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PRESS RELEASE

Innovation, IP to be core element of China's economic growth

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Innovation and the resulting intellectual property (IP) will increasingly serve as a core element of China's economic development, a law expert said here Tuesday. "Innovation and IP will play a key role to reform China's science and technology research and development," Senior Vice President and General Counsel of Taiwan Semiconductor Manufacturing Company, Ltd. (TSMC) Richard L. Thurston said. "The focus of IP innovation is all about assets, and over time, that will enable China's economic development," Thurston said in a keynote speech delivered at John Marshall Law School in downtown Chicago. TSMC is a leading semiconductor manufacturer worldwide and has its headquarters in Taiwan, China. He also noted that China is serious about its sustainable law reform, but not on the same basis nor for the same reasons as in the United States. He believed that China will continue to reform its legal system and enforce its IP laws domestically, while modifying its IP system accordingly. Meanwhile, he predicted that China's companies will prioritize strategic IP portfolio development, seek to take the lead in the world in the years to come, and actively enforce their IP both at home and overseas. Thurston also commented on China's current priority. "China is focusing more and more on research and development ... China is committed to protecting those assets with its evolving IP system," he said.

The law expert cited recent statistics to explain his views. "In 2009, 543.3 billion yuan were spent by China on R&D, a 17.7 percent increase over 2008. In 2009, China had 976,686 patent applications, of which 877,611 were domestic. In 2009, China had 314,573 new inventions, of which 229,096 were domestic," he said. By the end of 2009, of 1,520,000 total patents registered in China, 1,193,000 were domestic, he said. "All of these numbers reflect China's focus on innovation and R&D," he concluded. The law expert also touched on China's law reforms. "There have been many initiatives in law reforms - - for example, the ongoing creation of many new arbitration commissions such as in October 2008, the creation of the Shanghai IP Arbitration Court with 24 professional consultants and arbitrators," he said.

Thurston believed that China's rule of law will be the catalyst of efficiency and effectiveness in the administration of managed socio-economic change. "The rule of law is crucial to China's drive for greater scientific and technological innovation," he said. Citing recent statistics from China's legal system, Thurston pointed out that China's law reform and development are very impressive. "It had

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approximately 190,000 judges in 2009 and 3,558 courts. China had about 14,741 law firms with over 156,000 lawyers," the expert said. He then spoke about IP cases. "Chinese court cases in 2009 reached 11.39 million cases. Along with IP cases there are 30,509, a 29.73 percent increase from 2008," he said.

On the challenges that China faces today, Thurston said, "The evolution of any rule of law order will take time. China requires a strong, pervasive government in order to effectuate sustainable and meaningful legal reform and to achieve measured compliance with international obligations." "Without a strong government, there will not exist uniform protection of IP, contracts, etc.," he said. He emphasized that the rule of law will be a key factor in China's future, but it will not be modeled on that of the West. Thurston said that U.S. and Western countries need to be patient and desist from pressuring China into completely embracing Western rule of law.

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency with offices in Beijing, Shanghai, Shenzhen, Hong Kong, Macau, and Mongolia. The firm has been recognized as one of the top trademark firms in China by several intellectual property magazines and is managed by Mr. Edward Lehman, a leading expert on corporate law with 20 years of practice experience in Mainland China.

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