

Business, Innovation and Skills Committee

Oral evidence: [The Digital Economy](#), HC 571

Tuesday 15 December 2015

Ordered by the House of Commons to be published on 15 December 2015.

Written evidence from witnesses:

- [UK Music](#) (TDE 076)
- [News Media Association](#) (TDE 044)
- [Alliance for Intellectual Property](#) (TDE 061)
- [The Copyright Hub Foundation](#) (TDE100)
- [DBIS & DCMS jointly](#) (TDE093)
- [Intellectual Property Office](#) (TDE092)

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Members present: Mr Iain Wright (Chair), Paul Blomfield, Richard Fuller, Amanda Milling, Amanda Solloway, Michelle Thomson, Kelly Tolhurst, Craig Tracey, Chris White

Questions [191-246]

Witness[es]: **Susie Winter**, Director of Policy and Communications, Publishers Association, **Jane Dyball**, Chief Executive, Music Publishers Association, representing UK Music, and **Catherine Courtney**, Legal Adviser, News Media Association, gave evidence.

Q191 Chair: Good morning. Sorry to have kept you waiting. Welcome to the BIS Select Committee. Before I begin, can I just take the opportunity to wish Tim Peake a very successful launch? UK space is an incredibly important part of our British economy, so all the best to Tim at 11.03. For the purposes of the record, could you tell us who you are and the association that you represent?

Susie Winter: I am Susie Winter and I am director of policy and communications at the Publishers Association.

Jane Dyball: I am Jane Dyball. I am CEO of the Music Publishers Association and I run the three commercial businesses that it owns. I am here to represent UK Music.

Catherine Courtney: I am Catherine Courtney, and I am a legal adviser with the News Media Association. That is the voice of the news media in the UK. We were formed in

September of last year as a merger of two venerable associations: the Newspaper Society, representing local and regional newspapers, and the Newspaper Publishers' Association, representing the national papers. We are a £6 billion sector and we are read by some 42 million adults every month.

Q192 Chair: I should point out at this stage that earlier this month I was elected chair of the all-party parliamentary group on publishing, and the Publishers Association provides the secretariat to that. Susie, I start with you, but it is a question for everybody. How is digital changing your industry, and how are business models altering in the context of digital innovation?

Susie Winter: The easiest way to start with that is explaining just some facts and figures about the industry. The publishing sector contributes £4.7 billion to the UK economy. That takes into account our members, who represent consumer publishers—so the works that you find in book shops, fiction and non-fiction—and education and academic publishers. In 2014, 35% of that came from digital revenues. Our members are very much embracing and driving innovation in the digital space. Obviously, that differs depending on what type of publishing you are talking about. With academic journals, for example, 90% of revenues are digital, whereas in children's publishing, for probably quite understandable reasons, only about 5% at the moment is, but of course that is very much growing. New business models and innovation are happening in a variety of ways. We have obviously all very much moved on from the fact of a PDF being seen to be digital and being seen to be innovation.

Chair: You have no idea how relevant that is to the Committee. You really do not.

Susie Winter: For example, in education publishing, innovation is taking a learning platform. It is very much moving away from it being a set of questions and then up pop the answers, to looking at how to bundle in learning, testing and assessment all in one place. That is really delivering a very added-value resource for teachers and for pupils. In innovation in academic publishing, members are developing tools for research. It allows links and connections to be made and analysis to be done on a scale and at a speed that is just not possible for a human reader.

Across the piece, we are very excited about digital. We are digital. We sometimes get a little bit frustrated by being seen to be a content business and then you have tech companies over on the other side. If you speak to a lot of our member companies, they would see themselves as technology businesses as much as they would see themselves as content businesses.

Jane Dyball: The digital world for the music industry has created great opportunities and great challenges. We were very early practitioners in the digital market. We have been licensing digital services since the early 2000s. Our business is probably between about 45% and 60% digital at the moment. It depends really on whether Adele has got an album out and how many people are buying it in CD form at supermarkets.

Q193 Chair: Just for the purposes of the Committee, Adele is a popular singer.

Jane Dyball: Yes, she is—quite popular. It varies from year to year. For music publishers in particular, the traditional music publishing industry was originally to produce songbooks, and that market has really fallen away considerably.

As an industry, we are investing in intellectual property, so your only product is the song or the music. You invest in songwriters who might one day turn into Ed Sheeran, or you are investing in songwriters who might never have a hit under their own name and might just be writing for other people. You will have heard of Ed Sheeran. You might not have heard of his co-writers, Amy Wadge and Fiona Bevan, and various other people. Wayne Hector is a very successful British songwriter who writes for American superstars as well and is his own one-man export industry. If we do not license our rights, we get no money back. Music publishers invested about £162 million last year in new talent. The industry as a whole invested about £500 million last year in developing talent. It is a huge investment for our members and it is one that can only be realised if you license digital services.

There are challenges that it presents such as piracy and copyright law that is not ideal in some cases. We have a big issue with digital services who rely on safe harbours. I am not sure how well aware you are of safe harbours, but it is a concept that came out of the E-Commerce Directive regarding delivering content that is not yours from one person to another. If I am filming myself singing Adele songs, or I am filming my cat squeaking miraculously exactly like Adele, and I upload it, the entity providing that pipe through which the creative content is delivered to the public at large has a huge amount of protection under the E-Commerce Directive. That makes licensing those services very difficult. They would say that they would not need a licence. A lot of them do say they do not need a licence. It is hard when you see businesses building on the back of music and you are finding it very difficult to license them.

Then, of course, there are just straightforward pirate sites. I think the BPI, which is the record industry association, sent 66 million notice and takedowns last year. There was a recent trial, the Dancing Jesus trial, where two people were jailed for giving access to tens of thousands of illegal music links. Apparently, the value of property on their site exceeded £242 million. That is a lot of money for the music industry to lose through pirate sites.

Therefore, it has created opportunities and challenges, and we have adapted our business models. We are used to adapting business models. Music publishers have been around for hundreds of years. CDs and jukeboxes were a challenge at one point. We do not shy away from challenges. We just try to find a way to value our rights. We need a very equitable copyright landscape in which to be able to do that.

Chair: I might come back to business models and copyrights in a moment, if I may.

Catherine Courtney: News brands are now very much offering their content on a multi-platform basis. Newspaper publishers would share the goal that is driving the EU digital agenda. We want to create a favourable environment for a fully functional digital market to flourish. We want citizens to be able to access content where they want, when they want, how they want—mobile platforms etc. We are committed to working with the UK Government and with European institutions on copyright reform, and we are trying to strike the right balance. We want news media to prosper for the benefit of all the citizens

of the EU. Obviously commercial news brands are witnessing quite significant ongoing structural changes, and that affects the underlying financials of their business models. I do not know if you want me to go into some of the challenges.

Chair: Briefly, if you could.

Catherine Courtney: I did consult Sarah Davis on this because she is *The Guardian's* commercial group legal director. She has identified some points; I think would be more useful if I tell you how she has put it. The first thing is there is a further significant shift away from print advertising to digital. To put that in context, over the last 10 years, the ad spend in local and national news media has basically halved. In 2004, there was a spend of about £5 billion and in 2014 that has gone down to £2.5 billion. Digital ad spend in news brands is growing fast, but it is starting from a very small base. About 220 newspaper titles have closed in the last 10 years. Most of those were free weekly local newspapers. That is one thing.

The second thing is the shift away from desktop to mobile consumption of news, and then the concomitant impact of the relatively low value of mobile digital display advertising on overall revenues. Then there are ongoing questions about the impact of off-platform consumption of news media content—for example, via Facebook—on the ability of publishers to monetise their content in this multi-platform world.

Another major challenge is unlicensed republishing. Just quickly, in 2013, Newspaper Licensing Agency Media Access trialled a copyright infringement service. That automatically polled search engines to see where text had been lifted from our websites. That trial identified about 800 examples of copying per day across the eight national newspaper titles.

Then there is free-riding by unauthorised news aggregation services, and that definitely undermines publishers' ability to create professional journalism. Obviously, I do not need to tell the assembled company that that is an essential part of democratic society. In that context, it is vital that copyright rules continue to draw a line between referencing content and unauthorised reuse of content.

Q194 Chair: Is ad blocking a threat to the business model of your industry?

Catherine Courtney: I thought you might ask me that. Yes—

Jane Dyball: While you are gathering your thoughts, ad blocking is a big threat. One of the areas where people get confused in the music industry generally is the focus on streaming services. Streaming is a very generic term, and you need to be very specific about the type of streaming service. Spotify is a streaming service, but that offers a paid-for subscription service where the person is paying their £10 a month to get their subscription. Spotify has a free service as well, which is used as a funnel through which to get people hooked on to the service, because if you subscribe, you can download stuff on to your phone and you can keep your playlist. There is a lot more functionality. For a site like YouTube, for example, that is a pure streaming service. That is purely based on advertising.

There are lots of challenges for the music industry, or probably any industry, in licensing a pure ad service. The biggest challenge is a fairly obvious one, which is I do not think there is enough advertising money in the world to support that as a business model. First of all, there is a legal issue around the E-Commerce Directive, as I said before, about a digital service saying, “We don’t know what is up on our site, so we don’t have to pay for it,” or, “We are not putting any advertising money against it, so we are not making money out of it, so it is not our problem.” There is a legal issue around licensing, but there just simply is not enough advertising revenue in the world to fund lots of ad-supported models.

It is really easy to use ad-blocking technology. If you are on YouTube and you say, “Oh, all this advertising is a complete pain in the neck. I just want to get back to the music,” it is very easy to block advertising revenue, and then no money comes back to the industry. It is a big problem.

Catherine Courtney: Just going back to that, various publishers are on the record as acknowledging that ad blocking is a potential threat. They would also point out that there have been various disruptive innovation technologies that have disrupted their businesses and they have coped with this; but obviously, there has got to be an awareness that ad blocking could be more serious. It is a key revenue generator, and that could be undermined.

Newsworks, which is the marketing body for the national newspapers, is currently assessing whether or not there can be a consensus on the issue for the industry as a whole to take a position on it. Obviously, the sector has got commercial concerns about working together and the implications of that in terms of copyright law. That hangs heavy over the prospect of any collective action. However, there are various common responses to that: simplifying, making ads less intrusive, stopping ads that cause crashes, eradicating unsettling adverts that are perhaps based on people’s personal sensitive data.

Also, there is conversation. You make users aware of the implications of this and ask people to consider stopping using that software. Many of our publishers are going to simply step up their methods of making money that are not reliant on advertising, so you have got paywalls and membership events. For example, in the case of *The Guardian*, they make a direct request to people using ad blockers to consider stopping the use of such things.

Q195 Chris White: Good morning. The digital economy is a fairly broad umbrella, and it covers various industries, various sectors, from information technology to video games, where I am pleased to say Leamington, my constituency, is one of the top three clusters in the country. One of the phrases we heard a while back was the issue of soft power. Certainly, when the Olympics were taking place that was something we were all reading about. What is the potential of soft power? How has the sector, in its broadest terms, changed in the last five years in terms of the role it plays in the economy as a whole?

Jane Dyball: Sorry, you will have to remind me what soft power is.

Q196 Chris White: Soft power is all about the clever stuff that Britain does—creative stuff, the music, from the Beatles to whatever. It is things that we do very well but are slightly intangible.

Jane Dyball: The music business is, always has been and always will be about soft power. It is all about developing talent. It is all about finding the next creative genius. Your musical creative genius will differ from the next person's, so we have got a lot of people to provide creativity to. One issue that has come up for the industry has been as a result of the Hargreaves report coming out. If you are saying, "Okay, how do we stop all of the people inventing new technology from going to Sweden or going to America?", Hargreaves was a genuine attempt to try to address that and to try to say, "Let's have some disruptive technologies." The problem with it is I do not think the relaxation on copyright that it included has shown a benefit in that area, but it has shown an economic loss in some respects for our business.

The parody exception is something that we as an industry are trying to clarify at the moment with the IPO, because we are seeing people starting to say, "We don't need to get a licence; it's a parody," when clearly it is a commercial use where somebody has just decided, if they change the lyrics, they can say it is a parody.

It is interesting to see how Spotify has developed, for example. I have been over there a couple of times. It is a bit like it sounds in your constituency. There are tax-related entrepreneurial advantages that exist in Sweden, so they have created their own little area there. They are next to a university. They input into the university, in terms of what subjects that university should be teaching and how it should be teaching programming. Then it takes a lot of those programmers out of that university and into work. I think that in some parts of business here that happens, but it happens less really in somebody inventing the next Spotify or the next download service.

Susie Winter: I would echo a lot of that. Some 40% of the £4.7 billion that I referenced earlier from the UK publishing industry comes from exports. UK publishing is a global industry. We very much see ourselves as a key part of that soft power. We are really good at this stuff in the UK. Jane has commented about the Hargreaves review. It was so disappointing for us because it looked to take what we are really good at and the important copyright framework that sits around that, and weaken it to the detriment of the exports that we are pumping out from the UK. Three of the world's biggest film franchises, Bond, Harry Potter and The Lord of the Rings, started life as books published in the UK.

That global reach of UK publishing is something that we are very proud of and we do take around the world. Actually, my colleagues just came back earlier this month from the Guadalajara book fair, where the UK was guest of honour. We are internationally recognised as being leaders on this. Therefore, some of the developments that are going on in Brussels at the moment around the digital single market are very concerning to us. We are very much looking to the UK Government to really stand fully behind the UK creative industries. We are looking to them to make sure that the framework that is in place in Brussels that is so important to us actually supports the UK as exporters of creative content, and generators of creative content, and does not shift too far to the member states who are just consumers of our content.

Catherine Courtney: I would just like to say I very much support what Susie has just said. We are trying to work with institutions to strike the right balance. I have not actually considered the potential of soft power. That is something I can take away to our members and we can certainly think more about that.

Q197 Chris White: Out of interest, you mentioned business models, Jane. Some of the business models in your industry are unique. Do you see potential for carrying those very modern business models over to more traditional sectors?

Jane Dyball: Do you mean non-music sectors?

Chris White: Absolutely, in terms of how long it takes to produce an album, the sales you have got to hit on the first day, follow-up production, etc.

Jane Dyball: That is an interesting question. As far as our own business, we are in control of what we invest in, and how we develop talent and how we invest in that. That is what we are in control of, and that has created an industry that contributes £4.1 billion in GVA to the UK economy, the export value of which is £2.1 billion. It echoes what Susie was saying about the export value. We are not in control of other people's business models. We do not really seek to be in control of other people's business models.

You can have two subscription services that are offering identical services and one is successful and one is not. When I am starting to talk to a new digital service, the first thing I want to do is try it out myself. I am an ordinary music fan. I joined the industry because I love music and I am rubbish at singing and cannot play anything. I love music, so I try it out and see how easy it is to use. You can have two services that are exactly the same but one has just got a better back engine and has got better machinery pushing it, and seems to automatically know what you want to listen to next, and one is clunky and the search bit does not work. In the online world, with the subscription model and macro licensing, we are trying to find a way to license messaging. If I am messaging Susie a song, it does not necessarily go through a web portal, so how do I try to license that? However, we are not seeking to change those business models. We are just trying to license them.

My favourite business model to license is the subscription service, because they understand that they need to make money, too, and they are only making money out of their subscriptions. They are not making money necessarily, as far as I am aware, by selling data or gathering data. They are just trying to make money out of music, and so my view is if they can make money, I have got a chance of making money. If they cannot make money, or if they are doing it as a loss leader because they have got another empire behind them that they are trying to sell widgets for or has a completely different business model, it is much more difficult to try to license it and to come to a value that everybody agrees on. I do not really know how you could buy a car on subscription. I suppose hire purchase exists, doesn't it? Maybe that is a very old business model.

Susie Winter: That is where it started.

Q198 Richard Fuller: I would like to take us back to something that Ms Winter mentioned about EU regulations and some of the issues there about exporters, importers and the balance within the EU. Is there a risk there to us? Has the UK Government got the right pitch? Are there any points of advice you would like to give to them?

Susie Winter: I have probably lots of points of advice. We are working very closely with the UK Government on this, and they do seem to understand the need. The challenge that we have had around the digital single market debate in Brussels is actually getting

information out of the Commission about what exactly they mean and why they think there is a problem—why they want to fix it.

One of the questions that the Commission actually asked was around innovation and whether the UK Government is doing enough for innovation. We would say that it is, but one of the biggest threats to innovation is legislation, particularly legislation that is trying to fix a problem that is not there. That is really where we have got to with the Commission at the moment. Very early on, President Juncker identified copyright reform as being absolutely fundamental to the completion of the digital single market but produced no evidence to support that very broad statement. Actually, we would say there are many other things that were holding up completion of a digital single market, whether that is roaming charges, data services infrastructure or whatever.

Q199 Richard Fuller: Would you say the EU basically was meddling in the industry with no real justification?

Susie Winter: There is very little evidence. I will give you an example. It is probably easier to do it that way. One of the areas that they are looking at for reform of the European copyright framework is the education exception. In the UK, it is implemented such that schools and universities can copy up to 5% of any works, subject to a licence. It works really well in the UK. It does not matter what kind of work the teachers want to copy. Whether it is pages from a mass textbook or whether it is pages from Harry Potter, it does not matter. They know they are safe and they are operating within the law in how they are copying that.

The European Commission seems to think on the schools level that there is a massive unmet demand for teachers in other European member states wanting to access curriculum materials, school materials, from other member states. We cannot see that demand. There might be a very small number of instances when you have a pupil who goes to a school in Belgium but lives across the border in France. However, on the whole, schools' materials are produced so specifically for curriculums and syllabuses in those member states that French schools have got no use of English maths textbooks, because they are produced for the maths curriculum in the UK. Yet this is an area that the Commission wants to see fixed.

They want to see cross-border access, which, to be fair, we do not really have a problem with. If there is that demand there, of course teachers should be able to meet it. However, they should not be looking to impose one system across the whole of Europe that would destroy existing frameworks that are working really well, delivering important licensing revenue to our members, but also very easily understood by teachers.

Q200 Richard Fuller: Amen to that. Unless there are some other comments on that, I would like to ask another question that arose from earlier on. As you went through, Chair, the three industries and the effect on digital, it was positive and happy; positive and happy; oh my gosh, problem, problem, problem, problem. I wonder if that is a fair assessment. I think it is fair, by the way. For all of you, could you just comment on why you would suggest that the particular issues for media are so much more difficult to resolve than they have been for publishing or for music?

Jane Dyball: I do not think it has been easy to resolve for music, because if you are putting into prison someone who has—

Q201 Richard Fuller: But you have resolved it. I do not want to dwell on how complicated it was for you. I think it is fair to say that your two sectors have been successful, however hard it has been, but in the same period of time for the news media, it remains a problem that is very difficult. Correct me if I am wrong, Ms Courtney, but it just seems that your issue is much more difficult to resolve than the others.

Catherine Courtney: I think that dissemination of news content online has exploded through unauthorised channels, and it is very difficult to keep a lid on that. It does undermine newspaper publishers' ability to create the professional journalism that is crucial. I hesitate to start expanding the confines of the discussion to the Google situation, unless you would like me to.

Richard Fuller: Please do.

Chair: Please do. It is pertinent.

Catherine Courtney: As far as I am aware—they may like to write in and correct me on this—Google do not employ a single journalist to generate original reporting, but news is obviously critical to Google. It is one of the main search topics, so it is an important source of advertising revenue. Google copies huge amounts of content through scraping, using third parties' materials. They draw that into the Google search environment and then they can monetise the users' eyeballs through targeted advertising.

You are obviously well aware of this, but there are two types of scraping. The first would be thumbnails and snippets on the Google News results page, and that is often accompanied by a headline. That includes the most important information—the essence of the story—and that reduces the incentive for users to then click through to the publishers' own sites. You recall the case of Newspaper Licensing Agency v. Meltwater. That was a monitoring agency. Meltwater said that they sent out 21 million links in 2011, and of those actual links that they sent out only 98,000 were actually accessed. That is 0.5% if my maths serves me right, which is debatable.

Also, the other way that Google scrape news sites is by their First Click Free service. Under that, an article can be viewed without subscribing. Again, that significantly reduces a reader's motivation to click through to the publishers' own site. It just encourages them to go back to Google for more free clicks. It is protecting its gateway position. It is allowing Google to exercise market power over ad prices.

You might say in theory publishers can opt out of Google's scraping policies, but, in practice, they have not really got any meaningful alternatives to the dominant position in search. In practice, they lack the power to prevent Google from exploiting their content. There is also a negative impact on the output of quality journalism. Publishers are constrained to start putting more and more money into search engine optimisation, rather than generating innovative content.

Q202 Richard Fuller: That is really interesting. Ms Dyball, what would be your advice if you were a consultant? Given the problems that you encountered and the success you have had, what are your thoughts on this?

Jane Dyball: I would not picture the music industry as a triumphant gladiator over the digital marketplace. It is not necessarily a picture that I would agree with. The issue is that we have been in this market for a lot longer, maybe, than anyone else. We started off with ringtones, which is not really digital but was the beginning of the change. We have been doing it for longer, but it is hard work. It is really hard work. If you have notice and takedown, it works by URL address, so you cannot take down all cats singing like Adele; you have to do it every day. You have to take down the same stuff one day that you took down the day before. We could do with some assistance on that front, so that you could just do notice and stay down; once you have delivered notice of a particular use, it stays down.

We have lost value from the music industry to digital services that are using music and choosing not to get a licence. PRS, the Performing Rights Society, have had to sue SoundCloud to try to get a licence. It is very difficult to see that value gap between digital services that think they do not need a licence, because they can rely on safe harbours or the fact that they are a mere conduit, to make a lot of money for themselves out of music, and to be forced to start litigation proceedings. That is really not a slam dunk in terms of whether you are going to win or not. It has been a challenge.

We have operated without any tax breaks or subsidies. We do not have the benefit of being encouraged to make records in the UK. We have none of that, so we have had to survive ourselves, on our wits, and maybe because we have been doing it longer. If you think that the export value of the UK music industry is £2.1 billion, it could be double that. It could be double that if we could address some of these issues like notice and stay down and the value gap.

Q203 Chair: Richard has raised two important points, and I am looking at you, Jane, if I may. You, quite rightly, are probably the first business-to-consumer industry that suffered that digital disruption. What lessons can you give to the Government, to regulators, in terms of the lessons that can be learned from what you have experienced, from CDs to Napster to streaming?

Jane Dyball: The lesson that could be learned is disruptive technologies are not good just because they are disruptive. It does not mean that they should have access to a copyright-free world, or a tax-free world, or that they should not have to file their accounts, or that they should not have to have data protection, or that they should not have to have HR. This is one of the dangers: we all love disruptive technologies and we benefit from disruptive technologies; however, there are people who are following the rules and they should not be disadvantaged as against people who are not following the rules, or people who are trying to take advantage and build businesses for themselves on the back of other people's creative endeavours. I could be very specific about, "You should do this," "You should do this," but in the time—

Q204 Chair: Could you be specific? What should we do? What should we be recommending to the Government?

Jane Dyball: I keep coming back to the E-Commerce Directive. It is impossible to change that. The E-Commerce Directive is doing good things, but what you could do is tweak that under copyright law. There are services where you can actually say, “I want to listen to ‘Thinking Out Loud’ by Ed Sheeran”, and you type it in and it brings it back to you. That has got a search capability in it. That is what is providing that opportunity for you to say, “I want to listen to that song, and I am going to search for it, and I am going to listen to it.”

The music industry, thinking long and hard about this, feel that there should be a distinction between passive and active search and that you should not be able to benefit from the fact that you are just a pipe and have no role in any of the music or content that is being transferred. You could create a distinction that would say, if you are able to search, you are no longer a pipe. You are providing a functionality. We would like to have a distinction between passive and active sites, and we think that would help.

We would like to have a review of Hargreaves and the copyright exceptions. One of the businesses I run is only private copying, and we have income from that of about £6 million to £7 million a year. All of that goes back into investment into the music publications that are being copied. It is very dangerous to have anything that threatens that. It is chipping away at our revenues. We just need a very fair copyright, and not to be diverted at looking at the nice sparkly object over there.

Q205 Chair: I am conscious of time, and I am conscious that other colleagues want to get in, but there are a number of big issues. Richard alluded to market power and who has disproportionate market power. All of you have referred to that. Jane, you mentioned about subscription services and how that is the new business model. However, Spotify has never turned a profit and there is a risk that others with deep pockets will force them out, the Apples and Googles of this world. We received written evidence from the Association of Authors’ Agents that told us that, if you are an online publisher, you have got to go through a particular portal, which is Amazon and Kindle; therefore, choice has been disrupted. Could you tell us a little bit about how digital is concentrating market power in the hands of the few rather than the many, and what can regulation do to avoid that?

Susie Winter: Yes, the largest online book retailer in the UK is Amazon and there are concerns when you have a single company that is that dominant. That is why we put in the manifesto we launched before the election that we felt that the time was right for there to be a Competition and Markets Authority look at Amazon and its practices. I would not sit before the Committee and say, “It is definitely abuse,” but I think there are a number of issues going on. There is a case with Amazon and Hachette in the US, and Amazon and Bonnier Publishing in Germany, so we felt that the time was right. Therefore, we do welcome the European Commission’s formal investigation into Amazon’s e-book distribution in the English and German-language markets. That was launched in June this year. I know colleagues from the Booksellers Association have been very active in giving evidence to that inquiry. We are not personally engaging with it, although a number of our member companies will have been contacted individually by the Commission.

Jane Dyball: It is about putting people on a level playing field in terms of whether they have to pay tax and how else they are making money. If you have a meeting with a digital service you get a very clear idea early on as to how important music is to their service.

We have to sign NDAs, so I cannot really say, “I had a meeting with them and they said this, and I had a meeting with them...” However, you get to see the willing participants and the unwilling participants.

We have started to talk in the industry about sites being fully licensed and sites being unlicensed, but there is a middle tier of sites that are under-licensed. Sometimes, those are the ones that can use their market power to negotiate or they can use the E-Commerce Directive to come in and say, “Really, we do not need a licence, so you will just have to take what we are giving you.” It is difficult to know how to address that, but I do think that allowing people to hide behind safe harbours is a big problem for our industry.

Also, if they have got a defence to getting a licence by saying, “We have no idea what is going through our pipes,” that creates a problem for us, because it means they have no data. They are incentivised not to have any data. If I go on to a website, YouTube seems to know that I have just booked a holiday to Morocco because it will send me ideas of where to stay, but apparently it does not necessarily know what I have listened to. YouTube is a bad example in that one.

It is difficult for us to license an entity like Facebook as well, because there is the question of definition around what is a new public. This is a very technical point coming out of European copyright law. We need to look at the definition of new public in terms of, if Facebook take a link from someone else who is licensed and allow access to Facebook users, Facebook should then have to get a licence for the transmission. They should not be able to argue, “It’s the same people.”

Q206 Craig Tracey: Just picking up on a point Jane made earlier around Spotify using universities to develop their product, because of the speed technology moves, it is common in a lot of industries. One of the issues that I am getting fed back a lot to me is around the people developing that technology then stealing the IP. Does that affect your industry? Is that something you have come across?

Jane Dyball: Not so much in music. If somebody has stolen music, it is usually clear that they have done it. It is not something that I have come across.

Susie Winter: It is not something that I have come across in our industry either.

Catherine Courtney: No. It may be something that we can go back to individual publishers with and, if they had useful information, I could feed this back. They are not stats I have got at my fingertips today.

Q207 Amanda Solloway: I am curious because we were talking about publishing and music actually embracing the digital world and media maybe not being as successful. I just wondered whether there is a case for the fact that you do have the likes of Amazon. Has that actually helped you survive as opposed to having a negative effect? I know that is probably the opposite of what you were saying. Likewise with Spotify, I wonder if there is an advantage that we know where to go to access that as opposed to with media.

Susie Winter: It might well be. I do not want to put words in Jane’s mouth, but how you could view the history of the music industry was you had the digital file before you had iTunes—before you had the service to deliver and listen to it. I can recommend a book to

anybody: “How Music Got Free”. It is an absolutely amazing book about the challenges of the music industry. You are probably right. E-books and the Amazon retail service, in the UK at least, came along at the same time, so people who wanted to read electronically and have e-books did have a very clear legitimate source to go to.

Jane Dyball: It is a difficult relationship. For us, the analogy would probably be a company like Apple, who have been good practitioners in getting licences and have usually licensed before they launch. Lots of companies launch and then go, “Oh, maybe we should have got a licence,” which makes it very difficult to licence them at that point, because they have already set their price and they have decided they want to undercut everybody else. However, at the back of your mind you do think, “How many iPods have Apple sold? How many phones have they sold? Why are we not getting any of that?” There is, at the back of your mind, the thought, “Have we done a good job for our industry in our negotiation?”

Those are very difficult negotiations. Whoever you are negotiating with, it is very difficult because you do not understand everything about their business. For the sale of downloads, against piracy, it is just a drop in the ocean. The challenge for us really is trying to get all of the people who are just using music for free into a world where they are putting some money back into the music infrastructure, because, as I say, we have no subsidies, we have no grants and we now have no tax incentives. All we have is the ability to sell what we produce. If there are not sufficient revenues coming back, it makes it very difficult to create that revenue for UK plc.

Susie Winter: We did have the challenge early on where you have got the lock in between the Kindle store and the Kindle device as well, which I think has made it difficult for new entrants to come into the market.

Chair: Colleagues, thank you very much for your time. We are very grateful. Thank you.

Examination of Witnesses

Witnesses: **Dominic Young**, Chief Executive Officer, the Copyright Hub Foundation, and **Richard Mollet**, Chair, Alliance for Intellectual Property, gave evidence.

Q208 Chair: Good morning, gentlemen. For the purposes of the record, could you say who you are and where you come from?

Dominic Young: I am Dominic Young, and I am the CEO of the Copyright Hub Foundation.

Richard Mollet: Richard Mollet, chair of the Alliance for Intellectual Property but also Chief Executive of the Publishers Association.

Q209 Chair: Richard, I start with you, but I think this is something for Dominic as well. How can IP and copyright keep up with digitisation and globalisation?

Richard Mollet: It is important to have a framework of laws and rules that are sufficiently flexible that, whatever technology comes along, they are able to cope with it. That is broadly what we have. It is a regular criticism of the IP framework by people who are anti-copyright to say, “The last legislation was 1988 and look what has come along since then. It must be out of date,” to which I think the response is, “Yes, and yet it has coped with and has brought to the market Spotify and Kindle and Netflix,” and a number of the services you were talking about with the previous panel. We have that flexibility within copyright law to say it almost is technology neutral.

If you are a creator and you have the ability and the exclusive right to determine how your work is reproduced and distributed and made available, and you can authorise somebody else to do that for you, be that a record company or a music publisher or a games publisher, it really does not matter if it ends up as a physical book on a shelf, or as a stream, or as any number of things, some of which we probably cannot even envisage yet. The framework is there and it allows copyright to work, and it allows the creative industries to work. Conversely, the threat to that is perhaps when legislators in the European Union, as you discussed just now, might come along and say, “We need to cope with the 21st century and digital. Therefore, we had better sweep away the old laws and bring in some new ones,” ignoring the fact that actually the current laws are doing a good job.

Q210 Chair: But do you not worry that value is leaching away from you, given technology and given the skills? Whereas 30 years ago, I could tape the top 40 from Radio 1 on a cassette, now I can copy Adele and send it to millions of people. You must worry about that across various sectors.

Richard Mollet: Absolutely, we do worry. I said the IP framework should be flexible. The other bit I would add is it also needs to be robust. Within the framework there need to be ways of rights holders acting against people who infringe their copyright. That could either be bringing criminal cases where people are making money out of that sort of activity, or just having the ability to, for instance, go to the High Court and block infringing websites, or have the ability to use technical methods like notice and takedown, which was discussed earlier.

Absolutely, the copyright infringement is a threat, but I would say it has always been a threat. Since Gutenberg people have been knocking off printed copies. People have been using photocopiers to infringe copyright. In the digital age, people are using internet services to knock off works and to deprive creators and companies of money. Provided we have got the framework that is flexible and robust, we will be able to act. I am sure we will come on to discuss ways Government, and industry indeed, can be doing more to tackle infringement.

Dominic Young: The founding thought behind what the Copyright Hub is doing is not that legislation has failed to meet the challenge of technology but technology has failed to meet the challenge of technology. The technology has improved to make copying easier, but the underlying process that copyright law demands, which is that you get permission first, has not sufficiently updated to meet the very large-scale and automatic method by which that happens. Everybody here who creates something has the freedom that copyright gives them to decide what happens to their work. If we can develop a technology that can be

given away to everybody to whom copyright is given, and if the technology exists such that they can actually use that freedom in a way that benefits them, however they might choose, we will have created a foundation on which a lot of the current difficulties and failures that we see in the market, but by no means all of them, can begin to be addressed.

The Copyright Hub technology is really focused on a very small thing, which is allowing someone who discovers content to discover who owns the content and to be able to get the permission or not in a way that is as simple, cheap and automatic as the discovery of the content itself. The ways that can be applied, which I am sure we will talk to more, do address, at scale, lots of the challenges that we have heard about in the previous panel and that we all think about a lot.

Q211 Chair: May I move to Europe and the digital single market? Richard, I was struck by your evidence talking about clarity and the UK Government's position. Could you tell us what clarity looks like in order to make sure that content providers are adequately protected? What are the asks that you require from the Government?

Richard Mollet: We have been on a bit of a journey with the British Government on this, and I am happy to say now we are in a place where the creative industries are broadly aligned with what the Government is doing. You have to go back—what is it, 18 months?—to when the Commission first said it was going to have a strategy on the digital single market. It did not really say precisely what it meant other than this will be a good thing and it will benefit all of us. You think, “That is a good ambition.” We can all sign up to that. Certainly, British creative industries definitely sign up to it. We are all digital and we are all international.

As we have got further down that process and we have seen more statutory language from the Commission, it has become clearer that they are not very precise. Last week, on the issue of portability—the ability of a Sky subscriber to go to France and still be able to access their Sky subscription while abroad—the Commission said, “We are going to make that mandatory for people who are temporarily in another member state,” without saying what they meant by temporarily. We might understand by that a two-week holiday or an overnight business trip, but it could mean working in Brussels for three years. It is that sort of thing: when you say temporary, what do you mean?

In the field of text mining of academic content, when you want public interest research organisations to be able to do that, it is great if you just mean universities, and that is permitted under UK law and it works very well, but is a large pharma company a public interest research organisation? It might be. Again, we need the clarity of what is being intended. It could either be something that is very beneficial, both universities and publishers and researchers, or something that would just take money from the publishing sector and put it into big pharma. Our message to Government at the moment, now we have got down to these quite detailed proposals, is: “Please press through the Commission and all avenues we have to find out what this language is.”

Q212 Chair: Is the UK Government doing enough in Brussels in order to push creative industries' case?

Richard Mollet: I think it is. As I said, in the past there were sometimes disjointed messages. Indeed, people from a predecessor Committee to this and in the last Parliament

went over to Brussels with the Alliance for Intellectual Property. We met with officials over there who were giving a slightly different message, or a very different message in some cases, to the one that the UK Government was giving back home. I know you are hearing from the Minister next. I am happy to say that disjuncture seems to have gone. Now when we do go to Brussels, as we do regularly, there is a consistent voice coming from the British Government. It is one that says the British creative industries are important. In the same way that the Treasury does not have any problem going over to Brussels and fighting for the British financial services sector against various regulations—and so it should—we have been keen to say, “You should have the same point of view for the creative industries.” We are worth £77 billion to the economy. I think we are now getting that strong message.

Q213 Chair: Dominic, can I pass to you? In terms of the Copyright Hub, it is relatively early days in terms of your set up, but what impact are you having? What lessons can be learned in terms of how this can be disseminated further to ensure that copyright and making sure that people have permission is considered the norm rather than the exception?

Dominic Young: The Copyright Hub has got past its first really critical milestone, which is proving that the idea of this capability to automate the process of copyright is realistic. Working with the Digital Catapult, and thanks to the money that the Government has put into the Digital Catapult, we have reached the point of having technology that works. We have already launched seven real services based on this—six of them based on photography, one based on audio-visual—where people who discover content online can immediately link back to licensing permission and other information about it. That has been proved to work. The big challenge for the Copyright Hub is building critical mass. It is getting more implementations such that, for any ordinary user, it is relevant. That requires it to grow at much larger scale. Our big challenge right now is having sufficient resource, both from the industry and from public sources, to help get more of those use cases out into the market and making money.

As soon as they are making money and producing other forms of benefit for rights owners, because this technology will be open source, we will start to see other service providers helping build that critical mass. In fact, we already have. There are already three service providers in the market helping people to implement the Copyright Hub, so we are seeing the ball starting to roll now. We really need much more momentum. We need to regard the Copyright Hub as a form of digital public infrastructure; it is something that is for everybody and that benefits the whole economy, all creators and actually all disruptive innovators, too. Disruptive innovators can take the output of creators and, in a very low-friction way, put them to work to help them make better products that people like more, which is really what media companies have always done. They have taken the output of creators, made them into products that people like, and when those products are popular, they are successful. If we can translate some of those learnings into the digital space and create incentives for people to work together, we will start to see a really positive and value-creating form of disruption happening.

Q214 Chair: You mentioned support from industry and support from the Government. Are you getting adequate support from both?

Dominic Young: In this current foundation phase of the Hub, we have had about £0.75 million of support from industry, at the riskiest time, when the Copyright Hub was just an idea and was yet to turn into reality. We have had about £1.2 million of expenditure from the Digital Catapult in that time, and countless more in kind from the industry. The industry contribution is now shifting towards implementation and we want that to happen. We want them to put more of their resource into actually implementing Copyright Hub use cases. We have made a proposal to the Government that some more public money could be contributed. They have contributed a small amount now and they are working on a business case, after which they will make a decision on possibly contributing more. We have had good support from the industry and the Government and it has been a good partnership, but the challenge now is to really accelerate, and that is an immediate challenge that we are focusing all our energies on.

Q215 Paul Blomfield: I really wanted to pursue a little further the point you were making, Chair, in terms of the support from the Government. You describe very well, Dominic, what needs to be done, but is there more that the Government could do? You say you are getting a bit of funding but, in terms of engagement with the objectives you were describing a moment ago, is the funding sufficient? Are there other ways in which the Government can be supportive?

Dominic Young: I would love to have more funding available. This has come as a surprise to me given that my background is purely commercial, but I am a real believer in this being looked at as a public good and a piece of public infrastructure. When the basic capabilities that underpin an entire sector are closed, proprietary and belong to a single owner, that does not lead to the best outcomes for the market or does not necessarily lead to the best outcomes for the market. Creating a plural competitive market is made a lot easier if there is a level playing field, everything is interoperable and the basic technology is something that can be implemented widely. I would love to have more resource for a short time to help us build that critical mass more quickly.

The message of the Copyright Hub is very well received wherever we go, including in other countries. It is widely acknowledged to be one of the most innovative programmes that has happened in this area. Lots of legislators hear a lot from people about what is wrong with copyright and the way it works, and this is something that the UK is saying is a practical way of addressing that that we can give to the market and give the market both an opportunity and a challenge.

We hear from colleagues in Europe and from colleagues in places like WIPO in other countries as well that they would very much like this to grow to the point where it can be adopted globally. We are right on that cusp, so more resource from the industry, from the Government and from other Governments is something that we would absolutely like and the sooner, the better, but I would not want to say that the Government have been unsupportive. Without the Government and without the Hargreaves review, which this came from, this would not exist. The UK should pat itself on the back for doing something really practical and meaningful in this area, which can benefit the global economy and the British economy in particular, because we punch above our weight in the creative industries globally.

Paul Blomfield: Richard, you are nodding. Is there something you want to say to supplement that?

Richard Mollett: Totally, and it is nodding because I agree entirely with what Dominic has said, but I would also say that the Copyright Hub is just one bit of what the Government can and are doing to support copyright more broadly. Other parts of the jigsaw are the investment it is putting into tackling infringement through the Police Intellectual Property Crime Unit, the money it is putting into researching infringement online through Ofcom, and the money it has put into the BPI, the British record industry, and the Motion Picture campaign of Creative Content UK, which is around education around copyright. We would always want more and our key message to Government is to maintain the level of investment engagement and, if you can, dial it up a bit, but there are a lot of things going on.

Q216 Paul Blomfield: Are there any tricks that Government are missing? Are there areas where it is not so much about just more money but there is potential for initiatives that would be supportive?

Richard Mollett: None spring to mind, which is probably a failure of my imagination. Certainly, when we discuss the Alliance with our European colleagues, I am always quite surprised that we do, in the UK, seem to be quite a way ahead in a lot of these things. As Dominic said, the Copyright Hub is unique in the world and the work with PIPCU is close to unique in Europe. There is nothing exactly like it. As far as we can, there is a lot going on.

The one area where the Government have said they are going to do something but are failing to live up to it is around search. This was something you discussed with the panel earlier. More pressure does need to be brought to bear on search engines, so that it is not so easy to find infringing content on the front page of major search engines or it is not so easy to be guided to it by suggested search terms. This is something that the Conservative party had in its manifesto; it said it was going to do something about it. There are working groups and panels convened to talk about it but, as yet, we have not seen anything concrete. That would be one area where a trick is not being fully done.

Q217 Paul Blomfield: Is there more that can be done with illegal sites, as we were hearing in the earlier session, re-establishing themselves with different URLs?

Richard Mollett: That is a huge problem indeed. As was said earlier, whilst you can take down the URL to one infringing bit of content, the whole domain is still there blurting out other URLs. One of the ways around that—it is a very expensive way—is for rights holders to go the High Court and have those websites blocked. A number of the Alliance members—the Premier League, Motion Picture, BPI and the Publishers Association—have gone to the High Court and got those orders. There are now over 100 websites that have been blocked to UK ISPs, but that is a very expensive way of going about it.

We would rather see, when you have those domains that have been called out by the High Court, that search engine saying, “We take that from the High Court and therefore we will not return those on our natural search results, or at least demote them, so that they are not on the front three pages.” That would be a huge help; but, unfortunately, that idea meets

resistance from the search engines. They say, “If you want us to block them, take us to the High Court,” which would be an expensive thing to do.

Dominic Young: I might add that the Copyright Hub is very much about licensing legitimate use, but one of the consequences of the Copyright Hub implemented at scale is that it is very easy for a machine, any system including a search engine, to discover whether a particular use of content is or is not licensed. Once that capability is widespread, it might change the flavour of that discussion and debate around illegal content and around safe harbour, and it might open up the possibility of continuing to limit the risk service providers might be subject to from unknowing infringement, but make it much easier for them to know and therefore narrow the need for such a broad acceptance. We can make a contribution to the smooth functioning of the machinery and the policy can be looked at, in that regard, once we have reached scale.

Q218 Chair: Just following on from what Paul was saying, Richard, you mentioned the Government’s manifesto commitment, and there was an excellent Culture, Media and Sport Select Committee report, in the last Parliament, about the creative industries, talking about search engines and being much more proactive. That manifesto commitment is ensuring that search engines do not link to the worst offending sites. There is a voluntary roundtable, or gentlemen’s agreement, for want of a better term, at the moment. Is that good enough? What else do you need to see?

Richard Mollett: As I just said to Mr Blomfield, I am not sure it is good enough, unfortunately. I do not want to paint Google to be the unalloyed bad guys in this. They have come a very long way in the last five years and they have made some differences to the way they return search results. It is not as bad as it was, yet this problem does remain. Those working group conversations are ongoing. The Government have said in the past that it will move to legislation if needs be. Now, that is probably worth an inquiry all of its own as to what that legislation would look like.

Chair: You think the time is now.

Richard Mollett: I would rather see a gentlemen’s agreement, as you say. Let us see a memorandum of understanding or something between the search engines and rights holders, such that you did not need legislation, because it can be a clunky tool. As I said in my first response, it is much better to have a flexible bit of legislation that copes with anything, rather than something that goes very specifically to one problem. I think a good analogy here is with the internet service providers. Back in 2010, when the Digital Economy Act was going through, it was the ISPs that were under pressure. We were saying to Government as rights holders, “We need some way of getting ISPs to tell their subscribers not to infringe.” The Digital Economy Act came in, but was never given full effect. Now there is a voluntary agreement going on, again between the BPI, the MPA and the major ISPs, such that there will be a system of voluntary notifications to ISP subscribers who are caught to be on infringing sites. We have come to a voluntary solution there and it would be great if search engines could do something similar.

Q219 Chair: Could I turn to copyright exceptions and the wider IP Act of 2014? Are they bedding in well? Is the industry happy with them?

Richard Mollett: Jane on the previous panel could have given you a direct answer to one of those, because part of the exceptions that came in was a new law on private copying of music, which was subsequently found to be illegal. UK Music brought a judicial review against the Government and won, so one of those changes has not bedded in at all; in fact, it has been thrown out. Another of the major changes was around data and text mining, which affects academic publishers. We said at the time that you do not need an exception, because the market is doing this already; people are being granted these permissions within licences. It has been difficult to see the effect of the legislation, because what it was giving effect to was happening anyway. Elsewhere, around parody and education, they were quite minimal changes, so it would have been surprising to see a huge blip up in activity or a blip down. They had been absorbed into the everyday working life of the sector.

Q220 Chair: I do not want to put words in your mouth but, in the main, the IP Act does not really contribute to the existing framework. I am trying to get a sense from both of you of whether the current regime we have in this country is a) world class and b) fit for purpose in the modern age.

Richard Mollett: I do not know if it is world class but, broadly speaking, it is fit for purpose. What came in, in the Act last year, following from the Government review, were some necessary tweaks. It was a bit daft that a teacher was not infringing copyright if they wrote with chalk on an old-fashioned blackboard, but was infringing copyright if they put that on a whiteboard. That was just silly, and that tweak was made and life goes on. It is that flexibility I was talking about that has allowed that to happen. World class, I do not know, but there is certainly no appetite and desire from any of our members in the Alliance to see a grand review of IP. There is no idea that we need to change everything to cope with digital. We need tougher enforcement, but not new rules.

Chair: Dominic, are we world class?

Dominic Young: My personal observation is that copyright has done a fantastically good job of incentivising creators and creativity. The UK has done a fantastically good job of turning that into really meaningful growth businesses so, on that front, IP has done a very good job. The UK has, almost uniquely, started to think about the mechanisms as well as the law and has started to do really positive things to change that, which are capable of having an impact globally. That can turn the entirety of the IP regime, both the law and the practice of it, into something that is a considerably bigger asset for the UK and is absolutely world leading and world class.

I went to an event where somebody from WIPO said that they thought the future of IP law globally was as much about partnerships as it was about treaties and laws. I think that is right. The UK, by working in collaboration with the industry in the way that it has done, is going to have a much bigger and more immediate impact than simply reviewing the laws the whole time. I would agree that the framework, by and large, has done a pretty good job and there are no major flaws in it that I think need to be addressed.

Q221 Chair: Could we be doing more in making sure that that leadership in IP is translated into negotiations for the digital single market? Should the UK be leading the EU on this?

Dominic Young: The copyright hub is not a lobbying organisation, but we do go to Europe and we do brief the Commission and MEPs on what we are doing. In any review of copyright, where there is an attempt to address a problem through the legislative framework, it is very useful to know the actual capabilities that are emerging in the market and that, if the market succeeds in adopting them, will make that problem one that is less urgently required to be addressed through legislation. In that context, although we simply went to Europe a couple of times to show people things, the recent communication mentioned hubs and identifiers as being something that the European Commission wants to support and wants to see adopted more widely. I certainly think we are succeeding in making them aware of the extent to which we are hoping to and trying to change the landscape for the better.

Richard Mollett: I would agree with that. The UK is in a funny place in that it is one of the leading creative economies in Europe, in many cases the leading economy, together with Germany, France, Spain and a couple of others. We really are the drivers of this and that does give us, I sense, though it is difficult to be precise, a much stronger voice around the table, but of course we are one of 28 member states. There is of course other stuff going on in Europe. The Government have sometimes been quite direct with us, and gratifyingly direct, and said, “Look, we are out there fighting for you on the digital single market and creative economy, but do not forget that we have this raft of other issues as well, from agriculture to finance.” When push comes to shove, trading goes on. At this current stage, we are supportive and think we are working well with Government on this, but of course the picture becomes messier the further into it one goes.

Q222 Chair: Gentlemen, I am getting a strong sense from you that the current regime is flexible enough and adequate enough to cope with the digital economy and disruptive technology that we do not yet know. What about enforcement? Richard, you have touched upon enforcement a number of times. Are we doing enough in respect of enforcement on this?

Richard Mollett: I would say only just, and it is a skin-of-the-teeth job. We are very grateful that the IPO put funding into the City of London police to set up the IP Crime Unit back in 2013, and it has pledged funding through to 2017, with a sum of £5.6 million by the end of it, which is great. We do not know what happens after 2017. We hope that there will be continued funding, but that unit has been a fantastic way of bringing the online fraud detection capabilities of the City of London police to bear on IP fraud. It has had a number of successes around both websites with digital material but also websites dealing in physical material—in other words, buying counterfeit goods. That has been great, but it would be even better if we knew that there was long-term sustainable funding there and even better if there was more funding.

Again, the Government have been supportive when it comes to the IP Crime Group, which brings together different parts of government to talk with the industry. It would be great if the Home Office took a more active part in that and if we regularly had the Home Office at that table, so that we were not just getting the IPOs’ view but law enforcement’s as well. I think our message is that what is going on is great, but we need a continued commitment to that engagement and investment. Of course, at a time when every pound of Government spending is rightly under scrutiny, we think there is a very strong case for Government to maintain that. First of all, it is the first duty of the state to uphold the laws,

and when copyright infringement happens, some law is being broken. Also, it is good for the economy: if you stop creative industries having their rights infringed, it is better for the economy as well.

Q223 Chair: How can IP move forwards in the face of unknown technological challenges? Is it incorporating technology to deal with technology, or is it more regulation, Dominic?

Dominic Young: The Copyright Hub aims to make legitimate activity easier and lower friction. As that becomes more the norm, it shines a spotlight and creates a greater contrast with activity that is illegitimate and that damages the market, and that should be an ongoing area for scrutiny by the Government.

There is a particular issue about the law as it stands; there is a provision within the law that makes it illegal to remove rights management information from content, in which I would include identifiers, which is what the Copyright Hub seeks to put on content. A very large number of very large platforms and other processes currently remove them, so the ability of content to retain its connection to its owner is wiped by the process. Now, that is something which, in the much shorter term, if it could be addressed in a more practical way as the Copyright Hub builds, will make the major platforms not just enablers of this environment but participants, too, because they will then be part of a value chain in which they can increase and add value, and participate in that value. In the very short term, there is a specific issue around the removal of identifiers that needs a bit more focus, now that we are putting them out there in much larger numbers. As the legitimate marketplace grows, there needs to be an increasing focus on the remains of the illegitimate marketplace and trying to manage that.

Richard Mollett: One other leg that we have not really touched on in this is education. Traditionally in the IP sector, you say that there are three ways of dealing with infringement: you need the hard enforcement, you need the legal services of the sort that Copyright Hub is going to promote, but you also need education about the importance of IP. Again, this is an area where the Government are starting to do more. There is the Cracking Ideas website, which the IPO has launched, which is a fantastic way of making IP accessible.

We are developing a hub of copyright resources or intellectual property resources, so if teachers in schools want to teach about IP in a way that is accessible but have not quite got the material, there is a hub that the IPO is hosting, so that they can go and get film-based or literary-based content to teach their students about IP. There is a lot that the industry is doing as well, with the Industry Trust in film and what the Publishers Association do with World Book Day and many other things. The more we can get people to understand that infringement is wrong, harms creators and deprives you of future job opportunities if you want to work in these sectors, the more successful we will be.

Ofcom does a regular study on this, and actually only 6% of UK internet users exclusively get illegal content from illegal sites; 18% of internet users will routinely get some illegal and some legal, so this is a huge problem but, just to put it back into scale, those are manageable numbers that we can keep working on through those three arms.

Q224 Chair: Richard, I think this is a question for you, rather than for Dominic. The previous panel talked about concentration of market power and a monopolistic situation. Do you worry about that in respect of IP?

Richard Mollett: Yes, definitely. You heard from the previous panel the two most egregious cases of that with Amazon in the publishing sector where, as was said, there was a DG Competition inquiry, and also with regard to YouTube and music where, as Jane Dyball said, there is a lot of pressure on music companies to license to YouTube, because there is no other show in town. That distorts the market. They are the only way on to the internet; you have to take the deal or you are not on there. It is similar with Amazon. There seems to be a tendency, at least in those two sectors, for market concentration to work against certainly the interest of the smaller companies. Larger publishers, larger record companies and music labels might have the wherewithal to stand up to that sort of market power; the smaller guys certainly do not.

Q225 Chair: What can government, UK Government and at European level, do about this?

Richard Mollett: They have to do what they are doing, certainly in the case of publishing, which is to have a proper inquiry. There is a full-on investigation going with the due legal process. That is all we can expect the authorities to do. If they find that there is something wrong, they have powers at their disposal to correct it. If there is nothing going wrong, fine, but at least we will know.

Chair: That is excellent. Thank you very much, gentlemen. We appreciate your time.

Examination of Witnesses

Witnesses: **Baroness Neville-Rolfe DBE CMG**, Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills, and Minister for Intellectual Property, and **John Alty**, Chief Executive Officer, Intellectual Property Office, gave evidence.

Q226 Chair: Minister, thank you very much for joining us. For the purposes of the record, could you introduce yourself and maybe introduce John as well?

Baroness Neville-Rolfe: Thank you, Mr Chairman. It is a privilege to appear before you for the very first time. I am the Minister for Intellectual Property and for the single market. I also represent the UK in the Competitiveness Council. Since May, I have also been a Minister at DCMS as well as BIS, so I lead on BIS and DCMS issues in the House of Lords, which include, for example, the third reading of the Enterprise Bill this afternoon, which I hope will be coming safely your way, shortly.

John Alty: I am John Alty. I am the Chief Executive of the Intellectual Property Office.

Q227 Chair: Minister, it is a pleasure to have you here for the first time. Welcome. I hope it is the first of many—not too many, but many. I read your speech in the East India Club last week and it is an excellent speech. I was particularly struck by a specific phrase and, given your experience in business, I would like you to talk a little bit about it. You said, “My quite extensive experience of business is that they often”—“they” being companies—

“struggle with dealing fast enough with their legacy businesses hurt by new technology.” Could you explain what businesses could do more of in order to embrace the digital age?

Baroness Neville-Rolfe: There is a whole range of things that businesses can do to cope with the digital age, not particularly in the area of IP, but in thinking how this great opportunity of the internet provides new sources of customers, new locations where you can sell and new opportunities to do things in the digital world—streaming and so on. Obviously, it is very big in the creative industries; however, what I was saying in that comment was that there are quite a lot of start-ups, scale-ups and even existing big businesses in the areas that I have dealt with—professional services, retail and media companies—that are quite good at getting on with that sort of commercial opportunity, but sometimes, the passion for new growth means they do not spend enough time on thinking about how to adjust the legacy business.

You can see this in supermarkets where there has been a change in retail and more of a move to the internet and other changes in terms of smaller convenience stores coming through. You can see that in media companies, where you have the classic sale of films and so on, and then now there is more streaming. There has been a total change in the music industry away from tapes and CDs, and now on to iTunes and the equivalents. That changes the world. The comment I was making was that to be successful in business you need to look at both.

Q228 Chair: What is the role of Government? Is this just a matter of the market? Successful businesses will adapt to changing times, and companies that fail have failed to adapt. Should the Government intervene to try to help as much as possible?

Baroness Neville-Rolfe: I am always a little bit wary of regulation, particularly in fast-moving areas, because sometimes you can get it wrong, have perverse effects and slow down the innovation that is good for the consumer. If you take the area that we are talking about today, intellectual property, obviously the change in the internet world has been a huge force for us to reconsider things.

You will know from our note that, in 2011, we initiated a review under Professor Hargreaves to look at copyright, but also other parts of IP, in the changing world. One of the biggest drivers for that was obviously digital, and then, as a result, we have come along and, over the last three or four years, have changed a number of things in copyright law. The next chapter is the digital single market, where Brussels has made proposals, which we will obviously be engaging in over the next couple of years. I hope that answers your question.

Q229 Chair: The Committee might want to talk a little bit about the digital single market in a moment, but we have heard that the IP regime is more or less fit for purpose. What is your assessment of whether intellectual property, as it currently stands, can withstand unknown technological and digital challenges?

Baroness Neville-Rolfe: We hope it is fit for purpose. We have spent a lot of time trying to make it anticipate technological change and make it flexible, in all of the areas that we deal with, so that is patents, designs, brands, copyright, commercial secrets, and brands and trademarks; one is the reciprocal of the other. I think the work that has been done to

change the regime in the UK has been good—for example, exemptions for research and more digitalisation of process, which I am sure Mr Alty can talk about.

I believe that we need to take advantage of the single market and that we do not yet have a single market for digital in quite the same way that we do for goods. My feeling is, having worked on that single market—the single market for goods—that it brought a lot of economic and other benefits to the UK, and indeed to the community as a whole, so there is work to do there. Broadly speaking, we are fit for purpose where we have got to, as a result of the good reforms and stakeholder engagement, but there is an opportunity at EU level, which we will have to engage in, in the usual way.

Q230 Chair: Let me just press you before I move on. In that East India speech last week, you said that “the IP framework will need to be reviewed and refreshed from time to time”. Will industry groan at that and say, “Not another review that causes uncertainty.”?

Baroness Neville-Rolfe: Industry is ambivalent, because sometimes they do not want change; they want certainty. Being an ex-businessperson, I emphasise with that. Equally, if there is a regulatory regime that is holding up their ability to make progress and compete with Asia, the United States and so on, they are up for it.

Chair: Could you give us an example of that?

Baroness Neville-Rolfe: If you took the digital single market, there is a proposal about portability. This is to allow you to take content that you have subscribed to, say Netflix or Sky, on holiday with you. You go on holiday to Spain; you can take that with you. That allows you an opportunity across the market that we cannot achieve voluntarily, although voluntary options are always ones that one should look at. That makes it easier for the EU to compete with China and with the US, where they have very big market opportunities. If you are in business, the scale of market opportunity can enable you to build good, powerful businesses. Obviously, we have a very strong creative industry. I know that is dealt with by another Committee, but it is a very important part of business in this country. It is growing very strongly. It is actually a totemic success for Britain and we want to make sure that the regulatory regime does not cut across that.

Q231 Richard Fuller: Mr Alty, in the evidence that you have provided, you have talked a little about the protections in the UK and the IP Crime Unit. The statistics, you said, are that they seized £3 million worth of fake goods, arrested 50 people and suspended over 6,000 websites. Should we read that as there being a significant amount of crime that needs policing, or is it not that significant but we are doing a good job?

John Alty: It was a new unit set up just a couple of years ago, so it did respond to a feeling that not enough was being done in this area and that this was a priority. We do need to work across the piece. The IP Crime Unit in the City of London police is very important, but we need to work across the country. We work with trading standards, and that unit itself, with us, needs to engage across the country, not just in London. I think that these are still relatively early days. It has been pretty successful, but there is a significant problem to get to grips with and that is why we set it up.

Q232 Richard Fuller: Just to probe you a bit more on that, would you say that this is an area of criminal activity that we are just getting started on identifying? Are these statistics the tip of a very large iceberg, or would you say that we now have the measure of it and know what it is?

John Alty: We are doing work to try to measure—for instance, in relation to advertising on infringing websites—what the scale of the problem is. We are tackling some of the worst areas, but I would not say that we have it completely under control, no. There is still work to be done.

Q233 Richard Fuller: In an earlier session, the newspapers were talking about scraping by Google and their content being taken. Is that a digital crime? Should it be a digital crime?

John Alty: At the moment, the regulatory regime allows the use of links to newspaper content and so forth. There is a debate about that and I suspect it will be looked at in the European debate that the Minister referred to. There is always a balance between enabling greater accessibility and enabling consumers to see things on a wider scale, and protecting the rights of creative industries. For that sort of thing, we will need to see where we get to in Europe.

Q234 Richard Fuller: Minister, Mr Alty just referenced that, on issues to do with that, we pass the buck up to the European Union, which sounds quite right. It is good to have a digital single market. Again, in an early session, there was some comment that the European Union comprises, in looking at this, both producers and consumers. The United Kingdom has a comparative advantage in digital products and, therefore, we are a little more pro the producers of that IP than the consumers of it. Are there risks for the United Kingdom from this review, at a European level?

Baroness Neville-Rolfe: Any European review has risks and opportunities. It is our job as the Government to try to make sure that the opportunities are realised, the risks are tackled and we build like-minded states to make sure that we get the right results. I am very clear that the consumer benefits of the digital single market are extremely important. On the point that you were making about enforcement, we need to do both. We need to do enforcement in the UK, which is why we have given more money to PIPCU. We have something called the IP Crime Group, which does an annual report, which is much envied overseas, because we bring together everybody from customs to brand owners. They have a plan and they look at enforcement every year.

One of the digital single market's bits of package is to look at enforcement, so they are bringing out a proposal on that. I think the issue of principle is about legitimacy, because I have been focusing a lot on enforcement ever since I took over. It is all very well to have the right regime but, if it is not implemented, the regulations are not so useful. You have a problem about people being able to get hold of legitimate copyright content. Obviously, if you can encourage legitimacy, as we are doing, for example, through the Copyright Hub, that means that people will pay and then that money will get back to creators. You need to make that easy.

Q235 Richard Fuller: I understand the value, and you quite rightly talk about protection of IP creators. Going back again to this issue that, within the European Union, we seem to have a comparative advantage, are there any examples you can explain to the Committee of where you are going and battling for Britain in those discussions, so that the strong industries we have here are not subsumed in some European diktat?

Baroness Neville-Rolfe: There are 16 headings under the digital single market. A good example would be the work that we have been doing on VAT. The VAT rules are not helpful for the small company that wants to export to Denmark because, if you export to Denmark online, you have to register for VAT, even though in the UK you only have a turnover of, say, £40,000, so are below the VAT regime. That would be a concrete example of one of the things on our list, but our attitude—I have to say my attitude—is always to think about what the British interest is here. There is an overall British interest, because we are strong in creative industries and digital. If the market were more open, we would be able to benefit from that. You might say that the others can catch up, so they will get a benefit, which I think they will, but I have found in business that, often, when you are ahead on things, you can build on that success to do more.

Q236 Richard Fuller: Just so I can feel a sense of this, the implication that I am taking from what you are saying, Minister, is that the British Government's position is that we should be looking for a minimalist regulatory regime within the European Union, when it comes to the digital market. One of the earlier session's participants talked about the risks of the European Union getting too involved in regulation. You yourself have just spoken about the concerns you have of regulating a fast-moving industry. Is it a fair characterisation to say that, if you are battling for Britain on this issue, the UK Government's position is going to be to minimise and limit regulation at a European level?

Baroness Neville-Rolfe: It is to minimise and limit regulation, especially where it hurts consumers or hurts business, but where it opens up opportunities, we can see, back to the single market of the 1980s, that there could be opportunities. I am always keen on principle-based and often sharing of good practice. For something like digital skills, which we really need to promote, is it right to have a regulation on digital skills? No. What we need to do, and what I argue in the Competitiveness Council, is to share the good things that we are doing—for example, putting ICT coding into the primary equipment—and get others to do that.

You hear good examples from elsewhere. You may have different views on Europe but, with the internet being so international, we need to engage with Europe, but actually with China. John has just come back from China. I went to China last year. I am off to the States in January, because you actually have to do these things together and understand that there are now global companies, but there is also global opportunity for our SMEs, which I care about as well.

Q237 Chair: Richard makes an important point. When you are battling for Britain, what does Britain look like? There will be an inherent tension between, say, producers and consumers. Portability is a good case study for this. I am going to go on my two-week break to Torremolinos and I want to take my subscription to Netflix with me. That seems perfectly reasonable, but the British film and video industries might say that, actually, individual negotiations help them to monetise this creative content. With regards to portability and the

temporary aspect, which Richard in the previous panel was talking about, what do British interests look like here?

Baroness Neville-Rolfe: That is a good example. When this dossier started, admittedly informally in the corridors, rather than on paper, there was a wish to move straight to a digital single market for all aspects of film, television and travelling content. We worked to encourage the Commission to come forward with something, which we also discussed with the people who would be providing it, to allow travellers to take things abroad and open up new opportunities, even for the ITVs and BBCs, in due course, rather than banning territoriality. I am with the sentiment that we need our strong film industry and our strong television industry to be able to sell rights in different markets, so that especially the smaller creators have that opportunity to try out something that might be a hit format and then, when it becomes a hit format, to sell it right across the EU and around the world. That would be an example, I feel, of where we have turned a correct sentiment to try to open things up into something that is more manageable for Britain.

I have done that in conversation with stakeholders right across the board, not only the big movie people, but also the smaller groups, the libraries, the BBC, consumer groups, etc. I suppose that one also ought to mention that territorial interest is important, and I have given some evidence to the Scottish committee on some of these issues. We try to make sure, in our IP work, that we are thinking about the creative base in Scotland, Wales and Northern Ireland as well.

Q238 Craig Tracey: You have talked about enforcement quite a bit. A lot of the microbusinesses and SMEs particularly seem to really struggle. They are some of our most innovative companies, and one of the recurring themes I am getting from them is that they find it really difficult to protect their IP and understand how it works. One of the recurring themes is that, because technology moves so quickly, they utilise universities, and then overseas students who are working on their projects take the intellectual property with them. How do we enforce that, especially if it is going outside the EU? How do we work with them and encourage them to keep innovating?

Baroness Neville-Rolfe: That is an exceptionally interesting question, Mr Tracey. I am going to ask Mr Alty to comment on the specifics of education, but obviously helping small business has been one of the values that we have tried to encourage in the Intellectual Property Office and with the board that they have. We do SME audits. We try to encourage small entrepreneurs to understand the value of rights. You have seen the scandals in the music industry, where young singers have lost their rights because of charlatans and so on. We want to make sure in the work that we do—for example, in education in universities and in schools—that people understand about that.

Chair: Minister, the Charlatans are a great band. I do not think you should disparage the Charlatans.

Baroness Neville-Rolfe: That was certainly an unintended consequence of my comment. It just goes to show how careful you have to be. Mr Alty, do you want to talk a little bit about what we are doing with universities and in particular respond to this interesting question about what happens when people go back overseas? I think you are asking whether we keep the IP for UK plc.

Chair: Yes.

John Alty: I will answer that. Just to add to what you were saying about SMEs more generally, one of the major things that we have done is reform the court system for IP. We have this IP Enterprise Court, which has caps on costs and on damages awarded. Over the last two or three years, that has been increasingly used by small businesses, even, for instance, photographers who are concerned that people are stealing their photographs. That is one of the other things that we have tried to do to make it easier to enforce, particularly for SMEs, as you say.

On universities and IP, generally speaking, particularly for students who are doing research, where there is a grant funding that, there would be an agreement about the IP and it would normally remain with the university. Obviously, people are free to agree different arrangements if that suits a particular case. I do not think we would regard that as a major issue. Obviously, if people break agreements and so forth, that would be a concern, but there is a framework in place that can govern IP.

Q239 Craig Tracey: I think that is the issue. It is when agreements are in place, whether for the company or the university. What is to stop the student and how do we enforce that? That issue is putting a lot of companies off actually innovating more.

John Alty: Yes. As the Minister said, we have a presence in some of the major overseas markets, like China and India, where clearly there are concerns about theft of IP. That is one of the things that we are very focused on understanding and we are trying change the systems in those countries. As I say, whether it is students or activities going on in those countries, we are concerned about it and taking steps to deal with it.

Baroness Neville-Rolfe: It is fair to say that one of the things we are looking at is how we optimise the value of our research. Obviously, we spend a lot of money on research in this country. We have a lot of ideas. We want those commercialised and we want, where possible, those to be commercialised with a UK interest. Mr Alty and his board are looking at making sure that the links with universities are optimum and that the Lambert toolkit, which I think you mentioned, which is how you do a deal in a university, is fit for purpose. It was fixed up some time ago. We should feed your example into that work, because it might throw an interesting light on some of the issues.

I know, when I have been in China, that the Chinese were saying to me, “Should we give the IP to the individual students? Would that be a good incentive?” Obviously, that raises issues about team playing versus getting a great idea, going off and registering it. My interest is always in growth, innovation and success for the UK.

Q240 Paul Blomfield: Minister, a moment ago you mentioned the Intellectual Property Crime Unit. In your written evidence to us, you pointed out that they had arrested 52 people over the last two years. Do you think that 26 arrests a year reflects the extent of crime, or is it just the tip of the iceberg?

Baroness Neville-Rolfe: Mr Alty might comment.

John Alty: There is a range of different types of crime that that police unit is looking at. Some of it is about hard goods, so counterfeit goods, and that is where the arrests will often occur. My understanding is that there are some quite big criminal activities, and so targeting those is important. Obviously, there is a deterrent effect from those. There are

other areas where activities are more about infringing websites and some of those are based outside the UK, but activity there has been more shutting down the connections to UK internet service providers and redirecting customers who go to view those. I suppose what I am saying is that the arrests are part of what they do, but they are only part of the activity to tackle IP crime.

Baroness Neville-Rolfe: I would add that I think big arrests with big fines or prison sentences can be totemic, and there have been some cases that we could let you have the details of, in Derbyshire, in Northamptonshire and Westminster, done by trading standards, which I thought were quite interesting when I was preparing for this. Word gets round. We are also looking, and this may come before Parliament in the fullness of time, to make sure that the penalties for online crime are at the same level. I think it is two years for online crime and 10 years for other crime, and that seemed to me to be an anomaly that we would like to do something about, once we get some parliamentary time.

Mr Alty is right to emphasise the online side, because what you are seeing in crime, which I do not deal with now but used to be very interested in, is a huge switch. There is a market opportunity for the criminals as they move into online. That is why we set up PIPCU in the City of London, alongside other police forces dealing with the Mr Bigs of crime, to focus on where big money was being made. They have had some success—they were set up in only 2013—and they have also taken down 5,000 domain names. These are illegal sites. If you now go on, you get a banner saying “under investigation by PIPCU”. That seems to me a very good way of ensuring that people think this particular part of crime is perhaps less attractive than some other parts, though I agree that may not be helpful to the other areas.

It is a very important area and, as the Chairman hinted, we are relatively new to really getting on top of IP crime and, frankly, it is growing fast, so we need to continue to focus on that area.

Q241 Paul Blomfield: Perhaps just following up briefly on that, both of your answers, in different ways, highlighted the need to do more. Mr Alty, you said that most of those arrests have been in relation to hard counterfeit goods.

John Alty: I would imagine so.

Q242 Paul Blomfield: Minister, you said there was probably a need for further legislation in relation to online crime. Are there other areas in which you think enforcement needs to be strengthened?

John Alty: There is a range of things we are doing, going from arrests to working on voluntary arrangements. It is the so-called follow-the-money approach. In other words, we are starving infringing websites of funds, so talking to payment providers, which the police also do, and talking to advertisers. I run a group with the advertisers looking at how we can make sure that they are not sometimes inadvertently funding illegal websites. There is that aspect, which I think we are leading internationally but we certainly have not cracked.

There is also the supply of counterfeits. China is the biggest source of counterfeit goods. We just launched a report last week, when I was in China, on the routes that those goods

are taking, often through South East Asia. We are working not only with the Chinese but also with other countries in that area. We are doing some training—for instance, in Indonesia—and we need to work with the rest of the EU and the US. This is a global issue, so we need to work globally, as well as domestically.

Baroness Neville-Rolfe: I think you are right that it is an important strand of policy work. In working on the five-year plan for the agency for the coming period, we have very much moved to a situation where enforcement has a higher priority and more resources. Some of it is co-ordination, because not all the powers are with the Intellectual Property Office. Last year, we had a very successful enforcement summit. I think 30 countries came from around the world and that kind of activity helps. It is this combination of having the right regulatory regimes and then making sure that the rules are enforced. Actually, that has a wider benefit, right across the business regulation areas.

Q243 Amanda Milling: Leading on from this, Minister, are there any countries that we should be looking at that are leading the way, whether it is in terms of infringement, enforcement or also education? Are there any lessons to be learned from any other countries that we should be considering?

Baroness Neville-Rolfe: I find that you can always learn from other countries, because even quite small things can be life changing. If you look at the indices, because we are very knowledge-based in this country—I think 37% of our GDP is knowledge-based—we have always been stronger on IP than some other countries. That is reflected in how people feel about what we are doing, both about the regulatory regime—I described the review that we started in 2011 and then brought in—and also in terms of IP crime. I think it is important to look to other regimes.

I visited Singapore this year, and they are extremely helpful across South East Asia, which is a big source of counterfeits, in terms of having a good attitude to IP. They have hubs for their industry and for their financial services, which are very strong, so we have learned from them. I am off to the United States because—although the United States actually wants to hear from us about what we are doing on enforcement, because they think we have got it a bit better than they have—there are obviously going to be some excellent opportunities. I always find on the European side that talking to like-minded countries like Denmark, Sweden and indeed Germany, particularly on enforcement, can be extremely helpful because again you get into the detail of what their companies think and what their consumers think, and you learn from that process.

John Alty: Can I add an example, picking up your point about Singapore? One of the things that we have been doing is looking at how you value IP because, if you are going to get finance for a company that does not have lots of physical assets but has IP, that can be challenging. We have worked with Singapore on that. They have done some quite interesting work. We also did a seminar earlier this year, which also involved Denmark and Malaysia, so it was quite wide ranging on that topic.

The other thing that I would just mention on the US is that, as the Minister says, they take a lot of interest in what we do. We have a very shared agenda. For instance, one of the initiatives that we just took with the industry or the industry just took with us is on the Creative Content UK advertising campaign that has just begun. The US started looking at that before, so they reached an agreement between the ISPs and the creative industries

probably nine months or so before we did. That was a source of interest. I certainly spoke to the US about that.

Baroness Neville-Rolfe: One other bit of good practice I would mention is our IP attachés. We have special attachés, paid for out of the IP budget, in key markets to help with our export effort. There is one in Singapore, one in China, one in Geneva, etc. The United States, to give them credit, started this.

John Alty: There is one in France.

Baroness Neville-Rolfe: I did not know that. Anyway, that would be a good example of us learning from that. If you look at their results, they actually ensure hundreds of millions of pounds of exports, by sorting out issues, for example, for our big brands trying to sell in China.

Q244 Chair: Minister, I am conscious of time, because we have BIS oral questions in the House. I have a number of quick questions. You mentioned IP attachés and you have mentioned the United States. The United States has an IP tsar championing this. Do you think we should have the same? Peter Kyle is an excellent Member of our Select Committee, and his predecessor as Hove MP was Mike Weatherley, who did so much. I wonder whether Mike would like to be IP tsar, but what is your view about whether we should have that?

Baroness Neville-Rolfe: I agree about Mike Weatherley bringing huge, terrific ideas to the feast. Obviously, he was a great mentor to me when I became a Minister last year. I am not sure we need an IP tsar. The Prime Minister asked me to be Intellectual Property Minister. I have not been moved on, as is often common with Intellectual Property Ministers. In fact, I have been given a seat in DCMS as well, and I feel passionate about campaigning for IP and making sure that it is spread right across business and that the opportunities are looked at. The US has a tsar, but it is very much on the enforcement side.

Chair: Do we not need that?

Baroness Neville-Rolfe: I do not think that we need that, but we clearly have to deliver.

Q245 Chair: Thank you. Mr Alty, in terms of the IPO's first report supporting innovation and growth, it mentioned the importance of an industrial strategy and working in partnership between government and industry. Is the policy of the IPO still to support the importance of the industrial strategy?

John Alty: The policy of the IPO is to support BIS.

Chair: That is not what I asked.

Richard Fuller: That was a very good answer.

John Alty: You referred to our first report, which I think was done under the previous Parliament. You now have our up-to-date report, so that is probably the one that you should look at.

Baroness Neville-Rolfe: I would say that the industrial strategy has had a revival. The Chancellor mentioned it in his speech. As far as I am concerned, we are pushing forward on IP and other areas that I deal with in BIS.

Q246 Chair: Minister, the final question is to you. It is a big question in a small amount of time, if I may. Other panellists have mentioned the distortion of market power going down a particular route, particular platforms, which is not helping the digital economy. Do you have a view on that, in terms of making sure that we avoid monopolies when it comes to the digital economy?

Baroness Neville-Rolfe: I do, and I feel that it is very important that we have strong competition regulators, that they take their responsibilities seriously and look at these issues. We had a rather slower process in Brussels over the last five years than I would have liked. We now have Commissioner Vestager, who is a lot keener on getting ahead. She has taken the Google case to heart and is looking at that hard. She has initiated an e-commerce study as well, and our own competition authorities are strong and well resourced. If there are issues, they should take a look at them.

Chair: Minister, Mr Alty, thank you very much for your time. We really appreciate it.