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in the name of the Swedish Group
by Ulf DAHLGREN, Samuel HÄGG, Lydia LUNDSTEDT,
Ulf MAUNSBACH, Rune PETTERSSON, Dag SANDART,
Christina WAINIKKA and Jonas WESTERBERG

Jurisdiction and applicable law in the case of cross-border infringement (infringing acts) of intellectual property rights

I. The state of applicable law

I.1. Jurisdiction

I.1.1. Do the domestic Courts assume jurisdiction to decide on infringements of intellectual property rights, which are committed abroad?

There is no case law, which provides a conclusive and general answer to this question. The answer must thus be based on an analysis of what a Swedish court could and is likely to do in view of applicable general rules on international jurisdiction and the specific aspects that arise in connection with intellectual property disputes.

Apart from rules stemming from the international conventions and EU regulation, most notably the Brussels/Lugano Conventions and the Brussels Regulation for the EEA/EU area (hereinafter referred to as the Conventions and Regulation, respectively), there are no statutory national rules on when Swedish courts will exercise jurisdiction over claims concerning the infringement of foreign intellectual property rights. The issue of jurisdiction is instead based on an analogous application of the provisions on proper national venue in the Swedish Code of Judicial Procedure (hereinafter referred to as the Procedural Code).

The principles for establishing jurisdiction in matters pertaining to intellectual property rights are the same as the otherwise applicable rules. However, it is clear under Swedish international private law that Swedish courts do not have jurisdiction over proceedings aiming at the revocation of a foreign intellectual property rights. The same limitation is laid down in the Conventions and the Regulation in respect of intellectual property rights in the EEA/EU.

A more detailed review of the applicable rules on jurisdiction and the criteria of relevance for establishing the jurisdiction of Swedish courts in cases concerning infringement of foreign intellectual property rights, is given under the next heading.

I.1.2. If the Courts assume jurisdiction to decide on intellectual property infringements committed abroad, what are the criteria, which allow jurisdiction to be attributed to the Courts of the country?

General principles

National rules

According to the aforesaid national rules on venue in the Procedural Code, a Swedish court in principle has jurisdiction in an action concerning the infringement of a foreign intellectual property right if the defendant is domiciled in Sweden or possesses assets located in Sweden (for monetary claims e.g. damages). The latter basis for jurisdiction is without parallel in the Conventions and Regulation and can thus not be applied in relation to defendants in EEA/EU countries. The Procedural Code also includes a rule on *forum connexitatis* which could give a Swedish court jurisdiction over other defendants in case of jurisdiction over one of several defendants (Swedish Supreme Court Case, ref NJA 1986 p 729).

The Procedural Code accepts prorogation of jurisdiction to a certain court also in the international context. Although a prorogation agreement would rarely exist at the outset of a cross-border infringement case, there is a possibility that the parties subsequently decide that a specific court should try the case.

As regards provisional measures, the general rule is that a court which is competent to make a final decision, is also competent to decide on provisional measures. A Swedish court is also considered competent to grant provisional measures in support of foreign court proceedings provided that the resulting judgment in such proceedings will be enforceable in Sweden. In the area of intellectual property law, the provisional measures available are generally in accordance with the TRIPs agreement.

Conventions/Regulation rules

If the defendant is domiciled in a Convention/Regulation state (EEA or EU), jurisdiction must be based on the rules set forth in the Conventions or the Regulation. Since the rules applicable in a cross-border infringement case are almost identical in the Conventions and Regulation, we will treat them commonly unless there are important differences.

The principle rule is that persons domiciled in a Convention or Regulation state shall, whatever their nationality be sued in their state of domicile (Article 2).

The extent to which the rule on special jurisdiction in article 5(3) Conventions/Regulation allows Swedish courts to assume jurisdiction over disputes concerning intellectual property infringements committed abroad is unclear. Article 5(3) provides for jurisdiction in the place where the harmful event occurred¹ for matters relating to tort, delict or quasi-delict. The European Court of Justice (ECJ) has interpreted this article to cover both the place where the damage occurred as well as the place of the event giving rise to it (Bier v. Mines de Potasse D'Alsace, Case 21/76 1976 ECR 1735; Shevill v. Presse Alliance, Case C-68/93 1995 ECR I-415).

On the one hand, if one maintains that the event giving rise to the damage is the infringement of the intellectual property right itself, article 5(3) will not provide cross border jurisdiction because

¹ The Regulation provides that the dispute may also be brought in the place where the harmful event may occur.

the damage will occur where the right is infringed (see below). On the other hand, if one maintains that the event giving rise to the damage occurs in the place where the defendant is established or at the place from where the causative event originated (see the ECJ decision in *Shevill v. Presse Alliance*), a court in this state would have jurisdiction even over claims for relief for damage occurring in the other member states. (See Wadlow, C., *Enforcement of Intellectual Property in European and International Law* (London 1998) p 100 and Fawcett, J. and Torremans, P., *Intellectual Property and Private International Law* (Oxford 1998) pp 150-169 for a discussion of the possible interpretation of article 5(3)).

As the ECJ has rejected the proposition that the place where the damage occurred can include the place where indirect economic loss is suffered (*Dumez v. Hessische Landesbank* Case 220/88 1990 ECR 49; *Marinari v. Lloyd's Bank*, Case C-364/93 1995 ECR I-2719), it seems unlikely that jurisdiction can be maintained under this jurisdictional head of article 5(3) unless an infringement has been committed in that state. Notwithstanding this, it has been suggested in Norwegian doctrinal writings that jurisdiction over copyright infringements committed in another state may be possible at the place where payment to the author should have occurred.² This position may be tenable at least in relation to the infringement of the author's moral rights.

Additionally, the rule on *forum connexitatis* in case of joined actions may also provide a Swedish court with jurisdiction over a claim concerning infringement of a foreign intellectual property right (Article 6(1), see Bing, *Copyright in Electronic Commerce and Private International Law, in Legal Aspects of Intellectual Property Rights in Electronic Commerce* (Jan Kaestner ed) Munich 1999 p 38). In a court of appeal decision (ref RH 2001:81, leave of appeal not granted by the Supreme Court), the court has found this rule to provide the basis for jurisdiction over a foreign defendant in respect of claims for infringement of foreign (parallel) patent rights.

Worth mentioning is also the rule about provisional measures (Article 24 of the Conventions and Article 31 of the Regulation) to the effect that an application for provisional measures may be made to the court of a Convention or Regulation state for such measures as may be available under the laws of that state. This is so even if, under the Conventions/Regulation, the court of another state has exclusive jurisdiction over the substance of the matter.

Article 16(4) of the Conventions and article 22(4) of the Regulation, give exclusive jurisdiction for proceedings concerned with the registration or validity of intellectual property rights to the Courts in the state where such right is registered.

Specific aspects pertaining to jurisdiction in intellectual property matters

As noted above, both national rules and those of the Conventions/Regulation in many cases allow a Swedish court to exercise jurisdiction over claims based on the infringement of foreign intellectual property rights (see discussion of article 2, article 5(3) and article 6(1) above). Notwithstanding this, it is clear under national rules and according to Article 16(4) of the Conventions and article 22(4) of the Regulation, that the Courts in the state where an intellectual property right is registered have exclusive jurisdiction over proceedings concerned with the registration or validity of such right. Furthermore, article 19 of the Conventions and article 25 of the Regulation require a court to decline jurisdiction over claims principally concerned with the registration or validity of intellectual property rights. In particular in patent cases, as an

infringement claim is often so closely intertwined with the question of the right's validity, it is unclear whether a court is required to decline jurisdiction where it appears the issue of validity will play a principal role in the infringement dispute. This question has not yet been settled in national or EU(ECJ) case law (see the English Court of Appeal's referral of this issue to the ECJ in the Fort Dodge case, which however is no longer pending). As article 16(4) and article 22(4) only concern registered rights, this issue does not arise in connection with copyright infringement disputes. In addition, even with regard to the registered rights, this issue may be resolved differently depending on the extent to which the validity of the right plays a principal role in the infringement proceedings.

With regard to disputes where the defendant is domiciled outside the Conventions/Regulation area, the position among the majority of Swedish legal scholars appears to be that a Swedish court is competent to try a dispute concerning compensation for damage caused by infringement of a foreign industrial property right. The justification for allowing Swedish Courts to exercise jurisdiction over proceedings concerned with compensation for infringement of a foreign industrial property right is to protect the right holder in the situation where the defendant has no assets in the country where the right is registered and the right holder is unable to have a decision by the relevant foreign court (where the right is registered) recognised and enforced in Sweden where the defendant has assets. In the event that it appears that the validity of the right will play a key issue in the infringement dispute, one course of action suggested in Swedish doctrinal writings is that a Swedish court shall stay the infringement proceedings and order the defendant to challenge the validity of the right in question before a court in the country where the right is registered.

I.1.3. Is this assumption of international jurisdiction specific to civil law Courts, or does it also apply to criminal law Courts?

In Sweden the criteria for assumption of international jurisdiction is specific to civil law disputes. As regards criminal law cases jurisdiction is based upon the principle rule that the crime shall have been committed in Sweden. Also in other cases where there is a Swedish interest in prosecution, the Swedish Penal Code (SFS 1967:700, available in English in Ds 1999:36) provides Swedish jurisdiction, e.g. where the crime has been committed by a Swedish citizen.

I.2. Sanctions

I.2.1. If the domestic Courts may assume jurisdiction to judge IP infringements committed in another country (cross-border infringements), what are the sanctions imposed by the domestic Courts

A Swedish court will impose the civil law sanctions found in the law of the protecting country provided such sanctions are known in Swedish law (see below under I.3.5). Due to harmonisation efforts within the EU during the past ten years and as a result of the TRIPs agreement, sanctions for intellectual property infringements in Sweden (for instance as regards trademarks, copyright, design and patents) are to a large degree harmonized with those of other countries.

The sanctions available under Swedish law are foremost the possibility to award compensation for use and damages for other losses, to impose injunctions - both final and provisional - and to order that infringing property shall be destroyed. It is also possible to order provisional attachment of the infringing property to prevent further infringements during trial or secure subsequent destruction thereof.

I.2.2. Can the domestic Courts only award compensation for loss (damages) or do they also assume jurisdiction to impose injunctions with effect abroad?

It is possible for a court in Sweden to assume jurisdiction not only to award compensation for damages but also to impose injunctions with effect abroad. However, in a cross-border situation, a Swedish Court shall apply foreign law, and it is uncertain if it is possible to issue an injunction coupled with a penalty of a fine according to the laws of a different state. This uncertainty is due to the fact that in many jurisdictions (among them Sweden) an injunction by penalty of fine is regarded as a penal measure where the fine is payable to the government of the state where the intellectual property right is registered. A Swedish Court most probably does not have competence to issue a penal injunction according to another state's law.

I.2.3. Is there a difference between final sanctions and provisional sanctions from the point of view of international territorial jurisdiction?

There are no significant differences. The grounds for jurisdiction is practically the same and to some extent even greater for provisional measures. See I.1.2 above in respect of jurisdiction concerning provisional measures in support of foreign main proceedings under national rules and the Conventions/Regulation.

I.3. Choice of Law

I.3.1. Which law is applied by Court, which assumes jurisdiction to IP infringements committed in another country?

In general, the rules of Swedish private international law are not codified. Instead, case law and doctrinal writings are important sources of law. Pursuant to the general Swedish rules of private international law concerning torts, a Swedish court applies the law of the country in which the harmful event occurred - *lex loci delicti* (see Swedish Supreme Court case ref NJA 1969 p 163). In the area of torts dealing specifically with the infringement of intellectual property rights, the general position in Swedish doctrinal writings is that the law of the country for whose territory protection is claimed is applicable to intellectual property infringement disputes. Provided the event giving rise to the damage and the damage itself occur within the same country, the *lex loci delicti* rule and the law of the protecting country rule will coincide.

The state of the law is not clear however with regard to distance torts, where a harmful event occurring in one country has injurious consequences in one or more other countries. Influenced by the German Supreme Court's adherence to the territoriality principle in its decision in the Spielbanksaffaire case, a leading Swedish legal scholar has advocated for the application of the law of the country where the harmful event occurred to the exclusion of the application of the law of the country/countries where the damage arose with regard to copyright infringements. However, he allows for exceptions to the application of the law of the country where the harmful event occurred in situations where the tort-feasor intentionally commits the infringement in a

country with poor copyright protection with the intention of causing harmful effects in other countries.

I.3.2. Is it the law of the forum, or is it the law of the country in which the infringement has been committed?

The Swedish courts generally apply the law of the country in which the infringement was committed (generally, the law of the protecting country) see above under I.3.1, with the exception of the procedural rules. Swedish procedural rules apply to cases tried before a Swedish court.

I.3.3. What is the scope of the foreign law: defining infringing acts, proof of infringement or sanctions for infringement?

The law of the country for whose territory protection is claimed determines the existence and legal effect of such right. The legal effect of the right includes the definition of what acts that constitute an infringement thereof as well as the sanctions available to redress such infringement. General questions concerning i.a. the conditions for liability for an infringement such as culpa, damage adjustment, and limitation of claims are determined by the law of the country in which the harmful event took place, which as noted above, generally corresponds with the law of the protecting country.

For question of how the Swedish proceedings are conducted i.e. admissibility of evidence and the like, Swedish procedural law applies, see I.3.2 above.

I.3.4. What is the role of the parties in determine the content of foreign law: does the burden of proof of the content of this law lie with the parties or is it for the Court, ex officio, to seek the content of the foreign law?

Chapter 35 section 2 of the Procedural Code states that parties need not provide evidence with regard to the contents of the law (*iura novit curia*). This general rule is qualified however with regard to foreign law and the court may request the parties to provide evidence as to the content of such law.

I.3.5. Does the international public order exception, which allows countries to exclude the application of foreign law, apply for the infringement of intellectual property rights?

As regards copyright infringement, the Swedish public order exception should apply only in exceptional cases, such as when the law of the protecting country contains sanctions or methods of execution that are unknown in Sweden. A leading Swedish legal scholar maintains that the public order exception should not apply at all in relation to countries that are members of the Bern Union, signatories of the Universal Copyright Convention or the WCT convention.

I.4. Enforcement

I.4.1. What are the conditions for enforcement of a foreign judgement against an infringing party for IP infringement committed in another country?

The principle rule is that Sweden does not recognise nor enforce foreign judgements unless there is a multi/bilateral convention to this effect. The international principle of reciprocity is in other words the starting point. However, there exists case law to the effect that a foreign judgement where the jurisdiction of the foreign court is based on a prorogation agreement can be invoked as the basis for a corresponding Swedish judgment without any review of the merits of the case (Swedish Supreme Court case ref 1973 p 628). A foreign judgement on infringement can also have evidentiary weight in a new action in Swedish courts.

Sweden is obliged to recognise and enforce judgements awarded according to the Conventions and Regulation. In other words a judgement given in a EEA/EU state shall be recognised (Article 33 in the Regulation and Article 26 in the Conventions) and enforced (Article 38 in the Regulation and article 31 in the Conventions) in the other member states without further review of the merits. Thus, according to the Convention/Regulation rules of recognition also decisions for injunctions can be enforced.. Additionally, Conventions Article 43 and Regulation Article 49 state that a judgment involving the payment of a penalty of a fine is enforceable provided the amount of the penalty has been finally established.

I.4.2. Are there specific procedures?

As regards decisions from Convention/Regulation states there are specific procedures in that sense that the judgements are supposed to be declared enforceable (*exequatur*). In Sweden these proceedings are handled by the Svea Court of Appeals (Sw. *Svea Hovrätt*).

I.4.3. What are the practical difficulties, which complicate the enforcement of foreign Court decisions in intellectual property infringement matters?

The most urgent problem appears to be the lack of conventions or other rules allowing for direct recognition and enforcement of foreign judgments concerning infringement outside the EEA/EU. Another problem is the fact that even where such rules exists such as the Convention/Regulation rules, a decision to declare a judgement enforceable can be very time-consuming in some Conventions/Regulation states and a common standard should be considered for such proceedings.

I.5. *Lis Pendence*

I.5.1. Are there rules governing lis pendence and related actions for cases where infringement proceedings are pending in parallel before the Court of different countries?

The fact that decisions from courts in countries outside of the Conventions/Regulation (EEA/EU) are normally not recognised or enforceable in Sweden means that lis pendence and an obligation to decline jurisdiction or stay proceedings will not occur in case of parallel proceedings in such countries.

According to national rules a Swedish court *may* also stay proceedings in case it is “of utmost importance” that another issue, which is the object of other proceedings, is first decided. It is

conceivable that the evidentiary weight of a foreign judgment, although not directly recognised or enforceable, in some situations might motivate such stay.

The questions of lis pendence and obligation to stay proceedings are expressly regulated in the Conventions/Regulation (article 21-23 in the Conventions and 27-30 in the Regulation). Where proceedings involving the same cause of action and between the same parties are brought in the courts of different Convention/Regulation states, any court other than the court first seized shall stay its proceedings on its own motion.

Where the jurisdiction of the court first seized is established, any other court than the court first seized shall decline jurisdiction in favour of said court.

I.5.2. Do the rules on lis pendence and related actions require the Court to decline jurisdiction in favour of another Court, or do they merely allow it to stay proceedings while awaiting the result of the pending dispute in another country?

See response to I.5.1 above.

II. Proposals for the future

II.1. Introductory remarks –a Harmonised system for cross-border litigation

II.1.1. Do the Groups think that it is possible and desirable to seek a harmonised system for cross-border litigation, while intellectual property rights are currently, in the majority of cases, solely of national scope?

The Swedish group believes that effective international enforcement of intellectual property rights has become increasingly important.

In the field of patents, the need for such improvements at the enforcement stage has become apparent in view of the success of EPC in creating an efficient supra-national system for the granting of patents. At the same time, the early attempts to create a Community patent for a group of EPC Member States made it clear that such a system cannot be accepted if the enforcement is based on national courts, even if there is a common reference court for securing consistency in the case law. Since 1999, the need to improve the enforceability and legal certainty of European Patents by establishing a common jurisdictional system has prompted the work on an integrated judicial system including uniform rules of procedure and a common judiciary. In order to be successful, any such system must be able to create confidence of the users.

Said experiences teach that to create a system for effective cross-border enforcement of patents, it is necessary not only to have a uniform substantive patent law but also to have a common judicial systems including both uniform rules for patent litigation and a court structure that produces consistency in the case law and in which the users will have confidence. Realistically, this will only be achievable on a regional level in the foreseeable future.

In the field of other intellectual property rights, both the needs and the conditions for meeting the needs may vary in different respects as compared with patents. Due to the simultaneous and geographically pervasive nature of digital communication, the need for consolidated jurisdiction and facilitated enforcement of judgements is most evident in the field of copyright and neighbouring rights. Ideally, copyright would be governed by supranational substantive rules and enforced by a supranational judicial system. While this utopia is a far reaching goal, efforts could be made to meet the needs felt by right owners today.

To study what these needs are and how they may be met does not require fewer efforts than those spent in relation to patents and other intellectual property rights. Attempts to take short cuts are likely to prove as unsuccessful as in the field of patents. In view hereof, the Swedish group suggest that this matter requires further careful in depth study.

Notwithstanding this, initial steps could be taken without the above far reaching ambitions described above. It would thus significantly enhance the situation for intellectual property owners to achieve a convention that ensures international enforcement of judgments concerning the infringement of intellectual property rights handed down by the competent court in the country where protection is claimed. In particular in the field of copyright, a uniform system of choice of law rules could be developed based primarily on the principle of territoriality but taking into consideration this principle's limitations with regard to digital communications.

While the needs and considerations may vary depending on the particular intellectual property right in question, it is important to take into consideration that it is not unusual for an overlap to exist between the protection offered by different intellectual property rights.

II.1.2. Do the Groups think that such a harmonised system requires the existence of intellectual property rights which have the same effect in various countries (e.g. at least a regional right)?

The Swedish group finds that a harmonised system with cross-border jurisdiction requires intellectual property rights which have the same legal effects (scope of protection and sanctions) in various countries. The risk for varying and unpredictable case law would otherwise be too great. This could be achieved either through the creation of regional rights or a detailed harmonisation of national rights.

II.2. Jurisdiction and Choice of Law regarding the organisation of infringement proceedings

II.2.1. If the Groups consider that it is desirable to seek a harmonised system of litigation in cases of cross-border infringements, it would thus be necessary to organise such litigation.

II.2.2. What should be the preferred criteria for choice of forum?

The main principles currently recognised in international private law should be considered, i.e. the domicile of the defendant or alternatively the place of the infringing act.

II.2.3. What then should be the applicable law to organise the infringement proceedings?

In the short term it appears necessary to rely on the procedural law of the country of the court having jurisdiction. In a longer perspective the aim should be to establish a specific court system or at least a harmonisation of procedural rules for intellectual property disputes

II.2.4. What extent would the power of the judge have: merely assessing the infringement, or also assessing the validity of foreign right with the possibility of invalidating it?

As noted in Section I above there is a specific problem with intellectual property disputes in that the issue of infringement may be closely linked to the issue of validity. For that reason should the same court be competent to handle both issues. However, this requires fully harmonised national rules in respect of the requirements for obtaining/upholding intellectual property rights.

II.3. Choice of Law regarding the sanctions

II.3.1. What is the applicable law for judging infringement and sanctions applicable to it?

Since the group's starting point is that a harmonised system for litigation of claims based on cross-border infringement requires, at least, a detailed harmonisation of the rules defining national rights, the choice of law should not be a central issue. However, even so this issue must be regulated and the governing law should then in principle be that of the country for which protection is claimed.

II.3.2. And what scope should the application of this law have (defining infringing acts, proof of infringement or sanctions for infringement)?

The governing law should apply to all issues other than those of a procedural nature.

II.4. Lis Pendence

II.4.1. Should the rules on lis pendence and related actions apply in the event of infringement proceedings, which are pending before the Courts of various countries?

The ambition should be to have a system, which provides international recognition, and enforcement to awarded judgments. Rules on lis pendence and related actions are then required in order to prevent conflicting judgments.

II.4.2. Should it be provided that it is mandatory for Courts to decline jurisdiction in favour of the Court first seized of the case, or should there be a rule for a stay of proceedings?

In principle should courts other than that first seized decline jurisdiction. However, there might be a need to stay proceedings awaiting that it is established which court is first seized under the applicable rules.

II.5. Enforcement

II.5.1. Should there be provisions for the automatic enforcement of Court decisions which are made in such a system or should these decisions always be the object of a procedure for exequatur as normally used to give effect to foreign judgements?

There should be an exequatur requirement in order to ensure that the judgments in question have been awarded in accordance with the set of rules governing the system i.a. in respect of jurisdiction. The rules for the exequatur proceedings shall however be such that a speedy handling is guaranteed.

II.6. The Scope of the Sanctions

II.6.1. What is the scope of sanctions which may be imposed by a Court deciding in infringement committed in various countries: can the Court be empowered to judge on the validity of intellectual property rights existing in each of these countries?

The court competent under the harmonised system should, as noted above under II.2.4, have the power to decide both on infringement and invalidity provided, however, that this requires fully harmonised national rules in respect of the requirements for obtaining/upholding intellectual property rights

II.6.2. Can the Court impose measures of prohibition applicable wherever this right is valid?

In order for a harmonised system to be attractive prohibition measures must be available to the courts in such system and they must be effective. Therefore should the courts have the power to issue measures of prohibition with effect in all jurisdiction where the (harmonised) right is valid.

II.6.3. Could the Court order the infringing party to compensate for loss suffered in all countries?

Yes, for the same reason as stated under II.6.2 above, i.e. in order to make the harmonised system sufficiently attractive.

II.7. Multilateral, bilateral or regional solutions

II.7.1. Should the search for a system, making it possible to organise the progress of proceedings against cross-border infringement, pass through the conclusion of a multilateral agreement or is it necessary, according to the Groups, to favour bilateral or regional solutions?

In order to create a harmonised system of reasonable practical importance the work should be aimed at regional solutions.

II.8. Concluding remarks – other observations

The further work with a harmonised system could draw on the principles in and past experiences of the Conventions/Regulation and the current work regarding a unified court system for European Patents conducted among the EPC member states and the recent work concerning a community patent conducted within the EU.