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Brexit: Trade marks with protection for the European Union («EU trade marks») – what do owners need to look out for and do?

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Brexit Day, when the United Kingdom of Great Britain and Northern Ireland («United Kingdom» or «UK») left the European Union («EU»), was 31 January 2020. In a Withdrawal Agreement, the European Union and the United Kingdom agreed to a transition period until 31 December 2020. During this period, the EU rules for the United Kingdom continue to apply. As well, nothing changes for trade mark rights until then. The expiry of the transition period, however, has certain consequences for EU trade marks.

! Impact of Brexit on EU trade marks as of 1 January 2021

- **Nothing will change until the end of the transition period on 31 December 2020.**
- **As of 1 January 2021, the UK part of all EU trade marks will be converted to national UK IP rights, or «comparable UK trade marks».**
- **The comparable trade marks are subject to UK law and can no longer be centrally managed through the WIPO or the EUIPO.**
- **The above applies for both direct EU trade marks and EU trade marks protected under the Madrid system.**

Brexit: Trade marks with protection for the European Union («EU trade marks»)



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The transition period ends on 31 December 2020. During this period, the United Kingdom is still subject to the existing rules of the EU. The equal treatment will cease on 1 January 2021, including with respect to trade marks that based their protection in the United Kingdom on an EU registration or an international registration with effect for the EU. This newsletter highlights the fate of the EU trade marks concerned and intends to provide IP right holders with a basis for deciding how to safeguard their own rights with respect to the territory of the United Kingdom. In addition to that, we would like to encourage holders of trade marks to review whether their own portfolio of trade marks is current and, where appropriate, to adjust it.

EU Trade Marks

An EU trade mark enjoys protection throughout the entire EU. It is immaterial whether the trade mark is protected for the EU directly through the European Union Intellectual Property Office (EUIPO) or through an international trade mark application with the World Intellectual Property Organization (WIPO) via country designation. The advantage of an EU trade mark is, on the one hand, that once application for registration is made, it ensures trade mark protection throughout the entire territory of the EU. On the other hand, the use requirement does not apply for every country in the EU. Use only in a significant part of the EU is sufficient to preserve the trade mark rights for the entire EU.

Brexit is now forcing owners of EU trade marks to review their protection strategy in relation to the territory of the United Kingdom. The territorial scope of protection for EU trade marks in the remaining 27 EU member states continues to apply and is unaffected by Brexit.

Regular review of the «fitness» of trade marks

To begin with, it is worth taking a look at the general protection strategy for trade marks. A possible need for action for the United Kingdom (as well) can only be seriously assessed by doing this. It makes no sense to position an existing trade mark for the United Kingdom if the trade mark

protection, overall, no longer meets the basic requirements of trade mark law. It is recommended that not only owners of EU trade marks, but all other trade mark owners as well, review their trade mark portfolio on a regular basis with respect to its future viability.

Basically, the answers to the following three questions are important for the «fitness» of trade marks:

Is a trade mark entered in the register exactly as it is used?

It is often the case that a trade mark, once initially registered, is not regularly reviewed in terms of conformity with its actual use in the market, and is routinely renewed on expiry of the period of protection of ten years. This can have serious consequences: If, for more than five years, a trade mark is not used or is no longer used as it is entered in the register, it can lose its protection. Although minor deviations from a registered sign are accepted as preserving the rights conferred on the sign, an assessment of the meaning of «minor deviations» is often not clear. In case of doubt, authorities and courts will define the meaning through discretionary decisions. Under certain circumstances, a new sign may no longer be protected at all. To obtain trade mark protection for the new sign, it is necessary and highly recommended that there be periodic assessment of trade marks and, where required, new trade mark registration.

«EU trade marks until now (also) enjoyed protection in the United Kingdom of Great Britain and Northern Ireland. As of 1 January 2021, the UK parts of EU trade marks be converted automatically into comparable national trade mark rights and entered into the United Kingdom register of trade marks. Whether this takes account of trade mark owners' interests is another question, and should be evaluated.»

Is the trade mark still in use for the products or services for which it was entered in the register?

If a trade mark is not used for all products or services for which it was registered, this can lead, after five years of non-use, to a cancellation of the trade mark for the unused categories of goods or services. Conversely, a trade mark owner may, under certain circumstances, have no trade mark protection for new goods and services offered following an expansion of its product range, for example, if it did not already specify the relevant category of goods or services at the time the trade mark application was made. If there was a comprehensive change in the business activities, there will not be just an expansion, but, due to the change in use, the trade mark will no longer be protected as it is used. After five years of non-use, it loses its claim to protection or, in the worst case, is even cancelled.

Is the trade mark protected in the countries in which it is used?

When deciding for which countries a trade mark should be registered, reference is generally made to the target market, the place of manufacture, and to countries in which potential imitators are suspected. Optimally, protection will be provided for all three categories of countries. Registration of a trade mark in places where it is actually in use is most important, thus in countries in which goods and services labeled with the corresponding trade mark are offered and sold. This also applies in cases where the trade mark use takes place through distribution partners or licensees. It is important to prevent any contracting partner from registering the trade mark itself. If the trade mark owner fails to register the trade mark in its own name, enforcement of a transfer of the trade mark through the courts following termination of co-operation with the contracting partner, if even possible, usually involves great

expense. Additional complications and inconvenience will arise if it is intended that contracts be concluded with new distribution partners.

Brexit specifically

In view of Brexit, the general statements on the «fitness» of trade marks become very concrete for EU trade mark owners for the period after 1 January 2021.

Effects as of 1 January 2021

The Intellectual Property Office of the United Kingdom («UK IPO») automatically registers a comparable national trade mark in its register of trade marks for each EU trade mark, regardless of whether the trade mark is protected directly in the EU or through the Madrid system. This comparable trade mark has the same filing date (priority) as the EU trade mark, but the «new» trade mark is subject to UK law. The previous trade mark protection for the territory of the United Kingdom remains in effect for the time being without the trade mark owner being required to do anything.

This applies as well for all EU trade marks that were filed in 2020 (whether with the EUIPO or through the Madrid system) provided that they were or will be published prior to the end of 2020.

For EU trade marks not yet published by the end of 2020, a separate application for the registration of a comparable UK trade mark must be filed with the UK IPO within nine months from the end of the transition period, thus by the end of September 2021. This requires a review by the end of 2020 of which EU trade mark filings or EU country shares of international trade mark filings are still pending.

Recommendations

To owners of EU trade marks

Check whether you need specific protection for the United Kingdom for your registered EU trade marks. In this regard, pay attention to the following points:

1. Do you need trade mark protection in the United Kingdom (target market, place of manufacture, potential imitators)?
2. Is your trade mark still registered in the exact manner in which it is used in the United Kingdom?
3. Do the registered categories of goods and services still correspond to those for which the trade mark is actually used in the United Kingdom?

Recommendations to trade mark owners in general

Check your trade mark portfolios on a regular basis as to their «fitness» pursuant to the above criteria.

Issues

A trade mark owner concerned who does not do anything will still receive a national UK trade mark with the same rights as granted to the EU trade mark, but with the exception of the limited requirement regarding use for EU trade marks. The comparable UK trade mark concerned must now be used in the United Kingdom, otherwise it will be vulnerable to attack.

In addition, the former UK country portion of the EU trade mark usually had a registered representative and could be renewed together with all other countries in the EU in one step for a single fee. Both no longer apply. The new UK trade mark has no representative and its deadline for renewal must be separately recorded, monitored, and the renewal fee paid in addition.

It has not yet been clarified whether, and if so, with whom, the UK IPO will correspond in relation to trade marks with no representative. In the event the UK IPO is prepared to send notifications, it remains an open question as to whom such notifications should be sent. Possible addressees are the trade mark owner directly, the representative of the former EU trade mark, or the representative of the international trade mark. All options involve risk for the continued existence of the trade mark. If the trade mark owner

is the addressee, the notification might be sent to an old address and get lost. If the correspondence is sent to a former representative, this representative is generally neither authorised nor obliged to practise before the UK IPO. In addition, the UK IPO will basically only allow registrations with no representative for a period of three years. What happens to such trade marks afterwards is not clear. There is considerable legal uncertainty and the risk of losing a right if the trade mark owner does not take any action prior to the expiry of the three years period.

Recommended next steps

We recommend that all holders of EU trade marks review whether, based on the evaluation of the «fitness» of their trade marks, they are still interested in protection for the United Kingdom. If this is the case, we recommend that a UK representative be registered for these trade marks and that the new data be monitored. Since the situation of a national UK trade mark can be inconvenient in the long term, we recommend that holders of international trade marks that cover the EU also extend their trade marks through the Madrid system to the United Kingdom. In this way, the national UK trade mark can be dispensed with in the future. We are glad to assist you.