

# Digital Rights Management System in China: Challenges and Opportunities

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## ABSTRACT

In the era of technology, the Chinese government wants to adopt the latest technologies and interlink their processes to secure information of all stakeholders. Digital rights management (DRM) is one form of computerized system of copyright to protect access and stop infringement of digital contents for commercial purposes. For this article, the authors used a secondary literature review approach to first explore the development of intellectual property rights (IPR) in China and then they moved further to highlight the challenges and opportunities of DRM application and its use. The article concludes that China, as an emerging knowledge based economy, is trying to become a part of international laws and treaties. For this they should abide with international laws, treaties and also amend and enforce their own local laws, acts, rules and regulations based on IPR by adopting the latest technology such as DRM. Finally, the authors provided recommendations to offset the challenges together with existing opportunities.

## KEYWORDS

Business, Challenges, China, Copyright, Digital Rights Management, DRM, Intellectual Property Rights, Law, Opportunities, Technology

## INTRODUCTION

Rapid and unexpected developments in the field of technology affects every government as they adopt the latest technologies to automate their processes (Wan, 2012). This ensures efficiency and sustainable competition in terms of economic growth and development. Thus, governments engage in the digitalization of most operations. The main objective of digitalization is to protect important information from public interest. Furthermore, the rise in development and growth directed to a generation of knowledge that would ensure countries remain relevant in the face of competition. This led to the emergence of knowledge-based economies which brought about the need to protect one's

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knowledge against use by competitors and other unauthorized parties (Powel, 2004; Godin, 2006). In this regard, intellectual property rights (IPR) were initiated to achieve this goal.

In knowledge based economies, the protection of intellectual property is also a symbol of the essential cultural quality of the state, representing the development of knowledge as well. With the development of new technology, social conflicts became an integrated part of the community. Since 1800s, social conflicts have increased with the rapid development of S&T and its application. For instance, cyber-crime has increased due to advancement in ICT. Whereby, the internet use is no longer safe due to hacking and misuse by various hostile groups to destabilize the norms in the society (Adibifar, 2016). Due to the prevalence of these social conflicts, there was a need to come up with mechanisms to address them.

In the middle of the nineteenth century, Marxist theory helped eliminate social conflicts by reorganizing economic and social relations. Industrial welfare became another major producer of conflict in the twentieth century. Collective bargaining started as new instruments to resolve conflicts. Laws were established to manage industrial conflicts. One should focus not only to reduce destructive conflict but also utilize it in a constructive way to clarify goals by selecting conflict strategies and tactics rationally to achieve goals while minimizing costs (Otomar & Wehr, 2002).

In the modern era, rapid growth in Chinese science and technology was perceived by the rest of the world, which established China as the second largest economy in the world. Therefore, most of the countries had to revise their foreign policies and come up with new strategies to engage with the new 'power-house' in term of economic and political engagements, and also technology and knowledge creation (Morrison, 2013; Shambaugh, 1996; Wen, 2016). To ensure mutual engagements among these countries, a reference was made to the earlier policies. After the industrial revolution, every government wanted to improve their infrastructure, protect their work, and culture the industry. Western countries tried to standardize the IPR to provide a platform to ensure no one benefited more than others. Standardization of IPR and economic pressure forced other countries to accept WIPO treaties as well as policies for trade purposes (Curtis, 2012). This adoption of the western style treaties raised some discussion on whether the western IPR approach is suitable for all cultures and whether to accept digital rights management (DRM) system for copyright (Bates & Liu, 2010).

## **Intellectual Property Rights in China**

World Intellectual Property (WIPO) was established in the year 1967, and now it has 188 members' states (WIPO, 2016). The main objective of the WIPO was to provide global protection to all the stakeholders and their work. China, as an economic giant, wants to engage with global market. For this they need to abide by existing IPR laws and treaties to ensure the protection of all stakeholder rights.

Chinese copyright law was promulgating in the year of 1990 and implemented the International Copyright treaty in 1992 (China, I.P.R., 2016; Zhang, 2009). Currently, Chinese government is trying to promote IT in their 12<sup>th</sup> and 13<sup>th</sup> five years' plan. The purpose of these IT reforms is to ensure the successful implementation of the latest technologies for protection of Chinese inventors work from infringement through IPR.

Since China joined WTO, the protection of IPR has become more and more popular in many large and medium-sized enterprises as well as in the society. Advancement in the technology facilitates the use of internet and access of digital media which leads to massive infringements in terms of unauthorized commercial use. DRM was implemented into the existing system to provide better protection from unauthorized use of work (Gervais, 1999).

## **Digital Rights Management in China**

DRM emerged in the beginning of the 1990s. It converts a traditional method of copyright to a newer, digital one. DRM is a general term, used for business realization of contents industry and in research such as IT, economics, and law (Zhang et al., 2009). DRM is a copyright management system, a database, which contains information about contents, authors, and other current rights holders. It has

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