

# Outline of the Intellectual Property Strategic Program 2021

**—A strategy for strengthening the protection of intangible assets to ensure success in digital and green competition in the post-COVID-19 age—**

July 13, 2021

▼ [Visit the main text of the Intellectual Property Strategic Program 2021 here.](http://www.kantei.go.jp/jp/singi/titeki2/kettei/chizaikeikaku20210713.pdf)

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# Serious Stagnation of Japanese Companies' Activities for Investment in IP and Intangible Assets

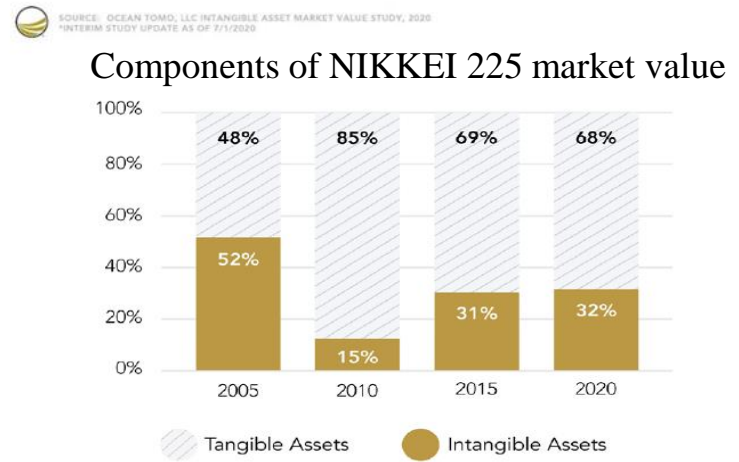
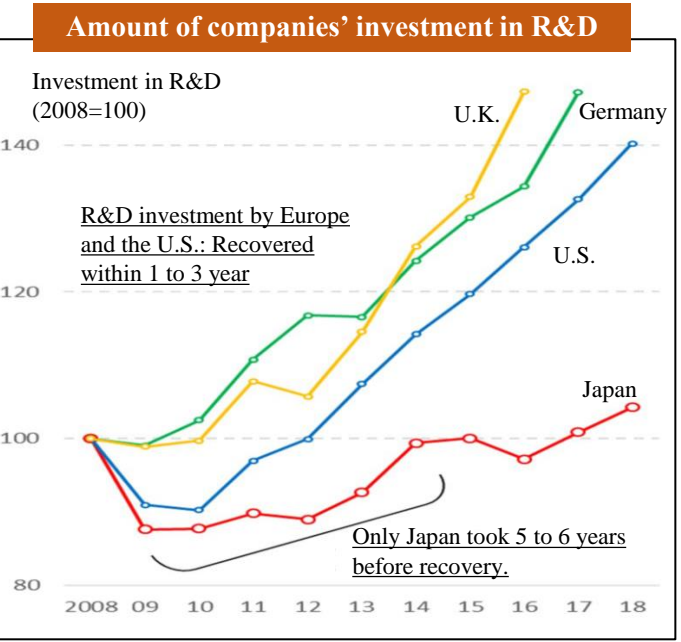
- In advancing strategies for economic recovery through **the growth of the digital and green fields in the post-COVID-19 age, companies' utilization of IP and intangible assets is a key to the recovery.**
  - Meanwhile, **the amount of companies' investment in R&D** in overseas countries after the 2008 Global Financial Crisis has recovered for a short time. Japan is still facing **stagnation.**
  - As **the source of corporate value has been shifting to intangible assets** in the U.S., **such assets contribute less to corporate value** in Japan.
- ⇒ **It is necessary to build a mechanism that increases Japanese companies' investment in IP and intangible assets.**

**Rolling back of Japan's competitiveness in innovation**

➤ **Japan received lower assessment in the international ranking of innovation.**

WIPO "Global Innovation Index 2020" rankings  
**Japan: 16th place**  
\*Japan was ranked fourth in 2007.

Reference: The U.S.: 3rd, the U.K.: 4th, Germany: 9th, South Korea: 10th, France: 12th and China: 14th



Source: Materials submitted by expert lawmakers of the Council on Economic and Fiscal Policy dated April 27, 2020

Source: Website of Ocean Tomo, LLC.

# Mechanism for Utilizing and Promoting Investment in IP and Intangible Assets

- Regarding investment in intellectual property, the revised “Corporate Governance Code” explains: information disclosure while being conscious of the consistency with companies’ their own management strategies and issues; and effective supervising by the board. Investors focus on IP.
  - ⇒ **Companies should: encourage disclosure and publicize strategies for IP investment and utilization and promote dialogues, gain better assessment results from investors and succeed in fund raising toward further innovation.**
- Initiatives, e.g., **publicizing IP strategies and promoting dialogues** and establishing a **security interest covering the entirety of a business; Developing an environment for IP transactions.**
  - ⇒ **Vitalizing innovation in SMEs and startups**

Formulation of “Guidelines for Information Disclosure, etc. of Strategies for IP Investment and Utilization (tentative name)” (scheduled to be compiled by the end of 2021)

- Disclosure, dissemination and dialogues that meet **the perspectives of investors and financial institutes**
- Discussions on **comparable “indices”**

Corporate Governance Code (revised in June 2021)

- **Disclosing IP strategies and strengthening IP management**

Developing an environment for appropriate IP transactions

- Model contracts, Inspectors who Monitor IP, etc.

- Promoting IP investment and utilization  
- New fund raising

Discussing the establishment of a security interest covering the entirety of a business

- Enabling companies with less tangible assets to raise funds

Utilizing and promoting securitization of business value

Stewardship Code

Investors



IR dialogues  
Investment portfolios  
Exercising voting rights

Information on IP assessment and analyses



Information on intellectual property



Disclosure (making information visible)

Professional research companies in intangible assets



Assessment organizations  
Proxy advisers

Improving investment performance

Large enterprises



SMEs and startups



Disseminating IP strategies and holding dialogues thereon

- Management Design Sheet, etc.

Fostering professional research companies, etc.

Financial institutes

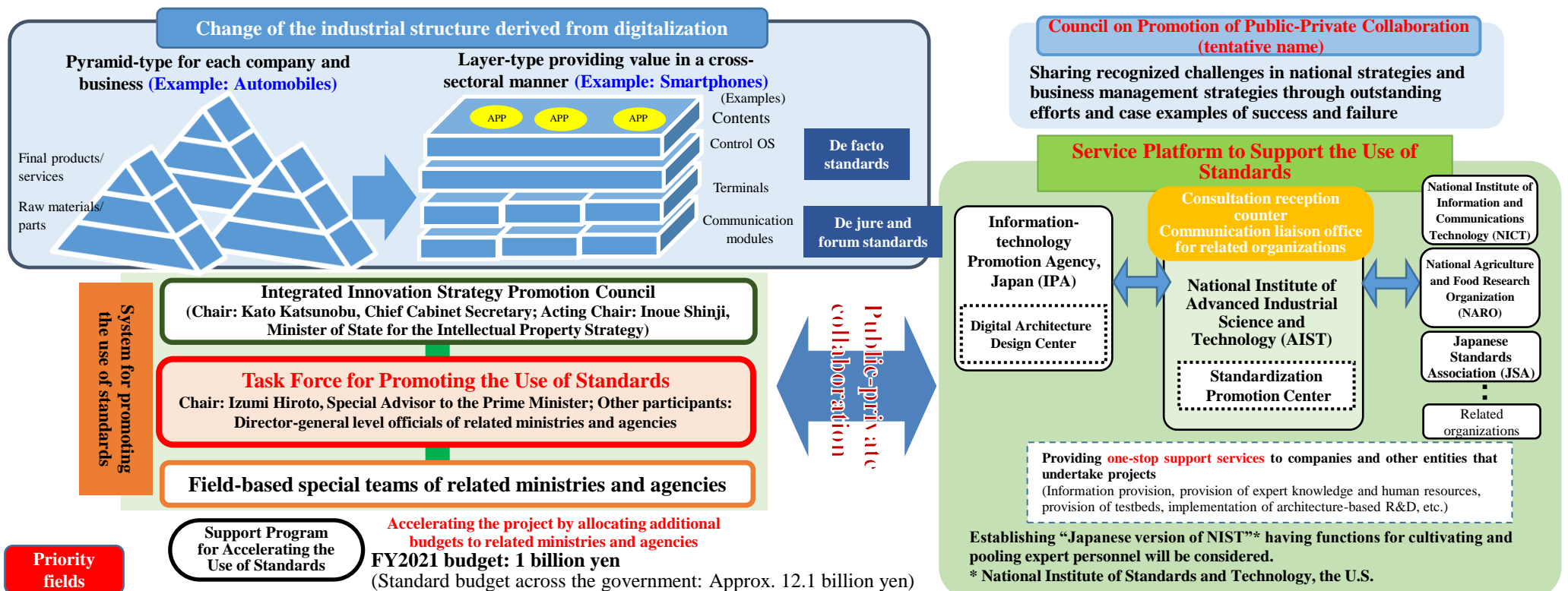


Appropriately evaluating the entirety of a business, including intangible assets, and deciding on loaning to it (business feasibility assessment)

Improving lending performance

# Promotion of Prioritized “Use of Standards” by Uniting Efforts of the Public and Private Sectors

- Digitalization has been **changing the industrial structure** from pyramid-type value chain structures for each company/business to **network-type systems** that are connected by cross-cutting functional “layers.” **Standards strategies will be an indispensable means** for establishing a competitive advantage in markets.
- **An internal system of the government should be developed** in which **the Intellectual Property Strategy Promotion Bureau serves as a control tower** to promote strategies for the use of standards. Stipulating **priority fields**, **the public and private sectors should collaborate** and strongly promote the standards strategies.

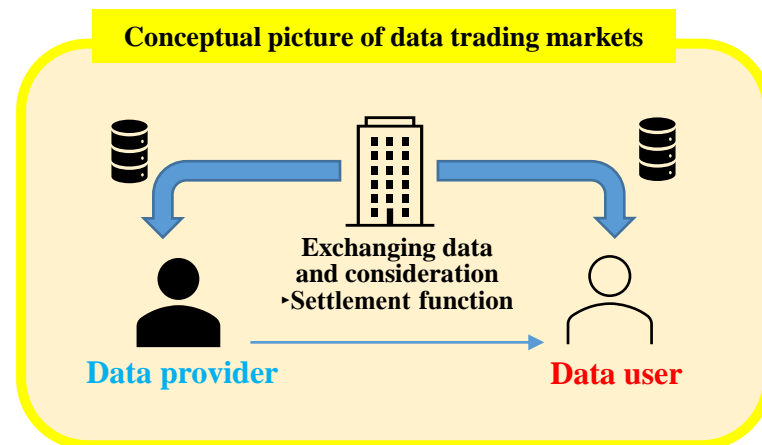


| Smart cities  | Beyond 5G   | Green growth (hydrogen and fuel ammonia)  | Smart agriculture and smart food chains   | Platform for international distribution channels and logistics (under preparation for designation)   |
|---|---|---|---|--|
| <ul style="list-style-type: none"> <li>International standard strategies should be promoted, while taking into consideration the perspectives of DFFT, infrastructure exports and economic security.</li> </ul> | <ul style="list-style-type: none"> <li>In the field of 5G, overseas companies making use of international standards have an advantage.</li> <li>In the field of Beyond 5G, Japan, upholding standards strategies, should catch up with other countries by taking advantage of its strong points, e.g., photoelectric fusion technology (IOWN concept).</li> </ul> | <ul style="list-style-type: none"> <li>As there is no international supply chain of hydrogen, Japan should establish it ahead of other countries. Fuel ammonia has potential for commercialization prior to hydrogen.</li> <li>International standards strategies should be promoted involving carrying ships, including their facilities and equipment and specifications for use of fuel combustion.</li> </ul> | <ul style="list-style-type: none"> <li>International standards strategies should be promoted to deploy smart agriculture and smart food chains across Asia and other regions based on the platform taking advantage of Japan’s strong points, e.g., agricultural machinery and control of the water level for paddy field farming.</li> </ul> | <ul style="list-style-type: none"> <li>Standardization should be discussed and promoted concerning construction and inter-connection of digital platforms for trade procedures, commercial distributions and commodity distributions, which trading companies and distributors are able to use in advancing international transactions.</li> </ul> |

- **Data** produces value as **information property** only when it is distributed and utilized.  
**Development of an environment for promoting data utilization** is an urgent issue in IP strategies.
- **Overseas countries have been rapidly organizing data distribution infrastructures (platforms).**  
 Example: GAIA-X/IDS (International Data Space) in Europe
- Under the “**Comprehensive Data Strategy,**” Japan plans to **develop data distribution platforms (DATA-EX) by field (disaster prevention, health care/medical care/nursing care, education, etc.) and through cross-field collaboration.**
- Aiming to advance **development of rules for data handling in providing and utilizing data** on each platform, Japan plans to **formulate guidelines for developing common rules among platforms.**
- An environment which encourages investment in data collection, processing, etc. should be developed by establishing a data transaction market to make the value of data transactions visible.

<Development of an environment for promoting data utilization>

1. Developing data distribution platforms by field and through cross-field collaboration
2. Inaugurating data trading markets that evaluate data and developing a system for ensuring trust infrastructures, data exchange models and data quality
3. **Formulating principles of data handling rules to eradicate the impediments to data distribution**



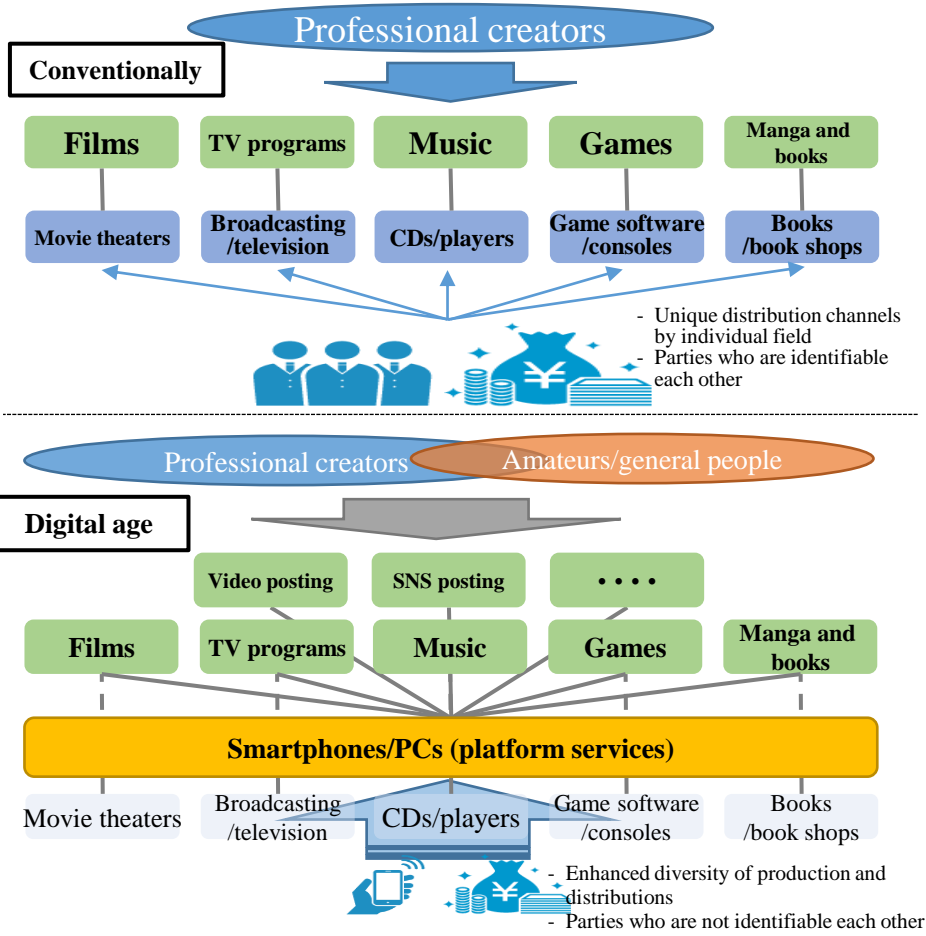
### Impediments to data distribution

1. Use for other purposes by the party to which it is provided (appropriation)
2. Horizontal dissemination of knowledge, etc. among competitors
3. Anxiety over the appropriate handling of personal data
4. Lack of clarity around the interests of stakeholders in regard to the data provided
5. Difficulty of securing inclusion in opportunities to gain remuneration
6. Anxiety about data governance by the counterpart in the transaction
7. Lack of a fair trading market
8. Adverse impacts due to hoarding of one's own data

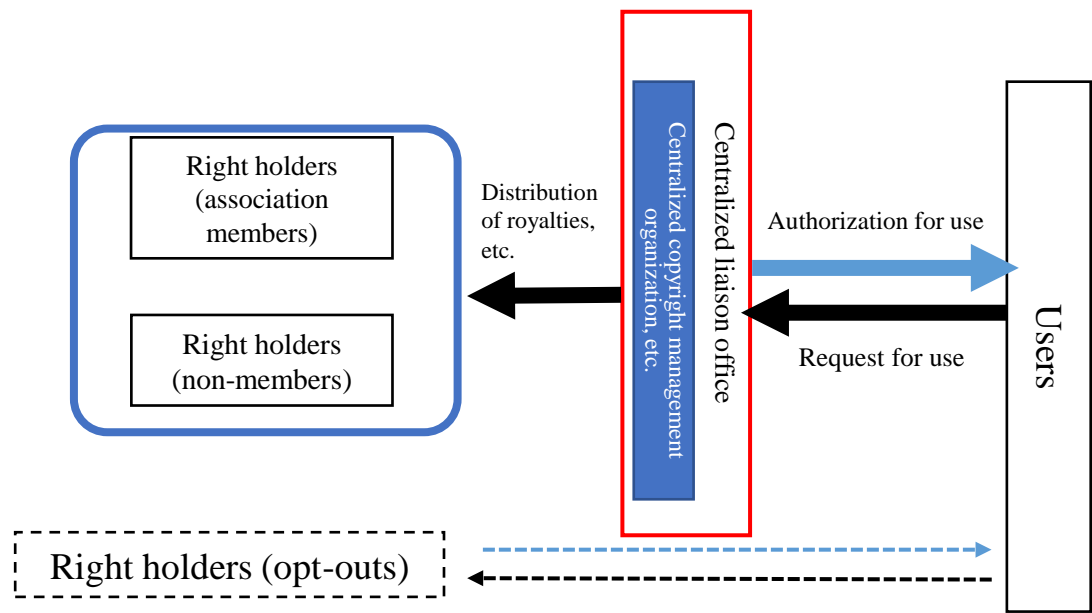


| Principles of data handling rules |  | Targets of rules |            |                 |
|-----------------------------------|--|------------------|------------|-----------------|
|                                   |  | Providers        | Users      | Trading markets |
| a                                 | Indication of the interests of stakeholders regarding the data provided    |                  |            |                 |
| b                                 | Introduction of mechanisms to prevent unintended data distribution and use |                  |            |                 |
| c                                 | Establishment of data governance   |                  |            |                 |
| d                                 | Guarantee of fair data transactions  |                  |            |                 |
| e                                 | Introduction of mechanisms to prevent data lock-in                         |                  | (Platform) |                 |

- Accelerating digitalization has **advanced quantitative and qualitative structural changes in the content.**  
(Enhanced diversity of creators, including general people, enhanced diversity of delivery routes, enhanced diversity of contents and a dramatic increase in distribution amounts)
  - Digitalization has brought an opportunity to expand markets. However, the cost incurred in right management is a bottleneck.
  - **It is necessary to develop an environment in which rights management of a vast, diverse copyright works, etc. is smoothly and swiftly conducted.**
- ⇒ **Realize an integrated rights management system for vast, diverse contents**  
(Discussions should be advanced based on the Extended Collective License and other systems, and Japan should reach conclusions by the end of 2021 and implement measures in FY2022.)



## <Example of solutions for promoting centralized right management (tentative conceptual picture)>





- As a prerequisite, Japan should steadily implement measures that are necessary for **securing the survival of CJ-related fields**.
- The CJ Strategy should be restructured **through responding to social changes and changes in people’s values worldwide in the post-COVID-19 age, building a virtuous circle of exports and inbound tourism, adding elements involving the use of digital technology**, etc.

Results of a survey on the impact of COVID-19, etc.

Social changes

Accelerated digital shift by changes derived from online operations

Changes in consumer behavior  
(Increase in household consumption and avoidance of overcrowding)

Changes in values

Growing public awareness of health care and hygiene as well as safety and security

Growing public awareness of sustainability, e.g., sustainable society (SDGs), and rapid changes in values

Details of the restructuring

Restructuring of the CJ Strategy

**CJ Strategy**  
(determined by the Intellectual Property Strategy Headquarters in September 2019)

Objective: Strengthen Japan’s soft power through increasing foreign nationals who are interested in Japan (Japan enthusiasts)

Means:

- Enhancing collaboration between the public and private sectors, regions or different types of sectors to cultivate and refine a wide variety of Japan’s attractive features
- Encouraging commitments of regional areas and a wide variety of types of sectors
- Figuring out and fortifying distribution appropriate to the digital era, e.g., story-creation and utilization of videos
- Raising awareness of foreign nationals’ points of view

**Newly added elements**

- Responding to changes in values  
→ Incorporating such perspectives as safety, peace of mind, nature, environment, the SDGs, etc.
- Building a virtuous circle of exports and inbound tourism  
→ Recovering inbound tourism  
→ Enhancing food exports and other fields which are robust even during the COVID-19 crisis and developing a virtuous cycle that leads future inbound tourism
- Establishing new business models leveraging digital technology  
→ Stabilizing efforts taking advantage of digital technology as new business models while striking balance between the physical world and the online world

**Enhanced elements**

- Publicity potential  
→ Disseminating information as a story on the basis that Japanese nationals, too, understand Japan’s attractiveness
- Infrastructure supporting CJ  
→ Enhancing functions of CJ Public-Private Partnership Platform  
Efforts to identify the authentic attractiveness of regional Japan

## 1. Strengthening the functions of capital and financial markets to encourage **investment in and use of IP** as a source of competitiveness

- Fortifying companies' IP management as an effort triggered by revision of the Corporate Governance Code;
- Formulating “Guidelines for Information Disclosure, etc. of Strategies for IP Investment and Utilization (tentative name)”;
- Promoting financing by inaugurating a “Business Growth Security Interest (tentative name)”;

## 2. Promoting the **strategic use of standards** aimed at expanding markets where Japan has an advantage

- Fortifying the government's control tower functions for strategic use of standards;
- Expanding priority fields and taking advantage of a system for allocating additional budgets to key measures taken by related ministries and agencies;
- Enhancing the “Service Platform to Support the Use of Standards” (Japanese version of NIST) by associations of incorporated administrative agencies engaging in R&D; and others

## 3. Environmental improvements aimed at encouraging the **use of data**, which is the 21st century's most important form of IP

- Developing rules for data handling in data distribution and transactions;
- Establishing data platforms by field or between fields;
- Creating data trading markets that evaluate data; and others

## 4. A **content strategy** suited to the digital age

- Reform of the copyright system toward integrated rights management; and others

## 5. Bolstering the use of IP among **startups and SMEs, and in agriculture**

- Ensuring appropriate IP transactions among startups and SMEs; and others

## 6. Restructuring the **Cool Japan Strategy**

- Ensuring the survival of CJ related fields; and
- Restructuring the CJ Strategy taking into consideration the impact of COVID-19  
(responding to changes in values, a virtuous cycle shifting from exports to inbound tourism, and use of digital technology)