



Intellectual Property Newsletter Switzerland

Brexit - may it affect your IP Rights?

The referendum on whether Britain should exit the European Union has been finalized and the majority vote in the UK was to leave. The terms on which an exit will occur will need to be negotiated between the UK government and the other EU member states - a process with considerable uncertainties, which is likely to last over the next years.

There are various scenarios for how the relationship between the UK and the EU might look in the future. The spectrum of options ranges from the "Norway model", under which the UK would remain closely integrated with the EU and would become member of the EEA (European Economic Area) and the European Free Trade Association (EFTA), to the "World Trade Organization (WTO) model", which would involve a complete breakaway from the EU, making the UK a completely sovereign nation which is no longer subject to any kind of EU legislation. Generally speaking, the closer the relationship between the UK and the EU remains the less impact the Brexit will have for IP rights holders.

This article provides an overview on the potential consequences of the Brexit to IP Rights.

Trademarks

Trademarks in the UK are either protected by a national UK registration or by a community trademark. Following a Brexit - independent on whether the Norway or the WTO model was chosen - the UK will no longer form part of the EU Trademark system. Thus, existing EU Trademarks would cease to cover the UK. It is expected that trademark owners would be provided with the right to convert the UK part of their EU Trademark into a UK national right. However, trademark owners are likely to face substantial time delays and fees to conduct such conversions.

Existing EU Trademarks will of course continue to apply in the remaining member states. However, EU trademarks which have only been in use in the UK could become vulnerable to non-use revocations.

As a new EU Trademark will not provide protection for the UK, trademark owners will need to file for a separate UK national trademark, which raises both costs as well as the administrative burden for the trademark owners. In addition, pan-European injunctions based on EU Trademark Right would no longer cover the UK. Thus, trademark owners might need to enforce their rights in the UK as well as in other EU member states through different sets of proceedings and based on different sets of laws.

Exhaustion rules prevent trademark owners from using their monopoly rights to restrict the sale of goods that have been put on the EEA market with their consent. Accordingly, if the Norway model was chosen, exhaustion remains unchanged. However, under the WTO model, trademarks could be used to restrict imports from the UK into the EU (and *vice versa*).

Designs

Registered Community Designs are comparable to EU Trademarks. Thus, the consequences of a Brexit to EU Trademarks apply to a large part in analogy to Registered Community Designs. Unregistered Community Designs would no longer provide protection for the UK and thus potentially create a competitive disadvantage to UK designers. In addition, Unregistered Community Designs would only give protection within the EU, if the design was made available to the public in the EU. Thus, an unregistered design that has been made available in the UK only would lose its protection within the EU. The UK would need to join the Hague Design system after the Brexit in order for the system to be applicable for the UK.

Patents

The European Patent system is independent from the EU. Accordingly, a Brexit may not affect UK's participation in the European Patent system and European Patents, which apply to the UK, will remain to be in force.



However, it currently seems unlikely that the UK will ratify the Unitary Patent Treaty in order to become part of the Unitary Patent Scheme (“UPS”) which was scheduled to take effect in 2017. This system would have provided uniform patent protection throughout the participating member states based on one application. It is expected that the Brexit at least delays the implementation of the UPS as the underlying legal framework must be re-written.

Copyrights

Copyright is not fully harmonized within the EU, but remains national right, even though strongly influenced by the respective EU directive. It seems likely that UK copyright laws would remain aligned with the EU laws which is why a Brexit is not expected to have significant impact on copyright laws.

Trade Secrets

The EU Directive on the protection of trade secrets which seeks to harmonise trade secret laws across the EU has been adopted in May 2016. Under the Norway model, the obligation of the UK to implement the directive would remain. Under the WTO model, however, the UK would not have such implementation obligation.

Your tasks

Even though the negotiations for the Brexit have not even started yet and are expected to take a couple of years, we recommend to start reviewing and optimis-

ing your IP Portfolio for such scenario. Thereby, the following topics should be addressed:

- IP Protection Strategy: Check existing IP registration strategies to ensure that IP Rights (including unitary patents) will be protected in both the EU and the UK after a Brexit.
- EU Trademark Use: Start using EU Trademarks in member states other than the UK
- IP Contracting: Review core IP agreements (licenses, franchise agreements, R&D agreements, etc.) with a focus on whether additional transitional or successor national rights for the UK are required.
- IP Due Diligence: Consider the impact of a Brexit regarding the target’s IP prior to buying or selling a business.
- IP Enforcement: Review whether existing injunctions would remain effective post-Brexit. Initiate enforcement proceedings against ongoing infringements in the UK prior to a Brexit.

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