a final verdict in a long-running dispute between two parties that had collaborated commercially in the field of seed fertilisation. Come harvest time at the second instance court, the claimant's arguments about alleged mis-appropriation of trade secrets and copyright infringement did not give a fruitful yield for the claimant.

Background

Two companies had entered into a patent licence agreement concerning a patent held by the defendant's owner. To further tighten the bond between the collaborators, the defendant company was a minority shareholder in the claimant, and the owner of the defendant held a seat on its board of directors. The parties had also entered into an additional consultancy agreement linked to the work carried out by the owner. These agreements established that any results of the work carried out under the agreements would accrue to the defendant company as the patent holder.

Following the demise of the collaboration, the defendants, both the company and its physical owner, were sued by its former contractual partner for alleged misappropriation of trade secrets as well as associated copyright infringement in a case that raised myriad factual and legal questions about for example the owner's copying of digital materials and contacts with third parties.

Decision

In trade secret misappropriation cases, it is common for the court to start its assessment by scrutinising the information that is claimed to be trade secret, to check if the information qualifies for trade secret protection under applicable law, and then turn to the defendant's actions and see if they constitute misappropriation. That method is arduous and often raises complicated factual and legal questions for the court to decide. In order to avoid much of that work, Swedish courts have recently taken a simpler route in complex trade secrets cases, by instead first assessing one of the defendant's counterarguments which would be decisive for the outcome of the case, if upheld.

In this case, the defendants agreed that some copying of materials had taken place but argued that those actions were allowed under the agreements between the parties and thus did neither constitute trade secrets misappropriation nor copyright infringement.

The court found that the claimant was originally founded to commercialise the defendants' working method and that this also was the reasoning behind the agreements. Furthermore, the agreements were deemed to be in force at the time of the copying of materials. Under said agreements, the defendants had the right to copy material related to the parties' business in order to exercise its rights. The copying did therefore not constitute neither misappropriation of trade secrets nor copyright infringement.

The court also found that the defendants' mere possession of certain information, the defendants' application for certain project support, the defendants' communication to a customer that the

product would not work without the patent, and the defendants' disclosure of general information in marketing, did not constitute misappropriation of trade secrets.

The defendants' claims of being the inventor of a machine related to the work done by the parties was similarly not considered misappropriation. This despite the fact that the claim of invention was factually incorrect, as it was invented by a third party. Nonetheless, the court found that the statement on the website alone could not constitute misappropriation of trade secrets.

Finally, the court also found that the presence of a third party, on the defendants' initiative, at a meeting where trade secrets were allegedly disclosed did not constitute misappropriation. The court noted that it was not alleged that the claimant had objected to the participation of the third party and the information discussed at the meeting had thus not been kept secret and did not constitute trade secrets and the court dismissed the applicant's claims in their entirety.

Comment

This case exemplifies a new trend in Swedish trade secrets litigation, where the court handles factually and legally complex trade secrets cases in a pragmatic and speedy way, by focusing on one of the defendant's decisive counterarguments first. This is a method we will likely see used more in future Swedish trade secrets litigation.

Moreover, the case reminds Swedish business to take active measures to protects its confidential information, in order for it to enjoy trade secrets protection, and to always use NDAs when discussing sensitive matters with third parties. 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.

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