Chapter 4

INTELLECTUAL PROPERTY

1. Background of the Rules

As a result of the Uruguay Round negotiations, the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement") was reached as part of the WTO Agreement subject to the single undertaking. While other WTO agreements, in principle, include prohibitions on trade restrictions and discriminatory measures, or requirements and procedures for trade restrictions in exceptional cases, the TRIPS Agreement differs in that it directly regulates the domestic systems of WTO members. In international discussions, asserting that the intellectual property rights system under the TRIPS Agreement does not contribute to the development of companies or to their economy, some countries oppose the further strengthening of intellectual property protection beyond the minimum standard level, or even make arguments supporting derogation from the current TRIPS-level protection. As a result, the gaps between the positions with respect to intellectual property systems of countries in multilateral forums have been widening, and it is increasingly difficult to reach harmonization. It goes without saying that a multilateral framework under the WTO is the most desirable system to strengthen intellectual property and ensure effective enforcement. However, the present situation has led to an increasing necessity to use plurilateral and bilateral frameworks in a mutually complimentary manner with multilateral frameworks. Multilateral frameworks are seen as being particularly suitable for rule-making, while bilateral frameworks may allow speedy negotiations. These approaches must be used with appropriate balance to achieve the desired objectives.

There are increasing intellectual property rights infringements on Japanese products (in particular, in Asian countries), due to the production and distribution of pirated goods (i.e., imitation goods and pirated editions). This presents a significant barrier for Japanese companies to develop their businesses in these regions. In addition to requiring compliance with their obligations under the TRIPS Agreement by such countries in whose jurisdiction significant infringement of intellectual property rights occurs, it is important to ensure the implementation by these countries of their obligations, and further to require that they assume obligations beyond those of the TRIPS Agreement. This could be accomplished through plurilateral and bilateral negotiations in appropriately chosen forums by taking into consideration the particular circumstances of the counterparty countries, and by employing the above-mentioned plurilateral and bilateral negotiations.

2. Overview of Legal Disciplines

The TRIPS Agreement provides most-favoured-nation treatment for protection of intellectual property in Article 4, stating that “with regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals
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of any other country shall be accorded immediately and unconditionally to the nationals of all other Members,” and “protection” shall include matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in this Agreement (see Footnote of Article 3 of the TRIPS Agreement). There are no provisions in the TRIPS Agreement which correspond to the provisions of Article XXIV of GATT or of Article V of GATS. Therefore, unlike customs duties covered by Article I of GATT that can be eliminated within certain territories only as an exception to the most-favoured-nation treatment, in situations regarding intellectual property, matters provided in EPAs/FTAs shall be applied equally to WTO Members other than the countries entering the EPA/FTA in question, to the extent of the most-favoured-nation treatment provided in Article 4 of the TRIPS Agreement.

3. Summary of Chapters on Intellectual Property in Japan's FTAs/EPAs

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

A. 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 FTAs/EPAs entered into by Japan include certain provisions (i.e., eliminating notarization requirements 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, they have made it easier for applicants to obtain information relating to intellectual property protection, and to improve foreseeability with respect to applications or enforcement of rights.

B. Strengthening 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 intellectual property protection by, for example, including provisions to protect well-known trademarks of foreign parties.

C. 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 those rights to be subject 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.

Following are the details of EPAs/FTAs entered into with individual countries.

1. **Japan-Singapore EPA**

   Chapter 10 provides for: (i) facilitation of patent process in Singapore; (ii) sharing of the governments’ databases on intellectual property; (iii) establishment of the Joint Committee on IP; and (iv) cooperation in the field of IP. With respect to (i) above, it was provided that Singapore designates the Japan Patent Office as a “prescribed patent office,” as stipulated in the Patents Act of Singapore (Article 98 of the EPA, and Article 11 of the Implementing Agreement). Accordingly, the examination result of a patent application in Japan that corresponds to a patent application in Singapore can be filed with the Intellectual Property Office of Singapore, and the Singapore patent will be granted without filing any examination request in Singapore.

2. **Japan-Mexico EPA**

   There is no chapter regarding intellectual property rights in this agreement, but in Chapter 14 (“Bilateral Cooperation”), Article 144 (Cooperation in the Field of Intellectual Property), it is provided that both countries will develop their cooperation in the field of intellectual property rights, and items for information exchange are indicated. In the chapter on “Trade in Goods,” it is provided that both countries shall mutually provide protection with respect to geographic indications of spirits accorded under the TRIPS Agreement.

   Also, in the Joint Statement upon signing the Japan-Mexico EPA, it was affirmed that, following execution thereof: i) necessary actions would be taken by both governments to eradicate counterfeit products and pirated goods infringing intellectual property rights; and ii) the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks contributes to effective and global protection of trademarks. With respect to the latter, Mexico’s willingness to undertake every effort to ratify such Protocol was reaffirmed.

3. **Japan-Malaysia EPA**

   The chapter regarding intellectual property is comprised of 19 articles (Articles 112 through 130). The chapter mainly contains provisions related to simplifying procedures and enhancing the transparency of procedures, strengthening protection of intellectual property rights, and strengthening enforcement. Specifically, the intent of Japan and Malaysia is clarified to: i) grant and ensure adequate, effective and non-discriminatory protection of intellectual property, ii) promote efficiency and transparency in administration of intellectual property protection systems, and iii) provide measures for the enforcement of intellectual property rights against infringement. (Article 112).
The chapter also sets forth the establishment of a Sub-Committee on Intellectual Property as a body to facilitate: i) discussion on any issues related to intellectual property (i.e., counterfeit products) and ii) continuing discussion on items which could not be agreed upon in the negotiation for the agreement (i.e., acceding to treaties) (Article 129). The major provisions are as follows:

(a) Provisions on Simplifying Procedures and Making Procedures More Transparent

(i) Grant of International Patent Classification (Article 116, paragraph 2)

Both countries agreed to assume obligations to grant the classifications subject to the Strasbourg Agreement and the Nice Agreement to patent applications and trademark applications. (Only Japan has signed both Agreements.)

(ii) Introduction of a System of Application Publication within 18 Months after Filing Date (Article 119, paragraph 5)

Under the former system in Malaysia, patent applications remained undisclosed until the time of patent registration. Under the Japan-Malaysia EPA, patent applications are to be published within a period of 18 months after the filing date (application publication system).

(b) Provisions on Strengthening Protection of Intellectual Property Rights

(i) Expedite Patent Examination (Article 119, paragraphs 3 and 4)

Under the Japan-Malaysia EPA: 1) if any reasonable grounds exist for an applicant’s patent application to be examined in preference to ordinary applications (i.e. infringement of rights), the applicant may so request; and 2) in cases where a patent application filed in one country is filed in the other country, the application in the other country may be examined in preference to ordinary applications.

(ii) Expansion of Scope of the Novelty Bar for Industrial Designs (Article 120, paragraphs 2 and 3)

In Malaysia, the novelty bar for industrial designs was previously determined as those “made available to the public in Malaysia.” The expanded novelty bar includes industrial designs “made available to the public through telecommunication lines,” and states that “each country shall endeavour to expand the above-mentioned made-available-to-public coverage areas to other countries.”

(iii) Strengthening Protection for Well-Known Trademarks (Article 121, paragraph 2)
The Japan-Malaysia EPA states that if an application for trademarks well-known in one country is filed in the other country in bad faith, such application shall be rejected or canceled.

(iv) Clarification of Unfair Competition (Article 124, paragraph 2)

Since there is no unfair competition prevention law in Malaysia, this article specifically states that “acts to provide goods which imitate the configuration of another person’s goods” and “acts of unfair use of domain names, and the like” which are not explicitly stated in the TRIPS Agreement, are deemed to be included in the scope of unfair competition under the Japan-Malaysia EPA.

(c) Strengthening Enforcement

(i) Obligation to Provide Information on Goods Infringing on Intellectual Property Rights (Article 125, paragraph 2)

Both countries are obligated to inform the counterparty of the names and addresses of consignors and importers of goods that infringe on intellectual property rights, which is left to the discretion of Members under Article 57 of the TRIPS Agreement.

(ii) Expand the Scope of Items for which Re-export is Prohibited (Article 125, paragraph 3)

Under Article 59 of the TRIPS Agreement, the items which are subject to protection with respect to the prohibition on re-export of infringing goods are limited to trademarks. However, under Article 125, paragraph 3 of the Japan-Malaysia EPA, copyrights will also be subject to this protection.

4. Japan-Philippines EPA

The chapter in the Japan-Philippines EPA regarding intellectual property is comprised of 14 articles (Articles 117 to 130). This chapter mainly contains provisions related to simplifying procedures and making procedures more transparent; strengthening protection of intellectual property rights; and strengthening enforcement. The intent of both countries is to: i) grant and ensure adequate and non-discriminatory protection of intellectual property; ii) provide for efficient and transparent administration of intellectual property protection systems; and iii) provide for a clarification of effective enforcement of intellectual property rights against infringement (clarified in Article 117).

The chapter also sets forth the establishment of a “Sub-Committee on Intellectual Property” as a body to facilitate continuous discussion on strengthening protections, and to deal with the problem of imitation goods (Article 130). The major provisions are as follows:

(a) Provisions on Simplifying Procedures and Enhancing the Transparency of Procedures

(i) Eliminating notarization requirements (Article 120, paragraph 2)
Authentication of signatures or other means of self-identification on documents to be submitted to the authority in the process of application of intellectual property rights or other administrative procedures has, in principle, been eliminated.

(ii) Simplifying the certification procedure for translation of priority certificates (Article 120, paragraph 4)

The Japan-Philippines EPA states that the identification requirements imposed on the accuracy of the translation of a priority certificate may be substituted by way of submitting documents showing that the translation was carried out accurately and in good faith by the translator.

(iii) International classification (Article 120, paragraph 5)

While the Philippines has not acceded to the Strasbourg or Nice Agreements, both countries have agreed to assume the obligations thereof to the extent possible for the purpose of granting the classifications subject to these agreements to patent and trademark applications.

(iv) Ease in obtaining information relating to intellectual property protection (Article 121)

The Japan-Philippines EPA states that both countries are to take appropriate measures to make readily available to the public information related to the registration of intellectual property rights and related documents held by the competent authority, as well as information on intellectual property protection systems (including information on efforts to provide effective enforcement).

(b) Provisions on Strengthening Protection of Intellectual Property Rights

(i) Prompt Patent Examination Request (Article 123)

The Japan-Philippines EPA states that any applicant for a patent may file a request to the authority to effect prompt examination of the application.

(ii) Prohibition of Acts to Imitate Appearance or Create Confusion (Article 128, paragraph 2)

The Japan-Philippines EPA specifically states that acts to imitate the appearance of another person’s goods or to create confusion with the services of a competitor, which are not stipulated in the TRIPS Agreement, are included within the scope of unfair competition.

(c) Strengthening Enforcement

(i) Expansion of the Scope of Rights Subject to Suspension by Customs (Article 129, paragraph 1)
The scope of rights that are subject to the suspension of infringing goods by customs is expanded from the TRIPS level (which is limited to the importation of counterfeit trademark or pirated copyright goods) to include patent rights, utility model and industrial design.

(ii) Expansion of the Scope of Rights Subject to Criminal Penalty
(Article 129, paragraph 3)

The scope of rights that are subject to criminal procedures and penalties has been expanded from the TRIPS level (which is limited to cases of willful trademark counterfeiting or copyright piracy on a commercial scale) to include all intellectual property rights (including patents, utility models, industrial designs, layout-designs of integrated circuits and the right relating to new varieties of plants).

5. Japan-Thailand EPA

This agreement has an independent chapter on intellectual property, comprised of 23 articles (Article 122 through Article 144), mainly covering clauses on “simplifying and increasing the transparency of procedures,” “strengthening the protection of intellectual property rights” and “strengthening enforcement.” The intent of both countries is to provide: (i) adequate, effective and non-discriminatory protection of intellectual properties; (ii) promotion of efficiency and transparency in the administration of the intellectual property protection system; and (iii) measures for the enforcement of intellectual property rights against infringement (clarified in Article 122). At the same time, the establishment of an Intellectual Property Sub-Committee is stipulated as a framework aimed at facilitating continuous discussion following the conclusion of the agreement in relation to issues such as the strengthening of the protection of intellectual property rights and countermeasures for counterfeit products (Article 143).

The major provisions are:

(a) Provisions on Simplifying Procedures and Enhancing the Transparency of Procedures

(i) International classification (Article 126, paragraph 2)

While Thailand has not acceded to the Strasbourg or Nice Agreements, both countries have agreed to assume the obligations thereof to the extent possible for the purpose of granting the classifications subject to these agreements to patent and trademark applications.

(ii) Ease in obtaining information related to intellectual property protection
(Article 127)

The Japan-Thailand EPA states that both countries are to take appropriate measures to make readily available to the public information related to the registration of intellectual property rights and related documents held by the competent authorities, as well as information on intellectual
property protection systems (including information on efforts to provide effective enforcement).

(b) Provisions on Strengthening Protection of Intellectual Property Rights

(i) Expansion of the Scope of the Novelty Bar (Article 130, paragraph 2 Article 131, paragraph 2)

The Japan-Thailand EPA states that any invention and industrial design that is publicly known as well as any invention made available to the public through measures such as the Internet shall not be new.

(ii) Protection for well-known trademarks of foreign parties (Article 132, paragraph 2)

The Japan-Thailand EPA states that an application for the trademarks that are well known in a foreign country and are used for unfair intentions or may confuse the public as to the owner or origin of the goods or services shall be refused or canceled.

(c) Strengthening Enforcement

(i) Strengthening of border measures (Article 138, paragraphs 3 through 5)

Both countries are obligated to inform counterparties of the names and addresses of the consignor and the importer of goods that infringe on intellectual property rights. (Under Article 57 of the TRIPS Agreement, this is left to the discretion of Members.) This ensures that customs authorities may initiate control measures at the border ex officio for goods that infringe trademarks or copyrights or related rights. Furthermore, it prohibits the re-exportation of the goods that infringe trademarks or copyrights or related rights, whereas Article 59 of TRIPS only prohibits goods that infringe trademarks.

(ii) Expansion of the scope of rights subject to criminal procedures and penalties (Article 140, paragraphs 1 and 4)

The scope of rights that are subject to criminal procedures and penalties has been expanded from the TRIPS level, which was limited to trademarks, copyrights and related rights, to include all intellectual property rights (including patents, utility models, industrial designs, layout-designs of integrated circuits and rights relating to new varieties of plants). It also provides that in cases wherein patents, utility models, industrial designs, trademarks and rights relating to new varieties of plants are infringed, the competent authorities may initiate criminal proceedings ex officio without the need for a formal complaint by the rights holder whose intellectual property rights have been infringed.

6. Japan-Indonesia EPA
This agreement has an independent chapter on intellectual property, comprised of 18 articles (Article 106 through Article 123), mainly covering clauses aimed at “simplifying and increasing the transparency of procedures,” “strengthening the protection of intellectual property rights” and “strengthening enforcement.” The intent of both countries is to provide: (i) adequate, effective and non-discriminatory protection of intellectual properties; (ii) promotion of efficiency and transparency in the administration of intellectual property protection systems; and (iii) measures for the enforcement of intellectual property rights against infringement (clarified in Article 106). At the same time, a Sub-Committee on Intellectual Property was established for the purpose of ensuring continuous discussion with regard to issues such as the strengthening of the protection of intellectual property rights and countermeasures against counterfeit products (Article 123).

The major provisions are as follows:

(a) Provisions on Simplifying Procedures and Enhancing the Transparency of Procedures

(i) Eliminating notarization requirements in principle (Article 109, paragraph 2)

The notarization requirement for authenticating signatures or other means of self-identification on documents to be submitted to the authority in the process of application of intellectual property rights or other administrative procedures has, in principle, been eliminated.

(ii) Eliminating the certification procedure for translation of the priority certificate (Article 109, paragraph 4)

This identification requirement imposed on the translation of the priority certificate has been prohibited.

(iii) Introduction of a “general assignment system” (Article 109, paragraph 5)

The Japan-Indonesia EPA states that each Party shall introduce a system in which persons going through the intellectual property rights application procedures or other administrative procedures may grant comprehensive power of attorney for all existing and future applications and/or registrations of the person in question.

(b) Provisions on Strengthening Protection of Intellectual Property Rights

(i) Introduction of the “similar industrial design system” and “industrial design system for parts” for industrial designs (Article 113, paragraphs 3 and 4)

The Japan-Indonesia EPA has expanded the scope for industrial design from identical designs to similar designs. It has also introduced a system pertaining to designs related to parts of article that are not subject to trade nor are distributed.
(ii) Introduction of “well-known trademarks of foreign parties system” (Article 114, paragraph 2)

The Japan-Indonesia EPA states that applications for trademarks well known in a foreign country and used for unfair intentions that may confuse the public as to the owner or origin of the goods or services shall be refused or canceled.

(c) Strengthening Enforcement

(i) Strengthening of border measures (Article 119, paragraphs 1 and 3)

The Japan-Indonesia EPA states that not only imports infringing trademarks and copyrights, provided in TRIPS, but also exports thereof are subject to suspension by customs authorities. The EPA also states that customs authorities may initiate control measures at the border ex officio for goods infringing trademarks or copyrights or related rights. Furthermore, it prohibits the re-exportation of goods infringing trademarks or copyrights, whereas Article 59 of TRIPS only prohibits goods infringing trademarks.

(ii) Expansion of the scope of rights subject to criminal penalties (Article 121)

The scope of rights that are subject to criminal procedures and penalties has been expanded from the TRIPS level (limited to trademarks, copyrights and related rights) to include all intellectual property rights including patents, utility models, industrial designs, layout-designs of integrated circuits, and rights relating to new varieties of plants.

7. Japan-Chile EPA

This agreement has an independent chapter on intellectual property, comprised of eight articles (Article 158 through Article 165), primarily covering clauses aimed at “simplifying and increasing the transparency of procedures,” “strengthening the protection of intellectual property rights” and “strengthening enforcement.”

The major provisions are:

(a) Provisions on Simplifying Procedures and Enhancing the Transparency of Procedures

(i) International classification (Article 159, paragraph 2)

While Chile has not acceded to the Strasbourg or Nice Agreements, both countries have agreed to assume the obligations thereof to the extent possible for the purpose of granting the classifications subject to these agreements to patent and trademark applications.
(ii) Ease of obtaining information relating to intellectual property protection (Article 160)

The Japan-Chile EPA states that both countries are to take appropriate measures and make readily available to the public information on intellectual property protection systems (including information on efforts to provide effective enforcement).

(b) Provisions on Strengthening Protection of Intellectual Property Rights

(i) Ensuring opportunities for opposition to trademarks (Article 161)

Both countries have agreed to assume obligations aimed at ensuring the opportunity for opposition to trademark applications or registrations, a matter that is left to the discretion of members under the TRIPS Agreement.

(c) Strengthening Enforcement

(i) Expansion of the Scope of Rights Subject to Suspension by Customs (Article 164, paragraph 1)

The scope of rights that are subject to the suspension by customs has been expanded from the TRIPS level (which was limited to cases of the importation of goods infringing trademarks or copyrights) to include patents, utility models, and industrial designs. It also prohibits the exportation of goods infringing on those rights.

8. Japan-Brunei Darussalam EPA

Although there is no chapter on intellectual property rights in this Agreement, provisions on intellectual property rights are included in Chapter 8 “Improvement of Business Environment.”

(a) Protection of intellectual property rights (Article 97)

The Japan-Brunei Darussalam EPA states that both Parties recognize the protection of intellectual property rights as a factor in the improvement of the business environment, and outlines the following aspects of intellectual property to be addressed by both Parties:

(i) Efforts to improve its intellectual property protection system.
(ii) Compliance with the obligations set out in international agreements relating to intellectual property.
(iii) Efforts to become a party to international agreements relating to intellectual property.
(iv) Efforts to ensure transparent and streamlined administrative procedures in relation to intellectual property.
(v) Efforts to ensure adequate and effective enforcement of intellectual property rights.
(vi) Efforts to further promote public awareness of protection of intellectual property.

(b) Establishment of a mechanism for discussion (Article 99)

The Sub-Committee on the Improvement of Business Environment, in which representatives of both governments and, where necessary, representatives of relevant private entities participate, was established.

9. Japan-Vietnam EPA

In the Japan-Vietnam EPA, there is a separate chapter on intellectual property comprising 19 articles. The chapter contains provisions related to simplifying and increasing the transparency of procedures; strengthening protection of intellectual property rights; and strengthening enforcement. It declares both countries’ intent to (i) grant and ensure adequate, effective, and non-discriminatory protection of intellectual property; (ii) promote efficiency and transparency in the administration of the intellectual property protection system; and (iii) provide for measures for adequate and effective enforcement of intellectual property rights against infringement (Article 80).

It is provided in the chapter that a “Sub-Committee on Intellectual Property” is to be established as a body to facilitate continuous discussion between both countries on enhancing protection of intellectual property, and to deal with the problems of imitation goods (Article 97).

The main provisions in the chapter are as follows:

(a) Provisions on Simplifying Procedures and Enhancing the Transparency of Procedures

(i) Eliminating notarization requirements (Article 83, paragraph 2)

Authentication of signatures or other means of self-identification on documents to be submitted to the competent authority of the other contracting party country in the course of application procedure or other administrative procedures on intellectual property rights has, in principle, been prohibited.

(ii) Introduction of a “general assignment system” (Article 83, paragraph 5)

It is provided that each Party shall introduce and implement a system in which persons going through intellectual property rights application procedures or other administrative procedures may grant comprehensive power of attorney for all existing and future applications, grants or registrations of that person.

(iii) Clarification of unfair competition (Article 92)

It is specifically provided that “acts of acquiring or holding the right to use or using a domain name identical with or confusingly similar to a protected trade name and trademark of another person” and other similar acts are
prohibited as acts of unfair competition. (This is not explicitly stated in the TRIPS Agreement.)

(b) Provisions on Strengthening the Protection of Intellectual Property Rights

(i) Priority examination system for patents (Article 86, paragraph 3)

Each Party shall ensure that, if an invention claimed in the application for a patent is being worked by any person other than the applicant for patent in that person’s business, that person or the applicant may request the competent authority to examine the application be examined in advance of other ordinary applications. The applicant or the person who so requests is required to furnish a proof that the invention is being worked, a result of prior art search in relation to the application, or a copy of the final decision by the competent authority of the other contracting party country or the third country.

(ii) Correction appeal system for patents (Article 86, paragraph 4)

Each Party shall ensure that a patent owner may file a request for correction of the description, the scope of the claims, or the drawings, for the purpose of restricting the scope of the claims after the patent right is granted.

(c) Strengthening Enforcement

Determination of reasonable damages by court (Article 94)

In cases where it is extremely difficult for the right holder of intellectual property to prove the actual economic harm due to the nature of facts concerned, each Party shall ensure that its judicial authorities have the authority to determine the amount of damages based on the totality of the evidence presented to them.

10. Japan-Switzerland EPA

The Japan-Switzerland EPA is an agreement executed between two developed countries, where it is expected that an intellectual property protection system will be implemented at a higher level than that which is provided in the existing international agreements, such as the TRIPS Agreement. This EPA is intended to ensure high levels and comprehensive protections of intellectual property rights, and may be the model for future EPAs with other developed countries in Europe and the United States.

It has a separate chapter for protection of intellectual property, which is characterized by both countries’ agreement that a higher level of protection of intellectual property is secured than that provided under the TRIPS Agreement, in order to strengthen the enforcement of intellectual property rights. It also provides an establishment of a “Sub-Committee on Intellectual Property” as a consultation mechanism.

(a) Provisions on Simplifying Procedures and Enhancing the Transparency of Procedures (Article 112)
The following provisions are incorporated in the Japan-Switzerland EPA to further promote transparency in the administration of the intellectual property protection system:

(i) Each Party shall take appropriate measures to publish information on applications for and the grant of patents, registrations of utility models and industrial designs, registrations of trademarks and applications therefore, registrations of layout-designs of integrated circuits, and registrations of new varieties of plants and applications therefor.

(ii) Each Party shall make available to the public information on applications for the suspension by the competent authorities of the release of the products infringing intellectual property rights as a border measure.

(iii) Each Party shall make available to the public information on its efforts to ensure effective enforcement of intellectual property rights and other information with regard to its intellectual property protection system.

(b) Provisions on Strengthening Protection of Intellectual Property Rights

(i) Comprehensive protection of intellectual property rights is provided, covering not only patents, utility models and industrial designs, but also new varieties of all plant genera and species (Article 118). The chapter also sets forth both Parties’ obligation to provide effective protection against acts of unfair competition (Article 120).

(ii) Each Party shall ensure adequate and effective protection of geographical indications (GI) and related indications (Article 119). “Related indications” include indications in the designation or presentation of a service that contain or consist of the name of geographical place as well as the name of canton, armorial bearings, flags, and other state or regional emblems. This goes beyond the scope of the protection under the TRIPS Agreement. Protection of GIs in Japan is subject to the applicable laws and regulations of Japan. GIs to be protected are listed for reference in the final annex to the EPA.

(c) Strengthening Enforcement

(i) Strengthening of border measures (Article 123)

The scope of the infringing products whose release is suspended at the border by the customs authority is expanded to include those infringing patents, utility models, and industrial designs, in addition to those infringing trademarks and copyrights, which are covered under the TRIPS Agreement. Suspension at the border is also expanded to apply not only to importation but also to exportation and transit.

(ii) Expansion of the scope of rights subject to criminal procedures and penalties (Article 125)
The scope of the rights that are subject to criminal procedures and penalties has been expanded from the TRIPS level, which was limited to trademarks, copyrights, and related rights, to include all intellectual property rights (including patents, utility models, industrial designs, layout-designs of integrated circuits, and rights relating to new varieties of plants). Applicability of criminal procedures and penalties is also expanded to: (i) importation, exportation, and transit of the goods infringing intellectual property rights; (ii) the disclosure of trade secrets; and (iii) acts of unfair competition. In addition, it is provided in Article 125 that stricter penalties may be imposed on offences committed in connection with corporate activities or on a commercial scale; and that the judicial authorities may confiscate proceeds and properties derived from such crime if infringement of patents, trademarks, copyrights or related rights is committed by an organized criminal group.

(d) Other provisions

The Japan-Switzerland EPA provides certain provisions to promote protection of the right-holders’ rights of intellectual property on the internet (Article 126). It is provided that each Party shall provide measures to prevent undue liabilities of Internet service providers for the removal of materials that they have put on their Internet websites where a right-holder claims to the Internet service provider that such materials infringe his/her intellectual property rights. Internet service providers are obliged to disclose the identity of the sender of materials to right-holders if they have given effective notification to an Internet service provider of such materials that they claim with valid reasons to be infringing their intellectual property rights.

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**Column ♦ 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 Chart 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).

**Chart 4-1 US Strategy for Intellectual Property in FTAs**

**Overview of US Strategy for Intellectual Property in FTAs**

<table>
<thead>
<tr>
<th>Industry Areas</th>
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<tr>
<td>Copyright-related Industries (Software, Phonograms, Motion Pictures)</td>
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### Focus Areas of FTA Intellectual Property Provisions

- Copyrights and other Related Rights
- Patents
- Approval of Marketing of Regulated Items
- Enforcement

### Typical FTA Intellectual Property Provisions

- **Extension of terms of protection (50 years → 70 years)**
- **Prohibition on the circumvention of technical protection measures (access control, copy control)**
- **Protection of rights management information**
- **Inclusion of temporary reproduction in rights of reproduction**
- **Limitation on Internet service provider exemption conditions**
- **Extension of terms of protection of patent to indemnify erosion of the term due to delay in approval of marketing**
- **Exclusive utilization of test data submitted for the application for approval of marketing of pharmaceuticals (5 years from approval)**
- **Limitation on parallel import (in some FTAs)**
- **Limitation on invocation of compulsory licensing**
- **Clarification of guidelines related to remedies:**
  - (i) presumption of copyright owners
  - (ii) pre-established damages
  - (iii) price consideration of originals
- **Strengthening the power of judicial authorities:**
  - identification of third parties participating in infringement acts, and channels of distribution
- **Strengthening border measures:**
  - enabling border measures *ex officio* for both imports and exports (copyright, trademark)

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.

Below are specific examples of provisions under FTAs entered into by the US that imply treatment beyond that of the TRIPS Agreement.

1) **Extension of Term of Protection of Copyright**

   Article 7 of the Berne Convention, which is cited in Article 9, paragraph 1 of the TRIPS Agreement, provides for a term of protection of 50 years after the author’s death. For
the performers and producers of phonograms, Article 14, paragraph 5 of the TRIPS Agreement provides for a term of protection of at least 50 years computed from the calendar year in which the fixation was made or the performance took place. However, the US FTAs provide for longer terms of protection.

2) Protection of Test Data

Article 39, paragraph 3 of the TRIPS Agreement states, “Members, when requiring, as a condition of approving the marketing of pharmaceutical or of agricultural chemical products which utilize new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use.” The US FTAs include provisions that are clearer and more specific, such as expressly stating the term of exclusive utilization for the submitted data.

3) Prohibition on Circumvention of Technical Protection Measures

In order to prevent copyright infringement, disciplines for prohibiting the circumvention of copy control measures (which technically prevent unauthorized reproduction) and access control measures (which limit the act of watching and listening by means of a code) are introduced in US FTAs.

4) International Exhaustion

Article 6 of the TRIPS Agreement provides that for the purpose of dispute settlement, the provisions of the TRIPS Agreement must not be applied to address the issue of international exhaustion (permission of parallel imports), except for the most-favored-nation and national treatment provisions. However, in the US-Australia FTA, for example, provisions to restrict the parallel import of patented pharmaceuticals are set forth.

(2) Summary of Chapters on Intellectual Property in FTAs of the EU

Intellectual property rights chapters of FTAs of the EU are different from those of the US. The provisions are simple, focusing on general provisions and obligations to accede to treaties. It is believed that the EU member states intend to strengthen the enforcement of intellectual property rights through bilateral committees. However, the EU-Korea FTA includes far more detailed provisions than those in the FTAs that the EU concluded previously. How the EU will proceed with the future FTAs is worthy of attention.

4. Economic Aspects and Significance

Intellectual property rights protection which is internationally appropriate is an essential prerequisite for the further promotion and sound development of free trade. For countries which have technological strength, such protection enables them to strengthen competitiveness and to develop overseas markets. For developing countries, which do not have technological strength, such protection contributes to their economic development through the promotion of a smooth technology transfer.

5. Major Cases
There is no case where 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.

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**Column ◆ International Treaties related to Intellectual Property Rights**

**World Intellectual Property Organization (WIPO)**

WIPO is a specialized agency of the United Nations dealing with intellectual property rights (i.e., patent rights, trademark rights, and copyrights). WIPO internationally promotes intellectual property protection by: i) developing treaties which aim to harmonize the systems of the WIPO member states; ii) raising protection levels in developing countries through technology cooperation; and iii) promoting information sharing. WIPO also administers and operates treaties and international registration systems regarding intellectual property rights. WIPO’s headquarters are in Geneva, and it currently has 184 member states (as of the end of February 2010).

The treaties administered by WIPO include those listed below; there are FTAs/EPAs which provide the requirement to accede to such treaties. (See the Agreements mentioned in the Reference.)

1. Intellectual Property Protection

- Paris Convention for the Protection of Industrial Property (1883)
- Berne Convention for the Protection of Literary and Artistic Works (1886)
- Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (1891)
- Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms (Geneva Convention) (1971)
- Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (1974) (Japan is not a member)
- Nairobi Treaty on the Protection of the Olympic Symbol (1981) (Japan is not a member)
- Treaty on the International Registration of Audiovisual Works (Film Register Treaty) (1989) (Japan is not a member)
- Washington Treaty on Intellectual Property in Respect of Integrated Circuits (1989) (Japan is not a member)
- Trademark Law Treaty (TLT) (1994)
- WIPO Copyright Treaty (WCT) (1996)
- Patent Law Treaty (PLT) (2000) (Japan is not a member)
2. Global Protection Systems

- Singapore Treaty on the Law of Trademarks (2006) (Japan is not a member)

- Madrid Agreement Concerning the International Registration of Marks (1891) (Japan is not a member)
- Hague Agreement Concerning the International Registration of Industrial Designs (1925) (Japan is not a member)
- Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1967) (Japan is not a member)
- Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (1989)

3. Classification

- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957)
- Locarno Agreement Establishing an International Classification for Industrial Designs (1968)
- Strasbourg Agreement Concerning the International Patent Classification (1971)
- Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks (1973) (Japan is not a member)
### Chart 4-2  Enforcement Provisions of the US-Australia FTA and the TRIPS Agreement

<table>
<thead>
<tr>
<th>Provision</th>
<th>Issue</th>
<th>US-Australia FTA</th>
<th>TRIPS Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.11 Enforcement of intellectual property rights</td>
<td>General obligations</td>
<td>Final judicial decisions or administrative rulings for the enforcement of intellectual property rights shall be in writing and shall state the reasoning, and such decisions or rulings shall be made available to the public in such a manner as to enable governments and right holders to become acquainted with them. (17.11.2)</td>
<td>Laws and regulations, and final judicial decisions and administrative rulings of general application, made effective by a Member pertaining to the subject matter of this Agreement shall be made publicly available, in such a manner as to enable governments and right holders to become acquainted with them. (63.1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Each Party shall inform the public of its efforts to provide enforcement of intellectual property rights in its civil, administrative and criminal system, including any statistical information. (17.11.3)</td>
<td>Members shall ensure that enforcement procedures are available under their law so as to permit effective action against any act of infringement of intellectual property rights. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse. (41.1)</td>
</tr>
<tr>
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<td>In civil, criminal, and if applicable, administrative procedures involving copyright, each Party shall provide for a presumption that, in the absence of evidence to the contrary, the person whose name is indicated in the usual manner is the right holder in the work, performance, or phonogram. Each Party shall also provide for a presumption, in the absence of evidence to the contrary, that copyright subsists in such subject matter. (17.11.4)</td>
<td>Decisions on the merits of a case shall preferably be in writing and reasoned. (41.3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In order that the author of a literary or artistic work protected by this Convention shall, in the absence of proof to the contrary, be regarded as such, and consequently be entitled to institute infringement proceedings in the countries of the Union, it shall be sufficient for his name to appear on the work in the usual manner. This paragraph shall be applicable even</td>
<td></td>
</tr>
</tbody>
</table>
Part III Chapter 4 Intellectual Property

Civil and administrative procedures and remedies

Each Party shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right. (17.11.5)

(Note) (The term right holder shall include exclusive licensees as well as federations and associations having the legal standing and authority to assert such rights.)

Members shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. (42)

(Note) (The term "right holder" includes federations and associations having legal standing to assert such rights.)

Damages under civil judicial proceedings

Judicial authorities shall have the authority to order the infringer to pay the right holder:

(i) damages adequate to compensate for the injury the right holder has suffered as a result of the infringement; and

(ii) at least in the case of copyright infringement and trademark counterfeiting, the profits of the infringer that are attributable to the infringement. (17.11.6 (a))

In determining damages for infringement of intellectual property rights, judicial authorities shall consider the value of the infringed on good or service that the right holder submits, including the suggested retail price. (17.11.6 (b))

Judicial authorities shall have the authority to order an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity, to pay the right holder damages. The judicial authorities shall also have the authority to order the infringer to pay the right holder’s expenses, which may include appropriate attorney’s fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity. (45)
<table>
<thead>
<tr>
<th><strong>Part III Chapter 4 Intellectual Property</strong></th>
</tr>
</thead>
</table>
| **Damages with respect to phonograms and performances** | Each Party shall, with respect to works, phonograms, and performances protected by copyright, and in cases of trademark counterfeiting, establish or maintain pre-established damages. Such pre-established damages shall be in an amount sufficient to constitute a deterrent to future infringements and to compensate fully the right holder for the harm caused by the infringement. (17.11.7 (a))

With respect to both copyright and to trademark counterfeiting, a Party may claim additional damages in civil judicial proceedings involving infringement. (17.11.7 (b)) |
| **Attorney’s fees for civil judicial proceedings** | Each Party shall provide that its judicial authorities shall have the authority to order, for copyright infringement and trademark counterfeiting, to pay court costs or fees and attorney’s fees. Further, for patent infringement, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to order the losing party to pay attorney’s fees. (17.11.8) |
| | Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity. (45.2) |
| | The judicial authorities shall have the authority to order the infringer to pay the right holder’s expenses, which may include appropriate attorney’s fees. (45) |
| Authority for seizure in case of copyright infringement and trademark counterfeiting | For copyright infringement and trademark counterfeiting, each Party shall provide that its judicial authorities shall have the authority to order the seizure of suspected infringing goods, any related materials and implements, and, at least for trademark counterfeiting, documentary evidence relevant to the infringement. (17.11.9) | Judicial authorities shall have the authority to order prompt and effective provisional measures:  
(a) to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods (including imported goods immediately after customs clearance);  
(b) to preserve relevant evidence in regard to the alleged infringement. (50.1)  
Judicial authorities shall have the authority to adopt provisional measures *ex parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed. (50.2) |
<table>
<thead>
<tr>
<th>Destruction of infringing goods</th>
<th>In civil judicial proceedings, at the right holder’s request, goods that have been found to be pirated or counterfeit in breach of a copyright or trademark of the right holder shall be destroyed, except in exceptional circumstances (17.11.10 (a))</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Judicial authorities shall have the authority to order that materials and implements that have been used in the manufacture or the creation of such pirated or counterfeit goods be, without compensation of any sort, promptly destroyed or, in exceptional circumstances, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimise the risks of further infringements (17.11.10 (b))</td>
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<td>In regard to counterfeit trademarked goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of goods into the channels of commerce. (17.11.10 (c))</td>
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<td></td>
<td>Judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed.</td>
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<tr>
<td></td>
<td>The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements.</td>
</tr>
<tr>
<td></td>
<td>In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce. (46)</td>
</tr>
<tr>
<td>Authority to order the infringer to provide information and to provide such information to the right holder</td>
<td>Each Party shall provide that its judicial authorities shall have the authority to order the infringer to provide any information that the infringer possesses regarding any person involved in any aspect of the infringement and regarding the means of production or distribution channel of the infringing material, and to provide this information to the right holder’s representative. (17.11.11)</td>
</tr>
<tr>
<td>Authority of judicial authorities and protection of confidential information in civil judicial proceedings</td>
<td>Judicial authorities shall have the authority to fine or imprison a party to litigation who fails to abide by orders issued by such authorities (17.11.12 (a)) Judicial authorities shall have the authority to impose sanctions on parties to litigation, their counsel, or experts for violation of judicial orders regarding the protection of confidential information produced or exchanged in a proceeding. (17.11.12 (b))</td>
</tr>
<tr>
<td>Administrative procedures</td>
<td>Not provided.</td>
</tr>
<tr>
<td>Authority of judicial authorities</td>
<td>In civil judicial proceedings concerning the acts described in Article 17.4.7 and 17.4.8, judicial authorities shall have the authority to order or award at least: (i) provisional measures, including the seizure of devices and products; (ii) damages of the type available for infringement of copyright; (iii) payment of court costs and fees and reasonable attorney’s fees; and (iv) destruction of devices and products. (17.11.13 (a)) Damages shall not be available against a non-profit library, archive, education institution, or public non-commercial broadcasting entity that sustains the burden of proving that it was not aware or had no reason to believe that its acts constituted a proscribed activity. (17.11.13 (b))</td>
</tr>
<tr>
<td>Civil procedures by judicial authorities</td>
<td>Judicial authorities shall have the authority to enjoin a party to a civil judicial proceeding from the exportation of goods that are alleged to infringe an intellectual property right. (17.11.14)</td>
</tr>
<tr>
<td>Costs of experts in civil procedures</td>
<td>If judicial or other authorities appoint technical or other experts in civil judicial proceedings concerning the enforcement of intellectual property rights, and require that the parties to litigation or other civil or criminal proceedings bear the costs of such experts, it should be ensured that these costs are reasonable and related appropriately to, inter alia, the quantity and nature of work to be performed and do not unreasonably deter recourse to such litigation or proceeding. (17.11.15)</td>
</tr>
<tr>
<td>Provisional measures</td>
<td>Measures taken in response to remedy request</td>
</tr>
<tr>
<td>Provision of evidence and assurance for the purpose to prevent abuse in provisional measures</td>
<td>Judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant’s right is being infringed or that such infringement is imminent, and to order the applicant to provide a reasonable security or equivalent assurance set at a level sufficient to protect the respondent and to prevent abuse, and so as not to unreasonably deter recourse to such procedures. (17.11.17)</td>
</tr>
<tr>
<td>Rebuttable presumption in provisional measures</td>
<td>In proceedings concerning the grant of provisional measures in relation to enforcement of a patent, each Party shall provide for a rebuttable presumption that the patent is valid. (17.11.18)</td>
</tr>
<tr>
<td>Suspension of the release of goods</td>
<td>Any right holder initiating procedures to suspend the release of suspected counterfeit or confusingly similar trademark goods, or pirated copyright goods into free circulation, is required to provide adequate evidence to satisfy the competent authorities that there is <em>prima facie</em> an infringement of the right holder's intellectual property right and to supply sufficient information that may reasonably be expected to be within the right holder’s knowledge to make the suspected goods reasonably recognisable by the customs authorities. The requirement to provide sufficient information shall not unreasonably deter recourse to these procedures. Each Party shall provide that the application to suspend the release of goods shall remain in force for a period of not less than one year from the date of application or the period that the good is protected by copyright or the relevant trademark is registered, whichever is shorter. (17.11.19)</td>
</tr>
<tr>
<td>Security or equivalent assurance</td>
<td>Competent authorities shall have the authority to require a right holder initiating procedures to suspend the release of goods suspected of being counterfeit trademark or pirated copyright goods to provide a reasonable security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures. Competent authorities may require the applicant to provide a documentary guarantee conditioned to hold the importer or owner of the imported merchandise harmless from any loss or damage resulting from any suspension of the release of goods in the event the competent authorities determine that the article is not an infringing good. (17.11.20)</td>
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<tr>
<td>Rights regarding information</td>
<td>Where competent authorities have made a determination that goods are counterfeit or pirated, they shall have the authority to inform the right holder of the names and addresses of the consignor, the importer, and the consignee, and of the quantity of the goods in question. (17.11.21)</td>
</tr>
</tbody>
</table>
| Border measures | Each Party shall provide that its customs authorities may initiate border measures *ex officio* with respect to imported merchandise suspected of infringing being counterfeit trademark or pirated copyright goods, without the need for a specific formal complaint. (17.11.22) | Where Members require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired *prima facie* evidence that an intellectual property right is being infringed:

(a) the competent authorities may seek from the right holder any information that may assist them to exercise these powers;
(b) the importer and the right holder shall be promptly notified of the suspension; (c) Members shall only exempt public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith. (58) |
| --- | --- | --- |
| Destruction in case of determination of counterfeit goods or infringing goods | Goods that have been suspended from release by customs authorities, and that have been forfeited as pirated or counterfeit, shall be destroyed, except in exceptional cases. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of the goods into the channels of commerce.

In no event shall the competent authorities be authorised to permit the exportation of counterfeit or pirated goods that have been seized, nor shall they be authorised to permit such goods to be subject to movement under customs control, except in exceptional circumstances. (17.11.23) | Without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial authority, competent authorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 46.

In regard to counterfeit trademark goods, the authorities shall not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances. (59) |
### Border Measures

Where an application fee or merchandise storage fee is assessed in connection with border measures to enforce a trademark or copyright, the fee shall not be set at an amount that unreasonably deters recourse to these measures. (17.11.24)

### Procedures Concerning the Enforcement of Intellectual Property Rights

Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays. (41.2)

### Bilateral and Regional Cooperation in Border Measures

Each Party shall provide the other with technical advice on the enforcement of border measures concerning intellectual property rights, and the Parties shall promote bilateral and regional cooperation on such matters. (17.11.25)

In Part VII, Members agree to cooperate with each other with a view to eliminating international trade in goods infringing intellectual property rights. They shall, in particular, promote the exchange of information and cooperation between customs authorities with regard to trade in counterfeit trademark goods and pirated copyright goods. (69)

### Criminal Procedures and Remedies

**Definition of Willful Commercial Scale Copyright Piracy**

Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Willful copyright piracy on a commercial scale includes: (i) significant willful infringements of copyright, that have no direct or indirect motivation of financial gain; and (ii) willful infringements for the purposes of commercial advantage or financial gain. (17.11.26(a))

Each Party shall treat willful importation or exportation of pirated copyright goods or of counterfeit trademark goods as unlawful activities subject to criminal penalties to at least the same extent as trafficking or distributing such goods in domestic commerce. (17.11.26 (b))

Members shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistent with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include seizure, forfeiture and destruction. (61)
<table>
<thead>
<tr>
<th>Penalties for willful trademark counterfeiting on a commercial scale</th>
<th>In cases of willful trademark counterfeiting or copyright piracy on a commercial scale, each Party shall provide:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Penalties that include imprisonment and monetary fines sufficiently high to provide a deterrent to infringement consistent with a policy of removing the monetary incentive of the infringer. Also, each Party shall encourage its judicial authorities to impose fines at levels sufficient to provide a deterrent to future infringements.</td>
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<tr>
<td>(b) That its judicial authorities shall have the authority to order the seizure of suspected counterfeit or pirated goods, any related materials and implements that have been used in the commission of the offence, any assets traceable to the infringing activity, and any documentary evidence relevant to the offence.</td>
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<tr>
<td>(Note) Each Party shall provide that items that are subject to seizure pursuant to any such judicial order need not be individually identified so long as they fall within general categories specified in the order.</td>
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<tr>
<td>(c) That its judicial authorities shall have the authority to order the forfeiture of any assets traceable to the infringing activity and shall, except in exceptional circumstances, order the forfeiture and destruction of all goods found to be counterfeit or pirated.</td>
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<tr>
<td>(d) That the appropriate authorities, as determined by each Party, shall have the authority to initiate criminal legal action <em>ex officio</em> with respect to the offences described in this Chapter without the need for a formal complaint by a private party or right holder. (17.11.27)</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Imposition of criminal penalties</th>
<th>Each Party shall provide for criminal procedures and penalties for the knowing transport, transfer, or other disposition of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) either false or counterfeit labels affixed or designed to be affixed to the following: (i) a phonogram; (ii) a copy of a computer program or documentation; (iii) the packaging for a computer program; or (iv) a copy of a motion picture or other audiovisual work; or</td>
<td></td>
</tr>
<tr>
<td>(b) counterfeit documentation or packaging for a computer program where the documentation or packaging has been made or obtained without the authorisation of the right holder. (17.11.28)</td>
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</tbody>
</table>

Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistent with the level of penalties applied for crimes of a corresponding gravity.

In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed willfully and on a commercial scale. (61)

Not provided.
<table>
<thead>
<tr>
<th>Limitations on liability for service providers</th>
<th>Consistent with Article 41 of the TRIPS Agreement, each Party shall provide:</th>
<th>Not provided.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Legal incentives for service providers to cooperate with copyright owners in deterring the unauthorised storage and transmission of copyrighted materials</td>
<td>(a) Limitations in its law regarding the scope of remedies available against service providers for copyright infringements that they do not control, initiate, or direct, and that take place through systems or networks controlled or operated by them or on their behalf, as set forth in this sub-paragraph.</td>
<td></td>
</tr>
<tr>
<td>(b) Limitations in its law regarding the scope of remedies available against service providers for copyright infringements that they do not control, initiate, or direct, and that take place through systems or networks controlled or operated by them or on their behalf, as set forth in this sub-paragraph.</td>
<td>(i) These limitations shall preclude monetary relief and provide reasonable restrictions on court-ordered relief to compel or restrain certain actions for the following functions, and shall be confined to those functions: (A) transmitting, routing, or providing connections for material without modification of its content, or the intermediate and transient storage of such material in the course thereof; (B) caching carried out through an automatic process; (C) storage at the direction of a user of material residing on a system or network controlled or operated by or for the service provider; and (D) referring or linking users to an online location by using information location tools, including hyperlinks and directories.</td>
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<tr>
<td>(ii) These limitations shall apply only where the service provider does not initiate the chain of transmission of the material and does not select the material or its recipients.</td>
<td>(ii) These limitations shall apply only where the service provider does not initiate the chain of transmission of the material and does not select the material or its recipients.</td>
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<tr>
<td>(iii) Qualification by a service provider for the limitations as to each function in clause (i)(A) through (D) shall be considered separately from qualification for the limitations as to each other function, in accordance with the conditions for qualification set forth in clauses (iv) through (vii).</td>
<td>(iii) Qualification by a service provider for the limitations as to each function in clause (i)(A) through (D) shall be considered separately from qualification for the limitations as to each other function, in accordance with the conditions for qualification set forth in clauses (iv) through (vii).</td>
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</tr>
<tr>
<td>(iv) With respect to function referred to in clause (i)(B), the limitations shall be conditioned on the service provider: (A) permitting access to cached material in significant part only to users of its system or network who have met conditions on user access to that material; (B) complying with rules concerning the refreshing, reloading, or other updating of the cached material; (C) not interfering with technology used at the originating site consistent with industry standards generally accepted in the Party’s territory to obtain information about the use of the material, and not modifying its content in transmission to subsequent users; and (D) expeditiously removing or disabling access, on receipt of an effective notification of claimed infringement, to cached material that has been removed or access to which has been disabled at the originating site.</td>
<td>(iv) With respect to function referred to in clause (i)(B), the limitations shall be conditioned on the service provider: (A) permitting access to cached material in significant part only to users of its system or network who have met conditions on user access to that material; (B) complying with rules concerning the refreshing, reloading, or other updating of the cached material; (C) not interfering with technology used at the originating site consistent with industry standards generally accepted in the Party’s territory to obtain information about the use of the material, and not modifying its content in transmission to subsequent users; and (D) expeditiously removing or disabling access, on receipt of an effective notification of claimed infringement, to cached material that has been removed or access to which has been disabled at the originating site.</td>
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<tr>
<td>(v) With respect to functions referred to in clause (i)(C) and (D), the limitations shall be conditioned on the service provider: (A) not receiving a financial benefit directly attributable to the</td>
<td>(v) With respect to functions referred to in clause (i)(C) and (D), the limitations shall be conditioned on the service provider: (A) not receiving a financial benefit directly attributable to the</td>
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</table>
infringing activity; (B) expeditiously removing or disabling access to the material residing on its system or network on obtaining actual knowledge of the infringement or becoming aware of facts or circumstances from which the infringement was apparent; and (C) publicly designating a representative to receive such notifications.

(vi) Eligibility for the limitations in this subparagraph shall be conditioned on the service provider: (A) adopting and reasonably implementing a policy that provides for termination in appropriate circumstances of the accounts of repeat infringers; and (B) accommodating and not interfering with standard technical measures accepted in the Party’s territory that protect and identify copyrighted material, that are developed through an open, voluntary process by a broad consensus of copyright owners and service providers, that are available on reasonable and non-discriminatory terms, and that do not impose substantial costs on service providers or substantial burdens on their systems or networks.

(viii) If the service provider qualifies for the limitations with respect to the function referred to in clause (i)(A), court-ordered relief to compel or restrain certain actions shall be limited to terminating specified accounts, or to taking reasonable steps to block access to a specific, non-domestic online location. If the service provider qualifies for the limitations with respect to any other function in clause (i), court-ordered relief to compel or restrain certain actions shall be limited to removing or disabling access to the infringing material, terminating specified accounts, and other remedies that a court may find necessary provided that such other remedies are the least burdensome to the service provider among comparably effective forms of relief.

(ix) For the purposes of the notice and take down process for the functions referred to in clause (i)(C) and (D), each Party shall establish appropriate procedures for effective notifications of claimed infringement, and effective counter-notifications by those whose material is the subject of a notice for removal or disabling. Each Party shall also provide for monetary remedies against any person who makes a knowing material misrepresentation in a notification or counter-notification that causes injury to any interested party as a result of a service provider relying on the misrepresentation.

(x) If the service provider removes or disables access to material in good faith based on claimed or apparent infringement, each Party shall provide that the service provider shall be exempted from liability for any resulting claims, under certain conditions.
(xi) Each Party shall provide for an administrative or judicial procedure enabling copyright owners who have given effective notification of claimed infringement to obtain expeditiously from a service provider information in its possession identifying the alleged infringer.

(xii) For the purposes of the function referred to in clause (i)(A), service provider means a provider of transmission, routing, or connections for digital online communications without modification of their content between or among points specified by the user of material of the user’s choosing, and for the purposes of the functions referred to in clause (i)(B) through (D), service provider means a provider or operator of facilities for online services or network access. (17.11.29)

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**Chart 4-3 EU-Chile FTA and the TRIPS Agreement**

<table>
<thead>
<tr>
<th>Provision</th>
<th>Issue</th>
<th>EU-Chile Free Trade Agreement</th>
<th>TRIPS Agreement</th>
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<tbody>
<tr>
<td>Article 169 Scope</td>
<td>Definition of intellectual property rights</td>
<td>For the purposes of this Agreement, intellectual property rights embody copyright - including copyright in computer programs and in databases - and related rights, the rights related to patents, industrial designs, geographical indications including appellation of origins, trademarks, layout-designs (topographies) of integrated circuits, as well as protection of undisclosed information and protection against unfair competition.</td>
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</table>
| Article 170 Protection of intellectual property rights | Obligations to accede to conventions | The Parties shall: By 1 January 2007 accede to and ensure an adequate and effective implementation of the obligations arising from the following multilateral conventions:

(i) the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks;
(ii) the World Intellectual Property Organization Copyright Treaty;
(iii) the World Intellectual Property Organization Performances and Phonograms Treaty;
(iv) the Patent Co-operation Treaty; and
(v) the Strasbourg Agreement Concerning the International Patent Classification; (170.(b)) | Members shall comply with the provisions of the Paris Convention, the Berne Convention, and the Treaty on Intellectual Property in Respect of Integrated Circuits, but they are not obligated to accede to the conventions. |


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<tr>
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<th>TRIPS Agreement</th>
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<tbody>
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<td>By 1 January 2009 the Parties shall accede to and ensure an adequate and effective implementation of the obligations arising from the following multilateral conventions:</td>
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<td>(i) the Convention for the Protection of Producers of Phonograms against the Unauthorised Duplication of their Phonograms; (ii) the Locarno Agreement establishing an International Classification for Industrial Designs; (iii) the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure; and (iv) the Trademark Law Treaty; (170.(c))</td>
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<td>The Parties shall make every effort to ratify and ensure an adequate and effective implementation of the obligations arising from the following multilateral conventions at the earliest possible opportunity:</td>
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<td>(i) the Protocol to the Madrid Agreement concerning the International Registration of Marks; (ii) the Madrid Agreement concerning the International Registration of Marks; and (iii) the Vienna Agreement establishing an International Classification of Figurative Elements of Marks. (170.(d))</td>
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</tr>
<tr>
<td>Article 171 Review</td>
<td>The Association Council may decide to include in Article 170 other multilateral conventions in this field.</td>
<td>Members are not obligated to accede to the conventions.</td>
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**Chart 4-4  EU-Morocco FTA and the TRIPS Agreement**

<table>
<thead>
<tr>
<th>Provision</th>
<th>Issue</th>
<th>EU-Morocco Free Trade Agreement</th>
<th>TRIPS Agreement</th>
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<tbody>
<tr>
<td>ANNEX 7 Intellectual, industrial and commercial property</td>
<td>Obligations to accede to conventions</td>
<td>By the end of the fourth year after the entry into force of the Agreement, Morocco shall accede to the following multilateral conventions on the protection of intellectual, industrial and commercial property: - International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome) -Budapest Treaty on the International Recognition of the Deposit of Micro-Organisms for the Purposes of Patent Procedure - Patent Cooperation Treaty - International Convention for the Protection of the New Varieties of Plants (ANNEX 7.1)</td>
<td>Members shall comply with the provisions of the Paris Convention, the Berne Convention, and the Treaty on Intellectual Property in Respect of Integrated Circuits, but they are not obligated to accede to the conventions.</td>
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<td>The Association Council may decide that paragraph 1 of this Annex applies to other multilateral conventions in this field. (ANNEX 7.2)</td>
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On October 23, 2007, the government of Japan announced simultaneously with the governments of the United States, the European Union and other countries that it would initiate intensive discussions in close coordination with interested trading partners to share high-level commitments to protect intellectual property rights, with a view to establishing a new international legal framework, the Anti-Counterfeiting Trade Agreement (ACTA). The purpose of the ACTA framework is to strengthen the enforcement of intellectual property rights among the participating countries in the future ACTA treaty. The ACTA framework was first advocated by then-Prime Minister Koizumi at the G8 Summit in Gleneagles in 2005. Since then, Japan has been engaged in substantial discussions with a number of trading partners aiming to conclude the ACTA treaty in the course of 2010.

The Worldwide Proliferation of Counterfeit and Pirated Goods and the New International Approach

In recent years, the worldwide proliferation of counterfeit and pirated goods has had not only economic effects, such as depriving right holders of their rightful profits and discouraging innovation and creativity of businesses, but has also come to pose a threat to the safety and health of consumers. For example, counterfeit automobile parts (such as brake pads) may be less durable, and fake lithium batteries for video camcorders may ignite. It has also been pointed out that production and distribution of counterfeit and pirated goods carried out by criminal organizations or terrorist groups have become an easy source of revenue for such organizations and groups.

The distribution routes of these counterfeit and pirated goods, which have become a global issue, are increasingly diverse and sophisticated. For example, after items or parts and their counterfeit labels have been manufactured in separate countries, they are assembled and labeled in yet another country before being exported. The progress of such international division of labor, the rise of internet-based transactions and other factors, which allow rapid proliferation of counterfeit and pirated goods, make it impossible for the efforts of just one or two countries to address this problem sufficiently, but require participation of many countries in coordinated actions.

The current international agreement concerning protection of intellectual property rights, is the WTO TRIPS Agreement. This Agreement stipulates a minimum standard for the protection of intellectual property rights that all of the over 150 WTO Members must fulfill, and it is not sufficient to address the problem of increasingly diverse and sophisticated counterfeit and pirated goods.

Therefore, stronger rules ensuring effective enforcement of intellectual property rights need to be formulated. Within the existing multilateral frameworks, such as WTO and WIPO, the vested interests among the Member nations are
Taking into consideration the limitations of the current international framework for negotiation, Japan’s then-Prime Minister Koizumi advocated the necessity of “an international legal framework related to the enforcement of intellectual property rights” at the 2005 G8 Summit in Gleneagles. It was then that efforts began toward the ACTA framework with a joint Japan-U.S. initiative, which is an entirely new international approach to combating the global proliferation of counterfeit and pirated goods.

Contents of the ACTA framework

The ACTA framework, which involves developing countries as well as developed countries, aims to formulate new international disciplines for enforcing intellectual property rights at a higher level than those of the current international frameworks through cooperation with trading partners which share our high-level commitments. In addition, while the ACTA framework targets infringement of intellectual property rights overall, debates begin with a focus on trademarks and copyrights, considering that the proliferation of counterfeit and pirated goods infringing these rights have become evident and have caused urgent concerns. It is also expected that by focusing on trademarks and copyrights, the ACTA framework can ensure flexibility, while accelerating the discussion, because the differences in the systems of various trading partners regarding trademarks and copyrights are relatively small as compared to other intellectual property rights.

The key pillars of the ACTA framework are the following three points: (1) strict and high level disciplines; (2) strengthening the enforcement of intellectual property rights; and (3) promotion of international cooperation.

(1) Strict and high level disciplines

First, the ACTA framework aims to form strict and high level disciplines to address the current issues of proliferation of counterfeit and pirated goods. For example, the disciplines will include criminal measures, such as prohibition of the export of counterfeit or pirated goods, border measures for actual destruction of goods seized by the customs authorities or other institutions, and imposition of criminal penalties on certain activities (e.g. production of counterfeit labels). The disciplines also will include civil measures, such as calculation methods of reasonable damages to overcome the difficulty of determining actual damages, in order to allow right-holders to receive suitable compensation for loss.

(2) Strengthening the enforcement of intellectual property rights

Even though strict and high level disciplines would actually be agreed after negotiations among the countries concerned, sufficient results may not be expected unless such disciplines are effectively enforced. In order to strengthen the enforcement of intellectual property rights, the ACTA framework proposes practical measures, such as collaboration of related countries to develop experts on the counterfeit issue as well as public announcement of laws, information, or
procedures related to intellectual property rights, aiming to improve consumer awareness of the protection of intellectual property rights.

(3) Promotion of international cooperation

Finally, in order to strengthen and ensure the effective enforcement of intellectual property rights, the ACTA framework proposes to promote an exchange of information and best practices among enforcement agencies of the countries concerned and to provide capacity building assistance to the enforcement agencies of developing countries where enforcement capability is relatively low compared to that of developed countries.

The Facts and Current Status of ACTA Framework

In June 2008, Japan, the United States, the European Union, Switzerland, Canada, South Korea, Mexico, Singapore, Australia, New Zealand, and Morocco participated in substantial discussions on the draft texts of the ACTA treaty. The seventh meeting on this issue was held in January 2010. Details of certain chapters in the draft text concerning the enforcement of civil and criminal remedies, border measures, and digital environment are currently under discussion.

As described above, the ACTA framework is a new approach to prevention of counterfeit and pirated goods. In combating counterfeit and pirated goods, however, the strengthening of international disciplines such as an ACTA treaty is not the only necessary step. Also needed is an integration and combination of a wide range of activities, including but not limited to an improvement of awareness of consumers and industries, and an encouragement of specific countries to improve their weak systems of intellectual property protection. Japan will not only continue its efforts to accelerate the discussions on the ACTA framework aiming at its conclusion as soon in 2010 as possible, but also will undertake a variety of actions aiming to prevent the proliferation of counterfeit and pirated goods.