

Reflecting on a successful IPBC China

Companies across Asia are beginning to put much greater emphasis on intellectual property as a major business asset. The IPBC China in Beijing last December provided a forum for them to learn more about how to develop effective value creation strategies

By **Joff Wild**

The IP Business Congress (IPBC) China, which took place between 2nd and 4th December 2012 in a chilly Beijing, attracted just over 450 delegates, 60% of whom were senior representatives from domestic Chinese companies. Over the course of the event, they heard a world-class line-up of speakers – comprising chief IP officers (CIPOs) and other senior corporate IP managers, patent aggregators, non-practising entities and intermediaries – discuss cutting-edge IP value creation issues, especially as they apply to IP owners based in China and the rest of Asia.

On the evening of 3rd December, a gala dinner took place at which the recently announced China IP Champions – Chinese corporates with a world-class strategic approach to intellectual property (see *IAM* issue 57, pages 49-58) – were honoured. Representatives from more than 20 of the 33 companies selected were present to receive their Champions certificates.

Although a large number of subjects were covered in detail over the three days of the event, some of the overall takeaways included the following:

- It is not right to think of IP value and transactions solely in terms of US patents. For big players, global

portfolios are attractive for other than defensive reasons. For those that take the time to understand individual national systems, there are always points of leverage which can be used to bring potential, but reluctant, licensors to the negotiating table.

- Buyers, sellers and intermediaries clearly see significant opportunities in Asia. Companies in the region are more interested in acquiring patents as they expand into new territories and technologies; while national funds are also getting involved. Local patents are becoming a larger component of deals that are being done.
- That said, Asia generally – and China specifically – lacks third-party IP value creation expertise. There are some aggregators, intermediaries and IP strategists operating in the region, but in general Asia lags behind both Europe and North America. For Asian IP owners, that could prove problematic in the medium to long term as they seek to expand and enhance their IP strategies locally and internationally.
- The fledgling transactions market in China is growing in importance and companies will often need patents in order to operate there. If they do not already own them, they will have to license or buy them. This is being helped by the fact that confidence in patent enforcement is growing – and patents are worth having as a result.
- One significant problem in China, however, is that the vast majority of domestic applicants are far keener on quantity than quality. Assisted by government subsidies, they are happy to apply for patents, but will not invest any significant sums in the process. This means not only that there are a lot of very

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poor patents out there (especially non-substantively-examined utility model and design patents), but also that the Chinese patent office finds itself under huge pressure in terms of the applications it receives – which in turn means that those who are keen to prioritise quality have to wait longer for their grants. Also, many patent attorney firms have not developed significant expertise, because clients do not demand it.

- In terms of levels of sophistication, there is a huge range among Chinese businesses. There are, of course, the Champions at the top; but below them, awareness of intellectual property and willingness to invest in it taper off relatively quickly. That said, IP knowledge is developing rapidly. China is on the same kind of journey, from workshop to innovation, that jurisdictions such as Japan, Korea and Taiwan have previously undertaken – but it is happening more quickly and under more intense worldwide scrutiny. Nothing that is happening now in China, in terms of infringement, piracy and counterfeiting, has not happened elsewhere before. But it has never before happened in the internet and digital age.
- Intellectual property is a business and the CIPO role reflects that. Horacio Gutierrez of Microsoft told delegates that around 50% of those who report to him directly are non-lawyers, but instead specialise in areas such as finance, strategy and deal making; while two other CIPOs who took part in the event and run big-ticket monetisation programmes for their companies – Paul Melin of Nokia and Kasim Alfalahi of Ericsson – do not have formal legal qualifications. Another panellist in the CIPO plenary session, Andrew Sant of Crown Technology, has a background in physics rather than the law.

When we began planning for the IPBC China, we thought that getting 350 people to come along would be a great success, and that it would be fantastic if 50% of those were based in mainland China. So the turnout that we got and the level of buy-in secured from Chinese corporates were immensely gratifying. In fact, it would be fair to say that the IPBC China exceeded even our wildest expectations. Many thanks to all sponsors, speakers and delegates for making the event the success it was. Our thoughts now turn to the global IPBC taking place from 9th to 11th June in Boston, before we return to Asia in November.



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- 01 Networking break in the exhibition hall
- 02 Guests assemble for the China IP Champions Gala Dinner
- 03 Jim Brelsford of Sandisk (right) makes a point in the “Building IP value” plenary session, as fellow panellists (from left) Paul Melin, CIPO of Nokia; Paul Fehlner, global head of patents at Novartis; Roger Shang, chief patent and technology counsel at Alibaba; and Guy

- Proulx, CEO of Transpacific IP) listen on “The role of the CIPO” plenary in full swing. From left: Kasim Alfalahi, Ericsson; Andrew Sant, Crown Technology; Horacio Gutierrez, Microsoft; Crystal Chen, Tsai, Lee & Chen (moderator); Ruud Peters, Philips IP & Standards; and Bill Coughlin, Ford Global Technologies
- 05 A packed audience at the “Key issues in IP



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- 06 valuation” breakout
- 06 Representatives from some of the China IP Champions who received their awards at the Gala Dinner
- 07 Guy Proulx, CEO of IPBC China platinum sponsors Transpacific IP, opens the IP Champions Gala Dinner
- 08 Participants in the “Inside China’s leading IP companies” plenary (from left): Yang Xu

- (Simcere); Haibo Wang (ZTE); Perry Wu Yang (Liu, Shen & Associates, moderator); Xuehong Zhang (Datang); Kai Wu (Goldwind); Parker Zhang (Baidu); and Xuri Yang (Founder Group)
- 09 Panellists in the “IP acquisitions market in Asia” (from left): Song Shang, (Shenzhen ZhongQing Digital Equipment Co Ltd); Don Merino (Intellectual Ventures); Ai Kwok

- (Guangdong-Hong Kong International Science Park Alliance); Yuliang Huang (Generon (Shanghai) Corporation); and Kenneth Choy (Edwards Wildman Palmer, moderator)
- 10 IAM reporter Justin Kung interviews Hugo Wang, director of patents at Tencent
- 11 IPMG group publisher Gavin Stewart (top right) welcomes delegates to the opening reception