

UK government's approach to IP undermines innovation, member of Parliament says

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By [Abhishek Kumar](#)

A UK requirement that companies seeking innovation grants must surrender their intellectual property to the government undermines innovation, a member of the UK Parliament said on Thursday. Sharon Bowles urged the government to adopt an end-stage IP procurement system, similar to the one used in the US, give export market opportunity to intellectual property, and incorporate fair licensing provisions that would allow innovative companies to build on their core intellectual property.

The UK's approach to intellectual property is undermining innovation by forcing small technology companies to surrender their IP rights prematurely, a member of the UK Parliament said on Thursday.

In a debate on science and technology's contribution to the UK economy, Liberal Democrat Sharon Bowles criticized the government's current innovation grant application process as harmful to startups.

"The government has become a systematic expropriator of early-stage intellectual property, killing instead of growing innovative companies," said Bowles, a former patent attorney and European Parliament member.

Bowles said that companies seeking modest government support, such as a £50,000 early-stage development or proof of concept grant, have to give free, perpetual, irrevocable and royalty-free licenses to their innovation to the government. The government also gets the rights to sublicense project outcomes to third parties, undermining the ability of innovative companies to build on their core intellectual property, Bowles said.

"Why should a measly £50,000 that forces high-tech entrepreneurs to work below minimum wage rates entitle use and sublicensing rights of IP that could be worth £1 million or more?" Bowles questioned.

Stephen Benn, a member of the UK's Science and Technology Committee, tasked with recommendations to the House of Lords, said certain requirements under the Subsidy Control Act, 2022, make it difficult for the government to avoid taking some form of IP from companies. However, Benn continued, "I want to look at that and see if we can get to an answer."

Bowles urged the government to treat intellectual property as intangible assets that could be used as collateral for loans alongside existing grants instead of poaching early-stage intellectual property from smaller companies and putting them in the hands of competitors.

She also suggested the government give export market opportunity to intellectual property, adopt an end-stage procurement system similar to that used in the US and incorporate fair licensing provisions that would allow innovative companies to build on their core intellectual property.

The debate also highlighted broader concerns about retention of intellectual property in UK universities, excessive technology regulation, the need to invest in IP and the challenge of protecting domestic innovation.

Last week, in response to a freedom of information request, Patric Vallance, Minister of Science, Research and Technology, said the government is keen to fully implement the recommendations of an independent review into university spin-out companies to support greater patenting of academic inventions (see [here](#)).

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Areas of Interest: Intellectual Property

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