

POLICY REVIEW

IPR infringement crackdown to usher in fairer environment

Compensation for victims to be raised and fines increased for guilty parties

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A draft amendment to China's patent law aims to strengthen the crackdown on intellectual property rights infringement by substantially raising compensation for victims, and fines for violators, which experts said will help build a fairer business environment and encourage innovation.

The draft was approved at a State Council executive meeting on Wednesday, presided over by Premier Li Keqiang, and will be submitted to the top legislature — the Standing Committee of the National People's Congress — to become law.

The move will protect the legal rights of patent holders and improve the mechanism for encouraging innovation, said a statement released after the meeting. It targets violators by increasing fines and compensation, and clarifies the responsibilities for online service providers. In the meantime, inventors and designers will receive a reasonable share of profits brought by patents they made when serving employers.

For example, the draft raises the fine range for violators from a minimum of 100,000 yuan (\$14,490) to 5 million yuan when the loss to patent holders, and the benefits gained by violators, cannot be determined. The current fines range from 10,000 yuan to 1 million yuan.

In many cases of IPR infringement in China, the average compensation is usually around several hundred thousand yuan, and it was

\$14,490

minimum proposed fine for violators of the patent law

rare to see 1 million yuan awarded in compensation, according to figures by the Supreme People's Court.

This is the fourth amendment to China's patent law since 1984, with the latest revision in 2008. The National Intellectual Property Administration started preparations for the amendment in 2014 and began to solicit public opinion at the end of 2015 after it submitted the first draft to the State Council. In March, Shen Changyu, head of the administration, said the amendment would be accelerated this year.

On Dec 5, the administration and another 37 departments released a document to punish violations of IPR, including patents. Stocks related to IPR protection in the A-share market went up by 3.52 percent to record highs since August.

Over the past 10 years, China has leapt in IPR protection. According to the World Intellectual Property Organization, China ranked first in the number of applications of patents, trademarks and industrial designs this year. In the first half of this year, the country had 751,000 patent applications, and 217,000 of them had been approved, up by 6.5 percent compared with the same period last year.

Meanwhile, the country moved up by two places to rank 25th in the International IP Index 2018, according to figures released by the US Chamber of Commerce's Global Innovation Policy Center.

A report by Essence Securities said that detailed policies were carried out this year in IPR protection, including articles in the white paper entitled "China and the World Trade Organization" released in June by the State Council Information Office. China will deepen its institutional reform and make stronger efforts to fortify IPR protection, the report said.

Since joining the WTO in 2001, China has amended the laws related to IPR, including those on patents in 2008, trademarks in 2013 and obstructing fair competition in 2017, to boost protection of such rights.

Innovation has become an enduring engine for a country's social and economic development, and IPR protection has to be fulfilled and guaranteed by legal support and penalties, said Zhang Naigen, director of the Center for Intellectual Property Study at Fudan University in Shanghai.

Zhang said more punishment for violators is expected to build a legal environment that is more beneficial for holders of such rights.

Zhang said how to promote innovation is a key agenda for China as its door opens wider, bringing more competition among domestic and international companies. New measures, including the draft amendment, are expected to build a more inviting business environment and offer conditions for more fair competition, he said.



SHI YU / CHINA DAILY

Policy digest

Measures to boost employment



The government rolled out a variety of measures on Wednesday to further spur employment, according to a guideline released by the State Council.

The guideline said authorities will prioritize employment, job creation and implement a more proactive employment policy.

The guideline includes measures to support businesses to stabilize jobs, promote employment and entrepreneurship and strengthen training services.

As part of measures to boost employment, the guideline said that companies without any, or with few layoffs, can get a 50 percent refund of their unemployment insurance premiums paid in the past year.

The government will also fully use State financing guarantees to support financing for small companies and improve the availability of loans for such businesses.

To encourage entrepreneurship, the government will extend guarantees to eligible firms and individuals in their applications for loans up to 3 million yuan (\$430,000) and 150,000 yuan respectively. Laid-off workers in areas with employment difficulties will be provided free office space to start their own businesses.

More government-subsidized training will be conducted to equip the jobless with vocational skills, the guideline said. In the next three years, at least a million young people will be trained, and intern subsidies will be expanded to those age 16 to 24 yet to find jobs.

Eligible individuals faced with difficulty in finding jobs and families without any employed members can receive subsidies for their daily expenses as they receive vocational training, the guideline said.

More support will be extended to unemployed individuals, who can register in their residential areas and apply for favorable policies in employment and starting a business, it said.

The guideline also called for local authorities to issue unemployment insurance to those in need and provide them with subsistence allowances.

Steps to enhance innovation

The State Council decided at an executive meeting on Wednesday to expand the implementation of a number of steps to better drive innovation and spur creativity.

According to a statement released after the meeting chaired by Premier Li Keqiang, the country will extend the implementation of a number of reform measures nationwide to mobilize innovation resources, incentivize innovation activities and nurture new drivers of growth.

Such measures have been piloted in eight Chinese cities and regions, including the Beijing-Tianjin-Hebei region, Shanghai and Guangdong province.

The measures include ones that are designated to incentivize the commercialization of R&D findings. Universities and research institutes will be encouraged to participate, through commercial deals, in business research on technological breakthroughs. Professional managers will be encouraged to take part in the whole commercialization process.

More innovation in financial technical services will be encouraged so that there can be more financing channels for small and medium-sized tech companies, including asset-light firms and firms yet to make a profit. Local government equity funds will be channeled to support seed and early stage high-tech startups. Insurance companies will be encouraged to develop products that cover patent enforcement and patent infringement to forestall patent holders' losses from intellectual property rights violations.

Market-based operations of State-owned scientific research bodies and equipment will be promoted. Mechanisms will be established to allow for innovation-related decision-making on a trial-and-error basis, the statement said.

It was also decided at the meeting that three reform measures will be piloted in eight cities and regions. Among the measures, researchers will be allowed to claim a certain percentage of their research findings. Colleges that are not under the direct jurisdiction of the Ministry of Education will be allowed to bring in talents and conduct evaluations on professional titles on their own.



The meeting also passed a draft regulation on emergency responses to work accidents. The regulation prioritizes emergency responses in key areas and for major accidents, and made clear requirements for training and the development of first-response teams.

XU WEI

POLICY RESPONSE

Traffic accidents, environment and prices among key topics of concern

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Several ministry-level departments, public security, ecology and environment, and industry and information technology, have responded recently to issues of public concern.

Green light for road safety



The Ministry of Public Security said on Friday that it has launched a nationwide campaign to reduce road accidents during the winter.

Police across the country will step up traffic management, dealing with offenses and control to provide the public with a better traffic environment, the ministry said.

Offenses such as driving under the influence of alcohol and using fake license plates will be targeted, and checks on key roads will be stepped up, it said, adding that minivans in rural areas will be another key target of the campaign.

During the campaign, police across the country will increase coordination to step up law enforcement.

Better broadband on offer

The Ministry of Industry and Information Technology said in a notice on Thursday that it will launch a one-year campaign targeting monopolies of broadband services in business buildings.

The campaign will protect the

legitimate rights of users, better the development of small and medium-sized enterprises and support the development of the digital economy, the ministry said.

According to the notice, telecommunication service providers cannot sign exclusive service agreements with real estate developers and property management companies. Businesses must freely choose their broadband service providers.

It also required telecommunication giants to organize their subsidiaries to find out if they have such problems, and to enable them to provide more standardized services.

The ministry required its departments to step up law enforcement in commercial buildings and punish violations by service providers.

They should also step up coordination with departments of housing and urban-rural development to respond to the concerns of customers, the notice said.

The move came after reports that some broadband service providers in Beijing monopolized services at some office buildings and forced the owners of some small businesses to leave.

The ministry said the Beijing Communications Administration is now investigating, together with other departments.

Companies punished

The securities regulator punished three companies for price manipulation and insider trading in an effort to protect the interests of retail investors.

The China Securities Regulatory Commission has imposed fines totaling 1.11 million yuan (\$160,700) on three companies in its latest crackdown on illegal market operations.

Gao Li, a spokesman with the commission, said that the authority has always maintained a tough stance against financial market violations.

Thanks to the enhanced crack-

down, cases of "rat trading", known as front-running in the United States and European markets, slumped 50 percent year-on-year in the first half of 2018, he said. Such trading sees fund managers buying shares for themselves in a company that their firm is going to invest heavily in.

China has vowed continued efforts to prevent various financial risks and foster a healthy investment environment, with the country's two major stock exchanges having already released rules to force companies to exit the equity market for serious law violations.

Environment crackdown



The Ministry of Ecology and Environment said on Saturday that some 2,177 people from 10 provinces had been held accountable in the country's latest environmental inspections.

As of Thursday, inspection teams sent by the central government had dealt with public complaints concerning 38,133 cases in the 10 provinces, including Shanxi, Liaoning, Jilin, Anhui and Shandong.

So far, local governments have handled 26,873 cases and imposed fines of 214 million yuan (\$31.2 million). Some 88 people have been detained for violations, the ministry said.

The inspection teams also made public 27 typical cases regarding formalism and bureaucracy in environmental protection enforcement.