The role of IP in a new post crisis world

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Report Encounter 9

Brexit - European and Worldwide IP

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Moderator:
Prof. Gabriele GAGLIANI, Bocconi University (Italy)

Speakers:
Prof. Alison FIRTH, University of Surrey (UK)
Prof. Craig NARD, Case Western Reserve University (USA)
Prof. Alain STROWEL, University of Saint-Louis and UC Louvain (Belgium)

According to Prof. Manderieux: "*Brexit is the result of a process that began decades ago with the famous quote from Margaret Thatcher "I want my money back" and has come to an end with the Brexit referendum*".

Now, in this context, it becomes unavoidable to question how this deconstruction does affect IP. Especially considering that Brexit is the contrary to the tendency of regionalisms and multilateralism which had characterised the IP international arena during the past years.

Prof. Fernández-Lasquetty highlights that even though this scenario of "divorce" is unpleasant, all the parties involved must work together towards harmonization, as they are all part of the same IP family.

In this context, Prof. Gagliani, who moderates this encounter, believes that Brexit is done but not finished, as many negotiations in the commercial and financial field are ongoing.

1. The relationship between the Withdrawal Agreement and the EU-UK Trade and Cooperation Agreement and IP

Prof. Firth points out that there are two main agreements on Brexit: the EU-UK Withdrawal Agreement (henceforth "WA") of November 2019 and the EU-UK Trade and Cooperation Agreement (henceforth "EUTCA") of December 2020. The WA is an agreement which regulates what happened once the UK withdrew effectively, after an initial transitional period until the end of 2020. Several WA provisions ensure continuity, domestic laws implementing EU law, EU Directives etc., have been retained, with the effect of CJEU decisions. EU registered IP rights were transformed into national UK rights.

The EUTCA, on the other hand, includes provisions for a long-period time. Some agreements on continuity

or on separation of legal systems have already been reached. Although the spirit of the EUTCA leads to continuity. Prof. Firth believes that there is still much work to be done. For instance, the EUTCA contains reasonable provisions on free movement of qualifying goods but it is light regarding services.

Many issues are still really complicated, Prof. Firth indicates, for example, border issues with the Republic of Ireland and how to deal with it. As for fishing policy, there must be a continuing dialogue. Also, the rules on borders and counterfeiting with third countries, which has been extensively regulated by EU laws; there is not a full solution for this matter yet.

Prof. Firth stresses that there is an interesting debate regarding international agreements and the instruments that were passed by the EU and binding for the UK. The EUTCA provides that the EU and UK will keep the membership in respect to international agreements of which it was already a contracting party (e.g., TRIPS). The Berne Convention is mentioned, although the EU is not a contracting party. Best efforts should be used to implement eventual other instruments, such as the Singapore Agreement.

Finally, Prof. Firth hopes that there will eventually provide some agreement on what to do in relation with exhaustion of rights, as EUTCA keeps silence on this matter. So far, the position of the parties is a mere unilateral recognition of exhaustion of rights from UK side. Therefore, rights in goods put on the market in the EEA will be exhausted in the UK, yet there is not the same reciprocity for goods put on the market in the UK. As a consequence, putting the goods on the market in the UK will not exhaust the IP rights in the EEA. In general, Prof. Firth is positive, as there is a lot of harmonization with EU, like in patent law.

After this analysis from Prof. Firth, Prof. Nard indicates that this "divorce" is a devolution process. According to him, the focus on harmonization and continuity is part of the debate but also this transfer of power to the UK is an incredible opportunity to rethink certain provisions and cooperation agreements. In this sense, Prof. Nard asks Prof. Firth that, even though Brexit is a devolution process, whether they want to leave it all or continue to apply certain provisions, in the light of continuity principles.

Prof. Firth completely agrees with Prof. Nard's approach on the idea of entering into a scenario in which continuity will be applied but also in which domestic solutions will be also effective. She highlights that the interesting areas of the EUTCA are where divergence is possible, as in the case of exhaustion. In addition, Prof. Firth brings the example of Trademarks and the Commonwealth jurisdictions approach and how States such as New Zealand or Singapore developed their defences to Trademarks infringement in a different way. The EUTCA provides a solution along the lines of the International Agreements (TRIPS, for instance) but also opens the door for UK to craft their own defensive measures, being able to adopt local ideas, together with EU law influences.

At this point of the debate, Prof. Strowel also indicates that there are reasons to believe that the dialogues between the IP experts and practitioners from the UK and EU, which started when the UK joined the EU, will continue. Oxford, Cambridge and London were top places to discuss IP, with academics and practitioners, and to shape IP policies, and this will remain so. The dialogues between the judges and practitioners will go on and mitigate somewhat the departure of the UK.

Prof. Strowel then compares the EUTCA with the Trade Agreement between EU and Canada (henceforth "CETA") to highlight their main differences. CETA was an attempt to create some sort of a new "law order" (with legislative, administrative and adjudicative bodies), but EUTCA goes in the other direction, its aim is to disassemble an organisational and legal structure, what remains is an accent on keeping judicial cooperation and enforcement initiatives between the EU and UK (provisions not included in CETA). Prof. Strowel highlights that the EUTCA misses certain provisions, such as the mutual recognition of standards or Geographical Indications, which are more regulated and clearer in CETA than in EUTCA. Another grey area is border measures. Prof. Strowel stresses that if WA and EUTCA are read in conjunction, some continuity with the established EU system appear.

2. Whether International Agreements and EU Agreements applicable to UK and EU will still be binding for UK or not.

According to Prof. Strowel: *"the "divorce" between EU and UK is not too painful as many EU rules are still retained"*.

Nonetheless, international agreements are not a helpful tool to make Brexit less painful given the fact that the level of protection set down by international instruments is minimal (minimum standards). TRIPS for instance sets low standard rules for all WTO Member States. In the case of patent, Brexit does not have far-reaching consequences. The European Patent Convention (henceforth "EPC") will still be applicable for both the EU and UK.
There are important gaps in the TCA. Exhaustion is not addressed. The border measures concerning goods seems to already impact the fashion industry (for ex control when clothing is made of natural material) .

Prof. Nard agrees that International Agreements are not the solution, as they are only strong tools when their Members States are willing to accept their provisions. Consequently, Brexit cannot benefit from International Agreements.

Prof. Firth expands the debate with regard to the Unified Patent Court (henceforth "UPC"), from which the UK has also withdrawn.

All speakers highlight that the first UPC conversations started in the early 2000s, whilst the patent sector has changed dramatically. Therefore, they all declare that Brexit is a great opportunity to rethink UPC. In particular, Prof. Strowel says that UPC has taken an unpleasant path for the EU integration, as within the unitary patent package, the substantive patent law provisions are not included in an EU instrument, but in an international agreement.

3. How BREXIT can be related to the US?

Prof. Nard believes that from an US perspective, the UPC project was a good attempt to unify and harmonize but sees Brexit as an opportunity to rethink how patent law in an international cooperation

scenario shall be. There is a great chance to rethink the UPC structure. In this regard Prof. Nard also underlines that part of the reasons behind Brexit lie on the constant attempts from the EU to centralize all their bodies (e.g. a single UPC Appeals Court in Luxembourg only instead of adopting a competitive structure of courts. Europe can and should learn from the advantages and disadvantages deriving from the implementation of the single Court of Appeals for the Federal Circuit (CAFC) in the US. Prof. Nard affirms that in this regard, Brexit is a delightful opportunity for innovation, experimentation and diversification. Indeed, if UK can provide a different competitive structure of courts, this can result in a positive competition, where different Courts complement each other and may reach a positive harmonisation.

On the other hand, Prof. Firth states that there is a lot of work still to be done. For instance, UK cannot be part of the current Brussels I bis Regulation on jurisdiction and recognition of judgments and is not sure yet on whether the Lugano Convention will be applicable for their jurisdiction, but then again, it is believed that a solution will be found for jurisdictional matters.

With regard to jurisdiction and enforcement provisions Prof. Strowel expands the statement brought by Prof. Firth and highlights that UK Courts will miss the possibility of pan-European injunctions, for example in the context of Community Designs and EUTM. In addition, these injunctions are especially important for digital uses.

Other source of debate in relation to the EU Copyright Digital Directive was brought by Prof. Firth, who confirms that the UK did not intent to be bound by this instrument at any moment. In words of Prof. Firth, this Directive works narrowly in the protection of rightsholders and sets up unfair limits for journalists. Prof. Strowel points out that the regime of the related rights for press publishers (art. 15 CDSM directive) is already put in question as some Members of the European Parliament are pushing for new provisions in the draft EU Digital Services Act, less than 2 years after the adoption in 2019 of the CDSM Directive. Coherence is needed here. Prof. Nard indicates that the same debate exists in the US regarding this provision. News Aggregators always say that they should not pay any fees as they are doing a promotion act. Although, the more public links, the less visitors the original source will receive. This dilutes the genuine work. A standard to regulate what kind of uses is much needed.

Finally, Prof. Strowel points out that some related rights created by EU legislation such as the *sui generis* rights for databases will not necessarily be maintained in the UK but might be reinserted within the umbrella of copyright. But the future will thus see some adjustment that might increase the divergence between the UK and EU. At the same time, the EU Database Directive is being reviewed in the EU and might be amended. Prof. Firth is sure that the UK might import those ideas.

4. How does Brexit affect the counterfeiting policies of the UK?

Prof. Firth is uncertain about the future when it comes to this aspect, as this was regulated by EU Instruments. Implementing a blockchain system technology for tracking is a great idea. Tech might step in.

In the meantime, there has been an embracing of EU style on mechanisms against counterfeiting. For instance, UK implemented the principles to reverse the burden of proof for saying the destination of the

product. UK will surely continue to have EU influences in the UK law making.

Prof. Desantes believes that there is certainly a lot of work to do in many fields. However, considering that a lot of harmonization has been already achieved, such as in the patent field, he positively concludes that this separation will not be extremely painful with regard to the IP sector.

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