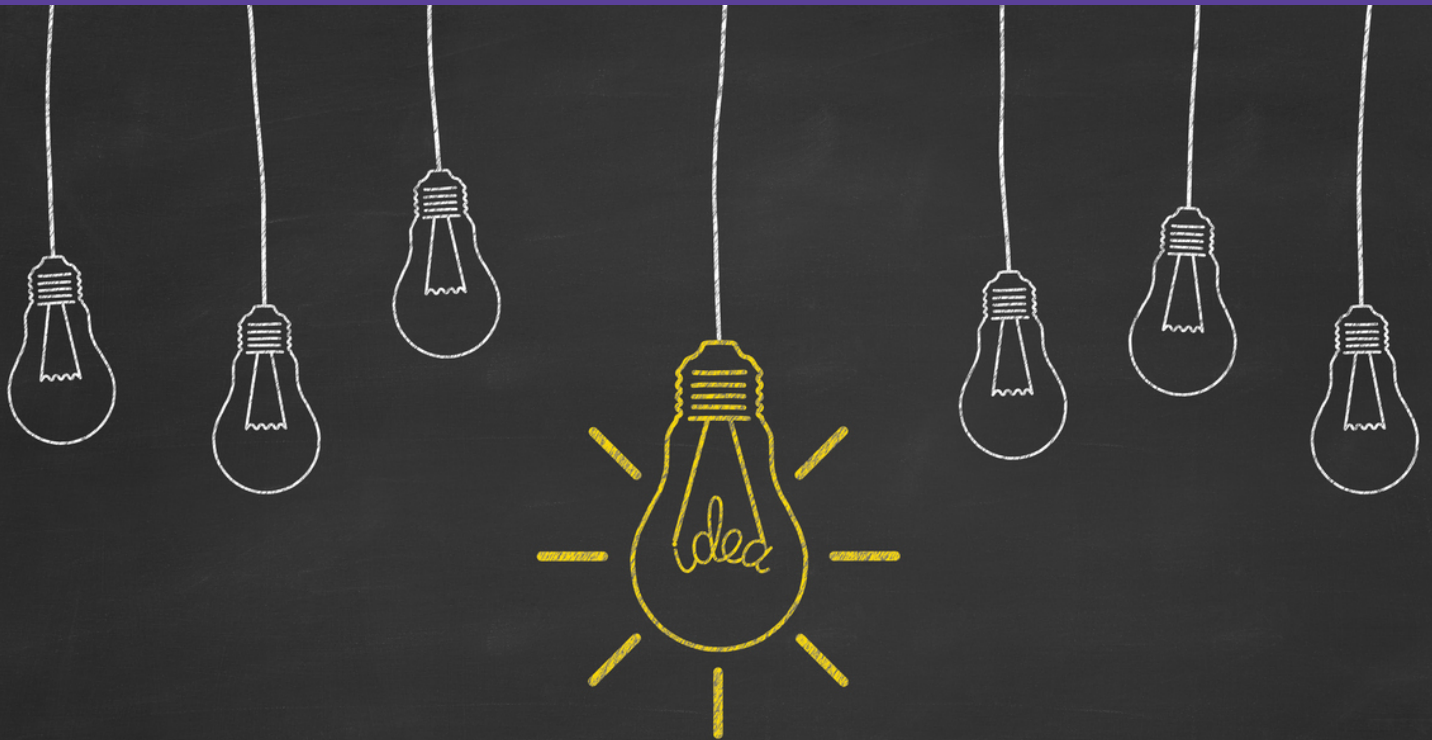


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INTELLECTUAL PROPERTY

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# Brexit, Intellectual Property and an Irish Angle

by **Peter Bolger**

# Brexit, Intellectual Property and an Irish Angle

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“Brexit means Brexit”, but what impact will it have on the intellectual property rights used in your business?

This review will get you thinking about the possible effects of Brexit on your intellectual property assets, and some practical steps you can take today to manage the uncertainty associated with Brexit. I also highlight an Irish angle for those managing EU-wide IP portfolios in the UK to consider.

## Registered Trade Marks

A European Union Trade Mark (EUTM) currently provides a rights holder with trade mark rights across the European Union, including the UK. After Brexit, a person seeking trade marks in the United Kingdom and in the rest of the current EU will need to apply for rights in the UK and EU separately. We do not know yet what impact Brexit will have on existing EUTMs, granted or applied for before Brexit. UK commentators speculate that where EUTMs cease to have effect in the UK, laws will be probably enacted in the UK to allow existing EUTM right holders the right to re-register those rights in the UK as national rights, preserving existing rights. However some brand owners are taking a cautious approach, not wanting to trust in this assumption, and are currently registering new trade marks in both the UK and with the European Union Intellectual Property Office (EUIPO).

It is likely that in order to maintain and enforce a trade mark right in the UK post Brexit some sort of genuine use of the mark will have to be made in the UK. The possibility that there will be this type of market-specific requirement to secure an enforceable trade mark should now be considered in any trade mark portfolio review and product/service market review that you carry out. Also, as the new laws in the UK evolve, we will all need to carefully track how the UK aligns itself with, or departs from, the principles of EU trade mark law that apply across the EU and that are constantly being refined through case law and new legislation.

## Registered Designs

The position in relation to registered designs is quite similar to registered trade marks. Design rights registered with the EUIPO as Registered Community Designs (RCDs) currently cover the UK. What impact will Brexit have on these existing rights? We do not know how the UK government will decide to treat the rights of current holders of RCD rights. Some senior UK lawyers again surmise that the UK will introduce laws giving national effect to EU rights secured pre Brexit. However some are choosing to start parallel new registrations now at a national level in the UK by registering a UK design and at EU level by registering an RCD.

## Copyright Works

Unlike some of the other IP rights, copyright law is only partially harmonised in the EU. This means that those dealing in copyright works are very familiar with the idea that the protections, rights and remedies vary from Member State to Member State. However there are a number of EU laws to which the UK would no longer be required to be bound following Brexit. If you hold significant copyright assets you will need to know whether the UK decides to retain, amend or replace these harmonised laws at a national level.

All of the EU laws, principally in the form of directives, have been implemented across the EU, including in the UK. There are also plans at EU level for significant reforms in these areas, including as part of the Digital Single Market strategy. The UK has made no clear statement on its intentions in relation to the laws in these areas of copyright and databases. This is very unsettling for those who have structured their businesses around the legal structures across the EU.

There are quite a number of EU laws impacting on copyright works in the EU. To single out just a few of the more significant harmonising measures for mention, the Information Society Directive (1), the Software Directive (2) and the Database Directive (3) all deal with fundamental principles of copyright and database rights applicable in the EU. Indeed the database right is an IP right which is entirely an EU law construct. For some companies, the databases with which they run their businesses are at the heart of their business model and overall value. They will be monitoring carefully what legal protections apply to databases under the new UK legal regime.

## Patents

Unlike some other IP rights, patent rights have traditionally been dealt with on a Member State by Member State basis across the EU. There is a European Patent concept, but this is a misnomer. Applying for a European Patent simply involves a centralised examination system at European level for a patent application; the patents granted through the European Patent process are ultimately granted at Member State level. This European Patent system is created through the European Patent Convention and departure from the EU would not impact on the UK's membership of this convention, as it is not an EU convention. In some ways, this means that Brexit does not impact upon patent rights as much as it does on other IP rights, which have pan-European effect through an EU law.

There are plans to introduce a patent which would have effect right across the EU. Called the Unitary Patent (UP), a UP will give a rights holder a pan-EU patent right. This system which will grant a patent on a single fee, single application basis across the EU, and so it is a very significant development. The Unified Patents Court system (UPC) is also planned to be introduced to provide patent owners with a forum in which to deal with patents on a European basis. In November 2016, the UK government made a positive statement that it would stay in the UPC system and that it would ratify the Unified Patent Court Agreement. It is possible for the UK to stay in this patent system post Brexit as it was created as a standalone structure. The fly in the ointment, so to speak, is that the Court of Justice of the European Union still has a role in the structure of the UPC. It remains to be seen if the UK can reconcile its participation in the UPC with the policy position of the UK government that Brexit will involve the CJEU ceasing to have jurisdiction over any UK law matters. This was forcefully stated in the recent White Paper (4): *"We will take control of our own affairs, as those who voted in their millions to leave the EU demanded we must, and bring an end to the jurisdiction in the UK of the Court of Justice of the European Union (CJEU)."* Will the UK's participation in the UPC be an exception to this principle?

## Intellectual Property Contracts

If your business in Europe involves the UK you should conduct a review of all licences of intellectual property rights dealing with the UK. Remember sometimes IP licences are contained in contracts dealing with a broader topic (e.g. franchises, outsourcing agreements or software licences). Do any of the contracts refer to the EU or the UK as a territory, or to EU rights or remedies? Do these clauses need to be amended to deal with the fact that EU IP rights will not have effect in the UK post Brexit?

In the case of exclusive licences of IP or exclusive arrangements, often the contract model adopted by

parties is specifically designed to comply with EU competition laws, such as the Technology Transfer Regulation (5), or the exhaustion of rights principle. The UK will no longer be bound by the EU competition law principles which impact on how a rights holder can leverage its IP assets within the EU. This may mean that after Brexit, depending on the laws that the UK chooses to put in place, parties may have more flexibility in deciding how to interact with each other in licensing IP in UK markets. It may also mean that there are new rules introduced at a UK national level which have to be understood and navigated in crafting relationships and IP licences.

## **Enforcement of Intellectual Property Rights in the UK**

Owners of IP often use other laws to protect the goodwill and business to which a trade mark or other IP right relates, be it by relying on consumer protection laws, advertising laws, competition laws or industry specific regulations. Many of these laws have their roots in EU laws. Do not assume that the protections, recourses and remedies currently available in your usual armoury to protect IP and related businesses will be available after Brexit. If IP infringement occurs in both the EU and the UK post Brexit, the cost of dealing with these actions and related areas is likely to increase.

The IP Enforcement Directive (6) has been implemented as part of national laws across the EU, including in the UK. It sets out remedies which every Member State must ensure are available in their jurisdictions. The UK may choose to depart from some or all of these arrangements post Brexit. It may choose to deal with certain IP rights differently for strategic advantage, such as in the areas of ISP liability or in broadcasting.

Choosing the law of one of the constituent jurisdictions of the UK as a governing law of a contract, and/or choosing the UK courts as a forum for dispute resolution in an IP agreement will also need to be considered more carefully now. Many contracts entered into in 2017 may span a pre-Brexit and post Brexit period. Choice of law and choice of jurisdiction clauses will impact upon the options, rights and remedies open to the parties to the contract and decisions should be taken on an informed basis.

## **Websites, Social Media Accounts and Domain Names**

Because of the impact of EU laws across business channels, often entities set up websites, social media accounts and domain names to deal with specific markets. Sometimes a single channel is used to deal with all EU business or with trading in Ireland and the UK (the two English-speaking EU Member States). You should think about whether you have any domain names, social media accounts or websites currently dealing with a UK business in a broader EU model which will no longer be appropriate to use in the same fashion post Brexit. For example, do you carry on a UK business on a website with a .eu domain name? Or do you deal with EU law compliance across the EU through a single online channel? Consider whether you should split out the UK business into new online channels post Brexit; it may be sensible to secure domain names and social media accounts now to manage the changes.

## **The Irish Angle**

Like the UK, Ireland is a common law jurisdiction. Post Brexit, Ireland will be the only common law and native English speaking member of the EU. When Ireland separated from the UK, it preserved the existing UK laws at the time, varying them over time. Many common law concepts such as estoppel, passing off and the law of confidentiality must be considered when managing IP in both Ireland and the UK. In Ireland we have a deep, shared legal jurisprudence with our nearest neighbour. Frequently the Irish courts use UK decisions in IP cases as persuasive precedents when ruling on disputes. The processes and the adversarial nature of the Irish court system are familiar to UK lawyers and clients in ways in which those of a civil law system are not. Very often there is a high degree in similarity between the manner in which Ireland implements EU directives and the way in which they are implemented in the UK. Ireland has a relatively low corporate tax rate, State incentives for companies that employ people in Ireland, carry on research and development in Ireland and a strong, independent and impartial judiciary.

Businesses which have outsourced EU rights portfolio management to UK law firms and agents will also need to check whether those entities will be able to continue to deal with EUTMs and other EU rights on their behalf post Brexit. Currently to act before the EUIPO in relation to EUTMs an agent needs to be a national of one of the EEA Member States, and the UK's continued membership of the EEA is uncertain. The agent also needs to be entitled to act before a trade mark office of an EEA member state and have a place of business in the EEA. (7)

For these reasons many IP portfolio holders resident in the UK may choose to relocate their EU IP portfolios to within the EU post Brexit, and may choose Ireland.

1 Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.

2 Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs.

3 Directive 96/9/EC of the European Parliament and of the Council Of 11 March 1996 on the legal protection of databases.

4 "The United Kingdom's exit from and new partnership with the European Union", published February 2017.

5 Commission Regulation (EU) No 316/2014 of 21 March 2014 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of technology transfer agreements Text with EEA relevance.

6 Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.

7 Article 93 Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark.

**If you would like further information on any of the issues raised, please contact Peter Bolger at [pbolger@lkshields.ie](mailto:pbolger@lkshields.ie)**

## About the Author



**Peter Bolger**  
**Partner**

Peter is Head of our highly regarded Intellectual Property, Technology and Privacy team. He advises clients on all aspects of privacy law in respect of compliance, registration, international transfers, policies and audits including the GDPR.

**T:** +353 1 638 5877 **E:** [pbolger@lkshields.ie](mailto:pbolger@lkshields.ie)