

## Competition Law Association Burrell Lecture

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### Divergence of UK Law from EU Law after Brexit: The Example of Intellectual Property

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#### Introduction

I am honoured to have been invited to deliver the 22<sup>nd</sup> Burrell Lecture. The Burrell Lecture commemorates John Burrell QC, who was called to the Bar in 1948, took silk in 1973 and died at the sadly young age of 61 in 1985. He was an expert in both intellectual property law and competition law, and a pioneer of what was then called EEC law. Among other things, he was Chairman of the Plant Varieties and Seeds Tribunal from 1974 to 1985, a member of the Working Committee on EEC Trade Mark Law from 1975 to 1977 and successively Vice-President from 1978 to 1980 and President from 1980 to 1982 of what is now the Ligue Internationale du Droit de la Concurrence (International League for Competition Law), the British Group of which is the Competition Law Association. He also played a role in finally getting the recommendation for registration of service marks made by the 1974 Mathys Report<sup>1</sup> implemented by the Trade Marks (Amendment) Act 1984.

The Burrell Lecture has been delivered by some very distinguished speakers over the years. In May 2019 the 21<sup>st</sup> lecture was delivered by Christopher Vajda, then the UK judge of the Court of Justice of the European Union. This lecture has, like so many other events, been delayed by the COVID-19 pandemic.

Since May 2019, the United Kingdom has left the European Union. Now that nearly a year has passed since the end of the implementation (or transitional) period at 11pm on 31 December 2020, it seems a good moment to take stock of the various ways in which UK law is already diverging and may in future diverge from EU law, taking intellectual property law as an example.

#### The new legal framework

Before doing so, it is first necessary to outline the complex legal framework which has replaced the UK's membership of the EU. The principal international legal instruments consist of the Withdrawal Agreement,<sup>2</sup> which has some continuing effects after 31 December 2020, particularly in the case of its Northern Ireland Protocol,<sup>3</sup> and the Trade and Cooperation Agreement (TCA).<sup>4</sup> The principal domestic legal instruments (although there are other Acts of Parliament which contain relevant provisions and thousands of statutory instruments) are the

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<sup>1</sup> *Report of the Committee to Examine British Trade Mark Law and Practice* Cmnd 5601 (May 1974).

<sup>2</sup> Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community [2019] OJ C384 I/1.

<sup>3</sup> Protocol on Ireland/Northern Ireland.

<sup>4</sup> Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part [2020] OJ L444/14.

European Union (Withdrawal) Act 2018, the European Union (Withdrawal Agreement) Act 2020 and the European Union (Future Relationship) Act 2020.

For present purposes, the key points to note are as follows. First, the European Communities Act 1972 has been repealed.<sup>5</sup> Secondly, EU law is no longer supreme (subject to the point noted below).<sup>6</sup> Thirdly, future EU legislation (including legislation which had already been passed but was not due for implementation until after 31 December 2020) will not apply to the UK or become part of domestic law. Fourthly, save in very limited circumstances which are not relevant for present purposes, courts and tribunals in the UK can no longer refer questions of EU law to the CJEU.<sup>7</sup> Fifthly, a large number of specific amendments to domestic legislation have been made by statutory instrument where this was necessary to address the consequences of Brexit. Sixthly, notwithstanding points one to five, EU law will remain relevant for a long time to come. This is because the 2018 Act (as amended by the European Union (Withdrawal Agreement) Act 2020) has converted most of the body of existing EU law, as it applied to and within the UK on 31 December 2020, into domestic law and has preserved most of the domestic laws that implemented the UK's obligations while an EU Member State.

The 2018 Act creates five categories of "retained EU law":<sup>8</sup> (i) EU-derived domestic legislation (particularly primary and secondary legislation which implemented Directives);<sup>9</sup> (ii) direct EU legislation which applied to the UK (such as Regulations);<sup>10</sup> (iii) saved directly effective rights;<sup>11</sup> (iv) retained case law;<sup>12</sup> and (v) retained general principles of law.<sup>13</sup> Most of these categories comprise a number of sub-categories and are subject to various exclusions,<sup>14</sup> but some of the exclusions are themselves qualified: for example, the EU Charter of Fundamental Rights is excluded,<sup>15</sup> but fundamental rights and principles which exist irrespective of the Charter are not.<sup>16</sup> Note also that it is specifically provided that the principle of supremacy of EU law continues to apply so far as relevant to the interpretation, disapplication or quashing of any enactment or rule of law passed or made before 31 December 2020.<sup>17</sup>

The general effect of category (i) is that the legislation transposing EU Directives in the field of intellectual property which had been implemented by the UK prior to 31 December 2020 will remain in full force and effect unless and until it is repealed or amended by domestic legislation. The general effect of category (iv) (and, to a lesser extent, category (v)) is that both

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<sup>5</sup> European Union (Withdrawal) Act 2018 s.1.

<sup>6</sup> European Union (Withdrawal) Act 2018 s.5(1).

<sup>7</sup> European Union (Withdrawal) Act 2018 s.6(1)(b).

<sup>8</sup> European Union (Withdrawal) Act 2018 s.6(7).

<sup>9</sup> European Union (Withdrawal) Act 2018 s.2.

<sup>10</sup> European Union (Withdrawal) Act 2018 s.3.

<sup>11</sup> European Union (Withdrawal) Act 2018 s.4.

<sup>12</sup> European Union (Withdrawal) Act 2018 s.6(3).

<sup>13</sup> European Union (Withdrawal) Act 2018 s.6(3). General principles of EU law do not ground a right of action in domestic law (European Union (Withdrawal) Act 2018 s.5(6) and Sch.1 para.3) although proceedings may in certain circumstances be brought until 31 December 2022 in respect of acts done prior to 31 December 2020 (European Union (Withdrawal) Act 2018 s.23(7) and Sch.8 para.39(5)).

<sup>14</sup> For example, the retention of EU-derived domestic legislation is subject to the exceptions provided for by ss.5(6), 5A and Sch.1 of the European Union (Withdrawal) Act 2018: European Union (Withdrawal) Act 2018 s.2(3).

<sup>15</sup> European Union (Withdrawal) Act 2018 s.5(4).

<sup>16</sup> European Union (Withdrawal) Act 2018 s.5(5).

<sup>17</sup> European Union (Withdrawal) Act 2018 s.5(2). See *R (Open Rights Group) v Secretary of State for the Home Department* [2021] EWCA Civ 800, [2021] 1 WLR 3611 at [12]-[13].

domestic and CJEU decisions rendered prior to 31 December 2020 concerning retained EU laws remain binding below the level of the Court of Appeal (or in Scotland the Inner House of the Court of Session), and may only be departed from by the Court of Appeal or the Supreme Court in circumstances where the Supreme Court would depart from one of its own precedents.<sup>18</sup> As for future CJEU decisions, courts and tribunals are not bound by them,<sup>19</sup> but “may have regard” to them so far as relevant.<sup>20</sup>

For completeness, it is worth noting that section 31 of the European Union (Future Relationship) Act 2020 confers a very wide power to make regulations to implement the TCA, and even in the absence of such regulations section 29 gives effect to the TCA so far as is necessary for the purposes of complying with the international obligations of the UK under the TCA.<sup>21</sup> The relevance of this for present purposes is that Title V of the TCA contains extensive provisions setting out minimum standards with respect to the protection of intellectual property which substantially reflect the EU *acquis*.

Under this new framework, there are five ways in which UK law either already has or may in future diverge from EU.

### **1. Immediate changes consequential upon the UK ceasing to be a Member State**

The first way in which UK law has diverged from EU law is that many changes, small and large, came into effect at 11pm on 31 December 2020 which were necessary as a consequence of the UK ceasing to be a Member State. Such changes were mostly effected by amendments made by statutory instruments under a power conferred by section 8 of the 2018 Act to make provision “to prevent, remedy or mitigate (a) any failure of retained EU law to operate effectively, or (b) any other deficiency in retained EU law, arising from the withdrawal of the United Kingdom from the EU”.<sup>22</sup> I will give three examples of this process.<sup>23</sup>

First, European Union Trade Marks and Community Designs are unitary intellectual property rights which cover the territory of the EU.<sup>24</sup> The withdrawal of the UK from the EU had the necessary consequence that EUTMs and CDs ceased to cover the UK. It logically followed that the EUTM Regulation should not form part of UK law, and so the EUTM Regulation has been “revoked”, i.e. excluded from retained EU law.<sup>25</sup> The CD Regulation has not been entirely revoked, but has been amended as a matter of domestic law so as no longer to relate to registered CDs.<sup>26</sup> To protect proprietors of EUTMs and registered CDs from loss of coverage,<sup>27</sup>

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<sup>18</sup> European Union (Withdrawal) Act 2018 s.6(4),(5),(5A) and European Union (Withdrawal) Act 2018 (Relevant Court) (Retained EU Case Law) Regulations 2020 (SI 2020/1525).

<sup>19</sup> European Union (Withdrawal) Act 2018 s.6(1)(a).

<sup>20</sup> European Union (Withdrawal) Act 2018 s.6(2).

<sup>21</sup> This transposes the TCA into domestic law: *Lipton v BA City Flyer Ltd* [2021] EWCA Civ 45, [2021] 1 WLR 2545 at [78].

<sup>22</sup> Note that this power will endure until 31 December 2022: European Union (Withdrawal) Act 2018 s.8(6) (as amended). See also Sch.7 para.21, which explicitly provides that regulations may “modify ... retained EU law” and make “supplementary, incidental, consequential, transitional, transitory or saving provision”.

<sup>23</sup> Note that this account ignores transitional and saving provisions.

<sup>24</sup> European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark (codification) ([2017] OJ L31/1) Art.1(2); Council Regulation 6/2002/EC of 12 December 2001 on Community designs ([2002] OJ L3/1) Art.1(3).

<sup>25</sup> Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/269) reg.6 and Sch.5 para. 6.

<sup>26</sup> Design and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/638) reg.3 and Sch.1.

<sup>27</sup> As required by Withdrawal Agreement Art.54(1)(a) and (b).

all EUTMs and registered CDs which existed on 31 December 2020 were (unless opted-out) cloned onto the UK Trade Mark and Registered Design registers.<sup>28</sup> In addition,<sup>29</sup> a new UK right known as a supplementary unregistered design corresponding to an unregistered Community design was created by the amendments to the CD Regulation.<sup>30</sup> Even with the benefit of parallel UK rights, however, proprietors of EUTMs and CDs have lost the ability to obtain relief, and in particular injunctive relief, covering all 28 of the pre-Brexit Member States through an action for infringement of an EUTM or CD before the courts of a single country.<sup>31</sup>

Secondly, the Orphan Works Directive<sup>32</sup> had been implemented by the UK in 2014,<sup>33</sup> but since it depends on reciprocity between EU Member States the relevant provisions were repealed with effect from 11pm on 31 December 2020.<sup>34</sup> Thus users of orphan UK copyright works are unable to use the mechanisms provided by the Directive to avoid infringement.<sup>35</sup>

My third example is not specifically an intellectual property example, but it is one which is of particular relevance to intellectual property. Since the UK is no longer a Member State, the Brussels I Regulation<sup>36</sup> no longer applies to it. Nor could the UK unilaterally incorporate Brussels I into its domestic law since it requires reciprocity. Accordingly, it has been revoked.<sup>37</sup> Although UK applied on 8 April 2020 to accede to the Lugano Convention<sup>38</sup> as an independent country, the EU has so far declined to consent to this. While this affects all civil litigation with a cross-border element, it is particularly significant for intellectual property disputes. This is for two main reasons. First, Article 24(4) of the Brussels I Regulation and Article 22(4) of the Lugano Convention confer exclusive jurisdiction in proceedings concerned with the

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<sup>28</sup> Trade Marks Act 1994 s.52A and Sch.2A para.1 inserted by Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (as amended by Intellectual Property (Amendment etc.) (EU Exit) Regulations 2020 (SI 2020/1050) reg. 9(a) reg.2 and Sch.1; Registered Designs Act 1949 ss.12A and 12B, Sch.1A para. 1 and Sch.1B para.1 inserted by Design and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 reg.5 and Sch.3. Proprietors of applications pending on 31 December 2020 were given until 30 September 2021 to apply to register the same trade mark or design in the UK: Trade Marks Act 1994 Sch.2A para.23; Registered Designs Acts 1949 Sch.1A para.14, Sch.1B para.12.

<sup>29</sup> As required by Withdrawal Agreement Art.56 in relation to existing unregistered Community designs as at 31 December 2020 for their unexpired terms; but nothing in the Withdrawal Agreement or TCA required the UK to confer supplementary unregistered design rights on future designs.

<sup>30</sup> CD Regulation and Community Design Regulations 2005 (SI 2005/2339) as amended and applied by Design and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 regs.3 and 4 and Sch.1.

<sup>31</sup> EUTM Regulation Arts.126(1), 130(1); CD Regulation Arts.83(1), 89(1)(a).

<sup>32</sup> European Parliament and Council Directive 2012/28/EU of 25 October 2012 on certain permitted uses of orphan works [2012] OJ L299/5. A copyright work is an orphan work if the none of the holders of the rights in the work can be identified or, even if identifiable, can be located despite a diligent search: Art.2(1).

<sup>33</sup> Copyright and Rights in Performances (Certain Permitted Uses of Orphan Works) Regulations 2014 (SI 2014/2861) inserting Copyright, Designs and Patents Act 1988 ss.44B, 76A, Sch.2 para.6I and Sch.ZA1.

<sup>34</sup> Intellectual Property (Copyright and Related Rights) (Amendment) (EU Exit) Regulations (2019/605) regs.11, 12 and 23. Note that Sch.2 para.6I was inadvertently not repealed, but the repeal of Sch.ZA1 means that this has no effect.

<sup>35</sup> They can, however, continue to obtain licences from the Comptroller-General of Patents, Designs and Trade Marks pursuant to the “home-grown” provisions contained in ss.116A-116D and Sch.2A paras.1A-1D of the Copyright, Designs and Patents Act 1988 and the Copyright and Rights in Performances (Licensing of Orphan Works) Regulations 2014 (SI 2014/286) made thereunder.

<sup>36</sup> European Parliament and Council Regulation 1215/2012/EU of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) [2012] OJ L351/1.

<sup>37</sup> Civil Jurisdiction and Judgments (Amendment) (EU Exit) Regulations 2019 (SI 2019/479) reg.89. Extensive consequential amendments have been made to the Civil Jurisdiction and Judgments Act 1982: Civil Jurisdiction and Judgments (Amendment) (EU Exit) Regulations 2019 regs.4-62.

<sup>38</sup> Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters concluded in Lugano on 30 October 2007 [2007] OJ L339/3.

registration or validity of patents, trade marks, designs or other similar rights on the courts of the Member or Contracting State in which the right is registered or has been applied for. There is no corresponding provision in domestic legislation, and so the courts will have to work out what to do. Secondly, dealings in the online environment can give rise to claims of infringement of, in particular, copyright/related rights and trade marks, in multiple territories. The application of the jurisdictional rules contained in the Brussels I Regulation and the Lugano Convention to such cases has caused considerable difficulty, and the jurisprudence of the CJEU is problematic.<sup>39</sup> Now English law will have to address the issue with the tools at its disposal, which may give rise to different problems.<sup>40</sup>

## 2. Cessation of implementation of Directives and non-application of Regulations

As already noted, the UK has ceased to implement Directives which it is no longer obliged to transpose by EU law. Nor will future Regulations have effect within the UK.

The first, and so far only, example of this in the field of intellectual property is that the UK is not implementing the Digital Single Market Directive,<sup>41</sup> which although enacted on 17 April 2019 was not required to be implemented until 7 June 2021 (and has yet be implemented by some Member States). For those who are not familiar with it, the Directive has three substantive Titles. Title II, “Measures to Adapt Exceptions and Limitations to the Digital and Cross-Border Environment”, consists of Articles 5 to 7, which introduce new mandatory exceptions for text and data mining (Articles 3 and 4), digital and cross-border teaching (Article 5) and preservation of cultural heritage (Article 6). Title III, “Measures to Improve Licensing Practices and Ensure Wider Access to Content”, is divided into four chapters. Chapter 1 (Articles 8-11) consists of provisions concerned with the use of out-of-commerce works by cultural heritage organisations, in particular through licensing by collective management organisations. Chapter 2 (Article 12) is intended to facilitate extended collective licensing. Chapter 3 (Article 13) is intended to facilitate access to audiovisual works on video-on-demand platforms. Chapter 4 (Article 14) prevents Member States from conferring related rights (as opposed to copyright where the originality criterion of “author’s own intellectual creation” is satisfied) upon photographs of works of visual art which are in the public domain. Title IV, “Measures to Achieve a Well-Functioning Marketplace for Copyright”, is divided into three chapters. Chapter 1 provides a new related right for press publishers (Article 15) and for publishers to be able to receive a share of royalties received by authors (Article 16). Chapter 2 (Article 17) contains a complex set of provisions regulating the use of protected content by “online content-sharing service providers”. Chapter 3 contains a series of provisions intended to ensure that authors and performers receive fair remuneration from contracts for the exploitation of their works and performances: a requirement that authors and performers receive appropriate and proportionate remuneration (Article 18); an obligation for licensees and transferees to provide

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<sup>39</sup> See Case C–523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH* [EU:C:2012:220], [2013] Bus LR 150; Case C–170/12 *Pinckney v KDG Mediatech AG* [EU:C:2013:635], [2013] Bus LR 1313; Case C–387/12 *Hi Hotel HCF SARL v Spoering* [EU:C:2014:215], [2014] 1 WLR 1912; Case C–360/12 *Coty Germany GmbH v First Note Perfumes NV* [EU:C:2014:1318], [2014] Bus LR 1294; Case C–441/13 *Hejduk v Energieagentur.NRW GmbH* [EU:C:2015:28], [2015] Bus LR 560.

<sup>40</sup> Cf. *Brownlie v FS Cairo (Nile Plaza) LLC* [2021] UKSC 45, [2021] 3 WLR 1011.

<sup>41</sup> European Parliament and Council Directive 2019/790/EU of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC [2019] OJ L130/92. See Rosati, *Copyright in the Digital Single Market: Article-by-Article Commentary to the Provisions of Directive 2019/790* (Oxford University Press, 2021).

authors and performers with information concerning the exploitation of their works and performances (Article 19); a requirement that authors and performers be able to claim additional remuneration where the remuneration originally agreed turns out to be too low (Article 20); a requirement for ADR to be made available (Article 21); and a requirement that authors and performers be able to revoke licences and transfers where there is a lack of exploitation (Article 22).

To what extent will UK copyright and related rights law differ from EU law as a result of non-implementation of the DSM Directive? In some respects, the differences will be minor. Thus the UK had already introduced an exception for text and data mining,<sup>42</sup> and so the non-implementation of the Article 3 exception may make little difference even though the scope of the respective exceptions is not identical. Non-implementation of the Article 4 exception may make more of a difference, and I shall return to this question later. Turning to Article 14, the UK does not confer a related right upon non-original photographs anyway, and so the non-implementation of Article 14 does not appear to matter. In other respects, the impact of the UK's non-implementation of the Directive is uncertain, because the impact of the Directive is uncertain. Thus it remains to be seen how effective the press publishers' right introduced by Article 15 will be. The UK already has a related right for typographical arrangements of published editions<sup>43</sup> from which press publishers benefit, although it seems likely that the value of this right has been substantially eroded, first by the decision of the House of Lords in *NLA v Marks & Spencer*<sup>44</sup> that individual articles are generally not protected, and secondly by digital publication.<sup>45</sup> Equally, it remains to be seen what the practical effect of the controversial and complicated provisions concerning online content-sharing service providers in Article 17 will be even assuming that Article 17 survives a challenge by Poland to its lawfulness.<sup>46</sup> In yet other respects, the impact of the UK's non-implementation of the Directive will depend on the progress of law reform proposals in the UK. In particular, the non-implementation of Articles 18-22 may come under pressure as a result of the debate over the remuneration of authors and performers exemplified by the recent House of Commons Digital, Culture, Media and Sport Committee report *Economics of Music Streaming*.<sup>47</sup> Again, I will return to this topic later.

### 3. Divergent UK legislation

The UK now has the freedom to adopt legislation which diverges from EU law, either by modifying retained EU law or by enacting provisions not found in EU law.<sup>48</sup> Before turning to the question of what legislation might be adopted, it is worth noting that there are three different legislative models that may be adopted to modify retained EU law. The first way, and the most

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<sup>42</sup> Copyright, Designs and Patents Act 1988 s.29A inserted by the Copyright and Rights in Performances (Research, Education, Libraries and Archives) Regulations 2014 (SI 2014/1372) reg.3(2) with effect from 1 June 2014.

<sup>43</sup> See Copyright, Designs and Patents Act 1988 ss.1(1)(c), 9 and 17(5).

<sup>44</sup> *Newspaper Licensing Agency Ltd v Marks & Spencer plc* [2001] UKHL 38, [2003] 1 AC 551.

<sup>45</sup> NLA Media Access is a collective management organisation which licenses content on behalf of UK newspaper and magazine publishers. In 2018 it distributed £37 million to its members, but it is unclear to what extent this revenue was attributable to the rights in published editions and to what it was attributable to copyrights in literary and artistic works.

<sup>46</sup> As recommended by Advocate General Saugmandsgaard Øe in Case C-401/19 *Republic of Poland v European Parliament* [EU:C:2021:613].

<sup>47</sup> HC 50 (15 July 2021).

<sup>48</sup> As to the approach the Government should adopt when exercising this freedom, see *Taking Back Control of Regulation: Managing Divergence from EU Rules* (Institute for Government, May 2021).

robust from a rule of law perspective, but also the most time-consuming and resource-intensive, is for a new Act of Parliament to be passed. The second way is to use delegated powers to pass a statutory instrument which either amends existing legislation or makes new provision.<sup>49</sup> The third way is simply to disapply retention of the relevant aspect of EU law.

Departure from the EU does not give the UK *carte blanche* to legislate, however. In the field of intellectual property law, the UK's freedom of manoeuvre is legally constrained in various ways: first, by the international treaties to which the UK is party; secondly, by the TCA; and thirdly, by the free trade agreements (FTAs) UK has entered into, many of which were rolled over from EU FTAs.<sup>50</sup> For simplicity, I shall ignore the FTAs.<sup>51</sup>

Taking copyright and related rights by way of example, the international treaties to which the UK is party include the Berne Convention for the Protection of Literary and Artistic Works, the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, TRIPs,<sup>52</sup> the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty and the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled. The EU or its Member States are also party to all these treaties. Furthermore, in Article 222(1) of the TCA the UK and the EU affirmed their commitment to comply with the treaties.

Although neither the UK nor the EU has yet ratified or acceded to the Beijing Treaty on Audiovisual Performances, in Article 222(2)(a) of the TCA both undertook to "make all reasonable efforts to do so". Consistently with that undertaking, earlier this year the United Kingdom Intellectual Property Office conducted a consultation in which it stated that the Government was resolved to ratify the Beijing Treaty and sought views on what changes to UK law should be made for this purpose.<sup>53</sup> The main changes required by the Treaty are to introduce moral rights for performances embodied in audiovisual fixations and to extend audiovisual performers' rights to nationals and residents of countries that are party to the Treaty, but the Government is also considering whether to exercise options under the Treaty with respect to the broadcasting and communication to the public of performances in audiovisual fixations and with respect to transfers of rights. The EU will have to make the same required changes and will have the same choices with respect to the optional provisions. This process may lead to divergence between UK law and EU law, but it may not.

Apart from implementing the Beijing Treaty, the UK has not so far shown any great appetite for new domestic intellectual property legislation, but there are three areas where this is under consideration.

First, tomorrow in the House of Commons Kevin Brennan MP, supported by a cross-party group of other MPs, will attempt to secure a second reading for the Copyright (Rights and Remuneration of Musicians, Etc.) Bill. This is a Private Members' Bill which aims to improve the position of composers, lyricists and musicians in two ways. First, it amends the Copyright,

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<sup>49</sup> Provided that the powers fall within the European Union (Withdrawal) Act 2018 s.7(2)(c), (3)(c) or (4)(c).

<sup>50</sup> If the UK is successful in joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, as is current Government policy, this will represent a further constraint.

<sup>51</sup> On this topic, see Johnson, *Intellectual Property, Free Trade Agreements and the United Kingdom: The Continuing Influence of European Union Law* (Edward Elgar, 2021).

<sup>52</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights annexed to the Marrakesh Agreement Establishing the World Trade Organisation signed on 15 April 1994.

<sup>53</sup> *Beijing Treaty on Audiovisual Performances: Call for Views* (23 April 2021).

Designs and Patents Act 1988 so as to introduce an unwaivable right to equitable remuneration where performers transfer their making available right in sound recordings. Even though it is inspired by a piece of EU legislation,<sup>54</sup> this right is not to be found in current EU law.<sup>55</sup> If the Bill is passed by Parliament, this provision will therefore make UK law more favourable to performers than EU law – unless, of course, the EU subsequently follows suit. Secondly, the Bill introduces transparency, contract adjustment and right of revocation provisions into the 1988 Act. These provisions are closely modelled on Articles 19, 20 and 22 of the DSM Directive, except that their beneficiaries are limited to composers, lyricists and performers whose performances are embodied in sound recordings. To that extent, passage of the Bill would bring UK law back into line with the EU law. Even then, however, there would be certain differences: in particular, in the Bill the right of revocation kicks in after 20 years, whereas Article 22 provides for revocation after “a reasonable time”.

Secondly, earlier this year the UKIPO conducted a consultation on the UK’s future exhaustion of intellectual property rights regime.<sup>56</sup> While the UK was a Member State of the EU, it was subject to the EU rule on exhaustion which derives from the prohibition of qualitative restrictions on imports and all measures having equivalent effect between Member States contained in what is now Article 34 of the Treaty on the Functioning of the European Union. Goods which have been placed on the market in the EU – or, by virtue of the EEA Agreement,<sup>57</sup> the EEA – by or with the consent of the owner of an IP right are in free circulation and the owner cannot rely upon its IP right to prevent this. This rule is reflected in both secondary EU legislation<sup>58</sup> and UK legislation.<sup>59</sup> The rule does not apply if the goods were placed on the market by or with the consent of the right owner outside the EEA. Indeed, the CJEU held in *Silhouette v Hartlauer* that Member States were not free to adopt a rule of international exhaustion of trade marks,<sup>60</sup> and it is generally understood that the same is true of other IP rights. Following Brexit, the rule of EEA exhaustion continues to be part of UK law as retained EU law, but the EU rule no longer applies to goods placed on the market in the UK now that the UK is a “third country”. Thus exhaustion applies asymmetrically between the UK and the EU.

The consultation invited views on the UK’s future regime.<sup>61</sup> Four options were identified. Option 1 is to retain the current rule (referred to as “UK+”). Option 2 is national exhaustion i.e. rights are only exhausted if goods are marketed in the UK by or with the consent of the right owner. Option 3 is international exhaustion i.e. rights are exhausted if goods are marketed anywhere in the world by or with the consent of the right owner. Option 4 is a mixed UK+ and international regime, which could differentiate between different sectors or IP rights. The Government considers that option 2 is irreconcilable with the Northern Ireland Protocol, which

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<sup>54</sup> European Parliament and Council Directive 2006/115/EC of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (codified version) Art.5, implemented in the UK by Copyright, Designs and Patents Act 1988 ss.93B (authors) and 191G (performers).

<sup>55</sup> Note that it is not required by Art.12 of the Rome Convention.

<sup>56</sup> 7 June 2021.

<sup>57</sup> Agreement on the European Economic Area [1994] OJ L1/3.

<sup>58</sup> E.g. EUTM Regulation Art.15.

<sup>59</sup> E.g. Trade Marks Act 1994 s.12.

<sup>60</sup> Case C-355/96 *Silhouette International Schmied GmbH & Co. KG v Hartlauer Handelsgesellschaft mbH* [1998] ECR I-4799.

<sup>61</sup> Note that TCA Art.233 expressly provides that this is not affected by the TCA.



preserves free circulation of goods between Northern Ireland and the EU.<sup>62</sup> Accordingly, the consultation sought views as to the other three options. If either option 3 or option 4 is adopted that will represent a break with EU law.

Thirdly, on 29 October 2021 the UKIPO launched a consultation on artificial intelligence, copyright and patents, seeking responses by 7 January 2022. In relation to copyright,<sup>63</sup> the consultation seeks views on policy options in two areas. The first area concerns the protection of computer-generated works by section 9(3) of the Copyright, Designs and Patents Act 1988, a provision which is yet to be tested in court. Option 0 is to make no change to the law. Option 1 is to repeal section 9(3) and thereby remove the protection it appears to offer. Option 2 is to replace section 9(3) with a new, and perhaps more limited, related right. If option 1 were adopted that would bring UK law into line with EU law in that respect, while if option 2 were adopted that would make UK law more different to EU law than it now is.

The second area concerns text and data mining (TDM). Option 0 is to make no change to the law. Option 1 is to try to facilitate licensing of TDM through soft law measures. Option 2 is to extend the existing TDM exception to cover commercial research and databases. Option 3 is to adopt a TDM exception for any use, with a rights holder opt-out, modelled on Article 4 of the DSM Directive. Option 4 is to adopt a TDM exception for any use, with no rights holder opt-out. If option 3 were adopted, there would be little difference between UK law and EU law with respect to TDM, whereas if option 4 were adopted that would make UK law different to EU law.

Another topic on which the UKIPO has recently consulted is the repeal of section 52 of the 1988 Act,<sup>64</sup> where it is in the process of carrying out a five-year post-implementation review. Section 52 provided that, where an artistic work had been exploited by or with the consent of the copyright owner by making articles by an industrial process which were copies of the work and marketing them, the work could be copied by making articles without infringing copyright in the work after the end of the period of 25 years. Section 74 of the Enterprise and Regulatory Reform Act 2013 repealed section 52 with effect from 26 July 2016,<sup>65</sup> thus extending the effective period of protection for works of applied art from 25 years to life of the author plus 70 years. The repeal was undertaken because the Government believed<sup>66</sup> that it was obliged to bring UK law into line with EU law, specifically the combined effect of Article 17 of the Designs Directive<sup>67</sup> and Article 1(1) of the Term Directive.<sup>68</sup> One of the questions asked in the consultation was whether respondents consider this change remains “relevant and necessary”.

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<sup>62</sup> This view has been challenged: see the summary of the Chartered Institute of Patent Attorneys’ response to the consultation published in (2021) 50(10) CIPA Journal 4.

<sup>63</sup> Since UK patent law is primarily based on the European Patent Convention, rather than EU law, the part of the consultation which concerns patents is of little relevance for present purposes.

<sup>64</sup> 22 June 2021.

<sup>65</sup> Enterprise and Regulatory Reform Act 2013 s.103(3) and Enterprise and Regulatory Reform Act 2013 (Commencement No 10 and Saving Provisions) Order 2016 (SI 2016/593) art.3

<sup>66</sup> As a result of Case C-168/09 *Flos SpA v Semeraro Casa e Famiglia SpA* [2011] ECR I-181. Although the Government’s view was criticised by some commentators at the time, it has subsequently received support from the CJEU’s decision in Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV* [EU:C:2019:721], [2020] ECDR 9.

<sup>67</sup> European Parliament and Council Directive 98/71/EC of 13 October 1998 on the legal protection of designs [1998] OJ L289/28.

<sup>68</sup> European Parliament and Council Directive 2006/116/EC of 12 December 2006 on the term of protection of copyright and certain related rights (codified version) [2006] OJ L372/12.

This might be interpreted as suggesting that the UK could, if it was thought appropriate, reinstate section 52. It is far from clear, however, that this would be compatible with Article 249 of the TCA, which replicates Article 17 of the Designs Directive, read together with Article 230(1) of the TCA, which replicates Article 1(1) of the Term Directive.

#### **4. Re-emergence of the common law where it is no longer pre-empted by EU law**

The ending of the supremacy of EU law may lead to common law doctrines being applied, or re-applied, in circumstances that EU law previously pre-empted. I do not have an example of this from intellectual property law, but I have come across one in the field of competition law. Aidan Robertson QC has suggested<sup>69</sup> that the common law doctrine of restraint of trade may be applied to restrictive covenants in agreements between undertakings where this was previously prevented by EU law, specifically Article 3(2) of Regulation 1/2003,<sup>70</sup> which now has been revoked.<sup>71</sup>

#### **5. Divergent case law**

Where retained EU law is modified by UK legislation, then it is to be expected that this may be reflected in case law. It should be noted, however, that a complicating factor in this regard is that, where EU retained law has been modified, section 6(6) of the 2018 Act provides that this does not prevent the retained law from being interpreted in accordance with retained case law and retained general principles “if doing so is consistent with the intention of the modifications”.

There are a number of ways in which UK case law may diverge from EU case law even if the underlying legislation remains the same.

First, the Court of Appeal or the Supreme Court may decide to exercise the power to depart from retained CJEU case law. On the first occasion a party asked the Court of Appeal to exercise this power, in *Warner Music v TuneIn*,<sup>72</sup> the Court of Appeal declined to depart from the case law of the CJEU concerning the right of communication to the public. A number of reasons were given for this. First, there had been no change in the domestic legislation, namely section 20 of the 1988 Act. Secondly, there had been no change in the international framework. The domestic legislation gives effect to Article 3(1) and (2) of the Information Society Directive,<sup>73</sup> which in turn gives effect to Article 8 of the WIPO Copyright Treaty and Article 14 of the WIPO Performances and Phonograms Treaty. Thirdly, the task of interpreting the concept of “communication to the public” was a difficult one, in particular because of the absence of guidance in the legislation, but the CJEU had unrivalled experience in the field developed in a series of 25<sup>74</sup> judgments and reasoned orders, including several Grand Chamber judgments, over 14 years. Fourthly, returning to the drawing board would create considerable

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<sup>69</sup> Aidan Robertson QC, “The common law doctrine of restraint of trade – will it rise up again unshackled by Brexit and reformed by the Supreme Court?” (2021) 42(2) ECLR 62. See also Vajda, “The UK courts and EU law post-Brexit” (2021) 20(3) Comp LJ 113.

<sup>70</sup> Council Regulation 1/2003/EC of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty [2003] OJ L1/1.

<sup>71</sup> Competition (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/93) reg.63 and Sch.3 para.1(f).

<sup>72</sup> *Warner Music UK Ltd v TuneIn Inc* [2021] EWCA Civ 2923, [2021] Bus LR 1119.

<sup>73</sup> European Parliament and Council Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L167/10.

<sup>74</sup> To clarify what is said in the judgment, there were 25 judgments and reasoned orders prior to 31 December 2020.

legal uncertainty. Fifthly, the appellant did not have a coherent case as to how to modify the principles established by the CJEU case law in a way which would assist the appellant.

This reasoning suggests that the domestic courts are likely to be more willing to depart from the CJEU's jurisprudence where only one or a small number of decisions are involved, particularly if there has been no judgment of the Grand Chamber, where the issue does not involve international treaties binding on both the UK and the EU and where a litigant is able to present a clear and cogent case for adopting a different solution.

The second way in which there may be divergence is that the courts of the UK may decline to follow future decisions of the CJEU. Again, however, when this issue arose in *Warner v TuneIn*, the Court of Appeal concluded that the most recent, post-31 December 2020, decision of the CJEU<sup>75</sup> was highly persuasive.

Thirdly, the courts of the UK may be required to decide a point of EU law, such as a point of interpretation of retained EU legislation, without having the ability to refer questions to the CJEU. Subsequently, the CJEU, which has advantages denied to national courts,<sup>76</sup> may consider the point and give a different answer. The doctrine of precedent may hinder a change in the UK case law even if the CJEU's interpretation is persuasive.

Fourthly, in the event of a divergence between the jurisprudence of the CJEU and that of the European Court of Human Rights, it seems likely that the Human Rights Act 1998<sup>77</sup> will require the domestic courts to follow the Strasbourg court rather than the Luxembourg one.

## Conclusion

It is inevitable that UK law will diverge from EU law. After all, that was a large part of the point of Brexit. What this survey suggests, however, is that, in a field like intellectual property law, divergence is likely to be a slow and incremental process. Moreover, it is uncertain where divergence will occur or to what extent. There is a tension between the desire for harmonisation of IP law, which underlies the international treaties and Title V of the TCA as well as the EU legislation, and the desire to regulate IP in a way which furthers the interests of the UK. Furthermore, any change to IP law tends to involve balancing the interests of some stakeholders against the interests of other stakeholders. While countries can take different views as to the appropriate balance, there is often a large measure of international agreement. Where that is the case, it may lead to the UK and the EU moving in parallel rather than diverging.

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<sup>75</sup> Case C-392/19 *VG Bild-Kunst v Stiftung Preußischer Kulturbesitz* [EU:C:2021:181], [2021] Bus LR 800. Subsequently there have been two further decisions: Case C-597/19 *Mircom International Content Management & Consulting (M.I.C.M.) Ltd v Telenet BVBA* [EU:C:2021:492], [2021] Bus LR 1294 and Joined Cases C-682/18 and C-683/18 *Peterson v Google LLC* [EU:C:2021:501], [2021] Bus LR 1196.

<sup>76</sup> See *Gibfibre Ltd v Gibraltar Regulatory Authority* [2021] UKPC 31 at [68] for an example.

<sup>77</sup> Human Rights Act 1998 s.2(1)(a) merely requires the courts to "take into account" any judgment of the Strasbourg court, but s.6 makes it unlawful for public authorities, including courts, to act in a way which is incompatible with a Convention right. The Supreme Court has held that it would be wrong not to follow "a clear and constant line of decisions whose effect is not inconsistent with some fundamental substantive or procedural aspect of our law, and whose reasoning does not appear to overlook or misunderstand some argument or point of principle": *Pinnock v Manchester City Council* [2010] UKSC 45, [2011] 2 AC 104 at [48].