

Brexit: Approaching escape velocity (part ii)

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Julius Stobbs, Cameron Malone-Brown (Stobbs IP)

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The position which the UK may face if it leaves the EU with no deal in place, is discussed in a separate post accessible [here](#).

This post will discuss the Draft Withdrawal Agreement and its implications for brand owners, in the event that it is adopted in March 2019.

The updated draft Withdrawal Agreement

The draft Withdrawal Agreement which has now been released for public scrutiny is very similar to the previously released draft document, at least as far as the IP provisions are concerned. The previous draft was discussed [at the time](#), but some key changes are highlighted below.

Reputation

The new draft agreement sets out the following alteration to Art. 5 (c), relating to

rights in reputation (emphasis added):

(c) the owner of a European Union trade mark having acquired a reputation in the Union shall be entitled to exercise in the United Kingdom rights equivalent to those provided for in point (c) of Article 9(2) of Regulation (EU) 2017/1001 and point (a) of Article 5(3) of Directive 2015/2436 in respect of the corresponding trade mark on the basis of the reputation acquired in the Union at the date of the end of the transition period and thereafter the continuing reputation of that trade mark shall be based on the use of the mark in the United Kingdom.

The amendment serves to clarify that a mark which has acquired a reputation in the EU will be considered to have a reputation in the UK (subject to Article 9(2) of Regulation (EU) 2017/1001) up until the conclusion of the transition period (31 December 2020). Following this date, any reputation found in a trade mark in the UK will only be that which is maintained in the UK.

For the 21 month transition period, then, a mark which is not used in the UK, nor is it known by UK consumers, may be used to claim infringement based on a reputation which simply does not exist in the jurisdiction. Naturally, showing damage or detriment to distinctive character will likely prevent such a claim being successful, but it presents an interesting position nonetheless.

Priority period

The new draft agreement has also altered the *ad hoc* rights of priority, wherein third parties with pending unitary rights in the EU (filed before the end of the transition period) may file for an equivalent right in the UK, with the same filing date as the unitary right. This priority period was initially set at 6 months from the end of the transition period, in a *sort of* accordance with the Paris Convention, but

has now been amended to 9 months from the end of the transition period.

55 (1)

Where a person filed an application for a European Union trade mark or a Community design in accordance with Union law before the end of the transition period and where that application was accorded a date of filing, that person shall have, for the same trade mark in respect of goods or services which are identical with or contained within those for which the application has been filed in the Union or the same design, a right to file an application in the United Kingdom during a period of 9 months from the end of the transition period. An application made pursuant to this Article shall have the same filing date and date of priority as the corresponding application filed in the Union and where appropriate the seniority of a trade mark of the United Kingdom claimed under Article 39 or 40 of Regulation EU 2017/1001.

This amendment, whilst not changing the position from the original draft drastically, does raise an eyebrow. One could, presumably, file an EUTM in April 2019 and then claim priority back to this filing for a new UK filing in September 2021, if the registration process were delayed by opposition, say, and the mark did not become registered (which would trigger an automatic UK equivalent right). This subsequent priority claim would fall at the very end of the 9 months priority period, which begins at the conclusion of the transitional period. As such, one would have a right which claims priority back to a previous filing, which took place 2 and a half years previously.

The implications of this position could be considerable. One area where vigilance would be recommended is with regard to searching. As an example, one might perform a clearance search for a mark in August 2021, some 22 months post Brexit, to find that the UK register is clear, no equivalent UK rights have been generated from EUTMs, and no EUTM filing is still within the 6 months priority period per the Paris Convention, so the position appears clear. Based on the

Withdrawal Agreement, however, the owner of an EUTM application which is pending on 31 December 2020 remains able to file a UK application, claim priority and then oppose or invalidate your client's mark, should your client file.

Whilst we are far from certain as to whether the UK will leave the EU based on the Withdrawal Agreement, the previously published White Papers, or will simply not leave at all, one thing we can be sure of is that there remains a considerable degree of head scratching for the European brand owner.