



Brexit Planning

Advice for Clients and Associates, from Forresters

28 October 2019

Background

In March 2017 the United Kingdom gave notice of its intention to leave the European Union. Under the terms of the relevant legislation, the UK is due to leave the EU on 31 January 2020, or earlier if the UK Parliament consents.

Following difficult negotiations, the ruling Conservative party in the UK reached agreement with the EU on the terms of the UK's withdrawal from the EU. Although the original agreement was rejected by the UK Parliament, a revised agreement was eventually reached between the UK's new Prime Minister (Boris Johnson) and the EU. The provisions concerning IP are the same as those in the earlier version, as IP was not a contentious point.

Under the terms of the agreement a "transition period" was agreed, to allow for the smooth implementation of the terms of the UK's withdrawal from the EU. The transition period will run until 31 December 2020, although there has been suggestion that this may be extended. The provisions concerning the transition period specify that, unless otherwise provided in the withdrawal agreement, EU law shall be applicable to, and in, the United Kingdom during the transition period.

With the risk of a withdrawal agreement not being reached, the UK has issued a series of "technical notices" providing guidance on what might happen in the event of there being no Brexit deal. There is a notice giving guidance on what will happen to trade marks and designs if the UK leaves the EU without an agreed Brexit deal.

We therefore now have some idea of the effects on IP of the UK leaving the EU either under the terms of an agreed withdrawal agreement or in the event of there being no agreement and the UK leaving with no Brexit deal.

It is clear that when the UK has left the EU, and any transition period has expired, EU trade mark rights and EU registered designs will no longer be effective in the UK.

Patents – no change

Importantly, patents will not be affected by the UK's departure from the EU. There are no EU level rights for patents at present. The European Patent Convention is not a piece of EU legislation. Clients are however asking what will happen in respect of the UPC if the UK leaves the EU.

The UK Government has ratified the Unified Patent Court agreement which intends to bring the proposed EU-wide Unitary Patent into force. We must wait and see if this actually happens. A constitutional complaint in Germany is holding up ratification of the new law for the time being.

EU trade marks and designs

The biggest concern of most IP owners at present is what will happen to their EU registered trade marks and EU registered designs when the UK leaves the EU. The provisions are slightly different depending on whether the UK leaves the EU with or without an agreed Brexit deal.

- With an agreed Brexit deal

The withdrawal agreement contains provisions under which EU registered trade marks and EU registered designs will be granted an equivalent UK national right. The procedure for this should be automatic, without cost and with minimum administrative burden. This will be difficult for the UKIPO to implement. There are well over one million live, registered EU trade marks alone and adopting those onto the UK national register is no simple task. We cannot be certain that the process will run smoothly.

The granting of equivalent UK national rights will apply to any EU right which has been registered/granted before the end of the transition period (31 December 2020), based on the current terms of the withdrawal agreement. There should be no re-examination of any equivalent UK national right which is created under these provisions.

The withdrawal agreement contains separate provisions dealing with an EU trade mark application or Community design application which is still pending at the end of the transition period (31 December 2020). There will be no automatic creation of equivalent UK national applications. However, applicants may file an equivalent UK national application during a period of nine months from the end of the transition period. Such new UK applications will retain the EU filing/priority date. It is believed that any such new UK applications will be examined as a normal UK national application and will be subject to payment of the normal UK application fees.

All of these provisions are based on what is in the draft withdrawal agreement that has yet to be approved by the UK Parliament.

- Without an agreed Brexit deal

The UK Government's technical notice published on 24 September 2018 sets out guidance on what will happen to trade mark and design rights if the UK leaves the EU without an agreed Brexit deal. The proposals broadly mirror the arrangements under the draft withdrawal agreement between the UK and the EU but the timing is different. The "no deal proposals" indicate that registered or granted EU trade marks and designs will be granted an equivalent UK national right. We do not have any details of the procedure under which such conversion will take place but it is indicated that this will be with "minimal administrative burden".

The creation of an equivalent UK national right in the event of a no deal scenario will apply to an EU right which has been registered/granted before the UK leaves the EU on 31 January 2020. There should be no re-examination of any equivalent UK national right which is created under these provisions.

The technical notice indicates that any EU trade mark applications or Community design applications which are pending at the time when the UK leaves the EU on 31 January 2020 will not be made the subject of equivalent UK rights automatically. However, applicants will have a nine months period from the date upon which the UK leaves the EU to apply for an equivalent right in the UK and for those rights to be backdated and retain the EU filing/priority date. Any UK application filed to replicate a pending EU application will be subject to payment of the normal UK application fees.

International Registrations – with or without a Brexit deal

The position concerning International registrations for trade marks and designs which designate the EU mirrors the position for direct EU rights. Draft legislation provides for the automatic creation of UK national registrations (NOT designations under the IR) equivalent to granted International Registrations. For pending IRs owners will have nine months to file for equivalent UK rights while retaining the filing/priority date of the pending IR designating the EU. The position is the same either with an agreed Brexit deal or without an agreed Brexit deal.

Uncertainties – a cause for concern

The UK's departure from the EU is fast approaching. We still do not know whether the UK Parliament will be able to reach agreement on the terms of withdrawal. The UK Legislature is struggling to reach a unified position on what they really want from Brexit, or, indeed if they want Brexit, at all. It is not clear what will happen now that the UK Parliament has rejected the draft withdrawal agreement.

In light of these concerns we are advising clients to consider their position now and look at the possibility of filing UK national rights to secure their position.

Summary and recommendations for reducing the risks

- Existing registered rights

Existing registered EU trade marks and EU designs should benefit from the automatic creation of equivalent UK national rights whether the UK leaves the EU with or without an agreed Brexit deal. There are no details about how International registrations under the Madrid Agreement or the Hague Agreement will be handled.

- Currently pending EU rights

Our advice is to try and complete registration of pending EU rights before 31 January 2020. In that way the rights should be able to benefit from the automatic creation of equivalent UK national rights mentioned above. If the rights are still pending when the UK leaves the EU and the UK leaves without an agreed Brexit deal, or if the rights are still pending at the end of any transition period in an agreed Brexit deal, then it will be necessary to refile a UK national application and pay UK national fees in order to put an equivalent UK right in place. This also applies to International Registrations.

- Proposed new applications
- Trade marks

It typically takes an EU trade mark application approximately four to five months to proceed to registration, assuming that there are no objections. With the UK due to leave the EU on 31 January 2020 we believe that, if protection in the UK is important, the safest option is to file a UK national application as well as an EU application. This avoids the uncertainties around the process for refiling a UK application within the nine months grace period in case the EU application is still pending on 31 January 2020 and the UK leaves without an agreed Brexit deal.

- Designs

An EU design application will typically be accepted and registered within one to two weeks from filing (assuming that all relevant fees are paid and no deferred publication is requested). Thus, applications filed now should almost certainly be fully registered before the UK leaves the EU and should benefit from the automatic creation of equivalent UK national rights discussed above for existing registered rights. As we move closer to 31 January 2020 we recommend that UK national design applications should be filed simultaneously with any EU application if protection is required in the UK.

Conclusion

While the impact of Brexit on IP rights has become clearer there is still considerable uncertainty around the whole Brexit process and we are suggesting that clients seriously consider filing UK national applications *at the same time* as filing EU applications, as discussed above.

In relation to trade marks, we are also advising that clients (and associates) look at their (and their clients') existing portfolio of EU registrations and consider filing UK national trade mark applications for those marks which are of importance to them in respect of the UK. While the additional UK filings for "doubling up" on existing EU applications and registrations may be seen as superfluous, this strategy of filing UK applications now will remove any uncertainty.

We are offering heavily discounted fees for UK national applications which mirror EU applications and existing EU registrations. Please ask your usual contact for details.

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