

# Multi-Dimensional Perspectives: Intellectual Property Rights and Innovation

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**Chair:** Zhang Lifan, Professor, School of Journalism, Fudan University, Former Editor-in-Chief of FT Chinese

**Lv Guoqiang**  
**Director, Shanghai Intellectual Property Administration**

**The protection and use of intellectual property and the construction of Shanghai high-tech and Innovation Center**

1. The present situation of IP area in Shanghai. Shanghai is trying hard to make itself an influential high-tech and innovation center worldwide, and an indispensable aspect is to provide a strong protection of IP. During the Twelfth Five-year Plan period, application for patent application has greatly increased, the IP system in FTA has markedly improved, and relevant international cooperation has also being gradually carried out.
2. Key points in future IP area development. Firstly, deepen the reform of IP judicial system, ensure a cross-regional comprehensive IP jurisdiction in Yangtze River Delta, and accept civil and criminal IP cases simultaneously. Secondly, deepen the reform of IP administrative management system and promote the mode of Shanghai FTA nationwide. Thirdly, build a public service platform to provide free information about IP to the whole society. Fourthly, found Shanghai International Intellectual Property Institute to accelerate the cultivation of intellectuals in IP area. Fifthly, establish an international, professional and market-oriented intellectual property trading center.

**David J. Kappos**  
**Partner of Cravath, Swaine & Moore LLP, Former U.S. Under Secretary of Commerce**

**8 Practical Steps for China to Become an Innovation-led Economy.**

In the age of economic globalization, the only way to stay invincible is to focus on mutual cooperation, integration and innovation, which is also the common choice of Asian countries today. For China, the road to be a leading innovative economy will surely be full of twists and turns unless feasible and practical policies be made. I would like to give my advice in the following eight aspects:

First, in policy-making, try not to follow the suit of the United State in everything. For example, IEEE patent policy disparages the patent value, as a result, patent holder found it hard to seek appropriate protections after their rights were violated. Such is not an example we should follow.

Second, when there's discrepancy between theory and practice,

adapting the law according to reality rather than theory. For example, according to the theory, high patent royalties can be established for patent protection, but in reality it is not feasible, while a more appropriate approach is to strengthen the judicial protection.

Third, you sow what you reap. Be sure that your policy create a favourable social atmosphere to innovation and intellectual property protection.

Fourth, award trademark innovators and discourage squatting.

Fifth, build patent linkage and drive innovation; Sixthly, to emphasize quality more than quantity of IP applications.

Seventh, strengthen the judicial protection.

Eighth, enhance the transformation from patent value to tangibly incent innovation.

**Zhang Ping**  
**Professor , School**  
**of Law, Peking**  
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### **The dilemma of IP of an open and innovative Internet age and its related Countermeasures**

In recent years, the world's major economies are all actively implementing industrial upgrading programs. Thanks to the rapid development of the Internet, the world is entering an era of technological integration and cooperation. For space exploration, Internet of things, cloud computing, artificial intelligence.....no single future starring technology has a clear industry boundary, so any single high-tech products may involve hundreds of patent. In this Internet age, China also has an ambition, the "Internet plus" program.

In the era of technological integration and cooperation, no appropriate protection and use of IP and only emphasizing open and innovation will result in lots of challenges, such as patent pools and large-scale litigation. The Internet industry is born with potential risks in patent, which come from not only standard necessary patent disputes, but also from NPEs patent disputes, as well as open source community patent disputes. Emerging Internet companies do not have strong patent reserves, therefore they are not able to cope with the patent rival from traditional innovative enterprises. Therefore, it is urgent to develop coping strategies, such as the accumulation of IPs, the establishment of 3D model of IP, and the establishment of new competition rules and so on.

**Antonio Varas  
Partner and  
Managing Director  
of the Boston  
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## **Beyond the Great Wall: Innovation-driven Growth and IP strategies for China**

Generally speaking, the IP development will go through the following 5 stages: 1. Export-led growth, which is mainly the export of low-tech products, based on low cost of labor and materials. 2. Moving up the value ladder, when R&D spending is driving export growth of high-tech products. 3. Paying the price, when individual companies suffer as companies in developed nations use IP as a weapon to defend their markets. 4. Getting serious about IP, when the discouraged companies invest lots of money in developing and managing their IP. 5. Profiting from IP, when companies from developing economies achieve IP parity and may even gain advantage through IP.

As a developing country with enormous patents, China today is actually between the second stage and the third stage. The fact that China can not match catch up with the United States, Japan and other traditional powers in science resulted not from an inadequate R&D investment, but from our neglect of protection of IP, and not knowing how to convert the value into profit. For that I have the following recommendations: First, strengthen the protection of IP in key technologies; Second, increase investment in future reformative technology, such as artificial intelligence robotics.

## **DISCUSSION**

1. The recent case of Huawei suing Samsung for violating its IP had seized widespread attention in this field. Huawei is an excellent representative of a new generation of Chinese enterprises which pay great attention to innovation and intellectual property protection, so this case is also an important turning point: prior to this, China has the largest quantity of IP patent applications but not in quality; after this, enterprises will pay more attention to research and innovation and will have a higher demand in patent quality and protection, as China's economy continues to grow and innovation-driven economy strategy comes into implement. Such lawsuit will also be seen more frequently.

2. Compared with western developed countries, in field of intellectual property there is a very serious problem for China: the history of IP protection awareness is too short, only more than thirty years; and the history of real practice in IP protection is shorter, only around a decade. Therefore in the era of general technological integration and cooperation, I hope China will not miss the next precious opportunity any more, and try its best to protect the property rights of the Internet era and at the same time to encourage innovation and IP protection. China should not only improve the overall quality of patents, but put patents into practice.

3. Enact a heavier and more professional censorship on patent application;; formulate policies with a broader perspective and implement them in a

more pragmatic manner; raise patent protection fee so as to stimulate innovation; make quality and not quantity as the assessing standard.