



Trade Marks Update

Trade Mark Committee

The IP Federation Trade Mark committee has had another year of strong attendance and participation.

It has been an important year for trade marks in the UK, with the implementation of the EU Trade Mark Directive imminent and Brexit causing all sorts of uncertainties and challenges for the future of the IP right in the UK and the knock-on impact on UK industry.

Brexit for Trade Marks

The committee has been active in discussing the various problems presented by Brexit, being creative with ideas to address these problems and then lobbying on the various developments. Some progress has been witnessed over the year, particularly with the Commission's Withdrawal Agreement being published and then negotiated with the UK IPO. Members will no doubt be aware that this is the agreement which will reflect the position after the end of the transition period if no future economic partnership with IP terms included is agreed between the EU and the UK to supersede it before that date.

We have attended a number of meetings at the UK IPO to input on IP stakeholders' perspectives on the proposed terms and general issues. We have been impressed with the way the UK IPO has handled the process and their willingness to consult and listen in order to fully understand the perspectives of brand owners. What has been less positive in relation to trade marks is the UK Government's general position of not sharing much, if any, information on its position and a perception that their approach is quite reactionary to EU Commission positions.

However, the overall picture the Withdrawal Agreement presents is not too negative in terms of the trade mark position, given the restraints Brexit is naturally expected to impose. Clearly, the UK IPO has been effective with its negotiating of it and we welcome further involvement and developments.

Court of Justice case C-340/17P Alcohol Countermeasure Systems (International) v EUIPO

This case before the CJEU concerned the invalidation of a trade mark intended for a breathalyser product. Of particular interest to the IP Federation Trade Mark committee was the following paragraph from the pleadings:

The fifth ground raises a public order issue: a UK earlier right shall not permit the cancellation of a EU mark in light of the Brexit process and article 50 of the European Union Treaty notification sent by the United Kingdom. Permitting such a cancellation would increase expenses and create unnecessary and disproportionate obstacles to unitary trade mark protection, while in 2 years or less, the United Kingdom will no longer be part of the EU unitary trade mark system. The General Court therefore violated the territoriality principle recognized by the 1883 Paris Convention and Article 17 of the Charter of Fundamental Rights of the European Union.

We feel confident that readers will understand our concern about this statement and so we took the step of intervening with the following:

We refer to the fifth ground raised in the above-referenced appeal to the CJEU. This stance raises a significant number of concerns: i) the UK remains a fully-functioning

member of the EU during the Brexit negotiation phase and therefore part of EU institutions such as the EUIPO with no alteration; ii) accordingly, a UK trade mark should be treated no differently to a national trade mark granted in any other member state of the EU; iii) speculation on the future relationship between the UK and the EU has no bearing on current trade mark law or its interpretation in the courts; and iv) it has not been decided that, after the UK leaves the EU, it will no longer be part of the EU unitary trade mark system.

While we fully anticipate that the CJEU will rebut this position, we are of the view that it was worth commenting on in any event, given how much of a mischaracterisation it presents. The final point may look less hopeful at this point in time but is still valid as an argument until finally settled!

Implementation of the EU Trade Mark Directive 2015 into UK law

Earlier in the year, the Government launched a consultation on an SI to amend the Trade Marks Act ('TMA') and Rules in order to implement EU Trade Mark Directive 2015/2436. Members of the committee have been actively taking part in the discussions with the UK IPO and a detailed response to the consultation was submitted by IP Federation in April 2018 and published as policy paper PP 3/18.

The Government published its response to the consultation in June 2018. It has clearly considered both the IP Federation's response and those of other organisations carefully and acknowledged they have been "very helpful" in refining the language of the SI. The vast majority of the comments made by the IP Federation in answer to the questions in the consultation paper have been accepted and a significant number of the additional drafting points which the IP Federation suggested (which had not been the subject of any specific questions in the consultation paper) were also accepted. Many of the points made in consultation are fiddly, but the following are worth noting:

- The Directive removes the need for the graphical representation of a mark from s. 1(1)(a) TMA. The Government consulted on file formats and stated that it is intending to accept applications for mark in the widest range of digital file formats that is technically possible, thus accommodating, mark comprising sounds, smells etc.
- The provision in s. 6(3) TMA which requires expired marks to be taken into account for one year after expiry when considering the registrability of a later mark is contrary to the Directive and will be repealed. Similar provisions to those found in the Patents Act and the Designs Act will be introduced which protect the legitimate activities of third parties who use an identical or similar sign in the period between the expiry of a registration and its restoration.
- The home-grown provision on comparative advertising (s. 10(6) TMA) is contrary to the Directive and will be repealed. Instead, use of a sign in comparative advertising contrary to the Misleading and Comparative Advertising Directive 2006/114/EC is listed in s. 10(4) TMA (together with use of a sign a trade or company name) as one of the (new) specific uses capable of being an infringement.
- New s. 10A TMA provides for potentially fake or counterfeit goods originating outside the EEA to be detained by customs authorities when they are passing through the UK without being released for free circulation. The IP Federation advised that it was correct to refer to the EEA as opposed to the EU.
- Certain preparatory acts relating to counterfeiting in relation to a broad range of items associated with packaging labels or other materials are now included in ss. 10(3B), 10(3C) and 10(3C) TMA.
- The somewhat draconian remedies provided for in the draft SI in relation to the use of trade marks in dictionaries (new s. 99A TMA) will be modified following the comments made by IP Federation and others.
- New s. 11A TMA introduces a non-use defence preventing trade mark owners from using unused rights in infringement cases.
- The Government accepted the IP Federation's and others' comments that s. 30(4) and (5) TMA should not be repealed. These sub-sections provide that the trade mark owner must be included in infringement proceedings brought by licensees and if added as a [sleeping] defendant, shall not be liable for the costs of proceedings.

- The Government also accepted that the provisions in s. 13 TMA allowing trade mark owners to disclaim or limit part of a trade mark should be retained.

The Government has stated that, subject to the SI being made and laid before Parliament in the summer, they envisage making the necessary changes to implement the Directive on time, namely 14 January 2019. Business guidance will be published ahead of that date.

Thomas Hannah, GSK, and Katharine Stephens, Bird & Bird LLP, 5 July 2018