



IP IN A POST-BREXIT EUROPE

ENSURING YOUR EUROPEAN IP RIGHTS ARE
PROTECTED



MURGITROYD

DATE: 10 NOVEMBER 2016

PRESENTERS: CHRIS FINN, BEN GRAU
AND GRAHAM MURNANE



BACKGROUND

- A fundamental aspect of the European Union (EU) is the harmonisation of legal systems, including the field of IP law
- 51.9% of the British electorate taking part in the referendum on 23 June 2016 voted for Brexit, i.e. for the UK leaving the EU
- What are the consequences of Brexit in the context of IP?



BREXIT – WHERE ARE WE?

- UK is still member of European Union
- Will be until Article 50 of Lisbon Treaty triggered – expected early 2017
- Then 2 years to negotiate exit
- Unanimous consent of EU member states needed to extend > 2 years
- Legal challenge – PM cannot decide to trigger Article 50 – Act of Parliament required – Appeal to be heard by Dec 2016



WHAT IS ARTICLE 50?

Article 50 of the Lisbon Treaty

1. Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.
2. A Member State which decides to withdraw **shall notify** the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union. It shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.
3. The Treaties shall **cease to apply** to the State in question from the date of entry into force of the withdrawal agreement or, failing that, **two years** after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to **extend this period**.
4. For the purposes of paragraphs 2 and 3, the member of the European Council or of the Council representing the withdrawing Member State shall not participate in the discussions of the European Council or Council or in decisions concerning it.
A qualified majority shall be defined in accordance with Article 238(3)(b) of the Treaty on the Functioning of the European Union.
5. If a State which has withdrawn from the Union asks to rejoin, its request shall be subject to the procedure referred to in Article 49.



EU REGULATIONS AND DIRECTIVES

- EU Regulations apply to all EU Member States - no need for national legislation
- EU Directives must be implemented into national law before they take effect
- After Brexit, EU Regulations will cease to apply to UK
- After Brexit, EU Directives already in UK law - will remain in effect until repealed or amended



EP, PCT AND UK PATENTS

- European Patent Convention (EPC) is not EU legislation, so unaffected by Brexit
- UK patents granted by EPO unaffected
- PCT applications unaffected
- UK patents granted by UKIPO unaffected
- Unitary Patent and Unified Patent Court – position uncertain



EUROPEAN BUNDLE PATENT AFTER BREXIT

- EPC already affected by EU law (e.g. implementation of the EU biotechnology directive (OJ EPO 1999, 101))
- Patent litigation may be affected (if Brussels 1 regulation does not apply)



TRADE SECRETS

- No change for holders of trade secrets in the UK
- The UK already exceeds minimum standards as specified by the new EU Trade Secrets Directive
- No need for the UK to implement the new Directive



IP RIGHTS UNDER EU REGULATION

- EU (Community) Trade Mark
- EU Registered Community Design
- Community Plant Variety Rights
- Supplementary Protection Certificates (SPCs)
 - Form of patent term restoration to compensate for regulatory delays in approval of medicinal products
- Regulatory Data Protection (RDP)
 - “8+2+1” protection for pharmaceuticals
- Orphan Drug Exclusivity
- Nagoya Protocol
 - UK reluctant adopter

- All will need transitional rules – to be worked out



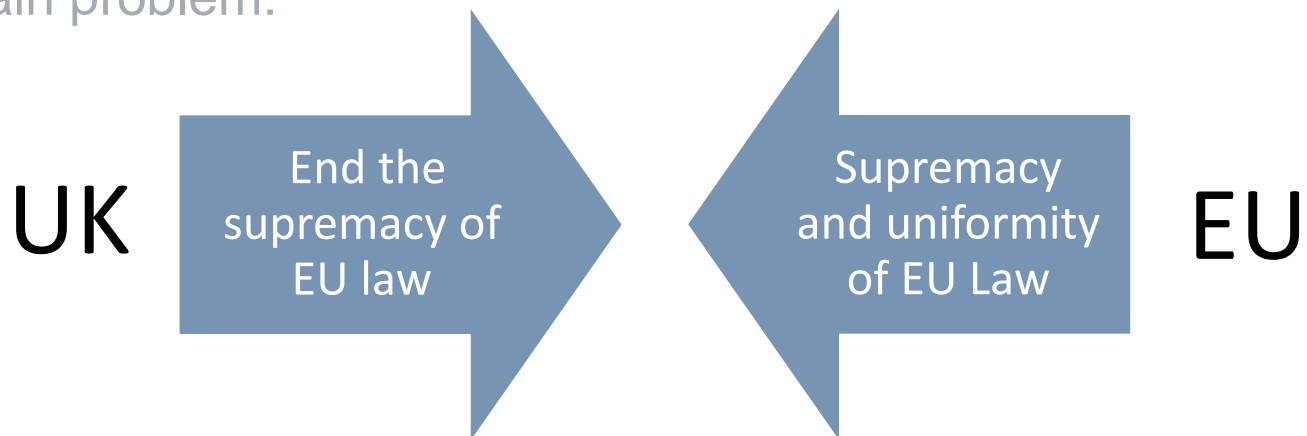
IP RIGHTS UNDER EU REGULATION

- More than 50 years of EU law will need to be reflected in UK law after Brexit
- IP related regulations just one small part of EU law
- Would need years of parliamentary time to be re-enacted under UK law
- Expected that most EU regulations will be re-enacted en masse by UK Regulation – UK IP profession pressing for this



UNITARY PATENT / UNIFIED PATENT COURT AFTER BREXIT

Main problem:



Relevant legal basis

- European regulations (1257/2012 and 1260/2012)
- Unified Patent Court Agreement
- CJEU's Opinion 1/09



POSSIBLE SCENARIOS

A) Ratification of the UPCA by the UK prior to leaving the EU

B) Delaying ratification until a solution for the participation of the UK has been found

C) UK resigns from being UPCA contracting party, subsequent amendments to proceed without UK

D) No action taken by the UK - amendments to the UPCA to proceed without UK

E) Exit from Brexit



A) RATIFICATION PRIOR TO LEAVING

- UK could remain part of the system if certain amendments are made (for details of necessary amendments e.g. Richard Gordon QC and Tom Pascoe “The effect of ‘Brexit’ on the unitary patent regulation and the unified patent court agreement”)
- UK could ratify the agreement in order to allow necessary amendments to the regulations and the agreement to be made without new ratification
- No negotiation prior to triggering Art. 50 Lisbon treaty; ratification would need to be based on “informal consent” that changes will be made in order to keep UK within the UP / UPC system
- New CJEU opinion would be helpful



A) RATIFICATION PRIOR TO LEAVING

Problem:

ARTICLE 21 UPCA

Requests for preliminary rulings

As a court common to the Contracting Member States and as part of their judicial system, the Court shall cooperate with the Court of Justice of the European Union to ensure the correct application and uniform interpretation of Union law, as any national court, in accordance with Article 267 TFEU in particular.

Decisions of the Court of Justice of the European Union shall be binding on the Court.

Implied acceptance of EU law supremacy, irrespective from EU membership?



B) DELAY RATIFICATION

- Amendments of legal framework as part of exit agreements (Art. 50 Lisbon treaty)
- Significant delay for UP / UPC (2 to X years)
- Acceptable for other member states?



C) RESIGN FROM BEING UPCA CONTRACTING PARTY

- Art. 54 Vienna Convention on the Law of Treaties:
 - The termination of a treaty or the withdrawal of a party may take place:
 - (a) in conformity with the provisions of the treaty; or
 - (b) at any time by consent of all the parties after consultation with the other contracting States.
- UK would no longer be required to ratify the UPCA (Art. 89 UPCA), Italy or the Netherlands would follow
- Subsequent amendment of Art. 7 UPCA and/or Annex II of the UPCA



D) AMENDMENTS TO CONTINUE WITHOUT UK

- Amendment of the agreement and re-open ratification process
- or
- Art. 54 Vienna Convention on the Law of Treaties:
 - Fundamental change of circumstances
- Amendment of Art. 7(2) and 89 UPCA
- Continuation without UK



EXIT FROM BREXIT?

- UK High Court decision of 3 November 2016 – Triggering Article 50 must involve parliament
- Exit from Brexit not likely



TRADE MARKS AND DESIGNS

- Existing rights:
 - Present status
 - Status post-Brexit date
 - Associated rights (International Registrations)
- New applications pre-Brexit date:
 - Strategies
- After Brexit date:
 - Strategies
 - Maintenance of rights (use, etc.)



SCENARIOS FOR TRANSITION – EUTMS

Model	Timing	Unilateral or bilateral	Initial cost to business	UKIPO resource	Post-division conflicts	Legal certainty
EU plus EUTM system becomes ETM system, covering EU & UK	Brexit	Bilateral	Low	Low	Low	High
Jersey UK treats EUTMs as covering UK	Brexit	Unilateral	Low	Low	Medium	Low
Montenegro EUTMs brought onto UK register as UKTMs	Brexit/ window	Unilateral	Medium-low	Medium-low	Medium	High
Tuvalu Option to bring EUTMs onto UK register as UKTMs	Brexit/ window	Unilateral	Medium	Medium	Medium	High
Veto Option to bring EUTMs onto UK register as UKTMs, but UKIPO retains veto	Brexit/ window	Unilateral	Medium-high	Medium-high	Low	Low
Ireland Option to bring EUTMs onto UK register as UKTMs at renewal. EUTM covers UK in interim	At renewal/ long window	Unilateral	Medium-low	Medium-low	Medium	Medium
Conversion Option to convert EUTMs into UK applications, with full examination as of filing date etc	Brexit/ window	Unilateral	High	High	Low	Low



SCENARIOS FOR TRANSITION – RCDS

Model	Timing	Unilateral or bilateral	Initial cost to business	UKIPO resource	Post-division conflicts	Legal certainty
EU plus RCD system becomes European design system, covering EU & UK	Brexit	Bilateral	Low	Low	Low	High
Jersey UK treats RCDs as covering UK	Brexit	Unilateral	Low	Low	Medium-low	Low
Montenegro RCDs brought onto UK register as UKRDs	Brexit/ window	Unilateral	Medium-low	Medium-low	Medium-low	High
Tuvalu Option to bring RCDs onto UK register as UKRDs	Brexit/ window	Unilateral	Medium	Medium	Medium-low	High
Veto Option to bring RCDs onto UK register as UKRDs, but UKIPO retains veto	Brexit/ window	Unilateral	Medium	Medium-high	Low	Low
Ireland Option to bring RCDs onto UK register as UKRDs at renewal. RCD covers UK in interim	At renewal	Unilateral	Medium-low	Medium-low	Medium-low	High



COPYRIGHT / IP AGREEMENTS

- No direct impact on copyright, as mainly national law applies
- Licences, co-existence agreements and other IP agreements will need to cover new geo-political situation; existing agreements might need to be amended



ENFORCEMENT

- Litigation affected (if Brussels 1 regulation does not apply)
- Effect on border seizure
- Exhaustion of IP rights limited to UK
- Enforcement of foreign judgments affected (if Brussels 1 regulation does not apply)



**THANKS TO THE
AUDIENCE!**



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