Brexit & IP Update
The UK is leaving the EU, Marks & Clerk is not
Brexit and Intellectual Property

Graham Burnett-Hall
London
gbhall@marks-clerk.com

With the Conservative Party having won a definitive majority in the December 2019 general election and the EU Withdrawal Bill having been passed by the UK Parliament, it is safe to assume that the UK will now formally leave the EU on 31 January 2020. This will be followed by an implementation or transition period, due to expire on 31 December 2020, during which the UK and the EU will negotiate their future relationship. Below we outline some of the ways in which the UK’s departure from the EU may impact intellectual property rights for businesses and rights holders in the UK, the EU and globally. Whatever the final outcome of Brexit, we remain prepared and well placed to continue meeting the IP needs of our clients.

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Beyond the fact that we now know the Government will ‘get Brexit done’, meaning that the UK will cease to be a member state of the European Union, the impact of the general election on the form that Brexit will take is harder to judge.

2020 will be a year of tense negotiations and it seems likely that these will go to the wire. Although the new European Commission president, Ursula von der Leyen, has said publicly that it will not be possible to negotiate a fully comprehensive trade deal in 2020, the UK government continues to express confidence that a trade agreement will be made by the end of the year. An agreement of some kind is certainly possible but it appears likely that it will be more limited in scope and leave many issues to be resolved in future negotiations.

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The UK Government’s hand in negotiations has been strengthened by its 80 seat majority, which will enable it to control the legislative agenda. It therefore has much more space to negotiate on its own terms with the EU. This could increase the chance of a greater degree of regulatory agreement between the EU and the UK, for example on minimum standards, as the Government can be confident of passing the relevant legislation through Parliament.

However, the Government has ruled out complete alignment of the UK with EU rules. It will need to balance the interests of existing industries with its desire to be able to create its own regulatory framework for the industries of the future, such as AI, “green” technologies and electric and autonomous vehicles.

Under the terms of the Withdrawal Agreement European law will continue to take effect and be recognised by the UK and EU27 courts, as if the UK were still a member of the EU, for the duration of the transition period. The transition period will last until 31 December 2020 and is capable of being extended for one or two years, if agreement to do so is reached before 1 July 2020. However, the UK Government’s stated position is that there will be no extension. Accordingly, and if no deal on the future trading relationship is reached, trade between the UK and the EU would revert to World Trade Organisation rules at the end of the transition period. The important deadline to bear in mind for intellectual property protection is therefore 31 December 2020. Whilst the Withdrawal Agreement contains express provisions regarding the position of EU intellectual property rights in the UK after the end of the transition period, which are discussed overleaf, we at Marks & Clerk have long recommended that rights holders review their portfolios to ensure that the IP protection they will have in the EU and UK is appropriate for their needs.

A further issue for EU intellectual property rights is the identity of the professional representatives on the record for those rights. Essentially the professional representative on the record is required to be authorised to practise in, and domiciled, in an EU27 or EEA country. For international firms such as Marks & Clerk with attorneys and offices in EU27 countries (as well as the UK) this will not be a concern, but where the current professional representative is solely based in the UK, appropriate changes will need to be made to comply with the rules.

Marks & Clerk has been a European firm for more than 30 years and we have long established offices in Luxembourg and France. We are Europe’s top filer of Patent Cooperation Treaty (PCT) patents and one of the top filers of EU trade marks. We now stand as one of Europe’s leading IP firms providing unrivalled advice and expertise. We believe that the best philosophy is to plan for the most disruptive scenario as this means all eventualities will have been factored in. We have accordingly planned for a scenario in which no trading deal is reached by the end of 2020, to ensure that, as a long-standing European and global firm, our service will be uninterrupted throughout Brexit and beyond.

Over the following pages we discuss in detail, how Brexit might impact trade marks, patents and other forms of intellectual property.
EU Trade Marks

Of all intellectual property rights, trade mark practice is likely to be the most impacted by Britain’s leaving the EU. The UK’s existing trade mark law is heavily entwined with EU law – in particular via the EU Trade Mark Directive. Domestic UK trade marks will be unaffected. EU Trade Marks (EUTMs) on the other hand are registered with the EU Intellectual Property Office. Many companies have relied upon EUTMs rather than national trade mark registrations for their trade mark protection in Europe. The consequences of the UK ceasing to be an EU Member State are therefore of great importance. Below, we address some of the key questions being asked by EUTM holders in the UK.

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What will happen to my EUTM once the UK leaves the EU?

The Withdrawal Agreement has a section devoted to intellectual property rights. Holders of EUTMs that have been registered before the end of the transition period will automatically be granted a comparable UK trade mark, for the same sign and covering the same goods and services. The filing date of the comparable UK trade mark will be the same as that of the EUTM on which it is based. Where applicable, the comparable UK trade mark will also enjoy the seniority of any relevant UK trade mark.

This does not address the situation where an EUTM has been applied for but not granted by the end of the transition period. For new trade mark filings it may therefore be prudent, where the UK is of any significance as a territory as well as EU27 countries, to file for both UK national and EU trade mark protection, in particular, if the application is made towards the end of the transition period. Alternatively, there will be a period of 9 months following the end of the transition period in which it will be possible to file a UK trade mark application and claim the filing date of an identical EUTM application that was still pending at the end of the transition period.

Will my current trade mark attorney still be able to manage my portfolio post-Brexit?

Marks & Clerk has offices and trade mark attorneys in two of the EU27 countries, namely France and Luxembourg, which will ensure continuity of service. Our clients will continue to be able to obtain brand protection advice from their existing trade mark attorneys.

For firms with attorneys based solely in the UK, the position is less clear, as the EU has indicated that, following the transition period, UK-based trade mark attorneys may lose representation rights before the EUIPO. Ultimately, the regulatory position regarding professional representatives for EU trade marks will depend on the final trading terms agreed upon between the UK and the EU.

For on-going matters, the Withdrawal Agreement stipulates that those authorised to appear before the EUIPO and currently representing a client in a ‘procedure’ before the end of the transition period will be able to continue representing their client in that procedure.

Patents

Basic patent law in the UK will not change following Brexit. The UK will continue to be a contracting state to the European Patent Convention, the international agreement that established the European Patent Office, which oversees the examination and grant of European Patent applications. The EPC is entirely separate from the European Union and has approximately 40 contracting states. These include all the EU countries but also many non-EU ones. The UK Intellectual Property Office will also continue to grant UK national patents just as before.

However, EU law governs the regime for supplementary protection certificates (SPCs) for pharmaceutical products and agrochemicals in the UK. The relevant EU legislation will be retained in UK law. In time the legislation governing the grant of SPCs in the UK may be amended but it is not anticipated that there will be any significant changes in the short term. Any future change to the law will presumably be preceded with full consultation of stakeholders.

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The existing patent litigation system will also continue as before. What will be impacted is the proposed Unified Patent Court (UPC). The Unified Patent Court Agreement was made in 2013 but it has not yet entered force, as this depends on ratification of the Unified Patent Court Agreement by Germany, which itself is dependent on the outcome of an ongoing constitutional challenge. Although the UPC Agreement is technically not an EU instrument, it envisages that the participating countries will be EU member states and expressly provides that the UPC will give primacy to EU law.

It is therefore far from clear whether it will be politically and legally possible for the UK, although it has itself ratified the UPC Agreement, to continue to participate. The UK has stated that it is committed to exploring whether it will be possible to participate in the UPC and associated unitary patent system. Whether the position is resolved by the end of 2020 remains to be seen. Should the UK withdraw from the UPC Agreement, the remaining countries will need to decide whether to proceed without the UK with the establishment of the new court and litigation system.
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governed by an EU Regulation. The
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has been registered by the end of the
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Holders of a right in relation to an unregistered
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term. One exception is sui generis database
rights – following a no-deal Brexit, databases
created in the UK are unlikely to qualify for
database right protection under EU law.
Certain broadcasting rights will be affected
too. In the longer term some divergence
between UK and EU copyright law is to be
expected. For example, the UK will not as
things stand be under any obligation to
implement new EU directives into national law.

What will also change is the jurisprudence
regarding copyright. So far as interpretation of
the relevant EU directives is concerned, the
current position is that the final arbiter of
the law is the Court of Justice of the EU (CJEU).
From the end of the transition period, whilst
decisions of the CJEU will no doubt be
persuasive, they will no longer be binding on
the UK courts. It is therefore to be expected
that over time the case law of the UK and the
EU may diverge in some respects.

Geographical Food & Drink Names
Currently, food and drink manufacturers can
protect the names of their products under EU
Geographical Indication (GI) Regulations
(Stilton cheese for example) and related
provisions for the protection of designations of
origin and traditional specialities. Following
Brexit, the Government intends to set up its
own GI scheme which will mirror the existing
EU system. It is currently anticipated that all
current GIs concerning UK products will
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Any pending CPVR applications that are not
granted by the end of the transition period will
not, as things stand, be automatically
extended to cover the UK. As such, any
breeders wanting coverage in the UK will need
to make a separate application for a UK PVR
to be examined under UK legislation. The UK
application must be filed with the Plant Variety
Rights Office (PVRO) and will be subject to the
usual criteria – that is, the variety must be new
and must also pass the DUS (distinct, uniform
and stable) testing. Following the transition
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To read the Government’s full guidance on
IP and Brexit, click the following links:

- Patents
- Trade marks & designs
- Copyright
- Geographical Food and Drink Names
- Exhaustion of Intellectual Property Rights
- Medicines, medical devices and clinical trials
- Submitting regulatory information on medical products
- Batch testing medicines
- Community Plant Variety Rights (CPVR)
“third country recognised by the EU as equivalent for seed certification”. Accordingly, it would be wise for rights holders to review their current filing strategy and consider concurrently filing for CPVR and UK PVRs in the future.

Exhaustion of intellectual property rights

The current position is that intellectual property rights are considered to be ‘exhausted’ once a product has been placed on the market in the European Economic Area (EEA) with the right holder’s consent.

The Withdrawal Agreement provides that where, as at the end of the transition period, a right is exhausted in both the UK and the EU, that right will continue to be exhausted. It remains to be seen what the system for exhaustion of rights in the UK will be thereafter. The UK Government has previously stated that it will provisionally and unilaterally continue to recognise the EEA exhaustion scheme, i.e. it will regard rights as exhausted once products have been placed on the market in the EEA with the right holder’s consent.

The GDPR and ultimately provides for a comprehensive data protection framework. Following Brexit there will be no immediate change in the UK’s own data protection standards. This is because the Data Protection Act 2018 will remain in place and the GDPR will be incorporated into UK law to sit alongside it.

The GDPR itself states that organisations are free to transfer personal data within the EU. However, they are only permitted to transfer personal data outside of the EU if there is a legal basis for doing so.

The UK Parliament, when scrutinising the Brexit process, has noted that retaining the ability to transfer data to and from EU countries is a fundamental issue to many UK technology businesses. Its report stated: “The success of the UK’s digital economy is underpinned by ongoing data transfer across the globe and particularly within the EU…It is important to recognise that Brexit creates a potential risk that the UK’s ability to transfer data across borders will be limited”.

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In practice the free flow of personal data from the UK to the EU should largely be unaffected. The issue arises in the converse, where personal data is transferred from organisations established in the EU to those established in the UK, as the legal framework governing such data transfers may not be covered by any agreement on trade that is reached between the UK and EU during the transition period. However, the EU already has a mechanism which allows for the free flow of personal data to and from countries outside of the EU and this could apply to future data transfers to the UK. The European Commission has previously stated that if the UK’s level of personal data protection is deemed to be effectively equivalent to that of the EU (i.e. the GDPR), it would allow the transfer of personal data to and from the UK without restriction. It is to be hoped that the EU does indeed provide for this.

However, given that the granting of any such “adequacy decision” is not certain, it is worth considering an alternative legal basis for the processing of personal data; in particular, the use of standard contractual clauses. In short, by including any model European Commission preapproved data protection clauses within your contracts with EU customers (and ensuring that their respective customers enter into the same) you can obtain the necessary lawful basis to transfer personal data to and from the EU following Brexit.

Data protection

Currently, the rules which govern the collection and use of personal data are set at an EU-level by the General Data Protection Regulation (GDPR). In the UK, the Data Protection Act 2018 incorporates and supplements the standards set out in the GDPR.
Brexit & IP Update

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