

Trade marks and brand identity newsletter

Brexit means what? The effect on trade marks

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Uncertainty continues over the terms on which the UK will leave the EU. Following the UK parliament's rejection of the draft Withdrawal Agreement between the UK and EU on 15 January 2019, the likelihood has arguably increased that the UK might exit the EU on 29 March without the two year transitional period that the Agreement envisages.

The position in relation to intellectual property is, fortunately, clearer. The UK government has this month published its proposed draft Statutory Instrument to regulate the transfer of rights connected with EU trade marks into the post-Brexit trade mark regime in the UK. This includes commitment on the following:

Continuity of registered rights. EUTMs which are registered prior to exit day will be cloned into UK trade mark registrations which will have the same filing, priority and registration dates. There will be no official fee.

EUTM applications and re-filing in the UK. EUTM applications which are pending on exit day will not be automatically cloned. The applicant may, within nine months, file a new UK application which will retain the same filing (and priority) date as the EUTM application.

Proving use of UK registrations cloned out of EUTMs. If exit day falls during the proof of use period, any use evidence relating to a time after exit day must show use in the UK. If the proof of use period ended before exit day, use anywhere in the EU will be

acceptable.

Lapsed UK registrations for which seniority was claimed into EUTMs. Where seniority was claimed from a UK trade mark registration into an EUTM, the cloned UK registration which arises after exit day will continue with the same rights (and same earlier filing date) as if the original UK registration had never lapsed.

Continuity of rights. Under UK law, references to an EUTM in any document (such as a contract) made before exit day shall, unless there is evidence that the document is not intended to have effect in the UK, be read on and after exit day as including references to the cloned UK mark.

You can see the latest statement from the UKIPO [here](#).



Our key recommendation

An EUTM application filed today will not be registered by end March. Until exit day in March, or agreement being reached confirming a transitional period (and later exit day), we recommend that clients dual file UK trade marks simultaneously with EU trade marks so as to obtain registered trade mark protection in the UK at the earliest opportunity.

Practical assistance

To ease the cost burden, Haseltine Lake is offering a 25% discount on our UK filing fees if we are instructed to file the same mark in the UK and EU simultaneously.

We will also, on a no-charge basis, create records for:

- the cloned UK registrations which will be created from registered EUTMs, and
- potential UK applications to be based on pending EUTMs.

This service will ensure best position for our clients on Day One and help mitigate the effects of Brexit.

Changes to UK trade mark law

Although the UK seems set on course for leaving the EU, changes have just been implemented into UK trade mark law which align it with the recently altered EU trade mark regime.

Key changes include:

- An action for infringement of a registered trade mark may be pursued against use of a mark subject of a later registration, without the requirement to invalidate the later registration. Now, as with EUTMs, the use of a trade mark after its registration may infringe an earlier registration.
- It is a defence to infringement proceedings that the earlier trade mark has not been put to genuine use during the preceding five-year period: an action for counterclaim is no longer required.
- In oppositions, the five year period for which the opponent may be required to prove use of its earlier mark will end on the date the opposed application was filed (not its publication date).

The changes came into effect on **14 January**.

Warning: don't fall for misleading requests to pay fees

Misleading communications, which look as though they come from official trade mark organisations, continue to circulate. These typically invite payment of fees for registration or renewal of trade marks, or entry of trade marks onto official-sounding databases. Some examples are shown on the [EUIPO website](#).



Argos.co.uk vs Argos.com

The English Court of Appeal examines how it is that the website of a business based in the United States, which did no business outside the US, did target UK consumers.

Argos UK, the owner of an EU trade mark registration for ARGOS, sells consumer products through catalogues, retail shops and online. It issued proceedings for trade mark infringement in the English courts against a US corporation whose core business under the name ARGOS was in relation to CAD systems for design and construction of buildings.

At first sight, the objection was surprising since the businesses traded in entirely different fields and Argos US had no clients outside the Americas and no intention of acquiring any. In fact it was mistaken visits to Argos US's website by internet users based in the UK, who entered the domain name of the US business www.argos.com into their browser, which led to the issues litigated between the parties.

Most of the traffic to Argos US's website was from the UK, and left the website in less than a second, but it overfilled Argos US's log files and used up most of the available bandwidth. Argos US decided to join the Google AdSense programme as a means of addressing the unwanted traffic to its website and providing a way for "lost" visitors to get back to Argos UK. It also, of course, made some money from the ads placed by Google.

The question to be considered by the English Court of Appeal was, did this constitute targeting of UK consumers? Or, put another way, was Argos US using its sign in the course of trade in the UK in relation to the provision of advertising space for the AdSense ads?

The court decided that it did not matter why internet users arrived at the site, i.e. mistakenly. It went on to note that the website as a whole presented conflicting messages: it advertised Argos US's core services which were not relevant to UK consumers, and also presented ads which were of obvious interest to UK consumers. It was not

relevant, said the court, to ask whether the whole website, or even the whole of the landing page, would be seen by someone in the UK as "for me". Rather, it was the consumer's reaction on seeing the landing page on the website which should determine whether the website was targeted at the UK.

Whilst it was Google which ultimately controlled what ads appeared on Argos US's website, the consequence of this selection process was that ads of interest to UK consumers appeared on Argos US's billboard, which in this way became targeted at UK consumers. Overturning the lower court's decision, the Court of Appeal decided that Argos US (as well as Google) was targeting the ads at the UK, and that the sign ARGOS was being used in the UK in relation to the provision of advertising space for the AdSense ads.



The court then had to consider whether there was trade mark infringement. ARGOS is a well-known consumer brand in the UK and unquestionably has a reputation for retail services. There would be infringement if use of the sign ARGOS in relation to the provision of advertising space for the AdSense ads took unfair advantage of the reputation in the EUTM registration for ARGOS. On the facts, the court decided that Argos US had done nothing to seek out the unwanted internet traffic. Its strategy for dealing with this, participation in the AdSense program, gave it some advantage in terms of income stream but was commercially unobjectionable. The EUTM registration was not infringed because Argos US had not derived an "unfair" advantage from the reputation in the ARGOS trade mark.



Costs in proceedings – behave, or else ...

A word of warning: the UKIPO and IPEC can remove the cost cap where they feel the circumstances warrant it, particularly if a party acts very unreasonably.

Parties in proceedings in the UK IP Office (UKIPO) and the Intellectual Property Enterprise Court (IPEC) can usually enjoy the protection of scaled costs in proceedings. This means that, for each stage of the proceedings, there is a maximum level of costs that the court or the UKIPO will award, regardless of the actual costs incurred and, as a result, the UKIPO and IPEC are popular forums for handling trade mark disputes.

However, both the UKIPO and IPEC can remove the cost cap where they feel the circumstances warrant it, particularly if a party acts very unreasonably. Even then, there is a real reluctance to lift the cap unless the behaviour is particularly egregious.

Two recent cases have shown the sorts of circumstances in which the IP Office and Court have decided to penalise a party for what they considered to be wholly unacceptable conduct.

- In the case of [Link Up Mitaka Limited \(trading as THEBIGWORD\) v Language Empire Limited](#), the IPEC judge found that the defendant's behaviour amounted to an abuse of process because they had sought to conceal the truth from the court in spite of the specific procedures that the court had put in place to find out the extent of the infringement.
- In the UKIPO decision in the opposition filed against the application to register TRUMP TV (case no. [O-409-18](#)), the IP Office held that the company that had tried to register the trade mark had shown "a disdainful disregard for the opposition costs" and had acted opportunistically in a way that appeared "calculated to maximise potential interference" with the opponent's brand.

It is almost always the case that, when one party acts unreasonably, the party on the other side incurs costs as a result of that conduct and, while the cost cap helps parties to manage their cost risk, the IPEC and UKIPO can take steps to ensure that the cost cap does not effectively penalise the party on the receiving end of unreasonable conduct.

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Haseltine Lake are proud to be celebrating 10 years in China!
2009-2019

Haseltine Lake are sad to announce that Jane More O'Ferrall will be retiring at the end of February. Jane wishes all of her colleagues and friends well for the future.