

## **PARTNERSHIPS BETWEEN ACADEMIC INSTITUTIONS, THE PRIVATE SECTOR AND OTHER COMMUNITIES OF INTEREST**

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Cooperation between business and universities in IPR education and research is a well-known practice in countries with mature, solid IP-systems. Philips is active in this area, too. We contribute with our people and expertise to IP-programs at several Universities by giving guest lectures or being part of the structured curriculum e.g. at Leuven University in Belgium.

Today, however, I would like to focus my speech on the positive role business can play in IP-education in countries that are building up their IP-system. After all, the positive impact of business in IP education is even more important in emerging economies than in developed regions such as North America and Europe. I will focus on China, as Philips actively cooperates with various prestigious Chinese universities, offering IPR courses to students.

But allow me to start with a brief statement on why and when countries want to build up a solid IP-system. As you all know, the development of local knowledge that needs to be protected is a critical factor for a country in its decision to design and implement such a system. That was the case in Europe and North America in the nineteenth century and in Japan and Taiwan in the twentieth century.

Over the last few decades, however, we have entered the era of digitalization, of the internet, of globalization. International flows of goods, services and capital have increased tremendously. In this context, a country has another strong incentive to build up a well-functioning system of IP: such a system is a great facilitator of foreign investment and it is one of the conditions to participate on equal footing in the international trade system.

That's why China now has two incentives to build up its IP-system, a local and an international one. On the one hand, it is rapidly creating its own knowledge, be it knowledge from local Chinese high-tech companies or from Chinese R&D subsidiaries of multinational companies such as Philips. On the other hand, China's membership of the WTO – including TRIPS – confirms its commitment to a strong Chinese IP-system in its endeavour to optimize its international economic relations.

The local and international factors interact and indeed reinforce each other. A well-functioning IP-system stimulates direct investments by foreign companies. This foreign investment in turn enables transfer of technology and fosters R&D-cooperation of local Chinese companies with foreign partners, both inside and outside China. As a result, the transfer of foreign technologies and IPR to China receives a boost, which in turn fosters the generation of local technologies and

IPR. An efficient and well-enforced system of IP protection will create an environment of technology exchange and will strengthen China's international competitiveness.

Building up a solid, well-functioning IP-system, however, is easier said than done. This is especially true in a country such as China where, until only a couple of decades ago, there was hardly any IP awareness at all. In fact, the Chinese authorities have put in place a legal IP-framework in a remarkably short period of time and we should all recognize that this is a major achievement. But a legal framework is only the first step. Without a just, efficient and coherent implementation of such a legal system by the competent authorities, its value remains limited. One of the main factors determining the degree of efficient implementation is awareness in society about the value of IP-protection. It is on these issues of implementation and awareness that Philips' cooperation with Chinese universities has an impact.

Let me first explain that it is no coincidence we have chosen China for our agreements with universities to teach courses of IPR to their students. Philips has an important interest in China. Over the last two decades, Philips has invested 3.4 billion U.S. dollars in the country. Nationwide, Philips employs 20,000 people in its 35 fully or partly owned Chinese companies. Philips has established 18 R&D laboratories in China, which have already generated 900 'Made in China' patent applications for Philips.

Philips liberally shares many technologies with third parties, for example through pure patent licensing or technology licensing. China is no exception to this rule. A solid IPR System in China is essential for Philips as well as other innovative companies if we want to share our technologies in a commercially sustainable way. That's why the business unit within Philips that I work for, Philips Intellectual Property & Standards – Philips IP&S, for short – employs more than 40 people in China.

As to the defence of our IP, we have a two-pronged IP strategy in China. On the one hand, we defend these rights in China - as we do in other countries – against infringement when it occurs. We all know that in this respect, companies such as Philips still have a lot of defending to do, because infringements are not infrequent. On the other hand, we actively support the Chinese authorities in improving the implementation of the young IP-system and in increasing awareness of IP, an awareness that obviously should foster more respect for IP

For example, Philips cooperates closely with local and national authorities to fight counterfeiting. We meet regularly with customs authorities to solve practical problems and organize workshops for customs officers to explain how counterfeiters work and how to distinguish fake from genuine goods. We also organize regular meetings with journalists in China about IP-issues.

We have also included the academic world in this general effort. To support the Chinese government in enhancing both the IP-knowledge-base and the awareness of IP in China, Philips has set up local IP Academies at three Chinese universities. The aim of these IP Academies is to share international IP expertise with Chinese students. An IP Academy includes IP Courses given by IP experts from Philips, a scholarship program, an IPR research program and an exchange program for EU and Chinese professors. The financial commitment is about 100.000 \$ a year per Academy. In 2004, Philips signed Agreements with Renmin University, Tshinghua University - both in Beijing - and Fudan University in Shanghai. The courses at Renmin and Tshinghua started in September 2004; the course at Fudan University will start in September 2005. Topics taught so far include IP law, patent law, copyright, trademarks, design rights, trade secrets, international IPR-treaties and the role of Patent Attorneys.

The IP-academies provide a clear example of win-win cooperation. The universities can tap into the broad knowledge of international IP law and practice within Philips. What's more, many of the teachers provided by Philips IP&S have experience in teaching IP-issues inside and outside our company. We think this offers great value to Chinese universities and students, as the number of Chinese experts in international IP law and especially practice is necessarily still rather limited.

For Philips, our IP Academies are an excellent way of fostering the implementation and awareness of the legal IP framework in China. For companies and governments alike, when discussing IP-issues, it is vital that we speak a common language. By educating hundreds of young Chinese leaders in the basics of IP, we are helping to create a group of IP-professionals in China that speaks the same language as the rest of the international IP-community. At the same time, after their courses at our IP Academy, all students have a much deeper understanding of the importance of a solid IP-system and they will transmit this new understanding to other students and – in the future – to their colleagues.

At the same time, these courses provide a clear proof-point for Philips' positive and pro-active attitude towards the improvement of China's IP-system. Of course, we defend our IPR in China against infringements, and we do so vigorously if and when needed. But we do not want to take a 'wait-and-see' attitude to the improvement of the IP-system in China, just leaving all the work to others. To the contrary, we want to be part of the solution and our IP Academies are just that.

We developed our own basic Philips teaching book for the course, 'Welcome to the Intellectual Economy', but – and I have to mention this on a WIPO-conference – we also used WIPO's 'Intellectual Property Handbook: policy, law and use'.

The programs have been open to all undergraduates, with a reasonable level of English as the only requirement. Therefore, we received students with many different backgrounds: legal, science and English language. Most students liked the teaching methods of our people, who tried to engage the students actively in the classes, a method many Chinese students are not very familiar with. Whatever their background, the students were all extremely motivated.

Feedback has been very positive so far. Although the average knowledge of IP among students was limited, they showed a great interest in the differences between Chinese IP law and European or American law and they wanted even more case studies than we had already included in the course. We also learned that in our teaching, we emphasized patents a bit too much, so we will also focus on copyright and trademarks in the future.

Yes, cooperation between business and universities can be beneficial to both, especially in emerging economies where the IP system needs to be strengthened. Philips' experience with its IP Academies in China shows that win-win cooperation between companies and universities can be an integral part of strategies to improve the efficacy of the local IP system, benefiting innovative local and international companies as well as the local economy as a whole.

Thank you very much for your attention.

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