Brexit & Patents

The UK is leaving the EU, Marks & Clerk is not
On 29 March 2017 the United Kingdom gave formal notice of its intention to leave the European Union, in keeping with the result of the referendum on EU membership that had been held the previous year. Unless agreement to an alternative date is reached, this means that the UK will leave the EU on 29 March 2019.

The UK is leaving the EU, Marks & Clerk is not.

Marks & Clerk is an outward looking firm with a long history of working internationally and across borders and we will continue to be one of the leading European and global intellectual property firms. We have had a presence in continental Europe for nearly 30 years, with offices in France and Luxembourg, as well as having offices in Asia and Canada, serving clients from all over the world.

Negotiations between the UK and the EU continue but for the time being there is considerable uncertainty over what the future relationship between the UK and the EU will look like. A transitional period has been agreed in principle, pursuant to which the UK’s departure from the EU will be unaffacted by Brexit. Likewise, the UK’s relationship with the European Patent Office is also outside the remit of the EU, as the European Patent Office is not an EU institution.

Mark’s & Clerk’s expert and dedicated Brexit team are keeping a close eye on the Brexit process and will continue to update our clients and our guidance regularly.

Brexit & Patents

There will be no change to the application processes for UK and European patents. Patents covering the UK are granted by two organisations: the UK Intellectual Property Office (UKIPO) and the European Patent Office (EPO). Applications for patents can be filed directly with the UKIPO or EPO, or can be made pursuant to an international patent application filed under the Patent Cooperation Treaty. None of these bodies is an EU institution and they will continue to function after Brexit just as before.

In particular, the United Kingdom will continue to be a contracting state to the European Patent Convention, which is the international treaty that established the EPO. There are 38 contracting states to the EPC (ten more than EU members), including non-EU countries such as Norway, Switzerland and Turkey. The UK will become another non-EU country but nothing else will change. Applicants will be able to file their applications with the European Patent Office and, on grant, request validation in the UK and other countries of interest.

The standing of granted patents will also be unaffected by Brexit. Following grant and validation in the UK, European patents have – and will continue to have – exactly the same legal effect in the UK as national patents granted by the UKIPO.

Furthermore, the UK will remain a member of the Paris Convention, which underpins intellectual property protection around the world. As such, it will remain possible for applicants who have filed for patent protection in the UK to subsequently claim the priority of that application for a patent registration in other countries and vice versa.

That is not to say that nothing in the world of patents will be affected by Brexit. First, supplementary protection certificates for pharmaceutical and plant protection products, which are based on underlying patents, are governed by EU Regulation.

Second, some aspects of patent and intellectual property law have been harmonised by EU directives, in particular the Biotech Directive and the IP Enforcement Directive. The UK government’s intention is that EU directives such as these will remain part of the corpus of UK law immediately following Brexit but that the UK courts will thereafter no longer refer questions regarding the interpretation of these directives to the Court of Justice of the European Union (CJEU). It is therefore possible that over time there will be some divergence between the UK and the European Union in how these directives are applied to questions of patentability and patent enforcement. Nevertheless, the UK courts are likely to find rulings of the CJEU on the provisions of these directives persuasive, even if they are no longer binding.

Below, we look in more detail at how Brexit might impact the UK’s participation in the Unitary Patent Court and how Supplementary Protection Certificates might work once the UK has left the EU.

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Brexit & the UPC

The most significant development in the world of European patents in recent years was the agreement in 2013 between 25 of the (now) 28 EU member states to establish a Unified Patent Court (the UPC) that would have jurisdiction over the infringement and validity of patents granted by the European Patent Office, in so far as those patents were validated in those participating member states. A related EU regulation also provides that such European patents can take effect as unitary patents, i.e. patents whose effect would apply uniformly across those participating member states and whose validity could be determined for all those states in a single court action.

The United Kingdom’s decision to leave the EU has repercussions, both for the implementation of the UPC and for the UK’s future participation in the new system. In order to come into force the UPC Agreement requires ratification by 13 member states, including the UK, Germany and France. The 13 member state threshold has already been reached and France ratified the agreement relatively early on. That left the UK and Germany needing to ratify if the UPC Agreement were to come into effect.

There was considerable uncertainty over whether the UK would proceed with ratification following the UK’s Brexit referendum and the decision to leave the EU. The UPC will be required to refer questions of EU law to the CJEU and, on the face of it, this could be regarded as incompatible with the UK government’s intent to oust the jurisdiction of the CJEU over UK affairs. However, the UK ratified the UPC Agreement on 26 April 2018.

Meanwhile German ratification has been put on hold pending the outcome of a constitutional challenge in the German courts to the legality of the UPC Agreement. If the challenge succeeds, that will end the unitary patent/UPC project, at least in its current form. At the very least there will be a delay of some months and, if the German court decides that a reference to the Court of Justice of the EU (CJEU) is necessary to resolve issues of EU law that have been raised by the constitutional complaint, the delay could be one or two years.

Assuming Germany’s constitutional complaint is dismissed and Germany completes ratification of the UPC Agreement sufficiently early in 2018, the UPC and UP will come into effect before the UK leaves the EU. In that scenario then, following the UK’s departure, which will be in 2019 at the earliest and will most likely be followed by a transitional period to the end of 2020, it is almost certain that the UPC/UP will continue to operate.

That is not the end of the matter however as, even if Germany is able to ratify the UPC Agreement and it comes into force, there is the question of whether the UK will continue to participate in the UPC system after Brexit. This raises both legal and political issues as the UPC Agreement provides for the UK to host one of the three branches of the important Central Division of the UPC, should the UK leave the UPC system, that workload will have to be reallocated to one or more of the other participating states.

The departure of one of Europe’s largest economies would also make the UPC less attractive for litigants. The prevailing view amongst businesses that trade across the EU, and amongst intellectual property practitioners, appears to be that it would be desirable for the UK to continue to participate in the UPC post-Brexit. It remains to be seen whether the politicians can deliver that outcome. If the political will is there, then it is probable that the potential legal issues can also be satisfactorily resolved.

Supplementary Protection Certificates

Supplementary Protection Certificates (SPCs) are amongst the most important legislation to come out of the EU project for the pharmaceutical and biotech sector. SPCs can provide up to 5 additional years of monopoly protection (over the normal 20 year patent term) for a marketed medicine. Their value is emphasised by the large amount of litigation at national and EU level concerning the precise boundaries of SPC law.

SPCs for the UK are applied for through, and granted by, the UK Intellectual Property Office and are national rights. Therefore SPCs that have already been granted by the date of Brexit are expected to remain in force without owners needing to take any action. However, the law that provides for the grant of SPCs is an EU regulation rather than a UK national law. Thus, the UK will need a replacement legal framework for any patent term extension rights to be available in the UK upon Brexit, or upon the end of any transitional period that may take effect. The current position is that a transitional period lasting until the end of 2020 is looking likely.

The “Great Repeal Bill”, officially entitled the European Union (Withdrawal) Bill, which is currently working its way through the UK Parliament, aims to do just that. It provides that direct EU law, such as EU regulations, shall be incorporated into domestic UK legislation. The Bill includes a mechanism to exclude certain direct EU law from its scope upon Brexit, or upon the end of any transitional period that may take effect. The practical effect of the EU Withdrawal Bill will be to freeze EU legislation in the state it was on the day before exit day. Therefore, it will require the Government to actively amend UK SPC law if any post-Brexit EU amendments are to be copied over to the UK.

Due to the potential changes that may be made on both the UK side and on the EU side, it can be seen that SPC law may soon start to diverge creating a potentially complex legal landscape in an area already considered complex. Although no benefits of waiting are currently known, potential applicants for SPCs should keep under review whether they are best served by applying early under the existing EU rules or waiting for new UK rules to come into force.

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Marks & Clerk advises on all aspects of intellectual property.

If you have any questions regarding the impact of Brexit on your intellectual property rights, please contact your usual Marks & Clerk advisor or, alternatively, you can direct your question to the chair of our Brexit committee, Graham Burnett-Hall.

Visit the Brexit section of our website for further information at www.marks-clerk.com/Home/Knowledge-News/Special-Articles/Brexit.aspx

Marks & Clerk is recognised as one of the world’s leading intellectual property firms. The firm’s patent and trade mark attorneys, solicitors and consultants offer clients a comprehensive range of intellectual property services – covering patents, trade marks, designs and copyright. This includes obtaining protection worldwide, portfolio management, strategic and commercial advice, licensing, enforcement, due diligence and litigation.

Marks & Clerk has expertise in a wide range of commercial sectors and technologies. With a global network of 17 offices, in the UK (across eight cities), continental Europe, North America and Asia, and long-established relationships with other leading IP firms worldwide, the firm is able to meet clients’ IP requirements on a local and global basis.

This publication aims to provide general information on Brexit and intellectual property. It does not constitute legal advice.

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