

**stobbs**

WE THRIVE IN THE GREY, BUT TALK IN BLACK AND  
WHITE – WE CALL IT STRAIGHT-UP IP. **stobbs**

# Brexit



# Brexit: General

- UK is still part of the EU for at least the next two years
- Article 50 has to be triggered (declaration to leave the EU)
- Once triggered, UK will then have two years within which to negotiate exit deals
- Unlikely that negotiations will be completed within 2 years
  - 2 year period can be extended with consent of all member states
- Challenges to Prime Minister's right to trigger Article 50 have been issued and are likely to be heard by the High Court in October
- As a result current reports indicate that Article 50 is unlikely to be triggered until early next year
- Therefore, no immediate change

# Brexit: Current position on IP

- No immediate change in terms of trade marks and brand protection
- UK remains part of the EU and EU TMs continue to provide protection in the UK
- Currently, no reason to change approach to trade mark protection in the UK/EU; continue to seek protection in the UK by way of EU filings

# Brexit: Future position on IP

- Very unlikely that any arrangement as a result of Brexit will lead to any loss of rights in the UK
- UK will likely negotiate for existing EU TM and Designs to retain protection in the UK either by:
  - Conversion: Right owners will be given a period of time within which to turn their EU TMs to EU + UK Apps
  - Amendment to UK legislation so that EU TMs will stay protecting the UK
- We do not recommend filing parallel UK Applications until we know what will happen to EU rights - we see very little benefit in doing this
  - Only scenario in which parallel UK filings may be considered is if the client profile is such that will want to enforce in the UK immediately

# Brexit: Conversion

- If there is a “conversion” what will the process be?
- It will create a new right and so have some impact on ongoing litigation/oppositions;
- If a party were very litigious new UK registrations for key marks would avoid short gap in ability to enforce;
- Cf – transformation of a Madrid mark.

# Brexit: Divergence of law?

- New EU TM Directive may not be implemented into UK law?
- Impact on provisions:
  - Shape objections and marks;
  - Anti-counterfeiting provisions;
  - Defences to infringement.
- UK as stand alone jurisdiction. No possibility of pan EU remedies from a UK Court, or remedies in the UK from a Court outside the UK.

# Brexit: UK vs EU marks

- Intention to use;
- Use in the UK vs use anywhere in EU;
- Bad faith as basis for opposition and including concept of lack of intention to use;
- Infringement remedies back to date of filing (rather than date of advertisement);
- Bar for inherent distinctive character;
- Inherent approach to “difficult” marks;
- Acquired distinctive character only in the UK.



# Brexit: Future position on Designs

- Similar issue as for TMs;
- Registered Community Designs likely to be treated like EUTMs;
- However, what about Unregistered Community Design right?
- This simply will no longer apply to the UK;
- Very useful for fashion industry as protects combination of pattern and ornament whereas equivalent UK Unregistered Design would not apply in relation to any surface decoration;



# Brexit: Future position on Copyright et al

- Copyright laws vary considerably across the EU in any case;
- Current UK law influenced heavily by EU Directives, and unlikely there will be immediate changes;
- Database right at risk in the UK – Copyright and Rights in Databases Regulations requires establishment in an EU state to qualify, so UK party may not be able to take advantage;
- New EU Directive on trade secrets may not be adopted into UK law?
- “Digital Single Market” proposed by EU Commission – set of proposed reforms of copyright law. Slow, piecemeal reform;
- UK government position not clear;
- Unless reforms occur before Brexit UK unlikely to be part of DSM, at least in short term.

# Brexit: Customs Enforcement

- Community Customs Code empowers IP owners to partner with customs authorities in EU to seize infringing goods;
- Sharing of information between authorities and EU Enforcement Database;
- When UK leaves EU impact will depend on model:
  - UK could remain in Brussels Regulation regime which would lead to no change;
  - Limited change if UK enters Lugano Convention (applies for Norway, Switzerland and Iceland)
  - WTO model would mean UK could determine its own border controls.
- Real possibility of more formal border and so closer control;
- UK law enforcement – Customs, Trading Standards, PIPCU
- UK specific databases such as ACG

# **EU Trade Mark Protection Strategies**



# EU TM

- Still cheapest and easiest way to protect mark in Europe;
- Unitary protection across 28 countries (27 soon);
- Pan-EU enforcement in certain circumstances;
- But:
  - Prior right in one country knocks out right subject to conversion;
  - Lack of distinctive character in one country prevents registration;
  - Non-use – use suitable to maintain presence on “the market”;

# EU TM - geography

- EU does not cover Norway, Iceland, Switzerland;
- Madrid application can be used to cover these but also EU, or majority of EU countries individually, but:
  - Must match coverage of base (so lose out on potentially broad protection of EU TM);
  - Linked to base;
  - EU designation much slower than direct EU TM;
  - EU designation cannot be divided (which can be useful in disputes).



# EU TM - language

- Lots of languages in the EU. The Matratzen case confirms that distinctive character of word depends on consumer understanding of the language in local country;
- If mark lacks distinctive character in any one country then cannot be registered;
- Relevant meaning tested in a fairly basic way by EUIPO;
- Distinctive character bar is therefore the high point from ANY EU country

# EU TM – language: English

- English is a tricky language in the EU. Formally EUIPO deems English speaking countries to be UK, Ireland and Malta;
- However, caselaw suggests that Courts can take into account the fact that English is widely spoken in many other EU countries such as Scandinavian countries, Germany, Holland etc;
- EUIPO test feels like a “second language” test – ie subtlety of language lost in the examination;
- Many marks that would be considered distinctive in USA or UK would not be at EUIPO;



# EU TM – language: strategy

- Borderline distinctive marks in English – EUTM not the best route. Consider:
  - EU TM for logo;
  - National protection in UK, and non English speaking countries for word (Madrid or direct);
  - Even if objection not waived, secondary meaning will be easier in individual countries.
- Meaning in specific language – again avoid EU TM. Consider:
  - National TMs in countries where language not spoken;
  - Secondary meaning where language spoken.

# EU TM – unusual marks

- Shapes, colours, packaging – possible to be inherently registrable but usually not;
- Divergence of law. EU vs Individual countries:
  - New EU Directive/Regulation means broader “shape and functionality objections” apply to EU TM;
  - New provisions of Directive not yet in National laws of EU.
- So better chances inherently in individual countries;
- Secondary meaning – very difficult on this type of mark in view of need to show consumer understanding of shape/colour as a trade mark;
- Secondary meaning for EU TM almost impossible in view of need to show this throughout EU.



**stobbs**

# Use vs Secondary Meaning

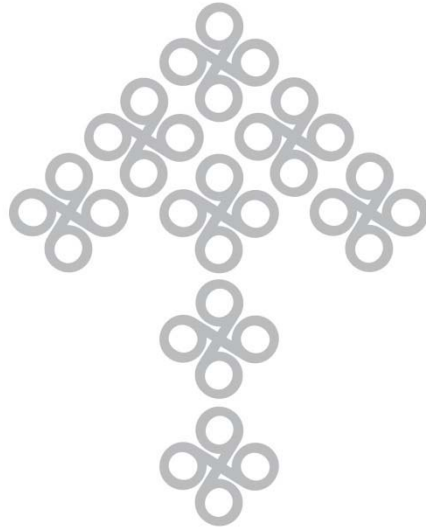
- EU TM – use in one country should support EU TM in terms of non use (Omel);
- Test is “is use sufficient to be attempt to create or maintain presence for mark on the market”;
- “market” for EU TM is whole EU, whereas market for National mark is just one country – Ludwig Schocolade;
- Same use may maintain national mark but not EU TM;
- Secondary meaning – what is required varies country to country. Simple use not usually sufficient. Even if substantial;
- Must show recognition of sign as mark.



**stobbs**

# European Strategy

- EU TM still very useful and cost effective;
- Non EU geography?
- Borderline distinctive marks in terms of language – EU TM may not be right strategy;
- Unusual marks – unless clear inherent distinctive character EU TM will not be best approach;
- Consider National marks or Madrid designations;
- Consider scope of likely use;
- Best strategy will consider range of options depending on mark and likely use.



**stobbs**

WE THRIVE IN THE GREY, BUT TALK IN BLACK AND  
WHITE – WE CALL IT STRAIGHT-UP IP. **stobbs**