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Import/Export: China vows crackdown on piracy

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China vowed in early March to crack down on intellectual property theft. This after the Starbucks chain won a suit against a Chinese imitator, and GM settled in November with Chery, a Chinese company that virtually reproduced the GM spark, unlicensed.

Those two high-profile cases, plus mounting complaints to the World Trade Organization, and mounting defenses from the US Department of Commerce, have apparently influenced China to reform its piracy laws.

While Starbucks and GM triumphed, Jiang Zhipei, chief justice of China's Intellectual Property Rights Tribunal, chides foreign companies for complaining, but taking no action. "Otherwise, the judge will have no means to punish them," said Jiang in a press conference. Foreign companies have been surprisingly cautious about taking Chinese pirates to court, or divesting their positions in the large and emerging Chinese market. GM continues to sell in China, as does German company Siemens, which has complained of rampant piracy of its power plant and semiconductor technologies, yet still maintains plants in China.

Jiang acknowledged his developing country's need for foreign-born technology, and cites pressure from the World Trade Organization as the motivator for China to reform its court system. The Office of the US Trade Representative estimates that US companies lose \$3.8 billion to Chinese piracy. German sources estimate that nearly 70 percent of illegal copycat products come from China, for a \$300 billion market. Knockoff Vuitton handbags and pirated DVDs are one thing. But piracy in China has expanded into automobiles such as the GM Spark, **railway systems from Transrapid**, and power plant technology from Siemens.

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Jian released few details of the reforms, but cited training of local judges, and allowing more courts to handle piracy cases.

The timing is good – in November, U.S Commerce Secretary Carlos M. Gutierrez announced a China Intellectual Property Rights Advisory Program that will allow U.S. small and medium-sized enterprises (SMEs) to request free, one-hour consultations with experienced volunteer attorneys to learn how to protect trademarks, patents or copyrights.

Gutierrez announced the new program, developed in coordination with the American Bar Association, the National Association of Manufacturers (NAM), and the American Chamber of Commerce in China.

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