

Real Madrid loses sponsorship fight with UAE fund

Toby Fisher
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Renovations continue at the Bernabéu (Shutterstock, Piotr Piatrouski)

Spanish football club Real Madrid has lost a €550 million ICC claim against an Emirati sovereign wealth fund that it accused of abandoning a sponsorship agreement to help finance the redevelopment of its stadium.

In a 3 May award, tribunal chair **Yves Derains** formed a majority with Swiss arbitrator **Charles Poncet** to dismiss the contractual claim against the International Petroleum Investment Company (IPIC), part of the Abu Dhabi sovereign wealth fund Mubadala.

GAR understands the majority found that the sponsorship agreement had expired on its own terms due to Real Madrid's failure to undertake agreed redevelopment works.

Real Madrid's appointee to the tribunal, former Spanish government lawyer **Carlos González-Buono**, argued in a dissenting opinion that the football club had only guaranteed that it would be able to begin the work.

Real Madrid used Spanish firms Alonso & Díez-Hochleitner (formerly José María Alonso Abogados) and Pérez-Llorca in the Paris-seated arbitration. IPIC was represented by a team from Gaillard Banifatemi Shelbaya Disputes, which brought the case from Shearman & Sterling, alongside Allen & Overy.

The dispute concerns a Spanish law-governed sponsorship agreement that the parties entered in 2014 to help finance a planned overhaul of Real's Santiago Bernabéu stadium, including the construction of a hotel and a shopping centre.

However, the deal went awry after the Madrid courts annulled a modification to the city's urban plan that had allowed Real to proceed with its original development. As a result, Real was forced to alter its plan, after which IPIC claimed the contract was terminated on its own terms.

IPIC merged with another Mubadala entity to form the Mubadala Investment Company in 2017, and Real [launched](#) its claim against the sovereign fund the following year, seeking more than €550 million in sponsorship fees and damages.

GAR understands that the tribunal majority declared the sponsorship agreement expired on its own terms, and found that Real had failed to consult IPIC before pursuing its updated redevelopment plans, which included changes that necessarily impacted on the fund's contractual rights. The majority ordered the parties to bear their own costs.

GAR understands that in his dissent, González-Bueno argued that Real had met the conditions precedent in the contract, which only required the club to have the necessary permits to begin construction. He also accused the majority of failing to provide adequate reasoning for their conclusions.

GBS founding partner **Yas Banifatemi** tells GAR: "The tribunal reached the only possible outcome, given the clear terms of the sponsorship agreement and Real Madrid's obligations thereunder. The agreement was very clear in providing that IPIC had agreed to a sponsorship based on a specific redevelopment project and a specific stadium promised by Real Madrid. Real Madrid, on the other hand, was essentially trying to force IPIC to pay for something it never had agreed to and was not even consulted on."

"The tribunal's decision demonstrates its ability to uphold clear contractual arrangements and its determination to not entertain unfounded claims, even in the context of high value disputes," she adds.

Real's counsel was contacted.

IPIC previously fought an LCIA dispute with Malaysian sovereign wealth fund 1MDB over the latter's default on interest payments on bonds it issued in a 2012 deal. In that case, IPIC was represented by Clifford Chance and 1MDB by Weil Gotshal & Manges.

The dispute settled and shortly before the merger with Mubadala, IPIC reported that it had [received the final tranche](#) of a US\$1.2 billion settlement payment from 1MDB.

In 2021, Argentine footballer Paulo Dybala [settled](#) an ICC arbitration worth around €35 million with his former agent over image rights, a dispute that reportedly supered potential moves to English clubs Tottenham Hotspur and Manchester United before his eventual transfer to Italy's Roma.

Real Madrid CF v International Petroleum Investment Company

Tribunal

- **Yves Derains** (France) (President)
- **Carlos González-Bueno** (Spain) (appointed by Real Madrid)
- **Charles Poncet** (Switzerland) (appointed by IPIC)

Counsel to Real Madrid

- Alonso & Diez-Hochleitner

Partner **José María Alonso** and counsel **Javier Diez-Hochleitner** in Madrid

- Pérez-Llorca

Partner **Felix Montero** in Madrid

Counsel to International Petroleum Investment Company

- Gaillard Banifatemi Shelbaya Disputes (brought the case from Shearman & Sterling)

Partners **Emmanuel Gaillard***, **Yas Banifatemi** and **Tsegaye Laurendeau****, and senior associates **Yael Ribco Borman**, **Antonio Wirta** and **Marija Sobat** in Paris.

* [passed away](#) in 2021

**no longer with the firm

- Allen & Overy

Partners **Antonio Vázquez-Guillen** in Madrid, consultant **Antonio Jiménez-Blanco**, counsel **Emma Morales**, and associates **Pablo Torres** and **Gonzalo Jiménez-Blanco** in Madrid; partner **Christopher Mainwaring-Taylor** in Singapore; and associate **Alexander Calthrop** in Paris

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