

Chapter 53

The Management System of Enterprises' Intellectual Property Rights: A Case Study from China

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ABSTRACT

Strengthening the management of IPRs (intellectual property rights) is one of the most important ways to improve an enterprise's innovative capability. NST (NineStar Technology Co., Ltd, in Zhuhai, China) wins the recognition of both the domestic and the foreign markets through building an advanced IPRs management system to promote their products and institutional innovation, and to respond positively to foreign patents litigations. Based on the case of NST, combined with related literatures, this paper introduced the six components of an enterprise's IPRs management system: information system, strategic system, establishing system, development system, protection system, and operation system.

1. INTRODUCTION

Enterprise is the main body of innovation. Schumpeter (1942) said that the innovation is just the commercial use of technology. The motivation of innovation is the profit. China began to promote

“indigenous innovation”—a plan to support the creation and commercialization of domestic technology—in 2006, emphasizing that the enterprise is the main body of innovation. That is to say, other participators in the innovation activities such as the government, the universities and the research institutes cannot substitute for enterprises,

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because they are not the commercial organizations, without the pursuit of profit, and they are just the producers for the technology and the knowledge, or the external supporters for the business use of the technology. However, the enterprises are both the demand-side and the supply-side of the innovation, also the most direct beneficiary of the innovative achievements. The pursuit for the core competition and the long-term profitability brings the enterprise the needs for innovation. Through both the independent and cooperative research and development activities, the enterprise supplies the society with the innovative products and services, puts the funds from the profit into further innovation activities, and then such a virtuous cycle of innovation is built.

One of the most important ways to improve the innovation of an enterprise is to strengthen the enterprises' IPR (intellectual property rights) management. The acquisition and maintenance of IPRs are the foundation for an enterprise's innovation; the utility of IPRs is the important way for an enterprise to gain the profits; the protection of IPRs ensures the enterprise's right to gain the profit. The utility and the protection of IPRs are also the motivation for innovation. Nowadays, the competition on innovation is getting more intense, the innovation activities are getting more frequent and the activities about IPRs is becoming an enterprise's daily affairs. However, the statement on IPRs management is not enough in our current management theory; even now, in terms of theory, the enterprise is the main body of innovation, but we don't know how it becomes the main body of innovation, especially how to initiate the innovation activities with IPRs as the center. Based on the case study and concept model, this paper builds a theory of IPRs management system, adding the IPRs management into company's management functions, to improve the business management theory, and to supply the national intellectual property strategy with the micro foundation.

2. THE CASE: NST'S MANAGEMENT SYSTEM OF IPRS

For a long time, the world's printer business is controlled by a few companies from Japan and USA; they own more than 400,000 patents for the printers and printer supplies around the world, forming a huge and rigorous patent pool. These industry tycoons introduce a special commercial model: selling the printers with high technique and high cost at a low price, selling the printer supplies with big consumption at a high price. The commercial help them win rivals by the low price, and gain the huge profit by customers' daily consumption. This special business model makes the industry of printer and its supplies highly technical, highly risky, highly patented-protected and highly invested.

The NST (NineStar Technology Co., Ltd) is an electronic technology company in Zhuhai, China. NST regards technology skills as the company's foundation, autonomous innovation and autonomous IPRs as its orientation. NST produces three kinds of core products: ink cartridges, toner cartridges, and integrated chips. And the scale of these products in the industry is NO.1 around the world; the share of general cartridges on the global market is 20%, the share of general laser selenium drum chip is 10%, and the integrated chip is 70%. Up to 2010, the NST has already possessed more than 300 patents, owned more than 20000 patents right, built the biggest patented technology platform in this industry. It has already become the only one who has the ability and strength to research and produce the laser printer in the domestic general printer industry. The domestic market for printers and supplies in China is a huge one, but it is infringed deeply by foreign intellectual property right. The NST in Zhuhai focuses on the research and development of the printers for which our Chinese own fully its intellectual property. These printers will be put on the market in late 2010. It will break up the monopoly from Japan and USA, becoming the substitutions for the importers and diminish the profit transfer.

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