

What does a no Brexit deal mean for intellectual property rights?





content service; (iii) country-of-origin principle for copyright clearance in satellite broadcasting; (iv) orphan works; (v) collective management of copyright; and (vi) cross-border transfer of accessible format copies of copyright works. These mechanisms are unique to the EU and currently offer protections and benefits on a reciprocal basis between EU member states (click [here](#) for further detail in our previous blog about what these cross border mechanisms do).

After 29 March 2019 if there is no deal

The scope of protection for copyright works in the UK and for UK works abroad will remain largely unchanged as the international framework will continue to govern the protection and enforcement of copyright between the UK and the contracting countries of the international treaties.

The EU Withdrawal Act will automatically convert directly applicable EU Law (EU Regulations and certain rights granted by EU Treaties) into UK Law before the UK leaves the EU and will preserve all the laws we have made in the UK to implement our EU obligations from other types of law (EU Directives). The government has also indicated that it will make adjustments under the powers of this Act to ensure that the retained law can operate effectively.

However, the EU cross-border copyright mechanisms only apply to EU member states and operate on a reciprocal basis so when the UK leaves the EU, the UK will be treated as a 'third country' and will no longer be able to benefit from these reciprocal mechanisms. The technical notice highlights the following implications and possible action points in the event of a no deal scenario.

Introduction:

On 24 September 2018, the Department for Exiting the European Union published no less than 24 technical notices providing guidance on how to prepare for Brexit if the UK leaves the EU without an agreement in place – i.e. there is a 'no deal' scenario. The document is sure to point out that despite the publication of such no-deal documents, a no deal scenario still "remains unlikely given the mutual interests of the UK and the EU in securing a deal". However, as we edge closer and closer to 'B-Day' on 29 March 2019, the nation is starting to get twitchy, and this current surge of no deal documents is only likely to further exacerbate the current state of unease. The government maintains that the no deal guidance is nothing more than an insurance policy and that it is unlikely we will need to rely on it.

Of the 24 notices, 5 relate to IP and cover: (i) copyright; (ii) trade marks and designs; (iii) protecting geographical food and drink names; (iv) patents; and (v) exhaustion of intellectual property rights.

Copyright

We [posted](#) back in April 2018 when the European Commission published a notice to stakeholders setting out the impact of Brexit in the field of copyright and much of this technical notice appears to be an extended version of that European Commission notice.

Before 29 March 2019

The UK and EU member states are contracting parties to the main international treaties on copyright and related rights through which countries provide copyright protection for works originating in or created by nationals of other countries. This international framework will continue to govern the protection and enforcement of copyright between the UK and the EU and does not depend on the UK's membership of the EU.

There is, however, also a body of EU law on copyright and related rights that goes beyond the provisions of the international treaties, including several cross-border copyright mechanisms as follows: (i) sui generis database rights; (ii) portability of online



Cross-border mechanism

Sui generis database rights

Portability of online content service

Country-of-origin principle for copyright clearance in satellite broadcasting

Orphan works copyright exception

Implication if no deal

No obligation for EEA states to provide database rights to UK nationals, residents, and businesses. UK owners of UK database rights may find that their rights are unenforceable in the EEA

The Portability Regulation will cease to apply to UK nationals when they travel to the EU. This means online content service providers will not be required or able to offer cross-border access to UK consumers under the EU Regulation.

UK-based satellite broadcasters that currently rely on the country-of-origin copyright clearance rule when broadcasting into the EEA may need to clear copyright in each member state to which they broadcast.

UK-based Cultural Heritage Institutions that make works available online in the EEA under the exception may be infringing copyright.

Action for businesses/stakeholders

UK owners may want to consider relying on other forms of protection (e.g. restrictive licensing agreements or copyright where applicable) for their databases.

UK consumers may see restrictions to their online content services (e.g. Netflix) when they temporarily visit the EU

UK-based satellite broadcasters may need to clear copyright in each member state to which they broadcast. Broadcasters may want to consider whether they need to seek additional copyright permissions.

Institutions that currently use the exception may want to consider whether they need to remove works from their websites or limit access to content on a geographical location basis in the EEA

Cross-border mechanism

Collective management of copyright

Cross-border transfer of accessible format copies of copyright works

Implication if no deal

UK Collective Management Organisations (CMOs) will not be able to mandate EEA CMOs to provide multi-territorial licensing of the online rights in their musical works

The UK intends to ratify the Marrakesh Treaty but ratification will not have taken place before 29 March 2019. Between exit and the point of ratification, businesses, organisations or individuals transferring accessible format copies (e.g. braille, large print, adapted e-books and audio books) between the EU and UK may not be able to rely on the EU Regulation.

Action for businesses/stakeholders

UK CMOs that currently rely on this right may want to consider seeking to continue existing arrangements with EEA CMOs by negotiating new contractual arrangements.

Businesses, organisations or individuals transferring accessible format copies between the EU and UK may want to consider whether they need to seek permission from the relevant right holders or cease the cross-border transfer of accessible copies.



Trade marks and designs

EU trade marks and registered Community designs (RCDs) are intellectual property rights that are registered in the European Union as a whole. The EU trade mark and RCD systems create a unified trade mark and Community design registration system in Europe, whereby one registration provides protection in all member states of the EU.

Before 29 March 2019

A business, organisation or individual that owns an EU trade mark or an RCD will have that right protected across all EU member states, including the UK.

Rightsholders can also rely on trade marks and registered designs through the international Madrid and Hague systems. These systems allow users to file one application, in one language, and pay one set of fees to protect trade marks and registered designs in up to 113 territories, including the EU (which includes the UK).

After 29 March 2019 if there is no deal

As regards EU trade marks and RCDs, the following will come into effect:

- existing registered EU trade marks and RCDs will continue to be valid in the remaining EU member states
- protection of existing registered EU trade marks and RCDs in the UK will be through a new, equivalent UK right which will be granted with minimal administrative burden
- rightsholders will be notified that a new UK right has been granted. This means that these trade marks and designs:
 - * will be subject to renewal in the UK;
 - * can form the basis for proceedings before the UK courts and the Intellectual Property Office's Tribunal; and
 - * can be assigned and licensed independently from the EU right.
- any business, organisation or individual that may not want to receive a new comparable UK registered trade mark or design will be able to opt out
- provision will be made regarding the status of legal disputes involving EU trade marks and RCDs which are ongoing before the UK courts and more information will be provided on this before the point at which the UK exits the EU
- applicants with a pending application for an EU trade mark or RCD at the point of exit will be able to refile, within nine months from the date of exit, under the same terms for a UK equivalent right, retaining the EU application date for priority purposes
- applicants with pending applications for an EU trade mark or RCD will not be notified and after exit will need to consider

whether they refile with the UK Intellectual Property Office to obtain protection in the UK

The government will work to provide continued protection in the UK of trade marks and designs filed through the Madrid and Hague systems, and which designate the EU.

Unregistered designs

Before 29 March 2019

Unregistered Community designs (UCDs) are, as the name suggests, unregistered rights which arise automatically (if particular criteria are fulfilled) and which grant the proprietor a right that is protected across all EU member states including the UK. UCDs protect a range of design features including 2D and 3D aspects such as surface decoration and product shape. This right remains in force for a period of three years from the date on which the design was made available to the public.

The UCD is entirely separate from the UK's own unregistered design right which protects product shape and configuration and has a term of between 10 and 15 years.

After 29 March 2019 if there is no deal

As regards UCDs, such rights which exist at the point of exit will continue to be protected and enforceable in the UK for the remaining period of protection of the right.

The UK will also create a new unregistered design right in UK law which mirrors the characteristics of the UCD, in addition to its entirely separate UK design right. This means that designs (as defined under the current EU Regulation on Community designs) which are disclosed after the UK exits the EU will also be protected in the UK under the current terms of the UCDs and this new right will be known as the "supplementary" unregistered design right.

Those UK unregistered designs which exist at the point of exit (i.e. that were disclosed before 29 March 2019 in any EU member state excluding the UK) will continue to be protected and the UK unregistered right will continue to exist for designs first disclosed in the UK.

The UK will amend legislation to ensure that it functions effectively once the UK is no longer part of the EU system for designs.



Why this is important

The UK government has set out a relatively painless process for current registered EU trade marks and RCDs to receive an equivalent UK registration with the same rights as the corresponding EU registration, seemingly without any examination by the UK Intellectual Property Office.

However, owners of pending EU trade mark or Community design applications must be aware of the nine month grace period post exit date to re-file equivalent UK trade marks in order to retain the EU application priority date.

In relation to all rights of EU origins (including unregistered Community design right) the government is yet to provide provisions as to ongoing litigation proceedings therefore parties will need to be aware of this once they are published.

Further questions such as when the non-use period will run from (i.e. the date of being added to the UK register or the date they would apply in the EU) will be important in any invalidity action and are yet to be answered.

In relation to unregistered design rights, there remain a lot of unanswered questions as to how the supplementary UK design right will operate, including for example whether a disclosure in the EU after 29 March 2019 will qualify as a disclosure in the UK for the purposes of the supplementary unregistered UK design, and vice versa: whether a disclosure in the UK after the exit date will qualify as a disclosure for the purposes of the unregistered Community design right which will be effective in the remaining EU countries.



Geographical Indication protection

What is GI protection?

The protection afforded by geographical indication (GI) regulations ensures that products related to a specific region, town, area or cultural heritage cannot be passed off elsewhere. GIs not only serve to identify and protect the geographical location of the product's creation, but also function as an indicator of quality relating to that product's origin. Some of the most famous GI products include Scotch whiskey and Melton Mowbray pork pies. As the UK government guidance notes, *'these products make an important contribution to local economies and enhance the UK's reputation for high-quality food and drink'*.

Before 29 March 2019

EU protection

Currently, producers in the EU can protect the names of their products under GI regulations put in place at a Community level.

GI protection in the EU is currently afforded to the following categories of food:

- Wines under EC Regulation no. 1234/20071, which incorporates EC Regulation 479/2008
- Spirits under EC Regulation no. 110/2008
- Some agricultural and foodstuff products under EC Regulation 510/2006.

These regulations protect particular products from imitation and ensure compliance with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The UK has 86 GI-protected products, ranging from agricultural and food products to wines and spirits. The UK has no GI scheme of its own currently, and all protection is entirely reliant on the EU's scheme.

International protection

TRIPS provides a basic global GI protection under Articles 22 and 23. All products are covered by Article 22 under a standard level of protection, stating the importance of protection in order to prevent unfair competition and avoid misleading the public. Article 23 provides enhanced GI protection for wines and spirits. Subject to exceptions, they have to be protected regardless of the chance of misleading the public.

After 29 March 2019 if there is no deal

It looks as though a new UK logo for UK GI products will be one of the first changes to be implemented regardless of whether we leave the EU with a withdrawal agreement or not. The logo will demonstrate the new (and automatic) UK-level protection for UK GIs.

In the event of a no deal situation, the UK government has stated that the UK will set up its own GI scheme, which will also need to be WTO TRIPS compliant. The UK government's recent white paper states that *"This new UK framework will go beyond the requirements of TRIPS, and will provide a clear and simple set of rules on GIs, and continuous protection for UK GIs in the UK. The scheme will be open to new applications, from both UK and non-UK applicants, from the day it enters into force."* The 86 existing UK GIs will automatically be given new UK GI status. However, as the UK will no longer be required to recognise EU GI status, EU producers would need to apply for GI protection in the UK.

The UK government expects to have UK GIs retain their EU GI protection regardless of the existence of a deal, but if this protection does not continue after Brexit, UK producers will need to apply to the European Commission as 'third country' producers. This application will need to demonstrate that the GI is protected in the UK.

NB. A 'Consultation on establishing UK Geographical Indications schemes after exit' was launched on 4 October 2018 by the Department for Environment, Food and Rural Affairs, seeking comments from stakeholders (such as existing GI producers, current and potential GI applicants, trade associations and enforcement bodies) on proposed changes to GI schemes. The consultation looks at arrangements for a new UK GI logo and a new appeals process, as well as the wider wine and spirit sector standards. The consultation closes on 1 November 2018.

Patents

The government's technical notice on patents and supplementary protection certificates, whilst containing no surprises, should provide comfort to rights holders. The intention is that all EU legislation relevant to patents and SPCs will be kept in UK law - so existing rights will remain in force, pending rights will be assessed on the same basis and new rights will be applied for in the same way. It should be business as usual. Of course, the devil will be in the detail. The technical notice promises, for example, that 'there will be no significant change to the legal requirements or application processes'. This suggests that there will be some change but we do not yet know what that change might be.

Brexit will have no effect on European patents granted by the EPO or on UK patents granted by the UK IPO. It could, however, have an effect on SPCs, biotechnology inventions, compulsory licensing regimes and the solar exemption since these areas are provided for in EU law. The technical notices state that all these areas of EU law will be kept in UK law.

Uncertainty inevitably remains around the UK's future involvement in the Unified Patent Court – not least because we do not yet know if it will come into force at all and, if it does, when. If it does come into force, it is still unknown whether the UK will remain in the system, something which according to the paper 'the UK will explore...in a 'no deal' scenario'. It is important, however, for UK companies to remember that even if the UK is outside the system, they could still be open to litigation within the UPC if they infringe existing rights on the basis of action in the contracting EU countries.



Exhaustion of rights

An intellectual property right gives the owner of that right the exclusive entitlement to control the distribution of a product protected by virtue of that IP right, e.g. goods sold under a trade mark. Exhaustion of IP rights refers to the loss of the right to control distribution and resale of that particular product once it has been put on the market, either by the rights holder, or with their permission, in a specific territory.

Before 29 March 2019

The UK currently recognises European Economic Area (EEA) regional exhaustion so that IP rights are considered exhausted once placed on the market in anywhere in the EEA.

After 29 March 2019 if there is no deal

The UK will continue to recognise EEA-wide exhaustion so that IP rights will be exhausted once goods are put on the market anywhere in the EEA. This means that imports into the UK from EEA countries will be unaffected.

However, the reverse will not apply so there may be restrictions on the import of goods out of the UK to the EEA. This means it may be necessary to obtain the rights holder's permission to export IP-protected goods, which have been legitimately put on the market in the UK, to the EEA.

This scenario is seen as being a temporary measure and the government is considering all options on how the exhaustion regime should operate in the long-term and it is undertaking a research programme to support its decision.

Why this is important

Whether or not IP rights are exhausted is an important factor when it comes to so-called parallel imports. These are non-counterfeit goods which have been first marketed by the IP rights holder, which are then imported by a third party into a country

where the IP rights have been exhausted.

For example, a trade mark owner sells particular goods in the UK, which are then bought by a third party and marketed in France. Currently, the IP owner cannot prevent this as its rights have been exhausted by putting the goods on the market in the UK. In a no-deal situation, such rights would not be exhausted so the third party would need to seek consent from the IP rights holder before it could legitimately market them in France.

The recommendation is that businesses undertaking such cross-border trade should check with the rights holder to see if permission is needed.

Final word

We hope that there will be some clarity in the coming weeks and months on the impact of Brexit on IP rights. There have been so many position papers and notices published by the European Commission and the UK government, that it is hard to keep track. Let's hope that some progress is made at the upcoming October 17-18 summit in Brussels so that eventually, a mutually agreeable deal can be struck. Is it too much to ask for the publication of one dedicated notice clearly setting out the agreed position on all IP rights post-Brexit? Let's wait and see.



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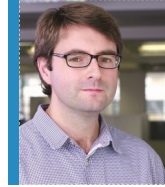


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