

The Effect of Brexit on UK IP Protection and the EU Unified Patent Court

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Brexit Vote and Political Context

- On 23 June 2016 the UK voted to leave the European Union by a 51.9% to 48.1% majority.
- UK Prime Minister who campaigned for a “remain” vote resigned on 24 June 2016; new PM appointed on 13 July 2016.
- Article 50 of the Lisbon Treaty sets out the mechanism for withdrawing from the EU. It provides a two-year time limit during which arrangements for withdrawal must be negotiated and after which the Member State exits. It has not yet been triggered.
- UK does not wish to trigger until negotiating position has been developed.
- EU wishes UK to withdraw ASAP to reduce uncertainty.
- Currently uncertain (and politically contentious) as to whether UK will be seeking to remain in the single market, as part of the European Economic Area (EEA) (or even ultimately remain in the EU).



The Effect of Brexit on UK IP Protection and the EU Unified Patent Court

- The pervasive effect of EU law on IP
- The IP consequences of Brexit
 - Consequences which might merit UK legislation
 - Longer term consequences
- The impact of Brexit on the Unified Patent Court (UPC) and the Unitary Patent
- The practical steps that need to be taken now to protect IP rights in light of Brexit

The Pervasive Effect of EU law on IP

- Treaties
 - Treaty on the Functioning of the EU
Article 18, 34 & 36, 101 & 102
 - European Economic Area Agreement
 - [Agreement on the Unified Patent Court]
- Regulations
 - Trade marks, designs, plant varieties, geographical indications, [European patent with unitary effect]
 - Customs, Brussels I, Rome II
- Directives
 - Trade marks, designs, copyright, (& related rights, database rights) biotechnological inventions, [trade secrets]
 - Enforcement of IPRs, E-commerce



The IP Consequences of Brexit

- Consequences as to pending EU measures
 - Unified Patent Court and European patent with unitary effect
 - Trade Marks and Trade Secrets Directives
- Consequences which might merit or require UK legislation other than preserving primary legislation or delegated legislation under ECA 1972 ...
 - Unitary EU rights which double up with national IP rights
 - Harmonised national IP rights, SPCs
 - IP rights and remedies mandated by TRIPS with which the UK only complies by virtue of EU legislation
 - Geographical indications, protection of undisclosed test data, border measures
- Longer term consequences for the UK ...
 - Substantive law
 - Procedurally



The IP Consequences of Brexit Which Merit UK Legislation - I

- Unitary EU rights (trade marks, designs, plant varieties)
 - Unitary rights cannot apply outside the EU
 - Provide for conversion regime (cf Article 112 EUTMR) to split UK rights out of EU ones?
- Harmonised rights (copyright etc., trade marks, registered designs, biotechnological inventions)
 - Unchanged if UK negotiates non-EU EEA membership but if not consider whether it is still appropriate to provide
 - EEA exhaustion of rights
 - Non-discrimination against non-EEA copyright works to the degree permitted by TRIPs
- SPCs
 - Unchanged if UK negotiates non-EU EEA membership, but if not, should preserve existing rights and establish a new patent extension regime
 - Which might key SPC term to first UK Marketing Authorisation?



The IP Consequences of Brexit Which Merit UK Legislation - II

- Other Regulations that will cease to apply in the UK
 - Geographical Indications (Regulations 1151/2012, 1308/2013 etc.)
 - Necessary to enact at least a limited replacement measure in order to comply with TRIPs
 - Customs Regulation
 - Necessary to enact at least a limited replacement measure to provide for customs measures against imports of counterfeit and pirated goods in order to comply with TRIPs
 - Jurisdiction and Recognition of Judgments
 - Brussels I Regulation
 - Even if UK does not negotiate non-EU EEA membership it can participate in the Lugano Convention to similar effect



The Longer Term IP Consequences of Brexit for the UK – Substantive Law

- EEA Agreement and Free Trade Agreements mandate adherence to EU (or other) TRIPS plus standards, e.g. as to
 - Geographical Indications (EU ones)
 - Patent linkage (USA ones)
- Looking beyond the immediate statutory measures merited or required to address the consequences of Brexit
 - Renewed pressure to re-introduce international exhaustion in trade marks?
 - Rethinking or clarification of areas where Court of Justice has made a mess of it?
 - over-intellectualisation of trade mark law (“functions” etc.)
 - communication to the public in copyright law?
 - stem cell patenting?



The Longer Term IP Consequences of Brexit for the UK - Procedurally

- Effect of civil law IP litigation procedures has been profound
 - IPEC procedure and costs caps owe much to the awareness amongst IP lawyers of procedures elsewhere in Europe
 - Patents Court procedures and speed to trial owe much to competition from courts elsewhere in Europe
- Will this change?



The Effect of Brexit on the UPC and Unitary Patent

- European patents are unaffected as the EPC is not an EU instrument (and the EPO is not an EU institution).
- National proceedings in relation to European and national patents are unaffected.
- The UK will almost certainly not be able to take part in the UPC if it is not in the EU (following CJEU Opinion 1/09, 8 March 2011), or in the Unitary Patent and in that case it is inconceivable that the life sciences and pharmaceutical section of the Central Division would remain in London.
- The UPC and Unitary Patent can proceed without the UK, although they will be delayed.



The Effect of Brexit on the UPC and Unitary Patent

- To come into force, the UPC agreement requires ratification by at least 13 Member States, including the UK, France and Germany (as the three Member States with the highest number of patents).
- As long as it is in the EU, ratification by the UK is required.
- It had been expected that the UPC agreement would be ratified by the minimum number of Member States this year and that the court would commence in 2017.



The Effect of Brexit on the UPC and Unitary Patent

- While not impossible, and depending on the exit negotiations, it seems unlikely that the UK would ratify the agreement much before it exits, or agree to amend it so that UK ratification is not required.
- Also, unless the UK somehow remains in the UPC, the agreement would need to be amended to remove the provision for London to host a section of the Central Division, and ratified again.
- It is therefore possible that it will not proceed until after the UK has exited the EU, at least two years.



The Effect of Brexit on the UPC and Unitary Patent

- If there is political will, a new UPC agreement (in similar terms) may be entered into without the UK which would avoid having to wait for UK exit. This would still involve some delay while the location of the Central Division is decided and the agreement signed and then ratified.
- Many UK lawyers have been admitted as lawyers in other Member States, demonstrating confidence that the UPC will proceed albeit delayed, and are likely to play a significant role.



The Practical Steps that Need to be Taken now to Protect IP Rights in Light of Brexit

- Agreements (including licences, co-existence agreements, collaboration agreements and IP security agreements)
 - Be careful as to use of “EU” and check existing agreements for this
 - Indeed, is the term “UK” safe to use?
 - Ensure that the rights that have been licensed also cover any new UK converted rights



The Practical Steps That Need to be Taken now to Protect IP Rights in Light of Brexit

- IP filing strategy
 - Trade marks
 - File nationally as well as in the EU as nature of any converted UK rights is uncertain (indeed, given the greater ease of showing requisite use nationally this had benefits anyway) and do not surrender any national UK registrations
 - Ensure that EUTMs are used outside the UK, and that any new UK rights converted from EUTMs are used in the UK
 - Designs
 - File nationally as well as in the EU if UK UDR inadequate for UK protection
 - Patents
 - No change under the current system
 - Probably doesn't affect opt-out decision/decision to apply for unitary patent although upside of being in the UPC is diminished



The Practical Steps that Need to be Taken now to Protect IP Rights in Light of Brexit

- Existing injunctions
 - Injunctions previously granted (whether by a UK or non-UK court) under a unitary right may no longer be effective in the UK if they are expressed as preventing infringement of a unitary right or infringement in the EU, or even because they were ordered on the basis of an infringement of a unitary right
 - Seek an extension of any such injunction to cover the UK (under new converted right?) unless legislation extends it automatically



Thank you



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