



Competition Law Association

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Ligue Internationale du Droit de la Concurrence
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Implementation of the Trade Mark Directive and exhaustion post-Brexit

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Natasha Chick – implementation of the Trade Mark Directive

The Trade Mark Directive (Directive (EU) 2015/2436) was agreed at the end of 2015, with the implementation date for EU Member States set as 14 January 2019. Its purpose is to further harmonise national trade mark laws and procedural rules for registering trade marks.

The implementation process in the UK

Following public consultation, a draft set of regulations was published in February 2018. After considering further feedback, the final form of the regulation – the Trade Marks Regulations 2018 – was laid before Parliament in July 2018, and came into force on 14 January 2019. Legislative changes to the UK framework were only made where strictly necessary. Some of the Directive's changes already existed in UK law: for example, the ability to invalidate a mark using an administrative, rather than court-based, procedure.

Changes

The most notable legislative change relates to trade mark filings. The UK IPO has broadened its range of specific file formats for certain types of marks: for example, motion marks can be submitted in .mp4 format, and sound files in .mp3 format. The types of file that can be submitted are consistent with the EU regime. We are happy to take feedback from customers if they feel that other file formats should be included. Since the changes, the UK IPO has registered three pattern marks in .jpeg format, one motion mark in .mp4 format and one hologram in .mp4 format. This represents a small percentage of the total number of trade mark applications, which means that the impact of these changes has been limited. Nonetheless, the move to file formats such as .mp4 rather than graphic description is in line with the practice of businesses developing these trade marks.

Other minor changes covered a variety of practical and legal aspects of trade mark law. These include:

- The scope of section 3 of the Trade Marks Act 1994 (the **1994 Act**) has widened, such that trade marks are now prohibited from being registered if the mark consists of a shape *or another characteristic* that is necessary to obtain a technical result;
- The UK IPO will no longer notify applicants for trade marks of any relevant expired marks even if they could still be revived;

- Regarding oppositions, the non-use period for a mark is now the date the application was made, rather than the publication date;
- The ability for parties to bring joint opposition proceedings where they did not jointly own the trade mark has been removed;
- The burden of proof for seizure of goods in transit has shifted, such that it now lies on the person shipping the goods to prove they can be sold in the country they are shipping to;
- Courts will now be able to consider invalidation-related issues in infringement proceedings without necessarily having to launch separate proceedings; and
- The own name defence given to companies that allowed them to continue trading under a registered mark has been removed.

Taffy Yiu – exhaustion post-Brexit

The doctrine of exhaustion provides a limit on holders of intellectual property rights: once a genuine product has been placed onto the market, the rights holder cannot prevent further distribution. The UK is currently part of the EEA exhaustion regime, with the practical effect of creating free movement of IP goods across borders in the EEA. However, given the current legal basis for exhaustion stems from EU Treaty and EEA Agreement rights, the domestic regime will not provide a sufficient regulatory landscape if the UK leaves the EU.

Brexit planning

In anticipation of a possible no-deal Brexit, in February 2019 Parliament approved regulations designed to retain the current status quo for goods imported into the UK. The issue, however, is that even with these regulations there may be restrictions on what can be exported from the UK to the EEA if there is no deal made with the EU. On the other hand, if the Withdrawal Agreement as currently drafted is approved, the exhaustion regime will remain the same until the end of the transition period. Exhaustion after the transition period will need to be negotiated as part of the future relationship with the EU.

Alternative regimes

The three regimes being considered by the government include (1) an international regime, allowing parallel imports to the UK from anywhere; (2) a regional regime, akin to the current framework allowing parallel imports from the EEA; and (3) a purely national regime.

While many businesses prefer the status quo of a regional regime, allowing free circulation of genuine goods while also stimulating innovation, the government is planning to investigate each option to see potential impacts on each sector. The government's feasibility study into whether it was possible to measure the scale of parallel trade involved a literature review, stakeholder interviews, and a pilot survey of businesses. The study revealed firstly that there is no straightforward method by which to measure and obtain data on parallel trade in the UK, and secondly that there was a low level of business awareness on the topic, making it difficult to measure the potential economic impact of parallel trade. The Government plans consultation across all sectors, both formal and informal, before any specific regime is proposed.