Prepping for Brexit  
Key Brand Protection Q&As

With Article 50 about to be triggered, now is the time to consider the implications of Brexit on your IP portfolios, enforcement strategies and agreements. In the first of our series of briefings on Brexit and IP, we address the common questions about the impact of Brexit on trade mark and design protection, including what action should be taken now to protect and strengthen your interests going forwards. We finish with a useful checklist of action points.

Overview

1. Has anything changed yet? No. Trade marks and designs are currently unaffected by the decision to withdraw and will be until at least 2019, the earliest date the UK is likely to exit the EU – see Q1 below.
2. Will EU trade marks (EUTMs) and EU registered and unregistered designs continue to cover the UK post-Brexit? Unlikely. However, we anticipate that legislation will be implemented to allow a separate UK equivalent right to be created mirroring and sitting alongside the original EU right – see Q2 and Q3 below.
3. Should any new trade mark and design applications be filed now? Yes, additional protection should be sought in certain circumstances, particularly for core and valuable marks and designs. However, there is no need to ensure that all EUTMs and EU-wide designs are separately protected in the UK (or vice versa) at this stage – see Q4 and Q5 below.
4. How should portfolio management change? A number of actions can be taken now to mitigate the risks of Brexit such as filing core and valuable marks and designs at both UK and EU level, not allowing any UK marks to lapse, avoiding any seniority claims, reviewing the scope of your watches and possibly extending your IP budget - see Q6 below.
5. Will the law on parallel imports change? It is unclear how the UK will deal with parallel imports and exhaustion of rights going forward. However, rights owners should consider further UK and EU trade mark and design filings to bolster their positions – see Q7 below.
6. Will Brexit affect domain names? Generally, no, other than for .eu domains – see Q8 below.
7. What action should be taken now? See our checklist of action points at the end of this briefing.

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1. Has anything changed yet?

No. At present, the UK remains a member of the EU and all IP rights are unaffected by the decision to withdraw. Once notice of withdrawal under Article 50 is served (scheduled for 29 March 2017) there will be a two year negotiation period between the UK government and other EU governments, meaning that the UK will not exit the EU until 2019 at the earliest. During that time, all IP rights should continue to be unaffected.

What happens after 2019, and the precise details of any deal affecting your IP, is still largely unknown. There are likely to be transitional provisions followed by a detailed review of which EU laws to keep, which to repeal (and possibly replace) and which to amend.

Despite the uncertainties, there are a number of issues that can and should be considered now by all businesses who rely on UK and/or EU rights or who operate in the UK and/or EU.

2. Will EU Trade Marks cover the UK post-Brexit?

Once the UK has left the EU, existing EUTMs will no longer provide coverage in the UK. However, we anticipate that the UK government will implement legislation to ensure that such marks continue to have effect in the UK. There are many ways this could be achieved but it is likely to be by way of a separate UK equivalent right (benefitting from the same filing and priority dates as the EUTM) which sits alongside the original EUTM (which will cover the rest of the EU).

Assuming the UK government proceeds down this route, there will be many details to flesh out. In particular, it is not yet known:

- Whether protection in the UK will arise automatically or whether any action will be required by rights holders to “split out” or “convert” their EUTMs.
- Whether there will be re-examination by the UKIPO or not and whether any fees will be payable.
- How pending EUTM applications will be handled.
Preparing for Brexit

- What the rules governing issues like revocation for non-use will be - an issue that raises particular risks for rights holders. In particular, it is not clear whether owners of “converted” UK rights will have 5 years to use the mark in the UK from “conversion” or from the date the “source” EUTM was registered or a different date. Likewise, it is not clear whether the owners of post-Brexit EUTMs which have only been used in the UK will benefit from an additional period of time in which to use their marks on the Continent.

3 What about International trade marks?

Like EUTMs, International Registrations (IRs) designating the EU will not extend to the UK post-Brexit. Again, we anticipate that the UK government will legislate to allow the EUTM element of any IR to be “converted” into a separate national UK right. An alternative would be for WIPO (the organisation that administers the IR system) to allow holders of IRs designating the EU to add a UK designation retaining the same filing and priority dates as the original EU designation. However, that seems unlikely and so national legislation is likely to be required.

Separately, it is worth remembering that, post-Brexit, businesses that do not have a real and effective commercial establishment in an EU Member State (ex. UK) may not be able to file an IR based on a EUTM; IRs may have to be based on applications in the UK or other countries instead.

This risk should be factored into future IR filing strategies.

4 Should any new UK TM or EUTM applications be filed now?

There is certainly no need to apply for all EUTMs in the UK or vice versa. A more strategic and cost-effective approach can be taken depending on the extent and age of existing registrations and the value of and plans for the brand. Individual advice should be sought on a case-by-case basis particularly if there are third parties with competing rights. However, the following is a good starting point for consideration. It applies to both UK marks and EUTMs filed at the UKIPO and EUIPO (respectively) as well as IRs designating the UK and EU.

- Valuable or core marks protected by EUTMs only (i.e. without separate national UK protection) – generally, file in the UK now to be certain of continued protection and to avoid the inevitable rush at the UKIPO once the UK government decides on its strategy. Before filing, be sure that the mark is likely to be accepted for registration under current UK law and practice. It is possible the law or registry practice in the UK is less favourable now to your type of trade mark than it was when your EUTM was registered.

- Any marks registered as EUTMs only (i.e. without separate national UK protection) where there is currently use in the UK only but there are plans to use in the rest of the EU in the future – consider re-filing as EUTMs now as use in the UK will not be sufficient to maintain EUTMs post-Brexit. Obviously, there is no need to re-file if use within the rest of the EU (ex. UK) will commence pre-Brexit or when the current EUTM is still less than 5 years old. Likewise, you might wish to delay the re-filing until closer to Brexit so that the non-use period starts to run as late as possible, giving you more time to launch your use in the rest of the EU.

- Any marks registered or used in the UK only (i.e. without separate national UK protection) – generally, no need to file in the UK now as it is highly likely your EUTMs will somehow be converted into UK marks, possibly automatically and for less than the cost of a new UK application. It is especially worth waiting if the mark has not and is unlikely to be used in the UK in the next 5 or so years. Otherwise, there is a risk that the 5 year non-use period will come to an end sooner than would otherwise be the case if the filing had been delayed until closer to Brexit.

- All other marks protected by EUTMs only (i.e. without separate national UK protection) – generally, file as EUTMs now since UK marks will no longer be valid rights for opposition or invalidity proceedings post-Brexit. Again, you might wish to delay the re-filing if the mark has not and will not be used in the EU (ex. UK) within the next 5 or so years so that the non-use period does not start to run until as late as possible.

5 What about Designs?

There are two forms of design protection available at both EU and UK level: Registered Community Designs (RCDs), Unregistered Community Designs (UCDs), Registered UK Designs and Unregistered UK Designs. The first three of these are largely identical in terms of the designs that they protect (note, however, that UCD only protects against copying and is shorter in duration). Conversely, Unregistered UK Designs are somewhat different (longer-term but relatively narrower in scope and available to a more limited range of owners).

- RCDs. Like EUTMs, protection in the UK will no longer flow from ownership of a RCD post-Brexit. However, we expect the UK government to legislate to ensure that these rights continue to have effect in the UK post-Brexit (for example, through a “conversion” or other process similar to that discussed in Q2 above for EUTMs). This ought to be more straightforward for designs than trade marks since designs are not vulnerable to revocation for
non-use (there are no use requirements for registered designs). In principle, there should therefore generally be no need to register designs both as RCDs and in the UK now or at any point. However, registering designs separately as RCDs and in the UK could be considered now for any particular valuable, core and/or long-term designs to be certain of continued protection in the UK and/or to avoid a potential rush at the UKIPO if the UK decides on a conversion or similar procedure.

UCDs. The likely outcome for UCDs is more difficult to predict given that UK Unregistered Designs are somewhat different from UCDs. It is not yet known whether the UK government will legislate to allow existing UCDs to benefit from continued protection in the UK post-Brexit, but it seems likely there will be something to avoid a complete loss of this form of protection. Likewise, it is not known whether the UK will change UK unregistered design law so that it mirrors the EU right. That seems less likely in the short or medium term. It is also uncertain whether designs which are first marketed in the UK - and not elsewhere in the EU - will necessarily qualify for UCD protection (on the Continent) post-Brexit. Further, for non-UK/EU design owners, the UK unregistered design system is subject to residency/domicile requirements which do not apply under the EU system.

In view of these uncertainties, we recommend that registered design protection (both at UK and EU level) be sought where possible and consideration be given as to whether copyright might exist and be relied upon in some aspects of designs (such as surface decoration).

Note: There is a 12-month “time limit” on validly registering a design (at UK or EU level) once it has been publicly disclosed. Unlike trade marks, it will therefore not be possible to validly register a design more than 12 months after it was first disclosed. This weighs in favour of reviewing your design portfolios now to determine whether any additional filings should be made as well as seeking registered protection for any new designs going forward.

6 How should future filings and portfolio management change?

- Going forwards, valuable or core trade marks and designs should be protected at both UK and EU level (if appropriate depending on use plans) so as to be certain of continued protection.
- UK rights, even if the subject of a seniority claimant (that preserves the UK right within the EU right), should not be allowed to lapse, where possible, since these will become increasingly important post-Brexit.
- New UK seniority claims for the UK should be avoided at present. Where UK national rights have already been allowed to lapse following a seniority claim, we expect that legislation will be implemented to ensure that those lapsed rights are somehow resurrected or otherwise that a new system of UK seniority will be created.
- Trade mark watches should be reviewed to ensure they are adequate since there are likely to be many more UK and EUTM filings in the next few years that will need to be monitored.
- IP strategies should be reviewed and amended where necessary to reflect the above. Additional legal budget and resources may be needed for new national and EU filings, contract amendments and to reassess litigation strategy.
- For organisations or individuals used to managing (in-house) their own trade mark matters with the EUIPO, Brexit could add complication and expense. It is not currently necessary to have professional representation in proceedings before the EUIPO if the applicant/registrant is domiciled or principally doing business in an EEA jurisdiction. However, for parties based outside the EEA, representation within the EEA is necessary for all but the most straightforward matters (such as filing and renewal). So it is possible that, going forward, UK-based in-house teams could not act directly before the EUIPO.
- Post-Brexit, thanks to having team members qualified in other EU countries and fully integrated IP teams around the Continent, the Taylor Wessing UK team will continue to be able to file, prosecute and renew EUTMs and RCDs and to handle any oppositions and cancellation actions at the EUIPO, General Court and CJEU. Also, thanks to our strong IP teams across Europe, we were recognised as European Trademark Firm of the Year 2016 by Managing Intellectual Property magazine. As a result, we are well placed to continue to advise our clients on their national, pan-EU and international portfolio, enforcement and advisory work from any of our European offices, whether in the UK, Germany, France, the Netherlands, Austria, Slovakia, Poland, Czech Republic or Hungary.
Will the law on parallel imports change?
At present, once a rights holder has sold or permitted the sale of goods bearing their mark and/or design in the EEA, they cannot prevent further sales within that territory, their rights having been ‘exhausted’. We do not yet know whether this position will continue post-Brexit or whether rights holders will be able to prevent goods circulating between the UK and EEA based on their trade mark and/or design rights. The latter option would be difficult since the Republic of Ireland remains a part of the EU. Policing imports into the UK from Ireland would be extremely difficult. Nonetheless, it is possible that the UK will give rights holders the power to restrict trade in goods between the UK and the EU.

Once the UK government’s position becomes clearer, it may be prudent for rights holders to file further UK trade mark and EUTM applications to bolster their positions as regards parallel importers. In view of the 12 month “novelty” period for registered design protection, new designs that are at risk of being incorporated into parallel imports could be protected at both UK and EU level now (as opposed to waiting until the UK government’s position on parallel imports is made clearer). Lastly, businesses will need to consider filing a separate customs notification with the UK post-Brexit.

Are domain names affected by Brexit?
Generally, no, other than for .eu domains. If a .eu domain name is being used and relied on, a back-up domain should be acquired as the registrant of a .eu domain must have a registered office, principal place of business or place of establishment within the EU/EEA. UK holders of such domains may not be permitted to retain them post-Brexit.
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<tr>
<th>Issue</th>
<th>Suggested action</th>
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<tr>
<td>Valuable or core marks currently protected by EUTMs only.</td>
<td>Generally, file in the UK now to be certain of continued protection and to avoid the inevitable rush at the UKIPO.</td>
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<td>Marks currently protected by EUTMs only where there is currently use in the UK only but there are plans to use in the rest of the EU in the future.</td>
<td>Consider re-filing as EUTMs now (depending on use plans) as use in the UK will not be sufficient to maintain EUTMs post-Brexit.</td>
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<tr>
<td>All other marks currently protected by EUTMs only.</td>
<td>Generally, no need to file in the UK at this stage.</td>
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<tr>
<td>Marks currently registered or used in the UK only which are regularly relied on to block third-party EUTM applications.</td>
<td>Generally, file as EUTMs now (depending on use plans) since UK marks will no longer be valid rights for opposition or invalidity proceedings post-Brexit.</td>
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<td>Businesses with no establishment in an EU member state (ex. UK).</td>
<td>Consider relying on UK (or other country) base registrations for IRs (as opposed to CTMs).</td>
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<td>Valuable, core or long-terms RCDs (not currently separately registered in the UK).</td>
<td>Consider registering in the UK now to be certain of continued protection and to avoid potential rush at the UKIPO (if within 12 month &quot;novelty&quot; period).</td>
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<td>Designs which are not currently registered.</td>
<td>Consider registering at UK and EU level (depending on use plans and if within 12 month &quot;novelty&quot; period). Consider whether copyright might exist.</td>
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<tr>
<td>Marks and designs at risk of being incorporated into parallel imports.</td>
<td>Consider registering designs at both UK and EU level now (while still in 12 month &quot;novelty&quot; period). Wait until more known on trade mark side.</td>
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<tr>
<td>Future valuable or core marks and designs.</td>
<td>Consider registering at UK and EU level so as to be certain of continued protection.</td>
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<td>UK trade mark and design registrations.</td>
<td>Do not allow to lapse, where possible.</td>
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<td>New UK seniority claims for the UK.</td>
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<td>Trade mark watches, strategies and budgets.</td>
<td>Review to ensure adequacy.</td>
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<td>Domain names.</td>
<td>File a back-up domain if a .eu domain is being used and relied on and domicile rules not met.</td>
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We support our clients wherever they want to do business. Our 33 offices around the world blend the best of local commercial, industry and cultural knowledge with international experience to provide proactive, integrated solutions for our clients.

This is the first of a series of briefings on Brexit and IP. Our forthcoming briefings include Brexit and IP-Related Disputes, Brexit and IP-Related Agreements, and Brexit and Copyright.