Sweden

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Legal framework
Trademarks in Sweden are protected as either registered Community trademarks, registered Swedish trademarks or Swedish trademarks established on the Swedish market. The latter type of mark must be known among a significant proportion of the relevant classes of person as a sign for the goods or services for which it has been used. What constitutes a 'significant' proportion is assessed on a case-by-case basis, but as a rough guide, between 30% and 40% is normally considered sufficient. The rights conferred by a trademark protected in this way are limited to the goods or services in respect of which the sign has become recognized.

The applicable legislation is the EU Community Trademark Regulation (40/94) and the Swedish Trademarks Act (1960:644). Sweden has also implemented the EU First Trademarks Directive (89/104/EEC) and on April 1 2009 implemented the EU IP Rights Enforcement Directive (2004/48/EC).

Border measures
A national Swedish application for customs action against suspected counterfeit goods is available to rights holders where the requested border measures are limited to Sweden. Alternatively, a rights holder may file a multinational application for border measures, which extends to several designated EU member states. Both registered Community trademarks and registered Swedish trademarks may be included in a national application. Multinational applications may be based only on registered Community trademarks. Accordingly, unregistered Swedish trademarks cannot form the basis of an application.

When Swedish Customs finds a shipment of suspected counterfeit goods, it asks the rights holder's opinion as to their legitimacy. Normally, Customs grants the rights holder an examination period of two or three days before issuing a decision to detain or suspend release of the suspect goods. Examination is made by analyzing digital photos or samples of the goods. Until a decision has been made, the rights holder is entitled to no additional information concerning the shipment (eg, the importer's name or the goods' origin).

After receiving confirmation from the rights holder that the suspected goods are counterfeit, Customs will render its decision. This remains in force for 10 working days or three working days in the case of perishable goods (calculated from the date of the decision). In this respect, the customs procedure in Sweden differs from that in many other member states, where customs authorities do not allow the initial two to three-day examination period.

Customs' decision can be retried in a summary procedure before a court; the court's decision can be further appealed, provided that the appeal court grants leave to appeal. The scope of the summary court procedure is the same as that of the initial customs procedure – namely, whether:

- the goods are suspected of infringing the trademark in question; and

- the measure to detain the goods or suspend their release is proportionate (ie, the reasons for the measure counterbalance the negative effects that the importer will suffer from it).

During the period in which the customs decision remains in force, the rights holder must either file a claim with the district court or reach an agreement with the importer, including provision for destruction of the seized goods. The goods will be released if neither of these steps is taken within the applicable timeframe. Consequently, Customs does not apply the simplified procedure available in certain EU member states for the destruction of seized goods where the importer does not specifically oppose destruction. As in other EU member states, the period of detention can be extended by a further 10 working days on application by the rights holder.

Criminal prosecution

The Trademark Act provides for criminal penalties for trademark infringement. In a criminal prosecution the public prosecutor must prove that an infringement has been committed, and that the infringement was wilful or grossly negligent. If proven, the punishment for infringement is a fine or imprisonment for up to two years. This also applies for preparations or attempts to infringe, as well as contributions to infringing activities. The rights holder may also join a claim for damages.

In order to stop ongoing infringement and secure evidence, the public prosecutor may decide that infringing goods shall be seized, together with documents and other evidence of infringement. However, a criminal prosecution will be brought only following a complaint from the injured party and where prosecution is in the public interest. A complaint may be filed either with the police or directly with the public prosecutor. In practice, criminal prosecutions are rare since public prosecutors rarely acknowledge public interest grounds in favour of prosecution.

Civil enforcement

Typically, rights holders should look to civil enforcement in Sweden in order to protect their trademark rights. Private civil enforcement of trademarks is initiated either by cease and desist letters or by court procedure, with or without prior contact with the defendant. As well as aiming to stop further infringement as soon as possible, it is important to seek to collect information concerning the extent of the infringement in terms of its duration, the volume of infringing goods and profits made.

Cease and desist letters should include a demand to cease infringing the trademark and desist from future infringement. However, it is considered contrary to fair practice to claim trademark infringement without proper grounds. An improper cease and desist letter risks disturbing the market and the rights holder may be held liable for violating the Marketing Act.

In Sweden, the most common means of enforcing trademarks is through a private settlement between the parties. Regulation of infringing activities in the form of a written settlement agreement should include:

- undertakings against future infringement;
- provision for the payment of liquidated damages in the event of breach of these undertakings;
- information on the scale and extent of the infringing activities;
- provision for the destruction of infringing goods; and
- provision for payment of adequate financial compensation.

In order to stop ongoing infringements, preliminary measures such as interim and *ex parte* injunctions are available. Preliminary measures will be tried on a summary basis and applications for urgent measures will normally be heard within 48 hours. The court will rule in favour of the rights holder if it finds that the rights holder has demonstrated probable cause for infringement, and that it can reasonably be assumed that continued infringement will diminish the value of the trademark. Moreover, the court will grant an interim injunction only if it finds that such a measure is proportionate on the balance of convenience. As a rule, interim injunctions are issued only subject to the deposit of security with the court to cover any injuries that may be suffered by the defendant resulting from the prohibition against further use of the mark. Security is normally required in the form of a bank guarantee, although other kinds of security have been accepted. The courts have the discretion to lift the requirement to deposit security where the rights holder demonstrates that it is unable to do so. This exception must be interpreted strictly.

In order to secure evidence of infringement activities, the rights holder may apply for a civil search order and a seizure order where infringing goods are discovered. Such an application will also be tried summarily and *ex parte* proceedings are generally available.

As with interim injunctions, courts can normally hear an application within 48 hours of filing. The court order will specify the purpose of the search, the focus (ie, items and documents) of the search and the locations where the search may be conducted.

The court will grant the application where it finds that:

- it can be reasonably assumed that an act of infringement has taken place; and
- the grant of the order would be proportionate on a balance of convenience basis.

As with interim injunctions, the rights holder is required to deposit satisfactory security with the court to cover any damages that may be caused to the defendant by the civil search order.

Moreover, if the rights holder shows probable cause that an infringement has objectively been committed, the court may order that information on the origin and distribution networks of the infringing goods or services be provided if the court finds that such measure is proportionate. Such an order may be directed at an infringer or anyone who is found to possess or use the infringing goods or services on a commercial basis. This right to information is irrespective of the commencement of proceedings on the merits of the case.

In court proceedings on the merits of the case the available remedies include:

- injunctive relief;
- penalties for violation of injunctions;
- destruction of infringing goods; and
- damages.

Following the European Court of Justice's decision in *Nokia Corporation v Wärdell* (Case C-316/05), the Swedish courts have applied as a main rule the principle that final injunctions should be granted upon a finding of infringement. The only accepted exception to this rule is where further infringements are deemed no longer possible. This exception should be interpreted strictly. The same principles also apply for destruction orders.

Upon request by the rights holder, the court may order appropriate measures for the infringing goods or any means of assistance thereof, such as destruction, withdrawal from the market or amendment. The court can also order the infringer to pay the costs related to publishing the court ruling.

The monetary remedy for infringement is an amount corresponding to reasonable compensation for use of the trademark and compensation for further damages caused by the infringement. Reasonable compensation for the use of the trademark is normally assessed as a sum corresponding to a hypothetical licence fee for its use. Compensation for use of the trademark is awarded when the court finds that the infringement has been committed negligently. However, if the court in its own discretion finds it appropriate, such compensation may also be available in situations where the infringement was not committed negligently. Compensation for further damages (eg, for loss of sales, internal administrative costs and loss of goodwill) is available only against proof of actual damage sustained and negligence by the infringer.

Court orders will be executed by the state enforcement authority.

A final court judgment will normally be rendered within 18 to 24 months (at first instance), and may be appealed provided that the appeal court grants leave to appeal. The Court of Appeal will normally render its judgment within a further 12 to 18 months. The Supreme Court rarely grants leave to hear trademark cases.

Anti-counterfeiting online

The Internet's global reach and its facilitation of personal anonymity unfortunately make it an ideal medium for selling counterfeit goods. As in other countries, anti-counterfeiting measures against online infringement in Sweden are hindered by the difficulties in identifying which country has jurisdiction, and which entity or person is carrying out the infringement. As soon as these matters have been established, civil or criminal proceedings may be initiated.

When it comes to deciding the country that has jurisdiction in case of online counterfeiting, several different principles must be borne in mind depending, among other things, on the type of goods and services offered. One main jurisdictional principle involves designating the country to which a marketing measure is directed. Making goods available over the Internet is generally considered to constitute trademark use. To constitute 'use' within the meaning of the Trademark Act, the use must be directed towards the Swedish market. However, for jurisdictional purposes it may be sufficient that an effect of the use has occurred in Sweden. Consequently, Swedish courts may find that they are competent to handle the trademark dispute, but may rule that no use within the meaning of the Trademark Act has actually taken place in Sweden.

Another jurisdictional principle in respect of e-commerce provides that the country in which the website owner/counterfeiter is established has jurisdiction. Further, according to the principle of *forum delict* (ie, the law of the place where the act was committed), the applicant can choose to proceed in the country where the harmful event occurred.

Moreover, many e-commerce sites operate programmes to remove infringing or unlicensed content or items. By joining such programmes, rights holders can notify website owners of infringing items and request their removal. Further, several e-commerce sites, such as auction sites and similar sites, explicitly prohibit the sale, marketing and distribution of counterfeit goods in their respective terms of use.

There is an emerging practice in relation to e-commerce and website owners' responsibility. Recent verdicts from the courts of first instance in the *Pirate Bay* and *Black Internet* cases may have opened up the possibility of prosecuting those responsible for e-commerce websites, even where they do not actually carry out the sale of the counterfeit goods, but merely provide the means for the sale of the goods.

Preventive measures/strategies

There is no state anti-counterfeiting agency in Sweden, a fact that reflects the established public policy position that such matters are more suitable for private dispute resolution. Anti-counterfeiting action in Sweden is therefore left very much to rights holders themselves. In practice, the only governmental agency that is set up to assist rights holders in this respect is Customs. However, Customs operates under heavy cost restraints and therefore typically prioritizes matters such as smuggling over the import of counterfeit goods. Due to the limited resources allocated to anti-counterfeiting measures, the experience of many rights holders is that Customs is inefficient and unwilling to provide proper support.

Given these circumstances, it is advisable that rights holders shift their focus from seeking to close borders to tracking and removing infringing items. It is incumbent upon rights holders to implement effective strategies for monitoring and combating trademark infringement. For this purpose, rights holders normally use local investigators to assist.

There are considerable advantages in engaging the help of lawyers admitted to the Swedish Bar Association, since the assistance of lawyers trained in court procedures is of the utmost importance and only lawyers admitted to the Swedish Bar Association may represent parties before the European Court of Justice, including the European Court of First Instance. Some law firms will also administer monitoring programmes and coordinate the instruction of networks of lawyers within the European Union.

It is also important to provide proper instructions to local subsidiaries, local agents and/or local retailers to assist in monitoring infringing activity in their relevant market. Increasingly, the most sophisticated rights holders are developing techniques for harvesting feedback from consumers in relation to counterfeit products (eg, by inviting comments on their websites). WTR

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Since 1997, Henrik Wistam has specialised in IP law and marketing law serving international and domestic clients. He has extensive experience in IP enforcement work and parallel imports, as well as solid litigation experience representing clients before the European Court of Justice and the Swedish Supreme Court. Mr Wistam is vice president of the Swedish Anti-Counterfeiting Group and a member of other associations in the field of IP and marketing law. For several years he has lectured at the Law School of Stockholm University, from which he himself graduated in 1996. He joined the IP boutique Heidenstam & Nicander in 1997, which later merged with Gozzo Advokater, where he became a partner. He joined RydinCarlsten Advokatbyrå in 2006, which merged into Advokatfirman Lindahl in 2009.