

### EU Position Paper on Brexit and IP rights

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*The European Commission has published a Position Paper setting out its primary principles on IP rights for the Brexit negotiations. Overall, it is helpful that we finally have some indication of how the IP negotiations will progress. Some of the principles are unlikely to be controversial, e.g. the proposal that EU trade marks and registered community designs should automatically be recognised in the UK after Brexit. However, it is notable that the Paper does not try to address the status of the Unified Patents Court (“UPC”). We are still waiting to see anything setting out specifically the UK’s position on Brexit and IP.*

### The EU Position

The Paper recognises that Brexit will create uncertainty for IP in the UK and the remaining EU Member States (the “EU27”) and states that the EU’s main principles are as follows:

- EU-wide IP protection should not be undermined by the withdrawal of the UK from the EU. Accordingly, the holder of an EU trade mark (“EUTM”), registered Community design (“RCD”), unregistered Community design, Community plant variety, protected Geographical Indication (“GI”) or Protected Designation of Origin (“PDO”) should be recognised as the holder of a comparable UK right after Brexit. The EU wants this to be an automatic process involving minimum administration and no cost for IP owners.
- Specifically, the UK should provide for the continued protection of GIs and PDOs after Brexit. As there is currently no domestic legislation in the UK on the protection of GIs and PDOs, the Paper states that the EU wants the UK to put in place the necessary domestic legislation to provide for their continued protection. The EU also wants this protection to be comparable to EU law.
- Procedural rights (e.g. priority, renewal, genuine use and reputational rights) for EU-wide rights should not be lost when applying for equivalent UK protection. For example, recognition of a trade mark in the UK should not be refused because the equivalent EUTM has not been put to genuine use in the UK before Brexit. Similarly, the owner of a EUTM with a reputation in the EU should be able to “temporarily” exercise its rights in the UK in respect of non-similar goods and services, even if the mark does not yet have a reputation in the UK. There is no indication of the duration of this “temporary” status.
- Priority for applications still pending should not be lost when applying for equivalent rights in the UK;
- A person should be able to obtain in the UK a Supplementary Protection Certificate (“SPC”) or a paediatric extension where an application has been submitted to a UK authority before Brexit and the administration procedure is still ongoing at the withdrawal date. The EU wants any protection to be equivalent to EU law.

- *Sui generis* database rights should continue to enjoy protection in the EU27 and the UK after Brexit by way of reciprocal arrangements. The EU27 should waive the requirement for EU nationality or establishment in relation to UK nationals and companies and the UK should not exclude EU27 nationals and businesses from protecting databases in the UK.
- IP rights which were exhausted in the EU before Brexit should remain exhausted in the EU27 and UK and the conditions for determining such exhaustion should be defined by EU law. This means, for example, that a trade mark right is exhausted in the UK post-Brexit if goods were put on the market in the EEA before Brexit with the trade mark owner’s consent (i.e. there is no double-dip).

## Comments

### No mention of UPC

In general, any sort of position paper on IP and Brexit is good news because it at least provides stakeholders with an indication of the way in which matters may progress. It is notable that the Paper does not address any patent issues nor the important question of what should happen with the UPC. The current status of the UPC is far from certain in light of the constitutional challenge currently ongoing in Germany. However the Commission may also be taking the position that it does not need to deal with the UPC because it is not an EU institution and the UK may participate irrespective of Brexit.

### Automatic recognition of EU registered rights

The main principle of “automatic recognition” of EU-wide registered designs and trade marks in the UK mirrors the position taken by most UK IP organisations e.g. the IP Federation and the Chartered Institute of Trade Mark Attorneys (“CITMA”) and its “Montenegro” model. The advantages of this approach are that EUTMs and RCDs are automatically entered onto the UK register with no input from the IP owner and minimal administration for the UK IPO (for example the UKIPO does not re-examine the mark). The EU’s position that IP owners should not pay for this process implies that the UK IPO may have to shoulder most of the financial burden, which is good news for IP owners. The

downside is that the UK IPO is going to have to deal with a huge influx of marks onto the UK register, although the Paper does state that the Withdrawal Agreement will need to provide for co-operation between the UK and EU registries regarding the register transfers.

The Paper fails to mention that the EUTMs will automatically appear on the UK register without the owner confirming its intention to use the mark, which is a requirement for a UK trade mark. In order to simplify the Brexit process and to facilitate a clean transfer on Brexit day, this issue will most likely be left to the first renewal of the new UK “child” registration.

Geographical Indications are given huge emphasis in the Paper. It is likely that the UK will want to legislate in some way to protect such rights in the UK, as they currently do not exist. However, it remains to be seen whether the UK will agree to follow the EU regime, even if there is a desire to achieve some level of consistency.

The Paper does not deal with all of the legal issues surrounding trade marks and designs. For example, there is no mention of how to deal with:

- any ongoing opposition, invalidity or revocation proceedings in relation to EUTM or RCD applications and whether they should continue at the EUIPO or UKIPO;
- Any pan-EU injunctions already issued by EU Trade Mark Courts or Community Design Courts;
- the requirement for acquired distinctiveness when the UK is no longer part of the EU; or
- continued representation for UK TM attorneys before the EUIPO.

### No mention of copyright and no detail on unregistered Community design

There is also no mention in the Paper of copyright. While the impact of Brexit on copyright is less than for other IP rights (primarily because it is a national right), there are a number of ongoing proposals aimed at harmonising aspects of copyright as part of the European Commission’s Digital Single Market initiative. The Paper is silent as to the effect of Brexit on these.

The Paper also lacks some detail on what should happen with unregistered Community designs. It is a positive sign that it includes unregistered Community designs in the list of unitary rights that should still be recognised in the EU after Brexit. This is what has been advocated by IP organisations such as CITMA and is a real concern because there is a risk that protection will be lost for any design first shown in non-EU countries such as post-Brexit UK. There is, however, no detail in the Paper on how the unregistered Community design might continue to be recognised, such as through some sort of mutual recognition arrangement.

## Supplementary Protection Certificates

The UK will undoubtedly wish to have some form of extended protection in the UK following Brexit. The UK may not, however, want to adopt the EU SPC regime wholesale, as suggested in the Paper. EU law in this area is frequently criticised for being overly complicated and unclear. For example, the Court of Justice has made a series of decisions on the correct interpretation of Art 3(a) of the SPC Regulation, yet those decisions are inconsistent and the test to be applied when considering that article remains difficult to discern. It is possible that the UK will want to look at the available systems and take the opportunity to tailor its own post-Brexit regime for SPCs to provide the clarity and predictability for innovators that the EU regime currently lacks.

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If you would like to discuss the issues raised in this paper in more detail, please contact any of the experts above or your usual Allen & Overy contact.



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