

CERTAINTY IN AN UNCERTAIN WORLD

- Nick McDonald
- Saiful Khan

Who we are

We're Potter Clarkson, an award-winning, top-tier firm of European patent and trade mark attorneys and IP lawyers, and one of the largest full service intellectual property practices in Europe.

- Originating in Nottingham, we also have offices in Stockholm, Copenhagen, London, Munich and Lund.
- As a European firm, we are able to provide all relevant IP services within the UK and continental Europe.
- We can assist with all international IP issues through our associations with top attorney firms worldwide.

We deliver the ideal combination of a truly international service with expert local knowledge.



Our People

Founded in 1889, the firm employs over 65 qualified professionals and more than 90 paralegals, administrators and support staff.

- We advise clients around the globe on intellectual property rights across a variety of industry and technical sectors.
- Potter Clarkson is well-known for handling some of the most complex and challenging patent and trade mark cases, and are highly regarded for our successful prosecution and are known especially for our EPO opposition and appeal work.
- Our Dispute Resolution and Commercial team offers the full range of IP litigation services in all English courts of law, as well as all non-contentious, commercial legal services associated with IP in UK and Sweden.

Our goal is to work closely and strategically with our clients to ensure that they gain the most commercial benefit from their investment in IP.

Over 80 IP professionals



12 Trade Mark Attorneys



6 Intellectual Property Solicitors



Over 60 Patent Attorneys
(including 8 patent attorney litigators)



Over 100 support staff



Our Accolades

We are very proud of the fact that both our expertise and service have been independently acknowledged by those experienced in the IP profession.

- We are regarded as a top-tier firm by knowledgeable, independent organisations as Legal 500, Chambers, IAM Patents and MIP.
- We have also achieved three ISO accreditations which evidence the high level of service provision, information security and environmental awareness that we have. Very few UK specialist IP firms have achieved all three of these internationally recognised accreditations.
- In addition, we are proud to be one of over 100 patent and trade mark firms to have so far signed up to the IPInclusive charter which was established to promote equality, diversity and inclusion within the IP sector.



Referendum Result

- Pre-vote polls initially indicated strong support for remaining in EU
- Leave campaigners closed the gap during campaigning
- Result on 24 June 2016 was 52% in favour of leaving, 48% in favour of remaining
- 72% of UK adult population (18 years and older) voted
- Everyone very surprised (including leave campaigners)



Departure Process Ongoing

- Article 50 was triggered on 29 March 2017 meaning the UK will leave the EU on 29 March 2019
- Some key issues have been discussed and (some) agreed between the UK and the EU
- Transitional period agreed that will last from 29 March 2019 to 31 December 2020 – more time to agree details of future relationship



Impact on Patent Laws I

- UK Patents Act 1977 is national patent statute
- Will be largely unaffected by exit process
- UK patents granted by the UK Intellectual Patent Office unaffected
- Areas where Patents Act affected by Brexit discussed later



Impact on Patent Laws 2: European Patent Convention and PCT

EPC & EPO ≠



Business as usual:

- The European Patent Convention (EPC) is not an EU statute and the European Patent Office (EPO) is not an EU institution
- UK patent attorneys who are qualified EPAs will still be able to represent clients before the EPO
- European patent applications and granted patents unaffected
- UK patent attorneys will still be able to prosecute Patent Cooperation Treaty (PCT) patent applications
- PCT patent applications unaffected

Impact on European Patent Convention

- Statement of President Battistelli on the UK Referendum Result on 24 June 2016
- *“... Brexit will have no impact on UK membership of the EPO. For a very simple reason - the EPO is not an EU agency but an independent international organisation, of which the UK is a founding member”* - President Battistelli, 25 January 2018



European Patent Work Unaffected by Brexit

EPO and CIPA: no impact of Brexit on UK membership of EPO

25 January 2018

High-level representatives and experts of the EPO, led by President Benoît Battistelli, met yesterday in Munich with a delegation of the Chartered Institute of Patent Attorneys (CIPA) headed by its President, Stephen Jones.



<https://www.youtube.com/watch?v=Ww9h24UkLFo&feature=youtu.be>

Impact on Trade Marks & Designs

- UK has national statutes
- National UK trade marks and designs unaffected
- Community rights will cease to be effective in the UK after exit
 - But transitional provisions to include local registration of Community rights (UKIPO planning automatic transition – no official fees)
- Future applications can be made on a national (UK) basis
- UK will remain a member of the Paris Convention and the Madrid Agreement after Brexit
- Some applicants filing precautionary UK trade mark applications
 - Majority of TM's in English, or have meaning in English



Trade secrets and data safety

- Business as usual:
 - No change for the holders of trade secrets
 - UK exceeds standards specified by the EU Trade Secrets Directive
 - No need for the UK to implement the directive and there may be advantages in terms of greater legal certainty from not implementing it
 - Cyber security strategy in place since 2011 and regularly updated
 - Formal data protection measures in place since 1988

IP rights covered by EU Regulation (1)

Supplementary Protection Certificates, Regulatory Data Protection, orphan drugs and copyright

EU law will be re-enacted en masse by UK Regulation. Any changes to these laws will be enacted after Brexit and as required.

- Supplementary Protection Certificates (included in the UK Patents Act)
 - CIPA anticipates that pending and existing SPCs will be unaffected.
- Marketing Authorisation (MA) on which the time period of the SPC is based currently the first MA in the EEA. Could potentially become the first UK MA. It is possible that the UK might enact SPC rights after Brexit that are more favourable to innovator companies.

IP rights covered by EU Regulation (2)

- Copyright
- We anticipate that UK will protect copyright (including existing copyrights) in accordance with the Berne Convention as a minimum.
- There may be an opportunity to review copyright protection.

IP disputes

- Business as usual:
- The UK has a sophisticated and highly successful litigation system, including the innovative and affordable Intellectual Property Enterprise Court (IPEC). UK court system will continue to provide a fair and balanced system for litigation post-Brexit.
- Alternative dispute resolution methods are well respected and recognised in the UK. The UK has a well-developed arbitration system and London is often chosen as the seat of international arbitration.
- The UK is a signatory of a number of international conventions in relation to choice of forum and recognition of judgements and conflict of laws (for example the Hague Conventions).
- All IP professionals in the UK enjoy a high level of legal professional privilege, which allows clients to be completely open with their legal advisors.

The Unitary Patent and Unified Patent Court (1)

- UK has ratified the agreement for a Unified Patent Court (UPC)
- For the Unitary Patent and the Unified Patent Court to come into effect it requires Germany to ratify the Unified Patent Court Agreement
- A legal challenge in the German courts remains the most significant obstacle to the new system entering into force.

The Unitary Patent and Unified Patent Court (2)

- The Unitary Patent is however more linked to the EU
- Therefore, while there appears to be a will to enable the UK to be part of the Unitary Patent, there is no certainty on how this will be achieved
- The current proposals enable your European Patent to be validated, post-grant, as a Unitary Patent in much the same way we currently validate in individual EU countries
- If the UK is not part of the Unitary Patent, then applicants may validate as a “Unitary Patent” and “EP(UK)”
- Both could be litigated before the UPC

IP transactions

- Business as usual:
- The UK continues to be a good venue for IP transactional work, with highly qualified, skilled and experienced legal professionals
- The law of England and Wales will continue to be a favourable governing law for IP transactional agreements
- The UK has an enviable track record in technology transfer. The highly successful Lambert Toolkit of templates helps to facilitate agreements between UK universities and business.

Parallel imports and exhaustion of rights

- The position may change following Brexit depending on the precise arrangement reached. This is a complex area and CIPA is working with stakeholders to achieve the optimum position
- There is a possibility that Brexit could enable a more advantageous regime for rights holders. However, participating in the UPCA may mean that the UK will have to retain the existing exhaustion provisions

Conclusion

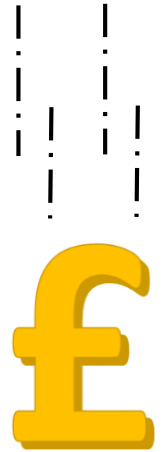
UK-Based European Patent Attorneys – no change

- All current rights of representation will be preserved.
 - UK EPA's therefore able to provide same services as before
 - UK currency devaluation will make services cheaper outside UK
- EPA's with litigation qualifications will have right of representation in UPC (assuming it goes ahead)
- UK EPA's should have UPC representation rights
 - Litigation qualification compulsory for UK patent attorneys (who are qualified to practice before UK IPEC)

Trade mark and design protection in UK - changes

UPC & Exhaustion - open

IP Landscape otherwise unchanged





CROSS BORDER LITIGATION

ISSUES THAT ARISE AND CHANGES POST-BREXIT

THE BASICS FOR EFFECTIVE CROSS-BORDER LITIGATION

- Understanding of local law and procedure
- Understanding market conditions and market practices
- Having a global perspective
- Coordination is everything!



CURRENT FRAMEWORK FOR CROSS-BORDER LITIGATION

- Currently a significant body of EU Regulations governing jurisdiction, recognition and enforcement of judgments in civil and commercial matters. Through EU Membership, the UK and all major EU states are furthermore party to relevant international conventions:
 - 2005 Hague Convention on Choice of Court Agreements
 - 2007 Lugano Convention
- EU Regulations ensure legal certainty and predictability for litigants and decisional harmony across the EU:
 - Brussels I Recast, Rome I and Rome II Regulations create a coherent system
- EU jurisdictions selected in choice of court agreements are given priority, weaker parties are protected. A judgment given by the English courts is treated as if it was given in the Member State of enforcement.
- The current system works well in practice.

PATENT LITIGATION IN EUROPE

- Theoretically harmonised, but there are many differences.
- Different approaches in different jurisdictions to:
 - Procedure
 - Damages
 - Costs
 - Injunctions/licences
 - Preliminary injunctions
- Examples:
 - **Germany** – bifurcated system - Creates issues e.g. co-ordination of timetable.
 - **France** – TGI exclusive jurisdiction. Revocation actions are rare.
 - **The Netherlands** – centralized court system.

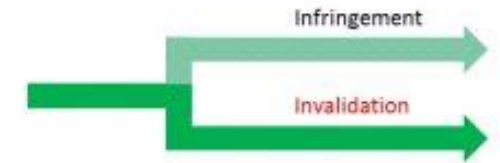
DOUBLE TRACK SYSTEM

Examples: **Japan, US, UK, France** and **Korea**



BIFURCATED SYSTEM

Examples: **Germany** and **China**



UK PATENT LITIGATION

- UK High Court reputability
 - Cheaper than the US, as discovery is less onerous
 - Quite quick – 12 months to trial
 - Winning party can recover costs
 - Proportionality and reasonableness are key concepts
- The balance of High Court and IPEC means it is now genuinely possible to litigate IP matters in a sensible, timely and cost-controlled manner in the UK
- The main issue between levels of court is often about which forum is more appropriate, particularly where two parties to litigation are different sizes. Generally the court will favor the less well-funded party, but if issues are complicated, will allocate to the High Court.
- UK High court litigation more ‘highly geared’ than some jurisdictions, but has the advantage that for high value (particularly very technical) cases, it has excellent highly technical judges who give well-reasoned decisions.
- A further advantage of the UK is that the courts have an expansive attitude to their inherent jurisdiction, particularly over such types of actions as declaratory relief actions.

PAN-EU INJUNCTION AND THE APPROACH OF DUTCH COURTS

'Spider in the web' doctrine pre-*Solvay*

Solvay v Honeywell - The Criteria for a Pan-European Interim Injunction

- Infringement claim must be in relation to infringement by the defendants in a multiple European countries (though not necessarily in the country where the injunction claim is brought)
- Infringement by the defendants must be of the same part of the same national patent
- Need sufficient "connectivity" between the defendants
- Claim must be for an interim injunction
- The court must be convinced that the patent is likely to be found to be infringed by courts in the relevant jurisdictions
- The court must consider whether there is a reasonable, "non-negligible", possibility that the patent invoked would be declared invalid by the respective courts in other member states

Forum shopping has taken on an unforeseen importance in pan-European patent litigation due to the development of the cross-border injunction by the Dutch Courts.

PAN-EU INTERIM INJUNCTION: VALUE

Decisions such as Solvay can have significant strategic and commercial value:

- Avoiding lost profits as a result of competitor sales
- Preserving brand reputation
- Avoiding cost of seeking multiple interim injunctions in multiple states
- Preventing risk of reverse engineering by the other side
- A successful decision could encourage settlement of the dispute

However, these potential benefits have to be weighed against the difficulty of achieving success in such an action (particularly outside the Netherlands).

ATTITUDES TO PAN-EU INTERIM INJUNCTION

UK COURTS

- UK Courts have recognised the validity of pan-European interim injunctions where they meet *Solvay*
- This possibility had been previously hinted at in a non-binding High Court comments
- However, UK courts demonstrate a general unwillingness to deal with the issue of pan-European interim injunctions

OTHER EU COURTS

- France – similar approach to UK
- Germany – *Solvay* largely followed in case law
- Italy – commentary supporting pan-European injunctions but little evidence of actual use

When looking at each of these jurisdictions, each state's requirements for granting an interim injunction in IP cases should also be considered

POST-BREXIT!?!?!

JURISDICTION AND ENFORCEMENT

- Which law will govern a dispute under an agreement?
- Which court will have jurisdiction to hear a dispute?
- Will a judgment in the UK be recognised in an overseas state, and if so, how?

→ *Slovak Republic v. Achmea B.V. (Case C-284/16)*

- The CJEU ruling in Achmea (dispute settlement) suggests that after Brexit the UK will not be able to avoid the impact of EU law and the CJEU

BREXIT: DIVERSIONS OF LAW

- Brexit will leave a large gap in the area of civil justice and judicial cooperation
- Current regime cannot, in its entirety, be maintained unilaterally via a Great Repeal Bill, as the Brussels I Recast and II bis Regulations require reciprocity
- If UK would continue to enforce Member State judgments without any formalities, EU Member States would not be obliged to do the same
- Unclear how these considerable gaps will be filled

BREXIT: CJEU JURISDICTION

- IP laws are largely harmonised across Europe.
- Much UK legislative framework in this field is composed of directly effective EU Regulations and transposed EU Directives.
- European rules harmonising legal cross-border litigation framework must be applied by Member State courts in a way that is uniform and consistent.
- Under Brussels I Regulation Member States are bound by the CJEU's judgments.
- Under the Lugano Convention they have to "pay due account" to the CJEU's decisions, allowing degree of flexibility.
- UK government previously indicated it would seek to reapply for the Lugano Convention.
- A UK-EU agreement on a workable solution without accepting any role of the CJEU is very unlikely.
- However, provided that an agreement with the EU is reached, the current rules *will* remain in force for the present, during the transition period and after the end of the transition period for disputes in which proceedings have already been issued when the transition period expires.

BREXIT: RECIPROCAL ENFORCEMENT

- At the very least a short term process put in place by which English law judgments can be enforced in European courts post-Brexit.
- Likely that UK will join the Hague Convention and/or the Lugano Convention
-
- Or that some other bespoke replacement or reproduction of Recast Brussels Regulation-type arrangements will be agreed.
- In the absence of any of these alternative solutions, the position would revert back to reliance on the domestic law on enforcement of jurisdiction clauses and recognition and enforcement of foreign judgments.

BREXIT: TRADE MARKS

The current procedure:

- EU legislation governs TM's and the EU Intellectual Property Office has the authority to grant them
- The international Madrid system also allows applicants to file a single trade mark application through the WIPO - many have opted for more expensive EU trade mark rather than a patchwork of national filings

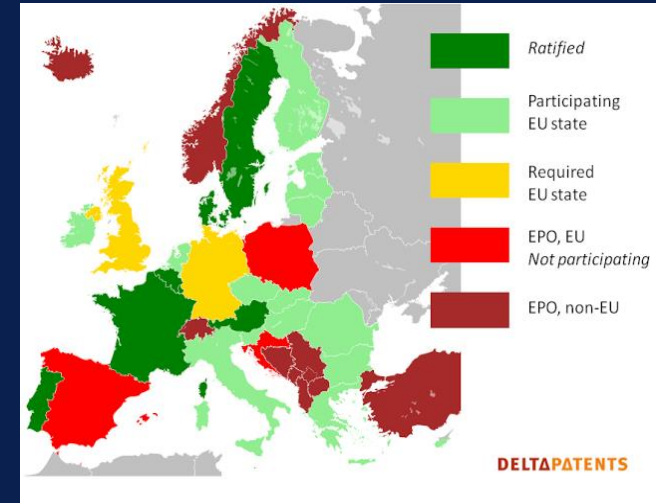
What will change?

- UK will no longer constitute an EU member state and consequently EU TM protection will not extend to brands in the UK
- The Government's technical notice on TM's assures rights holders that the UK will continue to protect EU trade marks that are in force on the day of exit through a new, equivalent UK trade mark. The UK will grant these equivalent TM's automatically with "minimal administrative burden"
- Unfortunately for rights holders, they will need to pay the UK's national renewal fee to maintain the mark in the UK — a substantial sum for marks registered in several classes
- UK lawyers enjoy rights of audience across EU courts and these rights may go along with Brexit. This is of particular relevance as Trade Mark Attorneys will no longer enjoy a right of audience in the EUIPO.
- There is a potential that community rights will cease to have effect in the UK.
- Regardless of whether a final agreement is reached, UK Government confirmed its aim is to "ensure the continuity of protection" and to "avoid the loss" of existing rights
- If agreement is not reached, or if the UK Government does not follow through on its promise to ensure continuity of protection, the rights in question will be automatically reduced in geographical scope and their value may diminish

UNITARY PATENT & UPC

WHAT NEXT FOR THE SYSTEM POST-BREXIT?

- It will enable owners of unitary patents and some European patents to enforce patent rights across Europe by seeking a Europe-wide injunction in proceedings in one jurisdiction.
- The Unitary Patent may or may not be upheld by the UK and the outcome of this is very much speculative at this stage. Unitary rights will not cover the UK. *There needs to be provisions of new grants of rights to make sure that people do not lose geographical location.*



UNITARY PATENT & UPC

WHAT NEXT FOR THE SYSTEM POST-BREXIT?

- The extent to which the UPC jurisdiction effects UK depends on outcome of Brexit
- Uncertain whether the UK can and will remain part of the UPC and Unified Patent system
- Uncertainty of Brexit creates further complications:

If there is a no-deal Brexit there are various scenarios for the UPC after exit day

- UPC will not come into force in the UK if it is not fully ratified by exit day. Here there will be no change for UK and EU business' regarding patent rights at point of exit
- UPC comes into force if it is fully ratified. The UK government's technical notice on patents implies a degree of uncertainty in this scenario, stating simply that the UK will explore whether it is possible to remain in the UPC and unitary patent system following Brexit
- Outcome is uncertain but either way the latter scenario would have various ramifications:

UK businesses will still be able to use the UPC and Unitary Patent with contracting countries to protect their patents but will not apply in the UK jurisdiction

Similarly EU businesses will not be able to use the UPC and Unitary Patent to protect patent rights within the UK, but will have to continue to use existing UK rights

UK business will still however be open to litigation within the UPC based on actions they undertake within the contracting EU countries if they infringe existing rights.



Questions?





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AWARD-WINNING FULL SERVICE INTELLECTUAL PROPERTY PRACTICE

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