

The impact of Brexit on intellectual property – frequently asked questions

February 2019

1. There are two pan-EU IP rights – the EU trade mark (EUTM) and the registered Community design (RCD). What will happen to them on Brexit? Will I lose protection in the UK?

Current withdrawal agreement

The holders of EUTMs and RCDs that have been registered before the end of the transitional period will automatically become the owner of an equivalent UK child (or cloned) right, with the same priority date. There will be no re-examination of the mark or design and there will be no cost to the IP owner. An applicant with a pending application for a EUTM or RCD at the end of the transition period will have nine months to file an application for equivalent UK protection that will have the same priority or filing date.

No deal

The UK government has said that it will ensure that all existing registered EUTMs and RCDs will still be protected in the UK by providing an equivalent “child” (or cloned) trade mark or design registered in the UK. The new UK right will be provided with minimal administrative burden (which implies that there will be no re-examination by the UK IP Office). Applicants for a pending EUTM or RCD that are on-going on Brexit day will be able to re-file within nine months in the UK for the same protection, retaining the date of the EU application for priority purposes. Right holders taking this step will need to meet the cost of re-filing the application in accordance with the UK application fee structure.

2. Would it be sensible to start “double-filing” now (i.e. duplicate an existing EUTM/RCD by also filing a new UK trade mark or registered design) to make sure we don’t lose protection in the UK?

We are not advising double-filing at this stage. It can’t hurt, of course, but it does have a cost. The UK government has said it is keen to avoid any loss of rights and so has committed to creating equivalent UK rights with minimal administrative burden regardless of whether there is a deal with the EU or not. Accordingly, at this stage, filing for additional UK marks or designs when there is existing EUTM/ RCD protection appears to be unnecessary duplication and expense. On either a deal scenario or a crash-out scenario, the pan-EU rights will be cloned, automatically and for free.

3. In our business we rely on unregistered Community designs. Are we going to lose those?

Current withdrawal agreement

Unregistered Community designs last for up to three years, and so are good for protecting high fashion items such as clothing and footwear. Under the current withdrawal agreement, any unregistered Community designs that exist at the end of the transition period will be given equivalent protection in the UK for the duration of that right.

No deal

- The government has said that it will ensure that all unregistered Community designs which exist on Brexit day will continue to be protected in the UK for the remaining period of protection of the right with no action required by the right holder.
- The UK will create a new unregistered design right in UK law, which mirrors the characteristics of the unregistered Community design. This means that designs which are first disclosed in the UK after it exits the EU will be protected in the UK, but not the EU. This new right will be known as the **supplementary unregistered design right**.
- The UK also currently has a 10-15 years unregistered design right. This is not impacted by Brexit.

One obvious problem for designers wanting to achieve protection in both the EU27 and UK will be first disclosing the design in both the EU and UK in order to gain the benefit of the Community unregistered design for the EU27 and the supplementary unregistered design for the UK.

4. We are a UK based business and invest heavily in obtaining, verifying or presenting data in databases. Is this investment going to be protected after Brexit?

Current withdrawal agreement

Any *sui generis* database rights subsisting at the end of the transition period will remain in force in the EU and UK for the duration of those rights. Nothing has been agreed in relation to those rights that arise after the end of the transition period.

No deal

There will be no obligation for EEA states to provide *sui generis* database rights to UK nationals, residents, and businesses. The UK government has therefore acknowledged that UK owners of UK database rights may find that their rights are unenforceable in the EU. UK legislation will be amended so that only UK citizens, residents and businesses are eligible for new database rights after exit. The government recommends that, in order to mitigate a potential loss of rights in the EU, UK owners consider relying on other forms of protection for their databases (e.g. restrictive licensing agreements or copyright where applicable). It always makes sense for owners to consider all available forms of IP and contractual protection. However, copyright protects something different: creative originality in the arrangement of the database as opposed to the “sweat of the brow” investment in obtaining, verifying or presenting the data.

5. We’ve been keeping a close watch on the IP aspects of the EU’s digital single market strategy such as the portability of online content and the proposed new copyright legislation. Will they still apply in the UK after Brexit?

Current withdrawal agreement

Copyright is not mentioned in the Withdrawal Agreement but the Portability Regulation, which has direct effect in the UK, will remain in place during the transition period. It is also uncertain when the final provisions of the new Copyright Directive will be agreed by the EU institutions. However, if the UK retains the status quo under a transitional arrangement, it may implement the Directive before the end of the transitional period.

No deal

Portability will cease to apply to UK nationals when they travel to the EU. This means online content service providers will not be required to offer cross-border access to UK consumers under the EU Regulation. UK consumers may see restrictions to their online content services when they temporarily visit the EU. There will be no obligation on the UK to implement the proposals in the new Copyright Directive, although it may unilaterally choose to align its laws if it agrees with the final requirements.

6. There appears to have been a real focus during the negotiations on geographical indications (GIs). Will they still be protected after Brexit?

Current withdrawal agreement

The holders of GIs that are protected in the EU at the end of the transition period are entitled to use the GIs in the UK without re-examination and will be granted the same level of protection in UK law as under the EU regime.

No deal

- a) The UK will set up its own GI scheme which will be WTO TRIPS compliant, broadly mirror the EU regime and be no more burdensome to producers. The protection will be similar to that enjoyed now by UK GI producers, with all 86 UK GIs given new UK GI status automatically. Guidance on the UK GI scheme will be published in early 2019.
- b) The UK will no longer be required to recognise EU GI status and, instead, EU producers will be able to apply for UK GI status.
- c) The UK anticipates that the EU will agree that all current UK GIs will continue to be protected by the EU's GI scheme. If this is not the case, the government recommends that UK producers submit new applications as "third country" producers and the government will support this application by providing proof that the GI is protected in the UK. Alternatively or in addition, producers might consider protecting their products by applying for EU Collective Marks or EU Certification Marks.

7. What happens to the exhaustion of IP rights? Will we be seeing more parallel imports of IP protected goods into the UK, either from the EU27 or elsewhere?

Current withdrawal agreement

Any IP rights that have been exhausted in the UK and EU before the end of the transition period will remain exhausted (so there is no opportunity for "double-dipping").

No deal

The UK will continue to recognise the EEA regional exhaustion regime from exit day to provide continuity in the immediate term for businesses and consumers. It is not clear at this stage how long the temporary period will be but the aim is to ensure that parallel imports of goods, such as pharmaceuticals for the NHS, can continue from the EEA into the UK. However, the government acknowledges that there may be restrictions on the parallel import of goods from the UK to the EEA, as the decision to accept "exhausted" goods from the United Kingdom rests with the EU27, or alternatively, with the relevant rights-holder in the EU27. This creates uncertainty so the advice is for parallel importers to check with EU right holders to see if permission is needed.

The government is currently considering all options for how the exhaustion regime should operate after this temporary period and is undertaking a research programme to support this decision.

8. How is the proposed unified patents court (or UPC) affected by Brexit?

There is almost no mention in the proposed Withdrawal Agreement about patents (except for briefly talking about compulsory licences). That is probably because there is currently no Europe-wide patent and there will be no change on Brexit to either the UK patent system or the system of patents administered through the European Patent Office (which is not an EU organisation). There is continuing uncertainty about when and if the UPC system will come into effect. Some of that uncertainty stems from Brexit but there is also a challenge to the legality of the system on-going in Germany.

9. Is there anything that IP owners need to be doing now in relation to their IP contracts (e.g. IP licences, co-existence agreements or settlement agreements)?

One thing businesses can be doing now is reviewing any new IP agreements that they are entering into. If the provisions of these agreements include a reference to the EU, it would be advisable to clarify exactly what that is intended to mean. For example, should it mean the EU, including or excluding any member state that leaves the EU? Clarity on this within the agreement could avoid a lot of uncertainty in the future. In addition, if businesses have any IP agreements that are of particular importance to them, they may want to renegotiate such a clause now so at least that is clear on the date of Brexit.

10. What happens with .eu domain names after Brexit?

UK businesses will no longer be able to own .eu domain names after Brexit day. The registry for .eu domain names, EURID, will be able to revoke the ownership of .eu domain names if they are owned by organisations that do not have a registered office or principal place of business in the EU or by individuals who are not resident in the EU. In addition, IP owners will no longer be able to rely on their UK IP rights to object to abusive .eu domain name registrations. UK businesses should be considering transferring registrations now to an EU-domiciled entity or to other top level domains (such as .com, .co.uk, .net or .org) in order to avoid the loss of any domain names.

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