

Brexit Overview

Intellectual Property and Brexit

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Intellectual property rights in the UK rely heavily on EU law and institutions. Most rights derive either from EU Directives or Regulations. Brexit will change how UK IP law works. We set out the key changes below, and highlight where and when to take action.

Key Issues and Actions

1. Trade marks and registered designs

Portfolio management

Existing registered EU trade marks and designs will automatically give rise to a comparable UK right. EU registered trademarks and designs will continue to be valid in remaining EU member states and businesses will still be able to obtain protection in the EU by applying for such EU rights. UK trade marks will require a UK address for service, and EU marks will require representatives to have an establishment in the EU.

Action Points

- From 2021, UK trade marks cannot be used to oppose applications for EU trade marks. Businesses should consider now whether they need to obtain EU rights.
- The UK IPO expects to be busy following Brexit, so applicants may want to file trade marks now to reduce delays.
- Trade mark proprietors will need a UK address for service for any new filings actions after 1 January 2021 (except in relation to comparable rights that arise automatically from current EU rights, as these benefit from a three year grace period).

Pending trade mark and design applications

If a company has any pending applications for EU trade marks or designs at the date of exit, it will be able to refile within nine months from the date of exit for the equivalent UK right, whilst retaining the EU application date for priority purposes. This will entail an additional fee.



Action Point

- At the end of the transition period, review all pending EU trade mark and designs applications, and file for the equivalent UK right early. Waiting the full nine months may risk the loss of priority.

Pending EU invalidity challenges and oppositions

If an EU right is found invalid as a result of an action which is pending when the UK leaves the EU, then the UK will follow the EU decision, unless there is a good reason not to.

Action Point

- Successful opponents at EU level should consider writing to the UKIPO asking them to give effect to an EUIPO decision. If they do not, the UKIPO's process does not provide for the opponent to make any submissions.

Applications post Brexit

Where, in future, a company wishes to file for trade mark protection across the UK and Europe, it will need to apply for both a UK mark and an EU mark and pay the filing and renewal fees for both marks.

2. Unregistered design rights

Under a no deal Brexit, a UK-equivalent of the current EU unregistered design right will automatically protect existing EU unregistered designs, existing at the date of Brexit, in the UK. However, recent negotiations between the UK and EU have clarified that, from 1 January 2021, unregistered designs that are first disclosed in one jurisdiction will no longer benefit from reciprocal protection in the other.

Action Point

- Businesses will need to carefully consider how, when and where to first disclose designs in order to establish and benefit from unregistered protection in the UK and EU. First disclosure in the EU could destroy the novelty of that design should you later claim UK unregistered rights, and vice versa. It may therefore be worth considering legal advice as to whether simultaneous disclosure is possible or valuable.

3. Existing law

The UK will have the ability to depart from CJEU decisions. This could create significant uncertainty.

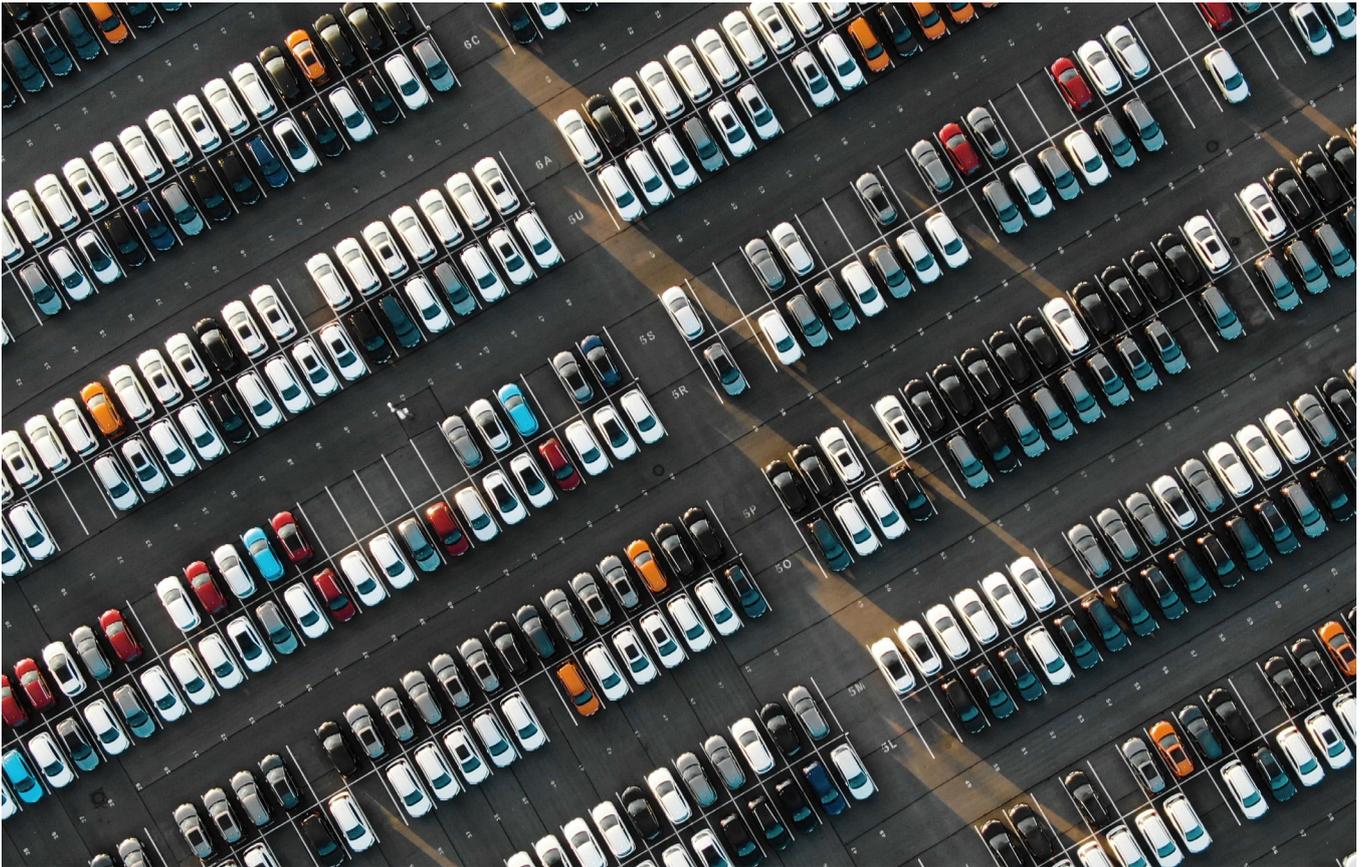
The Supreme Court and the Court of Appeal will both be able to depart from CJEU decisions “if it appears right to do so”.

25 years of CJEU jurisprudence has significantly shaped UK intellectual property law. Some of these decisions have been radical; some have been controversial. Trade mark law and copyright law in particular have been radically shaped in ways that many people had not expected. The Ministry of Justice is currently consulting about which courts should be bound.

The short term practical impact will be more litigation and more expensive litigation. The short term practical impact will depend on the approach that the UK courts take.

4. Patents

Patent law is less harmonised at an EU level than other intellectual property rights. The UK government intends that all existing patent protection will continue to apply in the UK post-Brexit. The UK will remain part of the European Patent Office. However, the UK has said that it will not pursue remaining in the Unified Patent Court or the Unitary Patent.



5. Copyright

There will not be any immediate statutory changes. The UK and EU will remain subject to the same international treaties relating to copyright, and copyright is not mentioned in the Withdrawal Agreement.

However, over time the UK and EU may diverge. For instance:

- The UK Government has said that it has no plans to implement the Digital Single Market Directive.
- The UK courts may not follow the CJEU's approach to copyright. The CJEU's judgments in *Cofemel* and *Brompton*, could fundamentally change the UK's copyright law. If followed, they would provide much greater protection for designs. However, these judgments run contrary to the letter and spirit of the UK's Copyright Designs and Patents Act 1988. Until this reaches the courts, it's not clear how this conflict will be resolved.



6. Database rights

UK owners of database rights (which, like copyright, arise automatically) will continue to benefit from EU database rights if these arose prior to the 1 January 2021. UK IPO guidance states that UK citizens, residents and businesses will no longer be eligible to receive or hold database rights in the EEA for databases created on or after 1 January 2021. However, the wording of the Withdrawal Agreement on this second point is ambiguous and could be subject to future litigation if not clarified. The position may also change if a further agreement is reached between the UK and EU. This will particularly impact businesses which obtain revenue from the licencing of such databases across the EEA.

Action Point

- Businesses which have valuable databases should therefore consider how to best structure their operations to best benefit from database rights.

7. Geographical indications

The Withdrawal Agreement says that existing Geographical Indications will be protected in the UK unless a future economic agreement is reached at the end of the transition period, that supersedes the Withdrawal Agreement. The UK is currently looking to reopen the issue of geographical indications, and the UK's latest draft of the free trade agreement (being negotiated) contains a placeholder in respect of this point.

Action Point

- This issue may resolve itself, but businesses that rely on Geographical Indication protection should consider whether they need other protection. For example, businesses may consider registering trade marks, collective marks or certification marks.

8. Impact on .eu and EU member state website domains

From 1 January 2021, individuals and businesses will no longer be able to register or renew .eu domain names if they fail to meet the eligibility criteria. Only EU/EEA businesses and individuals, or EU/EEA residents, are entitled to hold .eu domain names.

Action Points

- Holders or registrants of .eu domain names should check if they still meet the eligibility criteria;
- If you are no longer eligible, consider discussing the issue with your local domain name registrar. You may also need to develop a migration plan for the services and functions that are linked to your domain, website or any email addresses associated to that domain;
- All holders or registrants of top level domains of EU member states, such as .fr or .it, should also consider whether similar restrictions may apply to such domains.

9. Licences and co-existence agreements

Many licences, co-existence agreements and other contracts drafted before the 2016 referendum will have been agreed on the basis that the UK and the EU were one territory.

Action Point

- Parties to these agreements may want to review these and consider whether they need to be reviewed or clarified in light of Brexit.

Any changes will also require consideration from a competition law perspective, particularly where territorial restrictions beyond the existing scope of EU competition law are being considered. Currently, it is unclear as to what alignment there will be between UK and EU competition law and, indeed, the extent to which either laws could apply to restrictions of sales into or out of the UK.



10. IP exhaustion

Currently, if a product has been put on the market in the EU with the consent of a trade mark proprietor, those trade mark rights are “exhausted”, and in most circumstances the proprietor cannot then use the trade marks to oppose further commercialisation. The same is true in respect of products embodying other IP rights (e.g. patents, design rights and copyright).

Conversely, if a product has only been put on the market outside the EU, the IP rights embodied in it are not exhausted and the proprietor can oppose those products being sold in the EU. Such goods are often known as “parallel imports” or “grey goods”.

The EU’s current position appears to be that exports from the UK to the EU may be able to be blocked as infringing parallel imports.

The UK’s position is that after Brexit, it will initially treat goods put on the market in the EU as having had their trade mark rights exhausted. So, imports to the UK from the EU cannot be blocked as infringing parallel imports. However, it has been indicated that this will be left open to review.

11. Monitoring for counterfeits

Customs watches are commonly filed through a harmonised European Application for Action. The Withdrawal Agreement does not provide for these to have continuing effect following the 31 January 2021 and therefore, absent further agreement, applications submitted to UK Customs will no longer have effect in the EU27 following the end of the transitional period. Similarly, applications submitted to EU 27 Customs will no longer have effect in the UK following the end of the transitional period.

Action Point

- Accordingly, brand owners that want customs watch protection in both the UK and the EU27 should expect to have to file two applications going forward (and may have to also refile).

12. Enforcing your IP rights

Litigation currently involving EU trade marks and designs will proceed involving the comparable marks and designs. However, from 2021, UK courts will not be able to grant injunctions that have effect in the EU. Enforcement between the UK and the EU could also become more expensive and complicated.

“Alicante Torpedos” which stay EU national actions whilst cancellation proceedings are live at the EUIPO will not have effect on comparable marks and so will have no effect from 2021.

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