Overview

- **Has anything changed yet?** No. IPRs are currently unaffected by the UK's decision to withdraw from the EU and will be until at least 2019 (the earliest date the UK is likely to exit the EU) - see our Briefing on Brexit and Brand Protection.

- **What will happen to EUTM opposition/invalidity actions based on prior UK rights?** It is not yet known whether prior UK rights will continue to be taken into account in determining opposition and invalidity actions against pre-Brexit EUTMs where the decision is issued post-Brexit. The risk of prior UK rights being disregarded in post-Brexit decisions should be factored into your dispute strategies now – see Q1 below.

- **What will happen to UKTM opposition/invalidity actions based on prior EUTMs?** If – as expected - a mechanism is introduced to allow EUTMs to have continued effect in the UK post-Brexit, opposition and invalidity actions based on such rights should be unaffected. Nonetheless, the small risk of prior EUTMs being disregarded in post-Brexit decisions should be factored into your dispute strategies now – see Q2 below.

- **How will Brexit affect EUTM infringement actions commenced in the UK courts?** Unless transitional arrangements are put in place, the UK Courts will cease to have jurisdiction over disputes involving EUTMs once the UK leaves the EU. Absent such arrangements, the UK courts will not be able to render decisions or grant remedies post-Brexit even if the action relates to infringing acts committed (and rights crystalized) pre-Brexit. Consideration should be given now as to how to mitigate this risk – see Q3 below.

- **Will the UK recognise findings of other EU national courts on EUTM infringement?** It is not yet known whether the UK will recognise the judgments of other EU national courts issued post-Brexit relating to infringements of EUTMs committed in the UK pre-Brexit – see Q4 below.

- **What about design disputes?** The impact of Brexit is potentially less for design disputes compared to trade mark disputes. A key issue will be whether the UK courts will continue to have jurisdiction to hear actions relating to pre-Brexit infringements of EU designs – see Q5 below.

- **How will remedies be affected?** Pan-EU injunctions will no longer extend to the UK and the UK courts will no longer be able to issue them. We anticipate that existing injunctions will remain in effect in the UK for so long as any “re-registered” EU-wide right is valid and in effect in the UK. However, pan-EU injunctions issued by other EU national courts might be open to challenge if there are reasons why a UK court would not have found infringement in the UK – see Q6 below.

- **How else will Brexit affect trade mark and design disputes?** Brexit will affect trade mark and design disputes in a number of ways. In particular, there will be a greater need for separate proceedings in the UK and EU, with the potential for conflicting decisions. In addition, UK defendants will no longer be able to insist on being sued in the UK when accused of infringing EU-wide rights. Conversely, UK actions will no longer be held up by CJEU references (and possibly also EU “torpedo” actions) – see Q7 below.
1. What will happen to EUTM opposition/invalidity actions based on prior UK rights?

It is possible to oppose or apply to invalidate an EUTM on the basis of prior national rights, as well as prior EUTMs. Accordingly, an EUTM can currently be opposed/invalidated on the basis of prior UK trade mark and prior UK passing off rights, for example. If the opposition/invalidity action is successful, the entire EUTM is refused/invalidated, it being a unitary right which extends across the whole of the EU. (Note, however, that the holder of the EUTM then has the option of converting it into separate national applications in those Member States where there is no conflicting prior right.)

Once the UK has left the EU, existing and future EUTMs will no longer cover the UK and it will not be possible to rely on UK prior rights to oppose or apply to invalidate post-Brexit EUTMs. However, it is not yet known whether prior UK rights will continue to be taken into account in opposition and invalidity actions against pre-Brexit EUTMs where the decision is issued (and/or action commenced) post-Brexit.

Whilst it is difficult to imagine the EUIPO or EU national courts disregarding prior UK rights in this way, it is a distinct possibility. If they do, there will obviously need to be rules preventing infringement actions based on EUTMs that would be invalid but for Brexit. We should know more once the transitional arrangements between the UK and EU start to take shape. In the meantime, where there are opposition or invalidity actions against EUTMs (based on prior national UK rights) that may not be resolved (or commenced) by the time the UK leaves the EU, the risk of such UK national rights being disregarded post-Brexit should be considered. In view of this:

- Consider relying on other prior rights (not just UK prior rights) where possible in opposition and invalidity proceedings concerning EUTMs.
- If you are opposing or applying to invalidate an EUTM relying only or mainly on UK prior rights, you might want to avoid delays in the proceeding and consider whether settlement might be an option. Conversely, if your EUTM is being opposed or is subject to invalidity proceedings relying on such rights, you might wish to delay and the uncertainty might increase your bargaining power in any settlement negotiations.
- Consider filing opposition and invalidity actions against EUTMs as soon as possible and, preferably, pre-Brexit if relying only or mainly on UK rights. It will be particularly important to review any on-going complex disputes to determine if any EUTM invalidity actions that have been held in abeyance (for example, as part of a wider strategy, perhaps involving related disputes in other jurisdictions) should now be commenced.
- Where rights registered or used in the UK only (i.e. without separate EUTM protection) are regularly relied on to block third-party EUTM applications, consider whether to protect such marks as EUTMs or as national rights elsewhere in the EU now. However, you might wish to delay the further filings until closer to Brexit if the mark in question has not and will not be used in the EU (ex. UK)/other relevant country within 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 (see our Briefing on Brexit and Brand Protection).

2. What will happen to UKTM opposition/invalidity actions based on prior EUTMs?

At present, EUTMs cover the UK and so can be relied upon to oppose and invalidate UK trade mark applications and registrations. However, post-Brexit, existing and future EUTMs will no longer extend to the UK and so will not be relevant rights for opposition and invalidity purposes. This, again, raises the question of whether prior EUTMs will continue to be taken into account in opposition and invalidity actions concerning pre-Brexit UK marks where the decision is issued (and/or action commenced) post-Brexit.

Whilst there is a possibility that the UKIPO (and UK courts) will disregard such rights, the position is somewhat different where a UK mark is being attacked (compared to where an EUTM is being attacked). It is anticipated that the UK government will implement legislation to ensure EUTMs continue to have effect in the UK post-Brexit, probably by way of the creation of a separate UK equivalent right (see our Briefing on Brexit and Brand Protection). It seems unlikely that the UKIPO (or UK courts) would then disregard the original EUTM (or the “re-registered” UK right, if valid) in determining opposition and invalidity actions. Nonetheless, until the transitional provisions are agreed between the UK and EU, it makes sense to factor this risk into your dispute strategies. In view of this:

- Consider relying on prior UK rights (not just EUTMs) where possible in UK opposition and invalidity proceedings.
- If you are opposing or applying to invalidate a UK mark relying only or mainly on EUTMs, you might...
How will Brexit affect EUTM infringement actions commenced in the UK courts?

Every EU member state must designate a national court as an EUTM Court. EUTM Courts have exclusive jurisdiction over infringement actions (including actions for threatened infringement and declarations of non-infringement, where permitted under national law). Depending on the circumstances, this potentially includes jurisdiction over acts of infringement committed or threatened within the territory of any of the Member States (and not just within the territory of the Member State in which the particular EUTM court is situated). In those circumstances, pan-EU injunctions may be granted. EUTM Courts also have exclusive jurisdiction over counterclaims for revocation and for declarations of invalidity of EUTMs. (Otherwise, actions for revocation and invalidity of EUTMs can only be brought at the EUIPO – as to which, see Q1 above.)

Unless transitional arrangements are put in place, UK Courts will cease to be EUTM Courts and so will not have jurisdiction over EUTMs post-Brexit. In such circumstances, they would not be able to render decisions or grant remedies. This could potentially affect actions commenced prior to Brexit but not resolved by the time the UK leaves the EU, as well as actions to be commenced post-Brexit relating to infringements of EUTMs committed pre-Brexit. Whilst the UK could unilaterally decide to continue with/hear such actions, in a number of cases they will need the co-operation of the EUIPO and other EU national courts (for example, to give effect to findings of invalidity/revocation and for enforcement purposes).

Whilst it would be surprising if the UK courts were not given power to determine at least those actions which are on-going at Brexit, the risk remains until an agreement is reached between the UK and EU. This is particularly so for cases where the "nexus" with the UK is arguably limited (for example, the case largely involves alleged acts of infringement occurring outside of the UK) and where the action is in its early stages and costs are relatively low at the time the UK leaves the EU. In view of this:

- Carefully review on-going UK actions involving EUTMs that are likely to be unresolved once the UK exits the EU to scope out the risks, particularly if the action is at an early stage and/or has limited nexus to the UK.
- Rely on UK prior rights (as well as EUTMs) in infringement actions relating to acts committed or threatened in the UK, where possible. Where proceedings have already commenced, permission should be sought at an early a stage as possible to add UK prior rights to the action if necessary.
- Rely on prior national rights in other EU Member States (as well as UK rights) in counterclaims for invalidity of EUTMs, where possible – whether in the UK courts or the EUIPO.
- Consider whether delaying or expediting proceedings might be beneficial and whether settlement should be considered.
- If proceedings involving infringement of an EUTM are being contemplated in the UK, try to commence them pre-Brexit.
- Consider whether future planned actions are best heard by the UK courts or other EU national courts or both in parallel.
- Consider whether additional UK trade mark applications should be filed now to bolster your position in future possible infringement proceedings.
- Keep track of the proposals on "re-registering" EUTMs as UK rights and take action to do so if necessary. We will keep clients informed of developments on this and any action that needs to be taken.
- Consider whether potential post-Brexit remedies under EUTMs will be sufficient for the UK – see Q6 below.
4 Will the UK recognise findings of other EU national courts on EUTM infringement?

In the same way that the UK courts have jurisdiction to determine non-UK infringements of EUTMs so the courts of other Member States have jurisdiction to determine UK infringements of EUTMs in certain circumstances. This includes the power to grant injunctions covering the UK (including pan-EU injunctions in certain circumstances). It is not yet known whether these EU national courts will retain the power to hear actions (relating to pre-Brexit acts in the UK alleged to infringe EU-wide rights) once the UK has left the EU or whether the UK courts will recognise their findings. In view of this:

- Carefully review on-going actions in other EU courts that involve allegations of infringement of EUTMs in the UK and that are likely to be unresolved once the UK leaves the EU to scope out the risks.
- Consider whether delaying or expediting proceedings might be beneficial e.g., for a claimant to secure pan-EU relief (also covering the UK) pre-Brexit.
- Consider whether future planned actions are best heard by the UK courts or other EU national courts or both in parallel.
- Keep track of the proposals on “re-registering” EUTMs as UK rights and take action to do so if necessary. We will keep clients informed of developments on this and any action that needs to be taken.
- Consider whether potential post-Brexit remedies under EUTMs granted by non-UK courts will be sufficient for the UK – see Q6 below.

5 What about design disputes?

There are four forms of design protection relevant to Brexit: 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 actual 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) (see our Briefing on Brexit and Brand Protection).

The position as regards disputes involving designs should be more straightforward than for trade marks since (i) designs can largely be invalidated on the basis of prior designs (prior art) made available to the public anywhere in the world and (ii) there are no on-going use requirements for designs. Particular issues are as follows:

- Post-Brexit, it will no longer be possible to invalidate RCDs on the basis of UK Registered Designs filed but unpublished before the RCD in question (taking account of relevant priorities). This is because UK Registered Designs will no longer be relevant prior rights for invalidity purposes. However, if the UK design had been published then it will be relevant prior art. The same position applies as regards invalidating UK Registered Designs on the basis of earlier filed (but later published) RCDs. What will happen to invalidity actions based on prior filed (but unpublished) rights that have not been resolved (or commenced) at Brexit remains to be seen.
- Each Member State must designate Community Design Courts which have jurisdiction in respect of actions for infringement and counter-claims for invalidity of RCDs and UCDs. Post-Brexit, the UK Courts will cease to be Community Design Courts and so will not have jurisdiction over RCDs or UCDs (unless transitional arrangements are put in place). Again, where an action relating to such rights is commenced prior to Brexit but is not resolved by the time the UK leaves the EU, there is a risk that the UK courts will not be able to render a decision or grant any remedies. The same is true where actions are commenced post-Brexit relating to acts in the UK infringing RCDs or UCDs committed pre-Brexit. Whilst we anticipate that the UK courts will be given transitional powers to decide such cases, the risk of it not being given such powers should be factored in to your dispute strategy now. The same is true as regards the risk of decisions of other EU national courts (concerning acts in the UK) not being recognised in the UK.

In view of this:

- Post-Brexit, applicants for UK Registered Designs might consider applying to register (and/or otherwise publishing) such designs as soon as possible since they will no longer be able to invalidate RCDs on the basis of earlier filed (but later published) UK Designs. The same is true for applicants for RCDs.
- For the same reason, applicants for UK registered designs/RCDs should balance the risks of deferring publication of their applications (possible for up to 12 months) against the benefits of publishing now.
- Those applying to invalidate RCDs relying only or mainly on earlier filed (but later published) UK Registered Designs might want to avoid delays in proceedings and ensure they are resolved pre-Brexit. The same applies to those applying to invalidate UK
How will remedies be affected?

UK IP courts have increasingly applied EU approaches to remedies (for example, on issues of "proportionality" and reflecting the terms of the IP Enforcement Directive 2004/48). This approach is likely to remain regardless of Brexit.

More generally, there will be issues surrounding the grant and continued effect of remedies under EU-wide rights in the UK, post-Brexit. Clearly, it will not be possible to obtain remedies for the UK under EU-wide rights for post-Brexit acts (since such rights will no longer extend to the UK). This is particularly relevant for pan-EU injunctions which will no longer extend to the UK and no longer be available from the UK courts (at least as far as post-Brexit acts are concerned). What is less clear is (a) whether remedies will be available post-Brexit for pre-Brexit acts committed in the UK infringing EU-wide rights and (b) what will happen to remedies already granted for the UK under EU-wide rights.

Whilst the position is currently unclear, we expect injunctions to be granted and enforced for the UK for so long as any "re-registered" EU-wide right is valid and in effect in the UK. However, even where this criterion is met, it is possible to envisage injunctions being challenged. This is particularly so for pan-EU injunctions which have historically been granted where there is infringement of an EU-wide right in part, as opposed to all, of the EU. Such injunctions may be open to attack if there are reasons why a UK court would not have found infringement in the UK, for example, where there is no reputation in the UK for the EUTM in question.

Where an EU-wide right is not re-registered in the UK (or is subsequently declared invalid), there ought to be scope to challenge any injunction for the UK issued on the basis of it. However, this might not be straightforward if there are parallel UK rights that were not considered or relied upon in the original action. In this situation, it is possible to envisage the action having to be re-opened.

Lastly, consideration will need to be given as to whether injunctions (particularly pan-EU injunctions) already granted by the UK courts will have to undergo a "re-registration" or other process so that they can continue to be enforced in the rest of the EU.

In view of this:

- If you are or are about to be the beneficiary of or subject to an injunction extending to the UK under an EU-wide right (whether pan-EU or otherwise), consider its future applicability to the UK and the implications of its potential lack of reach to the UK post-Brexit.
- Keep track of the proposals on "re-registering" EU-wide rights to UK rights and take action to do so if necessary. We will keep clients informed of developments on this and any action that needs to be taken.

How else will Brexit affect trade mark and design disputes?

- Separate proceedings. Since EUTMs, RCDs and UCDs will no longer extend to the UK post-Brexit, there will be a greater likelihood of separate proceedings (based on any corresponding/"re-registered" UK national rights) in the UK (and at EU level/in other EU national courts) with the risk of conflicting judgments.
- Venue. There is likely to be more forum shopping by claimants when facing acts committed in the UK and elsewhere in the EU by parties based in the UK.
- EU case law. The UK government’s stated intention is for CJEU case law (in existence as at Brexit) to continue to be binding in the UK unless Parliament changes it or the UK Supreme Court holds it was wrongly decided. However, any EU case law issued post-Brexit will no longer be binding on the UK. Nonetheless, where UK law remains the same as EU law, we would expect EU decisions to have persuasive value, but there is obvious scope for divergence. For example, it is possible to envisage changes to the law in the UK on areas such as the requirement for infringement to affect one of the essential functions of a trade mark (even where there is double identity).
- **CJEU references.** Post-Brexit, UK judges will not be able to refer questions to the CJEU on the interpretation of law stemming from EU legislation (although presumably transitional power to do so will be granted if the UK courts are allowed to continue to hear actions relating to pre-Brexit acts). This may be of potential benefit to claimants who will no longer see drawn-out references to the CJEU.

- **EU torpedo.** Once the UK leaves the EU, there will be less risk of an “EU Torpedo” (where a national court has to stay proceedings because an action for a declaration of invalidity has already been made in respect of the same EU-wide right in another EU national court or at the EUIPO). Whether EU Torpedoes are a thing of the past will depend on whether the UK joins any other international conventions on jurisdiction. If they are, this will potentially benefit UK claimants.

- **Res judicata.** Post-Brexit there is unlikely to be res judicata from EUIPO or other EU national court decisions involving a parallel EU right, so the UK court is likely to be able to decide issues of infringement and validity afresh. Whether this will allow claimants to re-open matters already decided remains to be seen.

- **Jurisdiction.** Defendants who are domiciled (or have an establishment) in the UK will no longer be able to insist on being sued in the UK when accused of infringing EU-wide rights. There is going to be a serious risk of being sued in the courts of the Member State in which the claimant is domiciled or established, or in Alicante (the home of the EUIPO) if they are not based in the EU.

- **Enforcement.** There will be a broader jurisdictional issue for claimants in the UK courts seeking to enforce their judgments (on IP and other matters) against foreign defendants as the UK will not have the benefit of the Brussels Regulation. The UK could seek to rely on the Hague Convention or (perhaps more likely) to join the Lugano Convention. However, both have their limitations and there may be a period of uncertainty.

- **Parallel imports.** 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 of those goods anywhere within the EEA: their rights have been exhausted. Conversely, rights holders can prevent the sale of goods within the EEA where those goods are first put on the market outside of the EEA. We do not yet know what the position will be in the UK post-Brexit. Rights holders are likely to lobby for a tough approach whereby they can rely on their UK rights to prevent the sale in the UK of any goods first marketed outside of the UK. If they are successful, it may be possible to rely on UK rights to block sales of goods being parallel imported across the English Channel or even across the land border between Northern Ireland and the Republic of Ireland. Likewise, it may be possible to rely on EU-wide rights to stop parallel imports entering the EEA from the UK market. In this situation, further trade mark and design filings may be prudent, alongside changes to the way imports and exports are policed (including a separate customs notification for the UK).
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This is the second of a series of briefings on Brexit and IP. Our first covered Brexit and Brand Protection. Our forthcoming briefings include Brexit and IP-Related Agreements and Brexit and Copyright.

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