

Mr Francois Arbault
The European Commission

Task Force for the Preparation and Conduct
of the Negotiations with the United Kingdom
under Article 50 TEU

15th June 2018

JOINT STATEMENT

PROPOSED HANDLING OF PENDING EU TRADE MARK APPLICATIONS

Dear Mr Arbault,

This statement is sent on behalf of all the user associations identified below and their members. The European Commission Draft Withdrawal Agreement of 19th March 2018 includes a substantial section on Intellectual Property, much of which is greatly welcomed. However, the provisions of Article 55, which relates to pending European Union trade mark applications, is a cause of concern.

Under Article 55, the owner of a European Union trade mark application which is still pending at the end of the transition period shall be entitled to file a corresponding UK trade mark application within 9 months of the end of the transition period, retaining the filing/priority date of the EU application. This approach has significant disadvantages compared to the main alternative that a number of our associations had proposed, namely that pending EU trade mark applications continue to be examined by the EUIPO and give rise to a corresponding UK trade mark registration upon grant. For example, see paragraph 4.4.4 in CITMA's position paper and paragraph 5 in the MARQUES position paper.

The disadvantages of the approach set out in Article 55 include:

- **Increased cost to business** – owners of pending EU trade mark applications will need to incur additional filing, examination and (if objections are raised in official actions) prosecution costs. Both parties to opposition proceedings relating to those applications will likewise incur additional costs.
- **Increased complexity** – the need to make a decision on refiling in the UK and taking up the offered priority option will involve additional legal and management time.

- **Increased delay and uncertainty for applicants** – there will be applications awaiting their final stages whose owners had successfully overcome objections raised by the EUIPO (potentially after many rounds of legal argument, submission of substantial evidence and/or appeals up to the CJEU) and/or successfully defended their application against one or more oppositions (perhaps also appealed to all levels). Such applicants would have the uncertainty and delay of having their new UK application face the same registry objection(s) and opposition(s) all over again – or potentially new ones - and have them subject to multiple appeals again. In addition, applications that had not faced registry objection or opposition but which had not completed their registration formalities by exit would face further delay and uncertainty from re-examination by the UKIPO and possible opposition(s) whereas that was, in practice, no longer a threat for the EU application. In all cases, the applicant may otherwise have been days or weeks away from securing protection throughout the EU, including the UK. Such delay would be all the more frustrating if the opposition(s) to that EUTM had not relied on any UK prior rights.
- **Increased uncertainty and delay for opponents** – there may be one or more oppositions against the EU application which, at the time of exit, were either under appeal or still subject to a possible appeal. The opponent may have been successful at all stages but would have to decide whether to oppose the new UK application. They face the uncertainty of the outcome of that new opposition and the further delay of knowing whether the right will be registered in the UK or not and how broadly. Again, certainty on that could otherwise have been days or weeks away.
- **Increased risk** - the imposition of a 9 month deadline introduces a risk that owners of pending EU trade mark applications will miss the deadline, losing the earlier date of the EU application (potentially very damaging). This is particularly so for applicants that do not have professional representation.
- **Duplication of legal proceedings and unfair "second chances"** – as noted above in relation to both applicant and opponent, oppositions previously dealt with at length and after one or more appeals could well have to be repeated as parallel opposition proceedings all over again in the UK. Parties could take advantage of this by introducing new evidence and arguments that, given the stage of appeal in the EU proceedings, could not otherwise be introduced.
- **Inconsistent decisions** – where an opposition against the EU application relied on prior rights covering both the UK and EU27 Member States (whether national rights or an earlier EUTM that is being divided pursuant to 50(1) of the Draft Withdrawal Agreement), the duplicated proceedings referred to above give rise to a risk of inconsistent decisions, despite the fact that the right opposed and the right(s) relied on may have been identical (both being derived from EU rights).
- **Fraud** – the proposed approach offers an opportunity for fraudsters. It is highly likely that owners of pending EU trade mark applications will receive fraudulent offers to secure their rights in the UK, as currently experienced with trade mark renewals. It is also a material risk that opportunists will

automate a process by which they can identify the pending EU applications that were not re-filed within the 9-month window and themselves file a new UK application the day (or very shortly) after it ends. Whilst those UK applications may be opposable at the UKIPO on the grounds of bad faith, owners of those EU applications may succumb to demands for payment in order to avoid the uncertainty and costs of such UK oppositions.

All of these disadvantages are likely to be particularly onerous to small and medium size businesses, which may lack the legal, financial and management resources to adequately negotiate these hurdles.

Whilst we understand that Article 55 has been agreed by the UK and the European Commission at the negotiators' level, we would urge that both parties reconsider their position on this issue and give serious consideration to the alternative approach. This would mean one set of proceedings at an EU level would determine whether or not there would be a comparable UK registration. This is also consistent with Article 50(3) of the Draft Withdrawal Agreement, which is also provisionally agreed. That envisages a situation whereby the outcome of a cancellation or revocation action that was pending before the EUIPO at exit will determine whether the comparable UK registration is cancelled or revoked. The derogation applies if the basis for the attack does not apply in the UK (it is presently unclear who determines that and how this is declared, which needs to be clarified). Something similar could be derogated in relation to oppositions. We do not understand why a pending cancellation action needs to be treated differently to a pending opposition or pending examination process.

We would welcome the opportunity to discuss this and other matters still to be resolved with the Commission. We much appreciated the opportunity to discuss such matters with the TF50 team at the meeting held in Brussels on 13th June 2017. We wish to encourage the Commission to hold further such meetings.

Yours sincerely

BMM



CITMA



FICPI-UK



IP Federation



MARQUES



The Law Society

