

# Kluwer Trademark Blog

## ¡Qué lío! – Bad faith ruling of the General Court of the European Union

Verena von Bomhard (BomhardIP) · Thursday, November 3rd, 2022



In two parallel decisions of 19 October 2022, the General Court confirmed the cancellation of the figurative “Lío” marks as shown above registered in the name of a German individual (let’s call him B) on grounds of bad faith (T?466/21 and T?467/21), confirming the EUIPO Fifth Board of Appeal on all points.

The facts tick all the boxes for a bad faith case, resulting almost in a textbook decision on bad faith:

El Lío is (apparently, for non-Ibiza lovers) a well-known nightclub on the Spanish party paradise island Ibiza. It owns trademark registrations for entertainment and bar services for the mark shown now on the left, while using the sign as shown in the middle (in a variety of different renderings):



The sign shown on the right is what is currently in use (see [lioibiza.com](http://lioibiza.com)) – the “Pacha cherries” have been added and otherwise the sign is the same.

In 2015, B travelled to Ibiza as a tourist where he became acquainted with the club (there was even a photo of him with the Lío signage outside the club in the Board of Appeal decisions).

Subsequently he (or his predecessor in title, a small entity of which he was the managing director) filed a multi-class EU trademark application for typical merchandise products like mugs, t-shirts, ash trays, bath towels. The owners of the nightclub opposed but unsuccessfully; their registered rights were only in classes 41 and 43, i.e. dissimilar to the goods and services of B's application.

Following the registration of the mark, B offered to sell it to the nightclub owners for € 1.5 million, unsuccessfully of course. When B found out that a new investor had become involved in El Lío, he made another offer to sell the mark – this time for no less than € 3.5 million.

In 2017, B filed yet another EU trademark application for the same sign, this time covering an even wider range of goods and services – and B made yet another sales offer, this time for both marks, for the initial price of 1.5 million in total. Even this 'bargain' did not result in a sale – rather, the nightclub had enough and brought invalidity actions based on bad faith.

These actions were successful before the EUIPO Cancellation Division and Fifth Board of Appeal. B took the matter to the General Court, where he again lost.

The General Court provided a 16-paragraph summary of the current state of EU case law on bad faith in trademark law, to then assess in more detail the following factors: that B had filed virtually the same mark, that the club El Lío was known both generally and to B in particular, that there was no "honest commercial logic" to B's registrations, and that B, in addition, exerted 'undue pressure' on the owners of the club by means of disproportionate sales offers. The overall assessment of all these objective factors supported an assumption of dishonest motives. The Court, as such, confirmed that the Board had correctly found that B's intention was to free-ride on the reputation of the club El Lío.

**"Meterse en un lío"** is a Spanish saying for getting into trouble – and that is precisely what B did. By filing for the exact same mark, inventing some story about how he wanted to buy a cap of the club for this dog, also called Lio, and therefore allegedly created a label – which, however, never took off, while trying to cash in on the trade mark by selling it to the legitimate club owners, he just about 'rubbed it in'. It is a shame to think that the club owners had to fight this case through three instances and over more than five years, likely now only retrieving a small portion of the legal costs incurred.

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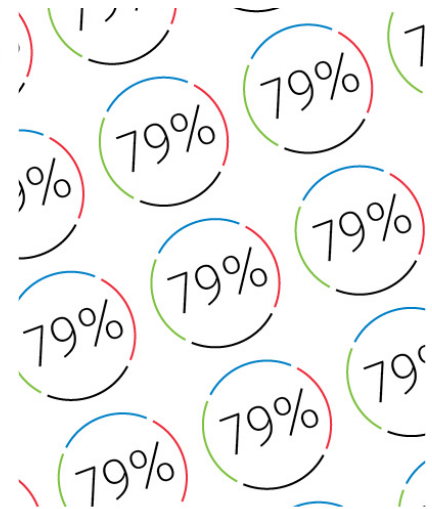
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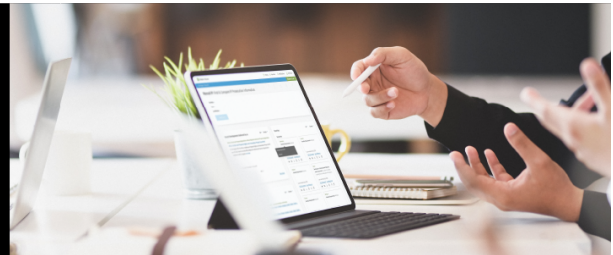


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“>General Court, [Ibiza](#)

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