

# UK High Court can continue to grant EU-wide injunctions in EU trade mark cases that were pending at the end of the Brexit implementation period

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## *Easygroup v Beauty Perfectionists [2021] EWHC 3385 (Ch)*

As the late Henry Carr J said in 2018, “Unless familiar with the law of registered trade marks, you might think that it is relatively straightforward. Regrettably, you would be wrong.”<sup>1</sup> When Brexit is added to the mix, what was complex becomes positively labyrinthine. Thus to answer a relatively straightforward legal question, which affects a limited and decreasing number of litigants – whether a UK court can still grant an EU-wide injunction for infringement of an EU trade mark in litigation which commenced before the UK left the EU – the High Court was asked to consider three Acts of Parliament, three UK statutory instruments, a European Regulation, an international treaty and various explanatory memoranda and guidance.

## **Background: EUTMs and Brexit**

Before Brexit, a trade mark proprietor could protect their mark in the UK with a UK trade mark (under the Trade Marks Act 1994 (“TMA 1994”)) and in the EU with an EUTM (under the EU Trade Mark Regulation 2017/1001 (the “EUTM Regulation”). The EU Trade Mark Regulation had direct effect in the UK by virtue of the European Communities Act 1972 (“ECA 1972”). The English High Court was designated as an EU Trade Mark Court by the Community Trade Mark Regulations 2006/1027 (the “2006 Regulations”), which meant that it had the power to determine issues of validity and infringement of EUTMs and to grant remedies with effect across the EU.

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<sup>1</sup> *Pathway v Easygroup [2018] EWHC 3608 (Ch)*.

As many will remember, in November 2019 the UK and the EU agreed the Withdrawal Agreement setting out the legal effect of the UK's exit from the EU. On 'exit day' (31 January 2020 at 23.00 GMT), the ECA 1972 was repealed and the Withdrawal Agreement came into force. Brexit was given legal effect domestically by the European Union (Withdrawal) Acts 2018 and 2020, which together repealed the ECA 1972, implemented the Withdrawal Agreement and provided for an 'implementation period' during which EU law would still apply in the UK. That period began on exit day and ended on 31 December 2020 at 23.00 GMT, defined in the legislation as "IP Completion Day".

Under powers in the EU Withdrawal Acts, the UK trade mark regime was amended by two statutory instruments: the Trade Marks Amendments etc (EU Exit) Regulations 2019/269 (the "2019 Regulations"), made before the Withdrawal Agreement was concluded, when a "no deal" Brexit was a real possibility; and the Intellectual Property (Amendment etc) EU Exit Regulations 2020/1050 (the "2020 Regulations"), made after the Withdrawal Agreement was concluded and in force from the end of the implementation period.

The Withdrawal Agreement made specific provisions for protection of the EUTM post-Brexit. Essentially every EUTM was to be bifurcated on IP Completion Day: the existing EUTM would be enforceable in the EU but not in the UK, and a new functionally identical right would be created which would be enforceable in the UK only (the "Comparable Trade Mark (EU)").

In cases where an EUTM was subject to validity or infringement proceedings in the UK courts on IP Completion Day, Article 67 of the Withdrawal Agreement provided that "the provisions regarding jurisdiction" of the EUTM Regulation would continue to apply to the ongoing proceedings. This was implemented domestically by Schedule 2A paragraph 20 TMA 1994, which was inserted by the 2019 Regulations and amended by the 2020 Regulations. The key provisions are Schedule 2A paragraphs 20(2) and 20(3):

*(2) Subject to sub-paragraphs (3) and (4), the provisions contained or referred to in Chapter 10 of the European Union Trade Mark Regulation (with the exception of Articles 128(2), (4), (6) and (7) and 132) continue to apply to the pending proceedings as if the United Kingdom were still a Member State with effect from IP completion day.*

*(3) Where the pending proceedings involve a claim for infringement of an existing EUTM, without prejudice to any other relief by way of damages, accounts or otherwise available to*

*the proprietor of the existing EUTM, the EU trade mark court may grant an injunction to prohibit unauthorised use of the comparable trade mark (EU) which derives from the existing EUTM.*

*(4) Where the pending proceedings involve a counterclaim for the revocation of, or a declaration of invalidity in relation to, an existing EUTM, the EU trade mark court may revoke the registration of the comparable trade mark (EU) which derives from the existing EUTM or declare the registration of the comparable trade mark (EU) which derives from the existing EUTM to be invalid.*

### ***Easygroup v Beauty Perfectionists [2021] EWHC 3385 (Ch)***

Easygroup claimed that Beauty Perfectionists' use of the name 'easyCOSMETICS' infringed its EUTMs. Beauty Perfectionists asserted that they never carried out any business activity in the UK but principally focused on Germany and Austria. Beauty Perfectionists applied to strike out Easygroup's claim for an injunction on the basis that the UK court could no longer grant one in this case: there was no activity in the UK to stop; and (on Beauty Perfectionists' case) the UK court lacked jurisdiction to grant an EU-wide injunction now that IP Completion Day has passed.

Beauty Perfectionists relied on the Explanatory Memorandum to the 2019 Regulations, prepared by the UK Intellectual Property Office. Paragraph 7.15 of that memorandum states that EUTM cases pending at Brexit would continue to be heard, but "actions and remedies taken or granted by the Court are applicable to the comparable UK right only". However, when approached by Easygroup's solicitors the IPO said that it had taken legal advice which confirmed that the High Court does still have the power to grant EU-wide injunctions in such cases, and "paragraph 7.15 of the Explanatory Memorandum [...] is wrong". The IPO had since provided updated guidance on its website along these lines.

### **Defendants' arguments against EU-wide jurisdiction**

Beauty Perfectionists submitted that the EUTM Regulation was not part of EU retained law under the EU Withdrawal Act 2018, and the 2019 Regulations must have been intended to repeal the 2006 Regulations because they were an exercise of the power to get rid of reciprocal arrangements with the EU which were no longer appropriate. The result of this

argument was that there were no longer any English courts designated as EU Trade Mark Courts, and so there were no English courts capable of granting EU-wide remedies.

On interpreting Schedule 2A paragraph 20 TMA 1994, important preliminary considerations included: (i) a presumption against an enactment having a territorial effect; (ii) the fact that a “no deal” Brexit was anticipated when the 2019 Regulations were made; (iii) that paragraph 7.15 of the Explanatory Memorandum was in clear terms, the subsequent 2020 Regulations had not made any changes to paragraph 20, and the updated IPO guidance merely showed that there was “a bit of a mess”; (iv) that the same court must surely have jurisdiction over both validity and enforcement, and it would be very surprising if the UK Court post-Brexit had power in pending proceedings to revoke or invalidate a EUTM; and (v) that the 2019 Regulations should not be construed by reference to the Withdrawal Agreement because the Withdrawal Agreement was entered into a year after the 2019 Regulations were made.

The exclusion in paragraph 20(2) of parts of Articles 128 and 132 of the EUTM Regulation which require the court to correspond with the EU IPO was said to show that English Courts were no longer required to defer to the EU IPO, which could only be explained if the UK court was to lose the power to invalidate EUTMs.

The words “Subject to sub-paragraphs (3) and (4)” and “without prejudice to any other relief” were said to indicate that the words of (3) and (4) were words of limitation or derogation, and that the only relief now available for infringement of EUTMs was that in paragraph 20(3).

Section 7A of the EU Withdrawal Act 2018 (inserted by the EU Withdrawal Act 2020), which confirms (among other things) that remedies provided for in the Withdrawal Agreement are to be recognised and available in domestic law, was said not to have been intended to override specific legislation such as the 2019 Regulations.

### **Claimant’s arguments in favour of EU-wide jurisdiction**

In Easygroup’s view, the reality was that the UK had left with a deal as set out in the Withdrawal Agreement and the UK court retained the pan-EU jurisdiction whichever way Article 67 had been implemented. The 2019 Regulations should be construed by reference to the Withdrawal Agreement because they had not actually come into force until IP completion day, after the Withdrawal Agreement was completed. The 2006 Regulations had not been repealed or intended to be repealed.

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The intent and effect of paragraph 20(3) of Schedule 2A was to confer the right to an injunction for infringement of the UK Clone deriving from an existing EUTM. The right had not existed previously because the UK Clone had not existed previously. This was additional to the existing remedy of an EU-wide injunction.

Paragraph 7.15 of the Explanatory Memorandum expressed the view of government at a time when a no-deal Brexit was a distinct possibility, and should be disregarded. It could not aid construction of the 2019 Regulations by the time those Regulations came into force, because by then the EU Withdrawal Acts were in force as well. In any event, the IPO's updated guidance reflected the correct construction of paragraph 20 of Schedule 2A and should be taken into account.

## **The Court's decision**

Sir Julian Flaux, Chancellor of the High Court, gave judgment that the High Court can still grant pan-EU injunctions on infringement of EUTMs.

It was 'misconceived' to construe the 2019 Regulations as part of a no-deal Brexit, as Beauty Perfectionists had, because there was a Withdrawal Agreement in place by the time those Regulations came into force. Though the Court acknowledged (with judicial understatement) that "the legislation giving effect to Brexit is not exactly clearly and coherently drafted", it could not be said that the 2006 Regulations had been impliedly repealed.

Even if the 2006 Regulations had been impliedly repealed, the submission that the High Court was no longer an EU trade mark court as regards pending proceedings was also misconceived. The clear intention of Article 67 of the Withdrawal Agreement was that the court should retain the same jurisdiction under the EUTM Regulation as it had had before IP completion day, which clearly included the power to grant a pan-EU injunction where appropriate.

Although Schedule 2A paragraph 20 TMA 1994 was "not a model of clear drafting", paragraph 20(3) does not limit the jurisdiction retained in pending proceedings under paragraph 20(2) and under Article 67 of the Withdrawal Agreement. The power in subparagraph (3) was additional to, not instead of, the existing powers of the court; had the intention been otherwise, clear words to that effect would have been used.

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The exclusions of Articles 128 and 132 in paragraph 20(2) TMA 1994 were not relevant to the issue before the court. Beauty Perfectionists' points on territorial effect and on the lack of amendment of the 2019 Regulations by the 2020 Regulations did not override the above interpretation of paragraph 20.

As to paragraph 7.15 of the Explanatory Memorandum, the court followed the approach in *R (on the application of McConnell) v Registrar General for England and Wales*:<sup>2</sup> explanatory notes can aid construction of statutes, but ultimately "[the Court's] task is to construe what Parliament has enacted, not what the Explanatory Notes say it enacted". The Explanatory Memorandum was simply wrong and should be disregarded; even if that were not the case, the Court could and should take into account the conflicting IPO guidance and approach the Explanatory Memorandum with caution.

## Comment

Little about Brexit has been straightforward, and the effects on trade mark law are no exception. Nevertheless, this judgment appears to be consistent with the legal provision of the Withdrawal Agreement, if not with the UK conservative government's political aim for a 'clean break' from EU legal frameworks.

This case is also a reminder of the limited usefulness of explanatory memoranda and official guidance. It is worth noting that the EUIPO published its own guidance on Article 67 in September 2020 stating that "measures taken by a UK court, or that become final, as of the end of the transition period, will be enforceable in the EU where these result from legal proceedings which were instituted before the end of the transition period". It would have been a strange outcome indeed if EU member states were bound to enforce judgments of a UK court which the UK court decided it was not capable of making.

Permission to appeal is understood to have been granted, though it remains to be seen whether an appeal will be made.

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<sup>2</sup> [2020] EWCA Civ 559; [2021] Fam 77 at [37].

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