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PRESS RELEASE

IP EXPERT: INNOVATION ALL-IMPORTANT DURING ECONOMIC CRISIS

Beijing – March 4, 2009 – Companies with well-protected intellectual property (IP) and continued innovation are well positioned to weather the strengthening global economic storm — and some will even thrive in the environment, said attorney Sherry Guo, an IP specialist at Lehman, Lee & Xu, one of China’s top law firms.

“Analyzing Chinese enterprises that have collapsed in the economic crisis, it is easy to find that most are short of innovations, especially those in the foreign trade industry,” Guo said. “They neither have their own technology nor patents and trademarks, which renders them unable to protect themselves during China’s globalization, let alone benefit from it.”

“In contrast, companies that have attached importance to innovation and intellectual property protection are still profitable, she said, pointing out telecom equipment and service company Huawei Technology Co., Ltd, a leading global end-to-end IP network and service solution provider. According to a report by the World Intellectual Property Organization, Huawei filed 1,737 applications in 2008, the most in the world, while its sales reached \$23.3 billion, an increase of 46 percent.

“The difference in performance between innovative and non-innovative enterprises is obvious,” she said.

Recently released patent statistics from the State Intellectual Property Office (SIPO) — which include inventions, utility models and designs — show that 828,328 applications were accepted in 2008, a year-on-year increase of 19.4 percent, among which 717,144 were domestic applications and 111,184 were from overseas. The numbers also show that an increasing emphasis on innovation by both the private and government sectors resulted in a sharp increase in domestic filings, which were up 22.3 percent, compared to a 3.5 percent increase in foreign-originated applications.

Guo’s findings are in line with analysis from China Intellectual Property News, a SIPO publication that noted “China’s intellectual property strategy has kindled a passion for innovation and boosted IP awareness and capabilities in Chinese industries despite the international financial crisis and enormous

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downward pressure on the domestic economy in the second half of 2008.”

While many firms struggle to survive, others will flourish using new ideas that have space to grow as some existing approaches and business models fail, she noted.

“History shows that global economic crises expedite the development of innovation,” said Guo. “In the current economic environment, enterprises should take advantage of every opportunity to develop their own advanced technology and make themselves stronger,” she said. “IP assets can also be used to raise financing using the assets of copyrights, patents, trademarks and designs as collateral — particularly helpful for small-and medium-sized enterprises that depend on know-how and IP assets to bolster company value”.

Founded in 1992, Beijing-headquartered Lehman, Lee & Xu has one of the oldest and largest intellectual property practices in China. It also serves as counsel to and advisor for wide range of multinational corporations, associations and governments. Its clients include Fortune 500 companies, non-governmental organizations, embassies and departments of nations, giant domestic enterprises and a scope of other businesses and individuals that mirror China’s remarkable growth over the past 30 years.