



Reports of Cases

JUDGMENT OF THE GENERAL COURT (Tenth Chamber, Extended Composition)

6 July 2022 *

(EU trade mark – Invalidity proceedings – EU figurative mark NEHERA – Absolute ground for invalidity – No bad faith – Article 52(1)(b) of Regulation (EC) No 207/2009 (now Article 59(1)(b) of Regulation (EU) 2017/1001))

In Case T-250/21,

Ladislav Zdút, residing in Bratislava (Slovakia), represented by Y. Echevarría García, lawyer,

applicant,

v

European Union Intellectual Property Office (EUIPO), represented by D. Gája, acting as Agent,

defendant,

the other parties to the proceedings before the Board of Appeal of EUIPO, interveners before the General Court, being

Isabel Nehera, residing in Sutton, Ontario (Canada),

Jean-Henri Nehera, residing in Burnaby, British Columbia (Canada),

Natacha Sehnal, residing in Montferrier-sur-Lez (France),

represented by W. Woll, lawyer,

THE GENERAL COURT (Tenth Chamber, Extended Composition),

composed of A. Kornezov, President, E. Buttigieg, K. Kowalik-Bańczyk (Rapporteur), G. Hesse and D. Petrlík, Judges,

Registrar: E. Coulon,

having regard to the written part of the procedure,

* Language of the case: English.

having regard to the fact that no request for a hearing was submitted by the parties within 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

- 1 By his action under Article 263 TFEU, the applicant, Mr Ladislav Zdút, seeks annulment of the decision of the Second Board of Appeal of the European Union Intellectual Property Office (EUIPO) of 10 March 2021 (Case R 1216/2020-2) ('the contested decision').

Background to the dispute

- 2 On 6 May 2013, the applicant filed an application for registration of an EU trade mark with EUIPO pursuant to Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark (OJ 2009 L 78, p. 1), as amended (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)).
- 3 Registration as a mark was sought for the following figurative sign:



- 4 The goods for which registration was sought are in Classes 18, 24 and 25 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, for each of those classes, to the following description:
 - Class 18: 'Leather and imitations of leather, and goods made of these materials and not included in other classes; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks';
 - Class 24: 'Bed covers; Table covers';
 - Class 25: 'Clothing, footwear, headgear'.
- 5 The trade mark application was published in *Community Trade Marks Bulletin* No 2013/107 of 10 June 2013.
- 6 The mark was registered on 31 October 2014 under number 11794112 for the goods referred to in paragraph 4 above.
- 7 On 17 June 2019, the interveners, Ms Isabel Nehera, Mr Jean-Henri Nehera and Ms Natacha Sehna, filed an application for a declaration of invalidity against that mark ('the contested mark'), in accordance with the provisions of Article 59(1)(b) of Regulation 2017/1001, in respect

of all the goods covered by that mark. They claimed that the applicant was acting in bad faith when he filed the application for registration of the contested mark. They stated, inter alia, that in Czechoslovakia in the 1930s, their grandfather, Mr Jan Nehera, had established a business marketing clothing and accessories and had filed and used a national mark identical to the contested mark ('the former Czechoslovak trade mark').

- 8 By decision of 22 April 2020, the Cancellation Division of EUIPO dismissed the application for a declaration of invalidity, on the ground that the applicant's bad faith when he filed the contested mark had not been established.
- 9 On 15 June 2020, the applicants filed a notice of appeal with EUIPO, pursuant to Articles 66 to 71 of Regulation 2017/1001, against the decision of the Cancellation Division.
- 10 By the contested decision, the Second Board of Appeal of EUIPO upheld the interveners' appeal, annulled the decision of the Cancellation Division and declared the contested mark invalid.
- 11 In essence, the Board of Appeal found that the former Czechoslovak trade mark was a well-known mark and had been put to genuine use in Czechoslovakia in the 1930s. It held that the applicant was aware of the existence and celebrity both of Mr Jan Nehera and of the former Czechoslovak trade mark, which retained a certain surviving reputation. The Board of Appeal also stated that the applicant had attempted to create an association between himself and that former Czechoslovak trade mark. In those circumstances, the Board of Appeal considered that the applicant's intention was to take unfair advantage of the reputation of Mr Jan Nehera and of the former Czechoslovak trade mark. It found that the applicant was acting in bad faith when he filed the application for registration of the contested mark.

Forms of order sought

- 12 The applicant claims that the Court should:
 - annul the contested decision;
 - order EUIPO to pay the costs, including those relating to the proceedings before the Board of Appeal of EUIPO.
- 13 EUIPO and the interveners contend that the Court should:
 - dismiss the application;
 - order the applicant to pay the costs.

Law

Admissibility of the documents produced for the first time before the Court

- 14 The applicant produced, in annex to the application, first, an extract from the Slovak Republic Business Register relating to the company Jandl and, secondly, a brochure designed by that company and promoting the contested mark.

- 15 As EUIPO correctly observes, those documents, produced for the first time before the Court, cannot be taken into consideration. The purpose of actions before the Court is to review the legality of decisions of the EUIPO Boards of Appeal, for the purposes of Article 72 of Regulation 2017/1001, so it is not the Court's function to review the facts in the light of documents produced for the first time before it. The abovementioned documents must therefore be disregarded, without it being necessary to assess their probative value (see, to that effect, judgment of 24 November 2005, *Sadas v OHIM – LTJ Diffusion (ARTHUR ET FELICIE)*, T-346/04, EU:T:2005:420, paragraph 19 and the case-law cited).

Substance

- 16 As a preliminary point it should be noted, having regard to the date of filing of the application for registration at issue, namely 6 May 2013, which is determinative for the purposes of identifying the applicable substantive law, that the facts of the present case are governed by the substantive provisions of Regulation No 207/2009 (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 29 January 2020, *Sky and Others*, C-371/18, EU:C:2020:45, paragraph 49). Accordingly, in the present case, as regards the substantive rules, the references made to Article 59(1)(b) of Regulation 2017/1001 by the Board of Appeal in the contested decision and by the parties in their written pleadings should be understood as referring to Article 52(1)(b) of Regulation No 207/2009, the terms of which are identical.
- 17 In support of its action, the applicant puts forward a single plea in law, alleging infringement of Article 52(1)(b) of Regulation No 207/2009.
- 18 The applicant submits, in essence, that the Board of Appeal erred in holding that he was acting in bad faith when he filed the application for registration of the contested mark. First, the interveners have not shown that the former Czechoslovak trade mark was still registered or used on the date of filing, therefore they are not proprietors of any right in the sign and in the name Nehera. Secondly, the interveners have also failed to establish that Mr Jan Nehera and the former Czechoslovak trade mark still enjoyed a residual fame or reputation on that date. In those circumstances, the applicant claims that he cannot be accused of any dishonest intention or unfair practice.
- 19 EUIPO and the interveners dispute the applicant's arguments.

Preliminary considerations

- 20 Under Article 52(1)(b) of Regulation No 207/2009, an EU trade mark is to be declared invalid on application to EUIPO or on the basis of a counterclaim in infringement proceedings where the applicant was acting in bad faith when he filed the application for registration of that trade mark.
- 21 In that regard, it should be noted that the concept of bad faith referred to in Article 52(1)(b) of Regulation No 207/2009 is not defined, delimited or even described in any way in the legislation (see judgment of 29 June 2017, *Cipriani v EUIPO – Hotel Cipriani (CIPRIANI)*, T-343/14, EU:T:2017:458, paragraph 25 and the case-law cited).

- 22 Nevertheless, the Court of Justice and the General Court have provided a number of clarifications as to how the concept of bad faith as referred to in Article 52(1)(b) of Regulation No 207/2009 should be interpreted and the existence of that concept assessed.
- 23 In the first place, in accordance with its usual meaning in everyday language, the concept of bad faith presupposes the presence of a dishonest state of mind or intention (judgments of 12 September 2019, *Koton Mağazacılık Tekstil Sanayi ve Ticaret v EUIPO*, C-104/18 P, EU:C:2019:724, paragraph 45, and of 29 January 2020, *Sky and Others*, C-371/18, EU:C:2020:45, paragraph 74).
- 24 The concept of bad faith must, moreover, be understood in the context of trade mark law, which is that of the course of trade. In that regard, the rules on the EU trade mark are aimed, in particular, at contributing to the system of undistorted competition in the European Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin (judgments of 12 September 2019, *Koton Mağazacılık Tekstil Sanayi ve Ticaret v EUIPO*, C-104/18 P, EU:C:2019:724, paragraph 45, and of 29 January 2020, *Sky and Others*, C-371/18, EU:C:2020:45, paragraph 74).
- 25 Consequently, the absolute ground for invalidity referred to in Article 52(1)(b) of Regulation No 207/2009 applies where it is apparent from relevant and consistent indicia that the proprietor of an EU trade mark has filed the application for registration of that mark, not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin recalled in paragraph 24 above (judgments of 12 September 2019, *Koton Mağazacılık Tekstil Sanayi ve Ticaret v EUIPO*, C-104/18 P, EU:C:2019:724, paragraph 46, and of 29 January 2020, *Sky and Others*, C-371/18, EU:C:2020:45, paragraph 75).
- 26 In the second place, the intention of an applicant for a trade mark is a subjective factor which must, however, be determined objectively by the competent administrative or judicial authorities. Consequently, any claim of bad faith must be the subject of an overall assessment, taking into account all the factual circumstances relevant to the particular case. It is only in that manner that a claim of bad faith can be assessed objectively (see judgment of 12 September 2019, *Koton Mağazacılık Tekstil Sanayi ve Ticaret v EUIPO*, C-104/18 P, EU:C:2019:724, paragraph 47 and the case-law cited).
- 27 To that end, it is appropriate to take into consideration, in particular, first, the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product or service capable of being confused with the sign for which registration is sought, secondly, the applicant's intention to prevent that third party from continuing to use such a sign and, thirdly, the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought (judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 53).

- 28 That said, the factors set out in paragraph 27 above are only examples drawn from a number of factors which can be taken into account in order to decide whether an applicant for registration was acting in bad faith when filing the trade mark application (see, to that effect, judgment of 29 June 2017, *CIPRIANI*, T-343/14, EU:T:2017:458, paragraph 28 and the case-law cited).
- 29 Thus there may be situations in which the application for registration of a trade mark is liable to be regarded as having been filed in bad faith notwithstanding the absence of a likelihood of confusion between the sign used by a third party and the mark at issue or if there had been no use, by a third party, of a sign identical with, or similar to, the contested mark. Other factual circumstances may, depending on the circumstances, constitute relevant and consistent indicia establishing the bad faith of the applicant (see, to that effect, judgment of 12 September 2019, *Koton Mağazacılık Tekstil Sanayi ve Ticaret v EUIPO*, C-104/18 P, EU:C:2019:724, paragraphs 52 to 56).
- 30 It must therefore be held that, in the context of the overall assessment undertaken pursuant to Article 52(1)(b) of Regulation No 207/2009, account may also be taken of the origin of the sign at issue and of its use since its creation, the commercial logic underlying the filing of the application for registration of the sign as a European Union trade mark, and the chronology of events leading up to that filing (see judgment of 7 July 2016, *Copernicus-Trademarks v EUIPO – Maquet (LUCEO)*, T-82/14, EU:T:2016:396, paragraph 32 and the case-law cited).
- 31 Similarly, it is possible to take into account the extent of the reputation enjoyed by the sign at issue at the time its registration was sought (see, to that effect, judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 51), including where that sign has previously been registered or used by a third party as a trade mark (see, to that effect, judgment of 8 May 2014, *Simca Europe v OHIM – PSA Peugeot Citroën (Simca)*, T-327/12, EU:T:2014:240, paragraph 40).
- 32 The fact that use of a sign for which registration is sought would enable the applicant to take unfair advantage of the reputation of an earlier trade mark or sign or of the name of a famous person is such as to establish bad faith on the part of the applicant (see, to that effect, judgments of 8 May 2014, *Simca*, T-327/12, EU:T:2014:240, and of 14 May 2019, *Moreira v EUIPO – Da Silva Santos Júnior (NEYMAR)*, T-795/17, not published, EU:T:2019:329).
- 33 In the third place, where the bad faith of the trade mark applicant is based on its intention to take unfair advantage of the reputation of an earlier sign or name, the relevant public for the purpose of assessing the existence of that reputation and of the unfair advantage taken of that reputation is that targeted by the contested mark, namely the average consumer of the goods for which it was registered (see, by analogy, judgment of 27 November 2008, *Intel Corporation*, C-252/07, EU:C:2008:655, paragraph 36).
- 34 In the fourth place and finally, it should be borne in mind that it is for the applicant for a declaration of invalidity to prove the circumstances that substantiate a finding that an EU trade mark proprietor was acting in bad faith when it filed the application for registration of that mark (see judgment of 8 May 2014, *Simca*, T-327/12, EU:T:2014:240, paragraph 35 and the case-law cited), good faith being presumed until proven otherwise (judgment of 13 December 2012, *pelicantravel.com v OHIM – Pelikan (Pelikan)*, T-136/11, not published, EU:T:2012:689, paragraph 57).

- 35 It is in the light of the foregoing considerations that the legality of the contested decision must be assessed, in that the Board of Appeal found that the applicant was acting in bad faith when he filed the application for registration of the contested mark.

Existence of bad faith on the part of the applicant

- 36 It is apparent from paragraphs 35 and 37 of the contested decision that, in order to find bad faith on the part of the applicant, the Board of Appeal relied on the fact that, in applying for registration of the contested mark, the applicant was actually seeking, in a parasitic way, to exploit the reputation of Mr Jan Nehera and of the former Czechoslovak trade mark and thus to take unfair advantage of that reputation. Accordingly, it is the intention to engage in parasitic behaviour (free-riding) vis-a-vis that reputation that forms the basis of the Board of Appeal's finding.
- 37 In that context, among the various factors that may be taken into consideration for the purposes of an overall assessment of the applicant's good or bad faith, it is more particularly relevant to examine, in addition to the factual and historical context of the dispute, the degree of legal protection, the actual use and the reputation both of the former Czechoslovak trade mark and of Mr Jan Nehera's name, as well as the extent of the applicant's awareness of those factors.
- 38 Furthermore, having regard to the case-law cited in paragraph 33 above, the relevant public in the present case for the purpose of assessing the existence of the reputation of the former Czechoslovak trade mark and of Mr Jan Nehera's name, as well as unfair advantage taken of that reputation, consists of average consumers of the goods referred to in paragraph 4 above, namely the general public of the European Union.

– Factual and historical context

- 39 It is common ground that Mr Jan Nehera, born in 1899 in Kostelec na Hané (now in the Czech Republic), was a businessman in the fashion sector, active in Czechoslovakia in the 1920s, 1930s and 1940s. In particular, at the beginning of the 1930s, he established a business in Prostějov (now in the Czech Republic), the name of which made reference to his surname and which manufactured and marketed ready-to-wear clothing for women, men and children, as well as accessories. Thanks to modern management techniques and to intensive use of advertising, that undertaking was quite successful in Czechoslovakia and abroad. On the eve of the Second World War, it had almost 1 000 employees and had a network of more than 130 retail outlets in Europe, the United States and Africa. That business continued to operate during the Second World War, under the effective control of a German national after a 'merger' imposed on Mr Jan Nehera. On 1 January 1946, it was nationalised and its ownership was transferred to the Czechoslovak State. It then continued its activity under a new business name that no longer referred to its founder's surname. At that time, Mr Jan Nehera had already left Czechoslovakia and had settled in Morocco, in which country he continued to operate two clothing shops and where he died in 1958.
- 40 It is also common ground that, through his business, Mr Jan Nehera filed a trade mark in Czechoslovakia identical to the contested mark, namely the former Czechoslovak trade mark (see paragraph 7 above). That former Czechoslovak trade mark was registered in June 1936 under number 6414 in the Czechoslovak Chambers of Commerce and Trade Register, an extract of which is produced by the interveners. Mr Jan Nehera used that former Czechoslovak trade mark

in the 1930s and 1940s to market, in Czechoslovakia and abroad, goods manufactured by his business. He also used the former Czechoslovak trade mark in his Moroccan clothing shops until the 1950s.

- 41 The applicant, for his part, is a Slovak businessman, active in the field of advertising and marketing. He has no family ties with Mr Jan Nehera and his family. In 2006, he applied for and obtained in the Czech Republic the registration of a national trade mark identical to the former Czechoslovak trade mark and to the contested mark. That Czech trade mark expired in 2016. On 6 May 2013, he applied for registration of the contested mark as an EU trade mark; that mark was registered on 31 October 2014 (see paragraphs 2, 3 and 6 above). In 2014, he began to present women's clothing collections in fashion shows and to market them using the contested mark.

– *Legal protection of the former Czechoslovak trade mark and of Mr Jan Nehera's name*

- 42 It is not apparent from the file – and moreover is not alleged by any of the parties – that the former Czechoslovak trade mark was still registered in the name of a third party on the date on which application for registration of the contested mark was filed. On the contrary, first, EUIPO acknowledges that the former Czechoslovak trade mark lapsed in 1946. It is apparent from the extract from the Czechoslovak Chambers of Commerce and Trade Register produced by the interveners that the former Czechoslovak trade mark was deleted in June 1946. Secondly, it is common ground that, although a national mark identical to the former Czechoslovak trade mark was registered in the name of a third party in the Czech Republic between 1992 and 2002, that mark had expired before the application for registration of the contested mark was filed.
- 43 Nor has it been established or even alleged that Mr Jan Nehera's name enjoyed specific legal protection on the date on which the application for registration of the contested mark was filed.

– *Use of the former Czechoslovak trade mark and Mr Jan Nehera's name*

- 44 Nor is it apparent from the file – nor, moreover, is it alleged by any of the parties – that either the former Czechoslovak trade mark or Mr Jan Nehera's name was still being used by a third party to market clothing on the date on which the application for registration of the contested mark was filed. First, EUIPO acknowledges that, apart from some use by Mr Jan Nehera in Morocco in the 1950s, the former Czechoslovak trade mark was no longer used after 1946. Nor do the interveners rely on any use of the former Czechoslovak trade mark, whether in Europe after the nationalisation of Mr. Jan Nehera's business in 1946 or in Morocco after his death in 1958. Secondly, it does not appear that the third party holder of a national trade mark identical to the former Czechoslovak trade mark and registered in the Czech Republic between 1992 and 2002 ever used it.

– *Reputation of the former Czechoslovak trade mark and of Mr Jan Nehera's name*

- 45 In contrast to the Cancellation Division, the Board of Appeal found, in paragraphs 33 and 34 of the contested decision, first, that Mr Jan Nehera was a 'celebrity' and, secondly, that the former Czechoslovak trade mark still had, at the very least, a 'certain surviving reputation' and thus retained 'historic value' on the date on which the application for registration of the contested mark was filed.

- 46 The parties agree on the fact that the former Czechoslovak trade mark and Mr Jan Nehera's name had, at the very least, a certain reputation or a certain celebrity in Czechoslovakia in the 1930s and 1940s. By contrast, they disagree as to whether that reputation or that celebrity persisted on the date on which the application for registration of the contested mark was filed.
- 47 The applicant is of the opinion that Mr Jan Nehera and the former Czechoslovak trade mark are now completely forgotten. EUIPO also accepts that, prima facie, there does not appear to be any evidence that they still have a surviving reputation in the Czech Republic or in Slovakia. Solely the interveners maintain that they were still renowned in those two Member States in 2013.
- 48 In that regard, first of all, for the purpose of establishing the persistence of that reputation, the interveners confine themselves before the Court to referring to two items of evidence, namely, first, an article from the encyclopaedia Wikipedia dedicated to Mr Jan Nehera and, secondly, a Czech student's university dissertation concerning the nationalisation of Mr Jan Nehera's business and the history of that business during the period from 1945-1948. The interveners rely in particular on an extract from that university dissertation, according to which 'the name of [Mr] Jan Nehera is still remembered as one of the greatest Czechoslovak entrepreneurs in the garment industry of the first [Czechoslovak] Republic'.
- 49 Although the two items of evidence relied on by the interveners contain information on the history of Mr Jan Nehera and his business in the 1930s and 1940s, they do not provide any detailed information capable of establishing that either Mr Jan Nehera or the former Czechoslovak trade mark was still well known in 2013 to a significant part of the relevant public. Moreover, EUIPO itself takes the view that those two items of evidence are not probative.
- 50 Next, the applicant rightly observes that the other evidence produced by the interveners before EUIPO is not any more capable of establishing that the reputation of Mr Jan Nehera or of the former Czechoslovak trade mark persisted. The interveners had placed on EUIPO's file, for example, (1) a photograph taken in Morocco in the 1950s and showing a shop bearing the former Czechoslovak trade mark, (2) a commemorative brochure published in 2000 by the Slovak undertaking Ozeta on the occasion of its 60th anniversary and referring to the opening in 1940 of a factory in Trenčín (now in Slovakia) by Mr Jan Nehera's business, or even (3) several press articles and other documents relating to the applicant's activity. However, those various items of evidence contain no information establishing a current knowledge by the relevant public of Mr Jan Nehera or of the former Czechoslovak trade mark on the date on which the application for registration of the contested mark was filed.
- 51 In particular, the applicant draws the Court's attention to the interview with a fashion designer, produced by the interveners. In that interview given in 2015, that is to say well before the filing of the application for a declaration of invalidity against the contested mark and, consequently, unrelated to it, Mr Samuel Drira, co-founder and editor in chief of a French fashion magazine, explained that he had been unaware of the existence of the Nehera brand until a day before arriving in Bratislava and meeting the applicant, who then offered to recruit him as the creative director of his undertaking. Thus it appears that even a specialist in the fashion sector, recruited by the applicant to launch his activity manufacturing women's clothing, was entirely unaware of the existence of the former Czechoslovak trade mark.
- 52 Lastly, it must be observed that almost seven decades had elapsed between 1946, the year in which the former Czechoslovak trade mark ceased to be used in Europe, and 2013, the year in which the applicant applied for registration of the contested mark.

53 In those circumstances, the interveners have not provided proof, which it is incumbent upon them to do in accordance with the case-law referred to in paragraph 34 above, that in 2013, the former Czechoslovak trade mark still enjoyed a certain reputation in the Czech Republic, Slovakia or in other Member States or that Mr Jan Nehera's name was still famous among a significant portion of the relevant public. It follows that the Board of Appeal erred in finding that the former Czechoslovak trade mark had retained a 'certain surviving reputation' and that that name was still famous when the application for registration of the contested mark was filed.

– *The applicant's awareness of the past existence and reputation of the former Czechoslovak trade mark and of Mr Jan Nehera's name*

54 It is common ground that, as the Board of Appeal found in paragraph 29 of the contested decision, the applicant was aware of the past existence and reputation of Mr Jan Nehera and of the former Czechoslovak trade mark when the application for registration of the contested mark was filed.

55 It is indeed apparent from the file, and in particular from the applicant's explanations in the application and in an email sent by him to Ms Sehnal on 16 February 2016, that he was looking for an old, unused and forgotten brand, which he could use to launch his own women's clothing business. Having considered several names, he decided to use the trade mark Nehera Praguea, then the former Czechoslovak trade mark, in order to 'pay a tribute' to the 'great days of [the] [C]zechoslovak textile industry of [the 19]30s' and in particular to Mr Jan Nehera, who he regarded as a 'great figure' and a 'symbol' of those 'great days' for the Czechoslovak clothing sector.

– *Overall assessment*

56 It follows from paragraphs 42 to 53 above that, on the date on which the application for registration of the contested mark was filed, the former Czechoslovak trade mark and Mr Jan Nehera's name were no longer either registered or protected, or used by a third party to market clothing, or even well known among the relevant public.

57 Free-riding behaviour with regard to the reputation of a sign or of a name, such as that described by the Board of Appeal in the contested decision to substantiate a finding of bad faith on the part of the applicant is, in principle, only possible if that sign or that name actually and currently enjoys a certain reputation or a certain celebrity (see, by analogy, judgment of 3 September 2015, *Iron & Smith*, C-125/14, EU:C:2015:539, paragraph 29).

58 Accordingly, the Courts of the European Union have already found, on the part of a person applying for registration of a European Union trade mark, an intention to take unfair advantage of the surviving reputation of an earlier mark, including where that mark was no longer used (judgment of 8 May 2014, *Simca*, T-327/12, EU:T:2014:240), or of the current celebrity of the name of a natural person (judgment of 14 May 2019, *NEYMAR*, T-795/17, not published, EU:T:2019:329), in situations where that surviving reputation or that fame had been duly established. By contrast, they have found no usurpation of the reputation of a term claimed by a third party and, therefore, no bad faith on the part of the trade mark applicant, where that term was neither registered, nor used, nor renowned in the European Union (see, to that effect, judgment of 29 November 2018, *Khadi and Village Industries Commission v EUIPO – BNP Best Natural Products (Khadi Ayurveda)*, T-683/17, not published, EU:T:2018:860, paragraphs 68 to 71).

- 59 In those circumstances, in the absence of surviving reputation in respect of the former Czechoslovak trade mark and of current celebrity in respect of Mr Jan Nehera's name when the application for registration of the contested mark was filed, the subsequent use of that mark by the applicant was not, in principle, capable of constituting free-riding behaviour indicating bad faith on the part of the applicant.
- 60 That finding is not called into question by the fact that the applicant was aware of the past existence and reputation of Mr Jan Nehera and of the former Czechoslovak trade mark (see paragraphs 54 and 55 above). The mere fact that the trade mark applicant knows or ought to know that a third party has, in the past, used a mark identical or similar to the mark applied for is not sufficient to establish the existence of bad faith on the part of that applicant (see, to that effect and by analogy, judgments of 27 June 2013, *Malaysia Dairy Industries*, C-320/12, EU:C:2013:435, paragraphs 36 and 37 and the case-law cited, and of 29 November 2018, *Khadi Ayurveda*, T-683/17, not published, EU:T:2018:860, paragraph 69).
- 61 However, it is still necessary to examine the other arguments of EUIPO and of the interveners, seeking, in essence, to establish free-riding intention and bad faith on the part of the applicant, irrespective of any surviving reputation of the former Czechoslovak trade mark and of Mr. Jan Nehera's name.
- 62 In the first place, EUIPO, supported by the interveners, complains, in essence, that the applicant sought to create an association between, on the one hand, his activity, and, on the other hand, the former Czechoslovak trade mark and Mr Jan Nehera. According to EUIPO, the applicant secured an advantage on the market by building his corporate image on an express link with a previously renowned mark and with a previously famous businessman.
- 63 In that regard, it is indeed true, as the Board of Appeal noted, in essence, in paragraph 35 of the contested decision, that the applicant established a link between his undertaking and the former Czechoslovak trade mark. It is common ground that, on numerous occasions, he referred to the former Czechoslovak trade mark and to Mr Jan Nehera in the context of his undertaking's communication and marketing strategy. Thus numerous documents in the file, such as, for example, the applicant's undertaking's website, that undertaking's page on the social network Facebook and a number of press articles, refer to the fact that that undertaking 'revived' and 'resurrected' the old Nehera brand, created by Mr Jan Nehera in the 1930s.
- 64 However, it should be borne in mind that, according to the case-law, the existence on the part of the relevant public of a link between a later trade mark and a former sign or name cannot be sufficient, on its own, to support a finding that unfair advantage was taken of the reputation of the sign or of the former name (see, to that effect and by analogy, judgments of 27 November 2008, *Intel Corporation*, C-252/07, EU:C:2008:655, paragraph 32, and of 3 September 2015, *Iron & Smith*, C-125/14, EU:C:2015:539, paragraph 31).
- 65 In addition, it should be noted that the concept of unfair advantage being taken of the reputation of a sign or a name covers a situation in which a third party rides on the coat-tails of a formerly renowned sign or name in order to benefit from its power of attraction, its reputation and its prestige and, without any financial compensation and without having to make any efforts of its own in that regard, to exploit the commercial effort expended by the proprietor or user of that sign or of that name in order to create and maintain the image of that sign or of that name (see, to that effect and by analogy, judgment of 18 June 2009, *L'Oréal and Others*, C-487/07, EU:C:2009:378, paragraph 49).

- 66 However, in the present case, the applicant claims, unchallenged either by EUIPO or by the interveners, that in 2013, the former Czechoslovak trade mark and the name of Mr Jan Nehera were completely forgotten by the relevant public, and that he himself devoted considerable effort, time and money to revive the Nehera mark and to make known the history of Mr Jan Nehera and of his business. It follows that, far from merely having exploited in a parasitic way the past reputation of the former Czechoslovak trade mark and the name of Mr Jan Nehera, the applicant made his own commercial efforts in order to revive the image of the former Czechoslovak trade mark and thus, at his own expense, to restore that reputation. In those circumstances, the mere fact of having referred, for the purposes of promoting the contested mark, to the historic image of Mr Jan Nehera and of the former Czechoslovak trade mark does not appear to be contrary to honest practices in industrial or commercial matters.
- 67 In the second place, EUIPO and the interveners submit that the applicant sought to mislead the public by leading it to believe that he had continued the work, and was the legitimate successor, of Mr Jan Nehera. In particular, the interveners criticise the applicant for having wanted to create an ‘illusion of continuity’ and a ‘false link of “inheritance”’ between his undertaking and that of Mr Jan Nehera. The interveners also refer to Article 7(1)(g) of Regulation 2017/1001, which provides that registration is to be refused for trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the product or service.
- 68 In that regard, it cannot be ruled out that, in certain specific circumstances, reuse by a third party of a previously renowned former mark or of the name of a previously famous person may give a false impression of continuity or of inheritance with that former mark or with that person. That could be the case, in particular, where the trade mark applicant presents itself to the relevant public as the legal or economic successor of the holder of the former mark, whereas there is no continuity or inheritance relationship between the holder of the former mark and the trade mark applicant. Such a circumstance could be taken into account in order to establish, where appropriate, bad faith on the part of the trade mark applicant and, as a result, to find the new mark invalid on the basis of the provisions of Article 52(1)(b) of Regulation No 207/2009.
- 69 However, in the present case, first, it should be noted that the Board of Appeal did not base its reasoning on an intention by the applicant to create a false impression of continuity or inheritance between his undertaking and that of Mr Jan Nehera.
- 70 Next, and in any event, it has neither been established nor even alleged that the applicant claimed a family tie with Mr Jan Nehera or that he presented himself as the heir and the legal successor of Mr Jan Nehera or of his business. Moreover, by stating that he had revived and resurrected a mark that flourished in the 1930s, the applicant suggested rather an interruption and, therefore, a lack of continuity between Mr Jan Nehera’s activity and his own. Therefore, it does not appear that the applicant deliberately sought to establish a false impression of continuity or inheritance between his undertaking and that of Mr Jan Nehera.
- 71 Lastly, the provisions of Article 7(1)(g) of Regulation 2017/1001 are wholly irrelevant to the present action. The Board of Appeal declared the contested mark to be invalid, not on the basis of the provisions of Article 52(1)(a) of Regulation No 207/2009 in conjunction with those of Article 7(1)(g) of that regulation, relating to marks of such a nature as to deceive the public, but solely on the basis of Article 52(1)(b) of that regulation, relating to bad faith.

- 72 In the third place, the interveners claim that the applicant sought to defraud Mr Jan Nehera's descendants and heirs and to usurp their rights by not obtaining their agreement before applying for registration of the contested mark.
- 73 In that regard, it should be noted, first, that the Board of Appeal did not base its reasoning on an intention on the part of the applicant to defraud Mr Jan Nehera's descendants and heirs or to usurp their rights.
- 74 Secondly, and in any event, the former Czechoslovak trade mark and Mr Jan Nehera's name no longer benefited from any legal protection in favour of a third party at the date on which the application for registration of the contested mark was filed (see paragraphs 42 and 43 above). It follows that Mr Jan Nehera's descendants and heirs did not hold any right that might be susceptible to fraud or to being usurped by the applicant. Therefore it does not appear that, in applying for registration of the contested mark, the applicant intended to defraud the descendants and heirs of Mr Jan Nehera or to usurp their alleged rights.
- 75 In the fourth place, the interveners claim that Mr Jan Nehera was unlawfully and unfairly deprived of his assets when his business was nationalised in 1946. They consider that, in accordance with the principle that a right cannot arise from an unlawful act (*ex injuria jus non oritur*), no one can now take advantage of that injustice to enrich themselves by using Mr Jan Nehera's name.
- 76 In that regard, it should be noted that the applicant cannot be held responsible for the nationalisation of Mr Jan Nehera's business in 1946. The same is true of the lack of protection and use of the former Czechoslovak trade mark for almost seven decades as well as the disappearance of that mark's reputation and of its creator's fame. In those circumstances, the fact that Mr Jan Nehera was unlawfully or unfairly deprived of his assets is not capable of establishing bad faith on the part of the applicant.
- 77 In the fifth and last place, EUIPO claims, as the Board of Appeal stated in paragraph 36 of the contested decision, that the concept of bad faith does not necessarily imply any degree of moral turpitude.
- 78 In that regard, it is sufficient to note that, according to the case-law cited in paragraph 23 above, the concept of bad faith presupposes the presence of a dishonest state of mind or intention. In the present case, EUIPO and the interveners have not established that the applicant was driven by a dishonest state of mind or intention when he filed the application for registration of the contested mark.
- 79 It follows from all of the foregoing that the Board of Appeal erred in finding that the applicant intended to take unfair advantage of the reputation of Mr Jan Nehera and of the former Czechoslovak trade mark and in finding that he was acting in bad faith when filing the application for registration of the contested mark.
- 80 Accordingly, the applicant's single plea in law must be upheld and the contested decision must be annulled.

Costs

- 81 Under Article 134(1) of the Rules of Procedure of the General Court, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. In the present case, EUIPO and the interveners have been unsuccessful. Since the applicant has applied only for EUIPO to be ordered to pay the costs before the Court, EUIPO must be ordered to bear its own costs and to pay those incurred by the applicant in the present proceedings.
- 82 In addition, the applicant claimed that EUIPO should be ordered to pay the costs of the appeal proceedings before the Board of Appeal. In that regard, it must be borne in mind that, under Article 190(2) of the Rules of Procedure, costs necessarily incurred by the parties for the purposes of the proceedings before the Board of Appeal are to be regarded as recoverable costs. Accordingly, EUIPO must also be ordered to pay the costs necessarily incurred by the applicant for the purposes of the proceedings before the Board of Appeal.
- 83 Furthermore, pursuant to Article 138(3) of the Rules of Procedure, the interveners are to bear their own costs.

On those grounds,

THE GENERAL COURT (Tenth Chamber, Extended Composition)

hereby:

- 1. Annuls the decision of the Second Board of Appeal of the European Union Intellectual Property Office (EUIPO) of 10 March 2021 (Case R 1216/2020-2);**
- 2. Orders EUIPO to bear its own costs and those incurred by Mr Ladislav Zdút, including the necessary costs incurred in the appeal proceedings before the Board of Appeal;**
- 3. Declares that Ms Isabel Nehera, Mr Jean-Henri Nehera and Ms Natacha Sehnal are to bear their own costs.**

Kornezov

Buttigieg

Kowalik-Bańczyk

Hesse

Petrлік

Delivered in open court in Luxembourg on 6 July 2022.

E. Coulon
Registrar

S. Papasavvas
President