

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union (EU) and Member State national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of such "vertical agreements." Most U.S. exporters are small- and medium-sized companies (SMEs) and are therefore exempt from the Regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than

€50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link:

http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also looks to combat payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link: http://ec.europa.eu/comm/enterprise/regulation/late_payments/

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights.

Key Link: <http://www.ombudsman.europa.eu>

Swedish commercial agents and/or sole distributors are organized under the Swedish Association of Agents (Agenturforetagen) (<http://www.agenturforetagen.se>) The Association has about 600 member companies, most of them being small owner-managed businesses. Industries represented include clothing industry (accounting for more than 50 percent of membership), footwear, electrical and electronic and food.

Normally, an exclusive agent or distributor is appointed to cover the Swedish market. Swedish agents/distributors often represent several foreign firms. A visit to the market is the best way to appraise the relative merits of prospective agents/distributors. Close contact between the American principal and the Swedish agent/distributor is very important and should be developed early.

Establishing an Office

[Return to top](#)

The most popular and simplest company structure is the limited liability company. This works well for many foreign firms – especially SMEs starting up in the market. For greater details or what form would be best for your company you can contact the Invest

in Sweden Agency - www.isa.se or any of the many reputable legal firms resident in Sweden. See list below:

Baker & McKenzie Advokatbyrå AB, www.bakernet.com
Delphi & Co Advokatfirma, www.delphilaw.com
Kilpatrick Stockton Advokatbyrå, www.kilpatrickstockton.com
Vinge KB, Advokatfirma, www.vinge.se
White & Case Advokat AB, www.whitecase.com

There are no restrictions on foreign-owned firms establishing companies in Sweden. The legally recognized forms of business enterprise in Sweden are:

- Limited liability companies, two categories exist: public and private (aktiebolag)
- Limited partnerships (kommanditbolag)
- Trading partnerships (handelsbolag)
- Non-trading partnerships (enkla bolag)
- Branch of a foreign company (filial)

Foreign investors in Sweden historically have favored the limited liability corporate form, which is the only corporate form with no personal liability in Sweden. There are two different forms of limited liability companies: public and private. The difference between the two is that only the public limited liability company can turn to the public for capital.

A subsidiary of a foreign company established in Sweden in accordance with Swedish law is considered a Swedish company in all respects and generally no legislative distinction is made between companies whose shares are wholly or principally owned by foreigners and those owned by Swedes.

The Swedish Companies Act (Aktiebolagslagen) governs the founding of a company. However, a foreign investor need not bother with these proceedings, as it is much easier to acquire an already registered shelf-company and adapt its articles of association to the needs and intents of the investor. The share capital must be at least SEK 100,000 in a private limited liability company and SEK 500,000 in a public limited liability company.

A foreign company interested in establishing a business in Sweden may also conduct its operations through a Swedish branch (filial). A branch may be established without the permission of the Swedish authorities – the branch need only be entered in the Register of Branches, which is kept by the Swedish Companies Registration Office (Bolagsverket) (<http://www.bolagsverket.se>)

Franchising

[Return to top](#)

The interest in franchising in Sweden continues. According to the Swedish Franchise Association there are some 400-franchise systems, employing some 125,000 people in

Sweden. The turnover of the franchise market is estimated at USD 17 billion. Franchising is especially popular in the area of fast food, retail trade and consulting/business services.

It is strongly recommended that U.S. companies considering franchising in Sweden conduct a qualified legal study to ensure full validity and enforcement of franchising agreements. The use of an American franchising agreement without adjustments for Swedish laws and practices could be detrimental to the franchiser's business.

Franchise networks, which have been successful in the United States, will not automatically succeed in Sweden, but a name that is well known in the U.S. market does have a great advantage. However, to meet the needs of the Swedish market, U.S. franchisers should be prepared to modify their product mix or implement other changes in their marketing policy in order to boost competitiveness.

For detailed information on franchising contact should be made with the Swedish Franchise Association, Sofierogatan 3A, SE-412 54 Goteborg. Tel: 46-31-40 55 10. Fax: 46-31-81 10 72. <http://www.franchiseforeningen.se>

Direct Marketing

[Return to top](#)

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase, and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance selling and on-line commerce. Companies are advised to consult the information available via the hyperlinks, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules

- **Distance and Door-to-Door sales**
The EU's Directive on distance selling to consumers (97/7/EC) sets out a number of obligations for companies doing business at a distance with consumers. It can read like a set of onerous "do's" and "don'ts," but in many ways it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must

provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

Key Link: http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

- Distance Selling of Financial Services

Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Key Link: http://ec.europa.eu/consumers/cons_int/fina_serv/index_en.htm

- *Direct Marketing Over the Internet*

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link: http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Joint Ventures/Licensing

[Return to top](#)

In Sweden a joint venture is an agreement between two or more parties to carry out a project. It is not a legal entity, but only an agreement, and a legal vehicle must be formed to pursue the project. This legal vehicle may be either a limited liability company with the joint-venture participants as shareholders, or a partnership with the joint-venture

participants as partners. Agreements for production in Sweden of U.S. products are common. Royal and license fee payments may be freely transferred out of Sweden.

Selling to the Government

[Return to top](#)

The EU public procurement market, including EU institutions and Member States, totals around EUR 1,600 billion. This market is regulated by two Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and
- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or are entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: http://www.buyusa.gov/europeanunion/eu_tenders.html

Distribution and Sales Channels

[Return to top](#)

Consumers and businesses, alike, are very import-oriented in Sweden. To compliment this import-oriented market, Sweden offers American exporters a wide range of methods for the distribution and sale of products. A very high level of efficiency characterizes the distribution system. The Swedish Federation of Trade (Svensk Handel) <http://www.svenskhandel.se>) is the principal organization for private sector importers and traders in Sweden. Within this federation, the Import Council works to encourage Swedish importing by supplying American exporters with knowledge concerning items such as customs regulations and antidumping laws, while also providing Swedish companies with information on potential American contacts/suppliers. The federation's membership includes 3,000 member firms active in retail and wholesale trade (including import/export, mail order business and e-commerce)

The major distribution centers in Sweden are Stockholm, Gothenburg and Malmo. Stockholm is the capital and business center of the country with a metropolitan area population of 1.9 million. The head offices of most Swedish industrial, and commercial associations, and most large corporations are located in Stockholm. Many multinationals also use Stockholm as the headquarters for their Nordic and Baltic operations.

Gothenburg, Sweden's second largest city, is the nation's foremost port for international shipping. Located on the southwestern coast, Gothenburg is also the center of a fast growing industrial complex representing a wide spectrum of manufactured products ranging from motor vehicles to petrochemicals.

Malmo and Helsingborg are located at the southern tip of the country, a short distance from neighboring Denmark. Both cities are important ports for Swedish shipping to continental Europe. A bridge between Malmo and Copenhagen is physically linking Northern Europe with the Continent.

The northern two-thirds of Sweden are sparsely populated, but contain many large industrial sites for forest products, mining, and hydroelectric power. Major population centers there include Sundsvall, Skelleftea, Lulea and Umea.

Selling Factors/Techniques

[Return to top](#)

Selling techniques are comparable to the practices in the U.S. General competitive factors such as price, quality, promptness of delivery and availability of service are those that determine the success of a supplier. Swedish firms do not change suppliers readily and many commercial relationships have been built up and maintained over decades.

Electronic Commerce

[Return to top](#)

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules are currently set to expire at the end of 2008.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

An American company interested in setting up an E-commerce business in Sweden should contact NIC-SE Network Information Centre Sweden AB for information on the registration process. Information on NIC-SE can be found on <http://www.nic-se.se>

Trade Promotion and Advertising

[Return to top](#)

General Legislation

Laws against misleading advertisements differ widely from Member State to Member State within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a Directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member States can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor."

Member States can, and in some cases have, restricted misleading or comparative advertising.

The EU's Television without Frontiers Directive lays down legislation on broadcasting activities allowed within the EU. From 2009 the rules will allow for US-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These new rules will outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

Key Link:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

Medicine

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission plans to present a new framework for information to patients on medicines in 2008. The framework would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

Key Link:

http://ec.europa.eu/eur-lex/pri/en/oj/dat/2001/l_311/l_31120011128en00670128.pdf

Food

Regulation 1924/2006, applicable as of July 1, 2007, sets new EU rules on nutrition and health claims. The annex to Regulation 1924/2006 lists the nutrition claims such as "low fat" and "light" that will be allowed throughout the EU and the conditions for using them. An EU positive list of health claims, based on generally accepted scientific advice such as "X is good for your bones," is yet to be established. The EU positive list will include health claims based on generally accepted science and well understood by the consumer, not those based on emerging science. New health claims and disease reduction claims will have to be assessed by the European Food Safety Authority (EFSA) and approved by the Commission.

Key Link: http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Food Supplements

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods and sets criteria for establishing minimum and maximum levels.

Key Link: <http://useu.usmission.gov/agri/foodsupplements.html>

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed though these are banned in many Member States. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the TV Without Frontiers Directive.

Key link: http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Advertising plays a major role in Sweden's commercial life. All types of media are available. Daily newspapers and other publications are by far the most important media accounting for over half of all advertising expenditures. Direct mail is the second most important advertising medium, followed by radio and television commercials. Other forms, useful for certain types of products, are point-of-sale advertising, motion picture advertising, outdoor posters, and billboards. Commercial broadcasting exists and is growing in importance.

In order to place advertisements in newspapers, magazines, and trade journals, an agency must be authorized to do so by the Swedish Newspaper Publishers' Association (Tidningsutgivarna); Box 22500, 104 22 Stockholm. Web address: <http://www.tu.se>
Email address: tidningsutgivarna@tu.se Tel: 46-8-692 46 00. Fax: 46-8-692 46 38.

Authorization requires that the agency have experience in advertising and that its books be open for audit by the association.

The major metropolitan papers in Stockholm, Gothenburg and Malmo have wide geographical circulation. The three large Stockholm dailies - Dagens Nyheter, Svenska Dagbladet, and Dagens Industri - enjoy nationwide circulation. The large dailies in Gothenburg and Malmo (Goteborgs Posten and Sydsvenskan respectively) provide important media for advertising exposure in western and southern Sweden.

There are three major trade fair venues in Sweden. Together they host approximately 2.5 million visitors each year. The largest is Stockholmsmassan (Stockholm International Fairs) with 1.5 million visitors, followed by the Svenska Massan (Swedish Exhibition and Congress Center) and Malmo Massan (Malmo Fairs). For further information, contact the addresses below.

Stockholmsmassan
SE-125 80 Stockholm
Tel: 46-8-749 41 00
<http://www.stofair.se>

Svenska Massan
SE-412 94 Goteborg
Tel: 46-31-708 80 00
<http://www.swefair.se>

Malmo Massan
SE-202 80 Malmo
Tel: 46-40-690 85 00
<http://www.malmomassan.se>

Commercial Service Stockholm can help your company plan promotional events and market your products and services in Sweden. Please visit our website www.buyusa.gov/sweden for details on our programs and services set up for this: FUSE – Featured U.S. Exporters, Business Service Providers, and the Single Company Promotion.

Pricing

[Return to top](#)

Companies set prices individually. According to the Swedish Competition Act (which is in line with EU rules), companies are not allowed to practice price fixing. All goods and services are subject to VAT (value-added tax), which ranges from 6 percent to 25 percent. 25 being the normal percentage, 12 percent which is for food or hotel charges, and 6 percent for products such as newspapers, books and magazines, and admission fees

for commercial sporting events and also for transportation within Sweden. Products in Sweden are priced using the following formula: CIF price + import duty + excise tax + profit + VAT.

Sales Service/Customer Support

[Return to top](#)

Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Liability

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link: http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm

Product Safety

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU.

Key link: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- repair of the good(s);
- replacement of the good(s);
- a price reduction; or

- rescission of the sales contract.

Key link:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property

[Return to top](#)

Several general principles are important for effective management of intellectual property rights in Sweden. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Sweden than in the U.S. Third, rights must be registered and enforced in Sweden, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Sweden. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Sweden require constant attention. Work with legal counsel familiar with Sweden laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Sweden or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **www.StopFakes.gov**.

For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.

For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.

For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit:

http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.StopFakes.gov** This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

IPR Climate in Sweden

The Swedish legal system provides adequate protection to all property rights, including intellectual property. As a 1993 signatory to the EEA agreement, Sweden has undertaken to obtain adherence with a series of multilateral conventions on industrial, intellectual, and commercial property.

Sweden is a member of the "Paris Union" International Convention for the Protection of Intellectual Property (patents, trademarks, commercial names, and industrial design) to which the United States and about 80 other countries adhere. American business executives and inventors are thus entitled to receive national treatment in Sweden

(treatment equal to that accorded Swedish citizens), under laws regarding the protection of patents and trademarks.

American nationals are also entitled to certain other benefits, such as the protection of patents against arbitrary forfeiture for non-working and a one-year "right of priority" for filing a patent application. The "right of priority" period for trademarks is 6 months. Applications or inquiries pertaining to intellectual property should be addressed to:

Director General
Patents and Registration Office
(Patent & Registreringsverket)
Box 5055, S-102 42 Stockholm
Tel: 46-8-782 2500; Fax: 46-8-666 0286
<http://www.prv.se>

- Patents

Patents are adequately protected under the terms of the EU agreement, which states that the signatory countries comply in their law with the substantive provisions of the European Patent Convention of 1973, which Sweden ratified in 1980. Protection in all areas of technology may be obtained for 20 years.

Patent applications are examined for inventiveness and, if accepted, published for opposition for 3 months. If no opposition is filed or it is successfully overcome, the application is allowed and a patent is granted.

- Copyrights

Law No. 729 of 1960 as amended governs protection of copyrights in Sweden. The term of copyright protection of a work is for the author's life plus 50 years after the author's death. It includes all literary, dramatic, musical, and artistic works. Copyright includes the sole right to produce and reproduce the work or a translation of it; to publish such a work or translation; to perform it in public; and to authorize others to do so.

Sweden is a signatory to various multilateral conventions for the protection of copyrights. It is a member of the Universal Copyright Convention to which the United States and about 60 other countries adhere. Works of American authors copyrighted in the United States are entitled to automatic protection in Sweden. Authors need only show on such works their name; year of publication and the symbol "C" in a circle to obtain copyright protection.

Sweden is also a member of the "Berne Union" Copyright Convention and the WTO's Trade Related Intellectual Property (TRIPS) Convention.

Swedish copyright law also protects computer programs and databases. However, there have been complaints from American software companies that the law is ineffective since compliance investigations cannot be instituted without prior notification.

The legislative and enforcement framework in Sweden is generally effective against conventional hard goods piracy, but requires vast improvement related to Internet piracy. The Swedish government has signaled to police and prosecutors that it wants to see them step up their effort to curb Internet piracy. Sweden is home to Pirate Bay, the world's largest bit torrent tracker, as well as a large number of so-called top sites. The Swedish government has proposed new legislation to align Sweden's laws with the EU Enforcement directory and to also make Internet Service providers assume some responsibility over illegal content in their networks. The government hopes that the laws will come into effect on July 1, 2008.

- Trademarks

Sweden protects trademarks under the Trademark Act, effective January 1, 1961 and has undertaken to adhere to the 1989 Madrid protocol. Sweden has adopted the Nice International Classification System for registration purposes. Trademark registrations are valid for 10 years from the date of registration and are renewable for like periods.

The first applicant for a trademark is entitled to receive a registration and exclusive ownership. However, if another party can prove he was the first user, he may have the trademark canceled and re-registered to himself. After 5 years, a registration becomes incontestable on grounds of prior use.

Applications are examined and, if acceptable, published for opposition for 2 months. Swedish or foreign official emblems or words, or markings contrary to public order or good morals cannot be registered as trademarks. A trademark registration may be canceled if not used within 5 years, unless the registrant shows an acceptable reason for non-use. The EEA agreement's Article 4 of Protocol 28 covers the subject of semiconductor chip layout design and protection.

Further details on the IPR protection can be found in Chapter 6 – Investment Climate Statement.

Due Diligence

[Return to top](#)

Credit reports on Swedish companies can be obtained by contacting any of the sources below:

Dun & Bradstreet Sverige AB
Box 1529

SE-172 29 Sundbyberg, Sweden
Tel: 46-8-519 010 00
<http://www.dbsverige.se>

Syna – Kreditupplysning
Box 244
SE-201 22 Malmö, Sweden
Tel: 46-40-25 85 00
www.syna.se

UC AB
SE-117 88 Stockholm, Sweden
Tel: 46-8-670 92 50
<http://www.uc.se>

(UC AB, the Swedish Business and Credit Information Agency, is jointly owned by all Swedish commercial banks).

The Commercial Service in Stockholm offers the International Company Profile program which provides you with background reports on potential agents, distributors as well as other Swedish firms.

The report includes:

- Detailed background report on a prospective overseas sales representative or partner
- Listing of the company's key officers
- Banking and other financial information
- Market information, including sales, profit figures and liabilities
- Our insight on the strength of the prospective partner

Local Professional Services

[Return to top](#)

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at: www.buyusa.gov/europeanunion/services.html.

For information on professional services located within each of the EU member states, please see EU Member State Country Commercial Guides which can be found at the following website: <http://www.export.gov/mrktresearch/index.asp> under the Market Research Library.

Web Resources

[Return to top](#)

Swedish Associations of Agents
<http://www.agenturforetagen.se>

Swedish Companies Registration Office
<http://www.bolagsverket.se>

Swedish Franchise Association
<http://www.franchiseforeningen.se>

National Board for Public Procurement (NOU)
<http://www.nou.se>

Official Journal, OJ
<http://www.eur-op.eu.int>

Tenders Electronic Daily, TED
<http://ted.europa.eu>

Swedish Association of Local Authorities and Regions
<http://www.skl.se>

Swedish Trade Federation
<http://www.svenskhandel.se>

NIC-SE Network Information Centre Sweden AB
<http://www.nic-se.se>

Swedish Newspaper Publishers' Association
<http://www.tu.se>

Stockholm International Fairs
<http://www.stofair.se>

Swedish Exhibition and Congress Center
<http://www.swefair.se>

Malmö Fairs
<http://www.malmomassan.se>

Patents and Registration Office
<http://www/prv.se>