



**Question Q219**

**National Group:** Sweden/ Schweden/ Suède

**Title:** Injunctions on cases of infringement of IPRs

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**I. Analysis of current law and case law**

***Availability:***

- 1. Are injunctions for infringement of an IPR available on a provisional/preliminary basis?**

Yes.

- 2. Are injunctions for infringement of an IPR available on a permanent basis?**

Yes.

***Criteria:***

- 3. If yes to question 1, what are the criteria for the grant of an injunction on a provisional/preliminary basis?**

If the plaintiff shows a probable cause that an act constitutes an infringement and if it can reasonably be expected that the defendant, through the continuation of the act, diminishes the value of the exclusive right that the IPR confers, the Court may issue a preliminary injunction on penalty of a fine. No injunction may be issued before the defendant has been given an opportunity to respond, unless a delay would entail a risk for damage.

A preliminary injunction may be issued *only* if the plaintiff deposits a security with the Court for the damage that may be caused to the defendant. If the plaintiff is not capable of depositing such a security, the Court may liberate him or her from it. However, that situation is rather unusual. The sufficiency of the security shall be examined by the Court unless the defendant has accepted it.

The wording that the court “may” grant an injunction has come to be interpreted as a requirement for the Court to apply a rule of proportionality (please see question 10 for a comprehensive analysis of the rule of proportionality).

Normal preliminary injunction proceedings should not last for more than one month. However, in patent cases and other more complicated cases the preliminary injunction proceedings can last for a rather long time, normally 1-4 months and sometimes even longer since the investigation is comprehensive. These proceedings can be compared with a small trial. When the full case is later adjudicated, the Court shall decide whether the preliminary injunction shall continue to apply as a permanent injunction.

In cases where the defendant has challenged the validity of the IPR the Court can assess the validity within the preliminary injunction proceedings. The validity is frequently challenged in patent cases and the assessment is rather comprehensive. The Court can for instance to some extent consider amendments of the patent claims when assessing the validity within the preliminary injunction proceeding pursuant to Swedish case law (Svea Court of Appeal, Ö 1674-06).

The Court may issue a preliminary injunction prohibiting a party that commits an act constituting an infringement, but also a party that contributes to the same. The same provisions as on completed infringements apply also on acts constituting attempts and to preparatory acts.

All injunctions are granted under penalty of a fine, with separate enforcement proceedings for payment of the fine in case of breach. The fine is payable to the Swedish state and not to the applying party. In order to avoid penal cumulation a preliminary injunction on penalty of a fine cannot be issued in combination with a penal sanction.

**4. If yes to question 2, what are the criteria for the grant of an injunction on a permanent basis?**

Upon a petition by the rights holder or a party that on the basis of a (exclusive/non-exclusive) license has the right to utilize the IPR, the Court may issue an injunction prohibiting, on penalty of a fine, a party that commits an act constituting an infringement in an IPR (or a contribution thereof).

A permanent injunction may be issued whenever an infringement, or attempt or preparation thereof, objectively is committed. No subjectiveness (intention or negligence) is required. Furthermore, an injunction prohibiting on penalty of a fine does not require an on-going infringement. The ECJ (C-316/05) and the Supreme Court (NJA 2007 s. 431) have stated that an injunction prohibiting on penalty of a fine does not require an on-going infringement, an injunction can be issued when the risk for future infringements are not eliminated.

As already mentioned above, the Court may issue a permanent injunction prohibiting a party that commits an act constituting an infringement but also a party that contributes to the same. The same provisions apply on acts constituting attempts and to preparatory acts.

**5. If not addressed in answering questions 3 and 4, does the criterion for the grant of an injunction differ depending on whether the injunction sought is on a provisional/preliminary or permanent basis? If so, how?**

Please see above under items 3 and 4.

**6. Are the criteria for the grant of an injunction equally applicable to infringement of all IPRs?**

The Swedish Patents Act (SFS 1967:837), the Swedish Trademark Act (SFS 1960:644; the new Act (SFS 2010:1877) will enter into force on 1 July 2011), the Swedish Designs Act (SFS 1970:485) and the Swedish Copyright Act (SFS 1960:729) correspond and the criteria for preliminary injunctions and permanent injunctions are equally applicable.

**7. If no to 6, are there any specific criteria or considerations for the grant of an injunction for particular IPRs? If so, what criteria apply and to which IPRs?**

Not applicable.

**8. Are there any specific criteria or considerations for particular subject matter, for example, pharmaceutical patents? If so, what criteria or considerations apply to what subject matter?**

In principle there are no specific criteria or considerations for a particular subject matter in Sweden. However, there might be practical issues being dealt with concerning e.g. pharmaceutical patents. A classic conflict is the identification of an infringing object defined under a specific trademark rather than an object corresponding to the wording in the patent claim.

**9. Are there any specific considerations relevant to particular IP holders, for example, NPEs? If so, what considerations are relevant and to what IPR holders?**

Again in principle no. No specific legal concerns are connected with IP holders like NPEs in Sweden. However a recent tendency might be seen in the conflicting area between competition law, on the one side, and IP rights, on the other side. The Swedish Competition Agency seems to be of the opinion that a dominant actor might be under certain restrictions as concerns the possibility of safeguarding its IP rights. The Competition Agency has also recently, for the first time (to our knowledge), filed an “amicus brief” to an appeal court addressing certain questions concerning possible abuse of a dominant position in relation to certain IP rights.

***Discretion:***

**10. Is there any element of judicial discretion in relation to the grant of an injunction for infringement of IPRs? If so, how does the discretion apply?**

*Room for judicial discretion*

Apart from the stated legal requirements for an injunction there is room for the deciding court to apply a form of judicial discretion before granting the injunction. In the wording of the relevant provisions this lies in the fact that the court “may” grant an injunction once the legal requirements are met. This has come to be interpreted as a requirement for the court to apply a rule of proportionality in which the court must balance the opposing interests. In short the rule of proportionality could be worded as follows: If the injunction would result in an injury which is disproportionate in relation to the reasons supporting an injunction, the injunction shall not be granted.

In a case regarding a preliminary injunction based on copyright infringement the Supreme Court has elaborated to some extent on the proportionality deliberations necessary (see NJA 1995 s. 631). The Supreme Court stated firstly that it is obvious that the balancing of opposing interests should not be allowed to be of such great importance so as to thereby risk the purpose of the rules in question, namely to give right holders a legal possibility to swiftly bring ongoing infringements to an end. The Supreme Court went on to say that the stronger the evidence for the existence of an ongoing infringement to the detriment of the plaintiff, the lesser the room becomes for a proportionality assessment. If the plaintiff’s case is obvious the requested provisional injunction ought to be granted. According to the Supreme Court the same normally applies if clearly predominant reasons support the plaintiff’s case. Otherwise, based on the circumstances, the opposing interests of the parties have to be balanced. The Supreme Court here clarified that in this balancing it should be borne in mind that a financial guarantee is a legal requirement for the provisional

injunction and that this guarantee shall fully cover the occurring damages should the final deliberation show that no infringement was at hand.

#### *Important to protect IPR*

The abovementioned case regarded the protection of an IPR. The Court confirmed the need of right holders to be granted the possibility of swiftly bringing ongoing infringements to an end. The reasoning of the Court does in practice mean that in cases of ongoing piracy (or another clear IPR infringement) there is little room – if any – for a proportionality assessment at all. From this reasoning the conclusion can be drawn that a very important factor in the assessment of the proportionality of the provisional injunction is the prognosis of the final outcome. As the court stated, if the final outcome of the case is obvious or if very much speaks in favour of the plaintiff's motions then the requested preliminary injunction should be granted basically regardless of any proportionality assessment.

#### *Financial guarantee*

The court gives only one clear cut factor to take into account at least when it comes to granting of a provisional injunction; the fact that a financial guarantee is required. The court must consider the sufficiency of the guarantee. It may be to some extent limited and therefore does not cover all injuries that can be foreseen. In that case there may be room for the court not to grant the injunction. On the other hand all the damages that the guarantee does cover should in practice be excluded from the proportionality assessment, as they are neutralized by the guarantee.

#### *Actions on behalf of the infringer*

Actions on behalf of the infringer may become of interest in the balancing of the opposing interests. The fact that the infringer promises to stop the infringing activity may affect the assessment. The risk that the infringement continues to the detriment of the right holder is a legal requirement that has to be fulfilled before a court can grant a provisional injunction (even though this threshold after the cases ECJ (C-316/05) and NJA 2007 s. 431 is extremely low, as already mentioned above in the Answer to Question 4). But this factor may also affect the proportionality assessment to be made before the permanent injunction.

Disloyal behaviour on the defendant's behalf may deprive him of the right to have a proportionality assessment carried out. This kind of behaviour could be when the defendant takes actions with the sole purpose to make a possible injunction more difficult to enforce or to lessen the value of the property in question.

#### *Actions on behalf of the right holder*

Actions by the right holder himself may also be of importance when the proportionality of an injunction shall be assessed. First of all his passivity towards the infringement may affect the court's assessment of the proportionality. In cases where the right holder for some time has accepted the infringing activity the courts on some occasions have found that – at least a preliminary – injunction cannot be regarded as directly necessary for the plaintiff.

Inappropriate use of the possibility to be granted an injunction may also become a factor in the assessment of the proportionality of the injunction. The plaintiff's motions may be presented, not when the infringement came to the right holder's knowledge but rather at a later and crucial time for the defendant, such as right before an important sale period, in time for an introduction of shares to a public stock exchange

or in connection to a film or theatre premiere. Such timing may in fact amount to an inappropriate use of the possibility to be granted an injunction.

#### *ISPs and E-commerce*

In some instances an Internet Service Provider (ISP) is exempt from criminal liability and liability for damages. This follows from the Directive 2000/31/EC on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (E-Commerce Directive) which has been implemented in Sweden through the act (2002:562) on Electronic Commerce (see answers to Q216A). These exemptions do not expressly cover injunctions. One should however probably not exclude the possibility that considerations that follow from these provisions may become relevant factors within the court's application of the principle of proportionality.

#### *Dignity of interests*

The dignity of the interests on behalf of each party may also affect the assessment of the proportionality. The possibility to have IPR protected is regarded as important and this fact should be allowed to play an important part in the assessment of proportionality. On the other hand if the requested injunction would affect for instance the defendant's constitutional rights –this will probably also become a part of the assessment.

#### *The interests of the general public et al*

Traditionally the issue of injunctions in this form has been regarded as a question between the plaintiff and the defendant. It can therefore be argued that the assessment of the proportionality will be a balancing between the interests of the parties and no other interests. Such interests may be the interests of damaged third parties or even the interests of the general public or society as a whole. According to some legal doctrine such interests should be disregarded in the assessment of the proportionality, but according to others it cannot be excluded that these interests may be included. In a case regarding copyright infringement by the use of the Internet the Court held that neither the fact that other parties than the defendant could be affected by the injunction nor that it could affect activities that were not infringing made the injunction disproportionate (Svea Court of Appeal 21 May 2010, case no. Ö 7131-09 and Ö 8773-09). The Court thereby did take into account other interests than the ones exclusively related to the parties.

#### *Proportionality of a permanent injunction*

The provisions regulating permanent and provisional injunctions do both state that the court may grant the injunction once the legal requirements are met. Considering the fact that the Supreme Court in relation to provisional injunctions (see above) has interpreted this as creating room for the court to apply its discretion, one would probably not be able to exclude that this is valid also in relation to permanent injunctions. Following the precedent of the Supreme Court the room for such discretion would however be significantly smaller in relation to a permanent injunction. To have such an injunction granted the infringement must be proven and under such circumstances the injunction in practice shall be granted. Discretion on behalf of the court may however still be necessary. The National Competition Authority has expressed as its opinion that in cases where the requirements for an injunction are met the injunction may still be disproportionate if it would amount to an abuse of a dominant position on behalf of the plaintiff. In the absence of clear

precedence one may also suggest that the same would be the case if an injunction would in fact restrict constitutional rights.

**11. Are there any circumstances in which a court must grant an injunction for infringement of an IPR? If so, in what circumstances?**

There is no legally prescribed situation in which a court is required to grant an injunction. According to the Supreme Court however if piracy (or another clear IPR infringement) is ongoing there would in practice be very little room for a court not to grant an injunction.

**12. Are there any circumstances where infringement of an IPR is proved and no permanent injunction is available? If so, in what circumstances?**

No such legal restriction on the availability of permanent injunctions exists. The balance that has to be struck between the interests of the parties may however result in that an injunction is not granted even though the legal requirements for such a decision are at hand (see above under 10).

**Scope:**

**13. Is an injunction granted only against named parties to the infringement processing, or is an injunction available more broadly against potential infringers such as customers or manufacturers who are not parties to the proceeding?**

Injunctions are only granted against named parties to the infringement proceedings, which may include, *inter alia*, also named parties aiding or abetting an act of infringement.

**14. Is there a specific form of words used by your courts to describe the scope of the grant of an injunction? If so, what is the 'formula'?**

In general, the scope of an injunction has to be precise enough to enable the named party (against whom the injunction is granted) to understand the scope of the prohibition. The claim for an injunction shall therefore be specified in relation to the alleged infringement by indicating the specific actions that constitute the alleged infringement. It is, for example, not sufficiently precise to refer to also "similar" or "corresponding" actions in the claim. Within the scope of the claim, it is then for the courts to finally decide on the scope of the injunction when assessing whether to grant it or not, which may include that the court reformulates the injunction (see the Answer to Question 15 below). Furthermore, an injunction may not go beyond what is considerable reasonable in each case. Hence, it is not possible to prohibit someone from committing an infringement as such. It is only specific actions that constitute infringement that shall be covered by the injunction. (See the preparatory works, Prop. 1985/86:86 p. 41 and Prop. 1993/1994:122 p. 67).

**15. Is the grant of an injunction referable to the item(s) alleged to infringe the relevant IPR, or may the grant of an injunction be broader in scope? If it may be broader, what is the permissible scope of the injunction?**

The issue of permissible scope of an injunction has been subject to a notable ruling by the Supreme Court. In the case NJA 2007 s. 431 (concerning trademark infringement), the Supreme Court amended the wording of a previously granted injunction against "using trademarks registered to Nokia" to an injunction against "importing mobile phone accessories with the trademark 'NOKIA' to Sweden". The explanation for this restriction regarding both the type of goods (mobile phone

accessories) and the prohibited actions (import to Sweden) was that the formulation of the injunction shall “focus on the infringement committed”. However, it shall be noted that the defendant in this case was a private person and that the act of infringement was seen as an isolated incident. At least in relation to patent infringements, a broader scope of injunctions is generally applied. Hence, within patent law, an injunction may be granted for all the actions defined as acts of patent infringement in the Swedish Patents Act (for example making, offering, putting on the market or using a product protected by a patent) in relation to a product (or process) which is considered to be covered by the applicant's patent. However, the product or process protected by the patent must still be sufficiently identified.

***Judicial trends and practice:***

**16. Is there any discernible trend in your country as to the willingness or otherwise of courts to grant or refuse injunctions for particular IPRs or in relation to particular subject matter?**

No discernible trends can be seen in Sweden in regards to the willingness or otherwise of the courts to grant or refuse injunctions for a particular IPR. However, the implementation of the Enforcement Directive (2004/48/EC) has led to larger possibilities to receive information regarding infringement, if the prerequisites are met, which in turn has led to that potential infringing parties are more willing to meet the rights holder's requests for comprehensive information concerning the potential infringement as such. This applies not only in court proceedings, but also outside the courts.

**17. What, if any, has been the impact of the eBay v Merc-Exchange decision or any tendency of the courts in your jurisdiction to treat final injunctions as discretionary? Please explain whether the eBay v Merc-Exchange decision has been relied on or cited by your courts, and in what circumstances. Alternatively, or in addition, has there been any legal commentary on any potential implications of the eBay v Merc-Exchange decision in your jurisdiction?**

The eBay v Merc-Exchange decision has not had any noticeable impact on the courts in Sweden in relation to potentially treating final injunctions as discretionary. Furthermore, the decision has not been cited or otherwise explicitly relied upon by the Swedish courts and it has not been commented from a perspective that the case would have any implications on Swedish legislation.

**II. Proposals for harmonisation**

***Availability of provisional/preliminary injunctions:***

**18. Should there be a test or criteria for the grant of a provisional/preliminary injunction for the infringement of an IPR? If yes, what should the test or those criteria be?**

No. The purpose of preliminary injunctions is certainly a quick way to stop on-going infringements but the circumstances are often rather complicated and in our opinion it would be difficult to construct an appropriate test or criteria.

**19. If no, what principles should be considered in determining whether to grant an provisional/preliminary injunction?**

In our opinion the following principles should be considered. First of all the Court shall assess the infringement and the scope of the IPR carefully, if the validity of the IPR is

challenged the Court should assess the validity within the preliminary injunction proceeding; however a rather strong validity presumption must apply on registered IPRs. A financial guarantee should be required, an appropriate guarantee should however simplify the preliminary injunction proceeding. In addition the Court should consider the rule of proportionality.

***Availability of permanent injunctions:***

**20. Should there be a test for the grant of a permanent injunction for the infringement of an IPR? If yes, what should that test be?**

No.

**21. If no, what principles should be considered in determining whether to grant a permanent injunction?**

In order for the Court to be able to grant a permanent injunction the Court should first of all determine whether the claimed IPR is valid or not if the validity has been challenged. If the IPR in question is indeed valid then the Court should determine whether or not the IPR in question is subject to an infringement which means that the Court has to determine the scope of the IPR. When it has been determined by the Court that the IPR is valid and that it is in fact a question of an infringement then the Court shall be able to grant a permanent injunction if requested by the IPR holder. The Court must consider the scope of the injunction.

***Discretion:***

**22. In what circumstances, if any, should the grant of an injunction automatically follow a finding of infringement of an IPR?**

**23. In what circumstances, if any should the grant of an injunction be denied notwithstanding a finding of infringement of an IPR?**

There are circumstances under which it should be very likely that an injunction shall be granted, such as for instance ongoing piracy. There are however also circumstances under which an injunction probably should be denied even though an infringement has been shown. Such a circumstance may be that the injunction in itself would risk restricting constitutional rights. It must be possible to at least have the opportunity to strike a balance between opposing interests and we think that this is best taken care of within a court's application of a rule of proportionality. Naturally the room for the application of such a rule varies.

Absolute provisions may lead to a rigid system which in turn leads to impractical and unwanted results. Such consequences are especially harmful when dealing with such valuable entities as IPRs and constitutional rights.

***Differences between IPRs:***

**24. Should the above test/principles apply equally to all IPRs?**

Yes.

**25. If no, what should any differences be and why?**

Not applicable.

***Scope:***

**26. Should an injunction be granted only against named parties to the infringement proceeding, or should an injunction be available more broadly against potential**

**infringers such as customers or manufacturers who are not parties to the proceedings?**

No. It is not in accordance with the basic principles of rule of law to grant injunctions against other than named parties. However, in accordance with the current trend of providing larger possibilities to receive information regarding infringements (as mentioned above under the Answer to Question 16 above), information about all relevant affiliates of a potential main infringer related to the infringement should be reasonably accessible so as to allow rights holder to pursue proceedings also against such affiliates as named parties.

**27. What is the appropriate scope of an injunction prohibiting an infringer from committing further infringing acts? For example, should the injunction relate simply to the IP the subject of the allegation of infringement, or should the injunction be broader in scope? If broader, what is the permissible or desirable scope?**

The appropriate scope of an injunction is that the scope has to be precise enough to enable the named party (against whom the injunction is granted) to understand the scope of the prohibition. Otherwise, the injunction is at risk of not having the same effect of directing the parties' future behaviour in a clear manner. The need for clearly defining what constitutes a breach is not relieved by expanding the scope, but merely implies that more complex enforcement proceedings will have to be pursued. In any event, taking into account the possible tendency of competition law becoming increasingly important as a tool for the courts and legislators to limit the enforcement of IPR, expanding the scope is not a viable prospect.

**SUMMARY**

**Injunctions, including preliminary injunctions, are the most important sanctions to prevent infringement in intellectual property rights. It must therefore be very strong reasons to deny a holder of an IPR legal access to injunctions. The discretion of the Courts to grant preliminary injunctions is safeguarded by the principle of proportionality. Moreover, the injunctions should only be granted against named parties and the scope should be unambiguous, clear and specified.**

**In our opinion it is difficult to apply appropriate tests for granting injunctions, instead there should be certain basic principles to consider when assessing the availability of injunctions, both preliminary and permanent. The same basic principles should apply equally to all IPRs.**

**ZUSAMMENFASSUNG**

**Unterlassungsurteile, einschließlich einstweiligen Verfügungen, sind die wichtigsten Sanktionen um Verstöße gegen Rechte an geistigem Eigentum zu verhindern. Die Gründe einem Inhaber von Schutzrechten legalen Zugang zu Unterlassungsklagen zu leugnen muss daher sehr stark sein. Das Ermessen der Gerichte, einstweilige Verfügungen zu gewähren ist durch den Grundsatz der Verhältnismäßigkeit gewahrt bleiben. Darüber hinaus sollte die Verfügungen nur gegen benannte Personen gewährt werden und der Geltungsbereich soll eindeutig, klar und spezifiziert sein.**

**Unserer Meinung nach es ist schwierig, geeignete Tests für die Gewährung von Unterlassungsurteilen zu anwenden, stattdessen sollten bestimmte Grundsätze**

bei der Beurteilung der Verfügbarkeit von Unterlassungsurteilen – einstweiligen und dauerhaften – beachtet werden. Die gleichen Grundprinzipien sollten gleichermaßen für alle geistigen Eigentumsrechte angewendet zu werden.

## **RÉSUMÉ**

Les injonctions, y compris les injonctions provisoires, sont les sanctions les plus importantes pour empêcher les violations des droits de propriété intellectuelle. Par conséquent, il faut qu'il existe des raisons très fortes pour refuser au titulaire d'un droit de propriété intellectuelle la faculté d'obtenir une injonction. Le pouvoir discrétionnaire des juridictions de rendre des injonctions provisoires est sauvegardé par le principe de proportionnalité. En outre, les injonctions ne doivent être rendues qu'à l'encontre de parties nommément désignées, et leur portée doit être claire, précise et dépourvue de toute ambiguïté.

À notre avis, il est difficile d'appliquer des critères appropriés pour rendre des injonctions. À la place, il faudrait qu'il existe certains principes fondamentaux auxquels on pourrait recourir pour apprécier la validité des injonctions – tant provisoires que permanentes. Ces principes fondamentaux devraient être appliqués au même titre à l'ensemble des droits de propriété intellectuelle.

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