



Departure of the United Kingdom from the European Union Impact on Trademarks & Designs

On June 23, 2016, the British people voted in a referendum that the United Kingdom (“UK”)¹ should leave the [European Union](#) (“EU”). Three years later and after long ‘divorce’ negotiations, the United Kingdom formally left the European Union on 31st January 2020.

A standstill timeframe of one year (“Transition Period”) has now come into effect to facilitate the negotiation of a Free Trade Agreement (“FTA”) between the United Kingdom and the European Union. It is expected that the FTA negotiations will begin in March of this year.

The Transition Period effectively allows for a standstill in relations between the United Kingdom and the European Union whereby, in return for financial contributions to the EU budget and commitment to be bound by EU rules, the UK will continue to receive the benefits of EU membership.

Impact on EU Intellectual Property Rights

There is no doubt that the impact of the UK’s departure on pan-EU Intellectual Property rights will be immense. The pan-EU Trade Mark and Design rights you hold within your IP portfolio will be affected insofar as they cover the United Kingdom.

This briefing note provides guidance on the effect the UK’s departure from the EU will have on Trademark and Design rights and what can be done to mitigate the consequences of the UK’s departure from the EU on these rights.

Transition Period

As mentioned above a transition period has come into effect and will last until 31st December 2020. The Transition Period can be extended by a further two years if the EU and UK jointly agree. However, either side must put in an extension request by 1st July 2020 and this must be accepted by the other side. The UK Government has already indicated that it will not request an extension and has gone to the extent of incorporating this into UK statute law. It can therefore be reasonably assumed that the FTA negotiations between the EU and the UK will end on 31st December 2020.

As it generally takes a minimum of five years to successfully conclude a FTA with the EU, TIERNEY IP believes that it will be extremely *unlikely* a comprehensive FTA will be reached between the UK and the EU by 31st December 2020. In the circumstances, it is therefore wise for IP right holders to prepare now for this likely scenario.

Unless the UK and the EU successfully conclude a comprehensive FTA by the end of 2020, the European Union will thereafter treat

¹ Comprises the nations of England & Scotland, the principality of Wales and the province of Northern Ireland located in the north eastern part of the island of Ireland.

the United Kingdom like any other third country with which it does not have a trade agreement. Effectively, this means that UK goods coming into the EU after 2020 will be subject to tariffs and quotas. Likewise, EU goods coming into the UK after 2020 will also be subject to tariffs and quotas. This is called trading on a [WTO basis](#).

Trademarks & Designs

If EU trademarks (EUTMs) and Registered Designs (RCDs) are registered before the end of the Transition Period, they will be automatically converted into UK registered 'cloned' rights without any cost or administrative burden to their owners.

It should be noted however that any *pending* EUTM and/or RCD applications will not be converted into corresponding UK trademark or design applications after the Transition Period ends. It will therefore be up to applicants of pending EUTM and RCD applications to separately file a new application in the United Kingdom. A period of nine months will be given from the end of the Transition Period to file a new separate UK application.

Enforcement after 31st December 2020

It will not be possible to enforce EUTMs and RCDs in the UK after the end of the Transition Period, unless a comprehensive FTA allows for this. Courts in the UK will only have jurisdiction to determine cases for infringements of UK registered trade marks and designs within the UK. It will also no longer be possible to enforce pan-EU injunctions relating to infringements of EUTMs in the UK.

Also, the UK will no longer be bound by rulings from the Court of Justice of the European Union. Likewise, decisions from UK courts concerning EU Intellectual Property rights will

not be recognised or enforced in EU Member State courts.

Using EUTMs after the Transition Period

After the Transition Period, a EUTM may become vulnerable to cancellation on the grounds of non-use if there has been no use in the EU, even if there has been use in the UK. That being said, use in the UK *before or during* the Transition Period is likely to be taken into account by the EUIPO and EU courts.

If a EUTM has only been used in both [Ireland](#) and the United Kingdom following the Transition Period, it is possible that use in Ireland may be considered sufficient to save it from cancellation, even if an EU court does not take into account the UK use. The acceptance of use will however depend on a number of factors, including the market sector within which you operate and whether use of your EUTM has sufficient market share in respect of the goods/services for which it is registered.

If you are applying to register an English language sign as a EUTM after the Transition Period and are relying on pre-filing acquired distinctiveness through use to achieve registration, it will not be possible to rely on any use in the UK after the Transition Period has expired.

As Ireland is now the largest country in the EU with English as an official language, after the Transition Period, EUTM applicants would be wise to check if there was pre-filing use of the relevant sign in Ireland as well as Malta (the only other country in the EU with English as its official language). Of course, use in other EU Member States where English is widely understood and spoken may also be of assistance.

Existing Intellectual Property agreements

You may have concluded agreements with third parties with effect in the EU or are governed by EU law. It is to be noted that agreements covering EUTMs and RCDs must comply with EU rules on anti-competition, e.g. no challenge clauses are generally frowned upon by the EU courts. By way of illustration, you may have concluded a trade mark licence agreement which governs the use of your or the other party's Soft IP rights covering the EU. These agreements will need to be reviewed to assess what their effect will be in the UK after the end of the Transition Period. It is possible that these agreements may no longer be enforceable in the UK after the Transition Period.

Instructing an Irish lawyer/ IP attorney

Following the UK's departure from the EU, Ireland will be the largest Common law Member State in the European Union.

Ireland's Common law system dates back to the 12th century and significantly recognises prior un-registered rights under the Common law tort of Passing off. It is to be particularly noted that Irish 'First to Use' rights can be used as a basis to oppose and/or challenge the use in Ireland and registration of later filed EUTMs. Significantly, Irish courts have traditionally recognised 'spill over' reputation from the United Kingdom as providing the basis of a successful Passing off claim. There is no reason why this recognition will not continue following the UK's departure from the European Union.

Irish Intellectual Property lawyers and Registered IP Attorneys are trained and well versed in the law of Passing off. An Irish qualified lawyer/attorney should therefore always be consulted if you are seeking to challenge to the registration of a later EUTM

on the basis of prior use rights in Ireland, even if those rights arise through 'spill over' reputation from the United Kingdom.

Intellectual Property rights, including EUTMs and RCDs are also protected under Ireland's Constitution in addition to protection under statute and at Common law.

The High Court is Ireland's designated European Union Trade Mark & Design Court which hears and determines infringements and other actions relating to EUTMs and RCDs. Notably, the European Union Trade Mark & Design Court also has the jurisdiction to grant EU wide injunctions.

The commercial division of Ireland's High Court is one of the most efficient and technologically advanced in the EU. Typically, cases can be determined within six months from commencement of proceedings. Cases are heard in English as a matter of course.

As an Irish citizen, lawyer (Practising Barrister) and Registered Trade Mark Attorney qualified in Ireland, I have full rights of audience and am entitled to act before the EUIPO on the basis of my Irish legal qualifications. Moreover, all client communications with me are, and will continue to be, protected and recognised under Legal Professional Privilege both under Irish and EU law.

Summary

While the United Kingdom has now left the European Union, the Transition Period will ensure that the status quo will remain insofar as the protection and enforcement of pan EU rights in the United Kingdom is concerned.

As matters currently stand however, it seems likely the Transition Period will end on 31st December 2020. Given the length of time it takes to conclude a FTA with the European

Union, there is a strong possibility that the EU and UK will not have concluded a comprehensive FTA by the end of this year sufficient to preserve the status quo insofar as IP rights are concerned. IP right holders would therefore be wise to take steps now to mitigate against the consequences of the UK's departure from the European Union.

Please contact me now for an initial complimentary consultation to discuss the implications of the UK's departure from the European Union and the steps you can take to preserve the integrity of your IP rights. I can be contacted on 353-1-2544116 or you can email me at office@tierneyip.com

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Date: 1 February 2020