

intellectual property – why it matters

Intellectual property (IP) rights are designed to strike a balance between rewarding inventors/creators for their innovative efforts, while ensuring that society at large benefits appropriately

For example, patents allow inventors to control the use and exploitation of their inventions for a certain period of time (20 years at the most). In return, they must allow the public and their competitors full access to the details of their inventions, so that new technology is not kept secret and further developments are facilitated.

Trademarks lend distinctiveness and, often, value to products which may give trademark owners a significant competitive edge in the market place. However, trademarks are also used by customers as quality assurance devices, allowing a degree of certainty over a product's quality, effectiveness, taste, purity etc. Again, there is a balance between benefits for the trademark owner and benefits for the customer and wider community.

For creative industries copyright protection is vital to ensure that commercial benefits accrue to creators and those that have invested in nurturing, publishing and promoting creative talent. This is always balanced by the need to ensure that the public has appropriate access to information, and that copyright enforcement is not such that it inhibits creativity and communication unnecessarily.

IP rights have become increasingly important to the UK economy and, indeed, to most economies. The UK has always been a leader in inventiveness and creativity in many industry sectors (for example, music, design, pharmaceuticals, biotechnology and publishing). We have a "knowledge-based" economy which relies heavily on effective IP protection, for the benefit of IP users and owners alike.

Recently, the UK government carried out a Treasury, major review of IP led by Andrew Gowers. This review concludes that:

"The increasing importance of knowledge capital is seen in its contribution to the value of firms. In 1984 the top ten firms listed on the London Stock Exchange had a combined market value of £40 billion and net assets of the same value. Advance twenty years and the asset stock of the largest firms has doubled while their market value has increased nearly ten times."

The effective use and exploitation of IP increasingly underpins our economic success and the well-being of our society.

last revised: dec 06

suggested links for further reading:

- **Gowers review: [HM Treasury press release \(dec 2006\)](#)**
- **intellectual Property: a power tool for economic growth : [WIPO \(2003\)](#)**