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Foreword

With the development of economic globalization, the important role of intellectual property as a key element of the strategic resources and national competitiveness is increasingly emerging. The remarkable progress of intellectual property is significant for China's national competitiveness and also a crucial guarantee and support for the development of China's social economy.

Since the beginning of 2009, "China Intellectual Property Index Report" (CIPIR) has been consecutively published for 6 years. The China Intellectual Property Index Research Group (the Group) is devoted to continually perfecting the research system that resulted in adjusting the final version; including 4 first level indexes, 17 second level indexes, 65 third level indexes and 115 fourth level indexes. Compared with 2013, the current report reflects the development of China's intellectual property more comprehensively by adding the frame, rank and analysis of the science fourth level index and by emphasizing the creative environment of intellectual property. The Group seeks to create an intuitive and systematic research system of the fourth level index by analyzing every possible aspect in each of China's regions and the stage they are at regarding intellectual property. The aspects researched include perspectives of production, flow level, comprehensive performance, creative potential and progress trend of future overall strength of China's intellectual property.

"China's Intellectual Property Index Report" incorporates two affiliated reports: "Shanghai's Intellectual Property Lawsuits Report" (SIPLR) and "China's Listed Company in Pharmaceuticals Industry Report"(CLCPIL). The CLCPIL sets Shanghai as the research sample and attempts to analyze the most developed economic city as a region. The CLCPIL explores the relationship between the pattern of economic development and the development of intellectual property. In addition, the CLCPIL attempts to analyze the significant role of intellectual property in the pharmaceutical industry from the view of that particular industry. Thus, as a result, parts of the Group's research focuses on this representative industry that combines the traditional labor-intensive industry with the new high-tech industry.

The Group, under a long-term adherence to its objective and independent research attitude, records the traits and changes of every region by continually reviewing the development of trends in China's intellectual property system. The purpose of the record is to provide an analysis platform for the intellectual property's creative development and to achieve the long-term goal of intellectual property's effective use of protection in accordance with law and scientific management.

The China Intellectual Property Index Research Group
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Things to Keep in Mind While Reading the 2014 China Intellectual Property Report

I. An Introduction to the PCT (Patent Cooperation Treaty)

The Patent Cooperation Treaty (PCT) is an international patent law treaty, written in 1970. It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states. A patent application filed under the PCT is called an international patent application, or PCT application. China officially became a member of the treaty on January 1, 1994, and since then has filed many patent applications under the treaty.

According to Article 3 of the PCT, "an international application shall contain, as specified in this Treaty and the Regulations, a request, a description, one or more claims, one or more drawings (where required), and an abstract.

(3) The abstract merely serves the purpose of technical information and cannot be taken into account for any other purpose, particularly not for the purpose of interpreting the scope of the protection sought.

(4) The international application shall:

(i) Be in a prescribed language;

(ii) Comply with the prescribed physical requirements;

(iii) Comply with the prescribed requirement of unity of invention;

(iv) Be subject to the payment of the prescribed fees."

A PCT application, which establishes a filing date in all contracting states, must be followed, after its written conception, by entering into a national or regional phase in order to proceed towards the granting of one or more patents. The PCT procedure essentially leads to a standard national or regional patent application, which may be granted or rejected according to applicable law, in each jurisdiction in which a patent is desired. This process of filing a PCT begins with the filing of an application nationally and then moves into the search process to make sure there are no other similar international patents. Finally it moves into the international realm where the application is then filed into the countries where the patent is requesting to be used. The main advantage of the PCT procedure is the possibility to delay as much as possible the national or regional procedures, thus reducing the respective fees and translation costs, as well as the usage of a unified filing procedure.

II. Copyright in China

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What makes copyright laws in China so different and so much more challenging to protect than in western countries? In order to answer this question, we must first understand where China's system of law comes from, and how Socialism and Confucianism have influenced this system.

The Copyright Law of the People's Republic of China was adopted on September 7, 1990 and implemented on June 1, 1991. It was the first law authorizing the administration and protection of copyrights in the country and, compared to other western countries, was implemented much later than most countries. Therefore, China's understanding of copyright law only comes from just over 20 years of experience, making it difficult for society to accept such laws after hundreds of years of using copyright infringing goods without consequence.

Chinese Copyright Law provides that the works of Chinese citizens and foreign entities that are first published within China enjoy copyright protection under Chinese law for a term of 50 years, or the life of the author plus 50 years in the case of an individual author. The term for moral or personal rights, such as the right of accreditation, is perpetual. In addition, a publisher enjoys a 10-year term of protection for original designs of a publication. China also has a specific list of items that cannot be protected under copyright laws, which other countries may have listed as protected under their laws. These include:

- Laws and regulations, resolutions, decisions and orders of State organizations, other documents of a legislative, administrative or judicial nature and their official translations;
- News on current affairs;
- Calendars, numerical tables and forms of general use, databases and formulas.

Copyright in China, according to the International Intellectual Property Alliance, is prone to infringement. Piracy losses for business software, video games, motion pictures, recordings and books in 2002 exceeded USD1.85 billion, with piracy rates generally running 90-96 percent across all copyright industries. So why then does China have these problems? The answer: 4,000 year-old Chinese Confucian ideologies.

Coming from a Socialist and Confucian viewpoint, in China ideas are shared and open to usage by the community, rather than being owned by an individual. Chinese people believe that an idea, if good enough, should be shared. Therefore, everyone should benefit from an idea, rather than an individual gaining all the profit. If an individual decides to copyright his or her intellectual property, a song for instance, in western countries it would be seen as only that single person's right. In China, many people listen to the song and enjoy it. One day a person decides to sing the song in the background of a Chinese commercial. In China, they would see the use of the song as continuing the enjoyment of the song for all the people and not as an infringement of intellectual property rights. Rather, using the song for something that everyone

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would hear is a compliment to the artist, and everyone should share such enjoyment.

Changing this way of thinking in China requires many more years to allow people to fully understand what copyrights are, and why they matter. China's lawyers are all striving for their people to learn more about IP rights because it may push China forward in an economic sense if westerners will invest in China and are no longer afraid of having their ideas infringed upon. Chinese people are beginning to listen to what IP lawyers are saying, and slowly but surely attempting to stop the use of infringing products, which they hope will allow China to gain more respect in the western world.

III. Comparing Chinese Patent and Trademark Agents to Patent and Trademark Attorneys in the US and China

In the US, a person who has passed the patent agent qualification exam, and the USPTO registration examination, often referred to as the patent bar, but has not passed a state bar exam, is considered a patent agent rather than patent attorney. A patent attorney is an individual who meets the requirements of a patent agent, and has also been admitted to practice law in any of the US federal courts or state supreme courts, therefore having passed the national bar examination. One of the main differences between a United States Patent Agent and a Patent Attorney is that a Patent Agent does not represent clients outside the jurisdiction of the USPTO. Many patent agents are people with strong technical backgrounds who have not attended law school or who are in the process of attending law school. A recognized Bachelor's degree in biology, computer science, electronics technology, chemistry, pharmacology, physics and numerous engineering degrees, will make you eligible for the patent agent bar exam. A patent agent does not need a law degree; however, only patent attorneys can help clients with issues such as patent validity, infringement cases, and all patent litigation. Only patent attorneys can prepare, file and prosecute trademarks and service marks applications.

China, while having much fewer patent agents and attorneys than the US, still differentiates their patent attorneys from their patent agents, just as in the US. Patent agents and patent attorneys work directly under the State Intellectual Property Office (SIPO) of China. Only agents can aid foreigners in filing patent applications, and all foreigners are in fact required to send in their applications through registered patent agents designated by the State Council of the Chinese Government. China has a separate examination for patent lawyers than it does for patent agents. Patent agents must also have studied a science in their bachelor's degree program, whereas patent lawyers only have to pass China's equivalent of the bar exam, and are not required to have a background in a science to work in patent law.

In the US, both patent and trademark attorneys can provide representation and advice regarding designs and related intellectual property matters such as design searching and opinions, preparing and filing design applications, representation in

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matters before USPTO, design oppositions and advice in relation to infringement. Trademark attorneys in the US are part of the general legal profession. Trademark attorneys do not require specialized examinations in order to qualify and practice as a trademark attorney. Instead, any lawyer who is licensed to practice in at least one state may prosecute trademark applications before the USPTO. Many trademark attorneys in the US have undergraduate degrees in a variety of fields such as business administration, marketing, liberal arts etc. rather than in the science or engineering field, which a patent attorney must have in order to practice in the United States Patent Office. Furthermore, a patent attorney in the US must pass a special exam in order to represent individuals and companies in the Patent office, while a trademark attorney does not.

In China, a trademark attorney is a separately recognized legal profession. Along with solicitors and barristers, they are recognized as lawyers under China's Trademark Law. The responsibilities of a trademark attorney include advising on the adoption and selection of new trademarks; filing and prosecuting applications to register trademarks; advising on the use and registration of trademarks; handling trademark oppositions, revocations, invalidations and assignments; carrying out searches and advising on trademark infringement matters. A trademark attorney will work with the China Trademark Office to answer any questions about your trademark or trademark application. Trademark attorneys must pass the Chinese bar exam, but require no specific examination in order to be considered a specific trademark attorney.

A Chinese trademark agent refers to the practicing staff in a trademark agency or organization, while a trademark agency refers to the legal service agencies that take on clients and handle their applications for registration of trademarks or other matters related to trademarks in the name of their clients. Trademark agents are not required to pass the National Bar Exam, unlike their fellow IP counterparts, the patent agents. In China, there is a very interesting comparison between patent agencies and trademark agencies. A patent agent has to pass the qualification exam, which has a very low pass rate. A trademark agent does not need to pass any examination at all. There are currently more than 700 patent agencies in China, whereas the number of trademark agencies is staggering. Patent agencies have their own association, the All-China Patent Agents Association, while trademark agents don't have any association.

Throughout the world, there are different sets of laws and qualifications for lawyers, and those that are specific to China allow us to see how their system works. Chinese patent agents, patent attorneys, trademark agents and a trademark attorneys all carry their own specific set of requirements to be given such names, and each one provides a different service in helping to protect the holders of IP rights all over China.

IV. Key Amendments of new Chinese Trademark Law 2013

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On August 30, 2013, China National People's Congress enacted the amended *Chinese Trademark Law*, and the new *Chinese Trademark Law* came into effect as of May 1, 2014.The newly enacted law made several key changes to China's pervious trademark law. While many of the changes simply codified previously practices, there are ten key changes in the revised law.

First, the new *Chinese Trademark law* establishes deadlines for matters before the Chinese Trademark Office (CTMO) and the Trademark Review and Adjudication Board (TRAB). The CTMO now has nine months after receipt of the trademark application to complete a preliminary examination for registration. The nine month deadline also applies to CTMO and TRAB decisions concern request for rejection appeal, invalidation appeal, non-use cancellation and/or generic terms cancellation. However, the law gives an addition three months for certain unique circumstances listed within the law. The last new deadline imposed on the CTMO and TRAB is a 12 month deadline for review concerning opposition to decision with an extension for the TRAB under certain listed circumstances.

Second, the new *Chinese Trademark law* may make it more difficult for opponents to file an opposition. On one hand, as the opponent, the prior right holder or interested party may file the opposition based on their private rights. On the other hand, any entity (including the prior right holder or interested party) may, as the opponent, file the opposition based on the public interests. The new law partially cancelled the opposition appeal procedure in favor of the opposed party. If the opposed party wins the opposition, the losing opponent is not entitled to initiating the opposition appeal procedure before the TRAB, and the opposed mark will obtain registration. Instead, the losing opponent may seek to file invalidation against the registered trademark before the TRAB. If the opposed party loses the opposition, it may still appeal to the TRAB via the opposition appeal procedure before the TRAB.

Third, the well-known mark protection system is further clarified in the new law. Well-known mark recognition is based on the request of the trademark right holder and a fact to be ascertained according to the necessity of the case. However, the right holder of the trademark well-known among the relevant public may request the well-known trademark protection according to regulations in *Chinese Trademark Law*, when he believes his right has been infringed upon. The new law also establishes specific routes and authorities governing well-known mark recognition and prohibits using the wording "well-known trademark" for commercial activities.

Fourth, trademark protection is further strengthened in several ways. The new law further clarified the criteria of trademark confusion among the public. Now, it is assumed as confusion when identical marks/signs on identical goods/services. For similar marks/signs on identical goods/services or identical marks/signs on similar goods/services, confusion must be established. Moreover, the new *Chinese Trademark Law* added the provision of contributory infringement that the act of "intentionally providing and facilitating conditions for infringement and assisting others to carry on the infringement" shall be deemed as trademark infringement. An

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additional provision was added that states "Use of the registered trademark or unregistered well-known marks of others as a trade name contained in the enterprise name, which misleads the public and constitutes as unfair competition, shall be ruled under the *Chinese Anti-Unfair Competition Law*."

The new *Chinese Trademark Law* further strengthens protection by affirming the right for use of a prior mark with certain fame, by stipulating that "Where prior to an application of trademark registration by a trademark registrant, others have been using identical or similar trademark on identical or similar goods prior to the trademark registrant, and such trademark has acquired certain influence, the trademark registrant shall have no right to prohibit said trademark user from continuing to use that trademark within the original scope of use, but may require it to attach additional appropriate distinctions."

Moreover, the new law strengthens penalties and damages for infringement. The law extended scope of tools to be seized or destroyed, which are used to manufacture infringing goods, forge registered trademark labels, by changing the wording into "the primary tools" from "specially used tools" prescribed in *2001 Chinese Trademark Law*. The new *Chinese Trademark Law* has prescribed the specific amount of the fine, that is, "with unjustified business income over RMB 50,000, can be held liable for a fine up to five times of the unjustified business income; where no unjustified business income or unjustified business income is less than RMB 50,000, a fine up to RMB 250,000 can be enforced.

Fifth, the new *Chinese Trademark law* further cracks down on bad faith actions. A catch-all provision of the good faith principle was added which states: "The application for registration and use of the mark shall comply with the principle of good faith." The new *Chinese Trademark Law* adopted the provision prohibiting the hijacking of another party's unregistered mark with prior use based on the ground that the applicant is aware of such prior mark because the applicant has contractual, business or other relationships with the other party. Also, the new law prescribes that the trademark registrant will not be awarded with damages if such registered mark is not in actual use.

Sixth, the new law enhanced the definition of a mark and provides more detail concerning application and registration of marks. The new law added sound marks to the definition of an acceptable registered mark. Signs identical or similar to the national flag, national anthem, etc. and deceptive signs which tend to mislead the public are prohibited from using and registration as trademarks. Multi-classes registrations in one application and e-filings were both adopted. Examination opinion may be issued if the CTMO believes the trademark application needs to be further explained or amended. Application for renewal of the registration shall be made within 12 months before the expiration date, extended from six months prescribed by *2001 Chinese Trademark Law*. Requirements for trademark assignment are added and clarified. Lastly, the entity and nature of license recordation is further clarified by adding the following provisions: "when licensing others to use its registered

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trademark, the licensor shall record its trademark license with the CTMO, announced by thereof. Trademark license that are not recorded with the CTMO cannot be used against the good faith use of the registered trademark by a third party."

Seventh, according to the new *Chinese Trademark Law*, suspension of action is now available for review case and invalidation cases handled by the TRAB as well as the trademark infringement cases handled by the AICs.

Eighth, the effectiveness and retroactive effect of opposition, invalidation and cancellation of the trademark has been changed. The trademark approved for registration upon the adjudication on the opposition shall not have the retroactive effect on another person's act to use a sign identical with or similarly to the trademark on the same or similar goods from the date on which the period for trademark opposition expires and before the adjudication on the opposition takes effect. However, the losses inflicted to the trademark registrant due to the bad faith in which the sign is used shall be compensated. In respect of a trademark registration that is invalidated, it shall be published by the Trademark Office, and the exclusive right to use the trademark shall be deemed to be non-existent from the beginning. The law also states that a registered mark cancelled will be published by the CTMO, and the exclusive rights thereof will be terminated on the date of publication.

Ninth, the administration on trademark use is further strengthened. The new *Chinese Trademark Law* clarified the definition of trademark use and emphasized the trademark use in the sense of *Chinese Trademark Law* with the purpose of identifying the sources of goods or services. It also clarified that the local AIC (instead of the CTMO prescribed by *2001 Chinese Trademark Law*) has the power to order the rectification of unilaterally altering a registered trademark, name, address, or other registered matters, while the power to cancel the registered trademark remains at the CTMO. The law adopted the practice of cancellation against the trademark registration of generic terms. Like the cancellation against the three-year non-use cancellation, any entity is entitled to filing the cancellation against those registered marks where they have becomes generic terms. Lastly, the amount of the fine imposed by the local AIC is further clarified

Tenth and last, regulations and requirements on trademark agents are enhanced. The new *Chinese Trademark Law* adds several provisions to regulate the practice of the trademark agents and to be helpful to crack down bad faith trademark registration.

All of the changes found in the new *Chinese Trademark law* are welcomed changes by attorneys in China. Many of these changes reflect current practices that are now clarified within the new law. The implementation of the new *Chinese Trademark law* creates a more current and modern Trademark protection for businesses in China.

V. Nontraditional Trademarks in the Eastern Asia and Pacific Region

Because of the addition of sound trademarks in the new *Chinese Trademark law*,

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the Group sought to research these nontraditional trademarks around China in the Eastern Asia and Pacific region. A number of countries in this region already have sound trademarks added to their Trademark laws including: Australia, Macau, New Zealand, Hong Kong, India, Taiwan, Singapore, Mongolia, and South Korea. However, there are still several countries whose law does not provides for sound trademarks as registrable marks such as: Thailand, Japan, Malaysia, Laos, Philippines, Indonesia, and Viet Nam.

In researching several countries, there was some confusion concerning whether or not sound marks are registrable marks in Thailand. Numerous bills have been proposed in Thailand concerning amendments to the current Trademark law, and recently a bill was proposed that would added "sounds and smells" to the definition of a mark. However, to date, the proposed bill has not become a part of Thailand's trademark law. Thailand's current law states that a "Mark" shall include a portrait, picture, device, brand, name, word, statement, letter, numeral, signature, combination of colors, figurative element, or any combination thereof. In addition, three-dimensional marks are registrable in Thailand. Considering the proposed bills, Thailand's Trademark law could change in the near future. Thus, a close eye needs to be kept on Thailand for any new developments.

Next, Taiwan became a focus for our sound trademark research. Because of Taiwan's proximity to China and the similarities between our two countries laws, Taiwan seems to be a guide for how the new *Chinese Trademark law* will unfold. Taiwan began extending protection to sound marks in 2003; and in 2012, Taiwan extended the definition of a mark even further by adding in motions, holograms, and single colors. Currently, protectable subject matter in Taiwan includes any sign with distinctiveness, which may, in particular consist of words, devices, symbols, colors, three-dimensional shapes, motions, holograms, sounds, or any combination thereof. Musical and Non-musical sounds can be registered marks and when filed representation of the proposed mark submitted upon filing shall be truthfully represented by a staff or description of the sound and electronic data carrier that contains the stored representation of the trademark.

A difficult burden of proof with sound trademarks in any country is the "distinctiveness" requirement. Under Taiwan's law, the term "distinctiveness" refers to the character of a sign capable of being recognized by relevant consumers as an indication of the source of goods or services and distinguishing goods or services of one undertaking from those of other undertakings. The requirement of "capable of being recognized by relevant consumers" can be a very difficult burden of proof. In addition, the law gives little guidance as to who are relevant consumers and what the recognition of these consumers would entail.

Since the amendment of the Trademark law in 2003, only 40 sound trademarks applications have been successfully registered. This year, 17 sound trademark applications have been successfully registered. However, 49 applications have been rejected this year. One can only speculate as to the reason for such low success rates

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among trademark applications. Most speculation tends to think the "distinctiveness' requirement for sound trademarks can be very difficult to prove especially when the sound mark includes spoken words.

An example of a failed attempt to trademark a sound in Taiwan occurred in 2011 when Taiwan's Cathay United Bank filed sound trademarks concerning a tune for its TV commercial slogan "Enrich your life, Cathay United Bank (in Chinese)." However, Taiwan Intellectual Property Office (TIPO) did not approve most of the applications so Cathay United Bank filed suit in the Taipei Administrative Court. The Court stated that the sound trademark presented by Cathay United as musical notation and male ensemble recorded in a disc was not a tune that can be easily and deeply remembered. The phrase "enrich your life" literally connotes meaning of blessing or encouragement. Thus, the combination of the tune and the phrase cannot be the basis of identification for the consumers to easily differentiate Cathay United Bank's services from others. Therefore, the Court ruled in favor of the TIPO decision and did not grant Cathay United Bank a sound trademark.

In attempting to learn more about nontraditional sound trademarks in the Eastern Asian and Pacific region, several road blocks seemed to inhibit our research. Because trademark applications are traditionally review by a trademark board and not by a court of law, the reason for rejections of applications is often times not disclosed or reported. In addition, many countries filing systems are purely paper systems that are not uploaded to the internet. Lastly, counties with accessible information about trademark registration do not distinguish between traditional and nontraditional trademark registration and statistics. Since nontraditional trademarks are the future of trademark protection, it is our hope that in the future countries will begin to issue more detailed information concerning these marks. However, only time will tell if nontraditional marks will be considered separate from more traditional marks in research and recordation.

In brief, our research has uncovered that nontraditional trademarks, in particular sound trademarks, are a new developing market here in China and the surrounding regions. Sound trademarks should be carefully watched in the near future as a new and emerging market and an additional outlet of protection for client's brands here in China. The Group will continue to vigilantly research nontraditional trademark in the future in order to stay on top of this constantly evolving brand of trademark.

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Data Processing Methods

Sample Selection

Five samples were chosen from the 31 provinces, municipalities and autonomous regions in Mainland China. Using this method we can compare the comprehensive strength of intellectual property based on factors including political administration, economics, culture and the geographical environment. As our work progressed, we found that the factors of provincial government and macro-economic policy lead us to understand the advantages of places that make the greatest contribution to China's economic development. This affects a clearer understanding of intellectual property in China at this time. Hong Kong, Macau, Taiwan and certain other places in Mainland China have not been included in this study because intellectual property has developed separately in these places and are not the concern of this report.

Sources of Information

The data contained in this report was collected from a variety of sources including annually state-published yearbooks. These include the "2013 China Statistical Yearbook", the "2012 China Statistical Yearbook of Intellectual Property", the "2012 Statistical Yearbook of Patents", the "2013 China Science and Technology Statistical Yearbook" and the "2013 Provincial Statistical Bulletin." Other sources of information used include the Chinese Time Honored Brand Committee, the "2013 China Science and Technology Statistical Data Collection" and information accessed from the China Trademark Office and the State Intellectual Property Office (SIPO).

Data Analysis

The ways in which we analyzed data remains the same as the methods used in our 2013 report. The standardization of data in our case mainly refers to the dimensions of the data. However, because of the different dimensions of indicator data, in order to carry out a comprehensive integration of each of these indicators, all indicators in this report are put into specific dimensions. In order for us to create objective indicators to use for processing raw data, this report mainly adopted a threshold method for creating indicators rather than a strict dimension in which we place the data.

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The Calculation of the Comprehensive Index

Behind this entire report, there is a general intent to create specific objectives and propose a comprehensive evaluation index for the overall strength of China's regional intellectual property rights. This report is divided into linear weighted indexes, which are made from a composite index model, which uses multiplication evaluation models, and mixed addition evaluation models. Indicators report the importance of each piece of information within the CIPI. Within this index, the indicator value is insignificant, and each index is independent, therefore it creates a comprehensive evaluation of each index value. These indexes will also show that they do not affect each other, but rather, they are independent and calculated using a linear weighted model.

This index measures the overall strength of regional intellectual property rights at different levels. While the importance of each piece of information is difficult to precisely distinguish, it is therefore difficult to determine what this importance can be equal to in weight. By creating this report, we examine the situation of intellectual property rights in China objectively by using a very specific set of rules.

Output of Intellectual Property	Quantity of IP Applications and Registrations per Capita	Quantity of Patent Applications	Quantity of Invention Patent Applications	1/400
			Quantity of Utility Model Patent Applications Among 4 million people per year	1/400
			Quantity of Design Patent Applications Among 4 millions people per year	1/400
			Quantity of Patent Application Filed under the PCT Among 4 million people per year	1/400
		Quantity of Trademark Applications	Quantity of Trademark Applications Among 4 million people per year	1/100
		Quantity of Copyright Contract Registrations and Copyright Voluntary	Quantity of Copyright Contract Registration Among 2 million people per year	1/200
			Quantity of Copyright Registrations Among 1	1/200

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		Registrations	million people per year	
		Quantity of Applications for Layout Designs for Integrated Circuits	Quantity of Applications for Layout Design of Integrated Circuit Among 1 million people per year	1/100
		Quantity of New Varieties of Agricultural Design Applications	Quantity of New Varieties of Agricultural Applications among 1 million people per year	1/100
	Output Quality	Quantity of Patents Issued	Quantity of Invention Patents Issued Among 1 Million People Per Year	1/420
			Quantity of Utility Models Patents Issued Among 1 Million People Per Year	1/420
			Quantity of Design Patents Issued Among 1 Million People Per Year	1/420
		Quantity of Trademarks Issued	Quantity of Trademarks Issued Among 1 Million People Per Year	1/140
		Quantity of Gold Award of Patents	Quantity of Gold Award of Patents	1/140
		Quantity of Well-Known Trademarks	Quantity of Well-Known Trademarks	1/140
		Number of Owners of “China Time-Honored Brands”	Number of Owners of “China Time-Honored Brands”	1/140
		Quantity of Registration and Certification of Layout-Designs of Integrated Circuits	Quantity of Registration and Certification of Layout-Designs of Integrated Circuits Among 1 Million People Per Year	1/140
		Quantity of Foreign Trade as Compared to Patents Applications Filed	Quantity of Patent Application Filed under the PCT per Billion Dollars of Foreign Trade（one	1/140

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		under the PCT ratio	application/ a billion dollars）	
	Output Efficiency	Output Efficiency of Invention Patents Created by IP employees and R&D Scientists and Engineers	Quantity of Invention Patent Applications Among Thousands of IP employee per year	1/80
			Quantity of Invention Patent Applications of R&D Scientists and Engineers per year	1/80
		Capital Output Efficiency of Invention Patents	Quantity of Invention Patent Applications as Compared with Billion R&D Expenditure per year	1/40
	Achievement of Patent of Enterprises	Quantity of Patent Applications from Enterprises	Quantity of On-Duty Invention Patent Applications of Enterprises per year	1/180
			Quantity of On-Duty Utility Models Patent Applications from Enterprises	1/180
			Quantity of On-Duty Design Patent Applications from Enterprises	1/180
		Quantity of On-Duty Patent Issued	Quantity of On-Duty Invention Patents Issued	1/180
			Quantity of On-Duty Utility Models Patents Issued	1/180
			Quantity of On-Duty Design Patents Issued	1/180
		Output Efficiency of Invention Patent Applications from Large and Medium-Sized Enterprises	Quantity of Invention Patent Applications Of R&D Personnel from Large and Medium-Sized Enterprises	1/120
			Quantity of Invention Patent Applications with R&D internal expenditure of Large and Medium-Sized Enterprises	1/120
	Patent Output of	Quantity of	Quantity of Invention Patent	1/60

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	Universities and Research Institutions	Invention Patent Applications from Universities and Research institutions this year	Applications from Universities and Research institutions this year	
		Quantity of Invention Patents Issued by Universities and Research Institutions	Quantity of Invention Patents Issued by Universities and Research Institutions	1/60
		Patent Output Efficiency of Universities and Research Institutions	Quantity of Patent Applications per Ten Thousand R&D personnel of Universities and Research Institutions	1/120
			Quantity of Patent Applications per1 Billion R&D Expenditures of Universities and Research Institutions	1/120
The Level of Intellectual Property Market Movement	Technology Market Transactions	The Scale of the Technology Market	Quantity of Contracts in the Technology Market	1/144
			Quantity of Contract Amounts in the Technology Market	1/144
			Quantity of Contract Amounts to GDP Ratio	1/144
		The Circulation of Technology Markets between Home and Abroad	Quantity of Foreign Import Contracts	1/96
			Amount of Money of Foreign Import Contracts	1/96
		The Overall Technology Transfer Situation	The Quantity of Contract in the Technology market to The Quantity of Technology Transfer Contract Ratio	1/96
			The Amount of the Money of Contract in the Technology market to The Amount of the Money of Technology Transfer Contract Ratio	1/96
		The International	Fee for Exploitation and	1/48

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		competitiveness of technology	licenses of Patents to Abroad from R&D personnel	
	IP service institutions	Trademark Agencies	Quantity of Trademark Agencies	1/48
		Patent Agencies	Quantity of Patent Application Agencies	1/48
		Law Firms	Quantity of Law Firms	1/48
		Appraisal Organizations	Quantity of Appraisal Organizations	1/48
	Technological Improvement and Introduction of Enterprises	Technological Improvement	Expenditure of Technological Improvement of large and Medium-Sized industrial enterprises	1/36
		Domestic Introduction	Expenditures of buying Domestic Technology of large and medium-sized Industrial Enterprises	1/36
		Foreign Introduction	Expenditures of introducing and digesting the technology of large and medium-sized industrial enterprises	1/36
Comprehensive Performance Of intellectual property	Macroeconomic Value	Economic development level	Proportion of non-Agricultural Economy	1/108
			GDP Per Capita	1/108
			Disposable Income per Urban Resident Family per year	1/108
		Economic growth pattern transition	Labor Productivity	1/108
			Capital Productivity	1/108
			Comprehensive Productivity of Energy Consumption	1/108
		Economic Market Improvement	Proportion of the Added Value of High-Tech Industries Accounting for Industrial Added Value	1/108
			Proportion of Amount of Exports from High-Tech Industries Accounting for Amount of Export Goods	1/108
			Proportion of added value of knowledge-intensive	1/108

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			business services accounting for gross production value	
	Social progress performance	Environmental protection	Environmental quality index	1/96
			Environmental pollution index	1/96
		Social development	Average Life Expectancy	1/48
		Improvement of Internet and Mobile Phone Availability	Internet Availability	1/96
			Mobile Phone Availability	1/96
		Cultural Progress	Cultural Expenditures Accounting for Annual Consumption Expenditures of Inhabitants	1/48
	Enterprise development performance	Product upgrades	New Product Output Value Accounting for Industrial Output Value of the large and medium-sized industrial enterprises	1/48
			Sales Revenue of New Products accounting for main business income of the large and medium-sized industrial enterprises	1/48
		Equipment Replacement	Renewal and renovation of R&D equipment of large and medium-sized industrial enterprises	1/24
Possibilities of Creations of IP	Investment in Creation	Creation of new IP jobs OR Recruitment of new IP employees	R&D(Research and Development)	1/288
			Quantity of Professionals	1/288
			Quantity of R&D Researchers s	1/288
			Quantity of people with College Degree or Above	1/288
		Capital input	Proportion of Expenditure of R&D accounting for GDP	1/288
			Proportions of Local fiscal	1/288

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			appropriations of science and technology accounting for local fiscal expenditure	
			Internal R&D Expenditure Per Capita	1/288
			New instruments and equipment costs of each R&D personnel	1/288
		Investment in cultural industry	Fixed Assets Investment of Regional Cultural Industry	1/72
	Creative Results	Papers	The Number of Scientific Papers from R&D Personnel	1/192
			The Number of Chinese Scientific Papers including those by Major Foreign Retrieval Tools	1/192
		National industrialization projects	The Number of National Industrialization Programs	1/192
			Funds from the Implementation of Country Industrialization Project plans	1/192
		Scientific and technological achievements	Number of Technical Achievements per 1 million people.	1/192
			Coefficient of national science and technology achievement award	1/192
		Industry science and technology project of high technology industry	The number of new product development projects from the high technology industry	1/96
	Environment for creation	Financial support	Local government fiscal income per capita	1/144
		Financial environment	Per capita financial loan balance at the end of the year	1/144
		Market opening	Amount of foreign investment accounting for GDP	1/288
			Exports accounting for GDP	1/288

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		Educational environment	Educational spending accounting for local government fiscal expenditure	1/288
			The number of undergraduates per thousand population	1/288
		Cultural environment	The number of audience members during the performing of arts	1/864
			The number of museum visitors	1/864
			The number of books in circulation based on persons of public libraries	1/864
				1/864
			The number of publications and Publishing institutions of video, audio, and electronic	1/864
			The ratio of using cable radio and television per family	1/864
		New product development of enterprises	The number of personnel in the national high and new technology development zones	1/288
			Technical income of national high and new technology development zones	1/288
	Models for IP Education and Improvement	Exemplary cities for IP Education and Improvement	Exemplary cities for IP Education and Improvement	1/96
		Exemplary Zones for IP Education and Improvement	Exemplary Zones for IP Education and Improvement	1/96
		Exemplary Units for IP Education and Improvement	The number of Exemplary Units for IP Education and Improvement	1/96
		Models of cultural industry	Exemplary base of the national cultural industry	1/192
			The service projects of the national cultural industry (as of December 31, 2011)	1/192

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	Creative potential of enterprises	Scientific foundations of enterprises	Enterprises with science and technology agencies in large and medium-sized industrial enterprises accounting for all enterprises	1/288
			Enterprises with R&D activities in large and medium-sized industrial enterprises accounting for all enterprises	1/288
			Enterprises with R&D scientists and engineers accounting for the proportion of all social scientists and engineers of R&D	1/288
		Personnel input	R&D Personnel accounting for all personnel of large and medium-sized industrial enterprises	1/192
			Number of personnel with a master's degree or above accounting for personnel of R&D institutions of large and medium-sized industrial enterprise	1/192
		Capital input	R&D funds accounting for main business incomes of large and medium-sized industrial enterprises	1/96
		New Product Developments of enterprises	The expenditures of new product development projects of large and medium-sized industrial enterprises	1/192
			The number of new product development project of large and medium-sized industrial enterprises	1/192
	Administrative protection of intellectual	Administrative Enforcement of patent protection		1/144
			The number of counterfeited patents, which resulted in	1/144

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	property		case settlement	
		Administrative enforcement of trademark protection	The number of illegal trademark cases	1/144
			The expenditures of illegal trademark cases	1/144
		Ability of Administrative Enforcement	Law enforcement system construction (documents)	1/360
			Personnel Quantity of Law enforcement	1/360
			Financial support of law enforcement	1/360
			The number of personnel who answer complaint calls	1/360
			Intellectual property case settlement of first instance	1/360

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CIPI 2014 Overall Reports

The "China Intellectual Property Index Report 2014", or CIPI, has been continuously expanding upon on the previously used Index System format even though certain areas of the index are constantly fine-tuned for improvement. By continuously updating the Index system, we hope it can become more accurate, comprehensive, and keen on revealing the development of China's regional intellectual property laws.

The top 10 cities on the list were: Beijing, Jiangsu, Shanghai, Guangdong, Zhejiang, Tianjin, Shandong, Liaoning, Fujian, and Chongqing. The 10 lowest ranking cities were: Hainan, Jiangxi, Guizhou, Yunnan, Neimenggu (Inner Mongolia), Gansu, Ningxia, Xinjiang, Qinghai, and Xizang (Tibet). Most of the regional characteristics continued the trends seen in past CIPI reports. The phenomenon of Eastern regions dominating the top 10 rankings continued, with Chongqing as the only Western city ranked in the top 10. The 10 lowest cities remained within the Midwestern region.

Compared to the 2013 Index and Rankings for Comprehensive Strength of Intellectual Property, there were a few changes in the 2014 index. The top 10 cities remained relatively stable with only Tianjin moving up to rank 6 and Shandong moving down to rank 7, and Liaoning moving up to rank 8 and Fujian moving down to rank 9. There was greater change in the bottom 10 cities. The area with the fastest rate of decline was Neimenggu (Inner Mongolia), who dropped 6 places, from last year's 20 to 26 this year, which was followed by Xizang (Tibet), who dropped down to the lowest rank, from rank 26 in 2013 to rank 31 in 2014. Regarding Xizang in particular, it is interesting to compare the 2014 decline with the 2013 report where Tibet displayed the fastest rate of improvement among such provinces. The next biggest changes were Hebei, Guangxi, and Guizhou, who each moved 3 places, from last year's 17, 24, and 27, to this year's 20, 21, and 24 respectively.

Table 1.1: 2014 Index & Rankings of the Comprehensive Strength of Intellectual Property

Region	Index	Rank	Region	Index	Rankings
Beijing	0.647	1	Heilongjiang	0.192	17
Jiangsu	0.589	2	Jilin	0.186	18
Shanghai	0.558	3	Shanxi	0.183	19
Guangdong	0.558	4	Hebei	0.183	20
Zhejiang	0.428	5	Guangxi	0.178	21
Tianjin	0.428	6	Hainan	0.169	22
Shandong	0.353	7	Jiangxi	0.166	23

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Liaoning	0.353	8	Guizhou	0.156	24
Fujian	0.286	9	Yunnan	0.154	25
Chongqing	0.274	10	Neimenggu	0.148	26
Anhui	0.265	11	Gansu	0.148	27
Hunan	0.257	12	Ningxia	0.131	28
Shaanxi	0.257	13	Xinjiang	0.127	29
Hubei	0.256	14	Qinghai	0.120	30
Sichuan	0.249	15	Xizang	0.110	31
Henan	0.249	16			

Chart 1.1: Tendency of the Comprehensive Strength of Intellectual Property 知识产权综合实力趋势图

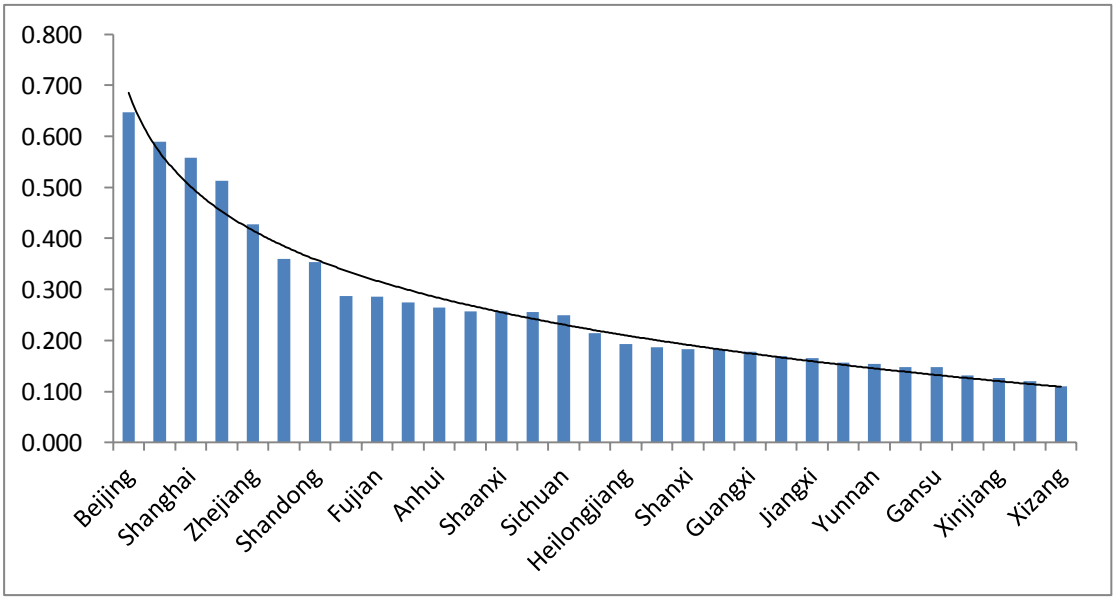

Chart 1.2： Relationship of the Comprehensive Strength of Intellectual Property and GDP 知识产权综合实力指数与国内生产总值关系图

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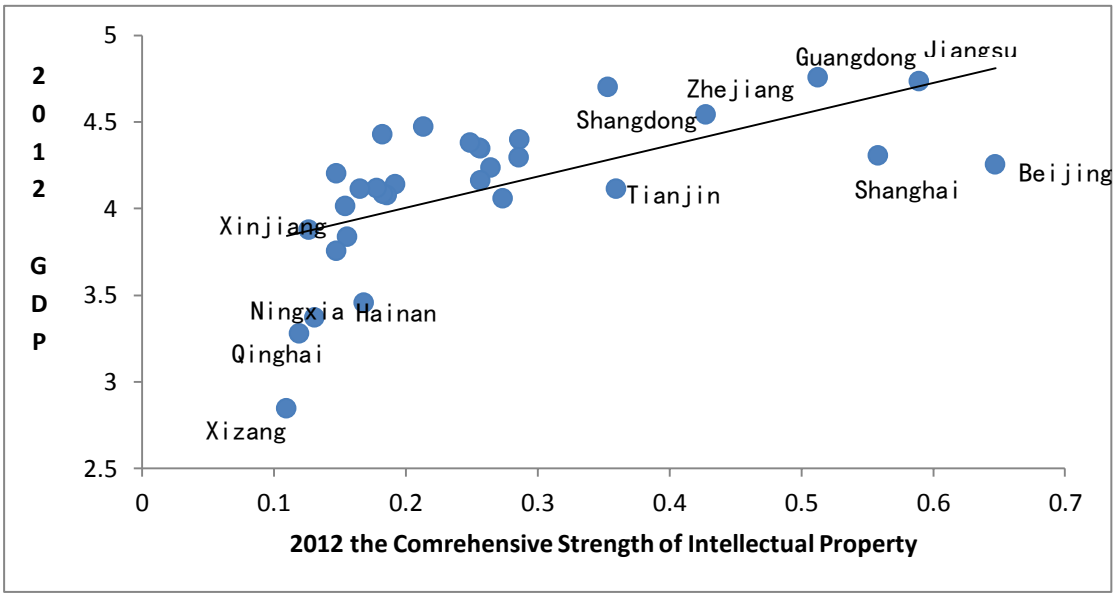
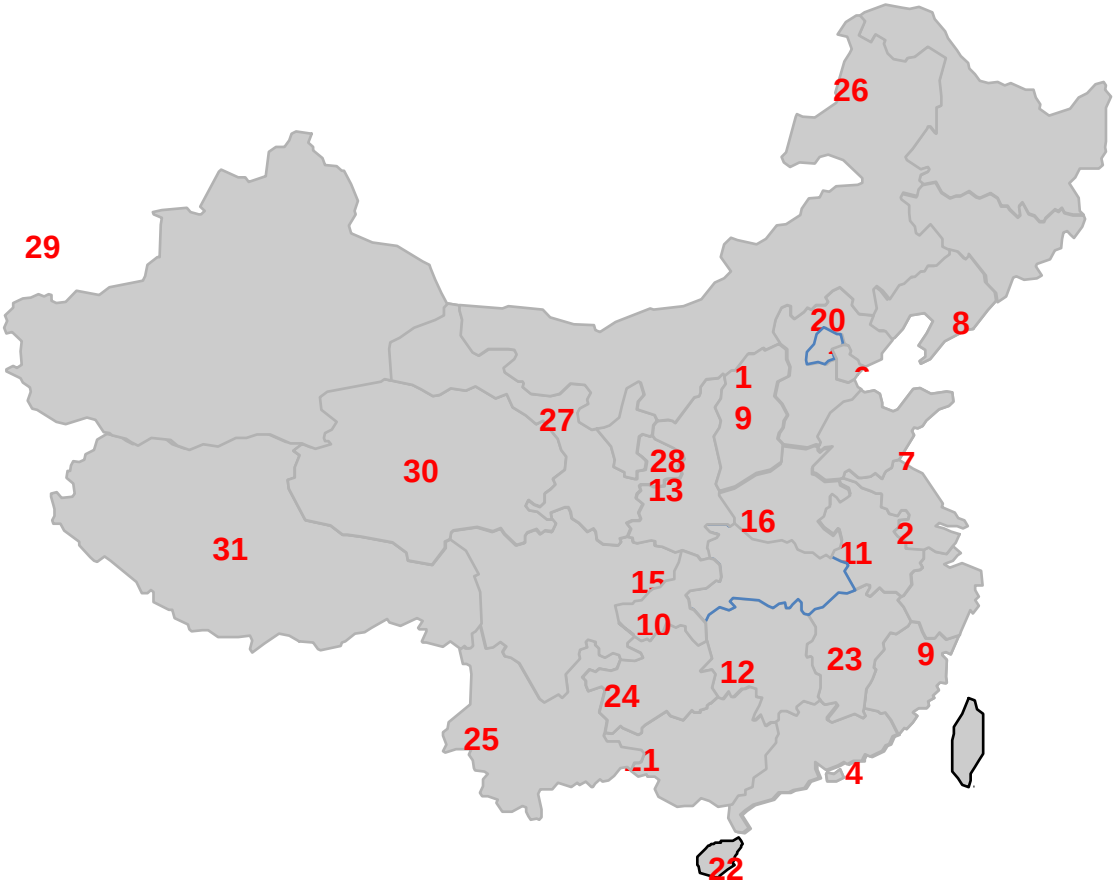


Chart 1.3： Distribution of the Comprehensive Strength of Intellectual Property Rankings



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Overall in China, since 2008, Beijing has been ranked number 1 in the rankings of the Comprehensive Strength of Intellectual Property. Jiangsu, from 2008 to 2010, has continually stayed at number 4, but in 2011 it rose to number 3, and in 2012 it rose again to number 2. Shanghai's ranking from 2008 to 2011 remained at number 2, but in 2012 the ranking slipped to number 3. Guangdong was ranked at number 3 between 2008 and 2010, however in 2011, Guangdong slipped to number 4. Zhejiang for all five years has been continually ranked as number 5.
Shandong's comprehensive Intellectual Property strength was ranked at 7 in 2008, however in 2009; it remained at number 6 for 3 years before slipping back down to number 7 in 2012. Tianjin was ranked at number 6 in 2008 before slipping down to number 8 in 2009. It rose to number 7 in 2010 and in 2012 it returned to ranking number 6. Liaoning has been ranked at number 8 every year since 2008 apart from a brief ranking at number 7 in 2009. Fujian was ranked at number 10 in 2008, however, since 2009; it has been at number 9. Larger fluctuations have been found in Chongqing's rankings; it was ranked at number 9 in 2008, then it fell sharply in 2009 to 12, and finally remained steady at 10 in 2010, 2011 and 2012.

Shaanxi, Anhui, Hubei and Henan showed significantly higher fluctuations over a four-year period than the 10 provinces mentioned earlier in this report. Shaanxi made significant progress since being ranked 17 in 2008; in 2010 it had risen by 5 spots to number 12, and remained there in 2011 before dropping to 13 in 2012. Anhui overall continued in an upward trend, ranking 14 in 2008, falling slightly in 2009 to 15, and ending at number 12 in 2012. Hubei began 2008 ranking 13, rising two spots to number 11 in 2009. However it then fell to number 13 again in 2010, remaining there in 2011, while finally ending at number 14 in 2012. Henan's rankings remained relatively stable over the course of the five years, essentially fluctuating between numbers 14 and 16.

Sichuan over the last five years has been in decline, in 2008 it ranked at number 12 and fell to 13 in 2009 and then 15 in 2010, which is where it remained for the following 3 years. Hebei remained relatively stable, fluctuating between number 17 and 19. Jilin's rankings during the time period between 2008 and 2011 continued to decline, from 16 in 2008, to 21 in 2011. However, in 2012 it showed signs of improvement, moving up three spaces to number 18. Heilongjiang has varied over the last five years, beginning 2008 ranked at 20, rising to 19 in 2009, then suddenly slipping to 22 in 2010 and 2011. However it recovered strongly in 2012 finishing up with a ranking of 17.

The 10 lowest cities were Neimenggu, Jiangxi, Guangxi, Guizhou, Yunnan, Gansu, Ningxia, Xinjiang, Qinghai and Xizang. The majority of them remained steady and showed little movement from one ranking to another. However, Neimenggu showed significant signs of improvement having been ranked at number 27 in 2008 as it rose

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to number 22 in 2009, and rose even higher to number 20 in 2010 and 2011. However, it showed severe signs of decline in 2012 when it dropped to number 26. Another region to show signs of movement was Guangxi who began 2008 ranked at number 25, and by 2012 had risen to number 21. Larger fluctuations have been found in Guizhou's rankings; it was ranked at number 22 in 2008, then it fell sharply in 2009 to 26, however it has remained steady at 10 for three years between 2010 and 2012.

Table 1.2: 2008-2012 Index & Rankings of the Comprehensive Strength of Intellectual Property

Region	2008	2009	2010	2011	2012	Average	Rankings
Beijing	0. 676	0. 637	0. 605	0. 603	0. 647	0. 634	1
Shanghai	0. 595	0. 571	0. 567	0. 566	0. 558	0. 571	2
Guangdong	0. 583	0. 549	0. 545	0. 542	0. 513	0. 546	3
Jiangsu	0. 497	0. 487	0. 543	0. 543	0. 589	0. 532	4
Zhejiang	0. 474	0. 435	0. 455	0. 455	0. 428	0. 449	5
Shandong	0. 348	0. 349	0. 402	0. 401	0. 353	0. 371	6
Tianjin	0. 378	0. 341	0. 376	0. 376	0. 360	0. 366	7
Liaoning	0. 282	0. 273	0. 308	0. 308	0. 287	0. 292	8
Fujian	0. 271	0. 285	0. 293	0. 292	0. 286	0. 285	9
Chongqing	0. 276	0. 236	0. 287	0. 289	0. 274	0. 272	10
Hunan	0. 244	0. 251	0. 273	0. 273	0. 257	0. 260	11
Hubei	0. 233	0. 246	0. 264	0. 264	0. 256	0. 253	12
Anhui	0. 226	0. 215	0. 256	0. 256	0. 265	0. 243	13
Sichuan	0. 237	0. 227	0. 251	0. 248	0. 249	0. 242	14
Shaanxi	0. 198	0. 214	0. 273	0. 270	0. 257	0. 242	15
Henan	0. 212	0. 218	0. 227	0. 227	0. 214	0. 219	16
Hebei	0. 195	0. 198	0. 210	0. 210	0. 183	0. 199	17
Jilin	0. 212	0. 193	0. 189	0. 189	0. 186	0. 194	18
Shanxi	0. 163	0. 180	0. 205	0. 205	0. 183	0. 187	19
Heilongjiang	0. 170	0. 184	0. 188	0. 188	0. 192	0. 185	20
Hainan	0. 180	0. 164	0. 201	0. 202	0. 169	0. 183	21
Neimenggu	0. 140	0. 165	0. 199	0. 199	0. 148	0. 170	22
Jiangxi	0. 153	0. 167	0. 180	0. 180	0. 166	0. 169	23
Guangxi	0. 146	0. 161	0. 165	0. 165	0. 178	0. 163	24
Guizhou	0. 157	0. 130	0. 172	0. 172	0. 156	0. 157	25
Yunnan	0. 150	0. 142	0. 160	0. 159	0. 154	0. 153	26
Gansu	0. 130	0. 121	0. 145	0. 144	0. 148	0. 138	27
Ningxia	0. 146	0. 121	0. 137	0. 137	0. 131	0. 135	28
Xinjiang	0. 120	0. 113	0. 146	0. 146	0. 127	0. 130	29
Qinghai	0. 102	0. 082	0. 111	0. 111	0. 120	0. 105	30
Xizang	0. 088	0. 090	0. 059	0. 062	0. 110	0. 082	31

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Chart 1.4: Past Intellectual Property Warming

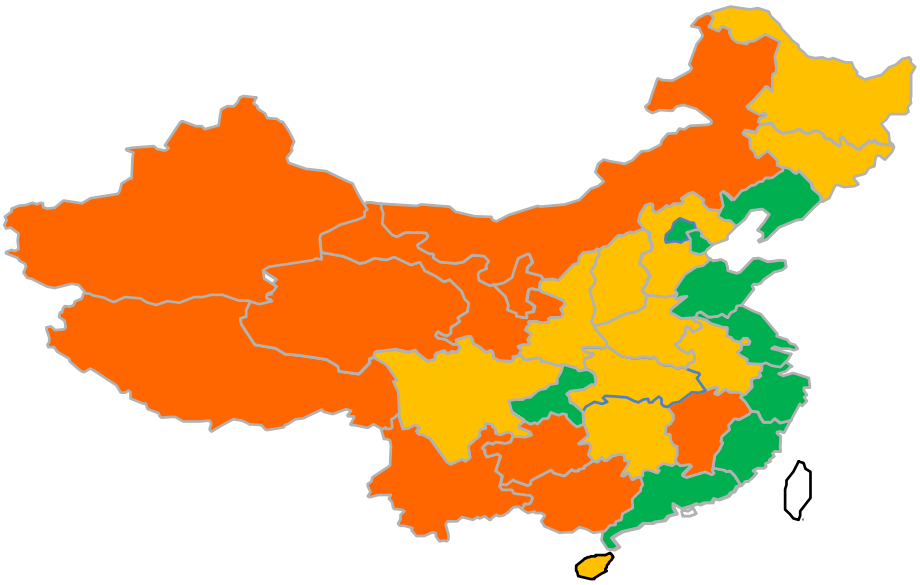

Chart 1.5: Score changes of the Comprehensive Strength of Intellectual Property

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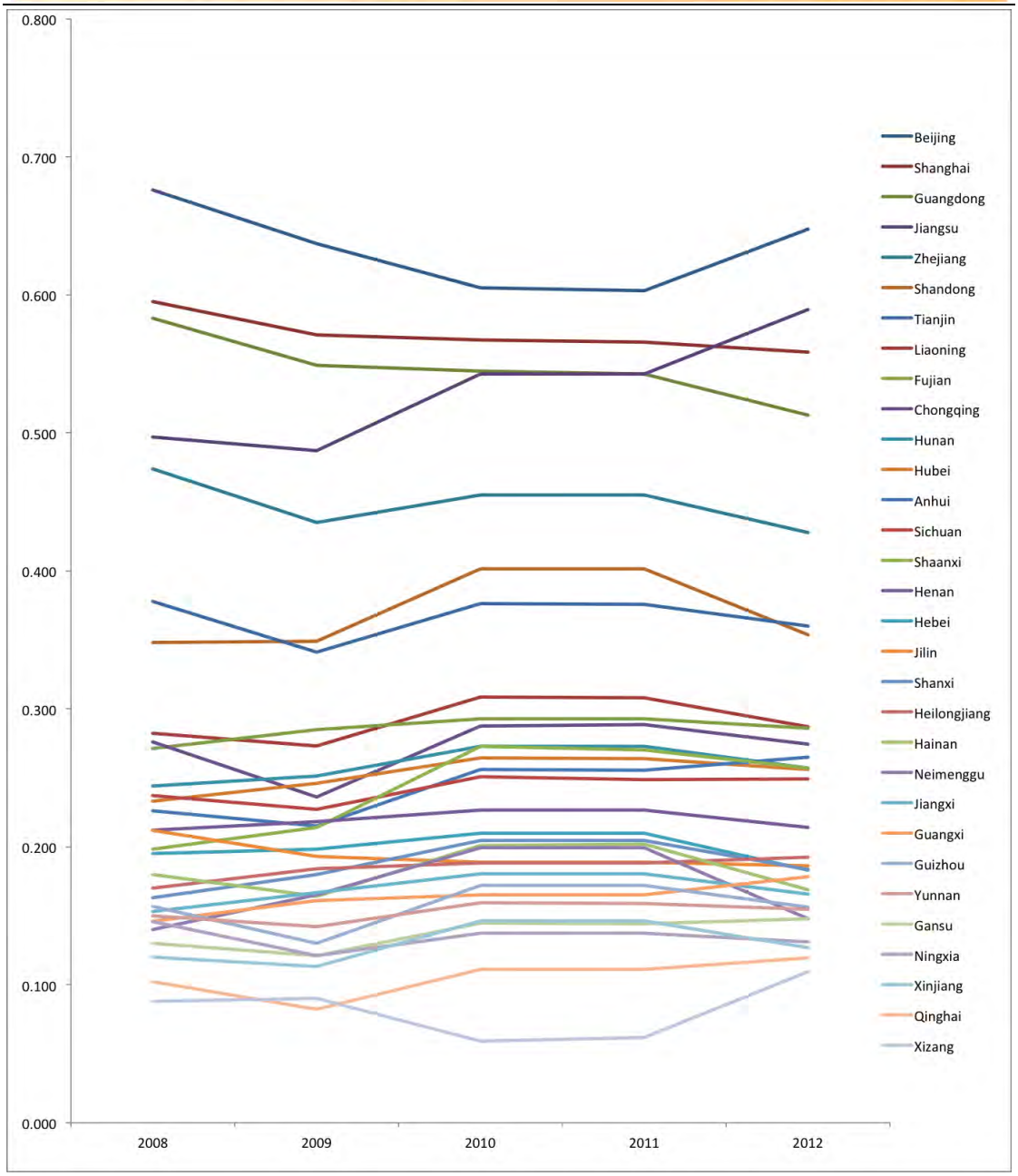

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Tables 1.3-1.9 have identified that the East has the highest level of IP strength in China; out of the top 11 ranked cities, 6 of them are from the east. The Eastern regions represent a much more consistent level of strength. When we compare that to the North, it is evident that Beijing is it's solitary source of strength given that the Northern regions only have 2 areas ranked in the top 18 cities. The Western regions, both in the North and the South, remain very weak in China, featuring 7 out of the 10 lowest ranked cities and remaining well below the national average Index.

Table 1.3: 2012 Index & Rankings of the Comprehensive Strength of Intellectual Property in Regions

Region	Index	Rankings
East	0.378	1
North	0.304	2
South	0.287	3
Central	0.242	4
Northeast	0.222	5
Southwest	0.189	6
Northwest	0.157	7
National Average	0.263	

Table 1.4: 2012 Index & Rankings of the Comprehensive Strength of Intellectual Property in East China

Region	Index	Rankings
Shanghai	0.558	3
Jiangsu	0.589	2
Zhejiang	0.428	5
Anhui	0.265	11
Fujian	0.286	9
Jiangxi	0.166	23
Shandong	0.353	7
East Average	0.378	
National Average	0.263	

Table 1.5: 2012 Index & Rankings of the Comprehensive Strength of Intellectual Property in North China

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Region	Index	Rankings
Beijing	0.647	1
Tianjin	0.360	6
Hebei	0.183	20
Shanxi	0.183	19
Neimenggu	0.148	26
North Average	0.304	
National Average	0.263	

Table 1.6: 2012 Index & Rankings of the Comprehensive Strength of Intellectual Property in South China

Region	Index	Rankings
Guangdong	0.513	4
Guangxi	0.178	21
Hainan	0.169	22
South Average	0.287	
National Average	0.263	

Table 1.7: 2012 Index & Rankings of the Comprehensive Strength of Intellectual Property in Central China

Region	Index	Rankings
Henan	0.214	16
Hubei	0.256	14
Hunan	0.257	12
Central Average	0.242	
National Average	0.263	

Table 1.8: 2012 Index & Rankings of the Comprehensive Strength of Intellectual Property in Northeast China

Region	Index	Rankings
Liaoning	0.287	8
Jilin	0.186	18
Heilongjiang	0.192	17
Northeast Average	0.222	
National Average	0.263	

Table 1.9: 2012 Index & Rankings of the Comprehensive Strength of Intellectual Property in Southwest & Northwest China

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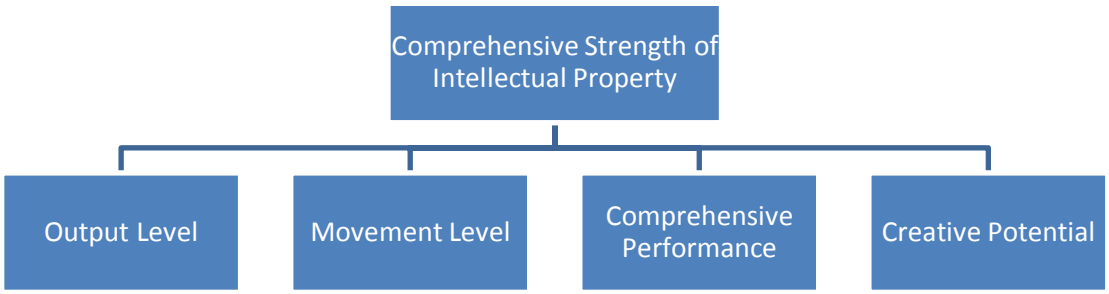
Region	Index	Rankings
Chongqing	0.274	10
Sichuan	0.249	15
Guizhou	0.156	24
Yunnan	0.154	25
Xizang	0.110	31
Southwest Average	0.189	
Region	Index	Rankings
Shaanxi	0.257	13
Gansu	0.148	27
Qinghai	0.120	30
Ningxia	0.131	28
Xinjiang	0.127	29
Northwest Average	0.157	
National Average	0.263	

Chart 2.1: Index System of the Comprehensive Strength of Intellectual Property



From the data that created the comprehensive strength index of intellectual property in 2012, which was also based on the four first level index rankings listed above, we have founded the top-ranking provincials (cities) and provinces (regions) of the list, the output level of intellectual property, the level of intellectual property market

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movement, the level of comprehensive performance, and the creative potential of intellectual property. These four indexes create a balanced ranking of each area's performance, showing subtle nuances and giving a more proportionate ranking system that provides a comprehensive understanding of the ranks' meaning.

Table 2.1: 2012 1st Level Index and Rankings of the Comprehensive Strength of Intellectual Property in China regions

Region	Comprehensive Strength		Output Level		Movement Level		Comprehensive Performance		Creative Potential	
	Index	Rankings	Index	Rankings	Index	Rankings	Index	Rankings	Index	Rankings
Beijing	0.647	1	0.675	1	0.626	1	0.727	2	0.561	1
Jiangsu	0.589	2	0.644	2	0.593	2	0.566	6	0.554	2
Shanghai	0.558	3	0.533	3	0.556	3	0.755	1	0.389	6
Guangdong	0.513	4	0.381	5	0.488	4	0.643	4	0.540	3
Zhejiang	0.428	5	0.399	4	0.294	6	0.571	5	0.446	4
Tianjin	0.360	6	0.254	8	0.200	11	0.669	3	0.317	7
Shandong	0.353	7	0.202	13	0.385	5	0.394	11	0.432	5
Liaoning	0.287	8	0.225	11	0.270	7	0.411	10	0.241	10
Fujian	0.286	9	0.180	15	0.207	9	0.489	7	0.268	9
Chongqing	0.274	10	0.235	9	0.193	14	0.464	8	0.204	15
Anhui	0.265	11	0.273	7	0.191	15	0.368	13	0.228	13
Hunan	0.257	12	0.174	16	0.199	12	0.422	9	0.235	11
Shaanxi	0.257	13	0.288	6	0.155	16	0.353	16	0.231	12
Hubei	0.256	14	0.169	17	0.197	13	0.387	12	0.271	8
Sichuan	0.249	15	0.226	10	0.250	8	0.318	22	0.201	16
Henan	0.214	16	0.117	22	0.201	10	0.315	23	0.223	14
Heilongjiang	0.192	17	0.182	14	0.144	18	0.266	26	0.178	18
Jilin	0.186	18	0.102	24	0.117	21	0.362	14	0.163	19
Shanxi	0.183	19	0.098	25	0.128	19	0.351	17	0.156	20
Heibei	0.183	20	0.095	26	0.148	17	0.292	24	0.196	17
Guangxi	0.178	21	0.155	20	0.078	25	0.350	18	0.129	26
Hainan	0.169	22	0.165	18	0.018	30	0.362	15	0.130	25
Jiangxi	0.166	23	0.078	29	0.097	23	0.347	19	0.140	22
Guizhou	0.156	24	0.220	12	0.071	26	0.234	29	0.099	28
Yunnan	0.154	25	0.161	19	0.115	22	0.211	30	0.131	24
Neimenggu	0.148	26	0.027	31	0.083	24	0.345	20	0.136	23
Gansu	0.148	27	0.114	23	0.120	20	0.242	28	0.114	27
Ningxia	0.131	28	0.131	21	0.024	29	0.277	25	0.093	29
Xinjiang	0.127	29	0.092	28	0.064	27	0.208	31	0.144	21
Qinghai	0.120	30	0.028	30	0.029	28	0.345	21	0.076	31
Xizang	0.110	31	0.092	27	0.000	31	0.262	27	0.085	30

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The provinces (autonomous regions and municipalities) in the middle of the ranks are the areas that have fluctuated significantly more than other areas of the index, specifically in certain individual indicators. We select a particular sub-indicator, with obvious advantages, ranked in the top 10, while the other sub-indicators that show unsatisfactory performances will be analyzed to gain a greater understanding of what causes such phenomenons.

Region	Comprehensive Strength		Output Level		Movement Level		Comprehensive Performance		Creative Potential	
	Index	Rankings	Index	Rankings	Index	Rankings	Index	Rankings	Index	Rankings
Shaanxi	0.257	13	0.288	6	0.155	16	0.353	16	0.231	12
Hubei	0.256	14	0.169	17	0.197	13	0.387	12	0.271	8
Sichuan	0.249	15	0.226	10	0.250	8	0.318	22	0.201	16
Henan	0.214	16	0.117	22	0.201	10	0.315	23	0.223	14

For example, Shaanxi, Hubei, Sichuan and Henan (highlighted above), and other provinces and cities had particular indexes studied for the purposes of understanding their shortcomings. Shaanxi's comprehensive strength was ranked as 13, whereas the output level of intellectual property was ranked as low as 6. The movement level and comprehensive performance of intellectual property were much ranked much lower in 16, and their creative potential of intellectual property was ranked at 12. Hubei also had a ranking in the top 10 for creative potential at number 8, yet slipped dramatically in the output level of intellectual property where it was ranked at 17. The province of Henan was ranked in the lowest 10 for output level and comprehensive performance, while ranking at number 10 for movement level. Sichuan's output and movement level were both ranked in the top 10, whereas regarding the comprehensive performance, they fell into the lowest 10 at number 22.

In this comparison of the top 5 performers in the state, Beijing outperforms all other regions except in comprehensive performance, where Shanghai obtains the top spot in the ranking. Jiangsu and Shanghai also all perform well above the average of the table by being in the top 6 in all respects. In this group Zhejiang has a lower than average index for movement level but it is 6th overall in terms of all the regions compared.

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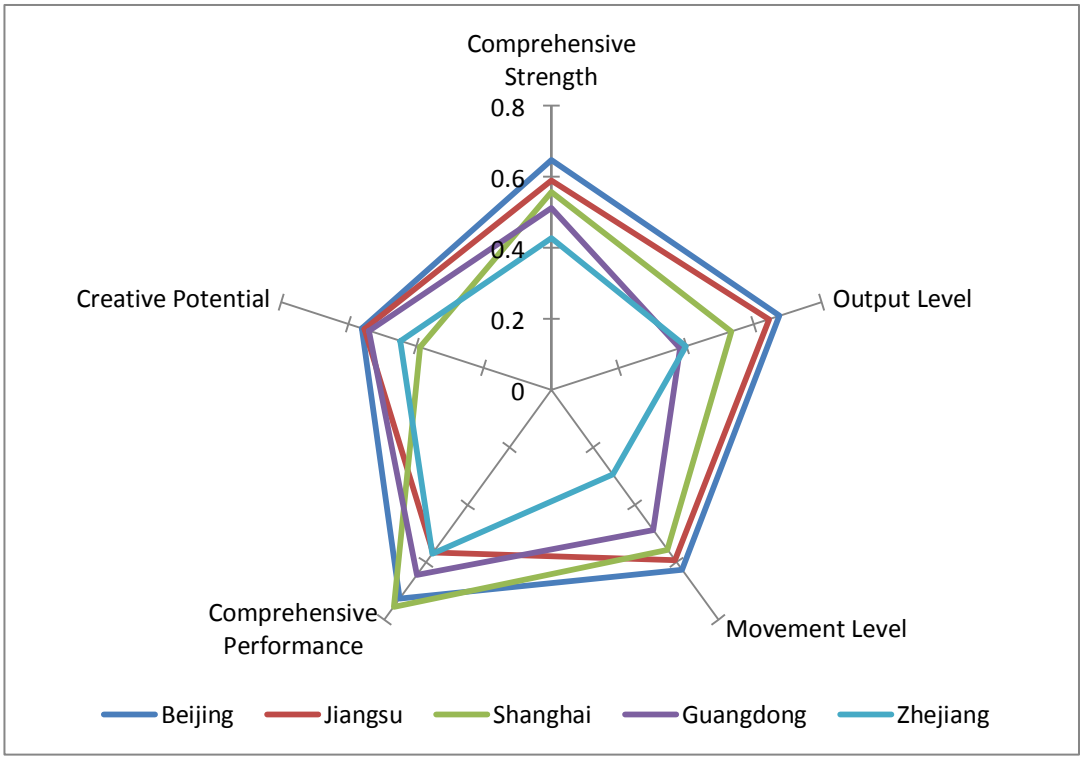
Chart 2.2: 1st Level Index and the Comprehensive Strength of Intellectual Property in Beijing, Jiangsu, Shanghai, Guangdong and Zhejiang



Out of the four provinces Shandong has the highest ranking for comprehensive strength, movement level and creative potential with rankings of 7, 5 and 5. Shandong's output level is beaten by Chongqin which is ranked 9 which also has a high comprehensive performance index giving it a rank of 8. Fujian has a high comprehensive performance index giving it a ranking of 7 while having one of the lowest movement in the group alongside Chongqin giving it a ranking of 9 overall.

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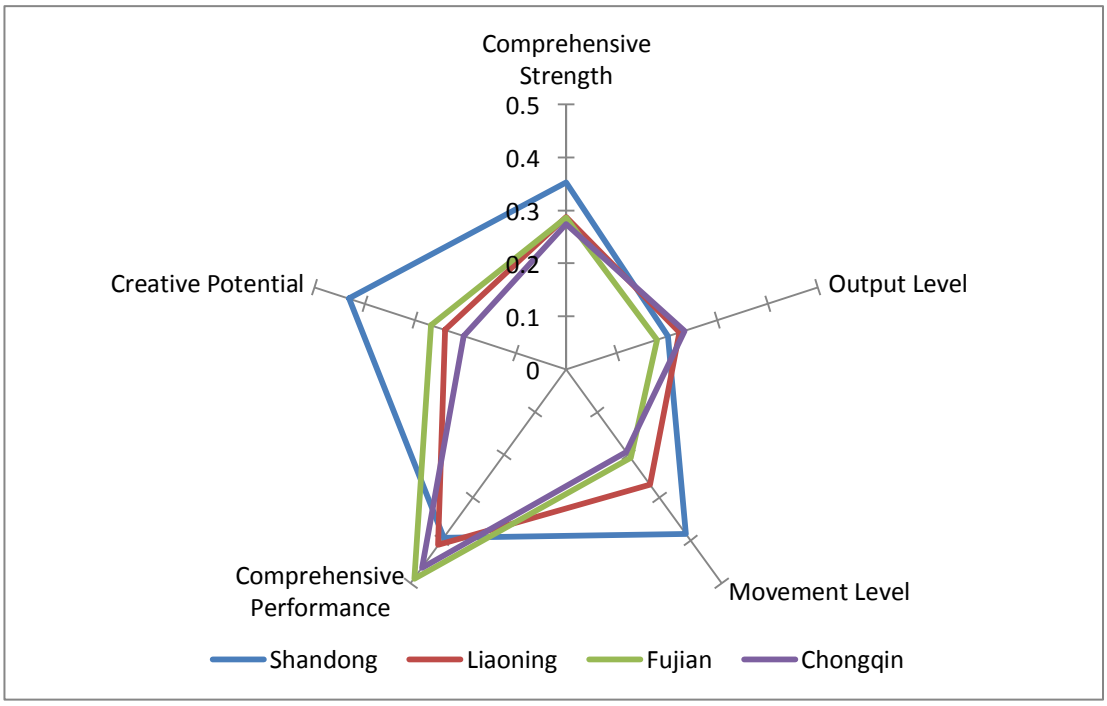
Liaoning maintained a median score in all respects within this group having average comprehensive strength, output level, comprehensive performance, creative potential and movement level with ranking levels between 8 and 11.

Chart 2.3: 1st Level Index and the Comprehensive Strength of Intellectual Property in Shandong, Liaoning, Fujian and Chongqing



Between Hubei, Sichuan and Shaanxi, Hubei shows the highest indexes for creative potential as well as comprehensive performance with rankings of 8 and 12 respectively. Hubei does have the lowest output level index out of the 3 giving it a ranking of 17. Shaanxi has the highest output level index with a ranking of 6, and also has a relatively high comprehensive performance index which gives it a ranking of 16 overall. All three provinces share the same level of comprehensive strength ranking the three provinces as 14, 15 and 13 respectively. Sichuan just lags behind the other two provinces in comprehensive strength and creative potential but leads the group in movement level, which gives it an overall ranking of 8.

Chart 2.4: 1st Level Index and the Comprehensive Strength of Intellectual Property in Shaanxi, Hubei and Sichuan

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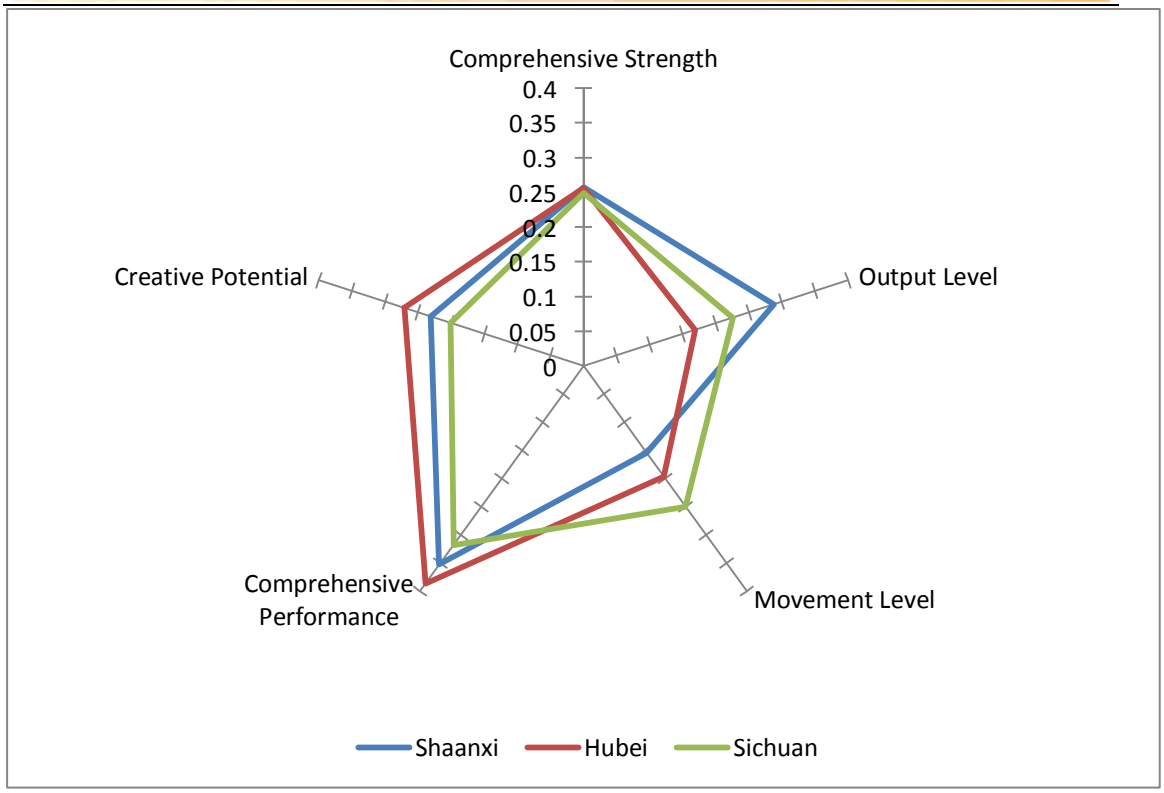

Table 2.2: 2012 1st Level Index's Variable Coefficient of the Comprehensive Strength of Intellectual Property

	Output Level	Movement Level	Comprehensive Performance	Creative Potential	Comprehensive Strength
Variable Coefficient	0.740	0.830	0.373	0.598	0.552

Special Note to Our Readers

Please note that the creators of the CIPI 2014 have not included all Chinese cities in the comprehensive strength report. We focused on Beijing, Jiangsu, Shanghai, Guangdong and Tianjin because they are not only the highest ranked in the group but also the most significant for foreigners wishing to conduct business in the Chinese intellectual property system.

Afterword

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Based on the data accumulation and the experience of the last five years, China's Intellectual Property Index Report 2014 (the Report) continues to use the traditional index system framework. The Report described the revised indicators, analyzes, and research development for intellectual property in each region of China. Furthermore, the report analyzes the great influence intellectual property exerts on our country's society, economy, culture and education.

Compared with the Report from five years ago, the CIPI research team made some new attempts and revised the following parts:

First, the Report revised parts of the fourth level indicators. In order to make the measuring standard more accurate, the CIPI research team made a series of adjustments to the fourth level indicators, including: deletion of the third level index "the Well-Known Trademark" that is now included under "The Output Level of Intellectual Property"; deletion of the fourth level index "The Amount of Annual Service Intention-Creation's Patent Application of 1000 Professional and Technical Personnel" under "the Efficiency of the Human Resource Output"; change of "1000 R&D Personnel Transfer Patent Fee and Royalty Abroad" which is under "International Competitiveness of Technology" in the original 2013 report to "International Revenue of Ten Thousand Yuan GDP Technology"; increase the fourth level indicator "Popularization of Science Index" to one of the measuring standards of intellectual property creating the environment. Index sets: Full-time Personnel Quantity in Science, Annual Money Raise in the Popularization of Science, etc.

Second, the Report added two new intellectual property special reports. The innovative thinking of the CIPI research team changed the research model of covering hot issues in intellectual property industry in the form of monographs. The Shanghai Intellectual Property Litigation Report 2014 and China's Pharmaceutical Industry Listed Companies' Intellectual Property Report 2013 have been added into this year's report. The aforementioned reports were added to help analyze the regularity of litigation from a regional perspective and to probe the value of intellectual property and its role from the view of industry.

The full support from institutions and leadership at all levels and research specialties from all works of life have always been appreciated and remembered over the past five years. Thanks must go to the State Intellectual Property Office, the National Bureau of Statistics, the Ministry of Commerce, the State Administration of Industry and Commerce, the State Copyright Bureau and the State Council Development and Research Center for their guidance and opinions. Further thanks must also go to each staff member for their efforts in collecting, processing and analyzing the data used in the report, and the efforts of the proofreading and typesetting.

As there will always be some level of error in any form of work, we openly accept criticism. Readers may seek out more information on the report from http://www.focus-ip-index.com, and may continue to visit our website for the latest developments in our future endeavors.

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Thank you,

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September 10th, 2014

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