

POLICY REVIEW

IPR protection to boost competitiveness

Domestic focus on research and development key driver of efforts

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China's heightened protection of intellectual property rights is part of its efforts to help businesses shore up their competitiveness and boost spending on research and development, rather than a result of pressure from other countries, industry experts and lawyers said.

The general offices of the Communist Party of China Central Committee and the State Council published a guideline on IPR protection on Nov 24 that pledged harsher penalties for IPR violations and greater focus on protecting rights in emerging sectors.

Chu Xiang, an associate professor of intellectual rights protection at East China University of Political Science and Law in Shanghai, said the latest guideline exemplifies the country's commitment to developing a business environment that can help businesses boost research and development and improve their competitiveness.

"It will help businesses maintain their cutting edge in global competition," he said. "Only by offering businesses a strong protection mechanism can we give them the incentive to boost investment in research and development and improve their competitiveness."

The guideline highlighted the importance of IPR protection in emerging sectors such as the development of new varieties of plants and chip designs. It also called for efforts to explore the establishment of a system to deal with the relationship between the market approval of a generic drug and the patent status of its branded equivalent, and a drug developer's right to a patent extension based upon regulatory review.

Stronger IPR protection will be enforced on the broadcasting of sports events. The formulation of IPR protection rules for cross-border e-commerce will be accelerated, along with management standards for e-commerce platforms.

Chu said emerging sectors have seen more IPR disputes than other areas in recent years, and a lack of legislation covering them has made rights protection difficult.

He gave the example of big data protection, where academics have expressed different views on the best way to protect rights owners. Some scholars have said the owners of big data should be entitled to certain rights, while others have said proper aid can be extended to owners through amendments to the Anti-Unfair Competition Law.

"In the meantime, different courts have also handed down different verdicts in similar cases. The tendencies shown by judicial authorities can affect the development of a whole industry," he said, adding that the guideline provides a strong response to such problems.

Gan Shaoning, deputy head of the National Intellectual Property Administration, told a news briefing on Nov 25 that China cannot achieve the transformation of its economic growth model and enable innovation-driven development without adequate protection of IPR.

He said accusations made by some countries about China's IPR protection are groundless, and the Chinese



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government offers a level playing field for domestic and foreign business in IPR protection.

The guideline called for the introduction of a punitive compensation system for infringements of patents and copyrights to be accelerated. It also said there should be more protection for trade secrets, confidential business information and related source codes.

It set a target of effectively curbing frequent violations of IPR and reducing the difficulties faced by rights holders in defending their rights before 2022. The subsequent goal is to create a business environment

with a strong IPR protection capacity and respect for the value of knowledge by 2035.

To boost the level of protection, the guideline urged the authorities to study the feasibility of making a fundamental law on IPR and accelerating efforts to revise laws on patents, trademarks and copyrights.

It urged the authorities to consider measures including the confiscation of illegal gains, destruction of counterfeit products and imposition of bigger administrative fines.

The guideline also stressed the need to unify judicial standards, saying that steps will be adopted to solve

difficulties faced by rights holders in providing evidence.

It also called for greater international cooperation in the IPR area, including more sharing of the outcomes of patent examinations and the approval of new varieties of crops. To better protect the legitimate rights of Chinese businesses overseas, an early warning and prevention mechanism for IPR disputes overseas will be established, in addition to a dispute settlement mechanism.

Lin Wei, a partner with Dare & Sure Law Firm in Beijing, said the guideline is part of the country's efforts to adapt to the change in its economic

structure rather than a result of pressure from other countries.

He said China's enhanced IPR protection efforts can be seen in a number of areas, including higher compensation ceilings and the patent system being brought more into line with international standards.

China is closing the divide with developed countries in fifth-generation communications technology, big data and artificial intelligence, and it is important for the country to transform its role from simply accepting international rules to becoming a contributor to global rule-making, Lin said.

Policy digest

Trade guideline sets targets for 2022

China will take measures to forge new competitive advantages in trade and push forward with high-quality trade development, according to a guideline published on Thursday.

The guideline, jointly issued by the Communist Party of China Central Committee and the State Council, said that by 2022, China aims to have an optimized trade structure and notable improvement in trade efficiency, and set up an evaluation system for high-quality trade development.

To consolidate the industrial foundation for trade development, the guideline stressed the need to speed up the development of modern services, especially production-related services. It also said modern services should be deeply integrated with advanced manufacturing industries.

The guideline said trade in high-quality and high-tech products with high added value should be boosted significantly to optimize the commodity structure.

In order to accelerate the development of intelligent manufacturing, China will gradually advance from processing and manufacturing to research and design, marketing services and brand management, thus generating more added value through exports, the document said.

The guideline also urged coordination of the development of trade and the environment, with strict controls on the export of products that produce lots of pollution and consume large amounts of energy.

China will push forward with the construction of comprehensive cross-border e-commerce pilot zones, and successful experiences and practices will be replicated and promoted, it said.

The guideline said the establishment of platforms and systems can play a supporting role for trade, and called for efforts to continuously improve the international influence of the China International Import Expo, the world's first import-themed national-level expo.

It also required more efforts to deepen reform and opening-up in order to create a business environment that is law-based, internationalized and business-friendly.

Cabinet tightens grip on fixed-asset investment

The State Council unveiled measures to tighten its grip on capital funds used for fixed-asset investment projects in a notice released on Wednesday.

It said management of capital funds in corporate and government-backed fixed-asset investment projects in China should be framed by more thorough systems.

Improving current systems requires categorizing such projects to implement different accounting and management standards. The ratio of capital contribution also needs to be clearly defined, depending on the nature of the investment project, the notice said.

The minimum ratio for some infrastructure projects will be adjusted. It will be lowered from 25 percent to 20 percent for port, coastal and inland water transport projects, but remain at 25 percent for airport projects.

To further support major fixed-asset investment projects, the notice added that the State Council encourages legal and legitimate fundraising channels, while calling for stringent regulation, including efforts to guard against possible risks.

The notice will apply to investment projects not approved or put on record as of Wednesday. Projects that had already started related procedures but had not started or received loans from financial institutions will be able to adjust their fundraising plans according to the notice and reapply for approval and the filing of records.

It does not apply to projects that had already signed loan contracts with financial institutions.

Xinhua contributed to this story.

MO JINGXI

POLICY RESPONSE

School food safety and early childhood development addressed

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Several ministry-level departments, including those responsible for education and health, have recently responded to issues of public concern.

Long-term mechanism to keep school food safe

China will establish a long-term mechanism to ensure food safety in primary and middle schools and



kindergartens, the Ministry of Education said on Nov 25.

In order to improve students' awareness of food safety, the ministry said information about food safety and nutrition will be included in teaching programs.

The ministry also called for more training of administrative staff in pilot areas, where a plan to strengthen nutrition improvement is being carried out, to promote their ability to give guidance and supervise food safety.

It said 417,000 of China's 515,000 middle and primary schools and kindergartens have introduced a regulation that requires school officials to accompany students during each school meal and eat the same food.

It also said that 398,000 of the schools and kindergartens have set up parent committees to supervise food safety and 340,000 have made

their canteen cooking processes public so that the standards of food preparation practiced can be verified.

Child health service network established

China has established a service network for children's health that involves community medical institutions, maternity and child health institutions, children's hospitals and pediatric departments in general hospitals, the National Health Commission said on Nov 26.

Health services play an indispensable role in promoting children's early development, Yu Yanhong, a senior official with the administration said at an international seminar in Beijing.

The network offers healthcare services starting from pregnancy to promote children's physical, psychological, cognitive, emotional and social development, Yu said.



To deal with challenges such as inadequate and unbalanced health services, Yu stressed the importance of spreading knowledge to raise public awareness of children's early development and strengthening training in relevant institutions.

Children's early development refers to the all-around development of children up to age 8.

Central bank prevents and defuses financial risks

Positive progress has been made in

preventing and defusing financial risks over the past year, the People's Bank of China said in a report released on Nov 25.

The 2019 China Financial Stability Report said the central bank has worked with related departments and implemented policies targeting different kinds of financial risks to ensure the financial market and institutions perform smoothly.

Financial markets are highly sensitive to global trade situations and rising uncertainties in global liquidity, the report said.

Faced with complex situations at home and abroad, the central bank will continue to stabilize the financial system and strike a balance between stable growth and risk prevention, it said. It will also properly handle and defuse all kinds of potential risks and prevent the triggering of systemic risks so that the legitimate rights and interests of the public will be protected, the report said.