

Mr Francois Arbault
The European Commission
Task Force for the Preparation and Conduct
of the Negotiations with the United Kingdom
under Article 50 TEU

23 March 2018

JOINT STATEMENT

REGARDING THE NEGOTIATIONS CONCERNING THE EXIT OF THE UNITED KINGDOM PARTICULARLY WITH REGARD TO TRADE MARKS AND DESIGNS



Dear Mr. Arbault,

Having noted the publication by the European Commission of the Draft Withdrawal Agreement the undersigned organizations, representing thousands of companies across industry, as well as entrepreneurs and small and medium-sized enterprises (SMEs) and intellectual property practitioners in Europe and beyond would like generally to state the following. We are very grateful for the possibility to have met you and your colleagues at the Commission on 13 June 2017. We found this meeting most useful, particularly as a starting point for further constructive discussions and written submissions of more detailed views on Intellectual Property (IP) issues, particularly trade marks and designs, which will, we think, not only affect the IP Community, but also the businesses located within the European Union (EU) and outside of it, as well as consumers.

1. INTRODUCTORY REMARKS

We do of course understand that there are many pressing issues connected to the negotiations. We wish, however, to emphasize the importance of IP for the economy in Europe, both in the EU27 and in the United Kingdom (UK). This view is well supported by previous studies made by the European Observatory on Infringements of IPRs on IP Intensive Industries. The current EU trade mark system works well and benefits industry and consumers so a smooth and professionally handled transition will benefit all parties involved.

We appreciate your willingness to view IP as objectively as possible, which was clearly shown by you also inviting our colleagues from CITMA, who have been working for some time already on the issues raised.

You communicated to us shortly before our joint meeting that we, the undersigned organizations, should point out the possible challenges of the separation, particularly regarding EU Trade Marks (EUTM) and/or Registered Community Designs (RCD) and Unregistered Community Designs (UCD), and offer our solution to the relevant questions. We should thus avoid generalities and try to be as specific as possible. Our respective organizations represent different types of users, so in addition to the remarks made in this paper, each of us might address you on other issues separately.

2. REMARKS ON SUBSTANCE

In the beginning of our meeting we pointed out that the negotiations on IP issues connected to the exit of the UK from the EU should be guided by the general principles of *minimum disruption, minimum cost and maximum retention of rights*. The first principle does of course serve industry well with its preference for predictability, but also consumers, at least for the coming years of transition. The second principle is also important for consumers because there is a tendency to roll over any cost of the system on them in the end. The third principle is clearly minimizing transaction costs, which is important for all involved. It may also be said that these principles are important for businesses and legal practitioners, from the UK as well as from countries outside the UK, including the other EU 27 Member States.

We recommend that negotiations be conducted with maximum transparency, including consultation of users on potential solutions, wherever appropriate. We would also recommend that any changes to the IP system be intensively publicized and introduced with sufficient transition periods so that businesses, including SMEs, are adequately informed and enabled to take all the necessary actions.

We are pleased to see that many of these principles are already included in the European Commission's position paper on IP, dated 6 September 2017 and the Draft Withdrawal Agreement issued by the European Commission, dated 28 February 2018. The parties have announced on 19 March 2018 that there is an agreement on a large part of issues discussed in the Draft.

We are also aware of the Notice on the withdrawal of the United Kingdom from the EU – EUTMs and RCDs, that the European Commission has, together with the EUIPO, issued on 1 December 2017 and 22 January 2018.

Below are some thoughts on the issues raised in your proposed agenda. We believe that the suggested solutions reflect the above principles.

2.1 Existing rights

Taking into account what has been said above we think that all existing EUTM registrations should be automatically entered onto the UK Trade Mark Register as UK trade mark registrations with the same scope of protection, registration date and, where applicable, priority and seniority. We suggest that the same approach is applied to RCDs. In the case of EUTM registrations, the EU 27 should propose to and encourage the UK government to provide that owners of EUTMs applicable in the UK should be deemed to have stated a bona fide intention to use the trade mark in the UK. The position under other EU Regulations, such as those relating to geographical indications and plant

varieties, will also require consideration, including on the need to adopt national legislation in the UK to protect them where necessary.

This way of handling existing rights, as suggested above, would provide a high level of certainty, because it would not require any action from the right holders. They would, in other words, not miss protection in the UK because of a missing action. It is apparent that particularly SMEs will benefit from this, but as indicated above, also the consumers. During our meeting we learned that the UK Intellectual Property Office (UKIPO) is able to cope with this. But being aware that we are talking about some 1 million trade marks, it is important that we can obtain relevant assurance from the UKIPO.

2.2 Pending applications

We suggest that further proceedings concerning EUTM or RCD applications, which are still pending at the time of actual exit from the EU, i.e. when the UK ceases to be a Member, are clearly defined taking into consideration all the legal consequences. It should be decided whether the EUIPO shall continue to handle such applications until registration with respect to the territory of the EU as it was on a date of filing of such application (i.e. including territory of the UK) or the UK part should be examined by the UKIPO separately.

Whichever solution is adopted, EUTM or RCD applications or registrations (if examined by the EUIPO until registration) should be automatically treated in the UK as a corresponding UK right (with the same scope of protection, filing date and, when applicable, priority date), without any need for the applicant/owner to take any step or make any payment. There should of course be the opportunity to 'opt out' if an applicant/owner does not wish to have protection in the UK.

If it is decided that such pending EU applications shall be further examined by the EUIPO, they need to be entered onto the UK register for a time of their examination by the EUIPO so that any third party can be aware that the suitable right could potentially exist as a separate UK right.

2.2.1 Special case: Unregistered Designs

As to unregistered designs (UCD), the impact of Brexit is more complex. National UK design law already provides for an UK unregistered design right (UKUDR) under the Copyright, Designs and Patent Act 1988 which differs from the UCD. Since the UCD protects the appearance of the whole or a part of a product, i.e. 2D or 3D designs, the "historic" UKUDR only protects shape/configuration excluding surface decoration, i.e. only 3D designs. Further the UKUDR, as kind of a copyright, requires originality whereas a UCD must be novel and have individual character over prior designs only. Finally, the UKUDR foresees complex legitimating criteria which in some cases mean that designs created by non-EU designers will not qualify for protection.

Hence, after Brexit, due to the differences between the UKUDR and the UCD the UKUDR is not suitable to replace the UCD in the UK and lots of non-registered designs may not have any protection whatsoever. A further issue is that, under the current EU design law, designs first made available to the public outside the EU will lose any UCD protection. When the UK leaves the EU, this would mean that a new design first displayed within the UK would not then obtain UCD protection in the EU.

It is therefore favorable that the UK expands the scope of its unregistered design protection and creates a new UK right that is comparable to the UCD. This should provide the same protection for designs in the UK post-Brexit as they currently receive under the UCD. UCDs that existed at Brexit

should also be protected with this comparable protection in the UK for the remaining duration of the UCD.

2.3 Aspects on use

Any UK registration originating from an EUTM registration should be subject to a use requirement under the UK Trade Mark Law as from the date the UK ceases to be a member of the EU. It is, however, suggested that, for a period of 5 years as from the date of actual exit, any genuine use made of the EUTM before that date that would be considered genuine use of the ongoing EUTM by the EUIPO should also be considered genuine use of the resulting UK trade mark, even if the use would not have been deemed sufficient for maintaining an equivalent national UK trade mark.

Any genuine use, on the other hand, made in the UK of an EUTM within the 5 years before actual exit of the UK should be considered genuine use in the EU of the EUTM even if the decision on such use is given post-Brexit. This is on the basis that, at the time of the relevant use, the UK was an EU Member State and presumes the use was within the relevant 5 year period.

2.4 Exhaustion of rights

We understand that after the actual exit the matter of exhaustion may be treated differently in the EU 27 and the UK. The EU will continue with regional exhaustion while the UK has to contemplate other possibilities, such as national exhaustion. Another possibility is for the EU27 and the UK to agree specifically that the rules relating to exhaustion of rights should apply to goods moving between the EU and the UK, notwithstanding that there may not be the general principle of free movement of goods for customs tariffs.

2.5 Enforcement

It is in the interests of IP rights holders in the EU27 and in the UK to continue to have a common Customs system which effectively counters the trade in counterfeit and pirated goods between the EU27 and the UK, notwithstanding that there may not be the general principle of free movement of goods for customs tariffs. Measures for enforcement by Customs authorities in the EU27 and the UK should be the same. Therefore, the EU27 should propose and should encourage the UK government to negotiate a solution, under which it is agreed that the following laws and guidance will apply, *mutatis mutandis*:

- (i) Regulation (EU) No 608/2013 concerning Customs Enforcement of Intellectual Property Rights.
- (ii) Commission Implementing Regulation No 1352/2013, establishing the forms of Application for Action and for Renewal provided for in the above Regulation.
- (iii) Commission Notice No 2016/C 244/03 (dated 5 July 2016) on the Customs Enforcement of Intellectual Property Rights concerning goods brought into the customs territory of the Union without being released for free circulation, including goods in transit – Commission Guidelines.

Such a solution would effectively provide for the continuance of the system under which one Application for Customs Action can be made to cover the EU27 and the UK.

The above mentioned solution should further provide for the continuing access by the UK to databases such as the COPIS Database, for the purposes of Customs enforcement and the

Enforcement Database for the purposes of Customs and police enforcement and market surveillance.

2.6 Representation

Issues of representation before EU institutions will also arise. These have been under consideration by the undersigned organizations. Each of our organizations represents different types of users and therefore might address you on this issue separately in a near future.

3. CONTINUING EXCHANGE OF VIEWS

As emphasized both at the beginning and at the very end of the meeting, the below organizations will be pleased to continue the multilateral dialogue, if deemed useful. In addition, as indicated, we will put at your disposal our separate and detailed views on any other issue remaining.

Sincerely yours,

The undersigned



AIM is the European Brands Association. **AIM's** membership comprises corporate members and national associations that have a similar but more local constituency. Altogether, **AIM** represents directly or indirectly some 1,800 companies ranging from SMEs to multinationals, accounting for some €653 billion annual sales and two million jobs in Europe alone. Members are manufacturers of branded consumer products that are united in their purpose to build strong, evocative brands and as such place the consumer at the heart of what they do. **AIM's** 48 corporate members alone invest €14 billion annually in R&D in Europe.

AIM's mission is to create for brands an environment of fair and vigorous competition, fostering innovation and guaranteeing maximum value to consumers now and for generations to come.



APRAM – Association of Trademarks and Designs rights Practitioners – is an international Association for specialists in industrial and intellectual property, in particular Trademarks and designs. The association, which now has more than 1000 members, was founded 40 years ago and is open to all Francophone or Francophile lawyers practicing, all over the world, in the field of Trademarks and designs. It gathers together in-house intellectual property specialists, Attorneys at law and Trade mark Attorneys. The association plays an active role in, and is at the forefront of, further to consultation or on its own initiative, discussions concerning intellectual property and

business law in France, Europe and the world. **APRAM** is member of the EUIPO's users group and the EUIPO's Observatory, and is observer at the World Intellectual Property Organization (WIPO). www.apram.com



The Benelux Trademark Association (**BMM** or Beneluxvereniging voor Merken- en Modellenrecht / l'Association Benelux pour le droit des marques et des modèles) is the professional organisation that defends the interests of all trademark professionals in the three Benelux countries. The association has more than 600 members, which are active as trademark agents, in-house counsels, attorneys and academics. The **BMM** promotes trademark law and other forms of intellectual property law and guarantees the professional quality of the services rendered by its members, by organizing conferences and giving training. The organization imposes an ethical code to its members. The organization keeps close contacts with the Benelux Office for Intellectual Property Law and with EUIPO. More information is available on the website <http://www.bmm.eu>.



Founded in 1934, chartered in 2016, the Chartered Institute of Trade Mark Attorneys (**CITMA**) is a UK-based professional membership organisation representing the interests of over 1500 trade mark and design professionals. Our community of members includes fully qualified trade mark attorneys, those in training and support roles, and barristers and solicitors with a trade mark or design interest working around the world.



European Communities Trade Mark Association

ECTA, the European Communities Trade Mark Association, was founded in 1980. **ECTA** has more than 1,400 members, covering – among others - all EU Member States. At the same time, **ECTA** is proud to have associate members from more than 50 countries globally outside of the EU. **ECTA** brings together IPR professionals who practice in the field of trade marks, designs, geographical indications, copyrights and related matters. These professionals are lawyers, trade mark and patent attorneys, in-house counsels focusing on IPR matters, and also other specialists in these fields. The extensive work carried out by the Association, following the above guidelines, combined with the high degree of professionalism and recognised technical capabilities of its members, has established **ECTA** at the highest level and has allowed the Association to achieve the status of a broadly recognised expert body on all questions related to the protection and use of trade marks, designs, geographical indications, copyrights and domain names in and throughout the European Union. For more information, please visit: www.ecta.eu



The International Trademark Association (**INTA**) is a nonprofit, global association of brand owners and professionals dedicated to supporting trademarks and related intellectual property (IP) to foster consumer trust, economic growth, and innovation. **INTA**'s members are more than 7,200 organizations from 191 countries, including 1272 member organizations in the EU27 and 311 in the UK. The Association's member organizations represent some 31,000 trademark professionals and include brand owners from major corporations as well as small- and medium-sized enterprises, law firms and nonprofits. There are also government agency members as well as individual professor and student members. Headquartered in New York City, **INTA** also has offices in Brussels, Santiago, Shanghai, Singapore and Washington D.C. and representatives in Geneva and New Delhi. Find out more at www.inta.org.



MARQUES represents the interests of trade mark owners in Europe, wherever they are based. We have over 750 member companies or firms, being either large corporations (many with some of the largest trade mark portfolios in the world) or trade mark professionals (who represent the trade mark interests of many more such corporations, as well as thousands of small and medium sized enterprises). Together our members have an interest in a large proportion of the registered trade mark and registered designs existing on the EUIPO and UKIPO registers. Our corporate members have a collective annual turnover of over €225 billion (roughly equal to or greater than the GDP of half of all EU Member States) and employ over 630,000 people globally. A substantial proportion of these figures relate to the EU. Our members are represented by over 2,000 individuals from more than 80 countries.