Intellectual Property Rights Yearbook 2025


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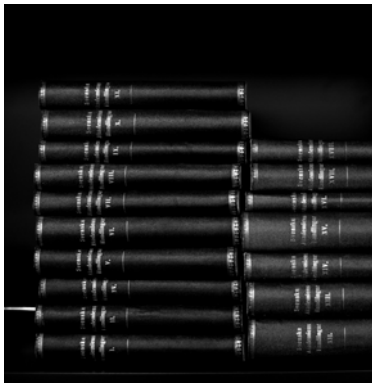


Intellectual Property Rights Yearbook 2025

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

Editorial team: Ludvig Holm, Siri Alvsing and Filip Jerneke

Content

Foreword

In 2025, the legal landscape continued to evolve against a backdrop of geopolitical uncertainty. AI continues to be one of the most discussed topics, with parts of the EU's Artificial Intelligence Act becoming applicable and prohibiting certain types of AI practices, as well as judgments regarding copyright infringement in relation to generative AI tools (albeit not from Swedish courts).

The year also brought many interesting rulings from European and Swedish courts. Within patent law, we report on the CJEU's landmark ruling regarding long-arm jurisdiction, the first ruling from a Court of Appeal of the UPC, as well as Swedish judgments regarding SPC protection, the presumption of validity, and the concept of an offer.

On the copyright front, we report on several interesting cases, including the first CJEU judgment on Directive (EU) 2019/790 ('DSM Directive'), the highly anticipated and much discussed judgment regarding copyright in works of applied art in Mio and Others (C-580/23 and C-795/23), a Supreme Court judgment regarding copyright contract interpretation, as well as other topics.

For trademarks we report, *inter alia*, on judgments regarding acquiescence, genuine use, the concept of 'stocking' goods, registrations made in bad faith, the cross-protection of company names as trade signs, and trademarks contrary to moral values.

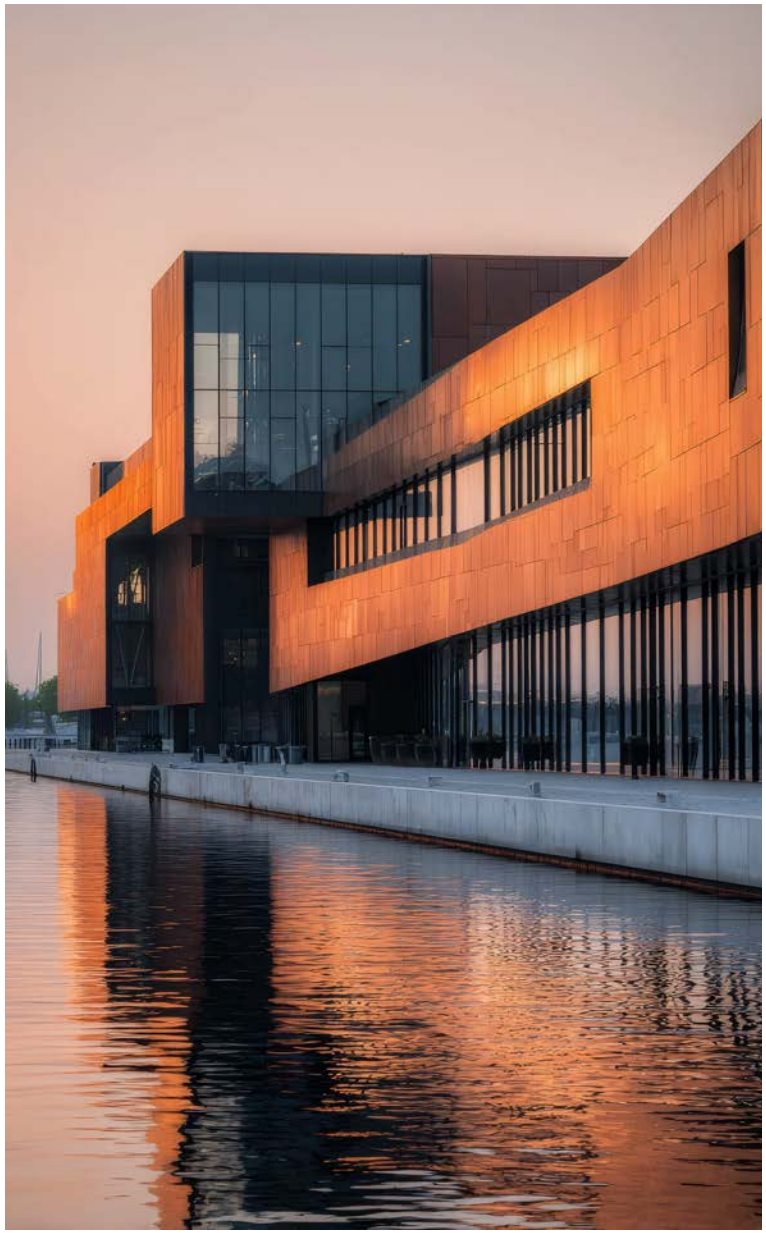
Our reports on design case law includes the LEGO exception, the scope of protection for a design created from elements in a catalogue, and the relevance of a conceptual likeness in the infringement assessment.

It has been another slow year within media law, but we report on a selection of defamation judgments.

For marketing law, the new Regulation (EU) 2024/900 on political advertisement has entered into force, just in time for the Swedish general election in 2026. Our reports on case law also cover a CJEU judgment on marketing of medicinal products. Other notable Swedish cases relate to the national adjudication of a case regarding marketing and sale of gold (where we reported on the CJEU's judgment on the Swedish referral in our 2024 Yearbook), marketing of cosmetics and razors, market disruption fees, and standing to sue.

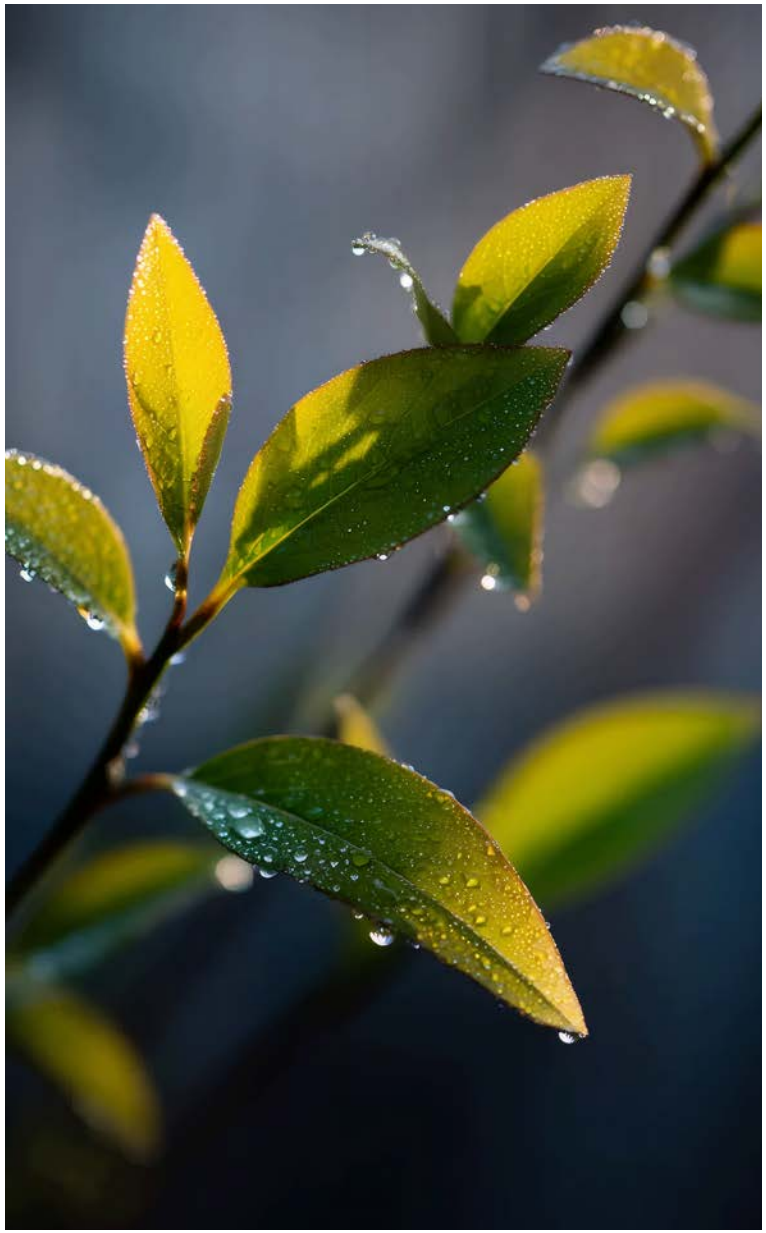
You will find our dedicated team of specialised IP lawyers at the end. Please do not hesitate to contact us for further discussions on any IP matter.

We all hope that you will enjoy our publication and wish you a successful New IP Year in 2026!



Definitions

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



Patent law

General introduction

Although being another slow patent year in Sweden, 2025 proved to be a momentous one as the CJEU ruled on the long-awaited landmark case BSH Hausgeräte (C-339/22) and confirmed principles of so-called long-arm jurisdiction. The case is analysed in detail in this chapter together with noteworthy rulings from the PMCA as well as the first final judgment on the merits by the Court of Appeal of the UPC (the Belkin Case).

Looking into 2026, the implications of BSH Hausgeräte will crystalise further. The UPC has been quick to avail itself of the jurisdiction that follows from the ruling, with respect to European patent designations from countries outside the UPC territories. We have also seen German courts issue injunctions covering 22 European countries based on BSH Hausgeräte. However, it largely remains to be seen how defendants in such cross-border cases deal with validity in practice, especially with respect to patents for EU countries other than that of the courts seized.

From an international point of view, we are looking forward to further rulings on substantive concepts produced by the UPC and the additional steps taken towards the formal adoption of the EU pharma package.

Long-arm jurisdiction – the new paradigm for cross-border patent litigation (CJEU, C-339/22 BSH Hausgeräte)

Introduction

The CJEU's ruling in this case is a landmark case. The judgment allows patent holders to bundle patents from several jurisdictions before the courts at the domicile of the infringer. As such it has essentially rewritten the playbook for how to enforce patent rights in multi-jurisdictional matters within the EU. This ruling has been a key component in the UPC's growing body of cases in which the so-called long-arm jurisdiction has been asserted. It should be noted that Westerberg & Partners represented Electrolux in the proceedings.

Background

BSH brought patent infringement proceedings against Electrolux before the PMC based on ten national designations of its European patent relating to a vacuum cleaner. Jurisdiction was based on Article 4(1) of Regulation (EU) 1215/2012 (recast) ('Brussels I Recast'). That provision vests the courts at the defendant's domicile with general jurisdiction to hear any private law dispute that is not reserved for another court under the regulation.

The action was disputed in its entirety and the defendant objected that all the national designation were invalid. The defendant accordingly objected to the jurisdiction of the Swedish courts for the nine non-Swedish designations of the patent, including one non-EU designation. The objection was based on the exclusive jurisdiction of the courts of the country of registration under Article 24(4) of Brussels I Recast. That provision provides, in essence, that the courts in the Member State where a patent is registered have exclusive jurisdiction over proceedings relating to validity, regardless of whether the issue arises by cause of action or as a defence.

The PMC declined jurisdiction with respect to the non-Swedish designations of the patent, with reference to the exclusive jurisdiction under Article 24(4). The decision was appealed to the PMCA, which stayed the proceedings and referred three questions to the CJEU, asking for a preliminary ruling.

In essence, the first question concerned the issue of whether Article 24(4) deprives the courts in the country of the defendant's domicile of jurisdiction. The second question addressed whether the answer to the first question turned on certain requirements under national law to bring invalidity proceedings to rely on a validity defence. Lastly, question three concerned the reflexive effect of Article 24(4) in relation to patent rights registered in non-EU states.

Decision

As regards the first question, the CJEU held that a court seized under Article 4 of Brussels I Recast with respect to a patent infringement action relating to another EU Member State is not deprived of its jurisdiction if the validity of the patent becomes contentious. The court emphasised that Article 24(4) is an exception to the general rule in Article 4 and should thus be interpreted narrowly. It also cited the need for foreseeability.

The court also concluded that validity remained the subject of exclusive jurisdiction even when raised by way of defence. In such a case, the issue of infringement will thus be split from the validity issue. The latter must be brought before the courts in the country in which the patent is registered. The court held that the national court seized with infringement has the power to stay

proceedings, especially if it considers that there is a reasonable and non-negligible possibility that the patent will be invalidated.

The court dealt with the second question shortly by stressing the importance of a uniform application across all Member States and that Article 24(4) must be given an autonomous interpretation. Hence, the scope of the jurisdiction for a court seized under Article 4 of Brussels I Recast is not determined by national law.

As regards the last question, the CJEU referred to the EU nature of Brussels I Recast, the finding in the recent case IRnova (C-399/21) and held that the exclusive jurisdiction under Article 24(4) is expressly limited to the courts of the Member States. There is thus no exclusive jurisdiction under the regulation capable of derogating from Article 4. The court discussed whether there nevertheless existed any basis for the national courts to decline to rule on the validity of patents from outside the EU but did not find any. However, since only the competent courts of the state of registration may revoke the patent, an EU court seized under Article 4 of the regulation with an infringement action including a non-EU patent may only rule the issue of validity on an *inter partes* basis.

Comment

The CJEU's judgment in this case is arguably the most debated patent case in recent years. The consequences include the possibility of universal patent enforcement before the courts of the defendant. Asserted patents can come from other EU Member States or non-EU Member States, such as the USA and China.

The UPC has already developed a body of cases in which long-arm jurisdiction has been asserted over designations of European patents from the United Kingdom, to name one example. That court has been given the power to assert jurisdiction over defendants from outside the EU as long as there is a so-called anchor defendant in a UPC territory. The combination of that power and the BSH Hausgeräte ruling allows the court to rule both on non-UPC European patents and non-EU defendants. While the UPC's internal competence is limited to European patents, the national courts can exercise the full jurisdiction according to the BSH Hausgeräte ruling and it has been reported that US patents have recently been asserted before German courts.

The BSH Hausgeräte case has thus had an immediate impact on enforcement strategies in the EU. However, while the number of cases brought following the ruling is growing steadily, many questions remain unanswered. These questions include the scope of the law applicable to each patent when patents from several jurisdictions are asserted in parallel and how to best coordinate infringement and validity proceedings. It is not unlikely that BSH Hausgeräte will be followed by further references to the CJEU. In theory, depending on how case law develops, the prospect of suing a defendant in its domicile and asserting over a hundred national designations of the same patented invention provide potentially very complex proceedings.

Petter Larsson and Björn Rundblom Andersson

The concept of 'offering' and company director liability (UPC CoA, 534/2024, 19/2025 and 683/2024)

Introduction

The ruling in this case was the first final judgment on the merits by the Court of Appeal of the UPC and has unsurprisingly been the subject of much attention. Aside from the fact that the judgment is indeed the first merits decision, it provides guidance on several fundamental points of law, including the concept of 'offer' under Article 25 of the Agreement on a Unified Patent Court ('UPCA'), liability for directors, and requirements for corrective measures. Hopefully, the judgment will contribute to the harmonisation of the case law among the local and regional divisions.

For clarity, this article is based on a review of a machine translation of the judgment which at the time of writing this article only has been published in German.

Background

Philips brought patent infringement proceedings against three different Belkin entities and three directors before the UPC's local division in Munich, claiming infringement of its patent concerning a wireless charger of portable devices. The action included requests for cross-border injunctive relief, damages, information disclosure, recall and destruction of the products. Similar to the preceding national proceedings in Germany concerning the German designation of the same patent, Belkin brought a counterclaim for revocation.

The local division ('LD') held that the Belkin entities had infringed the patent and that the directors were partly liable as intermediaries under Article 63(1) of the UPCA. However, the order for a product recall was rejected. Both parties appealed the case to the Court of Appeal of the UPC.

Decision

The Court of Appeal confirmed the LD's conclusion on validity, and that the previous German proceedings did not entail any *res judicata* effect for the rest of the UPC territories. While there may be interesting points to discuss in these parts, this article will focus on the issue of infringement and liability.

Following the finding that Belkin's chargers were encompassed by the scope of protection of the patent in suit, the court turned to the question of which of the defendants that were to be held liable. As explained by the court, Article 63 of the UPCA covers the 'infringer' and 'intermediaries'.

The court concluded that a director cannot be injuncted as an intermediary. However, the court held that the concept of 'infringer' under the UPCA is not limited to the party doing the actual act of infringement – the principal infringer. It also covers instigators, accomplices (De: *mittäter*) and accessories (De: *gehilfe*), as defined by the court. Accomplices are perpetrators of an act of infringement that work together based on a joint plan. Anyone who supports infringement with knowledge thereof is an accessory. The knowledge requirement extends to the unlawfulness of the act and not only the underlying facts. The accessory must in other words be aware that the product or method falls within the scope of protection of the patent at issue.

As regards personal liability for the directors, the court held that the mere position of managing director does not give rise to liability. The managing director can only be held liable for conduct that goes beyond the typical duties associated with that position,

such as in cases where the corporate form is an instrument to infringe. Personal liability may also arise if the director is aware of the infringement and its unlawful nature but does not take reasonable preventive action.

Knowledge is required not only of the circumstances that give rise to the infringement but also of the unlawfulness thereof. Notably, the court explained that the director may rely on legal advice, at least until a first instance court judgment finds infringement. Since Philips had failed to establish any intention or knowledge by the Belkin directors, the court rejected the action in this part.

Furthermore, the court elaborated on the concept of 'offering' in the sense of Article 25(a) in the UPCA. As explained by the court, offering is to be interpreted broadly and in an economic rather than a legal sense. The concept is meant to cover acts prior to the conclusion of a contract which could result in the patent holder losing business. It does accordingly not require a contractually binding offer, details, price etc. The concept of an offer does furthermore not, according to the court, depend on a willingness or ability to deliver. Turning to the facts of the case, the court noted that the parent Belkin entity owned the domains where the products were sold. The court held that a reasonably informed and reasonably attentive internet user could believe that it was Belkin International Inc. that was making the offer. The court furthermore considered that the company was in a position to stop the use. Accordingly, and irrespective of whether it did not administrate the distribution but merely provided the link to external retailers such as Amazon and MediaMarkt, it was held liable under Article 25(a).

Lastly, and concerning the corrective measures, the Court of Appeal of the UPC held that such relief should generally be granted by default unless the defendant can establish that it would be

disproportionate, e.g. in the event of a minor infringement where the infringing goods could easily be modified to fall outside the scope of protection. The court held that no such exemptive circumstances were at hand in this case and thus overturned the finding of the local division.

Comment

The Court of Appeal's judgment is interesting from several perspectives. The concept of an offer as developed by the courtis broader than the corresponding concept under Swedish national patent law. The concept of an offer under Swedish patent law assumes an expression (explicit or implied) of a willingness to provide the infringing product (or process) on commercial terms. What a third party might believe is furthermore not a factor that the Swedish courts consider in the context. In this respect, the UPC thus appears to be more patentee friendly than Swedish national law.

It has been unclear whether there is liability for contribution to infringement other than by 'intermediaries' since the UPCA is silent in this respect. Intermediaries may be injuncted but bear no liability for damages. By its interpretation of the concept of 'infringer', the court clarifies that most if not all meaningful involvement in infringing conduct can give rise to liability. However, the requirement that accessories be aware of the unlawfulness of the act they support curtails the room for liability significantly. The ruling with respect to the managing directors appears restrictive since – additionally – only such conduct that goes beyond the normal duties of managing directors can make the director an accomplice or accessory. UPC enforcement actions against directors thus require special circumstances and may accordingly not be a routine occurrence.

Petter Larsson and Björn Rundblom Andersson

SPC application rejected in the wake of CJEU's ruling in Teva Finland (PMCA, PMÄ 15113-22)

Introduction

The PMCA denies an application for an SPC for a combination product in the wake of the CJEU cases Teva v. MSD (C-119/22) and MSD v. Clonmel (C-149/22) (jointly 'Teva Finland'). The PMCA finds that the product is not eligible for an SPC as the description of the basic patent on which the SPC application was based lacked references to research and support as to how the effect of the combination went beyond merely combining the two ingredients' individual effects.

Background

A medicinal products company sought and was denied an SPC for a combination product for treatment of diabetes before the Swedish Intellectual Property Office. The decision was appealed but both the PMC and the PMCA rejected the appeal on the basis that neither Article 3(a) (the product needs to be protected by a basic patent) nor Article 3(c) (the product has not already been subject to an SPC) of Regulation No 469/2009 ('SPC Regulation') was met. The company appealed to the Supreme Court which annulled the decision and held that the PMCA should have referred questions on the interpretation of said Article 3(c) to the CJEU. The Supreme Court therefore referred the case back to the PMCA.

The PMCA stayed the proceedings pending a decision by the CJEU in Teva Finland which related to the interpretation of Articles 3(a) and 3(c), rather than referring the Swedish case to the CJEU.

The CJEU delivered its judgment in December 2024, and the PMCA found that the reasoning was applicable to the facts in the Swedish case and that no further referral was necessary. The PMCA went on to assess whether the combination product in suit was eligible for an SPC.

Decision

The PMCA first held that the requirement in Article 3(c) of the SPC Regulation was met. It examined this issue despite it being undisputed between the parties (following the Teva Finland reasoning) that the product met this requirement. In summary, the PMCA noted that the CJEU had explained that for the product to not already have been subject of an SPC pursuant to the article in question, it suffices that the combination product, and not the active ingredients individually, had previously been subject to an SPC.

The combination of the active ingredients, dapagliflozin and metformin, had not been the subject of an SPC and the court therefore concluded that the requirement in Article 3(c) was met.

The PMCA then moved on to Article 3(a) of the SPC Regulation and held that the requirement according thereto was not met. In reaching this conclusion, it first referred to the CJEU case Teva v. Gilead (C-121/17), recalling the so-called Teva test: a combination product in suit is protected by a basic patent in force if

(i) the combination of the active ingredients for the skilled person necessarily falls under the invention of that patent in the light of the description and drawings therein, and

(ii) each of the active ingredients are either expressly mentioned in the claims or are specifically identifiable by the skilled person.

The PMCA then referred to the CJEU case Royalty Pharma (C-650/17), in which the article was considered further. In particular,

the PMCA noted that Article 3(a) should be interpreted such that a product is protected by a basic patent if it corresponds to a general functional definition used by one of the claims of the basic patent and necessarily comes within the scope of the invention covered by the patent. This even if it is not indicated in individualised form as a specific embodiment of the method of that patent, although provided that it is specifically identifiable by a skilled person's common general knowledge in the light of all the information disclosed at the relevant date.

Moving on to Teva Finland, the PMCA provided that the CJEU had held that an express mentioning of the two active ingredients is only sufficient with regard to the second step of the Teva test. The PMCA also highlighted that the CJEU clarified that it is not sufficient that a claim provides that it is possible to combine an active ingredient with another active ingredient which is part of the public domain. Rather, it needs to be possible to deduce from the patent description how the combination of those two ingredients is a feature required for solving the technical problem posed by the patent in question. The combination as such must necessarily have a combined effect going beyond the mere addition of the effects of the two active ingredients individually.

The PMCA then moved on to apply these principles to the SPC application and patent in suit. The basic patent related to development of new and safe oral treatments for diabetes which complement existing treatment methods without said methods' side effects. The PMCA initially noted that the description provided that '[i]t is believed that' the use of one ingredient, dapagliflozin, in combination with one or more other antidiabetics achieved better results than any of those on their own as well as better effects than the combined effects produced by those products. The description also provided that the preferred antidiabetic to use together with dapagliflozin was metformin. Accordingly, the patent description included such an assumption as to the combined effect which could mean that the first step in the Teva test was met.

However, the PMCA emphasised that the alleged (additional) effect of the combination had no further support in the description and that any such combined effect was not taught to be the result of any research leading up to the invention protected by the patent. The PMCA therefore held that the first step of the Teva test was not met and that the requirement in accordance with Article 3(a) was thus not fulfilled.

Comment

The PMCA may at a first glance appear strict when reaching its conclusion. Indeed, the patent description does to some extent teach that the combination of dapagliflozin and metformin would result in an effect beyond the mere fusion of the individual active ingredients, in other words that one plus one could equal three rather than two.

However, taking into consideration the clear wording of the judgment in Teva Finland ('the specification of that patent must still disclose how the combination of those two ingredients is a feature required for the solution of the technical problem') the PMCA's conclusion does not strike as surprising. A combination product does not appear to be eligible for an SPC without any teaching, instructions or references to research evidencing the effect of the combination as such. This underlying rationale appears to fit well with the patent system in general. One would not be

awarded the legal monopoly obtained by a patent solely by referring to what technical solution might be believed to be achieved without further support. Indeed, the PMCA, with reference to several decisions by the CJEU, emphasised that the purpose of an SPC is not to extend the protection awarded by the basic patent. To approve an SPC for a product which is not covered by the invention subject to the basic patent would go against the purpose of the SPC Regulation as it would not relate to the results of the research pertaining to the patent as such.

Ludvig Holm and Måns Ullman

Available to the public (PMCA, PMÄ 9508-24)

Introduction

The PMCA finds, contrary to the PMC, that a written witness declaration was not sufficient to show that a model of a wind power platform which allegedly constituted public prior art had been available to the public before the filing date of the opposed patent in suit in opposition proceedings. The PMCA noted, *inter alia*, that it was not clear from when the witness' observation originated. It also held the fact that the witness had not testified before the court as detrimental to the evidentiary value of the witness declaration.

Background

A patent relating to a floating wind power platform was upheld in opposition proceedings by both the Swedish Intellectual Property Office and the PMC. The opponent appealed to the PMCA.

The opponent argued that the patent in suit was not sufficiently disclosed and invoked several novelty and inventive step attacks. In particular, it was argued by the opponent that the invention lacked novelty based on public prior use.

Namely, the opponent which also was a company within the wind power sector, argued that one of its wind power models had been disclosed to a professor and his students prior to the filing date of the patent in suit. The professor had written a witness declaration accounting for his memories of the disclosure, including photos of the model. The opponent argued that said model anticipated claim 1 of the patent in suit. The PMC had found that the witness declaration showed that the model on the opponent's premises was publicly disclosed as such, although it did not anticipate all the features of claim 1 of the patent in suit.

Decision

The PMCA did not agree with the PMC which had found no reason to question the declaration by the professor and had concluded that the model at the premises of the opponent was accessible to the public at the filing date of the patent in suit.

The PMCA first noted that the professor's visits at the premises of the opponent had taken place more than six years prior to the drafting of the declaration. The professor had since then visited the premises several times and the photos of the model in the declaration had not been taken at the time of the first two visits. It could thus not be ascertained that the photos showed the model as it had been disclosed to the professor at the time of the first two visits, i.e. before the filing date of the patent in suit. The PMCA held that there was a significant risk that the professor's memory of the relevant events may have been affected by later visits. The PMCA also emphasised that the professor had not testified before the court. The PMCA therefore held that the opponent had not proven that the model at the premises of the opponent which allegedly anticipated claim 1 of the patent in suit had been available to the public and did accordingly not assess whether the model constituted public prior use.

The PMCA also found that the patent in suit was sufficiently disclosed for the skilled person to carry out the invention and that it was novel and inventive over invoked prior art. The PMCA thus upheld the PMC's ruling that the patent in suit was valid.

Comment

The decision highlights the weight Swedish courts give to oral testimonies. The main rule is that witnesses and experts shall testify before the court when cases are ruled on in accordance with the Swedish Code of Judicial Procedure (e.g. in infringement cases and invalidity cases where the action is brought before the PMC as first instance). The same does not apply when an opposition has been appealed from the Swedish Intellectual Property Office to the PMC. The witness declaration by the professor could therefore be invoked without them orally testifying but oral testimony could have been requested.

Granted, it cannot be concluded that the witness declaration in question had been sufficient for a finding that the model was available to the public had the professor testified. Nevertheless, it is noteworthy that the PMCA emphasised the absence of oral evidence as detrimental to the evidentiary value of the declaration where the PMC had not considered it so.

This view on oral evidence sets Sweden apart from some other European jurisdictions which do not have the same strong tradition of hearing witnesses and experts. In this sense, Swedish procedural law is more akin to the United Kingdom than to continental jurisdictions. It is thus often sound to invoke oral testimonies for crucial witnesses and experts, even in cases where it is not mandatory to do so.

Ludvig Holm and Måns Ullman

Presumption of validity (PMCA, PMÖ 9923-25)

Introduction

The PMCA affirms the strong position of presumption of validity in PI proceedings when it upholds a PI despite that the patent in suit in amended wording was not yet validated in Sweden and that a Danish court in parallel proceedings had found it likely that it would be invalidated by the EPO BoA.

Background

A European patent relating to treatment of multiple sclerosis was granted in 2022 and the PMC granted a PI against a medicinal company based on the Swedish version of the patent in June 2025. The patent was in the meantime subject to opposition before the EPO opposition division and was maintained in accordance with an auxiliary request on 25 October 2024. The patent in its amended form was limited to cover treatment of relapsing remitting multiple sclerosis.

The defendant in the Swedish proceedings appealed the PI to the PMCA arguing that the claimant could not rely on the presumption of validity as the amended version of the patent in suit had not been validated in Sweden and that the defendant in the Swedish case had invoked evidence not assessed by the opposition division. It also argued that the opposition division erroneously had taken into consideration post-published evidence when maintaining the patent in amended form.

Decision

The PMCA first held that the fact that the patent was amended did not affect the presumption of validity. It noted that the patent as granted was still in force, notwithstanding that it was subject to opposition proceedings, and that the patent as granted was validated in Sweden. The PMCA held that there was no reason not to apply the presumption of validity simply because the patent as amended was not yet validated *per se*.

Neither did the PMCA agree with the defendants' second line of argumentation, i.e. that evidence not reviewed by the opposition division was invoked in the Swedish case. The evidence in question related to differences between dimethyl fumarate and monomethyl fumarate. The PMCA held that the opposition division in fact had considered the difference between the compounds in question, albeit not by assessing the particular evidence invoked by the defendant. The (new) invoked evidence was thus not sufficient to negate the presumption of validity.

Last, the PMCA disregarded the defendant's argument that the opposition division erroneously had considered post-published evidence, noting that the opposition division had assessed whether the post-published evidence was eligible and based on case law found that it was. The defendant's argument was thus disregarded also in this regard.

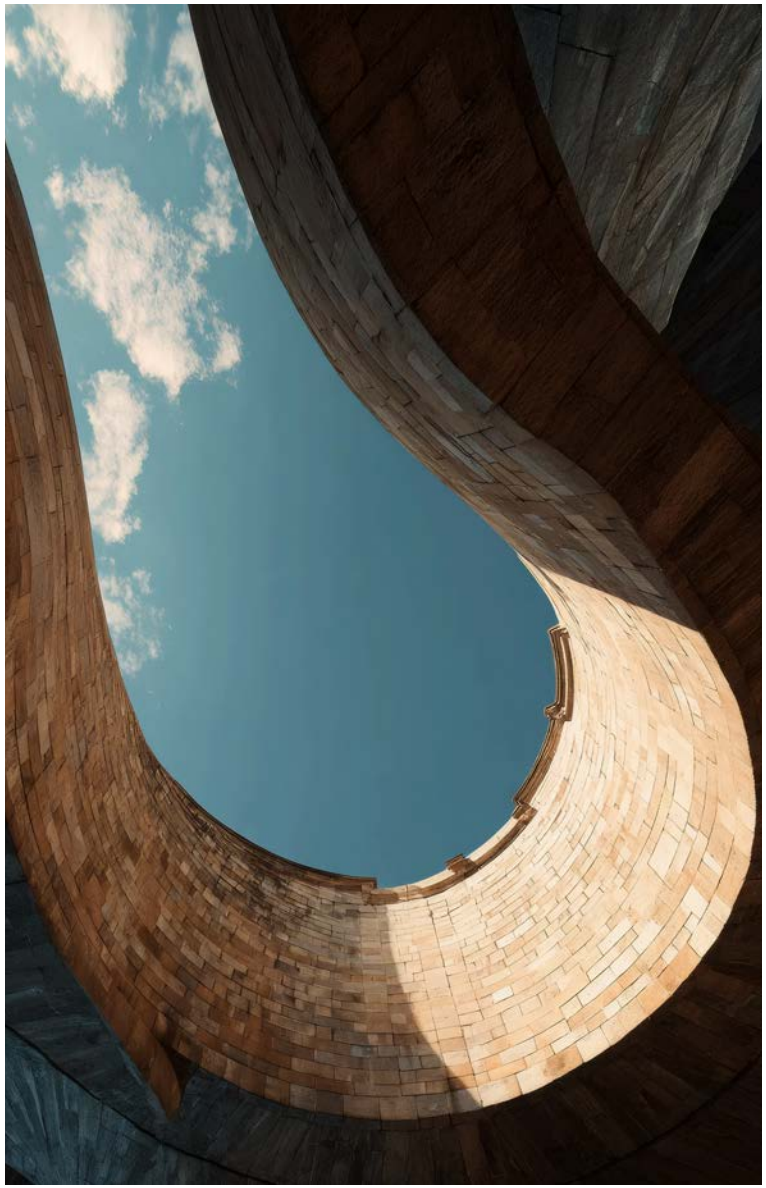
The PMCA thus ruled that the defendant had not submitted anything which entailed that the validity presumption should not be applied, accordingly upholding the PMC's ruling to grant a PI.

Comment

Apart from affirming the strong position of the presumption of validity in Swedish PI proceedings the ruling is another example of how the Swedish courts will make its own assessment of the facts and arguments, not seldom leading to a different outcome than foreign judgments.

Namely, the defendant relied on parallel proceedings in Denmark where a Danish appellate court had found that the post-published evidence taken into consideration by the opposition division in fact should not have been considered. Therefore, the Danish court ruled that the patent was likely to be held invalid in accordance with the auxiliary request by the EPO's BoA. Denmark being a Nordic country and sharing the same legislative history regarding patent law appears as a jurisdiction from which case law could have some merit in Swedish proceedings. However, the Swedish courts have traditionally been hesitant to defer to foreign judgments and always carry out their own assessment. This is highlighted by this case where the PMCA pays little or no mind to its Danish colleagues' ruling. One should thus neither be too pessimistic nor too confident based on judgments in parallel proceedings from foreign courts, although they can naturally give some indication and particularly well-reasoned judgments can be informally influential.

Ludvig Holm and Måns Ullman



Trademark law

General introduction

2025 has been a little bit more eventful on the enforcement side compared to recent years, especially from the CJEU where we report on several important judgments on issues such as acquiescence, misleading trademarks, technical function and the concept of stocking goods. We also report on two judgments from the Swedish PMCA, one regarding the protection for well-known trademarks with a quite surprising outcome, and one regarding company names where the Supreme Court has granted partial leave to appeal.

We can conclude that despite the increase we have seen in disputes regarding company names, there is still a need for clarifications on the relationship between trademarks and company names, and the so-called 'cross-protection' under Swedish law.

On the prosecution side it can be noted that in 2025, the Swedish Intellectual Property Office increased its fees, including for filing and renewal, of around 12%. Further, Sweden, amongst other EU countries, has implemented the EU CP15 convergence programme which, as many of the common practice projects, provide valuable guidance. This time regarding principles for comparing comparison of goods and services in relation to terms lacking clarity and precision and similarity assessment. From this year's case law we note, *inter alia*, clarifications on the evidentiary thresholds in relation to establishment of rights but also in relation to genuine use.

Bad faith and technical function of a trademark (CJEU, C-17/24 CeramTec)

Introduction

This decision pertains to the relationship between trademark registrations made in bad faith and absolute grounds of refusal, specifically of trademarks consisting exclusively of the shape of goods which is necessary to obtain a technical result. The CJEU finds that the invalidity grounds are autonomous and not mutually exclusive. It is thus possible for national courts to limit their assessment to one of the invalidity grounds, e.g. for procedural economy, but there is nothing preventing the courts from considering both invalidity grounds. The court further clarifies that the relevant circumstances for determining whether an applicant was in bad faith shall be based on the circumstances at the time of filing, and not on circumstances arising after the filing.

Background

A German manufacturer of technical ceramic components used for implants, CeramTec, sold components for medical prostheses under a patent that expired in 2011. Following the expiration of the patent, CeramTec registered three EUTMs relating to the colour (pink) and the shape of the ceramic component. CeramTec later filed infringement proceedings against an American company, Coorstek, manufacturing technical ceramics for medical purposes. Coorstek filed a counterclaim for invalidity of all three trademarks due to registration made in bad faith and due to the trademarks consisting exclusively of the shape of goods which is necessary to obtain a technical result. Coorstek argued that CeramTec applied for the trademark in an attempt to extend the protection of the patent, as the pink colour was caused by the chromium oxide in the ceramic; the chromium oxide, however, had later been found not to have the technical effect described and protected by the patent.

As the case was appealed to the Court of Cassation in France, the court decided to stay the proceedings and refer questions to the CJEU.

Decision

The first question was whether the grounds for invalidity relating to the technical (functional) nature of a trademark and to bad faith in the old Regulation 207/2009 ('CTMR'), replaced by EUTMR, are autonomous and mutually exclusive. The CJEU began with a linguistic assessment of the relevant provisions, concluding that the two invalidity grounds are separated by semi-colon, reflecting the intention of the legislator to distinguish between them and that the provision does not contain any expressions that indicated that the grounds must be examined in a certain order or priority. The two grounds also have a different nature and purpose where the functionality exclusion serves to ensure that only trademarks that can perform the function as a trademark shall be registered and (for technical functionality) to prevent that other rights such as patents are unduly extended. As for bad faith, this serves to ensure that economic operators compete fairly. As such, the CJEU concluded that the grounds are autonomous and not mutually exclusive. A court can thus confine itself to only examine one ground of invalidity, but there is nothing preventing it from also examining the other ground.

The referring court had asked that if the answer to the first question was negative, whether bad faith can be assessed independently from the invalidity grounds in Article 7(1)(e)(ii) of CTMR (i.e. the functional nature of a mark). The CJEU reaffirmed that the concept of bad faith is not defined in the CTMR and that

interpretation of the meaning must be determined by its usual meaning and the context where it occurs. The objectives of the concept must also be considered. The CJEU stated that bad faith essentially presupposes the presence of a dishonest state of mind or intention based on the relevant circumstances in the relevant case. Such circumstances can be the functionality of the trademark and that the applicant tried to extend the exclusive right to a technical solution previously protected by a patent.

Finally, the CJEU responded to the last question relating to whether bad faith can be excluded when the applicant has applied for a trademark with the intention to protect a technical solution, but where, after the application was filed, it had been discovered that there was no connection between the technical solution and the trademark applied for (in that the chromium oxide actually did not have a technical effect). The CJEU referred to the wording of the provision, stating that the relevant timing was whether the applicant was in bad faith when filing the application. Although circumstances occurring after filing of the application may indicate the intention at the time of the application, facts that the applicant became aware of after the application was filed cannot prove that the applicant was in bad faith at the time of the application.

Comment

As many patent holders may desire to extend the protection of a patent following its expiration by protecting it under other IP rights, this case may serve as a reminder that trademarks may not be registered solely as an extension of the technical solution. The CJEU emphasises that an attempt to extend a monopoly granted by way of patent protection shall be considered when assessing bad faith. It is important to differentiate between the purposes of the different IP rights, although they complement each other, they are not meant to cover the same concepts. As such, a trademark that only serves to protect features of a patent will likely be invalidated, either by being found to be purely functional or as registered with bad faith.

Josefine Arvebratt and Ludvig Holm

Stocking goods outside the territory of protection as an act of infringement (CJEU, C-76/24 Tradeinn Retail Services)

Introduction

About a fifth of global retail sales are estimated to take place online and the share of e-commerce is expected to continue to grow. The cross-border nature of online platforms makes it more difficult for holders of national trademarks to enforce their rights if infringing acts are in fact carried out in countries where the trademark is not protected. This judgment from the CJEU clarifies that the exclusive rights to national trademarks covers the stocking of goods outside the territory of protection as long as the infringing goods are intended to be put on the market within that territory.

Background

A holder of German national trademarks brought an infringement action seeking *inter alia* to prohibit the defendant from using signs identical to its trademarks in Germany. The action covered several acts of infringement, including stocking goods for the purpose of putting them on the market. The defendant was established in Spain and offered and sold goods bearing the trademarks at issue online, through its own website and an online marketplace. The goods were stocked in Spain.

Question arose regarding the principle of territoriality and whether Article 10(3)(b) of Directive 2015/2436 ('Trade Mark Directive') allows the holder of a trademark protected in one Member State to prohibit a third party from stocking, in another Member State, goods bearing a sign identical to that trademark, on the ground that those goods are intended to be offered for sale or put on the market in the Member State in which the mark is protected.

The German court also asked whether the concept of stocking depends on the possibility of actually accessing the infringing goods, or if the possibility of being able to influence the person with actual access to those good is sufficient.

Decision

The CJEU emphasised that when interpreting EU law, it is necessary to consider not only the wording of a provision but also the context in which it occurs and the objectives pursued. Articles 10(3)(b) and 10(2) of the Trade Mark Directive provide the right for a trademark holder to prevent certain types of use of signs which infringe the trademark, including 'offering the goods or putting them on the market, or stocking them for those purposes, under the sign, or offering or supplying services thereunder'. According to the court, it is apparent from the wording of Article 10 that in order for the trademark holder to be able to prohibit the stocking of goods, the third party must itself pursue the aim of offering those goods or putting them on the market. The court further stated that by contrast, the wording does not contain any express indication as to the possibility for the holder of a trademark registered in one Member State of preventing a third party from stocking goods under that sign in the territory of another Member State. Regarding the context of the provision, the CJEU recalled that the protection of a national trademark is, in principle, limited to the territory of the relevant Member State. As to the purpose of the exclusive rights, the court stated that it consists in enabling the trademark holder to ensure that the trademark can fulfil its functions.

The purpose and geographical scope mentioned above have a number of consequences for the interpretation of Article 10(3)(b) of the Trade Mark Directive, according to the court. Reviewing different situations where a trademark holder is entitled to prohibit third

parties from putting infringing goods on the market, offering them for sale or marketing them in the territory of protection, the court concluded that a prerequisite for the exclusive right to apply is that the goods will be released for free circulation in that territory. In this context, the court recalled that Article 10(3)(b) of the Trade Mark Directive allows a trademark holder to prevent a third party from offering and putting goods on the market under an infringing sign, as well as 'stocking them for those purposes'. This means, according to the court, that the provision only applies to stocking of goods if that is the preliminary step to offering or putting them on the market.

In light of these considerations, the CJEU held that the holder of a national trademark may prohibit a third party from stocking infringing goods in the territory of another Member State in order to offer those goods for sale or put them on the market in the Member State in which that mark is protected.

Regarding the meaning of the word 'stocking', the court examined the linguistic meaning of several different language versions of Article 10(3)(b) and held that it covers not only cases where the alleged infringer has direct and actual control over the goods concerned, but also situations where the alleged infringer has indirect but nonetheless actual control over those goods.

Comment

The judgment strengthens the protection for national trademarks as it clarifies that it does not matter where the infringing goods are physically located as long as they are intended for sale in the territory of protection. This will increase trademark holders' ability to act against online retailers who ship the goods from centralised warehouses in a Member State where the trademark is not registered.

However, the question remains as to the evidence necessary to prove that the goods are intended for sale within the territory of protection. If, as is often the case on online platforms, the website is directed to a country (e.g. with specific shipping options, language, currency etc.) where a trademark is protected and there is information on the number of items in stock, could all those be attributed to the country in which protection exists, even though the stock in question is available for purchase from all targeted markets? One of the sanctions available against infringement is the destruction of infringing goods – would a positive answer to that question mean that the entire stock, thus intended for sale in several different markets, could be seized and destroyed as infringing a trademark valid only in one Member State? Applying the principles of this judgment, the Swedish Trademark Act appears to allow for such a conclusion at least in theory, but it may fail in terms of proportionality.

The CJEU's interpretation of the word 'stocking' means that infringers will not be able to simply state that the goods are under the direct control of a third-party provider of e.g., transport or storage services as a defence against infringement. This places the liability firmly on the party putting the goods on the market.

Siri Alvsing

No time limit to challenge a trademark registered in bad faith (CJEU, C-322/24 Sánchez Romero Carvajal Jabugo)

Introduction

Pursuant to Article 9 of Directive 2015/2436 ('Trade Mark Directive'), the holder of a trademark who has acquiesced in the use of a later registered mark for a period of five successive years loses its right to act against that trademark. A prerequisite for acquiescence is that the holder of the earlier trademark was aware of the use of the later trademark. However, preclusion due to acquiescence does not apply to applications filed in bad faith. In this case, the CJEU clarifies that trademark holders maintain their right to act against bad faith registrations even if they have expressly stated a time limit for bringing an invalidation action, corresponding to the date of preclusion due to acquiescence in the directive, in a letter of notice.

Background

The holder of two EUTM's, registered in 2006 and 2015, sent a letter of notice to the defendant in 2016, requesting withdrawal of two Spanish national trademarks, both registered in 2012, as well as cessation of use. The letter of notice included a statement that an invalidity action could be brought in respect of the later trademarks before 28 February and 18 March 2017 respectively. The specific time limits coincided with the general time limit of five years for bringing an action against the registration or use of a later registered trademark after obtaining knowledge of the registration and use of that trademark, pursuant to the Trade Mark Directive.

The EUTM holder brought an action against the defendant in November 2021, seeking a declaration of invalidity against the later registered trademarks. The referring court had concluded that the defendant had acted in bad faith when filing the applications for registration of the marks. However, the defendant argued preclusion due to acquiescence, claiming that their trademarks at issue were registered in 2012, that the EUTM holder had acquiesced in the use of those marks for a long time and that the time limits for bringing an invalidity action stated in the letter of notice had expired.

The question before the CJEU was whether the holder of an earlier trademark, sending a letter of notice setting out a specific time limit for bringing a declaration of invalidity that clearly and unambiguously coincides with the time limit of five years laid down in cases of acquiescence, is bound by their own actions, and whether that applies even to registrations made in bad faith.

Decision

By referring to its previous decision in Budějovický Budvar (C-482/09), the CJEU recalled that one of the conditions which must be fulfilled in order for the period of limitation due to acquiescence to start running is that the application for registration of the later trademark was made in good faith. The CJEU emphasised that bad faith on behalf of the applicant constitutes an absolute ground for invalidity and held that the applicant cannot rely on acquiescence if the application was made in bad faith. The CJEU further expressed that this interpretation was consistent with the general objectives pursued by the EU trademark rules, and that trademarks registered in bad faith are detrimental to the development of healthy competition.

The CJEU further established that the five-year limitation period for acquiescence does not apply even if the holder of the earlier trademarks has set out a corresponding time limit in a letter of

notice but has neglected to bring an invalidity action within that lime limit. According to the court, this applies even if the holder of the earlier trademark had all the information necessary to consider that the registration had been applied for in bad faith at the time of sending the letter of notice.

Comment

This judgment makes it clear that holders of trademarks filed in bad faith can never be certain that their marks will not be invalidated as bad faith is an absolute ground for refusal, as it is considered detrimental to the market and the general objectives of trademark legislation.

It should be noted that the claimant bears the burden to prove the existence of bad faith, but the CJEU's findings still provide additional advantages for trademark holders against bad faith registrations. Since the holder of earlier trademarks will not be bound by time limits expressed in letters of notice, this can be used to put pressure on the counterparty prior to litigation without the risk of the trademark holder losing its rights to seek invalidation based on bad faith.

Siri Alvsing and Felicia Taubert

CJEU confirms that Swedish legislation on protection for company names as trade signs is compatible with EU law (CJEU, C-365/24 Purefun Group)

Introduction

The Swedish Trademark Act stipulates that the holder of a registered company name has exclusive rights to use that name also as a sign in the course of trade, essentially corresponding to the exclusive rights conferred by a registered trademark but subject to less strict requirements in some regards. In this referral from the PMCA, the CJEU has confirmed that the Swedish legislation is not prevented by Directive 2015/2436 ('Trade Mark Directive') or the fundamental principles of free movement of goods and services.

Background

The claimant operated under a registered company name with the distinctive element DOGGY. It was also the holder of the word mark DOGGY. The defendant used the sign DOGGIE for identical goods and services as those covered by the claimant's business and trademark. The claimant brought an action seeking to prohibit the defendant's use of the sign on the grounds that it infringed the exclusive rights to both its company name and its trademark. The PMC upheld the action, finding infringement on both grounds.

On appeal, the PMCA noted that the cross-protection for company names is subject to less strict requirements but affords a similar scope of protection to that of a trademark. First, a company name cannot be partly revoked if it is not used for the entire business for which it is registered. Second, the registered business of a company – which serves as the basis for the assessment of likelihood of

confusion – can be defined much more broadly than the goods and services for which a trademark is registered. This results in a wider scope of protection which, according to the PMCA, could affect the free movement of goods and the freedom to provide services.

The PMCA therefore asked the CJEU for guidance on whether the Trade Mark Directive and the articles concerning free movement of goods and services in the Treaty on the Functioning of the European Union prevented the Swedish provisions regarding cross-protection for company names as trade signs.

Decision

The CJEU started by recalling that the Trade Mark Directive seeks to approximate national trademark laws but not those relating to trade names – a category to which a company name may belong. In the absence of harmonisation, the CJEU thus concluded that the protection of trade names is a matter for national law.

In relation to the conflict between the company name DOGGY and the sign DOGGIE, the CJEU expressed that it did not involve any trademarks and that the Trade Mark Directive was therefore not relevant for the questions referred.

The CJEU thus moved to examine whether the principles of free movement of goods between Member States prevented the national legislation at issue. Noting that exclusive rights to company names may constitute a restriction on the free movement of goods, the CJEU stated that such a restriction is justified by overriding reasons in the public interest relating to the protection of trade names against the likelihood of confusion. The CJEU held that the less strict requirements imposed on company names under Swedish law, as described by the PMCA in its referral, did not mean that the system went beyond what was necessary to protect those interests. In this regard, the CJEU noted in particular that (i) failure to use a company name may, under certain conditions, lead to the revocation of the company name, and (ii) the law requires that the business of a company is described and limited with sufficient precision to enable third parties to be effectively informed of them.

Consequently, the CJEU found that Swedish provisions regarding cross-protection for company names were compatible with EU law.

Comment

The cross-protection of company names as trade signs is often discussed in Sweden, in particular as it seemingly provides a wider scope of protection than a corresponding trademark for the reasons mentioned in the PMCA's referral. In particular, the absence of the possibility of partly revoking a company name if it is not used for certain types of business covered by the registration risks being detrimental to other companies using similar signs for similar goods or services. This creates a situation where exclusive rights to trade signs remain in force without satisfactory requirements of genuine use.

From a Swedish perspective, it is therefore rather unsatisfactory that the CJEU neglected to examine whether these provisions are compatible with the objectives of the Trade Mark Directive. Recitals 32 and 33 to the directive state that trademarks fulfil their purpose of distinguishing goods or services only when they are actually used on the market, and that a requirement of use is necessary to reduce the total number of trademarks registered and protected in the EU and consequently, the number of conflicts which arise between them. This is equally true for company names and it would have been useful to receive further guidance on the weight of these objectives when balanced against a company's exclusive rights to its name.

Siri Alvsing

Scope of preclusion due to acquiescence (CJEU, C-452/24 Lunapark Scandinavia)

Introduction

This case concerns preclusion of the right to act against infringement due to acquiescence in a dispute between two companies who sold confectionery products under the sign 'Dracula'. The CJEU rules that Finnish legislation imposing additional conditions for preclusion to arise than those set out in Directive 2015/2436 ('Trade Mark Directive') are contrary to EU law.

Background

The holder of the Finnish trademark DRACULA (word), registered for confectionery goods since 2009, brought infringement proceedings against another company which imported and sold confectionery goods featuring the word 'Dracula'. A third company had used the sign Dracula prior to the trademark holder's registration of the mark, without any exclusive rights (registered or established through use). The defendant had acquired this company in 2019 and argued that the trademark holder had forfeited its rights to enforce its trademark due to acquiescence, as the defendant was merely pursuing a long-standing practice on the part of the acquired business.

Pursuant to a well-established principle of Finnish private law, an applicant must bring an action or assert their right within a reasonable time following the date on which the claimant had or should have become aware of the facts on which the claim was based. In the light of this principle, the Finnish Marketing Court dismissed the trademark holder's claim. The trademark holder appealed to the Finnish Supreme Court, which asked the CJEU for clarification on whether the relevant provisions in the Trade Mark Directive preclude the application of such a principle under national law, i.e., which goes beyond the directive.

Decision

Initially, the CJEU recalled the contents of relevant Articles 9, 10 and 18 of the Trade Mark Directive. Article 10 provides the exclusive rights conferred on the holder of a registered trademark, Article 9 relates to preclusion of a declaration of invalidity due to acquiescence, and Article 18 relates to intervening rights of the holder of a later registered trademark as defence in infringement proceedings. The CJEU referred to its previous rulings in SodaStream (C-197/21) and Budějovický Budvar (C-482/09) and emphasised that (i) Article 10 of the Trade Mark Directive effects a complete harmonisation of the rules relating to the rights conferred by a trademark and defines the rights of trademark holders, and (ii) Article 9 of the Trade Mark Directive effects a complete harmonisation of the conditions under which the holder of a later registered trademark may maintain his or her rights to that mark where the holder of an identical earlier trade mark seeks a declaration that that later trade mark is invalid. The CJEU held that this case law also applies to the preclusion due to acquiescence in infringement proceedings regarding the use of a later registered trademark.

Concluding that Article 18 of the Trade Mark Directive fully harmonises the conditions under which the exclusive rights conferred by a trademark may be limited in the event of inactivity, the CJEU made a clear distinction between registered and non-registered trademarks. Article 18 relates specifically to a later registered trademark. Preclusion through acquiescence cannot be extended to the use of a sign which the alleged infringer has not registered as a trademark.

The CJEU held that restricting the enforcement of the exclusive rights to registered trademarks beyond what is stipulated in the Trade Mark Directive would undermine the objectives pursued by the directive. Consequently, it held that the Trade Mark Directive precluded the application of the national law principle invoked by the defendant.

Comment

The CJEU confirms that the Trade Mark Directive fully harmonises the trademark laws of the Member States in terms of the exclusive rights conferred by a registered trademark and the situations where the trademark holder is precluded from enforcing these rights. Losing the right to act against infringement risks having a big impact on the holder's business, in particular if there is a risk of actual confusion on the market. Trademark holders are therefore well-placed to have trademark watches and other systems in place to monitor the relevant markets.

The judgment serves as a reminder of the importance to register the signs used in the course of trade as trademarks. The fact that a sign has been used for a long time will generally not serve as a defence against younger trademarks, unless the sign has been registered as a trademark unless it can be proven that trademark rights have been acquired through use.

The CJEU does not expressly mention whether preclusion through acquiescence under the Trade Mark Directive extends to non-registered trademarks established through use and it is currently unclear whether this would be the case. The Swedish Trademarks Act stipulates that preclusion applies when a trademark holder has acquiesced in the use of a trademark established through use, with the only difference being that the period of acquiescence shall

be a reasonable period of time rather than a period of five years. The Trade Mark Directive does not appear to prevent such legislation *prima facie*, as it is silent on non-registered trademarks (except in the context of relative grounds for refusal). Swedish case law regarding acquiescence relating to non-registered trademarks is scarce, so it remains to be seen how the courts would interpret the CJEU's ruling in this case to the Swedish provision regarding non-registered trademarks.

Siri Alvsing and Felicia Taubert

Genuine use of a trademark (GC, T-1103/23 and T-1104/23 Testarossa)

Introduction

On 2 July 2025, the GC delivered two significant judgments in trademark revocation proceedings brought by Ferrari SpA against decisions of the EUIPO relating to the word trademark TESTAROSSA. The cases clarify the law on genuine use of a trademark, particularly in contexts where the mark has historic or second-hand commercial use and where third parties use the mark with the trademark holder's implied consent. The court confirmed that use by authorised third parties and resale activities can constitute genuine use, even when the trademark holder does not have any sales of its own, if they fall within the essential function of the mark.

Background

Ferrari holds the word mark TESTAROSSA registered in 2007 for, *inter alia*, automobiles, automotive parts and accessories (class 12) and scale model vehicles (class 28). In 2014 and 2015, a third party filed applications for revocation of the TESTAROSSA mark on the basis that it had not been put to genuine use in the EU for a continuous period of five years between 2010 and 2015. The Cancellation Division granted the revocations, and its decisions were later upheld by the BoA. Ferrari then brought actions before the GC seeking annulment of those decisions.

Decision

The GC annulled the BoA's decisions in both cases, holding that Ferrari had shown genuine use of the TESTAROSSA mark during the relevant period. The court's reasoning focused on three principal strands: use in the second-hand automobile market, use in connection with automotive parts and accessories, and use in relation to scale model vehicles.

Regarding automobiles, the court held that even though Ferrari ceased production of the Testarossa model in 1996, the resale of second-hand Testarossa cars by authorised dealers or distributors during the relevant period constituted genuine use of the TESTAROSSA mark. This use fell within the essential function of the trademark, namely, to guarantee origin, because the resale occurred with Ferrari's implicit consent, as evidenced by commercial arrangements and the authorised status of the dealers. The court confirmed that use by third parties can qualify as use by the trademark holder where there is consent, whether explicit or implied, particularly where the brand owner participates in or benefits from the resale system.

The court further emphasised that Ferrari's involvement in the resale process through services certifying the authenticity of vehicles and parts strengthened the link between the commercial origin and the mark. In this context, second-hand sales of iconic models under conditions where the trademark holder exercised substantive involvement supported the finding of genuine use, even where production of new vehicles has long ceased.

The court also addressed genuine use in relation to automotive parts and accessories. It found that authorised distributors marketed these goods under the TESTAROSSA mark during the relevant period and that Ferrari's certification services, which included verifying the commercial origin of principal parts, constituted use that was consistent with the trademark's essential function. By demonstrating implied consent to third parties' use and active participation in related commercial activities, Ferrari satisfied the genuine use requirement for these goods.

As regards scale model vehicles, the GC clarified that use of a registered mark by third parties on toys can be genuine if it goes beyond

merely indicating reproduction of a real vehicle and instead suggests an economic link with the trademark owner, such as through licensed product marketing. Upon examining catalogues, product photographs and evidence of authorised use, the court concluded that the mark was used with Ferrari's consent in a manner consistent with the mark's essential function for scale models. Accordingly, the court found that genuine use for these goods had been demonstrated.

Comment

The judgments are of considerable importance, particularly regarding the interpretation of genuine use and the role of implied consent in use by third parties. First, the rulings confirm that genuine use is not confined to direct exploitation of a mark on new goods or services; it may encompass resale activities in secondary markets, provided that the conditions of consent and commercial linkage to the trademark holder are met. This is especially relevant for brands with legacy products that retain commercial value through authorised second-hand markets.

Second, the decisions underscore that the trademark holder's involvement, such as authorisation of dealers or certification of authenticity, can be decisive in establishing genuine use, even where goods are marketed by third parties. This broadens the practical avenues for demonstrating use in revocation proceedings and mitigates the risk of revocation for marks linked to long-lived goods or extensive networks of authorised resellers.

Third, for scale models and licensed products, the rulings highlight how commercial exploitation beyond mere reproduction of a design (e.g., by signifying an official or licensed connection) may constitute trademark use with the holder's consent. The judgments therefore provide guidance for trademark holders seeking to leverage licensing arrangements without jeopardising the validity of their registrations.

For practitioners, these judgments emphasise the importance of documenting authorised use by third parties and structuring commercial activities in ways that clearly reflect consent and economic linkage to the trademark holder.

Mirja Johansson and Helena Wassén Öström

Distinctiveness of short sound marks (GC, T-288/24 BVG)

Introduction

In this judgment, the GC provides important clarification on the assessment of distinctiveness for sound marks, particularly in sectors where short sound sequences are commonly used for calling upon consumer attention. The GC annulled a decision of the BoA, which had refused registration of the two-second-long sound mark for transport services on the ground that it was devoid of distinctive character. The decision confirms that even very short sound sequences, when used in accordance with sectoral practices and capable of identifying commercial origin, may satisfy the requirement of distinctiveness.

Background

Berliner Verkehrsbetriebe (BVG), the public transport operator in Berlin, filed an application in 2023 for registration of a short sound mark consisting of a sequence of four tones. The mark was sought for services in class 39, including passenger transport, travel arrangement and related services.

The examiner refused the application, finding that the sound was too short and simple and not capable of being perceived as an indicator of origin. BVG appealed to the BoA, which upheld the refusal. According to the BoA, the sound was too short, lacked any memorable character and was likely to be perceived merely as a functional signal used in a transport context, rather than as a trademark.

BVG brought an action for annulment before the GC. It argued, *inter alia*, that the BoA had not properly considered sector-specific customs in the transport industry, where short melodic sequences are typically used as brand identifiers, and that it had wrongly focused on the brevity of the sound.

Decision

The GC annulled the decision of the BoA.

The court held that the BoA had erred in its assessment of the distinctive character of the sound mark. While sound marks are assessed according to general principles of distinctiveness, the court emphasised that sectoral practices play a crucial role in determining how the relevant public perceives such signs.

The court recalled that, in order to establish distinctiveness, a sign must possess at least a minimum degree of ability to identify the commercial origin of the goods or services in question. This applies equally to sound marks as to other types of marks. According to the court, short sound sequences are regularly used in the transport sector to create recognisable audio identities, for example in connection with announcements. Such sounds are commonly intended to draw attention and convey a specific brand identity. In this sectoral context, even a short sound may be capable of functioning as an indicator of origin.

The GC further held that the BoA placed undue emphasis on the brevity of the sound. The court stated that the short duration of a sound is not, in itself, a sufficient ground to deny distinctiveness. The relevant question is whether the sound, notwithstanding its brevity, can be perceived by the relevant public as identifying the origin of the services. The court found that BVG's sound, consisting of four perceptible tones, could not be regarded as lacking distinctive character.

The court rejected the BoA's view that the sound fulfilled merely a functional purpose, such as attracting attention before announcements. Even if the sound could have such a role, it might nevertheless function as a trademark if the public attributes it to a particular economic operator. Moreover, the sound bore no natural or functional link to transport services, such as the noise of a vehicle, and thus had the capacity to act as an indicator of origin.

The GC also referred to the EUIPO Guidelines, which recognise that short melodies may satisfy the distinctiveness requirement where they can be memorised and associated with a particular undertaking. The BoA had failed to take these principles sufficiently into account.

In light of these considerations, the GC concluded that the BoA's refusal was vitiated by errors of law and must be annulled.

Comment

The judgment provides valuable guidance for the assessment of sound marks, particularly those consisting of only very short sound sequences. The court's reasoning underscores that distinctiveness must be assessed in context, taking into account the norms and expectations of the relevant sector. In industries such as transport, where short audio signals are commonly used to reinforce brand identity, even brief sound sequences may meet the threshold of distinctiveness.

The decision also clarifies that neither brevity nor a potential attention-drawing function is sufficient to deprive a sound of distinctiveness. Instead, the key question is whether the relevant public can perceive the sound as conveying commercial origin. The court's reference to the EUIPO examination guidelines confirms the need for a nuanced and contextual approach to examining sound marks, rather than relying on general assumptions.

For brand owners, the judgment is a welcome clarification and may encourage broader use of sound marks as part of brand strategies, particularly in sectors with established audio branding practices. For practitioners, it highlights the importance of presenting contextual and sector-specific evidence when, if needed, seeking to demonstrate the distinctiveness of a sound mark.

Mirja Johansson and Helena Wassén Öström

Evidentiary requirements to establish genuine use of a trademark (GC, T-372/24 K-Way)

Introduction

The GC clarifies the evidentiary requirements for demonstrating genuine use of a EUTM in revocation proceedings in this judgment. The case concerns a figurative mark consisting of a sequence of five vertical-coloured stripes used on clothing and related goods. The GC partly annuls the decision of the BoA, finding that the BoA had erred in its assessment of the evidence with respect to shopping bags. The judgment provides important guidance on the link required between evidence of use and the specific goods for which use must be established, as well as the limits of relying solely on shop signage or marketing materials without demonstrating actual public and outward use of the mark on the relevant goods.

Background

The contested EUTM, shown below, was registered in 2006 for goods in classes 18 and 25, including suitcases, handbags, wallets, shopping bags, clothing, footwear and headgear. In 2019, a third party applied for revocation of the mark alleging non-use during a five-year reference period (15 October 2014 – 14 October 2019).

The trademark holder, K-Way SpA, submitted a significant volume of evidence, including invoices, catalogues, press materials, internal documents and examples of the mark being used alongside other signs. The Cancellation Division revoked the registration for all goods except outdoor clothing and footwear. On appeal, the BoA broadened the scope of surviving goods, holding that genuine use had also been demonstrated for suitcases, backpacks, wallets, clothing (excluding outerwear) and headgear.

However, the BoA rejected the evidence for several other products in class 18, including shopping bags, briefcases, handbags and vanity cases, largely on the basis that the goods shown in catalogues or press reviews could not be matched with the invoice documentation. K-Way brought the case to the GC, alleging that the BoA had misapplied the criteria for assessing genuine use in relation to single-brand retail shops, for which it, allegedly, is not necessary to affix the mark to all goods to prove genuine use. According to K-Way it was sufficient to show that the mark was used in relation to the store in such way to create a link with the goods marketed.

Decision

The GC dismissed the applicant's arguments on nearly all points but upheld the action in relation to shopping bags.

The court held that displaying the trademark prominently in single-brand shops does not automatically establish use of the mark for all goods sold therein. While shop signage may contribute to demonstrating the public and outward use of a mark, it cannot alone prove use for each individual product, particularly where multiple trademarks are used in parallel.

Regarding the alleged affixing of stickers bearing the mark to goods in class 18, the court found that the trademark holder had

not shown that such stickers were applied to those goods during the relevant period.

The trademark holder argued that the BoA had improperly discounted catalogue and press review evidence showing the mark on various goods, including handbags, briefcases and vanity cases. The GC agreed that images from such materials can demonstrate use but emphasised that the mark must be shown to have been used publicly and outwardly in commerce, and not merely in marketing materials. Critically, the court found that the goods shown in catalogues and press materials could not be linked to the corresponding invoices.

However, the GC found an error in the BoA's assessment concerning shopping bags. The court noted that one model of shopping bags appeared in the evidence with a visible reproduction of the contested mark, and that identical product references could be found on invoices documenting actual sales of that specific model. In those circumstances, the BoA should have concluded that genuine use of the mark had been proven for shopping bags.

Comment

This decision provides useful clarification on the evidentiary standard applicable in revocation proceedings. It underlines that genuine use must be established through a coherent body of evidence showing public and outward use of the mark for each specific type of goods, and not merely through general branding, shop signage or marketing materials. The GC affirms that catalogue and press evidence can be relevant, but only where it is linked to documents proving actual sales, typically invoices containing model names or product codes which match the goods depicted.

The judgment also confirms that the presence of a mark in single-brand shops is not sufficient to establish use for all goods sold therein, particularly where the trademark holder uses multiple marks.

The partial success relating to shopping bags illustrates that even a small amount of properly linked evidence can suffice. The case therefore serves as a practical reminder for trademark holders to maintain consistent documentation enabling the verification of product-specific use.

For practitioners, it highlights the importance of advising clients early on to preserve robust, traceable records of trademark use.

Mirja Johansson and Helena Wassén Öström

Purchase situation decisive in assessment of trademark infringement (PMCA, PMT 2942-23)

Introduction

This infringement case is a crash course in Swedish trademark law as the PMCA thoroughly examines essentially all grounds for infringement provided for in the Trademark Act. The PMCA quite surprisingly finds that there is no infringement, despite the fact that the claimant's trademarks were found to be well-known in Sweden and that the relevant public is considered to perceive a connection between the disputed signs. Thus, this case show that even though the protection for well-known trademarks is strong, a claimant must still provide convincing evidence to show that the alleged infringing use takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier trademark. The claimant does not manage to do so in this case, and the PMCA consequently rules in favour of the defendants.

Background

Aktiebolaget Trav & Galopp ('Trotting & Gallop LLC' in translation) provides betting services within equine sports, mainly horseracing. Until 2019, Aktiebolaget Trav & Galopp had a monopoly to provide such services in Sweden. Aktiebolaget Trav & Galopp holds several registered trademarks in Sweden and the EU, mainly for its core gambling and betting services. However, it also holds trademarks for other goods and services, such as clothing. A common feature of the company's trademarks is that they all contain the letters 'ATG' as an acronym for 'Aktiebolaget Trav & Galopp'.

In 2020, Aktiebolaget Trav & Galopp noticed that a clothing manufacturer and a clothing store sold and marketed a clothing collection using signs containing the letters 'ATG', e.g. '#ATG', 'ATG X Wrangler' and 'ATG WRANGLER'.

Aktiebolaget Trav & Galopp brought an action for trademark infringement against the clothing companies. The PMC found for the claimant, concluding that there was a likelihood of confusion and thus that the clothing companies' signs infringed Aktiebolaget Trav & Galopp's trademark rights. The clothing companies appealed the decision to the PMCA, which granted leave to appeal.

Decision

The PMCA started its examination of the issue of infringement with whether the defendants' use of 'ATG' in their marketing constituted 'use as a sign' within the meaning of the Trademark Act, or if it was descriptive. The defendants argued that they had used ATG as an acronym of 'All Terrain Gear' which was descriptive for the clothes in question. However, the PMCA held that it had not been shown that the relevant public perceived the letters 'ATG' as an acronym for 'All Terrain Gear'. As a result, the court held that 'ATG' could not be considered descriptive for outdoor clothing and the use of 'ATG' thus constituted 'use as a sign'.

The court then went on to assess whether the use infringed the claimant's trademarks. In the assessment of identity between signs, comparing '#ATG' and the claimant's ATG trademarks, the court held that the small differences between the signs could not be considered so insignificant that they would go unnoticed by the average consumer. The other signs used in relation to the clothing collection contained additional differentiating elements, leading the PMCA to conclude that they were also not identical to the claimant's trademarks. Hence, the court found that there was no infringement based on double identity (i.e. identity both between the signs and the goods or services at issue, in this case clothes).

With regard to infringement based on a likelihood of confusion, the court concluded that (i) the claimant's trademark had a normal degree of distinctiveness in relation to clothes, (ii) the claimant had not shown enhanced distinctiveness through use, (iii) there was a high or moderate degree of similarity between the different signs used by the alleged infringer and the claimant's trademarks, and (iv) there was identity between the goods.

The PMCA then held that in infringement proceedings, as opposed to registration proceedings, the purchase situation must be considered in the assessment of likelihood of confusion. The purchase situation at issue would be that the average consumer had chosen to visit one of the defendants' physical stores or visit a website that almost exclusively sold clothes. The court also held that the expression 'All Terrain Gear' appeared either as part of or in proximity to the relevant sign on each product, on individual garments, elsewhere in the store or on the websites. Even though the element 'ATG' was not considered descriptive as such, the court found that the average consumer would still perceive ATG as used for outdoor clothing and thus as an acronym for 'All Terrain Gear'. Consequently, the PMCA found it unlikely that in the relevant purchase situation, the average consumer would perceive Aktiebolaget Trav & Galopp as the company behind the collection. The court further held that the average consumer would not perceive the use of the mark as a collaboration with Aktiebolaget Trav & Galopp, since the clothing collection in question was so clearly linked to outdoor clothing. With reference to this, it was found that the average consumer in the actual purchase situation could not be considered to perceive that the clothing collection originated from Aktiebolaget Trav & Galopp or from a company with economic connections to Aktiebolaget Trav & Galopp. Considering all relevant factors, the court consequently found that there was no likelihood of confusion.

Aktiebolaget Trav & Galopp further claimed that their trademarks were well-known in the EU and Sweden. The PMCA stated that there was no doubt that the trademarks in question were well-known for gambling and betting services in Sweden, but that it had not been shown that the EUTMs were well-known in the EU. Referencing the judgment in Pago International (C-301/07), the question was therefore whether the finding that the trademarks were well-known in Sweden was sufficient to conclude that the same applied for the entire EU.

In Pago International, the CJEU stated that the territory of one Member State may constitute a substantial part of the territory of the Union and held that, given the facts of the national proceedings, it was sufficient that the trademark at issue there was well-known in Austria for it to be considered well-known in the EU. The PMCA pointed out that this conclusion was dependent on the facts of that case, namely that the trademark at issue had been used for beverages which are goods in free circulation in the EU. In contrast, the ATG trademarks had been used for gambling and betting services and the free movement of such services is much more limited than other goods and services. Therefore, the PMCA held that finding that the trademarks were well-known in Sweden did not necessarily mean that they were also well-known within the EU.

Surprisingly, the PMCA expressly chose not to take a definitive position on this issue and instead turned to examine whether the use of the trademarks without due cause could be considered to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the trademarks. Referring to a market survey cited by Aktiebolaget Trav & Galopp and to the fact that Aktiebolaget Trav & Galopp's trademarks were associated with an activity which was subject to a monopoly until 2019, the court held that it was

logical that Aktiebolaget Trav & Galopp would come to mind when the relevant public encounters trademarks containing the letters 'ATG'. The relevant public was thus found to perceive a connection between the defendants' signs and the claimant's trademarks.

However, as to the question of unfair advantage, the PMCA stated that the goods and services for which the parties' signs were used were different. Additionally, the court held that the acronym 'ATG' was also used for many other word combinations. The word element ATG in the claimant's trademarks was therefore not considered unique. This entailed, according to the court, that while the average consumer would associate 'ATG' with Aktiebolaget Trav & Galopp's trademarks when faced with the defendant's trademarks, the average consumer would still – considering the context in which the defendants' trademarks were used and the goods they were used for – perceive that the acronym ATG as used by the defendant must refer to something else. Further, the court held that the evidence on record did not show that the average consumer's financial behaviour had been or risked being affected as a result of the defendants' use of the marks in question.

Accordingly, the court found that it had not been shown that the use of the defendants' signs took unfair advantage of or was detrimental to Aktiebolaget Trav & Galopp's trademarks. Hence, the PMCA found that there was no infringement in the extended protection for well-known trademarks. Consequently, the court refrained from determining whether the trademarks were well-known within the EU.

Comment

The main takeaways of this judgment concern the PMCA's reasoning regarding the protection of well-known trademarks.

First, the PMCA holds that finding that a trademark is well-known in one Member State, in this case Sweden, does not necessarily mean that it is also considered well-known within the EU. In its assessment, the PMCA attaches importance to whether the goods or services for which the trademark is used are in free circulation, essentially limiting the application of the CJEU's reasoning in Pago International. Although the PMCA does not take a final position on this issue, it implies that it is 'easier' for goods/services in free circulation to be considered well-known within the EU based on evidence relating to one Member State, presumably because it is more likely that these goods or services are in fact present on several markets. In this case, the fact that the claimant's trademarks were used for gambling and betting services, where free movement is much more limited than for many other types of goods and services, thus militated against a finding that the trademarks were well-known in the EU. However, while the PMCA's reasoning is relevant for businesses operating in sectors where monopolies, licensing systems or other regulatory aspects create barriers between different markets, this will not be the case for most goods and services. It is therefore unclear how much impact this judgment will have on Swedish trademark law in practice.

Second, we note that even though the PMCA finds that the average consumer will perceive a connection between the defendants' signs and the claimant's trademarks, the court still finds that the defendants' signs do not take unfair advantage of, or are detrimental to, the distinctive character or the repute of the claimant's trademarks. The PMCA places decisive importance on the consumers' perception at the time of the purchase. In our view, this is remarkable and, as far as we are aware, the first judgment of this kind in Swedish case law. Holders of well-known trademarks claiming infringement should be mindful of how their cases are pleaded, making sure to

include arguments and – where available – evidence regarding the consumers' perception of the signs at issue in general as well as specifically in the purchase situation. In any case, this judgment provides a welcome addition to the limited Swedish case law regarding the scope of protection for well-known trademarks.

Siri Alvsing and Filip Jerneke

The elastic concept of 'business' makes scope of protection for company names broader than for trademarks (PMCA, PMT 14066-23)

Introduction

In this reversal, the PMCA delivered a victory for an established real estate company against a major corporate group with a group annual turnover of SEK 9 billion. The PMCA ruled that the name GRANITOR was confusingly similar to GARNITO, posing a significant risk to Garnito's brand identity built over three decades. The judgment forces a complete rebranding for the defendants as it revokes the company name registration and issues a strict injunction under the penalty of a fine of SEK 1,000,000 against any further use of the name in the real estate sector. It illustrates the high stakes involved in litigation regarding company names.

Background

The claimant held exclusive rights to the company name GARNITO. It brought an action against two companies using company names with the element GRANITOR, seeking invalidation of those company names as well as injunctions prohibiting the continued use of those names. The PMC dismissed the action in its entirety, finding that there was no risk of confusion between the two trade names since there was no similarity between the objects of business between the parties. GARNITO appealed to the PMCA.

Decision

The PMCA began by setting out that the legal basis for company names is Chapter 1, Section 1 of the Company Names Act which stipulates that a company name is the name which a company operates under. The court further noted that the company name

as well as the object of the company's business shall be stated in the articles of association for limited liability companies. The court emphasised that the object of business is primarily a corporate law concept relating to the business which a company may conduct without changing its articles of association. However, it is also relevant to the scope of protection for the company name.

The court noted that the dual function of a company name under corporate law and intellectual property law entails that the requirement of describing the business when registering a company name differs from the requirement of describing goods and services when registering a trademark. From an intellectual property law perspective, the legislator has expressed that a narrower, more precise description of the business facilitates the assessment of the scope of protection. However, the legislator has also expressed that such benefits, on balance, do not outweigh the potential disadvantages from a corporate law perspective. The court therefore concluded that the concept of a business, and similarity between business, is wider than similarity between goods and services under trademark law.

In invalidation proceedings for registered company names, the PMCA expressed that the examination shall be based on the company's registered business. Any actual or intended use not mirrored in the registration shall, as a general rule, have little to no significance in the assessment of likelihood of confusion. However, the actual use may be considered when assessing the scope of protection for the company name. In this case, the claimant's registered business was real estate management and related activities. The PMCA found that 'real estate management' should be interpreted as the possession of real estate properties for rental purposes, as well as developing and refining the real estate portfolio and obtaining additional real estate properties for construction.

The PMCA assessed the relevant public and found that it consisted of tenants and potential tenants, as well as representatives of different professional actors which the company interacted with, for example property buyers or construction companies involved in property development. The professional part of the relevant public was found to have a higher degree of attention, while the public in general was found to have a normal degree of attention.

In its assessment of similarity between signs, the court stated that the company names held a normal degree of inherent distinctiveness and that the claimant had failed to show an enhanced degree of distinctiveness through use. Even though there were few phonetical and conceptual differences, the court found that from the average consumer's point of view, the names showed a high level of similarity.

Turning to the assessment of similarity between businesses, the court noted that the claimant's registered business was real estate management and similar activities while the defendants conducted real estate development and similar activities. The court held that the overlapping elements in the businesses entailed that they were similar in nature.

In summary, the court held that with regard to the high degree of similarity between the company names and the similarity between the companies' registered businesses, there was a risk that the average consumer would perceive a connection between the two company names, resulting in a likelihood of confusion. Unlike the first instance court, the PMCA therefore granted the claimant's action, invalidating the defendants' company names and issuing the requested injunctions.

Comment

Company names may sometimes be overlooked in favour of trademark protection, both when drafting IP strategies and when conducting clearance searches before launching a new trademark (or company name). This case shows that this may come at a very high price, as company names are often afforded a wider scope of protection than trademarks in terms of the business protected.

The court expands on the reasoning behind the wider scope of protection for company names, providing guidance on the interpretation of what is covered by a registered business, which is a welcome addition to Swedish case law. This must be taken into account when assessing whether an existing company name may pose a relevant risk to the registration or use of a new company name or trademark on the Swedish market.

A further aspect to consider is that company names cannot be subject to partial invalidation. This means that even if a company name has not been used for part of its registered business, it may still be relied upon to prevent others from using identical or similar signs – something which is often criticised in legal commentary as this gives company names a much stronger position than trademarks. Companies who are looking to rebrand or expand their trademark portfolio are therefore well-placed to include company names in their clearance searches and to make a thorough assessment of any prior rights which may impact the registration and use of their intended signs.

The case has been appealed to the Supreme Court, which has granted partial leave to appeal concerning the invalidation of the company name.

Siri Alvsing and Angelica Kaijser

Genuine use of a trademark where the services are not provided in Sweden (PMCA, PMT 5889-24)

Introduction

In this judgment, the PMCA provides important guidance on the assessment of genuine use of a trademark in a cross-border and largely digital commercial context. The case concerns an international figurative trademark, CLOUD.7 HOTELS (with a stylised cloud framing the wording in the mark), registered for services in several classes, in particular class 43 relating to hotel and hospitality services.

The court overturns the judgment of the PMC, finding that the trademark holder had demonstrated genuine use of the mark in Sweden during the relevant five-year period. The judgment clarifies both the assessment of acceptable variants of the registered mark and the evidentiary threshold for proving territorial use where services are primarily marketed digitally and not actually provided in the country.

Background

The disputed trademark was an international registration designating Sweden, registered in 2015 for services in classes 36, 41, 43 and 44. In October 2022, the claimant applied for revocation of the Swedish designation, alleging non-use during a five-year period.

The trademark holder and defendant in the proceedings operates an international hotel and hospitality business. During the relevant period, the defendant did not operate any physical hotel establishments in Sweden. Instead, it relied on online marketing and booking channels, including its own websites and social media accounts, as well as major third-party booking platforms such as Booking.com,

Hotels.com and Expedia. In the evidence filed, the defendant also relied on a number of trademark variants incorporating the word element 'Cloud 7'.

At first instance, the PMC held that only two of the invoked variants could be considered acceptable variations of the registered trademark to qualify. Following that conclusion the evidence filed was found insufficient to establish genuine use in Sweden and the registration, followingly, revoked. The defendant appealed to the PMCA.

Decision

The PMCA began by reassessing whether the trademark variants relied upon by the defendant could be equated with the registered mark. Contrary to the first-instance court, the PMCA found that all the variants invoked constituted acceptable forms of use to qualify. The court emphasised that the distinctive character of the registered mark lay primarily in the word element 'CLOUD 7'. The figurative elements and the descriptive addition 'HOTELS' were found not to be decisive for the mark's distinctiveness. Variations concerning typography, stylisation, the presence or absence of figurative cloud elements, or the addition of descriptive terms such as 'Residence' or 'Stayso by' were held not to alter the distinctive character of the trademark.

The court then turned to the question of genuine use in Sweden. It reiterated that genuine use must be assessed in light of all relevant circumstances, including the nature of the services concerned, the characteristics of the relevant market and the form of use that is commercially justified in the sector. For international hotel services, digital marketing and booking through online platforms were considered industry-standard and highly relevant.

Although the defendant did not operate hotels physically located in Sweden, the court confirmed that this fact alone did not preclude genuine use in Sweden. What mattered was whether the use was directed at Swedish consumers. In this respect, the court attached particular weight to evidence showing that hotels operated under the CLOUD 7 mark were marketed and bookable in the Swedish language, with prices displayed in Swedish currency, on well-known third-party booking platforms. The evidence further showed that Swedish consumers had in fact booked and stayed at the hotels during the relevant period and had left reviews on the booking platforms.

Additional supporting evidence included guest reports and a limited number of invoices to Swedish customers. While the volume of evidence was not extensive, the court found it sufficient when viewed cumulatively and in light of the nature of the hotel industry and the international scope of the business.

On that basis, the PMCA concluded that the defendant had demonstrated genuine use of the trademark in Sweden for services in class 43 during the relevant five-year period. The judgment of the PMC was therefore amended, and the revocation action dismissed.

Comment

This judgment provides valuable clarification on the assessment of genuine use in cases involving digital and cross-border service offerings. It confirms that, for services such as hotel accommodation, genuine use in a particular Member State does not require physical establishment in that territory. Instead, the decisive factor is whether the trademark use is objectively directed at consumers in the country.

The judgment also confirms the previous practice of the CJEU relating to the possibility to also allege evidence in relation to trademark variants in defending against a revocation action. By focusing on the core distinctive elements of the mark, the court allows trademark holders a degree of commercial freedom to adapt branding to different contexts and sub-brands, provided that the mark's origin-indicating function is preserved.

For trademark holders, the case highlights the importance of retaining documentation that links online marketing and booking activity to specific territories. For practitioners, it serves as a reminder that genuine use must be assessed in light of modern commercial realities, particularly in industries where digital channels are central to market access.

Helena Wassén Öström

Public morality in trademark evaluation (PMCA, PMÄ 8122-24)

Introduction

In this judgment, the PMCA clarifies the assessment of both likelihood of confusion and evaluation of public morality in trademark law. The case concerns the word mark KAFFE & KUK (Eng, *'COFFEE & COCK'*, as in penis) and whether its registration should be revoked on the grounds that it is confusingly similar to the earlier mark KAFFE, or, maybe more interestingly, that it is contrary to fundamental moral values and norms of society.

The PMCA dismissed the appeal, confirming the overall registrability of the contested trademark and that it is not confusingly similar to the earlier mark. The judgment provides valuable guidance on the role of overall impression in confusion assessments and on the high threshold in Sweden for refusing registration based on public morality, particularly where humour and linguistic context play a central role.

Background

The word mark KAFFE & KUK was registered in Sweden in 2021 for goods in several classes, including jewellery (class 14), bags (class 18) and clothing, footwear and headgear (class 25).

The holder of an earlier EU trademark registration for KAFFE, registered for goods in classes 18 and 25, filed an opposition against part of the Swedish registration in classes 14, 18 and 25. The opposition was based on two grounds. First, it was argued that the later mark was confusingly similar to the earlier mark KAFFE, particularly given that the goods in classes 18 and 25 were identical or similar. Secondly, the claimant contended that the word KUK,

meaning the male genital organ in Swedish, rendered the mark contrary to public morality and public order.

The Swedish Intellectual Property Office ('IPO') rejected the opposition, and the decision was upheld by the PMC. The opponent subsequently appealed to the PMCA, maintaining its arguments on both grounds.

Decision

The PMCA dismissed the appeal in its entirety.

The court agreed with the lower instances that there was identity between the goods in class 25 and similarity between certain goods in class 18. In contrast to the lower courts, however, the PMCA found that there was also a certain degree of similarity between jewellery in class 14 and clothing in class 25, noting that both may constitute fashion goods and may share distribution channels.

Despite the identity and similarity between the goods, the court concluded that there was no likelihood of confusion. Although the word KAFFE is included in its entirety in the later mark, the unusual composition of KAFFE & KUK meant that the shared element did not retain an independent distinctive role.

The PMCA then turned to the question of public morality. Referring to case law from the CJEU, the court emphasised that a trademark may be refused only if it is perceived by the relevant public as incompatible with the fundamental moral values and norms of society at the time of assessment. It is not sufficient that a sign may be regarded as distasteful or provocative.

The court acknowledged that societal attitudes towards sexual language are complex. While there has been increased openness

regarding sexual matters, there is also a growing distancing from unwarranted sexual references in public and commercial contexts. Against this background, the court considered it questionable whether sexual expressions are compatible with trademark protection for goods unrelated to sexual life.

Nevertheless, decisive importance was attached to the mark as a whole. The court found that the surprising combination of the words KAFFE & KUK conveyed a humorous intent. This playful construction altered the meaning of the individual components and rendered the sexual reference less crude. From the perspective of a reasonable person with an average level of sensitivity and tolerance, the use of the mark for the goods covered by the registration would not be perceived as incompatible with fundamental moral standards. The trademark was therefore not considered contrary to public morality or public order.

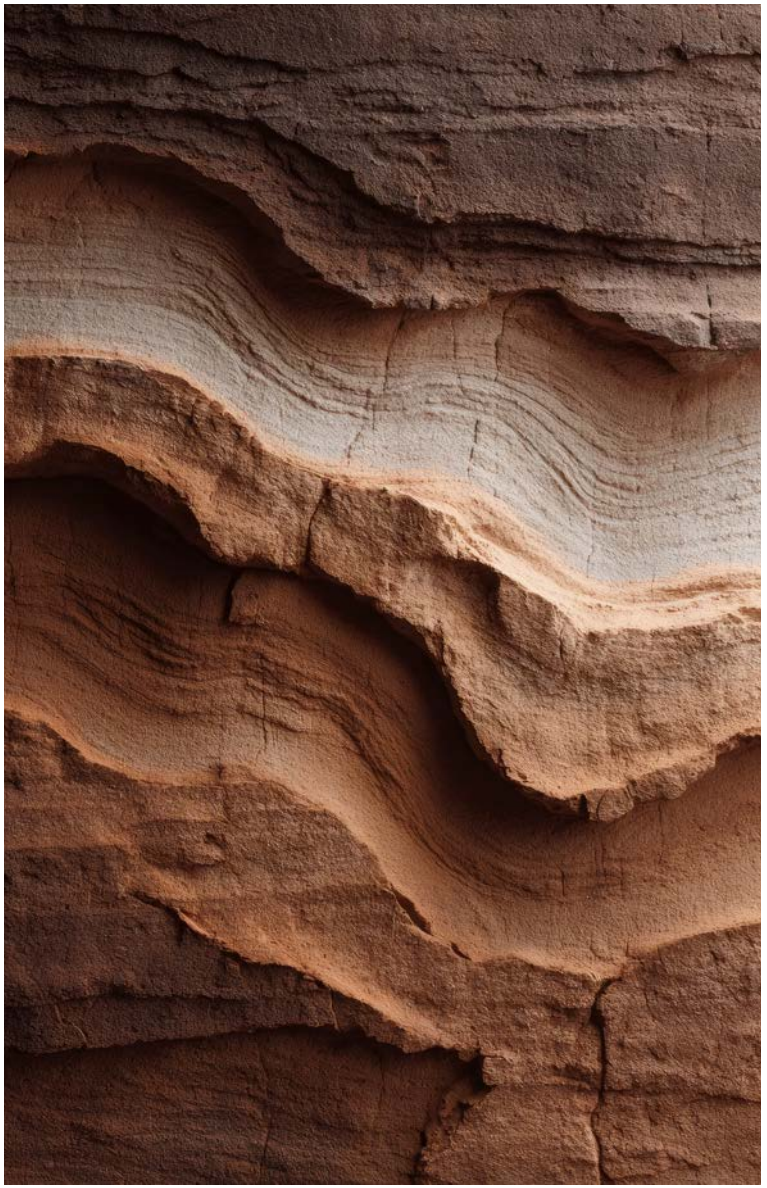
Comment

This judgment illustrates the high threshold for refusing or revoking trademarks on grounds of public morality. The PMCA confirms that such assessments must be contextual and anchored in contemporary societal perceptions, rather than based on abstract linguistic analysis or subjective offence. Humour, irony and unexpected word combinations may significantly influence how a sign is perceived by the relevant public.

The decision also reinforces established principles in confusion analysis. Even where goods are identical or closely related, the inclusion of an earlier mark within a later sign does not automatically lead to a likelihood of confusion. The decisive factor remains the overall impression, including conceptual differences arising from unusual or striking combinations.

For trademark holders and practitioners, the case serves as a reminder that unconventional or provocative marks are not *per se* excluded from protection. At the same time, it demonstrates the careful balancing act between freedom of expression, consumer perception and the protection of fundamental societal values.

Mirja Johansson and Helena Wassén Öström



Design law

General introduction

The year 2025 has been quite slow in terms of case law in the field of design. From the CJEU we report on two interesting cases concerning the scope of protection for modular systems and the basic requirements for design protection in relation to copyright law and design trends. In addition, we report on a Swedish case where the PMCA, in essence, clarifies that conceptual likeness does not always equal the same overall impression.

On the legislative front, several of the key changes following the EU legislative design package have come into force, including, inter alia, the renaming of the term Community Designs into EU Designs, modernised definitions, introduction of a repair clause and provisions that will help combat illegal 3D printing.

The scope of protection for the LEGO exception (CJEU, C-211/24 Lego)

Introduction

In this case the CJEU provides guidance on the interpretation of protection of modular systems in Regulation No 6/2002 ('EU Design Regulation'). The court confirms that the framework and principles for determining the scope of protection established in case law are the same for all protection provided under the EU Design Regulation, including the protection for modular systems. Further, the court confirms that partial infringement within a modular system does not, as such, allow the national courts to refrain from ordering any sanctions in actions for the infringement.

Background

The main rule in EU design law is that a design will not be capable of protection if its features are solely dictated by its technical function or must necessarily be reproduced in its exact form and dimensions in order to be mechanically connected to another product so that either product may perform its function. However, Article 8(3) of the EU Design Regulation serves as an exception to the aforementioned main rule as designs that serve the purpose of allowing multiple assembly or connection of mutually interchangeable products within a modular system can be protected. This is also known as the 'LEGO exception'.

In the present case, a holder of two EU designs for coupling components of a toy building set, covered by the abovementioned exception in Article 8(3), filed a complaint regarding the seizure of a toy set that a company sought to import. The claimant pleaded that the toy set infringed the designs and that it thus should be seized. The question of whether the goods should be seized went all the way to the Hungarian Supreme Court, where the claimant ultimately had its complaint upheld.

Following the decision from the Hungarian Supreme Court, an action regarding design infringement was also brought against the company that sought to import the toy set. As the national court noted that the designs were covered by the exception in Article 8(3), the court decided to stay the case and referred questions to the CJEU seeking clarification regarding the scope of protection regarding designs granted under Article 8(3).

Decision

The scope of protection of a design is regulated in Article 10 of the EU Design Regulation. It is stated that the protection conferred by an EU design extends to any design which does not produce a different overall impression on an informed user. When assessing that scope of protection, the degree of freedom of the designer must be considered. The concept of the 'informed user' is not explicitly defined in the EU Design Regulation. Instead, the meaning and interpretation of the concept have been established by case law.

According to the referring court, it was not clear whether the interpretation of the concept of the 'informed user' should be applied to designs granted under Article 8(3), in particular as the designer's degree of freedom is very low regarding such designs. Consequently, the court held that it could be justified to consider an 'informed user' who is capable of examining down to the smallest detail. Considering this, the referring court first sought clarification regarding the scope of protection regarding designs granted under Article 8(3).

The CJEU relatively bluntly stated that Article 10 of EU Design Regulation does not exclude the designs referred to in Article 8(3) from its scope of application. With that being established, the CJEU proceeded to set out how the concepts of 'overall impression', 'informed user' and 'degree of freedom of the designer in developing his design' have been interpreted in case law and whether these interpretations are different or affected by the fact that a design is protected under Article 8(3).

As regards 'overall impression', the CJEU noted that the impression consists of the informed user's visual perception of the appearance of the product at issue resulting, in particular, from the lines, contours, colours, shape, texture, and/or materials of the product itself and/or its ornamentation

Further regarding 'informed user', the CJEU held that there is nothing in the wording or context of the EU Design Regulation that indicates that the concept of 'informed user' should be interpreted differently for designs that have granted protection under Article 8(3). Thus, as established in case law, the CJEU stated that the scope of the concept lies somewhere between the average consumer and the sectoral expert. Put in other words, an 'informed user' is not a designer or a technical expert, but knows the various designs which exist in the sector concerned and possesses a certain degree of knowledge with regard to the features which those designs normally include. The court emphasised that it is likely that the level of attention of the 'informed user' varies in relation to the sector concerned.

Regarding the concept of 'degree of freedom of the designer in developing his design', the CJEU held that the more the designer's freedom is restricted, the more likely it is that minor differences

between the designs will produce a different overall impression on the informed user, and vice versa. Thus, where the designer's freedom is restricted by a high number of features of appearance of the product which are solely dictated by technical function, the presence of minor differences may be sufficient to produce a different overall impression on the informed user. In addition, the court held that the features of appearance that allow interconnection must be considered when assessing the 'overall impression'. Hence, the presence of interconnecting components protected by Article 8(3) may operate against the finding of a different overall impression. This entails that if the designs' overall appearance does not differ significantly, the existence of connection points that have the same form and dimensions used to assemble interchangeable products within a modular system can preclude such a finding.

The CJEU then proceeded to the second question, where the referring court sought clarification of whether an infringement that only relates to some of the pieces of a modular system constitutes 'special reasons' within the meaning of Article 89(1) of the EU Design Regulation.

Article 89(1) stipulates that the court shall order sanctions in actions for infringement unless there are 'special reasons' for not doing so. The CJEU stated that the concept 'special reasons' only relates to exceptional situations and that the fact that an infringement relates only to some of the pieces of a modular system does not, as such, constitute such an exceptional situation.

Comment

In this case, the CJEU provides important guidance regarding the scope of protection for modular systems. As the court declined to adopt a more restrictive interpretation of the concept 'informed

user' under Article 8(3), the court reaffirmed the key principle of design protection that the visual appearance remains the determining factor even where the designs include technical features. Thereby, the CJEU maintains the protection for modular systems provided under 8(3), without narrowing it, which is welcoming news for holders of modular systems designs.

Finally, the CJEU also clarifies that even partial infringement within a modular system does not, as such, allow the national courts to refrain from ordering any sanctions in actions for the infringement.

Ludvig Holm and Filip Jerneke

Neither fashion trends nor standardised creative processes alter the scope of protection for designs (CJEU, C-323/24 Deity Shoes)

Introduction

This judgment clarifies key aspects of EU design law, most notably that EU design protection does not require a minimum degree of creation or originality. Protection depends only on the criteria of novelty and individual character. Consequently, a design resulting from customising a supplier's pre-existing models by selecting from a catalogue of components can still be protected, provided the final combination produces a different overall impression for an informed user. Furthermore, the court rules that fashion trends do not limit a designer's freedom, meaning that minor differences are not sufficient to establish individual character just because a design follows a popular trend.

Background

The claimant, a Spanish shoemaker, held several EU designs. The claimant created the designs by compiling different details set out in a catalogue from a Chinese supplier. The catalogue showed different shapes, colours and details that could be combined in different ways. The claimant sued a competitor for infringement of some of these designs. The defendant then counter-sued and argued that the designs should be declared invalid because of lack of individual character and novelty, arguing that the modifications made to the shoe models, compared to the ones in the catalogue, were merely *ad hoc* and incidental.

The referring court therefore asked the CJEU when designs resulting from such creative processes are subject to protection under Regulation 6/2002 ('EU Design Regulation').

Decision

The first question was whether a design, in addition to fulfilling the criteria of novelty and individual character, must show a minimum degree of originality. The CJEU began by confirming that the novelty requirement is fulfilled if no other identical design has been made available to the public before the day of registration. Regarding individual character, the court stated that it should be assessed in relation to the overall impression the design gives compared to all prior designs, taking into consideration the nature of the product, and in particular the industrial sector to which it belongs and the degree of freedom of the designer in developing the design.

The court held that when the creator's creative freedom is limited by technical features or legal requirements, minor differences may be sufficient to give the informed user a different overall impression. The court discussed that the legislator has, through Article 6(2) of the EU Design Regulation, intended to consider the degree of freedom the designer had. However, the legislator did not intend that the requirements of protection should contain a requirement of minimum degree of originality. The court then referred to the opinion of Advocate General, where it was discussed that the protection of works under copyright legislation differs from the protection of designs. The concept of works under copyright requires an original subject matter which reflects the personality of its author as an expression of his or her free and creative choices. The legal idea of designs, on the other hand, is to protect designs which are functional and liable for mass production. The court therefore found that, in addition to the requirements of novelty and individual character, there is no further requirement of a minimum degree of originality for a design to enjoy protection under the EU Design Regulation.

The second and fourth questions concerned whether Article 6 precludes protection for designs that have predetermined visual characteristics provided in a supplier's catalogue, especially in relation to fashion trends and if such trends can limit the designers' creative freedom. The court first stated that the individual character as set out in Article 6 does not govern the relationship between the design of a product and the designs of its component parts but rather the relationship between the design and other prior designs. The court therefore held that it follows that a design which comprises various prior designs, can produce a different overall impression for the informed user. The fact that the designs have visual characteristics which are predetermined by the models offered in the suppliers' catalogues to the designer of those designs, and that the modifications made to those designs by that designer are only *ad hoc* and relate to components offered by those suppliers, was not in itself likely to impede recognition of their individual character within the meaning of Article 6 of the EU Design Regulation.

The court continued by stating that fashion trends do not limit the creative freedom, such as technical features or legal requirements do. The court held that details in a design that follow fashion trends are not *per se* of less importance for the informed user, but noted that the knowledge of such trends could impact the perception of the informed user. Consequently, to determine whether a design has individual character under Article 6 of the EU Design Regulation, the national court must assess whether the differences between those designs and prior designs are sufficiently important to produce a different overall impression or, on the contrary, whether those differences relate only to insignificant details.

Comment

The CJEU makes two important clarifications. Firstly, the court clarifies the scope of copyright on the one hand and design protection on the other. Assessing design protection should be made free from the creator's creative choices and should only be considered in relation to previous designs made available to the public. Secondly, it clarifies that designs containing trendy elements can be protected provided that the design gives a different overall impression to the informed user. Trends are not details that informed users can ignore, but rather something they will consider when perceiving the design due to that trends are part of the knowledge base that can be expected from a knowledgeable user. Therefore, more than minor differences are required for designs containing elements of trends to give a different overall impression.

Ludvig Holm and Angelica Kaijser

Conceptual likeness does not mean same overall impression (PMCA, PMT 7290-24)

Introduction

The PMCA upholds a judgment from the PMC where the rights-holder of an EU design for a perfume bottle with a deer head shaped cork had sued a competitor for infringement through sales of another perfume bottle with a deer head shaped cork. On appeal, the court found that even though the bottles have several similarities, including the deer head shaped cork, the differences between the EU design and perfume bottle were of such significance that an informed user would not get the same overall impression. The appeal was therefore dismissed, and the lower court's judgment was upheld.

Background

A perfume maker sued a competitor for infringement in their EU design for perfume bottles. This particular design was characterised by a cork shaped as a deer head. The defendant sold a conceptually similar bottle. The claimant sued for infringement and argued that the defendant's perfume bottle gave the same overall impression for the informed user. The EU design and the defendant's perfume bottle are presented below.

Figure 1, EU design nr 002825463-0003

Figure 2, defendant's perfume bottle (among other similar bottles)

The PMC found that the EU design and the defendant's perfume bottle did not give the same overall impression due to the differences in the deer head-shaped cork. The PMC also dismissed the claimant's secondary infringement claim that the perfume bottle itself was protected by copyright due to that the claimant had not proven that the perfume bottle corresponding to the EU design had the level of originality to obtain copyright. The claimant appealed the judgment but only based on their first-hand claim, i.e. infringement in the EU design as well as the size of legal costs.

Decision

The PMCA started their examination by agreeing with the PMC's definition of the informed user and confirmed that the informed user in this case shall be considered a buyer of perfume bottles with an interest and experience of different designs of such bottles and who is relatively observant when viewing such products.

The court then continued and analysed the scope of the protection. First, the court established that the only technical features limiting the freedom of design were the functional requirements of opening and closing the cap. Also, the prior art examples with reliable dating on which had been presented were few and they all also differed from the EU design. Other prior art examples which were not dated were disregarded, as the publication date was unclear. Consequently, the court assessed that the claimant had a relatively large degree of freedom when creating the design and the scope of the protection was therefore considered normal to average.

Regarding the infringement assessment the PMCA conducted a detailed comparison between the EU design and the defendant's perfume bottle. As the EU design consisted of only one picture, which presented the design from the front, the assessment only considered the similarities and differences from this angle.

The PMCA noticed the following similarities:

- Both bottles appeared to be made of glass and have a rounded shape which is slightly wider at the top.
- Both had caps in the shape of deer heads with antlers forming a cup or bowl-like shape.
- Both caps appeared to be polished and lack texture like fur.
- The shape of the antlers was similar even though it was hard to determine the number of tines on the respective antlers.
- The ears of the deer heads were both pointed upwards.

The court continued by also stating the differences:

- The defendant's perfume bottle's deer head cork was angled downwards and appeared bigger.
- The ratio between the respective deer head cork and the bottles differed significantly.
- The neck of the deer head on the defendant's bottle was in line with the glass bottle compared to the EU design where the neck of the deer head was thinner.
- The ears of the deer on the defendant's perfume bottle were pointier.
- The defendant's perfume bottle's deer head cork facial features such as the eyes and muzzle were more prominent and defined compared to the EU design which was more stylistic.

The court went on to state that even though the deer head shaped cork was the design element which the informed user would pay most attention to, the informed user will also take the rest of the design and bottle into consideration. The court further held that

with the differences in width of the deer heads, the length of the necks as well as the level of details on the heads, the defendant's perfume bottle gave a different overall impression and therefore did not infringe the EU design. The PMCA thus upheld the outcome of the PMC's judgment.

Comment

In this case, the court held that even though the scope of protection was normal and the prior art was quite limited (since the defendant had failed to present more extensive dated prior art), the court still found that the two designs in question gave different overall impressions. In our view, the court makes a narrow interpretation and places importance on the finding that the EU design gives a stylistic impression while the other is more naturalistic.

Further, the court confirms that a copy of a concept from an EU design – in this case, a deer head shaped cork to a perfume bottle – does not automatically entail an infringement. The court affirms that the informed user, even though the two designs are conceptually alike, will not only notice the differences between the most significant parts of the designs but also take everything else into consideration. The conceptual protection is therefore rather narrow and cannot prohibit others from using the same concept in another style. Our assessment is therefore that this judgment is a good example of how the court assesses that differences in style are more distinct compared to differences in details.

Ludvig Holm and Angelica Kaijser

Copyright law

General introduction

In this yearbook, we report on the blockbuster copyright case of the year, Mio (C-580/23), as well as some other interesting CJEU cases concerning the scope of application of Directive (EU) 2019/790 ('DSM Directive') and collective management of music rights. We also report on some interesting Swedish cases, including important clarifications regarding the calculation of damages and fundamental principles of copyright contract interpretation from the Supreme Court.

Scope of application of the DSM Directive (CJEU, C-575/23 ONB)

Introduction

In its first interpretation of Directive (EU) 2019/790 ('DSM Directive'), the CJEU clarifies the directive's scope of application regarding the possibility of assignment of related rights by means of a regulatory act in clear contradiction to the spirit and wording of the directive. The CJEU rules that the DSM Directive applies to assignment of rights made also after the entry into force of the DSM Directive, regardless of whether the assignment was made prior to the entry into force of the directive. The CJEU also finds that national law stipulating that related rights are assigned to an employer without the consent of the performing artists is not compliant with EU law.

Background

In June 2021, just days before the DSM Directive entered into force, the Belgian State adopted a so-called Royal Decree, according to which the employed musicians in an orchestra assigned their rights to the orchestra in return for remuneration, set by the Royal Decree. The musicians were engaged under an administrative law statute in respect of performances carried out in the context of their service to the orchestra. Before the adoption of the Royal Decree, the orchestra and the trade union delegations of the musicians of the orchestra negotiated in order to reach an agreement on fair remuneration by the orchestra for the performances of the musicians. The negotiations were not successful, and a 'memorandum of disagreement' was drawn up and signed in May 2021.

The questions referred to the CJEU were whether Articles 18-23 of the DSM Directive precluded an assignment of rights as pursuant to the Royal Decree, and the applicability of the DSM Directive; both in regard to persons covered by the DSM Directive, and whether the directive encompasses assignments of rights, by means of a regulatory act adopted before the DSM Directive entered into force.

Decision

The case presented novel questions regarding the scope of application of the DSM Directive to the Royal Decree which was adopted mere days before the entry into force of the directive. The CJEU found that, since the Royal Decree was concluded before 7 June 2021, it had generated rights for the orchestra which did not fall within the scope of the DSM Directive, between 4 June and 7 June 2021. However, the court also found that the Royal Decree could not be regarded as relating exclusively to situations arising prior to the entry into force of the directive. Instead, the Royal Decree was intended to have effects throughout the duration of its application. The DSM Directive therefore applied also to rights arising after the entry into force of the directive. The CJEU considered that a different interpretation, according to which all performances by performers covered by the Royal Decree and subsequent to the date of expiry of the period for transposing the DSM Directive are excluded from the scope of the directive, would be liable to undermine the effectiveness of the provisions of that directive, which are intended to protect performers in the event of a transfer of their rights. Simply put: Belgium could not blatantly counteract the spirit and direct wording of the DSM Directive, simply by adopting a Royal Decree mere days earlier.

Regarding the scope of application, the CJEU noted that Articles 18-23 of the DSM Directive apply to assignments by employees engaged under an administrative law statute and that the employed

musicians in the orchestra were covered by the concept of 'performer'. The CJEU also noted that the concept of 'contract' used in Articles 18-23 of the DSM Directive must be understood in a broad sense and that it does not exclude assignments under law.

In relation to the question regarding the assignment of the related rights of performers without their prior consent by means of a regulatory act – i.e. through the unusual tool of a Royal Decree – the CJEU found that the assignment of rights under the Royal Decree was not compliant with EU law, as the exercise of rights requires prior consent. In this regard, the CJEU referred to Directive 2001/29/EC ('Infosoc') and Directive 2006/115/EC, and stated that the protection which the provisions under those directives confer on performers must be given a broad scope, and also apply to the exercise of rights. Since no consent had been given by the musicians to the orchestra, there was an obstacle to the assignment of rights under the Royal Decree.

Comment

Though the question whether an EU Member State can simply circumvent the spirit and direct wording of the DSM Directive by issuing an administrative decree mere days before the entry into force of the directive may seem to be easily answered in the negative, the ruling nonetheless contains important clarifications on the applicability of the DSM Directive as well as broader questions regarding application of EU IP legislation. We particularly note that the Swedish preparatory works are not entirely consistent with the outcome of this case and may warrant future legislative correction.

Hans Eriksson and Felicia Taubert

Originality assessment and the infringement test in copyright law (CJEU, C-580/23 and C-795/23 Mio and Others)

Introduction

The judgment from the CJEU in these cases is a much-anticipated sequel to copyright cases previously tried by the CJEU. The ruling reinforces many aspects of copyright law that have been set out in previous case law but provides some clarifications. The most interesting news in the CJEU's decision, from a Swedish perspective at least, are in relation to similar independent creations (the Swedish doctrine of independent creation will not hold), the infringement assessment (a recognisability test rather than a comparison of the overall visual impression) and the scope of protection (no longer depending on the level of originality).

Background

In case C-580/23, Asplund brought copyright infringement proceedings against Mio pertaining to the manufacturing, marketing and sale of dining tables which, according to Asplund, infringed Asplund's tables protected by copyright as works of applied art.

Case C-795/23 also concerned furniture, namely the USM Haller furniture system. Konektra offered spare parts for the USM Haller system with the consent of USM. However, when Konektra, according to USM, started to manufacture, market and sell its own furniture system that was identical to the USM Haller system, USM brought an action against Konektra.

The questions referred from Sweden and Germany were considered jointly by the CJEU. The questions may be summarised as follows:

» Is there a rule-and-exception relationship between design protection and copyright protection for works of applied art? Should stricter requirements for originality apply for applied art?

» How should the originality assessment be made in relation to applied art, specifically in relation to the creation process, the author's intention, the use of elements found in existing subject matters, inspiration taken from earlier known designs/trends, the likelihood of a similar independent creation or recognition in professional circles?

» How should the assessment of infringement be carried out and which similarity is required to conclude infringement?

Decision

For the first question regarding the relationship between copyright and design protection, the CJEU emphasised that the protection of designs and copyright fall under different rules, different objectives and different assessments. As such, the CJEU concluded that there was no relationship of rule-and-exception between designs and copyright. Further, the CJEU confirmed that the same originality requirement shall be applied to all works, including works of applied art. There is thus no stricter requirement for applied art.

In reference to the second question, the court started with the assessment of originality of applied art. By referring to case law, the CJEU reaffirmed that the assessment shall be based on whether the work (including applied art) reflects the personality of its author, as an expression of his or her free and creative choices and that only creative choices shall be considered, not choices based on technical

aspects or other constraints which may be the case for some categories of applied art. For applied art, choices cannot be presumed to be creative. Instead, the court assessing originality shall seek out and identify the creative choices on the shape of the applied art in order to declare it protected by copyright. The CJEU further stated that artistic or aesthetic effects in a design do not in itself justify a finding of originality.

The CJEU proceeded to set out that the following factors may be considered to determine originality:

» The creative process and the author's intention may be considered if they are expressed in the work.

» The use of available shapes may be original where the author has expressed his or her creative choices when arranging those shapes.

» Taking inspiration from existing subject matter is possible, but the protection will be limited to the author's own creative elements. When an author takes inspiration from their own existing works, the new work may be original if the creative elements remain therein and reflect the author's personality. If the authors are different, a work created with inspiration from an existing work may be original if there are creative choices that reflect the author's personality.

» As there is no novelty requirement for copyright, prior art may only serve as an indication of a low degree (or lack of) originality, but it does not *per se* rule out originality.

» Recognition in professional circles is neither necessary nor decisive (but can be taken into account).

The CJEU summarised its findings in this part by stating that choices which, although free, do not bear the imprint of the author's personality by giving that subject matter a unique appearance, shall not be considered as creative choices. The court also confirmed that only circumstances as they were at the time of the creation of the work shall be considered.

For the final question of assessment of infringement, the court referred to Pelham (C-476/17), stating that an infringement assessment shall be made by (i) finding unauthorised use of at least one original creative element, and (ii) determining whether these elements have been reproduced in a recognisable manner in the infringing subject matter. The overall impression cannot be decisive as this assessment belongs to design law. As to the degree of originality, and the scope of protection, the CJEU stated that if a subject matter is protected by copyright, the protection is not dependent on the degree of originality. The CJEU also confirmed that the infringer's intentions are irrelevant.

In relation to the existence of a similar independent creation, such situation cannot be entirely excluded as the possibilities for creative choices for applied art may be limited for technical reasons. For the originality test, the likelihood of a similar independent creation may be taken into account where appropriate, but is not, in any event, necessary or decisive for the purpose of establishing the originality of the subject matter for which protection is claimed. For the infringement test, if the existence of a similar independent creation is established, infringement would not be at hand. To assess whether such similar independent creation has been established, the court must consider all relevant aspects of the particular case, as they existed when the subject matter in question was created, irrespective of factors external and subsequent to the creation.

The CJEU also concluded that the mere possibility of a similar independent creation cannot justify a refusal of copyright protection against infringement.

Comment

Firstly, the clarification that the originality assessment is no different for works of applied art has brought an end to the discussion relating to the CJEU judgment in Cofemel (C-683/17), specifically paragraph 52, where some have said that the court made a difference between works of applied art and other kinds of works.

Second, while many of the statements made in this judgment already followed from previous case law on a union level, some aspects will change Swedish copyright law, as well as copyright law in many other states in the European Union.

One such thing is the concept of similar independent creation. In Swedish copyright case law, the principle has long been that the alleged infringer argues that the subject matter is too similar to prior art and thus cannot be protected by copyright and further, that its own subject matter is a similar independent creation where it is sufficient for the alleged infringer to make probable that his or her subject matter has been independently created and that there is no infringement. With the statements from the CJEU in this case, the similarity to prior art is not decisive to strike out originality and the evidentiary requirement for using the similar independent creation defence has been raised since the infringer now must prove that a similar independent creation does in fact exist. These changes will strengthen copyright holders' position in Sweden.

Another change in Swedish copyright law is how to make the infringement assessment. Swedish courts have historically applied a

similarity assessment based on the overall visual impression of the work and the allegedly infringing subject matter. There has also been a discussion within copyright circles whether the 'recognisbility test' applied in Pelham (C-476/17) is applicable for all copyright or just related rights. The CJEU now declares that the recognisability test shall be used for works of applied art. Following this clarification, it is in our opinion likely that the recognisability test will not only be limited to these two situations but will be applied in copyright law in general, with the base rule that the court must first identify unauthorised use of at least one of the original creative elements of the protected work, and thereafter determine whether that or those creative elements have been reproduced in a recognisable manner in the infringing subject.

Lastly, the CJEU stated that choices, while free, that do not bear the imprint of the author's personality by giving the subject matter a 'unique appearance' are not to be considered as creative choices. The wording 'unique appearance' may be a clarification of which choices shall be deemed to contribute to the originality of the subject matter or a clarification that the subject matter most be different from other subject matters, but it remains to be seen how it is interpreted by the national courts in upcoming copyright cases.

Josefine Arvebratt and Henrik Wistam

Equitable and appropriate remuneration for phonogram rightsholders (CJEU, C-37/24 DADA Music)

Introduction

In the context of CMOs' licensing of copyright, minimum flat-rate amounts are a practical and widely used way for the CMOs to cover their operational costs and guarantee their profitability. However, such minimum rates are sometimes hard to square with EU copyright law on equitable, appropriate and fair remuneration, as evidenced by this case, where the CJEU clarifies that EU law does not require Member States to guarantee minimum flat-rate remuneration for phonogram producers and has a lot to say about what constitutes fair and appropriate remuneration for such uses to boot.

Background

A local radio station and a CMO had entered into a licence agreement for the commercial broadcast of phonograms. Under this agreement, the radio station was to pay remuneration based on the radio station's revenues, with a minimum flat-rate amount per month or quarter, in accordance with national law. After the national law's provisions on the minimum flat-rate amount were repealed, the radio station refused to continue paying the minimum amount under the contract, arguing that the new law was immediately applicable and that the remuneration must now be based solely on actual revenues and not according to the minimum flat-rate amount.

The CMO brought an action against the radio station, claiming that the minimum flat-rate remained applicable until a new methodology had been adopted by the CMO. The first instance upheld the action in

part, which led to both parties appealing the judgment. The court of appeal noted that it was uncertain whether EU law precluded national legislation that did not ensure minimum flat-rate remuneration for rightsholders represented by CMOs and referred a number of questions to the CJEU.

Decision

The right to remuneration for holders of phonogram rights is regulated by Article 8(2) of Directive 2006/115/EC or Article 16(2) of Directive 2014/26/EU. Under Article 8(2), Member States are required to provide a right in order to ensure that a single equitable remuneration is paid by the user of phonogram rights and Article 16(2) stipulates that rightsholders shall receive appropriate remuneration for the use of their rights.

The first question before the court was whether said copyright directives, along with the EU Charter of Fundamental Rights, precluded national legislation that did not guarantee minimum flat-rate remuneration to phonogram producers.

Initially, the court emphasised that 'minimum flat-rate remuneration' must be interpreted as meaning remuneration that does not have any connection with the economic value of the remunerated service, with no consideration given to whether it is equitable or appropriate. The court found that it was not apparent from the wording of Directive 2006/115 or Directive 2014/26 that Member States must guarantee minimum flat-rate remuneration to rightsholders. Instead, Member States were only required to ensure that rightsholders were to receive 'equitable' or 'appropriate' remuneration for the use of their rights. Thus, the purpose of both those provisions was to ensure the payment to rightsholders of remuneration that is connected to the economic value of the service provided. The court held that this was also in line with the interpretation of international law and the objectives of both directives.

As regards fundamental rights, the CJEU found that the right to equitable remuneration constituted a right related to copyright and an integral part of the protection of intellectual property enshrined in Article 17(2) of the Charter. In principle, national legislation which repeals provisions relating to minimum flat-rate remuneration applicable to broadcasting could therefore constitute a limitation on the protection of intellectual property rights. However, since the fundamental right to intellectual property is not absolute, the question was whether this limitation constituted a permissible limitation under the Charter, which was a question for the national court to determine while *inter alia* respecting the principle of proportionality.

The referring court also sought clarification whether and under what conditions it could apply the provisions of Directives 2006/115 and 2014/26 directly in the present case, in order to exclude the national legislation. The CJEU noted in this part that the principle of primacy of EU law required all Member State bodies to give full effect to provisions of EU law and must therefore interpret their national law in conformity with EU law. However, this principle has certain limitations. For example, the primacy of EU law cannot serve as the basis for a *contra legem* interpretation of national law. That means that national law cannot be 'interpreted in conformity with EU law' in a way that leads to a conclusion in direct violation of the wording of that national law (unless the national law says otherwise).

Comment

What constitutes equitable, appropriate and Solomonly fair remuneration for various kinds of uses of copyright remains the Million Euro Question of post-DSM Directive EU copyright law. This case reiterates that there are no easy one size fits all answers to this question. While the court emphasises that there is (of course) no requirement for Member States to legislate systems of minimum flat-rate remuneration to be applied by CMOs in their licensing work, it seems equally clear from the decision that such flat-rate systems can be fair and appropriate under some circumstances. Put another way, this is a copyright question that will continue to spawn referrals to the CJEU for years to come.

Hans Eriksson and Filip Jerneke

Joint ownership of copyright (CJEU, C-182/24 SACD)

Introduction

Within the film industry, different persons involved in the creation of a film contribute in different ways to the end result. From the perspective of copyright law, this normally means that the resulting film work includes copyright-protected contributions from several authors, and that the copyright in the film is shared between these co-authors. This joint ownership of copyright raises several legal and practical concerns when it comes to enforcement.

In this case, the CJEU establishes that even though procedural rules are not harmonised across the EU, national procedural rules that demand the participation of all co-authors in legal proceedings may in principle be acceptable, as long as such a requirement does not render the procedure unnecessarily complicated or costly and does not hinder effective access to remedy by making enforcement practically impossible.

Background

Two co-authors in a film work had assigned their respective exploitation rights to a third party. After the passing of both co-authors, their heirs brought proceedings against the third party for breach of contract and copyright infringement in relation to the works.

Pursuant to French law, co-authors of collaborative works such as film works who seek to enforce economic rights in the film is required to call on all the co-authors of the work concerned to participate in the litigation. If any of those co-authors are deceased, national law required the heirs to partake in the litigation.

Despite having taken extensive measures, the claimants in this case could not locate and identify all of the co-authors due to the number of films concerned, the wide range of individuals involved and the deaths of some of those co-authors, whose heirs were unknown. The defendants raised a plea of inadmissibility on the basis that nineteen co-authors of the film works had not been called on to participate in the proceedings. The referring court stated that it was impossible to identify the multiple successive heirs of the co-authors, which paralysed the proceedings, and asked the CJEU whether it was compatible with EU law to require that all co-authors are participating in the litigation in cases of joint ownership of copyright.

Decision

The court framed the question in this case as being whether the EU copyright directives, particularly Directive 2004/48 ('Enforcement Directive'), as well as other EU legal acts, precluded national legislation under which the admissibility of an action for infringement of the copyright in a collective work with joint copyright was conditional on all the joint holders of that copyright being called on to participate in the proceedings.

The court found that the EU copyright directives obliged Member States to provide for national procedures necessary to ensure the effective protection of copyright, and to prohibit procedures which would be unnecessarily complicated or costly. On the other hand, none of those directives explicitly mentioned the enforcement of copyright that was jointly owned.

However, by referring to Castorama Polska and Knor (C-628/21), the court also recalled that not only the wording of a provision should be taken into account, but also the context in which it occurs and the objectives pursued by the rules of which it is part.

The court emphasised that also national procedural rules must comply with the requirements arising from the Charter of Human Right, in particular the right to property (Article 17) and the right to effective judicial protection (Article 47).

The court found that national rules imposing procedural requirements on co-authors were in principle acceptable, but that such national rules that had been interpreted by national courts to make it practically impossible or very difficult to enforce the jointly held copyright, would not be compatible with EU law.

Comment

The ruling strengthens the position of copyright holders in collaborative works such as film works, by clearly stating that procedural rules must not become an obstacle to effective access to remedy and enforcing copyright.

Hans Eriksson and Felicia Taubert

New regime for interpreting copyright contracts (Supreme Court, T 5449-23)

Introduction

In this last chapter on the authorship rights feud relating to the famous Gran Canaria crime novel series, the Supreme Court delivers a landmark judgment which fundamentally changes the principles for interpretation of copyright contracts. In brief, the Supreme Court stresses that copyright contracts should primarily be assessed under the general principles of contract law even though the nature and purpose of copyright law might be considered. The Supreme Court's judgment forms a clear distancing from the historical weight put on specific copyright contract principles such as the principle of specification which in doubt favours assignors, i.e. normally authors.

Background

During a period leading up to the end of 2015, two authors collaborated on a crime novel series which included the release of a first book in 2014. In short, the authors worked parallel by exchanging drafts of different chapters to each other for comments.

Following the acceptance of a synopsis to the second book, both authors received advance payments from the book publisher to complete the novel. The payments were conditioned by the provision of a draft reflecting the synopsis by a certain time. In the course of their work on the sequel, and at a point where both parties had already exchanged drafts, the co-authorship came to an end. To allow for one of the authors to complete the book and continue writing books in the series, the authors entered into an agreement which essentially provided the remaining author the sole copyright to the second book, including the financial rights, and certain moral rights which will not be discussed in this article.

Upon the release of the second book, which included parts authored by the resigned author, he claimed that the assigned rights were limited to the use of the characters and did not encompass use of the parts he had drafted. A copyright infringement action was brought before the PMC, which held that the rights to the texts drafted by the resigned author had already been assigned and thus rejected the action. The case was appealed to the PMCA which found for the claimant under the well-established principle in copyright law that unclear agreements should be interpreted to the benefit of the assignor. The case was appealed to the Supreme Court and leave to appeal was granted.

Decision

As explained by the Supreme Court, copyright contracts should be assessed under the general principles of contract law, i.e. primarily the mutual intention of the parties. If that is not possible, the wording of the contract should be considered, and lastly, other factors such as the structure of the agreement, its purpose, the nature of the subject matter, and the interrelation of the parties when relevant. In this regard, the specific objectives and nature of copyright law might be of relevance. If none of those factors are useful, general interpretation principles such as the *contra proferentem* rule may be applicable.

The Supreme Court held that it was not possible to establish a mutual intention and noted that the wording of the contract fit both parties' interpretations. The court thus turned to the facts and noted that at the time of the separation agreement, the resigned author was aware that he had provided partial drafts to the script

and that the work on the second book had been delayed which entailed the risk of having to repay the advance payment to the book publisher. The background and the objective of the agreement therefore strongly indicated that the assignment encompassed the rights to the resigned author's drafts. The court also noted the equal negotiation powers of the parties and stressed that no specific copyright law considerations should be taken. The Supreme Court thus overturned the PMCA's judgment by finding that the rights to the provided drafts had been fully assigned.

Comment

The Supreme Court judgment includes a useful step-by-step template for the interpretation of contracts in general and copyright law contracts specifically. The emphasis put on the general interpretation principles forms an obvious step away from the previously established copyright law principle that unclear agreements are to be interpreted in favour of the assignor. However, far-reaching conclusions to this effect are arguably premature at this stage as the court indeed stressed that the nature of copyright law must still be considered. Further, it is questionable whether the court would have reached the same conclusion had the parties been unequal in terms of financial strength etc. – e.g. an assignment from an author to a book publisher.

Irrespective of which, the judgment serves as an important reminder that one simply cannot be too clear on the wording of the scope of copyright assignments and licenses.

Petter Larsson

Non-pecuniary damages and IP infringement (Supreme Court, PMT 7965-24)

Introduction

The possibility for legal entities to claim 'non-pecuniary damages', in addition to economic – i.e. pecuniary – damages, for intellectual property rights infringement is at the center of a recent ruling from the Supreme Court. The court reiterates that compensation for such damages may only be awarded to legal entities in exceptional circumstances, where there is a close connection between the infringed intellectual property right (the protected work), an individual (typically the author) and a legal entity (the rightsholder).

Background

Under Chapter 7 Section 54 of the Copyright Act, anyone who commits copyright infringement is liable to pay reasonable compensation to the author or rightsholder. In cases of intentional or negligent infringement, additional compensation shall also be paid. When calculating such additional compensation, particular care shall be given to, among other things, non-pecuniary damages. Such non-pecuniary damages are commonly awarded for violations of an author's moral rights. In rare instances in Swedish case law, non-pecuniary damages have also been awarded for violations of economic rights to copyright (NJA 1984 s. 34).

In this case, an individual operating an illegal streaming website was convicted of copyright infringement and was ordered to pay damages to the rightsholders (two movie studios). The movie studios claimed both traditional economic damages and non-pecuniary damages from the infringer. The PMCA rejected the claim insofar as it concerned non-pecuniary damages, on the basis that such

damages are generally only recognised as being suffered by private individuals, and not by legal entities such as movie studios.

The case was appealed to the Supreme Court and leave to appeal was granted.

Decision

Under Swedish tort law, legal entities are normally not entitled to non-pecuniary damages, since such damages are commonly associated with violations of personal integrity and physical or psychological harm – types of harm that a legal entity rarely suffers. Individuals employed by a legal entity may of course suffer such harm, but the legal entity itself will normally only suffer pecuniary damages.

There are exceptions to this principle. The Supreme Court noted that violations of the European Convention on Human Rights or violations of the Swedish Instrument of Government may entitle legal entities to damages that are non-pecuniary in nature, for example where such violations result in harm to the reputation of a legal entity or otherwise harms or restricts the way in which the legal entity operates and that harm is somehow connected to an identifiable person. However, the Supreme Court found these principles inapplicable to cases of intellectual property infringement.

In the context of copyright law, non-pecuniary damages are normally awarded in cases of violations of an author's (i.e. a natural person's) moral rights, since such violations often have a strong personal impact on the author as a person and such rights cannot be transferred. It is less common that non-pecuniary harm arises in the context of violations of a rightsholder's (i.e. a legal entity's) economic rights in copyright, but the Supreme Court noted certain examples of this in Swedish case law in cases where the legal entity has been closely connected to the author of a work who suffers personally from the infringement.

The court found this traditional Swedish view supported by the legislative bill implementing Directive 2004/48/EC ('Enforcement Directive'), which mentions that it should be possible to award legal entities non-pecuniary damages if there is a close personal connection between the infringed intellectual property and an individual (for example, a trademark in the name of an individual which is infringed, where the trademark rights belong to a legal entity owned by the individual).

In the case at hand, the movie studios argued that the unlawful communication to the public of these film works had caused them non-pecuniary harm, on account of the movies having been made available in an unlawful and controversial manner and outside the control of the movie studios. The Supreme Court found that there was no close personal connection between the movie studios and the authors of the infringed film works that could give rise any to non-pecuniary harm. The appeal was therefore rejected.

Comment

The Supreme Court's judgment is well reasoned and reflects the objectives of the Enforcement Directive insofar as compensation for non-pecuniary damages is concerned. While the case concerns copyright infringement, the court's reasoning includes a few general statements applicable also to other intellectual property rights, which provide valuable guidance on the possibility of claiming non-pecuniary damages also on behalf of trademark, patent, and design holders under certain circumstances.

Petter Larsson

Who may join a collective management organisation? (PMCA, PMT 6954-24)

Introduction

For most individuals and organisations within the arts, membership in a CMO is of central importance, as it allows the rightsholder to receive remuneration when rights are licensed collectively by the CMO. Recent years have seen an increased legislative focus on collective licensing of copyright and increased remuneration from such licensing, which has in turn led to an increased scrutiny of the CMO membership rules set down in Directive 2014/26/EU ('CRM Directive'), as implemented in national law.

In this case, the PMCA finds that the Swedish rules regarding CMO membership are compliant with the CRM Directive and that the defendant CMO's membership rules are objective, clear, and non-discriminatory.

Background

Pursuant to Article 6(2) of the CRM Directive, a CMO shall accept rightsholders and entities representing rightsholders, including other CMOs and other associations of rightsholders, as members, provided that they fulfil the membership requirements, which shall be based on objective, transparent, and non-discriminatory criteria. The provision has been incorporated into Swedish law through Chapter 4 Sections 1 and 2 of the Swedish Act on Collective Management of Copyright.

The claimant, a non-profit association and interest group for visual artists, applied for membership in a Swedish CMO. In order to be accepted as a member, the CMO had set certain membership criteria, including that the member must be 'an organisation of authors holding the copyrights of its members'. The board of directors of the CMO decided not to grant the claimant membership as the claimant did not fulfil the condition of holding the copyrights of its members. The claimant brought an action before the PMC, claiming that their membership should be granted. The PMC dismissed the action, and the case was appealed to the PMCA.

Decision

In order to assess whether the CRM Directive and its CMO membership rules had been properly incorporated into Swedish law, the PMC started by interpreting the Swedish Act on Collective Management of Copyright in accordance with the directive. Although the Swedish act stated that the conditions for membership must be 'objective, clear, and non-discriminatory', while the directive used somewhat other terms, the court held that these conditions were essentially the same and that the Swedish incorporation of the directive was thus compatible with the directive.

The PMCA found the question of whether a CMO membership condition was allowed under the Swedish Collective Management Act to constitute mandatory law and therefore also examined whether the defendant CMO's membership criteria met the requirements of objectivity, clarity, and non-discrimination. The PMCA found that these conditions were permitted under the law, by noting that it follows from the directive that a member must be a rightsholder or an entity representing rightsholders and that the condition cannot be considered to imply that the organisation takes irrelevant considerations into account or that the condition gives the organisation too much discretion.

Since the claimant had not shown that it held the copyrights of its members in accordance with the CMO's membership criteria, the PMCA rejected the claimant's action.

Comment

As the remuneration from collective licensing of digital uses of copyright increase, while compensation levels within the arts are challenged on many other fronts including by artificial intelligence and other technical innovations, the focus on CMO membership criteria will remain a hot copyright potato. This case shows how CMO membership criteria can be challenged in court. On the other hand, this case also shows that CMOs have broad latitude in fashioning membership criteria of their choosing that are objective, clear, and non-discriminatory, and how CMOs have considerable freedom in structuring their own business and that rightsholders will simply have to comply with those requirements if they want to partake of the licensing revenue created by the CMO.

Hans Eriksson and Felicia Taubert

Injunctions against e-commerce companies (PMC, PMT 17948-24, 18125-24 and 18127-24)

Introduction

In the ongoing global game of Whac-A-Mole that is copyright enforcement against e-commerce companies like SHEIN, permanent injunctions against repeated infringement are an effective and commonly used tool in Sweden and around the world. However, EU case law on injunctions demands that such injunctions be proportionate, appropriate and effective, which a Swedish litigant learned the hard way is not always the case, even if the defendant is found to have committed copyright infringement.

Background

The claimant was a Swedish fashion company that had produced a number of photos that it used to advertise its products. These photos had been used on the SHEIN marketplace to market and sell SHEIN products.

The claimant sent individual cease and desist letters to three companies in the SHEIN group: (i) the company that was responsible for operating the website on which the photos had been published ('Operating Company'), (ii) the parent company that held various SHEIN trademarks and owned the domain on which the photos had been used ('Parent Company'), and (iii) a service company that was responsible for the technical operations and administration of the website ('Service Company').

SHEIN agreed to take down the infringing photos. After additional photos whose rights belonged to the claimant appeared on the website, the claimant sued all three defendant companies before the PMC for direct and/or contributory copyright infringement and sought permanent injunctions under penalty of a fine.

Decision

The court emphasised that it remains a fundamental principle of corporate law that each legal entity in a group is only responsible for the actions taken within the framework of its own company's operations. Liability for copyright infringement or contributory infringement cannot therefore be based solely on group affiliation, shared functions or a common brand, but rather on concrete actions taken by the respective companies.

The court found that the Operating Company had published infringing photos on the website, thereby violating the claimant's undisputed rights of reproduction and communication to the public. The Operating Company had therefore committed direct copyright infringement and could in principle be subject to a permanent injunction, if the legal prerequisite for such an injunction was established.

With reference to the CJEU's judgment in Ocililion (C-426/21), the court found that the materials in the case did not show that either the Parent Company or Service Company had taken any action or exercised any influence with respect to the publication or otherwise had played a central role in the publication of said photos. These companies had thus not contributed to the direct infringement.

However, the court found that the Parent Company had registered the domain and granted the Operating Company the right to use the domain. By granting the right to use the domain, the Parent Company had provided a resource without which the Operating Company's copyright infringement could not have taken place. On these grounds, the Parent Company was found to have contributed to the Operating Company's copyright infringement and could in

principle be subject to a permanent injunction, if the legal prerequisite for such an injunction was established.

Similarly, the Service Company was found to have contributed to the infringement by operating and administering the marketplace on the website, which had constituted a necessary prerequisite for the infringement and had direct impact on the infringement being able to occur. Also, the Service Company could in principle be subject to a permanent injunction, if the legal prerequisite for such an injunction was established.

The court emphasised that in order to issue a permanent injunction against any or all of the defendant companies, such measures must be proportionate, appropriate and effective. In this context, the possibility of fashioning a permanent injunction that is sufficiently limited and clear must also be taken into account. However, the court also noted that the fact that the infringing photos had subsequently been removed from the website was not a valid reason for not issuing a permanent injunction.

Unsurprisingly, the court found it to be both proportionate, appropriate and effective to issue a permanent injunction under penalty of a fine against the Operating Company which had committed the direct copyright infringement. More interestingly, the court also found that it was not proportionate, appropriate and effective to issue corresponding injunctions against the Parent Company or Service Company.

The court noted that a permanent injunction against the Parent Company would have to concern the provision of the domain, e.g. to revoke the right to use the domain or to block its use in some way, and that such an order against the Service Company would necessitate a systematic and continuous monitoring

obligation. With reference to the UPC Telekabel case (C-314/12), the court found that such orders would constitute excessive and un-proportionate restrictions on the Parent Company and Service Company's freedom of trade and therefore denied these injunction claims.

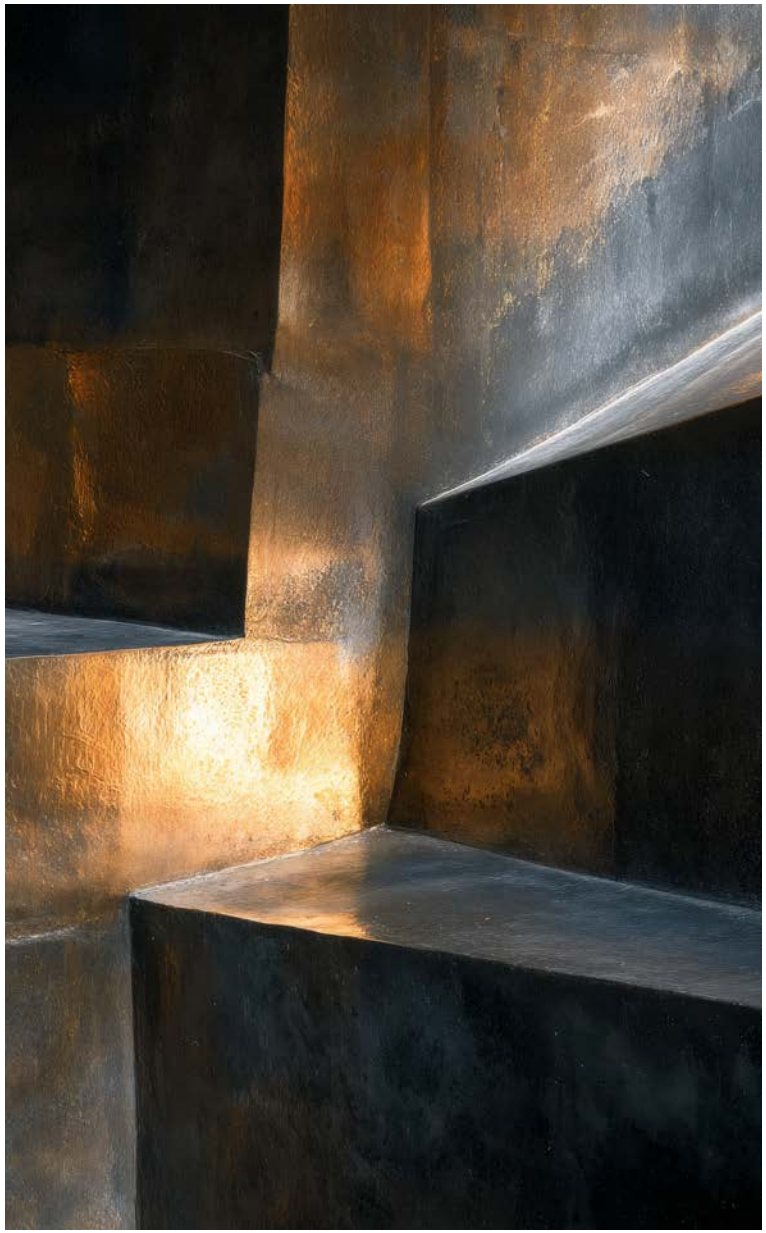
The court found that the claimant had won in one of the three cases, but lost the other two, and therefore ordered the defendant to pay roughly one third of the costs and the claimant two thirds of the costs.

Comment

This case serves an important reminder that permanent injunctions on penalties of a fine is not always ordered by Swedish courts, even if it direct or contributory infringement has been established in the proceedings. It also shows how litigants should carefully structure their claims to avoid having to foot the legal bills. The case has been appealed and we look forward to commenting on it in future Yearbooks.

Hans Eriksson

Media law



A selection of defamation judgments in 2025

Introduction

In this article, we highlight some interesting defamation judgments from the past year. As expected, defamation on social media appears to be the main forum. In one of the cases, the court makes a welcomed contrast between defamation and insult which is helpful when navigating between troll posts on social media. One of the judgments is, to the best of our knowledge, the first case of gross defamation on TikTok. Lastly, in the third judgment the court makes an important distinction between on the one hand defamation and on the other hand justified derogatory statements within a court proceeding.

We also note that the Supreme Court has confirmed that Swedish courts have jurisdiction in relation to defamation occurring online, as long as there is a sufficient link to Sweden (B 5546-24). The outcome is both reasonable and unsurprising and the judgment will therefore not be discussed further in this article.

Decisions

Court of Appeal in Skåne and Blekinge, B 5057-24

Every spring there is a movement in Sweden where children sell 'majblommor' a colourful flower-shaped brooch for the benefit of a non-governmental organisation working against childhood poverty. In 2025, this movement collected over SEK 100 million (approx. EUR 10 million). In this case, a boy had appeared in an advertisement for majblommor with his name and picture, along with information that he had sold majblommor for over SEK 200,000. The defendant had reposted this advertisement on X with a comment about his racial features and a harsh questioning regarding why not only 'a white Swede' could appear in the commercial, along with other racist comments. The defendant was charged with gross defamation against the boy as well as with incitement to racial hatred. The district court found the defendant guilty to both crimes, but the judgment was appealed.

In the court of appeal, the court agreed with the district court's assessment regarding the incitement to racial hatred and emphasised that the wording in the comment are expressions that are typically derogatory, and that the overall impression conveyed is that dark-skinned people should not appear in the media and advertising, or at least to a lesser extent than ethnic Swedes. The court of appeal therefore agreed and upheld the district court's judgment in this part. Regarding the charge for gross defamation, the court discussed that for a message to be defamatory, it must contain statements about facts and circumstances whose accuracy can be verified. A statement that is purely a value judgment can therefore not constitute defamation. In this case, the court held that the statements were of a provocative character but did not contain any facts and circumstances and that even though the statement was offensive to the boy in question, it could not be deemed defamation. The court of appeal therefore dismissed the claim for gross defamation.

In this case, the court of appeal makes a clear distinction on what characteristics a statement must have to be defamatory and that mere value judgments, which per se can be both provocative and offensive, can typically not constitute defamation. As the court stressed, such statements can instead be criminal as an insult under Chapter 5, Section 3 in the Criminal Code. In a media environment where the term defamation is routinely thrown around as a label on any comment that is of a provocative and offensive nature, clarifying statements from the court are welcome as they brighten the overlapping grey areas between the crimes defamation, insult and incitement to racial hatred.

Svea Court of Appeal, B 8899-25

In the second case, a 16-year-old boy had published a post on TikTok with the caption 'What do the helicopter robbers do today?'. For those who are not familiar with this, the helicopter robbery is one of the most notorious heists of all time in Sweden where a cash centre was robbed through the glass ceiling with the help of a helicopter. Most of the robbers were convicted and have as of today served their sentences and live law-abiding lives. In the post, the caption was pasted on top of pictures of the various robbers with their names. The problem was, however, that for one of these robbers, the boy had taken a picture of a different man than the one intended, albeit with the same name as the robber. The post quickly went viral and during the 24 hours before the post was taken down, it had over 200,000 views and almost 800 shares where other TikTok-users had reposted the post.

According to the boy's statement, he had performed a swift web search to find the pictures of what he thought was the robber, and he had not made any closer checks to ensure that it was the right person. When he later posted the segment, comments quickly appeared stating that it was the wrong person, but he found it difficult to delete the post as he felt that the constantly increasing number of views was almost addictive.

The courts established that the post constituted defamation in the strict sense due to the defendant having posted information implying that the outed man had committed a very serious crime. There were no circumstances argued to show that the post was justifiable. The post was therefore found to be defamatory.

Regarding the question of whether the crime constituted gross defamation or not, the court held that the court should consider if the offence was likely to cause serious harm. Since the statement was of a grave nature and the post had a very large reach due to the social media platform used, the court found the act to constitute gross defamation.

To our knowledge, this is the first case of gross defamation based on events on TikTok. As seen, a reach of 200,000 impressions was enough to qualify as a very large reach and thus enough, together with the seriousness of the statement, to constitute gross defamation.

Svea Court of Appeal, B 10452-24

The third judgment concerned an attorney, a member of the Swedish Bar Association, who, on behalf of her client, had submitted an application to the regional rent and tenancies tribunal regarding the extension of a tenant's lease. As grounds for denying extension she had stated that the tenant had through deception persuaded the landlord to rent the flat to him, and that the tenant had in any case sublet the apartment without the landlord's permission. The tribunal granted the landlord's request due to misleading information by the tenant. The tribunal did not, however, find that the landlord had proven that the tenant had sublet the apartment.

The tenant then initiated private prosecution for defamation against the attorney representing the landlord and argued that the submission to the regional rent and tenancies tribunal was defamatory due to that the attorney identified the tenant as blameworthy and criminal. The attorney denied all charges.

The district court established that even where a statement constitutes defamation in the strict sense, the justification assessment must be based on the circumstances at hand. The statement at issue was written in a submission to a court of law which has as its purpose to solve disputes between parties. The district court underlined the

fact that, naturally, it is very common that derogatory statements occur in such proceedings. The district court held that as long as the statement is in line with this purpose and is somewhat relevant to the case in which it occurs, a conflict of interest may be invoked as grounds for exemption from liability. In this case, it was obvious that the statements were relevant for the proceedings. The statement was therefore justified. Regarding the question of whether the facts where true or if the attorney otherwise had reason to believe that they were true, the court considered the assessments that the landlord and the court had made but also the attorney's own statements, and found that the attorney had had reasonable grounds to believe that the information was true. The private prosecution for defamation against the attorney was therefore dismissed. The court of appeal upheld the judgment from the district court and agreed with their reasoning.

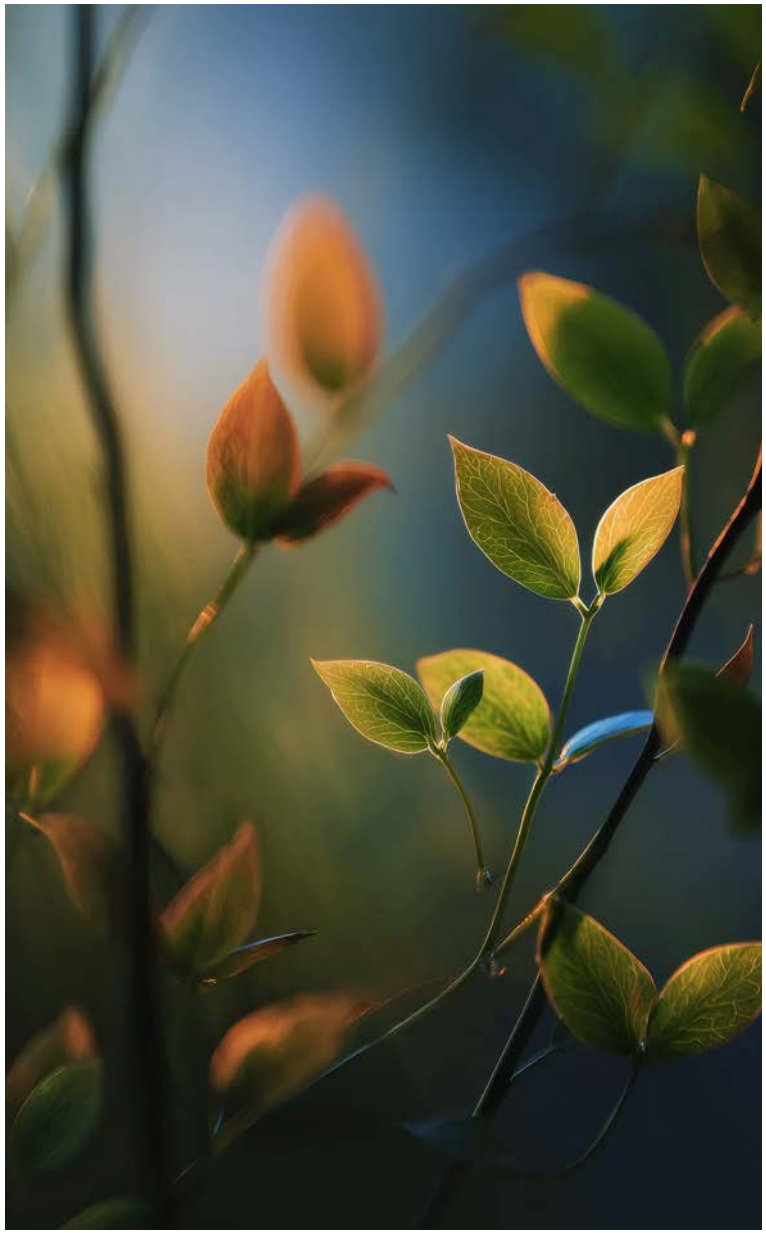
Stefan Widmark and Angelica Kaijser

Marketing law

General introduction

In the fall of 2025, new rules regarding political advertising entered into force through Regulation (EU) 2024/900. The regulation aims to protect democracy and promote free and fair elections through inter alia strict transparency requirements. However, the regulation does not provide practical guidance on how to fulfil those requirements. Tech giants such as Meta and Google have simply responded by prohibiting political advertisements on their platforms. As Sweden will have a general election in September 2026, political parties and media companies will have to work this out quite swiftly.

Our reports on case law relate to the marketing of medicinal and cosmetic products, as well as procedural aspects such as the size of market disruption fees and the standing to sue.



Direct deductions on price do not constitute advertising of medicinal products under Humans Medicines Directive (CJEU, C-517/23 Apothekerkammer Nordrhein)

Introduction

In this case, the CJEU clarifies that the concept of 'advertising of medicinal products' under Article 86 of Directive 2001/83/EC ('Human Medicines Directive') has a broad meaning. The CJEU establishes that offers intended only to influence the patient's/customer's choice of pharmacy, such as direct discounts on prescription medicines, are not covered by the directive's advertising rules for medicinal products. However, campaigns that encourage the consumption of non-prescription medicinal products, for example through vouchers, are covered by the rules and such campaigns can be prohibited by Member States to counteract the irrational use of medicinal products and protect the public health.

Background

The case originated from a dispute in Germany between a regional association of pharmacists and a mail-order pharmacy based in the Netherlands. The pharmacy ran several advertising campaigns between 2012 and 2015 to promote the sale of prescription-only medicinal products from its entire product range. The campaigns included, for example, rewards in form of monetary vouchers, vouchers for hotel stays, an immediate price reduction of EUR 10 when a prescription was sent to the pharmacy, and an EUR 5 discount on the price of the prescribed medicinal products.

The association filed for interim measures to stop these campaigns and argued that they violated German law. Some of the interim injunctions were overruled by a different CJEU judgment (Deutsche Parkinson Vereinigung, C-148/15) where the CJEU held that the relevant provisions under German law violated Article 34 of the Treaty of the Functioning of the European Union and the free movement of goods. The pharmacy therefore sought compensation for damages suffered due to the preliminary injunctions. Within these proceedings, the German court referred questions to the CJEU regarding the applicability of EU law on the advertising of medicinal products.

Decision

The first question before the CJEU was whether promoting the purchase of prescription-only medicinal products from the entire range of products of a pharmacy falls within the scope of the rules on advertising in the Human Medicines Directive.

Under Article 86(1) of the directive, advertising of medicinal products shall be understood to include any form of door-to-door information, canvassing activity or inducement designed to promote the prescription, supply, sale or consumption of medicinal products. Pursuant to the article, this includes in particular, *inter alia*, providing inducements to prescribe or supply medicinal products by the gift, offer or promise of any benefit or bonus, whether in money or in kind, except when their intrinsic value is minimal. The court held that it follows from a literal, conceptual and teleological interpretation of Article 86 that the concept of 'advertising' covers any form of soliciting in respect of both a specific medicinal product and unspecified medicinal products. The court further held that messages designed to promote the prescription, supply, sale or consumption of medicinal products will constitute 'advertising of medicinal products' under the Human Medicines Directive. By contrast, an advertising campaign

seeking to influence not the choice of a given medicinal product *per se*, but rather the choice of which pharmacy to purchase that medicinal product from, does not come within the concept of 'advertising of medicinal products' within the directive.

The court held that advertising that offers price reductions or direct payments for unspecified prescription-only medicines does therefore not constitute advertising of medicinal products. The court reasoned that the decision to prescribe the medicinal product in question remains solely with the prescribing doctor. The campaigns therefore do not promote the consumption of a specific medicinal product, but rather affect the consumer's choice of pharmacy and thus fall outside the scope of Article 86 of the Human Medicines Directive.

The court further held that the campaigns offering vouchers between EUR 2.5 and EUR 20 for the purchase of non-prescription medicinal products should be considered as advertising of medicinal products because the consumers could use the vouchers to buy non-prescription medicines, encouraging the consumption of such medicines. Even though these vouchers could be used for other products in the pharmacy's supply, such as non-medicinal health care products, the vouchers were still considered to promote the consumption of medicinal products which could pose a risk to public health if poorly considered. The court emphasised that in the absence of the obligation to have to recourse to a prescribing doctor, the recipient of the vouchers, attracted by the economic advantage they offer, may use the vouchers to obtain non-prescription medicinal products at a reduced price. The court concluded that the German legislation prohibiting such arrangements was therefore non-compliant with EU law.

The court further considered whether the prohibition against marketing activities that fell outside the scope of the Human Medicines Directive was contrary to other EU law provisions, namely certain provisions of Directive 2000/31 ('E-Commerce Directive) or Article 34 of the Treaty on the Functioning of the European Union regarding free movement of goods. In short, the court found that the prohibition constituted restrictions in these regards, but that they were justified due to consumer protection and therefore allowed.

Comment

This case shows that the purpose of marketing communications is decisive when assessing whether they fall within the concept of 'advertising of medicinal products' under the Human Medicines Directive. It also illustrates that marketing must have an actual effect on the purchase decision, and that there is no such effect when marketing only affects the choice of where to purchase a medicinal product, not which product to buy. The judgment therefore appears less relevant for pharmaceutical companies, as marketing of a specific product will generally be intended to have such a direct effect on the sale of that product.

For Swedish purposes, it should be noted that discount or vouches cannot be offered on prescription products that are included in the pharmaceutical benefits system. Swedish courts have found that price deductions, vouchers and loyalty programs earning 'points' which are later converted to vouchers are covered by the prohibition against discounts on reimbursed products.

Siri Alvsing and Angelica Kaijser

Online marketing and sales of cosmetics challenges the scope of the E-Commerce Act (PMCA, PMT 12383-21)

Introduction

The PMCA deals with the interesting question of the scope of the Swedish E-Commerce Act and in which cases it limits the application of other Swedish legislation. In short, the PMCA finds that Swedish legislation within the coordinated field does not apply to information society services originating from other Member States and, consequently, that Swedish legislation does not prevent a service provider established within the EEA from providing information society services to recipients in Sweden. However, the PMCA holds that the coordinated field does not extend to requirements applicable to the goods as such, e.g. safety standards, labelling obligations or product liability rules, meaning that the scope of the E-Commerce Act is found not to extend to e.g. national labelling requirements.

Background

An action was brought against a cosmetics company based in Germany, seeking injunctions against allegedly unfair marketing. The claimant pleaded that the company had marketed and sold products that did not comply with Swedish labelling requirements and used unfair marketing statements on a website aimed at the Swedish market.

The PMC found for the claimant and prohibited the cosmetics company from using the marketing statements, and from marketing products without the required information on the labels. The cosmetics company appealed the decision to the PMCA, which granted leave to appeal.

During the proceedings before the PMCA, questions arose regarding the Swedish implementation of Directive 2000/31/EC ('E-Commerce Directive') and its compatibility with EU law, as well as the scope of the coordinated field under the directive. After receiving guidance from the CJEU in its case Parfümerie Akzente (C-88/23), the PMCA rendered its judgment.

Decision

Considering that the cosmetics company was based in Germany and that the marketing had been conducted online, the initial issue before the PMCA was whether the Swedish E-Commerce Act was applicable and, if so, what implications this would have for the applicability of Swedish marketing law.

The PMCA stated that the Swedish E-Commerce Act, implementing the E-Commerce Directive, applies to information society services and the commencement and exercise of activities relating to such services. The Swedish E-Commerce Act defines information society services as services normally provided for remuneration, at a distance, by electronic means, and at the individual request of a recipient of a service. Marketing and sale of goods online are examples of information society services.

It was undisputed that the defendant was established in Germany when the marketing activities were carried out. The PMCA noted that the contested marketing had been conducted online and consequently constituted an information society service. Consequently, the PMCA found that the Swedish E-Commerce Act was applicable.

Having established this, the court referred to Section 3 of the Swedish E-Commerce Act which stipulates that a service provider established in an EEA Member State other than Sweden, notwithstanding Swedish provisions within the coordinated field,

is entitled to provide information society services to recipients in Sweden. The court noted that the wording of the Swedish provision differs from Article 3(2) of the E-Commerce Directive, which states that Member States may not, for reasons falling within the coordinated field, restrict the freedom to provide information society services from another Member State. The court also noted that the Swedish provision does not state that national legislation may be applied as long as the service provider is not subjected to stricter requirements than those applied in the Member State where the service provider is established, as laid down by the CJEU in eDate Advertising and Others (Joined Cases C-509/09 and C-161/10).

The PMCA stated that the wording of the Swedish provision supported the interpretation that the country-of-origin principle shall applyfully for service providers established in other countries than Sweden, irrespective of whether Swedish law imposes stricter requirements than the legislation of the country of origin. In light hereof, the court found that Swedish provisions within the coordinated field shall generally not be applied to information society services originating from other Member States, regardless of whether applying the Swedish provisions would risk restricting the free movement of services. The PMCA then cited the CJEU's responses to its referred questions and held that EU law did not prevent this interpretation. Consequently, this entailed that the cosmetics company could provide marketing and sales online in Sweden notwithstanding Swedish marketing law. The PMCA therefore dismissed the claimant's action insofar as it related to marketing statements made on the website.

Turning to the claimant's allegations regarding incorrect labelling, the PMCA noted that as the products were marketed and sold on the website, the question whether the E-Commerce Act was applicable had to be examined here as well.

The PMCA emphasised that pursuant to the E-Commerce Directive, the coordinated field does not extend to requirements applicable to goods as such. Legal requirements concerning goods, such as safety standards, labelling requirements or product liability, are characterised as requirements applicable to goods as such. In the questions referred by the PMCA, the CJEU had stated that in cases where a provider of information society services markets and sells products on its website, the 'coordinated field' does not encompass labelling requirements for such products applicable in the Member State in which the consumers targeted by the online marketing measures are located. Accordingly, the PMCA found that the scope of the E-Commerce Act does not extend to national labelling requirements and that guidance regarding the labelling requirements at issue instead should be sought in Directive 75/324/EEC concerning aerosol dispensers and Regulation 1223/2009 concerning cosmetic products.

The PMCA noted that these frameworks do not address marketing law aspects of the sale of a product, nor how the products are to be labelled when marketed or sold online. As regards labelling requirements, the two EU acts instead aim to ensure that products are safe when used. The PMCA emphasised that the labelling requirements therefore entail that there are requirements as to how the products in question must be labelled when they are made available or placed on the market, and that this occurs when a product is delivered.

The claimant had alleged that the marketing at issue in the proceedings included the actual delivery of the products, meaning that delivering products that are found to not meet Swedish labelling requirements (and which are therefore not allowed to be placed on the market here) to consumers in Sweden constitutes an unfair marketing practice. Considering that broad scope of application of the concept of

'marketing', the PMCA found that delivering products constitutes a marketing measure under the Marketing Act.

In its assessment of whether the defendant's delivery of products had been unfair, the PMCA concluded that marketing products which did not comply with national labelling requirements was unfair. The PMCA therefore confirmed the judgment of the first instance court, prohibiting the defendant from marketing products without the required labelling information.

Comment

This case is yet another example of the country-of-origin principle preventing the application of Swedish national law for information society services. The PMCA has made similar considerations regarding marketing of alcoholic beverages online, but the Supreme Court neglected to address this issue on appeal (see the Supreme Court's case T 2517-21, Mackmyra, discussed in our 2021 Yearbook).

The judgment serves as a reminder of how, and under which circumstances, the Swedish E-Commerce Act limits the application of Swedish rules within the coordinated field. The case clarifies that the online marketing and sale of goods constitutes information society services, and the country-of-origin principle will apply to a service provider established in another EEA Member State as long as it relates to issues within the coordinated field. We consider this approach reasonable, particularly as any other interpretation would undermine one of the EU's fundamental principles: the free movement of services.

Further, the PMCA's conclusion that the E-Commerce Act does not extend to requirements applicable to goods as such, even when challenged under marketing law, is appropriate. This approach allows each Member State to ensure direct compliance within its territory with the rules governing product labelling, safety standards and other such requirements, which in turn will ensure adequate consumer protection.

Siri Alvsing and Filip Jerneke

Marketing of combined valuation and purchase of gold from consumers (PMCA, PMT 4906-22)

Introduction

This case concerns *inter alia* whether the combination of a valuation service and a subsequent purchase of gold from consumers constitute a 'product' under Directive 2005/29/EC ('Unfair Commercial Practices Directive'). The PMCA referred questions to the CJEU in Guldbrev (C-379/23), which we reported on in our 2024 Yearbook. The PMCA applies the principles set out by the CJEU, finding that the Swedish Marketing Act is applicable. On the merits, the PMCA finds that failure to identify the originator of marketing is misleading, but that price information fulfils applicable requirements.

Background

In 2020, the Swedish Consumer Ombudsman brough an action against a company whose business was to value and buy gold from consumers. The defendant's business was completely web-based and the company conducted its marketing through its website and through online advertisements, e.g. paid search engines advertisement. The Swedish Consumer Ombudsman claimed that a number of marketing practices used by the company were unfair. The PMC found for the claimant and issued several injunctions. The defendant appealed the judgment in part, requesting the PMCA to overturn the injunctions regarding failure to identify with sufficient clarity certain websites as marketing and stating that the company is the originator of the advertising, as well as misleading price information. The defendant had also argued that the Marketing Act was not applicable to purchasing services (as opposed to sales services).

The PMCA granted leave to appeal but decided to stay the case and referred questions to the CJEU seeking clarification on whether valuation and purchase of gold from consumers constitutes a 'product' under Articles 2(c), (d) and (i) and 3(1) of the Unfair Commercial Practices Directive. In short, the CJEU stated 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. Hence, the CJEU found that all commercial practices connected to the product fell under the scope of the Unfair Commercial Practices Directive.

Decision

Initially, the PMCA referred to the CJEU's decision and concluded that the combination of services at issue, i.e. the valuation and purchase of gold, constitutes a product within the meaning of the Unfair Commercial Practices Directive, and that marketing of such product thus constitutes a commercial practice within the meaning of the directive. The PMCA consequently held that the Swedish Marketing Act, which implements the Unfair Commercial Practices Directive, was applicable to the marketing at issue.

Having established that, the PMCA went on to address the first main question in the case: whether the defendant had violated the requirement to clearly identify certain websites as marketing and that the company was responsible for it. Relatively bluntly, the PMCA stated that it was not clear from the search engines advertisement that the defendant was the originator of the marketing. The court also held that the advertisement gave the impression of leading to a platform for objective advice and price comparison. In light of this, the PMCA found that the marketing influenced the consumers' ability to make an informed transactional decision.

Considering this, the PMCA found that the marketing was unfair. The PMCA then turned to the question regarding alleged misleading price information. The marketing included certain prices based on the weight and carat of the gold, which the Consumer Ombudsman claimed were unreasonably high and dependent on the consumer fulfilling certain conditions (e.g., selling a certain amount of gold and being eligible for a bonus).

The PMCA stated that even at a quick glance, the average consumer would understand that the final price offered for their gold items was dependent on several factors. In addition, the court found that the prices advertised on the website corresponded to the price that the customer could expect to receive if the consumer met certain specific conditions. Therefore, the court found that the marketing was not misleading in this regard and overturned the first instance court's judgment.

Moreover, the Consumer Ombudsman had claimed that the defendant had failed to present information regarding pricing and the conditions for denying an offer to purchase gold, which was mandatory as the valuation constituted an 'invitation to purchase' as defined in the Marketing Act. The PMCA stated that the combination service at issue did constitute an invitation to purchase, but that the situation differs from simply offering a specific product for a specific price. In the situation at issue, the court held that the mandatory information which was present on different parts of the defendant's website was sufficient. The PMC's judgment was thus overturned also in this regard.

The final issue before the PMCA was whether marketing showing a countdown timer in connection with an offer to purchase gold at a certain price gave the misleading impression that the price was

only available until the countdown ran out. The PMCA noted that the countdown timer was inserted in the sentence 'Order within [timer] and we will send you your Gold Letter [the letter in which the consumer sent their gold to the defendant] today'. The statement 'Sell gold at our highest price' and certain price information was presented next to the sentence with the timer. The PMCA held that it was sufficiently clear to the consumer, even at a glance, that the timer related to sending the Gold Letter to the consumer, and not to the price. The marketing was therefore found not to be misleading and the PMC's judgment was overturned.

Comment

Given the CJEU's clear guidance on the referred questions, the PMCA's finding that the Swedish Marketing Act was applicable to the marketing at issue comes as no surprise. It is also unsurprising that the PMCA found that failing to identify the originator of marketing which risks being perceived as an independent, objective valuation website is unlawful.

However, it is interesting to note that the PMCA made a thorough assessment of the price information, taking into account the rather specific facts of the case at hand. The defendant's business differs from regular retail services, and the court applied the legislation with this in mind. This should be useful for companies with innovative business models.

Siri Alvsing and Filip Jerneke

Injunction on marketing of specialised shaver also concerned regular shavers (PMCA, PMT 14872-22)

Introduction

In this case, the PMCA confirms a judgment from the PMC regarding marketing statements concerning a specific shaving gear and a comparison with statements regarding traditional shavers. The PMC finds that marketing containing categorical and unqualified claims about regular shavers was unfair and should therefore be injuncted under penalty of a fine. Only the scope of the injunction (together with the legal costs) was appealed. The appellant argued that the injunction was too wide since it not only included the product in question but other electrical shavers as well. However, the PMCA agrees with the PMC that since the marketing claims included in the injunction could be used also in relation to other electrical shavers, the broader wording is motivated.

Background

A global company sued a competitor claiming that their marketing of shaving gear was unfair under the Swedish Marketing Act. The marketing concerned a particular electrical shaver that differed from traditional razors. In the marketing the defendant made claims such as inter alia 'Cut hair, not your skin', 'Do you shave your body with a razor? 5 reasons to quit today', 'Skin-friendly – shave without cuts or irritated skin', and 'Skip the razor! Razors are by far the most common tool for body shaving, but they are also sometimes the worst, as you risk cuts and irritated skin. The razor blades come into direct contact with the skin, causing micro-cuts that are invisible to the naked eye and cause itching and redness.' (our translations). The claimant claimed that the defendant's marketing of electrical razors, electric shavers and other shaving products gave the impression that

- it is common to cut yourself when using a 'regular' razor,
- using a regular shaver is wrong, bad, and poses safety risks,
- it is painful to use a regular razor for body care and shaving,
- when you use an electric razor, shaver or other shaving product from the defendant, you get a better, safer and gentler experience compared to using a regular razor, and
- consumers and/or independent experts have given the product five stars for speed, ease of use and safety.

The marketing was therefore misleading, discrediting, unfair, disparaging and derisive of razors, and particularly the claimant's products. The PMC agreed with the claimant and prohibited the marketing under penalty of a fine.

Decision

The defendant only appealed the judgment relating to the scope of the injunction under penalty of a fine. The question of whether the marketing was unfair, was thus finally adjudicated through the PMC judgment. According to the PMCA, the appealed prohibition included the product in question as well as all other electrical razors and shavers. However, the question was whether this injunction was formulated in such way that it was motivated in relation to the concrete marketing activities that were tried by the PMC.

The PMCA held that in this case, the prohibition is based on the fact that the marketing in question contained categorical and unqualified claims concerning that regular razors commonly cause, among other things, cuts and increase the risk of skin irritation. Since such claims can be made also when marketing other electrical

shavers than the product, it was appropriate that the prohibition applied not only to marketing of the product itself but also to marketing of other electrical shavers. The PMC's judgment was therefore upheld in this part.

Comment

The court makes a reasonable assessment regarding the scope of the prohibition. Since the marketing contained references not only to the specific product, but to razors in general, there is an understandable conclusion that the injunction should not only relate to marketing of the product in question but to marketing of any razor in the product category at issue, since the marketing claims would be unfair also when used in marketing of other similar products.

However, since the actual product itself was of such unique character and since the marketing was thus tailored for this specific product, one could argue that the prohibition goes beyond what is necessary. Since the claims took a stand against conventional razors when compared with the specific marketed product, there might be room to argue that the injunction is too wide since these claims would not be the same if used in marketing for other electrical razors than the specific product. As trend watchers, we should therefore be alert and monitor whether the courts begin to extend the injunctions in the same way as has happened here, i.e. that an injunction on marketing of a specific product is extended to cover marketing of other products in the same product category solely on the grounds that the claims would be unfair even when used in relation to other products in the broader category. Although we agree with the conclusion in this case, it may by some be seen as a worrying trend if injunctions not only refer to similar claims about the product at issue but also extends to marketing claims for other products.

Angelica Kaijser and Stefan Widmark

Market disruptions fees under the amended Marketing Act (PMCA, PMT 8445-24)

Introduction

In this judgment, the PMCA upholds a judgment from the PMC where the maximum market disruption fee was imposed on two companies. The companies had conducted a series of unfair marketing activities during almost a decade. For the three-year period that the case related to, the PMCA finds that the companies' activities had been severe and of such character that the maximum market disruption fee was motivated. In its reasoning the PMCA considers that since the maximum market disruption fee was lowered in 2022, from 10% to 4% of the company's annual turnover, there is today less scope for differentiation between different violations. Considering that the market disruption fee shall be efficient, proportionate and deterrent, the PMCA imposed the maximum fee on the two defendants.

Background

Two companies within the same company group – a Norwegian parent company and its Swedish subsidiary – were sued by the Swedish Consumer Ombudsman for their marketing of subscriptions of food supplements and other similar products. Among many claims, the Consumer Ombudsman asserted that the respective companies had engaged in unfair marketing due to their marketing activities through telephone sales.

The judgment of the first instance court was partially appealed and tried before the PMCA. The appeal was focused only on the question of the size of the market disruption fee. However, the companies denied that they had performed such marketing

activities that could motivate imposition of a market disruption fee. The PMCA therefore had to try whether the companies had conducted such marketing activities, and if found so, if a market disruption fee could be imposed on any or both companies and to what amount.

Both the PMC and the PMCA applied the Marketing Act in its current wording as of 1 September 2022 even though some marketing activities took place before that date. In its current form, the Marketing Act stipulates a maximum market disruption fee of 4% of the company's annual turnover, compared to 10% in the former wording.

Decision

The PMCA found that it was proven that the companies had conducted the marketing activities in question and that the activities were of such dignity that a market disruption fee was motivated. Also, since both companies were independently responsible for marketing, both companies should be imposed a market disruption fee. However, the PMCA also had to decide on what size the market disruption fee should be set to.

A market disruption fee can be set between SEK 10,000 and 4% of the annual turnover the year before the marketing was conducted. The precise size of the fee shall be set based upon several criteria such as the severity of the violation, including the type of marketing, its duration and the extent of the violation, what actions the company has taken to mitigate or remedy the harm caused, previous violations, and other aggravating or mitigating circumstances (Section 31 of the Marketing Act). Depending on the severity of the action, the size of the fee should be differentiated on the scale. However, since the maximum market disruption fee was reduced from a maximum of 10% to 4%, the PMCA held that the scope of differentiation has shrunk, but that it is still possible to adjust the fee according to the size and position of the company in the market, as well as the nature and extent of the violation.

In this case, the violations were severe. The marketing consisted of *inter alia* delivery of goods and payment demands without a prior order and the lack of adequate information during telephone calls. It was also established that some consumers did not even understand that it was a sales call and that the companies charged a return fee also in cases where the consumer had not placed an order. The PMCA particularly stressed the fact that during the testimony of one of the company's representatives it had been stated that the purpose of this action was to reduce the number of returns. The court therefore held that the companies' aim must have been to increase the threshold for ending the subscription and to secure economic benefits from the consumers even if the subscription was indeed ended.

The PMCA also considered the fact that the companies had been the subject of several previous supervisory matters at the Swedish Consumer Agency relating to similar marketing activities since 2013 and that the telephone sales did not cease until the companies received the Consumer Ombudsman's summons application in 2023.

As there is today less room for differentiating the size of the market disruption fee, the PMCA found that due to the severeness of the violations, the companies' size and scope and the fact that there were no mitigating circumstances, it was both motivated and proportional to impose the maximum market disruption fee of 4% of each company's annual turnover the financial year prior the cease of the violations, i.e. the turnover of 2022. As a result, the PCA's judgment was upheld also in this part, and the appeal was dismissed.

Comment

In this judgment, we might see the beginning of a trend. The new wording in the Marketing Act is due to the implementation of Directive 2019/2161/EC which amends, among others, Directive 2005/29/EC ('Unfair Marketing Practices Directive'). In this directive, the EU stipulates a minimum maximum level for marketing disruption fees of 4% of the annual turnover the previous year. The Swedish parliament found no reasons to deviate from the minimum level and thus set the new maximum threshold to 4%. It was, however, stressed that this level should still be appropriate to secure an efficient, proportional and deterring sanction. Considering that the PMCA held that a level of 4% in this case was necessary to obtain an efficient and deterrent sanction, we look forward to reviewing coming case law in this area to see if the courts will still be prone to sometimes differentiate the size of the market disruption fee between different violations or if the new maximum will become the new standard for market disruption fees.

Angelica Kaijser and Stefan Widmark

Standing to bring action regarding unfair marketing practices (PMCA, PMÖ 9362-24)

Introduction

The Swedish Marketing Act stipulates that an action against unfair marketing practices may be brought by 'traders affected by the marketing at issue'. Direct competitors are typically affected by unfair marketing as it affects healthy competition on the market. This judgment addresses standing to sue based on the fact that the parties were subject to the same *lex specialis* regarding marketing of tobacco products. It illustrates the importance of considering all aspects of a case before filing a statement of claim, and of carefully following orders from the court requesting clarifications.

Background

The claimant sought to prohibit the defendant from marketing tobacco products in certain ways, which the claimant argued violated the provisions regarding marketing in *lex specialis* on tobacco products. The claimant argued that it had standing to sue as the defendant's marketing restricted the competition on the market, because the claimant and other players on the market could not compete with the defendant without violating applicable legislation themselves.

The PMC found that the fact that both parties were obligated to follow the same rules when marketing tobacco products did not entail that the claimant was affected by the marketing at issue in the meaning of the Marketing Act. The PMC therefore found that the claimant lacked standing to sue and dismissed the action without assessing the merits of the case. The claimant appealed to the PMCA.

Decision

On appeal, the claimant submitted additional arguments supporting its standing to sue. The claimant clarified that the parties were in fact competitors, at least in relation to part of the defendant's business. In this regard, the PMCA referred to case law from the Supreme Court and held that it was precluded from considering these arguments as it had to adjudicate the case based on the same facts considered by the first-instance court.

The PMCA then proceeded to examine the expression 'traders affected by the marketing'. The court noted that the legislator did not discuss the meaning of the expression in the legislative comments and that case law was scarce. The PMCA therefore sought guidance from competition law, where a similar expression is used ('companies affected by' a restriction of competition). That expression encompassed competitors and companies in prior or subsequent parts of the distribution chain more directly affected by the alleged restriction. The PMCA therefore held that the expression 'traders affected by the marketing at issue' shall be interpreted as encompassing competitors to the trader conducting the allegedly unfair marketing practices, or companies who are more directly affected by the marketing at issue for other reasons. This interpretation was considered compatible with Article 11 of Directive 2005/29/EC ('Unfair Commercial Practices Directive').

A second issue before the court was whether the claimant must prove that it is affected by the marketing at issue by objective evidence, or if a statement to that effect is sufficient. In this regard, the PMCA looked to trademark law and held that case law from the Supreme Court regarding standing to bring an invalidity action against a trademark based on non-use was relevant also for the present situation. The PMCA therefore applied the principles set out by the Supreme Court and found that a statement from the claimant that they are affected by the marketing shall be sufficient, unless the facts of the case indicate that the statement is unfounded.

In the case at hand, the PMCA noted that the alleged basis for the standing to sue was that the marketing at issue distorted healthy competition between cigar retailers. However, the claimant was not involved in the sale of cigars. As the parties were not competitors, the claimant lacked standing to sue on this ground. The argument that both parties were obligated to follow *lex specialis* regarding marketing of tobacco products was considered insufficient for finding standing to sue. The PMCA therefore dismissed the appeal and confirmed the PMC's judgment.

Comment

As mentioned by the PMCA, case law regarding standing to bring an action under the Marketing Act is thin and this judgment is therefore a welcome addition. It is helpful that the PMCA expressly sets out the interpretation of the expression 'traders affected by the marketing' and that the court provides clear guidance on the claimant's burden to prove that it has standing to sue. Given how the case had been argued, it is rather unsurprising that the claimant was found to lack standing.

The PMCA clearly states that a party who has appealed a decision regarding standing to sue cannot invoke additional facts or evidence on appeal. This means that parties must be mindful in how an action is worded, ensuring that all relevant facts are invoked before the first-instance court. It should be noted that the claimant had been ordered by the court to clarify the basis for its standing to sue. Orders from the court to clarify a statement of claim must always be taken seriously, as they are a clear indication that the

court considers something to be lacking – something the claimant became painfully aware of in this case.

The only upside for the claimant is that dismissal of a case without an assessment of its merits does not preclude them from bringing a new action regarding the same claim. The claimant will consequently be able to have a do-over, invoking all relevant facts before the first-instance court.

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.

Siri Alvsing

The IP team at Westerberg

Hans Eriksson, partner
Managing Partner

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

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

Stefan Widmark, partner
Head of the IP practice group

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

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

Helena Wassén Öström, partner
Head of Trademark and Design Prosecution

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

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

Ludvig Holm, partner

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

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

Jonas Löfgren, partner

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

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

Björn Rundblom Andersson, partner

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

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

Henrik Wistam, partner

Intellectual property law, marketing law, counterfeiting, litigation.

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

Jonas Westerberg, senior advisor

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

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

Siri Alvsing, senior associate

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

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

Josefine Arvebratt, senior associate

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

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

Petter Larsson, senior associate

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

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

Måns Ullman, senior associate

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

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

Filip Jerneke, associate

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

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

Mirja Johansson, associate

Intellectual property law, focusing on trademark and design law.

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

Angelica Kaijser, associate

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

Tel: +46 766 170 917
angelica.kaijser@westerberg.com

Felicia Taubert, associate

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

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

Karin Büsselmann, senior IP paralegal

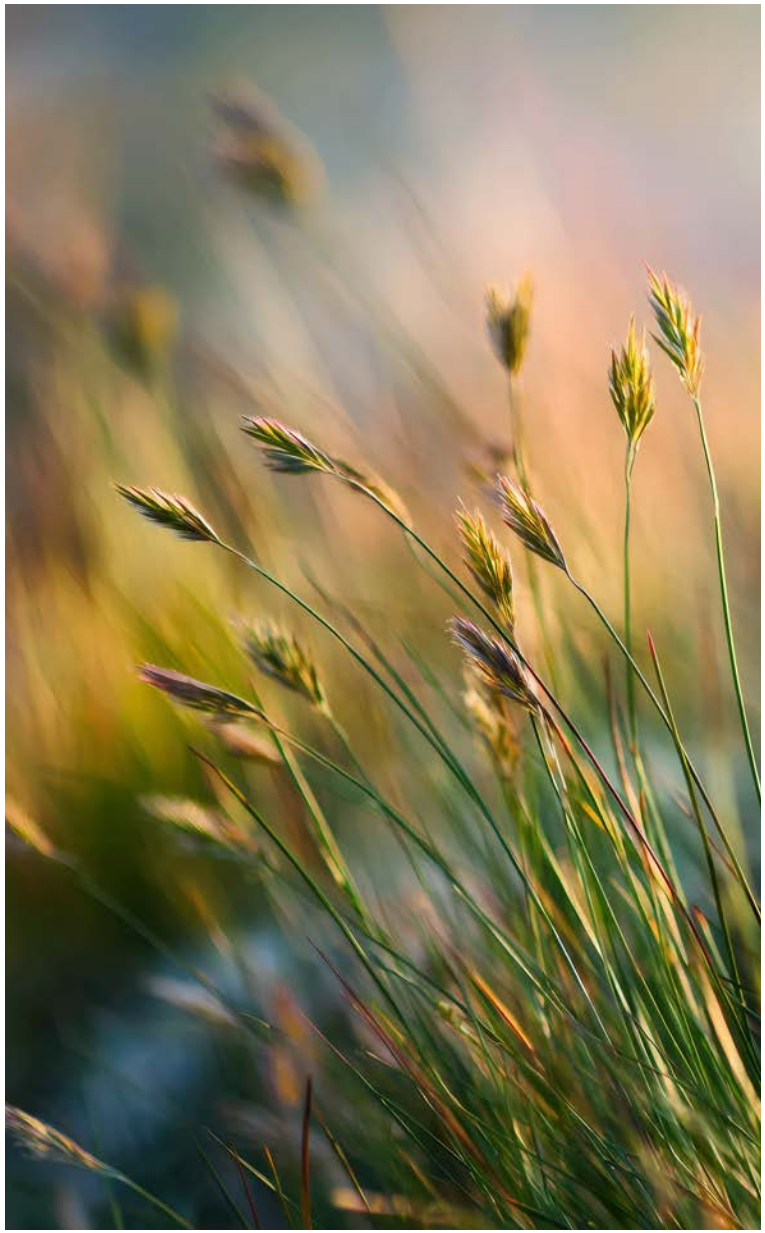
All administrative issues relating to trademarks and designs, including coordinating and managing filings, clearance, searches and transfers.

Tel: +46 766 170 924
karin.busselmann@westerberg.com

Kerstin Lagercrantz, senior IP paralegal

All administrative issues relating to trademarks and designs, including coordinating and managing filings, clearance, searches and transfers.

Tel: +46 766 170 984
kerstin.lagercrantz@westerberg.com



Westerberg & Partners
Advokatbyrå AB

P.O. Box 3101
103 62 Stockholm | Sweden
info@westerberg.com
www.westerberg.com
Phone +46 8 578 403 00
Org. No 559162-3268