Baidu decision a win for IPR

21 July 2005

Intellectual-property rights scored a small victory Wednesday when state media reported Baidu.com, a Chinese search engine, agreed to remove links to sites selling pirated music.

Xinhua released a story based on an item in Tuesday's Financial Times that said Baidu.com Inc., China's largest Internet search engine, had agreed to remove links to thousands of Internet sites offering pirated files. One possible reason: Baidu is preparing for a public listing in the U.S. stock market valued at up to $80 million.

According to Baidu's prospectus, 22 percent of the traffic on its Web site comes from users searching for the industry's popular MP3 platform, long a source for free music downloads.

Xinhua quoted the FT saying the Beijing company agreed to take action following complaints made by R2G, a watchdog firm servicing entertainment-industry clients. To bring pressure on Baidu, R2G used new Chinese regulations issued in late May that require search engines to cut Internet links to sites shown to be abusing copyright laws, the British newspaper noted.

Search-engine superpower Google owns 2.6 percent of Baidu, which is not taking questions from the media regarding whether the heavyweight investor applied any pressure on Baidu's decision to come clean.

Scarlett Li, chief operating officer at R2G, said Baidu already had removed links to more than 3,000 online music files linked to just one popular Chinese song.Li said the search engine also was investigating possible violations involving more than 50,000 other files.Li, 33, is co-founder of the company, which specializes in piracy monitoring, copyright management and distribution, and license accounting.She has been described as one of the most influential people in Asia's entertainment industry.She formerly was general manager of News Corporation's STAR TV Channel V, the main music channel on the mainland.

There are several other positive developments to watch related to this story. They present possible commercial opportunities and improvements in the business operating environment in China, and they create a framework for better Sino-U.S. trade ties.

Traditional Chinese law enforcement, which focuses on public order and squashing dissent, cannot keep pace with the promulgation of new rules based on a market-oriented economy, especially in areas related to copyright, trademark and intellectual property. There is tremendous niche-market potential for industry-specific watchdog services, such as what R2G is doing with entertainment in China. Private investigation firms already do thriving business on the mainland gathering evidence, but most cases are one-off crimes involving individual businesses and victims.

Another strategy emerging out of the Baidu case illustrates the need to "fight fire with fire," which in this case means employing Chinese entrepreneurs to make the country do what is right and what the business world wants: a China that plays by the rules so profits are based on their unique strengths.Scarlet Li and Chinese like her are not the "imperialist running dogs" damned by Communist ideologues of the Red past; they are individuals who will help put China (and companies with a play in the country) solidly in the black in accountant ledgers of the future.U.S. policymakers should look at linkages and possible leverage between Chinese companies' need for capital investment and making IPOs on U.S. stock exchanges and formulating government guidelines requiring mainland firms to clamp down on violations of intellectual-property rights.

It would not be the first time the U.S. government has gone after Chinese pirates using the power of the marketplace. The Clinton administration threatened sanctions against exports coming from Guangdong because of copyright violations in that province.

It was a crude and moderately effective tool.The

Bush administration has an opportunity to make it work much better, particularly at the intersection of technology and capital investment.

APA citation: Baidu decision a win for IPR (2005, July 21) retrieved 15 January 2021 from https://phys.org/news/2005-07-baidu-decision-ipr.html