1. Introduction to the Intellectual Property Rights (IPR) Serious Game

What is this IPR Serious Game and what are the benefits of using it?
The China IPR SME Helpdesk IPR Serious Game is a business simulation which allows users to experience the realities of launching a venture in China through management of their own virtual enterprise. Designed for small and medium-sized enterprise (SME) owners and managers, SME intermediaries and students, or indeed anyone interested in doing business in China. The simulation develops understanding of the unique challenges and solutions to protecting their products, innovations and competitive edge in a market that can be different to Europe.

Who is this brief for?
Whether your aim is to increase understanding of IP management and valuation within your own company, amongst a network of client SMEs or for a lecture hall full of MBA students, the simulation is a comprehensive training tool for you. This brief describes how Human Resource (HR) or IP departments, trade associations, chambers of commerce, professors and any other organisation which supports SMEs can use the Helpdesk Serious Game to help plan stimulating events or in-house training for multiple participants.

Why is IP relevant to your SME?
SMEs throughout Europe have reported that infringement and mismanagement of IP rights is one of the greatest hurdles to overcome when internationalising to a new market. In a country such as China, the IP system is significantly different to those in Europe and failure to protect rights can incur damaging costs. While an SME may only need to pay EUR 250 for a Chinese trade mark extension through the Madrid system or CNY 800 for domestic registrations, China’s first-to-file system means that the first person to register the trade mark owns it. The cost to buy it back? Anything from EUR 1 to...
China's IP system may be different but it is very possible to successfully protect and enforce your rights. What's the secret? Know Before You Go!

1. About the Game

Let's get started

The Serious Game offers SMEs and intermediaries a taste of the experience of doing business in China and the importance of protecting their IP. The game lasts 30-40 minutes, after 3 years in game time as indicated on the top right corner of the game screen or ending either with bankruptcy if infringements are allowed to run rampant. Success is measured on your final profits, which are directly impacted by how effectively you protect your ideas and products in game!

To get started, simply visit this website to access or download the simulation and launch your business in China!

Minimum Requirements:
Safari™ 3.0  Internet Explorer® 7.0, Mozilla® Firefox® 4.0 or Google Chrome™ 5.0 (JavaScript™ enabled and Java™ 1.6 or higher recommended)

Getting Started

a) Tutorial

The Tutorial outlines the gameplay basics and will show you how your virtual business works before walking you through the creation of your first product.

You are allocated an initial budget of EUR300k, which you will use to create products, attract clients, create partnerships with other companies to manufacture and distribute products, protect your business by registering IP, and much more…

b) In-game Functions

1. Game set-up: The Game begins with the SME in their office in Europe, before the move into China. SMEs can enter their name and the characteristics of their company.
2. IP registration: choose a product and decide if they will register certain features of the products or not.
3. Trade fair: choose to attend a trade fair, where there is the potential to meet partners and gain visibility for your product.
4. Chinese partners: To start manufacturing and distributing, you will need to find a partner. This can be through attending a trade fair (requires investment and may need to wait), joining a trade delegation (requires investment and may need to wait) or independent online research (free, but could later lead to issues).
5. Office set-up: To set up an office in China, you need to provide an initial investment to rent the office space. Once staff is hired, the SME will need to decide whether to include confidentiality clauses with employees, introduce trade secret protection measures and non-compete clauses for staff.
6. Enforcement: This is ongoing throughout the Game. Pop-ups alert you to infringements found in the market. Each time the SME has a choice: investigate and collect evidence, send cease and desist letter, legal action or simply ignore. For legal action, there are three choices: administrative action, judicial and inform customs.
7. Chance cards: As in real life, sometimes lucky coincidences or unfortunate external events happen. These are represented in the game by pop up cards of randomised event, such as winning on an invoice lucky draw or an unexpected power cut in a factory. These events will affect your business, but you don’t have control over them.

c) Additional information on managing your IP

Throughout the Game, there will be signposting to related Helpdesk materials, advice and other relevant resources such as external websites

The Helpdesk will appear in relevant sections where the SME faces a crucial decision regarding their IP.

8. Training

Training Scenarios

a) Company simulation

• Teams of 3
• Game tutorial
• Team members are each responsible for final decision making on one of the following areas:
  - Product development
  - Manufacture and distribution
  - Marketing (trade fairs)
• IP decisions made as a group. Don’t forget to use the pause button!
• Teams compete for the top score
b) Play to lose

As above, however this time both teams make deliberately poor decisions regarding their IPR (likely leading to early bankruptcy!) before restarting to achieve a high score.

c) The good, the bad, and the ugly

Short on time? Try combining scenarios (a) and (b) with one team playing for staggering profits and the other neglecting their duties and inviting rampant infringement. Once the dust has settled, discuss what effective strategies team one took to maximise their profits and what pitfalls team two stumbled into on their road to crushing defeat.

d) Watch me, tell me

Trainer/elected player takes control of game on projector or large screen. All decisions are discussed with the group (remember to pause!)

e) Homework for MBA Students

Students tasked with playing the game in their own time. Outcomes discussed with guidance from exercise leader (see suggested debrief points below).

Moderating a Training Session

a) Sample Agenda

This agenda is based on a half-day training meeting which includes an introduction to core concepts of IPR in China together with a fact sheet for participants.

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>3.00pm – 3.10pm</td>
<td>Registration</td>
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<tr>
<td>3.10pm – 4.00pm</td>
<td>Introduction to the IPR concepts and basics in China**</td>
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<tr>
<td>4.00pm – 4.15pm</td>
<td>Introduction to the Serious Game</td>
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<tr>
<td>4.15pm – 5.00pm</td>
<td>Game Session</td>
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<tr>
<td>5.00pm – 5.30pm</td>
<td>Group Discussion and Conclusions</td>
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*If you are interested in organising a comprehensive training session, the Helpdesk can provide you with an expert speaker for your events, both in China and within the EU. Please don’t hesitate to contact us with such request!

**For additional information on IP in China, browse the China IPR SME Helpdesk website, download our guides or refer the Cheat Sheet in section V.

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3:10pm – 4.00pm

Introduction to the IPR concepts and basics in China**

4:00pm – 4.15pm

Introduction to the Serious Game

4.15pm – 5.00pm

Game Session

5.00pm – 5.30pm

Group Discussion and Conclusions

Debrief Discussion questions

• How many of you registered your IP from the beginning?
• Did you do background checks on all of your partners? What did you find out, and how did this affect your decisions?
• Did any of your partners infringe your products? Why do you think this came about?
• Did you try translating partner contracts into Chinese yourself or did use your potential partner’s in-house translator?
• When hiring research staff, did you include confidentiality clauses with employees?
• What were the benefits of registering your IP before setting up office in China?
• What measures did you take to enforce your IP?
• What measures did you take when your IP was been infringed?
• Did you ignore any small-scale infringement? How did this affect your product’s values?

Debrief Discussion questions

Additional tips

• Keep track of ‘profits’ every 15 minutes for a sense of competition – display a leader board to keep teams on their toes...
• Provide completion certificates or small prizes for the trainees.
• Play some upbeat background music – the game is serious but the atmosphere doesn’t need to be!
• Organise this type of training towards the end of the day so participants can enjoy healthy competition rather than feel like they are being formally examined.
• Remember, not everything is certain! As in real life, sometimes risky decisions lead to great profits whilst at times despite all your efforts, infringements still happen. Still, better safe than sorry, prepare for the worst and you’ll be in a strong position to deal with potential infringers.

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b) Steering the Session

During the session

• Review learning objectives at the start.
• Explain the different types of IP, such as copyright, trade mark, patent, etc.

Debrief Discussion questions

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c) Key Messages and Learning Outcomes

China is now the EU’s second-largest trade partner, and more and more SMEs are starting to work with China through export, import, licensing or through involvement in global supply chains. In some cases, European SMEs that do not have any involvement with China or the
Chinese market have had their IP infringed, discovering counterfeits of their products and trademarks produced by Chinese companies. It is therefore essential in today’s globalised business environment to have an awareness of IP systems in key market and manufacturing centres such as China.

The key learning outcomes of the training are the following:

- **Know Before You Go / Preventative measures** – By having the opportunity to work through common business scenarios and most importantly, fail within those tasks/scenarios, SMEs should learn that it is essential to be aware of the IP related issues and common pitfalls for EU businesses before entering the market and engaging with Chinese partners.
- **Territorial nature of IP** – Players will learn that IP assets registered in other jurisdictions such as the EU or Hong Kong are not automatically transferrable to China.
- **IP Portfolio Management** – Players will experience use of several different forms of IP such as trade marks, patents and copyrights, and learn how they apply to different areas of their products and company.
- **Where and how to get your IP protected** – Players will learn to appreciate the practical aspects of IP protection such as how to register different forms of IP and how registered IP can safeguard their products.
- **How to use IP and make it key to your business success** – Players will experience IP as a key business (intangible) asset that can add a huge amount of value to their company either by helping to attract funding or through licensing – both of which can increase cash flow.
- **Seeking professional advice** – The game should demonstrate to players the value of the Helpdesk’s support services, as well as how lawyers are best employed to protect a company’s IP assets.

**Potential Follow-up Activities**

a. Share notes and experiences on what has been learned that can be translated to the SME’s own business.

b. Familiarise yourself with the Helpdesk resource and read the tips displayed on the game, then play the Game again. Compare your results and the consequences of your informed decisions.

c. Contact the China IPR SME Helpdesk Helpline with any other IP related questions. E-mail: question@china-iprhelpdesk.eu, call: 00 86 (10) 6462 0892 or submit an online form.

d. Keep up to date with Chinese IPR advice and information with the Helpdesk’s blog: www.youripinsider.eu

e. Attend the Helpdesk webinars, use the E-learning modules and study our guides to become well acquainted with IP in China.

**Troubleshooting**

If you experience technical difficulties during the Game, try refreshing the browser or restarting the downloaded game.

For the game to run efficiently, you will need to ensure that you have the following **system requirements** installed:

**Windows users:**
- **Browser:** Internet Explorer® 7.0 or newer, Mozilla® Firefox® 4.0 or newer or Google Chrome™ 5.0 or newer (JavaScript™ enabled and Java™ 1.6 or higher recommended)
- **Processor:** 2.4GHz or more (2 GB of RAM or more)
- **Internet:** DSL or better

**Mac users:**
- **Browser:** Safari™ 3.0 or newer, Firefox® 4.0 or newer or Google™ Chrome™ 5.0 or newer (JavaScript™ and Java™ enabled)
- **Operating System:** Mac OS® X 10.6 Snow Leopard® or newer
- **Processor:** 2.4GHz Intel processor (1 GB of RAM or more)
- **Internet:** DSL or better

Furthermore, the Serious Game runs on tablets as well.
9. Additional information

Resources
Additional Guides and factsheets can be downloaded from the Helpdesk website here.

E-learning modules, available on the Helpdesk website here.

10. IPR Serious Game: Cheat Sheet

IPR Core Concepts

Trade marks: Any kind of distinctive visual sign that identifies a good or service e.g. Brand or product names.

Trade mark registrations from other jurisdictions do not provide protection in China so be sure to make a domestic application or apply for the relevant extensions for your existing trademarks. China operates a 'first to file' system so make sure to apply early or you may find that a rival company has hijacked your trademark!

Copyrights: Exclusive right to control who reproduces or alters the product of an original creative effort.

Protection of copyright is automatic upon publication in China. However, Chinese law requires notarised evidence of creation and ownership before enforcement options become available. Therefore, whilst not essential, it is often safer to register your material and obtain the relevant certification to protect your IP.

Patents: Exclusive right to use and to prevent others from using a novel invention or design for a limited time. Patent applications must be made separately in China before they are afforded protection against infringement. This is again based on a 'first to file' system so be sure to apply for your patents before releasing your product into the marketplace or disclose the patent anywhere else in the world.

Domain Names: Used on the internet to identify particular web pages, a key part of a business’ online presence.

Registering domain names is an easy and inexpensive process. .cn and .中国 domains can be obtained through application to the China Internet Network Information Centre (CNNIC). If your domain name is already registered by a third party however, the dispute resolution process can be lengthy and expensive so get your applications in as soon as possible!

Trade Secrets: Non-public information with actual/potential commercial value guarded by confidentiality measures.

Trade secrets do not need to be registered (this would defeat the object of keeping them secret!). Instead, in order to enforce your rights in the event of a potential breach you must show that you have taken measures to keep them a secret. This can be done by securing documents, restricting duplication of restricted material, implementing IT security measures, monitoring employees and requiring potential employees and partners sign Non-Disclosure Agreements (NDAs) as part of their contracts.

Enforcement Options

Gathering Evidence: In the game notarised evidence of infringement can be acquired by the retained detective. Once obtained, the chances of any action succeeding are increased.

Cease and Desist: A cease and desist letter is an inexpensive way to begin battling infringement; a sound understanding of the law and obtaining proper evidence increases its chances of succeeding.

Legal Action: If issuing a cease and desist is not an option or hasn't worked, you can take the issue to the authorities by way of Administrative or Judicial Action to force the infringer to cease, or pay penalties.

Administrative Action

The administrative route involves making a complaint to the administrative authorities who regulate IP laws, and have powers to investigate and penalise infringements. The administrative route does not involve court proceedings and is often favoured for quick, low-cost infringement cases; however you will not receive any damages from this action.

Judicial Action

The judicial route involves bringing a prosecution to court, and can carry sterner penalties for infringements,
which could be ordered to pay damages to the infringed parties, but can often be a long and complex process.

**Negotiation:** In the case of a bad faith registration of IP (usually trademarks or domain names), the infringer may wish to negotiate the transfer of the IP to your company, for a price. Although it may be possible to have the IP awarded to you through legal action this will be costly and time consuming and a decision in your favour is not guaranteed.

**Discussion:** When infringement is carried out by a current business partner, it may be prudent to attempt amicable resolution first without involving the legal system.

**Customs:** Unlike in many countries, in China, customs examine both exports and imports and will detain outbound goods if the rights holder has registered their IP with the General Administration of Customs.

**Partners**

Partners are your route to the market in this game. When operating in China, it is important to build and foster good relationships with business partners who may manufacture, distribute, or maintain your goods or services. Good relations with partners will decrease the likelihood of infringement. For the purpose of this game your partners are paid monthly.

**Manufacturing:** Manufacturing partners create your goods in China, ready for distribution.

**Distribution:** Once your goods are manufactured, distribution partners deliver your products to be sold in China.

**Finding Partners:** You can attract partners when you have at least one product. But be aware, the means with which you attract partners affects your initial relationship with them.

**Online:** You may be able to find potential partners online, but with no pre-existing relationship they may not have your best interests at heart and may be looking for opportunities to use your IP for their own gain. In this game, low quality partners may arrive after searching online.

**Trade Fairs:** Trade fairs present an opportunity to meet with and attract potential partners that may be looking to create lasting working relationships with your company. Medium quality partners will arrive through the duration of a trade fair exhibition.

**Trade Delegations:** Joining an annual trade delegation to China will allow you to meet with and attract potential partners, starting your partnership off on the right foot. High quality partners will arrive regularly.

**Partner Diligence**

Due diligence is key with new partnerships. Insisting on certain measures that protect your interests may cause some partners to walk away, but this may ultimately be for your benefit.

**Background Checks:** Using the detective to look into the background of a new partner can highlight potential hidden issues, such as an unwillingness to sign non-disclosure agreements (NDAs) or a history of infringements.

**Inspections:** Scheduling regular inspections of your partner’s operations can deter infringements, or catch them before any real damage is done. For the purpose of the game, you must have retained a detective to perform inspections.

**Partner contracts and Non-Disclosure Agreements:** Tailoring contracts to suit your IP rights is an important way to ensure your company’s specific IP assets are protected by including provisions to define ownership and disclosure of information. It is important to use a trusted source to draft your contracts to understand the terms it dictates. You should have your contracts translated into Chinese by a trusted source to avoid any misinterpretations due to poor translation. Additionally the contract should state that in case of dispute the English language version will prevail. This can help you in a negotiation but please be aware that in a court case the Chinese judge will usually defer to the Chinese version.

Non-Disclosure Agreements (NDAs) address the ownership of confidential information, and the rules governing the sharing, or disclosing, of this information. It is advisable that you sign an NDA with any third party to whom you plan to reveal such information, as they are widely used in China and well-accepted by Chinese courts.

**Trade Fairs**

Trade fairs are a great way to find partners, gain clients and increase product value, but cost time and money! Take care while exhibiting, as disclosing your products or marketing materials may result in infringements.

**Trade Fair Materials**

Your choice of promotional materials at your booth at a trade fair can generate increased business and revenue, but can also increase the likelihood of infringement. Make sure your IP is registered before going to a trade fair.

**Banners:** Banners on your booth at a trade fair will attract new clients and potential partners, and increase product value, but be careful; if your product has any new or innovative features, making these visible may make it impossible to patent the technology later as the technology will no longer be considered ‘novel.’

**Brochures:** By showing brochures at your trade fair booth you can attract new clients and potential partners, and increase product value. However the brochures may be copied by infringers and used to sell counterfeit versions of your product or to pose as your authorised distributor. You can tackle this infringement more effectively if you record the copyright of the brochure before attending a trade fair.
Photography: If you hold significant value in your visual identity and trademarks, consider restrictions on photography at your booth. Some trade fairs may have areas where no photography is permitted.

Samples: Samples will attract new clients and potential partners, but be aware of the increased exposure to IP infringement. If possible, consider giving away samples without key IP features.

Additional tips

- Don’t forget to register your company’s IP as well as your products! (You can apply for this from your European office in the Game).
- China operates a ‘first to file’ system for IP rights, register your IP early or you’ll risk losing it entirely!
- Just because you have registered your IP in the EU doesn’t mean you’re automatically protected in China! Register your IP early when looking to take products into the Chinese marketplace.
- Don’t forget to protect your trade secrets too! Employee contracts and Partner NDAs are essential to keeping your information secret!
- Be careful who you do business with! If you’re not sure about your partner’s intentions consider doing a background check before signing any contracts.

Materials

Industry and business-focused guides and training materials address China IPR issues by:

- IP topic, including patents, trademarks, copyrights, licensing, dealing with counterfeiting.
- Business focus, including IP as a business asset, technology transfer, finding the right lawyer.
- Industry, including textiles, medical devices, ceramics.

Online Services

The multi-lingual online portal (www.china-iprhelpdesk.eu) provides easy access for all EU SMEs to Helpdesk information and services, including Helpdesk guides, E-learning modules, event information, and live webinars.

Contact

Helpdesk Enquiry Service: Submit further questions to the Helpdesk via phone, email (question@china-iprhelpdesk.eu) or in person and receive free and confidential first-line advice within three working days from a China IP expert.

General issues: For any general queries on the China IPR SME Helpdesk, issues related to the Serious Game, contact the Project Manager Kinga Katus (kinga.katus@china-iprhelpdesk.eu).

Training: To organise a Serious Game session or training event on IP protection with an IP expert on site, contact Sara Wojewodzka (nora.bihari@china-iprhelpdesk.eu) for a training in Europe or contact Kinga Katus (kinga.katus@china-iprhelpdesk.eu) for a training in China.

Technical support: For technical support and for a detailed report on performance, please contact Dieudonne Boupu (mayosse@development-solutions.eu).
For free, confidential, business-focused IPR advice within three working days
E-mail: question@china-iprhelpdesk.eu

For more information please contact the Helpdesk:

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Materials: Helpdesk business-focused guides and training materials on China IPR issues are all downloadable from the online portal.

Online Services: Our multi-lingual online portal (www.china-iprhelpdesk.eu) provides easy access to Helpdesk guides, case studies, E-learning modules, event information and webinars.

Project implemented by:

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