

## IP in business transactions: Japan overview

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### OVERVIEW OF MAIN IPRS

#### 1. What are the main IPRs in your jurisdiction? How are they protected?

##### Patents including utility model rights

Japan has a two-tier patent system:

- **The Patent Act.** The Patent Act covers exclusive rights to inventions based on technical ideas using natural laws.
- **The Utility Models Act.** The Utility Models Act covers exclusive rights to devices based on technical ideas using natural laws in connection with a device's shape, structure, or a combination of them.

The only differences between the two Acts are the objects covered and the technical idea level. The Utility Models Act is narrower and the technical level lower than the Patent Act.

Both patents and utility model rights are protected through registration with the Japan Patent Office (JPO).

The legal requirements to obtain patents and utility model rights are:

- Novelty.
- Inventive step.
- Susceptible to industrial application.
- Not claimed in a prior application.

The categories that are excluded from patent protection are:

- Ideas in which the laws of nature are not used (excluding the laws of nature themselves).
- Techniques.
- Unfinished inventions.
- Medical operation processes or the treatment or diagnosis of human beings.
- Matters liable to adversely affect public order, morality or public health.

The JPO provides guidance on the procedures for obtaining patents on its websites ([www.jpo.go.jp](http://www.jpo.go.jp)).

##### Trade marks

Any mark that is a character, figure, sign, or three-dimensional shape, colour, or any combination of them, or sound that is used in connection with goods or services for commercial purposes, can be registered and protected under the Trademark Act.

If they are widely-recognised or well-known, unregistered marks can be protected under the Unfair Competition Prevention Law and/or the Civil Code. Registration with the JPO is necessary for protection under the Trademark Act and highly recommended for the protection of trade marks.

The JPO can refuse to register a trade mark on the grounds that it:

- Has no distinctive character.
- Is identical or similar to the mark of a national or international organisation.
- Is identical or similar to a registered or well-known mark.
- Is likely to cause confusion in connection with the goods or services pertaining to the business of another person.

The JPO provides guidance on the procedures for obtaining trade marks on its website (*see above*).

##### Copyright

Copyright arises automatically on a production of thoughts or sentiments that are expressed in a creative way, and which fall in the literary, scientific, artistic or musical category.

No registration is necessary under the Copyright Act when a work has been created.

At the time of assignment, a copyright cannot be asserted against a third party unless it has been registered.

Registration must be made with the Agency for Cultural Affairs ([www.bunka.go.jp](http://www.bunka.go.jp)) or the Software Information Center (SOFTIC) for computer programs ([www.softic.or.jp](http://www.softic.or.jp)) by submitting an application with supporting information. The Agency for Cultural Affairs and SOFTIC do not provide any guidance on applications in English on their websites.

Furthermore, the author's name, first publication date and so on of a copyrighted work can be registered with the Agency for Cultural Affairs (or SOFTIC for computer program registration).

The author's moral rights are exclusive to the author and cannot be transferred. The assignee should have the assignor agree to not exercise these rights against the assignee and its successors.

##### Design rights

Under the Design Rights Act, a design means the shape, pattern, colour or combination of them, of an item which has an aesthetic sense. Registration with the JPO is necessary for protection under the Design Rights Act.

The legal conditions to obtain design rights are:

- Industrial applicability.
- Novelty.
- Creativity.
- The design is not identical or similar to any design previously filed.

The JPO provides guidance on the procedures for obtaining design rights on its website (*see above*).

Unregistered designs can be protected under the Unfair Competition Prevention Act if a configuration of goods, which means the external and internal shape of goods and the pattern,

colour, gloss, and texture combined with this shape that can be perceived by consumers in normal use, is deemed to be unfair competition.

Further, unregistered designs that are very distinctive and well-known can also be protected as a copyrighted work under the Copyright Act.

#### Trade secrets and confidential information

There is no registration system or forms of protection. However, confidential information, which is technical or business information useful for commercial activities, such as manufacturing or marketing methods, that is kept secret and is not publicly known, can be protected under the Unfair Competition Prevention Law as trade secrets.

Grounds for an action for unauthorised use of confidential information include:

- Acquiring, using or disclosing through wrongful acquisition.
- Acquiring, using or disclosing, and knowing or being grossly negligent of the fact that the secret was acquired through wrongful means.
- Using or disclosing and knowing after acquisition or being grossly negligent of the fact that the secret was acquired through wrongful means.
- Using or disclosing a trade secret, disclosed by the business operator holding the trade secret, for the purpose of acquiring illicit gains, or causing injury to the holder.
- Using or disclosing, and knowing after acquisition or being grossly negligent of the fact that the secret was disclosed through wrongful means.
- Using or disclosing and knowing or being grossly negligent of the fact that the secret was disclosed in breach of a contractual obligation.

For further information about the main IPRs, see *Patents, trade marks, copyright and designs in Japan: overview*.

### MAINTAINING IPRs

#### Search and information facilities

#### 2. What facilities are available to conduct IP searches and obtain IP information on registered IP rights?

##### Patents including utility model rights

The JPO maintains a free searchable online database of the texts of patents (including utility models) and the registrations of design rights and trade marks ([www.inpit.go.jp/english](http://www.inpit.go.jp/english)).

The JPO also maintains information on new applications for each IPR on its online database. However, it usually takes six months for the JPO to publish them.

It is highly recommended to consult an attorney (*bengoshi*) whose speciality is IPRs or a patent agent/attorney (*benrishi*). *Benrishi* have not passed the national bar examination and are qualified after passing another national examination.

##### Trade marks

See above, *Patents*.

##### Copyright

The Agency for Cultural Affairs and SOFTIC maintain information on registered copyrights. They have a free online database searchable by the name of the copyrighted work and registry number (this database is only available in Japanese, and the detailed information on the copyright registry is only available on

request to the Agency for Cultural Affairs or SOFTIC for a handling fee).

##### Design rights

See above, *Patents*.

##### Trade secrets and confidential information

There is no registration system for confidential information.

#### Maintenance of main IPRs

### 3. What steps must a business take to maintain the registration and legally protectable status of its main IPRs?

#### Patents (including utility model rights)

A patent right is effective on its registration, and expires 20 years (ten years for utility model rights) from the application filing date.

The applicant must pay the first three years' annuities in a lump sum within 30 days of receiving a notice of allowance of the rights (for utility model rights, the payment must be made at the same time as the application). From the fourth annuity, the annuities must be paid by the end of the preceding year.

Details of maintenance and other fees are available on the JPO website (*see Question 1, Patents including utility model rights*). If a patented invention is not sufficiently and continuously used for three years or longer in Japan, a person intending to use the patented invention can request the patent owner or exclusive licensee (*senyo-jisshi-ken-sha*) to hold a consultation to discuss granting a non-exclusive licence. If no agreement is reached, or no consultation can be arranged, the person can request the Commissioner of the JPO to grant a non-exclusive licence (excluding patents filed within the preceding four years).

#### Trade marks

The applicant must pay the registration fee within 30 days after receiving a notice of the allowance of the rights.

Registered trade mark protection expires after ten years from the date of its registration. This can be renewed by the holder of the trade mark filing a renewal application.

Details of maintenance and other fees are available on the JPO website (*see Question 1*).

If a registered trade mark has not been used in Japan for three consecutive years or longer by the holder or licensee without reasonable cause, any person can file a request to cancel the trade mark registration.

#### Copyright

Registration is not necessary to acquire copyright and no fee is necessary. Copyright starts with the creation of the work, and continues for 50 years after the death of the author (for a cinematographic work, 70 years from publication).

For certainty, the following can be registered at the Agency for Cultural Affairs (or SOFTIC for computer program registration):

- Assignment of copyright.
- The establishment of publication rights.
- Authors' names and the dates of publication for anonymous works.
- Date of creation of copyrighted programs.

Assignment of copyright cannot be asserted against a third party unless it has been registered, but it is effective between the assignor and assignee.

## Design rights

Design rights are registered when the registration fee for the first year has been paid. The registration fee must be paid within 30 days after receiving a notice of the allowance of the rights. From the second year of registration, the registration fees must be paid annually by the end of the preceding year.

The duration of a design right expires after 20 years from the date of its registration and there is no renewal.

Details of maintenance and other fees are available on the JPO website (*see Question 1*). Unregistered design protection under the Unfair Competition Prevention Act arises on creation and lasts for three years from the time the relevant item is first sold in Japan.

## Trade secrets and confidential information

There is no registration system for confidential information.

## Monitoring infringement

### 4. What steps can a business take to avoid infringing another party's IPRs and to monitor whether another party is infringing its IPRs?

#### Patents (including utility model rights)

For patents, utility models rights, trade marks, and design rights, before conducting business it is highly recommended to conduct a search of prior IPRs. Any person can search for prior rights through the JPO free internet database (*see Question 2*).

Under the Patent Act (amended in May 2014), any party can file an opposition to granted patents within six months after issuance of the official gazette for the patent with the JPO. In addition, there is an option to file an invalidation trial. However, standing for an invalidation trial is limited to interested parties. For example, if a person or company is aware of a prior art against a newly granted patent of a competitor, it can either:

- File an opposition.
- File an invalidation trial as an interested party.

There is no official JPO system to monitor whether a competitor is infringing IPRs.

#### Trade marks

See above, *Patents (including utility model rights)*.

#### Copyright

There is no special step for copyright protection.

#### Design rights

See above, *Patents (including utility model rights)*; provided that any party can file an action for invalidation of granted design rights, but there is no option to file an opposition.

#### Trade secrets and confidential information

There are no special steps for confidential information.

## EXPLOITING IPRS

### 5. What are the main steps in conducting an IP audit in your jurisdiction to determine the content of an IP portfolio?

#### Patents (including utility model rights)

For patents, utility model rights, trade marks, and design rights, the main step in an IP audit to determine the content of an IP portfolio is to conduct a search through the JPO internet database.

A right can still be held invalid after registration, if a person requests an invalidation trial by the JPO. Unlike the other IPRs,

utility model rights are registered without the JPO examining the contents of the utility model, so utility model rights are often held invalid when challenged.

#### Trade marks

See above, *Patents (including utility model rights)*.

#### Copyright

Since the details of copyright cannot be searched through public sources, the information should be obtained from the author or copyright owner.

#### Design rights

See above, *Patents (including utility model rights)*.

#### Trade secrets and confidential information

Since the details of confidential information cannot be searched through public sources, the information must be obtained from the holder of such confidential information.

## ASSIGNMENT

### Scope of assignment

### 6. On what basis can the main IPRs be assigned?

#### Patents (including utility model rights)

Patent rights can be assigned in whole or in part. It is possible to assign the right to obtain a patent (future right), as well as an existing patent.

#### Trade marks

Trade mark rights can be assigned separately from goodwill. Trade mark rights can be partly assigned on a good-by-good or service-by-service basis.

It is possible to assign the right to obtain a trade mark right (future right), as well as an existing trade mark right.

#### Copyright

Copyright can be assigned in whole or in part, that is, any of a bundle of rights, such as the right of reproduction, exhibition, distribution, translation and so on.

#### Design rights

Design rights can be assigned in whole or in part. It is possible to assign the right to obtain a design right (future right), as well as an existing design right.

#### Trade secrets and confidential information

There is no notion of assigning actual confidential information. However, confidential information can be disclosed in whole or in part where agreed. It is also possible to agree to disclose information obtained in the future, as well as existing information.

### Formalities for assignment

### 7. What formalities are required to assign each of the main IPRs?

#### Patents (including utility model rights)

To assign patents, utility models, trade mark rights and design rights, an application for registration of the assignment must be filed (in principle, jointly by the assignor and assignee) in writing with the JPO. The registration must be substantiated by submitting relevant documents providing evidence that the parties have agreed to the assignment.

If a right is jointly owned, a joint owner cannot assign or pledge the right without the consent of all the other joint owners.

**Trade mark**

See above, *Patents (including utility model rights)*.

**Copyright**

No formalities are necessary to assign copyright. However, to assert a copyright assignment against a third party, an application to register the assignment must be filed in writing with the Agency for Cultural Affairs (or SOFTIC for computer programs). The registration must be substantiated by submitting relevant documents providing evidence that the parties have agreed to the assignment.

**Design rights**

See above, *Patents (including utility model rights)*.

**Trade secrets and confidential information**

There is no notion of assigning actual confidential information, however, a right regarding confidential information can be assigned. When a right regarding confidential information is assigned, the assigner discloses the confidential information to an assignee, and the assigner agrees not to use such confidential information and not to disclose such confidential information to a third party. There are no formalities required for such an agreement, however, it is advisable for the agreement to be made in writing since the right cannot be registered.

**Main terms for assignments****8. What main terms should be included in an assignment of IPRs?**

An assignment of IPRs should include:

- The terms of the assignment.
- Co-operation relating to assignment registration procedures.
- Consideration for the IPRs.

Representations and warranties, confidentiality, and governing law and jurisdiction provisions are not absolutely necessary, but it is highly recommended to include them.

For copyright assignment, if the right of adaptation, or the right of the original author relating to the use of a derivative work created by using the work is not referred to in the assignment agreement, these rights are presumed to be reserved to the assignor. Therefore, these rights must be specifically referred to in the assignment agreement.

Since an author's moral rights are exclusive to the author and cannot be transferred, the assignee should have the assignor agree not to exercise these rights against the assignee and its successors.

**LICENSING****Scope of licensing****9. On what basis can the main IPRs be licensed?****Patents (including utility model rights)**

Rights for patents, utility model rights, trade marks, and design rights, the right holder can grant both exclusive licences (the exclusive right to use the rights for commercial purposes (*senyo-jisshi-ken*)) and non-exclusive licences (*tsujyo-jisshi-ken*) for the rights.

The extent of the rights is determined by the contract between the rights holders (both in whole and in part is allowed). There is no explicit jurisdictional restriction. However, rights under Japanese law are only effective in Japan, and registrations contrary to this are not allowed.

An exclusive licence (*senyo-jisshi-ken*) under Japanese law has a unique meaning compared to foreign IP laws. In Japan, once an exclusive licence is granted by agreement and registered, the right owner (licensor) can no longer use the licensed right or grant a licence of the right to another person, unless otherwise agreed between the licensor and the licensee.

Other than by contract, a prior user of the claimed right without knowledge of the claimed right in the application at the time of the application is granted a provisional non-exclusive licence. For patents, utility model rights and design rights, there is also a ruling system which grants a compulsory licence from the Commissioner of the JPO when it is inevitable that the licensee will infringe the licensor's right in the course of using its own right and where no agreement can be reached with the licensor.

**Trade marks**

See above *Patents (including utility models)*.

**Copyright**

For copyright, the holder can grant both exclusive licences (allowing the use of the rights for commercial purposes) and non-exclusive licences. The extent of the rights is determined by the contract between the rights holders (both in whole and in part is allowed).

Since copyright is a bundle of rights such as the right of reproduction, exhibition, distribution, translation and so on, copyright can be partially licensed.

When the holder of a copyright that is made public is unknown, a ruling system grants a compulsory licence from the Commissioner of the Agency for Cultural Affairs on payment or deposit of the ordinary amount of royalty for such copyrights.

A broadcaster may also seek this ruling granting a compulsory licence from the Commissioner of the Agency for the Cultural Affairs when they wish to broadcast a copyrighted work but fail to mutually agree with the right holder of the copyrighted work. There is a similar ruling system for copyrighted recordings for commercial use.

There is no explicit jurisdictional restriction. However, copyrights under the Copyright Act are only effective in Japan.

**Design rights**

See above *Patents (including utility models)*.

**Trade secrets and confidential information**

Confidential information can be licensed in whole or in part where agreed without any jurisdictional restriction.

**Formalities for licensing****10. What are the formalities to license each of the main IPRs?****Patents (including utility model rights)**

For patents, utility model rights, trade marks, and design rights, licences require no formalities. However, to enjoy protection under IPR laws, registration with the JPO is necessary, as by law exclusive licences (*senyo-jisshi-ken*, or *kari-senyo-jisshi-ken* which is a provisional exclusive licence for patent pending rights) are not effective without registration.

In relation to non-exclusive rights (*tsujyo-jisshi-ken*, or *kari-tsujyo-jisshi-ken* which is a provisional non-exclusive licence for patent pending rights), registration was required to assert the rights against a third party. However, the registration system for non-exclusive rights was abolished in April 2012 (for trade marks, the Trade Mark Act has not been amended and registration is required continuously).

Therefore, non-exclusive rights for patent, utility model rights and design rights do not need to be registered, and the licensees are able to assert their rights against a third party without any registrations. However, it is highly recommended that an agreement be entered into in writing.

#### Trade marks

For trade marks, licences require no formalities. However, to enjoy protection under the Trade Mark Act, registration with the JPO is necessary, as by law exclusive licences (*senyo-shiyo-ken*) are not effective without registration.

In relation to non-exclusive rights (*tsujyo-shiyo-ken*), registration is required to assert the rights against a third party (subsequent trademark assignee, exclusive licensee, and bankruptcy trustee, and so on), except for general successors by inheritance or merger.

#### Copyright

No copyright licence registration is necessary. However, it is highly recommended that an agreement be entered into in writing.

#### Design rights

See above, *Patents (including utility model rights)*.

#### Trade secrets and confidential information

There are no formalities required for confidential information, however, for a licensor, to ensure information remains confidential, it is advisable for a confidential agreement to be in writing.

#### Main terms for licences

### 11. What main terms should be included in an IP licence?

The main terms that should be (or highly recommended to be) included in an IP licence are:

- Grant of licence.
- Disclosure of know-how.
- Payment for the licence.
- Audit.
- Warranties.
- Innovation.
- Confidentiality.
- Term of agreement.
- Termination.
- Governing law and jurisdiction.

## TAKING SECURITY

### 12. What are the key issues in taking security over the main IPRs?

Pledges can be taken over each IPR. A mortgage by transfer (*joto-tampo*) is also commonly taken over each IPR.

The most difficult problem is valuing secured IPR assets. IPRs can become invalid by not paying the registration/maintenance fee or an invalidation trial requested by a third party. The economic value of the right often decreases due to market demand.

When enforcing the security, a limited resale market can be a problem, as many IPRs are only produced for internal use (the resale market is also related to the problem of valuing the assets).

### 13. What are the main security interests taken over IPRs?

#### Patents (including utility model rights)

For patents, utility model rights, trade marks, and design rights, security interests take effect through registration with the JPO.

#### Trade marks

See above, *Patents (including utility model rights)*.

#### Copyright

No formalities are necessary to take security interests over copyright. However, registration is necessary to assert a security interest over copyright against a third party. The security interest must be registered with the Agency for Cultural Affairs (or SOFTIC for computer programs).

#### Design rights

See above, *Patents (including utility model rights)*.

#### Trade secrets and confidential information

There are no security interests taken over confidential information.

#### M&A

#### Due diligence

### 14. What IPR-related due diligence is commonly carried out in both a share sale or merger and an asset sale?

IP-related due diligence is commonly carried out in both share sales and asset sales. It includes:

- Identification of the relevant IPRs and registration of them.
- Review of the files relating to the main IPRs, if necessary.
- Information from the owner or licensor relating to the IPRs.
- Review of the chain of title to the IPRs.
- Review of change of control provisions in licences.
- An evaluation of the IPRs.

#### Warranties/indemnities

### 15. What IPR-related warranties and/or indemnities are commonly given by the seller to the buyer in both a share sale or merger and an asset sale?

Both in share sales and asset sales, when the seller gives the buyer warranties and/or indemnities, they include that:

- The seller owns the IPR, which is free and clear of claims, pledges, restrictions and encumbrances, including royalty payments.
- There has been no assertion or claim challenging the validity or enforceability of the IPR.
- To the knowledge of the seller, there are no infringements, violations or misappropriations by a third party of the IPR.

## Transfer of IPRs

### 16. How are the main IPRs transferred in both a share sale or merger and an asset sale?

#### Share sale or merger

In share sales, since the owner of the IPR remains unchanged, no special transfer is necessary.

In a company split (demerger) (*Kaisha Bunkatsu*), the IPRs are automatically transferred to the successor.

#### Asset sale

In asset sales, the procedures are the same as for normal assignments.

## JOINT VENTURES

### 17. Is it common for companies to set up joint ventures in your jurisdiction to develop projects that heavily involve IPRs?

It is common for companies to set up joint ventures in Japan. The main IP-related provisions that should be included are as follows:

- The trade name and/or trade marks of the new company.
- Capitalisation by contribution in kind, and evaluation of IPRs or IPR transfer to the new company.
- IPR licences to the new company.
- Distribution of profits.
- Confidentiality.
- IPR transfer after termination.

## COMPETITION LAW

### Main provisions and common issues

### 18. What are the main provisions of your national competition law that can affect the exploitation of the main IPRs?

The Anti-monopoly Law can affect the exploitation of IPRs. It prohibits:

- Private monopolisation.
- Unreasonable restraint of trade.
- Unfair trade practices.

### 19. What are the most common national competition law issues that arise in the exploitation of the main IPRs?

It is difficult to establish uniform standards for private monopolisation, unreasonable restraint of trade and unfair trade practices. However, the following, among other things, are at risk of being considered prohibited acts (Guidelines for the Use of Intellectual Property under the Anti-monopoly Act, issued by the Japan Fair Trade Commission):

- Patent pools.
- Multiple licensing.
- Cross-licensing.
- Bundle licensing.
- Setting the resale price.

- Prohibition of competitive products after terminating the licence.
- Unilateral termination.
- Obligation of non-assertion of rights.

It is highly recommended to consult an attorney specialising in IPRs and/or competition law at the time of making an IP related agreement to manage the risk.

## Exclusions/exemptions

### 20. What exclusions or exemptions are available for national competition law issues involving the exploitation of the main IPRs?

Proper parallel imports are considered to promote price competition in a market. Accordingly, obstruction of proper parallel imports presents a problem under the Anti-monopoly Act, if it is conducted to maintain the price level of the product covered by the contract.

Article 21 of the Anti-monopoly Act provides that the Act does not apply to the exercise of rights under the Copyright Act, the Patent Act, the Utility Model Act, the Design Act, or the Trademark Act. However, this provision is confusing, because it is interpreted as having no meaning, so the exploitation of IPRs is still in practice subject to the Anti-monopoly Law (*see Question 19*).

## ADVERTISING

### 21. To what extent do advertising laws impact on the use of third party trade marks?

Any sign (including trade marks) used for commercial purposes, which misleads general consumers as to the contents of the products or services, is prohibited (*Act against Unjustifiable Premiums and Misleading Representations (Act No. 134 of 1962)*).

The Act against Unjustifiable Premiums and Misleading Representations does not prohibit comparative advertising of products or services of competitors itself. However, the following comparative advertising would be deemed misleading representations that are prohibited under the Act because such advertising is likely to affect the appropriate selection of products or services by general consumers (Guidelines for Comparative Advertising under the Act against Unjustifiable Premiums and Misleading Representations, issued by the Japan Fair Trade Commission):

- Comparison by indicating matters that have not been proven and are incapable of being proven.
- Comparison based on unfair grounds, such as an emphasis on importance, which are inconsequential to the selection of products or services by consumers, or an arbitrary selection of the products compared.
- Advertising that disparages competitors and/or their products or services.

## EMPLOYEES AND CONSULTANTS

### 22. Who owns each of the main IPRs created by an employee in the course of his employment? Must compensation be paid to the employee? What main steps can an employer take to ensure it owns each of the main IPRs?

#### Ownership

For patents, utility model rights and design rights, in principle, the right to obtain the IPR created by an employee in the course of his employment is owned by the employee, and the employer only has a non-exclusive licence on the right.

Copyright in a work created by an employee in the course of employment vests in the employer unless otherwise stipulated by contract, work rules, or similar.

#### Compensation

When the rights to obtain the IPRs are assigned from the employee, the employer must pay reasonable consideration for the assignment. If the consideration is unreasonable, the court can determine the consideration by taking into account the amount of profit earned by the employer, and any other circumstances relating to the IPRs.

#### Main steps

The employer can provide in advance that the right to obtain the IPR is assigned to the employer in the employment contract, work rules or similar. Most companies have such provisions in their work rules.

### 23. Who owns each of the main IPRs created by an external consultant? What main steps can a business take to ensure it owns each of the main IPRs?

#### Ownership

IPRs created by an external consultant are in principle owned by the consultant.

#### Main steps

It is preferable to negotiate an assignment of IPRs created by an external consultant before they are created.

## TAX

### 24. What are the main taxes payable by a licensor on the licensing of the main IPRs?

#### Income tax

Royalties paid for the use of IPRs in Japan are covered under the Income Tax Act.

The licensee must withhold income tax at the rate of 20% on any royalty payment, unless a reduced rate or exemption is applied by tax treaties.

#### Consumption tax

Royalties paid for the use of IPRs registered in Japan (for copyright, royalties paid to a licensor whose residence is in Japan) are covered under the Consumption Tax Act. Licensors must therefore pay consumption tax at the rate of 8% on royalty payments.

### 25. What are the main taxes payable by a seller on the sale of the main IPRs?

Consideration paid for the disposal of IPRs in Japan is subject to the same tax treatment as that for royalties (*see Question 24*).

## CROSS-BORDER ISSUES

### 26. What international IP treaties is your jurisdiction party to?

Japan is party to the following major international IP treaties:

- WTO Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 (TRIPS).
- WIPO Paris Convention for the Protection of Industrial Property 1883 (Paris Convention).
- Patent Cooperation Treaty 1994 (PCT).
- Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure 1977.
- Strasbourg Agreement Concerning the International Patent Classification 1971.
- Trademark Law Treaty 1994.
- Madrid Agreement Concerning the International Registration of Marks 1891 (Madrid Agreement).
- WIPO Protocol Relating to the Madrid Agreement (Madrid Protocol).
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks 1957.
- Berne Convention for the Protection of Literary and Artistic Works 1971 (Berne Convention).
- WIPO Copyright Treaty 1996.
- WIPO Performances and Phonograms Treaty 1996.
- Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of Their Phonograms.
- Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations.
- Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs.
- Locarno Agreement Establishing an International Classification for Industrial Designs.
- Beijing Treaty on Audiovisual Performances.

A detailed list of treaties can be found at [www.wipo.int/wipolex/en/profile.jsp?code=JP](http://www.wipo.int/wipolex/en/profile.jsp?code=JP).

### 27. Are foreign IPRs recognised in your jurisdiction?

#### Patents

Japan is a party to the Paris Convention. Under the Paris Convention, an international application can be entitled to priority rights, based on the filing of a patent application for the same invention in a Paris Convention country within the preceding 12 months.

The JPO also accepts requests for the restoration of the right of priority.

In addition, Japan is party to the PCT. Under the PCT, the filing date of an international application is considered to be the actual filing date in each designated state, as well as having the effect of a normal national application.

#### Trade marks

Under the Paris Convention, an international application for a trade mark can be entitled to priority rights, based on the filing of an application for the same trade mark in a Paris Convention country within the preceding six months.

In addition, Japan is party to the Madrid Protocol. Under the Madrid Protocol, when an international application for registration has been filed, the person in whose name that application has been made can obtain protection for his mark in the territory of the Madrid Protocol countries.

#### Copyright

Japan is a party to the Berne Convention. Authors of foreign copyright whose nations are party to the Berne Convention enjoy the same rights as Japanese nationals.

#### Design rights

Under the Paris Convention, an international application for a design right can be entitled to a priority right, based on the filing of an application for the same design right in a Paris Convention country within the preceding six months.

In addition, Japan is party to the Geneva Act of the Hague Agreement. Under the Geneva Act of the Hague Agreement, an international registration will, from the date of the international registration, have at least the same effect on each designated contracting party as a regularly-filed application for the grant of protection of the industrial design.

## REFORM

### 28. Are there any proposals for reform?

#### Employee inventions

There is a proposed change to the principle of ownership of employee inventions. Under the current Patent Act, employee inventions in principle belong to the employees themselves as inventors. Under the bill to amend the Patent Act, employee inventions will belong to the employer in principle where the employer has obtained in advance the right to file a patent application for the invention under any agreement, employment regulation or any other stipulation.

#### Trade secrets

There is a proposed change to the scope of infringement of trade secrets. The bill to amend the Unfair Competition Prevention Act is to prohibit the assignment, import and export of products infringing trade secrets.

## ONLINE RESOURCES

### Ministry of Internal Affairs and Communications, legislation

W <http://law.e-gov.go.jp>

**Description.** Official legislation is available on this website, maintained by the Ministry of Internal Affairs and Communications.

### Ministry of Justice, English translations

W [www.japaneselawtranslation.go.jp](http://www.japaneselawtranslation.go.jp)

**Description.** Unofficial English translations of legislation are available on this website, prepared by the Ministry of Justice. Please note that they are not updated in a timely manner.

### Japan Fair Trade Commission, Intellectual Property guidelines

W [www.jftc.go.jp/dk/guideline/nyoukijun/chitekizaisan.html](http://www.jftc.go.jp/dk/guideline/nyoukijun/chitekizaisan.html)

**Description.** The original text of the Guidelines for the Use of Intellectual Property under the Anti-monopoly Act, issued by the Japan Fair Trade Commission.

### Japan Fair Trade Commission, English translations

W [www.jftc.go.jp/en/legislation\\_gls/imonopoly\\_guidelines.html](http://www.jftc.go.jp/en/legislation_gls/imonopoly_guidelines.html)

**Description.** The unofficial English translation of the Guidelines for the Use of Intellectual Property under the Anti-monopoly Act.

### Japan Fair Trade Commission, Comparative Advertising guidelines

W [www.caa.go.jp/representation/pdf/100121premiums\\_37.pdf](http://www.caa.go.jp/representation/pdf/100121premiums_37.pdf)

**Description.** The original text of the Guidelines for Comparative Advertising under the Act against Unjustifiable Premiums and Misleading Representations, issued by the Japan Fair Trade Commission.



## Practical Law Contributor profiles



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**Areas of practice.** General corporate; IP disputes; IP licences; anti-trust; M&A start-up businesses; labour law; civil and commercial disputes.

#### Recent transactions

- Successfully represented a household equipment manufacturer, a software manufacturer and an electronic device manufacturer in litigations and disputes regarding patent validity and infringement.
- Representing an international software company and a social game manufacturer in litigations regarding program copyright infringement.
- Represented and won various infringement litigations regarding software patents, copyrights in picture books and famous unregistered trademarks, including the first case adjudicated by the Grand Panel of the IP High Court of Japan ([www.ip.courts.go.jp/eng/documents/pdf/g\\_panel/decision\\_summary2005ne10040.pdf](http://www.ip.courts.go.jp/eng/documents/pdf/g_panel/decision_summary2005ne10040.pdf)).

**Languages.** Japanese, English

**Professional associations/memberships.** Daini Tokyo Bar Association.

**Publications.** Intellectual Property Law Guide 2013/14 (LexisNexis Jan 2014); International eCommerce Business and Legal Issues (CH Japan Limited Mar 2001).



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**Areas of practice.** IP transactions; IP disputes; pharmaceutical regulatory issues; privacy/data security; international transactions; general corporate.

**Recent transactions.** Advising international pharmaceutical and medical device companies on patent licensing transactions.

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**Areas of practice.** IP transactions; IP disputes; IP Finance; venture capital/entrepreneurial services; privacy/data security; international transactions; general corporate; start-up businesses.

#### Recent transactions

- Advising one of the major Japanese publishing companies on licensing transactions in various countries.
- Assisting and advising domestic and international companies, including start-up and mid-sized venture companies, on financing using their IPRs as well as development of IP portfolios and prosecution strategies.

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**Recent transactions.** Representing a steelmaking company in a litigation regarding trade secret infringement.

**Languages.** Japanese, English

**Professional associations/memberships.** Daiichi Tokyo Bar Association.