

CHAPTER 4

INTELLECTUAL PROPERTY

1. BACKGROUND OF THE RULES

See page 761 of the 2017 Report on Compliance by Major Trading Partners with Trade Agreements - WTO, EPA/FTA and IIA -.

2. OVERVIEW OF LEGAL DISCIPLINES

See page 761 of the 2017 Report on Compliance by Major Trading Partners with Trade Agreements - WTO, EPA/FTA and IIA -.

3. SUMMARY OF CHAPTERS ON INTELLECTUAL PROPERTY IN JAPAN'S EPAs/FTAs

To date, Japan has entered into EPAs/FTAs with fifteen countries/regions. Of these EPAs/FTAs, all of these agreements include provisions on intellectual property, except the Japan-ASEAN Agreement on Comprehensive Economic Partnership (AJCEP), and all (except the AJCEP) provide obligations beyond those of the TRIPS Agreement. The features of the chapters regarding intellectual property in the major EPA/FTAs entered into by Japan may be classified into the following three groups.

(1) SIMPLIFYING PROCEDURES AND ENHANCING THE TRANSPARENCY OF PROCEDURES

While the TRIPS Agreement does not provide details of the procedures for acquiring intellectual property rights, the EPAs/FTAs entered into by Japan include certain provisions (i.e., eliminating notarization requirements in the patent application procedures etc., and simplifying the certification procedure for translation of priority certificates) that have reduced procedural requirements when filing applications for patents and other intellectual property rights, facilitating the processes for the acquisition of intellectual property rights. Also, by introducing regulations that make it easier for applicants to obtain information relating to intellectual property protection, EPAs entered into by Japan attempt to improve foreseeability with respect to applications or enforcement of rights.

(2) STRENGTHENING THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

With respect to the substantial aspects of the protection of intellectual property rights, EPAs entered into by Japan attempt to grant intellectual property rights expeditiously through structures which: (i) enable the acquisition by an applicant of patent rights without requiring the applicant to file an examination request in the counterparty country (by submitting the result of the patent examination made by the Japan Patent Office to the relevant authority of the other contracting party country); and (ii) enable requests for prompt examination in the counterparty country if applications for corresponding patents are filed in Japan. In addition, the EPAs also attempt to improve the substantial aspects of intellectual property protection by, for example, including provisions to protect well-known trademarks of foreign parties.

(3) STRENGTHENING ENFORCEMENT

Although the TRIPS Agreement provides for border measures in Article 51 and criminal penalties in Article 61, these provisions are mandatory only with respect to counterfeit trademark goods and pirated copyright goods; with respect to all other intellectual property goods infringement, border measures are left to the discretion of the Members. A strengthening of enforcement through the expansion and clarification of the subject rights has been achieved in the EPAs entered into by Japan, for example, by expanding the subject of protection to border measures and criminal penalties and by explicitly providing for the prohibition of configuration imitation (which is not specifically set forth in the TRIPS Agreement). Also, in implementing certain measures (such as creating an obligation to furnish the information provided in Article 57 of the TRIPS Agreement), EPAs intend to strengthen the enforcement of intellectual property rights through procedural improvements.

More recently, Japan signed the Trans-Pacific Partnership (TPP) Agreement (however, the Agreement has not entered into force yet as of March 2018). The outline of the intellectual property chapter of the TPP is explained below.

(a) Trans-Pacific Partnership (TPP) Agreement

The TPP states that intellectual property rights shall be protected and enforced (through civil and criminal enforcement procedures and border measures, etc.) at a higher level than that which is provided in the TRIPS Agreement, thereby ensuring promotion of protection and use of intellectual property rights. The TPP can be recognized as the model for incorporating provisions on comprehensive and high-level protection of intellectual property.

It includes a separate chapter on intellectual property in Articles 18.1 to 18.83. However, as of March 2018, it has not yet taken effect.

Provisions on Simplifying Procedures and Enhancing the Transparency of Procedures

i) International Agreements (Facilitation of Trademark Right Acquisition Process) (Article 18.7)

Article 18.7 provides that the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (which sets forth simultaneous international application of trademarks in multiple countries) or the Singapore Treaty on the Law of Trademarks (which aims to harmonize and simplify trademark application procedures) shall be entered into.

ii) Publication of Patent Applications (Article 18.44)

Article 18.44 provides that each Party shall endeavor to publish patent applications promptly after the expiration of 18 months from the filing date or, if priority is claimed, from the earliest possible date.

Provisions on Strengthening Protection of Intellectual Property Rights

i) Introduction of a System for Strengthening Protection of Intellectual Property Rights in Pharmaceutical Products (Article 18.48, Article 18.50, Article 18.51, Article 18.53)

It is provided that a patent term extension system (a system for allowing a patent term to be adjusted in order to compensate patent owners for unreasonable curtailment of the effective patent term as a result of the marketing approval process; Article 18.48), rules for a data protection period for new pharmaceutical products (Article 18.50, Article 18.51), and a patent linkage system (a mechanism in which effective patents are taken into account when approving generic medicines; Article 18.53) shall be established.

ii) Patent term extension system (Article 18.46)

Article 18.46 provides that a system for allowing a patent term to be extended shall be established where there has been an unreasonable delay in the issuance of a patent of more than five years from the date of filing of the application, or three years after a request for examination of the application has been made.

iii) Extension of Term of Protection of Copyright (Article 18.63)

If the term of protection of copyright, etc. is calculated on the basis of the life of a natural person, the term shall be not less than the life of the author and 70 years after the author's death.

Strengthening Enforcement**i) Introduction of Pre-established Damages/Additional Damages System (Article 18.74)**

Article 18.74 provides that with regard to an unauthorized use of trademarks and infringement of copyrights, etc., pre-established damages system or additional damages system shall be established.

ii) Strengthening of border measures (Article 18.76)

Each Party shall provide that its competent authorities may initiate border measures, such as suspension, ex officio with regard to goods that are imported, exported or in transit and are suspected of infringing rights to trademarks and/or copyrights and related rights,.

iii) Strengthening of criminal penalties (Article 18.78, etc.)

Each Party shall provide criminal penalties for unlawful acquisition of trade secrets, use of labels and packages that infringe on trademarks, and unauthorized copying of a cinematographic work from a performance in a movie theatre.

iv) No need for a formal complaint (Article 18.77)

Each Party shall allow its competent authorities to act upon their own initiative to initiate legal action without the need for a formal complaint in cases of willful unauthorized use of trademarks or illegal copying of creative works, etc. However, this may be limited to cases where the ability of a right holder to exploit the works, etc. in the marketplace is impacted.

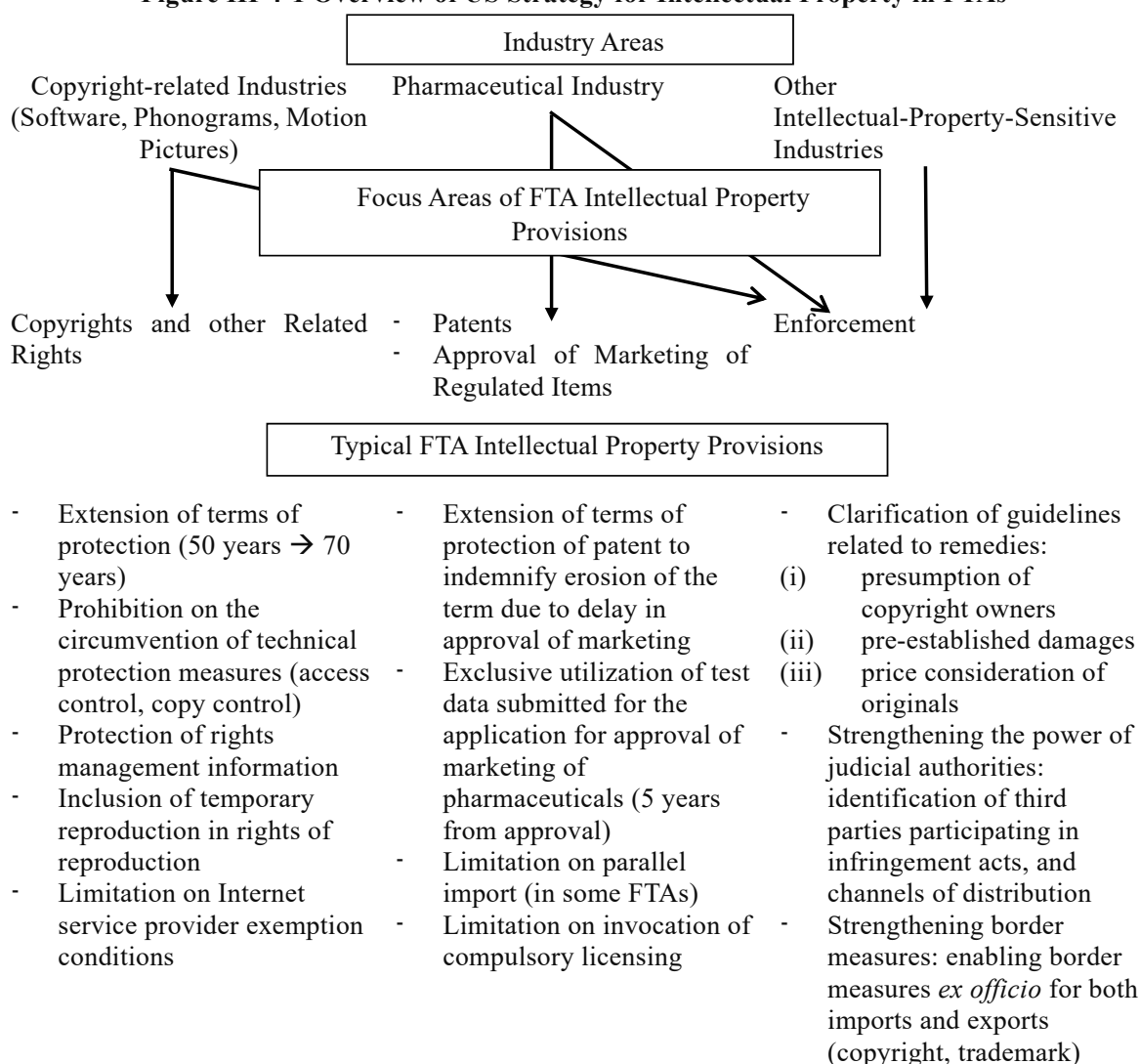
The TPP Agreement was signed in February 2016. Following the United States' withdrawal in January 2017, the eleven other member parties have continuously promoted consultations toward the early enforcement of the TPP Agreement in their countries. As a result, they reached a broad agreement on the agreement package, which also contained a list of suspended provisions, under the title of a new agreement, Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), at the TPP Ministerial Meeting held among the remaining eleven parties in Da Nang, Viet Nam, in November 2017. The parties signed the CPTPP in Santiago, Chile, in March 2018. The suspended intellectual property-related provisions included those concerning patent term adjustment (Articles 18.46 and 18.48), rules concerning term of protection of new medicine-related data (Articles 18.50 and 18.51), and term of protection of copyright (Article 18.63). However, Diet approval has not yet been given as of March 2018.

4. TRENDS OUTSIDE OF JAPAN**(1) SUMMARY OF CHAPTERS ON INTELLECTUAL PROPERTY RIGHTS IN FTAS ENTERED INTO BY THE US**

The US strategy for intellectual property rights in FTAs appears to be aimed at ensuring in the counterparty country the protection level set forth under the domestic laws of the US (as illustrated

by the Trade Act of 2002). The provisions on intellectual property rights in US FTAs may be put into three categories, as illustrated in Figure III-4-1, which reflect the industrial sectors of the US that are highly competitive and have concerns regarding intellectual property (*i.e.*, copyright-related industries and the pharmaceutical industry).

Figure III-4-1 Overview of US Strategy for Intellectual Property in FTAs



Characteristics of bilateral agreements are that they occasionally make mandatory certain items which are optional under the TRIPS Agreement, or introduce new disciplines regarding such items. The US FTA intellectual property rights provisions actively promote this characteristic. The TRIPS Agreement provides for most-favored-nation (MFN) treatment. With respect to intellectual property rights that are the subject to the TRIPS Agreement, FTA/EPA provisions on intellectual property rights must be applied not only to nationals of the counterparty country to the FTA/EPA, but also to the nationals of all other WTO Members. However, with respect to intellectual property rights that are not the subject of the TRIPS Agreement and rights that are definitively specified as being an exception to MFN, the MFN treatment shall not be applied to them. For an overview of provisions under FTAs entered into by the US that imply treatment beyond that of the TRIPS Agreement, see page 778 of the 2017 Report on Compliance by Major Trading Partners with Trade

Agreements - WTO, EPA/FTA and IIA -.

Since July 2017, the United States has promoted renegotiation of the North American Free Trade Agreement (NAFTA). According to the Office of the United States Trade Representative (USTR), the purpose of the renegotiation in the intellectual property sector is to secure fair and non-discriminatory market access. Attention needs to be paid to the future development, including the progress of the abovementioned renegotiation.

(2) SUMMARY OF CHAPTERS ON INTELLECTUAL PROPERTY IN FTAs OF THE EU

The approach in chapters on intellectual property rights for EU FTAs in the past was different from those for the US. Many of those provisions were simple, focusing on general provisions and obligations to accede to treaties. However, in FTAs that have been signed in recent years, specific and detailed stipulations are being included (*See* FTA with Korea and FTA with Canada). How the EU will proceed with future FTAs is worthy of attention. As discussed in Part III “Overview,” Japan and the EU have reached an agreement on an EPA.

Many provisions under the FTAs entered into by the EU that impose obligations beyond the scope of the TRIPS Agreement overlap with those of the US FTAs. For an overview of characteristic provisions of FTAs of the EU, see page 778 of the 2017 Report on Compliance by Major Trading Partners with Trade Agreements - WTO, EPA/FTA and IIA -.

5. ECONOMIC ASPECTS AND SIGNIFICANCE

The appropriate protection of intellectual property internationally will serve as a precondition for companies from countries that possess technological capabilities to invest with ease in foreign markets. Even for developing countries which do not possess such technological capabilities, this will provide benefits in the long term, since they can expect economic development through the promotion of smooth technology transfer.

The Anti-Counterfeiting Trade Agreement (ACTA) is an international legal framework aimed at the reinforcement of intellectual property rights enforcement. In addition to providing a stronger legal framework for protection of intellectual property rights, the ACTA also facilitates cooperation among the parties toward the enhancement of the enforcement mechanism and its quality by such means as establishing a committee to adjust conflicting opinions among the parties, and sharing best practices. As of February 2018, Japan is the only country which has signed the ACTA and the number of parties required in order for the agreement to come into force has not been reached yet. However, it is possible that the ACTA can contribute to the enhancement of IP enforcement beyond its scope by serving as a new model for international enforcement disciplines, which is to be reflected in various EPAs/FTAs and other international agreements. It is hoped that Japan as the sole party to the ACTA will help the proper understanding of the content of the ACTA among countries through bilateral and multilateral meetings, so that the ACTA can be fully utilized as the foundation for the enhancement of IP enforcement.

6. MAJOR CASES

There are few cases in which Japan has been urged to amend specific laws and regulations or notifications due to EPA obligation provisions regarding intellectual property. This means that, from Japan’s perspective, the intellectual property rights provisions of EPAs function to strengthen the intellectual property systems of counterparty countries. In addition, the dispute settlement procedures under EPAs for the rights and obligations relating to intellectual property may serve as a basis upon which to inquire about the implementation of obligations of the counterparty country. It

is believed that when the number of specific cases rises, the practicality of the foregoing could be further ascertained.