Intellectual Property Commercialization in Japan

Submitted by: Japan
APEC IP SYMPOSIUM – September 9, 2010@Sendai
- Innovating IP Exploitation -

Session 3: Commercialization of IP

IP Commercialization in Japan

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Creating IP Vision For the World

Japan Intellectual Property Association (JIPA)

- Non-Profit, Non-Governmental and the World’s Largest IPR Industry Organization, established in 1938
- Regular Members (Industrial Corporations): 902
- Associate Members (Patent Firms, etc.): 289
- 7 Policy & Strategy Project Teams
- 20 Standing Committees (713 Committee Members)
- More than 90 Training Courses offered to Members
- Publications: Monthly Bulletin (3,850 Circulations), Many Study Reports from Committees
JIPA Membership

JIPA represents the opinion of Japanese Industries.

- About 75% of Japanese patent applications are filed by JIPA members.
- JIPA members are from various industries in Japan.

Membership

(As of April 1, 2010)

<table>
<thead>
<tr>
<th>Year</th>
<th>Regular Members</th>
<th>Associate Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>10</td>
<td>20</td>
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<tr>
<td>1960</td>
<td>50</td>
<td>150</td>
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<td>1965</td>
<td>255</td>
<td>500</td>
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<td>1970</td>
<td>508</td>
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<td>902</td>
<td>1000</td>
</tr>
<tr>
<td>2010</td>
<td>902</td>
<td>1000</td>
</tr>
</tbody>
</table>

Industries

- Metal/Machinery - 22%
- Construction/Trading - 6%
- Chemical - 40%
- Electric/Electronics/IT - 32%

Intellectual Creation Cycle

Invention/Creation → Protection → IP Rights → Utilization → Creation → Income
**Toward “Nation Built on Intellectual Property”**

- Japanese version of Bayh-Dole act
  - 1999 Special Measure Law for Reviving Industrial Vitality
  - 1998 TLO (Technology Licensing Organization)

- United States
  - 1980 Bayh-Dole Act
    - OTT (Office of Technology Transfer)
    - Amended Patent Act

- Announcement of Intellectual Property Policy Outline in 2002
- Enactment of Intellectual Property Basic Act in 2003
- Establishment of
  - Intellectual Property Strategic Headquarters in 2003
  - Intellectual Property High Court in 2005

- 1999 Special Measure Law for Reviving Industrial Vitality
- TLO (Technology Licensing Organization)

- 1982 United States Court of Appeals for the Federal Circuit (CAFC)
- 1985 Young Report


- 1988 Omnibus Trade Competition Act

- 2003 Customs Tariff Law (Countermeasures-on-beach)

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**Intellectual Property Policy Outline**

1. **Promotion of Intellectual Property Creation**
   - University’s intellectual property creation
   - Corporation’s strategic intellectual property creation, acquisition, and management
   - Enhancement of education and human resource development for fostering creativity

2. **Enhanced Protection of Intellectual Property**
   - Prompt and reliable patent examination
   - Creation of a substantial “Patent Court” function
   - Enhancement of countermeasure against counterfeit and pirated goods
   - Promoting international harmonization and cooperation
   - Reinforced protection of trade secrets
   - Protection of intellectual property in new fields

3. **Encouragement for Utilizing Intellectual Property**
   - Promoting technology transfer from universities
   - Evaluation and utilization of intellectual property

4. **Basic Human Infrastructure**
   - Training of experts
   - Raising peoples’ awareness of intellectual property

IP Strategic Headquarters (IPSH)

- Former Prime Minister Koizumi established IPSH in 2003.
  - IPSH is headed by Prime Minister.
  - All the ministers are the members of IPSH.

Formulate Fundamental Policy

   - Establishment of IP High Court, Establishment of IP departments in universities, Patent Exam Expediting Law, Amendment of Inventors Remuneration Clause

   - Patent Prosecution Highway, Int'l Standards Strategy, etc.


Publicize IP Strategic Program (IPSP) annually

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Japanese Corporations’ IP Activity Changes

- Triune strategy of business, R&D, and Intellectual Property

- Quality Improvement (Enhancement of Searches)

- Effective utilization of patents

1. Defensive application
2. Excessive emphases on domestic filings
3. Focusing on the number of patent applications

1. Utilizable patents
2. International applications
3. Focusing on strategic obtaining of patent rights
IP Utilization in Japan - Patents

Source: Summary of Results on IP Activity Survey 2009 (JPO)

IP Utilization in Japan – Patents (by industry)

Source: Summary of Results on IP Activity Survey 2009 (JPO)
### Number of Registered Japanese Patent Attorneys

![Graph showing the number of registered Japanese patent attorneys from 1992 to 2009.](http://www.jpo.go.jp/shiryou/toushin/nenji/nenpou2010/toukei/6-3-1.pdf)

**Source:** [http://www.jpo.go.jp/shiryou/toushin/nenji/nenpou2010/toukei/6-3-1.pdf](http://www.jpo.go.jp/shiryou/toushin/nenji/nenpou2010/toukei/6-3-1.pdf)

### Japanese Companies’ Patent Filings

![Graph showing Japanese companies’ patent filings from 2000 to 2009.](http://www.jpo.go.jp/shiryou/toushin/nenji/nenpou2010/toukei/6-3-1.pdf)

**Prepared from data in JPO Patent Administration Annual Reports 2006, 2010**
Japan's Balance of Royalties and License Fees

Worldwide
Asia Pacific
America
Europe

Prepared from data at the following Bank of Japan websites
http://www.mof.go.jp/bpoffice/ebpnet.htm
http://www.mof.go.jp/bpoffice/etparea.htm

Amount awarded by Courts in Japan (Patents)

<table>
<thead>
<tr>
<th>Amount [*100 yen]</th>
<th>Decision Date</th>
<th>Plaintiff</th>
<th>Invention</th>
<th>Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td>74,166,800</td>
<td>3/19/2002</td>
<td>Aruze</td>
<td>Slot machine</td>
<td>Later invalidated by JPO</td>
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<tr>
<td>30,593,600</td>
<td>10/12/1998</td>
<td>Smith Kline</td>
<td>Cimetidine</td>
<td></td>
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<tr>
<td>17,862,040</td>
<td>2/26/2010</td>
<td>Bridgestone</td>
<td>Golf ball</td>
<td></td>
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<tr>
<td>17,031,548</td>
<td>6/30/2010</td>
<td>Sammy et al</td>
<td>Slot machine</td>
<td></td>
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<tr>
<td>15,474,431</td>
<td>3/26/2003</td>
<td>Toshiba Tech</td>
<td>Massage chair</td>
<td>Amount reduced &lt;1/100 by IPHC</td>
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<tr>
<td>14,984,791</td>
<td>1/28/2010</td>
<td>Ishida</td>
<td>Weigher</td>
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<tr>
<td>12,744,000</td>
<td>6/27/2002</td>
<td>Shinwa</td>
<td>Foreign object remover</td>
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<td>11,966,995</td>
<td>5/27/2004</td>
<td>Tomita Pharma</td>
<td>Perfusion material</td>
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<tr>
<td>9,887,000</td>
<td>3/19/2002</td>
<td>Aruze</td>
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<td>9,360,000</td>
<td>8/27/2009</td>
<td>Kureha</td>
<td>Kremezin</td>
<td></td>
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<tr>
<td>2,402,920</td>
<td>7/24/1968</td>
<td>Yokoyama Industry et al</td>
<td>Hard material crusher</td>
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</table>

Prepared from the following sources
**Recent Government Discussions on IP Policy**

- **Industrial Structure Council, IP Policy Meeting in March 2010**
  [Link](http://www.jpo.go.jp/shiryou/toushin/shingikai/pdf/tizai_bukai_13_paper/siryou_01.pdf)
  - Change of environment surrounding IP Policy
    - Advancement of Open Innovation
    - Active oversees deployment by Corporations
    - Effect of economical crisis
    - Expansion of the players base for innovation
  - Direction of IP Policy
    - Promotion of Patent Utilization
    - International harmonization
    - Enhancing the user friendliness for SMBs
    - Revision of Patent Fees

- **Intellectual Property Strategic Program 2010 in June 2010**
  [Link](http://www.kantei.go.jp/jp/singi/titeki2/2010chizaisuisin_plan.pdf)
  - Strengthening competitiveness through obtaining international standards in particular strategic areas.
  - Promotion of Growth Strategy which centers on strengthening contents business
  - Reinforcing IP activities across industries
Examples of IP Commercialization (1)

From Roundtable discussions on Triune Management
- JIPA IP MANAGEMENT, VOL.61 NO.3(NO.711), March 2010
  - Discussions
    - Triune Operations, Circulating Intellectual Creation Cycle, Pro innovation

- Asteras Pharma
  - Critical importance of exclusivity
  - Fierce competition with generic drugs near the expiration of patents
  - Deliberate review for assessing license-in patents
  - Open innovation also becomes important due to “Year 2010 problem”

- Bridgestone
  - Employs Strategic Business Units
  - Securing business freedom is top priority, esp. for top share products
    - Catching-up emerging countries and counterfeit goods are at issue.
  - Also strategic usages in licensing, enforcement, and standardization
  - IP Design Review
    - Establishing patent portfolio to maintain competitive edge
    - Mitigating risks for third party IPs

Examples of IP Commercialization (2)

- IBM
  - Open innovation due to the changing nature of innovation
    - Patent Commons to grow business
  - Smarter Planet initiative
    - Addressing societal issues through IT
  - Global IP management

- Nissan
  - Alliance with Renault through patent licensing and joint development
  - Uniqueness of auto industry
    - Consider customers preferences even where third party patents exist.
    - Can not be competitive in all areas due to an enormous number of parts
  - Nissan IP Way – contributing to business in 3 ways
    - 1) Differentiation, 2) Cross Licensing for business freedom,
      3) Licensing for reducing parts cost and earning IP income

- SMB (represented by Mr. Habu, a private practice attorney)
  - For SMBs:
    - Utilization of IP is defined as “the status that IP operations are essential part of the company’s activity.
    - IP Cycle is Top management’s will --> Investment --> Creation + Protection (as opposed to Creation --> Protection --> Utilization)
  - Understanding the substantive merits from IP is essential.
Summary

- Strong government initiative to realize “Nation Built on Intellectual Property” and responsive efforts by corporations have produced successful results.
- Triune strategy has changed corporations' behavior to focus on value and quality of patents and the usage thereof, not just the number of patents.
- Effective usage of intellectual property has become more important to support companies' business.