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**WIPO ASIAN REGIONAL SEMINAR ON AN
INTELLECTUAL PROPERTY STRATEGY FOR
SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)**

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FORMULATING PATENT MANAGEMENT STRATEGIES FOR AN ENTERPRISE;
TURNING NEW IDEAS INTO COMMERCIAL PRODUCTS

*Document prepared by Mr. Lu Guoliang,
Deputy Director General, International Cooperation Department,
State Intellectual Property Office (SIPO), Beijing*

Patent Protection for Small and Medium Sized Enterprises

Lu Guoliang
Deputy Director General
International Cooperation Department
**State Intellectual Property Office of People's Republic of
China**

The Role of Patent System

The nature and the purpose of patent system are to protect and promote the development of science and technology and promote the dissemination and use of science and technology.

Challenge Faced by enterprises in China

- China has been moving from planned economy towards market economy and in the direction of fully hooking with the international market operation rules and common practice in the fields of finance, trade, intellectual property and so on.
- Today, Chinese enterprises are facing not a self-enclosed domestic market, but an open international market. The vigorous market mechanism encourages orderly and legitimate competition.

Challenge Faced by enterprises in China

- Small and medium sized enterprises, due to their stringent conditions in manpower, finance and material, rely more on patent protection for market success.

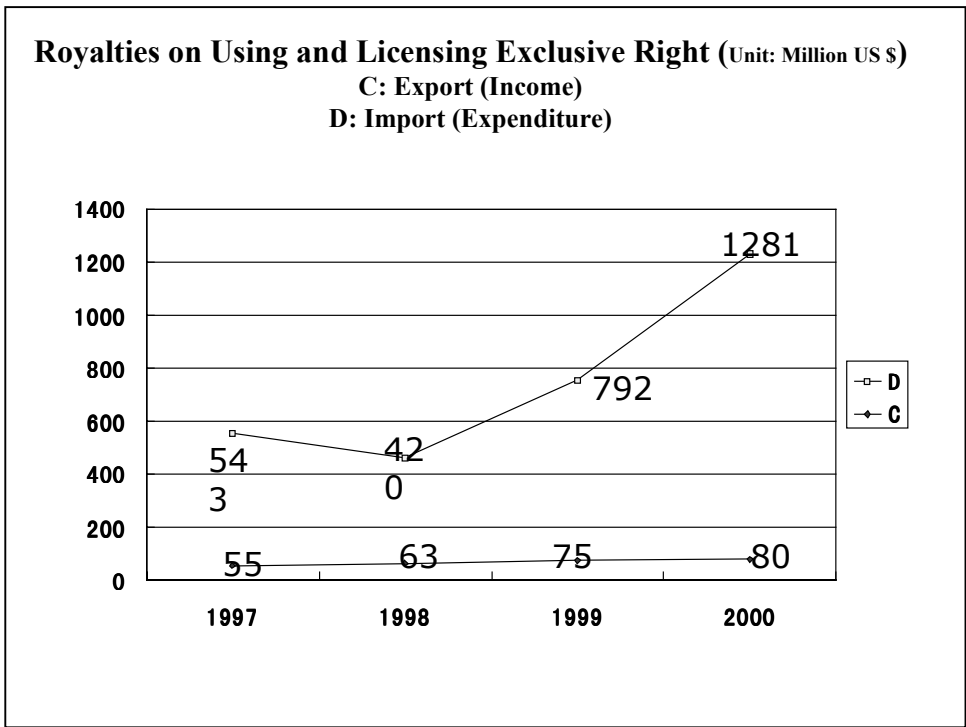
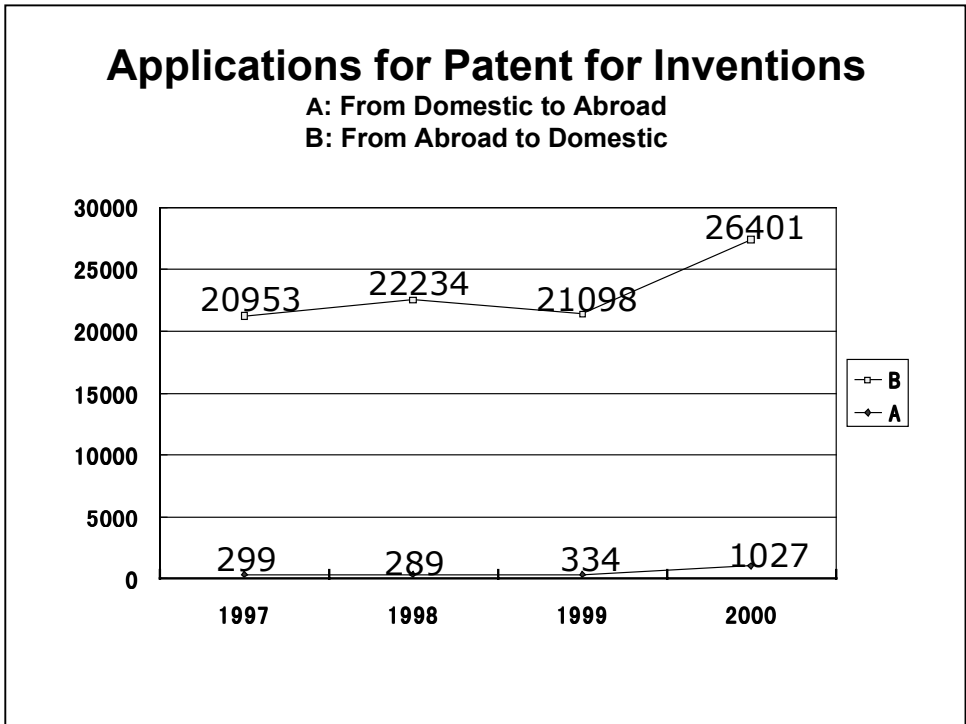
? . Modern technical progress versus space for development of enterprises: *IP environment of enterprises in China*

Patent for inventions, as an important index, indicate the achievements in science and technology for the features of high values on technology, more expenses on R&D, and internationally recognized for comparison in technology.

? . Modern technical progress versus space for development of enterprises: *IP environment of enterprises in China*

In recent years, more and more expenses were spent on R&D in China, with 89.6 billion RMB in 2000, increased by 17.9% than that in 1999. However, the patent application amount didn't indicate the appropriate growth of technological achievements for the expense spent.

In 2000, 60.3% of R&D expenses of the whole country were given to enterprises, however applications of patents for inventions filed by enterprises only accounted for 30% of the total domestic applications of patents for inventions.



? . Modern technical progress versus space
for development of enterprises

**2. Establish innovation encouraging mechanism,
open a new window**

Small and medium sized enterprises are of strong flexibility and close to market needs, by following the market needs and monitoring the market trends, they may discover potential opportunities, upon grasping which, timely R&D is started, followed by new products or new process to meet the potential needs.

**II. Function of Patent System For Small and
Medium Sized Enterprises to Participate in
Market Competition**

1. Offering equal opportunity in market competition

The patent law provides recognition and protection for rights of inventions-creations. The patentee all enjoy equal rights, despite financial or capital or national status. Identical and equal right are granted to small domestic enterprises as to large transnational companies, they enjoy the same opportunities in technical competition and patent system.

II. Function of Patent System For Small and Medium Sized Enterprises to Participate in Market Competition

2. Efficient configuration of resources

The patent system makes it possible for the small and medium sized enterprises to effectively deploy and utilize the resources. Patent features in their sufficient disclosure, based on which small and medium sized enterprises can exert their advantage to make improvements and renovations.

Patent protection, combined with technical innovation, will help small and medium sized enterprises to better use the resources.

II. Function of Patent System For Small and Medium Sized Enterprises to Participate in Market Competition

3. Timely recovery of R&D investment

A typical example:

Goodboy Group, registered in Kunshan City, Jiangsu Province of China, invested over a million dollars in R&D programs each year. To guarantee lasting progress of the Group, more than 660 Chinese patents had been filed pertaining to children's products.

II. Function of Patent System For Small and Medium Sized Enterprises to Participate in Market Competition

4. Holding steady market share

A typical example:

Wuxi Lift Decoration Company is a small sized company and has only one hundred employees.

The Company has closely tracked the development both at home and abroad, concentrated on further innovations, new processes on carving and plating, etc., were invented recently, and six new patents have been filed correspondingly. Market place and future development space are secured, good economic benefits, obtained.

III. Patent Strategy of Small and Medium Sized Enterprises

1. Improvement of innovation encouraging mechanism

The Patent System provides impetus for efficient renovation, guaranteeing the opportunity for the patentee to recover best profits. Invention-creation activities in enterprises should be inspired, the importance of patent should be addressed, the innovation-encouraging mechanism should be consummated, leading the patent-related activities into favorable cycle.

III. Patent Strategy of Small and Medium Sized Enterprises

2. Filing patent application in time

When making a choice between patent and trade secret or know-how for their technological achievements, the following criteria must be taken into account:

- a) Self exploitation vs. possible licensing;
- b) Whether there are competing patents on the subject;
- c) Coordination between present capability and future target;
- d) Defensive disclosure of creations in a minor nature;
- e) Time for filing, etc.

III. Patent Strategy of Small and Medium Sized Enterprises

3. Valuing patent information

Patent information has three aspects, namely, the technical aspect, the legal aspect and economic aspect. Through patent documentation, the latest development and the history of the technical field can be summarized, new technical solutions may be found for certain problems. Before investing in R&D projects, use of patent information should by no means be neglected.

III. Patent Strategy of Small and Medium Sized Enterprises

3. Valuing patent information

A typical example:

At the early stage of laser print study, *Founder Group* (this group belong to Peking University) first of all searched and studied relevant patents world-wide. In this way, based on the paper study of the first and second generation, they chose to catch up with the latest development, their products were launched in the shortest time, leading current in this field.

III. Patent Strategy of Small and Medium Sized Enterprises

4. Monitoring the market

In the frame of the patent law and other relevant laws, enterprises should formulate realistic patent strategies with R&D activities, patent applications, patent licensing and technology transfer as the main tasks, with market monitoring in order to find out infringement, to ensure competition superiority as the main objective, with mastering patent information and resorting to patent management as the main measure, with patent technology market as the main platform.

III. Patent Strategy of Small and Medium Sized Enterprises

5. Strengthening the enterprise through licensing and technology transfer

Following R&D programs and patent applications, patent licensing and technology transfer may also be used to win over competition superiority or gain abundant profits, thus promoting the enterprise to become stronger.

Conclusion

It is our sincere hope that our enterprises, big or small, will learn to make use of the IP laws and regulation and practice, as weapons to open up a brand new and grow stronger in the meantime.

Thank you



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