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Client Alert: Sweeping Changes in EU Trademark Law and the Brexit Unknown

By now you have undoubtedly heard that in the Brexit Referendum held on June 23, 2016, the majority vote was in favor of United Kingdom leaving the European Union. Notwithstanding the outcome of the vote, it is presently unclear when, or even if, the UK government will give notification to the EU of its intention to leave the EU in accordance with Article 50 of the Lisbon Treaty. If notice is given, there will be a two-year period (which may be extended) to complete negotiations of the terms of UK's exit from the EU.

Rights in existing EU Trade Marks (EUTM) and Registered Community Designs (RCD) remain unaffected until the UK exits the EU. Once the UK's departure from the EU has been finalized, it is likely that existing EUTMs and RCDs will no longer automatically provide coverage in the UK. Although impact of the Brexit in that regard is unclear at present, it is anticipated that UK legislation will be implemented to ensure that such rights continue to have effect in the UK, for example, by converting existing EUTM rights to UK national rights enjoying the same priority/filing dates.

In terms of filing new applications during this transitional period, an EUTM remains a cost efficient option for brand owners wishing to obtain protection across the EU. Until we have further information as to how EUTMs and RCDs will be addressed after the UK exits the EU, brand

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owners seeking protection in the UK may wish to consider filing both an EUTM and a UK application.

EU TRADEMARK REFORM

Recently, there have been several other noteworthy changes in the EU pertinent to trademarks that also deserve consideration by trademark holders. On March 23, 2016, European Union Trademark Regulation No. 2015/2424 came into force bringing substantial changes to Community Trade Mark registrations and procedures. Some of the most relevant changes are as follows:

- The names have changed. The Office for Harmonization in the Internal Market (OHIM) has changed its name to the European Union Intellectual Property Office (EUIPO), and the Community Trade Mark (CTM) was changed to the European Union Trade Mark (EUTM).
- There is a change in the fee structure for trademark applications and renewals. The “three classes for the price of one” arrangement has been replaced by a “one-fee-per-class” system. Under the new system, the official fees for three classes are higher, while registration renewal fees have been slightly reduced.
- Under the old system, all CTM applications filed prior to June 20, 2012 that used the complete Class heading as the specification of the goods and/or services were held to include all of the goods and services in the particular class. Under the new system, all registrations that use Class headings will be interpreted according to their literal meaning, irrespective of their filing date. Therefore, registrations filed prior to June 20, 2012 may not adequately cover the trademark holder’s goods and

services.

- The new regulation allows for a transitional period of six months, from March 23, 2016 to September 23, 2016, for owners of EU registrations which cover the entire Class heading, to amend the specification of goods and services. Therefore, owners of EU registrations that cover the Class heading should check if the Class heading covers everything they want to protect. If not, they should seek to amend their registration before September 23, 2016.

GENUINE USE OF A MARK IN THE EU

Under European Union Trademark Law, an EUTM registration may be revoked if “within a period of five years, following registration, the proprietor has not put the mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years.”

An EUTM mark has been found to be in “genuine use” within the meaning of current authority if it is used for the purpose of maintaining or creating market share within the European Community for the goods or services covered by the registration. This usage standard would be assessed by considering the characteristics of the market concerned, the nature of the goods or services, the territorial extent and the scale of use, as well as the frequency and regularity of use.

It has long been generally understood that use of a EUTM mark in *any one* EU member country would satisfy this use requirement. However, this has been called into question by a recent UK decision, *The Sofa Workshop Ltd v. Sofaworks Ltd* [2015] EWHC 1773 (IPEC), that found use of a mark in only the UK only was not sufficient to maintain the CTM registration. Instead, that court and other recent decisions have called into question whether



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use of a trademark in only one country of the EU is sufficient and have instead looked at other indicia of “use” such as percentage of market share over the entire EU.

These recent assessments of genuine use from courts located in the currently-constituted EU should be noted by brand owners and may provide additional rationale for brand owners seeking protection in the EU to consider filing for national rights (as opposed to EUTMs) where use of the mark may be limited.