

# IP MANIFESTO



**The Association**  
of **Creative**  
Industries



## **Catalyzing Georgia's Creative and Technological Future**

We, the united body of associations, organizations, and individual pioneers, assert the urgency of a transformative overhaul of Georgia's intellectual property (IP) system, with a focus on invigorating our creative industries. This manifesto underscores our collective resolve to elevate Georgia as a global hub of creativity and innovation.

Our vision encompasses the strategic development of IP systems, not merely as legal entities but as pivotal economic assets, integral to harnessing the nation's creative potential and driving forward its cultural and technological prosperity. We advocate for an IP system that is robust, adaptable, and aligned with the digital era's demands, ensuring that it serves as a cornerstone for sustainable development and attracts global investments.

In this vein, we call upon a broad spectrum of stakeholders - policymakers, financial institutions, academia, research entities, tech corporations, creatives, and dynamic individuals - to forge a united front. This collaboration aims to reinforce IP rights as key drivers of innovation, creativity, and economic growth.

Central to our manifesto is the recognition of IP as not only a legal right but also an invaluable economic resource. This paradigm shift will enable the transformation of Georgian cultural and intellectual heritage into globally marketable assets, enriching and diversifying the nation's economic landscape.

Georgia's historical role as a cultural nexus and its rich mosaic of artistic and intellectual contributions - from its unique script and polyphonic music to ancient winemaking techniques and modern scientific breakthroughs - are the bedrock of this initiative. We envision a future where Georgia's cultural and intellectual wealth is not only preserved but also actively promoted and integrated into the global economy.

Our collective endeavor aims to create a fertile ground for innovation, fostering an environment where intellectual property is not only protected but also celebrated and leveraged for national advancement. In doing so, we position Georgia as a beacon of cultural richness and technological innovation, poised for integration into the European Union and beyond, establishing a legacy of intellectual and creative excellence on the world stage.

In light of Georgia's rich history, marked by profound transformations from its ancient kingdoms through the era of Soviet governance, and culminating in its contemporary independence, the significance of safeguarding its intellectual and cultural heritage has never been more paramount.

It is critical to acknowledge that establishing a legal framework in alignment with international conventions was a complex and lengthy endeavor, extending beyond a decade. This process was marked by challenges not only in its formulation but also in its practical application, underscoring the necessity for a robust and adaptive legal system.

Presently, Georgia's intellectual property framework is underpinned by eight pivotal laws, each playing a vital role in the protection and enhancement of the nation's intellectual capital:

- **Law on Copyright and Related Rights:** This legislation is dedicated to the protection of rights belonging to authors, performers, and producers of phonograms and videograms, along with broadcasting organizations.
- **Patent Law:** This law governs the intricate processes involving the creation, utilization, and safeguarding of inventions and utility models within the Georgian context.
- **Law on Trademarks:** Central to this law is the regulation of the registration and protection of trademarks, including those for goods, services, and collective marks, along with the management of associated relationships.
- **Law on Design:** Focused on the creative realm, this law oversees the registration, usage, and protection of design elements.
- **Law on Appellation of Origin and Geographical Indications:** This law is instrumental in regulating the registration, employment, and protection of appellations of origin and geographical indicators, crucial for maintaining the uniqueness of Georgian products.
- **Law on the Topology of Integrated Circuits:** Aimed at the technology sector, this law is designed to protect the topologies of integrated circuits, specifically those that are the culmination of original intellectual efforts.
- **Law on New Varieties of Plants and Animals:** This law facilitates the development of new varieties in flora and fauna, fostering innovation in agriculture and biodiversity.

**Law on Border Measures Related to Intellectual Property** - This law is based on the provisions of the TRIPS agreement regarding special border measures. It regulates the rules for the use of special border measures in relation to the violation of intellectual property rights during the importation or exportation of goods in Georgia.

In addition to the aforementioned laws, Georgia's intellectual property system includes the National Center of Intellectual Property of Georgia - Sakpatenti. Sakpatenti, which conducts technical expertise of inventions and issues patents, has been regulating the activities of organizations managing collective property rights since 2023. The intellectual property system also encompasses the judicial system, which ensures the appropriate protection of rights.

The creators of Georgia's intellectual property system had significant goals in mind, specifically:

- Assisting Georgian creative and technological companies, whose assets include intellectual property, making them attractive to investors.

The aim to entice global companies and brands to Georgia, creating an environment where their intellectual assets are not only comfortable but also securely protected, is pivotal. This strategy is crucial for Georgia's integration into the European and global economic spheres, ensuring a significant and equitable role in the global value chain.

However, the reality presents a contrast to these ambitions. Georgia's intellectual property system, regrettably, falls short of achieving these objectives. It's a concerning fact that this system predominantly caters to a smaller, local market, which is overwhelmingly influenced by foreign entities.

When examining Georgia's standing in regional intellectual property rankings, a pattern of consistently low positions emerges, spanning several years: ranking between 25-30 in Asia and 39-41 in Europe. This is further exemplified by the statistic that about 65% of patents in Georgia are granted to non-resident entities.

The disparity becomes even more pronounced in the realm of trademarks and designs. Here, non-resident contributions account for over 73% and 80% respectively. This data starkly highlights the minimal influence of local innovation on the global stage, particularly in the sectors of culture, creativity, and innovation.

Tragically, there is a lack of available data regarding targeted investments for the creation of intellectual property within Georgia. This absence of information points to a gap in state-level initiatives and assessments in this critical area. Georgia, rich in intangible cultural and intellectual capital, appears underutilized, primarily contributing raw materials like iron ore, manganese, copper, and tin, as well as traditional products like wine, mineral water, fruits, and nuts to the global market. This scenario underscores a missed opportunity to leverage the nation's rich cultural and historical heritage in the global marketplace.

The current state of Georgia's intellectual property system does not effectively support the inflow of knowledge and technology. Alarmingly, the number of Georgian companies deriving revenue from intellectual property exploitation remains distressingly low. This stagnation has persisted over the last decade, signifying a deep-seated inequity and impeding Georgia's comprehensive integration into the European and global economic spheres.

Focusing on the creative industries sector, its total turnover, as of 2019, was an impressive 1.8 billion GEL. However, when delved into deeper, the average annual growth rate of the industry's total turnover stands at 8% for the period between 2015

and 2019. The creative industries' contribution to the added value within the entire business sector is about 3.8%, translating to over 876 million GEL in 2019, with a steady average annual growth of approximately 9% during the same period.

The employment impact of the creative economy in Georgia is notable. For every eleven employed individuals, one is engaged in the creative sector. This amounts to a total of 150,687 individuals, making up 8.9% of the employment index. A perusal of Apple Music and Spotify statistics easily reveals a dominance of foreign music in the Georgian market. In stark contrast, there is a crucial need for promoting contemporary Georgian culture, especially music, through the strategic use of digital platforms. These platforms are instrumental in preserving and disseminating Georgia's finest creative works on a global scale. Furthermore, the development of localized and legal digital platforms is vital for fostering capital growth and nurturing the Georgian creative industries.

The protection of Georgian authors and creative professionals remains a significant concern. Despite the prevalent use of digital content such as music and films, the situation regarding author royalties is dire. The average royalty for musicians has remained virtually unchanged over the past decade and has seen a substantial decline in the post-pandemic era. The long-overdue legislative reforms aimed at rectifying the royalties issue were finally implemented by the parliament only in 2023, highlighting a protracted period of legislative inadequacy in this critical area.

Previously, the legal framework concerning royalty compensation effectively had more of a declarative rather than an enforceable character. It's crucial for Georgia to prioritize attracting and nurturing talented authors and creative minds. They should be welcomed into an environment where robust legal protections for intellectual property rights are the norm, and where just and fair compensation for their creative outputs is assured.

While it is positive that the Georgian government is increasing its investment in the realms of science and culture, merely boosting financial support is not a comprehensive solution. True advancement in the intellectual property sector will only be realized when culturally and innovatively significant products, safeguarded by intellectual property rights, become valuable economic assets and gain viability for export.

The current inadequacies of the intellectual property system in Georgia are highlighted by its high ranking in global indices for intellectual property infringements. This ineffective protection of intellectual property rights jeopardizes the potential for international collaborations. Achieving effective joint production with foreign partners and attracting foreign companies, film producers, and other content creators remain unattainable until intellectual property rights are sufficiently protected and the legal framework is harmonized with European Union standards.

Georgian intellectual property laws, which extensively draw on foreign legal systems, often overlook the unique national context, leading to insufficient protection for creatives, investors, entrepreneurs, and innovators. This situation underscores that Georgia has only marginally met the objectives set out for its intellectual property system. An incomplete, unstable, and inequitable system falls short in addressing the needs and challenges of its creative community, national companies, and the broader national context.

In Georgia, the cost of interpreting and applying legal norms related to intellectual property is prohibitively high, limiting this crucial service to a small group of highly-priced lawyers. This financial barrier is typically insurmountable for local companies, fostering a sense of disparity and hindering equitable access to legal resources. Consequently, this situation leads to a general lack of trust among the creative community in Georgia regarding intellectual property issues.

The establishment of a robust and accessible intellectual property system is critical. Such a system would catalyze the growth of various creative sectors, empowering them to expand into international markets and attract foreign investment. Key sectors that stand to benefit include:

- **Information Technology and Video Gaming:** Guaranteeing fair compensation and global platform access for creators in these industries can significantly elevate their international presence and economic impact.
- **Film and Animation:** With dedicated investment and credit availability for innovative projects, coupled with robust protection against online piracy, these industries could experience substantial growth and wider recognition.
- **Music Industry:** Ensuring fair compensation mechanisms for streaming, live performances, and broadcast rights, and facilitating access to the global market, can dramatically increase the industry's viability and profitability.
- **Literature and Publishing:** Expanding international market engagement and securing rights returns for both traditional and electronic book publishing, as well as licensing for theatrical and cinematic adaptations, can propel this sector to new heights.
- **Culinary and Agro-Industrial Sector:** Targeted development strategies for branding, export promotion, and international franchising could unlock new revenue streams and elevate the global profile of Georgian culinary and agricultural products.

By establishing a system where intellectual property rights are not only well-protected but also effectively utilized, Georgia can enhance the competitiveness and global reach of its creative sectors. This approach is essential for fostering national growth and affirming the country's cultural and innovative prowess on the world stage.

1. In Georgia's architectural sector, emphasizing projects based on original Georgian designs can stimulate growth and innovation. Ensuring that architects receive royalties for the use of their building designs and images in tourism products will further valorize their contributions.
2. For fashion and design, harnessing the production strengths of countries like Turkey and China can open doors to European and American markets. This strategy can enrich Georgia's creative scene while tapping into lucrative external markets.
3. Developing an efficient intellectual property system in Georgia is key to resolving challenges across various creative industries. This system should facilitate access to grants, loans, and investments, help overcome the constraints of a small domestic market, and enable expansion into new markets and partnerships. It's essential to ensure just compensation for creative products.
4. A major challenge for Georgia's intellectual property system is the low awareness of intellectual rights among creators, researchers, and creative industry professionals. Educational initiatives starting from school level and extending into higher education are crucial. Everyone involved in the creative and innovative sectors in Georgia should have a thorough understanding and appreciation of intellectual property rights protection.

Regarding the implementation and improvement of intellectual property rights management in Georgia, several key strategies and technologies can be employed:

- **Digital Infrastructure Development:** Establishing a comprehensive digital infrastructure for intellectual property management is crucial. This would facilitate easier and more cost-effective registration of intellectual property (IP) objects. It would also streamline processes for all stakeholders, including business and legal professionals.
- **Blockchain Technology:** Implementing blockchain technology can revolutionize IP management. It enables the creation of transparent, immutable records of IP ownership and transactions. This technology is particularly effective for establishing smart contracts, which can automate and simplify IP rights agreements and licensing without the need for extensive legal intervention or paperwork.
- **Artificial Intelligence and Advanced Analytics:** Leveraging AI can aid in monitoring and managing IP rights more effectively. AI can be used for detecting infringements, managing digital assets, and providing analytical insights into IP usage patterns. This can be particularly useful in sectors like gastronomy and agriculture, where branding and recipe rights are crucial.
- **Public Awareness and Education:** Improving public understanding and awareness of IP rights is vital. Educational programs starting from school level to university and public campaigns can increase respect for IP rights and reduce

violations. This also includes training programs for entrepreneurs and creators on how to protect and monetize their IP.

- **Legal and Regulatory Framework Strengthening:** Revising and strengthening the legal framework to align with international standards and technological advancements is necessary. This includes simplifying legal processes, reducing costs associated with IP registration and protection, and ensuring effective enforcement mechanisms.
- **Collaboration with International Entities:** Collaborating with international bodies and adopting best practices can help integrate Georgia's IP system with global standards. This will not only protect Georgian creations internationally but also attract foreign investment and creators looking for a secure IP environment.

By addressing these aspects, Georgia can create a robust, efficient, and modern intellectual property system that encourages innovation and creativity while protecting the rights of creators and investors.

- The implementation of a blockchain registry for intellectual property transforms creative and innovative potential into tangible, recognized assets. This system offers transparency and easy identification, increasing the appeal of companies to investors. Intellectual property that generates revenue becomes valuable and liquid collateral, particularly attractive to banks.
- To facilitate this transformation, it's crucial to overhaul existing legislation, ensuring it is streamlined, universal, and encapsulates all aspects of intellectual property rights in a cohesive manner. The legal framework should be optimized for digital implementation, aiming to minimize expenses for rights holders and legal professionals.
- A comprehensive legal code needs to recognize that intellectual property rights are not just limited to exclusive rights but also encompass the protection of creative contributions. It is essential to establish mechanisms for fair compensation for creators, especially when their work yields substantial income. A modern system for collective management of rights, along with a digital registration center, should be tasked with fair and proportional distribution of revenues derived from the usage of creative works across various platforms and mediums.
- This approach requires a synergistic integration of legal and technological solutions, where creators, the government, and legal entities collaborate closely. By formalizing creative outputs as intellectual property, they are transformed into viable financial assets, fostering a thriving creative economy.
- The steps for implementing intellectual property reform in Georgia involve a collaborative approach that integrates the strengths of various sectors. This includes the state, the business community, and cultural, scientific, and educational institutions. The focus is on effectively utilizing intellectual property objects through the implementation of a blockchain network for both voluntary



and mandatory registration. This approach aims to leverage the advanced capabilities of blockchain technology, ensuring a transparent, efficient, and secure system for managing intellectual property rights.

- This integrated strategy is designed to harness the full potential of intellectual property assets, fostering innovation and creativity. By leveraging blockchain technology, the system can provide a clear and easily accessible registry of intellectual property. This registry will serve as a reliable reference for identifying ownership and facilitating transactions related to intellectual property.
- The goal is to create an environment where intellectual property is not only protected but also efficiently managed and utilized, driving economic growth and innovation in Georgia. This reform is a step towards aligning with global best practices in intellectual property management, ensuring that Georgian creators and innovators are adequately rewarded and recognized for their contributions.
- The principles of intellectual property reform in Georgia are clear and focused on fairness and efficiency. The law should not only protect specific rights but also embrace fairness, ensuring equitable compensation in the realms of artistic and technical creation. This requires a system of collective digital management of rights. It's crucial that public legal entities, such as customs and judicial bodies, as well as major corporations, communication operators, and digital platforms, robustly enforce these rights.
- The growth of intellectual property assets necessitates a collaborative effort between the state and the private sector. The government must enact progressive legislation, while the private sector should adopt technological solutions like blockchain, smart contracts, and artificial intelligence to streamline the application of these laws. Banks and private investors should focus on companies holding non-material assets, providing them with the necessary financial support.
- This approach is in line with European and American standards, but also tailored to Georgia's unique context — a nation with rich cultural heritage and a wealth of talented individuals, albeit with a smaller economy.
- The government's role is pivotal in driving these changes swiftly and effectively. By adopting this new perspective on intellectual property, Georgia can boost innovation, creative industries, and fair entrepreneurial practices, enhancing its appeal in global markets.
- A modern system of intellectual property will enable Georgia to gain manufacturing power comparable to Turkey and China, and technological production and refined tastes like the U.S. and Europeans, establishing itself as a significant player on the world stage.