



**Asia-Pacific
Economic Cooperation**

2010/IPEG/SYM/005

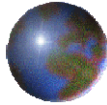
Intellectual Property Commercialization in Japan

Submitted by: Japan



**Innovating Intellectual Property Exploitation
Symposium
Sendai, Japan
9 September 2010**

*APEC IP SYMPOSIUM – September 9, 2010@Sendai
- Innovating IP Exploitation -*



Session 3: Commercialization of IP

IP Commercialization in Japan



*Takeshi Ueno
Vice President
Japan Intellectual Property Association*

Creating IP Vision For the World



Japan Intellectual Property Association (JIPA)

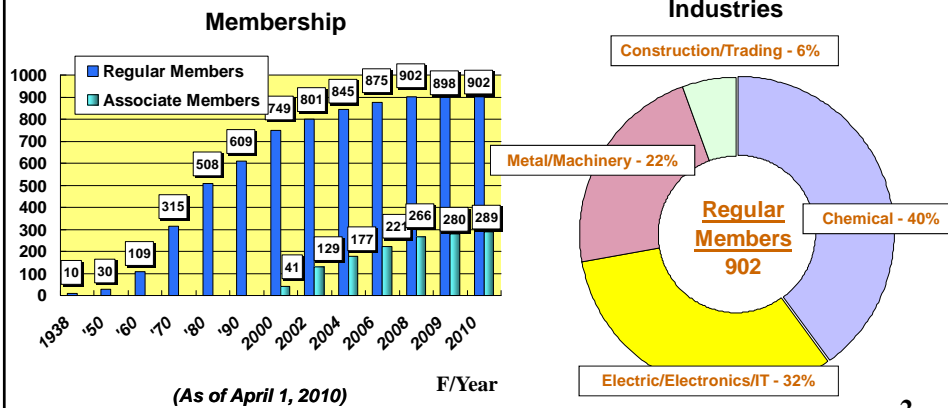
- Non-Profit, Non-Governmental and the World's Largest IPR Industry Organization, established in 1938
- Regular Members (Industrial Corporations): 902
- Associate Members (Patent Firms, etc.): 289
- 7 Policy & Strategy Project Teams
- 20 Standing Committees (713 Committee Members)
- More than 90 Training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



JIPA Membership

JIPA represents the opinion of Japanese Industries.

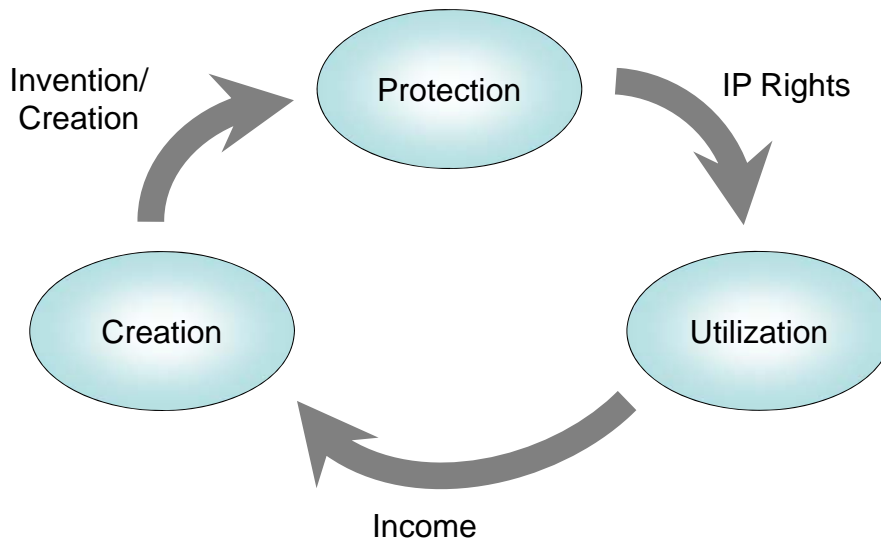
- ◆ About 75% of Japanese patent applications are filed by JIPA members.
- ◆ JIPA members are from various industries in Japan.



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Intellectual Creation Cycle



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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)
- **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
- **2002 Enhancement of competitiveness of industry by government (Nihon Keirendan's 2002 Report)**
- **2003 Customs Tariff Law (Countermeasures-on-beach)**
- **United States**
 - 1980 Bayh-Dole Act
 - OTT (Office of Technology Transfer)
 - Amended Patent Act
 - 1982 United States Court of Appeals for the Federal Circuit (CAFC)
 - 1985 Young Report
 - 1988 Omnibus Trade Competition Act

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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

Source: <http://www.kantei.go.jp/jp/singi/titeki/kettei/020703gaiyou.html>
http://www.kantei.go.jp/foreign/policy/titeki/kettei/020703taikou_e.html

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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
 - 1st Phase (2003-2005): Patent Protection
 - Establishment of IP High Court, Establishment of IP departments in universities, Patent Exam Expediting Law, Amendment of Inventors Remuneration Clause
 - 2nd Phase (2006-2008): Global Patent Protection
 - Patent Prosecution Highway, Int'l Standards Strategy, etc.
 - 3rd Phase (2009-2013): Exploitation
- Publicize IP Strategic Program (IPSP) annually

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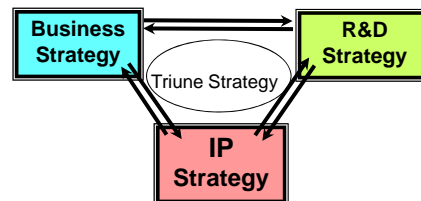


Japanese Corporations' IP Activity Changes

-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

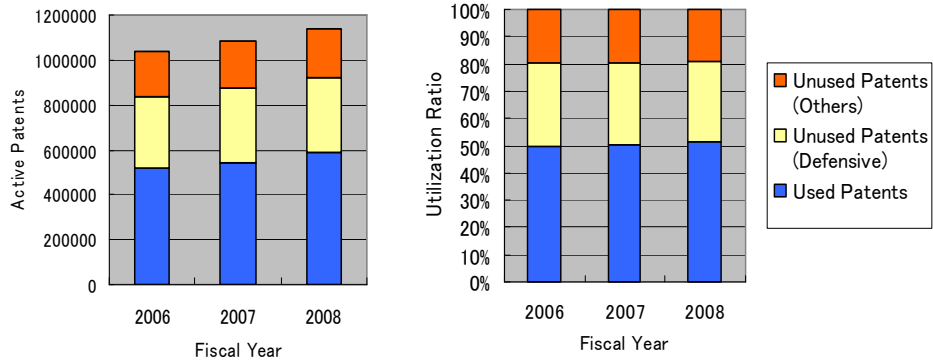
3. Focusing on strategic obtaining of patent rights



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IP Utilization in Japan - Patents

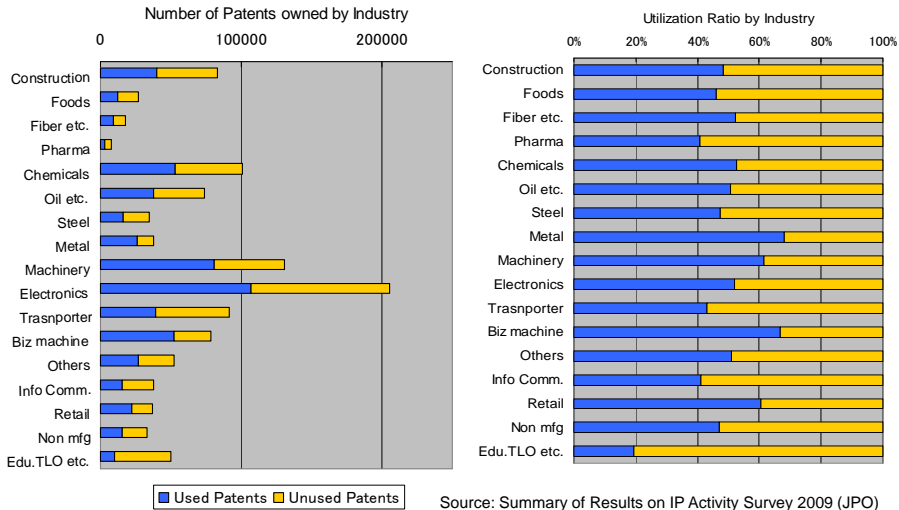


Source: Summary of Results on IP Activity Survey 2009 (JPO)
http://www.jpo.go.jp/shiryoutoukei/pdf/h20_tizai_katudou/kekka.pdf

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IP Utilization in Japan – Patents (by industry)

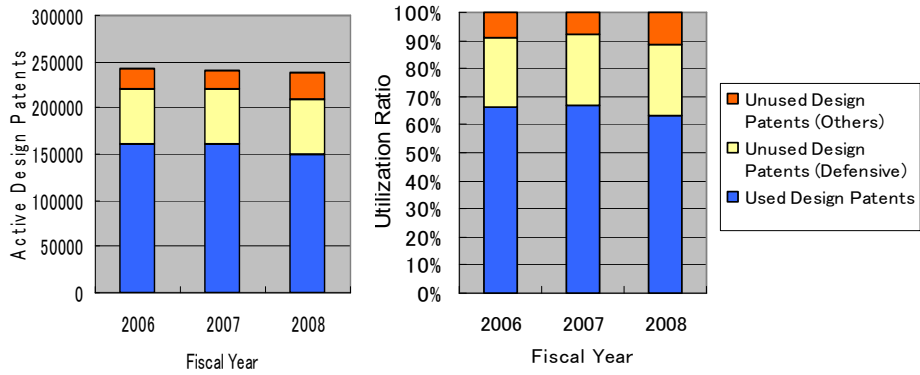


Source: Summary of Results on IP Activity Survey 2009 (JPO)
http://www.jpo.go.jp/shiryoutoukei/pdf/h20_tizai_katudou/kekka.pdf

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IP Utilization in Japan – Design Patents



Source: Summary of Results on IP Activity Survey 2009 (JPO)
http://www.jpo.go.jp/shiryoutoukei/pdf/h20_tizai_katudou/kekka.pdf

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IP Utilization in Japan - Trademarks

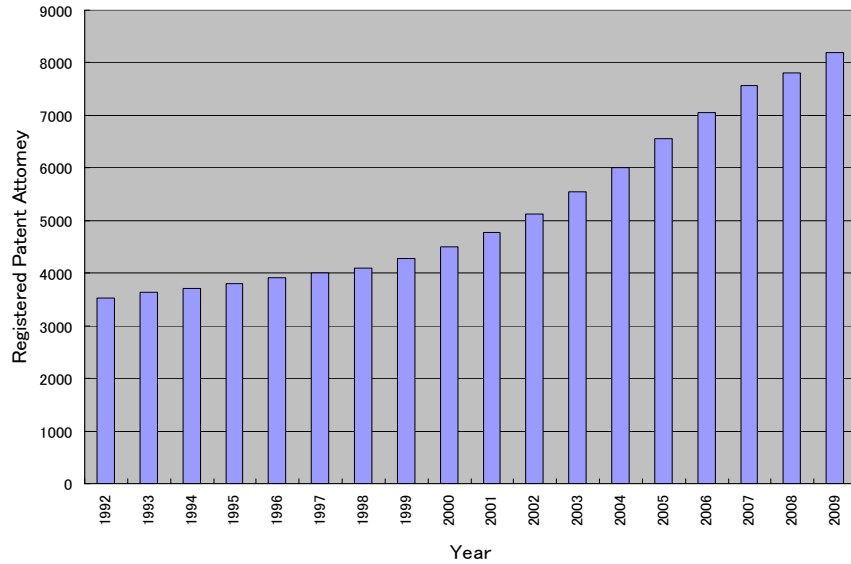


Source: Summary of Results on IP Activity Survey 2009 (JPO)
http://www.jpo.go.jp/shiryoutoukei/pdf/h20_tizai_katudou/kekka.pdf

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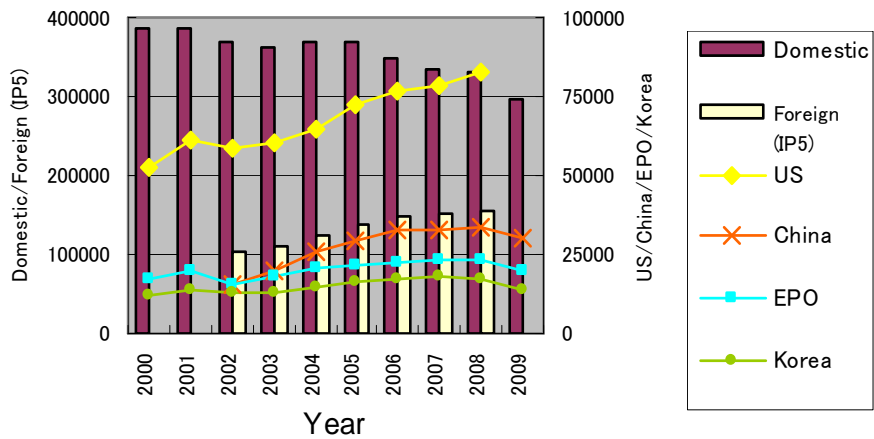
Number of Registered Japanese Patent Attorneys



Source: <http://www.jpo.go.jp/shiryoutoushin/nenji/nenpou2010/toukei/6-3-1.pdf>



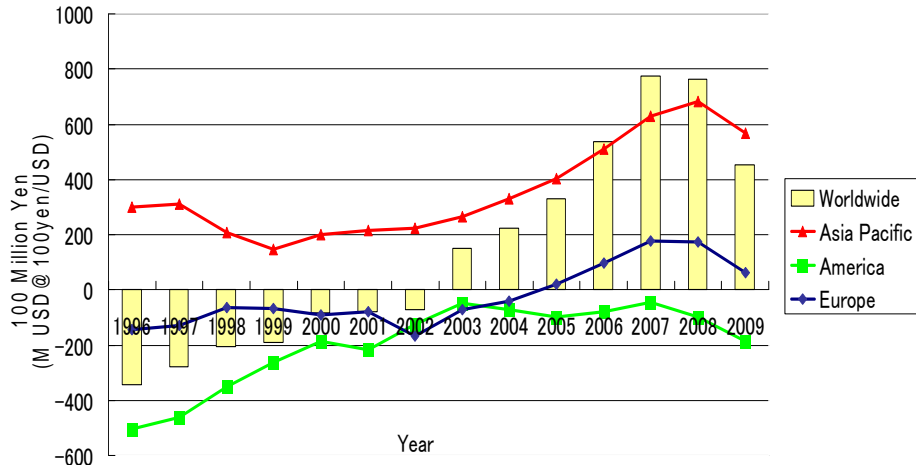
Japanese Companies' Patent Filings



Prepared from data in JPO Patent Administration Annual Reports 2006, 2010



Japan's Balance of Royalties and License Fees



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

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Amount awarded by Courts in Japan (Patents)

	Amount [*100 yen]	Decision Date	Plaintiff	Invention	Memo
1	74,166,800	3/19/2002	Aruze	Slot machine	Later invalidated by JPO
2	30,593,600	10/12/1998	Smith Kline	Cimetidine	
3	17,862,040	2/26/2010	Bridgestone	Golf ball	
4	17,031,548	6/30/2010	Sammy et al	Slot machine	
5	15,474,431	3/26/2003	Toshiba Tech	Massage chair	Amount reduced <1/100 by IPHC
6	14,984,791	1/28/2010	Ishida	Weigher	
7	12,744,000	6/27/2002	Shinwa	Foreign object remover	
8	11,968,995	5/27/2004	Tomita Pharma	Perfusion material	
9	9,887,000	3/19/2002	Aruze	Slot machine	
10	9,360,000	8/27/2009	Kureha	Kremezin	
	7,288,136	3/25/1994	Res Institute for Med and Chem	Vitamine D	Later invalidated by JPO
	2,402,920	7/24/1968	Yokoyama Industry et al	Hard material crusher	

Prepared from the following sources

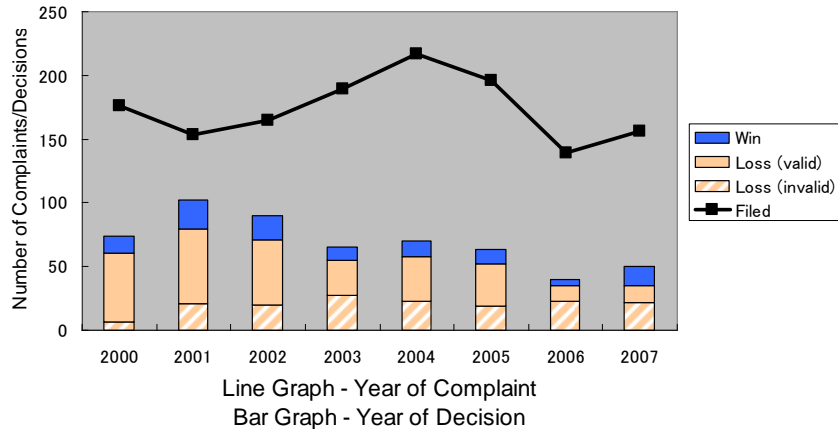
•1960-1995 1995 Report on Research as to the proper civil remedies for IP infringement: Patents and Utility Models (Institute of Intellectual Property: IIP)
 •1996-2005.6 <http://www.jpo.go.jp/shiryoutoushin/chousa/pdf/zaisanken/17funsou.pdf>
 •2005.7- IP Case Law Search System at http://www.courts.go.jp/search/jhsp0010?action_id=first&hanreiSrchKbn=07
 •2002-2009 http://www.fujino-po.com/d_list/decision_list.htm

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Patent Lawsuits in Japan

Patent Infringement Lawsuits in District Courts



Source: http://www.rieti.go.jp/en/columns/a01_0242.html

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Recent Government Discussions on IP Policy

- Industrial Structure Council, IP Policy Meeting in March 2010
http://www.jpo.go.jp/shiryu/toushin/shingikai/pdf/tizai_bukai_13_paper/siryu_01.pdf
 - Change of environment surrounding IP Policy
 - Advancement of Open Innovation
 - Active overseas 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
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

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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

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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.

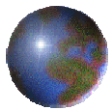
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Summary

- 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.

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Creating IP Vision For the World