

Sweden

The new Copyright Act and Trademark Act are on the way

The past 12 months have seen a number of interesting proposals to amend the Swedish IP legislation, as well as some noteworthy case law. The legislative proposals include changes to the Copyright Act – in particular, the rules relating to transfer of copyright. In addition, the Supreme Court is turning to the European Court of Justice (ECJ) to ask whether the recently introduced national provisions on orders requiring third parties to provide information regarding the internet protocol (IP) addresses of individuals who commit infringements are contrary to EU law.

Amended laws and regulations

Copyright official report

In April 2008 the government appointed Professor Jan Rosén to conduct a review and propose revisions to the Copyright Act (1960/729). The first part of the enquiry was published in April 2010 (2010/24) and the final report, including a review of the act in editorial and linguistic terms, is expected to be published in its entirety on January 31 2011.

The first part of the report comprises a comprehensive review of Chapter 3 in order to modernise the rules on transfer of copyright. The review includes:

- a proposition that the act shall contain provisions on the interpretation of copyright contracts and modification of unreasonable contract terms;
- a discussion of whether a ‘work for hire’ rule should be introduced – that is, that an employee’s copyright shall be automatically transferred to the employer unless otherwise agreed. At present, copyright vests in the employee and must be transferred actively to the employer through an employment agreement, oral agreement or similar. (In Sweden, copyright arises when the work is created – no registration is required.) The proposed amendment would give the employer a broader right to dispose over the company’s collected copyrights; and

- a review of the organisations which should be appointed to negotiate contracts under the contractual licence rules. The conclusion is that only the organisation best suited to represent the rights holders in a given area will have the authority to enter into agreements on behalf of those holders.

New Trademark Act and modifications to the Trade Name Act

As reported in the Sweden chapter of *IP Value 2010*, preparations for a new Trademark Act have been ongoing for years, with the object of harmonising legislation across the Nordic jurisdictions, coordinating trademark and trade name legislation and adapting the wording to EU law. A government bill was published in June 2010 (2009/10:225) and includes some of the proposed changes discussed in *IP Value 2010*. However, some of the proposed changes have been disputed by certain interested parties during the legislative process. The new Trademark Act is expected to enter into force on July 1 2011.

The proposed amendments to the Trademark Act are numerous, but include an administrative procedure for the cancellation of registered non-used trademarks. The purpose is to facilitate and speed up the cancellation process when a trademark is no longer necessary or of any use or interest to the holder. At present, a revocation procedure by a holder or a third party after expiry of the opposition period requires court proceedings. Upon amending the act, it will be possible for a holder or a third party to file a revocation application directly with the Swedish Patent and Registration Office (PRV), provided that the holder does not oppose it. However, the procedure includes no civil action. It is proposed that a similar administrative revocation proceeding be included in the modified Trade Name Act in relation to registered trade names.

The bill also discusses further modifications to facilitate and clarify the application procedure handled by the PRV, such as:

- allowing the partial rejection of an application for registration of a trademark (at present, an application can be rejected only in its entirety);
- extending the opposition period from two to three months;
- allowing the option to apply for transfer of a trademark application to a party with a stronger right to the trademark than the applicant, provided that the assuming party pays a new application fee. This proceeding is a court matter under current law. In case of any doubt, the PRV may order the party claiming the better right to bring an action in court within a certain time; and
- allowing a closed application matter to be resumed under certain conditions.

Pursuant to Article 15.2 of the EU Trademark Directive, the bill further states that the new law shall approve registrations of marks designating a geographical origin of goods or services constituting collective, guarantee or certification marks, a possibility which is not available under the existing law.

The government further proposes that the official review of prior rights remain unmodified, contrary to what was initially proposed. Hence, the PRV and other relevant authorities will continue to examine trademark and firm name applications which conflict with older rights, and thus will reject an application which is identical or similar to an older Swedish or Community trademark and/or Swedish company name, in spite of the fact that other EU member states apply another system.

Finally, the new law shall make it possible for Sweden to accede to the Singapore Treaty on the Law of Trademarks (2006).

Constitutional protection of digital cinema

Under current Swedish law, views and opinions which appear in digital cinema are covered by the constitutional protection for freedom of expression. Due to the increased use of digital technology in the cinema industry, a legal amendment is necessary. A bill published in December 2009 (2009/10:81) proposed that digital cinema and other public displays from databases should fall within the scope of protection under the Fundamental Law on Freedom of Expression Act. This change is expected to come into force on January 1 2011.

Key cases

Provision of internet access to illegal websites

In May 2010 the Svea Court of Appeal ruled that the mere provision of internet access to an illegal website

can result in liability for contributory infringement of copyrighted works carried out by users of the website's services (Case Ö 7131-09).

Black Internet was the internet service provider to The Pirate Bay. In May 2009 a number of record and film companies brought an action against Black Internet in the Stockholm District Court, seeking an interim injunction with regard to continued provision of internet access. The district court granted the injunction and Black Internet was ordered to take down the site. Black Internet subsequently appealed.

The appeal court initially stated that Black Internet was providing internet access to The Pirate Bay. It also found that Black Internet was aware of the previous conviction against The Pirate Bay, and that it was irrelevant whether Black Internet was the only internet provider to The Pirate Bay or whether the illegal service could continue without its participation. The court found that the plaintiffs' interest in ending the infringements outweighed the disadvantages of a prohibition on the provision of internet access.

Consequently, the district court's judgment was affirmed and Black Internet was prohibited, under a penalty of Skr500,000, from providing internet access to certain specified websites. Black Internet has appealed the judgment to the Supreme Court.

Double transfer of IP rights

In 2000 Dolomite AB entered into a contract with a designer to acquire all rights to the design of a walker. The contract prohibited the designer from producing similar products. The designer later entered into an agreement with another company which registered a walker similar to the one in which Dolomite had acquired rights.

Dolomite brought an action against the company and claimed that the registration of the design for the walker should be transferred to it.

The Supreme Court stated that an IP right cannot be subject to a good-faith acquisition, and therefore in double transfers the first purchaser has the right to the intellectual property (Case T 170-08). This meant that Dolomite was entitled to the rights regardless of any registration by the other company.

The Supreme Court then considered whether the designer's agreement not to create a design similar to the Dolomite walker had any consequences for the case. The court found that such agreements were not binding on a third party. Finally, the court found that the designs were not identical and for this reason could not be transferred. Dolomite's claim was dismissed by the Supreme Court on November 4 2009.

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Effect of the IP Enforcement Directive

Since the EU IP Enforcement Directive (2004/48/EC) was implemented into Swedish law in 2009, three cases have arisen dealing with the most central provision – namely, the potential right for rights holders to obtain information regarding the origin and distribution networks of infringing goods and services. In the three pending cases (which cover some of the largest groups of rights holders – music, films and books), the plaintiffs requested information regarding the IP addresses of certain individuals accused of committing copyright infringements.

So far, the common denominator in the three cases is the potential conflict between the rule allowing disclosure (as discussed above) and the EU Privacy and Electronic Communications Directive.

The first of these cases (ÖÅ 6091-09) has now reached the Supreme Court. Five publishers brought an action against Perfect Communication Sweden, a company providing internet access under the name EPhone. The publishers argued that infringements of copyright-protected audiobooks had occurred through a file transfer protocol server and requested that the district court order the provision of information. The district court granted the publishers' claim and ordered EPhone to disclose the requested information under threat of a fine of Skr750,000.

EPhone appealed and argued that the new provision is contrary to the directive and therefore contrary to EU law, since Article 4 of the directive states that information such as the IP address of an individual should be delivered to national authorities only.

The appeal court found that Swedish law is not contrary to the directive. Notwithstanding this, the appeal court stated that the plaintiffs had failed to show

probable cause for infringement and the request was rejected.

After the publishers appealed to the Supreme Court, EPhone maintained its position regarding the conflict between the directive and Swedish law, and asked that the Supreme Court refer the matter to the ECJ for a preliminary ruling.

The Supreme Court recently indicated that it will assent to EPhone's request by presenting the following questions to the ECJ:

- Is the Swedish law on orders to provide information contrary to the EU Privacy and Electronic Communications Directive?
- Is the answer affected by the fact that Sweden has not yet implemented the directive, even though the period for implementation has expired?

The outcome of this case will most likely also affect the other two pending cases.

In the second case (Case ÖÅ 10152-09) a number of film companies sought a similar order against internet service provider TeliaSonera. The film companies argued that a large amount of copyright-protected material was made available through the website Swetorrents.

The Södertörn District Court granted the claim. The appeal court later affirmed the judgment and TeliaSonera appealed to the Supreme Court.

A third case, currently before the Stockholm District Court, concerns the illegal uploading and downloading of music files. Several music companies, represented by the International Federation of the Phonographic Industry, have requested an order to obtain information from Com Hem AB, a company offering television, broadband and telephone distribution services. The district court has not yet issued its judgment.

Remuneration for ‘must carry’ television channels

In May 2009 the Ministry of Justice appointed a mediator under the public service legislation to mediate a dispute between Swedish collecting society Copyswede and Swedish television distributors Canal Digital, Com Hem, Tele2 and Telia.

The dispute relates to the payment and size of copyright remuneration for the distributors’ broadcast of the Swedish public service television channels. Until

2005, Copyswede charged no specific remuneration for these channels. In connection with the revision of the Radio and Television Act in 2004, Copyswede stated that it intended to charge specific remuneration in the future. From 2005 to 2008 such remuneration was paid to Copyswede by public service channel company SVT. However, in 2008 SVT declared that it did not intend to continue paying such remuneration. The mediation proceedings are ongoing.

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