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AIPPI Congress 2019 Panel Session 5 – Brexit and IP: An Update

Brian Cordery (Bristows) · Friday, September 20th, 2019

By Sarah Blair

This panel session provided an update on the current state of play of Brexit and its impact on intellectual property law.

The panel's moderator, Daniel Cheng Yong Lim (Kirkland & Ellis), opened the session by providing a brief introduction to the current situation: the UK is currently set to leave the EU without a deal on 31 October 2019 unless it seeks and is granted an extension by the remaining 27 EU Member States. Whilst MPs are trying to push through a 'Rebel Bill' to prevent a no-deal Brexit, no-deal remains a very real possibility. The onus is on the UK to propose acceptable alternatives to the withdrawal agreement formed earlier this year.

The panel discussion kicked-off with an update from Adam Williams, Director of International Policy at the UKIPO. Mr Williams emphasised that the UK is a world-leading IP environment and intends to remain so. The UKIPO has been preparing for Brexit and has issued various technical notices and business guidance documents which are available on its website. The remit of the UKIPO's Brexit strategy is to consider what legislative glitches arise from the event of Brexit, in particular a no-deal scenario, and what fixes need to be put in place to the extent that such actions are within the UK's control. Any desired reciprocal action will need to be independently considered and implemented by the EU. The UKIPO is also conducting technical preparations for Brexit such as an IP project to prepare its system both for compliance with existing directives and for the planned conversion of certain rights.

As regards Brexit's impact on IP (in the event of a no-deal Brexit), Mr Williams commented as follows:

- There is relatively little impact of Brexit on **patents** given that the top-level law is the European Patent Convention, which is not EU legislation.
- The biggest impact on patents will be in relation to **supplementary protection certificates** ("SPCs"). These provide for an additional period of protection after a patent has expired and relate solely to pharmaceutical products and agrochemicals. The UKIPO appreciates their value and, in the event of a no-deal Brexit, will seek to maintain and preserve this regime, using the same rules and application procedures as those currently in place.

– The UK ratified the Unified Patents Court (“UPC”) and continues to give its full support to it. It is the UKIPO’s position that the UPC would benefit from the UK’s participation. The UPC is dependent on Germany’s ratification which it is currently pending.

– As regards **exhaustion and parallel imports**, the UK will recognise the EEA for imports into the UK meaning that IPRs relating to goods placed on the market in the EU after Brexit will continue to be exhausted in the UK. However, it cannot be certain that the EU will reciprocate. If not, IPRs relating to goods placed on the UK market will not be exhausted in the EEA, meaning that parallel exports could be blocked.

– **Enforcement procedures** are unlikely to be affected given that these take place in the country of infringement. The UK will continue to be a strong forum for IP litigation.

– **Rights of representation** in the EU for UK lawyers and patent/trade mark attorneys will change. Stephen Jones, immediate past-president of CIPA, reminded the panel session’s attendees that most UK representatives had put in place arrangements so that they can continue to represent their clients in the EU.

– **Unregistered Community Design (“UCD”) rights** will no longer extend to the UK. Given that this differs from the UK’s unregistered rights, the UK will create a new right – mirroring UCD – to ensure full protection and conformity of law.

– Certain **sui generis rights** will fall away. For example, those relating to satellite broadcasting: the UK intends to retain these rights in UK law, but it cannot be certain that the EU will extend their rights to the UK. If not, companies would need to clear rights in all jurisdictions before broadcasting from the UK into the EU. Aurelia Marie (cabinet Beau de Lomenie) added that UK individuals and companies will no longer have database rights in the EEA. Their rights will be limited to the UK unless the EU grants reciprocal protection.

Ms Marie also added the following to the discussion of how Brexit will impact on IP:

– **“.eu” domain names** will be taken back from UK registrants and will be available for sale.

– UK rightholders of existing **registered EU trade marks and community designs** will be provided UK equivalents. Applicants of pending applications have 9 months to refile in the UK and to keep the priority date of the EU application.

Ewan Nettleton of Novartis (senior patent counsel) said that he was very pleased with, and felt reassured by, the UKIPO’s preparations for Brexit. Dr Nettleton provided insightful comments from an in-house perspective as regards the possible impact of Brexit on the pharmaceutical industry. The good news for the industry, he said, is that equivalent rights should be retained in the UK. However, some differences had been noted – for example in respect of critical dates in relation to SPCs and regulatory data protection being based on either the EU or UK marketing authorisations. This may impact on the term of protection and should be considered carefully. Dr Nettleton observed that the orphan market exclusivity applications and paediatric rewards will be dealt with by the UK health authority.

Ms Marie provided some helpful practical suggestions on how to prepare for Brexit. These centred on portfolio management and included the advice to review existing registered EU trade marks and community designs to consider opting out of the UK equivalent right if not required; reviewing

pending EU trade mark and community design registrations to consider if UK applications are desired; reviewing any license or pledge recordals which will need to be manually transferred to UK equivalent rights; and, the need to review distribution agreements to reconsider exhaustion arrangements. Ms Bin Sum (Xiami) added that the implementation of mechanical workflows might be helpful.

Before closing the session, the moderator asked the panellists whether Brexit provided any positive opportunities for a divergence in laws. Mr Joost Van Ooijen (AkzoNobel) commented that the UK might want to reconsider the controversial new copyright in the digital single market Directive. Beyond that, he felt that radical changes should not be pursued too quickly; for now, people need legal certainty and the least disruption possible. Fortunately the UK's efforts to prepare for the transition will assist with this.

The UKIPO's guidance for business can be found [here](#) and its technical and factual information on IP and Brexit can be found [here](#) and [here](#).

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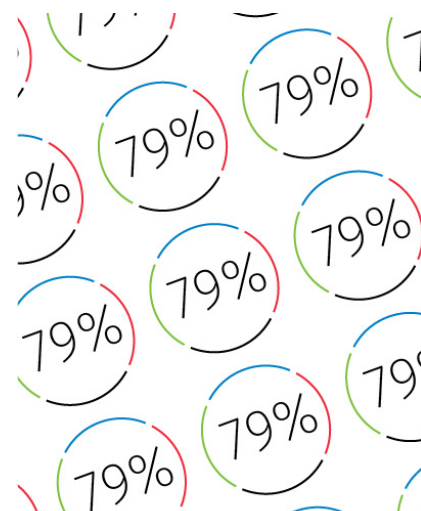
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