

ES WHITE PAPER

Brexit

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EXECUTIVE SUMMARY

With the exit of UK from the EU ("Brexit") having faced many postponements and delays, the current transitional period will expire on 31 December 2020 and shall not be prolonged. Thus, on 1 January 2021, the current Withdrawal Agreement between the UK and the EU has no effect anymore and both will go separate ways.

This White Paper informs about the implications on intellectual property rights which were granted on an EU wide level.



INTRODUCTION: BREXIT AND IP RIGHTS IN THE EU AND THE UK

The United Kingdom of Great Britain and Northern Ireland was a member of the European Union for more than 46 years. Following an intensely debated referendum on 23 June 2016, the exit of the UK was prepared for 29 March 2019, but was deferred several times, until finally on 31 January 2020 the UK was no longer a member state of the EU. Due to a Withdrawal Agreement, many aspects of the former relationship were prolonged until the end of a jointly agreed transition period, which will last until 31 December 2020.

Currently, in October 2020, both sides are negotiating a treaty which shall govern their future relationship. If no such treaty is ratified until 31 December 2020, there will be a so-called “hard Brexit” with no bilateral agreement on aspects such as tariffs, trade, immigration and many others.

In the field of intellectual property rights, the EU legislator had created trademark and design rights which automatically enjoy protection in the entire EU, that is, in all member states. These right systems were created in order to be able to hold one unitary right in the entire internal market of the EU, thus making it easier and more cost efficient to hold such rights than national rights in every member state separately.

Many persons, companies and institutions relied on such EU wide rights only or mainly. The exit of the UK now has the implication that such rights will cease to have effect in the UK with the beginning of 2021.

The UK is well aware that the EU rights are essential and important for their holders. Therefore, it was announced at an early stage that corresponding UK rights shall automatically be created and come into force when the UK leaves the EU. As the protection of the EU rights was continued in the UK through the Withdrawal Agreement until the end of the transition period, such national UK rights will be created on 1 January 2021 for those EU rights which are registered before 1 January 2021.

In this White Paper, we give an overview which rights are concerned and what effects and repercussions occur on and after 1 January 2021 for right holders.

WHICH IP RIGHTS ARE CONCERNED

A) CONCERNED: EU TRADEMARKS, COMMUNITY DESIGNS, INTERNATIONAL TRADEMARKS AND DESIGNS DESIGNATING THE EU

All intellectual property rights, which were granted under EU law, are concerned by the exit of the UK and will cease to have effect there. EU law covers especially the following EU-wide intellectual property rights (besides other rights of less practical relevance):

- The EU trademark system, in effect since 1996, covers union-wide trademarks, certification trademarks and collective trademarks, referred to as Union trademarks.
- The EU design right system implemented in 2003 covers both registered and unregistered designs, so called Community designs.

Thus, Brexit and the end of the transitional period will affect Union trademarks rights and Community design rights.

B) NOT CONCERNED: NATIONAL TRADEMARKS AND DESIGNS, PATENTS

National trademark and design rights registered for protection in individual member states of the EU or the UK are not affected by Brexit. They only enjoy national protection anyway.

As of today, there is no EU-wide patent protection system. Patents granted by the European Patent Office are not governed by EU law, but by international treaties between the member states of the European Patent Convention. Therefore, patents will not be affected by the Brexit.

WHAT HAPPENS TO THOSE EU RIGHTS AFTER BREXIT?

A) UK WILL NO LONGER BE COVERED BY EU-WIDE IP RIGHTS

No matter whether there will be a hard Brexit or a soft Brexit through a treaty, the effects on 1 January 2021 will basically be the same: From EU side, UK will be seen as a non-member state so that all EU rights do not extend to and/or affect the territory of the UK anymore.

B) NATIONAL UK IP RIGHTS WILL BE DERIVED FROM EU-WIDE IP RIGHTS

Thus, at first sight, it may seem as if there would be a loss of rights for holders of EU-wide IP rights in the UK after Brexit. However, the UK has brought into place legislation which grants current EU IP right holders corresponding derived national UK rights which come into force on 1 January 2021. Motivation behind this is that the UK not only has in mind its own citizens and companies which have relied on EU IP rights to receive protection in the UK, but also the economic importance of trademarks and designs in general, and the reliability of the trademark and design system to maintain attractiveness of the country in economic terms.

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The following provides more detailed information on the provisions of derivation of national UK rights for EU-wide IP rights that are already registered, for pending EU-wide IP rights applications, and for unregistered Community designs.

Registered EU rights

For all **European Union trademarks and Community designs** that have been **registered before 1 January 2021**, a national UK right will automatically come to existence. **The same principle applies to internationally registered trademarks or designs** (through the World Intellectual Property Organization – WIPO), if they extend to the European Union before 1 January 2021.

These new Corresponding UK rights in the United Kingdom will be attributed the **same application dates and priorities** (and seniorities in the case of trademarks) as the registered EU rights from which they are derived.

As registration of these EU rights in the UK trademark and design register is automatic, there is **no need to file an application or pay any fees**.

A UK registration which originated from a EU registration will receive a number derived from the number of the EU registration, consisting of the last 8 digits of the European Union trademark prefixed with UK009. For example: European Union trademark number 000540713 would be allocated the derived national UK trademark No. UK00900540713. For Community designs the prefix of the derived national UK design right is simply “9”. Similarly, UK registrations get the prefixes “UK008” (trademarks) or “8” (designs) if the corresponding EU right is an EU designation in an international registration under the Madrid resp. Hague agreement.

Opt-out option: If you have registered EU rights and are not interested anymore in the protection of your EU rights in the UK, it will be possible to declare an “opt-out” of the derivation system. However, this declaration is only valid if it is filed after 1 January 2021. The request to opt-out must be submitted by a respective written notice.

Pending EU rights Applications

If your EU rights are filed but not yet registered on 1 January 2021 (or if publication of a Community design is postponed), this **pending application will not automatically be converted into a corresponding UK application**. It is necessary to apply for a corresponding UK right until **30 September 2021** in order to retain the earlier filing date of the corresponding EU application.

Unregistered Community designs

Unregistered Community designs which arose before 1 January 2021 are still protected and enforceable in the United Kingdom for the rest of their term, which is three years from coming into existence.

C) REPRESENTATION BEFORE THE OFFICES

Who Can Represent You in Terms of Your UK rights derived from EU rights?

The **representatives of registered EU IP rights** are allowed to provide their services also for corresponding derived UK rights before the Intellectual Property Office of the UK **until at least the end of 2023**. Therefore, no immediate action is required as current representatives can continue to monitor these rights.

Can UK Representatives Continue to Represent You in Terms of Your EU rights?

Before the EU Intellectual Property Office, in all matters **ongoing at 1 January 2021, UK representatives** can continue to represent their clients also after that point of time **until the matter is concluded**.

For all **new** proceedings in **EU trademark** issues, holders domiciled outside of the European Economic Area (EEA - all EU member states plus Norway, Iceland and Liechtenstein) require a representative which must be domiciled in the European Economic Area. In consequence, current **UK based representatives** (without having a real office in the EEA) will **no longer be able to represent EU right holders before the EUIPO**.

For **Community design** rights, the representative rule is stricter: only subjects of EU member states can represent EU right holder before the EUIPO in new matters from 1 January 2021. Thus, also in this case **UK based representatives are excluded**.

D) FURTHER IMPLICATIONS ON THE EU AND UK TRADEMARK RIGHTS

- A **recorded licence or security interest** in respect of a registered EU right applies to the corresponding UK right on the same terms, but for the licence only if amendments required for its use in the United Kingdom are made. The period for recording a licence or security interest in respect of an EU right on the UK register will be extended to 12 months from 1 January 2021. For details, please contact us.
- **Use** of a trademark in the EU before 1 January 2021 qualifies as use of the derived UK trademark for the purposes of opposition, infringement, expiry and revocation proceedings in the United Kingdom in respect of that derived UK trademark.
- For rights to be renewed after 1 January 2021, separate **fees** are due for the newly created UK right as well as the already existing EU right. Thus, fees will have to be paid to the UK Intellectual Property Office for the renewal of the UK right, and to the EUIPO for the renewal of the EU right.
- If an EU right has been under attack through a **cancellation or invalidation proceedings** already before 1 January 2021, the corresponding UK right will be created, but, if the attack is successful and the EU right is declared invalid or revoked or cancelled after 1 January 2021, the corresponding UK right will share its fate.

EISENFÜHR SPEISER PROVIDES CONTINUING ADVICE AND SUPPORT FOR PROTECTING YOUR IP RIGHTS IN THE EU AND THE UK

Attorneys at Eisenführ Speiser are constantly advising clients on the optimal strategy for their IP portfolio and how to deal with any insecurities and implications of Brexit.

We have implemented the following measures to ensure a smooth transition and will assist you with regard to the following topics:

- If we represent your EU rights, we will docket the newly created UK rights automatically in our system and report to you all relevant information. This will also include information about all kind of deadlines of your EU and UK rights, including renewal deadlines if we are responsible for renewal payments.
- If you wish to file applications for trademark or design rights, we will advise you on the strategy before and after the transition date of 1 January 2021.
- We will of course also help you to check and optimize your EU portfolio and in the UK in relation to your needs. Regarding the best possible strategy with regard to, we advise inter alia on
 - *optimal scope of protection,*
 - *relevant territory,*
 - *impact of already existing agreements, licences etc.,*
 - *necessity of renewals of your IP rights,*
 - *possible double protection of your IP rights and*
 - *any further IP related aspects and concerns you may have.*
- We will represent and support you concerning your EU-wide IP rights before the EUIPO and regarding the current UK related topics, such as the “opt-out” option or a continued protection of your EU rights in the UK. For all future EU and UK related IP topics, we provide detailed information and counselling services for our clients in order to ensure that you receive a comprehensive advice. In special UK related matters, we will continue close cooperation with our long term UK partners.

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