



GLOBAL EXPANSION GUIDEBOOK

IPT

Japan



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INTRODUCTION

Welcome to the 2024 edition of DLA Piper's *Global Expansion Guidebook – Intellectual Property and Technology*.

GLOBAL EXPANSION GUIDEBOOK SERIES

Many companies today aim to scale their businesses globally and into multiple countries simultaneously. In order to help clients meet this challenge, we have created a handy set of global guides that cover the basics companies need to know. The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, equity compensation, intellectual property and technology, and tax laws in key jurisdictions around the world.

INTELLECTUAL PROPERTY AND TECHNOLOGY

Inside this guide, we outline crucial aspects of IPT laws in over 40 jurisdictions that are particularly relevant to businesses seeking to expand their operations globally. We also summarize some fundamental commercial terms that customarily appear in IPT-related agreements.

You will find answers to such common questions as:

- Which jurisdictions recognize moral rights?
- What does my business need to do to have an enforceable assignment of intellectual property from an employee, from a consultant?
- What kind of liability can be excluded from a commercial contract?

With this edition, we've also included a section for each country that discusses the enforceability of electronic signatures.

Our goal is to make the guide as readable and informative as possible, providing you just the background you need to get an overview of the IPT laws in the selected jurisdictions. This is not a substitute for professional legal advice. If you have questions regarding specific matters, we encourage you to contact one of our contributors listed in the contributors section of this guide. With nearly 500 dedicated IPT lawyers around the globe, DLA Piper's IPT group is ready to handle your legal needs wherever you do business.

Also, please note that the guide's use of the term "trademarks" also refers to service marks, unless specifically addressed separately. The summary of intellectual property covers only the most commonly used categories worldwide (for example, we have not addressed plant patents). We have also referred to international treaties and conventions with their most commonly used names and not their formal titles (such as the TRIPS Agreement, the Berne Convention, the Paris Convention and the Patent Cooperation Treaty).

We hope that you find this guide valuable and we welcome your feedback.

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This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

DLA Piper and any contributing law firms accept no liability for errors or omissions appearing in this publication and, in addition, DLA Piper accepts no liability at all for the content provided by the other contributing law firms. Please note that intellectual property and technology law is dynamic, and the legal regime in the countries surveyed could change.

JAPAN



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INTELLECTUAL PROPERTY FRAMEWORK

Overview

Intellectual property rights including patent right, utility model right, design right, copyright, trademark right and trade secrets are specified and protected under each relevant intellectual property law.

COMMERCIAL CONTRACT FRAMEWORK

Overview

Contracts including commercial contracts are interpreted and enforced in accordance with the Civil Code (Act No. 89 of 1986), any other related laws, specified rules and regulations such as the Commercial Code (Act No. 48 of 1899) and court precedents.

COPYRIGHTS

Nature of right

Works created by an author are protected subject to certain exceptions specified in the Copyright Act, such as private use, citations and school text book use. "Works" means a production in which thoughts or sentiments are creatively expressed and which falls within the literary, academic, artistic or musical domain.

No fixation to a tangible medium (except for movies) or registration is required.

The copyright arises and is protected from the moment of creation.

Copyright owners have the exclusive right to reproduce, publicly perform, screen, transmit, recite, exhibit or distribute, transfer, lend reproductions, translate, adapt the work and use derivative works.

Moral rights of an author and neighboring rights are recognized under the Copyright Act.

Legal framework

The Copyright Act (Act No. 48 of 1970) (the Copyright Act) governs copyrights.

Japan became signatory to Berne Convention in 1899, to Universal Copyright Convention in 1956, International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations in 1989, Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms in 1978, Agreement on Trade-Related Aspects of Intellectual Property Rights in 1994, World Intellectual Property Organization Copyright Treaty in 2000 and World Intellectual Property Organization Performances and Phonograms Treaty in 2002.

Duration of right

Copyright protection lasts for the life of the author plus an additional 70 years. Some special calculations are applicable for copyrightable works made before or during the Second World War.

For an anonymous work or a pseudonymous work, the copyright lasts for a term of 70 years from its first publication, or a term of 70 years from the death of the author if the author is known, whichever expires first.

For a work owned by an entity (eg, work made for hire), the copyright lasts for a term of 70 years from the work's first publication. If it is not made public within the 70-year term, the copyright lasts for 70 years after the creation.

If a work is a movie, its copyright endures for a term of 70 years from its first publication. If the movie is not made public, the copyright lasts for 70 years after the creation of the movie.

Ownership / licenses

Exercise of a jointly owned copyright requires consent from the other joint owner(s) of the copyright. However, each joint owner cannot withhold consent without reasonable grounds.

Exclusive and non-exclusive licenses, as well as transfer of copyright are recognized. Moral rights are not transferrable and not waivable.

Remedies for infringement

No registration is required to seek remedies for infringement.

Monetary damages can be compensated. There are certain statutory presumptions to calculate damages but punitive damages are not available under Japanese law.

Injunctive relief, including seeking/preventing importation of infringing goods, is available as a remedy.

For moral rights, measures to correct and restore the honor and reputation of the author or performer are available (eg, publishing an apology in a newspaper).

Each joint owner can seek a remedy without the other owner's consent.

Criminal penalties are possible for infringement of copyright.

MASK WORKS / TOPOGRAPHIES

Nature of right

The layout-design of semiconductor integrated circuits is protected.

A semiconductor integrated circuit means a product having transistors or other circuitry elements inseparably formed on the surface of a semiconductor material or an insulating material, or within a semiconductor material and designed to perform electronic circuitry functions.

Layout-design means a layout of circuitry elements in semiconductor integrated circuits and the lead wires connecting such elements.

Registration with the Software Information Center is required.

Owners have the exclusive right to manufacture, transfer, lease, display or import a semiconductor in which mask work is embodied for business.

An owner cannot assert its right against the same mask work that was independently developed.

Legal framework

The Act on the Circuit Layout of a Semiconductor Integrated Circuits (Act No. 43 of 1985) governs the protection of layout-designs of semiconductors.

Duration of right

The duration of protection is 10 years from registration, and no renewal or extension of duration is provided. The layout-design must be registered within 2 years of first commercial exploitation.

Ownership / licenses

If 2 or more persons jointly develop a mask work, all of them must jointly apply for registration.

Exclusive and non-exclusive licenses and transfers of mask works are recognized.

Joint ownership is permissible. Exclusive or non-exclusive licensing of the mask work, transferring or establishing pledge on the share of the mask work requires consent from all joint owners of the right.

Remedies for infringement

Monetary damages can be compensated. There are certain statutory presumptions to calculate damages but punitive damages are not available under Japanese law.

Injunctive relief, including seeking/preventing importation of infringing goods, is available as a remedy.

Each joint owner can seek a remedy without the other owner's consent.

Criminal penalties are possible for infringement of mask works.

PATENTS

Nature of right

Japanese law protects inventions (the highly advanced creation of technical ideas utilizing the laws of nature), utility models (the creation of technical ideas utilizing the laws of nature), and designs (shapes, patterns or colors, or any combination of these of an article having visual aesthetic attributes), and plant varieties.

A patent holder has the exclusive right to produce, use, transfer, sell, lease, offer for sale or lease, export or import the patented invention for business.

For utility and design patents and utility model rights, registration with the Japan Patent Office is required.

Legal framework

Inventions are protected by the Patent Act. (Act No. 121 of 1959).

Japan joined the Patent Cooperation Treaty in 1978 and Paris Convention in 1899.

Utility models are protected by the Utility Model Act (Act No. 123 of 1959).

Designs are protected by the Design Act (Act No. 125 of 1959).

Duration of right

For invention patents, the duration of protection is 20 years from filing date of application and up to 5 years extension, subject to certain requirements.

For utility model patents, the duration of protection is 10 years from application. No extension is available.

For design patents, the duration of protection is 25 years from filing date of application. No extension is available.

Ownership / licenses

Exclusive and non-exclusive licenses and transfers of patent rights are recognized.

Joint ownership is permissible. Exclusive or non-exclusive licensing of the patent right, transferring or establishing pledge on the share of the patent right requires consent from all joint owners of the patent right.

Remedies for infringement

Monetary damages can be levied. There are certain statutory presumptions to calculate damages but punitive damages are not available under Japanese law.

Injunctive relief, including seeking/preventing importation of infringing goods, is available as a remedy.

Measures are available to restore the business reputation of the patent holder and exclusive licensee (eg, publishing an apology in a newspaper).

Each joint owner can seek a remedy for infringement without the other owner's consent.

Criminal penalties are possible for patent infringement.

TRADEMARKS

Nature of right

A trademark means any letter(s), figure(s), sign(s), 3-dimensional shape(s), or any combination of these, or color(s), or any combination of these, or sound(s) and other certain item(s) which identifies and distinguishes the source of the goods or services from those of others.

A trademark holder has the exclusive right to use the trademark for the product or service.

Registration with the Japan Patent Office is required.

Legal framework

The Trademark Act (Act No. 127 of 1959) governs trademarks.

Japan joined the Madrid Protocol in 2000.

Japan joined the Trademark Law Treaty in 1997.

Duration of right

The duration of protection is 10 years from registration and renewable every 10 years.

Ownership / licenses

Exclusive and non-exclusive licenses and transfers of trademark are recognized.

Joint ownership is permissible. Exclusive or non-exclusive licensing of the trademark, transferring or establishing pledge on the share of the trademark requires consent from all joint owners of the trademark.

Remedies for infringement

Monetary damages can be levied. There are certain statutory presumptions to calculate damages but punitive damages are not available under Japanese law.

Injunctive relief, including seeking/preventing importation of infringing goods, is available as a remedy.

Measures are available to restore the business reputation of the trademark holder and exclusive licensee (eg, publishing an apology in a newspaper).

Each joint owner can seek a remedy for infringement without the other owner's consent.

Criminal penalties are possible for trademark infringement.

TRADE SECRETS

Nature of right

Illicit obtainment of trade secrets and use and disclosure of trade secrets for unjustified purposes are regulated under the Unfair Competition Prevention Act (UCPA)(Act No. 47 of 1993).

The UCPA defines trade secrets under a 3-prong test:

- i. Information is "technical or business information useful for business activities such as manufacturing or marketing methods"
- ii. Information is "managed as a secret" and
- iii. Information is "not publicly known."

Legal framework

The UCPA is the main governing law regarding trade secrets. The UCPA does not require any registration or filing of trade secrets to protect them.

Duration of right

There is no specific duration of right or protection period of time under the UCPA. As long as a trade secret falls under a trade secret defined under the UCPA, it will be protected as such by the UCPA.

Ownership / licenses

The UCPA is silent on joint ownership of and licensing of trade secrets. As long as these do not undermine trade secrets to meet the 3-prong test, the trade secrets will be still protected.

Remedies for infringement

Monetary damages can be levied. There are certain statutory presumptions to calculate damages but punitive damages are not available.

Injunctive relief is available as a remedy.

Criminal penalties are available for theft and use of trade secrets.

OTHER KEY IP RIGHTS

Nature of right

Not applicable for this jurisdiction.

Legal framework

Not applicable for this jurisdiction.

Duration of right

Not applicable for this jurisdiction.

Ownership / licenses

Not applicable for this jurisdiction.

Remedies for infringement

Not applicable for this jurisdiction.

INTELLECTUAL PROPERTY IN EMPLOYMENT CONTEXT

Employees

The "work for hire" doctrine is applicable to copyrights and mask works. The doctrine is also applicable to patents as long as it is agreed in the work rules or employment agreement that the work for hire patents are inherently owned by the employer in advance. Employees must be reasonably compensated by an employer for the work for hire patents, patent assignments or grant of an exclusive license. The law does not provide the compensation figures but certain factors to be taken into consideration are provided and the amount must be reasonable. For copyrights, a work must be made public under the name of an employer except for computer program related copyrights.

Even if an employer did not provide that patents created by employees are inherently owned by the employer from the moment of their creation in the work rules or employment agreement, statutes give an employer a right that is similar to a shop right within the scope of a non-exclusive license. This only applies to patents.

Consultants / contractors

In practice, consultants and contractors are often required to sign written agreements to assign all intellectual property related to their work for the company. Some courts have applied the concepts mentioned in "Employees" section above to consultants and contractors given the fact that relationship was an employment relationship due to misclassification (ie, disguised service/independent contractor agreement). It is recommended that written contracts expressly assign all intellectual property to the company retaining the consultant/contractor.

KEY COMMERCIAL CONTRACT CONSIDERATIONS

Registration of commercial agreements

There is no general registration requirement for commercial contracts. Material contracts of publicly-traded companies may require limited disclosure.

Patent license or trademark license for statutory exclusivity requires registration to be enforceable. Registration of non-exclusive licenses for trademarks is possible in order to put potential buyers of the trademarks on notice of the license. Such registration is, however, not required.

Registration of copyright licenses is not available in Japan, although transfer or assignment of copyrights can be registered to assert such assigned rights against third parties.

Recognized language of commercial agreements

Japanese language is used for consumer-facing commercial agreements though it is not mandatory for a contract to be enforceable. In business transactions, English agreements are not common but they are enforceable.

Country-specific issues for online content

Does not apply for this jurisdiction.

Enforceability of online/clickwrap/shrinkwrap terms

Online terms are generally considered enforceable if conspicuous and users have an opportunity to review terms in advance.

Under the Civil Code, terms of service or use would fall under the definition of the adhesion contract (i.e. template terms and conditions prepared by one party for agreements between unspecified counterparties which is expected to be used without variation). To have an adhesion contract legally binding, consents from counterparties to execute the adhesion contract is necessary. In addition, to amend adhesion contracts, the content of the amendment must be (i) beneficial for the counterparties or (ii) consistent with the original intention of the adhesion contract and its underlying rationale (several factors will be considered in making this determination), or the party shall get consents from counterparties.

The Electronic Contract Act (Act No. 95 of 2001) allows a consumer who had erroneous operation of a computer (eg, accidental click) to cancel the contract if the company does not take appropriate measures (eg, easily understandable order confirmation display) for the consumer to reconfirm the details of the order before the final click.

Governing law

Choice of governing law and venue for resolution of disputes specified in a contract is generally accepted and recognized by courts in Japan.

It should be noted that under Japanese conflict law, in consumer contracts, a consumer may require additional application of the law of the consumer's residence in addition to agreed governing law.

KEY COMMERCIAL CONTRACT TERMS

Enforceability of warranty disclaimers

Warranty disclaimers are generally enforceable unless sellers are aware of a defect in the product(s) at the time of sale.

For disclaimers against consumers, even if the seller is not aware of a defect in the product(s) at the time of sale, comprehensive disclaimers are not enforceable under the Consumer Contract Act (CCA) (Act No. 61 of 2000).

Enforceability of exclusions/limitations of liability indemnification

Exclusions and limitations of liability are usually enforceable unless they are grossly unfair. In consumer contracts, full exclusions or partial exclusions in case of gross negligence or willful misconduct are unenforceable under the CCA.

Indemnification

The concept of indemnification does not exist under Japanese law. Instead, a contract party will be entitled to certain remedies upon breach of contract, such as damage claims and specific performance. Separately, damage claims are also available in tort cases.

Either in contract or in tort, if a party seeking compensation for monetary damages was also negligent, a Japanese Court may consider reducing damages under the concept of comparative negligence.

Electronic signatures

Act No. 102 as of 2000 on Electronic Signatures and Certification Business (Act) provides details regarding the enforceability of electronic signatures of individuals. Under the Act, documents with electronic signatures that meet certain requirements are acknowledged as authentically created by the signatories and are admissible as evidence in civil litigation. Electronic signatures are also available for corporations. Electronic signatures have been used in both public and private sectors in Japan, such as tax filings, biddings and commercial transactions.

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