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Intellectual Property Strategy Headquarters
Cabinet Secretariat

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Opinions on the Review of the “Intellectual Property Strategic Program 2006”

Having learned that you are soliciting opinions regarding the captioned subject, we are pleased to send our views from the perspective of the preparation of the Intellectual Property Strategic Program 2007 as follows.

We are always thankful for the enormous contribution that your office and the Intellectual Property Policy Headquarters have made and would truly appreciate your continuous efforts and guidance to make Japanese industry even more competitive in the global market.

Hoping to support the preparation of the Intellectual Property Strategic Program 2007 in every way possible, we would be very grateful if you could give us opportunities to receive briefings and exchange opinions.

1. General Matters

We would like to propose three steps for the preparation of the Intellectual Property Strategic Program 2007. The first step is to review how the previous policies including the Intellectual Property Strategic Program 2006 have been implemented. The review would allow you to detect problems and take prompt action to solve them (i.e., course correction). In addition, it would be beneficial if we would identify successful intellectual property policies and publicize them.

In the meantime, some of the policies carried out in the past, e.g., industry-government-academia collaboration, require careful evaluation from mid-and long-term perspectives. Each of those policies should be evaluated, followed up, and altered, if necessary, on an individual basis.

The second step is to prioritize the policies that should be incorporated into the Intellectual Property Strategic Program 2007. We should take industry’s opinions into consideration to determine which policies should be enforced as soon as possible and

which policies should be executed after thorough discussion.

The third step is to classify the policies into three groups: the policies that should be enforced by the public sector, those that should be undertaken by the private sector, and those that should be jointly performed by both sectors. The classification must be made in such a way that would best achieve the goal of making Japan an intellectual property-based nation. In order to enhance industrial competitiveness in the global economy, it would be important to let the private sector take the initiative in implementing most of the policies that are placed under its responsibility.

2. Specific Matters

The following are the issues to which we would like you to give special attention and high priority. Your kind consideration would be greatly appreciated.

I. International issues

(1) Establishment of a global patent system

- Before establishing a global patent system, we need to deal with many challenges including the establishment of international systems summarized as “One Search,” which will enable us to share the results of prior-art searches, and “One Examination,” which will allow the unification of examination standards and the mutual use and recognition of examination results among different patent offices. We should start from the challenge that we can most easily overcome and move onto the next one without halting our progress. As the first step, we have been proposing, jointly with organizations of patent applicants and patent holders in the United States and Europe, to standardize the formats of patent specifications among the JPO, USPTO, and EPO based on the PCT format. The format standardization would allow the three patent offices to use the same format for examination, simplifying examination procedures such as examination cooperation and reference searches, saving applicants the trouble of changing formats when they transfer their applications to another office, and facilitating machine translation, thereby bringing about many benefits including cost reduction. Furthermore, we would especially like to see the earliest unification of electronic application procedures among the JPO, USPTO, and EPO.

After establishing this “One Format” system to unify application formats as the first step toward the establishment of a global patent system, further standardization should be pursued in the following steps: One Search, One Examination, and finally One Patent.

- We are pleased to see the JPO, USPTO, and EPO have already started tackling the

above-described challenges. As a user organization of those three offices, we will make our utmost efforts to cooperate with the three for early establishment of a global patent system.

- In view of the recent progress in the pilot program named Patent Prosecution Highway, we hope to see your further efforts to promote mutual use of search results and examination results among the three offices as a first step toward the realization of One Search and One Examination. We will recommend our member companies to use the Patent Prosecution Highway between Japan and the United States and do our best in extending our support and cooperation, such as proposing operational improvements, for full implementation of this system.

- We also would like to see further comparative study on examination practices (the description requirement and the inventive step/non-obviousness requirement) in order to standardize the examination practices at the three offices, to unify the criteria adopted by the three offices to determine whether an inventive step exists, and ultimately to allow mutual recognition of examination results.

- In the meantime, for substantive harmonization of patent systems, the conclusion of the Substantive Patent Law Treaty would be necessary. The treaty is currently under study at the general meeting held by developed countries on harmonization of patent systems (B+). We would be grateful if you could promote coordination and discussion among relevant parties for early conclusion of the treaty.

- At the recently-held APEC meeting, Japan proposed the format unification of patent specifications, mutual use of examination results, etc. For early realization of these proposals, your efforts to promote coordination and discussion among relevant parties would be highly appreciated.

(2) Improvement of intellectual property protection systems in developing countries

Companies would not be able to pursue their intellectual property strategies in any country or region where no fair and appropriate intellectual property systems have been established and implemented. Since many developing countries still have many problems related to the establishment and implementation of their intellectual property systems, the solution of those problems is yet another hurdle for Japanese companies engaged in global business.

We would like you to take into account the requests submitted by Japanese companies and to continue your effort to pressure developing countries into improving their intellectual property systems and the implementation thereof. It would be sensible

to impose such pressure on developing countries at the negotiating table for Economic Partnership Agreements (EPA) and other opportunities. In particular, enforcement-related problems, which are rampant in many developing countries, have been preventing Japanese companies that have obtained intellectual property rights from making full use of their intellectual properties. This situation should be improved as soon as possible. We also hope to see your continuous (public-private) cooperation and support for developing countries including offering training and education to local enforcement institutions such as customs.

In the ASEAN region, there have been governmental talks on the establishment of the ASEAN unified intellectual property system and the unified office in the last several years. However, the talks have made little progress due to various difficulties. We would like you to take the initiative in emphasizing the necessity to accelerate the talks in bilateral as well as multilateral meetings.

(3) Measures against counterfeits and pirated goods

As a member of the International Intellectual Property Protection Forum (IIPPF), we have been playing a leading role in dealing with problems in China and in promoting measures to improve the implementation of the Chinese intellectual property systems and to strengthen the control over counterfeits and pirated goods in cooperation with government officers. We are determined to continue our support and active involvement. Having seen piracy losses spread to other countries and regions, we would like to ask you to exercise strong leadership in promoting active participation of relevant ministries and agencies in the endeavor to conclude the Treaty on Non-Proliferation of Counterfeits and Pirated Goods in collaboration with other countries as well as such international organizations as the World Customs Organization (WCO) and the International Criminal Police Organization (Interpol).

(4) Promotion of international standardization

(4-1) International standardization

The government should strengthen measures to promote voluntary activities of industries under the comprehensive strategy concerning international standardization. Industries have been sending their personnel to international conferences to make Japanese technology the international standard. Each company has been made responsible for training and maintaining (employing) such personnel. However, there is only so much companies can do. International standardization is something that requires public-private collaboration. We hope to see your strong and prompt initiative in

implementing measures under mid- and long-term strategies covering the issues related to the training of personnel who can contribute to standardization (such as the development of personnel training programs, appointment of lecturers, provision of educational opportunities, etc.).

(4-2) Intellectual property rights to internationally standardized technologies

For wide use of a standardized technology, each patentee must be obliged to license his intellectual property right to the technology on a reasonable and non-discriminatory basis. This suggests that there must be a system to duly protect the intellectual property right to the standardized technology. In reality, however, Japanese companies have been grappling with various problems in this respect. For example, in some cases, a Japanese company saw its intellectual property rights used overseas without a license agreement or only received no or underpaid royalties despite the existence of a duly concluded agreement. Such losses are damaging to Japan's national interests. To solve these problems, Japan needs to strongly demand that other countries provide appropriate protection to the intellectual property rights owned by Japanese companies. Since such protection is a precondition for successful international standardization, we would appreciate your effort to devise and implement measures against misuse of intellectual property rights of Japanese companies.

(5) Monitoring of revisions of laws and examination standards of other countries

In the preceding year, a revision of the patent law and examination standards was proposed in the United States. A bill to revise the patent law will be subject to deliberation in U.S. Congress this year. China also revised its examination guidelines and expedited revision of relevant laws including the patent law. Any revision of a law, examination standards, etc. that might be disadvantageous to applicants in other countries could prevent Japanese companies that have obtained intellectual property rights in Japan from securing the rights in other countries, thereby discouraging them from pursuing further globalization. Therefore, it is necessary to establish a system under which the public and private sectors cooperate with each other in monitoring not only revision of relevant laws but also examination standards and other regulations in other countries so that both sectors can promptly study any worrisome development overseas.

II. Creation and utilization of intellectual property

(1) Strategic intellectual property management

Depending on industry, corporate type, scale, etc., companies greatly differ in their international patent application rates, patent grant rates, central patent management systems, etc. More importantly, we should leave the preparation of a patent strategy up to each company. It was commendable that the JPO recently issued a document entitled “Strategic Intellectual Property Management (Case Study of Patent Strategies) (tentative name)” in an effort to provide useful information to Japanese companies. Since this document could benefit rival companies in other countries and regions as well, careful handling of the document is necessary.

In terms of global intellectual property strategy, Japanese companies are still far behind the major companies in other countries. In order for Japanese companies to transform themselves into truly global corporations that can successfully compete in the international business arena, they need to establish their own intellectual property strategies with the aim of enhancing their international competitiveness. To help them devise effective intellectual property strategies, Japan should study the intellectual property strategies and other business plans of foreign companies that have been successful in their global business operations. In the course of such study, it would be a good idea to use local think tanks or research institutions in other countries to conduct hearings, surveys, analyses, etc. The study results should be publicized for the benefit of Japanese companies.

(2) Licensee protection system

A revision of relevant laws including the Act on Special Measures for Industrial Revitalization is scheduled to be made soon. Among other things, the revision of the Act will bring about the creation of a non-exclusive license registration system that will allow registration of such licenses granted under each comprehensive license agreement. The new system seems to be more effective than the previous one (the non-exclusive license registration system for individual rights) in terms of licensee protection. We would like you to carry out necessary improvement and review of the newly created system in order to solve problems that may arise in the course of its implementation and enforcement. Needless to say, the introduction of a protection system should be aimed at as the ultimate goal in the long run.

Before the establishment of this system, it is necessary to prepare and publicize English materials to explain the system to other countries as soon as possible in order to obtain understanding of non-Japanese licensors who are unfamiliar with such a system.

(3) Expansion of a confidentiality protective order system

Thanks to the establishment of a confidentiality protective order system, the parties to a patent infringement lawsuit can submit evidential materials such as documents containing trade secrets to the court without worrying about making those secrets public. However, there is no such system for lawsuits on employee inventions. As a result, the parties to such a lawsuit tend to hesitate to submit materials that prove the degree of the inventor's contribution to the invention in question, materials containing information necessary for calculation of compensation such as product costs, and materials revealing the contents of contracts concluded with third parties. In some cases, the insufficiency of the evidential materials prevented the court from fully examining the case based on facts. To solve this problem, we would like to request the urgent introduction of a confidentiality protective order system for employee invention-related lawsuits as well.

(4) Enhancement of the intellectual property system in the field of life science

In the field of life science, technologies with a wide scope of industrial application have been developing rapidly. This phenomenon can be seen not only in the area of so-called hardware of technology such as the creation of a product by use of newly invented chemical substances and biotechnology but also software of technology, such as research, development, and application of existing substances and basic technologies. Typical cases of such intellectual creation would include discovery of new effects of advanced medical technologies and pharmaceutical products and the new applications of foods and cosmetics. This trend can be seen in countries where advanced science and technology are developing very rapidly. As a country leading the technical and scientific development, Japan needs to identify the cases where software of technology has been developed and to determine, through discussions with relevant companies, how to protect intellectual property created by such development.

III. Support for small and midsize companies and venture companies

It is understandable that small and midsize companies and venture companies tend to face difficulties in the creation and use of intellectual property due to monetary and personnel constraints. One of the ways to support those companies would be to promptly create a database of retirees of major companies who want to help out those smaller companies. In anticipation of mass retirement of baby boomers, it would be a good idea to seek active participation of these retirees. We will be pleased to cooperate in the database preparation.

In addition to the above-mentioned database, it would also be an effective way of

supporting smaller companies to promptly build a network of experts including corporate retirees well-versed in intellectual property management, patent attorneys, small and medium enterprise management consultants, and lawyers. For the creation of such a network, we would like to request monetary support from the government and local authorities. In implementing supportive measures including monetary support, it would be important to keep in mind that excessive support would disturb the balance in the industry as a whole, causing a sense of unfairness to spread.

IV. Creation of intellectual property in universities and other academic institutions and promotion of industry-academia collaboration

(1) Creation of intellectual property in universities and other academic institutions

A closer alliance between the intellectual property headquarters of each university and a Technology Licensing Organization (TLO) or, in some cases, the unification between the two would allow the university to better manage its intellectual property. We would like you to establish an appropriate system to evaluate TLOs (incorporating an economic perspective) and review the system from time to time. We would also like you to continue providing each university with appropriate guidelines that emphasize the importance of raising intellectual property awareness of researchers (paradigm shift) who play a pivotal role in making inventions, from which the cycle of intellectual creation begins, and the importance of providing them with intellectual property education. Each university should be encouraged to implement those guidelines in the way that best suits its needs. Having learned that the financial support for this purpose is coming to the end of the originally prescribed period, it would be appreciated if you could review the current situation and secure a financial base to prevent downsizing of those activities.

In the meantime, we hope to see your further effort to promote universities to license the results of their basic research in a way advantageous to industry and also to deepen the mutual understanding between a university and a company that formed an alliance about the nature of the industry-academia collaboration, research objective of individual projects, publication of research results, etc. While pleased to see an increase in the number of joint/commission research agreements concluded between universities and companies that allow flexible arrangements reflecting the results of negotiations between the two, we would like to see your further effort to promote greater flexibility so that parties that hope to form such an alliance will not suffer opportunity loss as a result of delay in concluding such an agreement.

(2) Creation of high-quality intellectual property by companies

In view of the importance of raising intellectual property awareness of researchers and engineers who play a pivotal role in making inventions (paradigm shift) and the importance of providing them with intellectual property education, we are determined to do our best to make improvements in these areas. We also plan to recommend the management of each of our member companies to lead the preparation and implementation of personnel training programs suitable for the type of its business.

The pattern of application, ownership, and use of patents differs depending on industry. Since the difference is not without a reason, we should not generalize corporate patent management. It is necessary to request each company to take appropriate measures in consideration of the unique characteristics of its industry.

Japan's policy of publicizing the names of companies that have low patent registration rates is unprecedented in any other country. This rather extreme policy should be enforced with great care because it might discourage creation of intellectual property (inventions).

In order to facilitate prior-art searches, all of the JPO's data should be made easily accessible to the public through the Internet for free. Increased availability of necessary data would hopefully bring about such secondary effect as prevention of inappropriate applications. It is commendable that you have been promoting disclosure of the search know-how of JPO's examiners. We hope to see your disclosure policy maintained and expanded to cover as many other areas as possible.

V. Pursuit of more effective patent application and more expeditious patent examination

- Pursuit of more expeditious patent examination

Needless to say, it is important to speed up patent examination. However, from the viewpoint of patent holders, fast but precarious patent grant would only invite later disputes. In order to prevent such problem, it is necessary to maintain and further improve the quality of examination, i.e., practical application of examination standards in making such decisions as to whether an inventive step is involved, whether the support requirements are satisfied with regard to the descriptions of the scope of right disclosed in the specification, a whether the requirement for unity of inventions is fulfilled and whether the amendment restrictions are not violated. In addition, it is necessary to minimize the variance in examination practice including statement of proper reasons in a notice of reasons for refusal. In some cases, an applicant does not necessarily desire to obtain a patent immediately. Therefore, we would like to see the

establishment and enforcement of a system that allows speedy examination and patent grant at the time requested by the applicant.

VI. Promotion of contents business

(1) Balanced policy to promote the use of contents

In order to promote a cycle of contents creation with the ultimate goal of developing contents business, it would be necessary to promote the use of contents and to give an incentive for contents creation at the same time. In other words, a sense of balance is required because two tasks need to be performed simultaneously, i.e., enhancement of contents protection and promotion of the use of contents (by imposing restrictions on intellectual property rights to such an extent that would not hinder ordinary use of copyrighted works and would not unfairly damage the interests of right holders or by converting the right to license to the right to demand remuneration to facilitate fair use of contents).

The music distribution industry has proven that the emergence of a market where consumers can purchase digital contents inexpensively and conveniently would enable contents right holders to create a business model that promotes wide use of the contents and facilitates collection of contents fees. In light of the ongoing media diversification as a result of accelerating contents digitalization, increasing online contents distribution, broadbandization, and deepening integration of telecommunications and broadcasting, we would like to strongly request you to depart from the conventional principle that prohibits copying of copyrighted works and to take necessary measures with the aim of establishing a copyright system based on a new licensing mechanism in tune with the changing times.

The recent progress in digitization and Internet connectivity brought about many other issues as well in connection with the use of digital equipment and telecommunication services. For instance, we are faced with the issue of ephemeral recordings and the issue of the use of contents by search engine companies and other online service providers. We would like you to address these issues within the framework of the Copyright Act and make efforts to establish legal systems to solve them.

(2) Improvement of contents distribution systems

We would like you to devise legal systems in consideration of the interests and convenience of Japanese people, especially consumers, while maintaining the perspective described in (1) above. Moreover, in the course of developing appropriate

contents distribution systems, it would be important to create a win-win situation where all of the individuals as well as organizations engaged in contents business such as contents creators/producers, distributors, hardware/software makers, etc., can benefit from distributing contents.

VII. Promotion of Japanese brands

- Preparation of a grand design to enhance industrial competitiveness

The issue of “contents business promotion” is one of the “important policy issues” that are emphasized in the Intellectual Property Strategic Program, which lists many measures and issues concerning intellectual property policy. Therefore, it would be wrong for policymakers to pursue short-term profits or protect vested interests of specific industries. Policymakers should be fully aware of the reason why Japan prioritizes the contents industry in terms of policymaking. We would like you to prepare a strategic “grand design” to strengthen the international competitiveness of Japanese industry, enhance the value of Japanese brands, promote employment, and protect the interest of Japanese people for many years to come. Policymakers should never lose such perspective.

Regarding the issue of “contents business promotion,” it is important to promote the creation of such digital contents as video games and animation programs, which are two of the fields where Japan currently has a competitive edge. In addition, we would appreciate your further efforts to promote creation of other types of contents and development of related business that will contribute to the enhancement of Japanese culture and the dissemination thereof to people around the world. For example, it would be necessary to develop software technology, which will form an indispensable global information infrastructure, create school education contents, which will play an important role in educating future generations, and prepare general education contents which will enrich individual lives.

To achieve these goals, policymakers should take technological advancement and international situations into account and pay special attention to users’ viewpoints, when devising measures necessary to improve technical and legal environments surrounding digital content.

VIII. Measures to secure and train intellectual property personnel

- Comprehensive strategy to train intellectual property personnel

Personnel training is something that we need to provide consistently with clear objectives in mind. There is a consensus about the importance of making full use of the

personnel development know-how already accumulated by companies, the Japan Patent Attorneys Association, and JIPA, etc., to train intellectual property personnel in small and midsize companies, venture companies, universities, etc., although it will take a long time before seeing any positive effect. JIPA will be pleased to extend our utmost cooperation in this respect. The personnel training that can be provided by private companies and existing organizations should be left to their initiative, whereas the training that cannot be conducted by them should be carried out by the government, the National Center for Industrial Property Information and Training, local authorities, etc.

Furthermore, we would like you to increase the number of law schools and professional schools that offer night courses for those who work during the day and also to create such law school admission system and bar examination system that would not intimidate people with a science/technology background.