Internet + China’s Cultural Industries and IPR Protection Concern

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Abstract. On July 4, 2015, the State Council of China has issued Guiding Opinions on Actively Promoting the “Internet +” Action. “Internet +” means the combination of Internet and traditional industries. The cultural industries, as the most influential traditional enterprises of China, combined closely with the Internet, “Internet +” has brought new problems while liberating the productive forces of the cultural industries, the most important of which is IPR protection. Therefore, this paper wants to suggest the government put greater emphasis on IPR protection and better interacting with netizens, and enterprises including cultural industries be more creative instead of only imitating examples.

Introduction

It was reported by China Publishing & Media Journal that 2014 was a “policy year” for the creative and innovation industries, which saw the introduction of a slew of policies concerned with system reform, tax preferences and industry integration. These have contributed to the release of positive energy in the industry. 2014 was also a “year of integration” for the industry. The central government proposed the idea of leveraging the Internet to drive the integrated development of both traditional and emerging media. Meanwhile, the integration of the cultural and innovation industry with the design services and financial sectors has also entered an implementation phase, continually driving the expansion of the size of the industry and an upgrading of the mode of operation. 2014 was also the “year of the Internet” for the cultural and innovation industry, with cross-boundary penetration of the Internet accelerating the transformation of traditional industries.

Not only is the cultural and innovation industry integrating with the Internet at the technology level, it is also leveraging the Internet to carry out reform to its business models. Meanwhile, Internet enterprises BAT (Baidu, Alibaba and Tencent, collectively termed “BAT”) are also actively laying out plans for the Cultural industries for example film production and gaming [1]. Inter alia, Alibaba invested heavily in social media in 2013, by buying popular music streaming service Xiami. Notable purchase tangential to e-commerce in 2014 included $1.22 billion in video portal Youku Tudou [2].

IP Model Held Sway by Internet Thinking

Ever since the State Administration of Press, Publication, Radio, Film and Television (“SARFT”) reform leadership team approved the issuance of the Guidance Opinion on Promoting the Integrated Development of Traditional Media and Emerging Media, “integration” and “Internet thinking” have become the hottest terms in the cultural industries.
In the film industry for instance, Jiang Wen's latest work Yi Bu Zhi Yao (English: Gone With The Bullets) actively used fans as a means of marketing; its advanced box office sales have already exceeded ¥100 million a full month before its official screening. In the animation sector, output of China's new media animation expanded by 23.1% year-on-year to ¥7,185 million in 2013.

New media animation, represented by online animation and mobile animation have shown strong development and growth potential, and has become a new growth area for China's animation industry. Engulfed by the Internet, online gaming enterprises have moved their focus from product to customer, and have maximized the value of user experience. This is more directly reflected in Internet enterprises' analysis and utilization of big data. Internet enterprises are the most active practitioners that have capitalized on Internet thinking and industry integration.

In particular, the “IP (Intellectual Property) model” is the most popular. “IP model” refers to very popular works, and online literature, games, animation, film, television programs, television dramas and other cultural products developed based on image. The “IP model” can be further developed around content and fans, maximizing economic benefit. The four major business platforms under the Tencent's Interactive Entertainment Group - Tencent Games, Tencent Comic, Tencent Literature and “Tencent Movie Plus” - have created a complete closed loop on its existing marketing and video platforms.

Chen Shaofeng, the Vice President of the Institute for Cultural Industries at Peking University has expressed that enormous changes have taken place in the cultural enterprise structure in China. Many traditional cultural industries are migrating, or have already migrated on to the Internet. Internet enterprises are dominating Cultural industries M&As and resource consolidation [3].

“Internet +”Opinion’s IPR Protection Concern

On July 4, 2015, the State Council of China has issued Guiding Opinions on Actively Promoting the “Internet +” Action (hereinafter referred to as the Opinions), defining 11 key actions and 7 aspects of supporting measures to promote the Internet to expand from consumption to the production field, accelerate the upgrade of the level of industrial development, strengthen the innovation capability of various industries, as well as build new strength and new function of economic and social development. Among them, the Opinions confirm that, State Intellectual Property Office (SIPO) shall play the leading role in strengthening IPR (hereinafter referred to as Intellectual Property Protection) strategy and provide guarantee and support to the promotion of the “Internet +” action. In a sense, IP works are now fully embracing the new era of “Internet +”.

The Opinions indicate that, patent navigation for key link of integration field should be strengthened, and guidance be provided for enterprises to strengthen IPR strategic reservation and mapping. In addition, China should accelerate the opening and sharing of basic patent information resources, support the construction of online IPR service platform, encourage the innovation of service mode, enhance the added value of IPR services, and support IPR creation and application of micro, small and medium enterprises. China should strengthen the Internet IPR and enforcement of patent rights and regulations, and crack down on a variety of infringement and counterfeiting on the Internet; China should enhance social awareness of IPR protection on the Internet, promote the establishment of IPR protection alliance of “Internet +”, and increase the efforts to protect innovative results such as new forms of
business and new modes of industry. In addition, the Opinions also propose to actively develop IPR pledge financing services, etc.

With the “Internet +” era opening up, IPR protection under Internet ecosystem has become a hot topic. The new background of Internet communication has made IPR protection a more complicated process, traditional industries will encounter more IPR issues when they “touch the Internet”. Now a large amount of Internet infringement and piracy of IPR are cross-regional, or cross-border, which has brought much challenge to supervision and enforcement. In the future, when appropriate departments are promoting intellectual property legislation and supervision, they must take the features of the Internet era into account [4].

In practice, there is a good Internet + Cultural industries performance. Founded in 2006, Chongqing Zhubajie Network Technology Co, which operates Zhubajie.com has grown into a large Internet-based platform for outsourced creative services. Service providers, typically designers and advertisers, trade with 3 million budget-minded small and medium-sized companies on Zhubajie.com. Its popular services include logo design, Web design, translation, copywriting and marketing. In September 2015, the company launched a new business: trademark registration and other IP rights protection services. The company is hoping to ride its new businesses like trademark registration, printing and financing to a revenue of 10 billion yuan in 2016 [5].

Conclusion

Indeed, China has great Internet potential. According to China Internet Network Information Center (CNNIC) report, the number of active Internet users in China increased by 18.9 million in the first half of this year to reach a total of 668 million. The large number of Internet users in China has not only influenced domestic and global cultures, but also shown the world Chinese people’s astonishing consumption capability.

2015 Singles' Day (Nov 11) consumption carnival saw the total sales on domestic e-commerce platform tmall.com reach 91.2 billion yuan, more than five times that of Black Friday in the United States. This best explains how China's large number of netizens and their consumption make the country a major force in e-commerce and on the Internet. The Internet is a decentralized world, with the number of a country's netizens playing a big role in spreading its global influence. More than 20 percent of the world's Internet users are in China, which is the main reason for its incomparable influence in the virtual world.

But China is far from being an Internet power, because issues like insufficient intellectual property rights protection and lack of innovative and creative ideas are still to be resolved. The government still needs to update its governance philosophy in the Internet age by, for example, putting greater emphasis on IPR protection and better interacting with netizens.

Also, enterprises including cultural industries need to be more creative instead of only imitating examples. In order to flourish, China's Internet +cultural industries must invest more energy and resources in research and development and abandon the old habit of following in the footsteps of their foreign counterparts [6]. For instance they should review their Internal IP controls to determine whether they provide sufficient protection, make adjustments based on the IP audit, and dedicate resources in alliance with their IP protection goals. They should classify IP-relevant information according to its level of sensitivity, and integrate that classification into information control and operational procedures. They should register (or record) eligible IP in China and other countries (if necessary) as early as possible. They should understand the full range of IP for which they might file, including multiple types of
patents (utility model, design, and invention), as well as trademarks and copyrights. Besides, they should also take clear steps to document company IP protection policies and efforts as such documentation can play an important part in infringement disputes, particularly in areas like trade secrets [7].

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