



## Reports of Cases

### JUDGMENT OF THE GENERAL COURT (Fifth Chamber)

15 September 2021 \*

(EU trade mark – Invalidity proceedings – EU figurative mark PALLADIUM HOTELS & RESORTS – Conditions governing admissibility of an application for a declaration of invalidity – Article 53(4) of Regulation (EC) No 207/2009 (now Article 60(4) of Regulation (EU) 2017/1001) – Article 56(3) of Regulation No 207/2009 (now Article 63(3) of Regulation 2017/1001))

In Case T-207/20,

**Residencial Palladium, SL**, established in Ibiza (Spain), represented by D. Solana Giménez, lawyer,

applicant,

v

**European Union Intellectual Property Office (EUIPO)**, represented by J. Crespo Carrillo, acting as Agent,

defendant,

the other party to the proceedings before the Board of Appeal of EUIPO, intervener before the Court, being

**Palladium Gestión, SL**, established in Ibiza, represented by J. Rojo García-Lajara, lawyer, authorised to replace Fiesta Hotels & Resorts, SL,

ACTION brought against the decision of the Fourth Board of Appeal of EUIPO of 12 February 2020 (Case R 231/2019-4), relating to invalidity proceedings between Residencial Palladium and Fiesta Hotels & Resorts,

THE GENERAL COURT (Fifth Chamber),

composed of D. Spielmann, President, O. Spineanu-Matei (Rapporteur) and R. Mastroianni, Judges,

Registrar: E. Coulon,

having regard to the application lodged at the Court Registry on 17 April 2020,

\* Language of the case: Spanish.

having regard to the response of EUIPO lodged at the Court Registry on 16 July 2020,

having regard to the response of the intervener lodged at the Court Registry on 7 August 2020,

having regard to the order of 22 March 2021 authorising the replacement of a party to the proceedings,

having regard to the measure of organisation of procedure of 23 March 2021 and the replies of EUIPO and of the intervener lodged at the Court Registry on 8 and 6 April 2021 respectively,

having regard to the fact that no request for a hearing was submitted by the parties within the period of three weeks after service of notification of the close of the written part of the procedure, and having decided to rule on the action without an oral part of the procedure, pursuant to Article 106(3) of the Rules of Procedure of the General Court,

gives the following

## **Judgment**

### **Background to the dispute**

- 1 On 30 October 2002, the legal predecessor of Fiesta Hotels & Resorts, SL, which the intervener, Palladium Gestión, SL, has been authorised to replace, filed an application for registration of an EU trade mark with the European Union Intellectual Property Office (EUIPO) pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended (replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark (OJ 2009 L 78, p. 1), as amended, itself replaced by Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ 2017 L 154, p. 1)).
- 2 The mark in respect of which registration was sought is the following figurative sign:



- 3 The services in respect of which registration was sought are in Class 43 of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, and correspond to the following description: 'Services for providing food and drink; temporary accommodation'.
- 4 On 26 September 2005, the trade mark applied for was registered under number 2915304. It was renewed up to 30 October 2022.
- 5 On 2 March 2006, Residencial Palladium, SA, filed an application with EUIPO for a declaration that the contested mark was invalid for all of the services for which it had been registered (invalidity proceedings 1544C) ('the first application for a declaration of invalidity').

- 6 The grounds for invalidity relied on in support of that application were those referred to in Article 52(1)(a) and (c) of Regulation No 40/94 (subsequently Article 53(1)(a) and (c) of Regulation No 207/2009, now Article 60(1)(a) and (c) of Regulation 2017/1001).
- 7 On 27 March 2006, an application was made to EUIPO for the transfer of the registration of the contested mark to the legal predecessor of the intervener, which received notification of that transfer on 3 April 2006.
- 8 On 18 April 2006, within the period of time allowed in which to remedy certain deficiencies that had been noted, Residencial Palladium informed EUIPO that it was withdrawing the first application for a declaration of invalidity.
- 9 By decision of 26 April 2006, the Cancellation Division concluded invalidity proceedings 1544C.
- 10 Following a change in its legal form, Residencial Palladium became Residencial Palladium, SL, the applicant in the present case.
- 11 On 20 June 2017, the applicant filed an application with EUIPO for a declaration that the contested mark was invalid for all of the services for which it had been registered (invalidity proceedings 15119C) ('the second application for a declaration of invalidity').
- 12 The grounds for invalidity relied on in support of the second application for a declaration of invalidity were those referred to in Article 51(1)(b) of Regulation No 40/94 (subsequently Article 52(1)(b) of Regulation No 207/2009, now Article 59(1)(b) of Regulation 2017/1001), in that the EU trade mark had been registered in bad faith, and in Article 52(1)(c) of Regulation No 40/94.
- 13 By decision of 30 November 2018, the Cancellation Division rejected the second application for a declaration of invalidity on the ground that it was unfounded in so far as concerned Article 59(1)(b) of Regulation 2017/1001 and that it was inadmissible in so far as it relied on the ground referred to in Article 60(1)(c) of Regulation 2017/1001. In that last regard, it concluded, essentially, that, in accordance with Article 60(4) of Regulation 2017/1001, the applicant could not submit a new application for a declaration of invalidity on the basis of other earlier rights which it could have invoked in support of the first application for a declaration of invalidity.
- 14 On 29 March 2019, the applicant filed a notice of appeal with EUIPO, pursuant to Articles 66 to 71 of Regulation 2017/1001, against the decision of the Cancellation Division, in which it stated that it did not take issue with the rejection of its application in so far as it was based on Article 52(1)(b) of Regulation No 207/2009.
- 15 By decision of 12 February 2020 ('the contested decision'), the Fourth Board of Appeal of EUIPO dismissed the applicant's appeal. With reference to the scope of that appeal, that board observed that its sole aim had been to establish whether the Cancellation Division had been right to find the application for a declaration of invalidity to be inadmissible under Article 60(4) of Regulation 2017/1001. It then referred to the wording of that provision, from which it inferred that an application for a declaration of invalidity was inadmissible where two conditions are met: first, where the applicant for a declaration of invalidity has already filed an application for a declaration of invalidity concerning the same EU trade mark and, secondly, where the new application for a declaration of invalidity is based on the same earlier right or on a right other than that which provided the basis for the initial application for a declaration of invalidity but

which could have been validly invoked in that initial application. Finding those conditions to be met in this case, the Board of Appeal declared the application for a declaration of invalidity to be inadmissible.

### **Forms of order sought**

- 16 The applicant claims, essentially, that the Court should:
- annul the contested decision;
  - direct EUIPO to proceed with its examination of the application for a declaration of invalidity;
  - order EUIPO to pay the costs.
- 17 EUIPO contends that the Court should:
- if it finds that the Board of Appeal was right in its literal interpretation of Article 60(4) of Regulation 2017/1001, dismiss the action and order the applicant to pay the costs;
  - if it finds that the Board of Appeal misinterpreted Article 60(4) of Regulation 2017/1001, by failing to take account of the *ratio legis* of that provision according to a teleological interpretation, annul the contested decision and order it to pay the costs.
- 18 The intervener contends, essentially, that the Court should:
- dismiss the action;
  - order the applicant to pay the costs.

### **Law**

#### ***The Court's jurisdiction to deal with the applicant's second head of claim***

- 19 By its second head of claim, the applicant requests the Court to direct EUIPO to proceed with its examination of the second application for a declaration of invalidity. In this regard, suffice it to recall that the Court has no jurisdiction to issue directions to the institutions, bodies, offices or agencies of the European Union (see, to that effect, order of 26 October 1995, *Pevasa and Inpesca v Commission*, C-199/94 P and C-200/94 P, EU:C:1995:360, paragraph 24 and the case-law cited; see also, to that effect, judgment of 25 September 2018, *Sweden v Commission*, T-260/16, EU:T:2018:597, paragraph 104 and the case-law cited).
- 20 It follows that the applicant's second head of claim, requesting the Court to issue a direction to EUIPO, must be rejected as having been brought before a Court that has no jurisdiction to deal with it.

## *Substance*

- 21 As a preliminary point, given the date on which the application for registration at issue was filed, namely 30 October 2002, which is determinative for the purpose of identifying the applicable substantive law, the facts of the present case are governed by the substantive provisions of Regulation No 40/94, as amended (see, to that effect, order of 5 October 2004, *Alcon v OHIM*, C-192/03 P, EU:C:2004:587, paragraphs 39 and 40, and judgment of 23 April 2020, *Gugler France v Gugler and EUIPO*, C-736/18 P, not published, EU:C:2020:308, paragraph 3 and the case-law cited). Consequently, in the present case, in so far as the substantive rules are concerned, the references made by the Board of Appeal in the contested decision, by the applicant in the arguments raised, by EUIPO and by the intervener to Article 8(4) and Article 60(1)(c) of Regulation 2017/1001 should be understood as referring respectively to Article 8(4) and Article 52(1)(c) of Regulation No 40/94, as amended, the wording of which is substantively identical.
- 22 In addition, given that, according to settled case-law, procedural rules are generally held to apply on the date on which they enter into force (see judgment of 11 December 2012, *Commission v Spain*, C-610/10, EU:C:2012:781, paragraph 45 and the case-law cited), the dispute is governed by the procedural provisions of Regulation No 207/2009, as amended, and by those of Regulation 2017/1001. Consequently, in this case, in so far as the procedural rules are concerned, the references made by the Board of Appeal in the contested decision, by the applicant in the arguments raised, by EUIPO and by the intervener to Article 60(4) and Article 63(3) of Regulation 2017/1001 should be understood as referring respectively to Article 53(4) and Article 56(3) of Regulation No 207/2009, as amended, the wording of which is substantively identical.
- 23 In support of the action, the applicant puts forward a single plea in law, essentially alleging infringement of Article 53(4) of Regulation No 207/2009.
- 24 The applicant submits that the Board of Appeal erred in law when interpreting Article 53(4) of Regulation No 207/2009 and, as a result, mistakenly held the second application for a declaration of invalidity to be inadmissible pursuant to that provision. By way of introduction, the applicant sets out the reasons which led it to file that application and cites the EU case-law concerning the rights which it enjoys in the word ‘palladium’.
- 25 EUIPO considers that the applicant’s exposition of the judgments of the EU Courts relating to an earlier case between the same parties is irrelevant to the present case. It also states that it will defer to the Court’s wisdom for the purpose of determining whether the Board of Appeal erred in interpreting Article 53(4) of Regulation No 207/2009 literally, rather than favouring a teleological interpretation of that provision.
- 26 The intervener contests the applicant’s line of argument. First of all, it states that the judgments which the applicant cites by way of introduction concern proceedings unrelated to the trade mark at issue. Next, it submits that it cannot be concluded that, in Spain prior to 30 October 2002, sufficient genuine use was made of the sign relied on. In addition, the second application for a declaration of invalidity is, it submits, absolutely time-barred, and the trade mark at issue is no longer open to challenge, as a result of various actions taken by the applicant. Lastly, it considers Article 53(4) of Regulation No 207/2009 to be applicable in this case.

- 27 It must be stated that, although the applicant has thought it necessary to set out the reasons which led it to submit the second application for a declaration of invalidity and to cite the EU case-law concerning the rights which it enjoys in the word ‘palladium’, it has failed in that context to put forward any argument which supports its single plea in law. In any event, such considerations are irrelevant in the context of the present dispute. As the intervener submits, the judgments which the applicant mentions concern proceedings unrelated to the trade mark at issue and, as EUIPO argues, for the purposes of the application of Article 8(4) of Regulation No 40/94 and of Article 52(1)(c) of the same regulation, it is sufficient if the requirements laid down in those provisions are met, and neither of them requires that the unregistered earlier right invoked should already have been recognised by the EU Courts. Consequently, the application of Article 53(4) of Regulation No 207/2009 is not dependent on whether or not such recognition has been expressed.
- 28 In addition, the Court must reject the intervener’s argument that it cannot be concluded that the earlier sign relied on was the subject, prior to 30 October 2002, of genuine use in Spain that was not merely local but was sufficiently extensive for an EU trade mark registration to be cancelled. That argument in fact concerns the examination of the substance of the second application for a declaration of invalidity, not its admissibility. For the same reason, the Court must also reject the intervener’s arguments that the second application for a declaration of invalidity is ‘absolutely time-barred’ and that the actions taken by the applicant, deliberately withdrawing its first application for a declaration of invalidity, concerning the trade mark at issue, and subsequently transferring to it ownership of an international registration, make the registration of the trade mark at issue ‘watertight’.
- 29 As for the applicant’s argument that the Board of Appeal applied Article 53(4) of Regulation No 207/2009 incorrectly in this case, it must be observed that the parties are in disagreement both as to the interpretation of that provision and its relationship with Article 56(3) of that regulation and as to its application in the present case.

*The interpretation of Article 53(4) of Regulation No 207/2009 and its relationship with Article 56(3) of that regulation*

- 30 It should be recalled that, in accordance with Article 53(4) of Regulation No 207/2009, a proprietor of one of the rights referred to in paragraph 1 or 2 of Article 53 who has previously applied for a declaration that an EU trade mark is invalid or who has made a counterclaim in infringement proceedings may not submit a new application for a declaration of invalidity or lodge a counterclaim on the basis of another of those rights which he or she could have invoked in support of his or her first application or counterclaim.
- 31 Pursuant to Article 56(3) of Regulation No 207/2009, an application for revocation or for a declaration of invalidity is inadmissible where an application relating to the same subject matter and cause of action, and involving the same parties, has been adjudicated on its merits, either by EUIPO or by an EU trade mark court as referred to in Article 95 of that regulation, and the decision of EUIPO or that court on that application has acquired the authority of a final decision.
- 32 In the contested decision, the Board of Appeal took the view that, pursuant to Article 53(4) of Regulation No 207/2009, the second application for a declaration of invalidity was inadmissible. After referring to the wording of that provision, it then inferred that an application for a declaration of invalidity was inadmissible where, as in the present case, two conditions are met.

- 33 The Board of Appeal found – and this is common ground between the parties – that the first condition was that the applicant for a declaration of invalidity must previously have filed an application for a declaration that the same EU trade mark is invalid.
- 34 According to the Board of Appeal, the second condition is that the new application for a declaration of invalidity must be based on the same earlier right or on a right other than that which provided the basis for the initial application for a declaration of invalidity but which could have been validly invoked in that initial application. It took the view that, if no new application for a declaration of invalidity could be made on the basis of earlier rights which had not provided the basis of an initial application, still less could any such application be made on the basis of the right on which the initial application was based. That rule rested, in its view, on the idea that the proprietor of an EU trade mark, after successfully defending a first set of invalidity proceedings, should be assured that the trade mark in question cannot be disputed again by the same applicant for a declaration of invalidity. The Board of Appeal also observed, essentially, that, by contrast with Article 56(3) of Regulation No 207/2009, Article 53(4) of that regulation does not specify that, in order for it to apply, it is necessary that EUIPO should have adjudicated the initial application for a declaration of invalidity on its merits. It took the view that the vagueness of the latter provision in this regard was not merely the result of an omission on the legislature's part, but rather a deliberate choice.
- 35 The applicant and the intervener are in agreement that the application of Article 53(4) of Regulation No 207/2009 is not dependent on the existence of a decision on the merits of the initial application for a declaration of invalidity, by contrast with Article 56(3) of the same regulation. However, the applicant disputes the Board of Appeal's conclusion that Article 53(4) of Regulation No 207/2009 applies both when the right invoked in support of the new application for a declaration of invalidity was already invoked in the first application and when it was not.
- 36 EUIPO proposes two interpretations of Article 53(4) of Regulation No 207/2009, which lead to opposite conclusions in this case. Following a literal interpretation, the application of that provision is not, in its view, dependent on the existence of a decision on the merits of the initial application for a declaration of invalidity. According to a teleological interpretation, however, it is so dependent. If the latter is followed, Article 53(4) of Regulation No 207/2009 would therefore apply only as a necessary complement to Article 56(3) of that regulation, depending on whether or not the initial application for a declaration of invalidity and the new application were based on the same earlier right or rights.
- 37 It must first of all be noted that, as EUIPO has emphasised, Article 53(4) of Regulation No 207/2009 has not been the subject of judicial interpretation.
- 38 Next, it must be observed that the disagreement between the parties centres essentially on two questions: first, whether it is necessary for a decision to have been given on the merits of the initial application for a declaration of invalidity, particularly in light of the wording of Article 56(3) of Regulation No 207/2009, and, secondly, what importance is to be attached to the issue of whether the applications for a declaration of invalidity are based on the same earlier right or rights.

39 It must be held in this regard that, as the applicant and EUIPO have argued, it is necessary, in order to interpret Article 53(4) of Regulation No 207/2009 and to understand its relationship with Article 56(3) of that regulation, to draw a distinction between applications for a declaration of invalidity that are based on the same earlier right or rights, mentioned in paragraph 1 or 2 of Article 53 of Regulation No 207/2009, and those which are based on different earlier rights.

– *Applications for a declaration of invalidity based on the same earlier right*

40 As has been noted in paragraph 31 above, pursuant to Article 56(3) of Regulation No 207/2009, an application for revocation or for a declaration of invalidity is inadmissible where an application relating to the same subject matter and cause of action, and involving the same parties, has been adjudicated on its merits by, inter alia, EUIPO, and the latter's decision on that application has acquired the authority of a final decision.

41 Thus, Article 56(3) of Regulation No 207/2009 addresses the situation where a new application for a declaration of invalidity is based on the same earlier right or rights as were invoked in support of an initial application for a declaration of invalidity.

42 It must also be borne in mind that, since the wording of Article 56(3) of Regulation No 207/2009 states that inadmissibility under that provision requires a decision on the merits to have been adopted and to have become final, a new application for a declaration of invalidity will not be inadmissible where, inter alia, the initial application for a declaration of invalidity has been ruled inadmissible or where it is withdrawn before any decision on the application becomes final.

– *Applications for a declaration of invalidity based on different earlier rights*

43 According to the wording of Article 53(4) of Regulation No 207/2009, set out in paragraph 30 above, an applicant for a declaration of invalidity may not file a new application on the basis of an earlier right, mentioned in paragraph 1 or 2 of Article 53 of the regulation, which he or she could have invoked in support of his or her initial application for a declaration of invalidity. As EUIPO posits in the context of its literal interpretation of Article 53(4) of Regulation No 207/2009, and as the intervener maintains, any new application of that kind will be inadmissible, whether the proceedings relating to the initial application for a declaration of invalidity have been concluded or are still pending and, as the Board of Appeal concluded (in paragraph 33 of the contested decision), whether or not a decision on the merits of the initial application has been adopted.

44 The condition that there must have been a decision on the merits is not in fact stipulated in the wording of Article 53(4) of Regulation No 207/2009 and, having regard to the purpose of that provision, no such condition could be imposed. If it were otherwise, the opportunities for filing applications for a declaration of invalidity open to proprietors of a variety of earlier rights would be unduly extensive. Such a proprietor would, on the basis of those various rights, be able to file a series of applications for a declaration that a particular EU trade mark is invalid. That would be contrary to the *ratio legis* of that provision, which is to prevent applicants from filing separate applications based on different earlier rights mentioned in paragraphs 1 and 2 of Article 53 of Regulation No 207/2009, where those other rights could have been invoked at the time of filing the initial application for a declaration of invalidity. Consequently, the teleological interpretation suggested by EUIPO cannot be accepted.



- 45 It is also clear from the *ratio legis* of Article 53(4) of Regulation No 207/2009 that that provision applies even if the initial application for a declaration of invalidity has been withdrawn or deemed to be inadmissible: the mere filing of the initial application is sufficient.
- 46 By contrast, the Court must reject the interpretation adopted by the Board of Appeal, and supported by the intervener, according to which Article 53(4) of Regulation No 207/2009 applies not only where the proprietor of an earlier right mentioned in paragraph 1 or 2 of Article 53 of that regulation has filed an initial application for a declaration of invalidity on the basis of a different earlier right from that on which the new application is based, but also where the two applications are based on the same earlier right. The Board of Appeal concluded, in this connection, that if no new application for a declaration of invalidity could be made on the basis of earlier rights which had not provided the basis for an initial application, still less could any such application be made on the basis of the right on which the initial application was based. However, that a *fortiori* interpretation cannot be accepted. For one reason, it is contrary to the legislature's intention and to the clear wording of Article 53(4) of Regulation No 207/2009, which mentions only different earlier rights, not the same right. For another, it would render Article 56(3) of that regulation otiose, and would even run counter to the wording of that provision. Indeed, according to that interpretation, an application for a declaration of invalidity based on the same earlier right mentioned in paragraph 1 or 2 of Article 53 of Regulation No 207/2009 as an initial application for a declaration of invalidity would be inadmissible, even if no decision on the merits of the initial application had been adopted and become final.

– *Conclusion regarding the relationship between Article 53(4) and Article 56(3) of Regulation No 207/2009*

- 47 It follows from all of the foregoing that, where the same earlier right mentioned in paragraph 1 or 2 of Article 53 of Regulation No 207/2009 is invoked in support of a new application for a declaration of invalidity, Article 56(3) of that regulation will apply. The new application will be inadmissible if it relates to the same subject matter and cause of action and involves the same parties as the initial application, and a decision on the merits of the original application has been given that has become final.
- 48 By contrast, where an earlier right mentioned in paragraph 1 or 2 of Article 53 of Regulation No 207/2009, invoked in support of a new application for a declaration of invalidity, is one that could have been relied on as the basis for the initial application for a declaration of invalidity, but was not, Article 53(4) of Regulation No 207/2009 will apply. The new application for a declaration of invalidity will then be inadmissible.
- 49 It follows that the Board of Appeal erred in law in holding that Article 53(4) of Regulation No 207/2009 is applicable both when a different earlier right is invoked in support of a new application for a declaration of invalidity and when the same earlier right is invoked (paragraphs 23 and 24 of the contested decision).
- 50 That error of law is capable of resulting in the annulment of the contested decision only if, among other things, the first and second applications for a declaration of invalidity were based on the same earlier right or rights referred to in paragraph 1 or 2 of Article 53 of Regulation No 207/2009.

*The application of Article 53(4) of Regulation No 207/2009 in the present case*

- 51 The parties do not dispute that the legal persons which filed the first and second applications for a declaration of invalidity were one and the same, such that the first condition under Article 53(4) of Regulation No 207/2009, mentioned in paragraph 33 above, was satisfied in this case, as the Board of Appeal found.
- 52 As regards the second condition under Article 53(4) of Regulation No 207/2009, mentioned in paragraph 34 above, the Board of Appeal took note that, in this case, first, there was nothing in the file to suggest that the two signs used in the course of trade to which the applicant laid claim in the second application for a declaration of invalidity had been acquired after the date of filing of the first application for a declaration of invalidity and, secondly, the applicant had put forward no arguments in that connection. The Board of Appeal concluded that the Cancellation Division had been right to take the view that Article 53(4) of Regulation No 207/2009 was applicable in this case, even in the absence of a decision on the merits of the first application for a declaration of invalidity.
- 53 The applicant and the intervener disagree as to whether the second condition, referred to in paragraph 34 above, is met in the present case. The applicant maintains that the first application for a declaration of invalidity has no legal existence. EUIPO and the intervener dispute that. In addition, the applicant claims that the earlier right invoked in support of the second application for a declaration of invalidity had already been invoked in support of the first application for a declaration of invalidity. The intervener disputes that. EUIPO has not expressly taken a position on that point in its response.

*– The first application for a declaration of invalidity*

- 54 First of all, it must be held that, as EUIPO and the intervener contend, the applicant errs in claiming that the first application for a declaration of invalidity has no legal existence. Although the applicant alleges that, in accordance with Article 15 of Commission Delegated Regulation (EU) 2018/625 of 5 March 2018 supplementing Regulation 2017/1001 and repealing Delegated Regulation (EU) 2017/1430 (OJ 2018 L 104, p. 1), the first application for a declaration of invalidity should be deemed not to have been entered, it must be stated that that article was not applicable at the time when that application was filed. In any event, under paragraph 2 of the provision which was applicable at that time, namely Rule 39 of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1), an application for a declaration of invalidity is deemed not to have been filed if the prescribed fees are not paid, not if the application is withdrawn. The same is true under Article 15(1) of Delegated Regulation 2018/625. Moreover, as EUIPO points out, the first application for a declaration of invalidity was the subject of a decision of the Cancellation Division, on 26 April 2006, following the applicant's withdrawal.
- 55 Next, it must be noted that the first application for a declaration of invalidity was declared admissible. Although the Cancellation Division had stated, in its communication of 17 March 2006, that certain deficiencies in the application had to be remedied in order for it to be admissible, in its decision of 26 April 2006, declaring the proceedings closed following the applicant's withdrawal, it declared the application for a declaration of invalidity admissible, contrary to what the applicant submits.

56 Therefore, even though the first application for a declaration of invalidity cannot be regarded as having been the subject of a decision on its merits that had become final, which is something no party alleges, moreover, the first application for a declaration of invalidity cannot be deemed to have no legal existence.

– *The rights invoked in support of the first and second applications for a declaration of invalidity*

57 It is important to note that, in their written submissions to the Court, the applicant and the intervener are in disagreement as to whether the earlier right or rights invoked in support of the first application for a declaration of invalidity are the same as those invoked in support of the second. The applicant maintains that it is the same earlier right, namely the sign Grand Hotel Palladium, that was relied on as the basis of both applications. The intervener, by contrast, disputes that the unregistered trade name Grand Hotel Palladium was relied on in the first application for a declaration of invalidity, and alleges that that application was based on three national trade marks and on the company name Residencial Palladium, SA. Lastly, EUIPO has not expressly taken a position on this point in its response.

58 In the contested decision, the Board of Appeal stated that the first application for a declaration of invalidity was based on two earlier national trade marks and on two signs used in the course of trade that were of more than merely local significance (paragraphs 2 and 3 of the contested decision) and that the second application for a declaration of invalidity was based on two signs used in the course of trade that were of more than merely local significance (paragraph 8 of the contested decision). It did not, however, describe the rights invoked in support of each of the two applications, nor, with particular regard to the signs used in the course of trade, did it make clear their nature or the verbal elements composing them.

59 In addition, with regard to the first application for a declaration of invalidity, it is apparent from EUIPO's administrative file relating to the present case that the applicant has stated that it based that first application on a sign used in the course of trade of more than merely local significance and on three earlier national trade marks. It has thus stated that those trade marks were the Spanish marks No 94047 and No 2503994 and the Italian mark No 597136. Regarding the sign relied on, the applicant ticked the box 'company name', and mentioned the 'word mark Residencial Palladium'. Then, in the section for providing further explanations, it indicated that the company's business was the running of the Grand Hotel Palladium. Finally, on the following page, the applicant had explained that the name of the company was of more than merely local significance and that its Grand Hotel Palladium was very well known.

60 In addition to that, with regard to the second application for a declaration of invalidity, it appears from EUIPO's administrative file for the present case that, in support of that application, the applicant relied on a sign used in the course of trade of more than merely local significance. It ticked the boxes 'trade name' and 'company name', mentioning the sign Grand Hotel Palladium, then, in its explanations, it stated that it used the trade name Grand Hotel Palladium.

61 It follows from the foregoing, first, that the contested decision does not identify with sufficient clarity and precision what earlier rights were invoked in support of the first and second applications for a declaration of invalidity, secondly, that it cannot be established whether the Board of Appeal's assertions in this regard are consistent with the information in the administrative file relating to the proceedings before EUIPO and, thirdly, that it cannot be understood or inferred from the Board of Appeal's observations whether the second application for a declaration of invalidity was based on the same earlier right or rights as those invoked in

support of the first application for a declaration of invalidity. Those details are, however, necessary in order for the Court to determine whether the error of law on the part of the Board of Appeal has any consequences in the present case (see paragraph 50 above).

- 62 Having regard to these shortcomings and inaccuracies in the statement of reasons for the contested decision, described in paragraph 61 above, it must be noted that the right to good administration entails, inter alia, in accordance with Article 41(2) of the Charter of Fundamental Rights of the European Union, an obligation devolving on the administration to state the reasons for its decisions. That obligation, which flows also from Article 94 of Regulation 2017/1001, has the dual purpose of enabling interested parties to know the purported justification for the measure taken so as to be able to defend their rights and of enabling the Courts of the European Union to exercise their jurisdiction to review the legality of the decision in question (see, to that effect, judgments of 10 May 2012, *Rubinstein and L'Oréal v OHIM*, C-100/11 P, EU:C:2012:285, paragraph 111, and of 17 March 2016, *Naazneen Investments v OHIM*, C-252/15 P, EU:C:2016:178, paragraph 29).
- 63 That obligation has the same scope as that which derives from the second paragraph of Article 296 TFEU, which requires that the statement of reasons disclose in a clear and unequivocal manner the reasoning followed by the institution which adopted the measure in question, without it being necessary for that reasoning to go into all the relevant facts and points of law, since the question whether the statement of reasons meets those requirements must, nonetheless, be assessed with regard, not only to its wording, but also to its context and to all the legal rules governing the matter in question (see, to that effect, judgment of 21 October 2004, *KWS Saat v OHIM*, C-447/02 P, EU:C:2004:649, paragraphs 63 to 65, and order of 14 April 2016, *KS Sports v EUIPO*, C-480/15 P, EU:C:2016:266, paragraph 32).
- 64 A finding of an absence of reasons or inadequacy of the reasons stated goes to an issue of infringement of essential procedural requirements, within the meaning of Article 263 TFEU, and, as it involves a matter of public policy, must be raised by the EU Courts of their own motion (judgment of 2 April 1998, *Commission v Sytraval and Brink's France*, C-367/95 P, EU:C:1998:154, paragraph 67).
- 65 Given those circumstances, in accordance with the case-law mentioned in paragraphs 62 to 64 above, the Court decided of its own motion to examine whether the Board of Appeal had fulfilled its obligation to state reasons. It invited the parties, by way of a measure of organisation of procedure under Article 89 of the Rules of Procedure of the General Court, to set out their positions on the issue in writing. In particular, the applicant and EUIPO were invited to indicate precisely on which earlier right or rights the first and second applications for a declaration of invalidity were based, the intervener having expressed its position on that point in its response. In addition, the parties were asked to comment on the possibility of the Court's finding, of its own motion, that the Board of Appeal had failed to fulfil its obligation to state reasons, as required by Article 94 of Regulation 2017/1001. In this connection, they were asked whether they thought that the contested decision made it possible, first, to identify the earlier rights invoked in support of the first and second applications for a declaration of invalidity and, secondly, to determine whether the right or rights invoked in support of the second application for a declaration of invalidity had been relied on in support of the first application for a declaration of invalidity.
- 66 It must be noted that the applicant did not reply to the Court's questions within the period allowed.

- 67 In response to the Court's first question, EUIPO stated that all the rights alleged by the applicant had been acquired prior to the submission of the first application for a declaration of invalidity. It has indicated that that application was based on three national trade marks, namely the Spanish trade marks No 94047 and No 2503994, which were registered on 16 May 2001 and 1 May 2003 respectively, and the Italian trade mark No 597136, registered on 4 May 1993, and also on the company name Residencial Palladium. It has also stated that the second application for a declaration of invalidity was based on the 'unregistered trade name and business name' Grand Hotel Palladium. Accordingly, it must be held that the rights to which EUIPO has pointed correspond, essentially, to those which the legal predecessor of the intervener mentioned in its response.
- 68 As regards the answer to the Court's second question, it must first of all be noted that, even though EUIPO acknowledges an incorrect reference in the contested decision to the rights relied on in the first application for a declaration of invalidity, and admits that it could have been more explicit regarding the right relied on in the second application for a declaration of invalidity, while at the same time pointing more generally to the implicit reasoning in the contested decision, both EUIPO and the intervener consider that that decision is sufficiently reasoned and does make it possible to determine whether the right or rights invoked in support of the second application for a declaration of invalidity were invoked in support of the first application for a declaration of invalidity. However, it must also be observed that, on this point, EUIPO's reading of the contested decision and that of the intervener are diametrically opposed. EUIPO considers that the contested decision makes it possible to determine that the right on which the second application for a declaration of invalidity was based had not been invoked in support of the first application. By contrast, the intervener takes the view that the contested decision suggests that the rights invoked in support of the second application for a declaration of invalidity had already been invoked in support of the first application.
- 69 More specifically, first of all, EUIPO, with regard to the first application for a declaration of invalidity, acknowledges that the Board of Appeal was wrong to state that that application was based on, *inter alia*, two signs used in the course of trade.
- 70 With regard to the second application for a declaration of invalidity, EUIPO admits that the Board of Appeal could have been more explicit as to the earlier rights invoked, but maintains that the only question put by the applicant to the Board of Appeal was whether Article 53(4) of Regulation No 207/2009 was applicable to the second application for a declaration of invalidity in the absence of a decision on the merits of the first application. It must be held, however, that that assertion made by EUIPO is incorrect. Indeed, the Board of Appeal stated, in paragraph 14 of the contested decision, that, according to the applicant, the first application for a declaration of invalidity had already been based on the sign Grand Hotel Palladium and, in paragraph 16 of the contested decision, that the legal predecessor of the intervener disputed that argument of the applicant.
- 71 It must also be pointed out that, in paragraph 23 of the contested decision, the Board of Appeal stated that, in accordance with Article 53(4) of Regulation No 207/2009, an application for a declaration of invalidity was inadmissible, in particular, where it '[was] based on the same earlier right or on a right other than that which provided the basis for the [initial application for a] declaration of invalidity but which could have been validly invoked'. It added, in paragraph 24 of the contested decision, that, 'if no new application for a declaration of invalidity [could] be made on the basis of other earlier rights which had not provided the basis for an initial application, still less [could] any such application be made on the basis of the same right as already existed in the first proceedings'. It follows that the Board of Appeal took the view that it was not necessary to

decide the question of whether the earlier right or rights invoked in support of the second application for a declaration of invalidity had already also served as the basis for a first application, not that that question was not debated in this case.

- 72 As for paragraphs 10, 13 and 19 of the contested decision, cited by EUIPO, they do not contain any identification of a sign invoked in support of either of the two applications for a declaration of invalidity. In addition, it is clear from paragraphs 10 and 19 of the contested decision that they relate, essentially, to the wording of Article 53(4) of Regulation No 207/2009, although it is not possible to deduce from them whether the right or rights on which the second application for a declaration of invalidity was based had been invoked in support of the first application, in particular given the vagueness of the contested decision in the identification of those rights, and given the Board of Appeal's conclusions in paragraphs 23 and 24 of that decision.
- 73 Lastly, EUIPO argues that, since the Board of Appeal endorsed the Cancellation Division's decision in its entirety, that decision and the reasoning underlying it form part of the context in which the contested decision was adopted. EUIPO concludes that that decision, and that context, make it possible to identify the earlier rights invoked in support of the first and second applications for a declaration of invalidity and to determine that the right or rights invoked in support of the second application for a declaration of invalidity had not been invoked in the first application. However, in view of the foregoing, namely the vagueness surrounding the rights relied on in the two applications for a declaration of invalidity, the parties' disagreement as to whether the sign invoked in support of the second application for a declaration of invalidity had already been invoked in the first application, and the Board of Appeal's conclusion that there was essentially no need for that disagreement to be resolved (see paragraphs 69 to 72 above), it cannot be held that the statement of reasons for the Cancellation Division's decision can remedy the inadequacies and inaccuracies in the statement of reasons for the contested decision.
- 74 In the second place, according to the intervener, with regard to the first application for a declaration of invalidity, the Board of Appeal mentioned that the rights invoked were, *inter alia*, two signs used in the course of trade. It appears from that application that the applicant identified those two signs as being Residencial Palladium and Grand Hotel Palladium. As for the second application for a declaration of invalidity, the intervener takes the view that the earlier rights are clearly identified in the contested decision, from which it is apparent that the applicant relied on a trade name, Grand Hotel Palladium, and a company name, Residencial Palladium.
- 75 It must be observed that, on the one hand, the intervener is thus emphasising that the rights invoked in support of each of the applications are not clearly and precisely defined in the contested decision and that, on the other hand, its understanding of the rights invoked is different from that expressed by EUIPO in its reply to the questions put by the Court.
- 76 Furthermore, the intervener considers that it is clear from the contested decision that the Board of Appeal found that the rights invoked in the second application for a declaration of invalidity had already been invoked in support of the first application, which is contrary to what EUIPO maintains.
- 77 Accordingly, it must be held that, owing to the inadequacies in the statement of reasons for the contested decision, described in paragraph 61 above, confirmed by the contrary readings of the contested decision given by EUIPO and by the applicant in so far as concerns the Board of Appeal's conclusions as to the rights invoked in support of each of the applications for a declaration of invalidity, it is not sufficiently clear and precise from the contested decision what

those rights are and whether or not the Board of Appeal concluded that the right or rights invoked in support of the second application for a declaration of invalidity had been invoked in the first application.

- 78 Consequently, the applicant's first head of claim must be upheld and the contested decision annulled, since the Board of Appeal failed to fulfil its obligation to state reasons under Article 94 of Regulation 2017/1001 by failing to identify clearly and precisely the earlier rights invoked in support of the first and second applications for a declaration of invalidity, thus making it impossible for the EU Courts to assess the consequences of the Board of Appeal's error of law regarding the legality of the contested decision. As to the remainder, the action must be dismissed.

### **Costs**

- 79 Under Article 134(1) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Since EUIPO has been essentially unsuccessful, it must be ordered to pay the costs, in accordance with the form of order sought by the applicant.
- 80 In addition, since the intervener has been essentially unsuccessful, it must bear its own costs.

On those grounds,

THE GENERAL COURT (Fifth Chamber)

hereby:

- 1. Annuls the decision of the Fourth Board of Appeal of the European Union Intellectual Property Office (EUIPO) of 12 February 2020 (Case R 231/2019-4);**
- 2. Dismisses the action as to the remainder;**
- 3. Orders EUIPO to bear its own costs and to pay those incurred by Residencial Palladium, SL;**
- 4. Orders Palladium Gestión, SL, to bear its own costs.**

Spielmann

Spineanu-Matei

Mastroianni

Delivered in open court in Luxembourg on 15 September 2021.

[Signatures]