

Your IP Gateway to China Market

— A perspective from WTOIP —

www.wtoip.com



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About WTOIP

The largest IP trading platform in China

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Service Modules

Process map to realize your idea

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Technology showcase of successful stories

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Contact Us

Our local expertise





ABOUT WTOIP

The Largest IP Trading Platform in China





Since 2009

Introduction



36 Branches



31 Cities coverage



3000+ Employees



**IP Valley
Guangzhou**

FAST COMPANY

Most Innovative Company
in China 2017

WTOIP Your IP Gateway to China Market



IP Service

- Patent
- Trademark
- Copyright
- Tech Project



Start-up

- Listing
- Tax
- HR
- Training
- Marketing



Innovation

- Design
- Instruments
- Networking
- IP Cloud
- Technology Transfer
- Franchising



Raised CNY21Millions Investment

Xie Xuhui, Chairman & President of WTOIP,
awarded IAM Strategy 300



WTOIP.com officially launched

Organized the International IP Monetization
and Commercialization Forum

Secured CNY 1 bn
Strategic Investment



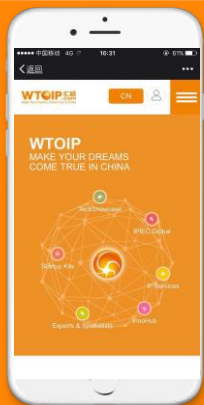
Chairman unit, IP Chapter, China General Chamber of Commerce



Strategic Partner of World Internet Conference

Startup Biz in China

- Start-up Kits
- IP Service
- China Policy



Open Innovation

- What's New
- Updates & News
- Techshowcase
- Recommended
- Experts & Specialists
- R&D Support Services
- Bids & Tenders

Inno Hub

- About Us
- My Showroom
- Contact Us



Alexa Site ranking: **Top 100 (Top 1 in IP sector)**

Registered members: **1.07 million**

Trading volume: **USD1.7 billion**



One Stop Solution

China Market

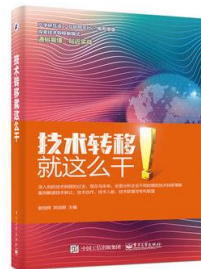
International Business Center (IBC), WTOIP

Together with **WTOIP Academy**, of which composed **more than 40 experts** in various industrial background, IBC offer one-stop solution to those dedicate to realize its IP and related commercial value in China market by means of **technology transfer partnership build-up sourcing and distribution**, that supported by **local governments policies** and **investor financing**



WTOIP's Publications

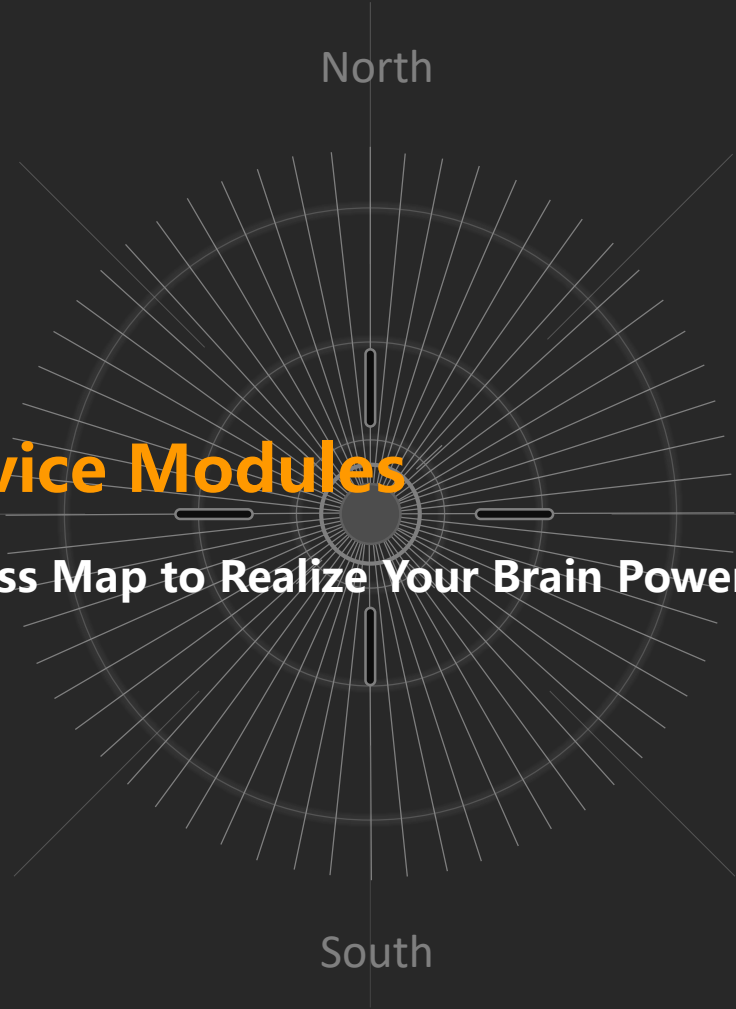
- Guangzhou Index, China IP 2015
- IP Operation: Touch The Future





West **Service Modules** East

Process Map to Realize Your Brain Power





IP Services

<http://en.wtoip.com/service/ipservice/index.html>

WTOIP offering IP listings since 2009

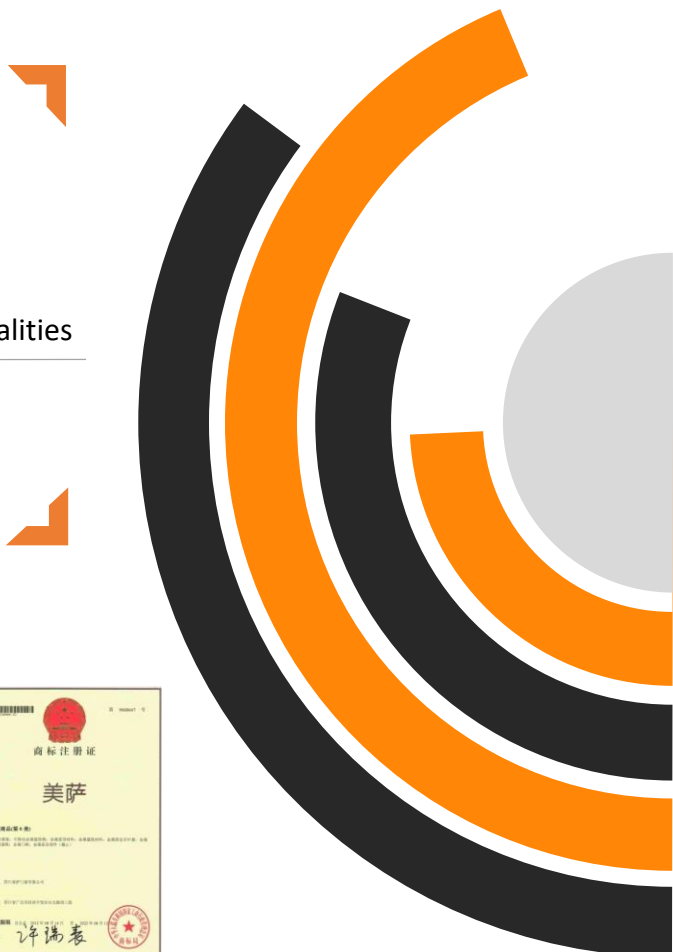


- Patent of invention (30 months)
- Utility models patent (10 months)
- Design patent (6 months)

(*) normal application time that could be cut short by Speeding up formalities



- Application time from 7 to 12 months





IP crash course

Patents

- » rewarding your industrial R&D efforts (inventions) by granting
- » a territorial monopoly, for a set period

Trademarks

- » prohibiting third-parties from using your name or brand (sign)
- » in the protected territory, for a set – renewable – period

Copyrights

- » rewarding your literary, musical & artistic creation by granting you
- » the exclusive right to publish, reproduce and record in 168 countries

Designs & Models

- » prohibiting third-party from imitating the design or look of your products
- » in the protected territory, for a set period



One product – many IP rights

- **Design** - for phone shape
- **Trade Mark** - "SAMSUNG"
- **Copyright** - software, ringtones & images
- **Patent** - for technology to produce and operate. Some pooled or cross-licensed, others kept exclusive
- **Trade secret** - some technical know-how kept "in- house" and not published



Current Chinese IP environment

- NOT friendly to IP rights owner, comparatively.
- “Low” level of infringement – direct copying; fake products that do not work.
- Large volume of filings mainly driven by government policies – superficial boost.
- IP theft directed to foreign entities not registering in China is common
- Pharma inventions – mainly directed to method of manufacturing.
- Many new technologies developed in China.



Forms of patent in China

Form	Subject matter
Invention patent (IN)	All non-excluded technical solutions, including product and method
Utility model (UM)	All non-excluded technical solutions only in the form of product
Design patent	Aesthetic feature of product



What are the consequences of NOT filing in China?

- Save costs
- Free license to anyone in China to do whatever they like with your IP
- Fuel IP squatting
- Effective way to stop IP squatting – file in China claiming priority



Process to acquire patent in China

Application

- Specification with FULL disclosure (for invention patent and utility), or figures showing the product (design)
- Claims/figures - legal “fence”
- Seek professional advice

Prosecution (substantive examination, for invention patent only)

- Novelty, inventiveness, industrial applicability – Clarity, support, sufficiency
- Extension of content is not allowed

Issuance and maintenance

NOT Simple



Patent application issues - translation

Translation

- CN102076248A, “at least one dimension is smaller” became “one dimension is at least smaller”
- CN1160526C, “hand-held power tool” became “hand-feed power tool”
- Careless choice of words (terminating became stopping; quantity became number; convex surface became protruding surface)
- Missing half sentence/words; additional words; “or” became “and”; “concentration” became “content”

No way to correct such errors after grant



Enforcement in China – routes and characteristics

Route	Advantages	Disadvantages
Civil actions at the People's Court	<ul style="list-style-type: none">• Unlimited compensation• Capability to handle complex issues• Nation wide enforcement	<ul style="list-style-type: none">• Relatively high costs• Relatively time consuming• Issues on forum shopping
Administrative measures (SAIC, SIPO, NCA, Customs, AQSIQ)	<ul style="list-style-type: none">• Low costs• Fast	<ul style="list-style-type: none">• No compensation (remedies limited to confiscation of goods and/or fine)• Unwilling to handle complex matter (esp. invention patent and utility model)• Localized enforcement → protectionism
Criminal enforcement	<ul style="list-style-type: none">• No official costs• Very intimidating sanction (imprisonment)	<ul style="list-style-type: none">• Limited to commercial scale piracy/counterfeiting• For patent, limited to passing off• High evidentiary threshold

SAIC – State Administration on Industry and Commerce

SIPO – State Intellectual Property Office

NCA – National Copyright Administration

AQSIQ – Administration for Quality Supervision, Inspection and Quarantine



Litigation statistics and trends

China is pro-patentee – about 80% chance of winning

- **Previous**

- Low compensation (over 95% statutory damages, on average RMB50,000 [about GBP5,890])

- Low legal fees awarded (about RMB15,000 [about GBP1,770])

- **Current trend**

- Much higher compensation

- Much higher legal fees awarded

Attractive to litigate in China

Project Benchmark



Technology Readiness Level (TRL)

≥7 System prototype demonstration in an operational environment
Medicine and medical instrument: **Phase 2**

Financing stage

> **Angel wheel** *Preferred*

Business performance

Sales record *Preferred*

Net profit *Preferred*

Help convince functional capability of the business model

Patent (IP)

≥1 *Strongly advised*

Academic background

Preferred, Especially the ones from credible universities, institutes, MNCs with papers been published

China activities

The full disclosure is *welcomed*

Technology category

Hard technology *Preferred*

Content innovation *Not Preferred*

Non—standardized production technology *Not Preferred*

Standard Technology/product applied to other products to enhance its function or financial performance by quantity measurement *Preferred*

Technology could make into product without applied to other products to function and offers a unique market positioning *Preferred*

Platform with s/h ware *Preferred*

- Partner: **Stock listed level companies** and **investors with industrial resources**
- Form: **Tech Licensing (Exclusive) /Equity/Joint Venture**

Matchmaking



IP Analysis

■ IP Analysis of the Technology

✓ Technology Patent Analysis:

- Existence of patent protection
- Basic info of the patent

✓ Chinese Patent Analysis in Relevant Industries:

- Qty of similar patents
- Licensing trend of the patent application
- Major patent

✓ Technology Analysis on Major Patent

Your IP deployment



Sample

IP Status in China

- 1 Patent (Invention)
- Status: Pending

以低质量副产物气体操作燃料电池系统的方法

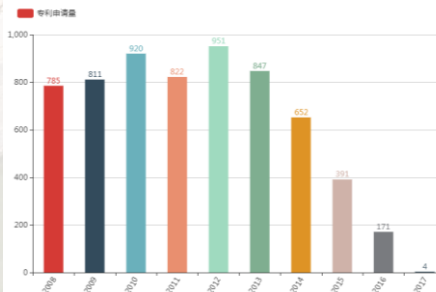
1、题录信息

申请号	CN201280060219.X	申请日	2012.12.06
公开(公告)号	CN104025357A	公开(公告)日	2014.09.03
专利类型	发明专利	颁证日	
申请人	德尔福技术有限公司	申请人地址	美国密歇根州
发明(设计)人	M-G 格里夫	说明书页数	12
主分类号	H01M8/06(2006.01)	分案申请	无
分类号	H01M8/06(2006.01);H01M8/04(2006.01)	国际申请	2012-12-06 PCT/US2012/068064
优先权号	2011.12.09 US 13/315,448	国际公布	2013-06-13 WO2013/086067 EN
国省代码	美国:US	进入国家日期	2014.06.06
专利代理机构	上海专利商标事务所有限公司 31100	代理人	张欣
最新法律状态	实质审查的生效	法律状态更新时间	2014.12.24

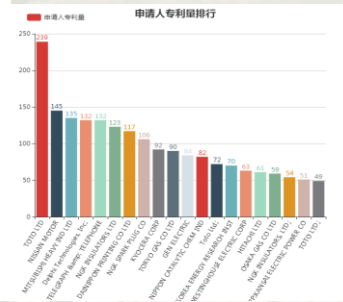
2、摘要及附图

一种以含燃料成分的副产物气体操作燃料电池系统的方法。燃料电池系统包括用于形成重整流的燃料重整器、用于把热能提供给燃料重整器的燃烧器、以及燃料电池池叠层。该方法包括下列步骤：用气体燃料提纯器把副产物气体分离成提纯气体流和剩余流、把提纯气体流接入配置成转换提纯气体流以产生重整流的燃料重整器、以及把剩余气体流接入燃烧器，燃烧器配置成把热量提供给燃料重整器。提纯气体流包括比剩余气体流中的浓度高比例的燃料成分以及比剩余气体流中的浓度低的污染物。

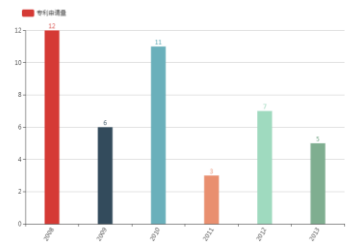
IP Application Trend



Global Application Status



IP Rank by Companies

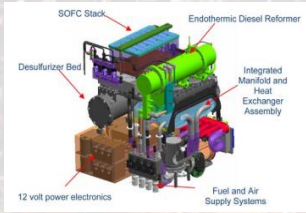


Client's IP status



Tech definition

Industry



Core-competitiveness

- All solid state chemical power generation
- Idling fuel consumption is reduced by as much as **85%**
- Chemical energy (intermediate, high temperature) is converted into electrical energy
- Exhaust emissions are below federal regulations
- Radiation noise level is less than 60 dB

Technology maturity

- TRL 9
- 2009 start the research
- 2013 Project finished



Tech Study

General Technology Profile

- ✓ Basic Definition of the Technology (Based on the tech profile provided)
- ✓ Technology Features (Based on the tech profile provided)
- ✓ Technology Application

Development Trend of Technology

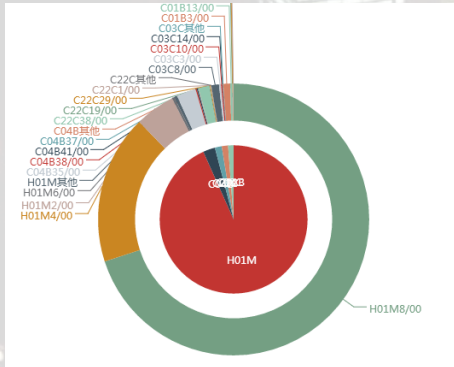
- ✓ Development History and Status Quo of the Technology
- ✓ Technology life cycle analysis (The technology life cycle diagram subject to patent)
- ✓ Development trend forecast

Technology Advanced Level Comparison

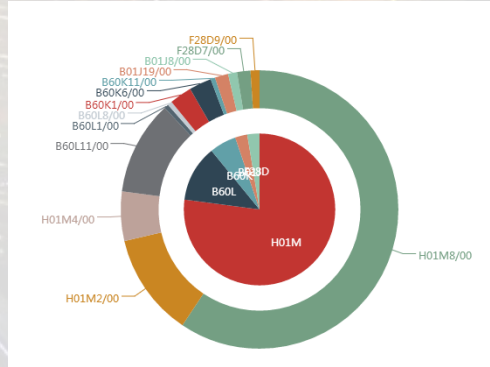


Is there a technical advantage in China?

Key tech tributes comparison



Client



China competitor



Market Analysis



*Your connection
with local partners*

■ Basic Market Analysis

- ✓ Key Market Data and Segmentation Analysis: Identifying the potential customers and applied industries and introduction of PEST (political, economic, social and technological) factors
- ✓ Market Size (Both in volume and in value)
- ✓ Market Competition (Analysis on major competitors and their products, as well as the competitive advantage of the subject technology)

■ Partners Shortlist& Key Partner Profile

- ✓ Basic Info(Corporation Name/Website /Telephone)
- ✓ Organization Profile(Facility Sq Meter /Employee Number/Annual Turnover/Fixed Asset)
- ✓ Staff Profile(Engineer Number/Manager Number/Worker Number /English processing capability /English speaking personals number)
- ✓ Equipment& QC (Major Equipment/Major inspection equipment)
- ✓ R&D Capacity(The lab or research institute status/The number of R&D staff/The software and hardware adopted)
- ✓ Certification(ISO/CE/UL/TUV/ROHS/Others)



🏠 Sample

■ Application Market

- Market Segment: Automobile/Pollution control/Energy production

🏠 Example

● Examples

- ✓ Power generation and standby power supply system (mobile communication base station reserve power)
- ✓ Household energy (household fuel cell electric power generation system)
- ✓ Mobile power supplies (Mini CD players, laptops, camcorders)
- ✓ Transportation (Honda, FCX, Charity, TOYOTA, FCV)
- ✓ Defense use (fuel unmanned aerial vehicle)

■ Potential Partners (Partial)



- A full name list of potential partners with contact info would be provided in the end



■ The technology does not fit for development in China

WTOIP offers a full list of major competitors' contact info (included company name, website address telephone) and predominant expo/fairs/association' s contact info) simultaneously. WTOIP does not take task of doing the contact for the follow-ups.

■ The technology fits for development in China

WTOIP associate with the potential partner by client' s sanction. The partner sourcing would refer Industrial ranking list as well as other available resources and recommend 3 candidates with 1st version report. If the candidate talking is not finalized with agreement upon the cooperation, WTOIP would offer another 3 in next quarter and maximum we can offer is 12 in total within one year. (The exact number of the candidate would be decided by the actual number in related industry). A talk with each candidate would be hold by tele-conference while this service contract would be terminated when the suitable partner(s) be matched and WTOIP would signed a new contract for project implementations.

If the matching is not finished within one-year-service contact , WTOIP offers a full list of major competitors' contact info (included company name, website address telephone) and predominant expo/fairs/association' s contact info) for client' s self-searching.



Partner
Matching



For Marketing and Purchasing pathway, WTOIP would offer separate service kits



WHAT DOES TECHNOLOGY TRANSFER MEAN ?

TECH TRANSFER: A TYPE OF IP EXPLOITATION COVERING :

- IP licensing (exclusive or non exclusive): however an exclusive licensee without exclusive right of exploitation cannot prevent IP owner from exploiting by himself
- Communication of know how: requires sophisticated agreements and procedures
- Combined transfers: beware specific conditions for each component

A CODIFIED FORM OF ACQUIRING AND/OR LEVERAGING RESULTS OF R&D INVESTMENTS

A written agreement where the owner (Transferor) allows a third party (Transferee) to access and use its technology (protected or not by Intellectual Property, e.g. patents, trademarks, copyrights, designs) under specific conditions, in exchange of a pay down fee or other type of monetary compensation.

TECH TRANSFER LATO SENSU COVERS TWO MAIN DIFFERENT LEGAL SITUATIONS:

- transfer of IP proprietary rights (such as patent, trademark, design rights of copyright, ..)
 - transfer of non proprietary rights such as know-how or trade secrets
- > legal mechanisms quite different in both instances ; combination possible

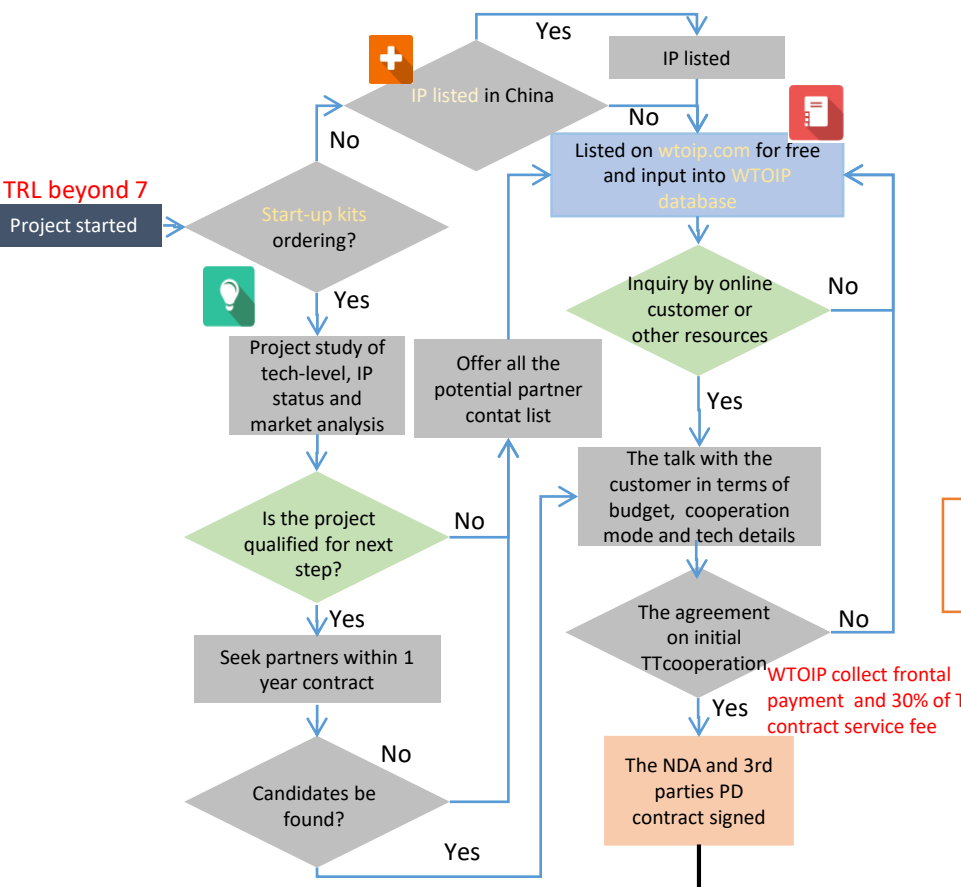
SPECIAL AGREEMENTS: Know-how transfer - Franchising (licensing brand + business model) ; JV (e.g.: co-branding or R&D)

Technology Transfer Process Map

Initiating

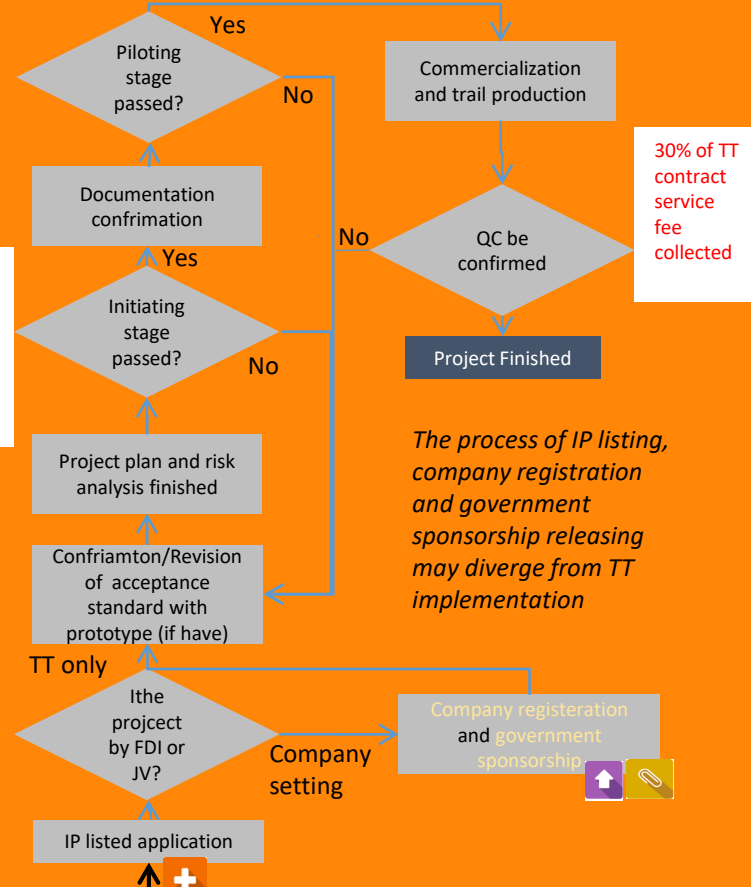
Project Implementation

TRL beyond 7
Project started



WTOIP collect 40% of TT contract service fee

WTOIP collect frontal payment and 30% of TT contract service fee



30% of TT contract service fee collected

The process of IP listing, company registration and government sponsorship releasing may diverge from TT implementation



Understanding your Benefits & Risks

TRANSFEROR	TRANSFEEE
BENEFITS	
<ul style="list-style-type: none">• Receives cash and ROI on R&D efforts• Neutralizes competitors by preventing them from developing alternative technologies• May secure and/or expand market by unified tech offer (network economy and/technologies)• Accesses expertise local partner if reciprocity agreement (cross-licensing, ..)	<ul style="list-style-type: none">• Security of using and selling an established technology with a proven track record (« minimized risks »)• Access to new and innovative technology to gain competitive edge (higher quality products, especially relevant to SMEs without in-house R&D debt)• Expansion of customer base• Faster entry into new market
RISKS	
<p>If transferee becomes competitor/improver</p> <p>If inappropriate use damages transferor's reputation</p> <p>If insufficiently mature technology or transferee involve transferor's liability</p>	<p>If freedom of exploitation of transferred technology challenged</p> <p>If technology is outdated</p> <p>If cost of transfer is too high</p> <p>If accompanying know-how is insufficient</p>



WHY IPRs MATTER IN A TECH TRANSFER ?

COPYRIGHT (work must be creative, automatic protection, author's life + 50 years)

PATENT (invention solving a technical problem in a new and non-obvious manner and capable of practical application, granting 20-year monopoly)

DESIGN (new, original and recognizable and/or aesthetical pattern or shape)

TRADEMARK (sign must be possible, valid and available, 10 years indefinitely renewable): names, logos or symbols used to promote and sell the product in the marketplace (e.g.: Apple)

TRADE SECRET (business information that is not yet publicly known, has commercial value, subject to appropriate measures to maintain the secrecy, protected as long as remains secret)



DUE DILIGENCE AND BUSINESS MODEL

Find the right Partner:

Strong market study, Identify the competences, integrity, support needed, potential dependence. Do not pick a potential competitor, anticipate possible future developments through contracts.

Due Diligence: Identify/review all assets of potential partners including IP (check if duly registered, verify the ownership, validity term, expiration dates, potential disputes)

Negotiate and sign a NDA agreement: Prevention is the key to protection. It is crucial that the company understands how to maintain and manage the secrecy of its valuable information by taking appropriate measures. Clearly define a) which information is confidential, scope, obligations, conditions of use and methods to maintain the secrecy so there is no room to deny any violation or infringement and b) which documents containing the above information are subject to confidentiality. Determine to which extent the person is exposed to sensitive information. Determine the legal consequences of disclosing/using it without the company's prior consent



Checklist

- 1) What is the overall business strategy?
- 2) Which IP assets are essential to driving the business forward?
- 3) Are the key assets protected by registration?
- 4) Should the R&D function be in China or in Europe?
- 5) Can manufacturing/processing operations be structured so that no Chinese partner has access to all IP necessary to replicate your business?
- 6) If some IP cannot be protected in China, is it worth getting practical support for its protection by licensing a Chinese business to use that part?
- 7) Are the IP assets owned by one company in the group and licensed to the others?



Project implementation

TOT Process

1 PREPERATION

2 ADUITING

3 VALIDATION

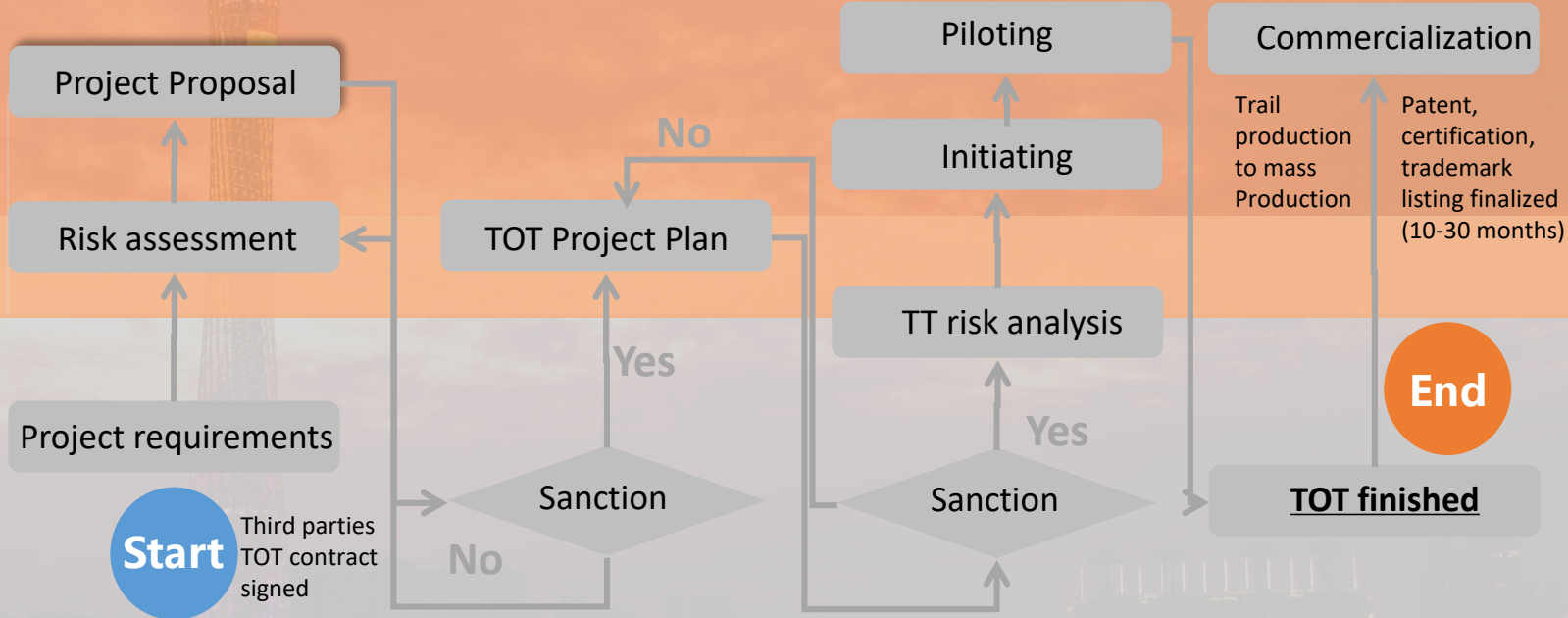
4 CONFIRMATION



PARTNER



CLIENT



Start

Third parties
TOT contract
signed

No

Sanction

Yes

TOT Project Plan

No

TT risk analysis

Sanction

Yes

Piloting

Initiating

Commercialization

Trail
production
to mass
Production

End

TOT finished

Patent,
certification,
trademark
listing finalized
(10-30 months)



TO DO list

1. Build a strong proactive IP policy

- at home and in the target countries
- early priority filing of IPR and recording of KHs
- Pre-analyze market study, IP surveys and due diligence

2. Understand specificities in target country (ex. : China high competition; prevalent public action; huge market, partners potentially too smart or too unprepared; patriotism..)

3. Prepare negotiations

- NDAs
- build a strategy and a roadmap (be proactive)

4. Strategic safe harbors and tight monitoring of partners

- contract management (incl. R&D; employment contracts)
- enforce



Government Policies

<http://en.wtoip.com/service/chinesepolicy/index.html>

- VAT rebate **15%-17%** per item
- Funding support **RMB50K** per item

Science and technology bureau

- If the R & D expenses fail to form intangible assets, the income tax shall be deducted according to **50%** of the amount incurred
- Where intangible assets are formed, they shall be amortized before tax at **150%** of the cost of intangible assets



- Listed more than **1** years,
- Income tax reduction **40%**
- Funding support than **RMB50K**
- Land, electricity, sewage, energy conservation, scientific research funds, taxation and other support policies

Science and technology bureau

Note: The figures in this slide is from Guangzhou city and different regions would be various. For details, pls contact our BD mangers

Industrial park settled preferential policies

- Central and local governments offer special policies in the field of tax reduction, starting rebate and land use right for foreign enterprise

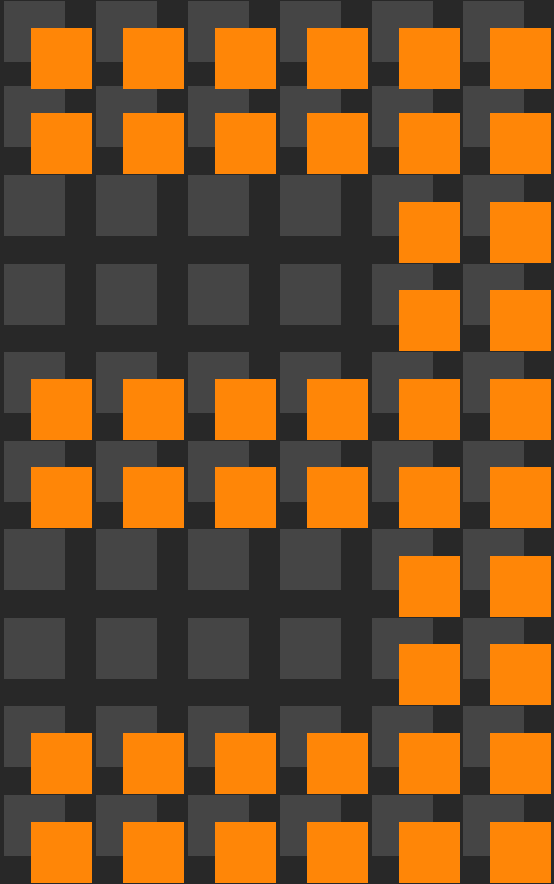
Designation of High and New Technology product

IP management system certification

- Funding support **RMB50K** (Basic), Maximum **RMB200K**

Intellectual property office

R & D expense Tax deduction



Case Study

Technology Showcase of Successful Stories



Case Study

BOOK+APP - An Educational Publishing Platform



Technology of Virtual Video Synthesis and Live Broadcast



Biomimetic Structural modeling & 3D Printing



Cartilage Implant for Treating Joint Injuries



Io-Engineered Micro Pancreas



Biocompatible/Photodegradable Pesticide



Digital platform for rehabilitation therapy



A Portable Single Cell Sorting and Analysis Platform





Get in touch

China local expertise available internationally



Contact us

GUANGZHOU

3/F, Bldg.A9-A10,
IP Valley
No.231-233 Science
Avenue, Economic &
Technological
Development Zone,
Luogang District,
Guangzhou, Guangzhou
Province, P.R.China



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