

August 2016

BREXIT AND DISPUTE RESOLUTION

2. Intellectual Property Disputes



Introduction

Over time, intellectual property (IP) law in the EU has become increasingly harmonised, with the aim of making it easier for businesses to trade across the EU member states. As a result, many UK IP laws incorporate elements from legislation passed at the EU level.

An exit from the EU by the UK would raise a variety of detailed technical questions about what would happen to those laws. The answers will depend partly on any trade negotiations between the UK and the EU.

At this stage, we cannot promise to predict what the outcome will be. We can, however, share with you our insights on the immediate practical implications, and suggest some steps that your businesses may wish to take now in light of the current uncertainty.

Brand protection

The EUTM is a single trade mark that covers the entirety of the EU. If the UK leaves the EU, it is possible that there will ultimately be a mechanism for converting an EUTM into a UK trade mark, but it may be a while before we know for certain.

- ▶ Given the current uncertainty, if you are currently developing a brand, or preparing for a new product launch it would be wise to consider seeking a UK trade mark alongside an EUTM.
- ▶ For key brands, if you currently only have the protection of an EUTM, consider applying for a separate UKTM now.
- ▶ Consider your trade mark portfolio – any EUTMs that are only used in the UK will become vulnerable to revocation for non-use.

Protecting designs

A Registered Community Design (RCD) protects a design across the EU. Both the UK and EU have laws to protect designs which have not been registered. However, the UK unregistered design right protects a narrower class of designs than Community unregistered design right.

- ▶ Consider seeking a UK Registered Design for any designs that are currently only protected by an RCD (provided that those designs have been available for less than 12 months).
- ▶ Seek advice on whether new designs could be protected as a UK Registered Design and/or if existing designs are still within the 12 month period for registration.

Taking action against infringers

Currently, UK rights owners can take advantage of the EU-wide regime for enforcing their rights against infringers and the same remedies are available across the EU. Most importantly, businesses can seek an injunction to stop infringement in other EU countries. As with so many other things, we simply cannot predict whether this regime will still be available if the UK leaves the EU.

- ▶ Businesses who are currently considering taking action against EU wide infringers may wish to do so now.

Licensing arrangements

Whether licensing agreements are affected by Brexit will depend upon the specific terms agreed. Existing licences that are governed by English law will continue to be interpreted in accordance with English contract law principles. The central principle is that the court will attempt to assess the intention of the parties at the time they entered into the contract.

Of course, except for very recent contracts, it is unlikely the parties considered the possibility of Brexit at all. This leaves room for future disagreement between parties on the effect that Brexit will have on the licence terms. A

safer approach would be for licensees and licensors to agree now on amendments to ongoing licences, and we suggest that key licensing agreements are reviewed with that aim in mind.

Relevant terms include:

1. The "EU" as the defined territory: here, the detail of how this is written in the agreement is relevant. If it describes the EU as including member states "from time to time" or "for the time being", it is likely that – post Brexit – the UK would no longer be in the contractual territory. By contrast, if the EU is defined as being "at the date of this agreement" then the UK will be included if the agreement pre-dates Brexit. If none of these phrases are used, then working out what the parties intended may become more relevant (and potentially controversial).
2. Royalties: this is likely to be linked to the question of territory. In particular, the UK leaving the EU could affect the commercial basis of the arrangement. Clauses dealing with royalties payments may anticipate this.
3. Force majeure: these provisions aim to set out the consequences of an unforeseen event. It is possible that a force majeure provision could be written in such a way as to include Brexit (even though Brexit is not specifically referenced). If triggered, this could give a party the right to suspend or terminate the agreement.
4. Jurisdiction & dispute resolution: typically, licensing arrangements specify that the English courts have non-exclusive jurisdiction, with the aim that rights owners can enforce their rights outside the UK, if that is where the infringement is happening. This could become even more important if the UK loses the benefit of pan-EU enforcement (see our earlier comments on this). Arbitration remains an option for the resolution of all IP disputes. This regime would be unaffected by Brexit as it is governed by an entirely separate body of law. However, there are disadvantages: arbitral decisions can be difficult to challenge and the arbitrability of IP disputes varies from country to country. Typically, the validity of an IP right cannot be arbitrated.

- ▶ Review key licence agreements now to assess the impact of Brexit, focussing on territorial extent, jurisdiction, dispute resolution, termination rights and force majeure.
- ▶ Consider agreeing contract variations with the licensee/licensor in order to remove any potential uncertainty of the effect that Brexit could have on the licence terms.

Settlement & co-existence agreements

The issues described above in the context of licensing arrangements also apply to settlement and co-existence agreements.

- ▶ Review key settlement and co-existence agreements now to assess the impact of Brexit, focussing on territorial extent, jurisdiction, royalties, dispute resolution, termination rights and force majeure.

Watch this space...

In some areas, it is simply too soon to predict what the effect of Brexit might be. For example:

- ▶ The Unitary Patent – at the time of the UK's Brexit referendum, the EU was making progress on the introduction of an EU-wide patent right. If the UK leaves the EU, will the EU continue with this project, but without the UK's involvement?
- ▶ Exhaustion of rights – if the UK leaves the EU, will owners of UK Trade Marks be able to use their rights to stop parallel imports from the EU (and beyond)?
- ▶ Trade Secrets – the EU has recently sought to harmonise the law on trade secrets. As things stand, the UK must implement this law into UK law by May 2018. Will this happen?

Please get in touch with your usual contact in the Addleshaw Goddard IP team if you require any further advice or have any questions relating to the above, or contact:



Emma Armitage
Partner

020 7788 5521 / 0161 934 6255

07872 675496

emma.armitage@addleshawgoddard.com

addleshawgoddard.com

Doha, Dubai, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo*

*a formal alliance with Hashidate Law Office

© 2016 Addleshaw Goddard LLP. All rights reserved. Extracts may be copied with prior permission and provided their source is acknowledged.

This document is for general information only. It is not legal advice and should not be acted or relied on as being so, accordingly Addleshaw Goddard disclaims any responsibility. It does not create a solicitor-client relationship between Addleshaw Goddard and any other person. Legal advice should be taken before applying any information in this document to any facts and circumstances.

Addleshaw Goddard is an international legal practice carried on by Addleshaw Goddard LLP (a limited liability partnership registered in England & Wales and authorised and regulated by the Solicitors Regulation Authority) and its affiliated undertakings. Addleshaw Goddard operates in the Dubai International Financial Centre through Addleshaw Goddard (Middle East) LLP (registered with and regulated by the DFSA), in the Qatar Financial Centre through Addleshaw Goddard (GCC) LLP (licensed by the QFCA), in Oman through Addleshaw Goddard (Middle East) LLP in association with Nasser Al Habsi & Saif Al Mamari Law Firm (licensed by the Oman Ministry of Justice) and in Hong Kong through Addleshaw Goddard (Hong Kong) LLP (a limited liability partnership registered in England & Wales and registered and regulated as a foreign law firm by the Law Society of Hong Kong, operating in Hong Kong as a Hong Kong limited liability partnership pursuant to the Legal Practitioners Ordinance) in association with Francis & Co. In Tokyo, legal services are offered through Addleshaw Goddard's formal alliance with Hashidate Law Office. A list of members/principals for each firm will be provided upon request.

The term partner refers to any individual who is a member of any Addleshaw Goddard entity or association or an employee or consultant with equivalent standing and qualifications.

If you prefer not to receive promotional material from us, please email us at unsubscribe@addleshawgoddard.com.