IP Alert: Brexit's Effect on Intellectual Property



BREXIT'S EFFECT ON INTELLECTUAL PROPERTY

By Bradley J. Van Pelt

The United Kingdom's vote to leave the European Union (EU) (Brexit) will undoubtedly impact intellectual property rights in Europe. Currently, the referendum is not legally binding and has no legal force until Parliament votes to repeal the 1972 European Communities Act. Only then can the U.K. depart the EU. If the U.K. exits the EU, four key takeaways with respect to European intellectual property rights to bear in mind are: (1) patentees will still be able to obtain U.K. patent rights through the European Patent Office (EPO); (2) European patent litigation will essentially stay the same; (3) EU trademarks and designs will not cover the U.K.; and (4) the fate of unitary patents covering all of Europe is uncertain and will be less desirable.

PATENTEES WILL STILL BE ABLE TO OBTAIN U.K. PATENT RIGHTS THOUGH THE EUROPEAN PATENT OFFICE

Patentees will still be able to validate patents in the U.K. after a centralized examination at the EPO. Typically, when seeking patent protection in multiple countries in Europe, patentees will file

for patent protection at the EPO. Once the application grants, patentees can then select the individual countries in which it will validate or enforce the patent. The European patent application examination procedures at the EPO will stay the same because the EPO is an independent organization outside of the EU. For example, several European nations, such as Switzerland and Norway, are governed by the European Patent Convention despite being non-EU countries. Thus, patentees will still be able to validate EPO examined applications in the U.K. once the EPO grants the application.

EUROPEAN PATENT LITIGATION WILL STAY THE SAME

The patent litigation system in the EU will also remain the same. Because patent litigation in Europe involves patent rights granted by the EPO, which again is not part of the EU, patent litigation in Europe will not be affected. The U.K. and German courts are well known for having the most patent experience. Also the U.K. and Germany contain Europe's two biggest economies and, thus, become imperative jurisdictions for seeking injunctions. For these reasons the U.K. and Germany will continue to be the primary jurisdictions for patent litigation. Patent litigants can expect business to proceed as usual in both the British and German courts.

EU TRADEMARKS AND DESIGN REGISTRATIONS WILL NOT COVER THE U.K.

Brexit will affect trademarks and design registrations (which correspond to design patents in the U.S.). Under the current system, trademarks and design registrations can be applied for through the European Union Intellectual Property Office (EUIPO). If the U.K. formally exits the EU, current and future trademark and design registrations will not be protected in the U.K. by the EUIPO. However, it is likely that a system will be implemented to transition the existing EU trademarks and design registrations to the U.K., but it is not clear yet how such a system would work. Trademark and design registration holders should, therefore, be ready to take the appropriate action to ensure that their rights are protected in the U.K. where desired. For example, moving forward, patentees can secure certain design rights in the U.K. through the Hague treaty.

THE FATE OF THE UNITARY PATENT IS UNCERTAIN AND WILL BE LESS DESIRABLE

The fate of the EU's proposed unitary patent (UP) system, which would give patentees rights throughout Europe through a single patent, is also uncertain. The proposed UP system and the EPO system are designed to exist alongside, but separately, of each other. The UP system is an EU institution (which the EPO is not). Therefore, unlike the EPO system that is in place, the UP patent will be affected by the U.K.'s departure.

The launch date of the EU's UP system will likely be pushed back, since the U.K., Germany, and France were intended to be mandatory signatories to the UP system. In addition, litigation of UPs covering pharmaceutical and chemical patents was formerly planned to be held in London. However, since the U.K. will be stripped of its access to the UP system, EU officials and member

state representatives will have to renegotiate major components of the agreement, which will take considerable time and effort.

Moreover, some experts even have doubts as to whether the system will ever come into effect. For instance, experts speculate that Germany will become a more powerful nation if the U.K. leaves the EU. In turn, some nations could be deterred from participating in the system due to a heightened sense of vulnerability. Moreover, the new system can only come into effect if at least 13 countries ratify the Unified Patent Court agreement, including the largest three countries (currently the three largest EU member states are the U.K., France and Germany, and Italy will replace the U.K. if/when the U.K. leaves the EU). Although Austria, Belgium, Denmark, Finland, France, Luxembourg, Malta, Portugal, and Sweden have already ratified it, some experts are concerned these countries could now abandon it altogether.

Also, the loss of the U.K. market for potential UP patent holders makes obtaining a UP patent less attractive to businesses and, thus, less attractive to potential UP member states. Patent holders would be required to pay additional U.K. renewal fees on top of the already high renewal fees for the UP in order to cover the U.K., making a UP patent less cost effective than originally planned.

In sum, much uncertainty remains regarding the effect that Brexit will have on IP rules and regulations in the EU. Although Brexit is expected to have a minimal effect on utility patent protection and enforcement in the EU, it will likely have a larger effect on the UP system and trademark and design registrations.

Banner & Witcoff will continue to monitor any Brexit developments.

International filing specialist Daniel Schwartz contributed research to this article.

This article is written from a general intellectual property perspective and does not purport to provide any legal advice with respect to law in the United Kingdom or European Union.

Posted: July 13, 2016