

Extricating the UK from the European Union IP Systems – Contrasting Approaches Across the Channel

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The European Union (“**EU**”) has shaped and developed Intellectual property (“**IP**”) policy extensively over the years. IP law in EU member states is today largely a matter of EU law. Key areas of IP are dominated by EU rights and institutions. Separating the United Kingdom (“**UK**”) out of those systems can be a complicated matter. As in many other areas, the UK and the EU handled the separation in very different ways.

In principle, the implications of Britain’s withdrawal from the EU in relation to IP are pretty obvious and unequivocal. The UK ceases to be part of the EU trademark and design systems (managed by the EUIPO) which means that from now on trademark and design registrations have to be secured locally. More generally, EU law and the decisions of the EU courts no longer apply in the UK and in the future the UK can develop and revise its laws independently. Those are the simple facts.

Where there is much more room for nuance is in relation to IP separation issues and transitional arrangements. For Britain, “Project Brexit” was all about smoothing out the transition, ensuring continuity, where possible, and minimising disruption. By contrast, the EU was never going to go out of its way to ensure an easy transition. Politically, the main message the EU wanted to send out was that there is a heavy price for leaving the bloc, so that other member states are not tempted to follow in Britain’s footsteps. In terms of IP, the EU’s main policy seems to have been to let things lie where they fall.

Continuity of Law

In broad terms, to ensure continuity of law, the UK adopted all EU legislation existing on 31 December 2020 into its domestic law.

The same applies to IP laws. The EU has legislated in most areas of IP and EU law, harmonising and modernising the law across the EU and introducing many new policies. Apart from the fact that the UK has withdrawn from the EU trademark and design systems, this EU legislation generally continues to apply in the UK with very few modifications and the UK courts will continue to follow the case law of the Court of Justice of the EU (up to and including 31 December 2020) subject to future changes in

domestic UK law.

There are some important exceptions. The new and controversial Copyright in the Digital Single Market directive which has not yet been implemented into UK law will not be adopted. The UK has also announced that it will not participate in the EU unitary patent scheme. The implementation of the EU unitary patent and the corresponding agreement on the Unified Patent Court have been delayed since 2016 following the Brexit referendum decision. Most EU member states are yet to ratify the agreement which is a pre-condition for the EU unitary patent to come into effect. Following Brexit, it is unclear whether these initiatives will ever be implemented by the EU.

EU Trademarks and EU Designs

The UK's exit from the EU meant that it could no longer participate in the EU trademarks and design systems. However, from the UK point of view, it was a priority to ensure continuity and to minimise disruption. Further, the owners of registered EU trademarks and registered designs had vested property rights in the UK based on these EU registrations. It was out of the question to allow those IP owners to lose their property rights in the UK as a result of Britain's withdrawal from the EU. So it was clear that the UK will have to continue to protect those EU trademarks and designs after Brexit.

Still, the UK had different options how to manage the transition. At the end of the day it chose a solution that ensures maximum continuity and requires no intervention on the part of right holders. The UK adopted legislation to automatically extend protection in the UK to all EU trademarks and designs registered as at 31 December 2020, without any fee or notification requirements. By creating cloned UK registrations for each EU trademark and design registration, the UK effectively created new domestic independent UK registrations to replace the legacy EU rights, with the new rights having the same priority and renewal dates as their legacy rights.

In the same way, for each international trademark registered under the Madrid Protocol and protected in the EU on 31 December 2020, the UK automatically created a new domestic independent registration in the UK, without requiring right holders to apply for such protection. The same arrangement applies to registered designs registered at WIPO under the Hague Agreement Concerning the International Deposit of Industrial Designs.

Applications for EU trademarks and EU registered designs which were still pending before the EUIPO on 31 December 2020 are treated differently. They were not replicated as UK applications, but applicants can file new applications in the UK, which can have the benefit of the priority date of the legacy EU application if filed within 9 months.

Owners of international registrations designating the EU, unless the registration was already protected in the EU on 31 December 2020, will have to re-designate their international registrations to include the UK if they wish their international registration to be protected in the UK.

Transitional Arrangements

The extraction of the UK from the EU trademark and design systems opens up a number of practical legal questions. For example, in the context of for EU proceedings, whether the use of a mark in the in the UK before 31 December 2020 should be taken into account when considering issues such as acquired distinctiveness, non-use, reputation and likelihood of confusion, or similar questions in the context of UK proceedings with regard to the use or repute of a mark gained in the EU before Brexit.

Many such questions will remain relevant for years to come in contentious proceedings both in the UK and in the EU. In this context, the UK and the EU adopted quite distinct approaches.

The UK introduced comprehensive new legislation to deal with those kind of separation and transitional issues. The legislation lays down a new rule book which provide a nuanced approach to those issues and will enable right holders and practitioners to plan ahead and for the courts and the UKIPO to resolve disputes.

By contrast, no legislation at all has been introduced by the EU to deal with similar questions that will inevitably arise in EU proceedings. The EUIPO issued guidance to right holders and representatives regarding the implications of Brexit. The guidance, which has no legal effect, explains how the EUIPO would deal with issues relating to the UK. Essentially, the EUIPO interprets the existing law and concludes, in almost every respect, that UK prior rights or the use or reputation of a right in the UK (including reputation or use before 1 January 2021) will be ignored by the EUIPO. The one exception is that use of an EU mark before 1 January 2021 can still be relied on as part of a defence to a non-use challenge.

The guidance is useful as far as it goes, but it is not legislation. Parties to disputes may seek to test the law and courts in member states will have to decide themselves how to interpret the law in view of Brexit. It is likely that some uncertainty will surround those issues within the EU for some time to come.