

Sweden  
Suède  
Schweden

## QUESTION Q195

### LIMITATIONS OF THE TRADEMARK PROTECTION

### REPORT IN THE NAME OF THE SWEDISH GROUP

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#### I) Analysis of current law and case law

*1) Are there statutory limitations of trademark rights in your trademark law? If so, which ones? If not, have similar concepts been developed in case law? (Please only briefly list the limitations here; more detailed explanations will be required below).*

1. Section 3 of the Swedish Trade Mark Act (1960:644) (STMA) has included article 6(1) of the Directive 89/104/EEC, according to which the trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, his own name or address; indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services, provided the use is in accordance with honest practices in industrial or commercial matters.
2. Sections 4 of the STMA *e contrario* stipulates that a third party's use of a trade mark is precluded only where a trade mark in the course is misleading about the true origin of the goods or of the trade mark holder's permission to use the mark, in particular in the course of trade of accessories or spare parts.
3. Section 5 of the STMA excludes from trade mark protection such parts of the trademark which mainly aim at making the article more functional or serving other purposes than being a trade.
4. A trade mark right acquired by use does not extend outside the area where the trade mark has been established.
5. It follows from Section 13 (1) STMA that only a distinctive sign can be registered as a trademark, *i.e.* trade mark rights are not available to merely or exclusively descriptive signs consisting of indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods;
6. From Section 13(2) STMA it also follows that a trade mark can not be registered if it exclusively consist of:

- (a) the shape which results from the nature of the goods themselves, or
- (b) the shape of goods which is necessary to obtain a technical result, or
- (c) the shape which gives substantial value to the goods.

7. Under Section 14 a trade mark can not be registered if it:

- (a) is similar to a state or an international symbol or a local coat of arms, which is protected against trade mark use under national law or regulation, or what is confusingly similar therewith;
- (b) is of such a nature as to deceive the public;
- (c) is contrary to law or regulation, public policy or to accepted principles of morality;
- (d) is or consists of or can be appreciated as another's trade name, artistic name or a similar name or a portrait of someone, who is obviously not since long deceased;
- (e) is confusingly similar with the original title of a literary or artistic work of someone else, or is infringing another's literary or artistic, photographic right or design right;
- (f) is confusingly similar with another's name or trade name used in the course of trade;
- (g) is confusingly similar with a registered or unregistered trade mark, provided that at the date of the application the applicant was acting in bad faith applicant was aware of at the time for application;
- (h) is confusingly similar with another's international trade mark registration with an earlier priority date;
- (i) is confusingly similar with another's Community Trade Mark with an earlier priority date;
- (j) is confusingly similar with a Community trade marks which validly claim seniority, in accordance with the Regulation on the Community trade mark, even when the latter trade mark has been surrendered or allowed to lapse;
- (k) risks being invalidated because of or is confusingly similar to an earlier Community trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier Community trade mark is registered, where the earlier Community trade mark has a reputation in the Community and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trade mark.

However, grounds for refusal under (d) to (k) above may be overcome if the proprietor of the earlier trade mark or other earlier right consents to the registration of the later trade mark and there are no absolute grounds for refusal.

*2) If descriptive use defences are recognised under your trademark law, what is descriptive use and what types of descriptive use defences are recognised? (Please only briefly list the types of descriptive use defences here; more detailed explanations will be required below)*

*Descriptive use*

*3) Is use of one's own name permissible under your trademark law? If so, under which circumstances? Specifically, may anyone use his or her name as a trademark?*

Under Section 3 of the STMA use of one's own surname as a trade mark is permissible, where it is in accordance with honest practices in industrial or commercial matters. The assessment of "honest practices" depends on a complex evaluation of the factual circumstances of each specific case. The existence of a well known trade mark, belonging to another party, may, depending on the circumstances, such as the similarity of the goods, indicate that the use of a similar or identical surname as a trade mark is not in accordance with honest practices.

*4) Is a company entitled to make use of the "own name" defence? Specifically, is the "own name" defence only available to a company whose name includes a surname (e.g. William Smith Limited)? How are conflicts between the company's use of its "own name" and confusingly similar trademarks resolved?*

Under Section 3 of the STMA a company is entitled to make use of the "own name" defence. This defence is not only available to a company whose name include a surname, but to all companies with a trade name, provided that the specific use is in accordance with honest practices in industrial or commercial matters. Furthermore, under the Swedish Trade Names Act (1974:156), Section 10, a trade name must not be registered if there is a likelihood of confusion with an earlier trade mark or, where the earlier trade mark is well known, there is an element of unfair advantage or detriment. Since, in accordance with Swedish law, a public limited company must be registered, to a considerable extent, Section 10 of the Trade Names Act, prevents conflicts between trade names and trade marks.

*5) Is the use of indications concerning the characteristics of the goods or services, including the kind, quality, value, geographical origin or time of production of goods permissible under your trademark law? If so, under which circumstances?*

Under STMA Section 13(1) a mark which exclusively, or with only minor addition or amendment, consists of descriptive information, will not be registered. Such a mark is considered to be devoid of distinctive character. It cannot perform its function as a commercial sign distinguishing the goods of a particular company. A sign, which is merely descriptive, may however acquire distinctiveness through use. In such a case it will be registered as a trade mark. Even so, the proprietor may not prevent other undertakings using the descriptive information on their goods and services in accordance with honest practices in industrial or commercial matters. This follows from STMA Section 3(1).

*6) Is the use of another's mark to indicate product compatibility permissible under your trademark law? If so, under what circumstances? Is only the use of another's word mark in ordinary script or neutral letters permissible or also the use of another's logo or special script format of the mark?*

Under the STMA Section 4(2), and in accordance with Swedish case law (see e.g. NJA 1998 s. 474 (VOLVO service), a company dealing with spare parts, may not, without the consent of the trade mark proprietor, refer to a trademark in a manner

which would indicate that there is a commercial link between the companies, e.g. a license or a permission to make the reference, or that the spare parts are manufactured or otherwise supervised by the trade mark owner. Furthermore, a reference to the trade mark must not take an unfair advantage of, or be detrimental to, the reputation of the trade mark.

*7) Is decorative use of another's mark permissible under your trademark law? If so, under what circumstances?*

Under Swedish law, use for decorative purposes is not excepted. Where the trade mark is used in a commercial context, let alone decorative, it must not give rise to confusion as to the origin of the goods or, where the earlier mark has a reputation, take unfair advantage of, or be detrimental to, that reputation (STMA Sections 4 and 6). A potential defence under STMA Section 4 is that the trade mark is not used a commercial sign, since it is a mere decoration. We do not, however, believe that a Swedish court, under normal circumstances, would be inclined to accept such a defence, where the use may lead to confusion, perhaps in a wider sense (indicating a commercial link), or where there is an element of unfair advantage or detriment. (As a comparison the Svea Court of Appeal has judged that it is an infringement to sell counterfeit goods even if the vendor clearly states that the goods he is dealing with is not authentic, RH 1990:68, NIR 1990 s. 466 (La Copie)).

The extended protection for marks with a reputation stretches beyond the limits of similarity as to the goods. Furthermore, where there is double identity (identical marks and identical goods), the use of the trade mark constitutes infringement. It should be noted that at present time, infringement through double identity is not regulated by the STMA. In this respect, the STMA may, however, be interpreted in the light of the European Trade Marks Directive.

*8) Is use of descriptive terms permissible regardless of whether it is in accordance with honest or fair practices or whether it constitutes unfair competition? If descriptive use of another's mark is only permissible if it is in accordance with honest or fair practices, what are typical examples of use which are not in accordance with honest or fair practices?*

Under Section 3 of the STMA the use of a descriptive term is permissible, where it is in accordance with honest practices in industrial or commercial matters. Since the assessment of "honest practices" depends on a complex evaluation of the factual circumstances of each specific case, it is *a priori* difficult to provide examples of use not in accordance with honest or fair practices. Even so, where a particular use, which on the surface appears to be the mere use of a descriptive term, as a matter of fact will give rise to confusion as to the origin of the goods, it may be regarded as contrary to honest practices. This may also be the case where there is an element of unfair advantage or detriment, e.g. where the descriptive term reminds of a well known trade mark and is used in a way which would take advantage of, or be detrimental to, that mark. Self evidently, an important factor in such assessments, will be the reason for the use of the descriptive term.

9) Do the above mentioned types of descriptive use constitute limitations of trademark rights because they would not be regarded as “use as a mark” or are they specifically exempted regardless of whether trademark use is involved?

According to the wording of Section 3 of the STMA the use of a descriptive term as a sign, used by the company in relation to its goods, is permissible, where it is in accordance with honest practices in industrial or commercial matters. One may assume that the right to use a descriptive term applies, *a fortiori*, where the descriptive term is not used as a trade mark.

10) If your trademark law recognises other types of descriptive use defences which have not been discussed above, please explain.

11) Does your trademark law provide for a prior user right/defence? If so, under what circumstances?

Under the STMA Section 14 (1) 7, a trade mark must not be registered where the applicant is aware of the fact that another company is using a confusingly similar mark, regardless of where - geographically speaking - that use is taking place (bad faith regarding third party use). If the trade mark is registered, in spite of bad faith, the registration should be revoked (for a recent case see the Svea Court of Appeal in case T3457-05 (Starbase). The Swedish act does not, however, confer any other rights to the first user, such as a right to prevent the actual use of the mark.

12) If your trademark law provides for other limitations of trademark rights which have not been discussed above, please explain.

## **II) Proposals for adoption of uniform rules**

1) Should descriptive use of another’s trademark be permissible? If so, under what circumstances? Should descriptive use of another’s trademark be permissible regardless of whether it is in accordance with honest or fair practices or whether it constitutes unfair competition?

Descriptive use of another's trademark should be permissible where it is in accordance with honest or fair practices and does not constitute unfair competition, e.g. where it does not give rise to confusion as to the origin of the goods or takes unfair advantage of, or is detrimental to, the reputation of an earlier mark. An important factor in such an assessment, which should take into account all relevant factors, is the reason for the use of the descriptive term. In some cases, e.g. where the descriptive use refers to the trade mark of a competitor, whether the use is necessary or not should be considered a relevant factor.

2) Should use of one’s own name be permissible? If so, under which circumstances? What should the position regarding the use of corporate names be?

The use of one's own name or the use of a corporate name should be permissible in accordance with the principles stated above (see II 1).

*3) Should the use of indications concerning the characteristics of the goods or services, including the kind, quality, value, geographical origin or time of production of goods be permissible? If so, under which circumstances?*

The use of indications concerning the characteristics of the goods or services, including the kind, quality, value, geographical origin or time of production of goods should be permissible in accordance with the principles stated above (see II 1).

*4) Should the use of another's mark to indicate product compatibility be permissible? If so, under what circumstances? Should only the use of another's word mark in ordinary script or neutral letters be permissible or also the use of another's logo or special script format of the mark?*

The use of another's mark to indicate product compatibility should be permissible in accordance with the principles stated above (see II 1). Only the use of another's word mark in ordinary script or neutral letters should, given normal circumstances, be considered permissible. Furthermore, the use of another's mark to indicate product compatibility, should, given normal circumstances, be permissible only where it is necessary to use the mark.

*5) Should decorative use of another's mark be permissible? If so, under what circumstances?*

A decorative use of another's mark should be permissible in accordance with the principles stated above (see II 1). Where there is double identity (identical marks and identical goods) a decorative use should not be considered permissible.

*6) Should trademark law provide for a prior user right? If so, under what circumstances?*

An application to register a trade mark should be refused where the applicant is aware of the fact that the mark is used by another party at the time of the application and that use was commenced before the use of the applicant (bad faith); this should also be a ground for revocation. Furthermore, a trade mark should be afforded protection regardless of registration where it is recognised as a trade mark by a substantial part of the consumers to which it is directed.

*7) Should trademark law provide for other limitations of trademark rights which have not been discussed above? If so, under what circumstances?*

## **Summary**

The Swedish Trade Marks Act corresponds to the EC Directive and the limitations are in principle the same.

## **Resumé**

La loi de marques Suédoise correspond à la directive européenne et ainsi les limitations.

### **Zusammenfassung**

Das schwedische Markengesetz folgt die europäische Richtlinie und die Schranken sind deshalb dieselbe.