

Supreme Court confirms broad scope of information orders

October 19 2015 | Contributed by [Advokatfirman Lindahl](#)

Facts

Decision

Comment

In Case Ö 2172-13 the Supreme Court recently confirmed that the Swedish implementation of the EU IP Rights Enforcement Directive (2004/48/EC) goes further than the directive in relation to the information on infringing goods that a party can be ordered to provide. Under Swedish law, an information order can relate not only to goods which have been established to be infringing, but also to other specimens of the goods sold before and after the infringing goods.

Facts

German company Coty Germany GmbH was a licensor to trademarks including the mark DAVIDOFF COOL WATER, registered for, among other things, perfumes. In early 2011 Coty purchased one bottle of women's perfume and one bottle of men's perfume sold under the trademark from Swedish online retailer Parfym Sverige AB. Coty found that the women's perfume bottle, marked with the additional text "Woman EdT 30 ml", had first been put on the market in Singapore. Parfym Sverige stated that in 2010 it had bought a shipment of 30 bottles from another European company, and that those bottles must have been those originating from Singapore. Parfym Sverige provided Coty with information on the origin of those bottles.

Even though the bottles were original bottles, Parfym Sverige had no licence to put them on the market in the European Union, as this right was granted only to the rights holder or its licensors. This rule stems from the legal provision that a trademark owner can choose where it sells its goods and at what price.

Many goods are less expensive outside the EU market since mark owners must adapt their pricing to the price levels of each country where their products are sold. By importing less expensive goods to more expensive markets, third parties can undercut the prices set by the rights holder, which can disrupt the business. Therefore, such imports to the European Union are illegal. Coty duly brought an action for trademark infringement against Parfym Sverige.

Coty's action against Parfym Sverige included a claim for damages and a request for an injunction against further infringing sales. It also included a request for an information order, under which Parfym Sverige was requested to provide the following concerning the years 2010 and 2011:

- information on the origin and distribution networks for the products sold under the Trademark by Parfym Sverige;
- details of the number of products under the trademark purchased and sold by Parfym Sverige; and
- information on purchase and sales price for the products sold under the trademark by Parfym Sverige.

Decision

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At first instance, the district court granted a broad information order, which was repealed by the appeal court. The appeal court reasoned that since Parfym Sverige had provided Coty with information on the 30 infringing bottles, there were no grounds for an information order against Parfym Sverige. The appeal court further stated that an information order cannot concern goods for which no probable cause for infringement has been shown.

The Supreme Court granted leave to appeal in relation to the request for an information order and the scope of the order.

An information order can be directed at anyone involved in infringement, including transporters and storage owners. The court can issue an information order only if the information sought is expected to be of use to investigate an infringement. It must also balance the benefit of obtaining the information against the potential harm caused to the party targeted by the order. The request must be justified and proportionate.

In assessing the case at hand, the Supreme Court started by discussing the legal background to the Swedish implementation of the directive, stating that the directive sets down only the minimum rules to be implemented. The Swedish legislature went further, also allowing for the issue of information orders outside of regular infringement proceedings as an independent action. Further, this implementation is clearly intended to allow rights holders to obtain information from alleged infringers – for example, by investigating the scope of a suspected infringement. For this reason, the court decided that the Swedish legislation on information orders should be interpreted to cover not only products for which probable cause for infringement has been established, but also other specimens of the products.

The Supreme Court reasoned that the relevant products in the case at hand could not be considered to be all products sold under the trademark, but only those which had the added text "Woman EdT 30 ml", since those were the only ones for which probable cause of infringement had been shown. Therefore, the men's perfume bottles could not be included in an order.

The next issue for the court was the period of time which the order could cover. The shipment of the 30 bottles marked with the trademark and the addition of "Woman EdT 30 ml" had been bought by Parfym Sverige in December 2010, but the request covered all purchases of the product during 2010 and 2011. The Supreme Court held that in investigating the origin and distribution network involved in an infringement, a rights holder will generally require information relating to the time both before and after the infringement, and thus found that Coty's request in that regard was justified. It ruled that the order should concern the names, addresses and registration numbers of the relevant companies.

Since Parfym Sverige sold only to consumers, information on its customers was excluded from the order, but the Supreme Court granted the request in relation to information on the number of bottles that Parfym Sverige had bought and sold, as well as the purchase and sale prices of the products.

Parfym Sverige had argued that sharing the requested information would be detrimental to it, since it constituted confidential trade secrets. In this regard the Supreme Court found that Coty's benefit from obtaining the information outweighed Parfym Sverige's objection and thus ordered Parfym Sverige to provide the information requested.

Comment

This decision has clarified that in Sweden, information orders can have a broad scope. This is good news for rights holders, since investigations of networks dealing with infringing goods are often difficult and time consuming.

The Supreme Court was correct in its analysis that a rights holder must be able to obtain information relating to copies of the infringing goods and periods other than those relating to the limited number of products where infringement has been found and can be proven. A rights holder should not be expected to make test purchases continuously in order to obtain information orders with a reasonable scope – this requirement would be overly burdensome and costly.

Following the decision, rights holders may wish to monitor opportunities to start investigations into European infringers' networks in Sweden, as Sweden offers better opportunities to obtain information compared to countries which have implemented only the minimum requirements of the directive. Since an information order on the merits can be sought outside regular infringement proceedings, rights holders can take advantage of this without having to bring full proceedings, which may not always be desirable against small and financially weak infringers.

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