

## All Party Parliamentary Group for Intellectual Property

### MPs hear how export regime for key UK industries is at a critical crossroads

*APPG for Intellectual Property to share industry concerns with government.*

15/09/2021 – Parliamentarians have heard from representatives of key UK industries on how their businesses could be catastrophically affected by fundamental changes to the country's export regime.

Following the UK's exit from the EU, the Government has been deciding its future regime for the exhaustion of intellectual property rights, a critical consideration for UK export industries including our world leading creative industries, manufacturing and many SMEs.

Parliamentarians heard from experts and business owners regarding their concerns if the Government chooses to adopt a so called 'international exhaustion regime'.

Moving to an international regime, the Group was told, would be an 'existential threat' for many export-driven business sectors, as it would significantly reduce the control they currently have over their brands and products in overseas markets, allowing those goods to be imported back into the UK without the UK rights holder's permission.

Exhaustion governs the reselling, rental, lending and other third party commercial uses of IP-protected goods in domestic and international markets. The regime has the greatest impact on export-driven UK sectors, as it underpins their ability to determine when, how and what goods to sell in international markets and at what price.

#### **Pete Wishart MP, Chair of the APPG for IP said:**

*"As a group, we are very concerned about the decision the Government takes on this issue. There are serious implications for a whole range of successful UK export industries.*

*"We are an IP-rich and creative nation, with an IP framework that is pretty much the envy of most comparable nations around the world. This decision to be taken by the Government has the potential to create a free-for-all which will significantly disrupt the ability of UK businesses to export their world leading products"*

#### **Isobel Dixon, MD and Head of Books at Blake Friedmann Literary Agency and President of the Association of Author's Agents said:**

*"The UK has a dynamic publishing industry and rich cultural legacy, and is currently the world's biggest exporter of books. It is also this unique success that makes international exhaustion such an existential risk for our industry. International exhaustion would have a devastating impact across the book trade, affecting publishing businesses of all sizes, but authors would be hardest hit – huge losses incurred for no likely consumer gain. The mechanics are complex, but at its heart this is simple: it's about survival, vs the potential stifling of a lively and diverse literary culture."*

#### **Dr Bobby Mukherjee, Chief Counsel Intellectual Property & Technology Law, BAE Systems plc speaking as a representative of the IP Federation said:**

*"Exhaustion is an important, complex area. There are a multitude of factors to take into account. Our members recognise the importance of simplicity, and the need to minimise the extent of changes. We believe any exhaustion regime should be as simple as possible to administer/adhere to, both from the perspective of rights holders and from that of customers and importers. For this reason, we are generally in favour of treating all types of intellectual property rights in the same way, whichever*

*approach is taken. We also emphasise that all legislative change creates disruption, uncertainty and cost for business.”*

**Neil Sharpley, Chair, Home Office and Ministry of Justice Policy Units, Federation of Small Businesses said:**

*“This is an important issue for small businesses, who drive much of the UK’s exports. Having a clear and effective system of rights’ protection is absolutely critical to their survival. SMEs make a huge contribution to the UK economy, and so this is not just an issue for rights holders and business but also for the Exchequer. If we get this wrong, we open the floodgates to a race to the bottom.”*

**John Noble, Director of the British Brands Group said:**

*“There is no real benefit to an international regime. Any prospect of widespread lowering prices for consumers is remote. Margins are already slim and by the time parallel goods have passed through all the hands needed to get them to the shopper in the UK, any price advantage is likely to have gone. By adopting an intentional regime we risk doing but great damage to our export industries, with no benefit to consumers.”*

**Gavin Terry, Lead Officer for Intellectual Property, The Chartered Trading Standards Institute said:**

*“Some people make the misassociation that just by driving prices down, you are working in the consumers’ best interest. So, by definition, you are protecting the consumer by getting lower prices. I think that is a spurious argument and actually the winner in an international regime will be the counterfeiters who do not comply with intellectual property rights but are perfectly happy to steal other people’s intellectual property.”*

**ENDS**

**Notes to Editors**

The meeting of the APPG meeting came shortly after the closure of the Intellectual Property Office’s [consultation on the UK’s future exhaustion regime](#) at the end of August. The consultation identified that the Government is considering a number of potential options for the UK’s new exhaustion regime, including adopting an international regime.

The APPG brought together representatives from the Alliance for Intellectual property, the Publishers Association, the Association of Authors’ Agents, the IP Federation, Federation of Small Businesses, the Chartered Trading Standards Institute, British Brands Group as well as representatives of the audio-visual, music, toy and games, sports rights, branded manufactured goods, publishing, retailing, image, art, and design sectors.