Outline of the Intellectual Property Strategic Program 2020

May 27, 2020
Future IP Strategy and the Intellectual Property Strategic Program 2020

Value design society (June 2018 Intellectual Property Strategy Vision)
A desirable society wherein diverse values beyond economic values are embraced and a wide range of new values are created and disseminated to receive empathy from countries around the world by exercising the multifaceted abilities of diverse personalities and making good use of the “characteristics of Japan.”

Society 5.0 (Jan. 2016 Fifth Science and Technology Basic Plan)
A human-centered society in which systems created through the sophisticated integration of cyberspace with physical space make it possible both to achieve economic development and solve social issues.

COVID-19 → Shift to remote and online operations, modifications in behavior

New normal

Field-specific strategies for realization

Chapter 2
Accelerating Digital Transformation
Creating value from intangible assets (supporting the culture industry, etc.)
Balance between IP protection and use

Chapter 3 Innovation Ecosystem

Chapter 4 Cool Japan Strategy

Chapter 5 Content Creation Ecosystem

Intellectual Property Strategic Program 2019
3 pillars
Breaking free from normal/average
Fusion
Empathy
2. The “New Normal” and Intellectual Property Strategy

(1) Basic understanding

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**IP Strategy**

Global spread of COVID-19 (2020)

**New normal Vision for the society to which Japan should aspire in the post-COVID-19 era**

• Should step up efforts to ensure Japan leads the transformation
• Quality and speed of the response will directly affect Japan’s post-COVID-19 competitiveness

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*Regard the implementation of various technologies and rule changes in response to COVID-19 as field trials, evaluate the results, and use them to design future systems.*

(2) Impacts and social change due to the spread of COVID-19

(i) Impacts and measures in the culture industry, etc.

• Facing a crisis (Widespread decline and loss of work)
  → **Emergency Economic Measures**: Continuation of business and employment for the time being, recovery drive once the pandemic is under control
• Efforts to adapt by using the internet (streaming live concerts, etc.)
• Severe impact on startups and core local enterprises, too

(ii) The rapid shift to remote and digital activity and greater data use

• Expansion of **teleworking, webconferencing, and online lessons**
  → Prompt resolution of the problem of electronically transmitting copyrighted material to students
• Enhancement of **online medical care**, use of health data and location information data
• Development of **online environments** to meet rapidly expanding needs still inadequate

(iii) Developments in collaboration, co-creation, and mutual assistance

• Need for **open innovation** in response to crisis
• COVID-19 countermeasures websites built using open-source approach
• Companies and universities releasing royalty-free patents for use in combating COVID-19
• Move toward crowdfunding and other forms of **mutual assistance**

(iv) Modifications in people’s behavior

• Shift from the real world to online, powerful constraints on the real world
• Even once out of emergency mode, **behaviors and environments will not return to their previous state**; heading for an age of greater instability
• Possibility of **change in the behavioral patterns** of people worldwide in terms of consumption, tourism, entertainment, etc.
• Possibility that the world will re-evaluate the behavior and sensibilities of **Japanese people**
2. The “New Normal” and Intellectual Property Strategy

(3) Approaches to an IP strategy for the new normal

(Common Points)
- Need to confront fundamental questions (approaches to social systems, priorities and the concept of total optimization).
- Digital divide / possibility of widening social inequality → How to address it as a society?

(i) Accelerating digital transformation
- Golden opportunity to make rapid progress with digital transformation in all fields, including medical care, education, and public administration
  - Expedite the use of real data and other data with value
  - Design of appropriate rules and regulations, review of data governance
  - Expanding use of the Social Security and Tax Numbers system and improving social literacy are also essential
  - Increase in public needs and acceptance
- Risks arising from shift to digital and online operations (cyber fraud, privacy and IP infringements, etc.)
- Strategic use of standards (problem solving through collaboration and co-creation)
- Post-COVID-19 regional economies: Shift to remote operations throughout society → Advantages for regions, creation of new value in the regions
- Support for startups

(ii) Approaches to national government support for the culture industry
- Culture industry cluster: Expectations as a mental lifeline, source of people’s zest for living, post-COVID-19 key industry, and source of Japan’s appeal
  - Value creation centered on intangible assets, core element in the Cool Japan strategy and inbound strategy
- Approaches to support for the culture industry cluster
  - Safety net against business disruption risks
  - Measures concerning online use, ability to address risk through insurance and increased capital

(iii) Striking a balance between IP protection and use, and the public interest and private rights
- Emphasis on striking a balance between IP protection and use
  - Transition to the new normal is consistent with this
  - Moves to restrict patent rights in preparation for combating COVID-19 or another emergency (some countries)
  - Incentives to encourage innovation through IP (statement by WIPO Director General)
  - Use of patent pools (international initiatives), royalty-free release (fully private sector basis)
  - Balance between IP protection and use → Reflect appropriately in IP strategy
- Balancing public interest and private rights is another challenge
  - Trade-off between state intervention and privacy protection
  - Handling of data as a social asset (controlled by private companies, public utility perspective)

(iv) Expanding the practice of value design
- Value design management technique (reviewing a company’s characteristic values, clarifying the value it wants to achieve through co-creation with stakeholders, and formulating a strategy for achieving this)
  → Ensuring that forward-looking corporate management becomes prevalent
To accelerate DX throughout society and achieve a new normal in which the value design concept will become prevalent, **IP and standards must be strategically used to encourage ongoing innovation.**

- **Human resources:** Secure outstandingly talented individuals to accelerate the realization of the value design society.
- **Universities:** Promote innovation by building mutually beneficial relationships between universities and companies.
- **SMEs and startups:** Support SMEs and startups facing a tough business environment. Develop an environment in which SMEs and startups can engage in free and fair competition, in order to encourage open innovation.
- **Regions:** In each region, create forums for co-creation by members from both within and outside the region, in order to sustainably create new value in those regions (build local value ecosystems).
- **Data use:** To gain new competitive advantages as the shift toward a data-driven society accelerates, promote the use of the abundant high-quality real data that is Japan’s strength and lead international discussions in rule-making forums.
- **Standards:** To develop a renewed awareness of the role of standards in solving social issues and promote the monetization and social implementation of technology originating in Japan, secure the high-level perspectives, swift actions, and flexibility in international negotiations that Japan lacks.
3. Promoting Strategic Intellectual Property Use in the Innovation Ecosystem (ii)

(2) Specific Measures

○ Cultivating creativity and ensuring an active role for outstanding talent
  - Consider mechanisms to support teachers providing IP creation education and schools serving as centers for popularizing such education in each region.

○ Promoting academic-industrial collaboration and enhancing IP strategy in universities
  - Consider approaches to IP management at universities and TLOs, in order to ensure that inventions created at universities, etc. are appropriately recognized and used, as well as raising awareness of academic-industrial collaboration among universities and companies, and boosting its status in their list of priorities.

○ Strengthening regional ecosystems and the IP strategies of SMEs, startup companies, and the agricultural sector
  - Enhance comprehensive support for SMEs covering everything from the acquisition of IP rights to their strategic use and provide fresh hands-on support for formulating an IP strategy that will lead to business growth by regional SMEs.

○ Promoting DX and aiming for AI and data use
  - Clarify structures including control tower functions for promoting the use of real data and other data, then ensure that relevant ministries and agencies consider approaches to the development of data governance rules and reach a conclusion.
  - Enhance multi-sectoral partnerships to promote inter-sectoral data use.

○ Strategic use of standards
  - In gaining a high-level perspective on the innovation ecosystem, work with research and development agencies to identify good examples and issues in national projects through pilots and demonstrations of support for the strategic use of standards in specific fields, such as AI, Beyond 5G, and Smart Agriculture, with a view to building control tower functions and systems that will assist in the strategic use of standards.

○ Promoting IP management aimed at open innovation
  - Develop an environment conducive to open innovation by putting together model contracts and guidelines aimed at ensuring appropriate IP transactions with large corporations by SMEs and startups.
4. Implementation of the Cool Japan Strategy ((i) General approach)

(1) Current Situation and Challenges

• Use the Emergency Economic Measures, etc. to ensure the survival of Cool Japan-related fields including food, tourism, events, and entertainment, which have suffered immense damage due to COVID-19.
• Examine the necessary measures while giving full consideration to changes in needs and situations in a wide range of fields, as Cool Japan initiatives will be important to revitalize the Japanese economy once COVID-19 has been brought under control.
• It is necessary to devise a promotional strategy for Japan, based on a full investigation and analysis of the short-term and medium- to long-term impact of COVID-19.
→ While some foreign media have highly praised Japan’s medical and public health insurance systems, among others, it is vital also to promote such social systems in the context of Cool Japan.

(2) Key Priorities

○ Ensuring flexibility
  • Relevant ministries and agencies will work together to ensure the survival of Cool Japan-related fields and will implement bold Cool Japan-related measures with flexibility and a refusal to be bound by precedent, while fully analyzing the impact of COVID-19.

○ The global perspective
  • Tap into the knowledge and viewpoints of as wide a range of foreign experts as possible in respect of the relevant measures, as the knowledge and viewpoints of foreign nationals are crucial to promoting Cool Japan.

○ Ensuring sustainability
  • Give consideration to ensuring that Cool Japan initiatives take root among as wide a range of stakeholders as possible and become self-sustaining.

○ Enhancing communication
  • Enhance publicity potential for the nation as a whole, including through the use of digital technology, in order to appropriately publicize Japan’s appeal and increase the number of Japan fans.
4. Implementation of the Cool Japan Strategy ((ii) Individual fields)

(1) Current Situation and Challenges

- Preparing to promote initiatives in specific individual fields will be crucial to revitalizing the Japanese economy once COVID-19 has been brought under control.
- In doing so, it will be necessary to expand initiatives not only in typical Cool Japan fields, but also in new fields said to have a good reputation overseas.
- Further use of the facilities of relevant ministries and agencies as infrastructure for promoting Cool Japan initiatives will also be important.

(2) Key Priorities and Specific Measures

- **Initiatives in individual fields**
  - Provide maximum support in relevant fields, including events and entertainment, to enable them to overcome difficulties due to COVID-19.
  - Make maximum use of existing measures focused on food, Japanese alcoholic beverages, cultural assets, content, and national parks, etc., while ensuring that relevant ministries and agencies work together to strengthen those initiatives.
  - In new fields where Japan is thought to have a good reputation overseas, including architecture, design, and art, shinise businesses, attracting location shooting, e-sports, and examples of success based on regional attractions (such as nishikigoi carp), enhance Cool Japan initiatives by strengthening promotional efforts, while ensuring that relevant ministries and agencies work together.

- **Infrastructure for promoting Cool Japan initiatives**
  - Overseas outposts belonging to relevant ministries and agencies, the Cool Japan Public-Private Partnership Platform, and financing provided by the Cool Japan Fund are all crucial infrastructure for strengthening Cool Japan initiatives in general, so relevant ministries and agencies will work together to promote their use.
5. Building a Content Creation Ecosystem (i)

(1) Current Situation and Challenges

• As we strive to overcome the crisis caused by the spread of COVID-19 and both the use of digital technology and the growing shift to online operations transform business formats, transmission and distribution, profit structures, and consumer behavior, building new models and undertaking content development and strategy with global markets in mind will be crucial.

• To ensure that high-quality content continues to be produced, it will be essential to build an ecosystem in which appropriate remuneration is fed back to creators and that they continue engaging in new creative activities based on this. Accordingly, as well as human resource development and the creation of an environment that ensures appropriate production transactions, measures to combat counterfeit and pirated items, which significantly impede the return of appropriate remuneration, must be implemented as a matter of urgency.

• It is necessary to create a digital archive society in which open digital content is routinely used and becomes the bedrock sustaining creative activities in various fields.

• As international competition to attract location shooting intensifies, it is necessary to improve the location environment for domestic and overseas screen productions, to enhance the quality of Japanese content and increase its publicity potential.

• Support localization (translation, etc.) and promotional activities aimed at overseas business expansion in the field of content originating in Japan, including the transmission of videos recorded at live performances.

• To encourage online education, consider the smooth implementation of the amended Copyright Act (system of compensation payments for public distribution for teaching purposes) in regard to the electronic transmission of copyrighted material during classes, and consider the requisite associated support.

• To promote the transition of the anime sector and the rest of the screen industry to a sustainable industry structure, consider the construction of independent sectoral mechanisms in the film industry and the like, including revising related guidelines, with a view to ensuring appropriate production transactions and improving the employment environment.

• With a view to encouraging the distribution and use of content in the digital age, consider approaches to related policies, including copyright systems tailored to reality, while giving full consideration to the perspective of protecting the interests of rights holders.

(2) Specific Measures

○ Content strategy for the digital age

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5. Building a Content Creation Ecosystem (ii)

○ Enhancing measures to combat counterfeit goods and piracy

• To prevent the damage caused by online piracy from escalating, implement the necessary initiatives in partnership with relevant ministries and agencies, based on the Menu of Comprehensive Measures and Work Schedule to Combat Online Piracy. In doing so, update the menu of comprehensive measures and work schedule in accordance with the progress of initiatives and state of deliberations, while reviewing the extent of the damage and the effects of the measures.

• Promote awareness activities that bring ministries and agencies together with relevant organizations to foster a deep-seated sense of discipline among the public to ensure that they do not tolerate counterfeit and pirated items, including infringed content.

○ Creating a digital archive society

• To promote the building, sharing, and use of digital archives, launch the official version of the Japan Search portal that will serve as the foundation for this and begin its full-scale operation.

• Working in partnership with relevant ministries and agencies, build digital archives in various fields and undertake deliberations on practical issues relating to their use.

○ Support for screen productions within Japan and overseas by improving the location shooting environment

• To attract, facilitate, and encourage location shooting, formulate guidelines summarizing the matters with which film commissions (FCs), those with the right to issue permits and approvals, and film-makers should deal. In addition, as well as collecting and disseminating information on locations and FCs, promote partnerships between FCs in regional blocks to share know-how and enhance the functions of FCs.

• Conduct a survey to verify the effects of location shooting as a demonstration of the effects of attracting location shooting by major screen productions with a cultural and economic impact, and move forward with deliberations with a view to formulating financial support measures for attracting location shooting.