

## **European Union trade marks and Brexit**

In our previous legal reports (see Legal Reports No. 6/2020 and No. 7/2020) we wrote about an impact of Brexit on a future of European Unified Patent Court. The United Kingdom's withdrawal from the European Union and Euratom which — concluding a long-running series full of political twist and turns — occurred on February 1, 2020, leads to a number of other far-reaching consequences in the field of intellectual property law. This time we would like to take a closer look at the problem of European Union trademarks — an issue of great significance, considering the fact that, according to a currently binding agreement, once transition period ends (January 1, 2021), the protection of European Union trademarks shall no longer apply to the territory of the UK. We would therefore like to present you our analysis of solutions proposed by the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

### **European Union trademarks**

Let us begin with summarizing the basic information about European Union trademarks. The legal regime applicable to them has been established by the Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the Eu-

European Union trade mark. According to Article 1 section 1 of the Regulation, an EU trade mark shall have a unitary character; it shall have equal effect throughout the Union. An EU trade mark can be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid only in respect of the whole Union. An EU trade mark application shall be filed before European Union Intellectual Property Office in Alicante, Spain (Article 30 Section 1). The same body is responsible for registration of an EU trade mark (Article 6).

Generally, trade marks are signs used on market to identify provenance of goods and services. According to Article 4 of the Regulation, an EU trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:

- (a) distinguishing the goods or services of one undertaking from those of other undertakings; and
- (b) being represented on the Register of European Union trade marks ('the Register'), in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.

### **Continued protection**

The fundamental rule that shall apply to intellectual property rights, formulated in Article 54 of the Agreement of the UK's withdrawal, is continuity of protection. The provision in question states that "the holder of any of the following intellectual property rights which have been registered or granted before the end of the transition period shall, without any re-examination, become the holder of a comparable registered and enforceable intellectual property right in the United Kingdom under the law of the United Kingdom"; subsequently it is specified that this rule shall pertain not only to holders of EU trade marks, but also of such rights as Community designs and Community plant varieties.

It can be said that from January 1, 2021 the legal protection that holders of EU trade marks enjoy today, will be split: instead of a right in a trade mark protected on territories of 28 Member States of the European Union, they would hold a right to an EU trade mark covering 27 of the EU states and — parallelly — a right to a comparable UK trade mark limited, as its name suggests, to the territory of the United Kingdom.

In some studies it has been pointed out that what in fact is going to occur is a "cloning" process of EU trade marks. A counterpart of an already protected EU trade mark shall be automatically recorded in the UK trade mark register kept by the British IPO (*Intel-*

*lectual Property Office*); it shall have the same filing date, registration date, as well as the same priority claims (and seniority claims, if applicable) and shall be accompanied by the same list of goods and services as an original EU trade mark.

IPO is going to ensure that comparable British rights to such “post-EU” trade marks are designated in a way that would permit to differentiate them from already existing UK national trade marks. Each of comparable rights shall be assigned a number consisting of 8 last digits of the EU trade mark prefixed with UK009.

### **Opt-out**

Unsurprisingly, the specific pathway dedicated for those who do not wish to keep protection of their trade mark in the United Kingdom, has been provided for in the regulations. There is a possibility of an opt-out, involving relinquishment of a “cloned” right. Such a right to a trade mark would be treated as if it had never been applied for, nor registered in the UK. Submission of opt-out requests will be permissible after January 1, 2021. Upon this date the administration of the United Kingdom will make a proper notice template available. Effectivity of an opt-out would be dependent on fulfillment of a requirement to notify interested third parties.

Nevertheless, exercising of an opt-out right will not be possible with regard to rights to those trade marks which have already been used or have been an object of an agreement (for instance, such as a licensing agreement), or if judicial proceedings that involve them have been initiated.

### **“Cloning” of obtained rights: a procedure**

It needs to be underscored that the procedure that involves granting of comparable UK trade marks does not require right holders to take any additional actions, and no fees shall be charged for it. As Article 55 Section 1 of the Agreement declares, the registration, grant or protection of rights shall be carried out free of charge by the relevant entities in the United Kingdom, using the data available in the registries of the European Union Intellectual Property Office and the European Commission. The holders of rights shall not be required to introduce an application or to undertake any particular administrative procedure. It is also worth to remark that the Agreement resolves that holders of rights to EU trade marks shall not be required to have a correspondence address in the United Kingdom in the 3 years following the end of the transition period (Article 55 Section 2). Exemption from fees shall not apply to renewal of protection.

## Renewal of protection

Renewal of protection of comparable UK rights shall be regulated by the British law: protection shall be renewed through proceedings before the IPO. The right holders who are interesting in keeping protection of their trade marks in the existing territorial scope, shall pay prescribed fees separately in the United Kingdom and in the European Union. Extension of protection in the EU legal order does not automatically entail a corresponding extension in the UK jurisdiction.

It is necessary to highlight that a “cloned” UK right shall have the same expiry date as a right obtained through a registration of the EU trade mark. Currently, in the British legal system a reminder about an expiration of a registration is issued to a right holder 6 month in advance. Therefore, if a given EU trade mark expires at least 6 months after January 1, 2021, this general rule shall apply.

At the same time a different regulation would be effective when it comes to EU trade marks that expire within 6 months after the end of the transition period; in that case, due to time constraints, an appropriate notice would be issued to its addressee *post factum*: either on the expiry date, or as soon as practicable after that date. Even though protection is technically going to expire, a right holder will be allowed to renew it within 6 months upon the notice without being charged any additional fees (besides fees that are typically associated with a renewal of protection procedure).

Another solution is provided with regard to those of EU trade mark whose registration expires within 6 months preceding the end of transition period. Let us remind you that according to Article 53 Section 3 of the Regulation (EU) 2017/1001, the request for renewal shall be submitted in the six-month period prior to the expiry of the registration on condition that the basic fee for the renewal and, where appropriate, one or more class fees for each class of goods or services exceeding the first one shall also be paid within this period. In other words, IPO will “clone” those trade marks whose protection is going to expire in the second half of 2020, but the time limits for a submission of a late renewal request would still be running once the transition period ends. They would have an “expired status” and the continued effect of their protection would be dependent upon appropriate actions taken before the European Union Intellectual Property Office — in that case the extension of protection on the territory of the United Kingdom would occur accordingly.

### **Effects of declaring a right invalid or a revocation of a right**

It is crucial to emphasize that despite granting autonomy to protection of a “cloned” right covering the British territory, some interactions between the separated twin rights are expressly provided for by the Agreement. It all has to do specifically with administrative and judicial proceedings that will be open in the EU on the final day of the transition period. If such proceedings lead subsequently either to declaring a right invalid, or to its revocation, the comparable UK right will also be declared invalid or it will be revoked, respectively. What is important, the effect of a cancellation action should occur in the United Kingdom and in the European Union on the same date. The Agreement however introduces a clear reservation that in some circumstances, the United Kingdom will not have to declare a right invalid or declare that it has been revoked: the cancellation will only have effect if its grounds are applicable in the UK (Article 53 of the Agreement).

### **The trade marks that have not been registered before the end of the transition period**

Another legal regime would yet apply to EU trade marks that will not have been registered before the end of the transition period. In that case an automatic “cloning” of an application into the British legal order would not take place. If an applicant wishes to apply for protection in the United Kingdom as well, he or she will have to do so in 9 months after the transition period ends. As stated in Article 59 of the Agreement, where a person has filed an application for a EU trade mark 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 for the same design, the right to file an application in the United Kingdom within 9 months from the end of the transition period; such application will 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.

### **Preferential conditions of use of trade marks on the territory of the United Kingdom**

It does not need to be reminded that if, within a continuous period of five years, the trade mark has not been put to genuine use in the EU in connection with the goods or services in respect of which it is registered, that shall provide a basis on which protection could be revoked. Proceedings concerning revocation are initiated upon a request of a third party.

Comparable UK rights will have the same registration dates as corresponding EU trade marks. EU trade marks did not have to be used on the territory of the United Kingdom; it sufficed for them to be used genuinely in any other Member State of the European Union. Should this rule be kept without any adjustments in the light of new circumstances, once the transition period ends comparable trade marks will right away become vulnerable to challenges raised by competitors of right holders. On the official website of the United Kingdom's government one can read that without a legislative intervention, such a situation would lead to unintended and unjust outcomes.

Article 54 Section 5(b) of the Agreement provides a crucial remedy: the trade mark shall not be liable to revocation on the ground that the corresponding European Union trade mark had not been put into genuine use in the territory of the United Kingdom before the end of the transition, and at the same time every use of a trade mark on the territory of the EU that took place before January 1, 2021, regardless of whether it occurred on the territory of the UK or outside of it, would be treated as a use of a comparable UK trade mark. Moreover, if a 5-year non-use period of a comparable UK right is examined in the United Kingdom and it is calculated from a date preceding the end of the transition period, every potential use of an EU trade mark on the Union territory would be taken into consideration.

### **Reputation of trade marks**

Provision of Article 54 Section 5(c) of the Agreement states that the owner of a European Union trade mark that has 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 (EU) 2015/2436 in respect of the corresponding trade mark on the basis of the reputation acquired in the Union by 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.

## **Judicial proceedings**

To close this report, it is also necessary to mention that as long as the transition period lasts, British courts are still expected to act in their capacity of EU courts while they conduct proceedings involving infringements of EU trade marks. Their decisions should remain based on the Regulation (EU) 2017/1001. On the UK official governmental website there is a notice that it is expected that by January 1, 2021 only a few out of currently reviewed cases will be still open. A new British legislation ensures that those proceedings will be continued as if the United Kingdom remained a Member State of the EU, however the judicial rulings would be effective only with regard to rights that apply to the territory of the UK.