



Intellectual
Property
Office

Innovation and Growth Report

2020/21



IPO | Making life better through IP

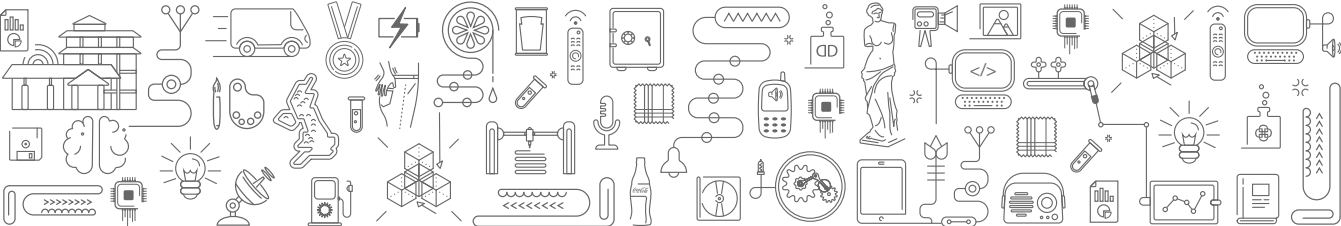
Intellectual Property Office is an operating name of the Patent Office

Innovation and Growth Report

2020/21

Promoting Innovation and Growth: The Intellectual Property Office at Work 2020-21

Presented to Parliament pursuant to section 21 of the Intellectual Property Act 2014





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Tim Moss

Chief Executive and
Accounting Officer
IPO

Foreword from Chief Executive of the Intellectual Property Office

Innovation is the way we will tackle our biggest challenges now and in the future. It holds the key to achieving carbon net zero, levelling up growth and achieving our ambitions as a global trading nation.

The UK has an extraordinary heritage of innovation stretching back to the industrial revolution, and an effective intellectual property (IP) regime has been at the heart of its development. We only have to look at the staggeringly rapid development and production of Covid-19 treatments – from laboratory concept to protecting the vulnerable in around 12 months. This is the direct result of an innovative economy that is able to create, invent, finance, organise, administrate and deliver.

The UK's Innovation Strategy, launched in July 2021, is the starting point for the government's long-term vision of how we will cement our role as global leaders in innovation and deliver the target of research and development (R&D) investment at 2.4% of GDP and the role of IP is central to that.¹ This strategy recognises a strong IP system, that protects and allows for a return on investment in ideas, and creates the confidence on which this long-term and sustainable success is built. We want to connect innovation with value creation.

IP rights link innovators with markets. This process doesn't begin late in life, it starts in school. At the Intellectual Property Office (IPO) we reach out to educators and young innovators in schools and universities to emphasise the importance of creativity and the value of innovation that enables us to link the cultural and scientific economies.

The IPO gives the UK's innovative economy its value, stability, certainty and confidence. This report captures its work in 2020-21 and how that has contributed to helping the UK to become the most innovative and creative country in the world. It is built on the firm foundations of a strategy that is focused on delivering excellent IP services to its customers; creating a world-leading IP environment; and making the IPO a brilliant place to work.

¹ [New plans to put UK at front of global innovation race - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-plans-to-put-uk-at-front-of-global-innovation-race)

Last year, despite the challenges we all faced just to keep things running smoothly, the IPO made sure it delivered its core services to help the UK be the best place to start and grow a business. It delivered work on managing the impact of new and emerging technologies by understanding how artificial intelligence (AI) will impact the IP system. It successfully established and started the challenging work to make sure that the government's trade negotiations properly reflect our domestic priorities while retaining the flexibility to develop our IP system. And, it embarked upon its five-year Transformation Project to make sure that the services we provide support customers in an increasingly digital environment.

The IPO does not work in isolation. From its inception it has contributed towards the development of an international IP network which facilitates progress and trade across the world. We see our role as supporting the interests of British innovators abroad through the streamlining of regulations, enhancing understanding and cooperation between markets and the sharing of advice and know-how about the role of IP in different cultures. We're also collaborating at home and abroad to fight IP crime, making sure that the revenues created by our innovators really do go to those who deserve them.



The UK has an extraordinary heritage of innovation stretching back to the industrial revolution, and an effective intellectual property (IP) regime has been at the heart of its development.



We know that innovation is the engine of the modern economy and this report goes a long way to capturing and identifying the role the IP system plays in that and, more specifically, how the IPO is striving to maximise that contribution. As a key element of the new Innovation Strategy and continued clear demonstration of the value that IP brings to our economy and society, the UK's IP system and the IPO rightly remain world-leaders.

Tim Moss

Chief Executive Officer and Accounting Officer, Intellectual Property Office

Overview

Innovation at the heart of Government's Plan for Growth

Innovation and creativity underpin modern lifestyles, businesses and wider society. In today's constantly changing environment we not only take for granted technologies and services that could not be conceived of just a few years ago but have also come to expect and depend on the constant generation of new ideas and products. Innovation turns great ideas into value, prosperity, productivity and wellbeing. It is the mechanism by which we adapt to new opportunities and challenges.

Evidence shows that UK organisations that innovate, grow at around twice the rate of those that don't. That is why innovation is at the heart of Government's Plan for Growth and so much else we want to achieve, from fighting coronavirus to achieving net zero and building Global Britain. Boosting innovation in the private sector is an essential part of the UK's future prosperity. We are calling on businesses to invest in innovation, getting British organisations to the front of the pack.

The UK starts from a position of strength, ranked 4th in the World Intellectual Property Office's (WIPO) Global Innovation Index 2020² and 2nd in the Global Intellectual Property Centre (GIPC) International IP Index 2021.³

In summer 2020, the department for Business, Energy and Industrial Strategy (BEIS) published its UK Research & Development Roadmap which outlines the UK's journey towards becoming a science superpower.⁴ In March 2021, the government published Build Back Better: our plan for growth which outlined the UK's approach to tackling long-term challenges, delivering growth, and creating high-quality jobs across the UK.⁵ In July, the government also launched the UK's Innovation Strategy which sets out the governments vision to make the UK a global hub for innovation by 2035.⁶

The IPO helps cultivate the landscape of creativity. It deploys a nuanced, balanced and timely administration. Those who achieve granted patents, registered trade marks and designs and copyright protection, know that they stand 'on the shoulders of giants', as Isaac Newton put it. As well as protecting the rights of those who are active in markets, our role is to ensure that the next generation of innovators can understand the boundaries of existing rights and are able to think imaginatively and freely in brand new circumstances.

The IPO has a huge responsibility to today's innovators and those of tomorrow.

2 [Global Innovation Index 2020 \(wipo.int\)](https://wipo.int)

3 <https://www.theglobalipcenter.com/ipindex2020>

4 <https://www.gov.uk/government/publications/uk-research-and-development-roadmap>

5 <https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth>

6 [UK Innovation Strategy: leading the future by creating it - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/uk-innovation-strategy-leading-the-future-by-creating-it)

The role of the Intellectual Property Office

The intellectual property regime gives researchers, inventors and creators the confidence to develop something new. IP rights can reduce the risks associated with innovation by allowing innovators to protect their creations through the interconnected system of rights; trade marks, patents, copyright or designs, and trade secrets. Protected by IP rights, inventors, creators, researchers and investors can pour their time, money and knowledge into developing new and better products with the confidence that if successful, they can benefit from the result and make a return on their investment. By creating carefully defined monopolies (temporary in the cases of patents, designs and copyrights and permanent with regards trade marks) innovators are rewarded. IP rights create an incentive for R&D, leading to innovation.

Of course, innovation happens when knowledge is shared as well as when it is protected. IP rights are publicly available, promoting the diffusion of ideas and the sharing of knowledge. IP plays an important role in creating an ecosystem that encourages and enables all UK businesses to innovate. This principle of rewarding IP owners for their investment, whilst protecting the freedoms associated with the public domain, characterises the work of the IPO.

Investment in IP makes a significant contribution to innovation and productivity for the UK economy:

- Intangible assets, of which IP is a part, play an important role in the UK economy. Investment in intangible assets grew by 3.3% to £169.2 billion between 2017 and 2018 (ONS) exceeding total tangible investment, which in 2018 fell 3.8% to £151.0 billion.⁷
- Knowledge assets are a subset of intangible assets. In 2016, firms in the UK market sector invested an estimated £134.3bn in knowledge assets, of which £63.8bn was protected by IP rights. This equates to 6.8% and 3.2% of total GDP, respectively according to ONS data.⁸
- The IPO estimates that industries with an above average use in IP rights accounted for 26.9% (£298.5 billion) of UK non-financial value-added output, 15.5% (4.5 million) of total UK employment and 52.1% (£159.7 billion) of goods exported.⁹

There are of course challenges. The IPO and the EU IPO need to recalibrate their relationship so that British companies innovating trade marks and designs remain competitive in Europe. The IPO and the world's patent offices must keep pace with technical advances, ensuring that their decisions are timely, accurate, available and easy to access. Global innovation requires a level playing field in which all countries adopt similar, negotiated, IP regulations, so as to balance the rights of innovators and consumers, wherever they are. We are intensifying our relationships with key players in the international scene, at the European Patent Office, WIPO and other important administrations to make sure IP registration process are fit for purpose.

⁷ <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/articles/experimentalestimatesofinvestmentinintangibleassetsintheuk2015/2018>

⁸ [Use of Intellectual Property rights across UK industries - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/use-of-intellectual-property-rights-across-uk-industries/use-of-intellectual-property-rights-across-uk-industries)

⁹ <https://www.gov.uk/government/publications/use-of-intellectual-property-rights-across-uk-industries/use-of-intellectual-property-rights-across-uk-industries>

The work of the Intellectual Property Office

We want to be the best IP office in the world, helping the UK to become the most innovative and creative country in the world. We have a once in generation opportunity to help businesses to recover from the economic shock of Covid-19. To help achieve this, we have a three-part strategy with two external-facing aims – to *Deliver Excellent IP Services* and to *Create a World-Leading IP Environment*. We also have a people-based objective of *Making the IPO a Brilliant Place to Work*. These three areas of priority are characterised as ‘pillars’ in our strategy.

Delivering IP services for our customers is our priority. To be excellent we know that we must deliver timely, reliable and quality services; provide end to end digital services that support our vision of providing ‘one IPO’ services; and ensure that our data helps our customers through improving services and increasing knowledge.

The UK has a world class IP system, however this is only part of the picture. We want the whole IP environment, from the legal and policy framework, to the level of IP knowledge and the ability to protect rights to be world leading and to provide incentives to be creative and innovative. Our strategic approach to achieve this is through developing our legislative and policy framework; increasing IP’s impact through awareness and education; and reducing IP crime and infringement.

To underpin this and to deliver the best possible service, we need well-motivated and happy people with the right skills, tools, competencies and working environment. Therefore, our third strategic pillar is to make the IPO a brilliant place to work, where everyone is dedicated to providing the best services for our customers. Our three key focus areas are: having solid foundations to retain and attract the right people; having a great culture, with shared values and behaviours, a respect of different and a common purpose; and having healthy people working in a healthy environment.

This report outlines many of the things that we are doing to support innovation and growth in delivering our customer-facing objectives – *Delivering Excellent IP Services*; and *Creating a World-leading IP Environment*.

Delivering Excellent IP Services

Delivering excellent IP services for our customers is central to the IPO. The rights granting service we provide for patents, trade marks and designs provides certainty for innovators. By administering IP rights in a timely and reliable way, we provide the confidence that their investment is protected, encouraging the development of innovators, creating jobs and economic growth.

Our customers

We committed to putting customers at the heart of the IPO in line with our Customer Strategy launched in February 2020. The customer strategy helps us support innovation and creativity through excellent customer service. Our customers continue to rate our services highly; this year we met a challenging target of an average customer satisfaction score of 85%, with the knowledge and attitude of our people scoring highly throughout. These great results are even more impressive given the significant disruption arising from Covid-19 and unprecedented increases in demand for our services.

During 2020-21 we established the IPO's Customer Experience Unit (CEU), bringing together customer expertise from across the IPO (including insight and analysis, user research, complaints, relationship management and quality). Throughout the year, the CEU have raised awareness of the IPO's customer strategy, promoted a customer-centric approach across the organisation and updated our Customer Charter so that customers know what they can expect from the IPO.¹⁰ The IPO also continues to benchmark its own performance in relation to other intellectual property offices.

During the year, we also developed and implemented a 'closing the loop' framework to help us resolve long-running customer experience issues. We also reviewed and simplified our complaint process, ensuring complaints are handled correctly and valuable learning points are identified and acted upon.¹¹

Despite ongoing pressures throughout the year, we also retained our Customer Service Excellence (CSE) Award, an annual independent review of our customer service operations and processes.

¹⁰ [IPO: Customer charter - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

¹¹ [Complaints procedure - Intellectual Property Office - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Delivering our core services

During the last year we have seen an unprecedented demand and record volumes across our rights areas. In trade marks, we received our highest ever input of 161,207 applications, of which 140,894 were received via the national (IPO) route, an increase of 56.7% compared with 2019-20. We also received 20,313 via the Madrid System (the international trade mark system), an increase of 19.3% compared with 2019-20. In order to cope with the unprecedented demand for trade marks, so that our ability to meet our customer service standards delivering our decisions as quickly as possible, we have recruited additional trade mark examiners. Our capacity to train and develop and retain high quality staff is a distinguishing feature of our organisation.

Designs have also seen a record year, with an overall total of 69,520 applications received, a 46.7% increase on 2019-20. 35,059 of these were received from the national (IPO) route, an increase of 44.6% compared to 2019-20 and 6,280 were received via the Hague System (the international designs system), a 60% increase compared to 2019-20.

In patents, we received 20,567 application requests, a 5.5% increase compared with 2019-20. We delivered 94.9% of requests for an accelerated two-month turnaround for search, publication and examination against a target of 90%. We also made significant progress in reducing our patent backlog, reducing the number of overdue examinations by 42% over the course of the year.

The increase in volumes of applications for IP rights across the board is unprecedented. There are a number of possible explanations for the rise including the end of the transition period and EU rights no longer covering the UK. Our researchers are seeking additional evidence through customer feedback and other sources. The high volumes of applications suggest one perhaps undeniable fact: British innovators are optimistic. Our figures suggest an increase of engagement between the IPO and innovators. Another likelihood is that the high application numbers shows our message regarding the value adding nature of IP rights is getting across.

Trade marks

we received our HIGHEST EVER INPUT of

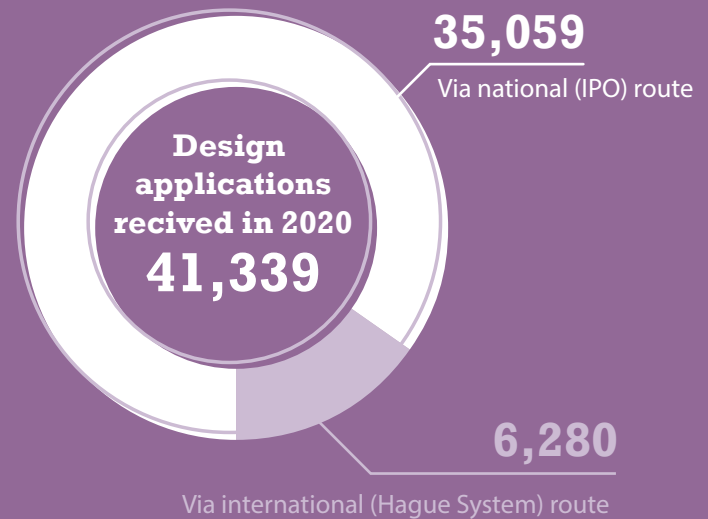
161,207
applications



Designs

we received A RECORD YEAR of

41,339
applications



Patents

we received A RECORD YEAR of

20,567
applications



One IPO Transformation Programme

Our ambitious ‘One IPO Transformation Programme’ is not just about modernising the way we currently deliver our services, it is about completely transforming what we do and the way we do it so that we can increase the value we can add as an organisation to the UK economy in terms of innovation and growth. Once transformed, we will provide new customer-focused services which will allow creatives, innovators and businesses to seamlessly apply for, manage and research all their intellectual property rights in one place. By providing outstanding, customer-focused services and unleashing the power of our data, we will really help drive economic growth and enable and accelerate UK innovation.

One IPO Transformation is the strategic priority for IPO, and we have made significant progress over the last year. As set out in our 2019-20 Innovation and Growth Report, the key focus for the majority of the year has been our ‘mobilisation phase’ which has ensured we are set up to successfully deliver a large and complex programme of change encompassing process re-engineering, organisation design and digitisation. During the past year we have built on the work around our roadmap and developed a compelling case for change which we have successfully communicated to both our external and internal users. We have also delivered a robust and realistic programme plan and developed a commercial strategy enabling us to secure the right suppliers and market resources to help us deliver.

The mobilisation phase culminated with approval of a robust and evidence-based investment case which clearly articulated our success criteria and the benefits the programme will deliver. Following this, our formal delivery phase began in March 2021 with a 12-week phase to discover and explore what our customers need from a customer account and any new accompanying services to allow them to digitally manage their IP rights. In parallel we have continued to make great progress developing the technology building blocks required to deliver our transformed services. This work will continue into 2021-22 as we also start our work to transform our registration and tribunal services as part of the transformation programme.

Alongside this, we have continued to make significant progress with our longstanding projects aimed at transforming our services and supporting innovation and growth:

- Our digital renewals service successfully passed a Government Digital Service (GDS) assessment in October 2020. The quality and transformational nature of the service which allows renewal of up to 1,500 patents, trade marks and designs in a single transaction was recognised by winning the bronze award in the ‘Transformation’ category at the prestigious Civil Service Operational Delivery Profession Awards where it was shortlisted from over 700 nominations.
- We continued to build on our work using Artificial Intelligence (AI) through the further development of our AI-powered trade mark search tool. This helps would-be applicants make informed choices about what they apply for and so avoid unnecessary cost. In October 2020, this progressed into public beta and is now being used by around 1,500 users per day.
- We also met another of our 2020-21 Corporate Plan objectives when we completed the work required to allow the decommissioning of our Patent Office Computerised Account System (POCAS) by implementing new and improved ways of working which has paved the way for our wider transformation.

Onboarding EU trade marks and registered community designs

At the end of the transition period on 1 January 2021, the IPO legally created new and equivalent UK trade marks and UK registered designs to ensure that customers' IP rights originally granted under EU legislation remain protected. This was also true of the international IP Rights that designated the EU.

At the heart of the changes was our goal of delivering the government's commitment to protect customers' IP rights, minimise any administration that they would need to perform and make them free of charge. Information about the work was communicated extensively to ensure that everyone from multinationals to single-owner businesses had the best chance of knowing what they needed to do and be reassured that their rights were protected. In doing so we minimised disruption, created a smooth transition of IP rights and allowed businesses to focus their capacity elsewhere.

This was achieved by the creation of approximately 1.5 million trade marks and 700,000 designs onto the UK registers through an automatic, IT-led transfer process, along with the implementation of the relevant Statutory Instruments to ensure they had legal effect.

A new trade marks classification search service was also launched on the 1 January 2021 to provide UK customers with a system that reflected the UK's classification system following the end of the transition period. The new service was designed, built and launched in the space of three months and adheres to Government Digital Service (GDS) design guidelines as well as being hosted on the GOV.UK web platform.

To manage the predicted huge increase in administrative activity (such as changes of address for rights owners/representatives) that stemmed from the creation of over 2.2 million extra rights on the UK register, the IPO also deployed a new service to ensure that multiple changes to addresses could be filed and actioned automatically. To date over 100,000 cases have been updated using our new service.

Creating a World-Leading IP Environment

IP's impact on innovation and growth depends on more than our rights granting system. The legislative and policy framework needs to support innovation, people need to know what IP rights can do for their business and how to access them, and IP rights need to be enforced or they are worthless. Over the past year we have worked hard to improve the overall IP environment and ensure that it supports the Government's ambition of making the UK the most innovative country in the world.

Encouraging innovation through policy development

Our aim is to produce the optimal IP framework for the UK, one that promotes innovation and creativity both now and, in the future, one that will integrate us with trading partners in a wide variety of jurisdictions as Britain re-asserts its presence as a global trading nation.

End of the Transition Period

To ensure the best possible outcomes on IP, we successfully delivered the policy and legal framework to support the end of the transition period with the EU on 31 December 2020. We passed nine statutory instruments by the end of the transition period. These pieces of legislation ensured the continuation of rights (where appropriate) and a functioning statute book at the end of the transition period, helping to minimise disruption to businesses and right holders.

As EU Trade Marks and Registered Community Designs no longer provided protection in the UK at the end of the transition period, the legislation included the legal creation of new, equivalent UK trade marks and UK registered designs. We also did the same for international IP rights that designated the EU. This guaranteed that owners of these IP rights did not lose protection for their valuable property. To support this, we updated our IT systems to make sure that the extra two million rights (approximately) created by the legislation were visible and accessible at the end of the transition period.

We also launched various communication products and participated in business outreach activities to keep stakeholders informed on how the end of the transition period might affect them. This included a series of short videos and participation in regional roadshows, so that our stakeholders and customers were in a position to make well informed decisions around IP and have the confidence to continue to innovate.

European Economic Areas (EEA) European Free Trade Association (EFTA)

Our teams have been integral in free trade negotiations with the EEA EFTA states and have achieved a good outcome on IP provisions, ensuring that the importance of IP is reflected within the agreement.

We recognise the importance of maintaining strong relationships with key global partners both bilaterally and through the multilateral institutions. In order that we continue to be able to positively influence IP policy internationally, and the EEA EFTA agreement is a good example of what can be achieved through new trade agreements as we embark on an ambitious Free Trade Agreement (FTA) programme in conjunction with Department for International Trade (DIT) colleagues and others across Her Majesty's Government (HMG).

UK-EU Trade and Cooperation Agreement – Our changed relationship

On 31 January 2020 the UK left the EU, and since our departure our teams have focused on negotiating and implementing the UK-EU Trade and Cooperation agreement (TCA). The intellectual property provisions commit both the UK and the EU to providing high standards of protection and enforcement of IP rights. The agreement supports innovation, market entry and consumer choice, while continuing to reward creators and support investment in the creative industries.

IPO teams have been active across a number of pressing issues including UK's IP exhaustion regime, Non-Agricultural Geographical Indications (NAGIs) and the industrial designs consultation. Strategically speaking one key objective remains - to establish mechanisms to engage with and influence our European partners and to strengthen global ties.

To this effect, we recently opened discussions with our EU Co-chair for the IP specialised committee under the TCA, with the first meeting due to take place later this year. We will continue to prioritise UK interests on IP matters, ensuring that we can encourage and foster innovation for UK businesses when operating domestically, within the EU and beyond.

Our aim is to reshape our relationship with the EU and the European region, to build on our business support offering and continue to work across policy areas and wider Government to ensure the effective delivery of our commitments within the TCA.

Research at the IPO

Since 2010 the Economics, Research and Evidence (ERE) team at the Intellectual Property Office (IPO) has published nearly 70 research reports involving leading experts from the UK and around the world. This strong team of economists, researchers and analysts are working to:

build data on the role of IP in the UK economy;

- link IP data to business data to better understand incentives and impacts;
- tackle the gaps in empirical evidence, in support of the industrial strategy and better understanding the role of innovation in the economy;
- supporting IPO policy teams, providing economic analysis on key issues;
- develop an economic, evidence-based approach to inform enforcement policy; and
- support IP operations through analysis of patent pendency, and demand forecasting.

Current research projects commissioned by the IPO to help create a sustainable, innovative and world leading IP environment.

Online copyright infringement tracker	→	Wave 10 published - ongoing
Physical counterfeit goods tracker	→	Published - ongoing
Physical counterfeit goods tracker survey with Young Scotland	→	A short form pilot survey of members of Young Scotland to better understand the behaviours of young consumers in Scotland. If successful, this could be a model for others to use.
Enforcement and infringement – review of data	→	To review and compare all existing data from IPO research on enforcement and infringement, alongside publicly available industry data and consider commonalities and identify evidence gaps..
Consumer behaviours and messaging	→	Working with the results from the wider enforcement/ infringement work to understand what works and what doesn't work in consumer messaging.
Enforcement Landscape Review	→	This will explore case studies of the legal tools used by businesses to protect their IP.
Research into the sale of counterfeit goods in the audio-visual sector	→	IPO to partner with the Alliance for IP and the Royal United Services Institute (RUSI) in a pilot project to research counterfeit goods in the audio-visual sector.
Unified Patent Court – case monitoring	→	The IPO required detailed information on UK patent and non-patent cases to fulfil the UK's obligations under the Unified Patent Court Agreement (UPCA), prior to withdrawing ratification, July 2020.
Building the evidence base: Use of IP rights across UK industries	→	Publication of UK data and analysis, exploring the use of granted patents, trade marks, copyright and designs across UK industries.
Creators Earnings in the Streaming Age	→	IPO to partner with members of the Council of Music Makers to better understand the impact of streaming on creators' earnings.
Design Rights – Registered and Unregistered	→	To identify and scope key research questions on design. This will be delivered in partnership with the Policy and Evidence Centre and key stakeholders.

Current research projects commissioned by the IPO to help create a sustainable, innovative and world leading IP environment.

- Artificial Intelligence and future tech** → Working to define key priority questions following the IPO / WIPO AI conference held in June 2019. Important to consider the impact of disruptive technologies such as AI / 3D Printing / Augmented Reality / VR.
- The Economic and Innovation Impacts of Trade Secrets** → To provide a better understanding of the economic role of trade secrets.
- Innovation and Growth** → IPO working with the Enterprise Research Centre (ERC) and the Policy and Evidence Centre (PEC) to define key areas of interest and commission research.
- Developing learning resource around intellectual property, focusing on film/TV piracy and its impact on the creative industries.** → IPO to work in partnership with the Industry Trust for IP to develop learning resources for young people on the impact of digital infringement.
- Copyright 101** → The delivery of a user-friendly guide to music copyright for all creators, officials, and industry professionals to ensure they know where to license their music.
- Copyright Education in Higher Education Institutions (HEIs)** → Pilot project to better understand and identify areas of best practice on IP education in the HEI sector.

Understanding the impact of Artificial Intelligence (AI) on the IP framework

The National AI Strategy will build on the achievements under the AI Sector Deal, securing the UK's position amongst the global AI superpowers, and ensure the UK continues to be a world leading location for research, development, commercialisation and deployment of AI.¹³ The IPO's work on AI supports this ambition, ensuring the UK IP framework continues to encourage innovation for the benefit of all. To this end and building on the progress made in understanding the impact of future technology on the IP framework, the IPO published a call for views on AI and IP in September 2020. It sought to gather information on where the IP framework may need to adapt to stay ahead of technological developments.

In response to the information and opinions received, the government response to the call for views was published on 23 March 2021, identifying 11 actions which are being taken forward to provide a system better equipped to meet the government's ambitions on AI. These actions include:

- plans to consult on the extent to which inventions and creative works made by AI should be protected by patents and copyright, respectively, and on ways to make it easier to use copyright works when training AI; and
- plans for studies into the role of IP in incentivising investment in AI, the use of AI for IP enforcement, and the feasibility of a deposit system for data used to train AI systems.

The IPO will also take action on international cooperation; partnership working; delivery of a programme of university-led seminars; and the use of sophisticated AI to improve our services.

When taking these actions forward, we will aim to ensure that any measure we implement:

- encourage innovation in AI technology and promote its use for the public good;
- preserve the central role of IP in promoting human creativity and innovation;
- are based on the best available economic evidence.

¹³ [New strategy to unleash the transformational power of Artificial Intelligence - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/new-strategy-to-unleash-the-transformational-power-of-artificial-intelligence)

IPO Futures Group

The purpose of the IPO's Futures Group is to increase understanding of the future opportunities and challenges for IP posed by technological developments. Its remit includes researching the impact of future technology on the IP framework, such as AI, and the impact of future socio-economic shifts such as migration and diversity, an ageing population, new trade dynamics and global environmental resource pressures.

To help in developing this understanding the Futures Group commissioned a programme of horizon scanning workshops internally and with stakeholders. The internal horizon scanning workshops have been delivered, seeking input from staff from across the IPO. Sessions with external stakeholders to capture contributions of academic, professional and business stakeholders have also taken place.

This work will help the IPO to develop a structured programme of work with a clear and prioritised plan for the Futures Group to support innovation going forwards. The IPO will be able to ensure that it continues to be abreast of and lead the way on maximising the opportunities that future technology as well as other new and emerging operational and policy issues it may face in the future.

Consumers cultural consumption habits 2020 – Case Study

The IPO has invested significant resource in understanding how consumers engage with digital content through its series of *Online Copyright Infringement Tracker Survey*.¹⁴ The objective here was to better understand the scope and scale of IP infringement. This evidence base is proving crucial to development of new policies designed to prevent and deter IP crime.

Since 2012, the *Online Copyright Infringement Tracker Survey* has provided robust evidence of the extent of copyright infringement in the digital sphere in the UK. It has also provided insights into the motivations behind consumers' decisions to infringe. As the survey developed, the veracity of its data strengthened. After nearly a decade of research it is apparent that sustained reductions in rates of IP crime can only be achieved by prosecuting criminals in a wider context of public engagement with the issue of IP crime.

To make IP ownership an aspiration everyone understands, and many can achieve, we must ensure that IP consumers understand their responsibilities. The 10th wave of the online copyright infringement tracker reports a 23% infringement rate. Although this figure is 2% lower than the previous year, it still represents an unsustainable burden on our creative industries and an unacceptable level of IP 'crime ambivalence' on the behalf of UK consumers. The online tracker has been reporting on copyright crime in the UK for almost a decade and its data reveals a clear picture. As the authors of the survey say, we need to change consumer's perception of copyright theft:

- What became overwhelmingly apparent through feedback from respondents was that, no matter which category the messages fell into, focussing on the story of an individual was the most effective way of encouraging acts of self-reflection and potential behaviour change.
- Messages about the consequences to industries, big corporations or the economy failed to garner much empathy across the board whilst messages relating to Covid-19 were seen as potentially insensitive and only temporary in effect, given that lockdown would eventually end thus making them difficult to relate to.

¹⁴ <https://www.gov.uk/government/publications/online-copyright-infringement-tracker-survey-10th-wave/online-copyright-infringement-tracker-survey-10th-wave-executive-summary>

The success of the online copyright infringement tracker led to the IPO's commissioning of a similar series of enquiries into the nature goods counterfeiting in the UK. In September 2020 the first in a series of reports relating to the sale of counterfeit goods, across a broad swathe of product categories, showed that 29% of consumers have purchased a counterfeit item, with 17% currently doing so with some frequency. These high percentages of consumer engagement with all kinds of counterfeit trade highlight the need to implement strategies that:

- deter criminals by apprehending and prosecuting them;
- deter disruptive consumers by informing and reforming them;
- disrupt illegal supply chains;
- disable illegal websites.¹⁵

Covid-19

At the beginning of the pandemic, the IPO agreed to work with Nesta Policy and Evidence Centre (PEC) to build on the success of the Online Copyright Infringement Tracker Survey and to conduct 9 specific surveys to look at the people's consumption of culture through lockdown.¹⁶ This was a nationally representative survey of 1000+ consumers aged 16+ on how they engage with digital cultural content in the home.

The study aimed to measure the impact that lockdown had on the creative industries, by asking people about their habits of cultural consumption, such as the amount of TV they watch or how they listen to music, and whether it changed in 2020.

The insights provided by the surveys showed how important culture and the creative industries are for consumers, especially those who are physically isolated by stricter local lockdown restrictions. The survey also illustrated the impact that the lockdown has had on the creative industries. While people have spent time enjoying film, video games, music and books, they have spent the most time watching television. Within some sub-sectors, such as publishing, we can delve even deeper and see that audiobooks have been the most popular device for reading, above books, e-books and magazines.

¹⁵ [IPO Counterfeit Goods Research, July 2020](https://www.gov.uk/government/publications/ipo-counterfeit-goods-research/ipo-counterfeit-goods-research) <https://www.gov.uk/government/publications/ipo-counterfeit-goods-research/ipo-counterfeit-goods-research>

¹⁶ <https://www.pec.ac.uk/about-pec>

Overview of nine-week study into consumers cultural consumption habits during Covid-19 restrictions (April-Sept 2020)¹⁷

The sudden outbreak of Covid-19 and the UK's period of lockdown changed the way people experienced cultural content - from film, to live music, and art exhibitions. Movement restrictions led to more time in the home, the mental wellbeing consequences of social distancing and the huge economic uncertainties, disrupted the way that the public accessed digital content during the lockdown period.

Monitoring these disruptions was critically important to understand the impact that the crisis had on industries, like film, TV, music, video games, publishing and theatre. These sectors generate billions of pounds of value added for the UK economy through physical engagement with consumers.

As a result, the data is useful for examining how variations in lockdown restrictions between areas in England have impacted the consumption of culture and people's wellbeing and happiness.

Five key findings from final part of survey

1. Across the whole survey, some long-term trends, such as the decline in downloading in favour of streaming content, were accelerated.
2. One clear finding is that people in local lockdown areas watched more television and films than those in less restricted areas.
3. At the same time, the end of lockdown saw a considerable uptick in physical purchases of music and video games, indicating that the retail experience is still important to many people.
4. The relaxing of lockdown measures didn't have a noticeable effect on people's reported wellbeing. Reported anxiety levels were highest at the start of lockdown, falling over the next few weeks, and remaining stable even as shops, pubs and restaurants reopened and people could more easily meet friends and family.
5. There was an increase in those who are working inside the home and those who say they are working from home more. The proportion of people who used video conferencing software, like Zoom and Microsoft Teams, for work was highest in wave 9 at 31%.

¹⁷ <https://www.pec.ac.uk/policy-briefings/understanding-how-our-habits-of-cultural-consumption-changed-during-lockdown-newest-survey-data>

The IPO's International Activity

The IPO's objective is to ensure the UK's relationship with international IP environment in maximises the benefits of innovation and creativity for the UK economy and society.

Last year, we successfully delivered a smooth exit from the European Union for IP rightsholders and we also helped build the future UK-EU relationship on IP through the Trade and Cooperation Agreement. Beyond Europe, we negotiated IP chapters in trade agreements covering 63% of the UK's bilateral trade.

We also continued to work with our international partners to strengthen IP enforcement around the world, support progressive policy changes and enable international innovation collaboration through IP.

However, we know that the impact of this work relies on businesses, researchers and individuals having the knowledge and confidence to make effective IP decisions. Despite the challenges of the global pandemic, we have delivered a series of webinars and online events to hundreds of stakeholders wanting to expand their innovation and growth prospects overseas. We also completed the discovery phase project in preparation to launch our International IP Service in 2021, which will provide clear, easy to access information about managing IP in international markets.

Brazil

We have partnered with local authorities to achieve significant progress on IP enforcement to enhance UK businesses' growth prospects in Brazil. This includes a new formal collaboration agreement with CyberGaeco, an anti-cybercrime unit in São Paulo. In November, the IPO and the UK's Police Intellectual Property Crime Unit (PIPCU) worked closely with Brazil's Ministry of Justice and Civil Police from 10 states to suspend or seize 252 pirate sites and 65 pirate streaming services, hosting a variety of British film, music and game content. Taking down such sites, which attracted millions of visits each year, plays a huge role in providing UK creators greater confidence and opportunities in the growing Latin American market.



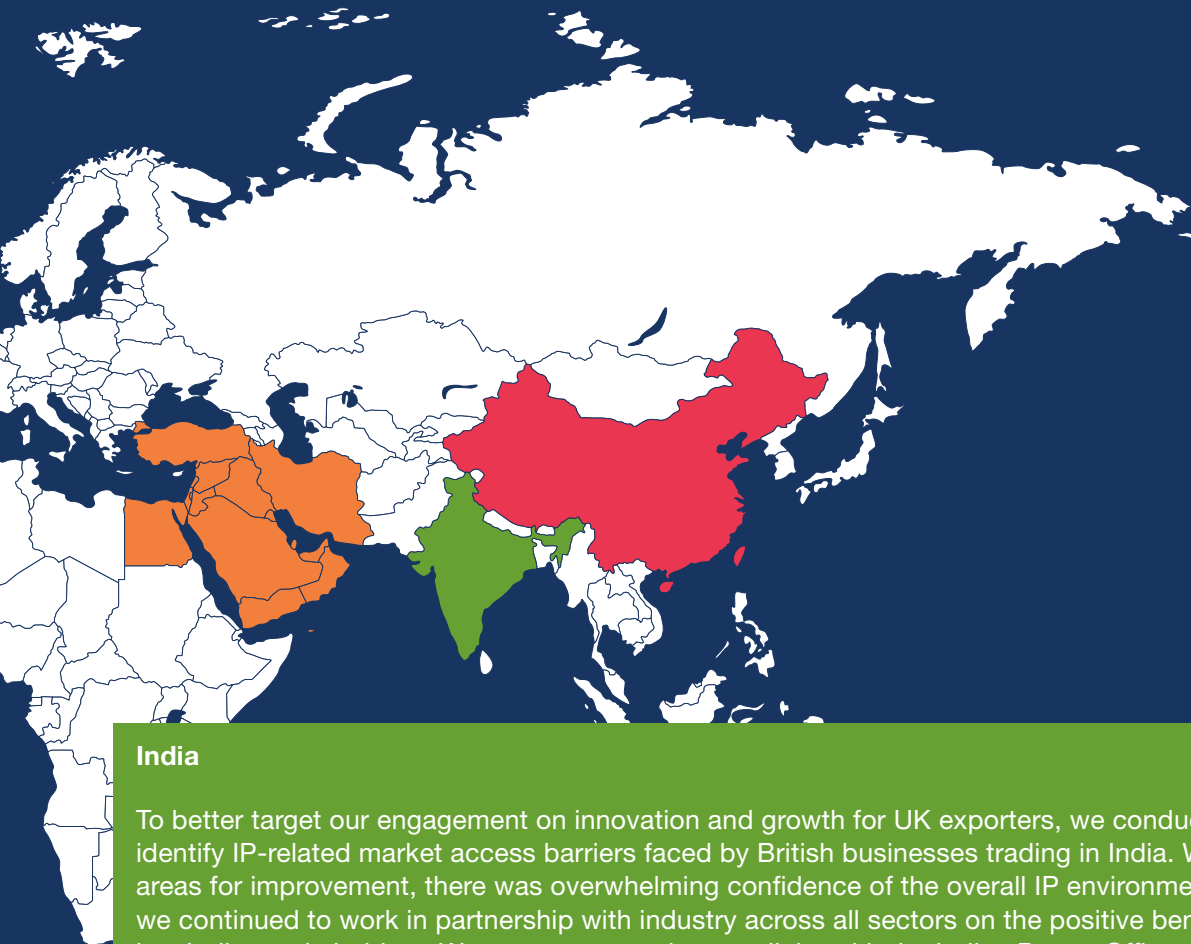
Middle East

Following a successful scoping exercise and subsequent approval, the IPO and Foreign Commonwealth D & Development Office (FCDO) started the recruitment process for a new IP attaché role to be based in Riyadh in 2021. The role will be instrumental in delivering on UK businesses enforcement concerns in the region, delivering on the cooperation agreement signed with the Saudi Authority for IP in 2020 and contributing to trade discussions with the Gulf Cooperation Council.

China

Through meetings by both the IPO CEO and Director for Copyright and Enforcement, we pursued improvements to China's patent and copyright framework, which would make it easier for UK businesses to protect and enforce their innovations and creative works. We also held the first UK-China technical exchange on trade marks, showcasing UK best practice to help address systemic issues with 'bad-faith' issues in the Chinese context - still the top IP barrier reported by British businesses.

Through our business support work we directly helped businesses on specific IP issues worth more than £22 million.



India

To better target our engagement on innovation and growth for UK exporters, we conducted a survey to identify IP-related market access barriers faced by British businesses trading in India. While we identified areas for improvement, there was overwhelming confidence of the overall IP environment in India. Therefore, we continued to work in partnership with industry across all sectors on the positive benefits of IP and with key Indian stakeholders. We want to strengthen our links with the Indian Patent Office and develop new initiatives, specifically aimed at attracting innovators from the UK and the subcontinent to recognise the opportunities our partnership offers. In particular, the IPO worked with government partners to ensure the launch of the Enhanced Trade Partnership demonstrated the role of IP in encouraging trade, investment and innovation between the UK and India.



World Intellectual Property Organisation (WIPO)

As the UN specialised agency responsible for the international registration of IP rights and the primary multilateral forum for setting the global IP framework, WIPO is of great importance to UK innovators. The UK currently chair WIPO's Group B (industrialised countries) and our prominent position at this important group enables our innovators to extend their reach and collaborations across borders to prosper. This year saw the appointment of the UK's first ever Assistant Director General in WIPO, with a remit for Administration, Finance and Management. These incremental steps are key as we build upon the UK's already strong influence in the multilateral IP space.

Southeast Asia

Challenges associated with IP enforcement remain a barrier for UK innovators in Southeast Asia. To help address this, we produced guides to support SMEs in enforcing and protecting their IP rights, so they can grow and expand into the region. We also held the 2nd UK-ASEAN innovation seminar with all 10 of the region's IP offices to promote UK best practice on how to implement IP policies that are conducive for innovation and economic growth by improving the businesses environment.

Increasing IP's impact through awareness and education

Supporting businesses

This year we converted our business programme to an entirely virtual offering. The Covid-19 epidemic accelerated the pace of change of our online services and we anticipate a blended approach to presentation and education programmes will return in the future. We engaged with more than 70,000 businesses during the year and in our feedback more than 80% of businesses said that they felt better able to manage their IP and 78% of business advisers felt more confident providing IP advice. We took the opportunity to update the content in many of our products, including the IP Masterclass, and to build on collaborative activities with a range of partners including delivering webinars with Companies House and HMRC.

This year we part-funded 260 IP audits for innovative, high potential businesses to help them improve how they manage and use their IP. These audits were delivered through our partners Innovate UK Edge (formerly Enterprise Europe Network) in England, and Scottish Enterprise and the Welsh Government in their areas. We also administered an additional 150 IP audits on behalf of our partner Innovate UK Edge. Evaluation of the scheme carried out in November 2020 has confirmed that the audits were continuing to have a positive impact, with 97% of businesses reporting that the audit had had a positive impact on their business, and 71% reporting that they had changed or introduced an IP management strategy as a result.

The IPO continues to partner with the British Library to support the development of the Business and Intellectual Property Centre (BIPC) network. This UK-wide network offers combined business and IP information and guidance to businesses and entrepreneurs so they can access the right support at the right time. The IPO provides training to BIPC advisors through our IP Masterclass and access to online tools and resources on our website¹⁸, such as IP Equip, an introduction to IP, and the Business2Business (B2B) toolkit, to support collaboration between businesses.

18 <https://www.ipo.gov.uk/ip-support>

IPO Places Strategy

Since 2017 the IPO has developed a 'Places' strategy, focussed on the need to reach out to innovators in all parts of the UK. The strategy encourages businesses to recognise and understand the value of their IP assets. Within the 2020-21 Corporate Plan we committed to redevelop the strategy to support the Government's ambition of levelling up all areas of the UK.

As part of this review, and in view of the increased prominence placed on levelling up, the IPO decided to widen the scope of the strategy and develop a Places strategy encompassing all of our work. The ambition of the strategy is to move from a 'places blind' to 'places focus' approach and ensure that, where appropriate decisions made within the IPO take greater account of places as a factor and that the IPO is supporting the Government's ambition to level up all areas of the UK.

Our regional posts form part of our original Place strategy focussing on business support. During this year we have evaluated the original posts that were based in Birmingham and Manchester. The evaluations demonstrated that the posts had met their original objectives of building IP capacity and capability within the regions. We also began a pilot project, creating a regional IP advisor for the West of England. This pilot proved successful and has now been made permanent.

As part of our revised Places strategy the posts will continue with a widened remit covering business support, knowledge exchange and education and international support. New strategies for advisory will be developed in partnership with our host partners which will focus on supporting the regions priorities in respect of innovation and growth and the levelling up ambitions of Government.

IP Valuation

We have continued to address the findings of our joint HM Treasury/British Business Bank 2018 report *Using Intellectual Property to Access Growth Funding*.¹⁹ We want to unlock lending to innovators in IP rich businesses. Our chief economist has also written on the subject for the WIPO *Intellectual Property as an Asset for Financing Innovation*.²⁰ We have worked with IP valuers to carry out research into how IP valuations change over time. We have also carried out a comprehensive review of the work to date in the financial industry and are in the process of developing an IP in finance strategy to ensure that we engage with the financial sector to boost funding for innovative, IP rich, businesses.

19 https://www.british-business-bank.co.uk/wp-content/uploads/2018/11/502-IP-Report_singles_v2.pdf

20 https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2020-chapter17.pdf

Working with government

At Budget 2018 the UK Government published a report *Getting smart about IP and other intangibles in the public sector*.²¹ It considered the value of public sector intangible assets and considering how they are managed.

The report made ten recommendations for how the government can improve its recognition and management of these valuable assets, which have been grouped into several workstreams:

- Guidance, recognition, protection and valuation;
- Incentives and investment;
- Central support, networks and reporting; and
- Data.

The report found that there was asymmetric understanding and awareness of the importance of IP across UK government. Following this report and earlier in 2020, we undertook a gap analysis to review the level of IP understanding across government and sought to identify what the government audience looks like. This was undertaken as a first step to better understand how we could upskill government on IP and develop a bespoke package of IP learning.

Based on the outcomes of the gap analysis, we set out to design our educational offering for government, while taking into consideration the wide variety of departmental and professional needs. We collaborate across government to develop a targeted and comprehensive suite of IP educational material which will better equip public sector workers to understand how to manage and make best use of IP.

This package will continue to be developed and delivered over the course of the 2021-22 financial year utilising a combination of online virtual classroom learning and self-directed study for civil servants using an online platform.

In parallel, we have also worked closely with HMT and the BEIS Knowledge Assets Team to support their launch activities surrounding the soft launch of their Knowledge Assets Guidance on effective management of public sector knowledge and innovation assets.

²¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752003/Getting_smart_about_intellectual_property_and_other_intangibles_in_the_public_sector_-_Budget_2018.pdf

Encouraging innovation through IP enforcement

IP rights have limited value in themselves if they cannot be appropriately enforced. The IPO works across a range of areas to support the effective enforcement of IP rights and we believe this provides part of the necessary foundation which allows innovation to flourish.

Enforcement strategy

During the year we began development of a new UK government strategy on IP enforcement to take us forwards over the coming years. We worked closely with analysts to ensure our strategy is evidence based and used findings from our research to run a series of workshops with other government departments, enforcement agencies and key external stakeholders including representatives of creators and entrepreneurs.

These workshops were invaluable and enabled us to develop and agree clear aims and ambitions for this 5-year period focussing on: our global leadership on IP enforcement, our partnership with others in the fight against IP crime and infringement, and how we can educate and empower consumers. We are aiming to publish the strategy in autumn 2021.

We have been working across a wide range of initiatives in the enforcement space, with one of the most notable being the creation of the first strategic threat assessment for IP in April 2020. This detailed document provided an updated context on the threat from IP rights crime and was welcomed for the insight it provided across the enforcement community.

The team has also worked with National Trading Standards to set up an ambitious pilot project delivering self-regulation to the self-storage industry, with a large number of local authorities and self-storage operators now signed up to the new scheme and plans underway to roll it out nationwide by the end of 2021.

Exhaustion of rights

Following the end of the EU transition period, the UK has a unique opportunity to review its exhaustion of right regime and decide what is the best system for our future. This is a high profile and contentious area affecting industries in different ways and with potential significant financial consequences.

Free trade agreements and enforcement

At the same time, we have been working to deliver free trade agreements with the EU and Japan, and have now turned to work with Australia, New Zealand and the United States. The Japanese agreement, in particular, was welcomed by rights holders for the strong language it contains emphasising the importance of effective protection for creative content online.

During this period, we have developed new relationships and adjusted others to allow ongoing engagement with international partners on IP enforcement, both through continued work with EUROPOL and engagement with bodies such as the Organisation for Economic Co-operation and Development (OECD Anti-Illicit Trade Taskforce. Domestically, the team have contributed to a formal review of the Government Agency Intelligence Network (GAIN) and retained a position on the GAIN executive board ensuring that IP crime is represented in this important national forum.

Provide strategic leadership and investing in enforcement intelligence

Our IPO funded posts in UK Border Force have had a successful year, with activity at East Midlands Airport resulting in the seizure of 399 consignments, totalling 823 packages containing 20,0309 individual items. The goods seized had a rights holder estimated retail value of £24.9 million.

In a notable piece of cross government engagement, the IPO Intelligence Hub has, from the beginning of the pandemic, pro-actively collected, collated and analysed incidents arising from an IP perspective and shared that with government and enforcement agencies. The model of representing the risks and harm has been accepted and used as best practice at the Organisation for Economic Co-operation and Development (OECD) Anti-Illlicit Trade Task Force and the United Nations Criminal Research Institute.

During the year we also delivered a review of civil court procedures and remedies for IP infringement with a call for views and a series of working groups chaired by Professor Sir Robin Jacob. The outcome of the review has been published and work is underway to deliver some of the improvements identified by the review.

The IPO funded Police Intellectual Property Crime Unit (PIPCU) in the City of London Police has also had a successful year despite the pandemic restricting operational activity. The unit now has 1,559 websites on the Infringing Website list which means they will be denied the advertising revenue which they use to fund the hosting of IP infringing content. The team have also continued their work with Nominet to disrupt domains selling counterfeit goods with over 115,623 websites disrupted. Both of these workstreams have proven very effective and represent a cost-effective way to restrict infringing activity.

On the operational side, PIPCU have launched a new North West Hub to support work in Manchester and across the region. One of the new Hub's earliest pieces of work was to support four raids in Cheetham Hill, in conjunction with the London based team and Greater Manchester Police. This uncovered an estimated £15 million worth of branded clothing, shoes, electricals, watches, jewellery, and perfume suspected to be counterfeit. Suspected counterfeit medication was also found and seized. In total over 45,000 items were seized in this one operation, with an estimated loss to brands of £15 million, if sold at retail price.

Other notable operations throughout the year have included action against an organised crime group importing and selling counterfeit wine, investigations into fake baby carriers and perhaps most disturbingly, the investigation and arrest of an individual for administering a fake Covid-19 vaccine to an elderly lady in London. Other Covid-19 related cases were also dealt with by the team, with an operation in conjunction with the US Food and Drug Administration and the UK's Medical Health Regulatory Agency leading to a suspect being arrested and sentenced for selling fake treatment kits which he was posting from the UK to customers all over the world.

In conjunction with the IPO and Sky, the PIPCU team have also developed their work with payment providers in order to better understand and disrupt the sale of IP infringing TV streaming services.

Counterfeit goods and online copyright infringement

The IPO's reports on online copyright and counterfeit goods infringement explore the relationships and linkages between three groups: 'disruptive' shoppers (i.e. those who deliberately seek copyright infringing and counterfeit product); 'deceived' shoppers (those who unwittingly purchase those products through deception) and IP crime perpetrators (those who provide counterfeit and copyright infringing products). They exposing the breadth of IP crime, from illegal tobacco sales in corner shops, to illegal streaming at home, to the construction of complex equipment and its routing across global supply chains by organised, international criminal networks. They also illustrate a fundamental characteristic of IP crime; there is one kind of criminal, but there are two kinds of consumers. Those who may be deceived who require protection and those who knowingly support counterfeiters. The question as to how best to change the behaviour of this group is fast becoming a policy priority.

2020/21

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