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Brettell**

Intellectual
Property

TRADE MARKS

BREXIT – BEST PRACTICE FOR TRADE MARKS

The UK left the EU on 31 January 2020. However the UK has now entered an 11-month transition which will push back the effects of Brexit until 31 December 2020. The transition period can be extended by a further 12 or 24 months if both the UK & the EU agree by 1 July 2020.

This fact sheet aims to provide useful tips and answer some key questions in the lead-up to Brexit.

What will happen to your EUTM registrations and EUTM applications?

Draft legislation provides for the automatic extension of any EU/IR-EU registrations to the UK at exit day. 'Exit day' is treated as the end of any transition period, not the 31 January 2020. Therefore currently we are working to exit day being 31 December 2020.

In order to identify UK rights which arise from an EU registration (which will officially be called 'comparable trade mark (EU)' and known as a 'daughter right'), the number allocated to the daughter right will be the last 8 digits of the EUTM prefixed with **UK009**.

In order to identify UK rights which arise from an EU designation of an International Registration (which will officially be called 'International trade mark (EU)' and known as a 'daughter right'), the number allocated to the daughter right will be the last 8 digits of the EUTM prefixed with **UK008**. Please note that these new UK rights will sit outside of the main International registration going forward and will need to be maintained separately. Please also see our further comments below on Internationals.

For pending EU/IR-EU applications, the draft legislation provides that if an application remains pending at exit day, applicants will need to file a fresh UK application within 9 months of exit day to maintain the same filing/priority date as the EU application. We will docket this date on each case for you once you confirm that we should put the matters on to our records.

Claims to an earlier priority will be recognised for any application filed within this nine month period following the UK's exit. Claims to UK seniority recorded on the corresponding EUTM application will similarly be maintained and recognised. The original UK right giving rise to the seniority claim will not be reinstated; rather the rights will be maintained and recognised under the daughter UK application. [As a technicality, seniority rights do not take effect until the original national right expires, so it is possible in some circumstances that the original UK right may still exist and that clients will be able to choose how to handle those rights going forward.]

Applicants of pending applications will not be advised of the opportunity to apply for an equivalent UK right, i.e. no formal notification will issue, and so it will be necessary for applicants to ensure that their representatives are proactively monitoring the deadline for action. We will of course be doing that for all of our clients.

What will happen to your EUTM applications or EU registrations under opposition or cancellation proceedings?

Where an EUTM application is still showing as opposed as of exit day, it will be deemed to be 'pending'. As such, to preserve the UK portion of the right applicants will need to file a UK daughter right application within the nine month period in order to preserve the filing/priority date of the EUTM application. If an opponent wishes to prevent registration in the UK then, subject to any future indication to the contrary by the UKIPO, it will need to re-oppose the UK daughter right application separately.

The UKIPO has however now clarified that the position in respect of cancellation or invalidity proceedings pending against EUTM registrations differs. EUTM registrations which are still going through cancellation proceedings at the end of the transition period will have UK daughter rights created. However, as per the Withdrawal Agreement Act, the UKIPO intends to honour the result of a cancellation action on the UK daughter right. The cancellation will only have effect if the grounds are applicable in the UK.

This clarification means that a party should not now need to launch a separate cancellation action on the UK daughter right after the end of the transition period. An area of uncertainty is where multiple rights have been relied on but a decision is only reached on one which does not have effect in the UK.

What will happen to EU designations of International (Madrid Protocol) trade mark registrations?

Draft legislation provides for the automatic extension of any EU designation to the UK at exit day. However, these new rights will sit outside of the main International trade mark going forward and will need to be maintained separately. They will not fall within the remit of the International trade mark, which means they will need to be renewed, assigned and monitored independently from the International trade mark.

For those who use the International system to protect their IP in the EU, as you will be aware, if the designation progresses without objection and/or opposition, it is unlikely that an EU representative will have been appointed. Therefore, at exit day, the UK right which falls out from the EU designation progresses will not have a UK representative. Therefore, our advice would be to appoint an EU representative for the EU designation now, so when your UK right falls out of the same, you will already have a UK representative listed. Barker Brettell has a Swedish office meaning that we would be able to action this on your behalf.

What will happen to your EU oppositions/cancellation actions filed against third parties?

As noted above, if you have filed an opposition or a cancellation action against a third party's EUTM then it appears that it will be necessary to refile this action against the UK daughter application (if filed within the nine month period), as this will be a newly arising right and the application process will be restarted.

As for any actions pending before the EUIPO, the EUIPO has taken the position that the earlier rights relied on in proceedings must continue to produce their effects in the EU at the date on which a decision is taken by the EUIPO on the opposition or on the cancellation request (on relative grounds). It has stated that, as from the end of the transition period, any – pending or new – opposition or cancellation request based solely on a UK right will be dismissed.

For new marks being filed now do you need to file a UK national trade mark application as well as an EU application or EU International designation?

In principle - no. However, as routine EU/IR-EU applications may not secure registration in advance of exit day, our current advice to those filing applications now, and requiring

greater certainty, is to consider a separate UK application at the same time. This will provide earliest registration in the UK and will obviate the need to pay to maintain the UK daughter right. We have special reduced rates in place for these duplicate filings.

If there is “no deal”, then yes – filing both will be required.

For EU registrations or EU International designations with renewal fees due post-Brexit, should you renew early where possible?

No. Early renewals of EU/EU-IR registrations for which the actual renewal date falls due in the 6 month period after exit day will not avoid separate renewal fees. This is because the UK daughter right will not exist until exit day, and it is not possible to renew the right before it has been created.

However it has also been confirmed that any overdue renewal fees due within 6 months after exit day will not incur any late fee surcharges.

What about the validity of EUTMs or UK daughter rights in terms of non-use?

Registrations become vulnerable to cancellation by third parties based on non-use 5 years following registration. The owners of EUTMs or EU-IR designations need to check that they have use in the UK and in other EU territories in order to ensure that neither the EUTM or the resultant UK daughter right become vulnerable to cancellation on the grounds of non-use.

That vulnerability may already exist if the EUTM has been registered for over five years as, even under current EU law, use in one country might not be enough to support an EUTM registration. Currently, any assessment should disregard territorial borders and should consider whether the use is pan-European in nature. The UK is however often a key trading area for many businesses focussing on Europe and, going forward, the exclusion of the UK from the EU could have a significant impact on the assessment of use within the remaining EU for overseas rights holders. This is also true for rights holders with no or little use in the UK – the UK daughter right may become vulnerable.

This issue is of particular importance for clients with large portfolios. Options are available to provide against this and we are available to discuss strategy options relating to use or any other aspect.

Will exhaustion of rights be affected?

The UK government has indicated that placing a product on the market in the EEA will be considered to exhaust any rights in the UK, i.e. goods will be able to move freely from the EEA to the UK. To date there has been no indication that the reverse is true and the understanding is that the EU will view goods first marketed in the UK as not exhausting IP rights in the EEA and that they can be prevented from market entry by EU rights holders.

What about .eu domain names?

Post Brexit, UK companies/individuals will be unable to hold .eu domains so they will need to be transferred to an EU company/individual. If this is not possible then an alternative domain name should be set up now to redirect traffic away from the .eu domain. There may also be consequence to ownership of .fr .hu and .it domains.