

Basic Policy Concerning Intellectual Property Policy

June 7, 2013

Decided by the Cabinet

It has been ten years since the Intellectual Property Basic Act was enacted in 2003 (Act No. 122 of 2002). During this time, the presence of emerging nations, beginning with China, has been becoming more and more prominent; the business environment surrounding not only large enterprises but also small and medium sized enterprises (SMEs) and venture companies has become more global, more flat, and more open; and the content media have become more diversified. The socio-economic situation that served as the premise behind Japan's intellectual property policy has dramatically changed.

Under such circumstances, it must be said that Japan is falling behind other countries in terms of the strategic utilization of our country's long traditions and rich culture as well as our wide range of cutting-edge technologies. In order to strengthen our industrial competitiveness and to enhance the lives of the Japanese people, Japan should take a global leadership position, taking advantage of our intellectual property as a strong asset. Looking squarely at the current situation, and aiming to become the most advanced nation in the area of intellectual property in the next decade, Japan must create intellectual property policy with a sense of urgency, targeting the following three goals.

- Without simply aiming to catch up with other countries in the manner of previous intellectual property policy, nor with the goal of making up for lost ground, Japan will build up the most advanced intellectual property system in the world, which will attract companies and people from Japan and overseas.
- Japan will actively support emerging countries including countries in Asia to build their intellectual property systems, and will take measures to make Japan's world-leading intellectual property system sufficiently well known to become the world standard.
- Japan will continue to produce human resources endowed with creativity and strategic capability who can play an important role in the knowledge generated

through the world's most advanced intellectual property system.

In light of this understanding, the Government of Japan will develop its intellectual property policy looking ahead approximately ten years into the future, on the basis of the four pillars described below as axes. In addition, the Government of Japan will implement measures concerning intellectual property based on these four pillars and the intellectual property vision, in which long-term policy issues and the like are incorporated according to the four pillars (decided by the Intellectual Property Strategy Headquarters on June 7, 2013). In particular, with regard to content-related measures, in order to strongly promote effective measures with the whole nation sharing a common vision, the Government of Japan intends to enhance the international competitiveness of the content industry through a united effort involving the public and private sectors, by declaring Japan to be a “content creation nation.”

It should be noted that when new policies are needed as situations change in the future, this will be reflected in the Intellectual Property Strategic Program formulated as an annual action plan according to this Basic Policy and the Intellectual Property Policy Vision, and these policies will be continuously evaluated so that the Intellectual Property Policy Vision can be reviewed when necessary.

1. Building up a global intellectual property system for enhancing industrial competitiveness

In order for Japanese companies to perform smooth global business operations, it is necessary to support emerging countries including countries in Asia to build up high-quality intellectual property systems, and to do so in cooperation with other countries, including European countries and the U.S., which already have advanced intellectual property systems.

Meanwhile, the governments of countries with advanced intellectual property are developing policies to harmonize the intellectual property systems of emerging countries, where companies from their countries are interested in expanding new markets, with their own intellectual property systems. Observing this, while continuing to take the initiative in cooperative relationships among advanced countries, we need to pursue a situation in which Japan's intellectual property system becomes a standard that these emerging countries will comply with, so that when Japanese companies advance into overseas markets, they will be able to develop intellectual property strategies in a

business environment that has a higher affinity with the Japanese business environment.

To this end, it is necessary to make Japan's intellectual property system attractive to companies in Japan and overseas so as to make it a highly unifying force internationally that can attract users and innovation investment. Having a sense of impending crisis in terms of the potential hollowing-out of Japanese industry and technological development, Japan must boldly implement measures for optimizing the intellectual property system and global expansion with a sense of urgency.

Moreover, in order to support such global business expansion by Japanese companies as noted above, Japan needs to implement measures to develop and secure human resources that can build and develop intellectual property management from a business strategy perspective.

In light of such circumstances, the Government of Japan will comprehensively implement measures related to building up a global intellectual property system that can contribute to enhancing Japan's industrial competitiveness, and will specifically place special emphasis on the following measures.

- (1) In order for Japanese companies to properly obtain and utilize intellectual property rights in emerging countries including countries in Asia, the Government of Japan will dispatch a large number of intellectual property examiners to these countries so as to increase the penetration of Japan's intellectual property system, together with improving the environment in these countries through Economic Partnership Agreements and so forth, so that Japanese companies can effectively utilize their intellectual property rights when they advance into these markets.
- (2) In order to make Japan's intellectual property system a highly unifying force internationally, the Government of Japan will implement measures necessary to improve and enhance the examination system at the Japan Patent Office, which is the foundation of Japan's intellectual property system, including securing the employment of patent examiners with fixed-term contracts.
- (3) According to the current employee invention system, inventions belong to their inventors. The Government of Japan will conduct a radical review of this system, and take measures to make it contribute to enhancing industrial competitiveness. For example, it may be changed such that employee inventions belong to corporations or are entrusted to the employer in an agreement between an employer and an employee.

Furthermore, while facilitating improving the environment for enhancing the protection of trade secrets, the Government of Japan will enhance strategic efforts for international standardization, and work to improve a certification system that

can be acceptable internationally.

With regard to dispute settlement functions, the Government of Japan will review whether the whole system of dispute settlement is properly functioning, and work to build a more attractive system.

- (4) With regard to enhancing the functions of industry-academia-government collaboration, the Government of Japan will advance efforts including joint research involving universities and the like and SMEs and venture companies, and technology transfers of knowledge from universities and the like to SMEs and venture companies.
- (5) In order to develop and secure global human resources for intellectual property, the Government of Japan will take the initiative in promoting the development and securing of these human resources, such as by making use of the National Center for Industrial Property Information and Training.

2. Supporting enhancing intellectual property management by SMEs and venture companies

SMEs and venture companies play an important role as sources of Japan's industrial competitiveness in creating innovative technologies and in supporting local economies. The revitalization of their business activities is absolutely necessary for the growth of the Japanese economy.

In the management strategy of SMEs and venture companies, as well as in the response to economic globalization, intellectual property management including managing and utilizing the intellectual property rights held by SMEs and venture companies is extremely important. However, in reality, due to a lack of funds, knowhow, and human resources, this intellectual property management is not necessarily conducted in an appropriate and sufficient manner.

Therefore, it is necessary for the Government of Japan to raise awareness about the importance of intellectual property management in SMEs and venture companies, and to provide detailed support for intellectual property activities according to the individual needs of companies.

Based on these circumstances, the Government of Japan will comprehensively implement measures related to enhancing intellectual property management by SMEs and venture companies, placing particular emphasis on the following measures.

- (1) In order to support SMEs and venture companies in expanding their business overseas, the Government of Japan will extend the support system for global expansion, providing thorough support from the acquisition of rights to their utilization overseas. In addition, the Government of Japan will further enrich support for countermeasures against intellectual property rights infringement in countries into which businesses are expanding, by intensifying the system and the efforts made overseas by embassies and JETRO.
- (2) The fee reduction system will be reviewed to become more user-friendly for SMEs and venture companies, and to contribute to facilitating innovation.
- (3) In order to deal with various management issues of SMEs and venture companies in a detailed and comprehensive manner, the Government of Japan, in cooperation with relevant agencies, will enhance the functions of consultation services at the comprehensive IP support portal so that it can deal with issues related to global expansion, copyrights, and preventing unfair competition.

3. Improving the environment for adjusting to the digital network society

In recent years, new markets such as smart TV are emerging as media innovation takes place, including multiscreen display by various devices, cloud networks, and social network services. The usage of content has been diversified, and content itself has become a platform; that is, content is accessible in the cloud whenever it is to be used, on the basis of which new business models are being established. Furthermore, the range of content is expanding to include not only conventional content produced by creators, but also user-generated content, educational content, public data held by the public sector, and content contained in big data. Moreover, content is coming to be used more and more in various settings such as education, medical treatment, and e-commerce, indicating a transformation and expansion from the conventional fields of literature and entertainment.

However, Japan is behind other countries in the global competition to build up platforms for content circulation, and so it is necessary for us to enhance our efforts, looking ahead at building up the world's highest-level platforms. In addition, there is also a demand to create an environment toward expanding the market of the content industry, which characteristically has a higher ratio of SMEs and venture companies than other industries. Furthermore, with regard to e-books and the like, which have seen rapid market growth in recent years, there is an increasing need for support toward

further popularization and expansion.

Due to the development of big data use, a huge amount of data is now utilized in various industries, and the transmission capacity of terminals and devices is rapidly increasing. In such a situation, content policy is directly linked to industrial competitiveness, and so it is absolutely essential to have a broad perspective that takes in the big picture including all affiliated industries in addition to the content industry. In order to facilitate the creation of new industries and to continue cultural development, it is necessary to create a cycle of content reproduction and use by designing a flexible system that overcomes the conflicting interests of rights-holders and content users.

On the basis of such circumstances, the Government of Japan will comprehensively implement measures related to improving the environment for adjusting to the digital network society that will sustain the global development of content, placing particular emphasis on the following measures.

- (1) For the content industry, which has a great spillover effect on other industries including consumer industries, the Government of Japan will place special emphasis on resource allocation, and we will work to enrich our measures.
- (2) In order to promote the secondary use of broadcast programs and so on, the Government of Japan will facilitate efforts for smoothing licensing procedures, including establishing a contact organization where complex licensing procedures are centrally managed.
- (3) In order to improve the environment for new user-generated content using the Internet, for the promotion of free utilization, and for the creation of new industries, the Government of Japan will consider how the system should be, including reviewing copyright-related systems and building up a smooth licensing system, and will take the necessary measures.
- (4) While promoting the development of digitizing and archiving cultural assets and the like in various fields, the Government of Japan will discuss and consider how digital textbooks and materials should be positioned in the context of the textbook authorization system, and how the textbook authorization system and so on should be in relation to this issue, including copyright issues, and take the necessary measures.

4. Strengthening soft power focusing on the content industry

As represented by term “Cool Japan,” not only manga, anime, and games, but also our unique culture including fashions, food, traditional arts and crafts, and even tourism are receiving responses from around the world. In order to connect such soft power to economic growth, it is important to win overseas markets by coordinating cross-sectoral cooperation, utilizing a comprehensive power combining the cultural power that produces content and design with the power of manufacturing and craftsmanship.

To this end, as an outbound approach that emphasizes sending information out to the world through the media or events and which further values the importance of overseas expansion, it is necessary to strategically facilitate overseas expansion including institutional support for building markets in targeted countries and regions, cross-sectoral cooperation, and support for the efforts of SMEs and venture companies. In addition, it is important to support establishing a home base for creating world-class content.

Furthermore, as an inbound approach to create a center that actively attracts human resources and technology from overseas while further developing new industries and culture together with creating new consumption, it is necessary to facilitate an approach that creates a virtuous circle which can contribute to the overseas expansion of the Japan brand by gaining many more fans of Japan.

Moreover, in order to protect and cultivate the intellectual property rights of Japanese content, it is necessary to enhance countermeasures against counterfeits and pirated goods, and to develop human resources for content creation.

In light of such circumstances, the Government of Japan will comprehensively implement measures related to enhancing soft power, centering on content that can be a driving force for the growth of Japan’s economy and culture, making the most of offices and organizations overseas when conducting expansion overseas, including embassies, JETRO, the Japan Foundation, and so on, and placing particular emphasis on the following measures.

- (1) Through cooperation with affiliated industries and local broadcasters or distributors overseas and looking ahead to future business expansion, the Government of Japan will facilitate localizing content according to the culture and needs of various regions, sales promotion, and securing channels or broadcast slots in foreign

countries. In addition, we will establish an organization that will promote investing risk money toward the development of the industry, and continue to support the efforts of companies to expand overseas.

- (2) Through studies abroad, overseas training, and exchanges with foreign creators and producers, the Government of Japan will nurture creators and producers who can be internationally active.
- (3) Toward increasing the number of foreign travelers and to expand attracting meetings, incentives, conventions, and exhibitions/events (MICE), in order to utilize local resources and to communicate a wide variety of Japan's attractions, the Government of Japan will promote the "Visit Japan" program, which is affiliated with soft power.
- (4) Toward the early enactment of the Anti-Counterfeiting Trade Agreement (ACTA) and to expand the number of participating countries, the Government of Japan will enhance countermeasures against counterfeits and pirated goods, through more active approaches to other countries and so on, focusing on the signatories and including high-level approaches.