



RPC



# Brexit: A guide to protecting your rights from 1 January 2021

December 2020

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# Introduction

Like many other areas of law, intellectual property (IP) will undergo a raft of changes overnight, when the Brexit transition period expires on 31 December 2020. Until now, IP law has largely been harmonised across the EU, with rights such as European Union Trade Marks (EUTMs) and Registered Community Designs (RCDs) offering pan-European protection. From the start of 2021, this will change and over the coming years, with the UK and EU acting autonomously, it is likely that the two regimes will begin to diverge, possibly significantly.

Whilst some changes will take time to manifest, the key areas of change to expect from 1 January 2021 are:

1. The scope of registered and unregistered EU rights
2. Parallel imports and the exhaustion of rights
3. The enforceability of judgments granted by the UK Courts, and
4. The ability of the UK Courts to grant pan-European remedies, including injunctions.

Whilst the Withdrawal Agreement that was agreed between the UK and the EU (Withdrawal Agreement) contains some IP specific provisions, uncertainty remains in some areas. The purpose of this note is to inform businesses what we know for certain, what we can perhaps expect, from both 1 January 2021 and in the longer term, and to provide practical tips on how best to prepare for the forthcoming changes.

RIGHTS	PRE-1 JANUARY 2021	POST-1 JANUARY 2021
<a href="#">Trade Marks and Registered Design Rights</a>	<ul style="list-style-type: none"> <li>◦ EU wide (including the UK) protection through EU Trade Marks (EUTMs) and Registered Community Designs (RCDs).</li> </ul>	<ul style="list-style-type: none"> <li>◦ EUTMs and RCDs cease to provide protection in the UK.</li> <li>◦ Equivalent UK rights automatically created for existing EUTMs and RCDs.</li> <li>◦ Action required to convert pending EUTMs and RCDs into UK rights.</li> <li>◦ EUTMs used predominantly in the UK become vulnerable to revocation for non-use.</li> </ul>
<a href="#">Unregistered Design Rights</a>	<ul style="list-style-type: none"> <li>◦ EU wide (including the UK) protection for 3 years through Unregistered Community Designs (UCDs).</li> <li>◦ Additional protection in the UK for either 10 or 15 years through UK Unregistered Designs (UKUDs).</li> </ul>	<ul style="list-style-type: none"> <li>◦ UCDs cease to provide protection in the UK.</li> <li>◦ Equivalent UK rights automatically created for existing UCDs.</li> <li>◦ Newly created supplementary unregistered design (SUD) to protect designs that would previously have obtained UK protection as UCDs.</li> <li>◦ The UKUD regime is unchanged.</li> </ul>
<a href="#">Patents</a>	<ul style="list-style-type: none"> <li>◦ Patents governed by the European Patent Convention.</li> </ul>	<ul style="list-style-type: none"> <li>◦ No change.</li> </ul>
<a href="#">Geographical Indications</a>	<ul style="list-style-type: none"> <li>◦ The EU's Geographical Indications (GI) framework certifies the source and production methods of protected food and drink products.</li> </ul>	<ul style="list-style-type: none"> <li>◦ The existing GI framework ceases to have effect in the UK.</li> <li>◦ A newly devised UK scheme applies.</li> </ul>
<a href="#">Databases</a>	<ul style="list-style-type: none"> <li>◦ All EEA states must provide database rights to UK nationals, residents and businesses (UK persons).</li> </ul>	<ul style="list-style-type: none"> <li>◦ Existing EU database rights continue to apply in the UK until expiration.</li> <li>◦ No new EU database rights will vest in UK persons.</li> </ul>
<a href="#">Exhaustion</a>	<ul style="list-style-type: none"> <li>◦ EEA wide (including the UK) exhaustion of IP rights (IPR) in products placed on the EEA market.</li> </ul>	<ul style="list-style-type: none"> <li>◦ IPRs already exhausted in the UK and EU remain exhausted.</li> <li>◦ IPRs in goods placed on the UK market after 1 January 2021 not exhausted in the EEA.</li> </ul>
<a href="#">Enforcement</a>	<ul style="list-style-type: none"> <li>◦ UK Courts have jurisdiction to hear claims relating to the infringement of EUTMs and RCDs.</li> </ul>	<ul style="list-style-type: none"> <li>◦ UK Courts cease to be able to hear new cases concerning EUTMs and RCDs. The scope of injunctive relief will be limited to the UK.</li> <li>◦ Existing litigation is unaffected.</li> </ul>

# Intellectual property rights

## Trade Marks and Registered Design Rights

### Rights already registered on 1 January 2021

From 1 January 2021, EUTMs, RCDs and international registrations designating the EU will cease to provide protection in the UK.

There are almost two million EUTMs and RCDs currently in existence. On 1 January 2021, the UK Intellectual Property Office (UKIPO) will convert these registrations into equivalent, but entirely independent, UK 're-registered rights'. This comparable registered right will be automatic, free of charge and will not need to undergo a re-examination procedure.

*"Very professional and intent on delivering solutions...a broad range of expertise and quality personnel from associate through to partner, and they are accessible and responsive."*

Chambers UK

For RCDs and EUTMs registered before 1 January 2021, an equivalent UK right will be recorded on the UK register. 'Re-registered' design rights will retain their RCD registration, application and renewal dates and will inherit any priority dates. Similarly, 're-registered' trade marks will retain their EUTM filing and priority dates.

### Applications pending on 1 January 2021

The position is more complex for applications that remain pending on 1 January 2021. There will be no automatic conversion: instead, applicants will need to apply to register an equivalent UK right within 9 months of the expiry of the transition period (ie by 30 September 2021). A fee will also be payable to the UKIPO.

### Renewals

For RCDs and EUTMs that expired in the 6 months before 1 January 2021, an equivalent UK right will be noted on the UK register, with an 'expired' status. The continuation of 'expired' rights will be subject to the late renewal of the corresponding RCD or EUTM, within 6 months. It will be free to re-register

*"The strength of the team is the tremendous client engagement that it has at all levels, from partner to trainee"*

Legal 500, 2020

'expired' rights but if no action is taken, they will be removed from the UK register.

Although no conversion costs are payable for existing registrations, separate renewal fees will apply for each of the re-registered UK right and the corresponding EUTM going forwards.

### Cancellation proceedings

The use of a UK 're-registered' EUTM will not constitute genuine use of that mark in the EU. Whilst the use of an EUTM in the UK will be relevant up to the end of the transition period, this will leave EUTMs that are predominately used in the UK vulnerable to revocation for non-use. This will particularly be the case once five years has passed since the expiry of the transition period, after which time, no use of an EUTM in the UK will be taken into account.





Where revocation or invalidity proceedings are ongoing against an EUTM or RCD on 31 December 2020, a finding of revocation or invalidity in respect of that right will also result in the cancellation of the UK 're-registered' right. However, rightsholders will be able to contest the cancellation of their UK re-registered right before the UKIPO, if the basis for the finding of invalidity or revocation is applicable in the EU only.

From 1 January 2021, it will no longer be possible to oppose or challenge the validity of EUTMs based on UK rights (ie using UK trade mark registrations or rights in passing off). Businesses should therefore consider what (if any) European rights they currently have and whether they need to seek additional protection.

### Unregistered design rights

Whilst IP law is largely harmonised across the EU, one notable exception to this is unregistered design rights. The UK and EU regimes are notably different, particularly in terms of the duration of protection that they afford. On the one hand, unregistered community designs (UCDs) come into effect automatically when a design is first made available to the public in the EU, lasting for three years from that date. On the other hand, UK unregistered designs (UKUDs) come into effect when a design is created, lasting for either 10 years after a product incorporating the design is first sold, or 15 years after the design is created, depending on which takes place first. The difference in the terms of protection will become especially pertinent once the transition period expires (see comments below).

### Existing UCDs

As with EUTMs and RCDs, UCDs will cease to provide protection in the UK from 1 January 2021. However, as again with EUTMs and RCDs, for pre-existing UCDs, an equivalent UK right, known as a 'continuing unregistered design', will automatically be established on 1 January 2021 and will continue to protect the UCD, in the UK, for the remainder of its three-year term.

### New UCDs

The disclosure of a design that would previously have triggered a UCD will cease to do so, in the UK, once the transition period ends. To ensure that the full spectrum of design right protection continues to be available in the UK after 1 January 2021, the disclosure of any design in the UK, that would previously have given rise to a UCD will automatically trigger the creation of a new UK right, known as a 'supplementary unregistered design' (SUD). SUDs will be granted in addition to, and not instead of, UKUDs, which will continue to arise in the usual way. The protection offered by SUDs will be similar to that provided by a UCD, in that SUDs will offer protection to three and two dimensional designs for a term of three years. The notable distinction is that SUDs will grant protection in the UK only and will be subject to interpretation by the UK Courts.

There will be no reciprocal creation of an EU right, which supplements UK unregistered designs, to offer equivalent protection in the EU however. From 1 January 2021, the publication of a design in the UK will not create any rights in the EU and the publication of a design in the EU will give rise to a UCD only.

One important point to note is that despite the separate regimes, the disclosure of a design in the EU will be capable of destroying 'novelty', for the purposes of establishing UK unregistered rights and vice versa. To ensure that the maximum period of protection is obtained in both the UK and the EU (if desired), simultaneous disclosure of a design in both the UK and EU is recommended.

### UK unregistered designs

The existing UKUD regime will remain largely unchanged when the transition period expires, with the exception of its qualifying criteria. From 1 January 2021, qualifications for UKUDs will be limited to:

1. Individuals who are residents of the UK or certain 'qualifying countries', and
2. Businesses formed under the laws of the UK or certain 'qualifying countries'.

*"The 'very responsive and client-centric' RPC attracts praise for its commercial acumen, and is considered 'a breath of fresh air'."*

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## Intellectual property rights (continued)

### Patents

Unlike trade marks and design rights, patents, and the basic rules and regime that govern them, will be largely unaffected by Brexit. This is because the European Patent Convention (EPC) is an international treaty, rather than an EU specific convention. There are 38 contracting parties to the EPC, including various countries that are not member states of the EU. On 1 January 2021, the UK will therefore remain a signatory of the EPC, notwithstanding the expiry of the transition period.

### Geographical indications

On 1 January 2021, the existing framework on Geographical Indications (GI) will cease to have effect in the UK. GIs are especially important to food and drink businesses. They act as an indication of a product's source (for example, 'cheddar' for cheese), as well as certifying that traditional production methods have been followed. As such, they are a vital tool against imitation produce.

GIs that are already protected in the EU on 31 December 2020 will remain protected in both the UK and EU once the transition period ends. In the UK, protection will be automatic and will remain in place for as long as a GI is protected in the EU.

New products produced in the UK after 1 January 2021 will be unable to obtain protection under the existing EU GI scheme. The UK government has therefore devised a new regime, under which three different logos will grant GI status to UK produce:

1. Protected designation of origin (PDO)
2. Protected geographical indication (PGI), and
3. Traditional speciality guaranteed (TSG).

*"They're very aware of the time limit in turning around contracts and legal documents, and their advice is second to none."*

Chambers UK

### Databases

For now, European law requires all EEA states to provide database rights to UK nationals, residents, and businesses. Any such rights that are already in existence in the UK or the EEA, before 1 January 2021 will continue until the period of protection prescribed by EU law expires.

Once the transition period has expired, UK individuals and businesses will cease to receive the benefit of new EU database rights. Businesses should therefore consider alternative methods of protection. This might include determining whether materials attract protection under UK copyright law or whether, in the absence of this, a written agreement would be required.

### Practical Tips

It is crucial that businesses identify how their IP portfolios will be affected by the forthcoming changes and that they determine whether action is required, to maintain maximum protection.

Specific tips include:

1. **(General)** – Review any existing license and/or co-existence agreements from the perspective of the changes noted above. Consider whether those agreements are 'Brexit proof' or whether variations are required. This might be necessary to refer to any newly created UK 're-registered rights' or to address consents that will be required to ensure ongoing parallel imports (see section 3)

2. **(trade marks)** – From 1 January 2021, maintain a separate record to evidence use of your trade marks in the UK and the EU. This will be useful if any revocation claims are made in the future and will also serve as an ongoing reminder of how extensively (or not) you use your trade marks in both territories
3. **(trade marks)** – where an EUTM is predominately used in the UK, but where retaining protection across the EU is important, ensure that the EUTM is put to meaningful use in as many of the remaining 27 EU member states as possible, so as to mitigate the risk that the registration could be revoked, for non-use
4. **(unregistered designs)** – Be careful to ensure that the disclosure of designs in the EU does not create any issues around 'novelty' in the UK, and vice versa.



# Exhaustion

Under the current regime, once a product has been placed onto the market in the EEA, the IP rights in that product are 'exhausted' throughout the whole of the EEA, including in the UK. In plain English, this means that rightsholders cannot object to the resale of branded goods that they have put into circulation, provided the resale takes place within the EEA.

Under the Withdrawal Agreement, it was agreed that IPR that had been exhausted in both the UK and the EU before the end of the transition period will remain exhausted in both territories going forwards. The Intellectual Property (Exhaustion of Rights) (EU Exit) Regulations 2019 provides that the IPR in goods placed onto the EEA market after 1 January 2021 will continue to be deemed 'exhausted' in the UK. However, no agreement has yet been reached regarding goods placed onto the UK market.

## Practical Tips

As things currently stand, the IPR in goods placed onto the UK market will not be deemed 'exhausted' in the EEA. Consent to resell those goods will therefore be required from the applicable rightsholder. It is possible that the UK and the EU will agree a reciprocal arrangement before the end of the year but for the time being, businesses who export branded goods to the EU should consider whether any additional consents will be required from 1 January 2021. If required, consent should be obtained from the rightsholder promptly: Parallel exports from the UK to the EEA may be stopped without this.

Where goods are currently purchased in the UK for re-sale in the EEA, businesses may look to re-direct those purchases to an EEA country. Having approached rightsholders for any export consents that will be required from 1 January 2021,

*"RPC's advice is always practical and geared towards a solution."*

**Legal 500, 2020**

businesses should also weigh the cost of obtaining the necessary consent (if any) against the cost of obtaining goods from an alternative source, based within the EEA. If some goods will be re-sold in the UK and others in the EEA, it will likely be desirable to re-locate the point of initial purchase to the EEA, to guarantee the exhaustion of rights in those goods.





# Jurisdiction and enforcement

## Enforcement

The existing rules regarding jurisdiction and enforcement will remain in place for infringement proceedings that are initiated before 1 January 2021, regardless of when those proceedings are actually concluded. In practical terms, this means that the English High Court, including the Intellectual Property Enterprise Court, will continue to have jurisdiction to hear all claims relating to the infringement of EUTMs and RCDs that are issued before the end of the year. Pan-European injunctions granted in such proceedings will continue to be recognised in both the UK and the EU, after the transition period expires.

From 1 January 2021 however, the UK courts will cease to be able to hear new cases concerning EUTMs and/or RCDs. Parties wishing to rely on their European rights will therefore need to take action in the Courts of one of the remaining 27 EU member states. Whilst rightsholders will be able to issue proceedings in the UK based on either their pre-existing UK rights or their UK 're-registered' rights, those proceedings and any remedies, including injunctive relief, that are granted by the UK Courts will be limited, in territorial scope, to the UK only.

## Jurisdiction

The Recast Brussels Regulation (and the Brussels Regulation before it), governs jurisdiction and the enforcement of judgments handed down in EU Member States. It provides a harmonised regime across the EU and simplifies the enforcement of judgments within the territory. As a member of the EU, the Recast Brussels Regulation currently applies to the UK but from 1 January 2021, that will cease to be the case. Whilst the judgments of so-called 'third party countries' are enforceable in the EU, the process is considerably more cumbersome. The UK has therefore been considering its options.

The Lugano Convention governs jurisdiction and the enforcement of judgments between the EU and the 'European Free Trade Association' states (ie Switzerland, Lichtenstein, Iceland and Norway). Whilst the UK has applied to join the Lugano Convention, the deadline for securing the approval of its accession on or before 1 January 2021 has already passed. Separately, the UK has also applied for accession to the Hague Convention, in its own right (it is already a member, by virtue of its EU membership). One advantage of the Hague Convention is that it requires contracting states to give effect to 'exclusive jurisdiction' clauses.

Whilst judgments of the UK Courts will continue to be enforceable in the EU, businesses can expect to encounter a more long-winded and time-consuming enforcement process until such time as the UK's accession to the Lugano Convention is approved.

## Practical Tips

Businesses wishing to have contractual claims heard in the Courts of a specific country should ensure that their contracts contain exclusive jurisdiction clauses that reflect this. This will ensure that the Hague Convention rules apply and that disputes are heard where the parties agree they should be.

To avoid jurisdiction issues, parties may decide to select arbitration, instead of court proceedings, as the prescribed method of dispute resolution under their contracts.

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**Chambers UK**





# Meet our IP team



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*"They are the best I've seen at getting into the groove - they find out what the risks are and they are really fully integrated and loved by my team."*

**Chambers, 2020**

*"Competent, responsive, organised and well-coordinated"*

**Legal 500, 2020**

*"They're always professional, helpful and collaborative, and they give us a consistently excellent service across the board."*

**Chambers UK 2019**

*Commentators note: "They are just excellent. They always work extremely hard."*

**Chambers UK 2019**

