



ClearViewIP

An International

INTELLECTUAL PROPERTY CONSULTING & BROKERAGE FIRM

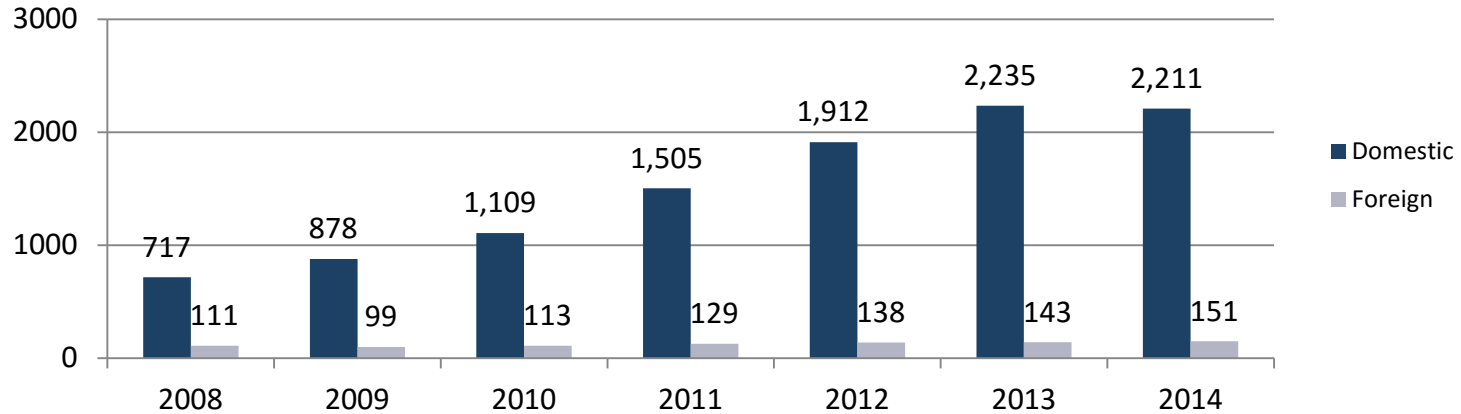
Trends in IP Development in China

Tim Butler / Wenlong Qian

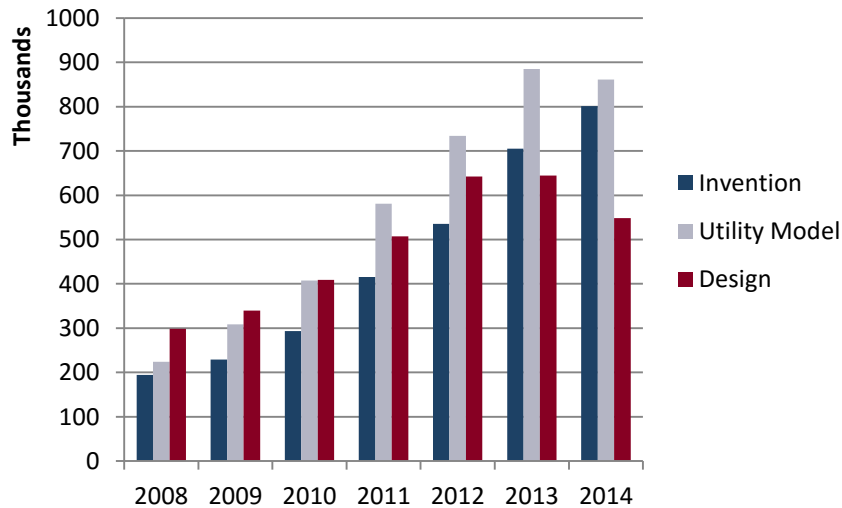


Patent Filing – Startling Growth

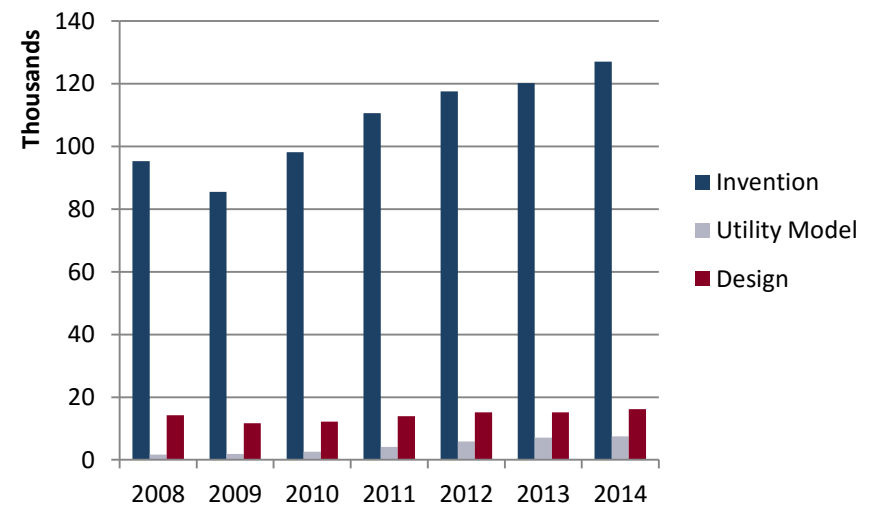
Patent Filings 2008-2014



Filings by Domestic Applicants



Filings by Foreign Applicants



Reasons for Increased Filings

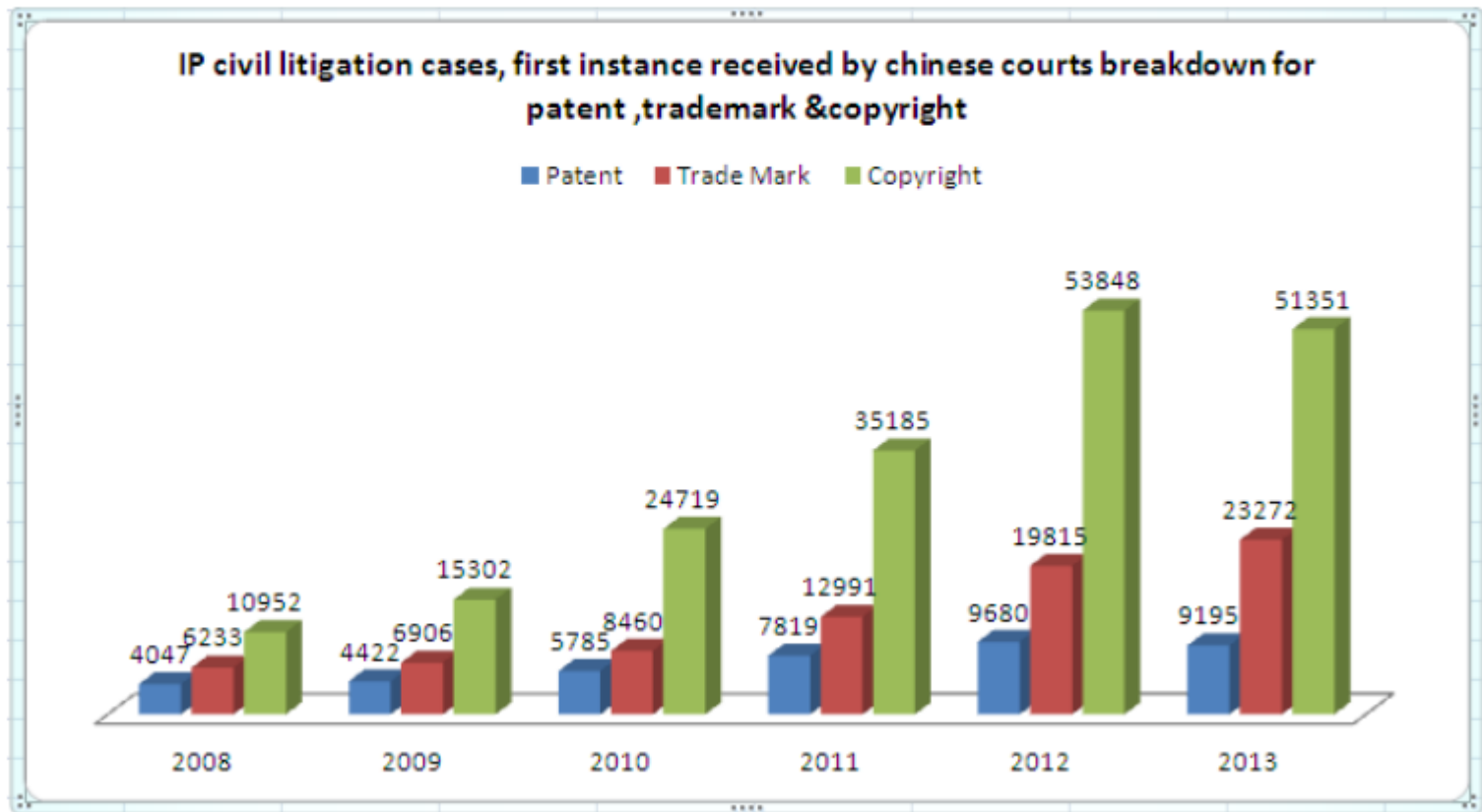
- Started from low baseline
- Increased investment in R&D
- Financial incentive by the government
 - Subsidize for filings
 - Tax discount/return
- Filings by universities/research institutions
- Increased awareness of IP protection
- Quality v. Quantity?



IP Litigations

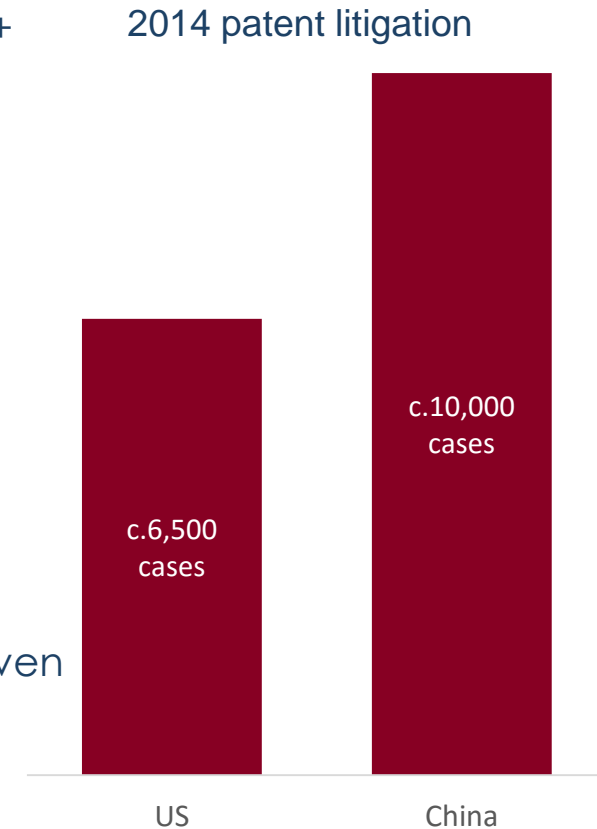


Overview



China - most litigious country in the world (IP)

- **Huge number of active patents**
 - As of July 2015, Over 5 mil active patents, of which 1.3+ mil are invention patents
- **Cultural**
 - IP infringement not regarded as serious offence
 - Used to instigate negotiation
- **Inexpensive, both to litigate or infringe**
 - First instance, attorney fee £20-200k
 - Low damage typically awarded, injunction relief very rare
- **Quick**
 - 1st instance, normally within one year; 2nd instance, even quicker
- **Huge Market – set off to become the largest**
 - 1.4 billion population



Challenges for IP litigators in China

- Perceived lack of transparency and consistency
- Difficult to collect evidence (both for infringement and damages)
- Low damage (but increasing)
- Difficult to enforce
 - Uneven development of IP protection geographically
- Heavy workload in new IP courts
 - Estimate 220 cases/judge annually in Beijing IP Court (Source: SANYOU IP Group)



Patent Licensing

- Proves difficult for western companies
 - Anti-Trust / Anti-Monopoly Law
 - Qualcomm
 - Interdigital
 - Microsoft/Nokia



Patent Transactions

- Most dynamic market for IP transactions
 - Fast paced business culture
 - For some, IP power far behind market position
- Two different sets of buyers
 - Buying for portfolio size
 - Strategic buyers



Patent Transactions – Domestic Market

- Very low patent sales prices
 - Majority between £500 - £5000
- Patent not seen as a protection for business
- Financial incentive from the government
 - No. of patents is an important measure to be qualified as high-tech companies
- Opportunity to monetize low quality assets
 - Lots of willing sellers



Patent Transactions – Top Players

- Companies entering into US/EU market
 - Concerns about FTO & weak IP positions
 - IP seen as important strategic lever
 - Awareness of need to counter strike
- Significant budgets allocated but not fully deployed
- Discriminating but will pay for quality
- Volume is also important
- Starting to look into monetization



Considerations for Western Companies



Threats

- Strong competition from companies combining manufacturing base with their own technology
- NPE risk in the future?

Opportunities

- Companies eager for collaborations to develop their own expertise
- IP protection improving in huge market

- China-specific patent strategy tailored to a company's specific needs is required





ClearViewIP

An International

INTELLECTUAL PROPERTY CONSULTING & BROKERAGE FIRM

info@clearviewip.com | www.clearviewip.com | +44 1962 280 100 | Follow us on:



www.clearviewip.com

Copyright 2015 © ClearViewIP Ltd. All Rights Reserved.

