



# Brexit: Cutting through the noise

Despite the referendum decision in June 2016, the UK remains part of the EU and no fixed date has yet been set for separation. This may occur in March 2019 and when the split finally happens, there will be a period of transition before any full separation occurs. Not a day goes by without some new commentary or expert opinion, many of these conflicting in advice and recommended action to be taken.

So with a fresh start in 2018, here is a comprehensive yet concise 'go to' list of all key IP matters impacted by Brexit and issues to be reviewed in order to assist clients in maintaining robust portfolio rights and to mitigate any risks of loss of rights and protection. Barker Brettell's aim is to enable sensible UK/EU strategies and provide practical advice for clients.

## Rights impacted

- EU Trade Marks
  - Seniority rights
  - Use/Non-use
- EU Registered Designs
  - EU designations of International (Hague) registrations
- EU Unregistered Design Rights

## EU Trade Marks (EUTMs)

Ongoing protection for EU rights in the UK post Brexit requires agreement between the EU and UK legislators or a unilateral recognition of rights by the UK. Barker Brettell's expectation is that provision will be made and that existing EU rights will continue to have effect in the UK. However, nothing is yet in place and given the extent of legislative changes needed prior to March 2019, it is expected that any firm decisions on trade marks will be outstanding for some time.

Therefore whilst it is not strictly necessary to separately register a UK trade mark at this time, if businesses want certainty and clarity, Barker Brettell recommends that they fortify their position with a UK national filing alongside their existing EU registration. Certainly to instruct UK filings alongside new EU filings, but some companies are also choosing to file fresh UK applications alongside existing EU registrations.

In addition, inevitably, the closer we get to March 2019, the greater the pressure there will be on the UK and EU IPOs to process applications. So to be certain that a UK application goes through to grant it may be best to file by mid 2018.

The benefit of a separate UK national registration is speed and certainty of registration, which may be helpful if rights holders need to litigate against third party infringement. To assist clients and associates in cost managing any precautionary work, Barker Brettell is setting a fixed fee of £300 & official fees per UK application, regardless of classes, for routine filing and prosecution work for applications which replicate current EUTMs.

- Seniority rights

Many rights holders have filed seniority claims under EUTMs and have allowed national registrations to expire. Retention of those rights and re-establishment of UK seniority rights as nationals will also need to be provided for under new legislation. In the current climate, even if seniority has been claimed, clients may prefer to retain UK national registrations for the present rather than to rely on a seniority claim. Certainly if it is a core mark in a key territory and until such time as all legislative provisions are known.

- Use/Non-use

All holders of EUTM rights should review the use of their marks within the European Union as soon as possible, to determine whether any vulnerabilities to cancellation may arise once the UK leaves the EU.

The UK is a major market and area of use for many businesses. If a right holder's main use of its mark is in Europe is in the UK, the wider EUTM will become vulnerable to cancellation for non-use once the split occurs, if over five years old. Equally, an EUTM registration over five years old could become vulnerable if a significant portion of the use is in the UK.

Vulnerability to cancellation may already exist if the EUTM has been registered for over five years, as even under current EU law, appropriate pan-European use of EUTMs was an issue before Brexit and use in one country might not be enough to support an EUTM registration.

### **EU Registered Designs (RCDs)**

EU registered designs are also directly affected by Brexit and there is present uncertainty as to how registered designs will be recognised and maintained in the UK following the split. Once again, it is expected that permanent and transitional provisions will be made to provide for continuation of rights, but it will be some time before there is any provision or clarity.

The UKIPO introduced significant fee reductions in 2016 and statistics show that UK registered design filings on 2016 were up by 95% on equivalent 2015 filings. As with trade marks, many rights holders are choosing to file duplicate applications both in the UK and in the EU.

Care must however be taken to ensure that any relevant priority periods and grace periods are respected. There is nothing to preclude EU rights holders from filing for separate national UK protection, UK law does not preclude duplicated protection. But once the priority and grace periods have passed, filing for separate UK protection for pre-existing EU registered designs will not be possible.

- EU designations of International (Hague) registrations

EU designations of International applications and registrations will be similarly impacted and dependent on new legislative provisions. The expectation is that these will be similar to the treatment of EU rights.

### **EU Unregistered Design Rights (EU UDRs)**

As for RCDs, when the UK leaves the EU, new EU UDRs will not extend to the UK. EU UDR protection comes into being on first disclosure within the EU. As such, post-Brexit, disclosure in the UK would not give rise to EU UDR protection. Given the mismatch between UK and EU UDRs, for example limited protection for 2D designs and no UDR protection for surface decoration, this could leave some designs completely unprotected.

Designers will, however, need to be more aware of where and how they first disclose their designs, and registered protection in the UK is highly recommended to ensure no missed opportunities or loss of rights.

### **Other Points of Note:**

- Exhaustion of Rights

The EU adopts EU-wide exhaustion principles; it does not recognise International exhaustion. Before accession to the EU, the UK operated under international exhaustion principles. Post Brexit principles for the UK not yet known.

- Consents, licences and agreements

Thought should be given to any consents, licences and/or agreements within client portfolios that may have the applicable territory defined as, or including, the EU and which may therefore need to be novated or adjusted in order to clarify territorial scope going forward. Without client intervention and clarification, the issue may be left to a court to decide. Adequate provisions should be made to clarify territorial scope for new agreements, providing both for countries leaving or joining the EU.

- Recordals

It is cost effective to ensure all recordals relating to EU rights are updated pre-separation, in order to save costs of separate title updates for the UK.

- Representation

UK firms continue to have rights of representation at this time and will continue to be able to file EU trade mark and design applications post Brexit. The UK has a strong reputation for EU work and many firms, including Barker Brettell, have an ongoing intention to continue to act both at national and European level.

## **We are here to help**

It is understandable that rights holders both home and abroad have many questions at present and want to review their portfolio strategies for the UK and the EU. Barker Brettell is keen to help clients and associates alike with any portfolio questions and would encourage people to contact us for more information.

It may be prudent for businesses to use this opportunity to review portfolios and to ensure that they have the necessary use to support their current European portfolio, or to seek advice on strategies if not. It may also be cost effective to file fresh EUTM applications to gap fill before the UK separates. The UK's decision to leave the EU may impact portfolio planning to the future, but it is not envisaged that any transition should negatively impact existing rights.

If you have any additional questions or if you would like further advice, please contact your usual attorney, call us on +44 121456000 or contact us on [brexit@barkerbrettell.co.uk](mailto:brexit@barkerbrettell.co.uk).