

Pleasure to speak with you today from the Caledonian Club. A great excuse for me to get out of the house, put on a suit and spend a bit of my working week not sitting in the same chair staring at the same screen. Suit does seem to be little tighter

So thanks very much to Whitepaper for inviting me to speak about a subject we are very familiar with – Brexit. Perhaps not quite hogging the headlines as it once did but there are still a number of issues that those working with trade marks need to think about.

So today I am going to be focussing mainly on what has happened at the trade mark registries following the UK coming out of the EU trade mark system and the consequences and potential pitfalls that will flow from that over the next year or so and into the future.

Before I get going just to flag that in this talk I am going to refer to 11pm on 31 December 2020 – as in just over two months ago - as Brexit or Brexit day. Technically of course this was actually the end of the transition period and in much of the UK legislation relating to IP it is referred to as IP Completion Day but I think Brexit is of course a convenient shorthand to use.

The UK's exit from the EU trade mark system was one of the issues dealt with in the Withdrawal Agreement and I expect everyone listening to this talk knows the basics:

- Following Brexit existing EUTMs no longer cover the UK – the territorial scope of protection has shrunk
- But All the EUTMs that were registered before Brexit day have been automatically cloned and there is now an equivalent UK trade mark - called

a comparable trade mark. For the same mark, same goods and services, same owner, same priority date, same

- For pending EUTMs on the other hand, applications that had not yet proceeded to registration, these have not automatically come over. Applicants need to file a new application and claim priority from their EUTM application. And they have 9 months to do this, so up to 30 September.

So those are the basics but of course this being trade mark law there are lots of complexities and issues when you dig into.

EU trade marks no longer cover the UK

Main issue that arises out of that is can no longer rely on UK rights in oppositions and cancellation actions, even if these were filed before Brexit.

Oppositions are now being lost because UK only grounds.

Equally importantly, can no longer rely on evidence that supports grounds relied on in the UK. So evidence of reputation or enhanced distinctiveness in the UK

Conceivably could be challenged on appeal. But is in accordance with approach to renewals. If not renewed before decision falls away, even if they were in force when opposition or cancellation action was filed.

Can still rely on UK use, for the part of the relevant 5 year period that is being considered.

Importance will gradually degrade over the five years – from potentially significant to largely irrelevant.

This also applies to UK comparable marks. If revocation action or proof of use request covers

Cloning of marks

So let's look at cloning of marks first. The UKIPO has cloned over 2 million EU rights (TMs and designs). This process seems to have gone reasonably smoothly. I am not aware of any major issues, in terms of marks being lost, or incorrect information or data.

However, some late changes to relevant details of EUTMs may not have been picked up. For example, I understand that late renewals actioned in the last few days may not have been picked up, so mark is shown as expired. I expect the same is going to be the case for assignments that have been recorded. In respect of renewals the UKIPO says that it should pick these up for EU trade marks but not for IRs. Exercise in making sure late recordals are picked up.

But as a say the cloning process seems to have been completed fairly successfully. However, when we are dealing with cloned rights going forward, there are a number of things we need to be alive to that arise out from the cloning process agreed in the WA as implemented in the UK:

There are of course the various admin issues

Make sure new comparable marks are identified and recorded and appropriate representatives listed.

In particular to ensure they are renewed.

The main issue to be alive to here is that if the renewal date falls after Brexit, then both the EUTM and the new comparable UK trade mark will need to be separately renewed – even if the renewal fee for the EUTM was paid before Brexit.

Worth flagging that EU trade marks that have been applied for through the Madrid system – properly called EU designations of IRs – have been cloned in exactly the same way as EUTMs. However, one of the

consequences of this is that the new UK comparable trade mark has come out of the Madrid system, so it is no longer possible to renew centrally at WIPO.

In addition, the nature of these EU designations means that very often there is no listed representative, so notification of need to renewal may be sent to listed address of the TM owner – may go missing.

Another issue with cloned rights, I would flag is that third party interests recorded at the EUIPO have not been cloned.

Principally we are talking here about records of licences and security interests. This means that the onus is on licencees and security holders to re-record the licence and security at the UKIPO. The licences will still cover the UK if they covered the UK before Brexit. And the security will cover the new UK comparable trade mark. There are provisions in the UK legislation that make it clear that this is the case. But those licences and security will not be recorded.

And this can have significant consequences, in particular if a licence or security interest is not recorded then they will not be effective against a third party acquires a conflicting interest in ignorance of that earlier licence or security interest. In addition, non-recordal can impact the ability of a licencees to bring proceedings and cost recovery in proceedings but it is the risk of not being effective against a third party that is the big danger.

Now the Brexit stat instruments that deals with comparable marks do give licencees and security holders 12 months to re-record their interest at the UKIPO before these usual consequences kick-in. So if you do have such interests recorded then . That may be a challenge as not surprisingly these records have probably not been documented and kept track of

The flip side of. Is that if you are carrying out due-diligence on UK comparable trade mark rights in the next 12 months then you still need to

review the original EUTMs to see if there are any third party interests recorded against them.

The final issue I would flag with these cloned rights is how pending cancellation actions filed against the original EUTMs are being dealt with.

Now there was a provision in the Withdrawal Agreement that dealt with this issue – essentially the basic rule is that if there is pending cancellation action and that ultimately declares the mark invalid or revokes (or partially) , then the new UK mark should also be invalidated or revoked.

Derogation from the first subparagraph, the United Kingdom shall not be obliged to declare invalid or to revoke the corresponding right in the United Kingdom where the grounds for the invalidity or revocation of the European Union trade mark do not apply in the United Kingdom.

So for example, if an EUTM is invalidated because of an earlier French trade mark then that would not be grounds for invalidating the UK mark and it would fall within that derogation.

Pending cancellation action have been identified in the UK register – so if you look at the description section of a UK comparable mark it has the

"The existing EU trademark to which this comparable right corresponds is subject to invalidation or revocation action, the outcome of which may be applied to this trademark. "

So the UKIPO has obviously had to think about to deal with the issue, how does it identify when a EUTM is cancelled and whether the derogation will apply. This has been set out in a Tribunal practice note 2/2020.

A Cancellation Notice can be filed by anyone – so the successful cancellation applicant at the EUIPO, another interested third party or even the TM owner themselves. Once a notice has been filed, the proprietor will be given an opportunity to file a derogation notice, if the IPO will tghen issue a preliminary opinion and if it

A number of concerns:

- Only one month notice – could lose their right even if clear does not apply in the UK. That's relatively short. And particularly in circumstances where might not be UK address.

If could apply make sure that have suitable address listed. Could consider filing own cancellation notice and derogation notice at the same time. If have good grounds for derogation.

- Doesn't seem to be any ability for cancellation applicant to appeal if decision is derogation does apply.

Derogation might apply or arguably apply in many circumstances

- National right
- EUTM but decision assessed on the basis of the average consumer in Germany/Italy – speaker of non-English language – reputation (won't be considering UK)
- Descriptive/non-distinctive in non-UK - even English speaker may have some arguments
- Revocation for non-use - will consider UK use. Even if initial decision did consider UK use arguably different threshold.

Not clear if endorsement will ever be removed if EUTM not cancelled. Could write.

Also, if you are cancelling at the EUIPO, good reasons to still file cancellation action in the UK. Not clear how will handle. But if cancel on non-UK grounds then may need to start again. Will be

Re-filing of EU applications.

Pending EUTMs have not been cloned, applicants have to re-file have – have 9 months to do so.

Form has been amended. Don't envisage major problems, Could mean that UK marks can be filed within that 9 month period which could claim priority back for many years.

Main takeaway is that any searches need to include EU register for pending applications (or marks that have registered since Brexit) for those 9 months.

Of course that is what we have has to-do pre Brexit but a reminder that when conducting clearance searches in the UK we still need to search the EU register at least until September.

Representation

- Need UK address for service – following consultation, applies to re-filing of EU applications
- Cloned rights not until 2024

EUIPO

What is the UK's value to existing EU rights owners?

Will vary of course – will be important jurisdiction for some, largely irrelevant for others

Searching considerations:

- UK may not be important even if they have a UK mark (used to considering these issues when identified EU mark).
- Could consider filing cancellation action against UK (can rely on EU use to defeat revocation action but may have less interest)
- May be more scope to acquire rights
- Diarise revocation action for 5 years time

Disputes

- Can take into account EU use if five year period cover pre-Brexit
- But reputation can only be taken into account if relevant date was pre brexit
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we are aware that in some UK Tribunal cases, a small number of users may have an earlier EU mark pleaded against them which, in turn, is the subject of ongoing proceedings at EU level based on an even earlier UK right, and that it may no longer be possible to pursue those (EU) proceedings. We will issue further guidance in early 2021 setting out how such relevant UK Tribunal proceedings should be managed. In the meantime, the impacted party may request a stay of any relevant UK proceedings until the practice is published.