MICHALSKI HÜTTERMANN

PATENT ATTORNEYS

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Despite the Looming 'Hard Brexit': A Law to Convert EU Trade Marks into British Ones is on the Way

As we all know, the planned Withdrawal Agreement between Great Britain and the EU was voted down in the British House of Commons on 15 January 2019, meaning that an exit of Great Britain from the EU without any deal, the so-called 'hard Brexit,' is now a very real possibility.

Whereas European patents would continue in force in Britain even after such a hard Brexit, given that these constitute property rights under national law, EU design patents and EU trade marks, *inter alia*, would no longer apply in Great Britain effective as of the exit date of 29 March, unless Great Britain takes further action, i.e. by adopting appropriate measures in response.[1] The proposed Withdrawal Agreement between Great Britain and the EU had contained corresponding contractual provisions[1] which apparently must now be considered obsolete.

All the more fortunate, therefore, that Great Britain already introduced draft legislation in December 2018 which provides that unilateral EU trade marks registered before the exit date are to be converted into British trade marks. The key passage governing this point reads as follows:

"A trade mark which is registered in the EUTM Register immediately before exit day (an "existing EUTM") is to be treated on and after exit day as if an application had been made, and the trade mark had been registered, under this Act in respect of the same goods or services as the existing EUTM is registered in the EUTM Register."

According to the draft legislation, this conversion is to take place automatically and free of charge. Conversely, a trade mark holder wishing not to have a British trade mark will have to expressly submit an 'opt-out' application.

[1] See our 2/2018 Newsletter.

And in our own affairs…

The law firm of Michalski Hüttermann & Partner was recognised as a 'TOP LAW FIRM' in the legal field of 'patent law' in the current rankings of *WirtschaftsWoche* magazine, whereby Aloys Hüttermann and Stefan Michalski were expressly recommended as patent attorneys.

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As announced previously, we will be holding our annual patent seminar on 11 April 2019 at the Industrie-Club in Dusseldorf. Our featured guest speakers will be Prof. Herbert Zech (University of Basel), Dr Stefan Horstmann (*Merck KGaA*) and Dr Hans Kornmeier (*ifm electronic*).

If you wish to attend this free-of-charge seminar, please send us an email with your postal address at: seminar@mhpatent.de.

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The next Rhineland Biopatent Forum will be held on 6 June 2019 at our law offices in Dusseldorf.

Although trade marks whose application is still pending will not be automatically converted, there will be a grace period of nine months as of the exit date in which to submit a follow-on application in Great Britain whilst carrying over the original application and priority date.

Although this draft legislation has not yet been formally adopted into law – and this would have to happen relatively soon in case of a 'hard Brexit' – there are encouraging signs that Great Britain takes the issue of industrial property rights seriously and does not intended to leave the holders of EU trade marks – who had expected these to apply in Great Britain as well – high and dry.

So there is at least a certain likelihood that trademark holders who wish to uphold the protection they originally enjoyed in Great Britain by virtue of an EU trademark will not be required to submit an application before the actual exit date for a national British trade mark or for an IR trade mark naming Great Britain. Nonetheless, the holders of EU trade marks should keep a close eye on further developments, particularly with respect to the future progress of the draft legislation, so as to be able to react accordingly.

When it comes to the Unitary Patent System, however, the 'no' vote of 15 January 2019 means that Great Britain's participation in the system is becoming ever less likely as the hard Brexit looms. After all, even those analysts who still see the possibility of Britain's inclusion after Brexit have noted that this would at the very least require a corresponding agreement between Great Britain and the EU as well as amendments to the Unitary Patent System.[2] Meanwhile there are other pundits who believe that the inclusion of Great Britain would not be viable anyway[3] or not even desirable in the first place.[4]

This said, the question of whether or not the Unitary Patent System will ever come into being will continue to depend on the judgment ultimately handed down by Germany's Federal Constitutional Court in Complaint No. 2 BvR 739/17. Despite rumours that a decision is imminent, which even the complainant is helping to circulate, we have yet to see any public announcements to this effect. The Court has also not yet issued its Annual Preview for 2019. So we will have to wait and see what develops on this front.

In principle, however, the Unitary Patent System could be placed into force without great difficulty even after a 'hard' exit by Great Britain, given that in this case Italy, which already ratified the [Unified Patent Court] Agreement on 10 February 2017, would take Britain's place as the required third ratifying Member State.[5]

The preliminary roster of guest speakers includes Mr Andri Hess from the law firm of *Homburger Rechtsanwälte* in Zurich (who will speak about initial experiences made with the Swiss Federal Patent Court) and Mr Arshad Jamil, Head of IP at Biocon Ltd. (India).

If you wish to attend this free-of-charge seminar, please notify us via email at felsner@mhpatent.de.

Proposals and Questions

If you have any proposals or questions, please don't hesitate to contact us here.

[2] See our 3/2016 Newsletter.

[3] See, for example, *Ubertazzi*, in GRUR Int. (Journal of the German Association for the Protection of Intellectual Property, International Section), 2017 Edition, Page 301

[4] See, for example, *Lamping/Ulrich*, Max Planck Institute for Innovation & Competition Research Paper No. 18-20; for a response thereto, see *Tilmann*, GRUR Int., 2018 Edition.

[5] See our 2/2016 Newsletter.

Coming into Force of the German Trade Mark Modernisation Act

14 January 2019 marked the coming into force of the German *Markenmodernisierungsgesetz* (MaMoG, Trademark Modernisation Act), which serves to amend certain aspects of German trade mark law. The Act essentially represents a transposition of the amended European Union Trade Marks Directive (EU 2015/2436). In view of the wide-ranging changes involved, however, we will touch on only the salient points involved:

- A relatively large number of the applicable fees were increased, albeit moderately.
- The requirement for graphic representability was stricken, analogously to EU trade marks. This means that audio and video files will in principle also be registrable as trade marks.
- In future, when a trade mark is extended, the key reference date will no longer be the last day of the month (regrettably enough), but rather the date of registration, i.e. analogously to EU trade marks. This provision only applies to trade marks registered from 14 January 2019 onwards, however, meaning that the respective trade mark holders and/or their representatives will have to maintain their systems in a two-track fashion.
- On the other hand, the possibility of reclassification in the case of an extension will lapse; this will also apply for existing trade marks.
- As is the case in the EU, a certification mark is to be created. This will be a quasi trade mark system for quality seals of approval and will focus not so much on the goods as such but rather on certain of their characteristics, ones whose fulfilment the certification mark will serve to guarantee.
- In future, specifications of geographic origin, too, will constitute absolute obstacles to protectability. They will therefore have to be officially reviewed and verified.
- For all that, the most far-reaching changes will be in the area of usage. For one thing, the start of the grace period for usage has been redefined and will now begin – assuming no opposition has been filed – not on the registration date but rather upon expiry of the deadline for filing an opposition.[6] Assuming an opposition has been filed, the usage grace period will begin running once the ruling regarding the opposition becomes non-appealable and conclusive or once the opposition is withdrawn.
- When it comes to opposition proceedings, moreover, there will no longer be the option of adducing the 'floating' legal defense of non-usage in connection with oppositions filed from 14 January onward. This means that, for purposes of oppositions arising in connection with trade marks still covered by the usage grace period, the holder of the junior

[6] See *Mühlendahl* in GRUR, 2019 Edition, Page 25.

trade mark will no longer be able to adduce the legal defense of non-usage during the ongoing proceeding once the grace period expires. Instead, the same situation as in the case of EU trademarks will arise: It will already be clear at the time the opposition is filed whether or not the defense of non-usage can be adduced or not.

- Tit for tat, as it were, or perhaps by way of compromise (?), the trade mark cancellation procedure was amended, and is now known as the 'nullity proceeding'. In future (starting from 1 May 2020 at the earliest), this proceeding will be conducted entirely before the DPMA (also when it comes to cancellations on the grounds of lapse/expiry and senior rights), whereby appeals will be heard by the Federal Patent Court (*Bundespatentgerich*t), i.e. it will no longer be possible to pursue the avenue of recourse to the courts, which is not only significantly more costly but also more risky in view of Section 91of the *Zivilprozessordnung* (ZPO, Code of Civil Procedure).

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