

MOFO BREXIT BRIEFING

16 August 2016

BREXIT: THE UK CLARIFIES ITS POSITION ON INTELLECTUAL PROPERTY

By Alistair Maughan, Sue McLean and Rakesh Grubb-Sharma*

The process of Brexit will take time, and the implications for our clients' business will unfold over time. Our MoFo Brexit Task Force is coordinating across all our offices and working with clients on your key concerns and issues, now and in the coming weeks and months. We will also be providing MoFo Brexit Briefings on a range of key issues. We are here to support you in any and every way that we can.

Introduction

In the wake of the UK's decision to leave the European Union in June 2016, there has been speculation about the possibility and need for changes to the UK's intellectual property regime. The UK Intellectual Property Office (IPO) has now released an official statement – one of the first from a UK government body since the Brexit referendum – setting out its views on the implications that Brexit will have on the future of intellectual property rights in the UK.

In this Brexit Briefing, we examine the views of the IPO to see what, if anything, this tells us that we didn't already know.

Patents

As pointed out in our previous Brexit Briefing [*European Patent Applications, Unitary Patents and the Unified Patent Court System*](#), the IPO agrees that Brexit will have little or no impact on the UK's participation in the existing European patent system. The European Patent Office (EPO) was created to examine and grant patents under the European Patent Convention (EPC). Upon grant, one can validate an EPO patent in one or more of the 38 contracting countries under the EPC. This system will not be affected by the UK's eventual

exit from the EU because the EPC was not established through EU legislation. The UK will remain a contracting member under the EPC post-Brexit.

By contrast, it is expected that the Brexit decision will have an effect on the UK's participation in the EU's planned Unitary Patents and the forthcoming Unified Patent Court (UPC) system. The IPO's statement recognises that the relationship between the UK and the European Unitary Patent system has been thrown into doubt following the referendum, but reiterates that, in the interim, the UK remains a contracting Member State and, for the moment at least, will continue to participate in meetings in line with the position of the UPC Preparatory Committee.

"There will be no immediate changes" is the IPO's official line – although it would have been nice to have had an idea of the timescale within which to expect some decisions, or at least consultation, about the changes that might be expected. One possibility could be that the UK and EU agree that the UK will make an early ratification of the UPC Agreement (which is one of the prerequisites to the UPC system coming into effect) with negotiation on the UK's future role to follow – but the IPO has not been drawn into that debate.

Trade Marks

The European Union Trade Mark (the "EUTM") is a popular and versatile vehicle used to protect trade mark rights across the 28 Member States of the EU. The EUTM system is explored in more detail in our previous Brexit Briefing, [Brexit and Your European Trademarks](#).

Brexit could result in the UK no longer being part of the EUTM regime because the EUTM Regulation would no longer be directly applicable in the UK. At worst, in the absence of transitional legislation, existing EUTMs would no longer extend to the UK, and applicants would have to register a separate national trade mark to cover the UK.

The IPO is keen to ease any fears of UK trade mark owners – although its statement avoided any mention of the one main approach that could have allayed such fears, *i.e.*, transitional legislation to ensure the future recognition of EUTMs in the UK. It emphasises in its statement that the UK government is exploring "various options" to ensure the long-term coverage of EUTMs, but fails to elaborate on exactly what these options may be. The IPO also hints at a future consultation to gauge the popularity of likely options among users of the trade mark system, so we can expect further detail on the government's plans in due course (although, again, the IPO makes no comment on timings).

The IPO does clarify that, even after the UK leaves the EU, UK businesses will still be able to register an EUTM which will cover all remaining EU Member States – but anything other than that position would have been particularly surprising.

More tellingly, the IPO points to the fact that the UK is also a member of the Madrid system for the international registration of marks (the “Madrid System”), which could possibly signal a greater role for this international regime in the future of UK trade mark protection. The Madrid System is an international trade mark system, which allows users to file one application in one language, and pay one set of fees to protect trade marks in up to 113 territories, including the EU.

We continue to believe that, because of the current uncertainties and in order to minimize any risks associated with the Brexit change-over, anyone who owns EUTMs and views the United Kingdom as an important market may want to consider filing for United Kingdom trade mark registrations now, rather than waiting to see what happens when the United Kingdom formally exits the EU. And for new trade marks, we recommend filing in both the EU and the United Kingdom if the United Kingdom will be an important market for you. This increases costs only slightly and clearly secures a priority date for the United Kingdom.

Designs

When talking about the implications of Brexit, there are many parallels to be drawn between trade marks and design rights in the UK. Registered community designs (RCDs) are similar to EUTMs in that they are registered on a European level and backed by EU legislation. Following Brexit, new and existing RCDs would no longer cover the UK, and a supplementary application for UK registered design protection would be required.

Interestingly, the IPO confirms the UK government’s intention to ratify the Hague System for the International Registration of Industrial Designs (“Hague Agreement”) in a national capacity. The Hague Agreement provides a practical solution for registering up to 100 designs in over 65 territories through filing one single international application.

So, just as with trade marks and the Madrid System, we may see a shift towards reliance on an international regime to fill the legislative void left in the wake of the UK’s withdrawal from the EU.

Copyright

Copyright law is a largely national regime – albeit one harmonised in some respects by EU law such as the EU Copyright Directive (2001/29/EC), which has been implemented in the UK through the amended Copyright, Designs and Patents Act 1988 (CDPA). National UK legislation (such as the CDPA) that transposes EU directives into UK law will remain applicable post-Brexit unless explicitly repealed.

Another of the EU’s main contributions to the protection of copyright in the UK comes in the form of the Directive on the enforcement of intellectual property rights (2004/48/EC) (the “Enforcement Directive”), which harmonises civil remedies for breaches of copyright.

The EU has also introduced protections from claims of secondary infringement for online intermediaries, including hosts, caches and conduits.

Ultimately, the IPO gave away very little in its commentary on the impact of Brexit on the UK copyright regime. One thing that's already clear is that the European Commission has made no secret of its desire to substantively reform and harmonise copyright law across the EU under its [Digital Single Market strategy](#). The UK's departure from the EU will mean that, depending on the exit scenario chosen, it could be left behind as the remaining Member States implement a modernised set of copyright law reforms – and the UK would need to decide whether to follow suit.

Enforcement

Other than emphasising the UK's on-going participation in international organisations such as the EUIPO Observatory and Europol, and its continued involvement in the on-going review of the Enforcement Directive, the IPO has said very little about how enforcement of UK intellectual property rights might be affected by Brexit.

Brexit will at the very least have some impact on the way that intellectual property judgements are recognised and enforced in the remaining Member States. For example, the UK would no longer have access to the EUTM courts, so the English courts would no longer be available as a venue for resolving EUTM disputes or obtaining pan-European injunctions. Without the re-cast [Brussels Regulation](#) (EU 1215/2012), there would also be no automatic recognition or enforcement of judgment in the courts of other Member States.

Please do not hesitate to contact us with any question or concern you have. We're here to help.

**Co-author Rakesh Grubb-Sharma is a Trainee Solicitor in our London office.*

Contact:

Alistair Maughan	Sue McLean
+44 (20) 79204066	+44 (20) 79204045
amaughan@mofo.com	smclean@mofo.com

or

brexit@mofo.com

About Morrison & Foerster:

We are Morrison & Foerster—a global firm of exceptional credentials. Our clients include some of the largest financial institutions, investment banks, Fortune 100, technology and life science companies. We’ve been included on *The American Lawyer’s* A-List for 13 straight years, and *Fortune* named us one of the “100 Best Companies to Work For.” Our lawyers are committed to achieving innovative and business-minded results for our clients, while preserving the differences that make us stronger. Visit us at www.mofo.com.

Because of the generality of this update, the information provided herein may not be applicable in all situations and should not be acted upon without specific legal advice based on particular situations. Prior results do not guarantee a similar outcome.