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Gone With The Wind? The GC just cannot let the UK go.

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The UK finally said bye-bye to the EU, but for how long will UK-based rights still matter in deciding EUTM-related controversies? This is the subject of two recent decisions by the General Court, i.e. the Basmati case, T?342/20, decided on October 6, 2021, and the subsequent APE TEES case, T?281/21, decided on March 16, 2022. In both the GC found they did matter. The last word, however, has not been said, as the Basmati case was appealed to the Court of Justice which, hear hear hear, has accepted to review it on April 7, 2022, being “*significant with respect to the unity, consistency and development of EU law*” (C?801/21 P). This alone is remarkable as it is the first appeal allowed to proceed since the change of the CJEU’s rules back in May 2019.

So, while we wait to hear what the CJEU will have to say, let’s see what these two cases are about, and why they matter.

Both cases concern opposition proceedings based on prior UK rights, which – owing to Brexit – can no longer be held against EUTMs. In both cases, the transition period expired during the course of the proceedings – in *Basmati* after, in *APE TEES* before the decision of the EUIPO Board of Appeal. In both cases, the EUIPO is of the opinion that the opposition must fail because the earlier right must be a valid earlier EU right at the time of the (last relevant) decision in the proceedings. Otherwise, a valuable position (namely, an EUTM application) is destroyed without there being a ground for refusal of the registration. In both cases, the GC took the opposite position. In the more recent *APE TEES* case, the GC even went so far as to say that, for assessing the existence and validity of an earlier right in EUTM opposition proceedings, all that mattered was the situation at the time of the application for the opposed mark.

Basmati has been appealed and the appeal has been allowed to progress, as mentioned. An appeal by the EUIPO in *APE TEES* is yet to be filed but clearly expected.

In *Basmati*, the EUIPO argued that, as of the end of the transition period (on 31 December 2020), all references made in Regulation 2017/1001 to “Member States” and to “the law of the Member States” no longer refer to the UK and its law. Consequently, with effect from that date, first, the opposed mark (an EUTM) no longer had any legal effect in the UK territory; secondly, the right relied on by the opponent no longer constituted an ‘earlier right’ within the meaning of Art. 8(4) of Reg. 2017/1001; and, thirdly, no conflict could arise following registration of the opposed mark, since it would not be protected in the UK, whereas the earlier right would be exclusively protected in the United Kingdom.

The GC, although declining to specifically rule on the issue, dismissed EUIPO’s arguments (§ 18):

“In the present case, there is no need to decide that question. Mr Chakari applied for registration of the EU trade mark on 14 June 2017, and therefore at a time when the UK was a Member State of the EU. The decision of the BoA was taken on 2 April 2020, that is to say, after the withdrawal of the UK from the EU, but during the transition period. In the absence of provisions to the contrary in the Withdrawal Agreement, Regulation 2017/1001 continues to be applicable to UK trade marks [...]. Therefore, the earlier mark continues to receive the same protection as it would have received had the UK not withdrawn from the EU, until the end of the transition period .

As to EUIPO’s objection that it is apparent from the judgment in the ALTUS case (T?162/18, §§ 41 to 43) that the earlier mark on which the opposition is based must still be valid at the time when the GC gives a decision on it, the GC noted that it was not possible to deduce from that decision that an action before the Court becomes “*devoid of purpose when that mark loses its status under Article 8(4) of Regulation 2017/1001 during the proceedings before the Court*” (see at §21).

In *APE TEES*, as mentioned, the relevant Board of Appeal’s decision was from after the end of the transition period, namely, February 10, 2021. There had been an earlier BoA decision in that same case, dated January 7, 2019, but this had been revoked in July 2019. It then took the BoA until February 2021 to issue the second decision – in itself a fact that appears not to have gone down well with the GC. In this second decision, the BoA held that “*following the withdrawal of the UK from the EU and after the expiry of the transitional period on 31 December 2020, the opponent could no longer rely on its non-registered marks used in the [UK...]*”.

Interestingly enough, in *Basmati*, the EUIPO had envisioned precisely such a situation, but the GC had dismissed it as “wrong”, stating in §27 of that decision (emphasis added):

“EUIPO wrongly submits that the BoA before which the dispute would be referred if the Court were to annul the contested decision would be obliged to dismiss the action in the absence of an earlier trade mark protected by the law of a Member State. EUIPO proceeds on a false premiss [...]. Following the annulment of a decision of the BoA, the appeal brought before it by the applicant is again pending. It is therefore for the BoA to take a new decision on that action by reference to the situation at the time that it was brought, since the action is again pending at the same stage as it was before the contested decision. It follows that the case-law cited by EUIPO in support of its reasoning is irrelevant. That case-law merely confirms that, in any event, the mark on which the opposition is based cannot be required to subsist subsequent to the decision of the Board of Appeal.”

In *APE TEES*, the GC had to decide the question it had declined to decide in *Basmati*, namely, whether the situation was different where the earlier right was no longer a valid opposing right at the time of the BoA decision. This time, the GC took a clear, although debatable position. It seems that it did not pay due attention to a fundamental principle of litigation, namely, that any that decision must address real disputes and deal with real interests, not fiction of laws or hypotheticals. The Romans had a great way to sum this up: “*inutilis data*” (i.e. useless).

EUIPO argued again -as it had in *Basmati*- that as from the end of the transition period, no conflict between an EUTM applied for and an earlier non-registered UK trademark could arise. However, the GC stated that a registration was valid as from the date of filing of the application (in the case in question on 30 June 2015, long before Brexit was even seriously discussed), and not only as from the date on which any opposition was finally rejected. Thus it held (at § 42):

“the fact remains that, if the mark applied for is registered, such a conflict could nevertheless have existed during the period between the date on which the EU trade mark application was filed and the expiry of the transition period [5 years]. [It is] difficult to comprehend why the [...] earlier non-registered trade marks used in the course of trade in the United Kingdom would have to be denied protection also during that period, in particular with regard to the potential use of the mark applied for [...]. Consequently, it must also be acknowledged that there was a legitimate interest in the success of its opposition as regards that period”.

This appears somewhat naïve and out of touch with reality. Firstly the GC overlooks that whether or not the EUTM is registered has nothing to do with its use, let alone during the pendency of the application. After all, the CJEU has held on more than one occasion that the registration of a trademark, under EU trademark law, does not give an affirmative right to use. The registration therefore has no impact on whether there is a “conflict”.

Secondly, the EUIPO had argued – quite rightly – that the trademark applicant would be able to convert its EU trade mark application into national trade mark applications in all EU Member States, while preserving the original filing date, and would thus obtain protection of the same mark in the same territory as from the same date, only by means of a burdensome and costly route, and all that even though the obstacle to registration no longer existed in the EU (at §45).

The GC did not understand this, as becomes clear from its subsequent observation, where the GC, while acknowledging that the national trade mark applications in the EU Member States resulting from conversion of the EUTM application enjoyed the same filing or priority date, it expressly repeated its empty phrase *“it must again be stated that a conflict could thus have existed during the period between the date on which the EU trade mark application was filed and the expiry of the transition period”*. This is plainly and obviously incorrect, as conversion would take place in the EU Member States – not including the UK of course.

How far the GC is from the reality of trademarks is shown by its further statement that the trademark applicant should simply have re-filed its application after the transition period (§ 23). Apparently, the GC is unaware of the importance of five years of priority and the impact that can have on the trademark applicant’s position.

As mentioned, however, it is up to the CJEU to have the final last word, surely in Basmati and most likely also in APE TEES. It is to be hoped that the CJEU gets it right, and that it does not limit its observations to the Brexit-related issues in those two cases but addresses more generally the relevant point in time for assessing the validity of a right relied upon in an opposition. The question remains – why should one destroy valuable positions during the pendency of an opposition – remember that the EUIPO decision is not final until any appeals against it have been finally decided – when the ground for refusal does not – or no longer – exist?

“We will see what happens. After all, tomorrow is another day”.

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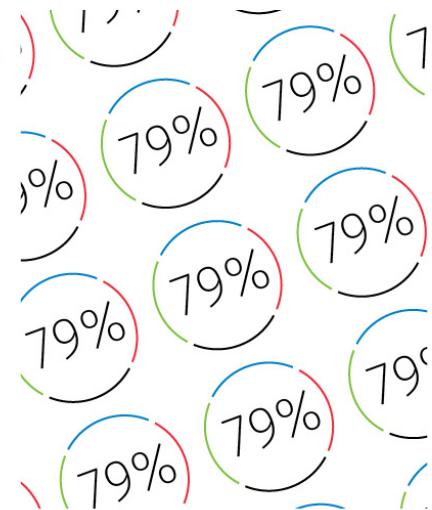
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