

## Trade marks and registered designs

With under two months before the UK is due to leave the European Union, considerable uncertainty still remains about the shape of Brexit and the future for business. EU trade marks, Community designs (registered and unregistered), and EU designations of International trade marks and registered designs (referred to below as “EU Rights”) apply automatically across the whole EU. However, without action by the UK Government, these rights will no longer be protected in the UK once it leaves. Draft UK legislation offers some clarity as to how EU rights will be affected by Brexit.

In November 2018 the UK and EU agreed, at negotiators’ level, a draft “**Withdrawal Agreement**”. This provided for the continuation of the current position during a transition period lasting until 31 December 2020, and set out a framework for UK protection of EU Rights existing at the end of the transition period. The Withdrawal Agreement was approved by the 27 remaining EU member states, leaving approval by the UK Parliament as one of the final obstacles. However, the UK Parliament emphatically rejected the Withdrawal Agreement on 15 January. Discussions are now under way to find a way forward, whether through negotiating revisions to the Withdrawal Agreement, offering the public an opportunity to cancel Brexit through a new referendum or finding a completely new approach.

Despite active attempts to agree a way forward, there is a real likelihood that these will fail, meaning that a “no deal” Brexit on 29 March 2019 (“**Brexit Day**”) remains a significant possibility. Note that this is the default result in the existing Brexit legislation, and both the EU institutions and the UK Government are making substantial preparations for this outcome. It could have a significant impact on the status of EU Rights in the UK. We focus below on the “no deal” scenario, on the basis that it is prudent to plan for this outcome, and conclude with the steps we recommend rights holders to take.

### What happens in the event of “No Deal”?

The UK Government has published draft regulations providing for the protection of EU Rights in the UK after “Brexit Day” (29 March) - the “**Regulations**”.

The Regulations are comprehensive and the key provisions can be summarised as follows.

- EU rights which are registered or protected in the EU at Brexit Day (“**Registered EU Rights**”) will subsequently be treated (and enforceable) as though they were registered in the UK. This will have automatic effect notwithstanding there being no entry on the UK register (an entry must be made “as soon as reasonably practicable”). No application will be necessary and no fees will be payable. These corresponding registered UK rights will respectively be known as “comparable trade marks” and “re-registered designs” (“**Corresponding Registered UK Rights**”).

- Unregistered Community designs which are in existence on Brexit Day will continue to be protected and enforceable in the UK for the remainder of their duration, and will be known as “continuing unregistered Community designs”.
- A new UK unregistered design right corresponding to the unregistered Community design, known as the “supplementary unregistered design”, will be created. This right will exist in addition to the UK’s existing unregistered design right.
- Corresponding Registered UK Rights will be treated as having the same renewal dates and claims of priority as the Registered EU Rights from which they derive. In the case of comparable trade marks, where the corresponding EU right has a valid claim to the seniority of a UK trade mark, the same claim to seniority.
- Owners of Registered EU Rights may on notice “opt out” from having these rights treated as Corresponding Registered UK Rights, subject to certain conditions. The effect of an “opt out” notice is that the corresponding registered EU right ceases with effect from Brexit Day to be treated as having been registered in the UK.
- Where an application for an EU trade mark, International trade mark (EU), Community registered design or an International design (EU) is pending at Brexit Day, this will not be converted into a corresponding UK application. The applicant may within 9 months of Brexit Day apply for registration of the same trade mark (for some or all of the same goods or services) or design, maintaining the priority of the corresponding application for an EU right.
- A licence of a registered EU right which applies to the UK will continue to apply to the UK, in respect of the Corresponding Registered UK Right, on the same terms but subject to such modifications as are necessary for their application in the UK.
- Use of the relevant mark in the EU prior to Brexit Day will be deemed to be use of the comparable trade mark, for purposes of UK opposition, infringement, revocation and invalidity proceedings involving the latter mark.
- The reputation of the relevant mark in the EU before Brexit Day shall be taken into account, where relevant, in UK opposition and infringement claims based on a comparable trade mark.
- Where on Brexit Day a Registered EU Right or an unregistered Community design is the subject of proceedings which are pending before a UK court sitting either as an EU trade mark court or Community design court, and these proceedings involve:
  - a claim for infringement of the Registered EU Right or the unregistered Community design then the court may grant an injunction to prohibit unauthorised use in the UK of the Corresponding Registered UK Right or continuing unregistered Community design, and
  - a counterclaim for the revocation of, or a declaration of invalidity in relation to the Registered EU Right, the court may revoke the registration of the Corresponding Registered UK Right or declare its registration to be invalid.
- Where on Brexit Day an injunction is in force prohibiting the infringement of a Registered EU Right or unregistered Community design, subject to any order of the court to the contrary, this injunction will continue to have effect and be enforceable in the UK to the same extent in respect of the Corresponding Registered UK Right or continuing unregistered Community design.

- The UK will unilaterally maintain in force the current EEA-wide (that is, the EU plus Iceland, Liechtenstein and Norway) regional exhaustion regime. This means that the UK will continue to apply regional exhaustion in respect of imports from the remaining member states of the EEA.

The Regulations also deal with renewals, restorations and the recordal of assignments, licences and security interests, in respect of Corresponding Registered UK Rights, and with comparable trade marks which derive from EU certification and collective marks.

## Should you act NOW?

Our views on each category of rights are set out below. If you wish to act, we can assist and attach our “Brexit-proofing” fee schedule.

We will be watching the position carefully and updating this note regularly.

## Registered EU Rights

We are now fairly confident (subject to the caveat that there is a small risk that the necessary legislation will not be enacted in time), that it is not necessary to file parallel UK applications to replicate existing Registered EU Rights. However, as the necessary legislation is still not in place, if you have any concerns you may wish to file duplicate UK applications for protection of key rights in order to ensure registered protection in the UK after Brexit.

## New and pending applications for EU Rights

As “Brexit Day” is now less than two months away, any new applications for EU trade marks or International trade marks designating the EU, filed from now will not have been granted by “Brexit Day”. Any new or existing trade mark applications still pending on Brexit Day will not automatically be replicated as corresponding UK equivalents. This will mean that new UK applications will have to be filed on the priority of the corresponding EU right within 9 months of Brexit Day and will be subject to further examination and the risk of opposition. If obtaining registered protection in the UK is a priority, rights holders who wish to ensure that their trade mark is the subject of an application in the UK on “Brexit Day” should therefore file parallel UK and EU applications NOW.

Similarly, where a pending EU trade mark or International trade mark (EU) application is the subject of an objection or an opposition which is unlikely to be successfully resolved before Brexit Day, rights holders may also wish to consider filing a parallel UK application or designation NOW.

(It may be more cost-effective to file a separate UK national application than to apply to protect an International Registration in the UK as a subsequent designation, as the UK IPO official fees are lower than those of the World Intellectual Property Organisation.)

Registered designs applications typically proceed to grant in around two months. Given the short time remaining until Brexit Day and the continuing uncertainty we would also suggest filing parallel UK and EU applications NOW.

## Assignments, licences and security interests

A review should be conducted of any assignments, licences and security interests recorded against or otherwise relating to any Registered EU Rights, with a view to recording these against the Corresponding Registered UK Rights before Brexit Day.

The Regulations provide that licences of a Registered EU Right which applies to the UK will continue to apply to the UK, in respect of the Corresponding Registered UK Right. However, these Regulations will not affect the position outside the UK, and so licences under another country’s laws may not operate in the same way.

Rights holders should be aware that parallel imports into the UK are likely to continue as now, and so it will not normally be possible to prevent them through the enforcement of IP rights. Also, although the UK will continue to maintain its current regional exhaustion regime, it cannot be assumed that the EU will reciprocate (and it has given no indication that it will). This means that parallel imports from the UK into the EU are likely to infringe, meaning that EEA rights holders are likely to be able to prevent parallel imports from the UK after Brexit Day.

Pan-EU contracts such as licence, distribution and co-existence agreements may therefore include provisions that will no longer work effectively after Brexit day, and it is prudent to review important contracts (existing and new) to ensure that they are “Brexit-proof” (particularly in respect of the identification of IP rights and definitions of territory and markets, as well as jurisdiction and governing law). Consideration can also be given to rights to terminate the contract, or vary its terms, in the event of a “no deal” Brexit or any particular consequence of a “no deal” Brexit.

You should consider reviewing both your existing contracts and new contracts to ensure that they are “Brexit-proof”. Focus on definitions of the relevant territory as the “European Union” and of the relevant rights only with reference to EU TMs and/or Community designs. Ensure that there is an appropriate jurisdiction and governing law clause, particularly where the parties are in different countries. Consider whether you would wish now to have the right to terminate the contract, or vary its terms, in the event of a “no deal” Brexit or any particular consequence of a “no deal” Brexit.

Where problems are identified (references to EU trade marks which should also refer to a new UK trade mark deriving from the EU right, for example) it may be possible to agree suitable corrections with the other parties.

## get in touch

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## Mills & Reeve “Brexit-proofing” fees

### Trade marks

The costs for applying to register a UK trade mark, for goods and services identical to those covered by the corresponding EU trade mark, will be as follows:

Our professional fees	£350 (regardless of number of classes)
UK IPO official fees	£170 for the first class and £50 for each subsequent class

The costs will be through to registration but do not cover dealing with any examiner objections, or a third party opposition. Our fees for this will be additional and charged on a time-spent basis (we will provide a fee estimate when reporting any objection or opposition).

Please note that the costs of filing an application for International Registration designating the UK, based on an EU trade mark, will be over £900 in WIPO and EU IPO official fees for an application in one class (not including professional fees), compared with total costs of £520 (professional and official fees) if we file a national UK application in one class.

### Registered designs

The costs of applying to register a UK design (without deferred publication), using the same design representations as the corresponding Community registered design, will be as follows (through to registration)

Our professional fees	<p>£200 for the first design in the application</p> <p>£50 for each subsequent design in the same class (i.e. same type of article) in the same application</p> <p>There will be no additional charge if the application claims the priority of a Community registered design; our fees for an application claiming the priority of any other registered design will be £100.</p>
UK IPO official fees	<p>£50 for the first design</p> <p>£70 for up to 10 designs in the same application</p> <p>£90 for up to (and including) 20 designs in the same application</p> <p>£110 for up to 30 designs in the same application</p> <p>£130 for up to 40 designs in the same application</p> <p>£150 for up to 50 designs in the same application</p>

These costs are on the basis that the design representations provided meet the requirements of the UK IPO (on which we will provide guidance; these requirements are essentially the same as those of the EU IPO). Our fees for dealing with objections by the UK IPO to deficient representations will be additional and charged on a time-spent basis (we will provide a fee estimate when reporting any objections).

Please note that if an existing Community registered design was published, or otherwise made public to interested circles in the EU, more than 12 months before the filing date of the UK application, the UK registered design will not be valid, unless the UK application is filed within 6 months of the Community registered design and claims priority from it.