

Gowers Review of Intellectual Property – UKHO response to call for evidence

Background

The UKHO is a government Trading Fund and part of the Ministry of Defence. Its primary activity is the provision of navigational products and services to the Royal Navy and the merchant marine in compliance with United Nations Safety Of Life At Sea (SOLAS) Regulations.

Marketed under the Admiralty brand, the UKHO's product portfolio offers worldwide coverage in the form of 3,300 Standard Navigational Charts and 220 Navigational Publications. In addition to these more 'traditional' products, we also produce a range of electronic charts including ARCS (Admiralty Raster Chart Service) and a popular range of Leisure Charts and Editions produced specifically for the small craft and leisure mariner.

Based in Taunton in the South West of England, the UKHO employs nearly 1,000 people across a range of specialisms including chart compilation and production, navigational textual editing and publishing, physical oceanography, geodesy and law of the sea.

GENERAL QUESTIONS

1. How IP is awarded

(a) Are there barriers to obtaining IP rights due to system complexity? What could be done to improve this situation?

We feel the system for obtaining IP protection for trademarks is sufficiently complex that we have had to contract out the work to an organisation with the required level of experience in the process. This proves expensive and we lose sight of much of the process, leaving it difficult for us ever to gain that same experience internally.

The process needs to be simplified, so that it does not require training or experience to follow (other than reading a simple set of instructions issued with any registration pack).

(d) How do these costs compare internationally in your organisation's experience?

UK costs are usually much cheaper than overseas for trademarks but that is principally because of the UK agent's need to employ further agents overseas. Differences in fee structures between countries make a direct cost comparison difficult.

(f) Is lack of trust in the system a barrier? To what extent do you rely on other tools to bring innovation to the marketplace, such as being first to market, maintaining trade secrets, or using an open innovation model to generate value through reputation or network effects?

We were not aware that there was any lack of trust in the system (with regards to trademarks) so do not consider this to be a barrier.

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We rely on maintaining trade secrets to protect our innovations, as the apparent costs and processes associated with obtaining patents has precluded us from considering registration.

(g) Are there specific barriers to obtaining IP rights in your sector?

There are uncertainties surrounding the *sui generis* database right introduced by an EU Directive. Prior to recent ECJ rulings, it would appear that any database in which significant investment was made could be protected under the *sui generis* right. However, the ECJ appear to have clarified the qualifying test used in the Directive in its rulings in *British Horseracing Board v William Hill (Case C-203/02/02, [2005] RPC 260)* – that the investment in question relates to the creation of the database but not to collection of the information with which it is populated. This has raised doubts over whether a database qualifies for protection where the database is created as part of a particular duty (albeit with large investment).

Without knowing whether rights will subsist in our work, it is difficult to make the business decisions on whether any investment can be protected. This leaves us unable to determine the levels of risk involved in publishing products and services developed from these databases.

2. How IP is used

(a) What types of IP does your organisation use and why?

Copyright, including database rights, trademarks, trade secrets, law of confidentiality.

(b) To what extent do you seek multiple overlapping forms of IP protection?

Due to uncertainties and weaknesses with each form of protection, we seek to utilise every form of IP protection available.

(c) To what extent are these decisions influenced by sector-specific considerations?

We are not influenced by any sector-specific considerations.

(e) To what extent does the term of IP rights at the margin affect investment decisions?

None

(f) How well does the UK IP system promote innovation?

Any system must consider the international angle. It is no longer sustainable to develop adequate protection only in the UK when we operate in a truly global economy.

3. How IP is licensed and exchanged

(a) How easy is it to negotiate licences to use others' IP for commercial or non – profit purposes?

From the UKHO's point of view, there are no legal problems in negotiating licences for its own commercial use but there are economic and political problems – many organisations will only license the use of their IP on very restrictive terms and conditions, often conflicting with those of other IP owners – making it difficult to pull together IP from many sources and provide value-added services. Further problems arise from a lack of certainty over the subsistence of background IP rights from other sources; we can seek warranties to cover this but still risk legal action or substantial damage to our reputation if the licensor breaches that warranty.

We do not believe the law has any impact on the difficulties in negotiating licences. Such difficulties generally arise due to price, conditions, or the appetite of the licensor to enter into a deal (if at all). The UKHO is a significant licensor, dealing with over 2000 licences. We have been able to simplify the negotiation of licences by offering differentiated licensing according to value and purpose.

For low-value or non-commercial activities (these are eligible for a free licence) we have made the system automatic, using an online system on the UKHO's secure website. A licence is returned to the applicant in minutes. We are able to do this because we invested the time in developing a set of generic terms and conditions that would apply to almost all licensees. However, in exceptional circumstances the licence can be amended to include additional provisions, and these are then added to the standard licence available to all.

As an example, we had a licensee who wished to retain the licensed material in an archive beyond the period of the licence. This was not previously permitted but we saw no reason to refuse this request. To avoid incurring the administration required to renew the licence each year we made an amendment to allow the reproduced material to be archived indefinitely for audit purposes, with the condition that if it was to be re-used in future, a new licence was to be applied for. This provision is now a standard clause. You can see the UKHO's online licensing system on our website (<http://copyright.ukho.gov.uk>).

It is not so easy to negotiate licences with commercial applicants because of their specific needs and the conflicting goals of the licensor and licensee. We again always use standard terms and conditions so there is limited scope for negotiation; however, where a change is agreed, this is immediately rolled out to all licensees so that none gains a benefit over another. However, having standard terms and conditions can often constrain both licensor and licensee by reducing flexibility but they do offer the benefit of openness, fairness and transparency, as well as enabling us to rebut any allegation that we are abusing the market position we occupy as a licensor of data.

(b) What mechanisms do you use for finding potential licensing partners?

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The UKHO publishes a wide range of products and services and is well known within its sector as the market leader. It advertises the availability of licensing within those products, on its web site and within other literature – inviting others to re-use its material under standard terms and conditions. Where the UKHO has identified a significant market need that it is unable or unwilling to address directly, it also advertises for specific partners to help develop new products and services. The revenue it generates from licensing is then re-invested into improving and expanding the underlying IP.

(d) Are there specific barriers to licensing in the main forms of IP currently used: patents, copyright, trade marks, and designs?

Rights such as copyright or database rights are by their very nature uncertain. It is not until those rights are challenged that the owners can be certain they hold the rights. Short of taking companies to court, if a company denies we hold a legal right to restrict their re-use of material, there is little we can do through negotiation. Such court cases are too expensive and would not be required if there was some facility to have a declaratory judgment or a way of voluntarily registering a work as protected.

(g) Does your organisation use methods to facilitate exchange of IP - such as crosslicensing or pooling IP rights with other firms or organisations?

The UKHO works with all major providers of information within its sector through a series of bilateral agreements that encourage the exchange of information and allowing its re-use by anyone in the sector.

Where an organisation is not resourced to provide its own licensing service, the UKHO also provides a licensing service on their behalf. Licensees have the benefit of agreements which look and feel the same and contain much the same provisions and pricing structure, whilst only having to deal with one point of contact, in one language, for most of their requirements. No charge is made to licensees over and above the standard licence fees of the IP owner for the provision of this service. Rather, the UKHO benefits by improved revenue from its own IP because of the market growth such a co-ordinated approach takes.

(i) Are there barriers to trade and exchange of IP internationally?

A lack of harmonisation of protection internationally and the costs of seeking specific advice within each jurisdiction both act as barriers. Works protected by copyright in the UK might be unprotected in other states because of the different qualifying requirements for protection (skill, labour and judgement in the UK vs. personal intellectual creativity in Germany for example).

International conventions, such as Berne, provide only a rudimentary harmonisation – leaving significant differences between member states. Greater harmonisation would have the additional benefit of reducing the requirement to seek specific advice within each jurisdiction and help protect IP published or distributed via the Internet.

4. How IP is challenged and enforced

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(a) Are there specific problems with enforcing the main different forms of IP: patents, copyright, trade marks, and designs?

The UKHO has had experience of customers claiming the expressions of information within graphic works are not protected by IP as the underlying information is factual. There is some lack of clarity that the depiction of the information, through its selection and placement, is protected by copyright and that reproduction of a substantial element of that selection is still an infringement, even though the underlying information might be factual.

We have also experienced difficulties in enforcing our rights overseas. Most infringements now occur via the Internet and the easiest and most cost effective way of dealing with such infringements is to notify the hosting Internet service provider of the infringement so that it can be removed or blocked. However, due to the protection given to some network providers (e.g. in France), ISPs are not liable for transmitting infringing copies even if they have been given notice.

The main enforcement problems for us lie in Germany, where the standard of originality required for a work to be protected by copyright is higher than in the UK. Please see response at (h) for more detail on this.

We have found that taking action in some EU Member States can be time consuming due to different legal procedures – this acts as a significant distraction away from normal business – something that small businesses would not be able to resource.

(b) Are there barriers to challenging infringement and enforcing your IP rights on grounds of cost? What drives these costs?

In most cases, the costs involved in enforcing our rights or challenging others' assertions of infringement far outweigh the possible damages. However, to take no action ultimately undermines the rights, so a lot of time, effort and money is spent. There needs to be a fast, independent method to determine whether infringement has occurred that has a fixed cost and requires a standardised set of evidence. Also being able to seek a declaratory judgment of an IP owner's rights would be of assistance.

(c) To what extent does your organisation make use of other methods than litigation to resolve IP infringement cases, for example the Patent Office opinion service, mediation services, Alternative Dispute Resolution, or the Copyright Tribunal?

Most IP infringement cases are resolved through negotiation.

(d) To what extent do you use IP litigation insurance? How effective is it?

None. We were not even aware it existed.

(h) What are the principal barriers to efficient and successful challenge and enforcement internationally?

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We have difficulties with the level of protection afforded by copyright varying between European member states. This is not to say that we believe that the bar should be raised; on the contrary, we seek a harmonisation of protection of a level of originality through copyright and database rights across the EU. In the UK, a work simply has to be original with sufficient skill, labour or judgement to qualify for copyright protection. However, in Germany, the standard is much higher, requiring ‘personal intellectual creativity’ on the part of the author. Such a high standard may prejudice the UKHO’s ability to take successful action for infringement in Germany, since there is already precedent there to indicate that the selection and portrayal of information is not sufficiently personally intellectually creative to qualify for copyright protection when authors and artists follow documented procedures. In today’s world of increasingly quality conscious customers, following well established procedures, approved to ISO standards, should not preclude IP protection.

Either the definition of original should be harmonised at the lower level currently used by the UK, or ‘personal’ creativity should be interpreted to mean that of any person and not just the author, i.e. the creativity of those instructing the author should also qualify as giving a work originality. This would continue to exclude non-personal works, i.e. those created randomly by computers, etc – but would recognise that the creativity encapsulated within documented procedures should allow works created using those procedures to be protected by IP.

The UKHO believes that harmonisation across the EU of periods of protection and standards of proof should also be implemented.

SPECIFIC ISSUES

- **Copyright exceptions - fair use / fair dealing**

Background: There are a number of exceptions to copyright that allow limited use of copyright works without the permission of the copyright holder.

(a) What are your views on the current exceptions in copyright law?

The current exceptions appear to strike a fair balance but see the UKHO’s response to (d) and (f) below.

(b) Could more be done to clarify the various exceptions?

See (d) and (f) below.

(c) Are there other areas where copyright exceptions should apply?

Yes – for the visually and learning disabled. See (f) below.

(d) Are the current exceptions adequate or in need of updating to reflect technological change? For example copyright law in the UK does not currently have a private “fair use” exception. Such an exception might allow individuals to copy music CDs onto their PC and MP3 player for their personal use. Should UK law include a statutory exception for “fair use”?

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A general lack of awareness of the law is a problem in all areas. The general public perceives that the availability of equipment that provides the technical ability to make copies and change formats amounts to permission to do so, or at least that such activity is condoned. At worst, the population is unaware or indifferent that IPR exists.

We are under the impression that the majority genuinely believes it to be legal to copy one's own CD collection for backup purposes, or for use in the car, for example. It is possible to sympathise with this view to a point, since it can be expensive to replace stolen or damaged disks and it can be necessary to change the format of a work in order to appreciate it in the most convenient way – i.e. transferring music from a CD to a portable media device. It is not appropriate for the law to change in response to something that 'everybody' does, simply because it is easier to legalise it than prevent it, but it is hard to argue that a change in the law in this respect is not justified. It should be for the producers of IP to respond to their customers' needs and publish clear licences with their material on how it can be used.

Any move towards introducing a private 'fair use' exception will have to deal with very difficult technical issues, as the law rarely keeps pace with technology. Is ripping a CD then streaming that media to everyone in a home, particularly at parties, personal use? Software licensors are moving away from personal use within their end-user licences and introducing 'home' use, to avoid these uncertainties. Any exception, if introduced, should be simple and clear, and sufficiently flexible to respond to technology changes.

(f) To what extent has technological change presented difficulties in use of copyrighted material in the field of education?

The school environment has changed dramatically in recent years. Blackboards and markerboards have been replaced with 'interactive white boards' linked to computers, which allow staff to project documents and images onto the screen and write on them electronically. The resulting images can be saved and/or printed out.

Reprographic copying is now done to a lesser extent than before the new technology arrived, but it often needs to be done by classroom support and administrative staff as well as the teachers themselves. However, the Act still needs to recognise that reprographic copying is an essential part of modern educational methods and make provisions accordingly.

The use of the Internet is now prevalent in schools and the need and ability of teaching staff and pupils to access, download, save and print such material both at school and at home needs to be covered by any revision to the Act.

Production of materials for the visually and learning impaired used to be done by making photocopies – either onto different coloured paper or into an enlarged or reduced image-size. 95% of visually impaired people are users of text rather than Braille. Many people, due to the nature of their visual impairment (tunnel vision, nystagmus etc) or reading difficulty (e.g. dyslexia), benefit from adaptations to the text that are not possible when using a photocopier, such as a specific font, word spacing or line spacing. This can easily be done by scanning the text, using Optical Character Recognition software, proof-reading and formatting the text, which can

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then be printed onto the required colour paper. The proof-read document can also be easily converted into Braille and punched onto paper using special software and Braille machines. Commercially available large-print works do not provide a viable alternative, since they are limited in range, large, heavy and cumbersome to hold, and do not offer the customised text needed by the individual.

Such provision is essential to the education of thousands of children who have difficulty reading, for whatever reason, and yet it is not covered by Fair Dealing, so schools are forced to apply for copyright permission to make such copies. Such permission is invariably forthcoming from rights owners, and it is the UKHO's policy to grant such licences immediately and free of charge, but there is usually a huge delay (often months) and administrative expense incurred, so lesson planning becomes extremely difficult and the school is forced to break the law or do without.

We would like to suggest that Fair Dealing be extended to include the complete reproduction of literary, artistic and graphic works in any format (including sound recording, reformatted text and Braille or raised images) and by any method (including digital methods) for use in education, training and private study for the benefit of the visually and learning impaired of all ages. In the case of school-age children, this could be defined by reference to 'Individual Education Plans' which are held by children with special educational needs. Confining it to those with Statements of Special Educational Need would be too narrowly defined.

Notwithstanding the previous paragraph, it is important to ensure that the wholesale copying of text for examination or assessment purposes remains illegal. Plagiarism of essays by downloading from the Internet is increasingly common; Universities are resorting to anti-plagiarism software in an attempt to identify and punish offenders.

(g) Are there issues concerning the archiving of material covered by copyright?

With digital storage now being so cheap and easy, and stringent audit provisions being imposed on most companies and organisations, the pressure is on to archive everything that is used. It is unrealistic on the part of the copyright owner to expect that data that is provided digitally, or is able to be digitised, to be deleted at the end of a project or at the end of a licence period. End-users tend to want a 'fire and forget' licensing arrangement that will allow them to keep data indefinitely, even if they only want to use it for a relatively short period. In the UKHO's experience, the data is archived even if the licence specifically requires it to be deleted; it is now our normal practice to include archive provisions in our standard licences and to offer retrospective permissions to companies if their licences have expired but it transpires that they are still holding the material. This is clearly preferable to launching infringement proceedings, particularly in view of the fact that if they had applied for permission to archive, we would have granted them a licence anyway.

• Copyright – digital rights management

Background: Increasingly digital media content is distributed with digital rights management (DRM) technologies that can enable rights-holders to track usage and prevent unlicensed copying by technological means. However concerns have been raised about interoperability and that such technologies may impair the content consumer's legal rights. For example they may be unable to take into account

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exceptions to copyright, the ultimate expiry of copyright term, or the future evolution of technology.

They may therefore undermine legitimate rights to access digital content, now and in the future. (NB: We are aware of all formal submissions that have been made to the All Party Parliamentary Internet Group on this issue.)

(a) Do you have a view on how the use of digital rights management technologies should be regulated?

Other than that DRM technologies should not be used to circumvent fair dealing rights, DRM should be left unregulated. DRM is a valuable tool to prevent infringement and remove the need to take legal action constantly. However, DRM can be abused by IP owners to prevent the public's rights under fair dealing. Weakening the technology undermines the IP owners' rights to protection from infringement. A better balance needs to be struck.

• Trade Marks – international issues

(a) To what extent does your organisation register its trade marks at the European rather than national level?

The UKHO has registered or applied to register 12 different marks around the world. All of these have been registered in the UK and registered or applied for in the EU. We took the approach of seeking registration in both the UK and EU in order to secure the marks at the earliest possible opportunity, rather than waiting for the full European procedure to be carried out.

(b) Could the UK trade mark system be improved to work better alongside the European system?

The relative speed of the UK system is of benefit to the UKHO so changing the system to harmonise more closely with the European system would not be an improvement. The UK and EU systems would both benefit from being considerably faster, both in terms of the registration and opposition phases. If harmonisation is to occur, it would be better for the EU system to harmonise with the UK than vice versa.

• Legal sanctions on IP infringement

(a) Are you aware of any inconsistencies or inadequacies in the way the law applies legal sanctions to infringement of different forms of IP or to different circumstances?

No, but we believe that there is little public resource or appetite to lay criminal charges against infringers, making it an almost worthless sanction except in the most high profile of cases.

(b) For example, should criminal sanctions on online infringement be the same as those relating to physical infringement?

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The manner of the infringement should not determine the sanction; it is the effect of the infringement. Therefore, online infringement should be treated the same as physical infringement – though the effect of online infringement could be larger due to the wider audience and ease of distribution, etc.