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RESTRICTED

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**Council for Trade-Related Aspects
of Intellectual Property Rights**

Original: English

REVIEW OF LEGISLATION ON ENFORCEMENT

Replies from Japan to questions from the European Communities
and their Member States¹, Hong Kong-China² and the United States³

The following communications, dated 3 November 1997, have been received from the Permanent Mission of Japan.

I. REPLIES TO QUESTIONS POSED BY THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

1. *Could the Government of Japan please clarify the following. What is the prevailing interpretation of "technical and business secrets" in Article 281 of the Japanese Code of Civil Procedure by courts and legal doctrine in Japan? Does it effectively prevent that any type of confidential information would be required to be submitted by a party to civil proceedings against that party's will? If so, could the Government of Japan please explain how and on what legal basis such confidential information would be protected (Article 43.1 of the TRIPS Agreement)?*

It is understood that under Article 281 of the current Code of Civil Procedure, "technical secret" means things which would lose values in case the secret might be revealed and "business secret" means things which would give grave economic impacts on the business, causing maintenance of the business impossible or enormously difficult in such a case.

Article 281 of Code of Civil Procedure provides for legitimate refusal of testimony and obligatory production of documents provided for in Article 312 is restrictive. These provisions ensure that parties are not forced to present secret information against their will. Please refer to responses 3 and 4 to the Checklist of Issues on Enforcement in this respect⁴.

¹IP/C/W/80.

²IP/C/W/81.

³IP/C/W/83.

⁴IP/N/6/JPN/1.

2. *Please explain the procedure and the legal basis pursuant to which a Japanese court has the authority to grant an injunction preventing the entry into the channels of commerce in Japan of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods (Article 44.1 of the TRIPS Agreement)?*

A Japanese court has the authority to issue an injunctive order based on the right of injunction (Article 100 of Patent Law, Article 112 of Copyright Law and the like) of the right holder of the intellectual property when a lawsuit is instituted by the applicant. In addition, the court has the authority to issue a provisional order under Code of Civil Preservative Procedures to preserve such right of injunction. Please refer to responses 10 and 11 to the Checklist of Issues on Enforcement in this respect⁵.

3. *Please explain how, in practice, Japanese legislation implements Article 45.1 of the TRIPS Agreement with respect to the obligation that damages of the right holder for the injury he/she has suffered should be compensated adequately.*

A person who infringes a right of the right holder of intellectual property knowingly or by negligence is obliged to compensate damages (Article 709 of the Civil Code). In addition provisions concerning presumption of damages and of negligence are set out in the Patent Law or other laws on intellectual property rights. Please refer to response 5 to the Checklist of Issues on Enforcement for more detailed information⁵.

4. *In ordering the type of remedies described in Article 46 of the TRIPS Agreement, will a Japanese court take into account the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties? Please explain how and on what legal basis this is done (Article 46 of the TRIPS Agreement).*

Although there are no expressly stated provisions in the laws, it is commonly accepted that court should consider the necessity to strike a balance between seriousness of the infringement and the remedies ordered as well as the interests of third parties when the court orders remedial measures in Article 46 of the TRIPS Agreement.

5. *Is it the case that pursuant to the Japanese Trademark Law it would be sufficient, with regard to counterfeit trademark goods, to remove the trademark unlawfully affixed to permit release of the goods into the channels of commerce in Japan? Please explain (Article 46 of the TRIPS Agreement).*

In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed is not sufficient for Japanese customs authorities to permit release of the goods into the channels of commerce in Japan.

6. *In what circumstances would an official be held personally liable to appropriate remedial measures for actions taken in the administration of any law pertaining to the protection or enforcement of intellectual property rights? Would a public authority be liable to appropriate remedial measures in circumstances other than the illegal exercise of public power, e.g. where an official has acted negligently? If so, please explain the conditions and the legal basis for such liability (Article 48 of the TRIPS Agreement).*

With regard to the liability to be held by State or public entity, Article 1 of State Redress Law provides that State or public entity shall be liable for compensation to damages an official illegally incurred to others knowingly or by negligence in the course of exercising his authority.

⁵IP/N/6/JPN/1.

In addition Supreme court precedents have established that liability for compensation to victims shall be held by State, not by an official in person where he incurred damages to others knowingly or by negligence in the course of exercising his authority.

7. *Are there specific rules in Japanese law aimed at preventing, as a provisional measure against infringement, the entry into the channels of commerce of imported goods immediately after customs clearance? In the absence of such rules, please explain how such entry is prevented in practice (Article 50.1 of the TRIPS Agreement).*

A Japanese court has the authority to issue a provisional order under Code of Civil Preservative Procedure to preserve the right of injunction (Article 100 of Patent Law, Article 112 of Copyright Law and the like) of the right holder of the intellectual property upon request of the applicant. Please refer to responses 10 and 11 to the Checklist of Issues on Enforcement in this respect⁶.

8. *Could the Government of Japan please clarify when a notice of an order for a preliminary injunction inaudita altera parte must be served on the parties affected and what the legal basis is for this requirement (Article 50.4 of the TRIPS Agreement).*

Article 17 of Code of Civil Preservative Procedure provides that preservative order shall be served to interested parties. Furthermore court rulings do not go into effect until they have been notified to interested parties under Article 204(1) of Code of Civil Procedure and preservative order under Code of Civil Preservative Procedure is one of such "ruling".

Therefore when preservative order of provisional injunction is issued, such an order is to be served immediately.

9. *Please explain the procedure and the legal basis pursuant to which a provisional measure to preserve relevant evidence in regard to an alleged infringement, as referred to in Article 50.1(b) of the TRIPS Agreement, shall, at the request of the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period (Article 50.6 of the TRIPS Agreement).*

When a preservative order under Code of Civil Preservative Procedure has been issued, a court shall fix a certain reasonable period and order an applicant, upon request of a defendant:

- (a) to bring a lawsuit on the merits and to present a written document proving such a fact; or
- (b) where a lawsuit on the merits has already been brought, to present a written document proving such a fact, within such prescribed period. In this context, unless the applicant presents the written document within such prescribed period, a defendant may request to revoke the preservative order to the court. (Article 37(1)(3) of Code of Civil Preservative Procedure). Please refer to response 12 to the Checklist of Issues on Enforcement for general procedure on preservative order⁶.

⁶IP/N/6/JPN/1.

10. *Could the Government of Japan please clarify whether there exists any period within which customs authorities should inform a right holder who has lodged an application for the suspension of release by customs authorities of infringing goods, in cases they have accepted the application and, if so, what is the legal basis for this obligation (Article 52 of the TRIPS Agreement)?*

Although there does not exist any provision on "reasonable time", the customs authorities make notification to right holders as expeditiously as possible.

11. *Is there a requirement under Japanese law that the importer and the applicant shall be promptly notified of the suspension of the release of goods pursuant to Article 51 of the TRIPS Agreement and, if so, what is the legal basis? Please explain (Article 54 of the TRIPS Agreement).*

In cases where the customs authorities believe that there are any goods that correspond to goods which infringe on intellectual property rights, the customs authorities shall suspend such goods and take the identification procedure to identify whether they correspond to goods which infringe on intellectual property rights or not. In this situation, the customs authorities shall notify the importer and the right holder to the effect that they suspend the goods and take the identification procedure. (Article 21(4) of Customs Tariff Law)

12. *Please explain the procedure and the legal basis pursuant to which Japan has implemented Article 55 of the TRIPS Agreement.*

In Japan, "the competent authorities" stipulated in Article 55 of the TRIPS Agreement mean the customs authorities, and the customs authorities themselves initiate the proceedings leading to a decision on the merits of the case when they suspend goods. Therefore, there is no possibility that the customs authorities are not informed that initiation, and Article 55 of the TRIPS Agreement is not applicable to Japanese case. The Directors-General of Customs shall give the right holder and the importer an opportunity to present evidences or to express opinions about the infringement of the goods. (Article 61ter(1) of the Cabinet Order for Enforcement of the Customs Tariff Law)

13. *Please explain which measures are available in Japanese law to ensure that any inspection of goods detained by customs authorities pursuant to Section 21bis, §4 of the Japanese Customs Tariff Law is without prejudice to the protection of confidential information (Article 57 of the TRIPS Agreement).*

Government officials in Japan including customs officers have obligation to keep secrets, where they must not disclose secrets they know through their official duty. Customs officers shall be present at the inspection site of suspicious goods and thus confidential information is carefully protected.

14. *Article 58 of the TRIPS Agreement lays down the conditions that need to be fulfilled where competent authorities act upon their own initiative in suspending the release of allegedly infringing goods. With regard to this "ex officio action" please clarify the following issues:*

- *Is there a requirement under Japanese law that the importer and the applicant shall be promptly notified of the suspension of the release of goods pursuant to Article 58(b) of the TRIPS Agreement and, if so, what is the legal basis? Please explain.*
- *Please explain the procedure and the legal basis pursuant to which Japan has implemented Article 55 of the TRIPS Agreement in conjunction with Article 58(b) of the TRIPS Agreement.*
- *In what circumstances would an official be held personally liable to appropriate remedial measures for actions taken in the administration of any law pertaining to the protection*

or enforcement of intellectual property rights? Would a public authority be liable to appropriate remedial measures in circumstances other than the illegal exercise of public power, e.g. where an official has acted negligently? If so, please explain the conditions and the legal basis for such liability (Article 58(c) of the TRIPS Agreement).

In cases where the customs authorities believe that there are any goods that correspond to goods which infringe on the right to which the application is not applicable (i.e. patent rights, utility model rights, industrial design rights or circuit layout rights) and the customs authorities conduct ex officio action, the customs authorities shall take the identification procedure.

The identification procedure in ex officio action is stipulated in the same provision and in the same manner as that for the application under Article 52 of the TRIPS Agreement (See reply No. 12).

The State Redress Law of Japan stipulates that State has obligation to pay reparation when officials illegally damage the other parties knowingly or by negligence (See reply No. 6).

15. *In ordering the type of remedies described in Article 59 of the TRIPS Agreement, will a Japanese court take into account the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties? Please explain how and on what legal basis this is done.*

In case where the customs authorities confiscate and destroy the goods which infringe on intellectual property rights, the customs authorities consider the proportionality between the seriousness of the infringement and the remedies ordered as well as the property right of the importer, and may admit voluntary disposal by the importer. (Article 21(2) of the Customs Tariff Law)

16. *Please explain the procedure and the legal basis pursuant to which counterfeit trademark goods shall not be allowed to be re-exported in an unaltered state or be subjected to a different customs procedure, other than in exceptional circumstances (Article 59 of the TRIPS Agreement).*

In order to re-export the goods which are identified to be goods which infringe on trademark right as a result of the identification procedure, the importer shall obtain approval of exportation in accordance with the Article 2 of the Cabinet Order of Control of Exportation. As such goods shall not be able to obtain approval of re-exportation in an unaltered state even if they apply it, there is no possibility that the goods are to be re-exported in an unaltered state. Furthermore, there is no way to subject them to a different customs procedures (Article 2 of the Cabinet Order of control of exportation, Appendix 2-45).

17. *Are imports of a non-commercial nature excluded from the application of the border measures set out in Part III, Section 4 of the TRIPS Agreement, as implemented by the Japanese Customs Tariff Law, irrespective of the number of goods involved and their manner of importation (Article 60 of the TRIPS Agreement)?*

The border enforcement applies only to the goods imported on the commercial basis, and thus does not apply to small quantities of goods of non-commercial nature carried by passengers or sent in small consignment for personal use.

18. *With regard to cases that involve the infringement of intellectual property, could the Government of Japan provide data on the number of:*

- *law suits that have been filed including their respective outcome and the average length from the filing of a complaint until the final judgement;*

- *injunctions that have been issued (as defined in Article 44 of the TRIPS Agreement) and explain how such injunctions are being enforced;*
- *provisional measures (as defined in Article 50 of the TRIPS Agreement) that have been granted and the average length to obtain such measures (from the request);*
- *suspensions at the border of counterfeit trademark/pirated copyright goods or in relation to goods where other intellectual property rights are infringed;*
- *criminal cases including the sentences that have been applied; whether they have been executed; and please also explain what kind of infringement of an intellectual property right would be regarded as a violation of criminal law;*
- *seizures and/or destruction of counterfeit trademark and pirated copyright goods.*

Furthermore, could the Government of Japan explain and give practical examples of:

- *how the compensation for damages of the infringement of intellectual property rights is calculated (Article 45.1 of the TRIPS Agreement);*
- *what would be regarded as "expenses of the right holder" which have to be reimbursed pursuant to Article 45.2, first half of the first sentence, of the TRIPS Agreement and how they would be calculated;*
- *whether attorney's fees can be reimbursed and how such fees would be calculated;*
- *whether Article 45.2, second sentence, of the TRIPS Agreement has been implemented in Japan and how such "damages" would be calculated?*

(Reply to question 18, paragraphs 1-3)

According to the Annual Report of Judicial Statistics for 1996, the number of civil lawsuits on intellectual property rights which completed the first instances at district courts were 431, in 112 of which the judgements were rendered. Among those 112 cases, the court admitted the plaintiffs' claims in 56 cases (which includes three "default judgements" rendered by the reason of the defendants' non-appearance to the oral proceedings), rejected the plaintiffs' claims in 53 cases, and dismissed three lawsuits as illegal.

The number of civil lawsuits on intellectual property rights which completed "Koso appeal" (first appeal) instances at high courts were 87, in 57 of which the judgements were rendered. Among those 57 cases, the court dismissed the appeal in 50 cases, revoked the first judgement and rendered its own judgement in seven cases.

The number of civil lawsuits on intellectual property rights which completed "Jokoku appeal" (second appeal) instances at Supreme Court were 20 cases, in all of which cases the court dismissed the Jokoku appeal.

There are no available statistical data of the details of the claims in the lawsuits, e.g. compensation of the damages or injunctions.

According to the Annual Report, the actual duration of proceedings of civil lawsuits on intellectual property rights at each instance is as follows:

- Among 431 district court cases as first instance, eight were completed within one month, 18 within two months, 28 within three months, 43 within six months, 63 within one year, 121 within two years, 78 within three years, 28 within four years, 18 within five years, and 26 over five years.
- Among 87 high court cases as Koso appeal instance, two were completed within one month, four within three months, five within six months, 35 within one year, 27 within two years, 11 within three years, two within four years, and one within five years.
- Among 20 Supreme Court cases as Jokoku appeal instance, one was completed within three months, one within six months, one within one year, eight within two years, four within three years, and five within five years.

No other available statistical data than the above-mentioned ones on lawsuits related to intellectual property rights, e.g., average length from the filing of a complaint to the final judgement, the number of issued injunctions, the number of granted provisional measures, and the average length to obtain provisional measures, etc., can be found.

Please refer to responses 8 and 13 to the Checklist of Issues on Enforcement⁷ which show statistical data on civil cases in general (the number of lawsuits, pendency period for lawsuit, and pendency period for provisional measures, etc., in district court.).

(Reply to question 18, paragraph 4)

Import suspension cases by rights

	91	92	93	94	95	96
Patent	2	1	4	9	9	4
Utility Model	7	2	18	52	29	22
Design	35	77	117	196	194	107
Trademark	1154	618	390	445	1114	3240
Copyright	76	64	123	125	73	113
Total	1274	762	652	827	1419	3486

Notes:

1. The table does not include suspensions related to personal effects.
2. Declarations that cover plural rights are counted as plural.

⁷IP/N/6/JPN/1.

(Reply to question 18, paragraph 5)

According to the Annual Report of Judicial Statistics, the number of persons, including legal entity, involved in criminal cases are as follows:

1992	first instance:	copyright 22, trademark 24
	appeal (Koso):	none
	second appeal (Jokoku):	copyright 1
1993	first instance:	copyright 21, patent 6, trademark 34
	appeal (Koso):	copyright 2, trademark 6
	second appeal (Jokoku):	trademark 4
1994	first instance:	copyright 17, trademark 23
	appeal (Koso):	copyright 4, trademark 2
	second appeal (Jokoku):	trademark 2
1995	first instance:	copyright 17, industrial design 2, trademark 32
	appeal (Koso):	none
	second appeal (Jokoku):	copyright 2
1996	first instance:	copyright 13, trademark 47
	appeal (Koso):	trademark 5
	second appeal (Jokoku):	none

While Criminal Law itself does not specify infringement of intellectual property rights, crimes and penalties are stipulated in legislation of each intellectual property right as follows.

(1) Patent, Utility Model, Design, Trademark

Any person who has worked a patented invention without authority, or undertaken an act which is deemed to be an infringement according to Article 101 of the Japanese Patent Law, shall be automatically liable to a criminal penalty according to Article 196 of the Japanese Patent Law.

The same is stipulated in for utility models, designs, trademarks in Article 56 of the Japanese Utility Model Law, Article 69 of the Japanese Design law, and Article 78 of the Japanese Trademark Law respectively.

"Working" of an invention, device, design, and "Using" of trademark is stipulated in paragraph 3 of Article 2 of the Japanese Patent Law, paragraph 3 of Article 2 of the Japanese Utility Model Law, paragraph 3 of Article 2 of the Japanese Design Law, and paragraph 3 of Article 2 of the Japanese Trademark Law respectively (see the reference). The acts deemed to be infringements for patents, utility models, designs, trademarks are stipulated in Article 101 of the Japanese Patent Law, Article 28 of the Japanese Utility Model Law, Article 38 of the Japanese Design Law, and Article 37, 67 of the Japanese Trademark Law respectively (see the reference below).

Reference

Patent

"Working" of an invention in the Japanese Patent Law means the following acts:

- (a) in the case of an invention of a product, acts of manufacturing, using, assigning, leasing, importing or offering for assignment or lease (including displaying for the purpose of assignment or lease - hereinafter the same) of, the product;
- (b) in the case of an invention of a process, acts of using the process;
- (c) in the case of an invention of a process of manufacturing a product, acts of using, assigning, leasing, importing or offering for assignment or lease of, the product manufactured by the process, in addition to the acts mentioned in the preceding paragraph.

Acts deemed to be infringements of a patent right in the Japanese Patent Law mean the following acts:

- (a) in the case of a patent for an invention of product, acts of manufacturing, assigning, leasing, importing or offering for assignment or lease of, in the course of trade, articles to be used exclusively for the manufacture of the product;
- (b) in the case of a patent for an invention of a process, acts of manufacturing, assigning, leasing, importing or offering for assignment or lease of, in the course of trade, articles to be used exclusively for the working of such invention.

Utility Model

"Working" of a device in the Japanese Utility Model Law means acts of manufacturing, using, assigning, leasing, importing or offering for assignment or lease (including displaying for the purpose of assignment or lease - hereinafter the same) of, articles embodying the device.

Acts deemed to be infringements of a design right in the Japanese Utility Model Law mean the following acts:

- Acts of manufacturing, assigning, leasing, importing or offering for assignment or lease of, in the course of trade, article to be used exclusively for the manufacture of the article covered by the registered utility model shall be deemed to be an infringement of the utility model right or exclusive licence.

Design

"Working" of a design in the Japanese Design Law means any act of manufacturing, using, assigning, leasing, importing or offering for assignment or lease (including displaying for the purpose of assignment or lease - hereinafter the same) of, articles to which the design has been applied.

Acts deemed to be infringements of a design right in the Japanese Patent Law mean the following acts:

- Acts of manufacturing, assigning, leasing, importing or offering for assignment or lease of, in the course of trade, things to be used exclusively for the manufacture of the article to which the registered design or a design similar thereto has been applied shall be deemed to be an infringement of the design right or exclusive licence.

Trademark

"Use" with respect to a mark in the Japanese Trademark Law means any of the following acts:

- (a) acts of applying the mark on the goods or their packaging;
- (b) acts of assigning, delivering, displaying for the purpose of assignment or delivery, or importing, the goods on which or on the packaging of which a mark has been applied;
- (c) acts of applying mark to articles for use by persons to whom the services are provided (including articles assigned or leased - hereinafter the same) when providing services;
- (d) acts of providing services by use of articles to which a mark has been applied for use by persons to whom the services are provided when providing services;
- (e) acts of displaying, for the purpose of providing services, articles to which a mark has been applied and supplied for use in the provision of services (including articles for use by persons to whom the services are provided when providing services - hereinafter the same);
- (f) acts of applying a mark to articles related to the provision of such services belonging to persons to whom the services are provided when providing services;
- (g) acts of displaying or distributing advertisements relating to the goods or services, price lists or business papers with respect to the goods or articles on which a mark has been applied.

Acts deemed to be infringements of a trademark right in the Japanese Trademark Law mean the following acts:

- (a) use of a trademark similar to the registered trademark in respect of the designated goods or designated services, or use of the registered trademark or of trademark similar thereto in respect of goods or services similar to the designated goods or designated services;
- (b) acts of holding, for the purpose of assignment or delivery, designated goods, or goods which are similar to the designated goods or designated services and to which or on the packaging of which the registered trademark or a trademark similar thereto has been applied;
- (c) acts of holding or importing articles which are for use by persons to whom the services are provided and to which the registered trademark or a trademark similar thereto has been applied, in the provision of the designated services, or of services similar to the designated services or designated goods, for the purpose of using such articles in the provision of such services;

- (d) acts of assigning or delivering articles which are for use by persons to whom the services are provided and to which the registered trademark or a trademark similar thereto has been applied, in the provision of the designated services, or services similar to the designated services or designated goods, for the purpose of causing such articles to be used in the provision of such services, or acts of holding or importing such articles for the purpose of assigning or delivering them;
- (e) acts of holding articles bearing a reproduction of the registered trademark or a trademark similar thereto for the purpose of using such trademark in respect of the designated goods or designated services or of goods or services similar thereto;
- (f) acts of assigning or delivering, or of holding, for the purpose of assignment or delivery, articles bearing a reproduction of the registered trademark or a trademark similar thereto, for the purpose of causing such trademark to be used in respect of the designated goods or designated services or of goods or services similar thereto;
- (g) acts of manufacturing or importing articles bearing a reproduction of the registered trademark or a trademark similar thereto for the purpose of using such trademark, or causing it to be used, in respect of the designated goods or designated services or of goods or services similar thereto;
- (h) acts of manufacturing, assigning, delivering or importing, in the course of trade, articles to be used exclusively for manufacturing goods bearing a reproduction of the registered trademark or a similar trademark.

The following acts shall be deemed to be an infringement of the principal trademark right or a right of exclusive use:

- (a) use of a registered defensive mark in respect of the designated goods or designated services;
- (b) acts of holding, for the purpose of assignment or delivery, the designated goods on which or on the packaging of which the registered defensive mark has been applied;
- (c) acts of holding or importing articles which are for use by persons to whom the services are provided and to which the registered defensive mark has been applied, in the provision of the designated services, for the purpose of using such articles in the provision of such services;
- (d) acts of assigning or delivering articles which are for use by persons to whom the services are provided and to which the registered defensive mark has been applied, in the provision of the designated services, for the purpose of causing such articles to be used in the provision of such service, or acts of holding or importing such articles for the purpose of assigning or delivering them;
- (e) acts of holding goods bearing a reproduction of the registered defensive mark for the purpose of using such a mark in respect of the designated goods or designated services;
- (f) acts of assigning or delivering, or of holding for the purpose of assignment or delivery, goods bearing a reproduction of the registered defensive mark, for the purpose of causing such defensive mark to be used in respect of the designated goods or designated services;

- (g) acts of manufacturing or importing goods bearing a reproduction of the registered defensive mark for the purpose of using such defensive mark, or causing it to be used, in respect of the designated goods or designated services.

(2) The Layout of a Semiconductor Integrated Circuit

Article 51 of the Act Concerning the Layout of a Semiconductor Integrated Circuit provides that any person who infringes on a layout right or a sole use right shall be punished penal servitude not exceeding three years or a fine not exceeding one million yen.

Furthermore, any person who has obtained registration for establishment by fraud shall be punished penal servitude not exceeding one year or a fine not exceeding three hundred thousand yen (Article 52).

(3) Unfair Competition Prevention Law

Article 13 of the Japanese Unfair Competition Prevention Law provides that any person who falls under any of the following items shall be sentenced to imprisonment for a term not exceeding three years or fined an amount not exceeding ¥3,000,000:

- (a) a person who commits, for an unfair purpose, any act of unfair competition described in Article 2(1)(I) or (X);
- (b) a person (excluding a person described in the preceding item) who indicates a falsehood on goods or for service, or in an advertisement or in a document or correspondence used for a transaction, which is likely to cause misleading, with respect to the place of origin, quality, contents, manufacturing method, use or quantity of such goods or the quality, contents, use or quantity of such service;
- (c) a person who violates any provision of Article 9 or Article 10.

Furthermore, in the case where a representative of a juridical person or an agent, servant or other employee of a juridical person or a natural person has committed, in connection with the business of such juridical or natural person, any of the violations described in the preceding article, in addition to the violator being penalized, such a juridical person shall be fined an amount not exceeding ¥100,000,000 and such a natural person shall be liable to the same fine described in the preceding article (Article 14).

(4) Copyright

According to the Copyright Law, crimes and penalties are stipulated as follows:

- (a) The following shall be punishable by imprisonment for a term not exceeding three years or a fine not exceeding three million yen:
 - (i) any person who infringes moral rights, copyright, right of publication or neighbouring rights;
 - (ii) any person who, for profit-making purposes, causes others to use automatic reproducing machines for such reproduction of works or performances, etc. as constitutes an infringement on copyright, right of publication or neighbouring rights (Article 119).

- (b) Any person who violates the provision of Article 60 (protection of moral interests after the author's death) shall be punishable by a fine not exceeding three million yen (Article 120).
- (c) Any person who distributes copies of works on which the true name or generally known pseudonym of a non-author is indicated as the name of the author (including copies of derivative works on which the true name or generally known pseudonym of a non-author of the original works is indicated as the name of the original author) shall be punishable by imprisonment for a term not exceeding one year or a fine not exceeding one million yen (Article 121).
- (d) Any person who violates the provisions of Article 48 or Article 102(2) (indication of sources) shall be punishable by a fine not exceeding three million yen (Article 122).

(Reply to question 18, paragraph 6)

The number of seizures of counterfeit trademark and pirated copyright goods are as follows.
(The available number of destruction cannot be found.)

	counterfeit trademark	pirated copyright
1992:	50,291	47,017
1993:	116,212	41,435
1994:	63,814	84,887
1995:	125,951	60,897
1996:	155,784	73,116

(Reply to question 18, paragraph 7)

In deciding damages incurred by infringement of intellectual property rights, a court considers veracity of arguments of parties on damages, taking whole purport of oral arguments as well as results of the investigation of evidences into account (Article 185 of Code of Civil procedure).

Furthermore, under the Patent and Copyright Law, etc., presumptive measures for damages is available as the case may be (Article 102 of the Patent Law, Article 114 of the Copyright Law, etc.). Please refer to response 5 to the Checklist of Issues on Enforcement in this respect⁸.

(Reply to question 18, paragraphs 8 and 9)

"Expenses for lawsuit" should be borne in principle by the losing party under Article 89 of Code of Civil Procedure. According to Article 2 of the Law concerning Costs of Civil Procedure, this "expenses for lawsuit" include filing fee, travel fee for the parties to come on the date of oral argument, and expenses necessary for investigation of evidence like travel fee for witness, but do not include attorney's fee.

(Reply to question 18, paragraph 10)

In Japan there are no provisions regarding intellectual property rights which authorize the judicial authorities to order recovery of profits or payment of pre-established damages even where the infringer, unknowingly and without reasonable grounds to know, engaged in infringing activity.

⁸IP/N/6/JPN/1.

II. REPLIES TO QUESTIONS POSED BY HONG KONG, CHINA

Replies to questions addressed to several Members, including Japan

Civil and Administrative Procedures and Remedies

1. *Is it correct to say that intellectual property infringement cases often end in the interim interlocutory stage? If yes, what seem to be the reasons? Is this desirable in the interest of justice?*

Article 136 of Code of Civil Procedure provides that a court may attempt to carry out a settlement at any stage of the suit. Rationale of this provision is that disputes in civil cases should not necessarily resolved by a decision, rather solution by satisfactorily compromising with each other might be desirable for some cases.

Annual Report of Judicial Statistics for 1996 shows that out 431 cases related to intellectual property rights which had been concluded at district courts nationwide in 1996, 224 cases had been concluded through settlement. Although reasons why the parties had reached settlement in intellectual property cases are unclear, settlement is generally valued as an effective alternative dispute resolution based on each party's agreement.

2. *In civil proceedings, are there any proof facilitation provisions which could create legal presumptions of intellectual property subsistence and ownership and thus could excuse the right owner from appearing in court and to testify these issues? If not, why?*

The provisions in question do not exist in the Japanese Patent Law, the Utility Model Law, the Design Law, the Trademark Law, the Act Concerning the Layout of a Semiconductor Integrated Circuit, and the Japanese Unfair Competition Prevention Law.

There is no need for any proof facilitation provisions which could create legal presumptions of intellectual property subsistence and ownership, because Article 66 and Article 98 of the Japanese Patent Law provides that establishments, transfers, and extinguishments of a patent right shall be of no effect unless they are registered, and the same is stipulated for utility models, designs, trademarks and circuit layout right.

Under the Japanese Unfair Competition Prevention Law, the term "undisclosed information (trade secret)" shall mean technical or business information useful in commercial activities, such as manufacturing or marketing methods, which is kept secret and not publicly known in this law (Article 2(4)). The subsistence and ownership of undisclosed information are judged at the court according this article.

Provisions in the Japanese Copyright Law relating to legal presumptions of intellectual property subsistence and ownership are listed as follows:

- A person, whose true name or well-known pseudonym is indicated in an ordinary manner as the author's name on his original work or when his work is offered to or made available to the public, shall be presumed to be the author of the work (Article 14).
- Where a contract for the transfer of copyright makes no particular reference to the rights mentioned in Article 27 (right of translation, adaptation, etc.) and 28 (right of

the original author in the exploitation of a derivative work), these rights shall be presumed to be reserved to the transferor (Article 61(2)).

- A person whose true name has been registered shall be presumed to be the author of the work concerned (Article 75(3)).

Under these presumptive provisions, a right shall be considered as being existent unless the opposite party proves facts contradictory to such existence. In the case where the opposite party were successful in disproof, the right holder must prove existence of the right. In addition, presumptive provisions do not exempt the parties from appearing in court.

Criminal Procedures

3. *Does any intellectual property enforcement agency have the legal power to seize and forfeit suspected infringing articles, whether or not a charge has been laid? If not, why?*

The police has the legal power to seize and forfeit suspected infringing articles, whether or not a charge has been laid, in the light of the principle of enforcement activities based on a warrant issued by judicial authorities (Articles 33, 35 of the Constitution of Japan).

4. *Is there a specialized criminal intellectual property enforcement agency? If not, what is the rationale?*

There is no specialized criminal intellectual property enforcement agency in the police, because sections in charge of community safety police matters in each prefectural police or police station nationwide are charged with intellectual property enforcement within their normal duty.

5. *In criminal proceedings, are there any proof facilitation provisions which could create legal presumptions of intellectual property subsistence and ownership and thus could excuse the right owner from appearing in court and to testify these issues? If not, why?*

The answer is the same as question 2, for criminal proceedings.

Concerning undisclosed information, the provisions in question do not exist in the Japanese Unfair Competition Prevention Law because no penal provision applies to the unfair acts concerning undisclosed information.

Reply to question addressed to Japan only

Is parallel import of articles infringing intellectual property rights (especially copyright) a criminal offence? If yes, please quote the relevant legislation or hallmark cases.

Under the Japanese Copyright Law, importation into this country, for distribution, of objects made by an act which would constitute an infringement on moral rights, copyright, right of publication or neighbouring rights if they were made in this country at the time of such importation shall be deemed to constitute an infringement (Article 113) and might be a criminal offence (Article 119). These provisions are applicable to parallel import.

In addition, importation of articles infringing industrial property rights constitutes a criminal offence to be penalized in Japan (Articles 2(3)(i), 68 and 196 of the Patent Law; Articles 2(3), 16 and 56 of the Utility Model law; Articles 2(3), 23 and 69 of the Industrial Design Law; Articles 2(3)(ii), 25 and 78 of the Trademark Law).

III. REPLIES TO THE QUESTIONS POSED BY THE UNITED STATES

General Obligations

1. *Please describe briefly the procedure that must be followed by a foreign party to initiate an enforcement procedure in each of the courts and administrative bodies identified in response to question 1 of the "Checklist of Issues on Enforcement" and cite the legal authorities establishing those procedures.*

Lawsuit shall be brought by filing a complaint in which the parties, legal representative, object of the claim and the cause are entered with the court (Articles 223, 224 of Code of Civil Procedure). In addition to that filing fee is required (Article 228 Code of Civil Procedure).

As for the control procedure by the administration authorities, any right holders may request the customs authorities to suspend the importation of the goods which infringe on their trademark right or copyright by lodging an application written in Japanese with the customs authorities. In case of the goods which infringe on patent right, utility model right, design right or circuit layout right, any right holder may submit a document written in Japanese to the customs authorities, which provides with the customs authorities information for facilitating their ex officio action (Article 21bis of the Customs Tariff Law).

2. *Please identify any requirement that a foreign party must meet to initiate a proceeding in the courts and administrative bodies identified in answer to question 1 that is not required of a national or resident of Japan and cite the legal authorities providing for those differences.*

Requirements for bringing a lawsuit as stated in answer to question 1 are the same whether the parties are Japanese or foreigners.

The right holder who is able to lodge an application with the customs authorities or submit a document which provides with the customs authorities information is not limited to Japanese or resident of Japan.

3. *Articles 41.1 and 48 of the TRIPS Agreement require establishment of safeguards against abuse of judicial and administrative enforcement procedures, including provision for adequate compensation for injury suffered because of such abuse. Please describe the means available under the law of Japan to prevent abuse of judicial and administrative procedures or to remedy damages suffered as a result of such abuse and cite the legal authorities for those means.*

In Japan, it is understood that the defendant can file for damages against the plaintiff when the lawsuit brought by the plaintiff is deemed illegal based on wilfulness or negligence under Article 709 of Civil Code.

4. *Please explain any provisions in the enforcement system in Japan that ensure expeditious remedies. In addition, please explain what provisions are available to prevent deliberate delays by the parties to a proceeding and indicate the circumstances in which such provisions will be applied.*

Although a time-limit for finalizing a lawsuit is not specified in the Law, the provision authorizing a presiding judge to set the date of oral argument ex officio (Article 152(1)(2) of Code of Civil Procedure), etc., may ensure expeditious remedies.

Furthermore, a court may reject, upon request or ex officio, offensive or defensive means which the parties have presented out of time knowingly or by a gross negligence before the court when such an act might cause delay of the conclusion of the case. (Article 139(1) of Code of Civil Procedure)

The Director-General of Customs conducts the identification procedure on the goods which are suspicious to infringe on intellectual property rights, and there is no possibility that such goods are permitted to be imported except when they are identified as goods which does not infringe on intellectual property rights or the right holder permits the importation of the goods. When the goods are identified as ones which infringe on intellectual property rights, the Director-General of Customs may confiscate and destroy them or order re-exportation of the goods to the importer. The identification procedure should be concluded within one month, as a benchmark, from the initiation of the identification procedure, and if this procedure is not finished within one month, the customs authorities shall notify the importer the reason why.

5. *Article 41.3 of the TRIPS Agreement requires that decisions on the merits of a case preferably be in writing, the better to determine the reasoning on which the decision is based. Please state whether judges or administrative officials must render their decisions in writing and cite the legal authorities requiring such written opinions.*

A court shall describe a decision, facts, issues, and reasons, etc. in writing at rendering a judgement (Article 191(1) of Code of Civil Procedure).

When the customs authorities identify that the goods infringe or do not infringe on intellectual property rights, the customs authorities send a document which notify of the importer and the right holder the result of the identification procedure (Article 21(6) of the Customs Tariff Law).

6. *Article 41.3 also requires that decisions on the merits of a case be based only on evidence in respect of which parties had an opportunity to be heard. Please explain what factors may be considered by a judge or administrative official in rendering a decision and cite the legal authorities establishing the basis on which judges and administrative officials may reach decisions.*

A court shall consider veracity of arguments of parties on facts, taking whole purport of oral arguments (a procedure both parties are entitled to be heard by the court) as well as results of the investigation of evidences into account (Article 185 of Code of Civil Procedure).

Article 61^{ter}(2) of the Cabinet Order for Enforcement of the Customs Tariff Law stipulates that when the customs authorities use submitted evidences for the foundation of the identification, they shall give the right holder and the importer an opportunity to express opinions about such evidences.

7. *Article 41.4 obligates WTO Members to provide for judicial review of certain judicial and administrative decisions in intellectual property enforcement proceedings. Please describe what legal limitations, if any, are placed upon the ability of a party to an intellectual property enforcement proceeding to have both procedural rulings and final decisions reviewed by a separate judicial authority, and cite the legal authorities providing for such reviews.*

A decision rendered by a summary court or a district court as a first instance may be appealed to a higher court (Article 360 of Code of Civil Procedure). A decision of an appellate court may further be appealed by reason of contradiction of the Constitution, or of the law clearly affecting the decision (Article 394 of Code of Civil Procedure). Please refer to response 1 of the Checklist of Issues on Enforcement for appellate court in specific cases⁹.

⁹IP/N/6/JPN/1.

Civil and Administrative Procedures and Remedies

8. *Article 42 requires that defendants be notified of enforcement proceedings brought against them. Please describe the procedures followed by courts for notifying defending parties regarding proceedings that have been initiated against them, indicate the information provided regarding the proceeding and cite the legal authorities establishing these procedures.*

When a lawsuit has been filed the complaint (see reply to question 1) shall be served to a defendant by a court (Article 229 of Code of Civil Procedure).

9. *Under Article 42, parties are to be entitled to substantiate claims and present relevant evidence. Please describe any limitations under the law of Japan on a party's ability to substantiate a claim or to present relevant evidence and cite the legal authority providing such limitations.*

Parties are, in principle, entitled to present offensive or defensive means before a court until closing of oral arguments (Article 137 of Code of Civil Procedure). Exceptions to this principle include offensive or defensive means presented out of time knowingly or by negligence (see Article 139(1) of Code of Civil Procedure as referred to in the reply to question 4.

10. *Article 42 requires, with one narrow exception, that there be a means to identify and protect confidential information during intellectual property enforcement proceedings. In IP/N/6/JPN/1, Japan states that "there are no circumstances under which confidential information may be required to be produced" and therefor protection for confidential information is assured. In many cases, however, parties must provide financial information, for example, to show the extent of harm or must provide technical information to prove the existence of a trade secret. Such information must be protected in accordance with Article 42. Please describe the means provided under the law of Japan for parties to identify such information and have it protected.*

Response 4 to the Checklist of Issues on Enforcement¹⁰ as referred to in this question explains that no parties are forced to produce document containing confidential information "against their will".

With regard to "financial information to show the extent of harm" or "technical information to prove the existence of a trade secret", there are no specific provisions to protect secrecy contained in business or professional information presented by the parties before the court in the course of litigation under the current Code of Civil Procedure. It is because the Constitution of Japan (Article 82) strictly prescribes the exceptions to the principle of openness of the court procedure. As a result, court proceedings should be conducted before the court open to the public even though business or professional information are disclosed. This constitutes exception as provided for by "unless this would be contrary to existing constitutional requirements" in Article 42 of the TRIPS Agreement.

Provisions on trade secret in Code of Civil Procedure as recently amended are as follows for information.

In Japan a legislation amending the current Code of Civil Procedure entirely has been enacted in June 1996 and promulgated. (However the new Code of Civil Procedure is to go into effect as from the date prescribed by Government Ordinance, which is within two years from the promulgation and the new Code has not yet enforced as of October 1997.) In the new Code of Civil Procedure a provision to restrict the inspection of lawsuits records has been created so as to protect trade secrets recorded in lawsuits records by preventing them from being leaked through inspection.

¹⁰IP/N/6/JPN/1.

11. *Article 43.1 of the TRIPS Agreement requires that judicial officials be able to order a party to an intellectual property enforcement proceeding to produce relevant evidence in that party's control identified by the opposing party when the latter party has presented reasonably available evidence in support of its claims. In IP/N/6/JPN/1, Japan states that parties may refuse to produce documents that a judge has ordered them to produce if such party has "legitimate reasons". Please describe what are considered "legitimate reasons".*

Under Article 335 of Code of Civil Procedure as referred to in response 3 to the Checklist of Issues on Enforcement¹¹, a court has, upon request of the party, the authority to order the opposite party to present object in order for the court to inspect as long as the opposite party has no legitimate reasons to refuse. "Inspection of the object" here is not documentary evidence but evidential material in the form of recognition obtained by a judge through inspecting characteristics of objects or phenomena, etc.

There are no established precedents of the Supreme Court considering the meaning "legitimate reasons of refusal" in Article 335 of Code of Civil Procedure. It is theoretically understood that such cases as where the inspection might threaten the party or near relatives to be prosecuted or punished, or where confidential information obtained through the job of the party (public or private) or technical or business secret of the party may be leaked, constitute "legitimate reasons of refusal".

12. *Article 44.1 requires that judicial officials be able to enjoin or otherwise prevent infringing activity by a party, including by preventing the entry of infringing goods into the channels of commerce in their jurisdiction. In IP/N/6/JPN/1, Japan identifies provisions for injunctions in connection with patents, trademarks, industrial designs, copyrights, and integrated circuit layout designs. Please describe authority of the judges to order parties to stop violations of rights in undisclosed information and to prevent goods resulting from such violations from entering the channels of commerce, citing the relevant legal authorities.*

The judgements to prevent or suspend the unfair acts concerning undisclosed information are made by court decision when requirement under Article 3 of the Japanese Unfair Competition Prevention Law is met.

13. *Article 44.2 provides an exception to the requirement in paragraph 1 for government use or use by third parties authorized by the government, limiting the remedy for infringement to payment of adequate remuneration as provided in Article 31(h). Please describe any such limitations on remedies in the laws of Japan and cite the legal authorities providing for those limitations.*

Japan does not recognize the government use or use by third parties authorized by the government. In Japanese legislation, there is no stipulation limiting the remedy for infringement to payment of adequate remuneration as provided in Article 31(h) nor legal authorities providing for those limitations.

14. *Article 45.1 requires that judicial officials be able to order an infringer to pay the right holder damages adequate to compensate for the injury caused by the infringement. In IP/N/6/JPN/1, Japan identifies provisions for damages in connection with patents, trademarks, industrial designs, copyrights, and integrated circuit layout designs. Please describe authority of the judges to order parties to compensate for violations of rights in undisclosed information and to prevent goods resulting from such violations from entering the channels of commerce, citing the relevant legal authorities. Please explain*

¹¹IP/N/6/JPN/1.

the factors considered in establishing the amount of the compensation and cite the legal authorities authorizing such compensation orders.

The judgements to compensate for damages which result from the unfair acts concerning undisclosed information are made by court decision when requirement under Article 4 of the Japanese Unfair Competition Prevention Law is met.

As referred to in the answer to question 6, a court shall consider veracity of arguments of parties on facts, taking whole purport of oral arguments (a procedure both parties are entitled to be heard by the court) as well as results of the investigation of evidences into account (Article 185 of Code of Civil Procedure).

Article 709 of Civil Code provides for compensation for damages in general, and Article 5 of Prevention of Unfair Competition Law provides for presumption of the amount of damages.

15. *Article 45.2 requires that judges be authorized to order payment of a right holder's expenses, including legal fees. In IP/N/6/JPN/1, Japan states that court costs are borne by the losing party. Please describe the factors considered in establishing such costs, indicate whether lawyers' fees are included, and cite the legal authorities authorizing such payments.*

"Expenses for lawsuit" to be borne by the losing party under Article 89 of Code of Civil Procedure includes filing fee, travel fee for the parties to come on the date of oral argument, and expenses necessary for investigation of evidence like travel fee for witness, but do not include attorney's fee, according to Article 2 of the Law concerning Costs of Civil Procedure.

16. *Article 46 requires that judges officials be authorized to order, in certain circumstances, other remedies, including disposal of goods outside commercial channels or destruction of goods and destruction of materials and implements the predominant use of which is the creation of infringing goods. In IP/N/6/JPN/1, Japan identifies provisions for such other remedies in connection with patents, trademarks, industrial designs, copyrights, and integrated circuit layout designs. Please describe authority of the judges to order such remedies in connection with violations of rights in undisclosed information and to prevent goods resulting from such violations from entering the channels of commerce, citing the relevant legal authorities. Please explain the factors considered in establishing the amount of the compensation and cite the legal authorities authorizing such compensation orders.*

The Japanese Unfair Competition Prevention Law provides that a person whose business interests are infringed or are likely to be infringed by unfair competition, is entitled, to request the destruction of the objects which constitute the act of infringement (including objects created by the act of infringement) or any other acts necessary to prevent or suspend the infringement (Article 3(2)). The judgements to order such remedies are made by court decision when requirement under this article is met.

As referred to in the answer to question 6, a court shall consider veracity of arguments of parties on facts, taking whole purport of oral arguments (a procedure both parties are entitled to be heard by the court) as well as results of the investigation of evidences into account (Article 185 of Code of Civil Procedure).

Article 709 of Civil Code provides for compensation for damages in general, and Article 5 of Prevention of Unfair Competition Law provides for presumption of the amount of damages.

17. *Article 48.2 permits WTO Members to exempt public authorities and officials from liability from remedies only where their actions were taken or intended in good faith in carrying out their*

responsibilities under the law. Please explain any exemption provided public authorities and officials from liability for abuse of enforcement procedures, describe the circumstances in which such limitations would not apply, and cite the legal authorities granting such exemptions.

With regard to the liability to be held by State or public entity, Article 1 of State Redress Law provides that State or public entity shall be liable for compensation to damages an official illegally incurred to others knowingly or by negligence in the course of exercising his authority. In other words State or public entity does not assume liability for damages unless an official conducts his duty with wilfulness or negligence.

In addition Supreme court precedents have established that liability for compensation to victims shall be held by State, not by an official in person where he incurred damages to others knowingly or by negligence in the course of exercising his authority.

Provisional Measures

18. *Article 50.2 requires that judicial authorities be authorized to grant provisional remedies when a delay is likely to cause "irreparable harm" to the right holder. Please describe briefly what is required by the authorities to establish "irreparable harm" to the right holder.*

See reply to question 19.

19. *Article 50.2 also requires that judicial authorities be authorized to grant provisional remedies when there is a "demonstrable risk of evidence being destroyed". Please describe briefly what factors are considered by the competent authorities in determining when there is a "demonstrable risk of evidence being destroyed".*

As to civil provisional measures, Code of Civil Preservative Procedure provides for "provisional orders regarding objects concerned" and "provisional orders deciding a provisional status" as provisional measures which courts may order.

"Provisional orders regarding objects concerned" may be issued where a court concludes that an applicant would be unable to exercise, or would come to face extreme difficulties in exercising, his right due to any change in the situation of the objects concerned (Article 23(1) of Code of Civil Preservative Procedure).

"Provisional orders deciding a provisional status" may be issued where a court concludes that such an order is necessary to avoid extreme damage or imminent danger which an applicant would suffer regarding the legal relations at issue (Article 23(2) of Code of Civil Preservative Procedure).

A provisional order the court issues to prohibit the disposal of articles infringing intellectual property rights has an effect to preserve evidence relating to the infringement.

Please refer to responses 10 and 11 to the Checklist of Issues on Enforcement¹² with regard to provisional measures based on Code of Civil Preservative Procedures.

¹²IP/N/6/JPN/1.

20. *Article 50.3 requires that judicial authorities be authorized to require an applicant to provide evidence to establish with a sufficient degree of certainty that the applicant is the right holder and that infringement has occurred or is imminent. With respect to each intellectual property right, please describe the evidence required by right holders to establish ownership.*

When the parties request a provisional order, they must preliminarily prove the rights or relations thereof to be preserved (Article 13 of Code of Civil Preservative Procedure). "Preliminary proof (Somei)" is done by presenting such evidence as making the judge find the alleged facts presumable, which is lower degree of proof than required at hearing on the merits.

Evidence the parties present, as a preliminary proof, to identify the right holder of intellectual property rights depend on cases and therefore it is impossible to categorize what suffice to be such evidence.

21. *Article 50.3 requires that judicial authorities be authorized to provide a security or equivalent assurance to protect the defendant. Do judges in Japan have such authority and under what circumstances do they exercise it?*

Under Code of Civil Preservative Procedures, a court is authorized to require an applicant to provide a security or not when it issues the preservative order (Article 14 of Code of Civil Preservative Procedures).

Although no statistical numbers are available with regard to cases requiring a security or not, generally speaking, it seems rare for the court to issue a preservative order without requiring a security to the applicant.

22. *Article 50.4 requires that parties be notified when provisional measures have been adopted inaudita altera parte. Please describe briefly the procedures followed for notifying affected parties and state the time within which such notice must take place.*

Article 17 of Code of Civil Preservative Procedure provides that preservative order shall be served to interested parties. Furthermore court rulings do not go into effect until they have been notified to interested parties under Article 204 (1) of Code of Civil Procedure and preservative order under Code of Civil Preservative Procedure is one of such "ruling".

Therefore when preservative order of provisional injunction is issued, such an order is to be served immediately.

23. *Article 50.4 also requires that defendants be afforded a review process to determine whether provisional measures should be modified, confirmed, or revoked. Please describe briefly the procedures a defendant must follow to initiate review proceedings and identify the period within which such proceedings must be initiated.*

The defendant may raise an objection against the preservative order the court has issued. (Article 26 of Code of Civil Preservative Procedure) There are no specific time limit to raise such an objection.

In addition, upon request from the defendant, the court issuing the order shall fix a certain reasonable period and require the applicant to file the case on the merits and to produce the evidence in writing thereof, or, when the case on the merits has already filed, to produce the evidence in writing to prove the pendency, within such period. In case the applicant fails to provide such evidences within the required period, the defendant may request the court to annul the order (Article 37(1)(3) of Code

of Civil Preservative Procedure). There are no specific time limit to file such a request. Please refer to response 12 to the Checklist of Issues on Enforcement¹³.

24. *Article 50.6 provides that if proceedings leading to a decision on the merits are not initiated within a reasonable time, provisional remedies granted by competent authorities shall be revoked or otherwise cease to have effect, at the request of the defendant. Please identify the relevant provisions in the law of Japan authorizing the revocation or cessation of provisional measures if review proceedings are not initiated within a reasonable time and specify what constitutes a "reasonable time period" to initiate proceedings.*

As referred to in the reply to question 23, in Japan "reasonable time period" as provided for in Article 50.6 of the TRIPS Agreement is set by the court taking various factors into due account under Article 37 of Code of Civil Preservative Procedure.

Special Requirements Related to Border Measures

25. *Please explain whether procedures, permissible under Article 51 of the TRIPS Agreement, are available to stop the export of goods suspected of infringing copyrights and/or trademarks.*

The application procedure to the customs authorities is not applied to exportation of the goods which infringe on intellectual property rights.

On the other hand, according to Export Trade Control Order, any person who intends to export goods which are included among the following goods designated by Minister of International Trade and Industry, must obtain the approval of the Minister of International Trade and Industry by securing an export license in accordance with the procedures set forth by the Ministry of International Trade and Industry Ordinance on exports.

- (a) Goods which infringe on the patent rights, utility model rights, design rights and trade mark rights and/or copyrights in the country that is the final destination.
- (b) Goods which incorrectly identify the place of origin.

For this reason, in case that these goods reach customs without having obtained an export license, the export permit shall not be given in accordance with Article 70 of the Customs Law. Furthermore, there are no past records of Japanese authorities having authorized exports of items recognized as being infringing articles.

26. *Article 52 of the TRIPS Agreement requires that rights holders wishing to stop importation of counterfeit trademarked goods or pirated copyrighted works present evidence to the competent authorities that there is prima facie infringement of their trademark or copyright. Please explain what evidence will constitute prima facie infringement in Japan.*

The applicant shall fill in application form with description of their rights (trademark, copyright or neighbouring right), names of the cargo which he/she consider to infringe on intellectual property rights, reasons why he/she consider so, and other items determined relevant. (Article 61^{quater} of the Cabinet Order for Enforcement of the Customs Tariff Law)

¹³IP/N/6/JPN/1.

27. *Article 52 requires that the competent authorities notify the right holder that his application is accepted within a reasonable time. Please explain within what period of time the competent authority responds to a request for suspension of release of goods and, if the application is accepted, the length of time during which enforcement action will be taken.*

Although there does not exist any provision on "reasonable time", the customs authorities make notification to right holders as expeditiously as possible. The maximum period within which the enforcement action is taken are two years, and it may be extended.

28. *Article 53.2 provides that the owner, importer, or consignee of goods involving industrial designs, patents, layout-designs or undisclosed information that have been suspended by customs authorities should be able, in certain circumstances, to have such goods released on payment of security sufficient to protect the right holder from infringement. Please identify what forms of intellectual property, if any, are subject to provisions of Article 53.2 and cite to the relevant provisions of law or regulations.*

For patent right, utility model right, design right or circuit layout right, there does not exist application procedure pursuant to Article 53.2 of the TRIPS Agreement in Japan. Thus, this Article is not applicable.

29. *Article 60 permits Members to exclude from the provisions for border enforcement small quantities of goods of a non-commercial nature carried by passengers or sent in small consignments. Please describe what constitutes a de minimis import that is excluded from the border measures under the law of Japan.*

The border enforcement applies only to the goods imported on the commercial basis, and thus does not apply to small quantities of goods of non-commercial nature carried by passengers or sent in small consignment for personal use.

Criminal Procedures

30. *Article 61 requires that criminal penalties be sufficient to provide a deterrent at least for wilful trademark counterfeiting and copyright piracy. Please explain how the penalties provided under the laws of Japan comply with that obligation.*

With regard to Article 61 of the TRIPS Agreement, the Japanese Trademark Law sets forth in Article 78 criminal penalty regulations concerning trademark infringement. In the case that the infringer is an employee, servant or agent of a corporate body, penalties must be paid not only by the infringer but also by the corporate body (Article 78 of the Japanese Trademark Law), moreover, the corporate body has to pay a high penalty beyond that paid by the natural person (not exceeding 150 million yen) (Article 82 of the Japanese Trademark Law). These above serves as a deterrent to the organized trademark right infringement of the whole corporate body.

With regard to copyright, the following acts would be regarded as a violation of criminal law under the Copyright Law.

- (a) The following shall be punishable by imprisonment for a term not exceeding three years or a fine not exceeding three million yen:
 - (i) any person who infringes moral rights, copyright, right of publication or neighbouring rights;

- (ii) any person who, for profit-making purposes, causes others to use automatic reproducing machines for such reproduction of works or performances, etc. as constitutes an infringement on copyright, right of publication or neighbouring rights (Article 119).
- (b) Any person who violates the provision of Article 60 (protection of moral interests after the author's death) shall be punishable by a fine not exceeding three million yen (Article 120).
- (c) Any person who distributes copies of works on which the true name or generally known pseudonym of a non-author is indicated as the name of the author (including copies of derivative works on which the true name or generally known pseudonym of a non-author of the original works is indicated as the name of the original author) shall be punishable by imprisonment for a term not exceeding one year or a fine not exceeding one million yen (Article 121).
- (d) Any person who violates the provisions of Article 48 or Article 102(2) (indication of sources) shall be punishable by a fine not exceeding three million yen (Article 122).