

Sanctions won't stop China violating IP

April 19 2006

Imposing trade sanctions is no solution to getting China to comply with intellectual-property rules. Rather, by encouraging Chinese companies to tie up with U.S. rivals on the one hand and getting them to produce goods that require patent protection themselves will be the best way to get the Chinese authorities to abide by international regulations.

That's the argument by two legal experts backed by the National Association of Manufacturers, which represents some of the biggest names in the industry in the United States. In a report entitled "intellectual property for the technological age" released Wednesday, University of Chicago law professor Richard Epstein argued that a trade boycott in protest against China's violation of IP laws would not only hurt China, but "it would be a lost opportunity" for the United States as well.

As Chinese premier Hu Jintao embarks on his second day of a week-long tour across the United States, one of the key issues that business leaders have pressed the White House and legislators to pursue is how to keep China from violating patent laws on everything from luxury handbags to computer software, with one suggestion being to impose punitive sanctions against the country.

However, "sanctions are basically a losing game that hurts our own exports," Epstein said, adding that "what we need to do is get everyone to understand that China's gain (through violating IP rights) is the world's loss ... and that it's free-riding" on the investments and research efforts made by others, Epstein added.

One effective way to get China to buy into the idea of protecting intangible assets is by ensuring that the Chinese too have more intellectual property that they themselves want to protect, and it certainly appears that that seems to be happening steadily already. The number of Chinese companies filing their own patents for protection within the United States continues to rise steadily.

Moreover, the latest agreement between software behemoth Microsoft and Chinese computer manufacturer Lenovo, which also bought out IBM's personal computer unit, that will sell Lenovo PCs with Microsoft software pre-installed is likely to increase China's incentive to crack down on piracy on its own accord, said Michael Ryan, director of the creative and innovative economy center at George Washington University's law school.

There are clear incentives too, for countries to ensure that intellectual property is protected just as much as other assets, said Jerry Jasinowski, the head of the Manufacturing Institute, the research arm of the National Association of Manufacturers.

"Innovation drives economic growth by spurring higher productivity, higher wages and a higher standard of living. Studies have shown that up to 85 percent of growth in U.S. per capita income stems from technological change. Manufacturing lies at the center of this unique process, generating nearly 60 percent of private sector research and development in America," he said.

Jasinowski added that "clearly, there is an important link between intellectual property and technological innovation. This insight is shared by other countries, like India, which recently strengthened its IP regime and has benefited from a corresponding leap in foreign investment and innovation. The United States is the world's innovation leader today, but we will lose our edge if we don't take the necessary steps to promote IP

laws and strengthen the U.S. Patent and Trademark Office."

Moreover, protecting intellectual property is not just in the United States, George Washington's Ryan said.

"The emerging nations of the world need solid IP protection to assure long-term economic growth. ... Filmmakers, recording artists, software engineers, pharmaceutical researchers, and other creators and innovators can not thrive in economies where they are constantly being pirated. Fortunately, we now see countries like India, Jordan, Nigeria, Brazil and Botswana starting to take a closer look at how proper management of creativity and innovation can positively impact their economies," Ryan added.

Copyright 2006 by United Press International

Citation: Sanctions won't stop China violating IP (2006, April 19) retrieved 19 April 2024 from <https://phys.org/news/2006-04-sanctions-wont-china-violating-ip.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.