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WHAT HAPPENS TO YOUR IP-RIGHTS IN CASE OF A NO-DEAL BREXIT ON OCTOBER 31, 2019? NEW RULES FOR STATUTE OF LIMITATIONS FOR PATENT INFRINGEMENTS

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What happens to your IP-rights in case of a NO-deal BREXIT on October 31, 2019?

These days we are confronted with many news regarding the ongoing negotiations between the United Kingdom and the European Union. An accorded BREXIT, but also a NO-deal BREXIT appear to be possible. At the moment, nobody knows whether there will be a BREXIT at all, when it is going to be effective and whether it will be an accorded and structured process or rather a NO-deal BREXIT. With Boris Johnson, the British government is presided by a president who is a convinced BREXITeer and who appears to accept even a NO-deal BREXIT effective on October 31, 2019 in order to obtain a separation from the EU as soon as possible.

Against this background, the question newly arises whether there is a need for action for IP right holders in the European Union if a NO-deal BREXIT should become effective on October 31, 2019, even if this is not very likely.

1. Effects on patents?

The good news is further on that the NO-deal BREXIT will not affect any patent holders. European patents follow the European Patent Convention and are therefore not limited to the European Union. Therefore BREXIT will have no effects on these European patents. Also the proprietors of national UK patents or PCT rights will not be affected in any way.

2. Effects on European Union trademarks and Community Designs?

The situation is quite different with regard to European Union Trademarks and Community Designs as well as International trademarks or designs which designate the European Union. These IP rights are exclusively valid within the European Union and will lose their effect in the United Kingdom as soon as the United Kingdom leaves the European Union. This also applies to non-registered Community Designs.

However, the British legislator has already drafted regulations which will avoid any loss of rights in case of a NO-deal BREXIT. The UK-Intellectual Property Office has very recently updated its *"Guidance changes to trademark law in the event of BREXIT without a withdrawal agreement"* as well as *"Guidance changes to registered design, design right, international design and trademark if the UK leaves the EU without a deal"* which summarize the situation of IP-right holders in case of a NO-deal BREXIT. According to these guidances, your IP-rights in the UK will be the following in the event of a NO-deal BREXIT.

a) European Union Trademarks and International Trademarks designating the European Union.

- The proprietors of European Union Trademarks or of International Trademarks designating the EU will automatically and free of charge obtain equivalent UK-trademarks which will have the same application date as the European Union Trademark.
- A prerequisite for such UK-trademarks to come into existence is that the proprietor has recorded an address within the European Economic Area (EEA) for its European Union Trademark. As long as you have registered such an address, there is no need for appointing a UK-representative. If you have designated a German representative, this German representative will automatically also be the representative of your new UK-trademark and will also be entitled to represent you before the UK-IPO.
- There is the possibility of opting out in case you do not wish a UK-trademark. You can therefore avoid such a new UK-trademark in case you are not interested.
- In the case of collective and certification trademarks, the UK-IPO will request that you submit the underlying regulations in English.
- The proprietors of European Union Trademark **applications** can also obtain a new UK-trademark as soon as the European Union trademark is registered and an address within the European Economic Area (EEA) is recorded with the EUIPO. In this case, the proprietor of the European Union trademark application has to **apply actively** for obtaining such a new UK-trademark. Such an application must be filed within **nine months** following the BREXIT date.
- It is important to know that the **EUIPO will not send any individual information or requests to the proprietors of EU-trademark registrations or applications**. It is up to the right owner to monitor the aforementioned deadline and to react accordingly.
- The new UK-trademark will be due for renewal at the same time as the European Union Trademark. Even if the renewal of a European Union Trademark has already been applied for, a separate renewal of the UK-trademark will be necessary if the

renewal is due after the BREXIT date. The UK-IPO will notify the proprietors of such new UK-trademarks accordingly.

- In pending opposition procedures against European Union trademarks based on European Union Trademarks or based on national trademarks of EU member states except the UK, a new UK-trademark will also be created for the attacked European Union Trademark as soon as the opposition procedure is finalized and the European Union Trademark is not fully rejected.

b) Community designs and international designs (according to the Hague Agreement) designated the European Union

- Proprietors for registered Community Designs or of International designs designating the EU will automatically and free of charge obtain equivalent UK-designs which will have the same application date as the Community Design.
- A prerequisite for such a UK-design to come into existence is that the proprietor has recorded an address within the European Economic Area (EEA) for its Community Design. As long as you have registered such an address in the EEA, there is no need for appointing a UK-representative. If you have for instance appointed a German representative, this German representative will automatically also be the representative of your new UK-design and will also be entitled to represent you before the UK-IPO.
- There is the possibility to opt out if you are not interested in a UK-design.
- Proprietors of Community Design **applications** can also obtain a new UK-design as soon as the Community Design is registered and an address within the EEA has been recorded with the EUIPO. In this case, the proprietor must however **actively apply** for such a UK-design. This application must be filed within **nine months** following the BREXIT date.
- It is to be noted that the **EUIPO will not notify individually the proprietors of Community Designs**. It is the responsibility of the right holder to observe the aforementioned deadlines and to react accordingly.
- The newly created UK-design will be due for renewal on the same date as the parallel Community Design. Even if a renewal application has already been filed for the Community Design, the newly created UK-design must be renewed separately if the renewal date is after BREXIT. The UK-IPO will notify the right holders accordingly.
- In the case of non-registered Community Designs, the proprietor will obtain automatically an equivalent national UK design right which has been newly created and which will have the name *"supplementary unregistered design right"*. This new supplementary unregistered design right will have the same protection period as the parallel non-registered Community Design.

3. Is there a need for action at the moment?

Assuming that there will be a NO-deal BREXIT on October 31, 2019, you can avoid a loss of rights easily if you take the necessary steps. Provided that you are proprietor of **registered** European Union Trademarks or Community Designs, you will automatically and free of charge obtain parallel national UK-trademarks and UK-designs. The

same applies to the EU-parts of international trademarks and designs. To such extent, there is no need for action at your end.

In the case of European Union and Community design **applications**, an **active application** is necessary for obtaining parallel national rights in the United Kingdom. This application must be filed within nine months from the BREXIT date.

Additionally, it is recommendable to check your IP-related contracts which extend to the European Union as to whether these will also be valid in the United Kingdom after BREXIT or whether there is need for supplementary regulations.

In the currently more likely event that there will be an agreement between the EU and the UK, the BREXIT date will presumably be no sooner than 31 December, 2020. Until this date, your European Union Trademarks and Community Designs (as well as EU-parts of International trademarks and designs) will remain valid in the United Kingdom so that there is no need for immediate actions.



QUESTIONS?

If you have any questions regarding this topic, please feel free to get in touch with your personal contact or Dr. Alexander González at a.gonzalez@prinz.eu.

New rules for statute of limitations for patent infringements

In a decision dated 26 March 2019 (BGH; XZR 109/16; "Power Supply Device"), the German Federal Supreme Court decided which claims a patent holder has against a patent infringer for the period of the patent infringement which is more than three full calendar years prior to filing the action.

Claims for damages for patent infringement expire after three full calendar years (assuming that the patentee is aware of the fact of the patent infringement and also knows the infringer). For infringing acts that took place prior to this period, the patentee could claim, under the previous case law, from the infringer so-called residual damages which basically correspond to a reasonable license fee.

With the new decision, the Federal Supreme Court decided that the claim for residual damages is not limited to a reasonable license fee, but that the patentee can claim from the infringer the profits which the infringer has made.

Since, according to the established case law of the infringement courts, no overhead costs can be deducted when determining the infringer's profit, the new case law will

result in damage claims for “old” acts of infringement which are significantly higher than the previously obtainable reasonable license fee.

In this respect, the new case law increases the risk for the patent infringer to have to pay damages for long past patent infringing acts in an amount that is quite painful.

It is also interesting to note that the patentee can ask the infringer to render account for the time period up to ten years into the past in the same level of detail as for the previous three calendar years, thus for a time period where legal retention periods have often ended so that many documents will no longer be available. Should this be the case, the infringement courts can estimate the relevant figures.



QUESTIONS?

If you have any questions regarding this topic, please feel free to get in touch with your personal contact or Jochen Sties at j.sties@prinz.eu.

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