



Intellectual
Property
Office

Promoting Innovation and Growth: The Intellectual Property Office at Work

2016-2017



Intellectual Property Office is an operating name of the Patent Office

Promoting Innovation and Growth: The Intellectual Property Office at Work

2016-2017

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



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Any enquiries regarding this publication should be sent to us at:

The Intellectual Property Office
Concept House
Cardiff Road
Newport
NP10 8QQ

Tel: 0300 300 2000
Fax: 01633 817 777

e-mail: information@ipo.gov.uk

Print ISBN 978-1-910790-31-1
Web ISBN 978-1-910790-32-8

Printed in the UK on behalf of the Controller of Her Majesty's Stationery Office

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Jo Johnson
Minister of State for
Universities, Science,
Research and
Innovation

Ministerial Foreword

Innovation is the key to our economic prosperity, creating jobs and growth. This is why the Government's ambition is for the UK to become the most innovative country in the world. As minister with responsibility for intellectual property (IP), I firmly believe in the link between IP and innovation, and consequently growth. As this report sets out, IP supports innovation by allowing it to be protected and exploited by its originator. Without IP, innovation would be stymied as businesses and individuals hold back or reduce investment in innovation due to the risk that others will be able to use and profit from it, cutting or even eliminating their fair return.

The role of the Intellectual Property Office (IPO) is to ensure that IP encourages and protects investment in innovation, by creating an IP framework which balances protection and knowledge sharing, administering IP rights, coordinating enforcement of those rights and helping people to understand and use them. By making the UK a great place for IP, the IPO supports innovation, creativity and growth in the UK. This report describes many of the things the IPO has done in the past twelve months towards these aims.

The report clearly shows that:

- The UK's IP regime is one of the best in the world. Independent indices rate it in the top three, and world leading for patents and enforcement. The overwhelming message from the IPO's stakeholders is that the UK's IP regime is strong, balanced and fit for purpose. Further improvements, such as the recent reform of the law around groundless threats will maintain that view.
- Rights granting is a key aspect of the IPO's contribution to innovation and growth. IP would not support innovation and creativity if the IPO was not providing IP rights which are affordable, accessible and have a high presumption of validity. With demand for trade marks and registered designs ballooning, and patents holding steady, the IPO has maintained a relentless focus on maintaining its performance on timeliness and quality which has forged its reputation.
- The UK is seen as the leading country and thought leader on IP enforcement. The IPO's role in coordinating and providing strategic leadership in the enforcement environment amplifies the impact of the direct enforcement agencies. The IPO's ability to broker agreements like the ground-breaking Voluntary Code of Practice for search engines encapsulates the value it adds to this arena.

- IP has a fundamental role to play in the Industrial Strategy, underpinning all aspects. The Industrial Strategy is the centre piece of the Government's vision for an economy that works for all and the IPO has a key role. By ensuring the IP system encourages the creation and development of ideas, through to supporting the provision of guidance and advice for innovative businesses, the IPO will help deliver the vision.
- The IPO's work is not confined to the UK. With attachés placed in China, India, Brazil and SE Asia; excellent links to colleagues in the US, Canada and Australia; the mutual respect of our friends in the EU; and a strong voice at WIPO, the EUIPO and the EPO; the IPO has a truly global reach that will serve the country well in the post-EU era. With IP and trade intrinsically linked, the IPO has a major role to play in future trading relationships, both with our friends in the EU and the rest of the world.

I know from meeting and working with the staff in the IPO that they have a passion for IP. This comes across in the report and I expect the IPO to continue to do all it can to make the UK a great place for IP, and therefore support innovation, creativity and growth.



I know from meeting and working with the staff in the IPO that they have a passion for IP.



Introduction

The power of innovation to unlock economic growth

We are all natural innovators; innovation means survival. Trying to do things better, quicker, or more easily has taken us from hunter gatherers to the age of technological wonders we are currently living in. However, what once seemed miraculous soon becomes commonplace and minds turn to the next innovation.

This constant innovation fuels economic growth. A stark example is the Industrial Revolution, which facilitated the exponential growth of economies and populations, redefining society. Of course, not all innovation is revolutionary, but even incremental innovation leads to the improvements in processes, new discoveries and different ways of thinking that fuel growth.

There is evidence to show that more innovative markets are the ones that grow. This is true across the whole economy or individual industries, with the businesses in them measurably more

productive. Anecdotally we all understand that the innovative firms are the ones that grow quickly, gaining new customers and keeping new ones by producing better products and services. Some of the most successful and ubiquitous products today did not exist a decade ago. Evidence shows that UK firms that introduced a product innovation between 2002 and 2004 experienced growth in employment and sales between 2004 and 2007 at around twice the rate experienced by non-innovators¹.

This connection drives the Government's ambition to make the UK the most innovative country in the world. The UK is starting from a strong base, already being ranked as one of the world's most innovative countries at 5th in WIPO's Global Innovation Index². Within the EU the UK is in the group of innovation leaders alongside Germany, Sweden, Denmark, Finland and the Netherlands³.

¹ http://ec.europa.eu/internal_market/intellectual-property/docs/joint-report-epo-ohim-final-version_en.pdf

² <http://www.wipo.int/publications/en/details.jsp?id=4193>

³ http://ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards_en

Alex Chisholm visits the IPO



The Role of IP

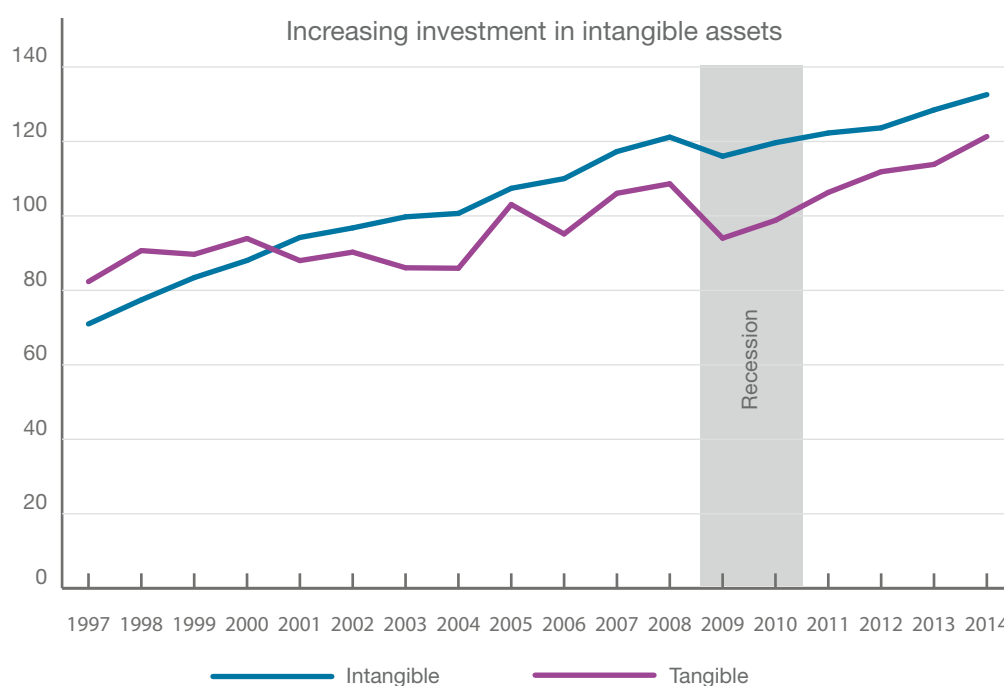
Innovation is more than just having ideas. Ideas on their own are just the seeds of innovation, only coming to fruition when commercialised. Commercialisation is costly, from initial investment in research and development through to manufacture and marketing. During this cycle of innovation through to commercialisation innovators are exposed to financial risk. Not all attempts at innovation are successful and those that are will be vulnerable to appropriation by others.

This is why IP is so important for innovation. The system of interconnected IP rights, patents, trade marks, designs and copyright, reduces the risk of investing in innovation by ensuring that the results can be commercially exploited by the owner and protected from exploitation by others. With good IP protection, innovators can be confident that they can make a fair return on their investment. That said, to ensure that IP encourages innovation and is respected there needs to be balance: innovation comes from sharing knowledge as well as protecting it.

Research shows that investment in IP makes a significant contribution to innovation and productivity for the UK economy⁴:

- In 2014 firms in the UK market sector invested an estimated £132.6 billion in knowledge assets, compared to £121.3 billion in tangible assets.
- 53% (£70.4 billion) of that knowledge investment was protected by IPRs.
- That's a 50% increase from £46.9 billion in 2000.
- IPR-intensive industries generated an estimated 26.7% of UK employment and 37.4% of UK GDP in 2010.

⁴ UK Intangible Investment and Growth (2016) and Intellectual Property Rights Intensive Industries: Contribution to Economic Performance and Employment (2013)





The IPO contributes to innovation and growth in the UK by working to create a clear, accessible and widely understood IP system. ”

It is this proven ability to support high levels of investment and employment which makes IP so important to a successful and growing UK economy and integral to the forthcoming Industrial Strategy.

The Role of the IPO

The IPO contributes to innovation and growth in the UK by working to create a clear, accessible and widely understood IP system. The IP framework should incentivise and protect investment in IP whilst allowing knowledge to be shared. This balance is critical for innovation to truly flourish.

This report explains how we do this through the pursuit of our strategic goals⁵:

- **Promoting UK growth through IP policy** – the system must keep pace with modern business practices, provide certainty and encourage innovation. The UK’s IP regime is consistently rated as one of the best in the world and our customers and stakeholders repeatedly tell us that whilst there are always some tweaks that can be beneficial, our system is

strong and balanced. Not only does this ensure that we are making the UK a great place for innovation and growth, it gives us the respect on the international stage to have a big impact on how global IP policy is developed.

- **Delivering high quality rights granting services** – businesses need timely rights which have a high presumption of validity. We are delivering for our customers with trade mark services among the quickest in the world, a patents regime that is rated as number one and a new online design system which has been a real success for our customers and our staff. Demand for the rights we administer is growing but we are maintaining and in certain areas reducing the time from initial application to obtaining the right through improvements in processes and technology.
- **Ensuring IP rights are respected and appropriately enforced** – IP cannot contribute to innovation and growth unless its owner can assert economic control over it. The UK are

⁵ Whilst we have six strategic goals, these are our four externally facing goals. The other two relate to our people and efficiency and value for money. The full IPO strategy can be found here.

thought leaders on enforcement and independently rated as the best jurisdiction for IP enforcement on the back of initiatives such as the enforcement strategy, the reduction in links to infringing content through the Voluntary Code of Practice for search engines and PIPCU⁶.

- **Educating and enabling business to understand, manage and protect their IP** – it is only by properly harnessing their IP that innovators and creators can derive value from it. Our outreach activity supports our ambition to make IP an everyday part of doing business; we are reaching more businesses than ever and ensuring that they understand the message. Alongside businesses we are also ensuring we support the science and innovation sector, with guidance to help universities and research institutions collaborate with the private sector to commercialise IP.

Taken together, this paints a picture of the support we provide to innovation and growth and the contribution we are making to the Government's ambition to make the UK the most innovative country in the world.

⁶ The Police Intellectual Property Crime Unit



Promoting UK growth through IP Policy

- Completed reform of the law on unjustified threats through the passing of the Intellectual Property (Unjustified Threats) Act 2017.
- Secured a good deal for the UK on Portability Regulation, part of the reforms to develop the Digital Single Market.
- Further strengthened our bilateral relationship with China, including participating as the Country of Honour at the 2016 China International Copyright Expo held in Guangzhou.



Our aim is to create a balanced and effective IP regime which provides the safeguards and incentives to encourage innovation and growth. We are regarded as being successful, although we are always looking for ways to improve. The UK's IP framework is rated by independent indices as one of the best in the world; 3rd in the [Taylor-Wessing Global Intellectual Property Index](#) and 2nd in the [American Chamber of Commerce International IP Index](#). These ratings are based on a range criteria across the different indices, such as consistency and reliability, cost, ease of access, and the state of IP law, all of which have an impact on innovation.

In 2016/2017 we have continued to shape the IP framework, directly at home and using our reputation for excellence to influence abroad.

Research

Evidence based policy is key to the work of the IPO and it is important to have access to robust independent research and data. Following internal and external consultation we develop an annual programme of research. The objective of the programme is to deliver the evidence to inform key short, medium and long term policy questions. This year we have published research on a variety of IP related issues, including on the investment in intangible assets in the UK, an analysis of UK trade mark demand and the impact of stream ripping on the music industry. A full list of this year's current and pending publications can be found in **Annex A**. All of the IPO's commissioned research is published alongside the methodologies and datasets, in line with our "Guide to Evidence for Policy".

UK policy

We have undertaken significant work in recent years reforming the UK's domestic IP regime through the implementation of the recommendations of an independent review of IP and growth, undertaken by Professor Hargreaves⁷. Although our stakeholders tell us we have a system that is well set up to support innovation and growth, it does not mean that there is nothing left to do. Ensuring we contribute to new policies and initiatives, react to changes in business practice and maintain a solid evidence base remains an important aspect of our work.

Industrial strategy

IP will be a core component in achieving the aims of the modern industrial strategy and at the heart of the ambition to make the UK the most innovative country in the world. IP underpins so many areas of business and the wider economy that a strong IP system is fundamental to all five themes of the industrial strategy: innovation, business, skills, place and infrastructure.

The core ambition of achieving 2.4% of GDP spending on R&D within the next ten years means that there will be new inventions, designs, products, services and creative works which will require a strong IP framework to facilitate their protection and exploitation. As outlined earlier, the UK's IP system is consistently ranked as world-class, and contributes to the strong commercial infrastructure that makes the UK such a great place for business.

IP is both the incentive to innovate, and the product of innovation. The rights we grant, and the legislative framework for which we are responsible, ensure that innovators are encouraged and rewarded

⁷ Digital Opportunity: A review of Intellectual Property and Growth (2011)



...we have continued to work with our European partners to develop the EU IP system for the benefit of businesses and consumers. ”

for their efforts. IP's catalysing role in the innovation cycle is also felt by consumers, who receive the benefit of the labours of a range of industrial sectors, including healthcare, transport, energy and entertainment.

As the government sets out its plans for our ambitious new industrial strategy, the IPO will continue to work with businesses and academic institutions to give them the confidence and expertise to bring the ground-breaking results of collaborative research to market. We are working to support the delivery of the Industrial Strategy Challenge Fund, as well as providing data and analysis to support the negotiation of Sector Deals.

We also have a role in rebalancing the economy, to which end we have placed IP policy advisors into the Northern Powerhouse and Midlands Engine, where they will work to raise IP skills and expertise in these important regions, to increase the economic impact of IP. We talk about this more in the final chapter.

Soon we will be publishing a call for views seeking innovative suggestions for targeted interventions to stimulate more IP collaboration and licensing.

In the course of the industrial strategy green paper consultation⁸ we have heard the overwhelming message that the UK's IP regime is strong, balanced and as a whole is fit for purpose. Therefore the purpose of this call for views is not to initiate a wholesale review of the UK IP legislative system, but to look for targeted, non-regulatory interventions the IPO could make, which would maximise the incentives provided by our world-class IP system.

Unjustified threats

Our work alongside the Law Commission to reform the law of unjustified threats came to fruition with the passing of the Intellectual Property (Unjustified Threats) Act 2017. This created clearer and more consistent set of rules around threats and supports parties to reach a negotiated settlement. IP litigation is expensive and diverts resources from investment in innovation and growth; we expect the reforms to save businesses over £1.7m each year⁹.

⁸ <https://www.gov.uk/government/consultations/building-our-industrial-strategy>

⁹ [Unjustified Threats Bill Impact Assessment](#)

Webmarking for designs

Registered design owners can stamp or label their products with the word 'registered' and the relevant registered design numbers in order to ensure that infringers cannot avoid damages by claiming they were unaware of the registration. Following the passing of the Digital Economy Act 2017 registered design owners will soon have the option to mark their products with a web address instead, making it easier and cheaper to ensure that their rights are known about. The change is expected to come into force in October 2017.

In Europe

Although the UK will be leaving the EU, until the final deal is agreed and implemented we remain a member, with all of the rights and responsibilities that entails. Further, once our new relationship is settled, the EU will remain an important trading partner, so we retain a keen interest in the quality of its IP

system. This means that since the referendum, in tandem with our preparations to get the best post-EU deal for IP, we have continued to work with our European partners to develop the EU IP system for the benefit of businesses and consumers.

Preparations for leaving the EU

Working with other parts of Government we are striving to secure the best possible deal for British consumers and business following the UK's departure from the EU, maximising key opportunities for IP and IP trade policy. Our focus is on getting the right outcome for UK inventors, creators and consumers. We are developing plans in conjunction with regular dialogue with stakeholders as we want to make sure that where ever possible any changes we make reflect their needs. While we may not always be able to consult in the same way as when we have made other changes to the UK IP regime, we are committed to maintaining dialogue with

Our IP Threats (Unjustified Threats) Bill Team



stakeholders, which will be even more important as we move through the different stages towards exit.

Digital Single Market

The creation of a balanced Digital Single Market (DSM) will support the digital economy and the creative industries as well as benefiting consumers. The UK creative industries are among the world's best and account for just over five percent of the UK's economy¹⁰. We are working towards positive outcomes for the UK in the DSM negotiations, including influencing the EU to modernise copyright rules and developing cross-border access to content online, wider opportunities to use copyrighted material in education, research and cultural heritage and a better functioning copyright marketplace.

Unified Patent Court

In November 2016 the UK Government confirmed that it was continuing with preparations to ratify the Unified Patent Court Agreement (UPCA). This is part of the process to realise the Unitary Patent and Unified Patent Court. This will make it easier for British businesses to protect their investment in their ideas by preventing the results from being used by companies in other countries. We have progressed the work to ratify the Unified Patent Court (UPC) Agreement following the signing of the Protocol on Privileges and Immunities, with the final piece of implementing legislation being laid in June.

Improvements to the EU trade mark system

The EU market, and consequently the EU trade mark system, will continue to be important to British businesses after the UK leaves. We have invested in

preparation for the transposition into UK law of the EU Trade Mark Directive, which once implemented will make it easier and cheaper to get trade mark protection in each of the Member States of the EU.

The Rest of the World

We know that export activity is an important contributor to the UK's overall economic growth and that British businesses are often concerned about their IP when trading abroad¹¹. This is why on the international front, we continue to maintain key relationships and use them to influence the development of fit for purpose IP frameworks to support UK businesses abroad and those trading internationally. We use multi-lateral fora, such as the World Intellectual Property Office (WIPO), bilateral relationships and our own network of attachés to influence on the world stage.

¹¹ [See UKTI Internationalisation Strategies, Barriers and Awareness Survey 2014 and KPMG's Global High Growth Outlook](#)

Alex Ellis, the HM Ambassador to Brazil, renews the IPO's Memorandum of Understanding with INPI, the Brazilian IP office



¹⁰ [Creative Industries Economic Estimates January 2016](#)

Global Patent Reform

Through the year we have maintained our efforts to improve the global patent system. We have retained our influence in the B+ group¹² by working closely with the Chair (IP Australia) in formalising a work plan and maintaining momentum on harmonisation work. As well as remaining influential at Patent Cooperation Treaty working group discussions, we played a central role in June's Group B+ User Symposium in Munich. We will take a key role in preparing a draft consultation document, on specific harmonisation proposals reflecting the outcomes of the B+/industry symposium, intended for discussion at the Group B+ plenary meeting in the autumn.

International Trade Mark System (Madrid)

We attended the Madrid Working Group and Roundtable at WIPO in June 2017. The UK tabled a national position paper at the session outlining proposals for improvements that could be made quickly to the international trade mark

system to benefit users, contracting parties and the International Bureau. This was the culmination of sustained collaborative work between the IPO and key UK users of the international system. The proposals received a warm reception and it was agreed that further time should be dedicated to discussing the issues more substantively at future sessions of the Working Group.

Developing Bilateral Relationship with China

This has been a successful year for China engagement which has seen a deepening of relations between the two countries. We have engaged on a range of priority business issues including broadcast rights, collective rights management, bad faith trade mark issues and online enforcement. Across the year, we organised a ministerial and judicial visit which spanned across five cities, participated as country of honour at the 2016 China International Copyright Expo, hosted a Vice Minister from the State Administration of Industry and

¹² <https://www.epo.org/news-issues/issues/harmonisation/group-b-plus.htm>

Some policy highlights of UK China Copyright week:

- **Copyright Law amendments:** We raised UK priority issues on copyright legislative reform in China, including sound recording rights, collective licensing and Artist Resale Right (ARR). The National Copyright Administration of China (NCAC) noted earlier UK influence on draft revisions in these areas.
- **Online copyright enforcement:** An initiative modelled on the UK's Infringing Website List (IWL) was announced, which prevents advertising revenues flowing to pirate websites.
- **Broadcasters music licensing:** We continue to lead international efforts to increase royalties paid by Chinese broadcasters for music, with a seminar in Beijing implementing an outcome from the UK-China Economic & Financial Dialogue (EFD) last November.

Commerce on an official visit and our work supported the prosecution of the largest IP enforcement case to date in China.

UK China Copyright Week

Ros Lynch (Director of Copyright and Enforcement) visited China for the now annual UK-China Copyright Week. Our connections with senior Chinese officials and high profile in the wider China IP community is leading to tangible policy benefits.

Other Priority Markets: the Work of our Attachés

We are active across many markets as we continue to support UK businesses to trade more internationally. For example we signed an MOU and agreed a two year work plan for further cooperation with India, have been working with Brazil to support the Joint Economic and Trade talks in London and in SE Asia we made IP enforcement-focused visits to Vietnam and the Philippines.

“We are active across many markets as we continue to support UK businesses to trade more internationally.”

Great for Imagination campaign



Our attachés continue to lead dialogues on policy related issues and the delivery of IP specific projects within these key international markets, working with other UK Government representatives in country and UK-based experts where possible. These activities have included: technical training for overseas IP officials, judicial training for Judges, sharing of enforcement policies & practices, showcasing UK best practices in IP office management & workflow systems, through to working with Ambassadors and Embassy staff to raise UK concerns for particular businesses, sectors or on policy thinking. An illustration of their impact is that they provided direct support to 234 UK businesses dealing with individual IP issues, and this year dealt with IP cases worth over £189m in potential lost revenue¹³.

¹³ See Chapter 4 for more data on our attachés.



[Acting] International Director Adam Williams taking part at an event for exporters

The IPO around the world

We have continued our efforts to strengthen bilateral relationships across the world:

Brazil

Since 2012, under the patent granting process in Brazil, ANVISA, the National Health Surveillance Agency, has played a key role in approving patents for pharmaceutical products. If ANVISA denied a patent, the application was closed. Since this rule was introduced, the UK Government has engaged with the Brazilian Government to encourage them to reconsider ANVISA's role in the process, this work has been coordinated by our Brazilian based IP attaché. We are pleased that the Brazilian counterparts have now signed a new ruling stating that the Patentability criteria will be set by the national IP office (INPI) only.



India

The India UK Tech Summit in 2016 was India's largest knowledge and technology conference and exhibition. It covered technology, innovation and entrepreneurship and British expertise in higher education. To ensure that IP featured prominently, we worked with our resident attaché and the FCO to organise a half day IP Summit. The IP Summit focussed on the importance of IP to all types of business, building an IP environment conducive to business and growth, and IP monetisation. The keynote speech was given by Jo Johnson as Minister of State for Universities, Science, Research and Innovation. An MoU on intellectual property was also signed between the IPO and India's Department for Industrial Policy and Promotion (DIPP) and exchanged at a Press Conference between the UK and Indian Prime Ministers.

South East Asia

In March we hosted two workshops in Thailand and Indonesia aimed at teaching businesses and IP professionals how to best use their IP assets and how to assess the marketability of IP protected works. The workshops served several purposes, firstly to reduce the numbers of frivolous patents filed which clog up systems that are often operating at capacity, and also to get users thinking of the best ways to monetise their IP assets and move from invention to market as efficiently as possible. Both of these elements will help UK businesses protecting their IP in the region by encouraging moves towards a more sophisticated IP system.

China

A significant influencing success on patents means that foreign companies can now request accelerated patent examination in China. This has been a priority ask from UK stakeholders in recent years. For the first time, infringement risk is included as grounds for accelerated examination. SIPO (the State Intellectual Property Office) also addressed our concerns over an imbalance in domestic/foreign access to accelerated invalidation.

Delivering high quality rights granting services

- Our trade mark examination service is one of the quickest in the world.
- Our patents regime is rated Number 1 on a leading IP index.
- Our reformed design service is faster and cheaper while experiencing a 90% increase in demand.



Registering trade marks and designs and granting patents in a timely and efficient manner contributes to innovation and growth. By providing IP rights which have a high presumption of validity, we help to make the UK a great place for IP. Conversely, if our customers could not rely on the rights we granted, or get them when they needed them to capitalise on the business opportunities, the UK would be an unattractive place to start an innovative, IP rich business. The impact that the delivery of our services has on innovation and growth cannot be underestimated.

We work hard to meet all of our customers' needs. Overall customer satisfaction, one gauge of how well we are doing, was over 87%. In addition, we received the final report from the independent Customer Service Excellence (CSE) assessor who visited us in December. This confirmed a 100% compliance score. This landmark achievement for IPO recognises the efforts of all staff to deliver continuous customer service improvement.

Digitalisation of our services will provide further benefits for our customers and help our people provide an even better customer experience. Our online trade mark service is well established, we have recently delivered online registered designs, and work to transform our online patents system is ongoing. Ensuring that our existing digital systems is just as important as creating new ones, our public facing IT systems were available for 99% of the time minimising the time customers are unable to access to our services.

Trade Marks

Demand for UK trade marks increased significantly in the last financial year (Apr 2016-Mar 2017) where we received almost 65,000 applications, over an 18%

increase. March 2017 saw the highest daily, weekly and monthly figures for trade mark filing in the history of the office. Despite this huge increase our trade mark service remains a world leader; our time to examination between five and ten days; to compare, other major jurisdictions can take ten¹⁴ or even 20 weeks¹⁵. Backing up this speedy first examination, we publish 95% of acceptable marks for opposition within 90 days.

Whilst the UK's decision to leave the EU has undoubtedly had an effect on demand, understanding all of the factors that influence it is critical if we are to effectively manage our resources to ensure we can continue to provide the level of service our customers expect. In March we published a report by the University of the West of England and Belmana Ltd on the drivers behind trade mark demand which included econometric modelling of trade mark applications and renewals at the IPO¹⁶.

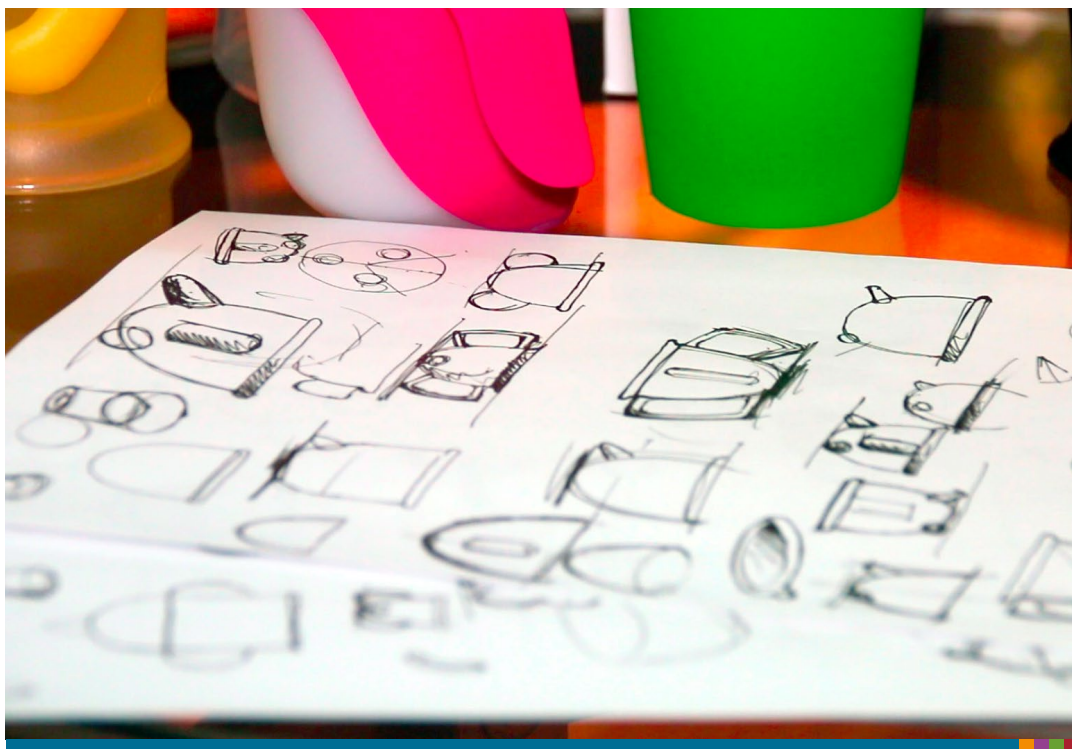
Designs

Whilst the UK has always been at the forefront of design, our services have not complemented the talent of UK designers. This meant that designers chose other places to protect their designs, especially the EUIPO. We resolved to change this and over recent years have undertaken a design modernisation programme, which saw us introduce a new digital filing service and reduce fees. Our customers' reaction to our new online service has been hugely positive. Demand for UK registered designs has shown an increase of over 90%, an even greater increase than that for trade marks. Further, since the

¹⁴ <https://www.uspto.gov/dashboards/trademarks/main.dashxml>;

¹⁵ http://www.kipo.go.kr/kpo/user.tdf?a=user.english.html.HtmlApp&c=91000&catmenu=ek02_01_01

¹⁶ UK Trade Mark Demand: An Analysis



Mandy Haberman product designs

reduction in fees, almost 100% of design applications are filed online. This surge in demand has been met with a determination to provide a timely service, aided by the system which eliminates errors increasing our efficiency, with 99% of designs registered within 10 days. Along with other improvements for designers, such as the new web marking facility outlined in Chapter 1, we have created a step change in the ease and low cost for registering designs in the UK.

Patents

Our patents system is rated number one in the Taylor-Wessing Global Intellectual Property Index¹⁷. Whilst we are happy that an independent assessment has found us to be the best, we are not complacent.

Demand for patents has remained stable, with close to 23,000 applications, around

12,500 requests for examination and just under 17,000 requests for a search. We offer faster handling of patent applications by providing an examination report with search report when both are requested at the application date, and met 96% of requests for an accelerated two month turnaround for search, publication and examination against a target of 90%.

Our ambitious patent recruitment programme has been completed. Around 150 new patent examiners have been recruited in the last three years, with the final tranche of almost 50 examiners moving into their examining groups in November. Time is still needed for our new examiners to gain the expertise and experience which will see them achieve maximum productivity. However, we are close to tipping the balance which will see us reducing the existing patent backlogs and getting on the path to achieving our medium term aim of reducing the maximum time to grant to 54 months.

¹⁷ https://united-kingdom.taylorwessing.com/global-ip-index/executive_summary

Misleading Mail – Defeating the Scammers

In recent years owners of IP rights have been plagued by mail from scam IP renewal companies who obtain money by misleading people for example by mimicking the look and feel of IPO's letters or website. This damages small businesses and the reputation of the IPO. We have been tackling this problem, taking legal action in the UK courts and providing better warnings to our customers about the possibility of being scammed and what to expect from official IPO correspondence. This appears to have worked, as from December 2016 to January 2017 we received no complaints from customers about scam renewal notices, and just one in February. In previous years we received many hundreds of customer complaints about this.

However, IPO customers remain at risk as the scams evolve and we remain vigilant, updating our advice and ready to take further legal action as necessary.

UK IPO v Intellectual Property Agency

We continue to pursue the Intellectual Property Agency Ltd and its Swedish Director for the £500k plus costs awarded by IPEC for passing itself off as the IPO and deceiving UK IP holders into paying it over £1m. The Swedish Director has fought enforcement of the Order through the Swedish courts, but lost at first instance and again on appeal. The Swedish Supreme Court has recently refused permission for a further appeal. The Swedish civil debts enforcement authority is currently investigating the individual's assets.

“Our patents system is rated number one in the Taylor-Wessing Global Intellectual Property Index¹⁷. Whilst we are happy that an independent assessment has found us to be the best, we are not complacent.”

Ensuring IP rights are respected and appropriately enforced

- The UK is rated Number 1 for IP enforcement¹⁸.
- We were instrumental in developing the Voluntary Code of Practice which has already helped search engines reduce the prominence of infringing links.
- Our tribunal issued decisions quicker than ever before; 88% of final decisions within 12 months, and 96% within 15 months.

¹⁸<http://www.theglobalipcenter.com/ipindex2017-chart/>



IP supports innovation by ensuring those who take the risk investing in it can secure a fair return on success. If IPRs cannot be enforced then the cycle breaks down. Innovation that is expensive to develop can be cheap to copy, allowing others to profit from the work of the innovator, diminishing or even completely absorbing the return they are entitled to make. Ignoring this would be crippling for innovation and growth as individuals and businesses think twice about risking capital on new ideas.

Effective IP Enforcement is not the work of one part of the state, but a collaborative effort between the different enforcement authorities, such as Trading Standards, UK Border Force, the Police and private industry. Although we are not an enforcement authority, through strong leadership we make a vital contribution to the enforcement landscape, giving innovators the confidence that the tools and structures available will protect their investment. We also work to ensure the effective and timely resolution of IP disputes through our own Tribunal service.

Strategic Leadership in enforcement

By providing strategic direction and leadership we help to amplify the impact of the various actors across enforcement. This has been a successful year for us in terms showing strong leadership in enforcement. We published the Government's enforcement strategy¹⁹ in May 2016 and have already secured success in delivering some of its key commitments. We facilitated the ground breaking Code of Practice between search engines and rights holders aimed at reducing the appearance of illegal sites in search results. We have taken a number of actions in relation to illegal streaming via IPTV boxes and will continue to work with rights holders, enforcement bodies and intermediaries on this issue. We have expanded our training for enforcement officials at home and abroad, as well as our outreach activities. The wide range of activities and engagement has meant that the UK has once again been rated number one for Enforcement in independent reports.

¹⁹ Protecting Creativity, supporting innovation: IP enforcement 2020

Police Intellectual Property Crime Unit (PIPCU) – Tackling file sharers

In June 2017, three men were sentenced for providing illegal access to copyrighted content such as films, music, books and games which cost the industry more than £2.5 million. This follows a four year investigation by the City of London Police and intellectual property protection organisation FACT.

The trio had been operating a server hired from a company in the Netherlands for eight years. The server contained over 100,000 files of films, music, games, software and e-book files which they made available to users for a fee.

They were given sentences of between 24 and 18 months, suspended for 12 months and order to complete between 140 and 80 hours of unpaid work.

The work of the IPO Intelligence Hub

Our Intelligence Hub continues to work with partners to support intervention across the supply chain of counterfeits and pirated material:

- IPO Intelligence Hub provided data to steer UK Border Force action which saw 83,000 items seized in a pre-Christmas drive against illicit goods.
- The Intelligence Hub was instrumental in providing a focus for action at Manchester and East Midlands Airports in November, having identified a suspicious pattern of trading. Targeting fast parcel courier traffic, UK Border Force officers, assisted by IPO staff, HMRC and rights holders removed a huge number of items from the supply chain. This was particularly welcomed by Manchester Trading Standards, who were then able to focus on other key targets for their raids in December.
- Recovering the proceeds of crime: as a result of an intelligence package produced by the Intelligence Hub, a couple convicted of selling counterfeit goods online had an asset confiscation order of £630,000 made against them at the Crown Court.

Search Engine Code of Practice

In February our Enforcement team helped to broker a landmark agreement which will see search engines and the creative industries work together to stop consumers being led to copyright infringing websites. Representatives from the creative industries, leading UK search engines, and the IPO developed a Voluntary Code of Practice dedicated to the removal of links to infringing content from the first page of search results. The Code sets out agreed targets for reducing the prominence of infringing links in search results, as well as specifying other areas such as autocomplete and domain hopping, where parties have agreed to work together.

In June first measurement cycle took place, to assess compliance of Google and Bing with the targets set out in the Code of Practice. Both were found to be meeting the initial targets, and work is now focussed on enhancing the existing

work streams so that further value can be delivered from this cooperation.

Anti-Counterfeiting Forum

On the 22 March 2017, the IP Enforcement and Capacity Building Team gave a presentation at the 8th Anti-counterfeiting Seminar arranged by the Anti-counterfeiting Forum. This seminar is a yearly event arranged by the Technical electrical component sector and shares best practise and awareness of tackling components in the electrical supply chain. As a result of our participation, we have been asked to join the Counterfeit Awareness Working Group within the Ministry of Defence.

Developing international capacity in IP enforcement

We take a lead role on developing capability in international IP enforcement. Some initiatives are as part of EU-led technical and twinning projects, others

through UK programmes, but all aimed at creating sustainable and viable relationships, improving the IP enforcement environment to the mutual benefit of both countries and UK business.

In the Balkans within EU projects, we have delivered police, customs and judicial training aimed at promoting inter-agency co-operation, engagement with the private sector and the adoption of a problem-solving investigatory approach to dealing with criminal IP infringement.

We have hosted study visits that engage all of the UK IP law enforcement agencies and key trade bodies, reinforcing the partnership approach within the UK agencies as well as the beneficiary. Turkey, which has reformed

its IP legislation wholesale to conform to EU acquis, has engaged closely to develop the cross-agency and sector processes developed in the UK.

In the Vietnam, initial training with the Market Surveillance Authority has led to the creation of a multi-agency IP enforcement group similar to the UK IP Crime Group and prompted the appointment of a Ministerial lead for IP. In Indonesia, IPO-led training for the operational enforcement arm of the IP office there has led to a co-ordinated response between it, the UK rights holder, their legal representative in country and the IPO laying the foundation for a criminal prosecution. This is something that previously had not been achieved.

Illicit goods seized with the assistance of information from the IPO Intelligence Hub



“Our tribunal issued 88% of final decisions within 12 months, and 96% within 15 months. This is quicker than ever before...”

The common principle is that we are willing and able to share how we are developing our capacity and delivery in IP enforcement. Through a combination of training and engagement this lays the foundations for improved IP enforcement in the partner country, benefiting both UK and domestic businesses, whilst securing future co-operation that disrupts criminals impacting upon the UK.

International Conference on IPR Enforcement

During September the UKIPO attended the 3rd International Conference on IPR Enforcement in Szczytno, Poland. On the strength of our record of international cooperation through Europol and Interpol, we were asked to give a

presentation on how we engage with businesses and cooperate with law enforcement and partners on a national and international level to effectively tackle IP crime. Presentations at the Conference highlighted the problems currently experienced in Poland in tackling piracy in both the film and gaming Industries, the work of the Signal Association to tackle advertising on infringing websites and highlighted some of the current problems they have in taking forward prosecutions.

Annual Chartered Trading Standards Institute Conference

At the June conference in Harrogate we staffed an exhibition stand at the event and organised a well-received mini-theatre session with a presentation from

OCI tracker

In July we published the 7th wave of the Online Copyright Infringement Tracker (OCI), a large scale consumer study into the extent of online infringement, as well as wider digital behaviours. It assesses the levels of infringement of six main types of online content; music; film; TV programs; books; video games; and computer software. By conducting this research every year we are developing a time series to generate benchmarks. The proportion of those who consume entirely legal content has remained stable at 75%, whilst the proportion of those who consume entirely illegal content has decreased from 9% in 2016 to 7% in 2016/17.



IP CRIME AND ENFORCEMENT

REPORT 2016/17

IP Crime Report 2016/17

The [IP Crime Report for 2016/17](#) was published in September. The report contains statistical data and enforcement activities from UK law enforcement agencies such as trading standards, police and HM Revenue and Customs along with a wide range of industry bodies.

Ari Alibi, a Barrister with extensive experience in prosecuting illicit streaming/IPTV cases. At the same event we launched an illicit streaming guidance booklet for investigators and prosecutors, intended to demystify what is seen as a complex area of law.

Dispute Resolution

IPO's Tribunal

Supporting innovation and growth is not just about granting new IP rights. Existing trade marks can clash with new registrations, initiating opposition and cancellation proceedings. Registered designs and granted patents are also open to cancellation and revocation proceedings. If the need arises, it is important that people and businesses affected by prospective or existing IP rights can get quick and efficient access to justice. Our tribunal issued 88% of final decisions within 12 months, and 96% within 15 months. This is quicker than ever before despite a continuing increase in new cases, particularly trade mark cases. This speedy resolution helps to keep costs down and creates the certainty that allows everyone involved to get on with growing their businesses.

Educating and enabling business to understand, manage and protect their IP

- We have established two regional IP advisors to pilot 'the IPO in the right place'.
- We launched an updated Lambert Toolkit to make it easier for universities and research institutions, and businesses to work together to develop and commercialise IP.
- We helped businesses understand and act on their IP:
 - reaching over 205,000 businesses with messages on IP; 93% of them report they better understand it as a result.
 - part-funding 250 IP Audits; 78% of those audited last year acted on the information gleaned from the audit.



The final aspect of our work to promote innovation and growth through IP is ensuring that individuals, universities and research institutions, and business can recognise their IP and understand how to manage it properly. We work hard to share the message that IP can provide a competitive advantage and help a business to grow. We do this through outreach (workshops, seminars and exhibitions), supporting and growing networks and developing the IP and innovation landscape (engagement, toolkits and training).

Outreach

Spreading our messages about the advantages of IP to a businesses and researcher continues to be an important part of what we do. We continue to engage strongly with business to increase the number who better understand how to manage IP and through a number of channels we have reached over 205,000 businesses. Although this is significant, it does not make an impact unless our messages are understood. This year we asked the businesses we spoke to if their understanding had improved as a result. Satisfyingly 93% told us that they are better able to understand IP and its use within their business. Our IP attachés (See Chapter 1) also provide advice and



The IPO at the Big Bang

support for businesses who are trading abroad or looking to begin exporting.

Our Business Outreach teams began a series of Facebook Live broadcasts. Running during the summer months, the first live broadcast looked at IP's deadly sins and reached over 8,000 people in seven days.

The Big Bang

We attended this very popular annual event aimed at 7-19 year olds and is the largest celebration of science, technology, engineering and maths (STEM) for young people in the UK. It attracted more than 95,000 visitors over four days and our stand had more than 1200 entries to the Find the Fake competition.

IPO Attachés in numbers April 2016 - March 2017:

- Provided 1-2-1 direct support to 234 UK businesses dealing with individual IP issues, and this year dealt with IP cases worth over £189m in potential lost revenue.
- Undertook 146 Business Outreach and Education Events reaching over 5200 UK exporters operating in overseas markets (China 1,675, India 851, Brazil 752, ASEAN 993, others 1,021).
- Over 5,500 businesses have benefited from interaction with our attachés this year.

The Education Show

Targeted at education professionals, the Education Show attracts more than 8,400 visitors from across the community. It was the ideal opportunity for us to launch our new classroom based game Business Battle, aimed at Key Stage 4 Business Studies students. During this event the team were able to give advice to teachers on all our various resources and distributed several hundred Think Kits and Cracking Ideas packs.

British Education Technology and Training Show

During January the Campaigns and Education team attended the BETT (British Education Technology and Training Show). This four day event attracted over 50,000 teachers, lecturers, education consultants and others to hear the latest on education technology and ideas. During this event the team were able to give advice to teachers on all our various teaching resources and distributed over 100 Thinkkits and over 75 Cracking Ideas packs. The team also took the opportunity to highlight the launch of our new game called Business Battle, aimed at KS4 Business Studies students which will be launched at the Education and Big Bang Shows at the NEC in March.

Supporting and growing networks

Networks are incredibly important to increasing the best use of IP across the UK. Working with others we can provide greater coverage, spreading ideas and best practice more widely than if we tried to work alone. By linking up with the business support landscape we have been working to ensure that businesses can access valuable IP information.

IPO – A presence in the right place

The need to ensure that every part of the UK could benefit from economic growth was one of the core themes of the Industrial Strategy. Our response is to consider how we can get support to the places where innovation is happening. As a pilot project we have placed two new regional IPO advisors in the Northern Powerhouse and Midlands Engine. Their objective is to support and develop the work already ongoing within the regions and to stimulate effective IP commercialisation, focussing on building IP capability within partners and their networks to ensure effective integration of IP into strategic thinking and business support programmes. We hope that this will encourage effective collaboration between business and universities, and deliver a continuous IP focus within key

Sarah and George Success!

Last year we commissioned a series of animations to illustrate simply the benefits of registering your designs that were aimed at hobbyists and small business owners. We were delighted to find out in June that the 'Sarah and George' film was nominated and won gold in the best animation category at the Event and Visual Communication Association (EVCOM) screen awards. The film has been promoting our designs service through our social channels and we have received really positive feedback from our customers.



local business communities and sectors. The scheme is a pilot which will run for 12 months, during which we will monitor the success of the posts and identify next steps on how best to position IP in regional growth.

Business & IP Centre (BIPC) Network

We have been working with the British Library (BL) since 2012 to developing the Business & IP Centres (BIPC) with the objective of providing access to combined IP and business advice to entrepreneurs within their own region. There are now nine regional centres open (Birmingham, Exeter, Hull, Leeds, Liverpool, Manchester, Newcastle, Northampton and Sheffield). We attended and spoke at the opening of the Hull BIPC in June, with another pilot in Norwich officially opening in September 2017. Discussions are also ongoing with a further five centres. As well as providing financial support to commence the project we provided additional funds to develop a skills and workshop training programme. We will continue to support the development of the National Network, including support and assistance to develop effective partnerships and relationships, to widen their reach and identifying opportunities to work with other business support organisations in the regions such as Growth Hubs and Enterprise Europe Network.

Midlands Business Support Network

We have been instrumental in the development of the Midlands Business Support Network and is a key driver and influencer as it moves forward. The network aims to bring together key players within the region to share policy initiatives, learning and provides an opportunity to network. At the most recent meeting 32 different organisations



The IPO presenting at the IP and Education Conference in Vilnius

were represented including Growth Hubs, BEIS, Companies House, Innovate UK, EEN and HMRC.

Developing the IP and innovation landscape

Ensuring IP is integrated into the wider innovation landscape will help to translate it into growth. This means helping people collaborate on IP, making sure that IP is recognised as a financial asset and getting educators to recognise the benefits of including IP in their offerings:



Updated Lambert Toolkit

In October 2016 we launched the updated [Lambert Toolkit](#). This toolkit and model agreements can help users from research and industry to negotiate IP creating collaborative projects, and has been updated to include six new agreements and to adequately cover various project scenarios. Additional updates included language on the charitable status of universities, data protection and changes in terminology.



IP training for accountants

To continue to build IP knowledge within the accountancy profession we provided a half day briefing for the business and finance professionals in Glasgow. The session was delivered in partnership with Scottish Enterprise and supported by the ICAEW, CIMA and ACCA and brought together over 30 accountancy professionals. We plan to deliver more of these sessions in the future.

IP Finance support

Our ongoing engagement with the finance sector continues to develop. We have been working closely with colleagues at HMRC through their “Working Together” platform. This digital channel targets their agent audience (book keepers, accountants) and provides a quality opportunity to engage with this important group. In February we delivered a webinar covering copyright; this is one of series of agreed topics which will be covered over the next 8 months. We have also been engaging with a number of accountancy membership bodies and recently delivered a webinar for the ICAEW (Institute of Accountants for England and Wales) and drafted an article for Institute of Financial Accountants (IFA) which was published in their magazine.



IP for Universities and Colleges

In May, we established a new IP for Universities and Colleges group consisting of leading stakeholders in the IP and education sectors. The group, including the Chartered Institute of Patent Attorneys (CIPA); the Chartered Institute of Trade Mark Attorneys (CITMA); the National Endowment for Science; Technology and the Arts (NESTA); Universities UK; the IP Awareness Network and Enterprise Educators UK; will provide a strategic overview of IP in innovation, sharing good practice and steer the development of high-quality IP education resources for further and higher education audiences. The group’s focus is on launching a comprehensive suite of tools in September and using the network of group members to promote and embed the resources in institutions across the UK.



IP for Research

In March and April we began a new programme to develop IP skills amongst PhD students and early career researchers. Over 130 people participated in six pilot IP workshops in universities across England and Wales with extremely positive feedback. The programme also consists of a hub of accessible information. A set of six ‘quick guides’ specifically for researchers was the first element of the hub.

IP Audit Service

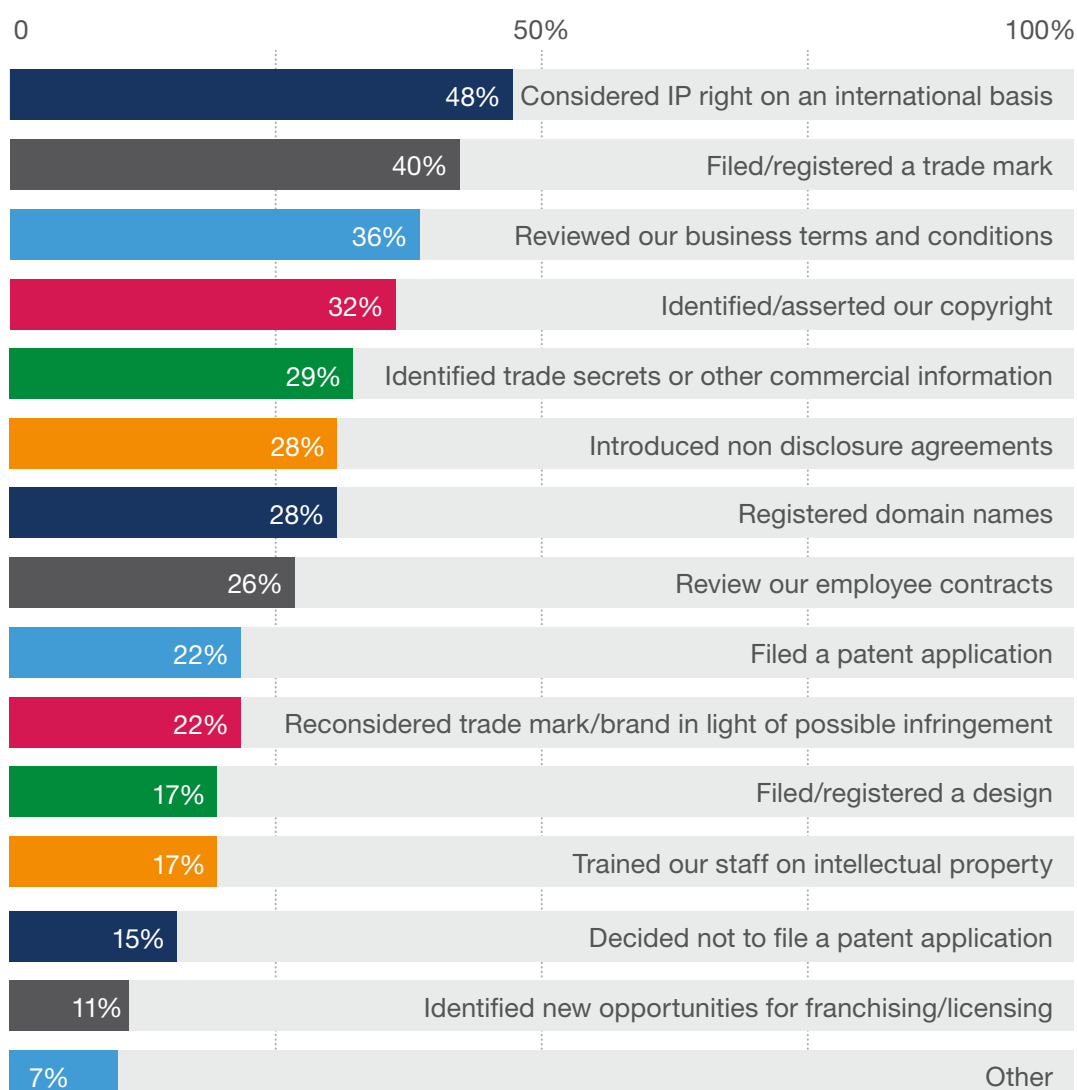
This year we approved and part-funded 250 IP Audits which were delivered through our partners The Enterprise Europe Network (EEN) in England, Scottish Enterprise and the Welsh Government in their respective devolved areas. An IP Audit provides a complete overview of IP assets, assesses the effectiveness of and recommends improvement to the approach taken to management of this IP.

We survey recipients of audits six months after their results to assess the impact on their activity. This year we published

results from the 2015/16 cohort. The survey found that 78% of business have acted on one or more of their IP audit report's recommendations, with 19% expected to act within the next year. 72% of businesses reported that they had introduced an IP management strategy as a result of their audit. This is an increase of 18% on the figure reported for 2014-15 which was 54%. There was a significant increase in the number who subsequently filed/registered a trade mark, increasing to 40%, up a third from the last survey.

The full list of actions taken following an audit:

Actions customers took as a result of their audit



Annex A – List of IPO research: September 2016 to September 2017

To be published:

Hidden Value: A study of the UK IP Valuation Market – September 2017

Share and Share Alike – the challenges from social media for intellectual property rights
September – 2017

Trade in Counterfeit Goods and its Direct, Economic Effects: The UK Case Study [In
partnership with OECD] September – 2017

Building the Evidence Base on the Performance of the UK Patent System –
September 2017

Published:

Online copyright infringement tracker survey (7th Wave) – 14 July 2017

The Impact of Stream-Ripping on the Music Industry (in conjunction with PRS) –
July 2017

UK trade mark demand: An analysis – March 2017

Gender profiles in worldwide patenting: An analysis of female inventorship –
November 2016

UK intangible investment and growth – September 2016

UK plant breeding sector and innovation – September 2016

Concept House
Cardiff Road
Newport
NP10 8QQ

Tel: 0300 300 2000

Fax: 01633 817 777

Email: information@ipo.gov.uk

Web: www.gov.uk/ipo

Facebook: TheIPO.UK

Twitter: @The_IPO

YouTube: ipogovuk

LinkedIn: uk-ipo

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DPS-006274

ISBN 978-1-910790-31-1



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