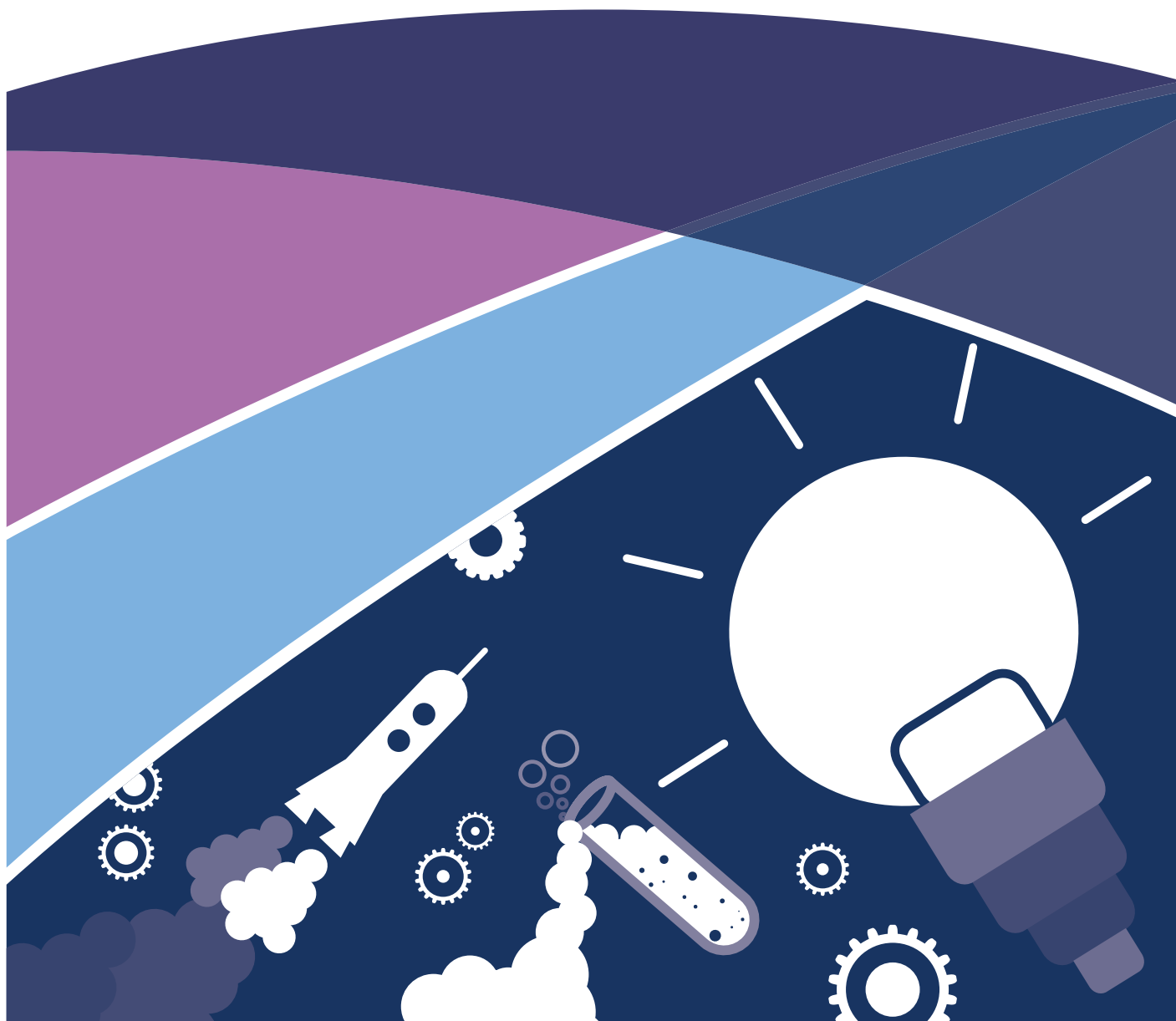




Intellectual  
Property  
Office

# Promoting Innovation and Growth: The Intellectual Property Office at Work

2017/18





# **Promoting Innovation and Growth:**

## **The Intellectual Property Office at Work**

2017/2018

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



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**Sam Gyimah**  
Minister of State for  
Universities, Science,  
Research and  
Innovation

## Ministerial Foreword

Innovation is central to our future prosperity, which is why this government has declared its ambition to make the UK an innovation nation. Our Industrial Strategy sets out a clear vision for making the UK the most innovative country in the world and our delivery of the biggest ever increase in public R&D funding is an investment in this future. We believe this will be a catalyst for innovation, putting the UK on the frontier of technological development, in artificial intelligence, clean energy, autonomous vehicles and more.

Intellectual Property (IP) is an important part of the innovation cycle, giving inventors and creatives the confidence to pursue innovation and growth. By ensuring that the results of innovation can only be exploited by its owner, IP encourages investment in R&D by guaranteeing a return on successful innovations. Without the protection given by IP the unscrupulous could profit off the back of another's work, diminishing or eliminating their fair return. It does not take a great leap of the imagination to see this leading to stagnation, where too few are prepared to risk their time and money on generating the next big innovation for fear that someone else will take all the profit.

This report from the Intellectual Property Office (IPO) sets out what it has done in the past 12 months to ensure that the IP system encourages investment in innovation. The IPO does this 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 to hold, use and protect IP, the IPO will help to make the UK the most creative and innovative country in the world.

“ Intellectual Property (IP) is an important part of the innovation cycle, giving inventors and creatives the confidence to pursue innovation and growth. ”

This report will re-emphasise that:

- The UK IP system continues to be rated as one of the best in the world. Independent indices from the American Chamber of Commerce and Taylor Wessing place us in the top tier, and the best place for the enforcement of IP rights.
- The demand for UK IP rights has soared over the past year, with demand for trade marks in particular growing by 21%. Despite this the IPO continues to provide a level of timeliness that other jurisdictions do not match, and its customers rate it highly.
- IP is a global success story for the UK, generating a £3.8bn trade surplus in IP Services. The IPO is active across the world, with permanent IP attachés in China, India, Brazil and SE Asia; excellent relationships with friends and colleagues in the US, Canada and Australia and a held as a respected voice in the World Intellectual Property Organisation.

I hope you take the time to read this report and learn more about how the IPO's work is supporting UK innovation and growth.



By making the UK a great place to hold, use and protect IP, the IPO will help to make the UK the most creative and innovative country in the world. ”



# Introduction

## Innovation and economic growth

Humanity's ability to innovate has driven us from the Stone Age to the information age. Progressing from a time when innovation was crucial to survival, innovation is now how we will seize the opportunities and confront the challenges of the modern age.

The pace of change is startling. The global population took until the start of the 19th Century to reach a billion, but only 200 years to reach over seven times that. We all have access to more knowledge than our ancestors could have imagined, knowledge that is expanding daily. The digital age allows ideas and content to be stored and shared instantly.

In this environment the rate of innovation is growing exponentially. We take for granted technologies and services that could not even be conceived a generation ago.

This innovation creates economic growth, and why making the UK "the most innovative country in the world" is central to the Government's vision for a more prosperous Britain under the [Industrial Strategy](#), supported by the biggest ever increase in public R&D funding, an extra £7 billion. Innovation increases productivity, grows markets and creates jobs. Evidence shows that UK firms that innovate grow at around twice the rate of those that don't. The UK is a global leader in innovation, ranked 4th in the [World Intellectual Property Office's Global Innovation Index 2018](#).

## The role of IP

IP plays a crucial role in innovation. Innovation involves taking a risk; whether that is investing company profits in developing new processes or products; quitting your job to write a book; or using your savings to launch a new brand. Not every attempt is successful and this investment might be lost.

IP reduces the risk by protecting the results of innovation through the interconnected system of rights; trade marks, patents, copyright or designs. Protected by IP, inventors, researchers and creators can pour their time, money and knowledge into developing new and better things with the confidence that if successful, they can benefit from the result and make a return on their investment. By creating a temporary monopoly in which innovators are sufficiently rewarded, IP creates an incentive for R&D, leading to innovation. In addition IP rights are in the public domain, promoting the diffusion of ideas and the sharing of knowledge.

Investment in IP makes a significant contribution to innovation and productivity for the UK economy<sup>1</sup>:

- In 2015 firms in the UK market sector invested an estimated £134.2 billion in knowledge assets, almost half of which (£63.5 billion) was protected by IPRs.
- IPR-intensive industries generated an estimated 26.7% of UK employment and 43.7% of UK GDP in 2011-13 average.
- In 2016 the UK exported £14.4bn and imported £10.9bn of intellectual property services in 2016, resulting in a trade surplus of £3.4bn.

<sup>1</sup> [UK Intangible Investment and Growth \(2016\)](#) and [Intellectual Property Rights Intensive Industries: Contribution to Economic Performance and Employment \(2013\)](#) and [ONS data on international trade in services \(2016\)](#)



Innovation happens when knowledge is shared as well as when it is protected. Overly restrictive IP systems can be just as damaging to innovation as free-riding and a balanced approach is needed to unlock the full potential.

## The work of the IPO

We believe that IP makes life better. It touches everything that makes life more enjoyable, easier, safer and prosperous. As the government body responsible for administering IP rights and developing the necessary legislative and policy frameworks, our work gives researchers, creators and inventors the confidence to invest in trying something new. Our IP system rates as one of the best and our approach to enforcement is regarded as world-leading<sup>2</sup>. The UK's withdrawal from the European Union emphasises the importance of maintaining this position on the world stage.

This report outlines many of things we are doing to help make the UK the most innovative and creative country in the world by:

- Delivering excellent IP services** - Customer satisfaction remains high. The past year has seen the highest ever demand for trade marks and designs and our highest ever output. In the face of this we have remained one of the fastest in the world. We are providing a fast patent approval service to customers who request it, whilst working to reduce pendency on all patent applications. This year we launched a new route to international design registration and ratified the UPC. Our work on digital transformation has continued.
- Creating a world-leading IP environment** – Our global approach to IP support and policy making has continued to prove influential. We have been preparing to leave the EU, focusing on minimising the disruption to business and the continuation of rights. Outreach and communication remain high on our agenda as our messages reach over 130,000. The latest independent IP indices indicate that our approach to enforcement is still regarded as world leading, whilst our Intel Hub has played a major role in a high-profile case involving fake Remembrance Day poppies.

This contributes to making Britain a great place to innovate, create and grow a business. IP matters, and we hope you take the time to read the report.



# Delivering **excellent** IP services





## Delivering excellent IP services

- We have experienced record levels of demand for our IP rights but have continued to hit our service targets
- We have launched a new service for designs
- Our digital transformation gathers pace

The rights granting services we provide, for patents, trade marks and designs provide certainty for innovators. By administering the rights in a timely and reliable way we provide the confidence that their investment is protected. Knowing that their rights are secured, they can invest in developing and selling their innovations, creating jobs and economic growth.

Our customers continue to be happy with what we do. Customer satisfaction was over 88% and we retained our Customer Service Excellence Award, with the independent assessor commenting that “staff are empowered to promote customer focus in their working practices.”

### Timely, Reliable and Quality Services

The volume of rights applied for and granted is not a direct indicator of innovation or economic growth. Many of the ideas, inventions and brands contained in the applications we process will not be commercially successful. However, we do know as well as being integral to the most valuable and well-known businesses in the world, IP supports all levels of business. In 2015, UK investment in knowledge assets reached £134.2bn and 47% of that investment was protected by IP rights<sup>3</sup>

The rights we administer underpin businesses large and small, and consequently jobs and economic growth. Our work of processing applications in a timely way and to a high quality means we are supporting that growth.

Over the last two years we have experienced a huge increase in demand for trade marks, breaking previous records for demand and output. Despite this our service remains world-leading; the average time to first exam of a trade mark was brought down to nine days. This compares to over 10 or even 16 weeks in other major economies<sup>4</sup>. From first exam, over 96% of valid applications are registered within four months.

Demand for designs continues to be strong, with the time to examination remaining around the four-day mark. We continue to improve services for designers. In June we launched our latest service for designs, accepting international registrations, enabled by our joining the Hague Agreement on Designs. This builds on our efforts to make the UK a great place to register designs following 2016 launch of an online application system and lower fees.

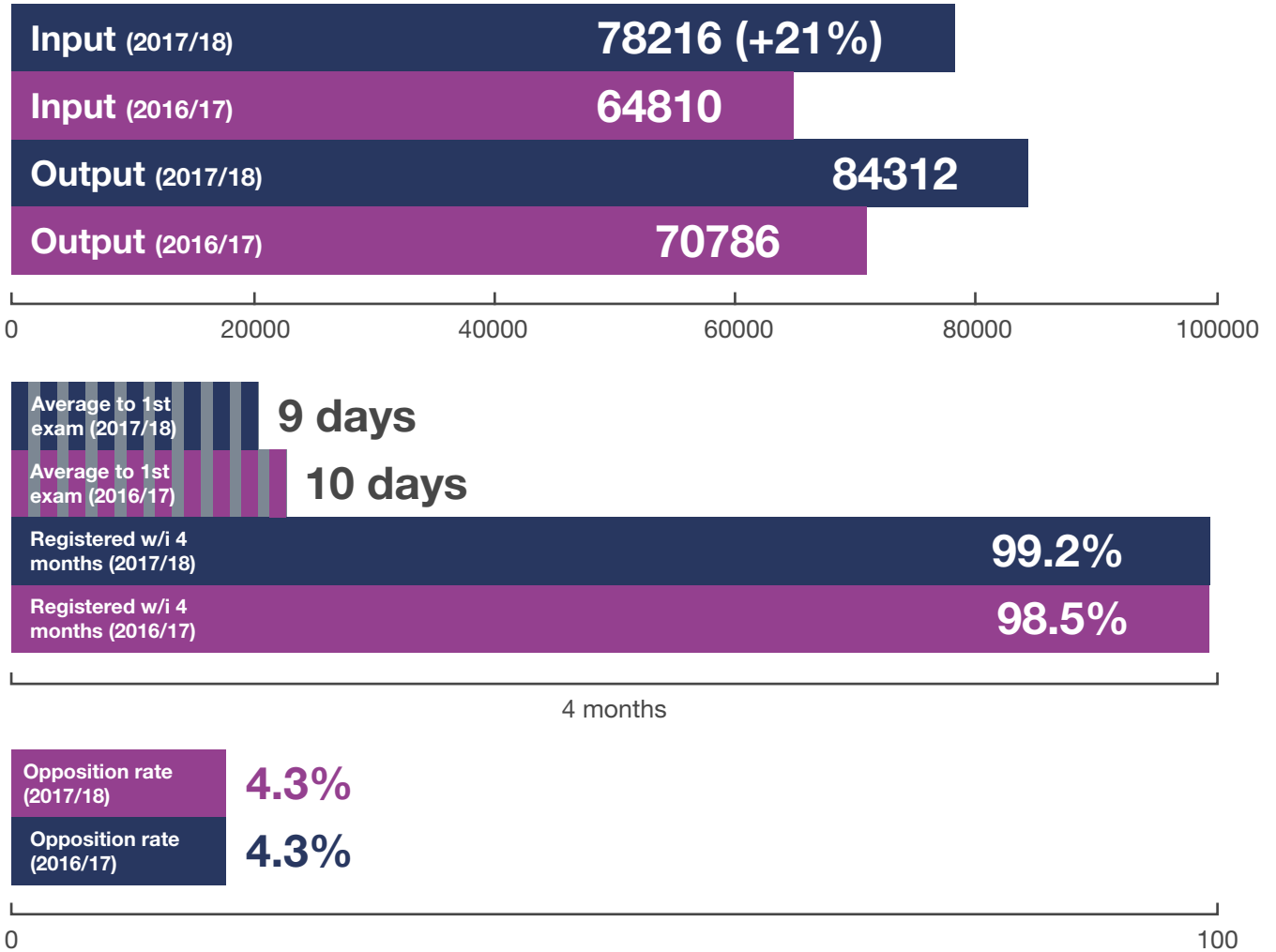
Patents have not experienced same surge in demand, instead experiencing steady growth, total applications up 1%, with search and exam both up 3%. Our focus is on improving the timeliness of examinations which is currently at 49 months for 95% of them, and ensuring that at least 90% of customers who request quick decisions get them within two months. This year we have recruited more patent examiners with a focus on specific technical areas to ensure we maintain momentum.

Increased demand for our rights translates into increase demand for our tribunal services, even when opposition rates remain steady. Meeting this increased demand is a challenge, as the lead time for training and mentoring hearing officers is long. However, our current output is exceeding our targets.

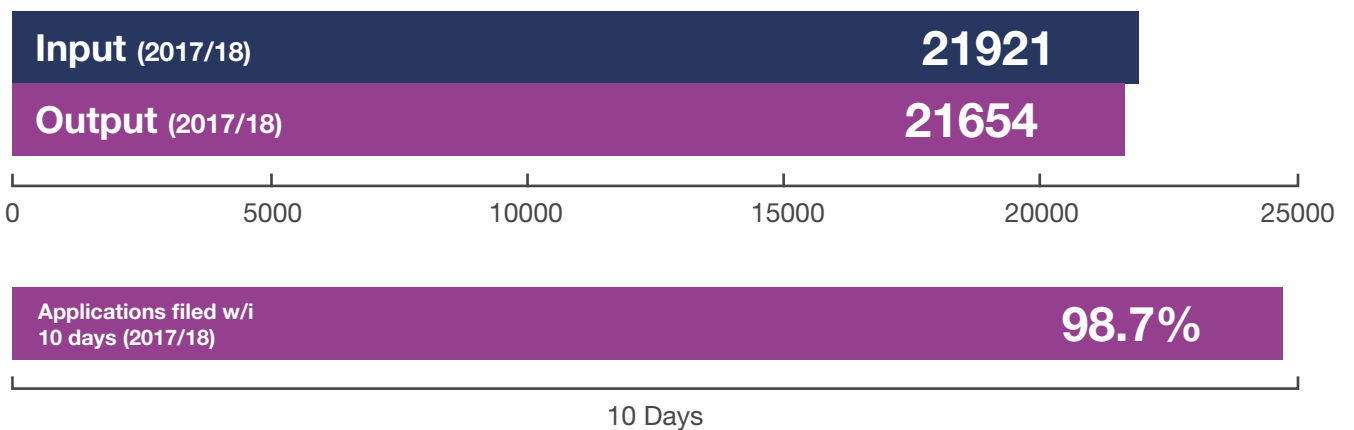
<sup>3</sup> <https://ipo.blog.gov.uk/2018/03/20/ip-and-the-intangible-economy/>

<sup>4</sup> [https://www.uspto.gov/dashboards/trademarks/main\\_dash.xml](https://www.uspto.gov/dashboards/trademarks/main_dash.xml) <http://www.kipo.go.kr/kpo/user.tdf?a=user.english.html> [HttpApp&c=91000&catmenu=ek02\\_01\\_01](http://www.kipo.go.kr/kpo/user.tdf?a=user.english.html)

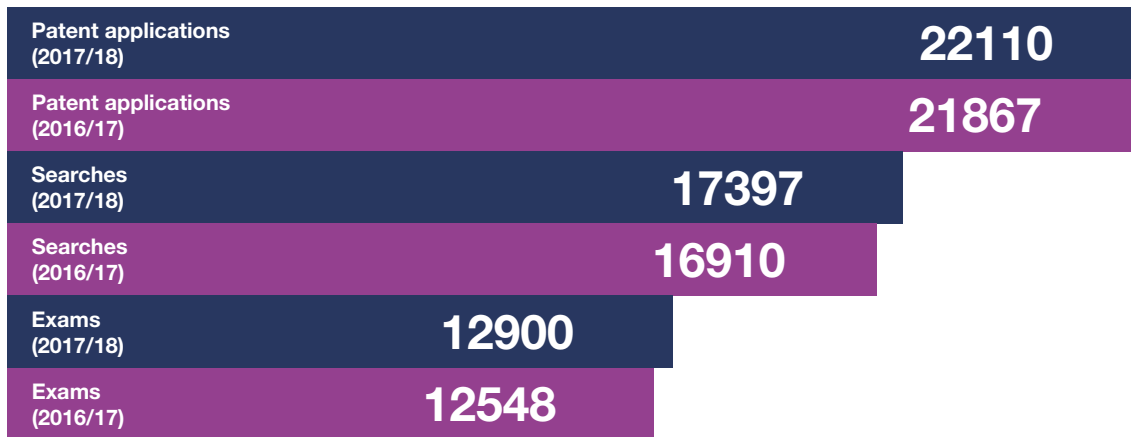
## Trade marks rights granting



## Designs rights granting



## Patents rights granting



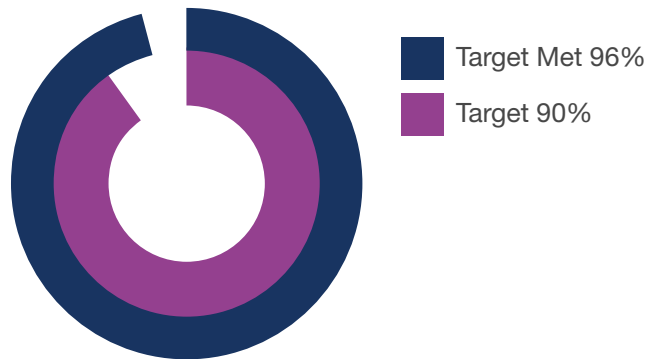
## Tribunal



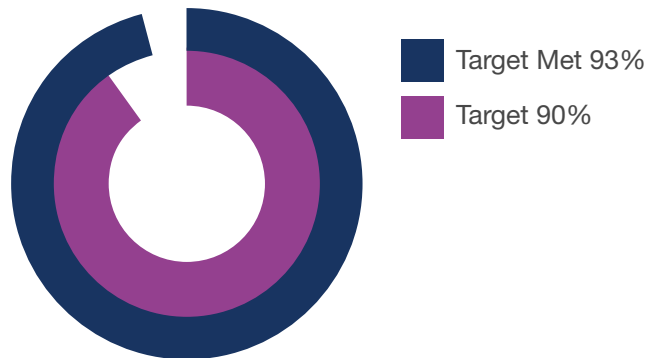


### We have delivered our service ministerial targets for 2017/18

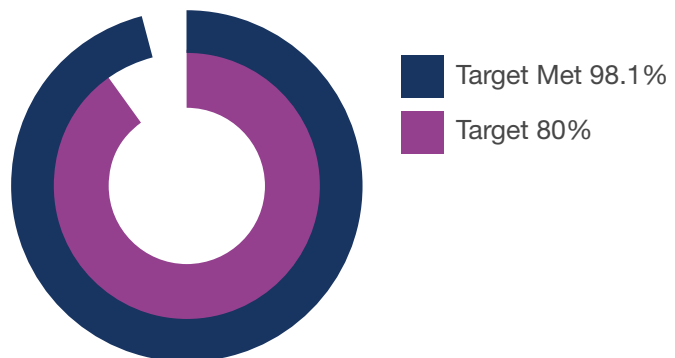
We will publish 90% of acceptable applications for national Trade Marks for opposition within 90 days of filing.



We will offer faster handling of patent applications, by providing an examination report with a search report when both are requested at the application date, and meeting at least 90% of requests for an accelerated two-month turnaround for search, publication and examination.



We will ensure that overall customer satisfaction is 80% or more.



## Digital transformation

Our services, whether digital or analogue, should be as easy to access as possible. In a world that has changed beyond recognition, how we provide our services has not kept pace. We will continue to offer and improve our paper services for those customers who want them, but our ambition is to make them redundant through the power of our digital transformation.

We have a simple philosophy; applying for and managing any IP right should be straightforward with a consistent experience. The more time our customers spend navigating our systems, the less time they have for innovation and creativity.

Over the past year we have developed an enterprise digital platform that will enable a full suite of digital services with total configurability. We are currently developing an enterprise architecture so we can deploy this platform to create true digital services as opposed to digitised paper services. In the meantime we have made progress with two digital projects:

- Online renewal of IP rights – we have delivered a proof of concept in our model office environment. We have demonstrated the joining up of services and the API's ability to access and return real-time renewal data and fee calculations.
- Change of Address – there are currently 15 ways customers can change their address across the various rights and services we offer at the IPO. This creates duplication of records and effort, and is not compatible with a true digital end to end service. This project which has just left alpha phase will ensure this information needs to be entered in just one place.







## Creating a world leading IP environment

- Shaped the policy agenda at home and abroad with legislation and close work with trading partners
- Reached over 130,000 businesses with information about IP and 86% reported making an informed decision as a result; we provided market specific IP advice to over 5,000 UK exporters
- We have launched campaigns highlighting the issues surrounding IP crime and infringement

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 valueless. We have been working at home and abroad to improve the overall IP environment.

### World Intellectual Property Office (WIPO) General Assemblies

We underlined the UK's commitment to WIPO, suggesting a focus on improvement of core WIPO services which deliver value for money to UK stakeholders. The General Assemblies concluded with a number of major breakthroughs on long-standing issues that have divided member states over the last two years. This included resolving a conflict between the US and some EU countries on financing of the Lisbon Union, and renewal of the mandate for the Intergovernmental Committee on IP and genetic resources, traditional knowledge and folklore. We held numerous bilateral meetings in the margins, continuing to maintain the UK's relationship with IP offices in developed countries like the US and Japan, as well as further enhancing our relationship with key developing markets such as Brazil, China, India, Mexico and South Africa.

## Developing the legislative and policy framework

The IP system is network of domestic legislation, European legislation and international treaties and conventions. We are active across all jurisdictions, whether it is pushing for progress on global patent reform, negotiation outcomes in the EU or changing our domestic law.

Much of our focus has been on securing the best outcomes for IP as the UK leaves the EU. Until we leave, we continue to have the same rights and responsibilities, including to enact and shape EU legislation. We have been working to secure a modern and fit for purpose EU IP system for the future where we will continue to trade with our friends and partners in the EU. In doing so, we are always open to the views of stakeholders and users of the IP system and would welcome further views on how we can best achieve our objectives as the UK leaves the EU.

In any scenario, including one which does not involve a deal between the UK and the EU, we will seek to minimise disruption for business and to provide for a smooth transition. This means that, after the UK leaves the EU, we will continue to protect the existing registered and unregistered IP rights which were protected until then.

### Unified Patent Court Agreement (UPCA)

We completed the work that saw the UK ratify the UPCA. The Unified Patent Court (UPC) will deliver a single judgement in cross-border disputes between private parties over patents granted under the current intergovernmental system. Innovative businesses will benefit significantly from the UPC. It removes the requirement to assert rights before the court system of each state. Although it is not an EU institution, as currently drafted membership is only open to EU Member States, meaning our future in the system depends on the outcome of EU negotiations.

# Our Global Activity

IP is a global business, with UK recording a £3.8bn trade surplus in IP services in 2016<sup>1</sup>. Our economic prosperity is directly impacted by how well or not global IP systems are working and concerns about IP are too often cited as a barrier to UK businesses wanting to export or collaborate overseas<sup>2</sup>.

We work multilaterally and bilaterally for an effective international IP environment, guided by our international strategy. Within key markets we work to explore improvements to mutual IP systems, assist businesses with in-country support, agree ways of working and frameworks for future IP development. Our IP attachés are based in China, India, Brazil, SE Asia; since 2012 they have directly assisted almost 1500 businesses, and in the last year alone have assisted with IP cases worth over £96m in potential lost revenue.

## Working with China

China's IP regime has developed significantly over the last 40 years, but UK businesses still face substantial challenges. We work closely with key partners in China to help UK businesses and research institutions, and to exchange best practice. Our IP attaché in China has been posted since 2011 as part of our global attaché network. The attaché and his team advise around 300 businesses every year.

### Improving UK/US collaboration

Attended the US IP Attaché Annual meeting in Washington DC, focusing on ways in which the US and UK attaché networks could better coordinate and collaborate in markets around the world.

### Signing Patent Prosecution Highway (PPH) agreement with Brazil

Witnessed by the Secretary of State for International Trade, Dr Liam Fox, we and the Brazilian Intellectual Property Office (INPI) signed a PPH agreement on 28 March at the 10th UK-Brazil Joint Economic and Trade Committee in London. It will support UK and Brazilian businesses looking to trade in each other's markets.

<sup>1</sup> <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/adhocs/008172tradeinservicesbycountryandtypeofservice2014to2016>

<sup>2</sup> <https://assets.publishing.service.gov.uk/mwq-internal/de5fs23hu73ds/progress?id=lmApQFMd6nBszlk7Z0AghllwCh4nrkdqZes32cA-2iY>

## Head of Office visit to China

Our CEO, Tim Moss, visited China to visit reinforce the strength of UK-China collaboration on IP, highlighting the important role it plays in supporting innovation, creativity and economic growth in both countries. The visit:

- Highlighted the UK's strengths in innovation and creativity at the China International Industry Fair (CIIF) in Shanghai, including a keynote speech that emphasised the importance of IP protection in research and innovation collaboration.
- Launched practical tools for UK and Chinese researchers and companies to ensure mutually beneficial IP protection.
- Renewed a Memorandum of Understanding (MOU) on IP protection between the China-Britain Business Council (CBBC) and the Alibaba Group (the world's largest e-commerce company) in Hangzhou".

## UK-China IP Symposium

The annual flagship event for UK-China IP cooperation, attended by some 150 people from UK businesses, eight Chinese delegations and IPO stakeholders. This is an opportunity for businesses to engage with policy makers and industry from both countries to discuss and learn about current and future IP reforms.

## Director of Copyright and Enforcement visit to the Philippines & Thailand

Director of Copyright and Enforcement, Ros Lynch, presented two sessions as part of the EUIPO hosted section of the Philippines "IP Enforcement Month" event held in Manila. On day one, Ros hosted a session entitled "Measures in Curbing Counterfeiting and Piracy in Online Transactions". On the second day of the event, Ros hosted a further session entitled "IP Enforcement & Awareness".

## Vietnam – Trade Mark Examiner Visit

In December we hosted ten trademark examiners from the Vietnamese IP office, NOIP. We introduced several high profile British businesses that use the Vietnamese system, allowing them to highlight directly to NOIP where their trade mark systems function well and where there are areas that could be improved.

## India – 3D Printing Workshop in New Delhi

In September, the University of Wollongong held a workshop in Delhi on IP and 3D printing. This was part of an IPO commissioned research project to consider how 3D printing is being deployed now and in the future, to better understand the impact of new technologies on existing national IP laws.

## Design policy activities in Southeast Asia

This was the fifth year we held a roundtable session as part of our continued engagement with IP policy makers in Southeast Asia. The focus was on the short and long-term plans of design policy in the region. WIPO, INTA and the Queensland University of Technology also joined us for the roundtable.

## Transposition of the EU Trade Mark Directive

Having been influential during the negotiations that secured the new directive we are pleased to have completed the work that will see many benefits to users of the system with the laying of the [Trade Marks Regulations 2018](#). The work took many months, comparing the new requirements to our existing law and working out the best way to secure the necessary legal changes. This included a consultation with stakeholders in early spring. The Regulations will come into force on 19 January.

## Implementation of the EU Trade Secrets Directive

This will improve the environment for innovation and knowledge transfer by enhancing the effectiveness of the legal protection available for trade secrets. Following consultation in February we amended then laid the [Trade Secrets \(Enforcement, etc\) Regulations 2018](#) in May, under the powers in the European Communities Act 1972. The changes help ensure UK law is more transparent and coherent by providing legal clarity across the various legal jurisdictions.

## Portability Regulation

Following a period of consultation, we finalised and laid the [Portability of Online Content Services Regulations 2018](#) before Parliament enabling the enforcement of the EU Portability Regulation. The Regulation came into force on 1 April and makes it easier for consumers to access the online content services they pay for while they are temporarily in another EU country.

## Increasing IP's impact through awareness and education

We know that IP adds value to a business's bottom line. Many businesses do not know that they even have IP, let alone how best to protect it and use it to grow. Working on our own and with intermediaries,

we support innovation and growth by increasing the awareness around IP. This year we reached over 130,000 businesses with information about IP, 86% of which reported making an informed decision about managing their IP as a result of this interaction. In addition, we provided market specific IP advice to over 5,000 UK exporters, with one-to-one advice provided to 411 companies.



**Reaching the creators and innovators of tomorrow**

### Nancy and the Meerkats

We launched the third series of Nancy & the Meerkats on 22nd January. Following on from the success of previous series, the latest productions are aimed to encourage children to think about ownership of IP, whether music, video or information on the internet. The series has been heard by an average 367,000 unique listeners. The accompanying videos have achieved 9,215 views in the three months since launch.





## The IPO on the road...

### IPO marks World IP Day with successful series of WIPO Roving Seminars

At the end of April we welcomed senior officials from the World Intellectual Property Organization (WIPO) to the UK to deliver a series of “Roving Seminars”. The seminars launched in Newcastle on World IP Day (26th April), and also visited London and Birmingham, allowing UK businesses to hear directly from WIPO about the services they have to offer.

### BETT Show – January 2018

In January we exhibited at the BETT Show. This is the first industry show of the year in the education technology landscape, bringing together 850 leading companies and over 100 new tech start-ups. It is very well attended, with over 34,000 attendees from the global education community. The aim of the show is to celebrate, find inspiration and discuss the future of education, as well as the role technology and innovation plays in enabling all educators and learners to thrive.

### Big Bang – March 2018

The Big Bang UK Young Scientists & Engineers Fair is the largest celebration of science, technology, engineering and maths (STEM) for young people in the UK, attracting an audience of over 90,000 across the three days it runs. The event allows us to interact with school kids and teachers from across the UK and to raise awareness of IP. Over the three days we reached over 3000 young people and teachers.

### Education Show – March 2018

Now in its 27th year the event is an opportunity for educators/teachers from educational establishments of all shapes and sizes to come in search of new, exciting ways to bring the curriculum alive. We were able to showcase our education materials and raise awareness of IP amongst the education community.



## IP Audits

This year we approved and part-funded 266 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 the approach taken to management of this IP, and recommends improvements.

We survey recipients of audits six months after their results to assess the impact on their activity. The evaluation confirmed that the audits are continuing to have a positive impact by providing businesses with the knowledge to identify their IP assets, making them a priority for their business and understanding the value of their assets. The results demonstrated that businesses acted on all, most or some of their audit report's recommendations.

Most of the businesses that have received an audit are taking action in a wide range of areas. There has been an increase in the number of patent applications at 32% compared with 22% in 2015-16 and an increase in businesses considering IP rights on an international basis.

The research also shows that the follow up support businesses receive from their coaches and appointed IP professionals remains integral to the success of the audit.

The evaluation also highlighted that businesses are aware of the risks/limitations to their IP and understand how to manage them. Not just potential infringement but also internal IP management strategies.



### Case Study – AFG Media and IP Audits Plus

AFG Media was founded by Gregor Lawson alongside brothers Ali and Fraser Smeaton, who gave up jobs in finance and marketing to pursue their business ambitions. Each contributed £1,000 to establish a website and order 200 single-color suits from China, which they branded “Morphsuits.” The company did not secure intellectual property (IP) in terms of the design of their innovative Morphsuits, although they did protect the trade mark.

In their first year of trading turnover was a little over £1 million. In 2012, the firm secured funding from the Business Growth Fund (BGF), a consortium of the big high street banks, to help its expansion and exports.

On the back of their success the internet was flooded with copycat “spandex suits”. The company engaged the services of an online anti-counterfeit agency who also referred them to the Intellectual Assets team at Scottish Enterprise. Scottish Enterprise then provided support in the form of a recommendation for an IP Audit and other provisions.

The company understood they had to innovate to grow. The audit, carried out by their nominated IP Professional, assisted AFG in creating a robust IP strategy to underpin such growth. As a result, the company now has a mature International IP portfolio of patents, designs and trade marks, which they monitor and review annually.



With the support of Scottish Enterprise, the company developed their Digitaldudz range and secured licences to produce costumes for Star Wars and Marvel Comics characters, which gave them protected IP rights. Today the company sells over 300 different costumes -- from saucy flesh-suits to grotesque monsters and animated Christmas sweaters -- in 25 countries. Annual turnover has grown from £1m in year one to over £10 million.

Morphsuits have been pictured everywhere from the top of Mount Everest to the Gobi Desert, on sports stars and celebrities.

[provided by Scottish Enterprise]

## IP finance

In the 2017 Budget the Chancellor announced an initiative that will see government working with businesses, lenders, insurers, the British Business Bank and the IPO to overcome the barriers to high growth, intellectual property-rich firms.

British Business Bank are undertaking research to understand the scale of the issue, gathering data and discussing with lenders and insurers the issues involved and potential solutions.

In parallel, we have hosted a series of roundtable discussions with key stakeholders across the financial, business and intellectual property sectors. Developed in partnership with HM Treasury, BEIS and British Business Bank the sessions will generate a better understanding of the barriers faced by IP rich business in accessing financing and explore the challenges faced by business, financial and accountancy sectors in identifying and attributing value to IP assets on balance sheets.

The gathered evidence will inform the British Business Bank's work on identifying potential solutions, with an update to ministers before the next budget.

## North West IPO Business Support Strategy

This strategy was created by our embedded IPO adviser based in the North-West as part of our 'IP in the right place' pilot programme. It is based on mapping of the business support and innovation ecosystem to identify key players, initiatives and programmes within the region and assess the state of IP understanding and associated advice. The strategy was presented and confirmed with the Growth Hub as the implementation partner within our collaboration agreement.

- IP awareness training has been undertaken with over 40 advisors from various programmes managed by the Growth Hub
- IP has been integrated into the support models and processes of a number of business consultants
- create tools and guidance which integrate IP within business strategy advice.

## Innovation Enabler

A dedicated scheme to support SMEs in the West Midlands with strategic management of IP, demand-led innovation, R&D collaboration and commercialisation. A £100,000 joint fund, to which we provided £50,000, the scheme includes three IP champions to integrate into three highly successful innovation/business support programmes at Aston University, Birmingham City University, Birmingham Research Park and Innovation Birmingham. In doing so, the aim is for the region to adopt comprehensive IP support and thinking long term, and to this end we will be providing these organisations with further development support.

## Reducing IP crime and Infringement

When IP rights are infringed, or if the owner cannot challenge a right that encroaches on theirs, they become valueless. In this situation their power to spur innovation is diminished. Imports of counterfeit goods accounted for as much as £9.3bn in 2013, around 4% of UK imports. This is estimated to have amounted to £4bn in lost sales, threatening jobs and cheating the public purse<sup>5</sup>. On top of this counterfeit and pirated goods can be low quality and often dangerous, putting consumers at risk.



We are looked to as thought leaders in IP enforcement and the UK is recognised as one of the best in the world in this regard. Whether it is funding a dedicated IP police unit, to brokering a world's first code of practice for search engines, we break new ground in protecting IP rights holders, safeguarding consumers and minimising losses to the exchequer.

At the core of our approach is the Government's Enforcement Strategy<sup>6</sup>, published in May 2016, which we continue to implement. Our long-term ambition is to make IP infringement a socially unacceptable activity.

## Online Copyright Infringement Tracker

In July we published the 8th wave of the [Online Copyright Infringement \(OCI\) Tracker](#). This annual survey which we fund is designed to monitor the level of online copyright infringement, and is used to inform enforcement policy and education campaigns. Over 5,000 people were surveyed with face to face and online methods. The creative industries value this survey, as it gives them independent data which can be used to inform their own business models.

The methodology developed for this survey has also been utilised in Canada, Australia and Germany, which enables international comparisons. It is a useful guide for us to the effectiveness of the various interventions we deliver or sponsor. Key findings include:

- A broadly stable picture in terms of the level of infringement compared to the previous wave, although there has been a 5% decrease in the infringement rate since March 2013.
- The UK has a lower overall infringement rate (25% of online content consumers) than both Canada (26%) and Australia (38%).
- The survey suggests that there has been a sustained decrease in the infringement rate amongst young consumers, with infringement amongst 16-24 year old consumers down from 38% in 2015 to 31% this year, with small decreases for 12-15 year olds and 25-34 year olds.
- The infringement rate for sports content (21% of sports content consumers) is similar to other content types, with music 18%, television 23% and film 19%.
- An increase in the share of consumers citing convenience, quality and fears of viruses/malware/spyware as reasons for choosing paid for services over free services.

<sup>5</sup> OECD – Trade in Counterfeit Products and the UK Economy – Fake Goods, Real Losses (2017)

<sup>6</sup> Protecting Creativity, supporting innovation: IP enforcement 2020.





## Case Study: Internet Protocol TV (IPTV)

The UK is regarded by many organisations as a world leader in the knowledge and understanding of the risks posed by the criminal infringement of IP rights in the illegal streaming or downloading of TV content via the medium of Internet Protocol TV – the IP in this case does not refer to intellectual property.

Working with rights holders, trade organisations and law enforcement both here in the UK and overseas, the IPO has been able to support investigations, resulting in lengthy terms of imprisonment for the criminal behind the trade. Equally as importantly, the IPO has co-ordinated and part funded an awareness raising and public attitude campaign with its long-term partner, Crimestoppers.

Devices to facilitate such downloads have been sold in huge quantities, as consumers, some unaware of the illegal nature of the downloads, and with the benefit of fast broadband, took to IPTV in their hundreds of thousands. In a Harvard report in 2017, the IPO estimated that over a million devices had been sold and were in use in the UK.

Media reports initially were almost supportive of their use, but as the Crimestoppers campaign gathered momentum, the realisation of the scale of the infringement and the potential damage to our creative industries saw a change in attitudes. This will be a key part of the IPO's work in future, as there is a wider need to change the 'victimless crime' culture.

There are several ongoing cases involving significant sums of money which cannot be subject to comment. Crimestoppers Director of Operations, Roger Critchell said;

We are delighted that Crimestoppers, a name trusted by the public has been able to help the government and industry in the campaign. More people than ever before are reporting on this criminal infringement – we will continue to work with the IPO to help bring criminals to justice.”



## Search Engine Code of Practice

June 2018 saw the 4th wave of measurement to check the compliance of Google and Bing with their commitments under the Search Engine Code of Practice. The voluntary Code of Practice is a landmark agreement which we brokered in 2017. It has search engines and the creative industries working together to prevent consumers being inadvertently led to copyright infringing websites. There are agreed targets for reducing the prominence of infringing links in search results, as well as specifying action in other areas such as autocomplete and domain hopping. Despite a changing and evolving piracy landscape, both search engines comfortably exceeded the targets they had been set.



## Enforcement Campaigns

### 12 Fake Days of Christmas

As part of the IPO's 'Buy Real' campaign, we created a series of video clips which take a light-hearted look at the serious issue of fake gifts and how they can ruin your Christmas. The series of 12 clips tell the story of a couple who have bought a number of fake goods for each other. The consequences range from the embarrassing to the painful. Although the video has a comical side to it, there is a serious underlying theme. Fraudsters sell fake goods using the IP of legitimate businesses to make a profit. They don't care about meeting safety standards and they certainly don't care about ruining your Christmas.



### Scam You! A partnership with Police Scotland and staysafeonline

Working with Police Scotland, IPO enforcement outreach and design and print produced a series of short films in the form of a game show. The short clips highlighted the links between buying counterfeit goods on line and cybercrime such as identity theft. The films featured real life cases investigated by Police Scotland. Engagement on social media has been very successful with over a thousand views of the first film on the first day.



### Think before you buy – counterfeit vehicle parts

For the first time we have brought together key players in [a campaign to highlight the dangers consumers face from counterfeit car parts](#). Vehicle manufacturers Audi and BMW, parts makers NGK Spark Plugs and TMD Friction, and trading platforms Amazon and eBay are just some of the key players helping us to bring attention to this serious issue. Evidence to the scale of the problem is difficult to obtain, but a recent study by the EU Intellectual Property Office which focussed on only counterfeit tyres and batteries inside the EU estimated the value at over €2 billion per year. As well as examining the problem we offer [practical tips to help consumers identify counterfeit car parts](#).





## Case Study – Counterfeiting harming the Royal British Legion

Many people connected with intellectual property will have heard the phrase “if it can be made, it can be counterfeited”. This has been a long-standing problem, but as much of the large-scale counterfeiting affects multinationals and large businesses, public attitudes have led to a tolerance of the counterfeiting of physical goods.

In October 2017, Border Force officers identified and seized a shipment of counterfeit badges, brooches and scarves with the poppy logo, a registered trade mark of the Royal British Legion. The detention highlighted a growing problem where criminals, reliant on both the public’s desire to support charities and a cavalier attitude to social consciousness were importing and offering for sale such badges, legitimately sold by the RBL and volunteers to fund activities to support ex service personnel.



The poppies have been sold both on trading platforms and via social media. The IPO are joining up with the rights holders, trading platforms and law enforcement to crack down on the sale of RBL memorabilia – much of which has been sold with statements such as “10% of profits go to the British Legion”.



Fraud investigators will be working their way through such claims, while a public awareness media campaign will flag up the legitimate sellers, and urge the public to shun the sellers of the counterfeits.

We are delighted that Crimestoppers, a name trusted by the public has been able to help the government and industry in the campaign. More people than ever before are reporting on this criminal infringement – we will continue to work with the IPO to help bring criminals to justice. ”

Dr Ros Lynch, Director of Copyright and Enforcement at the IPO said;

Police, Trading Standards and HMRC will be targeting those selling the poppies, while the IPO and RBL will be working on the message “buy from a trusted source.”

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