

Report on China's Intellectual Property Protection in 2007

In 2007, great improvement was achieved in the protection of intellectual property rights (IPR) in China. The system of IPR laws and regulations was well constructed in a greater degree. The number of the patent applications accepted by the State Intellectual Property Office (the SIPO) exceeded 4 million. It took only 1 year and 6 months to reach the fourth 1 million patent applications. Trademark registrations reached record high 3 million. Fruitful achievements were obtained in copyright protection. Notable results were attained for customs offices, public security organs and cultural departments to crack down on illegal and criminal activities of IPR infringement. The protection of new varieties of plants developed steadily. The standard of IPR judicial protection was raised continually. The scope of IPR international cooperation was expanded constantly.

I. Significant Progresses Achieved in IPR Protection

The year of 2007 was of great importance in the history of China's IPR development. General Secretary Hu Jintao stated, "implement IPR strategy" in his report at the CPC 17th Congress. Premier Wen Jiabao issued, "hasten formulation and implementation of national IPR strategy and protect IPR with authority" in his report of the work of government at the Fifth Session of the tenth National People's Congress. The decision of the Central Economic Work Meeting stressed that IPR strategy should be implemented in all efforts and the formulation and implementation of IPR strategy should be extended comprehensively from national section to the sections of region, industry as well as enterprise and public institution. According to the deployment, national IPR strategy will evolve into implementation from formulation, marking the entry of the work of IPR in China into an all-new stage.

In 2007, as varieties of policies, laws, rules, judicial interpretations and administrative measures on IPR protection were formulated and issued successively, more improvements were achieved in China's IPR legislation. In January, as an instructing guideline of IPR trials in present and in the future, the Opinions of the SPC on Strengthening the Role of IPR Trials in Providing Judicial Assurances for Building an Innovative Country was issued by the Supreme People's Court (the SPC). In February, the Interpretation of the SPC on Issues Concerning Application of Law in Dealing with Civil Cases of Unfair Competition and the Provisions on Application of Law in Dealing with Right Disputes over New Plant Species formulated by the SPC were implemented. In April, the Judicial Interpretation on Issues Concerning Application of Law in Dealing with Criminal IPR Cases (II) was issued by the SPC and the Supreme People's Procuratorate. IPR criminal protection in China had been increasingly strengthened. In August, the Antimonopoly Law of the People's Republic of China, which became a forceful gist to regulate the abuse of IPR, was approved. In December, the Law On Science and Technology Advancements of the People's Republic of China, which confirms enterprises

as the main bodies in technical innovation and defines the IPR ascription of scientific researching projects sponsored by the country, was approved.

On April 24, Vice-premier of the State Council Wu Yi delivered a keynote speech at the "Intellectual Property Protection Summit 2007". Wu Yi pointed out, "Chinese government attaches great importance to the IPR work and emphasizes IPR protection as a national strategy at the height of implementing the concept of scientific development as well as establishing innovative country. Through a series of measures, Chinese government has made great efforts to achieve prominent progresses in establishing IPR system, launching special campaigns and reinforcing IPR publicity and education."

2007 was also a year in which IPR work had further been embodied in economic and social development. "IPR Culture Year" scored great successes with the idea of respecting knowledge, advocating innovation, being honest and faithful, abiding by the law being recognized by the society. The importance of IPR creation, utilization, protection and management for self-development has been recognized by all industries. Innovative and IPR resources were being constantly concentrated to enterprises whose capacity of independent innovation and comprehensive IPR capability were increasingly improved. Enterprises have become a highlight in promoting both sound and speedy development of China's economy.

II. Continual Increase in Patent Application and Granting, Stable Developments Achieved in Every Task

In 2007, a total of 694,153 patent applications were accepted by the SIPO, with an increase of 21.1% over 573,178 of the previous year. Also in 2007, 5,401 international patent applications were accepted by the SIPO and 364 international preliminary examination reports were completed.

On December 24, 2007, the number of the patent applications accepted by the SIPO exceeded 4 million. When compared with the time to reach the first 1 million applications which had taken almost 15 years, 4 years plus 2 months for the second 1 million, and 2 years plus 3 months for the third 1 million, it took only 1 year and 6 months to reach the fourth 1 million patent applications. Earlier on April 26, China Patent Searching and Service Platform Testing System announced its formal operation.

By December 31, 2007, a total of 4,028,520 patent applications had been accepted by the SIPO. Of these applications, 3,314,591 were from domestic applicants and 713,929 were from foreign applicants, accounting for 82.3% and 17.7% of the total, respectively.

The patent applications in 2007 were characterized by the following facts: (1) The number of three kinds of patent applications saw a continual and speedy growth, among which utility model and industrial design patent applications accounted for a major portion. In 2007, the increase rate of the three kinds of patent applications was 21.1%, while the increase rate of the invention patent applications and that of utility model and industrial

design patent applications reached 16.5% and 23.8%, respectively. (2) Domestic invention patent applications comprised the major portion of the total invention patent applications, and the increase rate of domestic applications was much higher than that of foreign applications. In 2007, the domestic applications accounted for 62.4% of the total invention patent applications while the foreign applications accounting for 37.6% of the total, with the domestic percentage nearly 25% higher than the foreign one. Simultaneously, the annual increase rate of domestic applications reached 25.1% while that of foreign applications only reached 4.5%, with nearly 21% higher than the foreign applications. (3) The percentage of domestic service patent applications continued to rise. The percentage of the three kinds of domestic service patent applications reached 47.1%, among which the service invention patent applications accounted for 70.3%, which increased 3.8% and 3.7% respectively. (4) Enterprises showed themselves as the main body and driving force for innovation. Among all the domestic invention patent applications during 2007, 48.3% were from enterprises, increasing 2.1% over last year. The patent applications from domestic enterprises accounted for as high as 80% of those of domestic service patent applications.

In 2007, 351,782 patents were granted by the SIPO, an increase of 31.3% over 268,002 of the previous year. Of the granted patents, 301,632 were from domestic applicants, an increase of 34.7% over 223,860 of the previous year, and 50,150 were from foreign applicants, an increase of 13.6% over 44,142 of the previous year.

By December 31, 2007, 2,089,286 patents had been granted by the SIPO. Among them, 1,790,379 were from domestic applicants and 298,907 were from foreign applicants, accounting for 85.7% and 14.3% of the total granted patents, respectively.

In 2007, 2,565 requests for patent re-examination were accepted by the SIPO showing a decrease of 329 or 11.4% over the previous year. During the whole year, 3,514 re-examination request cases were concluded. As at the end of 2007, 3,493 re-examination request cases were still pending. In 2007, 2,183 requests were filed for the patent invalidation, a decrease of 285 or 11.5% over the previous year. 2,183 cases filing for the patent invalidation were concluded in 2007 and 2,368 cases were pending as at the end of 2007.

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In 2007, the patent administration departments at provincial levels across the country accepted 986 patent infringement cases and 27 patent dispute cases of other kinds. They investigated and dealt with 32 cases of unauthorized use of others' patents and 681 cases

of patent counterfeits. In the year, local patent administration departments dispatched 18,217 enforcing administrators and checked 5,092 commercial establishments and 1,538,748 pieces of goods. 32 cases were transferred to other government departments for further treatment, while 16 cases were accepted from other departments as well. 285 times of coordinated enforcement with other departments, as well as 233 times of multi-regional coordinated enforcement, were launched.

In 2007, 428 applications for the registration of layout design of integrated circuits were received by the SIPO. 345 of them were registered, and issued public notices and certificates. By December 31, 2007, the SIPO had received a total of 1,808 applications for registration of layout design of integrated circuits, and 1,564 of them were registered, and issued public notices and certificates.

III. Sharp Increase of Trademark Examination Capabilities, Prominent Progress in Trademark Protection

In 2007, the Trademark Office under the State Administration for Industry and Commerce (the TMO) accepted a total of 708 thousand trademark registration applications, seeing a decrease of 58 thousand, or 7.6% over 766 thousand of 2006. Among them, 605 thousand trademark registration applications were from within the country, a decrease of 64 thousand, or 9.6% over 669 thousand of 2006; while at the same time, the trademark registration applications from foreign applicants kept a fast increase and amounted to 103 thousand, an increase of 6 thousand or 6.1% over 97 thousand of 2006, which accounted for 14.5% of the total applications in 2007.

In 2007, 75,150 registered trademark renew applications, 17,747 registered trademark objection applications, 77,371 registered trademark change applications, 65,666 registered trademark transfer applications and 18,415 registered trademark licensing contract record applications were accepted by the TMO.

In 2007, the TMO totally examined 405 thousand trademark registration applications, an increase of 92 thousand or 29.3% over 313 thousand of 2006, which also witnessed the number of annual applications exceeding 400 thousand for the first time. Also in this year, 263 thousand applications were approved by the TMO, which made the accumulative amount of the registered trademarks exceed 3 million, reaching 3,038 thousand.

In 2007, the TMO handled 64,889 registered trademark change applications, 53,855 registered trademark change applications, 70,094 registered trademark renew applications, 8,674 trademark objection adjudication applications and 18,911 registered trademark licensing contract record applications.

In 2007, the TMO altogether accepted 212 certification trademark registration applications and approved 92 registrations of certification trademarks, including 71 geographical indication registrations; accepted 155 collective trademark registration applications and approved 60 registrations of collective trademarks, including 11 geographical indication

registrations; and accepted 728 special sign registration applications and approved 1,004 registrations of special signs.

In 2007, 197 well-known trademarks were certified by the TMO and the Trademark Review & Adjudication Board of the State Administration for Industry & Commerce (the TRAB). Of all these well-known trademarks, 130 were certified in the trademark management cases and 16 were certified in the registered trademark objection cases by the TMO, while 51 were certified in the cases of disputes over trademark ownership by the TRAB. Among them, there were a large amount of famous trademarks very familiar to consumers or the public, such as "Neiliansheng Shoes", "Xinhua Book Store", etc. Moreover, of all the 197 well-known trademarks, 183 were commodity trademarks and 14 service trademarks; as for the owners, 182 were held by Chinese mainland enterprises, 1 by Hong Kong SAR enterprises, 2 by Taiwan enterprises and 12 by foreign enterprises. By the end of 2007, the number of the well-known trademarks certified by the State Administration for Industry & Commerce (the SAIC) arrived at 1,004.

In 2007, the SAIC promulgated the Measures for the Administration of the Official Symbol of Geographical Indications Products and jointly held the "Worldwide Symposium on Geographical Indications" with World Intellectual Property Organization (WIPO) in Beijing. By the end of 2007, a total of 301 geographical indications had been registered in China, among which 82 were approved in 2007 alone. "Shaoxing Yellow Wine", "Panjin Rice", "Taihe Black-boned Chicken", "Pinghe Guanxi Honeyed Shaddock" and "Nanfeng Sweet Orange", all were the well-known trademarks of geographical indications newly certified in 2007. Among all the 1,004 well-known trademarks certified by the TMO and TRAB, there were 10 of geographical indications.

In 2007, 17,574 trademark review applications were accepted by the TRAB, with an increase of 17.5% over the past year. Of these applications, 13,660 were filed for review on refusal, accounting for 77.7% of the total; 279 were filed for review on decisions of cancellation, accounting for 1.6% of the total; 2,364 were filed for review on decisions of objection, accounting for 13.5% of the total; and 1,271 were filed for adjudication on dispute, accounting for 7.2% of the total.

During the year of 2007, a sum of 12,799 trademark review and/or adjudication cases were handled by the TRAB, with an increase of 200% over last year. Of these cases, 11,656 were filed for review on refusal, accounting for 91.1% of the total; and 1,143 were filed for review on decisions of cancellation, objection and adjudication on dispute, accounting for 8.9% of the total.

In 2007, administrations of industry and commerce at all levels across the country investigated and dealt with a series of serious trademark related cases which were abominable in nature and had wide and bad social influence. According to the statistics, 50,318 trademark violation cases of various categories were investigated during the year, among which 10,320 were foreign cases, with an increase of 7.9% over 2006; About 28.17 million pieces (sets) of trademark violation related marks were seized and

destroyed, with total monetary penalty of RMB417.63 million; 229 cases and 228 involved suspects were transferred to judicial organs for criminal liabilities.

IV. Reinforcing the Combination of Special Campaigns and Routine Supervision, Significant Achievement in Copyright Protection

In 2007, copyright administrative authorities at all levels across the country dedicated their efforts to continuously consummating the construction of copyright legal system, thoroughly strengthening the copyright administrative enforcement, actively reinforcing the legitimation of genuine software, and increasingly expanding the cooperation areas for copyright external communication.

With respect to the legal system construction, the second round of amendment for Copyright Law of the People's Republic of China was formally launched; Regulations for the Protection of Folk Literature and Arts entered into the phase of legislation investigation; and the amendments for Measures of Remuneration for Textbook Legal Permit and Administrative Measures of Voluntary Registration for Works were already carried out. Meanwhile, the National Copyright Administration of the People's Republic of China (the NCAC) formulated Provisional Measures of the Rewards for Reporting and Investigating Offences of Infringement and Piracy and the sample documents relating to the Notice on the Claim for Deleting or Disconnecting Content of Network Infringement as well as the Specifications on the Restoration Claims for Deleted or Disconnected Network Content.

In 2007, the NCAC and other relevant departments jointly executed the administrative mechanism combining the routine market supervision and special campaigns, while at the same time gave prominence to administrative enforcement and intensify the striking power against software infringement and piracy.

According to statistics, in 2007, copyright administrative authorities at all levels across the country altogether investigated 548,646 operating units, banned 13,170 illegal operating units, cracked down 1,224 underground spots, executed 9,816 administrative sanctions and transferred 268 cases to judicial organs for further investigation. The number of confiscated pirated products reached more than 75.69 million, including over 11.21 million volumes of pirated books, 18.43 million volumes of pirated periodicals, 52.49 million discs of pirated audio-video products, 2.07 million discs of pirated electronic publications, 3 million copies of pirated software and 5.05 million copies of pirated goods of other diverse kinds.

From April to June, the NCAC launched a two-month special campaign against illegal pre-installation of computer software across the entire country, strictly striking against the illegal activities of unauthorized pre-installation of pirated software in the fields like computer assembly and sales, etc. During the special campaign, a total of 7 producers and 9,876 sellers of pirated software were investigated, with 245,762 copies of software discs confiscated and an amount of RMB109, 800 cash penalty fined.

From August to October, the NCAC, under the vigorous cooperation with public security organs, telecommunications and other departments, launched the special campaign against network infringement and piracy. During the special campaign, local copyright administrative authorities investigated and dealt with 1,001 cases in the aggregate, among which alleged infringers in 832 cases were ordered to cease their infringements, fines worth RMB870,750 imposed, 123 computer servers confiscated, 339 illegal websites closed, and 31 cases transferred to judicial organs for further investigation.

In order to adapt copyright protection to the fast growing new technologies, the NCAC thoroughly implemented the construction of Digital Copyright Supervision and Authentication Platform in 2007, whose engineering construction of Phase I was formally initiated. On September 28, the "Anti-Piracy Reporting Center" under the NCAC was set up in order to fully mobilize social resources to participate in the campaign against infringement and piracy.

In 2007, the NCAC continued to reinforce the organization and co-ordination of the use of legitimate software in enterprises, established the "Inter-Ministry Joint Conference System for Promoting the Use of Legitimate Software in Enterprises", held six-phase Training Courses for Promoting the Use of Legitimate Software in Enterprises, formed the "Professional Consulting Team for the Legitimate Software in Enterprises", and inspected the first passel of 1,500 enterprises who had installed legitimate software.

In 2007, various publishing houses thoroughly carried out the "Going out" strategy under the guidance of relevant departments, and continued to expand the space of books copyright trade, with prominent results achieved in books copyright export. During the year, 10,255 items of books copyright were imported into the country by various publishing houses, as many as those of last year; meanwhile, 2,571 items of books copyright were exported through publishing houses, which witnessed its zenith for the historical years and made the import-export ratio arriving at 3.99: 1.

V. Administrative Enforcement Continuously Strengthened, Customs Protection of IPR Entering Upon a New Stage

In 2007, China customs continued to reinforce customs protection of IPR and achieved prominent effects with regards to various aspects such as improving the rules and regulations of customs protection of IPR, strengthening the force of administrative enforcement, and thoroughly developing international cooperation relating to customs protection of IPR.

During the first ten days of November, the General Administration for Customs of China (the GACC) issued the Opinions on the Reinforcement of Customs Protection of IPR which made an overall disposition on present and future IPR protection work of China customs. In mid-November, the "Nationwide Customs Working Conference of IPR Protection" was convened in Kunming City to analyze the current situation of customs

protection of IPR, to emphasize the necessity and imminence of further enhancement of customs protection of IPR, and to present specific requirements for the work of next steps.

In order to normalize the customs' auctioning off infringing goods, to increase the transparency of the customs' administrative enforcement and to guarantee the IPR holders' right to know, the GACC promulgated the Decree No. 16 of 2007, which formulated that the customs may have the confiscated goods auctioned after removing all the infringing features on relevant goods or on their packages; including removing infringing trademarks, and features like infringements on copyrights, patents and other intellectual property rights; where the infringing features cannot be removed, the customs shall destroy the goods, instead of disposing of them by auction. At the meantime, the customs shall notify and ask for advice of relevant IPR holders before auctioning off the infringing goods. These regulations had prominent effects on normalizing the customs' auction of infringing goods as well as in minimizing damages caused by the auction of infringing goods that may be brought to relevant right owners.

In order to increase the pertinence of the customs' administrative enforcement of IPR and continuously strengthen the striking power over the illegal activities of import-and-export IPR infringement goods, the GACC initiated "the 'Dragon Boat' Campaign against IPR Infringement" during the last ten days of September throughout the nation's customs, starting from October 1, 2007 to March 31, 2008. This crackdown not only required the nationwide customs to strengthen the IPR protection comprehensively, but also to increase the seizure rate of infringing goods by massively adopting effective measures like applying risk analysis methodology, utilizing advanced equipments for customs check and increasing customs control and seizure percentage, etc.

In 2007 alone, the number of the effective records maintained in the IPR recordation database of the GACC reached 2,267, with an increase of 38.7% compared with the previous year. Nationwide customs offices altogether seized 7,467 shipments of import-and-export goods related to IPR infringements of various types, which involved a value of RMB438,855,566.

In 2007, the international cooperation of customs protection was largely advanced. In May, the GACC and U.S. Customs signed the Memorandum of Co-operation on Intellectual Property Rights Enforcement, which called for better bilateral cooperation and communications on areas such as exchanges of IPR customs protection data, information, custom officials and enforcement experiences. Under the framework of China-Japan-Korea Tripartite Customs Directors General Meeting, the GACC, together with Japan Customs and Korea Customs, jointly set up a "China-Japan-Korea Tripartite Customs Intellectual Property Rights Working Group" and signed the China-Japan-Korea Tripartite Action Plan of Customs Protection of Intellectual Property Rights (also known as "Non-counterfeit Plan").

In 2007, the Quality Brands Protection Committee (QBPC), under the China Association of Enterprises with Foreign Investment (CAEFI), which was made up of over 180

multi-national companies investing in China, presented China customs again the winner of the Most Efficient Intellectual Property Government Agencies Awards. On January 26, the "International Customs Day", World Customs Organization (WCO) recognized 15 China customs officials for their remarkable performance in the customs protection of IPR by awarding them "Outstanding Enforcing Customs Official". On June 28, WCO presented the GACC the "WCO 2007's Anti-Counterfeiting & Piracy Special Contribution Award", indicating the international community's recognition of the tremendous progresses China customs had made in striking against the illegal import and export activities of IPR infringing goods for the past years.

VI. Strict Crackdown on Infringement and Piracy, Rectification and Normalization of Cultural Market Order

In 2007, the Ministry of Culture (the MOC), aiming at accomplishing the task of building a stable and harmonious social and cultural environment, earnestly organized and launched a series of special rectification campaigns, such as "Daily Anti-piracy Campaign", the Intensive Law Enforcement and Examination of the Cultural Market, and the Crack Down on Non-licensed Operation and Wayside Stall, etc., which brought about significant effect on rectifying and normalizing the cultural market order.

With the great impact imposed by "100-day Campaign against Piracy" in 2006, the MOC and some other departments, like the Publicity Department of the Central Committee of CPC and the Office of the National Campaign on Anti-prostitution and Anti-delinquency (the ONCAA), jointly launched the "Daily Anti-piracy Campaign", which required the administration authorities of local cultural markets to routinize and normalize the anti-piracy measures to a bigger extent.

In dealing with the growing problems of non-licensed stores and wayside stalls operating pirated audio-video products, the MOC, together with several departments like the ONCAA, the Ministry of Public Security (the MPS) and the SAIC took corporate action on the intensive rectification on the wayside stall and non-licensed sales of pirated and illegal publications.

In order to further normalize the cultural market order, the MOC released the Notice on Launching the Activity of Intensive Examination of Law Enforcement of the Cultural Market, having as its major objectives solving the outstanding problems existent in current cultural market and protecting the IPR, and thereafter, launched the examination of law enforcement campaign massively across the country from July to September.

To continuously intensify the striking power against infringement and piracy as well as of protecting the IPR, the MOC released the Notice on the Emphasis on the Law Enforcement of Recent Audio-Video Market on December 3, requiring local cultural administration authorities to firmly strike against the infringement and piracy networks by taking as their major objectives striking the sources, destroying the networks and seizing serious cases of illegal activities, by implementing precise striking measures and by

demolishing a passel of production lines, pack houses, working points, freight terminals and underground storerooms of illegal audio-video products.

According to statistics, during 2007, the cultural administrations and the law enforcement authorities of the cultural market at various levels across the country altogether dispatched over 4.91 million enforcing administrator times, inspected 850 thousand audio-video operating unit times, and confiscated around 110 million copies (discs) of illegal audio-video products, while at the same time, investigated more than 20 thousand IPR infringement cases, with 399 cases and 646 involved persons transferred to judicial organs for further treatment.

The cultural administration authorities at various levels across the country and local public security organs joined their efforts in successfully investigating a passel of serious cases of the production and sale of pirated audio-video products. Of all the cases, the cultural administration authorities in Shanghai, Beijing, Jiangxi Province and Anhui Province, etc., successively captured a number of significant cases of the production and sale of illegal audio-video products, in each of which cases hundreds of thousands copies (discs) of illegal audio-video products were confiscated. The Office of Cultural Market Management in Zhengzhou City, Henan Province, successfully demolished 3 illegal audio-video production spots and captured over 140 thousand copies (discs) of illegal audio-video products at one time. In the last ten days of October and first ten days of November, the relevant law enforcement authorities in Guangdong Province successively seized 5 underground storerooms, in which more than 620 thousand copies (discs) of illegal audio-video products of various kinds were confiscated on the spot. A series of serious cases in the audio-video market were solved one by one, which was effectual in heavily striking against various activities of operating illegal audio-video products and normalizing the operation order of the cultural market.

The cultural administrations and the law enforcement authorities of the cultural market at various levels across the country took active measures to explore new law enforcement modes towards the rising cultural field, to feasibly intensify the supervision over operating activities of the network culture, and to crack down on network infringement and piracy. In early August, the MOC investigated into and dealt with 10 illegal music works operation websites after careful deployment and organization, which included the illegal operation case of "www.mtvtop.net" investigated by the cultural administration authorities of Guizhou Province, and that of "www.vvya.com" investigated by the cultural administration authorities of Pingxiang City, Jiangxi Province.

In order to make it more systematic, scientific and standardizing the destroying of confiscated illegal audio-video products across the country, the MOC and the National Office of Rectification and Standardization of Market Economic Order jointly released the notice fixing the "Nationwide Illegal Audio-Video Products Destroying Day" on April 26 of each year. On April 26, 2007, a total of over 25.35 millions of copies (discs) of illegal audio-video products were publicly destroyed at the same time across the entire nation.

VII. Efficient Measures Taken against Piracy, the Power of Public Security Organs Being Conspicuous

During the year of 2007, the public security organs across the country launched a series of special rectification campaigns, such as "Daily Anti-piracy Campaign", "Special Campaign on Combating Illegal Publications", "Special Campaign on Combating Cyber Infringement and Piracy" and "Mountain Eagle Campaign", etc., and continued to strengthen the striking power against infringement crimes on various intellectual property rights such as trademark, patent and copyright, with prominent achievements obtained.

According to official statistics, in 2007, nationwide public security organs accumulatively registered and inspected 2,283 cases related to IPR infringement crimes, solved 2,008 relevant cases and seized 2,967 criminal suspects, with a total value of RMB1.49 billion involved. Meanwhile, the public security organs, together with other relevant departments, handled more than 10,870 IPR infringement cases of various kinds, like infringements on copyright, and captured over 41.18 million illegal publications.

The public security organs across the country brought their functions into full play and successfully solved a number of serious cases of IPR infringements. On January 28, the public security authorities of Hunan Province demolished 4 spots for storing pirated publications, and seized pirated books as many as 268 types, 630 thousand copies, with the total case value of RMB20.32 million involved. On March 17, the public security authorities of Guangdong Province, together with administration of press and publications and other departments, seized over 1.81 million illegal audio-video products, 3,301 illegal matrices, 150 pornographic discs and 30 disc producing machines, and captured 10 criminal suspects. In December 2007, the public security authorities of Henan Province successfully knocked out a giant criminal group of producing and selling illegal teaching and training books, seized 8 criminal suspects and confiscated more than 280 thousand illegal publications.

In 2007, the MPS took active measures to popularize and implement the "Information System of Public Security Supervision on Printing Industry" to comprehensively upgrade the supervising and monitoring skills on the printing industry. Meanwhile, local public authorities increasingly intensified their supervision and management towards the enterprises that were engaged in printing and disc production, and seized and banned a number of illegal printing spots without appropriate certificate or operation license, aiming to continually purify the publication market. During the whole year, the public security organs in Shandong Province investigated a sum of 7,484 printing and copying enterprises, and successively banned and cracked down on 45 spots engaged in printing and copying illegal publications. The public security organs of Shanghai Municipality altogether checked more than 20 thousand units/times of printing and copying audio-video products, punished and even banned over 120 operators. The Center of Identification for Disc Production Source under the MPS has issued 2,485 related identification writs since the year of 2000, providing relevant departments with powerful evidences to deal with infringement and piracy cases.

In order to deal with the increasingly severe problems like IPR infringement crimes through Internet, the MPS drafted the "Scheme on Nationwide Special Campaign against IPR Infringement Illegal and Criminal Actions through Internet", and held a special-topic lecture of the "Investigation on Internet IPR Infringement Crimes" through the picture-telephone meeting system. In October, the public security organs of Beijing Municipality successfully solved the case of copying and releasing others' film and video works through Internet by Beijing Golden Interactive Co., Ltd., which brought very positive effect in the society.

In accordance with the increasingly internationalized tendency of IPR infringement crimes, the public security authorities reinforced law enforcement cooperation and communication between different countries through diverse channels. In March 2007, Chinese public security authorities and U.S. judicial organs jointly established a Sino-U.S. IPR Criminal Law Enforcement Working Group, and reached consensus on timely communication and information exchange between both sides, and reinforcement of law enforcement cooperation. In July, under the unified command of the MPS, the public security authorities of Beijing, Shanghai and Guangdong, together with relevant U.S. law enforcement agencies, jointly launched the "Summer Solstice" campaign and successfully cracked down on Ma Kepei Criminal Group and Wang Wenhua & Che Tingfeng Criminal Group, two super-serious criminal cases of cross-border production and sale of pirated software.

VIII. Continual Perfection of Technology Support System, Steady Development in the Protection of New Varieties of Plant

In 2007, the Ministry of Agriculture (the MOA) and the State Forestry Administration (the SFA) focused their attention on the four aspects such as the cultivation, protection, utilization and management of plant new varieties and devoted themselves to the perfection of the "legal system, technology support and management service" system, all-round exaltation of "policy research, examination test, administrative enforcement and international communication" capabilities, and healthy and steady development of China's plant new varieties protection.

In 2007, 816 applications for new agricultural plant variety rights were accepted by the MOA, with 518 new agricultural plant variety rights granted, accounting for 36.6% of the total granted. By the end of 2007, the numbers of overall applications and granted quantity reached 4,695 and 1,417 respectively. In the same year, the SFA accepted 61 new forestry plant variety rights from within and abroad, with 78 new forestry plant variety rights granted, among which 45 were granted to foreign applicants. The overall quantity of new forestry plant variety rights reached 199.

In dealing with the problems existing in the application, examination, test and management of new agricultural plant varieties, the MOA promulgated the newly revised Implementing Rules for the Regulations on the Protection of New Varieties of Plants (Agriculture Part) on September 19, 2007, which was put into effect from January 1, 2008.

In order to push forward the research work on the DUS testing guidelines of new agricultural plant varieties, the MOA drafted 2007-2010 Research Plan on Testing Guidelines for DUS of New Agricultural Varieties of Plants and established Rules for Research on Testing Guidelines of New Agricultural Varieties of Plants, which laid a solid foundation for the promulgation of the protection directory of new agricultural plant varieties. In 2007, the method of DNA fingerprinting identification for the distinctness of new rice varieties was passed eventually, and released and implemented as the benchmark of the agricultural industry, which provided technology support and legal basis for the enforcement and identification of new agricultural plant variety rights.

In 2007, the Protection Office of New Agricultural Varieties of Plants under the MOA established "Four Season Forum" system. The "Spring Forum" focused its attention on the research and management of testing guidelines for DUS of new agricultural varieties of plants; "Summer Forum" mainly explained and discussed relevant judicial interpretations about the protection of new agricultural varieties of plants; "Autumn Forum" emphasized on the construction of "three databases plus one website" (short names for examination database, testing database, known plants categories database and website); and "Winter Forum" was dedicated to implementing the newly revised Implementing Rules for the Regulations on the Protection of New Varieties of Plants (Agriculture Part), as well as to solving the problems like further improving the authorization quality of new varieties of plants.

To make the new forestry plant varieties test system more reliable, the database of known forestry plants categories, which was organized and established by the Protection Office of New Agricultural Varieties of Plants under the SFA, for 7 forestry plants such as silver chain, plum, Picea, syringe, Prunus triloba Lindl, Lagerstroemia, Paeonia, successfully passed pre-final check and acceptance in December 2007. Up to now, the number of genera (species) with relevant databases of known plants categories established reached 45, in which as many as 5,955 items of detailed plants categories information were collected already.

From July 1 to 6, 2007, the SFA, in cooperation with International Union for the Protection of New Varieties of Plants (UPOV), undertook the 40th Session of Ornamental Plants and Forestry Technology Working Group Meeting in Kunming. More than 120 experts, coming from 19 countries and international organizations, as well as breeding and testing specialists of China's agricultural and forestry fields, attended the meeting. The meeting reached the resolution that China took up the responsibility of drafting the UPOV's testing guidelines for peony and Camellia, and at the same time that China will shoulder the drafting of the testing guidelines for another 6 genera (species) such as Ginkgo biloba , Picea, goldenrain tree, forsythia, Prunus triloba Lindl and silver chain in the years to come.

IX. Continual Enhancement of Trial Functions, Effective Reinforcement of Judicial Authority

In 2007, nationwide people's courts at all levels strengthened various kinds of IPR trials from all sides by continuously enhancing their trial functions, expanding the trial scopes, improving the trial quality and efficiency, and enriching the trial theories, which was effectual in reinforcing the IPR judicial authority and providing timely and effective judicial protection for the building of an innovative country and a harmonious society.

In 2007, local people's courts across the country accepted a total of 17,877 IPR civil cases of first instance and concluded 17,395 ones, with respective increases of 25.73% and 23.75% over that of last year. Among all these accepted cases, there were 4,041 patent cases, 26.44% increase over last year; 3,855 trademark cases, 52.92% increase over last year; 7,263 copyright cases, 27% increase over last year; 669 technological contract cases, 1.76% decrease over last year; 1,204 unfair competition cases, 4.14% decrease over last year; and 845 other IPR cases, 0.12% decrease over last year. A total of 2,865 IPR civil cases of second instance were accepted, with 2,870 similar cases concluded, increasing by 6.66% and 8.22% respectively than those of last year. Another 39 cases were accepted for re-trial proceedings, with a decrease of 3 cases over the previous year; and 45 cases were concluded.

In the year of 2007, 668 IPR civil cases of first instance involving foreign litigants were concluded by people's courts across the country, with an increase of 89.24% over the previous year. 323 IPR civil cases of first instance involving litigants from Hong Kong, Macau and Taiwan were concluded, with an increase of 41.05% over the previous year.

The people's courts seriously implemented the judicial review and supervision functions over the cases related to authorization and verification of patent and trademark as well as the IPR administrative enforcement. In 2007, local people's courts across the country accepted 1,001 IPR administrative cases of first instance, with 947 cases concluded during the same period. Of all the accepted cases, 599 were patent cases, with an increase of 30.78% over last year; 392 were trademark cases, with an increase of 66.80% over last year; 6 were copyright cases, continually decreasing by 40%; and 4 were other cases.

As for the IPR criminal protection, a total of 2,684 IPR criminal cases were concluded by local people's courts across the country in 2007, and 4,328 suspects were sentenced with effective judgments, 4,322 of whom were sentenced to be guilty. Of all the concluded cases, 904 were related to IPR infringement crimes, with 1,371 suspects sentenced with effective judgments (respective increases of 17.56% and 13.12% over the previous year); 477 were related to manufacturing and/or selling false and inferior commodity crimes (involved with IPR infringement), with 891 suspects sentenced with effective judgments; 1,296 were related to illegal business crimes (involved with IPR infringement), with 2,024 suspects sentenced with effective judgments; and 7 other IPR infringement cases were sentenced out of IPR crimes, with 42 suspects sentenced with effective judgments.

The trial quality and efficiency of IPR cases have been increasingly improved. The percentage for ending IPR civil cases of first instance increased from 78.36% in 2006 to

79.90% in 2007, the percentage for appealing to a higher court decreased from 40.67% in 2006 to 16.47% in 2007, and the percentage for re-trials decreased from 0.27% in 2006 to 0.22% in 2007. Mediation had significant positive effect on IPR lawsuits, with the average percentage for dropping the charges of IPR civil cases at first instance arriving at 55.48% across the country in 2007, an increase of 2.47% over last year.

The people's courts at all levels adopted pre-and-during the suit temporary measures (dedicated for the procedures initiating the litigation and during the judicial proceedings) in a most cautious, reasonable and effective way. In 2007, local people's courts across the country respectively accepted and concluded 134 and 131 IPR related cases appealing for pre-suit cessation of infringement, 230 and 216 cases appealing for pre-suit preservation of evidence, and 110 and 106 cases appealing for pre-suit preservation of possession, with respective ruling support levels reaching 76.92%, 87.17% and 98.1%. In addition, the people's courts respectively accepted and concluded 43 and 41 IPR related cases appealing for during-the-suit cessation of infringement, 468 and 418 cases appealing for during-the-suit preservation of evidence, and 443 and 423 cases appealing for during-the-suit preservation of possession, with respective ruling support levels reaching 57.5%, 90.53% and 95.97%.

The people's courts at all levels strictly applied legal compensation regulations when handling IPR infringement cases to lower the cost of rights protection and increase infringement cost at the same time, trying to ensure that every IPR owner is entitled to obtain sufficient infringement compensation. In the trademark infringement case appealed by Japan's Yamaha Motor Co., Ltd. against Zhejiang Huatian Industries Co., Ltd., the SPC affirmed the original judgment of awarding Japan's Yamaha Motor Co., Ltd. record damages of RMB8,300,440.43 for a trademark infringement based on the evidences gathered showing the defendant's obvious infringement intent and lack of sufficient financial information. The verdict made by the SPC announced the record compensation amount among all the IPR infringement cases involving foreign participants.

In order to perfect the IPR trial mechanism, the SPC adjusted the jurisdiction over IPR cases on a timely basis while adhering to appropriate centralization of IPR case jurisdiction. By the end of 2007, the numbers of the intermediate people's courts with the appropriate jurisdiction over patent, new plant varieties and layout designs of integrated circuits at first instance had respectively reached 69, 38 and 43 across the country, while the number of the primary people's courts granted the jurisdiction over certain IPR civil cases upon approval had reached 40. With this, the deployment of IPR trial resources had been further optimized.

X. Field of Foreign Exchange Constantly Broadened, New Progresses Achieved in International Cooperation

In 2007, while coordinating with relevant departments, the SIPO participated in norm setting activities in WIPO, including the Congress of Intergovernmental Committee of Genetic Resources, Traditional Knowledge & Folk Literature and Art and the discussion of

an array of important issues, such as coordination of substantive patent laws, PCT reform, WIPO Development Agenda, modification of International Patent Classification as well as Convention of Biological Diversity and Patent Disclosure.

In 2007, the SIPO has conducted a series of cooperation and exchange activities with WIPO, including WIPO National Roving Seminars on PCT in Beijing, Hangzhou, Xian, Changchun, Xiamen and other places and WIPO Worldwide Academy High-Level Seminar for Heads of Intellectual Property Offices From Eastern China in Tianjin, Geneva and Munich. In Beijing, WIPO PCT International Conference and WIPO Asian-Pacific Sub-Regional Workshop on Effective Enforcement of IPR were respectively held.

On July 4, Tian Lipu, Commissioner of the SIPO, signed a cooperation agreement on mutual visits of senior officials, traditional knowledge, genetic resources and personnel training with Director General of African Regional Intellectual Property Office (ARIPO) Gift Sibanda during his first visit. The agreement was viewed as a milestone for cooperation in science, technology, trade and commerce between China and African countries.

On July 17, Commissioner Tian Lipu concluded an agreement with Mr. Alain Pompidou, President of European Patent Office (EPO), on the two offices' formal formation of strategic partnership, marking the cooperation entering a new strategic cooperation phase. Cooperation would tend to emphasize on mutual benefit and common development. On November 30, EPO new president Alison Brimelow made her first visit to China and attended the first meeting between the heads of the two offices under the framework of strategic partnership. Minutes on cooperation in 2008 and a memorandum of understanding on Chinese-English machine translation were concluded.

On December 10, the Seventh Trilateral Policy Dialogue Meeting among the Commissioners of the SIPO, Japan Patent Office (the JPO) and Korean Intellectual Property Office (the KIPO) was hosted in Tokyo. The three offices concluded a road map on mutual use of search and examination results to lessen workload and agreed to take it as a mid-term objective to continue the trilateral cooperation.

From January 29 to February 2, Mr. Li Dongsheng, Deputy Commissioner of the SAIC, led the Chinese delegation to attend the 3rd Global Conference of Attacking on Counterfeit and Privacy and signed the Singapore Treaty on the Law of Trademarks on behalf of China.

From May 7 to 11, Mr. An Qinghu, Director of the TMO, attended the 16th meeting of Standing Committee on the Law of Trademark, Industrial Designs and Geographical Indications in Geneva of Switzerland.

From June 26 to 28, the SAIC jointly held the "Worldwide Symposium on Geographical Indications" with WIPO in Beijing, which lectured and examined issues concerning seven aspects of geographical indications including the international protecting situation, future development of international legal framework and so on. More than 300 representatives

and experts from international organizations (such as WIPO and World Trade Organization), over 30 foreign countries (including the U.S., South Africa, etc) and China's related departments participated the conference.

From February 5 to 6, the NCAC, in cooperation with WIPO, held "WIPO Asian-Pacific Regional Seminar on Performer Right in Digital and Network Environment". Senior governmental officials from 12 Asian-pacific countries, Africa and Europe as well as officials from international organizations had a friendly discussion and interchange about theoretical and practical issues of performer right.

On July 18, the NCAC and WIPO jointly held "International Copyright Seminar 2007" whose subject was "Internet Copyright Protection and Industry Development". Representatives from WIPO as well as from foreign and domestic relevant administrative departments and industries discussed the important problems about copyright protection's influence on Internet development and Chinese economy in globalization and the role that copyright protection plays in creating a healthy market-economic order.