

The New Swedish Trademark Act

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The New Act and Other Amendments Entered into Force on 1 July 2011

In December 2010, the Swedish Parliament approved a bill suggesting a new Trademark Act and some corresponding amendments to the Swedish Trade Name Act. The new legislation entered into force on 1 July 2011. The importance of trademarks and other intellectual property rights in today's marketplace cannot be underestimated. It is likewise clear that the market of today is not the same as that of the 1960s, when the previous Swedish Trademark Act was drafted in joint legislative work with the other Nordic countries. With a globalized market and the increasing importance of EU legislation and case law, new challenges have arisen. Although the current Trademark Act has been subject to revision over the years, a need for thorough modernization was identified by the Swedish legislator.

With the new Act, the Swedish trademark legislation has been given a linguistic make-over and some much-needed editorial changes in line with the current governmental policy of facilitating the understanding and use of the law for business enterprises. The new Act has been long in the making. The work of modernizing the trademark legislation began back in 1997. It was initially a joint project with the other Nordic countries, as with the previous Trademark Act, but (unfortunately) this cooperation was not continued all the way through. The Swedish legislator has tried to achieve common Nordic (substantive and editorial) solutions, but in some important aspects the different Nordic legislators have not been able to reach consensus.

Even though the content of the Swedish trademark legislation has not changed dramatically, it would be unfair to say that the Act does not match up to the word "new". There are certain changes, some more significant than others. In this article, I present what I consider to be the six main changes. First, however, I will present the most significant proposed change that was not to be. As concluding remarks, I will also briefly comment on the application of the new Trademark Act during its first six months in force.

Administrative *Ex Officio* Decisions on Relative Grounds for Refusal Remains

The debated rule providing that the Swedish Patent and Registration Office, *Patent- och registreringsverket* (*PRV*), must examine and decide on the existence of both any absolute and any relative grounds for refusal in the registration procedure for trademarks and trade names remains unaltered.

This rule was motivated by an interest in ensuring that the trademark or trade name for which registration is applied will not conflict with any pre-existing rights. *PRV's* examination is considered to strengthen the position of registered trademarks. The examination also relieves holders of pre-existing trademarks from constantly surveying their rights. The latter aspect is particularly important for small and medium-sized enterprises (SMEs) with limited financial resources. However, because the number of applications has steadily increased over the past years, *PRV* does not necessarily have the resources to fully review all potential relative grounds for refusal. Hence, there has been a fear that *PRV's* examination eventually will result in higher costs for the applicants and that the examination will gradually become more time-consuming. It has also been argued that the examination could lead to an increasing frequency of rejections of applications for national trademarks on grounds of pre-existing similar Community Trademarks, as there is no similar administrative *ex officio* procedure for relative grounds of refusal for registration of Community Trademarks.

Despite these arguments, the Swedish legislator decided to maintain the current procedure with *ex officio* examination of even relative grounds for refusal. The reason for this decision is the extensive objections from major actors within Swedish trade and industry against limiting the current examination. Swedish companies are apparently satisfied with the current time and costs associated with *PRV's* examination.

The Six Most Significant Changes

First, the legislation has been adapted to be more in line with current EU law (especially *Directive 2008/95/EC to approximate the laws of the Member States relating to trademarks*). The scope of exclusive rights is clarified in accordance with this Directive, including an explicit statement that the concept of “*likelihood of confusion*” is the risk of confusion in relation to the potential view of the public that there is association between the alleged infringer and the rights holder (see Article 5.1(b) of the Directive). Furthermore, the requirement for obtaining extended protection for trademarks with a reputation has been eased. It is made explicit that it is sufficient that the trademark is known within a considerable part of the relevant public (see Article 5.2 of the Directive and Case C-375/97 *General Motors Corporation v Yplon SA*).

Second, and by some considered most important, the procedure for cancelling pre-existing trademarks has been simplified and improved with the introduction of an administrative procedure for cancellation. Previously, the only way of cancelling an inactive trademark has been through court action (provided that non-use of the trademark during the past five years is shown). The new administrative procedure is in line with the desire to clear out those trademarks that are no longer in use. However, the procedure does not provide for dispute resolution. If the rights holder objects to the cancellation, the matter will be transferred to court.

Third, the rules concerning administration of applications have been simplified. For example, it is possible for an application to be partly rejected (see Article 13 of the Directive). The time limit for filing an opposition has also been extended from two months to three months, and it is easier for *PRV* to decline both applications and oppositions that are clearly unfounded (although this is to be applied restrictively). These new rules also apply in relation to the new administrative procedure for cancellation of inactive trademarks. If it can be assumed that a request for administrative cancellation is unfounded, *PRV* will handle the request as if the registered owner of the disputed trademark has objected. The request will then be dismissed if the requesting party does not, within a month, demand that the matter be handed over to the District Court.

Fourth, a new procedure has been introduced for transferring a trademark based on better right. An applicant is now able to prove better right already in the administrative phase, either by reference to a formal transfer agreement or by reference to prior use. Recourse to the courts remains an option, but an important change is that a successful judgment now may also be recorded in the trademarks register. Previously, a successful claimant in a court action was compelled to make a new trademark application following cancellation of the first trademark registration based on better right. The introduction of the new procedure may significantly reduce the time and costs required for enforcing claims of trademark transfer.

Fifth, the trademark legislation has been both merged and expanded. The former Swedish law on collective marks has been incorporated into the new Trademark Act. At the same time, the possibility for other entities than associations of traders, such as companies or other organizations, to register a collective mark has been introduced. Furthermore, the possibility to apply for a collective mark or guarantee or certification mark as geographical indication has been expanded. Previously, marks that relate to geographical origin have been presumed not to possess the required distinctive character and thus not to qualify for trademark registration. The only way for these marks to qualify for trademark protection was therefore through substantial market introduction. Under the new Act, marks that relate to geographical origin are relieved from the requirement of distinctive character (taking into account that third parties may freely use such marks provided that the use is in accordance with good marketing practice). This is in accordance with the option under the Directive to include such registration possibilities under national law (see Article 15 of the Directive).

Sixth, and finally, the new legislation was confirmed (and slightly adapted) to be aligned with a recommended accession to the *Singapore treaty on the Law of Trademarks*. Sweden acceded to the treaty on 16 September 2011, entering into force on 16 December 2011. The accession will facilitate trademark registration for Swedish companies in countries having ratified the treaty.

Concluding Remarks

In conclusion, contrary to what was anticipated among practitioners and academics, in the new Trademark Act the Swedish legislator has decided to maintain the current administrative procedure with *ex officio* examination and decisions on relative grounds for refusal. This is contrary to the general trend in Europe to abolish such procedure and leave it for the parties in question to survey their trademark rights. However, the implications should not be overestimated and will in any event not make Sweden worse off when it comes to trademark protection.

The thorough modernization and (also linguistic) EU harmonization in the new Trademark Act ensures that Sweden's trademark legislation is up-to-date and user-friendly. All of the six most significant changes presented above are appropriate and will make life both easier and (perhaps most importantly) cheaper for holders of Swedish trademarks. However, considering the significant time it took for the legislator to finally formulate the new Act, many had been hoping for more substantive news. At the same time, some also fear that the new Act is premature. There are ongoing discussions on revisions to the EU trademark legislation and amendments to the Act may therefore shortly be called upon. The Swedish legislator's careful attitude may also indicate that in the future we will probably see mainly continuous and careful amendments to the Act in accordance with how EU legislation and case law develops, rather than any bold proposal for innovative solutions.

During its first six months in force, there has not yet been any major efficiency reported from the new and enhanced procedures adopted with the new Trademark Act. Instead, the most noticeable impact of the new Act has so far been related to more minor changes to the subject-matter of trademark protection. As from the new Act entering into force, a surname is only a ground for refusal of a trademark application provided that the surname is perceived as someone else's distinctive name and use of the name would be detrimental to the bearer of the surname. Furthermore, there is no longer any specific protection for titles of literary and artistic works (including films) as a ground for refusal of a trademark application. These new rules have already been the subject of several administrative decisions from both PRV and its appellate authority, the Swedish Court of Patent Appeals, *Patentbesvärsrätten (PBR)*, allowing trademark registrations which would have been refused under the old rules.

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