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Rt Hon Chloe Smith MP
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Rt Hon Kemi Badenoch MP
Secretary of State for Business and Trade
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Rt Hon Lucy Frazer KC MP
Secretary of State for Culture, Media, and Sport
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London
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CC Rt Hon Sir John Whittingdale OBE MP, Minister of State for Media, Tourism and Creative Industries
Viscount Camrose, Minister for AI and Intellectual Property
Adam Williams, Chief Executive, Intellectual Property Office

Friday 7th July 2023

Dear Secretaries of State,

Meeting request – cross sector meeting on IP exhaustion decision

On behalf of the undersigned, I am writing to you regarding the Government's decision in relation to the UK's future exhaustion of intellectual property rights regime.

Given the recent media coverage regarding the Government's potential decision in this policy area, we felt compelled as a coalition of impacted sectors to reaffirm our position and to seek a meeting urgently to discuss the issue.

The Alliance for Intellectual Property is a unique association representing UK IP rich businesses and creators – sectors that continue to grow and outperform the wider economy.

The Government's sovereign decision on the UK's future exhaustion regime will be among the most important taken in relation to Intellectual Property policy during this Parliament. Its impact will affect businesses, consumers, and regulatory authorities across the UK; most notably affecting 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.

We, alongside our members and many other stakeholders have spent significant time responding to the Government's consultation process over the last two years and we are clear in our opposition to any shift to an international regime and believe that maintaining stability is vital. We therefore fully supported the interim decision made by George Freeman 18 months ago and believe that making that decision permanent is the right course of action - one that would be a full use of the UK's new sovereignty and putting the interest of the Country first.

The stability provided by the current regime is what allows a broad swathe of businesses to thrive. At a time of economic uncertainty, businesses need stability and predictability which a shift to an international regime would threaten. UK IP-rich industries are highly successful at exporting with, for example, the UK book sector deriving 60% of its income from exports. However, the book sector has estimated that a significant proportion of its revenue, approximately £2bn, could be put at risk in an international exhaustion scenario. It would also affect many of the UK's leading design and branded goods companies, making it significantly more difficult to launch new products in countries around the world. You can see from the coalition of sectors reflected as signatories below that there is widespread concern from our leading fashion, design, brands, music, publishing and sports industries. These are areas of true global competitive difference and we should use our IP legal freedoms to support these wonderful UK sectors, not undermine them.

A move to an international regime would also lead to consumer confusion since product and regulatory standards differ across countries internationally. Any 'free for all' in parallel imports to the UK would undermine the UK's product standards regulatory framework and create uncertainty and confusion for the public.

Finally, we would strongly challenge the argument in relation to cost reductions for the UK public of moving to an international regime. Where parallel imports occur currently, in contravention of our regime, you do not see lower prices. As an example, you occasionally see bottles of Coke with foreign language labelling in some small shops, but at the same pricing as compliant products. We believe that the retail supply chain, including wholesalers and parallel importers would therefore be the major beneficiary, rather than the UK public. The cost benefit equation is likely between established creative industries sectors who find their home in the UK market, but could choose to move elsewhere, against a parallel import sector which does not currently exist and would not even need to be located on UK shores, nor create UK jobs.

I look forward to hearing from you and we hope you can agree a meeting at this critical time.

Yours sincerely,



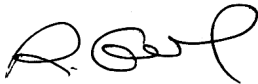
Daniel Guthrie, Director General, Alliance for Intellectual Property



Dan Conway, Chief Executive, Publishers Association



Sophie Jones, Director of Strategy and Interim Chief Executive, BPI



Roland Earl, Director General, British Toy and Hobby Association



Jamie Njoku-Goodwin, Chief Executive, UK Music

Bill Bush, Chair of the Alliance for Intellectual Property and Adviser to the Chief Executive, The Premier League



Phil Lewis, Chief Executive, Anti-Counterfeiting Group



Dids Macdonald OBE, Chief Executive, Anti Copying in Design



Caroline Norbury OBE, Chief Executive, Creative UK



Sarah Faulder, Chief Executive, Publishers' Licensing Services



Liz Bales, Chief Executive, British Association for Screen Entertainment



Lesley John, Global Director, Home Entertainment, BBC Studios



Catherine Clarke, President, Association of Authors' Agents



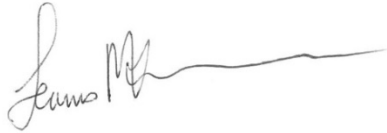
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