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AOMB Intellectual property

Brexit and Intellectual Property



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Brexit changes for trademark registration



Introduction

We have already sent out some information concerning the effects of Brexit on European trademark and design registrations, always subject to the caveat that some things may change in the event of a 'hard' Brexit. This was avoided the last minute. A trade agreement has been concluded that mitigates the effects of Brexit on numerous fronts in the UK and on the Continent, but does not affect what was already known on the subject of EU trademark and design rights. Brexit has not changed the validity of European patents.

In this white paper, we will discuss how European trademark and design rights will change as a result of Brexit. Brexit not only changes the validity of EU trademark and design rights; it may also change the filing strategy and the approach in the event of trademark conflicts and infringement. In the area of contracts, Brexit will necessitate a review of existing documents. New templates will have to be created for post-Brexit IP contracts in order to ensure that they are adapted to the new situation.

Changes to Rights

Starting 1 January 2021, a separate UK right, having the same term of validity, seniority, priority, and date as the earlier EU right, is automatically created for existing EU trademark and design registrations. The number will be maintained by the UK, albeit with the addition of a few extra digits, i.e. 009 for trademarks and 008 for designs.

For all pending EU trademark and design applications, the applicant must decide within 9 months following 1 January 2021 whether the application should be maintained for the UK. If so, the applicant must make an application for the registration of the trademark or design in the UK and pay the normal national fees within this 9-month period.

Opposition Proceedings

If an opposition to an EU trademark application is pending, the opposition will continue to be handled by the European Union Intellectual Property Office (EUIPO). There are a number of possible scenarios.

Situation 1

An opposition has been filed against an EU trademark application based on an older national trademark that is not a UK trademark or an older EU trademark: No clone is automatically created. A separate UK application must be filed within 9 months. Seniority or priority claims will be maintained to the extent that they were filed within 9 months. However, the UK national fees and procedures will apply. In other words, the application will also be open to opposition in the UK.

Situation 2

An opposition has been filed against an EU trademark application based on an older UK national right: In that case, on 1 January 2021, the opposition will no longer be processed, and the EU trademark application will be granted. The EU trademark holder may then file a national application in the UK, maintaining the date of the EU application, before 30 September 2021. This new UK application will be open to opposition in the UK. If the holder of the older UK right - who had previously opposed the EU trademark application - also files an opposition to this new UK clone, this opposition will continue to be processed by the UK Intellectual Property Office (UKIPO).



Cancellation Actions

Any pending cancellation action, by definition, concerns an EU registration. This means that the automatic UK clone will be created regardless of the cancellation action.

What effect such a cancellation action will have on the UK clone will depend on the grounds for cancellation:

Situation 1

Cancellation is sought based on failure to make use of the EU trademark during the last 5 years; if this action succeeds, the EU trademark registration and the UK clone will both be cancelled. If the action fails, the EU trademark registration and the newly created UK right will be maintained. Any use of the EU trademark prior to 31 December 2020 will be taken into account for the maintenance of the UK clone up to 31 December 2025 inclusive.

Situation 2

Cancellation is sought based on an older right: If the older right merely concerns an older UK right, the EU registration will not be affected, and the older UK rights holder may initiate a new cancellation action in the UK against the UK clone. If cancellation is sought based on an older non-UK right, the fate of the UK clone will generally be the same as that of the EU registration.

Opting Out

It is possible to have the UK clone deleted; this is known as 'opting out'. The UK clone will then be retroactively de-registered, as if it had never existed. One exception from this 'opting out' is if a licence has been recorded with the EU trademark registration.

Why remove the UK from an EU trademark registration?

If you do not use your trademark in the UK, it may be worthwhile to undo the creation of a separate UK right, particularly given that the creation of such a separate UK right only makes sense if you can prove use at some point in the UK. Indeed, in the context of trademark infringement, proof of use within the past 5 years is required.

Any new right also brings with it new obligations. If, for any reason, the cancellation of the new UK right is sought, you will have to defend it. This costs time and money.

Another situation is a settlement or other agreement with a third party, pursuant to which you are or are not entitled to make use of the EU trademark in the UK. In that case, you will need to assess carefully whether it is desirable to permit the automatic creation of the UK trademark registration. Incidentally, the reverse also applies: If you concluded an agreement in the past with a third party, pursuant to which the third party may not use the trademark in the UK, it will also be important to keep track of it.

We emphasise that, in the case of licence agreements on existing EU registrations, the safe approach is to determine whether the creation of such a clone is desirable and intended by the parties. It is advisable to contact the licensee to discuss the matter.





Filing Strategy for Trademarks



What does Brexit mean for filing strategy?

Over the past few decades, there has been a shift away from national applications towards EU applications. The major reasons for this were the ease, relatively low costs, and large geographical scope of protection provided by the EU. Some years ago, the cost argument changed because additional fees must be paid for more than 1 class, but EU routing remains more popular than national applications.

Does Brexit give any reason to change this strategy?

A few examples:

- In the case of purely descriptive names - or otherwise non-distinctive names - the national trademark offices, as well as the EUIPO, have the power and even the obligation to refuse a trademark. Although the legislation in the various European countries is similar to that of the European Trademark Regulation applied by the EUIPO due to European Directives, we know from practice that this is a subjective judgement. Experience shows us, for example, that southern European countries, including France and Spain, are more accommodating when it comes to accepting English names. The Benelux Bureau (BOIP) and the EUIPO apply more or less the same criteria. It is difficult to evaluate the practice of the Deutsches Patentamt. In these situations, it tends towards a more flexible approach than that of the BOIP or EUIPO.

The relatively strict approach of the EUIPO on the acceptance of trademarks appears justified given all the nationalities it deals with and the ten official languages against which the names are assessed. It is reasonable to ask whether the assessment will become less strict following Brexit. In our opinion, after the UK's departure, the EUIPO's assessment policy will remain unchanged as regards English names. After all, Ireland remains a member of the EU.

The EUIPO, as well as the BOIP, assume that the English language is as well known in the EU as a whole as the national language the EU. The jurisprudence of the various countries shows that English descriptive names or English names that are short on distinctiveness (ENJOY, SMILE, LIVE, etc.) will have an easier time getting approved via a national application in Southern Europe than an EU application. It appears that national offices in countries such as France, Spain, and Italy take the view that the population of those countries is less, or not always, familiar with the meaning of the English name.

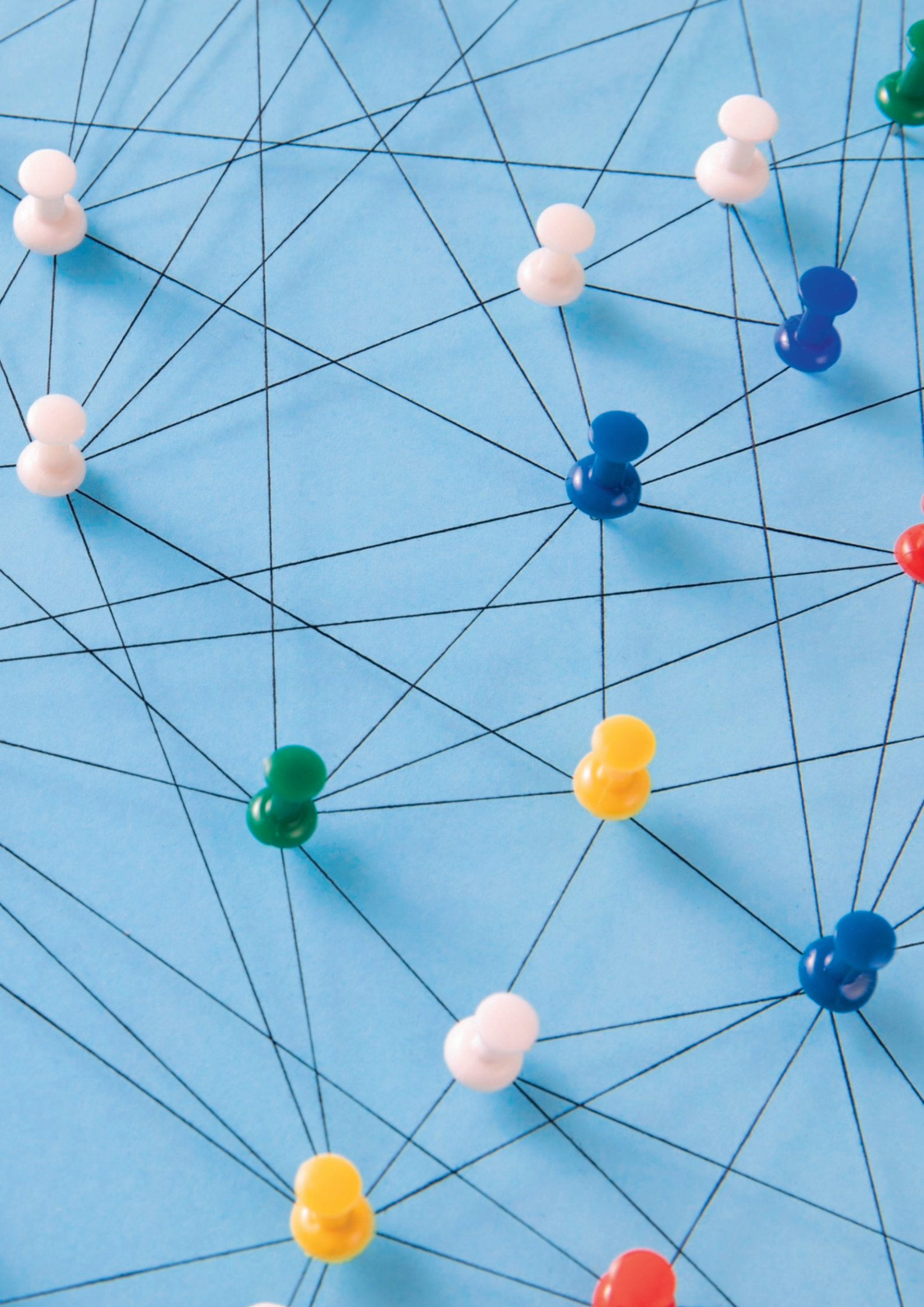
In any case, these practices constitute even more reason to prefer the national/international route over the EU route when dealing with English names of this type in 2021. This will certainly also be somewhat less expensive in financial terms if you are dealing with 2 or 3 commercially relevant countries and 3 classes are applicable.

- Another change in practice is appropriate if the UK has the greatest commercial importance rather than merely being another other EU state. In such cases, the advantages of the EU allowed us to opt in the past for an EU application in hopes of making sufficient use of the trademark in the EU as a whole. With the departure of the UK, it will certainly be advisable to opt for the national/international route in cases of this sort. Indeed, in order to maintain an EU registration, it will be necessary for a trademark to be used in a relevant part of the EU. In some cases, use in one country will be sufficient, but, most of the time, it will not.

In short, in the event of use in the UK and one or two countries on the Continent, the national or international trademark route will be the obvious choice.

In summary, we believe that Brexit will have an effect on the popularity of EU trademark applications. The UK remains an important trading partner, along with Germany and France. If only these countries are concerned, this will mean opting more often for an international, and sometimes for a national trademark application. Additionally, an international trademark registration offers the possibility of a relatively easy and financially advantageous expansion in the future.

As far as costs are concerned, it may be cost efficient in some cases, but the more important thing is validity, and thus, protection.



Infringement and agreements



Trademark Infringement

In order to rely on your trademark rights in the event of a trademark infringement, the trademark must have been normally in use in the past 5 years.

What does this mean for infringement of trademarks protected by EU trademark registrations? The use of the trademark in the UK will be taken into account in assessing the required use of the trademark for the EU. In short, use in the UK only will generally not be sufficient, but if there is any additional use of the trademark in other countries, such that it is sufficient for the relevant EU public, this will be sufficient for the validity of EU registrations that are more than 5 years old.

Contractual Obligations

Last, but not least, Brexit also has consequences for existing contracts and agreements in which the EU as a whole is named. Since 1 January 2021, this no longer includes the UK. This must be taken into account in forms ranging from concluding new agreements to paying attention to the gap that has arisen due to Brexit.

Certainly in the case of coexistence agreements between parties, we advise clients to contact these parties again and seek an explicit confirmation that the coexistence agreement also extends to the UK. Although the intentions of the parties do, in many cases, play a role in construing an agreement in our Dutch legal system, this does not, by definition, mean that the agreement will also be held to be valid in the UK. The more important thing here is that a judge will always have the last word, and you will not want to let things get that far in practice.

Also examine contracts in which UK law or a UK court is provided as the applicable law or competent forum. This will cause 'friction' after Brexit. The UK applies what is known as 'common law'. This is a totally different system to the continental legal system we know. Common law is generally based on holdings from prior cases. These prior holdings govern. In our system, holdings in prior cases may sometimes be precedential, but they are not binding. In the case of licence and other collaboration agreements that contemplate active, ongoing actions, a new contract will often be necessary.

Designs

As noted in the introduction, a separate UK right, having the same term of validity, priority, and date as the earlier EU right, has also been automatically created, starting on 1 January 2021, for EU design registrations. The number will be maintained by the UK, and, for designs, a few extra digits will be added, i.e. 008.

EU design registration will remain popular because there is no real alternative. International design applications covering EU countries without the UK are relatively expensive compared to an EU design. Even with the UK no longer being a member.

In the case of designs, there is also an exception to the creation of this automatic clone, i.e. where publication of the design the application concerns has been postponed to 31 December 2020. In such cases, no automatic UK clone will be created; rather, an explicit application will have to be filed for this prior to 30 September 2021 and must follow the national procedure (with the related costs).

Conclusions



In the case of English descriptive names, it will generally be advisable to consult a British colleague in future as to whether protection is possible.

In the case of trademarks that you intend to use in the 'big four', i.e. Germany, the Netherlands, France, and the UK, if you have no plans for expansion within the EU within 5 years, it will be better to use the national/international registration route. For existing EU registrations that are only used in a very limited part of the EU, e.g. only in the Netherlands, Germany and France, the question is whether it makes sense to maintain them as concerns the UK. Examine your existing collaboration agreements, licence agreements, and coexistence agreements. Amend them or be aware that they will contain a gap in the future. Make templates for future contracts that take into account the possibility of another country leaving the EU in the future.

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