

**Case C-365/24****Request for a preliminary ruling****Date lodged:**

20 May 2024

**Referring court:**

Svea hovrätt, Patent- och marknadsöverdomstolen (Sweden)

**Date of the decision to refer:**

20 May 2024

**Appellant:**

Purefun Group AB

**Respondent:**

Doggy AB

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[...]

**Respondent**

Doggy AB, [...]

**SUBJECT MATTER**

Trade mark infringement and so forth; presently a reference for a preliminary ruling from the Court of Justice of the European Union

**DECISION UNDER APPEAL**

Judgment of the Patent- och marknadsdomstolen (Patent and Market Court) of 16 December 2022 [...] The Patent- och marknadsöverdomstolen (Patent and Market Court of Appeal) [makes] the following

**ORDER** (to be notified on 20 May 2024)

1. The Patent and Market Court of Appeal orders that the matter be referred to the Court of Justice of the European Union for a preliminary ruling pursuant to Article 267 of the Treaty on the Functioning of the European Union and

that a request for a preliminary ruling be submitted to the Court of Justice in accordance with Annex A to this record.

2. The Patent and Market Court of Appeal orders that proceedings be stayed pending a ruling of the Court of Justice of the European Union.

The order is not subject to appeal.

[...]

### **The subject matter of the main proceedings and the relevant facts**

- 1 The parties to the case are Doggy AB (Doggy) and Purefun Group AB (Purefun).
- 2 Doggy is a producer of dog and cat food and the company's object is, according to its business description, inter alia to manufacture and trade in food products and other products for animals and to engage in activities compatible therewith. The food products are sold in shops and on websites provided by retailers.
- 3 Purefun is a retailer of products for dog owners, including dog food and dog treats. Sales take place via the company's website under the domain name doggie.se.

#### *Proceedings before the Patent and Market Court*

- 4 In November 2021, Doggy brought an action against Purefun before the Patent and Market Court. In that case, Doggy claimed, in so far as is relevant, that the court should prohibit Purefun, subject to a fine, from using the sign DOGGIE in the course of trade when selling foodstuffs for animals and other products and accessories for animals and order Purefun to pay Doggy compensation of 150 000 kronor (SEK), plus a set amount of interest.
- 5 As grounds for its action, in so far as is relevant, Doggy submitted, in essence, as follows. Doggy is the proprietor of, inter alia, the nationally registered word mark DOGGY under Class 31 in respect of foodstuffs for animals and of the company name Doggy AB. Purefun carries out its activities under the domain name doggie.se. Purefun markets and sells various products and accessories for dogs, including foodstuffs for animals and chewing objects. Its business activity is conducted under the sign DOGGIE. Doggy has not authorised Purefun to use that sign. There is identity, or in any event an extremely high degree of similarity, between the goods and services covered by Doggy's trade marks and company name, on the one hand, and the services provided by Purefun under the sign DOGGIE, on the other hand. Moreover, the latter sign is extremely similar to Doggy's trade mark and company name. Purefun is infringing Doggy's exclusive rights in the trade mark and company name. It is reasonable for Purefun to be ordered to pay compensation of SEK 150 000 for the use of the trade mark and company name.

- 6 Purefun contested the claims put forward by Doggy and its assertion that Purefun is infringing its trade marks and company name, since, in the view of Purefun, the signs are devoid of distinctiveness. According to Purefun, the distinctiveness is, in any event, very weak. Furthermore, the similarity between the goods and the trade mark is limited and there is therefore no likelihood of confusion. According to Purefun, sales on the doggie.se website largely concern goods for dog owners other than dog food and dog treats.
- 7 The Patent and Market Court upheld the claims put forward by Doggy. The court thus ruled that there was a likelihood of confusion between Doggy's trade marks and company name, on the one hand, and Purefun's sign, on the other, and that Purefun's use [of that sign] infringed Doggy's rights. In the view of the Patent and Market Court, there were therefore grounds for prohibiting Purefun from using the sign and ordering Purefun to pay reasonable compensation.
- 8 The Patent and Market Court first examined whether Purefun's sign was liable to be confused with Doggy's word mark, which it found to be the case, and went on to conclude that there was no reason to make a different assessment in relation to the company name.

*Proceedings before the Patent and Market Court of Appeal*

- 9 Purefun has appealed against the judgment of the Patent and Market Court, claiming that the Patent and Market Court of Appeal should dismiss the claims put forward by Doggy. The parties have essentially made the same arguments before the Patent and Market Court of Appeal as they did before the Patent and Market Court.
- 10 In the proceedings before the Patent and Market Court of Appeal, questions have arisen concerning the interpretation of EU law.

**Relevant provisions of national and European Union law**

*Swedish law*

The Varumärkeslagen (2010:1877) (Law No 1877 of 2010 on trade marks; 'the Law on trade marks')

- 11 The law implements, inter alia, Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks ('the Trade Marks Directive').
- 12 Under Paragraph 8 of Chapter 1 of the Law on trade marks, the proprietor of a company name or other commercial designation has exclusive rights in the sign as a trade sign.

- 13 Paragraph 10 of Chapter 1 of the Law on trade marks further provides that the exclusive right in a trade sign under Paragraph 8 of Chapter 1 of the Law on trade marks means that no person other than the proprietor may, without the latter's consent, use any sign for goods and services in the course of trade if the sign is identical with or similar to the trade sign and is used in relation to goods or services of the same or similar kind, if there exists a likelihood of confusion, including the risk that use of the sign may lead to the impression that there is an association between the user of the sign and the proprietor of the trade sign.
- 14 In accordance with Paragraph 3 of Chapter 8 of the Law on trade marks, a court may, on application by the proprietor of a trade sign under Paragraph 8 of Chapter 1 of the Law on trade marks, prohibit a person who commits a trade mark infringement from continuing to do so, under penalty of a fine.
- 15 Under Paragraph 4 of Chapter 8 of the Law on trade marks, a person who infringes a trade mark is to pay compensation for the use thereof.

Lagen (2018:1653) om företagsnamn (Law No 1653 of 2018 on company names: 'the Law on company names')

- 16 Under Paragraph 1 of Chapter 1 of the Law on company names, a company name is the denomination under which a trader carries out its activities. Under the third subparagraph thereof, the term 'commercial designation' is the common term for company names and secondary signs.
- 17 Under Paragraph 2 of Chapter 1 of the Law on company names, a trader acquires exclusive rights in a company name through registration or by virtue of use.
- 18 Under Paragraph 1 of Chapter 2 of the Law on company names, a company name may be registered only if it is capable of distinguishing the proprietor's activity from that of others. The second subparagraph of the provision in question states that the length of time and the extent of use of the company name is to be taken into account when assessing whether a company name has distinctive character. Furthermore, if the company name consists solely of a general designation of the nature of the activity or of a product or service offered in that activity or if the company name consists solely of a commonly used place name or the like, the company name is not in itself to be considered as having distinctive character. Where the company name includes a designation such as limited liability company, partnership or commercial association or an abbreviation of such a designation, that designation is to be disregarded in the assessment.

*EU law*

Treaty on the Functioning of the European Union (TFEU)

- 19 Articles 34 and 35 TFEU provide that quantitative restrictions on imports and exports and all measures having equivalent effect are to be prohibited between Member States.

- 20 Article 36 TFEU provides that the provisions of Articles 34 and 35 TFEU are not to preclude prohibitions or restrictions on imports or exports justified on grounds, inter alia, of the protection of industrial and commercial property.

#### The Trade Marks Directive

- 21 Under Article 1 thereof, the Trades Mark Directive applies to every trade mark in respect of goods or services which is the subject of registration or of an application for registration in a Member State as, inter alia, an individual trade mark.
- 22 Article 5(1)(b) provides that a trade mark is not to be registered or, if registered, is to be liable to be declared invalid where because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association with the earlier trade mark.
- 23 Under Article 5(4)(a), any Member State may provide that another sign used in the course of trade is to preclude registration of a later trade mark if it was acquired prior to the date of application for registration of the subsequent trade mark and the sign confers on its proprietor the right to prohibit the use of a subsequent trade mark. Article 5(4)(b)(iv) further provides that the use of the trade mark may be prohibited by virtue of an earlier right, other than the rights referred to in paragraph 2 and point (a) of paragraph 4, and in particular an industrial property right.
- 24 Under Article 10(1), the registration of a trade mark is to confer on the proprietor exclusive rights therein. Under Article 10(2)(b), the proprietor of that registered trade mark is to be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where the sign is identical with, or similar to, the trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark. Article 10(3)(d) further provides that using the sign as a trade or company name or part of a trade or company name, in particular, may be prohibited under paragraph 2.
- 25 Under Article 39(1), goods and services in respect of which trade mark registration is applied for are to be classified in conformity with the system of classification established by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957. Article 39(2) further provides that the goods and services for which protection is sought are to be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that sole basis, to determine the extent of the protection sought.

**The grounds for the referral by the Patent and Market Court of Appeal of questions about the interpretation of EU law**

*Cross-protection*

- 26 Under the Law on trade marks, the proprietor of a company name has exclusive rights therein as a trade sign. That means, for example, that the use of a trade sign that is liable to be confused with another's company name may constitute an infringement of the exclusive right in the company name under trade mark law (so-called 'cross-protection'). Under Paragraph 3 of Chapter 1 of the Law on company names, the proprietor of a trade mark or other trade sign similarly has an exclusive right in the sign as a commercial designation.
- 27 Thus, where a party claims that the use of a trade sign infringes the trade mark protection derived from registration of a company name, it is the provisions of the Law on trade marks that must be applied to the issue of infringement. The Swedish Law on trade marks implements the Trade Marks Directive. Although the law on company names is not harmonised at EU level in the same way as trade mark law, issues relating to company names thus fall within the harmonised sphere as a result of cross-protection.
- 28 The Trade Marks Directive contains no provision on cross-protection corresponding to Paragraph 8 of Chapter 1 of the Law on trade marks. However, Article 5(4)(a) of the Trade Marks Directive states that Member States may provide that a commercial designation (referred to in the directive as 'another sign used in the course of trade') may preclude the registration of a subsequent trade mark if the sign entitles the proprietor to prohibit the use of a subsequent trade mark. However, the directive does not specify the conditions under which the proprietor of a company name may be authorised to preclude the use of a sign as a trade mark.

*Trade mark rights derived from a registered company name*

- 29 The registration of a company name means that the proprietor of that name is automatically afforded protection as if it were a registered trade mark. Under the present regime in national law, there is no requirement for a trader to have used its company name as a trade sign in order for the sign to be protected as a trade sign. Thus, for example, even if a company name has not been used as a trade sign at all, the proprietor of the company name still has protection against someone else using a trade sign which is liable to be confused with the company name. In such a case, the protection can be said to apply to the company name as a potential trade sign.
- 30 However, the trade mark rights derived from a registered company name only apply within the sector or the area of activity stated in the business description which the company has registered together with the company name. The business activity must be stated in terms of its nature and so clearly described and defined that it can be easily understood by anyone who wants information about the



company. It is therefore not enough to state in the business description, for example, that the company is to conduct trade, but in that case it is also necessary to state the kind of goods the company is to trade in. The company must therefore state the sector or sectors of business in which the company will conduct its activities. However, there are no other requirements as to the presentation of the business description, such as the classification system or requirements relating to clarity and accuracy which apply to registered trade marks.

- 31 Thus, when a trade sign is compared to a company name, the similarity of goods and services is assessed on the basis of whether the trade sign concerns goods or services related to the business description registered in respect of the company name. Since there is no requirement as to usage of the company name as a trade sign, the wording of the Swedish provision in Paragraph 8 of Chapter 1 of the Law on trade marks could be considered as expressing broader trade mark protection through the registration of a company name than through the registration of a trade mark.
- 32 Since there is likewise no classification system or explicit requirements as to clarity and precision in relation to business descriptions, a situation could also arise in a case of confusion where it is difficult to assess which kinds of goods or services are to be compared in an assessment of the similarity of goods or services. The assessment must then in reality be made in such a way that the goods or services are assessed in relation to the sector in which the company name is used. That specific rule in relation to trade mark rights is also of relevance to the scope of the protection afforded to the company name under trade mark law and could be considered as expressing broader protection under trade mark law through the registration of a company name than through the registration of a trade mark.
- 33 The requirement relating to genuine use is a material condition for trade mark protection under the directive. The question therefore arises as to whether the directive precludes national law from affording trade mark protection to a company name without it being used as an indication of origin for goods and services. Similarly, the question arises as to whether trade mark protection may relate to the kind of goods and services which are covered by a business description but of which no genuine use has been made in the field to which the business description relates.
- 34 Such a national rule could, in principle, make it possible to circumvent the requirement to state clearly and precisely the kinds of goods or services for which trade mark protection is sought. Thus, a Member State granting trade mark protection to a trader to a greater extent or under different conditions than those provided for in the Trade Marks Directive could create obstacles to other traders selling goods or services across borders because they are claimed to infringe trade mark rights in a Member State which are not based on EU law. That may thus affect the free movement of goods and services. That raises the question whether a

national rule that diverges from the Trade Marks Directive, as in the present case, creates obstacles to traders operating across borders.

- 35 In order for the Patent and Market Court of Appeal to be able to give judgment, it requires answers to the questions below.

**The questions concerning interpretation**

- 36 The questions concern the interpretation of the Trade Marks Directive and are as follows.

1. In the light of the Treaty on the Functioning of the European Union and the fundamental principle of the free movement of goods and services under EU law, is it compatible with the provisions of the Trade Marks Directive, in particular Articles 1 and 5(4), to have a system under national law whereby an earlier right in a company name may constitute a basis for prohibiting the use of a subsequent trade sign in the entire field of activity in respect of which the company name is registered and without any requirement that the company name must have been used to distinguish goods or services?
2. If the answer to Question 1 is in the negative, is it compatible with the Trade Marks Directive and EU law in general for a company name, which is used per se as a sign to distinguish certain kinds of goods or services in the field of activity in respect of which the company name is registered, to constitute grounds for prohibiting the use of a subsequent trade sign in connection with kinds of goods or services other than those in respect of which the company name is used as a sign?

[...]