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Dear Angus,

PROMOTING INNOVATION AND GROWTH: THE IPO AT WORK 2020 -2021

In recognising the important role that Intellectual Property (IP) plays in the nations innovation ecosystem, Parliament requires the UK Intellectual Property Office (IPO) to publish an annual report on how it has contributed to the UK's innovation and growth. The report is found at

<https://www.gov.uk/government/publications/promoting-innovation-and-growth-the-ipo-at-work-2020-21/innovation-and-growth-report-2020-21>

As a Parliamentarian with a sharp interest in IP, I am writing to you today following the report's recent laying before Parliament and set out some of the key highlights.

We know that innovation is the engine of the modern economy, and this report goes a long way to capturing and identifying the role the IP system plays in that and, more specifically, how the IPO is striving to maximise that contribution. As a key element of the Government's new Innovation Strategy and continued clear demonstration of the value that IP brings to our economy and society, the UK's IP system and the IPO rightly remain world-leaders.

Investment in IP makes a significant contribution to innovation and productivity for the UK economy:

- Intangible assets, of which IP is a part, play an important role in the UK economy. Investment in intangible assets grew by **3.3%** to **£169.2** billion between 2017 and 2018 (ONS) exceeding total tangible investment, which in 2018 fell 3.8% to £151.0 billion.
- Knowledge assets are a subset of intangible assets. In 2016, firms in the UK market sector invested an estimated £134.3bn in knowledge assets, of which **£63.8bn** was protected by IP rights. This equates to **6.8%** and **3.2%** of total GDP, respectively according to ONS data.
- The IPO estimates that industries with an above average use in IP rights accounted for **26.9%** (£298.5 billion) of UK non-financial value-added output, **15.5%** (4.5 million) of total UK employment and **52.1%** (£159.7 billion) of goods exported.

Therefore, the work of the IPO has never been more important to the UK. That's why despite the challenges we all faced in an unprecedented year, the IPO did not just deliver its core services to help the UK be the best place to start and grow a

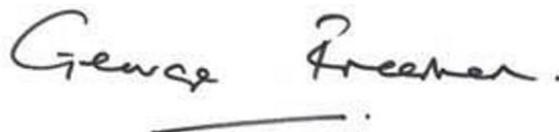
business. The IPO also continued to drive forward delivery of the UK strategy and ensure UK creators, innovators, businesses could adapt by:

- **Delivering Excellent IP Services** including:
 - Handling a **56%** year on year increase in UK domestic Trade Mark applications ensuring we supported customers adapting their businesses during the pandemic and create new opportunities.
 - Reducing the number of Patent Examinations over 42 months by **42%** whilst continuing to meet our other key patent targets.
 - Handling an increase in designs applications of over **46%**.
 - Successfully transferring **2.2 million** Trade Mark and Design rights from the EUIPO register to the UK register at the end of the transition period.
 - Commencing our five-year Transformation Programme launching a new fully end to end digital renewals service simplifying the customer experience and reducing turnaround times from 5 days to 5 minutes on average.
- **Creating a World Leading IP Environment** including:
 - Delivering work on managing the impact of new and emerging technologies by undertaking a call for views on how artificial intelligence (AI) will impact the IP system and how we should adapt it to enable the UK to be a world leader.
 - Successfully supporting the government's trade negotiations ensuring IP chapters in trade deals properly reflected our domestic priorities while retaining the flexibility to develop our IP system.

The IPO does not work in isolation. From its inception, the IPO has contributed towards the development of an international IP network which facilitates progress and trade across the world. The IPO are also collaborating at home and abroad to fight IP crime, making sure that the revenues created by our innovators really do go to those who deserve them.

I am hugely proud of all my colleagues have achieved this year to support UK innovators, creators, and businesses despite the challenges of the Covid-19 pandemic. This is a key part of our post-Covid strategy for innovation and economic recovery. I hope you find this report useful.

Yours ever,

A handwritten signature in black ink that reads "George Freeman". The signature is written in a cursive style and is positioned above a horizontal line.

GEORGE FREEMAN MP
Minister for Science, Research and Innovation