

Brexit - what will it mean for your IP?



It is now less than a month until 'Brexit day', but the terms of the UK's departure from the EU are still unclear.

With the next 'meaningful vote' now delayed until 12 March, pressure has grown on the UK government to exclude no-deal as an option for Brexit. In response to that, further votes have now been planned for 13 and 14 March should UK parliament reject Prime Minister May's renegotiated deal. Here's a recap of the current situation for IP, and what brand owners can do to prepare themselves whatever the Brexit outcome.

At the time of publication, the possibilities remain as follows:

- **If vote for 'deal' on 12 March:** The exit deal between UK/EU will have been agreed and a transition period will apply until the end of December 2020. There will be no change in relationship between the UK and EU (and EUIPO) during the transition.
- **If vote for 'no deal' on 13 March:** The UK leaves immediately on the 29 March 2019. The relationship between the UK and EU (and EUIPO) terminates immediately.
- **If vote for an 'extension' on 14 March:** Exit will be delayed. (The length of a possible extension period is currently unknown as the UK has not yet officially requested an extension.) There will be no change in relationship between the UK and EU (and EUIPO) during the extension period.
- If the UK Parliament votes not to extend Article 50, all the above options will be ruled out ('**deadlock**').

Deal or no-deal: does it matter for IP?

The good news for IP owners when it comes to deal or no-deal planning is that the UK government has already put in place statutory instruments to ensure that the property rights in all existing registered EU trademarks (EUTMs) and registered European Community designs (RCDs) will continue to be protected and to be enforceable in the UK in the event of a no deal (just as they would be in the event of a deal).

Rights holders with existing EUTM or RCD registrations will have a new UK equivalent right granted automatically and that will come into force at the time of the UK's exit from the EU. This will come into being either immediately on no deal, or after the end of the transition period of 31 December 2020 (deal), or at the end of any agreed extension period (extension).

The new UK trademark or design right will be entered automatically into the UK Register. The UKIPO published guidance in February 2019 on how it plans to manage the numbering of such registrations, including how they will be distinguished from existing UK trademarks. There will be no UK government fee to pay or opt-in procedure to follow. The new UK trademark or design will effectively be a 'clone' of the parent EUTM or RCD with exactly the same details, such as filing and registration dates of the parent EUTM or RCD, and will be treated as if it had been applied for and registered under UK law which means that it:

- will be subject to renewal in the UK;
- can form the basis for proceedings before the UK Courts and the UKIPO's Tribunal; and
- can be assigned and licensed independently from the EU right.

Watch out for 'scam' letters urging you to take unnecessary actions.

Actions for brand owners

While the above process will happen automatically on the date of Brexit, there will be some actions that brand owners may need to take however, including:

• Pending applications

Where an EUTM or RCD is still in its application stage, that is to say it is not registered only pending registration on exit day, it will **NOT** be cloned automatically on to the corresponding UK Register. Instead, the EU applicant will have **nine months** from exit day to instruct the filing of a new UK trademark or design application equivalent to the parent EUTM or RCD application using the same details as the parent. This will be the only mechanism by which EU applicants will be entitled to claim the same filing date as the filing date of the parent EUTM or RCD application, but it will involve payment of fees to the UK Registry in accordance with the UK trademark or design application fee structure. Any clients of ours with EU applications, which are still pending on exit date will be automatically contacted and asked wish to file an equivalent application in the UK and will be provided with costs, a deadline for filing and additional advice. As we understand it, the registries are not planning to notify applicants of the need to refile.

- **Ongoing proceedings**

Any ongoing opposition and invalidity proceedings may be impacted if they are based solely on a UK right, as it may not be a valid right on Brexit (especially in the event of a no deal). We will also be contacting clients who may be impacted with our recommended next steps.

- **International rights**

The same provisions set out for EUTMs will apply to International Trade Mark and international Design registrations designating the EU. In the event of a 'no deal', however, the comparable right will be a UK registration and not a UK designation. This will have some impact on record management.

- **Renewals**

Brand owners are also advised to review EUTM and RCD portfolios to consider whether they wish to retain (or renew) the cloned right in both jurisdictions, as each will be charged separately, and there may be an impact on any co-existence agreements in place. Assuming the cloning takes place as per the UK's published plans, there will also be an 'opt out' clause in this automatic cloning. The UKIPO has also announced that it intends to waive any late fees for the first six months to give brand owners time to make the necessary decisions. It's also important to note that you can't avoid paying the UK renewal fee by paying before Brexit for any EU renewal that is due after it. The new 'cloned' UK registration will still need to be renewed although the UK understands that the UKIPO's six months grace for the renewal will also apply.

- **Proof of use**

Rights holders are also recommended to review EUTMs and RCDs to assess if use is only in the EU27 and not in the UK. If so, expansion of use should be considered in the future since the cloned UK registration may become vulnerable to cancellation actions for non-use.

- **Unregistered design rights**

The UK is planning to create a new right, called the Supplementary Unregistered Design Right, to ensure that all Unregistered Community Design Rights (UCDR) that exist on Brexit continue to be protected and enforceable in the UK for their remaining lifetime. We recommend pulling a list together of any unregistered design rights affected in case further action is necessary.

- **Exhaustion of rights**

Rights exhausted in the UK and EU before Brexit day will remain exhausted in both territories. In the event of a 'no deal', the UK has said it will recognise exhaustion of goods marketed in the EEA, but the EU has yet to agree to recognise exhaustion of rights in the UK.

- **Coexistence agreements, licences and other IP agreements**

Agreements that cover the EU should cover the cloned UK rights unless there is evidence that such documents were not intended to have effect in the UK. For this reason, we recommend ensuring that the territory clause in agreements for all ongoing matters which include the EU also includes the UK separately.

- **Security interests**

Brand owners should also check whether any licences or security interests have been recorded against a EUTM registration, as these may also need to be recorded against the cloned UK trademark.

- **.eu domains**

As things stand, UK businesses will no longer be eligible to register or renew .eu domain names as of 11pm UTC on 29 March, and will not be able to draw upon their UK trademark rights to act against infringing or bad faith registrations of .eu domains from that date. See column on page 4, for further information and advice.

Should you double file?

The latest guidance from industry bodies CITMA and CIPA suggests brand owners should only consider double filing national applications in the UK and EU, if registration of the trademark or design will not be completed by 29 March 2019 (as it is still possible we may leave then under the 'no deal' scenario).

For international registrations, it is recommended to start adding UK designations now. Post Brexit, double registrations will be required to ensure that brand owners benefit from protection in both the EU and UK.

Impact on representation

It is likely that UK representatives will lose their rights to representation on Brexit day (on 29 March if no deal or at the end of the transition period if a deal is agreed). CITMA and CIPA have both warned that this may result in an influx of scam letters to UK rights holders, especially given that current rules suggest there will be a two-month deadline in which representative addresses for service will need to be updated to ones in the EEA.

Please be assured that Novagraaf will be able to continue to act for you during and following the process of exit from the EU. We are a Europe-wide firm with offices across Europe as well as in the UK.

Domain name management: Brexit and the .eu

For UK businesses with .eu domain name registrations, 'Brexit day' adds a further deadline.

As the European Commission has previously made clear: *"As of the withdrawal date, undertakings and organisations that are established in the United Kingdom but not in the EU, and natural persons who reside in the United Kingdom will no longer be eligible to register .eu domain names or, if they are .eu registrants, to renew .eu domain names registered before the withdrawal date."*

Subject to the outcome of the votes currently scheduled for 12-14 March (which may delay the timings), this means not only that UK businesses will no longer be eligible to register or renew .eu domain names as of 11pm UTC on 29 March, but also that they will not be able to draw upon their UK trademark rights to act against infringing or bad faith registrations of .eu domains from that date.

For its part, EURid, the registry that manages the .eu domain, has issued an action plan that covers two possible scenarios: no deal or deal plus transition period (please visit our website for the full details on both these scenarios.)

What should UK with .eu registrations do?

To minimise the impact on their European web presence post-Brexit, any UK business that is also established in the EU would be wise to consider transferring their .eu domain registrations to entities/subsidiaries within the EU to ensure they continue to enjoy the use of their .eu domains.

Companies (or individuals) that do not have such a presence in the EU, however, will need to consider:

- How to transfer their .eu presence (and traffic) to a new non-eu domain;
- Which gTLD or ccTLDs to favour moving forward; and
- How to tackle potentially infringing/bad faith .eu registrations in the future.

Depending on how active your business needs to be in identifying and acting against infringement activity in the EU post-Brexit (including counterfeiting activity, cybersquatting and look-alike sites), you may also wish to consider implementing a domain name watching process in order to monitor core trademark rights, as well as to design a defence strategy for prioritising action.

For additional advice or support, please contact us at marketing@novagraaf.com.

What about patents?

There will be no change to the current way in which European patents (EPs) can be obtained, maintained or litigated in the UK. The Brexit vote does not mean the UK ceases to be a member state of the European Patent Convention (EPC) that established the European Patent (EP) system. Even after Brexit, therefore, companies will be able to file an EP application designating the UK.

There are, however, some implications for supplementary protection certificates (SPCs). Please get in touch if you require further information or support. Similarly, it was announced in February that the German Federal Constitutional Court intends to hear the constitutional complaint against the Unified Patent Court legislation. This has again raised the question of when (if at all) the Unitary Patent will come into being, and if so what the UK's involvement would be (if any). We continue to monitor progress and will keep you updated when we know more. ■

If in doubt about your best course of action, please speak to your Novagraaf attorney or contact us at marketing@novagraaf.com.

Get the latest guidance from our team of IP specialists by signing up to our live webinar on Brexit and your IP on 13 March. Please visit our website for further details.

About the author of this white paper

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