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Brexit & Intellectual Property

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Legal 500

Background

It is almost 3 years since the UK carried out a referendum on its membership of the European Union (EU), and the public’s decision then was that the UK should leave the EU.

On 29 March 2017, the triggering of Article 50 of the Treaty of Lisbon, as the UK’s notice to leave the EU, set an exit date of 29 March 2019. During the 2 year negotiating period afforded under Article 50, a Withdrawal Agreement was negotiated by the UK Government and the EU, to include a transition (“implementation”) period to apply until at least 31 December 2020. Even though the UK would no longer be a member of the EU after its exit date, EU law would continue to apply during that transition period.

The UK Parliament has been unable to agree to the terms of the Withdrawal Agreement, whilst the EU holds firm on its position that those terms cannot be renegotiated. Meanwhile, the majority view of Parliament is that the UK must not leave the UK without any agreement (“a no-deal Brexit”).

Another option which remains open to the UK, is to revoke Article 50 and not leave the EU at all. Many in the UK have been campaigning for a second referendum, to give the UK public a final say upon any agreement with the EU, but with the possible fall back of remaining in the EU if no deal can be reached.

It remains to be seen how the politics will play out.

For the moment, the EU has agreed to extend the Article 50 period until 31 October 2019. This has delayed the UK’s effective exit from the EU, requiring its participation in the European elections in May 2019.

If the UK can ratify the Withdrawal Agreement before 31 October 2019, then a transition period should enable an orderly exit from the EU, with EU law likely to apply until at least the end of 2020. If no deal can be reached, the default position is that the UK would exit from the EU on 31 October 2019.

Effects of Brexit on intellectual property

Regardless of whether the UK leaves or remains in the EU, European patents will be unaffected. The European Patent Office is independent of membership of the EU.

For EU trade marks and Community designs, these unitary rights cannot continue to cover the UK if or when it ceases to be an EU member state. After Brexit, EU unitary trade mark registrations and European Community designs will continue to have effect in the remaining 27 member states, but until then both EU trade marks and Community designs likewise have effect in the UK.

If the UK can ratify the Withdrawal Agreement in time, the transition period will apply until at least 31 December 2020, with EU trade marks and Community designs to continue to cover the UK during that time. In the event of a no-deal Brexit, EU trade marks and Community designs could cease to apply to the UK as early as 31 October 2019.

The effects of Brexit upon EU trade marks and Community designs are provided for in the Withdrawal Agreement, but are to be similarly provided for in UK legislation whether or not a deal is reached.

UK Statutory Legislation on Brexit and EU Trade Marks

UK Parliament has passed **The Trade Marks (Amendment etc.) (EU Exit) Regulations 2019** (“the Regulations”), ready to take effect on whatever date the UK leaves the EU.

The Regulations, inter alia, are to ensure that UK protection continues after exit day for EU trade marks (“EUTM”s) registered at exit day and to make provision for EUTMs pending at that point.

The Regulations are comprehensive, with pertinent provisions detailed below:

Creation of comparable UK trade marks at exit day

For all registered EUTMs, a comparable UK trade mark will be recorded on the UK register with the same priority and/or seniority dates as the corresponding EUTM. This will be at no cost to the EUTM holder and with minimum administrative burden.

Pending EUTMs at exit day

Comparable UK rights will only be created for EUTMs with a registered status immediately before exit day.

For EUTMs pending on exit day, it will be possible within 9 months of exit day to apply to register a UK trade mark with the same filing and priority dates as the EUTM application. The UKIPO will require payment of the same official fees as for a regular UK trade mark application, based on the number of trade mark classes included.

Opt out from creation of comparable UK trade marks

Registered EUTM holders not wishing to be granted a comparable UK right may opt out from receiving one. This is not possible if the EUTM has been used in the UK, if it has been assigned or licensed, if it has been the subject of an agreement or has had litigation based upon it.

Renewals

For each newly created comparable UK right, renewal will be required separately from the corresponding EUTM, but on the same renewal date.

For comparable UK rights with renewal dates falling less than six months after exit day, the UKIPO will issue renewal reminders on the actual date of expiry or as soon as practicable after that, to advise of the expiry but to also provide a further six month period, from the date of the reminder, in which the registration may be renewed. Renewal within the additional six months allowed for renewal will attract the usual renewal fee, but no fine for late renewal.

For EUTMs which expired before exit day and are still within a period for late renewal, comparable UK trade marks will be created, but will only be maintained on the UK register if the corresponding EUTM is renewed in time.

Licences, security interests and assignments

If existing in respect of a corresponding EUTM at exit day, these will continue to have legal effect in the UK in relation to the comparable UK right.

Use and reputation

Both UK and EUTMs may be revoked on grounds of non-use if a registered mark is unused for an uninterrupted period of five years. The Regulations make provision for comparable UK rights created on exit day, in terms of these use requirements and proof of use in opposition proceedings. If there has been use in the EU but not the UK prior to exit day, this will count as use of the comparable UK right. After exit day, use of the mark in the UK will be required.

For assessment of reputation of a comparable UK right created from a corresponding EUTM, a similar approach will be applied, with EU reputation counting before exit day and UK reputation being required afterwards.

Jurisdictional arrangements and pending proceedings

For cases before designated “EU Courts” in the UK, which are ongoing at exit day, these will continue to be heard as if the UK were still an EU member state. For ongoing proceedings before the UKIPO at exit day, where an EUTM holder has brought action against a UK trade mark, these will continue to be heard under the UK legislation.

Conversion of EUTMs into national rights

Subject to certain conditions, refused or withdrawn EUTMs may be converted into national rights with the same filing and/or priority dates. This is possible within three months of the ceasing of effect of the EUTM. For EUTMs refused or withdrawn within three months of exit day, the UK will honour the right to conversion. This will be possible

by applying to register a corresponding UK trade mark with a claim of the earlier filing and/or priority date of the EU application or registration which has been refused or withdrawn.

Community designs and EU designations in International trade mark and design registrations

Similarly, UK legislation will allow for the creation of comparable UK rights in respect of Community designs as at the effective date of Brexit. Also provided for, will be the effect upon EU designations in International trade mark and design registrations. For registrations existing at the point of Brexit, a standalone UK registration will be created with the same effective dates as the EU designation. There will be transitional provisions for applications pending at that point.

After Brexit, protection for new trade marks and designs will need to be sought in the UK, distinct from the EU, but with designation also being possible for both territories though International registration via the Madrid Protocol (for trade marks) and Hague Agreement (for designs).

What next?

There is no immediate need to replace existing EU rights with UK national applications or designations. There are circumstances in which national protection should be considered in addition to or in place of EU registration, such as where use of a trade mark will not or does not extend to a substantial part of the EU, but such issues existed before Brexit became a possibility, just as they are relevant now.

AA Thornton will continue to keep its clients updated as the timings for any effective Brexit become clearer, and we will remain able to support all your EU and UK IP needs.



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