

## ***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 18 EPAs/FTAs with 21 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 on 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 predictability 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 seek to streamline the granting procedure of intellectual property rights through structures which: (i) enable the acquisition of patent rights without substantial examination in the partner country (by submitting the result of the patent examination made by the Japan Patent Office to the relevant authority of the other country); and (ii) enable requests for prompt examination in the partner 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.

EPA/FTA effected in recent years include the TPP11/CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) and the Japan-EU EPA. The outline of the chapter on intellectual property of these agreements is explained below.

#### **(a) TPP11/CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership**

The TPP11 agreement was entered into force on December 30, 2018 as a new agreement with certain items of the TPP agreement frozen after the U.S. announced it would withdraw in January 2017 after signing the TPP Agreement (see pages 463-464 of the 2018 Unfair Trade Practices Report) which stipulated comprehensive and high-level intellectual property protections. While in the field of intellectual property, provisions for patent term extension (Articles 18.46, 18.48), rule of data protection for new pharmaceuticals (Articles 18.50, 18.51), copyright protection period (Article 18.63) are frozen items. While provisions granting each competent authority to act upon their own initiative to suspend the release of counterfeit trademark and pirated copyright goods at ports of entry are included (Article 18.76).

#### **(b) Japan-EU EPA**

While both Japan and the EU already provide high level intellectual property protection systems, this agreement makes operations of the intellectual property systems more transparent and ensures sufficient and effectively substantive rights protections from the perspective of more advanced and detailed regulations than the TRIPS Agreement, while stipulating enforcement of intellectual property rights, cooperation and consultation mechanisms and the content promotes progress in protection and enforcement of intellectual property. It was effected on February 1, 2019.

##### ***i) Provisions on Simplifying Procedures and Enhancing the Transparency of Procedures***

##### ***A) International Agreements (Facilitation of Trademark Right Acquisition Process)* ***(Article 14.3)*****

While providing for accession to the Madrid Agreement, which defines international registration of marks stipulating batch-applications for international trademarks, it also stipulates that reasonable efforts be made to ratify the Singapore Trademark Law Ordinance in order to simplify international system harmonization in trademark application procedures.

ii) **Provisions on Strengthening Protection of Intellectual Property Rights**

A) **Introduction of a System for Strengthening Protection of Intellectual Property Rights in Pharmaceutical Products (Article 14.35, Article 14.37)**

It is provided that a patent term extension system (a system for allowing a patent term to be extended in order to compensate patent owners for curtailment of the effective patent term as a result of the marketing approval process; Article 14.35), makes it an obligation that the data protection period for new pharmaceuticals be six years or more (14.37).

B) **Unregistered appearance of a product (Article 14.32)**

Provides for establishment of legal remedies for copying the unregistered appearance of the product (dead copies) of product forms.

C) **Extension of Term of Protection of Copyright (Article 14.13)**

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.

D) **Protection of geographical indicators (GI) (Article 14.22, etc.)**

It stipulated granting of an equivalent high level of protection with Article 23 of the TRIPS Agreement in geographical indicators of agricultural products and alcohol products by both parties, listed in Appendix 14-B.

iii) **Strengthening Enforcement**

A) **•Expansion of civil remedies (Articles 14.42, 14.44, 14.46, 14.47)**

Stipulates civil remedies for all intellectual property rights. Specifically, stipulates calculation of loss and damages considering profit of infringer (Article 14.47), measures to protect evidence, (Article 14.42), provisional measures and precautionary measures (Article 14.44) and injunction (Article 14.46).

B) **•Enforcement against wrongful use of trade secrets (Article 14.50)**

Regarding procedures in civil remedies for wrongful use of trade secret, it stipulates that the judicial authorities at least has the authority to order injunction or loss and damages, and for protective orders to the parties of these judicial proceedings regarding trade secrets obtained through participation in the proceedings.

C) **•Strengthening of border measures (Article 14.51)**

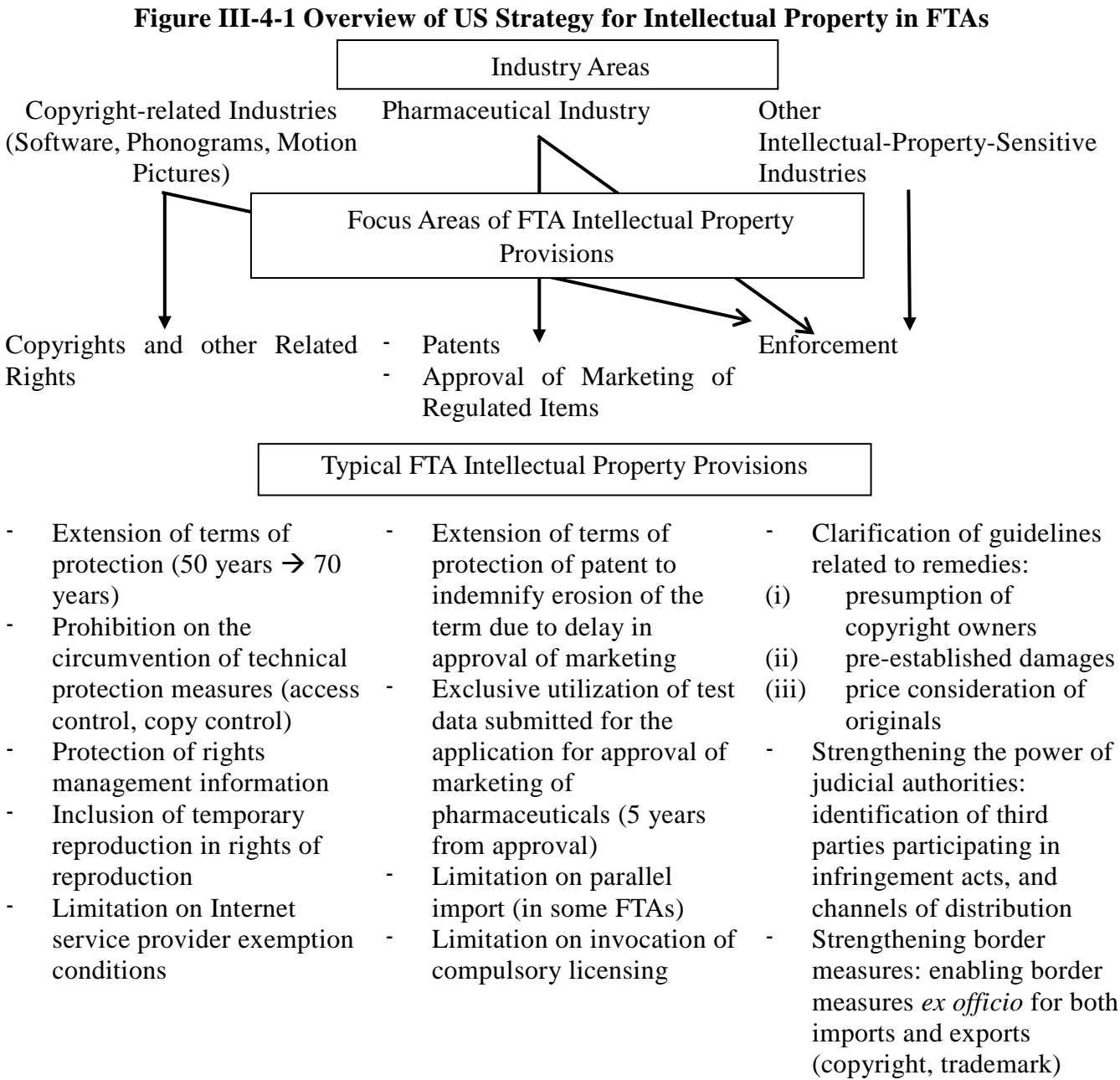
This article stipulates establishing border measures for all intellectual property rights. Specifically, granting authority to the custom authorities to act upon their own initiative to suspend the release of related to import/export products, and granting authority to competent authorities to order destruction of infringing products.

## **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 Promotion Authority Act of 2015). 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).



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-favoured-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 had promoted renegotiation of the North American Free Trade Agreement (NAFTA), and the USMCA (new NAFTA) Agreement was signed on November 30, 2018 (however this remains unrecognized by each country's diet as of February 2018). In the USMCA, there are provisions setting the protection period for test data of new biologics to ten years and the protection period for test data of new medicines to five years, as well as provisions that don't allow for adjustment measures for patent periods for unreasonable extensions until the bureau grants a patent, and provisions setting the protection period for copyrights to at least 70 years (75 years after proclamation) after the copyright holder passed away.

## **(2) SUMMARY OF CHAPTERS ON INTELLECTUAL PROPERTY IN FTAS OF THE EU**

In the past, the EU's approach in the chapter on intellectual property rights of EPAs/FTAs was different from those of the US. Many of those provisions were simple, focusing on general provisions and obligations to accede to treaties. However, in EPAs/FTAs that have entered into force in recent years, specific and detailed stipulations are being included such as specific stipulations exceeding the TRIPS Agreement (See FTA with Korea, FTA with Canada and FTA with Japan). How the EU will proceed with future EPAs/FTAs is worthy of attention.

Many provisions under the EPAs/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 EPAs/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 2019, Japan is the only country which has become the party of 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 is no case in which Japan has been urged to amend specific laws and regulations or

notifications through dispute settlement procedures due to EPA obligation provisions regarding intellectual property. From Japan's perspective, the intellectual property rights provisions of EPAs function to strengthen the intellectual property systems of partner 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 partner country. It is believed that when the number of specific cases rises, the practicality of the foregoing could be further ascertained.