



Intellectual
Property
Office

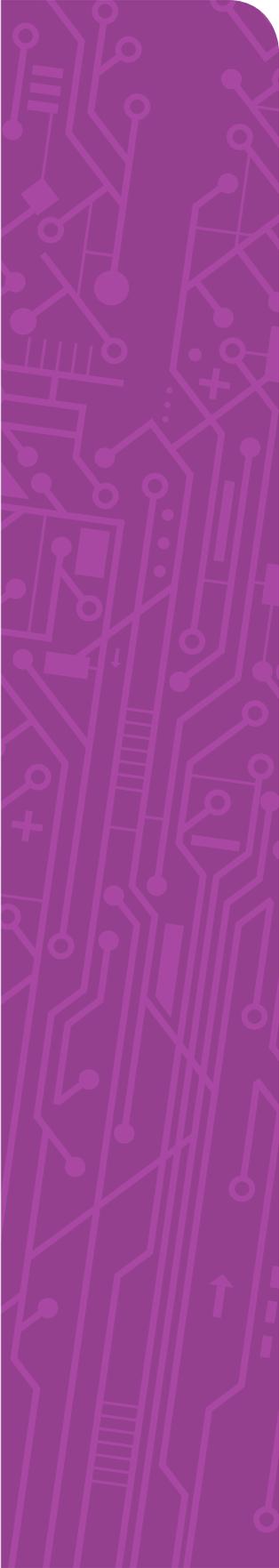


Industrial Strategy: Intellectual Property Call for Views Government response



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Background

In November 2017, the government published its Industrial Strategy, setting out five key foundations of productivity – the essential attributes of every successful economy – Ideas, People, Infrastructure, Business Environment and Places.

The UK is rated one of the most innovative countries in the world, and recognised as a global leader in science and research, but there is more that we can do to ensure our strengths in research and innovation translate into a boost in productivity and earning power.

Investment in intangible assets is estimated to have directly contributed around a fifth of productivity growth pre-financial crisis, and had wider benefits over and above this.

However, Britain spends 1.7% of GDP on R&D compared to the OECD average of 2.4% of GDP, much less than leading countries like the USA (2.8%) and Germany (2.9%).

To ensure the UK remains a world leader in science and innovation, we have committed to reach 2.4 per cent of GDP investment in R&D by 2027. As a first step we will invest an additional £2.3bn over what was previously planned in 2021/22, raising total public investment in R&D to approximately £12.5bn in that year alone.

But if the UK is to be the most innovative country in the world, we need to be able to capture the value from our science, research and innovation, including effective commercialisation of our ideas and innovations.

The intellectual property (IP) system is the legal mechanism for the commercialisation of innovation.

The use of IP rights to protect and commercialise intangible investments is a vital part of the UK's dynamic economy. Investment in ideas which are not properly protected by intellectual property rights may ultimately serve to benefit third parties more than the innovator, as unprotected innovations are capable of being used or developed further by third parties who have not had to make an initial R&D expenditure.

The UK's IP system is independently recognised as being world class. We are consistently named among the top three IP jurisdictions in the world. For example the 5th Taylor Wessing Global IP Index¹ ranks the UK 3rd overall behind only the Netherlands and Germany, and ranks the UK 1st in the world for Patents. The Sixth Annual US Chamber of Commerce International IP Index², published February 2018, ranks the UK as 2nd in the world overall, noting that "the U.S. and the UK rank so closely together in the 2018 Index that it has become clear the countries stand side-by-side as global leaders in IP protection and enforcement".

1 [united-kingdom.taylorwessing.com/en/ip-index/reports](https://www.united-kingdom.taylorwessing.com/en/ip-index/reports)

2 www.theglobalipcenter.com/wp-content/uploads/2018/02/GIPC_IP_Index_2018.pdf

Therefore, though we start from a position of strength, if we want to achieve our ambitious aim of 2.4% of GDP investment in R&D by 2027, and realise the commercial returns of that extra investment, we are right to consider ways to get the most out of the IP system.

To this end we completed this call for views seeking ways to maximise the incentives of the IP system to stimulate collaborative innovation and increase licensing opportunities for IP rights.

We sought the views of users of the IP system as to what products, services or other activities the IPO could undertake in order to make the most of the UK's IP system. We are grateful to those who supplied over 50 written replies, as well as those who took the time to speak to us.

The call for views set out a number of example proposals the office had previously received, both via the consultation on the Industrial Strategy Green Paper, and elsewhere.

As well as offering their views on general or specific aspects of the IP system which could be improved, many respondents chose also to comment on how they felt these proposals would positively or negatively impact upon collaboration, commercialisation, knowledge exchange and UK innovation.

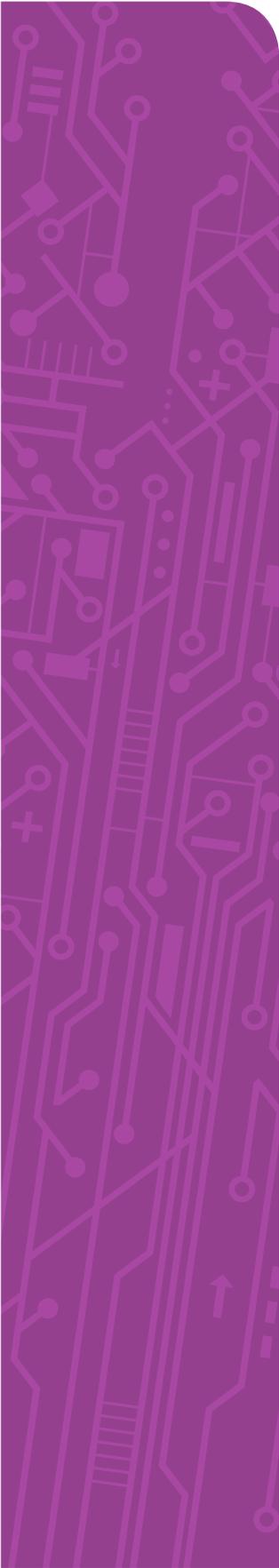
Proposals

Many respondents engaged with the theme of **IP finance**, and the IPO has identified the following interventions for immediate action. It will consider further what more should be done to address issues raised.

First, as per the Chancellor's Autumn statement of 22 November 2017 and the Industrial Strategy White Paper the **IPO will work with businesses, lenders, insurers, the British Business Bank and HM Treasury to overcome the barriers to high growth, intellectual property-rich firms, using their intellectual property to access growth funding.**

Secondly the IPO is working with Local Enterprise Partnerships and universities in the West Midlands to introduce an **'Innovation Enabler' fund**. The fund is a pilot and it will provide financial and advisory support to help local SMEs develop and implement an IP strategy. In doing so, the fund will enable innovation and business growth.

IP specialists from the region's universities will champion innovative SMEs participation in this programme, which that aims to give them the confidence with IP to bring their innovations to market, collaborate with others, export and potentially open new routes to finance.



The project has been developed closely with Greater Birmingham and Solihull LEP to build on their local intelligence and to align to their strategic priorities for innovation and the business environment.

Thirdly, the IPO will **review the IP Finance Toolkit**. The toolkit was launched in March 2015 in response to the IPO commissioned “Banking IP” report which highlighted the barriers IP-rich SMEs face when accessing finance. The report recommended that a resource be introduced to support a better dialogue between businesses and financial services professionals.

Since that time the business and financial services landscape has evolved. The issue of IP-rich SMEs accessing finance continues to be raised with the IPO by external stakeholders and referenced in work undertaken in 2017, including Sir Peter Bazalgette’s review of the Creative Industries and the IPO commissioned research “Hidden Value: A Study of the UK IP Valuation Market.”

Therefore, it is timely that the IPO undertakes this review to ensure that the toolkit is fit for purpose. It will consist of a wholesale review of the content and design to adopt a more targeted approach for increasing “investor readiness” amongst the IP-rich SME community.

In addition to activity in the sphere of IP finance, respondents were supportive of the development of a **Business to Business toolkit** to help to facilitate business collaborations, along the lines of the Lambert Agreements. Therefore the IPO will take this proposal forward. As part of this, an IPO/industry working group will be convened to develop the toolkit.

Regarding the proposals relating to Standard Essential Patents, the government fully supports standardisation and remains committed to an open and balanced standards environment that supports global, fair and equitable market competition. The government recognises the importance of striking the right balance between ensuring innovators can get a reasonable reward for their work while enabling access to standardised technology. **The IPO will explore how various measures might improve the existing framework – suggestions received included improved guidance.**

There was little support for the IPO to establish **IP Trading Platforms**, with many respondents noting that industry offerings are already delivering in this area, and others highlighting the benefits of platforms bringing together researchers and businesses to facilitate collaboration through relationship-building, such as the Konfer Innovation Brokerage.

There was a lack of broad support for the establishment of a **Voluntary Register for unregistered IP rights**, with many respondents noting the additional legal and administrative burdens such a system could introduce.

In addition to the interventions highlighted above, a strong theme throughout the responses was that whilst the IP system is strong and fit for purpose, there needs to be more work done to help users of the IP system to understand and navigate it, to ensure they get the most out of their IP.

To that end the IPO will look to consolidate and enhance its suite of educational tools and services, focussing on the strategic protection and commercialisation of IP.

EU Exit

Many respondents raised issues relating to the future of the IP framework. We recognise that EU Exit is a key issue for IP stakeholders, and as we leave the EU, the IPO's focus will be on getting the right outcome for UK inventors, creators and consumers. Responses relating to EU Exit have been directed to the relevant officials for consideration as part of that process.

Next Steps

In addition to taking forwarding the actions outlined above, the IPO will draw upon responses to this Call for Views in its support of the delivery of the next phase of the Strategy.

The IPO is working across various strands of the Industrial Strategy, including contributing statistics towards analysis of innovation indicators, supporting the delivery of Sector Deals, and exploring the IP implications of the global trends articulated by the Grand Challenges. It is also working in partnership with the British Standards Institute and the National Physical Laboratory to ensure that strategic thinking on Metrology, Standards and Intellectual Property are embedded throughout the Industrial Strategy Challenge Fund and other policies set out in the White Paper.

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