

# Economics of Copyright Reform UK story

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Intellectual  
Property  
Office

# Intellectual Property and the Intangibles Investment framework

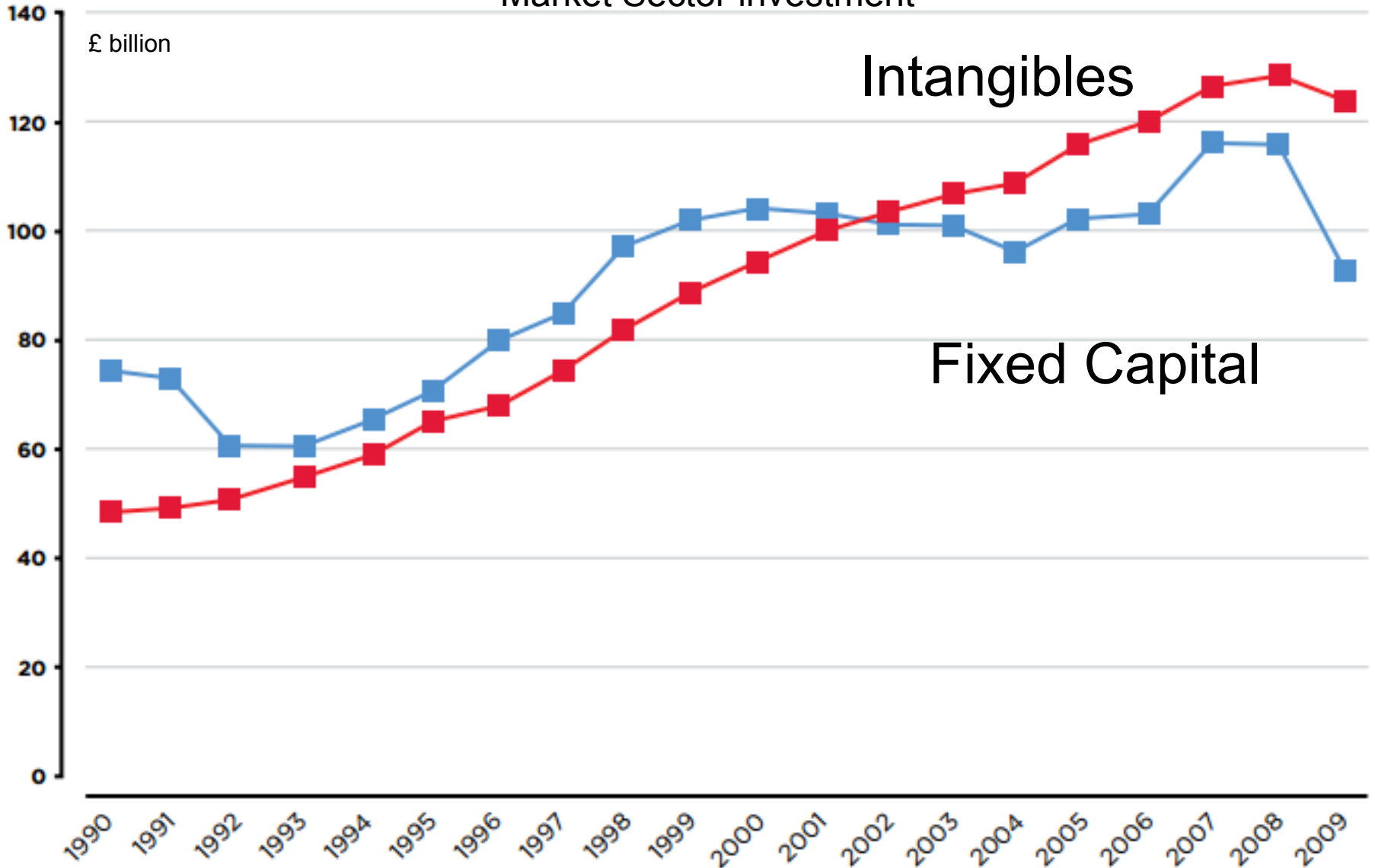
**Knowledge investment by firms for future returns:**

- **Software**
- **Creative works**
- **R&D**
- **Designs**
- **Business organisation / processes**
- **Workplace skills**
- **Reputation / brands**

# UK intangible investment dominates

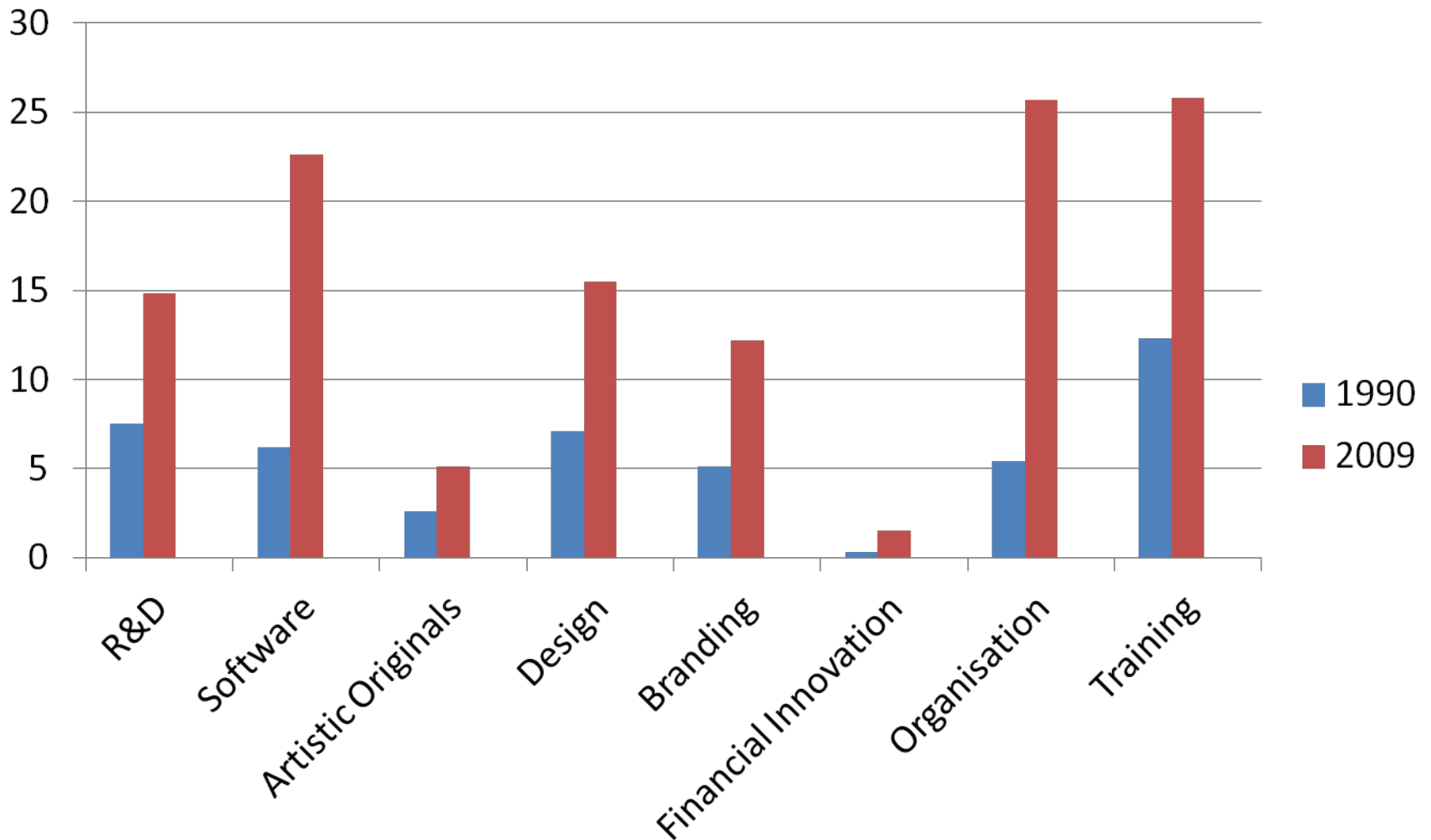
Market Sector investment

£ billion



# Where UK intangibles have grown

Counting more of this would have shortened the recession!



# Intangible Investment and IP Rights

Not including trade secrets, confidentiality and non-compete contracts

IPR	Patents	Copyright	Design IPR	Trade marks
<b>Intangible investment</b>				
R&D	X	X	X	
Software development	X*	X	X	
Design	X	X	X	
Creative industries		X	X	
Market research & advertising		X		X
Business process investment	X*	X		
Training & Skills development				

\* US and Japan

## The Prime Minister's question in 2010 .....

“The current intellectual property framework might not be sufficiently well designed to promote **innovation** and **growth** in the UK economy”

..... Hargreaves' Review conclusion:

“Could it be true that laws designed more than three centuries ago... are today **obstructing innovation** and economic growth?  
The short answer is: **yes.**”

# UK Reform Objectives

- To promote innovation
  - “to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”.
  - Challenge is to make incentives work well in digital markets
- Key principles
  - Aim is making markets work, retaining or strengthening key incentives for IP creation and use, but
  - leave space in IP system for innovation – and investment - created by fair use in US

# Progress

- Legislation in place
  - Principles in UK law, for orphan works, and exceptions for specific purposes within EU framework
  - Implementation over coming year
- Not all straightforward
  - Changing the framework is inevitably disruptive for some, but change is essential for innovation, and to make the system fit for digital markets
  - Some opposition based on myths; which we have had to spend a lot of time putting straight!



# Where do we expect 'wins'

- Orphan Works licensing system
  - freeing up currently frozen content, which earns nothing
- Text and Data mining
  - cuts research cost, enables new problems to be tackled
- Private copying exception
  - reduces uncertainty for new digital services
  - will bring law into line with what users believe is fair
- Archiving / records exception
  - cost saving and conserving heritage
- Parody exception
  - opportunities to add value
  - research shows 'harm' is non-existent or negative

# An efficient Copyright market

- Objectives of UK Copyright Hub .. to be the place
  - where anyone can go to find out more about copyright and copyright licensing
  - which encourages creators, rights holders and licensors to register their rights to copyrighted works, the permissions they have granted and the licences they have issued
  - where rights users and potential rights users can go to get licences to use copyrighted material legally, with ease of use and low transaction costs
- It's mostly about data
  - “A robust public record of copyright ownership and copyright status is essential to facilitating marketplace transactions ..., and encouragement of innovative business models that rely on the protection ...of copyrighted works” - Maria Pallante Oct 2011

# Today's priorities for research

- Enforcement of IP Rights
  - How to reconcile conflicting claims on costs and 'harm' about IP infringement, real and virtual
  - Building an evidence base about 'what works' to limit infringement, and securing income due to creators
  - New work under way to assess consumer behaviour (with Ofcom) and international approaches
- IP backed finance
  - How can firms – especially SMEs - use IP rights to leverage finance for innovation investment?
  - What works for firms and investors using IP as collateral?
  - Can the methods extend to areas of market failure?
  - Will it all come back to data?

# Thank you

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