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“BREXIT”: WHAT IMPACTS FOR YOUR TRADEMARKS AND PATENTS?

Patent Law Intellectual Property, Media, and Art Law | 29/07/16 | François Pochart



In the wake of the referendum in which the British decided to leave the European Union (EU), the legal implications will doubtless be felt beyond the borders of the United Kingdom. In the field of intellectual property, the impact will be significant.

Technically, the United Kingdom's exit from the EU will take months if not years. The British government is effectively required to request the activation of Article 50 of the EU Treaty and trigger the exit process. However, contrary to the current European harmonization of trademarks and patents, “Brexit” raises real problems, both for the present and the future, specifically for the articulation, protection and management of intangible assets.

- The EU trademark, a complicated exit

Contrary to national trademarks, which will continue to exist in the UK, the rights attached to an EU trademark will be directly affected by “Brexit”.

In effect, the EU trademark is the only mark giving a single right valid in the 28 EU Member States. Logically, new trademark registrations will no longer cover the territory of the United Kingdom. This being the case, if a registrant wishes to obtain European protection for his or her trademark, it should make two applications, one for an EU trademark and the other for a national UK trademark.

But what about trademarks that have already been filed and/or registered? The situation is currently unclear. Legally, these trademarks might no longer cover the territory of the United Kingdom. However, there is every reason to think that a solution will be found to preserve the rights arising out of previously filed and/or registered trademarks. A concern with consistency should lead to the possibility of converting these trademarks into a national trademark, so as to allow the holders not to lose their prior rights in the United Kingdom.

It should also be specified that the protection of European designs and models is just as uncertain.

- The unitary patent, a grand entrance

European patents issued by the European Patent Office (EPO) should not be affected by “Brexit”, since the EPO is not an EU institution.

In contrast, “Brexit” will have a major impact on the patent “with unitary effect”, as well as on the creation of a single patent court, the Unified Patent Court (UPC).

The unitary patent should confer uniform protection to inventions across the 25 participating EU Member States, with a single tax system (contrary to the current system, where annual taxes need to be paid in every country where protection is sought). As a result of “Brexit”, the future unitary patent may not cover the United Kingdom. In such case, a patent holder wishing to obtain European protection would have to hold a national patent for the United Kingdom and a unitary patent covering the EU. This would inevitably entail significant additional costs for patent holders and might even jeopardize the very reason for existence of the unitary patent.

The UPC is expected to be operational in spring 2017. One of its objectives is to permit patent holders – and in particular holders of unitary patents – to protect their rights across the entire EU, by obtaining an injunction against an infringing product with just one legal action brought before the UPC. As of the date hereof, the UPC still needs to be ratified by at least 13 Member States, including France, Germany and United Kingdom, who are the three main pillars of the project (the three central divisions of the UPC having been entrusted to Paris, Munich and London). While it is unlikely that “Brexit” will completely call the UPC into question, it should however make it significantly less attractive, considering the importance of the British market. In practical terms, “Brexit” should at the very least slow down the timetable for its the entry into force in the rest of the EU, while the arrangements for the UPC are redefined in the absence of the United Kingdom (with Italy likely to play a pillar role instead of the United Kingdom).

- Other consequences in terms of intellectual property

Exhaustion of rights. The scope of the rule on the exhaustion of rights also seems to have been called into question by “Brexit”. Under this rule, the holder of a trademark or of a patent may not prevent their use for goods that have been put onto the market in the European Community or in the European Economic Area by or with the consent of the holder. In fact, “Brexit” might result in goods covered by industrial property rights, which have been put onto the market in the United Kingdom, not being able to circulate freely in the EU without the consent of the holder of such rights. In practice, holders of trademarks or patents might be able to prohibit the export of their goods from the United Kingdom to Europe and conversely.



License. Caution is advised regarding agreements and licenses involving intellectual property rights granted as part of agreements of an international scope. The contracting parties should ensure that the intellectual property rights cover the territory of the United Kingdom and prudence should lead them, as applicable, to enter into amendments so secure their rights.

Strategic positioning. More generally, “Brexit” will have major consequences on the representation of the “United Kingdom” in legal bodies. By way of example, the presence of British judges within the Court of Justice of the European Union is strongly contested.
