China Media Battle Hints at Shift on Intellectual Property

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SHANGHAI, Jan. 3 — One of China’s largest newspapers has filed a lawsuit against one of the country’s leading Internet portals claiming that it violated copyright laws, setting off a media war and highlighting the first signs of a possible shift in policies toward intellectual property rights here.

In the suit, which was filed in October and is expected to go to court soon, the newspaper, The Beijing News, is seeking $400,000 in damages from a popular Internet site called Tom.com, alleging that it has copied and republished more than 25,000 articles and photos without authorization since 2003.

China has long had the reputation as a sort of no man’s land for intellectual property rights, with companies in virtually every industry freely copying designs and other content from foreign companies and domestic rivals with little fear of punishment.

The lawsuit, however, is headed to court at a time of accelerating legal change and signs of increased efforts by law enforcement to protect copyrights and intellectual property. It is also a critical time for China’s newspaper industry, which grew explosively in the last decade or so but now faces an even faster-growing rival: Internet-based news media.

Now, as in the United States and many other countries, with computer use and broadband access booming here, newspapers are losing readers to large, corporate-owned Web sites. What had set China apart from much of the rest of the world until recently was that these Web sites faced no legal obstacles in copying material from newspapers, often wholesale.

“There is a very brutal competition between newspapers — with seven or eight big ones just in Beijing — and now a big, new player, the Internet, wants to wipe them all out, to change the landscape,” said Yu Guofu, a lawyer who specializes in intellectual property. “The press is leading a hard life and facing an unpleasant future, but it has decided it is better to protect its rights than just sit and wait to die.”

According to one recent study, newspaper readership in China has declined sharply in the last three years, with the number of people who say they read a newspaper at least once a week falling to 22 percent last year from 26 percent in 2003.

A major presumed cause for the decline is that big Internet content providers, or portals,
have become one-stop sources for all manner of information, including news, entertainment and blogs.

Until recently, the general practice for most portals was to lift news and other information directly from other sources, sometimes crediting the original source and sometimes not, but rarely paying for the information.

The Beijing News lawsuit was filed a little more than a year after a meeting of major newspaper publishers in Nanjing at which strategies were discussed to shore up the industry's base and combat the leeching of content and readers by Internet companies.

"In terms of the law, things are quite clear, that Tom's use of Beijing News's work without authorization clearly violates Beijing News's copyrights," said Yu Guoming, dean of the school of journalism at Renmin University in Beijing. "There are lots and lots of cases very similar to this one, but with this lawsuit, the traditional media is sending a very clear signal to the electronic media that their free lunch is over."

A spokesman for Tom.com, Tu Jianglu, denied any violations. "As a big company we respect copyright and property rights," he said. "I can only say that there are other facts that make this more complicated."

The Beijing News declined to comment on the lawsuit.

Until recently, China's laws have generally been anything but clear on intellectual property, and have made it difficult to win a suit over an alleged infringement. Such an environment may have served China's needs earlier in its industrial takeoff, when its industries were straining to catch up with the West.

The battle in the news media reflects part of a shift in the intellectual property landscape as China's growing place in world trade has brought strong new pressures to rein in wholesale piracy. Many of the country's largest Internet companies, for example, are listed on foreign stock exchanges, making them liable for lawsuits filed abroad.

Zhang Xin, a spokesman for Sohu.com, a leading portal, said, "We've signed agreements with over 1,000 traditional news organizations in China, which means that if we use their articles or reports, we definitely have reached prior agreement with them."

An awareness also seems to be taking hold here that Chinese companies must build strong brands of their own to succeed and that they cannot do so in an environment where copying goes unpunished.

"To enhance the country's development we are trying to encourage innovation," said Xu Chao, vice director of the National Copyright Bureau, a government agency. "We are placing more emphasis on intellectual property, and have made improvements in the law. It used to be possible for traditional media or Internet media to simply copy each other's work, but now this has been forbidden."

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