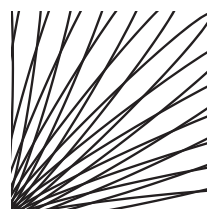


The UK in 2020: A vision for growth in IP-rich businesses



ALLIANCE
FOR INTELLECTUAL PROPERTY



Intellectual Property – a UK success story

The UK has an enviable place in the world given the historic and current success of our creative and brand manufacturing industries and design community.

This success is seen in the music industry with the global impact of artists such as Adele, One Direction and Muse, in the film and TV industry with worldwide sales of programmes such as Downton Abbey, in the video games industry with innovative products such as Little Big Planet, and in publishing through books such as Harry Potter. The transition of Harry Potter from a series of novels to a film franchise, theme park and online community demonstrates the innovation that was possible when JK Rowling was able to retain the ability to choose how her IP was used and developed.

However, it is not just in the creative industries where we lead the world. The UK is home to numerous globally successful brands from Mulberry to Aston Martin, whose appeal is based on the heritage, design and innovation found in the UK.

Intellectual property (IP) rights – the intellectual capital which underpins the creativity and innovation these businesses rely on – is the basis of this success. The role IP plays in delivering sought-after content, competitive businesses and quality products is not just seen in well-known artists, titles and companies. It is also fundamental to the success and growth of lone, micro, small and medium-sized business across the UK.

Millions of everyday items we take for granted would not exist if their creators had been unable to commercialise their IP rights – the leading smoothie brand in your fridge, the hand cream on your dresser, the lamp in the corner of your lounge. Safeguarding this creativity is what enables these individuals to be financially rewarded and for companies to generate employment and attract inward investment.

What connects a bespectacled wizard to handbags? **Intellectual Property.**

Success of UK Intellectual Property

The UK games industry is the largest in Europe and generates £2 billion in exports every year



UK publishing is worth £5 billion.
40% of UK publishing sales come from exports



Design industry employs 350,000 people and



UK businesses spend £35 billion on design each year

Premier League football has a global audience of 4.7 billion people



International sales from UK TV programmes in 2012



£1.2 billion

Film and television tourism is worth an



estimated £1 billion a year to the UK

UK music artists were responsible for the world's best selling album



6 out of the past 7 years

The UK is the largest global exporter of music after the US, and is worth £1.4 billion to the UK economy



1 million people



are employed in the UK creating and building brands

Building on success

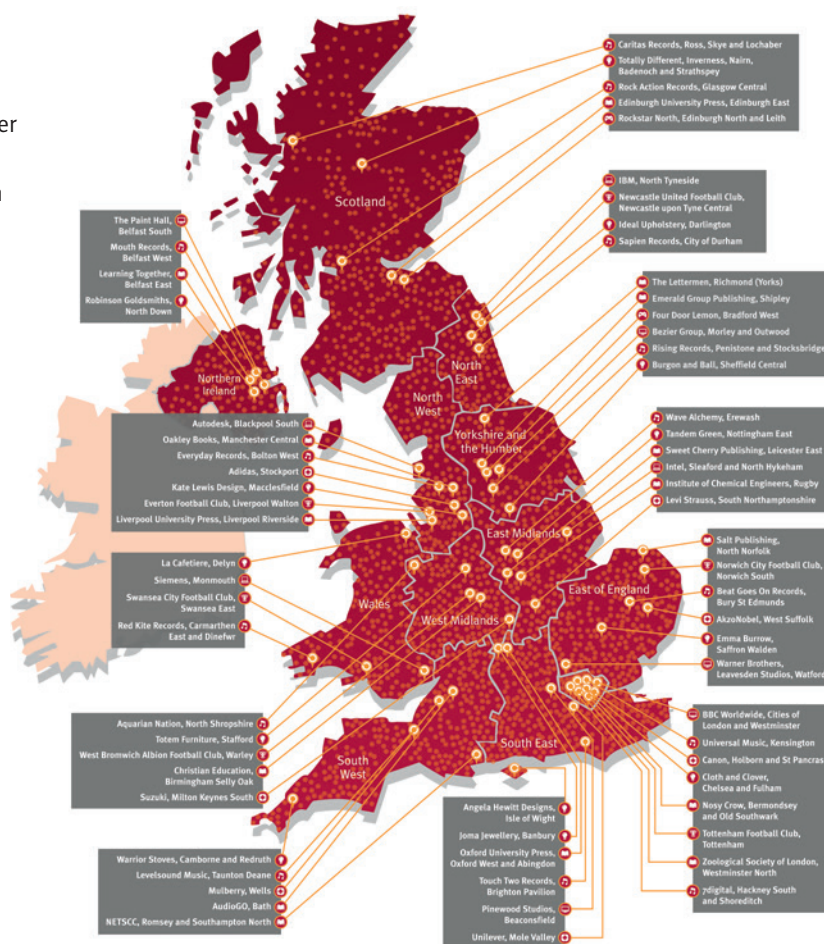
How do we ensure that the UK's position as a world-leader in producing innovative brands, products and creative content is maintained? That, by 2020, the UK is seen as the best place in which to start, build and base an IP-rich business?

We need to move away from the polarised debate of the past where the interests and needs of consumers were deemed separate and in conflict with the interests and needs of the owners of intellectual property.

Creative businesses are located across the country, and consumers can now access and buy products from local, national and international markets in ways which were never before possible. Enabling consumers to buy in competitive markets and allowing businesses in Scotland compete with those in Shanghai means supporting intellectual property.

“With competition from other countries... the UK needs to hit home to the world that we not only nurture IP well but protect, develop and positively exploit it”

A London-based collecting society



An indication of the range of businesses across the UK which rely on IP



Burgon & Ball

Garden and agricultural tool designers and manufacturers, Sheffield
Heather Culpan, Managing Director

“Burgon & Ball has roots dating back to 1730, and currently employs around 50 people. We have developed a reputation for producing innovative, design-led, tools and accessories for the garden market. We invest in running a full time in-house design department. We sketch and refine, prototype and test, idea after idea – constantly looking for new solutions to problems gardeners face and for ways to make products perform better and look better.

In 2013 our products won some of our industry's top awards - the Garden Industry Manufacturers Association Award for Best New Garden Retail Product for our Kneelo Knee Pads and the Garden & Leisure Exhibition Awards for Best New Gift Product and Best of

British Design for our RHS Gifts for Gardeners. Plus, our Compost Aerator was shortlisted for Chelsea New Product of the Year.

Protection of our IP rights is literally vital to this success and to our future. If competitors ride on the back of our ideas, copy our products and steal our sales, then our significant investment in design creation is not viable. We have undertaken 22 actions of design, copyright or trademark infringement in the last 2½ years alone. Whilst these actions prevent some of the damage they are enormously costly and time consuming to undertake. We urge the Government to continue to raise the profile and protection of IP and change the culture of infringement to a culture of original creativity.”

Delivering for consumers

The relationship between business and the consumer is why the UK has successful creative industries. Innovations in the way consumers view and engage with content are allowing them to experience their favourite music, TV shows, books and films in ways that were never before possible.

The UK's creative industries produce content that people love. These businesses are developing and using state of the art technology to design and launch new ways for consumers to access this content digitally when they want to, on the electronic device they want to, and at a range of price points.

Brands fulfil an incredibly valuable function in signposting to consumers a product's quality and heritage. Companies invest heavily to ensure that consumers have the best experience of that product. UK brands are now expanding into the developing economic powers and providing that experience to consumers around the world.



Ripstone

Games Developer & Publisher, Liverpool

Phil Gaskell, Creative Director and Co-Founder

“Ripstone isn’t your typical games publisher and we work hard to make sure it stays that way. We take a different approach to publishing, the relationships we build with creative teams, and fundamental business models that drive it. We take pride in the fact we’re empowering game developers to create fresh and innovative experiences for gamers all over the world, on all gaming platforms.

We get a real kick out of working directly with incredibly creative game developers around the globe, on an eclectic mix of original gaming IP.

Crazy mind-reading games set in a paper world, and movie-quality kids games from ex-Pixar animators. We publish probably the best chess game in the world, and will soon follow it with a pool game that blurs the lines between what’s real and what’s artificial.

The team at Ripstone have vast experience in video games and films, having been responsible for some of the most well-known, respected and commercially successful games of recent years. We invest heavily in the creation of new IP, and our long-term strength, and the future of the teams that dream the ideas up, lies in our ability to leverage that catalogue of IP.”

Delivering for businesses

The Alliance has talked to businesses in the creative and branded sectors through a Call for Views process to explore where their IP priorities lie.

These businesses ranged from some of the world's most famous multinational entertainment businesses, London-based musicians, thriving games studios in the north of the country to designers working from home in the West Country and retailers that you would find in high streets across the UK. These businesses and creators told us what they thought of the policies of the Government, their confidence in protecting their ideas, and how much their IP means to them.

Businesses told us that:

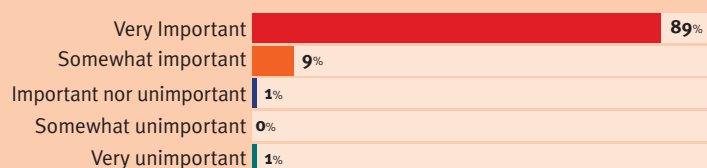
- IP is very important to their growth
- Developments in technology offer significant growth opportunities
- A stable legal framework is important to their business

But that:

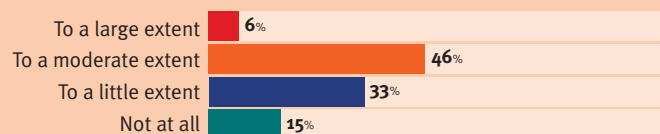
- The Government has not been very effective in making the UK an attractive location to base a business which relies on IP for its commercial success
- Public enforcement bodies are not very effective in policing IP crime
- Current deterrents against IP infringement are not very effective

The biggest threats facing these businesses were seen as piracy, copying, counterfeiting and the weakening of IP rights.

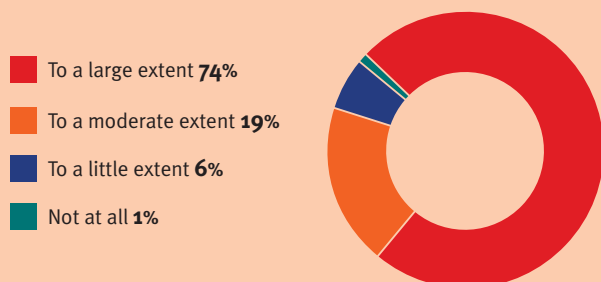
Respondents overwhelmingly saw IP as very important to the growth of their business



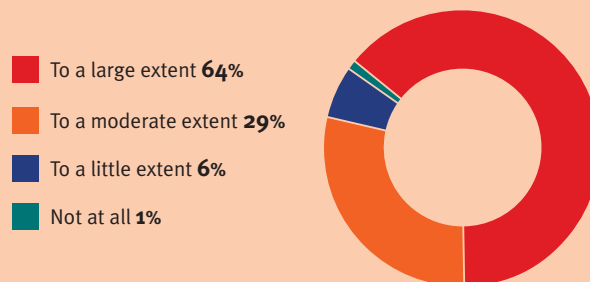
But did not believe that the Government had been particularly effective in making the UK an attractive location to base an IP-rich business



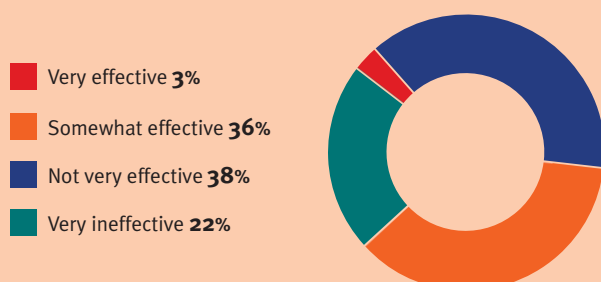
Respondents said that a stable IP framework is crucial to ensuring investment in their business



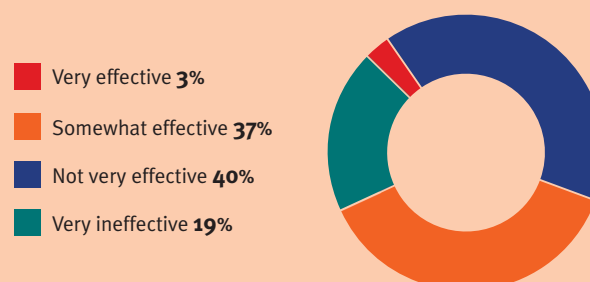
And that they saw developments in technology as a growth opportunity



But they did not feel that existing deterrents were enough of an incentive to infringement



Or that public enforcement bodies had been particularly effective in policing IP crime



What does Government need to do?

How do we ensure that the UK continues to be a great place for IP-businesses and creators to innovate and grow? Listening to what businesses told us in our Call for Views, we have identified a number of recommendations for Government. By implementing these, the Government will go a long way to ensuring that the UK is the best place to start and grow an IP-rich business.

→ Create an intellectual property enforcement framework for the digital age. The technology and creative sectors rely on each other and the framework should ensure all players in the digital economy have a duty to protect businesses and consumers online from intellectual property infringement

- Strongly commit to implement statutory measures to secure responsible conduct by intermediaries should self-regulation or voluntary arrangements fail to reduce online infringement
- Commit to continue to fund the Police Intellectual Property Crime Unit (PIPCU)
- Direct the National Crime Agency and others to deliver on the commitment in the latest IP Crime Strategy to enhance legitimate trade and disrupt illegal activity

→ Address outstanding anomalies in legislation such as the inconsistency of penalties for copyright offences, inconsistency between the legal protection afforded to different IP rights, the lack of redress for copycat packaging, and lack of deterrent in the damages regime

→ Continue to monitor the value of IP businesses to the UK economy

→ Ensure a thorough economic and social case is made when proposing changes to the IP framework including assessing whether legislative intervention is proportionate to the problem

→ Give the IPO a statutory objective to promote and protect IP

- Require it to report annually on how its activities have: contributed to the creation of new copyright works; improved the enforcement of IP rights, and; increased the awareness of the importance of IP to society and the economy

→ Ensure IP is properly recognised by the investment community

- Create a new IP finance team based in BIS which would be tasked with ensuring that those involved in government backed loans understand IP-backed finance
- Support IP businesses through the Government's Business Bank by setting a base level for funding for IP businesses from the bank
- Create a memorandum of understanding between UKTI and the UKIPO to ensure that they work to promote IP-rich exporters and provide suitable advice including expansion of the successful IP attachés

→ Stand up for the interests of UK IP-rich businesses at a European level

What does Industry need to do?

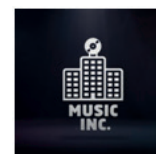
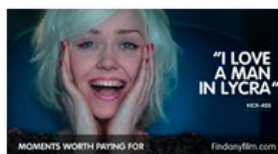
It is not just Government that needs to work to ensure that the UK is the best place to base an IP-rich business. Industry has an important role to play and must build on its work championing IP industries at home and abroad. As such industry needs to:

- Continue efforts to educate consumers on the importance of the creative and branded industries, and the role IP rights play in supporting these. This includes ensuring that people are aware of their rights and responsibilities as consumers
- Build on existing industry-led initiatives such as the Copyright Hub and The Content Map, which help businesses and consumers access content legally
- Continue to provide high-quality evidence to Parliament and Government, so that the impact of policy-making decisions are fully understood and assessed
- Build and maintain strong relationships with policy-makers at the UK and European level and encourage their support for IP-rich industries
- Continue its work to protect IP rights at all levels. Industry initiatives, such as the Real Deal, combat criminality at a local level and help local businesses as well as rights holders



Industry activity

Industry is working on new, innovative and collaborative ways to raise awareness of the value of intellectual property, facilitate licensing deals, and help consumers find legal online services. Below are just some of these successful initiatives.



In addition, developments in licensing and technology mean that:

- It is possible to watch Premier League matches either on a live, delayed, highlights or clips basis across a number of platforms in 211 countries
- There are over 80 legal digital music services in the UK, more than anywhere else in the world, and over 40 online film and TV services
- There are numerous video games sites that allow the consumer to play online or download games
- A vast array of academic journals are available online
- There is widespread availability of e-books for the mainstream commercial market, with the vast majority of new releases available in e-book and traditional print formats

Vision for 2020

For creativity and innovation to continue to thrive and for the UK to remain globally competitive, industry and Government need to work together to ensure that by 2020, creators, consumers and investors choose the UK when deciding where to base their businesses.

→ Protect the incentives to invest

If we are going to deliver that vision for 2020 we need to ensure that creativity can be protected and IP rights can be safeguarded. IP infringement harms creators, reduces business investment which in turn impacts the viability of new content, products and services resulting in the public losing out. Some of those who take part in commercial-scale infringement of IP have proven links to other areas of criminality, leading to a detrimental impact on local communities. All parts of government must work together to reduce IP infringement and give it a higher priority.

→ Provide stability

If people are to invest in IP-rich businesses they need a stable legal framework. The UK has seen 32 consultations around IP since 2006 and significant changes to IP law in the UK. Clearly some change can be positive, but continual reform can also damage confidence in investment, reduce employment and impact people's livelihoods. The next Government must ensure that any potential changes are measured according to the benefits they will bring to UK businesses and the people that rely on IP for their living. This also means that the UK must stand up and promote our IP-rich industries in Britain and internationally.

→ Come together

The people and companies that make up the IP-rich industries are diverse, from individual designers to multinationals. Their creativity ranges from jewellery design to global film production. We urge every individual creator and business who relies on IP to share our vision for 2020, support this manifesto and join our call for the Government to do the same.



Diageo

Leading premium drinks company, London

Romain Dourlen, IP Counsel Western Europe

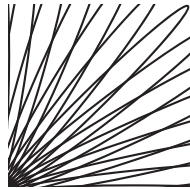
"Our brands are at the heart of what we do, they are the cornerstone of our performance ambition. We are fortunate to have an incredibly diverse portfolio of outstanding brands at almost every price tier of every category, addressing consumer needs across a range of segments.

Our strategic brands include Johnnie Walker, Guinness, Smirnoff, Baileys, J&B, Captain Morgan and Tanqueray and each of them

enjoys rich heritage and appeals to consumers across geographies. Together those brands represent two thirds of our net sales.

We are very proud of our brands' heritage and speaking as IP Counsel for Western Europe, there is a particular pride in knowing that the United Kingdom is the spiritual home of the company, the place from where a number of our great brands originate."





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Members

