

IP Federation Brexit policy position – protection for EU trade marks

Introduction

The Federation represents IP intensive companies in the United Kingdom - a list of members is attached. Our member companies are extensively involved with IP in Europe and internationally. Not only do our members own considerable numbers of IP rights, both in Europe and elsewhere, but they are affected by the activities and IP rights of competitors. They may be either plaintiffs or defendants in IP related court actions, here and elsewhere.

The European Union Trade Mark (“EUTM”) is a unitary trade mark right created by EU legislation which covers the whole European Union, therefore currently including the United Kingdom. Following Brexit, existing EUTMs will, by default, no longer have effect in the United Kingdom.

When Brexit occurs, the government has three options in relation to EUTMs:

- **Option 1** - Do nothing and allow EUTM owners to lose their trade mark rights in the UK;
- **Option 2** - Negotiate a bilateral arrangement with the European Union under which the UK remains part of the EUTM system after Brexit;
- **Option 3** - Enact national legislation which will enable EUTM owners to continue owning effective trade mark rights in the UK after Brexit.

The IP Federation’s basic position is, as previously stated in our policy paper [PP 1/17](#):

- Certainty is paramount to industry.
- All accrued and pending intellectual property rights must be preserved in the UK post-Brexit. This is a top priority issue.
- The UK must provide for the ability to obtain equivalent UK rights in the UK post-Brexit. This is a top priority issue.
- The cost and level of administration required in any system enacted must be kept as minimal as possible, but not at the expense of certainty.

Commentary on options

Option 1: The prospect of brand owners who own EUTMs losing rights in the UK is completely untenable. The consequences would be high uncertainty, maximum risk and the highest cost for brand owners. Consumers will also

suffer as a result of uncertain / conflicting positions for rights as badges of origin between the UK and the EU.

Option 2: The achievability of this in practical terms is beset with bilateral political and legal issues. Constitutional change at UK and EU level would be required. Supremacy of EU law would have to be recognised and developments tracked by the UK, all of which may be politically difficult.

However, following the UK Government's decision to proceed with ratifying the UPC, there may be a higher probability of option 2 being viable, should the UK remain part of the UPC post-Brexit.

It is important to note that the UPC is not an EU institution but, if the UK is able to remain part of a unitary European patent system after leaving the EU, then there is logic in saying it also could for trade marks. If practically achievable, this would certainly be preferable for brand owners.

Option 3: it is a matter of reviewing each of the unilateral options. We consider those below:

Option	How it would work	Certainty	Rights preserved	Other considerations
'Jersey'	Allow EUTMs to be enforced in the UK by means of national legislation without any amendment of the EUTMR. This is similar to the enforcement of EUTMs in Jersey, which is not a part of the EU.	Low.	Yes. UK would treat EUTMs as having automatic protection in the UK.	<p>Would the UK courts have the ability to enforce rights based on "deemed" enforceability of EUTMs in the UK?</p> <p>No power to invalidate EUTMs via UK courts.</p> <p>Tied to the EU system with no input or control over its direction.</p> <p>Low administration cost.</p> <p>Medium risk of post division conflicts.</p> <p>Would need to search two registers for conflicting marks.</p>
'Montenegro'	Automatically enter all existing EUTMs on to the register of UKTMs at the time of Brexit. This is similar to the solution when the Montenegrin trade mark system separated from the Serbian system.	High	Yes	<p>Medium risk of post division conflicts.</p> <p>Legally simple.</p> <p>Clean break.</p> <p>A search of the UK register will be sufficient to ascertain rights in the UK.</p> <p>May result in unnecessary cluttering & duplication.</p> <p>Integrity of register: how to deal with declaration of intention to use.</p>

Option	How it would work	Certainty	Rights preserved	Other considerations
'Tuvalu'	Allow EUTM owners to request that existing EUTMs are entered on to the register of UKTMs as equivalent rights. Similar to the approach taken when Tuvalu's trade mark system separated from the UK system.	High	Yes - provided owners opt-in.	Reduces risk of cluttering of UK register. Opting in means there is an opportunity to ensure there is an "intention to use". Opting-in could involve a fee and introduces an administrative burden for applicants and a deadline that could be missed, jeopardising existing rights. Medium risk of post division conflicts.
'Veto'	As for Tuvalu save that the UK IPO will examine each request and retain a power of veto.	Low	Not necessarily	Preserves integrity of UK register since IPO can veto the entry of any EUTM on to the UK register. Burden on IPO. May be costly for brand owners if there is a fee payable to the IPO to cover the cost of examination. Consistency of examination, given likely volumes involved.
'Ireland'	Allow EUTMs to be enforced in the UK up until the point of renewal, at which time the owner may request that the EUTM is entered on to the register of UKTMs. Similar to the system used when the Irish trade mark system separated from the UK system.	Medium	Yes, until renewal, then conditional upon opt-in.	Reduces risk of cluttering register. Spreads the administrative burden on IPO over longer period. No re-examination. Medium risk of post division conflicts. Legal certainty achieved but only after 10 years once renewal cycles for all current EUTMs is complete. Low cost.
'Conversion'	Owners of EUTMs can apply for a new UKTM and retain the same effective start date as the previous EUTM. The new UKTM will be fully examined as though a new trade mark application. Similar to the present system for converting EUTMs into national trade marks.	Low	No guaranteed continuity of rights.	High cost. High administrative burden on IPO. Consistency of examination, given likely volumes involved.

Other considerations:

Automatic preservation of rights is important - SMEs not following Brexit closely could assume their rights are secure and suffer significant losses if they do not realise that something needs to be done. There is also the risk that unrelated third parties could apply for UK rights before the EUTM proprietor if there is no automatic preservation system enacted; this would be damaging for both the genuine proprietor and for consumers, given that a fundamental purpose of a trade mark is to protect consumers from being confused on origin.

Original priority dates should be preserved, perhaps via a system whereby an EU -> UK converted right attracts a registration date of the earliest of: (i) the date of filing of the earlier EUTM; (ii) the date of priority of the earlier EUTM; or (iii) the date of seniority in the UK of the earlier EUTM. Where an EUTM has claimed the seniority of an earlier UK right which has subsequently lapsed, there should be a mechanism for keeping the historical benefit of that senior right alive.

Existing use and reputation of an EUTM should be recognised for rights converted into UK registrations. EUTM applications are clearly not subject to the "intention to use declaration" (see above). We expect that this discrepancy between EU-originating registrations and UK-originating registrations will have to be accepted. A transitional grace period for use once EU registrations transfer to the UK register may be advisable, amongst other options.

Dealing with examination of pending applications and ongoing opposition and invalidity proceedings: whilst it would be impractical to seek to transfer existing opposition or cancellation proceedings from the EUIPO to the UK IPO, it is nevertheless important to ensure that the position of Opponents and of Applicants for Cancellation is not unfairly prejudiced as a result of Brexit and that pending EU applications are not lost for the UK.

Directive (EU) 2015/2436 should be transposed into UK law before the deadline of 14 January 2019.

Ideally, UK qualified or based lawyers / attorneys should be able to represent clients in front of the EUIPO and EU courts. However, it has to be acknowledged that there are significant obstacles in the way of this proceeding. If the UK remains part of the EUTM system after Brexit, then the ability for UK-based lawyers or employees of UK companies to act / represent in the EU (at the appropriate levels) should naturally be aligned.

Exhaustion of IP rights needs to be dealt with actively upon Brexit and should not be left to default. We do not support full International Exhaustion as this would be highly detrimental to the UK's IP intensive industries.

Conclusion

The IP Federation favours certainty, ensuring that all accrued and pending intellectual property rights are preserved in the UK post-Brexit and that the outcome ensures robust, UK equivalent rights.

Although it would be complex to achieve legally and politically, remaining part of the EUTM system would be ideal for brand owners and so the viability of this option will be monitored closely.

If this is not available, the Montenegro option (automatic transfer of EUTMs on to the UK register, maintaining original priority dates) is the unilateral option that comes closest to satisfying the above tenets as well as being the most practical and efficient to implement for all parties concerned.

We consider that it would also be beneficial to provide an opportunity for EUTM owners to opt out of the otherwise automatic transfer of rights on to the UK register, to reduce cluttering.

IP Federation
22 February 2017



IP Federation members 2017

The IP Federation represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. Its membership comprises the innovative and influential companies listed below. The CBI, although not a member, is represented on the Federation Council, and the Council is supported by a number of leading law firms which attend its meetings as observers. It is listed on the joint Transparency Register of the European Parliament and the Commission with identity No. 83549331760-12.

AGCO Ltd
Airbus
ARM Ltd
AstraZeneca plc
Babcock International Ltd
BAE Systems plc
BP p.l.c.
British Telecommunications plc
British-American Tobacco Co Ltd
BTG plc
Caterpillar U.K. Ltd
Dyson Technology Ltd
Eli Lilly & Co Ltd
Ericsson Limited
ExxonMobil Chemical Europe Inc.
Ford of Europe
GE Healthcare
GKN plc
GlaxoSmithKline plc
Glory Global Solutions Ltd
HP Inc UK Limited
IBM UK Ltd
Infineum UK Ltd
Johnson Matthey PLC
Merck Sharp & Dohme Ltd
Nokia Technologies (UK) Limited
Pfizer Ltd
Philips Electronics UK Ltd
Pilkington Group Ltd
Procter & Gamble Ltd
Renishaw plc
Rolls-Royce plc
Shell International Ltd
Smith & Nephew
Syngenta Ltd
The Linde Group
UCB Pharma plc
Unilever plc
Vectura Limited