

Intellectual property (IP) law and Brexit

Summary of main requests for the UK government

Introduction

This note sets out the main, common requests of the IP organisations listed below, for action by the UK government in light of Brexit, in the field of IP. This note has been written or supported by the undersigned office-holders of organisations that represent the main UK IP professions, including IP solicitors, IP barristers, chartered patent attorneys, and chartered trade mark attorneys. Between them, the IP professionals represented by these organisations have experience of advising, either as employees or as external advisers, the full range of clients for whom IP is important, including individuals, SMEs, major companies, universities, NHS Trusts, government agencies and others; and including both UK-registered companies and overseas companies that make the UK the base of their European operations. They represent clients in all sectors, including IT, engineering, life sciences, industrial design, fashion, and consumer goods.

The importance of the UK as an IP forum

The UK economy includes successful businesses and organisations operating internationally for which IP is important. Many IP-dependent organisations operate on a regional, or global basis, rather than at a purely UK level. For example, a company may coordinate its European patent or trade mark filing strategy from one key jurisdiction; IP licences are often granted for the whole of the EU; and parties in dispute over IP rights may bring a test case in a leading EU jurisdiction such as the UK, the outcome of which may be commercially persuasive in getting the parties to reach a settlement across the whole of the EU. The UK is at the heart of this and has been for many years.

The UK is also strong as a provider of IP services, whether in the areas of protecting IP, enforcing IP rights through litigation, or commercialising IP and the products and services that are protected by IP. It is of clear benefit to the UK economy for this to continue unimpeded.

The international and EU context

There has been international cooperation in the development of IP laws since long before the EU and its predecessors came into existence, as in the case of the 1886 Berne Convention for copyright. Some of the newer forms of cooperation take place outside the EU institutions, as in the case of the European Patent Convention, whose member states include those of the EU as well as many others. But EU laws are at the heart of the European (including UK) IP system. IP laws based on EU laws which the UK has supported are important for many businesses, both in the UK and overseas. UK industry and the UK legal sector obtain considerable economic benefits from registering and using IP under EU laws and systems.

Key areas for action – ensuring continuity and certainty

This note provides a short list of the biggest areas where Government action is necessary **to ensure continuity and certainty** of IP law and to prevent disruption both to undertakings which use IP services and IP service providers.

There are many other areas of detail where specific action is recommended, too numerous for this note. Other papers have been produced by the UK IP professions which address these in more detail. Most of the undersigned have been in discussion with the UK Intellectual Property Office (UKIPO) during the last year about the detailed IP issues that arise from Brexit. The lead contact on Brexit issues at the UKIPO is Adam Williams (adam.williams@ipo.gov.uk).

Key recommendations

1. **Continuation of EU-derived IP rights.** The UK has played a pivotal role over many years in the creation of a robust and harmonised IP regime across Europe, which offers an efficient, consistent and effective approach for those seeking to acquire, exploit and protect rights across the EU, and for those affected by invalidly asserted rights to challenge them effectively. These rights include EU trade marks, registered Community designs, unregistered Community design right, database rights, artists' resale rights, supplementary protection certificates (a form of patent term extension), indicators of geographical origin, and plant breeders' rights. They constitute valuable property rights for a range of sectors. The UK government should make arrangements to ensure that owners' property interests and the interests of those affected by them are not lost or prejudiced by Brexit, and that there is a minimum of cost and disruption to the IP system. Specifically:
 - (a) The Government **should seek to negotiate a package of rights to secure the continuation of all existing substantive and procedural pan-European rights and defences to them.** It would be preferable for the UK to continue to participate fully in pan-European rights despite no longer being a member of the EU. We believe this would be in the interests of industry based in the UK, including SMEs. We note that there are provisions on harmonisation of IP rights in the EU/EFTA treaties, which could provide a model.
 - (b) If (a) is not achievable, the government **should legislate for the automatic continuation in the UK of EU rights.** This might include, for example, the introduction of domestic UK rights (to the extent they do not already exist) that are equivalent to the EU rights, including maintaining original priority dates. This includes the Community unregistered design right and protection for geographical indicators. It also includes, in particular, domesticating EU trade marks, Community registered designs and supplementary protection certificates. This is an essential issue for rights holders. The Commission Position Paper on Intellectual Property Rights as issued on 7 September 2017 makes essentially the same proposals. This legislation should make adequate provision for tracking the unitary rights granted under the EU system and should ensure that UK advisers remain able to continue to deal with parallel unitary rights via the EU Intellectual Property Office (EUIPO).

The government will, in either case, need to negotiate with the EU to ensure ongoing cooperation and data sharing between the agencies responsible. It is important that **this negotiation is not held up pending other discussions concerning Brexit** and that there is rapid effective communication between the relevant agencies including the UKIPO, EUIPO and others to this end.

2. **Unitary Patent / Unified Patent Court Agreement.** The UPC is one of the most significant developments in IP dispute resolution of recent years. The UK is central to it and has devoted significant financial and human resources to its development. Participation of UK judges and lawyers is widely regarded as critical to the UPC. Partly as a result of British initiatives, the UPCA provides that the section of the Central Division dealing with, inter alia, life sciences and chemistry, will be based in London. This is of benefit both to UK industries operating in this sector and to the UK legal profession.

The Court will commence operating three months after the UK and Germany have deposited their instruments of ratification; subject to that, the court could be ready to open in 2018. In light of the UK declaring its intention to ratify the UPCA nearly a year ago, and the UK triggering Article 50 in March this year, the Government should provide legal certainty regarding the UPC, and now do the following:

- (a) confirm that it is the UK's intention to stay in the UPC, and that the UK is prepared to abide by the terms of the UPC Agreement, following Brexit;
- (b) work towards the coming into effect of the UPC as soon as reasonably practicable in collaboration with other UPC Member States; and
- (c) work with other UPC Member States and EU institutions to ensure there are no legal or practical obstacles to UK participation in the UPC and the Unitary Patent, following Brexit, on equal terms with other Member States.

The objectives should be (i) continuation of the Court in London; (ii) continued involvement of UK national judges; and (iii) continued rights of participation of legal professionals qualified and based in the UK in all parts of the Court's procedures on the same terms.

3. **Exhaustion of rights.** At present, if (for example) a trade mark owner places goods on the market under a trade mark anywhere in the EU, it cannot enforce the equivalent UK trade mark against someone who purchases those goods and imports them to the UK (subject to certain exceptions). A similar situation exists in relation to other IP rights. Industry needs to know what exhaustion rules will apply, post-Brexit, to goods first placed on the market: in the UK, in the EU, the EEA or internationally. In the interests of legal certainty for UK industry and consumers, the government **should consult widely, decide upon and publicise its position on exhaustion of rights.** It is suggested that the Government should make it clear that, in the interim, the current regime will continue, and that the position would be reciprocated throughout the EEA.
4. **Rights of representation.** The government **should treat continued rights of representation of UK IP professionals based in the UK as a priority and should ensure that they continue in all relevant EU fora.** Where relevant, employees of UK companies, should continue to have rights of representation before EU bodies including (where applicable) CJEU courts and EUIPO, as well as the UPC. The continuation of these long-standing rights is fundamental in ensuring the UK retains its position as a global leader in UK legal services including IP. There is no justification for the UK or the EU curtailing them (or accepting curtailment).
5. **Mutual recognition of judgments.** We are concerned by reports that some international businesses have become cautious about choosing a UK jurisdiction for their agreements, in view of the uncertainty over whether, for example, an English court judgment will be enforceable in the EU post-Brexit. Similar issues exist when deciding which European country in which to bring a test case on IP infringement or validity. The government **should urgently negotiate arrangements with the EU that continue in force the substance of the current arrangements under the Rome and Brussels regulations,** so as to give the fullest reassurance.

Other IP issues arising from Brexit

There are many other important points of detail in the field of IP that will need to be negotiated and resolved as part of Brexit and we understand that the UKIPO is working on many of them. The volume of work involved to deal with these matters indicates to us the importance of a transitional period in which to negotiate them with the rest of the EU. Bearing in mind the time it has taken to establish some of the international treaties and laws in the field of IP, we think the necessary transitional period is likely to be several years. We have highlighted the areas above of greatest impact for the approach to be taken by the Ministry of Justice.

The organisations named below request that the Government take action in support of the above recommendations.

Signed	Name	Office held	Organisation represents
Mark Anderson	Mark Anderson	Chairman, IP Law Committee, Law Society of England and Wales	IP solicitors, both in private practice and in-house
Daniel Alexander	Daniel Alexander QC	Chairman, Intellectual Property Bar Association	IP barristers
Stephen Jones	Stephen Jones	President, Chartered Institute of Patent Attorneys	Chartered patent attorneys, both in private practice and in-house
Kate O'Rourke	Kate O'Rourke	President, Chartered Institute of Trade Mark Attorneys	Chartered trade mark attorneys, in private practice and in-house
James Horgan	James Horgan	President, IP Federation	UK IP intensive industry