

Microsoft, China's Hangzhou set 'model city' pact

May 15 2009, By ELAINE KURTENBACH , AP Business Writer



A man walks past a billboard of with names of Microsoft Friday May 15, 2009 in Shanghai, China. Microsoft Corp. announced Friday a partnership aimed at helping make the eastern Chinese city of Hangzhou a model for innovation and protection of intellectual property, in the company's latest attempt to combat rampant software piracy. (AP Photo/Eugene Hoshiko)

(AP) -- Microsoft Corp. announced a partnership aimed at helping make the eastern Chinese city of Hangzhou a model for innovation and protection of intellectual property, in the company's latest attempt to combat rampant software piracy.

A three-year agreement signed Friday calls for setting up two new centers in Hangzhou to focus on developing the local technology industry. Microsoft will provide curriculum support, technology and training for teachers at Hangzhou Normal University through an institute set up to nurture local innovation.

"Partnering with leading IT companies like Microsoft will greatly boost Hangzhou's innovative capabilities and help us build a model information technology city in China," Cai Qi, Hangzhou's mayor, said in a statement.

No dollar figure was announced for the plan. Spending will be above the roughly \$1 billion the company pledged in November to spend on research and development in China over the following three years.

The deal came after Hangzhou pledged to improve its enforcement of anti-piracy laws and promote the use of legitimate, non-pirated [software](#) by individuals, government offices and companies based in the city, which is west of Shanghai.

Software, movie and music makers, among many industries, say they lose billions of dollars each year to counterfeited and pirated products.

The deal calls for the two sides to set up a working team from both sides that will hold regular meetings to assess progress in that area, Alec Cooper, general manager of Microsoft Greater China's "Genuine Software Initiative," told reporters in a conference call.

"There is some degree of piracy in virtually every country around the world. We said, here's what we think are the best practices and here's what we think will work in China, and make it a more positive approach," Cooper said.

He said the partnership will focus on educating local people and businesses on the importance of fighting piracy of software and other intellectual property to their own economic future.

"We think it's an approach that addresses the root of the problem," he said.

Raising consumer awareness was the motivation behind Microsoft's Windows Genuine Advantage program, which turns the wallpaper of computers using pirated Windows software black and notifies users, urging them to get a legitimate copy.

That effort continues, Cooper said, despite complaints from some Chinese computer users.

Software piracy is still rampant despite individual countries' attempts at cracking down. Research commissioned by the Business Software Alliance, an industry trade group, found that 82 percent of the software used in China in 2007 was not legitimately purchased, more than double the worldwide piracy rate of 38 percent.

But Hangzhou, one of China's wealthiest cities, is seeking to build up its technology industries as it shifts away from textile making and other traditional manufacturing.

"They understand that to get the best companies in the world to be located in Hangzhou ... companies need to feel comfortable about their [intellectual property](#)," Cooper said, adding that [Microsoft](#) may seek such arrangements with other cities in the future.

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