

Written evidence submitted by the Law Society of England and Wales (FRE0054)

1. The Law Society of England and Wales (The Law Society) is the independent professional body that works globally to support and represent 200,000 solicitors, promoting the highest professional standards and the rule of law.
2. Services, and in particular legal services, play an important role in facilitating the globalised market, both directly and indirectly. Latest figures show that legal services contributed £60bn to the economy in 2018 and has the highest balance of trade among professional services in the UK. The concentration of legal and financial services in the City is a key factor to the UK's economic prosperity.
3. Our legal services market is the second largest in the world, and the largest in Europe. Legal services support around 552,000 full time employees, and the sector was worth almost £60bn (GVA) in 2018. England and Wales remains an open jurisdiction and the proud home of over 200 foreign firms and over 2700 registered foreign lawyers from nearly 100 separate legal jurisdictions. Our members make a net contribution of £4.29 billion to the UK balance of trade and play a vital facilitatory role in wider international trade.
4. The Law Society has already submitted to this inquiry, and this written evidence supplements our previous document,¹ focussing on intellectual property (IP) at the request of the Committee.

What are the current provisions covering intellectual property in the Withdrawal Agreement?

5. Title IV (Articles 54 – 61) of the Withdrawal Agreement contain the provisions on IP protection and enforcement, while Article 97 concerns the EU Intellectual Property Office (EU IPO).
6. The Agreement is primarily concerned with the protection of IP rights which have been registered with the EU IPO before the end of the transitional period.² Provisions include:
 - i. Automatic recognition of EU trade marks, Community designs and Community plant variety rights, with the holders granted comparable UK rights by the UK IPO, without the need for registration.

¹ <https://committees.parliament.uk/writtenevidence/4990/pdf/>

² Patents as a class of IP rights were not incorporated into the Withdrawal Agreement as the European Patent Office (EPO) is established under the European Patent Convention (EPC) and the UK will continue as an EPC member state. UK professional representatives and legal practitioners will continue to have rights of representation before the EPO, but UK legal practitioners will likely lose the right to represent in the Unified Patent Court (UPC) assuming that the UPC goes ahead without the UK - see also responses to Questions 3 and 8.”

- ii. The date of filing for newly created UK IP rights is the date of the comparable EU right, and renewal dates are synced.
- iii. EU nationals who are granted UK rights under the Withdrawal Agreement are not required to obtain a UK correspondence address for 3 years beyond the end of the transitional period.
- iv. Where an application for registration with the EU IPO is pending at the end of the transitional period, the holder shall have 9 months to apply for corresponding UK registration where the UK will recognise the original EU filing date. The same applies for community plant variety rights, though the deadline is 6 months.
- v. Where registered EU rights are ultimately declared invalid or revoked as a result of an administrative or judicial procedure which was ongoing on the last day of the transitional period, the comparable UK right shall also be declared invalid or revoked, except where the grounds for invalidity or revocation do not apply to the UK.
- vi. There is automatic protection, to the same standard as granted under EU law, for both unregistered Community design rights which have come to light before the end of the transitional period, and for geographical indications, designations of origin or traditional specialties, where the protections are granted under EU law before the end of the transitional period. Additionally, the UK will enforce protections obtained before the end of the transition period in relation to internationally registered trade marks or designs.
- vii. There is confirmation that UK lawyers who are representing parties in proceedings which are ongoing before the EU IPO at the end of the transitional period will be entitled to continue representing them for that procedure, without any diminution in rights or treatment.
- viii. There is confirmation that for civil proceedings instituted for infringement of EU IP rights prior to the end of the transitional period, either in the UK or in the remaining 27 EU Member States, the existing EU laws on jurisdiction, recognition and enforcement shall apply, irrespective of when those proceedings are finally concluded.

How do the UK and the EU's positions in the negotiations compare with regard to intellectual property?

7. The UK and EU have each set out their opening positions on Intellectual Property in the respective draft legal texts. Both texts appear to be based on the EU-Japan Agreement, and include incorporation of trade secrets as a category of IP rights – which was not the case with CETA.
8. The provisions outlined on both sides are broadly similar in relation to the agreed standards of protection and almost identical in relation to the level of enforcement, including the same range of civil remedies, interim measures, and cross border action by customs authorities.

Similarities

9. A number of developments to the Japan Agreement are proposed, with several of these mirrored in both the UK and EU texts. For copyright holders these include:
 - i. measures against circumvention of technological protections
 - ii. shared equitable remuneration for the direct or indirect use of phonograms, and
 - iii. recognition of electronic signatures.
10. There are also more detailed stipulations on the registration process for trade marks, building on the provisions in the Withdrawal Agreement. Again, patents are not incorporated (with the exception of patents in the area of Public Health), given that both sides are parties to the European Patents Convention.

Differences

11. There are, however, a number of notable differences in the two draft legal texts, the most visible of which is the omission of the UK position on geographical indications - we note that the Committee is not including this within its definition of IP but have in any event referred to it in this paper as it is an important area.
12. Another is the disparity in the lists of international IP conventions and treaties which are referenced. Part of this is due to a difference in definition: the UK has included in its list of international treaties to which both sides are a signatory those conventions and agreements signed by either the EU or member states, whereas the EU text includes only those ratified by the EU in the corresponding list. The Law Society is exploring further the full implications of the difference in international treaties which are proposed by the UK and EU.
13. The UK text also lists exhaustively all agreements at the start of the IP chapter, while the EU text lists some treaties in the subsection on international agreements, and subsequently

references other agreements in the following chapters. The EU draft legal text only makes reference to the Paris, Berne and Rome Conventions with regards to national treatment, and in relation to well-known trade marks, whereas the UK agrees to be generally bound by each.

14. The UK additionally sets out specifically that it will provide for protections against unfair competition in accordance with the Paris Convention, whereas the EU text states only that "intellectual property rights" means all categories of intellectual property that are covered by Articles IP.7 to IP.46 of this Title and Sections 1 to 7 of Part II of the TRIPS Agreement, including protection against unfair competition as referred to in Article 10bis of the Paris Convention." The Law Society is examining further the full implications.
15. There are also a number of divergences on the standards of protection set out in the draft legal texts:
 - i. With copyright, the UK text removes the EU-Japan commitment to exchange views and information on resale rights and conversely strengthens the protections regarding collective management. These changes are not reflected in the draft EU text.
 - ii. On trade marks, the EU text (IP.20 (2) and (3)) seeks continuation of the rules relating to infringing "goods in transit", introduced in the 2015 EU trade mark reforms, while the UK has not included this concept in its draft. The EU text also outlines in detail the current exceptions to trade mark infringement under EU law, whereas the UK has used a more general provision allowing for limited exceptions which take into account the legitimate interests of the trade mark owner and third parties. Neither draft deals with the existing concept of "reputed" trade marks in EU and UK law, both reverting to the international base line for "well-known marks".
 - iii. With designs, the UK has set out in detail the key existing provisions from EU/UK law on the existence and enforcement of designs, whereas the EU has provided more general terms. In relation to unregistered design rights, the UK text makes it clear that disclosure in either territory gives rise to the existence of an unregistered community design, whereas the EU text is vague and refers to "in the territory of the respective Party". Businesses will benefit from a reciprocal agreement between the UK and the EU which ensures that disclosure in either the UK or EU attracts both the supplementary unregistered design and the unregistered Community design (avoiding issues of, for example, timing of the London Fashion Week v Paris Fashion Week).

- iv. On the treatment of test data for marketing approval, under the category of Trade Secrets and Undisclosed Information, the period during which marketing of test material is to be prohibited by other users is extended from 6 to 8 years in the UK text, versus an EU extension to 10 years.
 - v. On domain names, the UK text (24.34 (2)) provides the basis for challenging bad faith domain registrations (which, for the EU, relate to the .eu domain name). This is not dealt with in the EU text. The UK text does not seek to open up ownership criteria of .eu domains to UK-based registrants.
16. As mentioned above, the positions on enforcement of IP rights are largely identical, though the EU text would additionally oblige both sides to publish judicial decisions connected with this chapter. The UK language is also less binding ('may' instead of 'shall'), and there is no UK reference to voluntary cooperation with wider stakeholders, as seen in the EU text.
17. Finally, on dispute resolution, the UK text stipulates that the overarching dispute resolution mechanisms do not apply to this chapter. Disputes are instead overseen by the Committee on IP. This reflects the Japan Agreement, but this is not the position in the EU draft text which suggests disputes would go to the overarching dispute resolution mechanism.

What are the key concerns of your clients regarding intellectual property matters in the negotiations between the UK and the EU?

18. The concerns highlighted below are touched upon in the UK and EU texts and are likely items of negotiation.
19. The key concerns of businesses are likely to be:
- i. Continuity and certainty with regard to enforcement and protection;
 - ii. Cross-jurisdictional co-operation between law enforcement authorities with regard to counterfeiting;
 - iii. International co-operation to reduce duplication and the costs of enforcement;
 - iv. Ensuring a stable IP framework, which encourages businesses to invest in new technology and research and development;
 - v. Managing the costs of registering rights, especially for SMEs; and
 - vi. The ability to obtain advice, remedies and representation in the UK that can be applied across the EU.

20. It is essential that the UK and EU reach a reciprocal agreement regarding the place of first publication of a new design. The EU should agree that first publication of a design in the UK will qualify for unregistered community design protection in exchange for the UK agreeing that first publication in the EU will qualify for the new UK supplementary design right protection. Without this agreement, you cannot own both the UK and the Community unregistered design, leaving businesses with the impossible choice of having to decide whether to launch new designs in the UK, and have no unregistered protection in the EU, or launch in the EU and have no unregistered protection in the UK. In essence, the UK's clarity on the existence and enforcement of designs should be matched by the EU.
21. With the emphasis that has been put on post Brexit UK as a centre of excellence for life sciences, it is important to note that Supplementary Protection Certificates (SPCs) extending patent protection for medicines for which regulatory approval to market has been unduly delayed are creatures of EU law and Brexit has introduced some worrying uncertainty as to whether SPCs will continue to be available in the UK and how they will be obtained and enforced to protect originator pharmaceutical companies.. Both the UK and EU texts have provisions on patents in public health, but fears have arisen as they suggest that compensation for undue delay will be the likely remedy.
22. There is a further concern amongst pharmaceutical originators that the UK may be tempted to put cheap drug prices ahead of a strong IP system.
23. Separate to the FTA negotiations, companies are also concerned about UK withdrawal from the Unified Patent Court (UPC). As a result of UK withdrawal, UK judicial expertise will be lost from the UPC likely resulting in weaker decisions by less experienced patents judges. These UPC decisions without UK input may as a matter of commercial reality lead to the resolution of a patent dispute for the whole of Europe including the UK without UK Courts having had any say in the matter at all. UK withdrawal from the UPC would not therefore entirely end the influence of the UPC over the UK (and thus de facto continue a limited jurisdictional effect of the CJEU in the UK via the UPC). It would be preferable for the UK to remain part of the UPC and able to participate in and influence its jurisprudence.

Why do you think the EU does not want to include audio-visual services in any agreement? How might the EU's reluctance to consider audio-visual services in the negotiations impact on the intellectual property of the UK's audio-visual services industry?

24. The reasons why the EU does not wish to include audio-visual services in any agreement are primarily connected with free movement issues, rather than intellectual property matters.
25. In particular, we believe that the EU does not wish to set a precedent where non-members are given access to the EU's media markets because the US, in particular, has long argued that provisions favouring local content (quotas, tax breaks, etc) are protectionist and unjustified.
26. In addition, the balance of trade between the UK and the EU in relation to audio-visual services is largely in one direction (UK to EU), so the EU would stand to benefit relatively little from the continuation of free movement of audio-visual services, particularly as many UK-based international broadcasters have already re-organised their operations which serve non-English speaking audiences in order to replace UK regulation through Ofcom licences with regulation in other EU Member States.
27. In the short to medium term, the absence of audio-visual services from any agreement will have no impact on the intellectual property of the UK's audio-visual services industry. Films and TV programmes produced by UK companies will still count towards the European content quotas which EU audio-visual service providers are required to meet. In particular, the relevant definition of "European work" in the EU Audio-visual Media Services Directive derives from a Council of Europe Convention³. In the longer term, it is possible that the EU may choose to revisit the definition of European works, although to do so would not only impact the UK, but also other countries in the wider Europe so, even though the UK industry would be by far the most damaged by such a move, it may not be an easy political decision for the EU to take such a course.

Based on the parameters set out by the UK and EU draft legal texts, could reaching an agreement with the EU restrict the UK's ability to pursue agreements on intellectual property matters with third countries? If so, how?

28. The two key concerns here relate to geographical indications (GIs) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement):
 - i. GI protections – pursuant to the Withdrawal Agreement, the UK agreed to recognise and protect all of the EU's GIs, effectively preventing others from producing imitation products. This applies "unless and until" an agreement governing the future relationship is in place. The UK's current stated negotiating position is:

³ <https://www.coe.int/en/web/conventions/full-list/-/conventions/rms/090000168007b0d8>

“There are different ways of proceeding on Geographical Indications (GIs) and the UK will keep its approach under review as negotiations with the EU and other trading partners progress. Any agreement on GIs must respect the rights of both parties to set their own rules on GIs and the future directions of their respective schemes.”

The protection of GI's is extremely important to the EU and the EU has criticised what it sees as the UK's attempt to reopen the issue of GIs. The EU has over 3,000 GIs whereas the UK has only 88 (though it should be noted that they include significant exports such as Scotch whisky and Stilton blue cheese). Providing protection for all EU GIs could cause issues, for instance, in respect of a US trade deal given that it is understood that food exports are a very high priority for the US and it is believed that the US views the EU GI scheme as having a negative market access effect on US producers.

- ii. Separate to GIs, the TRIPS Agreement is an agreement entered into by all WTO members setting out minimum standards of intellectual property protection which must be provided. Article 4 is a most-favoured-nation clause (MFN) which states (subject to some limited exceptions):

- i. *“any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members”*

29. Therefore, whatever the UK offers to the EU must also be provided to all other WTO members.

Could you sketch out a possible compromise between the UK and the EU on intellectual property and how it might be achieved?

30. The key area of divergence on intellectual property at present appears to relate to GIs. We do not know what the UK intends to propose as a compromise on GIs. We note that the US/Mexico/Canada trade agreement sets out the following:

“important procedural safeguards for recognition of new geographical indications (GIs), including strong standards for protection against issuances of GIs that would prevent United States producers from using common names, as well as establish[ing] a mechanism for consultation between the Parties on future GIs pursuant to international agreements”.

What would happen if agreement was not reached between the UK and the EU on intellectual property matters? What would be the international legal baseline they would fall back on?

31. As set out above, although EU trade marks and designs will no longer cover the UK after the end of the transition period, comparable UK rights will be automatically created. Owners of pending EU trade mark and design applications will need to make an application to the UK IPO within a 9 month period to obtain protection in the UK. Patents and copyright will be largely unaffected with a few exceptions, in particular for cross-border copyright arrangements such as the portability of online content.
32. The position on GIs will remain the same as under the Withdrawal Agreement “unless or until” another agreement is entered into.
33. Pan-EU injunctions will no longer be available through UK courts (pan EU injunctions would of course no longer cover UK rights in any event).
34. English solicitors will no longer be able to represent clients before the EUIPO following the end of the transition period, except in the case of proceedings commenced prior to the end of the transition period. English solicitors will only be permitted to act in proceedings before the Court of Justice in Luxembourg in very specific cases.
35. The UK would trade with the EU on WTO terms in the absence of a new agreement being entered into with the EU.

What are the mechanisms for the protection and enforcement of intellectual property rights across Europe beyond those governed by the legal order of the EU and the jurisprudence of the CJEU? Will the UK need to accede to these mechanisms after the Transition Period if it wanted to take advantage of them, or has it already done so?

36. The UK is already signatory to several international conventions and treaties including some which are not dependent on membership of the EU. Further details can be found at Article 24.3 of the UK’s draft legal text. They include:
 - i. The Paris Convention for the Protection of Industrial Property, which includes a requirement that member countries must provide the same protections provided to its own nationals to those of other member countries and provides for certain rights of priority based on registrations in other jurisdictions;
 - ii. The Berne Convention for the Protection of Literary and Artistic Works , providing for minimum protections for authors and their works;

- iii. The Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, providing for protection in performances for performers, in phonograms for producers of phonograms and in broadcasts for broadcasting organisations;
- iv. The World Intellectual Property Organisation (WIPO) Performances and Phonograms Treaty (WPPT), which provides protection of the rights of performers (actors, singers, musicians, etc.) and producers of phonograms primarily in a digital environment);
- v. The WIPO Copyright Treaty (WCT), an agreement under the Berne Convention on the protection of works and the rights of authors in the digital environment;
- vi. The European Patent Convention, the international agreement that established the European Patent Office, which oversees the examination and grant of European Patent applications. The EPC is not affected by Brexit
- vii. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), covered in section 23.
- viii. The Madrid Protocol, which provides for a system to allow international trade mark protection;
- ix. The Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks;
- x. The Beijing Treaty on Audiovisual Performances, which protects performers' rights (including moral rights); and
- xi. The Marrakesh Treaty, making the production and international transfer of specially-adapted books for people with blindness or visual impairments easier.

37. The UK has also made an application to accede to the Lugano Convention independently (the UK's membership as part of the EU will fall away at the end of the transition period). It is important that the UK is able to become a signatory to the Lugano Convention because the Recast Brussels Convention will cease to apply to the UK after the end of the transition period and so the enforcement of UK judgments in the EU will likely become more difficult and there will be less certainty with regard to jurisdiction issues. This is covered in greater detail in our previous submission.

38. The UK formally ratified the UPC Agreement after the Brexit referendum decision but has since stated informally that it wishes to withdraw before the UPC (and the Unitary Patent which goes with it) have come into existence. The start of the UPC and UP are currently held up by a constitutional challenge in Germany but steps are being taken to overcome this. The purpose of the UPC was to allow one brand new and supranational patent court to decide patent validity and infringement disputes about most European Patents and all Unitary Patents for all the participating Member States. This is in stark contrast to the present situation where a European Patent once centrally granted through the European Patent Office must be separately challenged and enforced in each country for which it has been designated. This frequently leads to much higher costs, long delays and the potential for irreconcilable decisions of different national patent courts around Europe on the same subject matter. These advantages for UK industry will be partially forfeited if UK withdrawal from the UPC is formally confirmed as part of the negotiations and steps are taken to unwind the previous ratification by the UK of the UPC agreement.

Has COVID-19 had any impact on the administration and enforcement of intellectual property in the UK? What lessons can be learned from this that could assist in preparations for a new intellectual property regime after the Transition Period ends?

39. One impact has been the use of postal correspondence by the UK Intellectual Property Office. Due to its remote working, certificates and other documents are not being sent by post. One lesson in future could be a push towards issuing documents only electronically (as the EU Intellectual Property Office does or registration certificates, for example). However, the Intellectual Property Office does not have electronic communication details for many, particularly older, files.

June 2020



Committee on the Future Relationship with the European Union

House of Commons, London, SW1A 0AA

Email: freucom@parliament.uk Website: www.parliament.uk/freucom

20 April 2020

Simon Davis
President of the Law Society of England and Wales
The Law Society's Hall
113 Chancery Lane
London WC2A 1PL

Dear Mr Davis,

I am writing on behalf of Mr Benn MP to thank you for your kind words of congratulations on his re-election as Chair of the Committee.

Our Committee is continuing its work despite the obstacles placed on it by the Covid-19 pandemic and is conducting its work remotely.

The Committee is keen to gather as much evidence as possible to inform its deliberations and we are currently inviting written evidence from stakeholders. Next month we will be focusing on professional and business services (law, financial services, architecture etc.) and I have passed on your details to our specialists who may be in touch with specific questions which fall within your area of expertise.

You are of course welcome to submit evidence via the [Committee's website](#). You may find it helpful to consult the terms of reference to our inquiry which can also be found via this link.

Once again, thank you for supporting the work of our committee.

Yours sincerely,



Mark Earl

Senior Committee Assistant, Committee on the Future Relationship with the European Union

House of Commons | London SW1A 0AA

Tel: 020 7219 4826 | E-mail: earlmb@parliament.uk

 [Website](#)