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Basmati: The UK perspective

Julius Stobbs, Emma Pettipher (Stobbs IP) · Wednesday, February 14th, 2024

We UK lawyers view with interest the developments in the “Brexit cases”, resulting in appeals to the CJEU in 3 cases, as discussed in various previous posts on this blog, the latest being the summary ([here](#)) of the AG opinion in the first case, BASMATI.

The BASMATI case, and the related “Brexit cases” APE TEES and SHOPPI, are of particular interest to UK practitioners not because the facts relate to the aftermath of Brexit, but because fundamentally they all will in the end, we hope, confirm the answer to the question “What is the relevant date for the purposes of assessment of relative grounds disputes at the EUIPO?”

We are rather surprised by the consternation caused by the BASMATI and APE TEES GC decisions which state that earlier UK rights can be relied upon in the oppositions, despite the fact that UK rights are no longer valid rights on which to base an EU opposition.

In the UK, we are used to the fundamental principle that there is only one relevant date for the assessment of any legal decision. UK lawyers have had to become used to the principle developed in EU case law that, for EUTM relative grounds disputes, there are in effect two relevant dates, the first being the filing date of the opposed application and the second the date of the decision by the EUIPO, whether that be the opposition/cancellation decision or a subsequent decision of the Board of Appeal (BOA).

The basis for this situation was set out in METRO [T?191/04, 2006] where the CFI held that the BOA must consider the facts as they stand at the time of its decision because the overriding factor is to protect the essential function of the trade mark and “if there is no period during which both marks co-exist, no conflict can arise”. In METRO the earlier right expired before the BOA decision on the opposition and there was held to be no valid ground for refusal at the time of the BOA decision.

That principle has been put in issue in the Brexit context, as indeed noted by the GC in the Basmati decision (para 17) and in the APE TEES decision (para 28). In this latter decision, the GC confirmed our view that the filing date of the application is decisive for the purposes of identifying the applicable substantive law in relative grounds disputes. If that date is decisive for defining the substantive law, it makes no sense for that date to not also be the one and only date on which the relevant facts are assessed. In addition, the filing (or priority) date of the application is the relevant date for assessing the use provisions for the earlier mark, when relevant. This is in the interest of legal certainty.

Looking at the BASMATI case, let us assume that the opponent's (Indo) earlier UK rights are proven. Not allowing Indo to prevent registration of the later EUTM on the basis of its UK common law rights, as they existed on the relevant date, is inequitable. Indo's right to prevent registration of the later mark is absolute, according to the Regulation. In the face of the objection by Indo, the applicant, Mr Chakari, was not entitled to own an EUTM registration of his mark, or indeed to apply for such.

Mr Chakari can convert the failed EUTM application into national rights in other EU territories and that is the correct order of things. The effect of that process is different from the proposed alternative, namely acceptance of the application for registration as an EUTM, because the resulting rights are different (albeit with similar effect). That the rights position as between the parties to these proceedings may not be effectively changed, whether the EUTM is allowed or whether national registrations are obtained (because Indo still has the UK rights and Chakari has the EU rights) does not make the acceptance of the EUTM legally correct.

In any event, the outcome of a decision that rejects the application is not purely theoretical. Indo has a continuing interest in the matter because the rights were in conflict and there is no settlement.

If Indo cannot prevent the registration, Mr Chakari may use the registration to claim compensation for use of Indo's mark in the UK during the period between publication of the application in Sep 2017 (Art 11(2) EUTMR) and 1 Jan 2021. He may also be in a position to prevent use of Indo's mark in the EU, if such use occurred, or to claim compensation for that use, from the same 2017 date, much earlier than the date from which he is in fact entitled to make such claim, unless conversion takes place. As noted in the [previous blog](#), with regard to the UK, Indo's prior rights may shield it from such claims, but the situation would be different for any EU use that may have occurred. Whilst conversion of the EUTM application is possible, the onus is on Mr Chakari to request it within a limited time. Mr Chakari should not be given a "free entry" to his EU protection.

There is no inequity in this position – Mr Chakari would be in this position if the UK rights remained valid. The filing date of an EUTM is a key part of its substance and existence. Where the date of application is the correct date for assessment of the dispute it is not right to allow the application to continue to registration when there was a valid earlier right at the filing date, simply because there is no conflict between the same marks at a later date. Mr Chakari can end up with "equivalent" rights by virtue of conversion, or with a new EUTM registration resulting from a new EUTM application filed after the Indo rights ceased to be valid in the EU.

When it comes to the GC/CJ, which are pure appeal functions, there can be no question that if rights were valid at the time of the BOA decision (Basmati), an appeal to the GC does not lose its purpose. Those rights did exist in the past, and their owner should be entitled to enforce those rights for the period in which they existed.

The APE TEES decision will potentially take the matter further. The relevant rights there became "invalid" before the BOA decision, and yet the GC has held that the BOA was wrong to decide that the opponent could no longer rely on its UK rights (as the Brexit transition period had expired by the time of that BOA decision), agreeing that the relevant date is the filing date of the opposed application.

The SHOPPI decision will address the position for invalidity actions (where the GC decided that

for invalidity decisions, the facts as at the date of the latest EUIPO decision are relevant). The decisions suggest a potential distinction between the relevant dates for opposition and invalidity assessments. This would be disappointing. In our view, there is no difference between oppositions and relative grounds invalidity actions – the relevant date for both should be the filing date of the application/registration.

The forthcoming CJ decisions will hopefully give certainty for all situations where the earlier right's status changes during the proceedings. It would be sad if the guidance referred only to the Brexit situation when this is clearly a fundamental principle that requires addressing.

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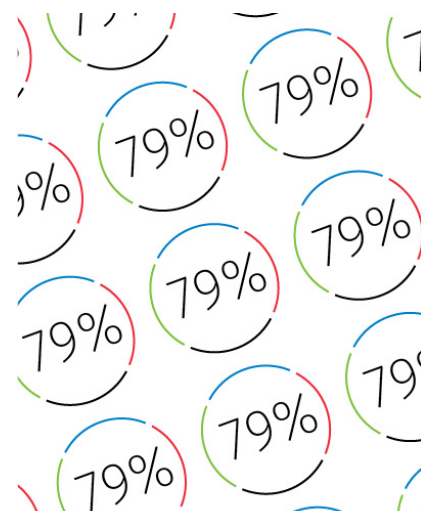
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