

The principle of unitary character of the EUTM: A legal chimera?

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ABSTRACT

The article examines the relationship between the protection of reputation for the well-known European Union Trade Marks (EUTM) and the unitary character of the EUTM. The principle of unitary character plays an important role in enhancing the European union (EU) internal market. EUTM should therefore be given the same protection throughout the union. To obtain reputation protection, the earlier EUTM need to have a reputation in the EU and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EUTM. Legal application issues arise when the principle of unitary character is to be applied together with the aforementioned requirements.

The main research question addressed in the article is whether the EUTM maintains its unitary character when applying reputation protection.

Given the strong connection of the question to EU law, EU law is applied to the greatest extent. Since the issue has not been addressed previously, case law from the Court of Justice of the European Union serves as the primary legal source for interpreting the meaning of the conditions for protection of reputation in the absence of other guidance. Furthermore, the impact of the unitary character in the application of reputation protection is examined.

The article concludes that the unitary character of the EUTM losing its impact in the application of reputation protection.

1. INTRODUCTION

The European Union consists of 27 Member States,¹ encompassing 24 official languages and a rich cultural diversity.² One of the EU's fundamental principles is the free movement of goods and persons, where the market is conceived as a single internal market without borders.³ However, can the market truly be regarded as a unified entity when, in practice, it is defined by territorial borders, linguistic diversity, varying cultures, and distinct legal systems?

Within the EU's internal market, a vast number of goods and services circulate, and businesses distinguish themselves through trademarks and other distinctive signs.⁴ Given that trademark law has always carried an international dimension,⁵ there was a compelling ratio-

nale for pursuing harmonisation in this area within the EU. This led to the creation of the European Union Trade Mark (EUTM), which provides protection throughout the entire EU territory via a single registration.⁶ The EUTM is based on the principle of unitary character, as articulated in Article 1(2) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification) (EUTMR). This principle essentially means that an EUTM is to be granted uniform protection across the Union. Accordingly, the Union is viewed as a single market. Upon registration, the proprietor of an EUTM obtains the exclusive right to prevent the registration of confusingly similar marks.⁷ In cases where the trade mark has acquired a high degree of recognition and reputation, there is a need for extended protection—commonly referred to as reputation-based protection—in which case no likelihood of confusion is required.⁸

¹ Website of the European union, 'EU-countries', https://european-union.europa.eu/principles-countries-history/eu-countries_en (accessed 1 may 2025).

² Website of the European union, 'Facts and figures on the European Union', https://european-union.europa.eu/principles-countries-history/facts-and-figures-european-union_en (accessed 1 may 2025).

³ Article 26(2) of the Treaty on the Functioning of the European Union (TFEU), consolidated version, OJ C 326, 26.10.2012.

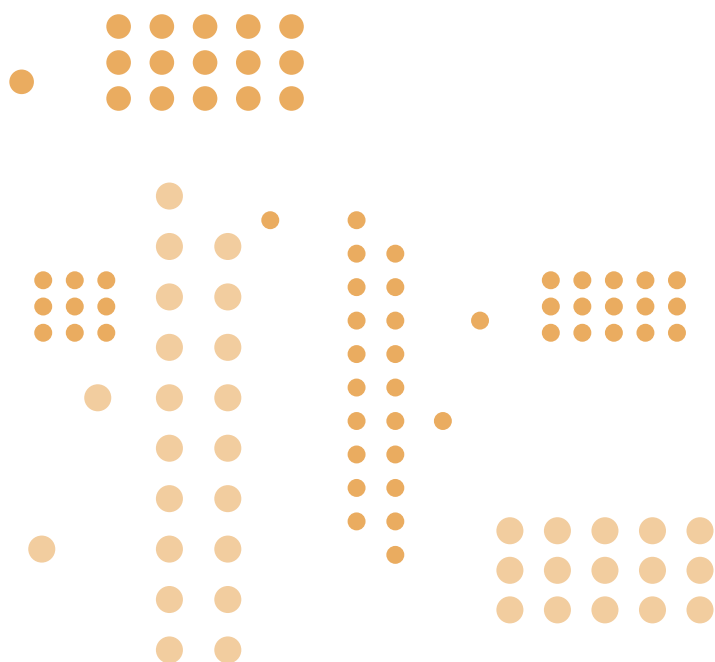
⁴ Marianne, Levin, Åsa, Hellstadius. *Lärobok i immaterialrätt*. 13. uppl., (Norstedts Juridik AB, Stockholm, 2023) p. 427.

⁵ Levin. *Lärobok i immaterialrätt*. p. 427.

⁶ Levin. *Lärobok i immaterialrätt*. p. 430.

⁷ Levin. *Lärobok i immaterialrätt*. p. 466.

⁸ *Sabel v Puma AG, Rudolf Dassler Sport* (C-251/95) EU:C:1997:528, [1997] ECR I-6191 [20].



According to Article 9(2)(c) EUTMR, a reputed trade mark is protected against the use, without due cause, of an identical or similar sign that takes unfair advantage of, or is detrimental to, the distinctive character or repute of the mark—provided that the earlier EUTM is known within the Union.

The conditions for obtaining protection based on reputation (*reputation-based protection*) have been examined on several occasions by the Court of Justice of the European Union (CJEU), including the territorial scope required for an EUTM to be regarded as “known within the Union”.

In its judgment of 14 September 1999, *General Motors Corp v Yplon SA* (C-375/97) EU:C:1999:408, the Court stated that it is only when a sign is sufficiently well known that the relevant public will establish a link between the two marks.⁹ This reasoning was further developed in the judgment of 27 November 2008, *Intel Corp Inc v CPM United Kingdom Ltd* (C-252/07) EU:C:2008:655, where the Court clarified that if the relevant public does not perceive a connection between the marks, neither unfair advantage nor detriment can arise.¹⁰

In the judgment of 6 October 2009, *Pago International GmbH v Tirolmilch registrierte Genossenschaft mbH* (C-301/07) EU:C:2009:611, the Court held that recognition in a single Member State—Austria in that case—may be sufficient to meet the requirement that a mark be “known within the Union”.¹¹ However, how does the statement in *Pago International* relate to earlier case law concerning the relevant public’s awareness of the earlier mark?

A particular difficulty arises when the earlier EUTM is unknown in the Member State where the application for

the later mark is filed. Although the trade mark protection is meant to apply throughout the Union, in accordance with the *Pago International* ruling, it may be questioned whether the later mark can actually harm an earlier mark that is unknown in the relevant market. This issue echoes the concerns raised in *General Motors* and *Intel*.¹²

The issue was illustrated in the judgment of 3 September 2015, *Iron & Smith kft v Unilever NV* (C-125/14) EU:C:2015:539, where the Court’s ruling resulted in the establishment of a new criterion for the application of reputation-based protection. Specifically, it held that “[...] even if the earlier community trade mark is not known to a significant part of the relevant public in the Member State in which registration of the later national mark had been applied for, it is conceivable that a commercially significant part of the latter may be familiar with it and make a connection between that mark and the later national mark”¹³ This criterion implies that the assessment of whether reputation-based protection may be granted will be conducted in the specific Member State, and where the criterion is met, protection will be granted in that Member State. However, the ruling provides no concrete guidance on how this assessment is to be carried out.

Several years prior to *Iron & Smith*, the CJEU held in its judgment of 12 April 2011, *DHL Express France SAS v Chronopost SA* (C-235/09) EU:C:2011:238, that the geographical scope of the protection cannot extend beyond the extent of the harm. Therefore, the territorial scope of the decision must be limited to where harm actually occurs.¹⁴ This is an aspect that has not been explicitly addressed in the assessment of the scope of reputation-based protection.

The relationship between these judgments is complex and merits further examination.

2. THE RELATIONSHIP BETWEEN REPUTATION-BASED PROTECTION AND THE UNITARY CHARACTER OF THE EUROPEAN UNION TRADE MARK:

2.1 A matter of Union-wide or territorial legal effect?

The EUTM was introduced by Council Regulation (EC) 40/94 of 20 December 1993 on the Community trade mark [1994] OJ L11/1 with the aim of promoting a common market without internal borders. A key element in advancing such a market is the unitary character of the EUTM, which means that the trade mark is afforded uniform protection throughout the entire Union.¹⁵ Even following the reform of the EU trade mark system, both the EUTM and its unitary character have been maintained.

⁹ *General Motors* [C-375/97] [23].

¹⁰ *Intel* [C-252/07] [31].

¹¹ *Pago* [C-301/07] [29–30].

¹² *General Motors* [C-375/97] [23]; *Intel* [C-252/07] [31].

¹³ *Iron & Smith* [C-125/14] [30].

¹⁴ *DHL* [235/09] [47–48].

¹⁵ Levin. *Lärobok i immaterialrätt*. p. 430.

In preparation for the legislative reform that led to Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification) [2017] OJ L154/1 and Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015, a study was commissioned by the European Commission and carried out by the Max Planck Institute for Intellectual Property and Competition Law in Munich. The purpose of the study was to identify and analyse practical issues in the application of the existing regulation and directive.¹⁶ Among the issues raised were questions related to the unitary character of the trade mark—specifically, how to determine the territorial scope of protection when there is no likelihood of confusion in all Member States, or when no reputational harm arises across the entire Union.¹⁷

The concerns raised in the Max Planck study can be illustrated in the ruling of 12 April 2011, DHL Express France SAS v Chronopost SA (C-235/09) EU:C:2011:238 (DHL). The interpretative question was whether Article 98(1) of Regulation No 40/94 (now Article 130 of the EUTMR) should be understood as meaning that an injunction issued by a court designated for EUTM matters has legal effect throughout the Union.¹⁸ The Court of Justice answered in the affirmative,¹⁹ referring to the unitary character that defines the EUTM—namely, that it produces the same legal effects across the entire Union. Accordingly, the use of an EUTM cannot be prohibited on a territorial basis unless the prohibition applies to the Union as a whole.²⁰ However, in the same judgment, the Court introduced a limitation on the territorial scope of such injunctions. It held that a national court's order may, in certain cases, be geographically restricted, based on the rationale that the purpose of granting exclusive rights is to protect the trade mark proprietor against harm caused by third parties. Thus, for the exclusive right to be invoked, actual harm or a risk of harm must be demonstrated.²¹ Accordingly, the territorial scope of the injunction cannot extend beyond the area where harm occurs. This in turn means that acts which do not cause harm to the trade mark cannot be subject to prohibition.²² The Court of Justice further held that where an infringement—or a potential infringement—is confined to a limited part of the Union, such as a single Member State, due either to a restriction in the claimant's request or to the defendant demonstrating that their use of the trade mark in a specific part of the Union does not cause harm to the propri-

etor's exclusive right, the court must limit the geographical extent of the injunction accordingly.²³

That part of the Court's judgment appears to be in some tension with earlier interpretations of the unitary character of the EUTM. When the legal effects of an infringement are divided across the Union, the Union is no longer treated as a single market. In such cases, the injunction does not apply in all Member States. The Court of Justice reasoned that the justification for such a division lies in the fact that the requirement of harm for establishing infringement of an EUTM cannot be considered fulfilled in those Member States where no actual harm occurs. The statement in DHL is consistent with what the Court had already held many years earlier, in the judgment of 12 November 2002, Arsenal Football Club (C-206/01) EU:C:2002:651 (Arsenal Football Club). The Court of Justice stated that the trade mark proprietor cannot prevent the use of a sign by a third party where such use does not adversely affect the proprietor's interests as a trade mark owner, nor impair any of the functions of the trade mark.²⁴ The Court's finding in Arsenal Football Club was subsequently confirmed in the judgment of 22 September 2011, Interflora (C-323/09) EU:C:2011:604 (Interflora),²⁵ and is supported by several previous rulings from the Court.²⁶ In Interflora, the Court further clarified that harm may be caused not only to the origin function, but also to other functions of the trade mark, such as the advertising function and the investment function, particularly in cases concerning reputation-based protection.²⁷ On the basis of settled case law, it is therefore established that a trade mark proprietor cannot prohibit third-party use unless such use negatively affects one or more of the trade mark's functions.

The background in DHL concerned an infringement based on likelihood of confusion.²⁸ It may be subject to discussion whether the ruling—and the Court's statement that the injunction should be limited to the part of the market where harm to the trade mark function occurs—should apply solely to such cases of infringement, or whether it also extends to infringements falling under the scope of reputation-based protection. The interpretative question concerned Article 98(1) of Regulation No 40/94, which does not distinguish between different types of infringement. The Court of Justice also referred more broadly to Article 9(1) of Regulation No 40/94 (now Article 9(2) EUTMR), a provision which encompasses all three types of infringement: double identity, likelihood

¹⁶ Max Planck Institute for Intellectual Property and Competition Law, *Study on the Overall Functioning of the European Trade Mark System*, 15 February 2011, <https://op.europa.eu/en/publication-detail/-/publication/5f878564-9b8d-4624-ba68-72531215967e> [22 april 2025].

¹⁷ Max Planck Institute, *Study on the Overall Functioning of the European Trade Mark System*, p. 48.

¹⁸ DHL (C-235/09) [32].

¹⁹ DHL (C-235/09) [50].

²⁰ DHL (C-235/09) [40].

²¹ DHL (C-235/09) [46].

²² DHL (C-235/09) [47].

²³ DHL (C-235/09) [48].

²⁴ Arsenal Football Club (C-206/01) [54].

²⁵ Interflora (C-323/09) [34].

²⁶ Judgment of 18 June 2009, L'Oréal and others, (C-487/07) EU:C:2009:378, [60].; Judgment of 23 March 2010, Google France & Google, (C-236/08)–(C-238/08) EU:C:2010:159, [79].; Judgment of 25 March 2010, BergSpechte, (C-278/08), EU:C:2010:163, [21].; Judgment of 8 July 2010, Portakabin, (C-558/08), EU:C:2010:416, [29].

²⁷ Interflora (C-323/09) [43].

²⁸ DHL (C-235/09) [20–22].

of confusion, and reputation-based protection.²⁹ Accordingly, the interpretation should be understood to mean that the reasoning set out in DHL may also be applicable in cases involving infringement under the reputation-based protection regime.

But how does this position—limiting the territorial scope of an injunction—relate to the EUTM and its unitary character in the context of applying reputation-based protection?

2.2 A formal harmonisation in the application of reputation-based protection

Reputation-based protection with respect to infringement is set out in Article 9(2)(c) EUTMR. A likelihood of confusion is not decisive for the infringement assessment, as confusion is not a requirement for obtaining protection under this provision. According to Article 9(2)(c) EUTMR, the conditions that must be fulfilled are that the earlier EUTM has a reputation and that the use of the later sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the EUTM.

Despite these conditions, and in light of the above-mentioned statements regarding harm to the functions of the trade mark, the Court of Justice held in the judgment of 6 October 2009, *Pago International GmbH v Tirolmilch registrierte Genossenschaft mbH* (C-301/07) EU:C:2009:611 (*Pago International*), that protection may be granted even where the mark has a reputation only in Austria.³⁰ The statement stands in direct contradiction to what the Court of Justice had previously held in judgments such as the judgment of 27 November 2008, *Intel Corp Inc v CPM United Kingdom Ltd* (C-252/07) EU:C:2008:655 (*Intel*), where the Court clarified that if the relevant public does not perceive a link between the marks, neither unfair advantage nor detriment can arise.³¹ Similarly, in Case C-375/97, *General Motors Corp v Yplon SA*, the Court stated that it is only when the earlier sign is sufficiently well known that the relevant public will establish a connection between the marks.³² This line of reasoning explains why reputation-based protection applies exclusively to marks with a reputation: without such recognition, the later sign cannot take unfair advantage of or be detrimental to the distinctive character or repute of the earlier mark. Since reputation-based protection requires harm in the form of either unfair advantage taken of or detriment caused to the distinctive character or repute of the EUTM, it follows—consistent with the Court of Justice’s abovementioned case law—that the earlier mark must be known. Otherwise, no such harm can arise.

In *Pago International*, the Court of Justice held that the territorial requirement was satisfied by the fact that the

EUTM was known within the territory of a single Member State—namely, Austria. This level of recognition was considered to amount to reputation in a substantial part of the Union.³³

However, the Court did not address how this conclusion relates to the other substantive conditions for granting reputation-based protection. This is particularly noteworthy in light of the Court’s earlier statement in *Intel* the previous year.³⁴ If the earlier mark is unknown in, for example, Sweden, then logically no harm can arise there. Nevertheless, the Court in *Pago International* established that reputation in a single Member State is sufficient for the mark to qualify for protection throughout the Union. In practice, this interpretation risks disregarding the substantive criteria required for granting protection under Article 9(2)(c) EUTMR—raising questions as to its compatibility with the principle that actual harm, or at least a likelihood of harm, must be demonstrated. It is difficult not to reflect on whether the outcome in *Pago International* might have been different had the DHL judgment been delivered beforehand. In DHL, the Court gave weight to fundamental principles concerning the functions of the trade mark.³⁵ Consideration of these functions formed the basis for the Court’s conclusion in DHL. The protection conferred on a trade mark cannot extend beyond the harm that has actually occurred or is likely to occur. This interpretation aligns well with Article 36 of the Consolidated Version of the Treaty on the Functioning of the European Union [2012] OJ C326/47 (TFEU), which sets limits on the extent of protection that may be afforded to commercial property rights—in this case, trade marks.

In DHL, the principle of trade mark functions was thus given precedence over the unitary character of the EUTM. By contrast, the statement in *Pago International* is fully consistent with the unitary character, as protection was granted at the Union level despite the fact that the trade mark was known only in a single Member State. However, in that case, no consideration was given to the additional requirement of harm set out in the relevant provision. *Pago International* thus illustrates the inherent tension that arises when the requirement to demonstrate harm or a likelihood thereof is weighed against the unitary character of the EUTM. It becomes apparent that these two principles cannot be easily reconciled in practice.

The Court’s position in *Pago International* was confirmed several years later in the judgment of 3 September 2015, *Iron & Smith* (C-125/14) EU:C:2015:539 (*Iron & Smith*), in which the Court explicitly referred back to its reasoning in *Pago International*.³⁶ The Court further held in the latter case that the criterion of being “known in a substantial part of the Union” may be satisfied by reputation in the territory of a single Member State, and that, in

²⁹ DHL [C-235/09] [43, 46–47].

³⁰ *Pago* [C-301/07] [29–30].

³¹ *Intel* [C-252/07] [31].

³² *General Motors* [C-375/97] [23].

³³ *Pago International* [C-301/07] [29–30].

³⁴ *Intel* [C-252/07] [31].

³⁵ DHL [C-235/09], DHL [47].

³⁶ *Iron & Smith* [C-125/14] [19].

such cases, the EUTM must be regarded as being known within the Union.³⁷ In *Iron & Smith*, the Court addressed how this solution relates to the other requirements concerning harm, and introduced a limitation to the scope of protection. Specifically, it held that where the earlier mark is entirely unknown to the relevant public, the later mark cannot, with reference to *Intel*, cause detriment to or take unfair advantage of the distinctive character or repute of the earlier mark.³⁸ In this context, the Court introduced a new criterion, holding that, notwithstanding the aforementioned considerations “[...]even if the earlier community trade mark is not known to a significant part of the relevant public in the Member State in which registration of the later national mark had been applied for, it is conceivable that a commercially significant part of the latter may be familiar with it and make a connection between that mark and the later national mark”.³⁹ The criterion in *Intel*, requires that the assessment now be carried out in each individual Member State where the later mark is to be registered or used—effectively resulting in a fragmentation of the internal market. This reasoning echoes the position taken by the Court in *DHL*.

Once again, the existing tension between the requirement of harm and the unitary character of the EUTM becomes apparent. *Iron & Smith* may thus be read as a limitation of the principle established in *Pago International*. At the time *Iron & Smith* was decided, *DHL* had already been delivered a few years earlier as a Grand Chamber judgment. It is therefore conceivable that the Court of Justice felt compelled to depart from its earlier approach to the criterion of being “known in the Union,” and instead to place greater emphasis on the requirement of harm to the functions of the trade mark in its assessment.

3. CONCLUSIONS

The various conditions for reputation-based protection may appear compatible and unproblematic in practice. However, upon closer examination, it becomes evident that the wording of the Regulation regarding the criterion “known in the Union”, when considered together with the additional requirements of unfair advantage or detriment to the distinctive character or repute, is not easily reconcilable. The situation becomes even more complex when the EUTM is required to possess a unitary character, meaning that it must be afforded the same protection throughout the entire Union. Case law from the Court of Justice suggests that the Court has attempted to strike a balance between maintaining the unitary character of the EUTM and ensuring that protection does not extend beyond actual or potential harm to the trade mark functions. The development of the Court’s jurisprudence indi-

cates a move away from a rigid application of the unitary character towards a more flexible approach. The balancing act—departing from the strict notion of unitary character in favour of giving precedence to the fulfilment of the substantive requirements for reputation-based protection—represents a justifiable compromise. It is a compromise the Court has likewise been compelled to make in cases of infringement based on likelihood of confusion.

A legal system cannot afford to grant protection where the requirements set out in the relevant provision or article are not properly fulfilled. In light of the arguments presented in this article, the unitary character appears to be no more than a chimera—lacking real effect in practice when applying reputation-based protection.



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Alma is a graduate of the LL.M. programme in Law at Stockholm University, where she wrote her master’s thesis about the practical effect of the unitary character of the EUTM in the application of reputation-based protection, and the relationship between the two. While writing her thesis, she completed an internship at the Swedish Intellectual Property Office.

³⁷ *Iron & Smith* [C-125/14] [25].

³⁸ *Iron & Smith* [C-125/14] [28].

³⁹ *Iron & Smith* [C-125/14] [30].

