

Case C-322/24**Summary of the request for a preliminary ruling pursuant to Article 98(1) of the Rules of Procedure of the Court of Justice****Date lodged:**

30 April 2024

Referring court:

Juzgado de lo Mercantil n.º 1 de Alicante (Spain)

Date of the decision to refer:

27 November 2023

Applicant:

Sánchez Romero Carvajal Jabugo, S.A.

Defendant:

Embutidos Monells, S.A.

Subject matter of the main proceedings

European Union trade mark – Application for later national mark – Bad faith – Action for declaration of invalidity – Principle of estoppel – Principle of good faith – Limitation in consequence of acquiescence – Interruption – Measures to put an end to the infringement of a right within a reasonable period – Overall conduct of the proprietor of the earlier right

Subject matter and legal basis of the request

Request for a preliminary ruling on interpretation – Article 267 TFEU – Regulation (EU) 2017/1001 – Directive (EU) 2015/2436 – Action for declaration of invalidity – Limitation in consequence of acquiescence

Questions referred for a preliminary ruling

1. Should Article 61 of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 and Article 9 of 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 be interpreted as meaning that the proprietor of an earlier registration who sets a specific time limit in the warning letter for bringing an action for a declaration of invalidity that clearly and unambiguously coincides with the general time limit of five years for bringing an action for a declaration of invalidity, is subject to the principle of estoppel, since that party has given the proprietor of the later trade mark the expectation that that proprietor will not be sued on the basis of possible invalidity after the specified date? In that regard, should a plea of bad faith in the application for registration asserted in subsequent legal proceedings for the purpose of avoiding the existence of a limitation period be regarded as conduct contrary to the principle of good faith if, at the time when the burofax was sent, the party already had all the elements necessary to consider that the registration had been applied for in bad faith?

2. If the answer to the first question is in the affirmative, should Article 61 of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 and Article 9 of 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 be interpreted as meaning that the conduct of the applicant in actively opposing the registration of EU trade marks that substantially overlap with the contested national trade marks, where registration was ultimately refused as a result of that opposition, constitutes an effort within a reasonable period to remedy that situation?

Provisions of European Union law relied on

Treaty on European Union: Article 6(3).

Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification): Articles 59(1) and 61.

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: Article 9(1).

Judgment of 19 May 2022, *HEITEC*, C-466/20 P, EU:C:2022:400 (‘the judgment in *HEITEC*’).

Judgment of 22 September 2011, *Budějovický Budvar* (Case C-482/09; EU:C:2011:605; ‘the judgment in *Budějovický Budvar*’).

Provisions of national law relied on

Legislation

Código Civil (Civil Code), Article 7(1): ‘Rights must be exercised in accordance with the requirements of good faith.’

Ley 17/2001, de 7 de diciembre, de Marcas (Law 17/2001 of 7 December 2001 on trademarks):

Article 51(1), which regulates the grounds for absolute invalidity. According to this provision, the registration of a trade mark may be declared invalid either on the grounds of infringement of an absolute prohibition (Article 5 of the same law) or on the grounds of bad faith on the part of the applicant when applying for the trade mark.

Article 52, which regulates the grounds for relative invalidity. According to paragraph 1 of this provision, the registration of a trade mark may be declared invalid on the grounds of infringement of a relative prohibition (Articles 6, 7, 8, 9 and 10 of the same law). However, paragraph 2 provides that the proprietor of an earlier right referred to in Articles 6, 7, 8 and 9(1) cannot apply for a declaration of invalidity of the later trade mark on the basis of that earlier right where that party has acquiesced to the use of a registered later trade mark for a period of five successive years with knowledge of such use, unless the application for that later trade mark was made in bad faith.

Case-law

Some judgments representative of current national case-law doctrine in relation to the principle of good faith, the doctrine of estoppel and the doctrine of unfair delay not related to trade mark cases:

Judgment of the Supreme Court, Civil Division, Section 1, of 19 October 2020 (ROJ (Official Law Reports Identifier): STS 3414/2020 – ES:TS:2020:3): on the doctrine of estoppel in general.

Judgment of the Supreme Court, Civil Division, Section 1, of 17 July 2008 (ROJ: STS 3954/2008 – ES:TS:2008:3954): on estoppel and the statute of limitations.

Succinct presentation of the facts and procedure in the main proceedings

- 1 SANCHEZ ROMERO CARVAJAL JABUGO, S.A. is the proprietor of the following EU trade marks:
- 2 **5J Cinco Jotas SÁNCHEZ ROMERO CARVAJAL JABUGO, S.A. DESDE 1879**, number 001412048, requested on 7 December 1999 and granted on 4 October 2006, for class 29.



- 3 **5J**, number 009335662, requested on 26 August 2010 and granted on 5 July 2015, for class 29.





- 4 For its part, EMBUTIDOS MONELLS, S.A. is the proprietor of the following Spanish national trade marks:
- 5 Spanish trade mark **5Ms**, number M3003995(9), requested on 31 October 2011 and granted on 9 February 2012, for class 29:



- 6 Spanish trade mark **5Ps**, number M3014970(3), requested on 26 January 2012 and granted on 3 May 2012, for class 29:



- 7 On 3 November 2016, the applicant sent the defendant a warning letter through a professional firm specialising in trade mark law, in which the following was stated:
- 8 that trade mark **5J**, number 009335662, is a trade mark with a reputation;
1. that that fact is known to the defendant inasmuch as SANCHEZ ROMERO CARVAJAL JABUGO, S.A. opposed the registration of the sign 5Cs with the Oficina Española de Patentes y Marcas (Spanish Patent and Trade Mark Office; 'OEPM'), and that registration was refused by the OEPM as a result of that opposition on 12 July 2012;
- 9 That it has found that the defendant is the proprietor of two other trade marks with similar characteristics to 5Cs, namely Spanish trade mark **5Ms** with number M3003995(9) and Spanish trade mark **5Ps** with number M3014970(3), against which the action for declaration of invalidity is now being brought.
- 10 In relation to Spanish trade mark **5Ms**, number M3003995(9), requested on 31 October 2011 and granted on 9 February 2012, for class 29, it is stated that **'an action for a declaration of invalidity may still be brought against this trade mark before 28 February 2017'**. (The bold appears in the burofax).
- 11 In relation to Spanish trade mark **5Ps**, number M3014970(3), requested on 26 January 2012 and granted on 3 May 2012, for class 29, it is stated that **'an action for a declaration of invalidity may still be brought against this trade mark before 18 May 2017'**. (The bold appears in the burofax).
- 12 Negotiations began following receipt of the burofax by the defendant, and these ended without agreement on 28 December 2016.
- 13 On 9 February 2017, barely three months after the warning letter and 43 days after negotiations had ceased, the defendant applied to EUIPO for registration of two EU trade marks, which substantially overlap with the national trade marks registered by that party.
- 14 Following the applicant's opposition to these new registrations, registration of trade mark 016339004  was refused on 2 June 2018. Registration of trade mark 016338998  was refused on 2 December 2020.
- 15 On 2 November 2021, 11 months after the refusal of the last trade mark requested by the defendant, SANCHEZ ROMERO CARVAJAL JABUGO, S.A. brought an action against EMBUTIDOS MONELLS, S.A., seeking, inter alia, a declaration of invalidity in relation to the defendant's subsequent national trade marks. The latter contested the action on 14 January 2022.

The essential arguments of the parties in the main proceedings

- 16 The applicant believes that the defendant was acting in bad faith when it applied for registration of the national trade marks in question under Article 59 of Regulation (EU) 2017/1001 and Article 51(1)(b) of Law 17/2001 of 7 December 2001 on trade marks.
- 17 For its part, the defendant is asserting a right to limitation in consequence of acquiescence, in accordance with Article 61 of Regulation (EU) 2017/1001 and Article 52(2) of Law 17/2001 of 7 December 2001 on trade marks.
- 18 It thus argues that the registration of the trade marks in question dates back to 2012, that the defendant has long acquiesced to the use of those trade marks by not bringing any legal action until 2 November 2021 and that the warning letter served on 3 November 2016 and received on 4 November set a strict time limit for bringing an action to request a declaration of invalidity: 28 February 2017.

Succinct presentation of the reasoning in the request for a preliminary ruling

Factual considerations

- 19 From the warning letter served on 28 February 2017 and the fact that the applicant itself set the starting point for the stated period (the *dies a quo*) for limitation of the action as the date on which the granting of the trade marks was published, combined with the fact that it is common ground that, on those dates, the applicant opposed the registration of other similar national trade marks, it is clear that the applicant could reasonably have opposed the registration of the national trade marks in question.
- 20 Furthermore, it is common ground that, in 2012, the applicant's trade marks had a reputation in Spain, and therefore, in accordance with the criteria laid down in the judgment of 11 June 2009, Case C-529/07, *Chocoladefabriken Lindt & Sprüngli* (EU:C:2009:361), the registration of the later national trade marks by EMBUTIDOS MONELLS could be considered to have been undertaken in bad faith.
- 21 In the light of the foregoing, doubts arise as to the relevance of a warning letter served by burofax in which the legal representatives of the applicant – which could not have been unaware at that time that the circumstances existing at the time when the application for the later trade marks was submitted implied that the trade mark registration had been undertaken in bad faith – set a strict time limit for the exercise of actions for declaration of invalidity.
- 22 Therefore, doubts arise as to whether the fact that the proprietor of an earlier registration – despite having cited the reputation of the mark and despite its knowledge of other trade mark registrations – does not allege in the warning letter the existence of bad faith on the part of the proprietor of the later trade marks and

sets a strict time limit of five years for the exercise of any action for declaration of invalidity, clearly and unambiguously, should be considered as representing grounds for estoppel, as that party has created in the proprietor of the later trade mark the expectation that it will not be sued on the basis of the possible invalidity of the abovementioned later registrations.

- 23 In that regard, the question arises as to whether that proprietor, having then had all the factual elements necessary to assess whether the defendant was acting in bad faith when it applied for registration of the mark, may subsequently rely on that bad faith in order to avoid the application of that five-year time limit.
- 24 In the same way, and in the case where the party is subject to the principle of estoppel and cannot therefore plead bad faith as grounds for invalidity or as grounds for non-application of time-barring, the national court must decide whether limitation by acquiescence applies, and the principles laid down in the judgments in *Budějovický Budvar* and *HEITEC* must therefore be taken into account.
- 25 With regard to the defendant's application to EUIPO for registration of two EU trade marks that are virtually identical to the later national trade marks at issue in these proceedings, the question arises as to whether the opposition filed by the applicant, which resulted in the rejection of the application, can be regarded as an act interrupting the period of limitation.
- 26 In particular, we must ask whether the conduct of the proprietor of the earlier trade marks in actively opposing the registration of those EU trade marks constitutes an effort within a reasonable time to remedy that situation.

Relevance to the decision of the questions referred for a preliminary ruling

- 27 These proceedings concern the application of Articles 59 and 61 of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codified version).
- 28 In particular, the Court of Justice is being asked about the interaction between the general legal principle of good faith and the abovementioned articles. The question is whether conduct that can be regarded as grounds for estoppel binds a party in such a way as to create obligations for that party that result in the right to an action being forfeited in the event that, on expiry of the time limit that the party itself has imposed and that coincides with the general time limit of five years for bringing an action for declaration of invalidity, that party has not brought such an action.
- 29 This question has not previously been settled under EU law.
- 30 However, the parties raise doubts as to the relevance of the question referred for a preliminary ruling. The applicant argues that the time limits for bringing actions for declaration of relative invalidity are not a matter of non-mandatory law but

rather of public law and are therefore not left to the discretion of the parties. Thus, the fact of having sent a burofax setting out a strict time limit for the exercise of an action to request a declaration of invalidity is not binding upon the party in respect of subsequent legal proceedings in the event that the registration was applied for in bad faith. It asserts that the administrative and judicial actions carried out during the years 2012, 2016, 2017, 2018, 2019, 2020 and 2021 must be regarded as a reasonable effort to prevent the position of the contested trade mark from becoming consolidated.

- 31 For its part, the defendant submits that it is unnecessary to refer the question for a preliminary ruling, since there is established case-law of the Court of Justice of the European Union that answers the questions raised. On this point, it cites the judgments of 25 October 2007, *Nijs v Court of Auditors* (C-495/06 P, EU:C:2007:644, paragraphs 54 to 56), and of 24 June 2010, *Kronopoly v Commission* (C-117/09 P, EU:C:2010:370), in relation to the first question. In particular, it points out that consideration should be given to the judgment of the Court of Justice of 13 February 2014, *Marszałkowski v OHIM* (C-177/13 P, EU:C:2014:183). It should therefore be understood that the party is subject to the principle of estoppel and, consequently, where a time limit has been set for bringing an action, it may not bring that action at a later date. As regards the second question, the defendant argues that the question has already been settled by the judgment in *HEITEC*.
- 32 However, the arguments of the parties do not rebut the approach taken by this Tribunal de Primera Instancia (Court of First Instance). In fact, the parties disagree on the application of the principle in question, which means that the answer is not self-evident.
- 33 In this regard, it should be borne in mind that the applicant's interpretation of the nature of the time limits for bringing actions to request declarations of relative invalidity is based on the interpretation of national law and not of EU law based on the case-law of the Court of Justice of the European Union.
- 34 However, it is not necessary for that purpose to explain the limitation period from the point of view of national law, since the question is exclusively a matter of EU law, and the interpretation of the limitation period that may have been imposed by the national courts based on Spanish law is therefore irrelevant.
- 35 In addition, the Court of Justice is being asked to clarify its case-law position in the judgments in *Budějovický Budvar* and *HEITEC*. This question is relevant given that the concept of limitation in consequence of acquiescence is an autonomous notion of European Union law with a nature and scope that differ from similar national notions, in particular under Spanish national law (time-barring and limitation), and with different conceptions existing in the different Member States. For this reason, a necessarily case-based delimitation of the concept is considered necessary in order to provide uniformity in the application of this notion by the different Member States.

- 36 In this sense, it cannot be considered an *acte clair* or an *acte éclairé* by the recent case-law of the Court of Justice given that there might be a different response from the judges of the different Member States. Thus, it is not an obvious answer for all EU trade mark judges in all Member States.

The first question referred

- 37 The principle of good faith is a general principle of law common to all Member States. It is also a general principle of EU law. Therefore, we see no reason why it should not be taken into account as a parameter for assessing the conduct of the parties.
- 38 In this regard, the sending of a warning letter by the proprietor of an earlier registration in which a time limit for the exercise of action to request a declaration of invalidity is strictly laid down must be binding on the party sending that letter, given the principle that *nemo potest contra factum proprium venire* (one may not set oneself in contradiction to one's own previous conduct). This applies in particular where that time limit is the general five-year time limit for bringing an action for a declaration of invalidity.
- 39 The fact that the registration of the later sign might have been undertaken in bad faith is irrelevant in so far as the proprietor of the earlier sign had, at the time when the burofax was sent, all the elements necessary to establish that that registration had been made in bad faith.
- 40 It is also irrelevant whether the letter is served by the proprietor of the earlier sign itself or by that party's legal representatives. Clearly the fact that this act is carried out by its legal representatives, specialists in trade mark law, means that the party must be bound by its own acts, given that it has created in the opposing party the expectation that no action to request a declaration of invalidity will be brought at a later date.
- 41 Therefore, to allege – on the occasion of subsequent legal proceedings that are initiated four years after that burofax was sent – the existence of bad faith in the application for registration in order to avoid the application of the general time limit of five years for bringing such an action must be regarded as conduct that is contrary to good faith.
- 42 This court therefore proposes that the Court answer the first question in the affirmative. Therefore, Article 61 of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 and Article 9 of 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 should be interpreted as meaning that the proprietor of an earlier registration who sets a specific time limit in the warning letter for bringing an action for a declaration of invalidity is subject to the principle of estoppel, since that party has given the proprietor of the later trade mark the expectation that that proprietor will not be sued on the basis of possible invalidity after the specified date, and the bad faith of

the proprietor of the later sign at the time of registration is irrelevant if the proprietor of the earlier sign had all the elements necessary to consider that such conduct had been in good faith.

The second question referred

- 43 We must find that, notwithstanding the fact that the applicant did not bring the action to request a declaration of invalidity within the time limit indicated, there has not been a limitation in consequence of acquiescence within the meaning of European law.
- 44 The Court of Justice stated in its judgment in HEITEC that ‘if the proprietor of the earlier mark or other earlier right, having expressed its opposition to the use of the later mark by a warning letter, did not, after noting the refusal of the addressee of that letter to comply with it or to enter into negotiations, pursue its efforts within a reasonable period in order to remedy that situation, where appropriate by bringing an administrative or court action, it must be inferred that that proprietor failed to take the measures available to it to put an end to the alleged infringement of its rights’ (paragraph 55).
- 45 However, that statement cannot be interpreted as meaning that the administrative action must relate solely and exclusively to the contested trade mark registration, but rather that the overall conduct of the proprietor of the earlier registration must be assessed.
- 46 Thus, I consider it relevant that the defendant attempted to register two EU trade marks with EUIPO that substantially coincided with the registered national trade mark, as the distinctive and dominant word element remained unchanged, and that those registrations were refused precisely because of the belligerent attitude of the proprietor of the earlier sign.
- 47 In that regard, although the applicant did not take steps to put an end to the infringement of its rights in relation to the national marks challenged in the subsequent court proceedings, it did take steps to put an end to the infringement of its rights in relation to similar marks in the registration attempts before EUIPO.
- 48 Following the applicant’s opposition to those new registrations and the subsequent refusal of those registrations, the applicant brought the action to request a declaration of invalidity in relation to the national marks on 2 November 2021, and thus 11 months after the last mark requested by the defendant was refused.
- 49 I therefore propose that the Court answer the second question to the effect that Article 61 of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 and Article 9 of 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 should be interpreted as meaning that the conduct of the applicant in actively opposing the registration of EU trade marks that substantially overlap with the contested national trade marks,

where registration was ultimately refused as a result of that opposition, constitutes an effort within a reasonable period to remedy that situation, given that the legal action was brought within 11 months of the refusal of the last trade mark requested by the defendant.

WORKING DOCUMENT