

ALLIANCE
FOR INTELLECTUAL PROPERTY

Third Annual Intellectual Property Conference
'Priorities for New Governments:
Meeting Consumer and Business Expectations in the UK and Europe'
17th October 2013
Royal Society, London

Good morning ladies and gentlemen.

And thank you to Richard Mollet and to Susie Winter for organising this event and inviting me here today.

My thanks also to Arlene McCarthy, with whom I have worked closely on many issues. Arlene is one of the strongest voices in Europe on the single market in general, and so is Malcolm Harbour, Chairman of the Internal Market Committee.

1- THE IMPORTANCE OF IP FOR THE ECONOMY

Let me start by saying that it is my firm belief that intellectual property is the backbone of a competitive European economy. Thanks to IP, we create jobs and bring innovative products and services to consumers and companies.

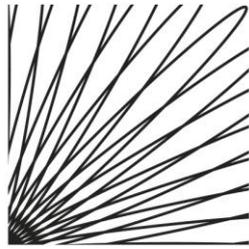
Let me give you just some of the results of a study on IP-intensive industries published two weeks ago by the Office for Harmonisation in the Internal Market (OHIM) and the European Patent Office (EPO). The study showed that nearly 40% of all economic activity in the EU is generated by IPR-intensive industries. That is around 4.7 trillion euros each year. More than a third of all jobs in Europe (77 million) depend either directly or indirectly on sectors that make intensive use of IP. These are quality jobs. People employed in these jobs earn over 40% more than in other industries. What this study shows is that IP rights, whether they be copyright, patents, trademarks, or designs - are the bedrock of our economy, all around us, in so many of the products and services that we take for granted.

They create jobs and growth in Europe, and people tend to forget that. In a changing world, we have to make sure our IP infrastructure is fit for the 21st century. Let me start with copyright.

2- COPYRIGHT

Intellectual property is not only about business and jobs. It is also very much part of the everyday life of every citizen and consumer. Not least in the digital age. We all increasingly depend on, and expect to be able to legally access and share content online. Be it music, newspapers or books, films or TV. I understand consumers' frustrations when they are closed off from this or that part of the world of digital content. I am myself frustrated when my online subscriptions don't work on holidays abroad.

Before discussing the reasons and remedies, let me say that I agree with those who say that this is about much more than how we consume. Ultimately it is also about access to information, diversity and democracy. And we should also realize that consumers are not the only ones facing difficulties.



ALLIANCE

FOR INTELLECTUAL PROPERTY

Think of journalists and newspaper publishers. They see the content they produce being used by “free riders” who generate and divert advertising revenues online. Think of broadcasters. They invest heavily in high-quality, expensive content. Only to see their signal being distributed on the internet without their agreement.

We are in the midst of our work on how best to tackle this. There are issues linked to commercial practices. There are issues linked to taxation, or to payments. There are issues linked to copyright. And it is only normal and healthy that this gives rise to vivid debate, not least in the UK. This is only to be expected in a country that owes so much to the wonderful creativity and innovation of your creators, and that at the same time is one of the front-runners in Europe in developing and taking up new technology.

I appreciate the keen interest shown in these issues by the government and all stakeholders in the UK from the Hargreaves report to the recent House of Commons’ report on Creativity. I will not comment on this or that position.

Since I became European Commissioner, I have been working on this with a pragmatic approach:

- We need to solve the problems where they exist, not out of ideology.

And with a strong conviction:

- We have to promote and reward creation;
- And we have to facilitate the dissemination and access online and in the single market.

If many roadblocks to online business clearly are not due to copyright, it also clear that copyright must not be an obstacle to creation, or to new business models.

The European copyright framework has to move with the changing times. It is central to the Digital Single Market.

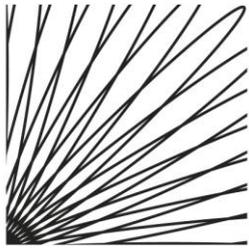
- We have already provided solutions on orphan works and the digitization of Europe's cultural heritage;
- And we are working on the collective management of rights and multi-territorial licensing.

Last December we published our “roadmap” for modernising the copyright system, based on two parallel tracks:

1. First, back in February, we launched the "**Licences for Europe**" dialogue. This has been an important opportunity for stakeholders to show and exchange good practices and agree on new solutions.

Right-holders have taken a very constructive part in this dialogue. Which I warmly appreciate. This dialogue confirms that the European media sector is very active, that it is welcoming change, and is ready to adapt to the digital environment. We are hopeful that “Licences For Europe” will deliver some concrete results. It is too early to make any final announcements but I am optimistic on the outcome. The participants are working on a Memorandum of Understanding on the online exploitation of out-of-commerce movies. There are also promising debates on

- audio-visual portability;



- micro-licences for small users, such as SMEs' websites;
- and "text & data mining" activities of researchers on subscription based content in Europe.

2. In parallel, the Commission is continuing to look into how the EU rules themselves work. This includes in-depth legal and economic studies. In the course of this process we will consult stakeholders on whether and where they perceive a need to update the current EU copyright *acquis*. And all of this should allow the Commission to decide early in 2014 on the way forward. Meanwhile, on the industrial property side, we have a full toolbox to protect – and incentivise – innovation. At all stages of the "inventor's trail", from the initial idea to its commercialisation. We are constantly improving and modernising and completing this toolbox. Let me give you some examples:

3- UNITARY PATENT

At the end of 2012 we reached an important milestone with the agreement on the unitary patent package. This will be an important stimulus for innovation and growth.

It means:

- Uniform patent protection across 25 Member States on the basis of a single request to the European Patent Office, making it much easier and much cheaper,
- One court for patent litigation instead of a fragmented system with litigation on the same issues all over Europe.

Reform was long overdue. Other countries - like the US - had long been more attractive in that respect. But we will catch up now. We are not yet at the end of the road though. There is no room for complacency. Now, we need to make it work in practice.

- This means that Member States need to ratify the agreement. So far only Austria has achieved this. I call on other Member States to follow this example quickly.

Not least the UK which has one of the most dynamic and innovative economies in the world which stands to benefit.

- Moreover, Member States need to set up the system in practice, including the Unified Patent Court, which needs to be fully functioning on day one.

It is not easy, but it's important, and it's urgent. In my view, three points are crucial:

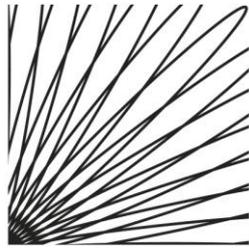
1. First, the unitary patent and the unified patent court have to be accessible to all users, including those with limited budgets.
2. Second, Europe's inventors and businesses need to be able to trust the court. The quality of the judgments must be beyond any doubt
3. And third, the rules of procedure need to be watertight: no excessive forum shopping, and certainly no abuse by patent trolls.

If these goals can be achieved - and I am confident that they will – the unitary patent and the Unified Patent Court will be a success and provide a much-needed stimulus for our economies.

4- TRADEMARKS

As regards trademarks, we presented a comprehensive modernisation package in March.

It is not a radical overhaul – there was no need for that – but a proposal that will make the trademark registration system in Europe more consistent and more accessible, including for SMEs.



I would like this important package to be adopted before the end of the current Parliament term, in May next year. If we are to succeed, I call on Member States to accelerate their discussions in view of an early agreement. We cannot afford to delay any reform in favour of competitiveness and growth.

5- ENFORCEMENT

For IP rights to be meaningful, we must provide for effective protection. But there are lessons to be learned from the past. The experience of ACTA was seen by many as a bruising debate. At the end of the day, I think it was not least a necessary and very useful debate. To me it is clear that these issues cannot be discussed behind closed doors or over the heads of citizens and consumers. Nor can one take public support for IP enforcement for granted. Public authorities, consumer groups, right-holders and the wider business community - all need to play their part and make themselves heard. If we believe that the respect for IP rules is important, we must also be able to explain why and be convincing. Make no mistake, I have no doubts myself.

If I may take just one example, that of counterfeiting - a 200 billion worldwide industry. We know that it comes at a huge economic cost. But also environmental costs and threats to health and safety. If one thinks of counterfeited medicines or cosmetics for instance. Or even food products!

So what are we currently doing?

1. First of all, what I want to focus on is commercial-scale IP infringements.

As I have said before, our enforcement work is not about criminalizing individual consumers. But about catching the big fish who make their business out of infringing or stealing intellectual property. Since 2009, we have been working successfully through stakeholder dialogues on voluntary Memorandums of Understanding, to prevent commercial-scale IP infringements notably on the internet. These systems apply the "Follow the Money principle". I am hopeful that further progress can be made over the coming months, as other players come on board with the process. Players like advertising service providers, payment services and shippers.

2. Secondly, over the past three years, we have consulted on the efficiency of the IP civil enforcement system.

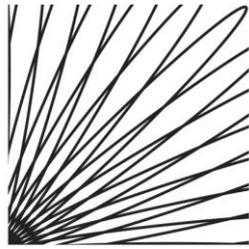
This has raised a number of issues, such as:

- the costs of using the system for small rights holders and innovators;
- and the speed with which commercial-scale infringers can evade justice by moving across jurisdictions.

We are looking into these issues and will decide how to take this forward in due course.

3. Thirdly, we are also preparing an Action Plan on IP infringing activities. This will propose concerted action to tackle IP infringements more efficiently. For example, could we not do more to raise awareness? There is an important role to be played here by the European Observatory on IPR Infringements. Could we not do more to encourage firms to play their part?

Apply tighter controls over their global supply chains, so that they prevent infringing goods getting into legitimate supply chains? And could we do more to improve coordination? For instance, between the



ALLIANCE

FOR INTELLECTUAL PROPERTY

Commission and all the national authorities that have a role to play in the IP enforcement jigsaw. These are the types of initiative we are thinking of for our action plan.

6- TRADE SECRETS

Finally, let me say a word about trade secrets or confidential business information. There is growing uncertainty among businesses who are faced with theft by competitors, including cyber-attacks. The economic crisis demands that we support the efforts of our companies, and in particular our SMEs. In the field of Research, Development and Innovation. To make them more competitive and allow them to create more growth and jobs. If we want to keep attracting foreign direct investment, and also help build our “Innovation Union”, we need to help protect confidential business information. I therefore intend to come forward with an initiative for action in this field by the end of this year.

7- CONCLUSION

Ladies and gentlemen, Europe needs to move from recovery to growth. This will depend for a large part on new ideas and new knowledge. We need our companies and entrepreneurs to invest in being innovative and creative. At the same time, we need to make the fruit of those efforts accessible to as many people as possible.

- So that dynamic companies can prosper;
- Europe’s customers can avail of innovative products and services;
- And our celebrated cultural diversity can flourish.

This is never an easy balance to strike.

- But the European Commission is working on making it happen.
- Building an IP infrastructure that works.
- For the people of Europe.
- And for the economy of Europe.

Seizing the opportunities of and meeting the challenges of the 21st century.

Thank you.