



## DEBATE PACK

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# Importance of intellectual property to the British economy

## Westminster Hall Debate 28 February 2017 at 0930hrs

A Westminster Hall debate on the subject of the importance of intellectual property to the British economy has been scheduled for 0930hrs on Tuesday 28 February 2017. The Member in charge of this debate is Nigel Adams MP.

Intellectual property (IP) protection covers copyright, trade marks, patents, design rights and registered designs. The Intellectual Property Office (IPO) is the official government body responsible for IP rights.

Intellectual Property Rights can support growth in the economy through promoting innovation by providing a temporary monopoly to creators and inventors, but can also limit growth in certain circumstances.

UK investment in knowledge, or “intangible”, assets has been greater than investment in tangible assets since the early 2000s. In 2014, just over half of investments in intangible assets were protected by intellectual property rights.

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

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# 1. Introduction

[Intellectual property](#) (IP) protection covers a number of areas:

- [Copyright](#) protects writing and literary works, art, photography, films, TV, music, web content, sound recordings
- [Trade marks](#) protect product names and logos
- [Patents](#) protection inventions and products
- [Design rights](#) protect the shape of objects
- [Registered designs](#) protect the appearance of a product including, shape, packaging, patterns, colours, decoration

The [Intellectual Property Office](#) (IPO) is the official government body responsible for IP rights. Further information on its [work](#), the different types of [IP protection](#), and the [relevant legislation](#), is available from the IPO website.

## Intellectual property and the economy

Intellectual Property Rights can support growth in the economy through promoting innovation by providing a temporary monopoly to creators and inventors.

Such rights can also limit growth, for example if:

- associated transaction costs – to search, administrate and enforce rights – are high
- rights are hard to access, perhaps because they are fragmented rights among a number of rights holders, or
- established players in a market obstruct new players by impeding their access to technology and content.<sup>1</sup>

## Intellectual property and industrial strategy

The Government published its green paper [Building our Industrial Strategy](#), on 23 January 2017. It aims “to improve living standards and economic growth by increasing productivity and driving growth across the whole country.” One of the ten ‘pillars’ for the industrial strategy is investment in science, research and innovation, on the grounds that:

Higher levels of investment in innovation correlate with faster growth and higher income levels, both within different areas of the United Kingdom and internationally. Research and development leads to the creation of new products and services, more effective processes and better ways of doing business. These improvements are the essence of economic growth.

As a part of this, the green paper includes new commitments on intellectual property:

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<sup>1</sup> Professor Ian Hargreaves, [Digital Opportunity: A Review of Intellectual Property and Growth](#) (May 2011)

We will be commissioning independent research on approaches to commercialisation in different institutions, including how they approach licensing intellectual property and taking equity in spin-outs [...]

We are reviewing how to maximise the incentives created by the Intellectual Property system to stimulate collaborative innovation and licensing opportunities – including considering the opening up of registries to facilitate licensing deals and business-to-business model agreements to support collaboration. We will place Intellectual Property Office representatives in key UK cities - starting with pilots in the Northern Powerhouse and Midlands Engine to build local capability to commercialise intellectual property.

The paper also consults on a number of questions, including asking “What else can the UK do to create an environment that supports the commercialisation of ideas?”<sup>2</sup>

## Key statistics

- UK investment in knowledge, or “intangible”, assets has been greater than investment in tangible assets since the early 2000s.<sup>3</sup>
- In 2014, investment in intangible assets was estimated to be £133bn (compared to £121bn in tangible investments).
- In the same year, there were estimated to be £70.4bn in UK investment in assets protected by intellectual property rights, about 53% of intangible investment.
- Of investment in assets protected by intellectual property rights:
  - 47% of investment was in assets protected by copyright;
  - 21% was in assets protected by trademarks;
  - 11% was in assets protected by patents;
  - 3% was in assets protected by design registration; and
  - 17% was in assets protected by unregistered design rights.<sup>4</sup>

An IPO [booklet](#) of December 2016 gives further “fast facts” on the importance of IP to the UK economy.

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<sup>2</sup> HM Government, [Building our Industrial Strategy](#), 23 January 2017

<sup>3</sup> All statistics in this section focus on the market sector.

<sup>4</sup> P. Goodridge, P. Haskel, J. and G. Wallis for Intellectual Property Office, [UK Intangible Investment and Growth: New measures of UK investment in knowledge assets and intellectual property rights](#), 2016

## 2. Media

### 2.1 Press releases

Intellectual Property Office

[Search engines and creative industries sign anti-piracy agreement](#)

20 February 2017

British Phonographic Industry

[Creative industries and search engines partner to reduce piracy](#)

20 February 2017

Department for Business, Energy and Industrial Strategy

[Developing a modern industrial strategy](#) [green paper]

23 January 2017

British Phonographic Industry

[Police Intellectual Property Crime Unit tackles digital piracy](#)

13 January 2017

CBI

[UK needs a 'whole economy' approach to make a success of Brexit](#)

21 December 2016

Intellectual Property Office

[EU consultation on the enforcement of IP rights](#)

28 September 2016

Intellectual Property Office

[IP and Brexit: the facts](#)

2 August 2016

Department for Business, Innovation and Skills

[Launch of intellectual property enforcement strategy](#)

10 May 2016

## 2.2 Articles and blogs

Chartered Institute of Patent Attorneys

[The impact of Brexit on intellectual property](#)

23 February 2017

Financial Times

[What's so great about free trade anyway?](#)

Tim Harford 1 February 2017

Invest in UK

[Backing the advertising industry as we make a success of Brexit](#)

27 January 2017

IQ Magazine

[UK Government affirms post-Brexit commitment to music](#)

24 January 2017

Creative Industries Federation

[The Federation welcomes the creative industries as a key government sector](#)

23 January 2017

The Bookseller

[Book trade could be boosted by May's new industrial strategy](#)

Lisa Campbell 23 January 2017

Guardian

[If Brexit Britain is to survive, Theresa May must get industry right](#)

Matthew d'Ancona 23 January 2017

Guardian

[If you thought Brussels was tough, wait until corporate America writes the rules](#)

Nick Dearden 19 January 2017

Campaign Live

[Industry bodies welcome clarity around Brexit and call for free movement of talent](#)

Emily Tan 17 January 2017

Guardian

[A UK trade deal with Trump? Be careful what you wish for](#)

Dan Roberts 16 January 2017

Telegraph

[Business is ready to get to work to make the most of Brexit](#)

Carolyn Fairbairn [CBI Director-General] 6 January 2017

Edwin Coe (Law Firm)

[Brexit and Intellectual Property](#)

8 July 2016

The Economist

[Intellectual property: a question of utility: patents are protected by governments because they are held to promote innovation. But there is plenty of evidence that they do not](#)

8 August 2015

## 3. Parliamentary Business

### 3.1 Debates

#### [European Union \(Notification of Withdrawal\) Bill](#)

Committee stage (second day)

HC Deb 8 February 2017 c471-2 [Extract]

#### **Edward Vaizey:**

I have tested the patience of the Committee with my wisecracks, and I now want to talk about my main, very serious issue—the withdrawal from Euratom, which will directly affect my constituency. My hon. Friend the Member for Henley (John Howell), who is no longer in his place, represents the Culham Centre for Fusion Energy, where the main research into nuclear fusion—the holy grail of sustainable energy—takes place. In 2014 we signed an almost €300 million contract to run the Joint European Torus on that site until 2018. We are now negotiating to take the programme forward. The JET, based in Oxfordshire, accounts for a quarter of the European fusion programme budget. Other money comes from ITER, the global fusion project. It will take place in France but still provides financial support for British projects including, for example, €40 million of remote handling equipment awarded to the United Kingdom Atomic Energy Authority—based in Oxfordshire—as part of a wider consortium.

**Coming out of Euratom would present some difficult issues, including a requirement to conclude new bilateral co-operation agreements with the United States and approximately 20 other countries to maintain our access to intellectual property and nuclear technologies;** removing the requirement for the UK to comply with Euratom's safety regimes, which would prevent other countries from collaborating with us; and further potential delays and cost increases to the nuclear new build programme. I am extremely unhappy that the Bill will take us out of Euratom—and I was also unhappy that I had no warning of that—but I am grateful to Ministers, some of whom are in their places, for their reactions on this issue. I have been able to have discussions with Ministers from the Departments for Exiting the European Union and for Business, Energy and Industrial Strategy. I am grateful to the Minister for Universities, Science, Research and Innovation, my hon. Friend the Member for Orpington (Joseph Johnson), who has personally met the Culham chief executive, and to my right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy who has also spoken to the chief executive. I am also delighted that the Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Hereford and South Herefordshire (Jesse Norman), is due to visit Culham. Every effort is

being made to ensure that at its all-staff meeting tomorrow proper reassurances can be given.

[Intellectual Property \(Unjustified Threats\) Bill \[HL\]](#)

Delegated Legislation Committee: Second Reading Committee

HC Deb 16 January 2017 c1-18

[Digital Economy Bill](#)

Report stage

HC Deb 28 November 2016 c1268-368

## 3.2 Parliamentary Questions

[Leaving the EU: Creative Industries](#)

**Asked by: Tom Watson**

When I look at the stylish men and women on the Government Front Bench, I think that each and every one of them—except, perhaps, the Under-Secretary of State for Culture, Media and Sport, the hon. Member for Reading East (Mr Wilson)—could be models on the catwalk at London fashion week. The fashion industry is concerned that, as the UK leaves the EU, we will lose the right to protect original designs, which would have serious knock-on effects for trade showcases, including fashion week. Will the Secretary of State tell us what the Government are doing to make sure that our designers' intellectual property rights are protected post-Brexit?

**Answered by: Karen Bradley | Department: Culture, Media and Sport**

The hon. Gentleman asks a very timely question not only because fashion week is coming up, but because the Minister of State and I met the fashion industry only on Monday to discuss exactly those points. I reassure him and the fashion industry that, because the great repeal Bill will bring European rules into UK law, therefore making sure that there is no cliff edge, those rights will be protected.

**HC Deb 9 February 2017 c616-7**

[Trade Marks](#)

**Asked by: Barry Gardiner**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what the Government's policy is on retaining the (a) CE and ATEX marks and (b) UK as a location to certify products for the European market.



**Answered by: Margot James | Department: Business, Energy and Industrial Strategy**

The Government is committed to ensuring that only safe products are placed on the UK market now and in the future. The Government will engage with business and other stakeholders to assess the risks and opportunities from exiting the EU and ensure that the UK system continues to meet the needs of British businesses and consumers.

**9 January 2017 | Written questions | 58081**

[UK Intellectual Property Office: North of England](#)

**Asked by: Diana Johnson**

To ask the Secretary of State for Business, Energy and Industrial Strategy, with reference to page 20 of the Northern Powerhouse Strategy, what the planned (a) locations and (b) delivery dates are of pilots of Intellectual Property Offices in the north of England.

**Answered by: Joseph Johnson | Department: Business, Energy and Industrial Strategy**

The Northern Powerhouse strategy states that the Intellectual Property Office will place representatives in key locations, starting with pilots in the Northern Powerhouse region. These pilots will be designed to stimulate effective intellectual property commercialisation, provide advice which catalyses local growth and ensure that intellectual property is fully integrated within the local business support landscape to build innovative businesses.

The IPO are currently recruiting with one pilot based in the Greater Manchester Business Growth Hub covering the North West region primarily Greater Manchester and Liverpool. The other based within the Greater Birmingham & Solihull Local Enterprise Partnership covering that region along with the Black Country and Coventry & Warwickshire.

The IPO expects its representatives to be in place by end of March 2017.

**14 December 2016 | Written questions | 56793**

[Intellectual Property](#)

Asked by: Barry Gardiner

To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of the cost to UK businesses of resolving future cross-border trademark and patent disputes through court action after the UK leaves the EU.

**Answered by: Joseph Johnson | Department: Business, Energy and Industrial Strategy**

The UK Intellectual Property Office is currently working closely with stakeholders and other government departments to assess the impact that leaving the EU will have on IP rights and their enforcement. The

mechanisms for cross border enforcement, access to courts in other jurisdictions and the cost of those disputes in the future will depend to a large degree on what agreements are put in place for broader civil and criminal justice cooperation at the time of exit. It is not possible to make an accurate estimate of those costs at this time.

**1 December 2016 | Written questions | 54984**

[Intellectual Property](#)

**Asked by: Catherine West**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what assessment the Government has made of whether UK companies will need to register future trademarks and patents in both the UK and the EU to ensure protection after the UK leaves the EU.

**Answered by: Joseph Johnson | Department: Business, Energy and Industrial Strategy**

UK businesses will continue to have access to European patents, issued by the European Patent Office. This is a non-EU international organisation.

When the UK leaves the EU, UK firms will continue to have access to EU Trade Marks and Registered Community Designs for protection in the EU member states. They will have access to the UK Trade Mark and Registered Designs systems for protection in the UK.

**10 November 2016 | Written questions | 51553**

[Trade Marks: EU Law](#)

**Asked by: Alex Chalk**

To ask the Secretary of State for Business, Energy and Industrial Strategy, if he will make it his policy to ensure that the UK intellectual property practitioners will continue to have the right to file European Trade Mark and design applications and appear on behalf of clients at the EU Intellectual Property Office after the UK leaves the EU.

**Answered by: Joseph Johnson | Department: Business, Energy and Industrial Strategy**

We have sought UK intellectual property practitioners' views on the effects of the UK's withdrawal from the European Union and we are aware that this is a concern to them. We are continuing to engage with practitioners and businesses and are actively considering the options available.

**8 November 2016 | Written questions | 48358**

[Intellectual Property](#)

**Asked by Catherine West**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what his policy is on the recognition of UK firms' trademarks and patents in the EU after the UK has left the EU.

**Answered by: Joseph Johnson | Department: Business, Energy and Industrial Strategy**

There is no EU patent, so patents can only be granted with effect for individual states, either by applying directly to the relevant national office, or through the European Patent Office, which is not an EU body. These will therefore not be affected by the UK leaving the EU. Patents owned by UK businesses with effect for the UK will continue to be governed by national law.

In contrast, the EU trade mark is a unitary right with effect for the whole of the EU. When the UK leaves the European Union, EU trade marks will still be available to UK business and existing EU trade marks will continue to offer protection in other Member States. We are consulting businesses and actively considering how existing EU trade marks can continue to provide protection in the UK.

**7 November 2016 | Written questions | 50939**

[European Union Intellectual Property Office](#)

Asked by: Catherine West

To ask the Secretary of State for Business, Energy and Industrial Strategy, whether the Government plans continued participation in the European Intellectual Property Office after the UK leaves the EU.

**Answered by: Joseph Johnson | Department: Business, Energy and Industrial Strategy**

The European Intellectual Property Office is a decentralised Agency of the European Union. After leaving the EU, UK businesses will continue to be able to apply to that organisation for EU Trade Marks and Registered Community Designs covering the member states of the EU.

**17 October 2016 | Written questions | 47169**

## 4. Organisations and further reading

### Library briefings

[Commons Library Analysis of the Intellectual Property \(Unjustified Threats\) Bill \[HL\] 2016-17](#) , Commons Library Briefing Paper CBP-7866, 2 February 2017

[Digital Economy Bill](#), Commons Library Briefing Paper CBP-7699, 9 September 2016

### Bill pages

Bills before Parliament 2016-17, [Intellectual Property \(Unjustified Threats\) Bill \[HL\] 2016-17](#)

Bills before Parliament 2016-17, [Digital Economy Bill](#)

### Government bodies

HM Government, [Building our industrial strategy: green paper](#) , January 2017

Official Statistics, [Intellectual property fast facts 2017](#)

### [Intellectual Property Office](#)

Intellectual Property Office, [Intellectual property rights and high-growth firms in the UK](#) , May 2013

Intellectual Property Office, [Patent incentives: returns to patenting and the inducement for research & development \(R&D\)](#) , November 2012

Innovate UK, [Intellectual Property \(IP\) - the secret to a blooming business](#) , 2 December 2015

Department for Culture, Media and Sport, [Digital Economy Bill Part 4: Intellectual Property](#) , 5 July 2016

### **Parliamentary Committees**

House of Commons Business, Energy and Industrial Strategy Committee, [The Digital Economy: Government Response to the Business, Innovation and Skills Committee's Second Report of 2016-17](#) , HC 930 2016-17, 20 January 2017

House of Commons Business, Innovation and Skills Committee, [The Digital Economy](#) , HC 87 2016-17, 18 July 2016

House of Commons Science and Technology Committee  
[Managing intellectual property and technology transfer inquiry](#)

House of Commons Science and Technology Committee, [Oral evidence: Managing intellectual property and technology transfer \(11 Jan 2017\)](#) , HC 755 2016-17, 16 January 2017

House of Commons Science and Technology Committee, [Oral evidence: Managing intellectual property and technology transfer \(14 Dec 2016\)](#) , HC 755 2016-17, 20 December 2016

### **Parliamentary Groups**

[All Party Parliamentary Intellectual Property Group](#)

All Party Parliamentary Intellectual Property Group, [Parliamentary Activity](#)

### **Others**

[Alliance for Intellectual Property](#)

Alliance for Intellectual Property, [The UK in 2020: a vision for growth in IP-rich businesses](#) , Undated

CBI, [Making a success of Brexit: a whole economy view of the UK-EU negotiations](#) , December 2016

Gordon Harris, [Brexit white paper and IP](#) , Intellectual Property Magazine, 3 February 2017 [Registration required]

Joseph Stiglitz, [The economic foundations of intellectual property rights](#) , Duke Law Journal, Vol 57, 2008

London School of Economics Centre for Economic Performance, [Patents and cumulative innovation: causal evidence from the courts](#) , June 2014

OECD, [Enquiries into intellectual property's economic impact](#) , 2015

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