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[Opening remarks]

It is almost a household reality that knowledge is fast becoming the major economic bedrock. UK exports in knowledge services have trebled over the last decade and knowledge sectors account for 40% of employment in Britain. This has moved intellectual property up the agenda not only within the Government and among specialist professionals but into the everyday language of ordinary people. IP is a commodity to be used to capture the value of ideas. Ideally, IP discussions should be about how value can be obtained and how people can work together. It shouldn't conjure up stories of threats, litigation and a culture of protectionism.

There is no better way of describing SMEs than as the "lifeblood of innovation". 99% of European businesses are SMEs. They represent 66% of the workforce and produce approximately two-thirds of GDP. IP matters – or should matter – just as much to SMEs as it does to big, innovation-intensive businesses.

And 90% of European SMEs are in the service sector. While patents are important, brands, design and websites and materials are perhaps the most prominent features of IP from these SMEs' viewpoint.

That is one reason why both the needs of SMEs and IP issues occupy an important place in the Government's manufacturing strategy that the Prime Minister and my colleagues John Denham and John Hutton launched on Monday.

In particular, the strategy makes three commitments regarding intellectual property. It commits the government to reduce delays and backlogs in the processing of international patent applications. It commits government to maintaining a competitive tax environment that supports and encourages the creation or exploitation of IPR in the UK. And it commits the UK-IPO to providing guidance on managing and exploiting IP in key emerging markets. I know that this will come as good news to manufacturers both large and small.

Let's be clear that better more user-friendly information on IP issues coupled with faster and more effective protection of intellectual property itself are real necessities for many businesses at the moment. We all know that times are hard. Global economic forces – from the credit crunch to rising oil prices – are having a major impact on the UK economy.

If we're to ride out that turbulence and emerge from it a stronger and more competitive country, then we must ensure that we obtain maximum value from our inventions. Innovation is a field in which Britain has long been a world leader. And IP has long been the shield which allows British business and British people to reap the benefits of British inventiveness.

That's one reason why I am so impressed with the suite of excellent resources on WIPO's site to help SMEs understand intellectual property. You will hear later today from some of my officials in the UK Intellectual Property Office about the new Government initiatives they are bringing on stream to help businesses understand and use IP.

There's useful work going on at European level, too. You may know that the European Commission recently published its proposal for a Small Business Act for Europe. This sets out a series of measures to give SMEs the support and encouragement they deserve, including action to encourage their participation in research, innovation and knowledge transfer. The UK Government believes that improving the enterprise environment for Europe's SMEs is key to delivering economic growth and therefore supports the Small Business Act initiative.

In the White Paper "Innovation Nation", published earlier this year, the Government has set out its vision to embed innovation more firmly within the UK's culture. That's not true just of specialist sectors of business and universities, but of the whole economy, as well as the public and third sectors.

In Innovation Nation we recognise the needs of small businesses and propose to deliver a series of concrete packages to support them. For example, we are reforming our Small Business Research Initiative and will provide an innovation voucher scheme to help at least 500 small businesses work with universities to enhance knowledge exchange, skills and capacity building. A dedicated "proof-of-concept" fund will help our technology-sector SMEs get new ideas off the ground. And the already successful knowledge transfer partnerships enabling academics to work within companies will bring benefits to individuals and companies by the dynamic exchange of know-how and expertise.

The way in which innovation happens is changing. Open Innovation, a term coined by Henry Chesborough, is increasingly becoming a necessary reality for businesses

both large and small. In a global knowledge economy gaining access to IP and information about it is vital to maintaining a competitive edge. Several global companies are placing less emphasis on traditional corporate R&D and constantly seeking innovative ideas from others as they develop their open innovation business model. Procter and Gamble are a good example of this.

Licensing IP underpins this business model and we want to help UK businesses so they can operate to their maximum potential on this landscape. While it is encouraging that many businesses are appearing to engage in open innovation, estimates from the 2006 UK Intellectual Property Office survey on IP indicates that fewer than one in five SMEs has been involved in using or exploiting IP through licensing. Of more concern is the fact that the vast majority of SMEs do not appear to have a dedicated function for IP.

Evidently SME's have pressing daily demands, but we need to help them understand the value of managing their intangible assets to their long-term success. I suspect there is a lot more IP to be leveraged within our innovative small businesses. And in helping them to do this we need to remember that IP is the shorthand for the manifestation of ideas into a tangible form. The IP rights systems serves to provide a means of capturing value in IP. We should not forget that for most businesses it is their know-how that often represents their greatest IP asset.

Historically, the Government has mainly been concerned with granting statutory rights for IP. Indeed, that was much of the former Patent Office's mission. But that is not enough. We need to be proactive in creating an IP framework to help UK

businesses and creators thrive. And I am encouraging the UKIPO to continue to work to expand its horizons and its initiatives to help UK businesses make best use of IP. The central question becomes “you’ve got it, now what do you do with it?”

I am very pleased therefore to be able to announce today, the publication of the UKIPO’s new booklet “How licensing intellectual property can help your business”. This is the first resource developed by UKIPO’s working group on Business-to - Business licensing.

This booklet approaches licensing from a practical perspective. It points out how businesses can get benefit, revenues, from licensing their IP. It sets out to demystify licensing and to explain in understandable, plain terms what licensing is about.

A good licensing agreement will always by its very nature have some complexity. And the number of possible “Business-to-Business” licensing scenarios are too vast for a simple “one-fits-all” model agreement. But this booklet goes a good way in helping small businesses understand licensing so that they can approach it with confidence. We hope it will help them make best use of their legal advisers and to negotiate with other companies.

In particular, it explains the benefits that licensing offers to both businesses that hold IP and to businesses that may need to use other people’s IP to develop their innovative products. It explains the elements of a good licensing deal and highlights the things to watch out for and offers advice in preparing for negotiations. It explains about risks and how to mitigate those risks. Notably, it provides a detailed checklist

of items that need to be taken into account in drawing up an IP licence. Small businesses intermediaries in pilot studies found the checklist, a precursor to a “term sheet”, particularly useful in providing a starting point for licensing negotiations.

I hope that this booklet will increase the confidence of small businesses who are presently unfamiliar with intellectual property and licensing. I also hope that it will provoke thinking about IP and the value it has. It may help unearth latent IP that resides in some businesses. The booklet also provides an interesting angle on getting to grips with IP itself - from user’s perspective. Fundamentally, intellectual property is a system that captures value in tangible ideas. Its sole purpose is to help businesses, innovators and creators identify their intangible assets and get the fair rewards from them. It is a currency and this new resource should help originators and users of IP get the most out of it.

I would like to take this opportunity to thank all those twenty or so individuals who make up the Business-to-Business licensing group for taking the time from their busy routines to support this initiative facilitated by the IPO.

[Concluding remarks.]