An Overview Of Licensing As A Form Of Exploitation Of IP Rights In China And Japan

Part II

By Martha Magadalena Kleyn

1. Introduction

In Part I we focused on the role of culture and its impact on business strategy for Western businesses investing in Asian countries such as Japan and China. Part II provides an overview of aspects of importance for exploitation, with a focus on technology licensing in these jurisdictions.

The primary objective of intellectual property protection should be commercial exploitation. While the ability to use intellectual property protection offensively can provide support for commercial exploitation, it should not be the primary objective.

There are 3 reasons to exploit intellectual property:

1. to increase revenue through exclusivity or competitive advantage (income);
2. to increase recognition of products, services or name in the marketplace (goodwill); and
3. to establish a bargaining position in a business transaction, e.g., raising capital, selling a business interest or resolving an intellectual property dispute (asset).

If exclusivity is a reason for exploiting, then the intellectual property protection selected should protect the competitive feature(s) of a product or service and be cost effective in view of the plans for marketing the product or service. Intellectual property protection does not guarantee the commercial success of a product or service but marketing plans should maximise the benefits of the investment in protection to enhance the likelihood of commercial success. If there is no plan to market a specific feature of a product or service, then it is probably not cost effective to protect that feature.

With this background in mind, two aspects of exploitation of intellectual property rights will be discussed as they are applied in Japan and China, i.e. compulsory licensing and technology transfer (assignment and/or licensing).

2. Compulsory Licensing and Technology Transfer

Compulsory licensing is where a government or other jurisdictional body forces the holder of a patent, copyright, or other exclusive right to grant use of it to the state or others. Usually, the holder does receive royalties, either set by law or determined through some form of arbitration.

Technology Transfer is the transmission or assignment of intellectual property rights (IPRs), either with or without the concurrent transfer of goods and services.

Licensing is a process that involves the delivery of technology, know-how, patents and other forms of IPRs from its owner, the licensor, to a user, the licensee. The licensor provides the licensee with agreed upon rights to exploit the specific IPRs for which the licensee pays the licensor a royalty.

In many industries technology-based intellectual assets are a major contributor to sustainable revenues and profits. Technology licensing is a means of exploiting such assets to maximise the potential value inherent to them. Technology licensing should have its own strategy, consistent and supportive of overall strategic business objectives. Businesses often don’t have an appreciation of how to incorporate a licensing strategy into their business plan.

Licensors need to know that their technology assets are being properly applied and adequately protected. Furthermore, it is important for the licensor to investigate not only the prospective licensee but the licensee’s country as well. The government of the host country often must approve the licensing agreement before it becomes effective. Some governments prohibit royalty payments that exceed a certain rate or contractual provisions barring the licensee from exporting products manufactured, using the licensed technology to third countries.

The prospective licensor must always take into account the host country’s foreign patent, trade mark, and copyright laws and their enforcement; exchange controls; product liability laws; possible countertrade or barter requirements; antitrust and tax laws; and government attitudes toward repatriation of...
Overview Of Licensing

royalties and dividends. For the scope of this chapter the most important aspects of the host countries will be discussed.

3. China

3.1 Compulsory Licenses

Despite the legislation and regulations governing the grant of compulsory licenses in China, to date no compulsory license has been granted in China.1

In order to increase investor confidence in the Chinese patent system and the system’s compliance level with the TRIPs Agreement, the provisions on compulsory licences were introduced in 1985 and further amended in 2000 to afford patentees more protection.2

Member nations of the World Trade Organization have agreed that if they implement laws concerning compulsory licenses, such laws will be consistent with Article 31 of the TRIPS Agreement.3 Article 31 provides that if a member nation’s laws allow for the use of a patent without the authorisation of the patent holder, including use by the government or third parties authorised by the government, the provisions governing such a compulsory license should include that: (i) prior to the grant of a compulsory license, the proposed user made efforts to obtain authorisation from the patent holder on ‘reasonable commercial terms and conditions’ and that such efforts were not successful within a ‘reasonable period of time; (ii) if a national emergency arises, the requirement to make an effort to license the patent prior to obtaining a compulsory license may be waived; (iii) any compulsory license is not exclusive; (iv) a compulsory license is not assignable; (v) authorisation of use will be limited to predominantly supplying the domestic market; and (vi) a patent holder will be paid ‘adequate remuneration’.

The Revised Law shows compliance4 with these requirements, in that the Law permits a qualified entity or individual to request State Intellectual Property Office (SIPO) to grant a compulsory licence for exploiting a patent if: (i) the patentee, without justified reason, fails to sufficiently exploit the patent for 3 years from the grant or for 4 years from the filing; or (ii) the court or government determines that the patentee has abused the patent right in a monopolistic manner and the compulsory licence is granted to alleviate such anti-competitive misuse of patent. Article 73 of the Implementing Rules defines ‘fails to sufficiently exploit the patent’ as ‘the manner or scale that the patentee as well as the licensee exploit the patent fails to meet domestic demands for the patented product or process’. However, the Revised Law and Implementing Rules leave a large grey area as to what constitutes a ‘justified reason’. According to an unofficial explanation5 from SIPO, the time period of conducting tests by pharmaceutical companies in preparation for government approval may be considered justified.

Article 49 (unchanged in the Revised Law) authorises SIPO to grant a compulsory licence in the event of national emergency or where it is in the public interest. Article 50 (new provision) provides an additional ground for granting compulsory licence, which is similar to the provisions in the TRIPs, i.e. that for the purpose of public health, SIPO may grant a compulsory licence to ‘patented pharmaceuticals’ to be made in China and exported to nations or regions prescribed in international treaties of which China is a signatory or member. The term ‘patented pharmaceuticals’ may be broadly construed to include drugs and certain medical devices. Under Article 73 of the Implementing Rules, ‘patented pharmaceuticals’ include not only patented products or products directly obtained from patented processes in the medical and pharmaceutical field required to solve the public health issues, but also patented active ingredients needed for manufacturing the products and patented diagnostic articles needed for using the products.

The granting of the compulsory license is subject to the payment by the compulsory licensee of a reasonable fee6 to the patentee, which shall be agreed by both parties in consultation with one another. If the parties are unable to agree on an amount that is reasonable, the Patent Administration Department under the State Council shall decide.

The duration and scope of patent exploitation shall

---


5. Article 48.


7. Article 57.
be explicitly defined in granting a compulsory licence, based on the grounds of justification given in the application for such a licence.

Furthermore, in granting a compulsory licence the State Council administrative department responsible for patents shall limit the implementation of the compulsory licence mainly to the needs of the domestic market. If, however, the grounds on which the compulsory licence was granted cease to exist and are unlikely to recur, the compulsory licence may be terminated upon review at the request of the patentee.

3.2 Technology Transfer

IP licensing and technology transfer in China are subject to complex legislation. Approaching technology agreements in China with the boilerplate language common in foreign legal documents is likely to breed problems down the road.

Under the current PRC legal framework, technology transfer is a very broad concept, covering both assignments that involve the transfer of intellectual property and licensing that does not involve the transfer of intellectual property. It includes the assignment of patent rights, patent licensing, and transfer of know-how or other technology. A considerable number of technology transfers are accomplished in separate transactions (e.g., a business transaction to buy and sell technology with the direct payment of a transfer fee or a capital contribution in the form of a technology transfer), or as part of another transaction (e.g., a technology transfer involved in the sale of goods or in an original equipment manufacturer contract).

**a) Legal and Regulatory Framework**

IP licensing and other technology transfer agreements in China are governed by a plethora of Chinese laws. Any foreign company wishing to engage in technology transfer in or out of China, must consider a series of laws and regulations such as the Contract Law of China (Contract Law), which sets out the basic principles applicable to technology-related contracts; the Administration of Import and Export of Technologies (Technology Transfer Regulations), the Administration of Registration of Technology Import and Export Contracts Measures, the Catalogue of Technologies Prohibited or Restricted from Import, Anti-trust Laws and related Supreme Court Opinions regarding technology contracts.

The principal regulations covering technology transfer are the 2002 Regulations on Administration of Technology Imports and Exports promulgated by the State Council. In addition to this, the Chinese Supreme Court promulgated a Judicial Interpretation on Litigation Issues Relating to Technology Contract Disputes, which took effect on 1 January 2005.

Failure to comply with mandatory provisions of Chinese Laws for technology transfer agreements can have serious consequences for foreign licensors or licensees.

Article 52 of the Contract Law provides that any contract that violates mandatory PRC laws or regulations is void. Therefore, any cross-border technology import contract that includes any of the prohibited restrictions under the Administrative Measures or any technology transfer contract (whether domestic or cross-border) that incorporates any of the unreasonable restrictions under the Contract Law (as interpreted by the Supreme Court Opinion) will be void. A literal reading of Article 52 leads to the harsh conclusion that the whole of the contract will be held void if the court finds any provision of the contract to constitute an unreasonable restraint. However, there is Supreme Court Opinion that has rendered partial valid contracts as valid.

If the foreign party is at fault for failure to do so, the foreign party could be liable to pay damages to the Chinese party without receiving any of the benefits of the contract.

8. Article 53.

10. This prescribes certain restrictions when a foreign technology transferor is exporting technology to a PRC party. Cross-border transactions subject to the Technology Provisions include patent assignments, assignments of a right to apply for a patent, patent licensing, assignments of know-how, the provision of technology services and other technology transfers.

11. China promulgated its Antitrust Law on 30 August 2007, which became effective on 1 August 2008.

12. The Supreme Court’s Opinion on Application of Law in the Adjudication of Technology Contract Disputes (the Supreme Court Opinion) is widely recognized as a milestone in the regulation of technology transfer, particularly with respect to technology monopolies misused by multinational companies in the course of their cooperation with Chinese businesses. See Managing Intellectual Property Magazine, SUPPLEMENT China 2006, “Technology transfer tips”, Carnabuci et al. to be viewed at http://www.managingip.com/article/622195/Technology-transfer-tips.html (Last visited on 15 June 2010).

13. Carnabuci supra.
### Table 1. An Overview Of Contractual Clauses Concerning Technology Import And Export Regulations

<table>
<thead>
<tr>
<th>Prohibited Clauses</th>
<th>Restricted clauses (Subject to “reasonable man test”)</th>
<th>Permitted clauses</th>
<th>Mandatory clauses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrictions on the licensee improving the technology or using the improvements</td>
<td>Restrictions on export channels, sales volumes, type or price of license products</td>
<td>Payment terms can be lump sum, or running royalties</td>
<td>Supplier guarantees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Lawful owner or right to license technology</td>
</tr>
<tr>
<td>Restrictions on the license acquiring similar or competing technology from other sources</td>
<td>Restrictions on supplier sources (raw materials, parts or equipment)</td>
<td>Confidentiality clause – scope and period to be agreed by the parties</td>
<td>• Technology is complete and error-free, effective and able to achieve the technology objectives</td>
</tr>
<tr>
<td>Other conditions which are not ‘absolutely necessary’ (e.g. mandatory ‘add-on’ service or equipment purchases)</td>
<td></td>
<td>No restriction on maximum term</td>
<td>Cannot exclude liability for deliberate misconduct or gross negligence</td>
</tr>
<tr>
<td></td>
<td>Technical services support to be provided</td>
<td></td>
<td>Standard exemption clauses subject to certain restrictions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### b) Technology Classification

Under the Technology Transfer Regulations, technology is divided into three categories: 14 freely transferable, restricted and prohibited technology. The category, under which a particular technology falls, depends on whether it is for import or export; therefore a technology that might be prohibited from import might at the same time be free for export.

- **Prohibited technologies:** technologies that cannot be imported into or exported out of China.
- **Restricted technologies:** technologies that must be approved by the relevant governmental authority before import or export, and the relevant technology transfer agreement must be submitted to the relevant governmental authority. Restricted technologies require approval from the Ministry of Commerce (MOFCOM) and the Ministry of Science and Technology before the technology transfer contract is enforceable. 16
- **Permitted or freely transferable technologies:** technologies that can be imported into or exported out of China without prior governmental approval, but the parties need to register the technology transfer agreement with the relevant governmental authority. Freely transferable technology transfer contracts require registration (rather than approval) with MOFCOM (or its local branch) but are still effective upon proper execution.

China periodically updates the Technology Import Catalogue (technology which import China Restricts or Prohibits) and the Technology Export Catalogue (technology whose export China Restricts or Prohibits). These catalogues list the technologies classified as prohibited or restricted technologies for import or export purposes, respectively. Technologies not expressly listed on either catalogue are considered as permitted.

---

15. MOFCOM (Ministry of Commerce) defines the circumstances under which the import or export of technology is prohibited or restricted.
Table 1 provides a brief overview of typical clauses that fall within these categories.

**c) Registration of Contract**

According to Chinese Contract Law, contracts for Technology Transfer require that all contracts shall be in written form and sets out the requirements for the different types of technology transfer contracts that may be concluded.

According to the Rules of MOFCOM, all cross-border technology transactions, even for the permitted technologies, must be registered with MOFCOM.

Under the New Rules, most technology transfer and technology license contracts, including patent transfer contracts, patent application rights transfer contracts, patent implementation license contracts, trade secrets license contracts, technology service contracts and other contracts with technology trade provisions, with respect to freely tradable technology, continue to be subject to a registration requirement.

Contracts not covered by the New Rules include contracts with respect to restricted technologies under the Catalogue of Technologies Prohibited or Restricted to be Imported issued by MOFCOM on 23 October 2007, which are subject to MOFCOM’s prior approval; trade mark license contracts, which are subject to registration in the Trade mark Bureau of the State Administration for Industry & Commerce; and technology license or transfer contracts in which the technology is a capital contribution, submitted as attachments to wholly foreign-owned enterprise and joint venture establishment applications, which are subject to foreign investment approval by MOFCOM or its local branch.

**d) Technology Transfer Provisions with Research Institutes**

As a result of differences in their economic structures, policies and laws regarding intellectual property and patent rights, each country has adopted different policies and models for university technology transfer. Universities in the United States are encouraged by the Bayh-Dole Act to set up technology licensing offices (TLOs) to carry out technology transfer; whereas in China, universities are more interested in setting up start-up companies to transfer their technology.

It does however appear as if China has paved the way for the introduction of a Bayh-Dole style regime in their academic institutions. Since 1996 the following laws and regulations have been implemented/promulgated:

- **Act For Promotion of Technology Transfer (1996)**

  The Act provides that unless otherwise stipulated in the contract, the university or research institute is entitled to all IP rights pertaining to inventions funded by the government.

- **The Fundamental Science and Technology Act of 1999 and as Amended in 2003 and 2006**

  Article 6 provides that projects in scientific and technological research and development to be subsidised, commissioned, or funded by the government shall be selected through a process of evaluation or review and the results thereof shall be justified with reasons. The intellectual property rights and results derived from such a project may be conferred, in whole or in part, to the executing research and development units for ownership or licensing for use. The Government Scientific and Technological Research and Development Results

---


Overview Of Licensing

Ownership and Utilization Regulations implemented in accordance with Article 6(2) and promulgated in 2006. The university or institute is entitled to IP made under government funding. The university or institute can use the results or IP by itself or can assign or exclusively license them to a third party.

• **The Revised Science and Technology Progress Law of 29 December 2007**

The standing committee of the National People’s Congress amended China’s science and technology laws to allow scientists, institutions and universities to own the patents that are created by publicly-funded research.

The impact of the legislation on local patent office filings can clearly be seen in the statistics. Between 1995 and 2007, filings in China grew by 23.9 percent a year (average annual growth rate), which is far above the growth rate of filings at the European Patent Office (EPO) and in the U.S.²²

Many a foreign company have overlooked China’s technology import and export regulations, the Administration of Technology Import and Export Regulations and Administration of Registration of Technology Import and Export Contracts Procedures (the “Technology Regulations”), which can impede operations in China and substantially affect a company’s intellectual property rights to technology licensed into China.²³

The broader scope for allowance of compulsory licenses, in the case of China, is worth reiterating; and companies negotiating licenses in China should keep in mind that their bargaining position is not as strong in China as compared to in the United States where the right to exclude others from practicing a patent is almost absolute.

China has now also implemented its Anti-Monopoly Law.²⁴ As this is a new law it is important to take note of this and the potential impact it may have with regards to technology and other business contracts with China. In essence it defines the following three types of monopolistic conduct:

(i) monopoly agreements made between undertakings;
(ii) abuse of dominant market position by undertakings; and
(iii) concentration²⁵ conduct by undertakings that may have the effect of eliminating or restricting competition.

The term “monopoly agreement” in the Anti-Monopoly Law refers to the agreements, decisions or other concerted behaviour that eliminates or restricts competition.

Under the Anti-Monopoly Law not only offshore transactions will be affected, but purely domestic acquisitions will also be covered. Another significant element of the Anti-Monopoly Law is that foreign investors intending to merge and/or acquire entities in the PRC will now have to comply with the procedure of anti-monopoly notification and be subject to the national security examination.

4. **Japan**

4.1 **Compulsory Licenses**

The Japanese Patent Law provides statutory licenses and arbitrary licenses as licenses to be granted under the Japanese Law to those who have not had a license from a patentee.²⁶

Article 79²⁷ allows for a non-exclusive license based on prior use and stipulates that a person who, without knowledge of the content of an invention claimed in a patent application, made an invention identical to the said invention, or a person who, without knowledge of the content of an invention claimed in a patent application, learned the invention from a person who made an invention identical to the said invention and has been working the invention or preparing for the working of the invention in Japan


24. It came into effect on 1 August 2008 and aims to provide a comprehensive framework for regulating market competition in the PRC. The new Law is expected to have a more significant impact on foreign investments than the 12 existing PRC laws and regulations on anti-trust provisions and anti-competitive conduct. Source: [http://news.xinhuanet.com/english/2007-08/30/content_6532073.htm](http://news.xinhuanet.com/english/2007-08/30/content_6532073.htm) (Last visited on 24 June 2010).

25. Concentration is defined in the Act as “mergers; controlling other undertakings by acquiring shares or assets; and acquiring control by contract or by obtaining the ability to exercise decisive influence over other undertakings by contract or other means.”


Overview Of Licensing

at the time of the filing of the patent application, shall have a non-exclusive license on the patent right, only to the extent of the invention and the purpose of such business worked or prepared.

Article 80 allows for a non-exclusive license due to the working of the invention prior to the registration of the request for a trial for patent invalidation and Article 35(1) allows for an employer’s license on an employee’s invention. The Patent Law also provide for arbitrary licenses which are compulsorily granted under an arbitration procedure.

Arbitrary licenses are the closest form of compulsory licenses as we know it in other jurisdictions and are granted on the basis of:

• Non-working by the patentee
• Exploitation of an improvement invention requiring license of the dominant patent
• Public interest.

Article 83 allows the granting of a non-exclusive license where the invention is not worked sufficiently and continuously for 3 years or longer in Japan.

A person intending to work the patented invention may request the patentee or the exclusive licensee to hold consultations to discuss granting a non-exclusive license; provided, however, that this shall not apply unless 4 years have lapsed from the filing date of the patent application in which the patented invention was filed.

Article 92 allows the granting of a non-exclusive license to work a dependent patent under license as defined in Article 72.

Finally, Article 93 provides for the granting of a non-exclusive license for public interest. Where the working of a patented invention is particularly necessary for the public interest, a person(s) intending to work the patented invention may request the patentee or the exclusive licensee to hold consultations to discuss granting a non-exclusive license. To date no compulsory licenses have been granted in Japan.

4.2 Technology Transfer

a) Legal and Regulatory Framework

Patent licensing is addressed in the Japanese Patent Act. In terms of the Patent Law a patentee can grant an exclusive license in terms of Article 77, or non-exclusive license in terms of Article 78. An exclusive licensee shall have an exclusive right to work the patented invention as a business to the extent permitted by the contract granting the licence, and this licence may only be transferred where the business involving the working of the relevant invention is also transferred, where the consent of the patentee is obtained, or where the transfer occurs as a result of general succession. An exclusive licensee may establish a right of pledge or grant a non-exclusive licence on his exclusive licence to a third party only where the consent of the patentee is obtained.

A non-exclusive licensee shall have a right to work the patented invention as a business to the extent prescribed by this Act or permitted by the contract granting the licence.


The Guideline gives a comprehensive view on the method and the scope of applying the Anti-Monopoly Law to patent or know-how license agreements.

It illustrates with examples JFTC’s views on how it applies the Anti-Monopoly Law to patent and know-how license agreement from the perspective of unreasonable restraint of trade and monopolisation.

Further, from the perspective of unfair trade practices, it explains, for each typical restriction on licensee appearing in patent and know-how license agreements; whether such restrictions (i) in principle fall within unfair trade practices, (ii) in certain circum-

28. While “an arbitrary license” can be called “a compulsory license” almost in the same meaning, the former terms are nearer translation of the Law.
29. Art 72 defines that a dependent patent shall not be worked without a license—the patentee or exclusive licensee may request the other person under the said Article to hold consultations to discuss granting a non-exclusive license to work the patented invention or a non-exclusive license on the utility model right or the design right.
31. Articles 77(2) to 77(4).
32. Article 78(2).
Overview Of Licensing

Instances fall within unfair trade practice or (iii) do not, in principle, fall within unfair trade practices.

A licensing agreement for patents and other types of intellectual property rights will be deemed illegal, as unreasonable restraint, if it imposes restrictions on sales price, manufacturing volume, sales volume, sales outlets, and sales territories of the licensed product and substantially restricts competition. The guidelines describe the JFTC’s policy on cross-licensing and multiple licensing (granting of a licence by one right holder to multiple licensees).

Part 4 of the Guidelines define the scope of technology licenses that would be deemed fair trade practise and include allowance of:

- Function specific licensing—limiting the business activities of licences using the licensed technology e.g. manufacture, use, sale or export.
- License period limitations—i.e. license granted for specific period of time.
- Business field limitations—In principle, limiting the business field in which licensees may engage in business activities using the licensed technology, for example the scope of license to the manufacturing of a specific product, will not constitute unfair trade practices.
- Restrictions on manufacturing (territory and volume) in itself not unfair trade practise, but if it has the effect that the products so supplied is insufficient to meet market demand, or limit licensee to obtain alternative license sources, it is considered unfair trade practise.
- Restrictions relating to export in itself are not unfair trade practise.
- Limitation on granting of sub-licenses in itself is not unfair trade practise.

Under the Guidelines, while resale price maintenance, continuing royalty payment after expiration of patent and assign back and grant back exclusive license of improvement are, among other restrictions, generally considered illegal per se, rule of reason applies to many of the restrictions including tying, grant back non-exclusive license of improvement, restrictions of material suppliers and customers.

b) Registration Requirements

Amendments were made to the Patent Law in 2008 and provisions were included to recognise provisional exclusive licenses and provisional non-exclusive licenses during the patent application phase.

A registration system for such licences was also created. These provisions allow a patentee to license intellectual property even before the issuance of a patent. Where a licensee registers a provisional exclusive or nonexclusive licence, the licensee can protect its rights to the provisionally licensed technology against a third party even before the issuance of a patent. This means a patentee now has the ability to license patent rights during the application stage. Article 27(1) of the Japanese Patent Act provides that the establishment, maintenance, transfer, modification, lapse or restriction on disposal, of an exclusive or non-exclusive license; and the establishment, transfer, modification, lapse or restriction on disposal, of a right of pledge on a patent right or exclusive or non-exclusive license shall be registered in the patent registry maintained in the Patent Office.

In addition to this, all licensing agreements with foreigners must be notified to the Ministry of Finance of Japan within fifteen days of execution.

Any exclusive licences that last for more than 1 year and involve a license that has more than 10 percent market share of the relevant market is ranked third or higher in the relevant industry must be notified to the Japan Fair Trade Commission.

c) Technology Transfer Provisions with Research Institutes

In 1998, the Law for Promoting University-Industry Technology Transfer was passed in Japan. The law made possible the establishment of officially certified Technology Licensing Offices (TLOs). In 1999, the Industrial Revitalization Law was passed, incorporating Article 30, known as the Japanese Bayh-Dole Act, partly modelled after the Bayh-Dole Act in the U.S. and aiming to encourage research activities and promote the utilization of inventions arising from the research or development supported by the Japanese government. Japanese patent applications have increased since


37. Japan Science and Technology Centre—“Putting the results of research from universities, national and other public research institutes, etc. into concrete form” to be found at http://www.jst.go.jp/EN/menu2/04.html.
the enactment of the law. This trend even further increased in 2004 when Japan promulgated the National University Incorporation Law. The purpose of the National University Incorporation Law (Law 122, 2003) is to allow the universities to respond to the requests of the people of Japan and to elevate the level and development of research and tuition through the establishment of management and the organisation at the universities. This enabled universities to have full control over ownership and royalties that came from licensing.

Conclusion

From the perspective of a Western company investing in foreign jurisdictions and exploiting its intellectual property, the complexities of legislative requirements, cultural aspects and language barriers in these jurisdictions cannot be overlooked. Achieving the right mix of legal, operational, and strategic considerations is difficult. Companies certainly cannot protect all of their intellectual property all of the time at every location. Yet, those that succeed are more likely to build successful businesses in China.
