



## EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR COMMUNICATIONS NETWORKS, CONTENT AND TECHNOLOGY

DIRECTORATE-GENERAL FOR HEALTH AND FOOD SAFETY

DIRECTORATE-GENERAL FOR INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES

Brussels, 25 June 2020

### NOTICE TO STAKEHOLDERS

#### **WITHDRAWAL OF THE UNITED KINGDOM AND EU RULES IN THE FIELD OF EXHAUSTION OF INTELLECTUAL PROPERTY RIGHTS**

Since 1 February 2020, the United Kingdom has withdrawn from the European Union and has become a “third country”.<sup>1</sup> The Withdrawal Agreement<sup>2</sup> provides for a transition period ending on 31 December 2020.<sup>3</sup> Until that date, EU law in its entirety applies to and in the United Kingdom.<sup>4</sup>

During the transition period, the European Union and the United Kingdom will negotiate an agreement on a new partnership, providing notably for a free trade area. However, it is not certain whether such an agreement will be concluded and will enter into force at the end of the transition period. In any event, such an agreement would create a relationship which in terms of market access conditions will be very different from the United Kingdom’s participation in the internal market,<sup>5</sup> in the EU Customs Union, and in the VAT and excise duty area.

Moreover, after the end of the transition period the United Kingdom will be a third country as regards the implementation and application of EU law in the EU Member States.

Therefore, all interested parties, and especially economic operators, are reminded of the legal situation applicable after the end of the transition period (Part A below). This notice also explains certain relevant separation provisions of the Withdrawal Agreement (Part B below).

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<sup>1</sup> A third country is a country not member of the EU.

<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, OJ L 29, 31.1.2020, p. 7 (“Withdrawal Agreement”).

<sup>3</sup> The transition period may, before 1 July 2020, be extended once for up to 1 or 2 years (Article 132(1) of the Withdrawal Agreement). The UK government has so far ruled out such an extension.

<sup>4</sup> Subject to certain exceptions provided for in Article 127 of the Withdrawal Agreement, none of which is relevant in the context of this notice.

<sup>5</sup> In particular, a free trade agreement does not provide for internal market concepts (in the area of goods and services) such as mutual recognition, the “country of origin principle”, and harmonisation. Nor does a free trade agreement remove customs formalities and controls, including those concerning the origin of goods and their input, as well as prohibitions and restrictions for imports and exports.

**Advice to stakeholders:**

Stakeholders are in particular advised to assess the consequences of the end of the transition period in view of this notice.

**Please note:**

This notice does not address EU rules on:

- specific intellectual property rights, such as copyright, geographical indications, plant variety rights, trade marks and designs;
- supplementary protection certificates;
- customs enforcement on intellectual property rights;
- regulatory aspects of parallel trade, as provided for, for example, in EU legislation on plant protection products, biocidal products and medicinal products.

For these aspects, other notices are in preparation or have been published.<sup>6</sup>

**A. LEGAL SITUATION AFTER THE END OF THE TRANSITION PERIOD**

After the end of the transition period, EU law providing for the exhaustion of intellectual property rights<sup>78</sup> no longer applies to the United Kingdom.<sup>9</sup> This has in particular the following consequences:

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<sup>6</sup> [https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/preparing-end-transition-period\\_en](https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/preparing-end-transition-period_en)

<sup>7</sup> EU rules on exhaustion are largely the result of the jurisprudence of the Court of Justice of the European Union interpreting Article 34 TFEU on measures having equivalent effect to quantitative restrictions between Member States. The Court of Justice has always interpreted the Treaty as meaning that rights conferred by IP rights are exhausted within the single market by virtue of putting the relevant goods on the market (by the right holder or with his/her consent) in the European Union. See for instance cases: e.g. Centrafarm and Adriaan de Peijper v Sterling Drug Inc (C-15/74), Merck and Co Inc. vs Stephar BV and Petrus Stephanus Exler (C-187/80).

This jurisprudence is reflected in several pieces of EU law in respect to intellectual property right: Article 15 (Exhaustion of the rights conferred by an EU trade mark) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark, OJ L 154, 16.6.2017, p. 1; Article 15 (Exhaustion of the rights conferred by a trade mark) of Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, OJ L 336, 23.12.2015, p. 1; Article 21 (Exhaustion of rights) of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.2002, p. 1; Article 15 (Exhaustion of rights) of Directive 98/71/EC; Article 16 (Exhaustion of Community plant variety rights) of Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights, OJ L 227, 1.9.1994, p. 1; Article 4 (Distribution right) of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167 22.6.2001, p. 10; Article 4 (Restricted acts) of Directive 2009/24 on the legal protection of computer programs, OJ L 111, 5.5.2009, p. 16; Article 5(5) of Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products; OJ L 24, 27.1.1987, p. 36.

Under EU law, once a good protected by an intellectual property right has been put lawfully on the market<sup>10</sup> within the European Union (i.e. by the right holder or with his or her consent), the rights conferred by that intellectual property right in relation to the commercial exploitation of the good become exhausted. In that case, the right holder can no longer invoke the intellectual property right in question to prevent the further resale, rental, lending or other forms of commercial exploitation of the good by third parties.

After the end of the transition period, the intellectual property right is not exhausted in the European Union if a good protected by that right has been lawfully put on the market of the United Kingdom.<sup>11</sup>

This means that the right holder, or a person with his or her consent, may *inter alia* oppose to the import by third parties of such good into the European Union or to the putting, resale or otherwise commercial exploitation of such good into the European Union market in so far as such import or commercial exploitation would constitute an infringement of the intellectual property right concerned.

EU rules on the civil enforcement of intellectual property rights<sup>12</sup> notably provide that the right-holder (or another person so entitled) may take action by lodging cases before the relevant judicial authority against persons suspected of infringing a relevant intellectual property right.

## **B. RELEVANT SEPARATION PROVISIONS OF THE WITHDRAWAL AGREEMENT**

Article 61 of the Withdrawal Agreement provides that intellectual property rights which were exhausted both in the European Union and in the United Kingdom before the end of the transition period under the conditions provided for by EU law remain exhausted both in the European Union and in the United Kingdom.

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EU secondary law in relation to patents (including rules on supplementary protection certificates extending the protection of patents for pharmaceutical and plant protection products) do not include specific rules on exhaustion of intellectual property rights, but the general principles affirmed by the jurisprudence of the Court of Justice apply. The same principles would equally apply to utility models (in so far as it is protected as an intellectual property right by national or EU law) and trade names (in so far as it is protected as an exclusive intellectual property right by national or EU law).

<sup>8</sup> This notice does not address geographical indications.

<sup>9</sup> While the Protocol on Ireland/Northern Ireland provides that certain rules of the EU acquis in respect of goods apply to and in the United Kingdom in respect of Northern Ireland, it does **not** provide for the exhaustion of intellectual property rights in the EU in cases where a good has been legally put on the market of Northern Ireland.

<sup>10</sup> In the case of the following rights, the test is slightly different:

Community plant variety rights: disposal of the goods to others in the European Union;

Copyright (distribution rights): the first sale or other transfer of ownership in the European Union.

<sup>11</sup> Or, as the case may be, disposed of or subject to a first sale or other transfer of ownership.

<sup>12</sup> Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, (corrigendum) OJ L 195, 2.6.2004, p. 16.

The websites of the Commission on EU rules on intellectual property rights ([https://ec.europa.eu/growth/industry/policy/intellectual-property\\_en](https://ec.europa.eu/growth/industry/policy/intellectual-property_en)), copyright (<https://ec.europa.eu/digital-single-market/en/copyright>) and plant variety rights ([https://ec.europa.eu/food/plant/plant\\_property\\_rights\\_en](https://ec.europa.eu/food/plant/plant_property_rights_en)) provide general information concerning Union legislation applicable to intellectual property rights. These pages will be updated with further information, where necessary.

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