Kluwer Trademark Blog

Brexit: Draft fallout

Julius Stobbs (Stobbs IP) and Cameron Malone-Brown (Potter Clarkson LLP) · Tuesday, April 17th, 2018

In a recent open letter to the European Commission, representatives of CITMA, AIM, APRAM, BMM, ECTA, INTA and MARQUES set out a collaborative response to the draft withdrawal agreement. This document contains recommendations and considerations relating to the treatment of IP in the draft agreement, as well as a great many acronyms. The key points of the letter are set out below:

- **Existing rights**

Naturally, of utmost importance to the brand owner and brand representative is the continued protection of rights for those of us who benefit from the unitary system at present. As such, the letter recommends that the conversion from an EUTM to an equivalent UK be automatic, to avoid parties potentially losing rights due to inaction before the relevant deadline. The implications of this position for non-use are clarified below.

- **Pending applications**

The letter states the need for clarity for applications which are pending at the point of Brexit. For example, where there is an opposition preventing the registration of an EUTM, there needs to be certainty as to whether the opposition will be governed by the EUIPO (and thereby the scope of the EUTM will be considered to contain the 28 countries as it did at the point of application), or whether equivalent UK proceedings ought to be initiated to resolve the UK limb of the EUTM. Regardless of the system chosen, the application ought to have equivalence in the UK with no input from the Applicant.

- **Unregistered designs**

As discussed in our previous post, the letter highlights certain issues that are likely to be faced with regards to unregistered designs, sitting as it does as a relatively unharmonised area of domestic law at present. The letter notes the present disparity (protectable materials for instance) and proposed

that the unregistered community design replace the UK unregistered design, and in doing so widens the scope of designs which benefit from unregistered protection.

- **Use**

As referenced above, generating equivalent rights in the UK will involve the adoption of a large number of registrations which are vulnerable to non-use cancellation, as that have not been put to genuine use in the UK and are outside of the initial invulnerability period. The solution proposed is that any use of the mark in the EU in the 5 years prior to the end of the transition period be considered sufficient to maintain the right in the UK. The equivalent would also apply to EUTMs which rely on use in the UK, which would be deemed validated (subject to the requirements of genuine use) by use in the UK over the 5 years prior to the end of the transition period.

- **Exhaustion**

The letter suggests that regional exhaustion may apply post-Brexit, whereby the present position on exhaustion would persist with regards to goods moving between the EU and UK.

- **Enforcement**

It is proposed that the present systems which govern customs and related enforcement persist following the end of the transition period, in order that that a single application for customs action may still be made

Clearly, this is not an exhaustive list of areas which will require clarity over the coming years. That said, it can only be a good thing that the relevant bodies are maintaining an open dialogue with the Commission while negotiations are ongoing.

The position above certainly presents a possibility regarding the preservation of rights for unitary rights holders. Allowing a 5 year grace period whereby use in the EU would support a UK registration (and vice versa) would reduce the impact of the alteration to the unitary right. It would also create a situation wherein a party based outside of the UK, with no use whatsoever in the UK, could use a vulnerable registration to take action against a UK based party. Whilst this is unlikely to be a major concern for larger parties, with a history and understanding of brand enforcement, one can imagine these situations being concerning to up and coming brands.

The replacement of the UK unregistered design right (UKUDR) with that of the EU equivalent (UCD) is also a possible manner of harmonising UK law with the *EU acquis* to prevent a loss of rights. It is not without some considerable issues, however, such as the wide disparity in duration

of protection between the two rights. If the UKUDR is replaced by the UCD, does that meant that a UKUDR would then lose its usual 15 possible years of protection, incurring instead only 3 years? The proposal is framed as expanding the UKUDR to include designs previously excluded (surface decoration for example), however it threatens to reduce the duration of the UK right by up to 80%.

We will need to wait and see, in terms of how this position is reflected in the negotiations. Certainly, it appears that key topics of concern for brand owners are being brought to the attention of the powers that be, which can only be a positive thing.

To make sure you do not miss out on regular updates from the Kluwer Trademark Blog, please subscribe here.

Kluwer IP Law

The **2022 Future Ready Lawyer survey** showed that 79% of lawyers think that the importance of legal technology will increase for next year. With Kluwer IP Law you can navigate the increasingly global practice of IP law with specialized, local and cross-border information and tools from every preferred location. Are you, as an IP professional, ready for the future?

Learn how **Kluwer IP Law** can support you.

This entry was posted on Tuesday, April 17th, 2018 at 8:03 pm and is filed under Brexit
You can follow any responses to this entry through the Comments (RSS) feed. You can leave a response, or trackback from your own site.