

Impact of Brexit on intellectual property rights in the European Union

On 23rd June 2016, the United Kingdom (“UK”) has voted in favor of exiting the European Union (“EU”), a decision commonly referred to as the “Brexit”. While this decision is not legally binding on the UK government, it is politically binding and will most likely result in the UK ceasing to be an EU member state. This will undoubtedly have an impact on EU intellectual property rights. Once the UK formally notifies the EU of its intent to leave, the UK and EU will enter into formal negotiations and such negotiations shall be completed within 2 years unless the EU countries unanimously vote to extend the negotiations.

The following are the current impacts of Brexit on EU trade mark, design and patent rights:-

Trade marks

EU trade marks are registered at the European Union Intellectual Property Office (“EUIPO”). The registration of an EU trade mark will provide protection in all the EU member states through one single registration. A trade mark may also be protected in the UK by a national UK trade mark registration through the UK Intellectual Property Office (“UKIPO”).

Following Brexit, there is uncertainty regarding the protection of EU trade marks in the UK. Unless the UK Government enacts suitable transitional legislation to recognize registered EU trade mark rights in the UK, it may be the case that existing registered EU trade marks will no longer be protected in the UK and the EU trade mark owners will have to obtain a new national UK trade mark registration through the UKIPO.

However, it is expected that there will be some form of mechanism to ensure that there is no loss of trade mark rights in the UK for registered EU trade mark owners. At present, it is unclear what the mechanism is, but the most likely options will be either an automatic extension of protection of EU registered trade marks to the UK, or for registered EU trade mark owners to have the opportunity to pay a revalidation fee within a certain deadline to secure a corresponding UK trade mark registration with the effective date of the EU trade mark, thereby maintaining its priority.

Since Brexit will take at least 2 years to negotiate and effect, all EU trade mark applications and registrations are the same as before at the moment and EU trade mark registrations will continue to provide protection in the UK until then.

Currently, there are concerns relating to the use of EU trade marks. Trade marks which are not put to genuine use in the EU for a period of 5 years become vulnerable to revocation. It is unclear how the genuine use requirement will apply post-Brexit if an EU trade mark has only been used in the UK, or if the EU trade mark has been ‘converted’ into a national UK trade mark but has never been used in the EU other than the UK. It seems that a fair outcome for EU trade mark owners will be to treat any use of the trade mark in the EU, during the period when UK is still a member of the EU, as counting towards the use requirement.

At the moment, the safest position for EU trade mark owners who wish to retain protection across the UK and EU will be to ensure usage of the trade marks in both the UK and elsewhere in the EU. For the EU trade mark applications which are anticipated to be predominantly used in the UK, filing a separate application additionally in the UK should be considered, as use of EU trade marks in the UK may not ultimately be treated as use in the EU.

Other concerns include existing license and other agreements governing the use of EU trade marks covering EU as its territorial scope. Modifications to such agreements may be necessary in due course in light of Brexit.

Designs

Like trade marks, EU designs may be registered at the EUIPO (i.e. registered Community design). The registration of an EU design will provide protection in all the EU member states through one single registration and will be protected against similar designs even when the infringing design has been developed in good faith. A registered Community design is initially valid for 5 years from the date of filing and can be renewed in blocks of 5 years up to a maximum of 25 years. A design may also be protected in the UK by a national UK design registration through the UK Intellectual Property Office (“UKIPO”).

Following Brexit, there is uncertainty regarding the protection of registered Community designs in the UK. It is likewise expected that there will be some form of mechanism to ensure that there is no loss of design rights in the UK for registered Community design owners, i.e. some form of ‘conversion’

mechanism whereby registered Community designs are allowed to be transformed into national UK design rights maintaining priority.

Since Brexit will take at least 2 years to negotiate and effect, all EU design applications and registered Community designs are likewise the same as before at the moment and registered Community designs will continue to provide protection in the UK until then.

However, there are also unregistered EU design rights (i.e. unregistered Community design) whereby protection is granted to prevent commercial use of the infringing design, only if the infringing design is an intentional copy of the protected one and made in bad faith. An unregistered Community design is given protection for a period of 3 years from the date on which the design was first made available to the public within the EU. The protection will cover the appearance of the whole or part of the product, which includes surface decoration of the product such as colour, texture and ornamentation.

These unregistered Community design rights may be more problematic as there will be no formal registration which is 'convertible' into a national UK right. Further, the protection afforded by unregistered Community design rights are different from that afforded by unregistered UK design rights, both substantively and in terms of duration. An unregistered UK design is given protection for a maximum of 15 years from the end of calendar year in which the design was first recorded in a design document or an article was first made to the design (whichever is earlier). If articles made to the design are put on sale within the first 5 years of that term, then the design right lasts for only 10 years from the date of first sale. The protection of unregistered UK design will cover any new design of the whole or part of the product, including the shape and configuration of the product, but particularly excludes surface decoration of the product.

Due to the differences between unregistered Community design rights and unregistered UK design rights, it is likely that unregistered Community design rights will cease to apply in the UK following Brexit, unless the UK passes new legislation creating an equivalent right. It is conceivable that the UK could extend the protection of unregistered UK design rights to bridge the gap between the protection afforded by unregistered Community design rights and unregistered UK design rights. However, at this stage, nothing is certain.

The concerns relating to existing license and other agreements would likewise apply to registered Community designs covering the EU as its territorial scope, therefore modifications to such agreements should also be considered in light of Brexit.

Patents

EU patents are administered by the European Patent Office (“EPO”), which is not an EU body, in accordance with the European Patent Convention (“EPC”). The EPC makes it possible to obtain patent protection in its contracting states (currently around 40 European countries) on the basis of a single application, and the applicant selects the countries in which the applicant wants protection.

Membership of the EPC is not dependent on the membership of the EU (i.e. there are several member states which are not members of the EU, including Norway and Switzerland), and the UK and various other EU states are currently contracting parties to the EPC. Therefore, the UK’s relationship with the EU will not affect the current European patent system.

However, it is expected that the “unitary patent” agreed between the EU countries in 2012, which has not yet come into force, will be affected by Brexit. The unitary patent will be administered by the EPO as part of the European patent application process, and the applicants will be given the option of designating or protecting their inventions in all the EU countries in one hit, rather than the current process of requiring applicants to make a European patent effective in the EU countries separately.

The unitary patent will come into effect when 13 countries have ratified the Unified Patent Court Agreement (“UPCA”). The 13 countries must include the 3 EU member states in which the most European patents have effect in the preceding year in which the agreement was signed (i.e. currently the UK, Germany and France). If the UK was to formally exit from the EU, the 3 member states required to ratify may become Germany, France (which has already ratified) and Italy. With 10 countries now having ratified and a number of other countries set to ratify in the coming months, it may be that the unitary patent will come into effect in due course and will then be available to all the EU countries that have ratified the Agreement. Alternatively, it may be the case that the UPCA will have to be re-negotiated altogether due to the UK’s exit from the EU.

Nonetheless, following Brexit, it may no longer be possible to designate or cover the UK with the proposed unitary patent, but it will still be possible for applicants to select a unitary patent and separately cover the UK under the current European patent system.

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Conclusion

Since Brexit will take at least 2 years to negotiate and effect, for now, nothing has changed and no immediate action needs to be taken. There will inevitably be transitional arrangements to be determined by the UK national legislation within a few years' time, but in the meantime, the protection afforded by EU intellectual property rights are the same as before.

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