

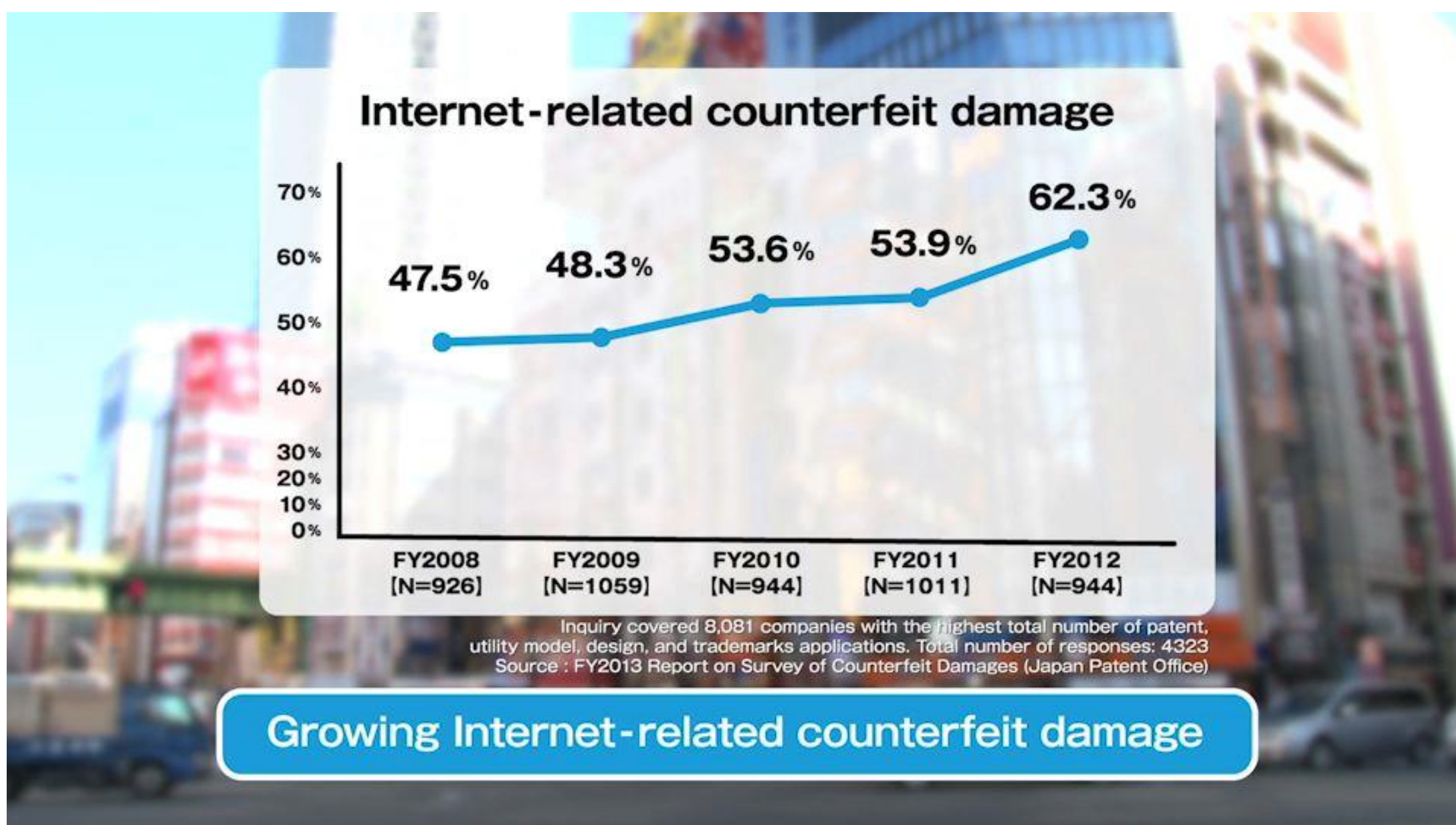
“Anti-Counterfeiting Measures”

Chapter 1. The reality of counterfeit goods

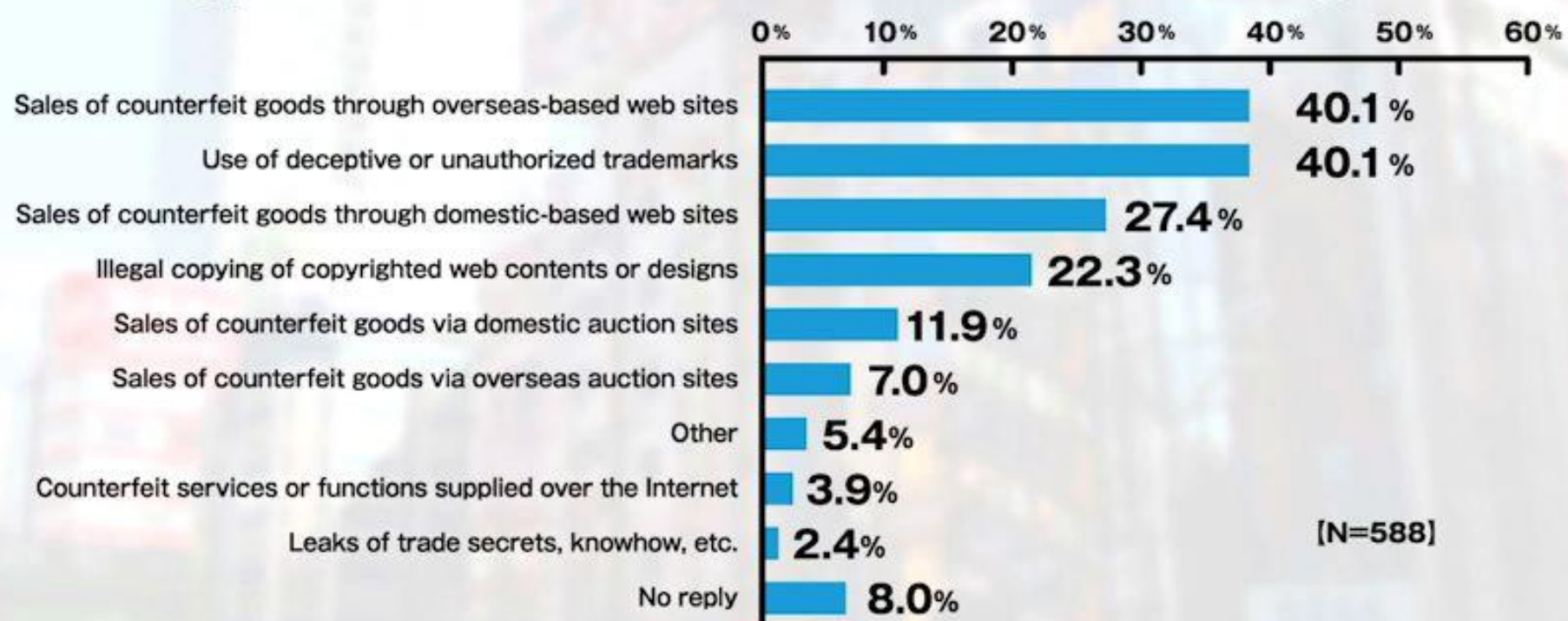
The reality of counterfeit goods



Recent Trends in Counterfeiting



Types of Internet-related counterfeit damage



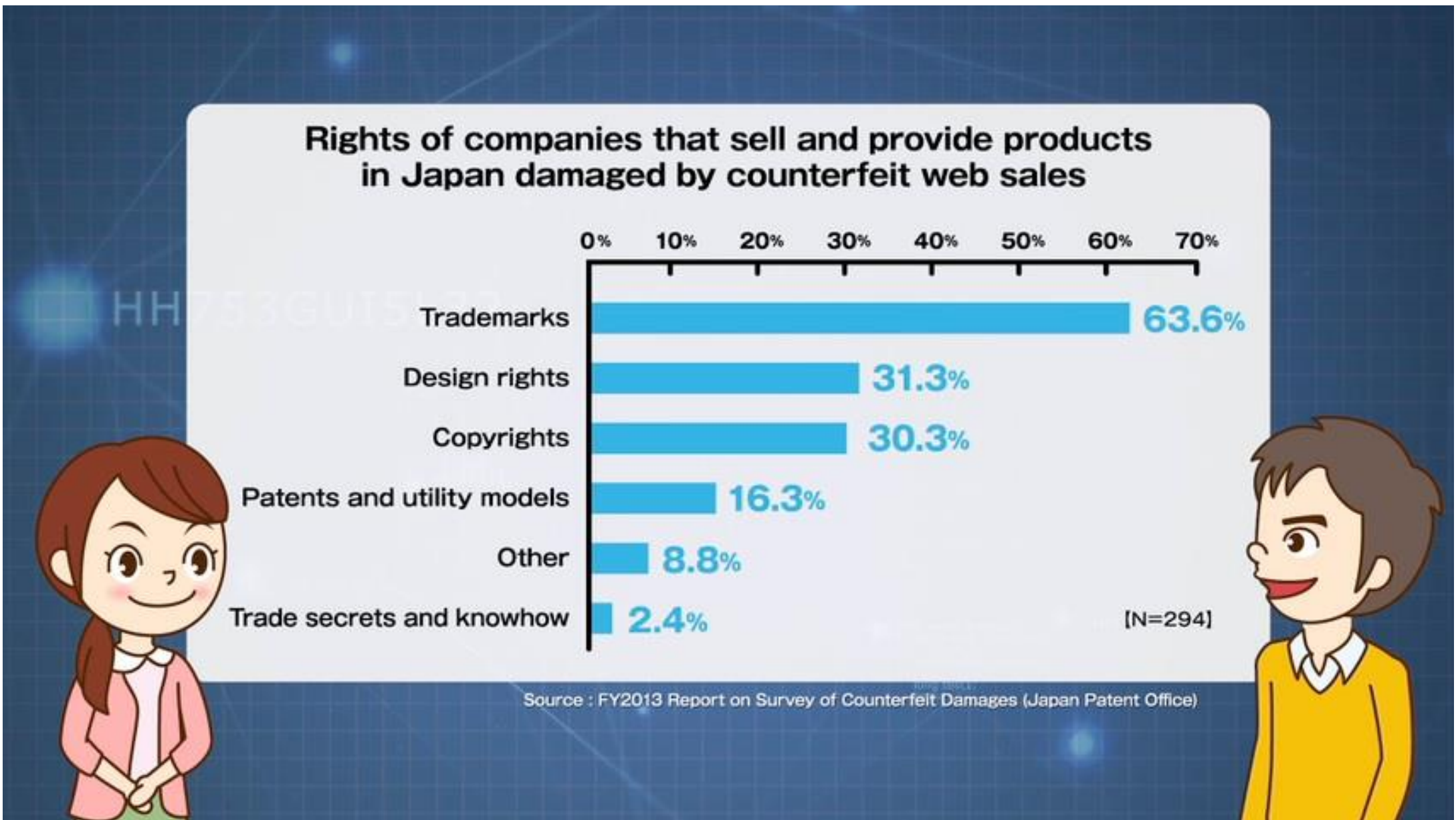
Source : FY2013 Report on Survey of Counterfeit Damages (Japan Patent Office)

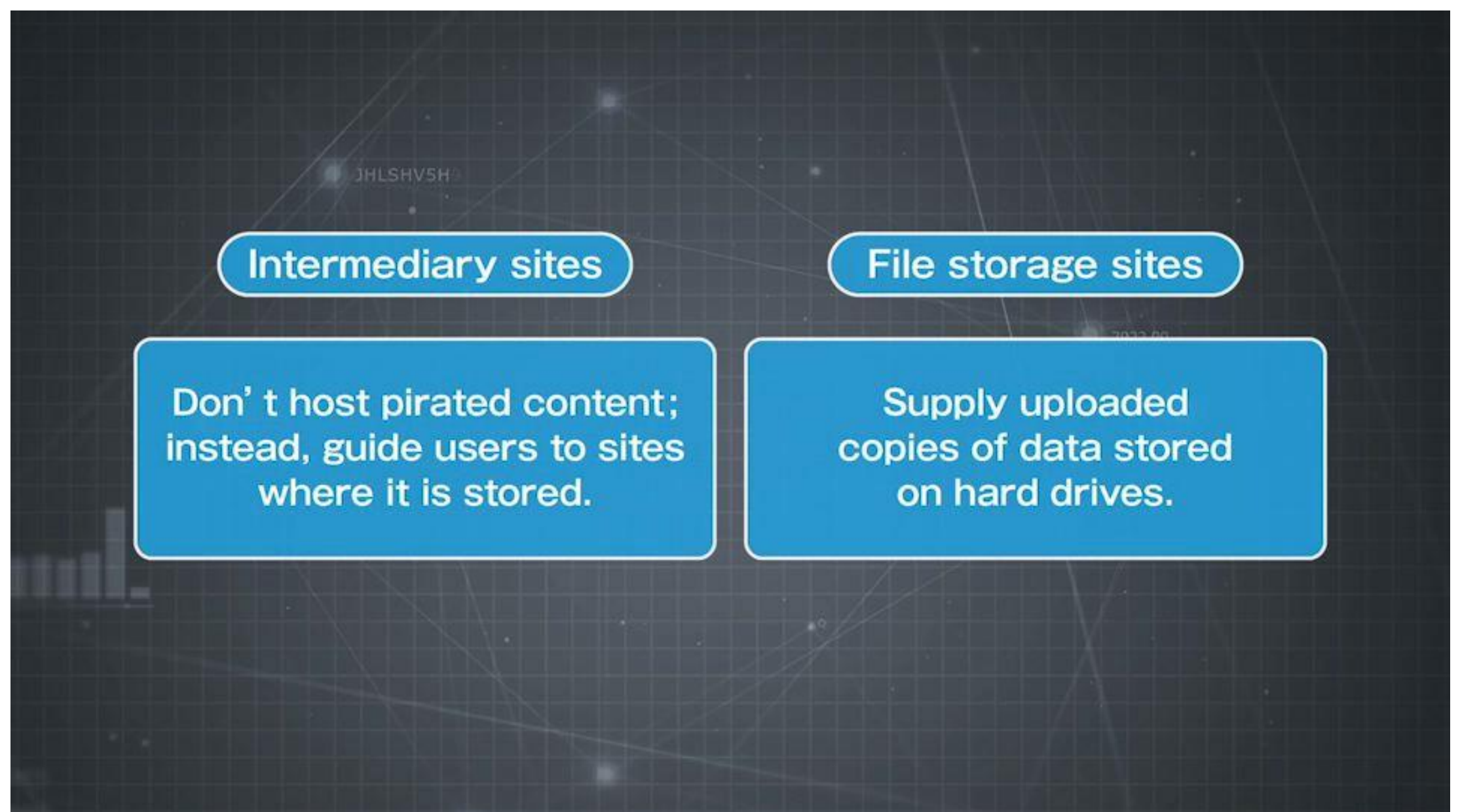
Much damage from counterfeiting comes from online shopping sites and unauthorized use of trademarks.

Pricing of counterfeit goods and services



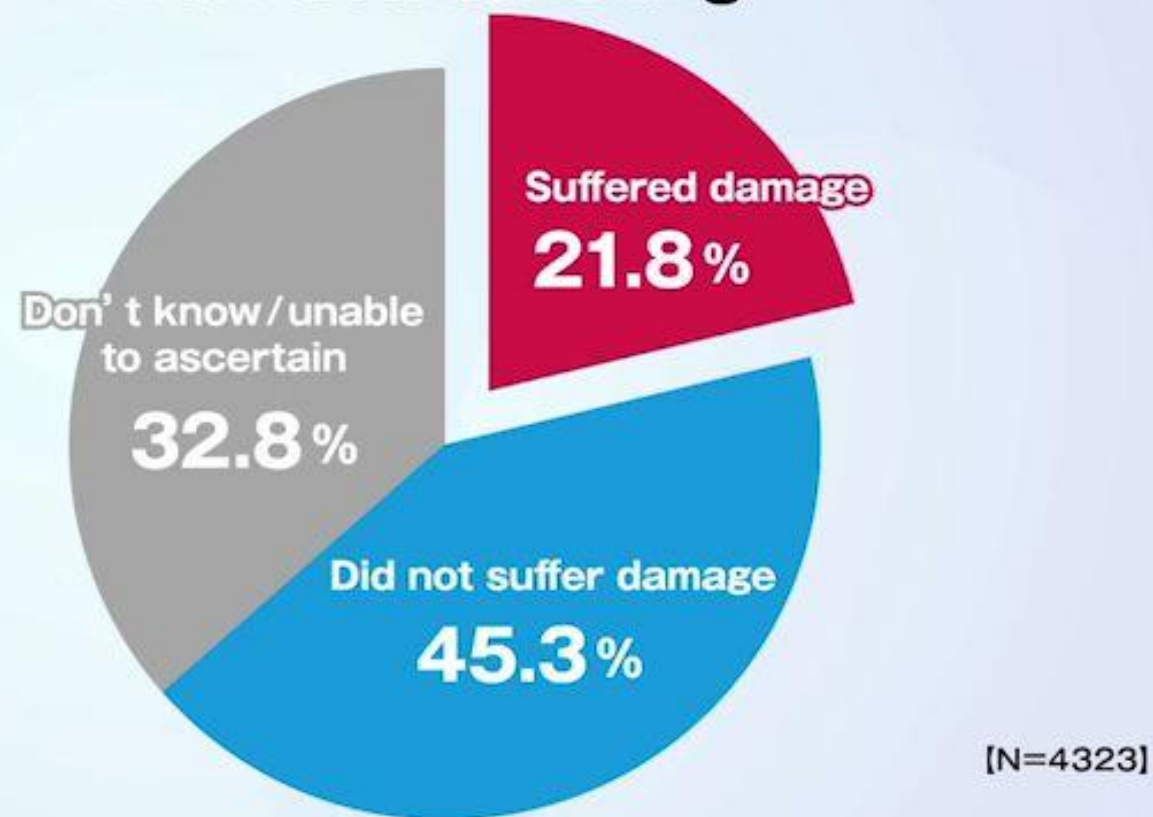
Source : FY2013 Report on Survey of Counterfeit Damages (Japan Patent Office)





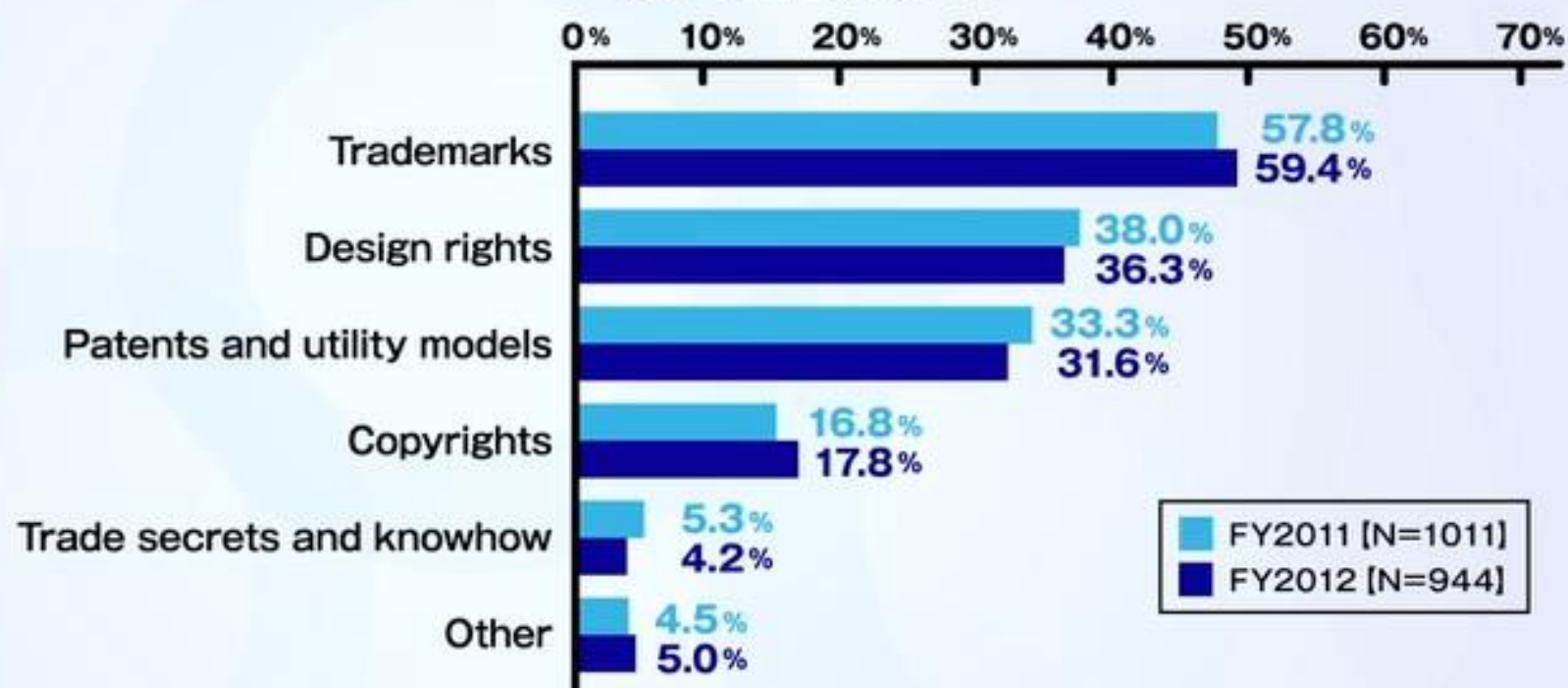


Companies Suffering Damage From Counterfeiting



Source : FY2013 Report on Survey of Counterfeit Damages (Japan Patent Office)

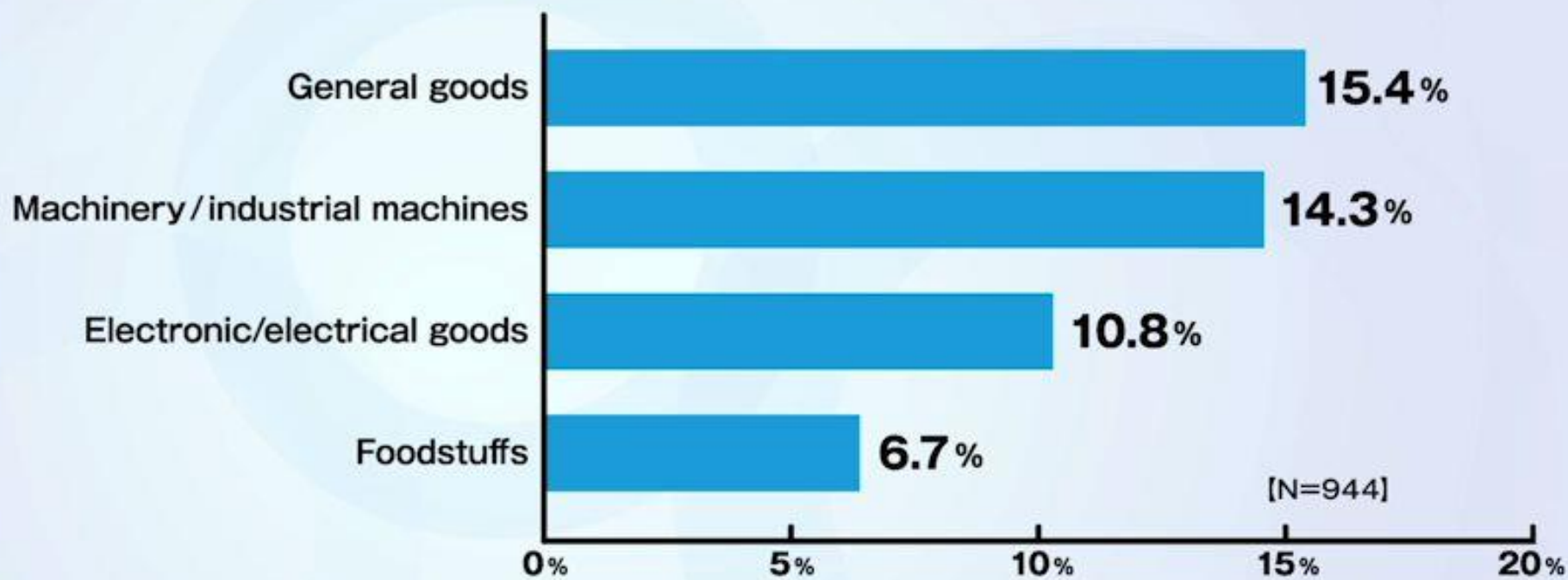
Intellectual Property Rights Infringements by Category



Source : FY2013 Report on Survey of Counterfeit Damages (Japan Patent Office)

High level of trademark infringements

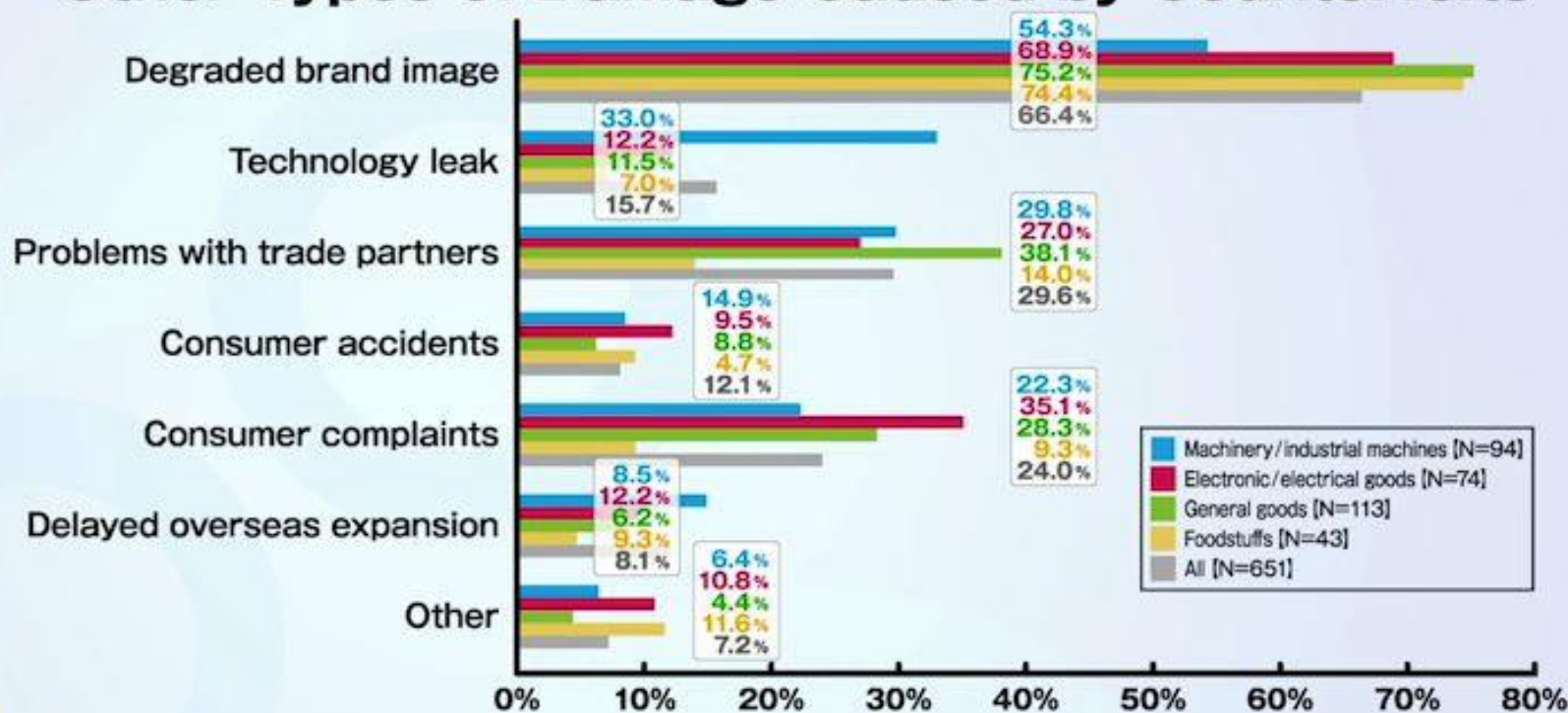
Main Types of Products Affected



Source : FY2013 Report on Survey of Counterfeit Damages (Japan Patent Office)

Almost 50% are general goods, machinery, electronic/electrical goods, and foodstuffs

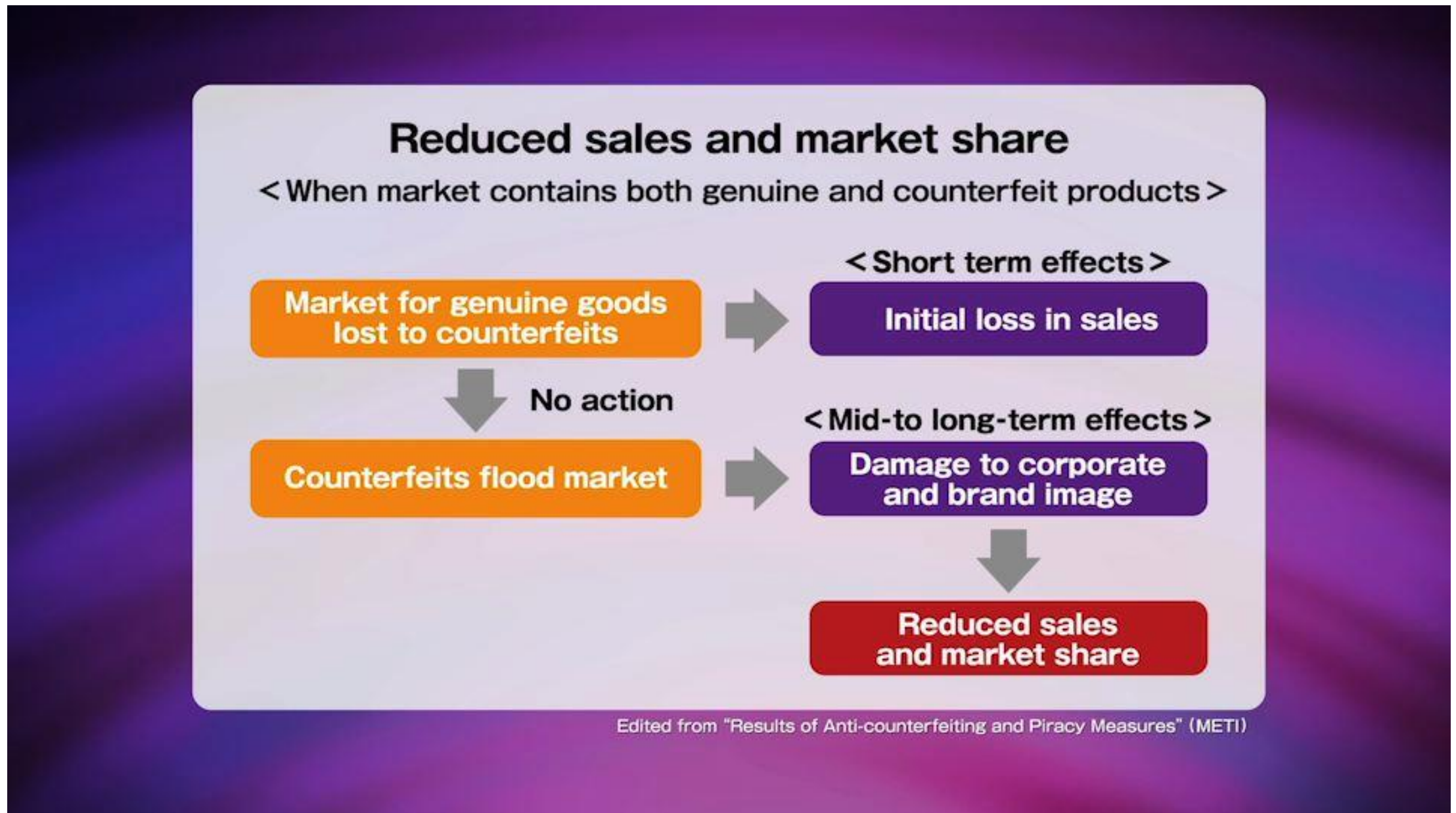
Other Types of Damage Caused by Counterfeits



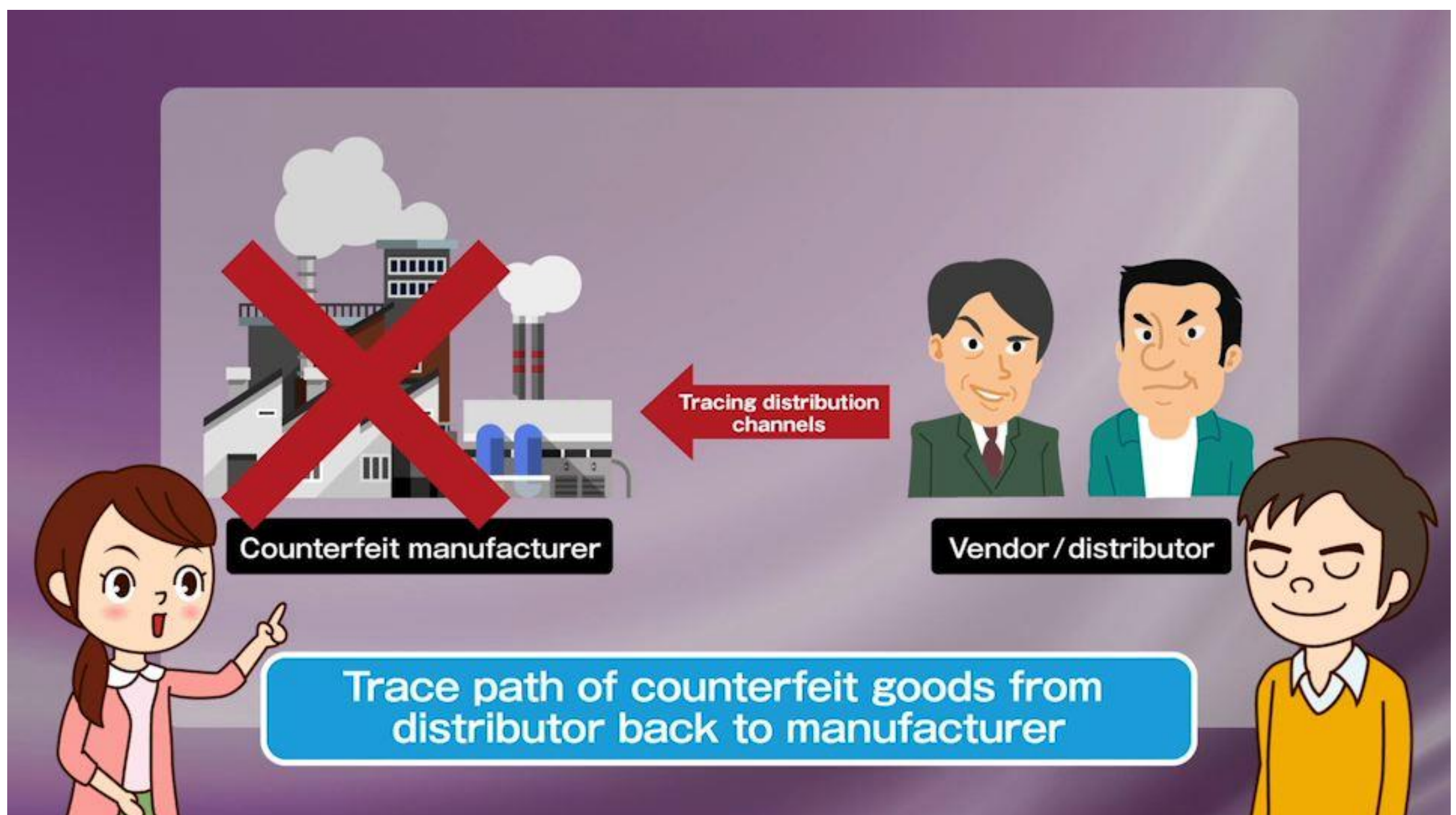
Source : FY2013 Report on Survey of Counterfeit Damages (Japan Patent Office)

Corporate and brand images suffer in a market rife with counterfeits





What should be done first





Counterfeit manufacturer



Investigation agency

Use an investigation agency



Consulting service

Use local authorities and organizations that have a subsidy system for damage investigations



Existence of supporting IP rights





Types of Anti-counterfeiting Measures





Points to consider when studying anti-counterfeiting measures:

- System in the country where measures will be taken
- Existence of rights in the country where measures will be taken
- Kind of damage
- Intent of infringer (willful, negligent, etc.)

Introduction of Chapter 2

Main measures available in Japan

- Civil litigation
- Applying criminal penalties
- Requesting suspension of imports from customs

Civil action



If they intend to negotiate a settlement, the right holder first sends a warning letter

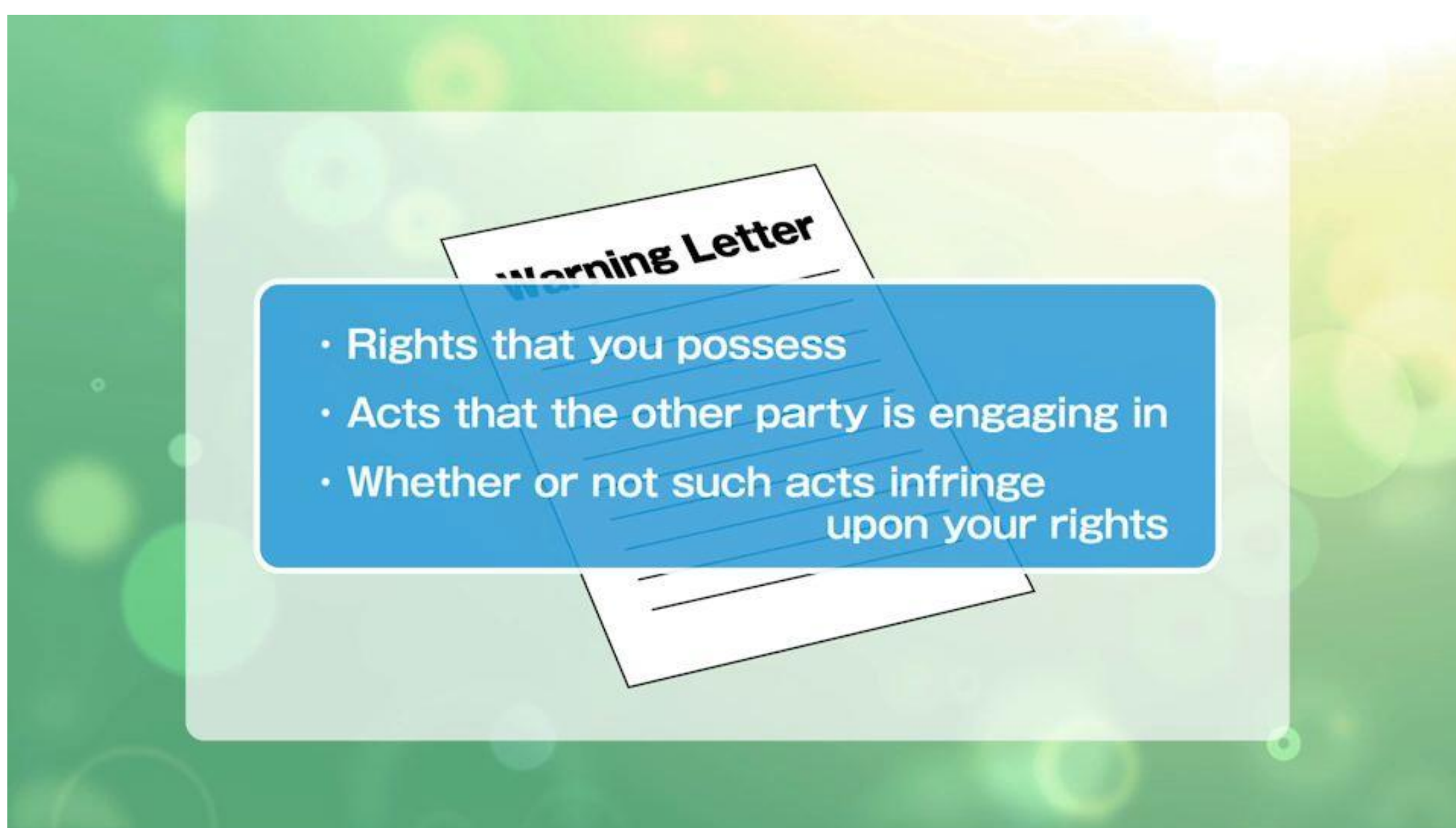


Japanese Laws Related to Counterfeiting

Japanese Laws Related to Counterfeiting

- Patent Law
- Utility Model Law
- Design Law
- Trademark Law
- Copyright Law
- Unfair Competition Prevention Law
- Civil Code
- Code of Civil Procedure
- Penal Code
- Customs Law
- Provider Liability Limitation Law, etc.

Settlement negotiated between concerned parties (warning letter sent)





Reasons for first sending a warning letter

The infringing party is not always deliberately committing an infringement

Cases where an infringing party is not deliberately committing an infringement

- Selling counterfeits under the belief that they are parallel imports
- Being unaware that another person has rights (infringement by omission)

Send warning letter

Being made aware, some infringers will stop

Start with a warning letter

↓

If the offending party stops the infringing act, there is no need to waste money and time on legal or other measures



Possible responses to a warning letter

- ↓
- Admit fault and stop infringing
 - Deny fault and continue sales
 - Agree to negotiate
 - Ignore the warning





Recipient of warning letter agrees to stop
Damages are paid

Right holder



Infringer

Ignores warning letter
Denies infringement



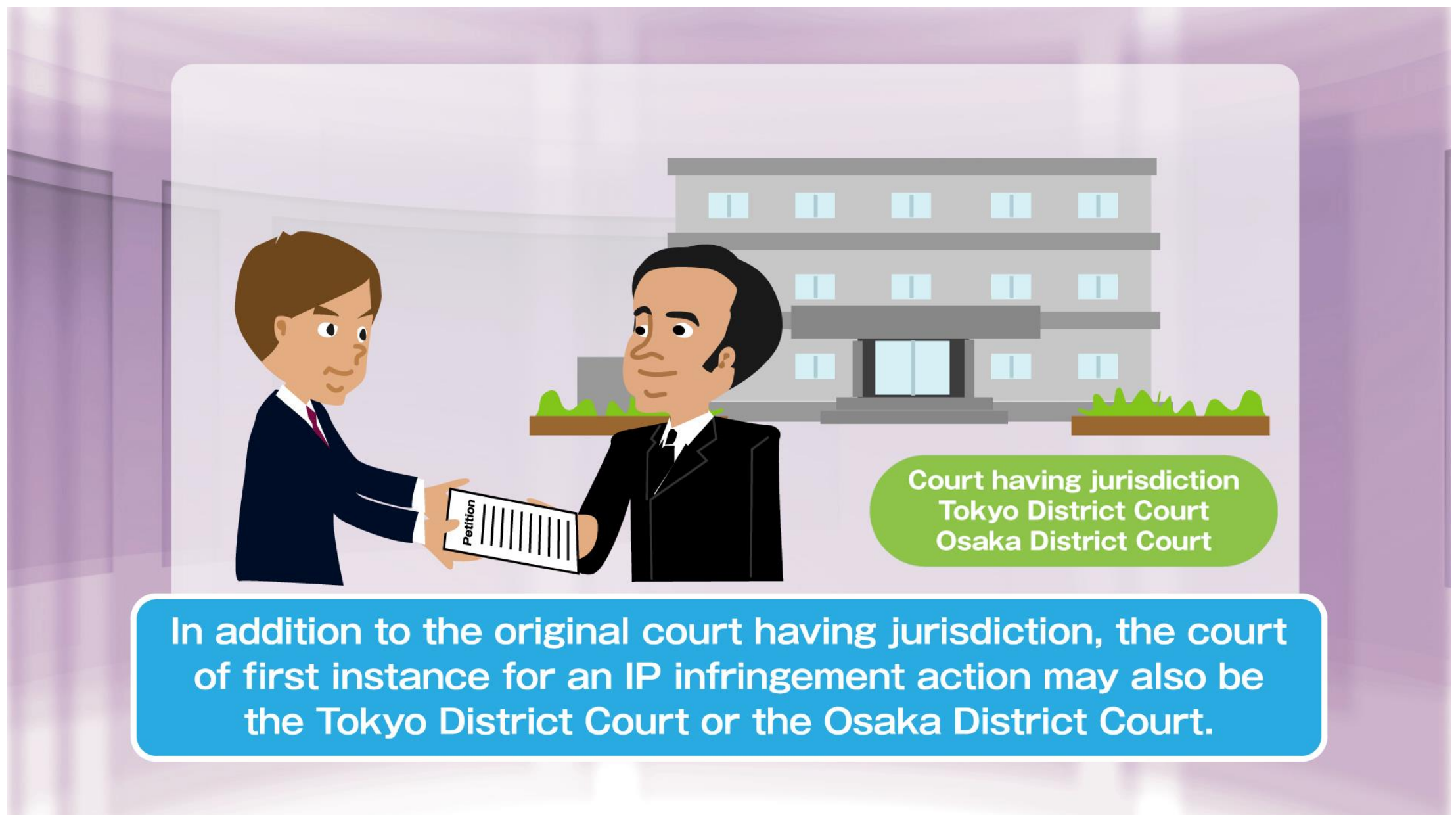
Move to litigation or other measures



Using the Courts



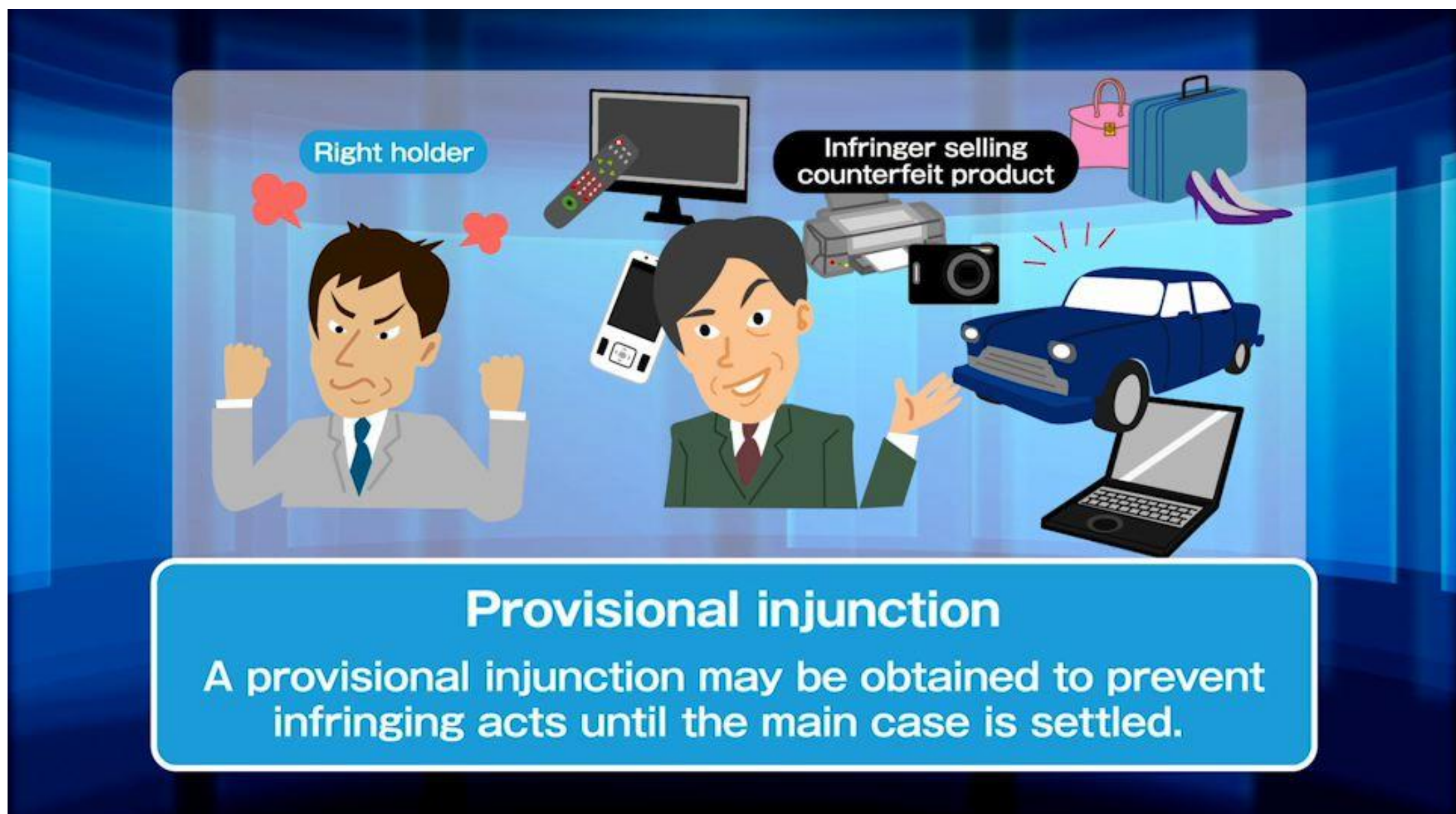
Bringing Civil Action



Using the Unfair Competition Prevention Law

A person who has suffered or is in danger of suffering damages to business profits through unfair competition has the right to bring an action under this law.

Provisional Injunction



The illustration depicts a legal scenario involving intellectual property infringement. On the left, a man in a grey suit, labeled 'Right holder', is shown with a determined expression and clenched fists. In the center, a man in a green suit, labeled 'Infringer selling counterfeit product', is smiling and gesturing towards a collection of counterfeit goods. These goods include a television, a remote control, a smartphone, a printer, a camera, a laptop, a blue car, a pink handbag, a blue suitcase, and a pair of purple high-heeled shoes. The background is a dark blue, stylized cityscape at night.

Provisional injunction

A provisional injunction may be obtained to prevent infringing acts until the main case is settled.





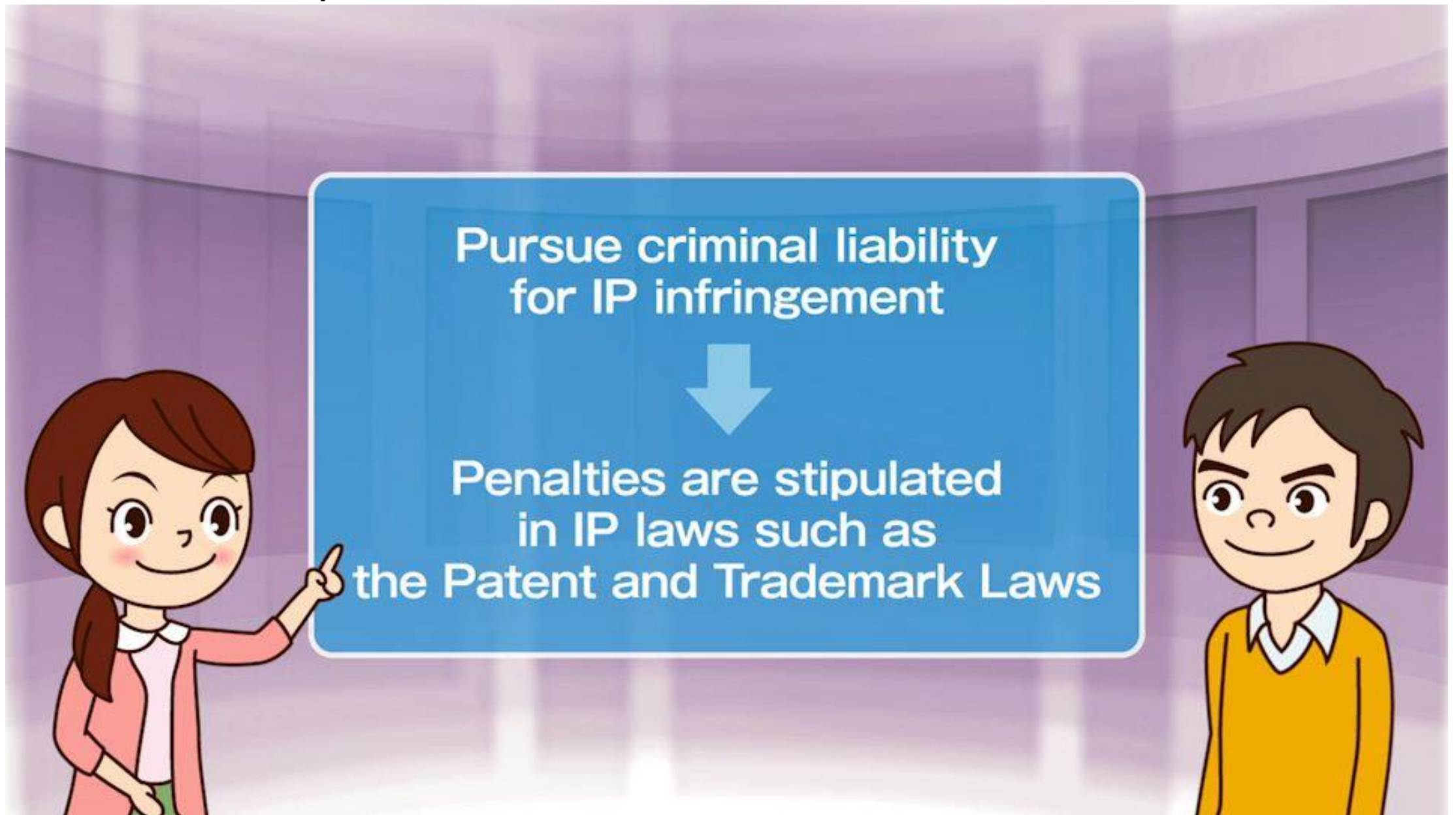


In a trademark infringement action, points of contention include the following:

- Whether or not the plaintiff owns the right
- Whether or not the defendant's act constitutes trademark use
- Determination of similarity between the trademark(s) and product(s)



Amount of damages is estimated using the provisions of Article 38 of the Trademark Law, Article 102 of the Patent Law, etc.



Request to Customs



The illustration shows a customs officer in a dark suit, white shirt, black tie, and a peaked cap with a white emblem. He is holding a large orange hand with the word "STOP" in red capital letters. To his left is a blue and red cargo ship. A speech bubble from the ship says "Imported cargo infringes on your rights." To the right of the officer is a green stylized building with a sign that says "Customs". The background is a light blue sky with a faint globe.

Customs suspension system

IP right holder applies to the Chief Customs Inspector to authorize the suspension of imports of the infringing products



The illustration is identical to the one above, showing a customs officer holding a "STOP" hand, a cargo ship with a speech bubble saying "Imported cargo infringes on your rights.", and a green stylized building with a "Customs" sign.

In addition to trademarks, this application can be made in Japan on the basis of patents, utility models, designs, copyrights and plant breeder rights.

Course of Application for Customs Suspension

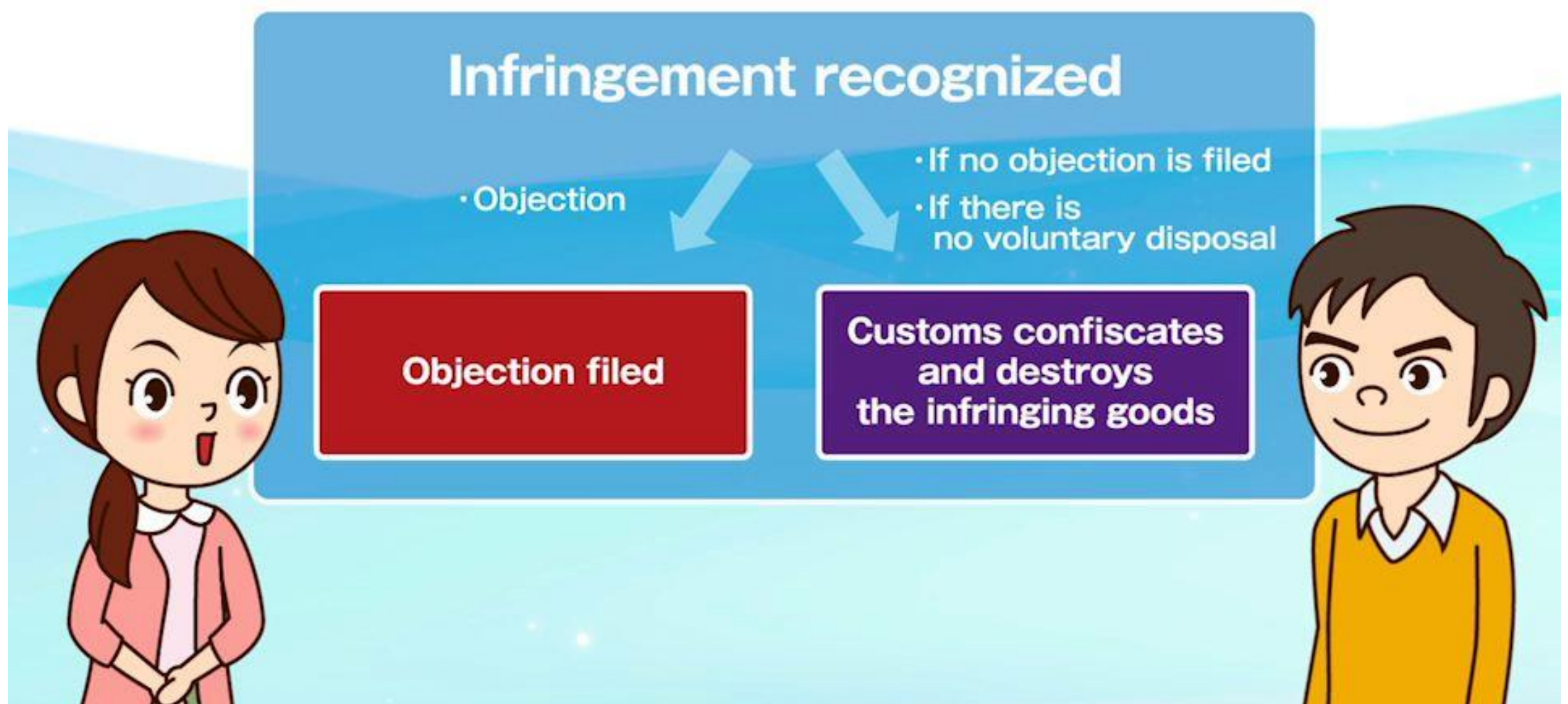
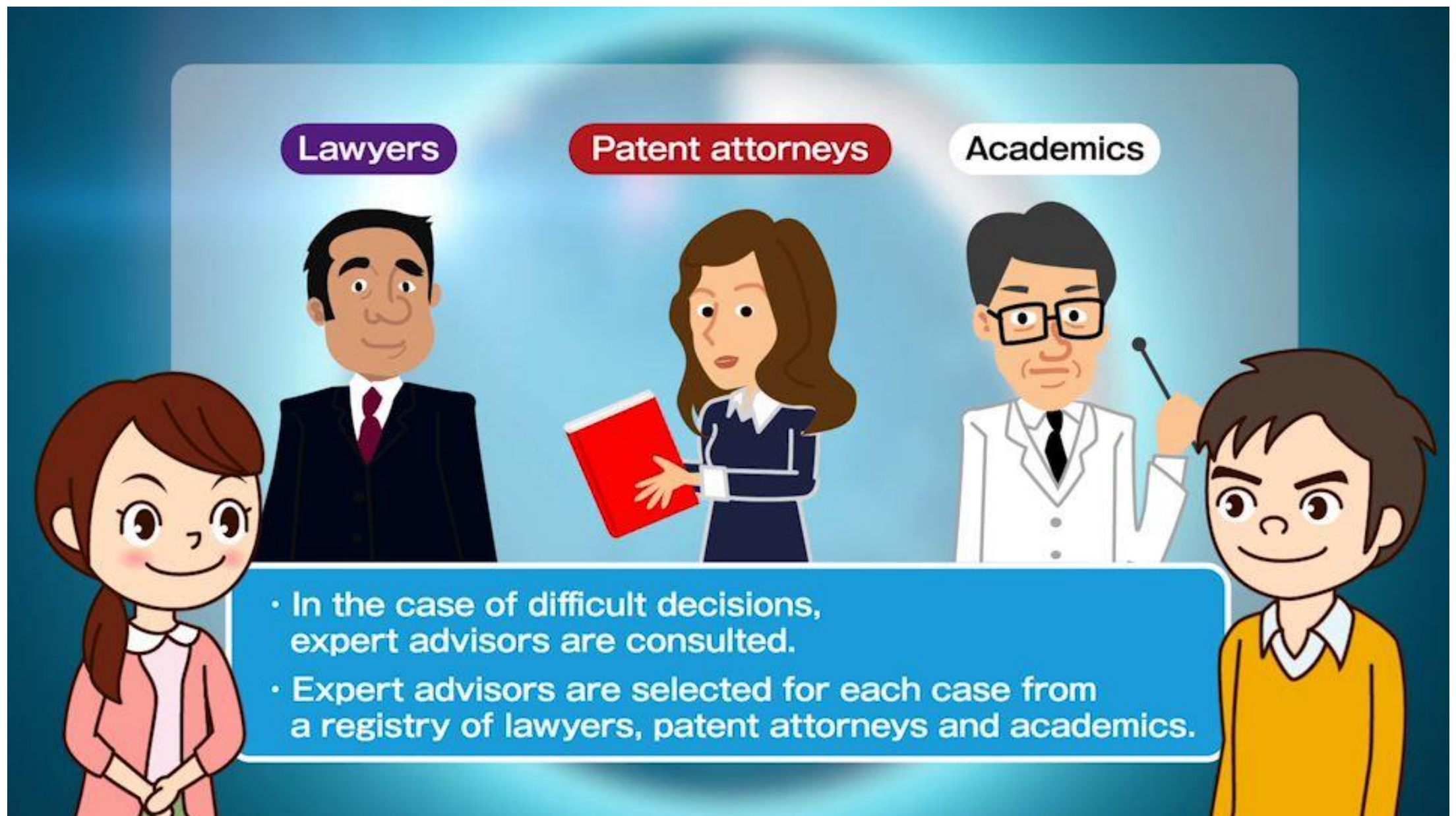


If a customs investigation finds suspected goods

Customs notifies both the importer and the right holder that identification procedures have been initiated, and that they should submit their opinions and evidence.



Customs decides whether suspected goods infringe upon IP rights or not.

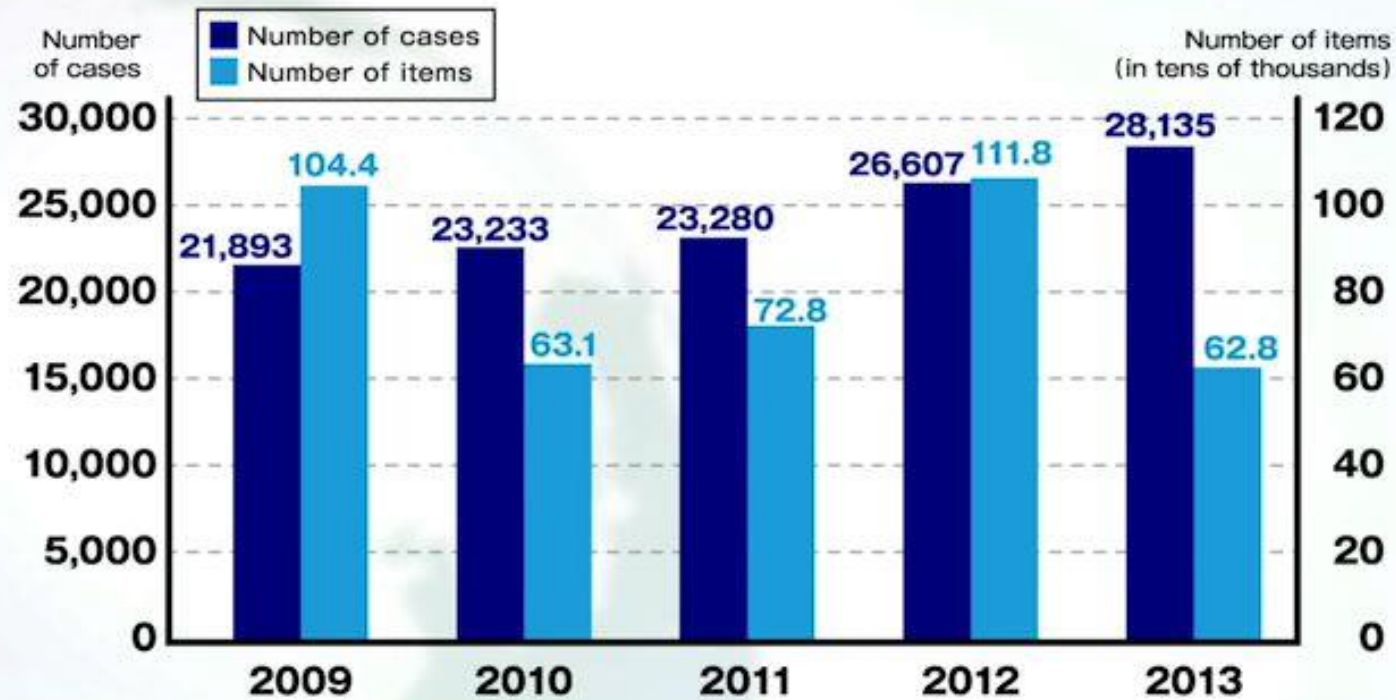


Dual liability of Import companies

Penalty for importing counterfeit goods



Number of Import Seizures of IPR Infringing Goods



Source: 2013 Seizure Statistics of Japan Customs IPR Border Enforcement (Ministry of Finance)

Over 85% of cases involve trademarks

Number of Import Seizures by Source Country

—	2012	2013	Change from previous year	% of total
China	25,007	25,844	103.3 %	91.9 %
Hong Kong	720	1,053	146.3 %	3.7 %
Singapore	21	346	1647.6 %	1.2 %
South Korea	274	328	119.7 %	1.2 %
Philippines	326	214	65.6 %	0.8 %
USA	68	119	175.0 %	0.4 %
Thailand	85	84	98.8 %	0.3 %
Taiwan	21	62	295.2 %	0.2 %
Vietnam	11	16	145.5 %	0.1 %
Indonesia	11	56	118.2 %	0.0 %
Other countries	63	63	88.9 %	0.2 %
Total	26,607	28,135	105.7 %	100 %

Source : 2013 Seizure Statistics of Japan Customs IPR Border Enforcement (Ministry of Finance)

Filing a Claim against an Internet Site

When counterfeits are spotted being sold by Internet auction

Provider

Has liability

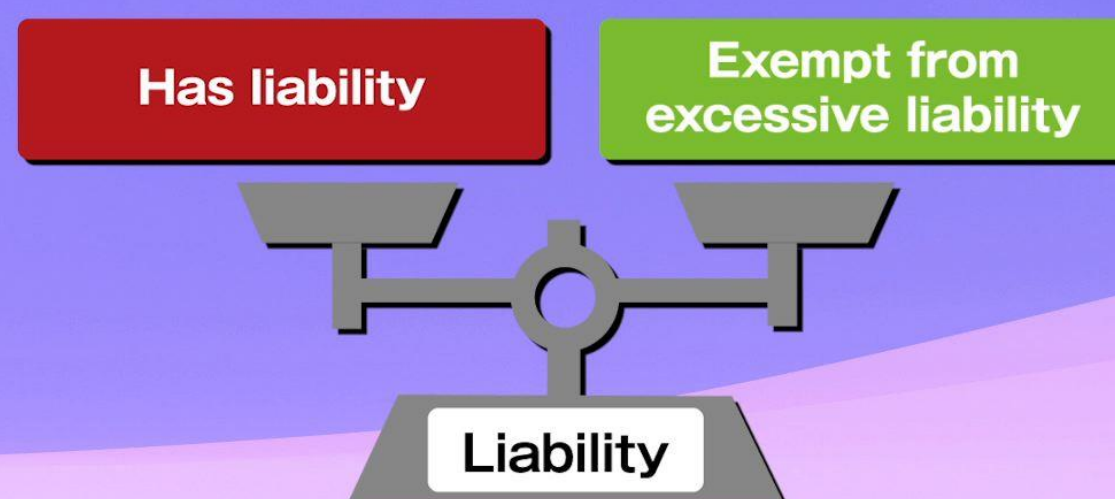
Exempt from excessive liability

Liability

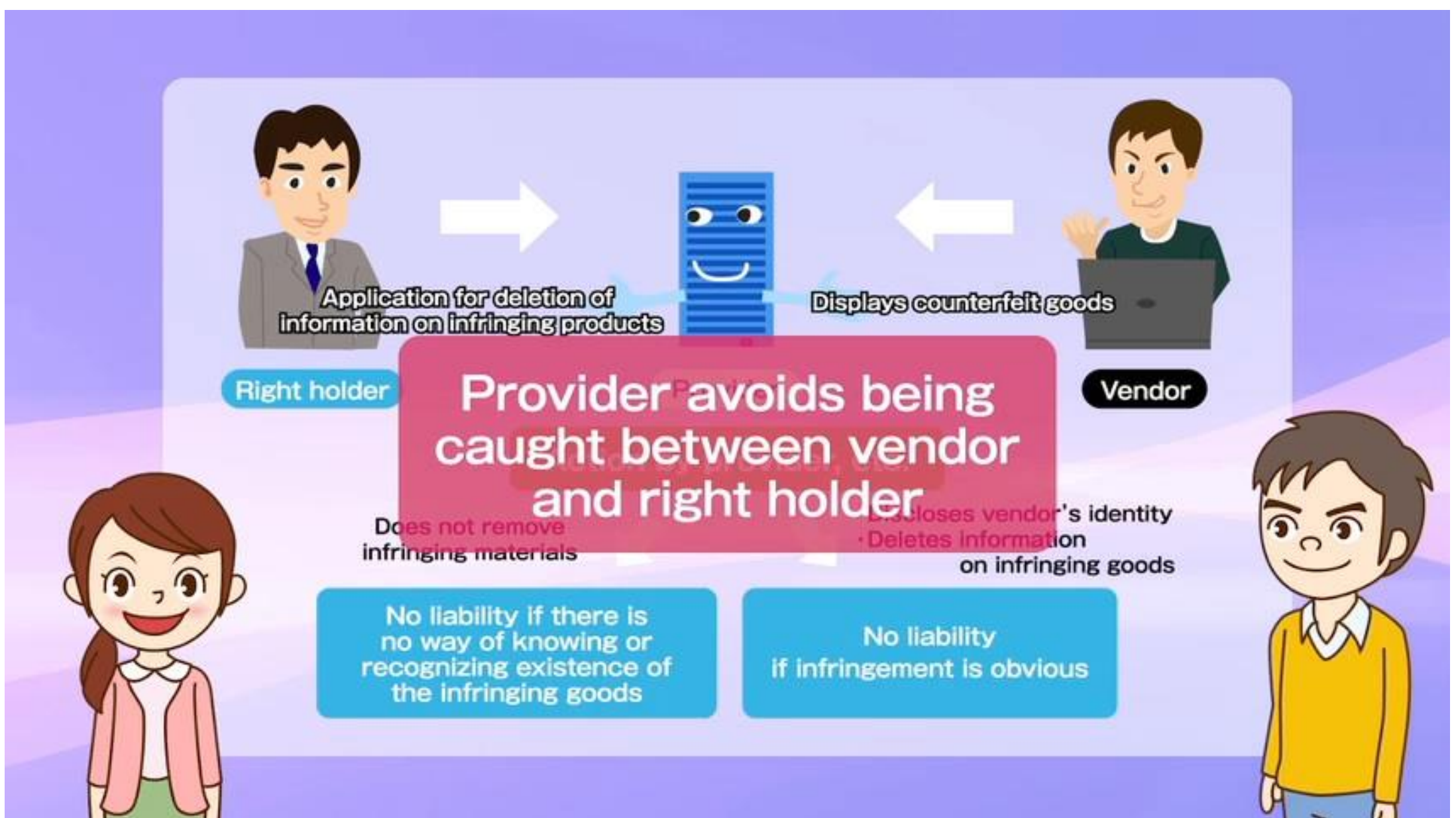
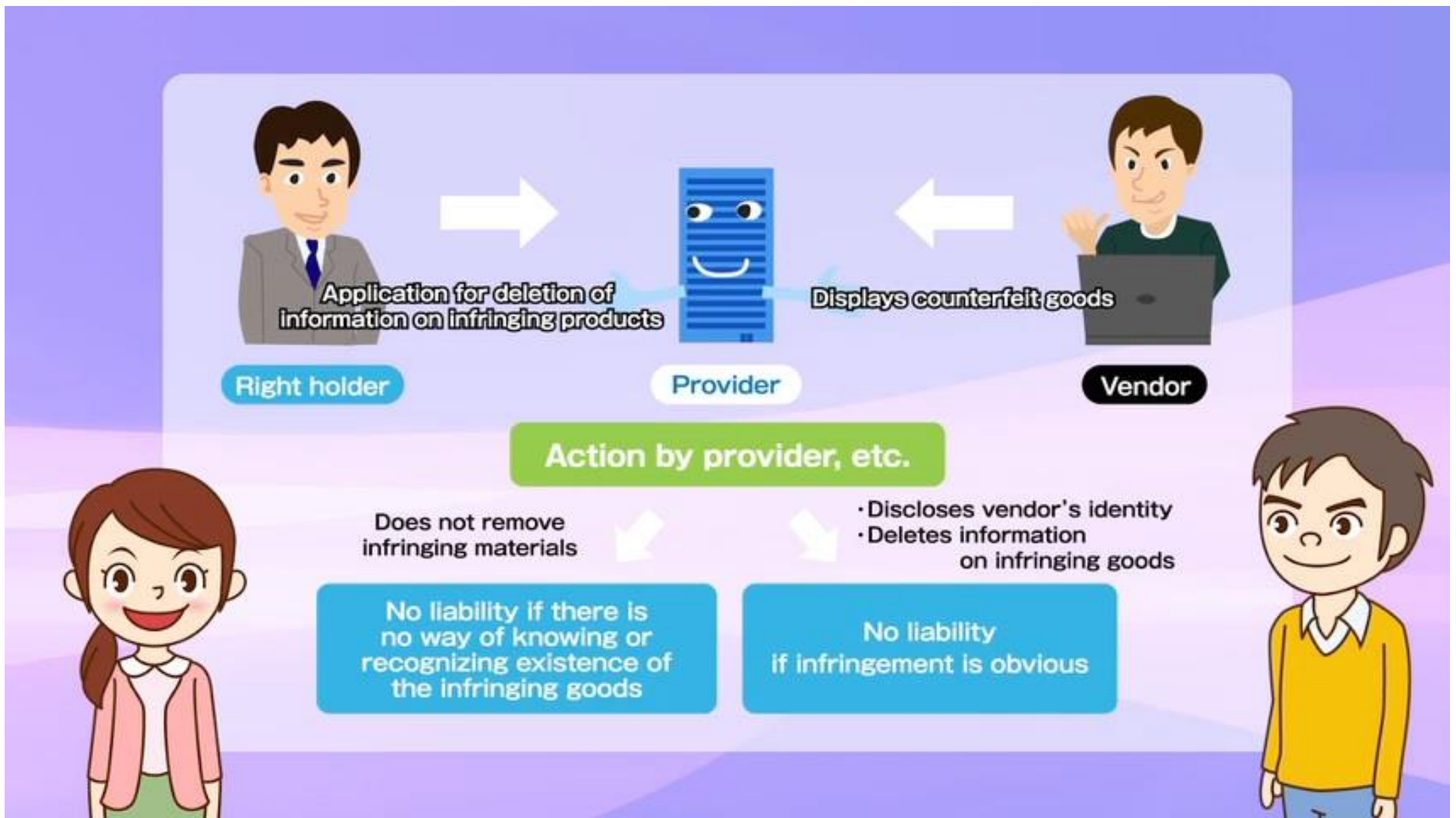
Provider Liability Limitation Law

The Provider Liability Limitation Law

This Law specifies the limits of liability for damages of providers and others, and the right to request disclosure of identification information of senders (vendors).



- Damages are incurred when the provider is aware that goods are counterfeit.
- In the case of an obvious infringement, the vendor's identity must be disclosed to the right holder to allow a claim for damages



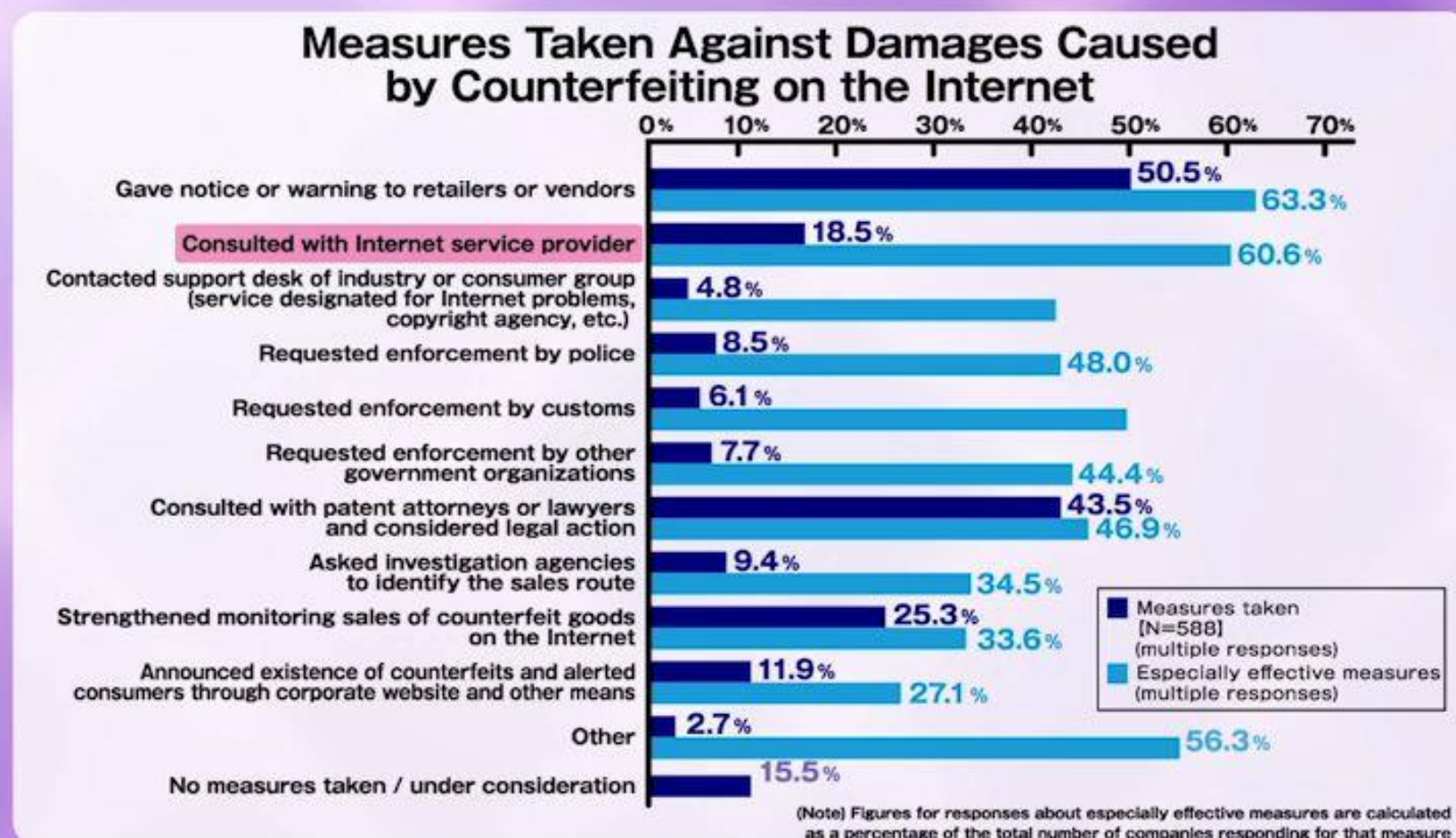
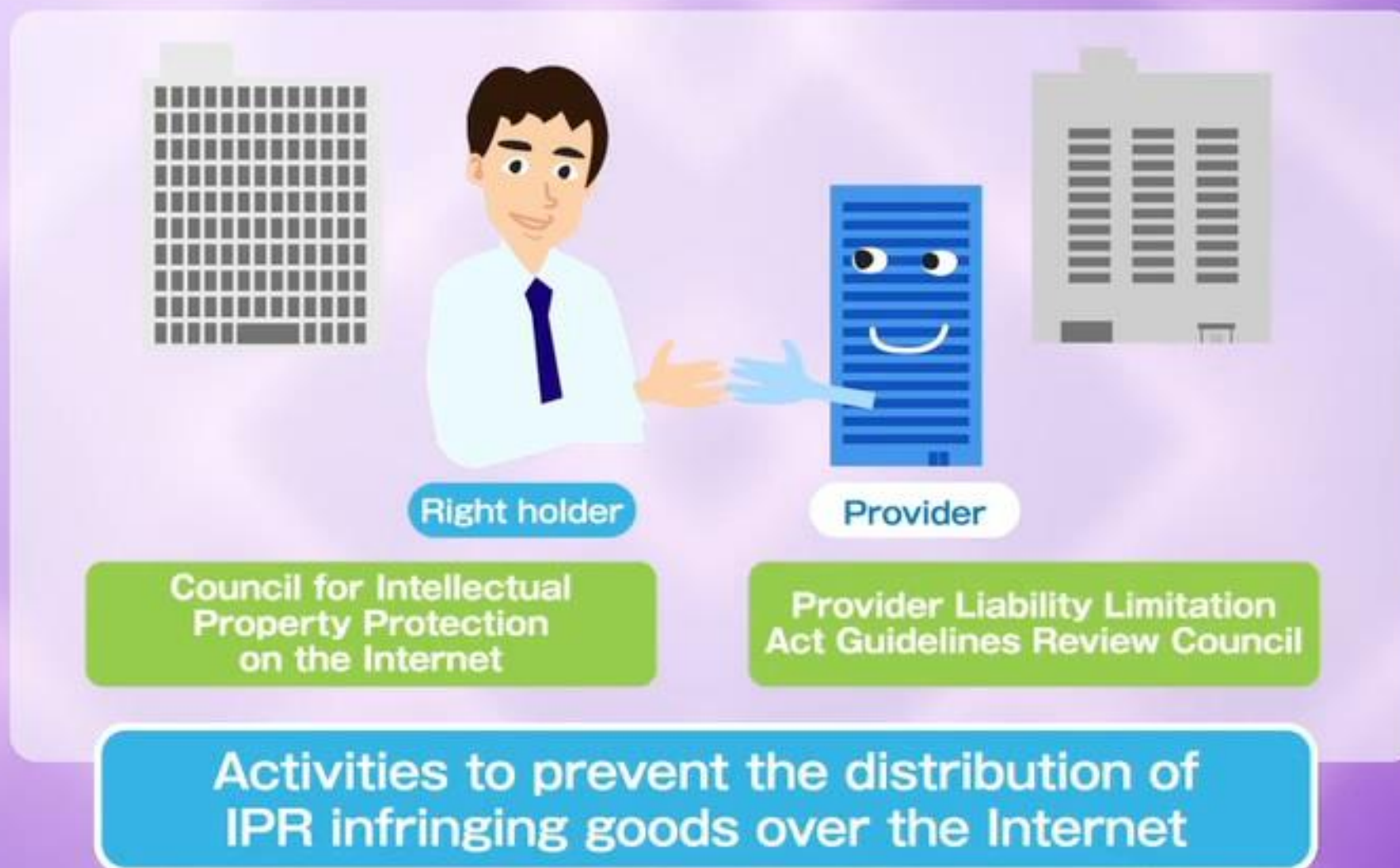
Past Internet Cases and the Present Situation



When a vendor is deemed to be infringing a trademark, the web site operator will also be liable for damages unless they remove the infringing materials from the web site within a reasonable time



When a vendor is deemed to be infringing a trademark, the web site operator will also be liable for damages unless they remove the infringing materials from the web site within a reasonable time



Inquiry covered 8,081 companies with the highest total number of patent, utility model, design, and trademarks applications. Total number of responses: 4323
Source: FY2013 Report on Survey of Counterfeit Damages (Japan Patent Office)

Intellectual Property Strategy Headquarters



Implements various measures based on the Strategic Program for the Creation, Protection and Utilization of Intellectual Property

Ministry of Economy, Trade and Industry

- Established Office of Intellectual Property Protection
- Provides financial assistance to small and medium enterprises for rights registration and counterfeit-related investigations



JPO pamphlet on financial support for anti-counterfeiting measures aimed at small and medium-sized enterprises



Source : JPO website (Anti-Counterfeiting Campaign)

Campaign to eradicate counterfeit and pirated goods

Initiatives by Government Ministries and Agencies



Ministry of Foreign Affairs

Supports Japanese enterprises expansion abroad
Conveys requests to countries of destination



Ministry of Agriculture, Forestry and Fisheries

Monitors trademark applications as a measure to prevent counterfeits abroad masquerading as Japanese origin food products or agricultural, forestry or fishery products



Ministry of Internal Affairs and Communications / Agency for Cultural Affairs

Deals with Internet copyright violations
Sets up consulting service in Consumer Affairs Agency to control the spread of rights damage



Ministry of Agriculture, Forestry and Fisheries

Monitors trademark applications as a measure to prevent counterfeits abroad masquerading as Japanese origin food products or agricultural, forestry or fishery products



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Ministry of Internal Affairs and Communications / Agency to control illegal with Internet copyright violations
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Ministry of Foreign Affairs

Supports Japanese enterprises expanding abroad
Conveys requests to countries of destination

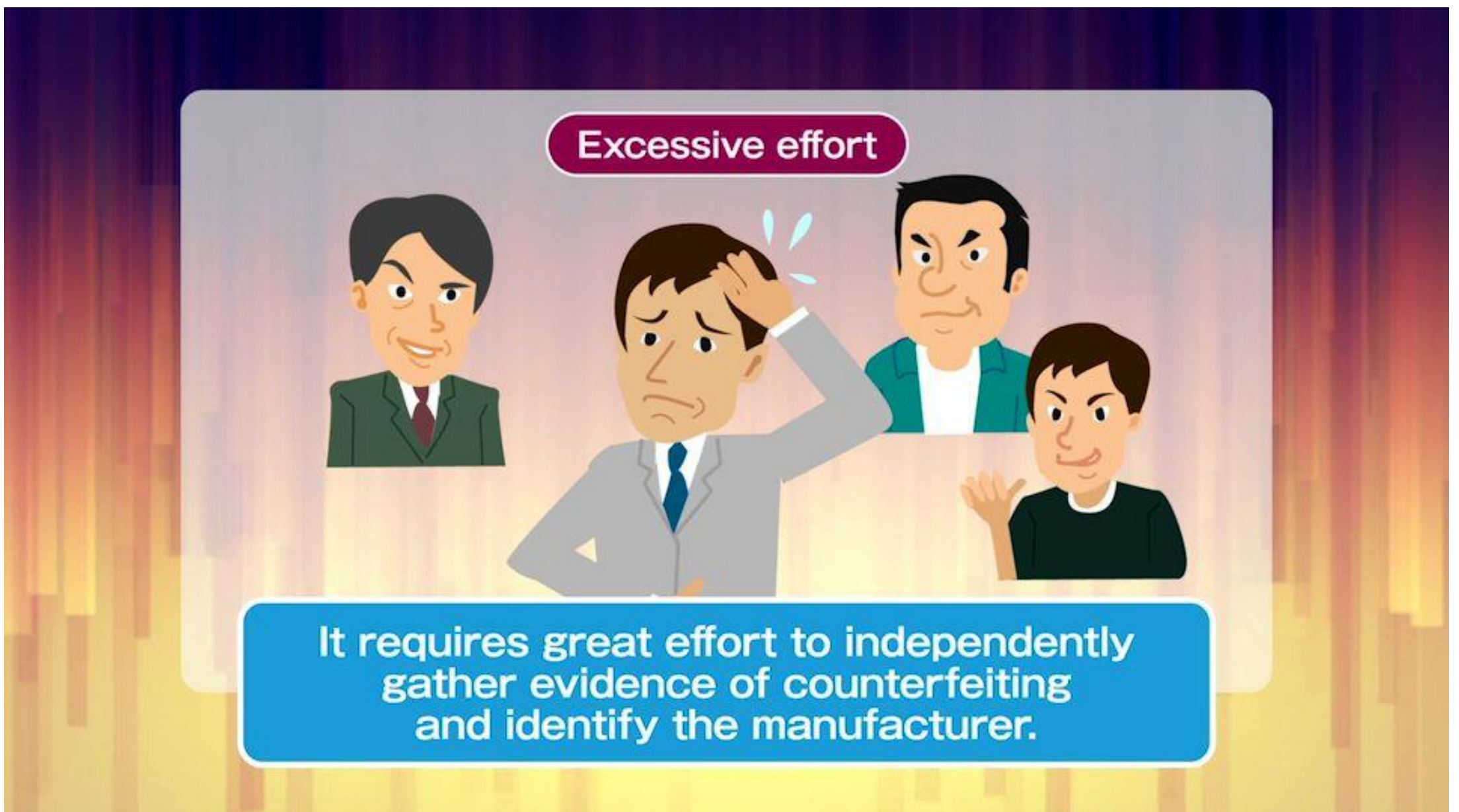


Ministry of Agriculture, Forestry and Fisheries
Mark applications as a measure to prevent
had masquerading as Japanese origin food
cultural, forestry or fishery products

Chapter 3. Activities by Japanese Enterprises to Eliminate Counterfeits

Introduction of Chapter 3





High cost

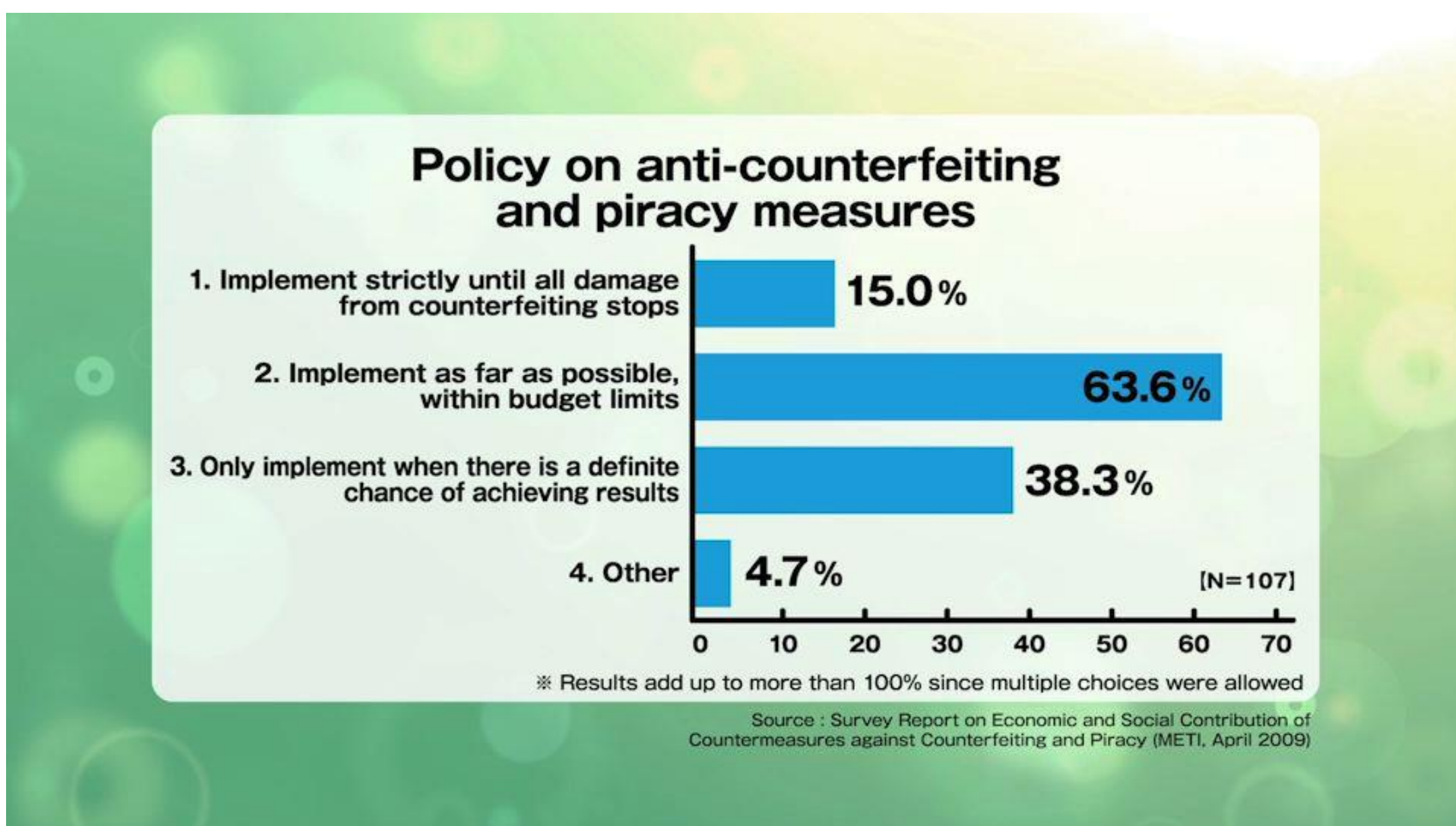


Even when the case goes to court, the cost of eliminating the counterfeit often cannot be recovered.

Weak penalties



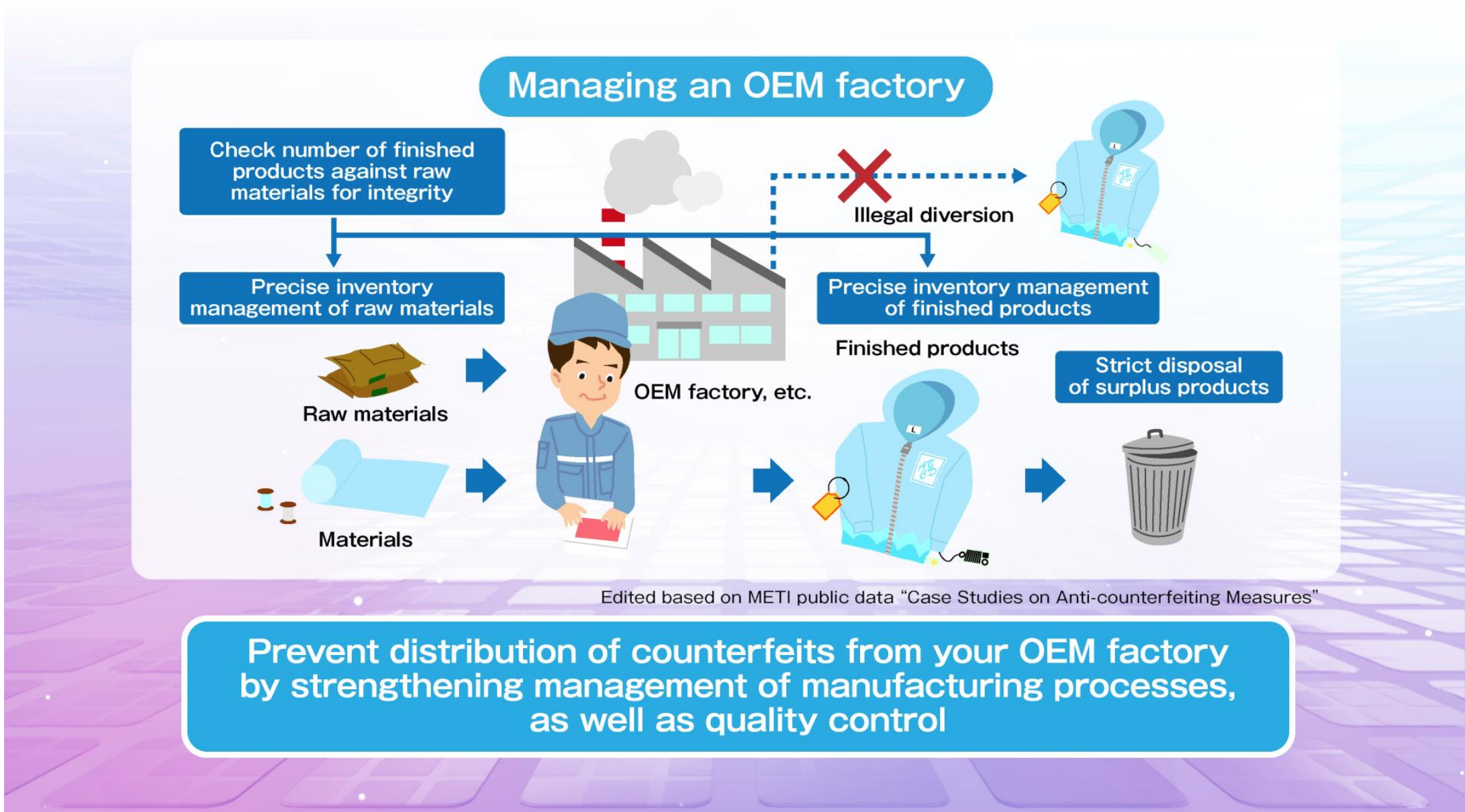
Many countries have very weak penalties, and the profits from counterfeiting often far outweigh the fines.



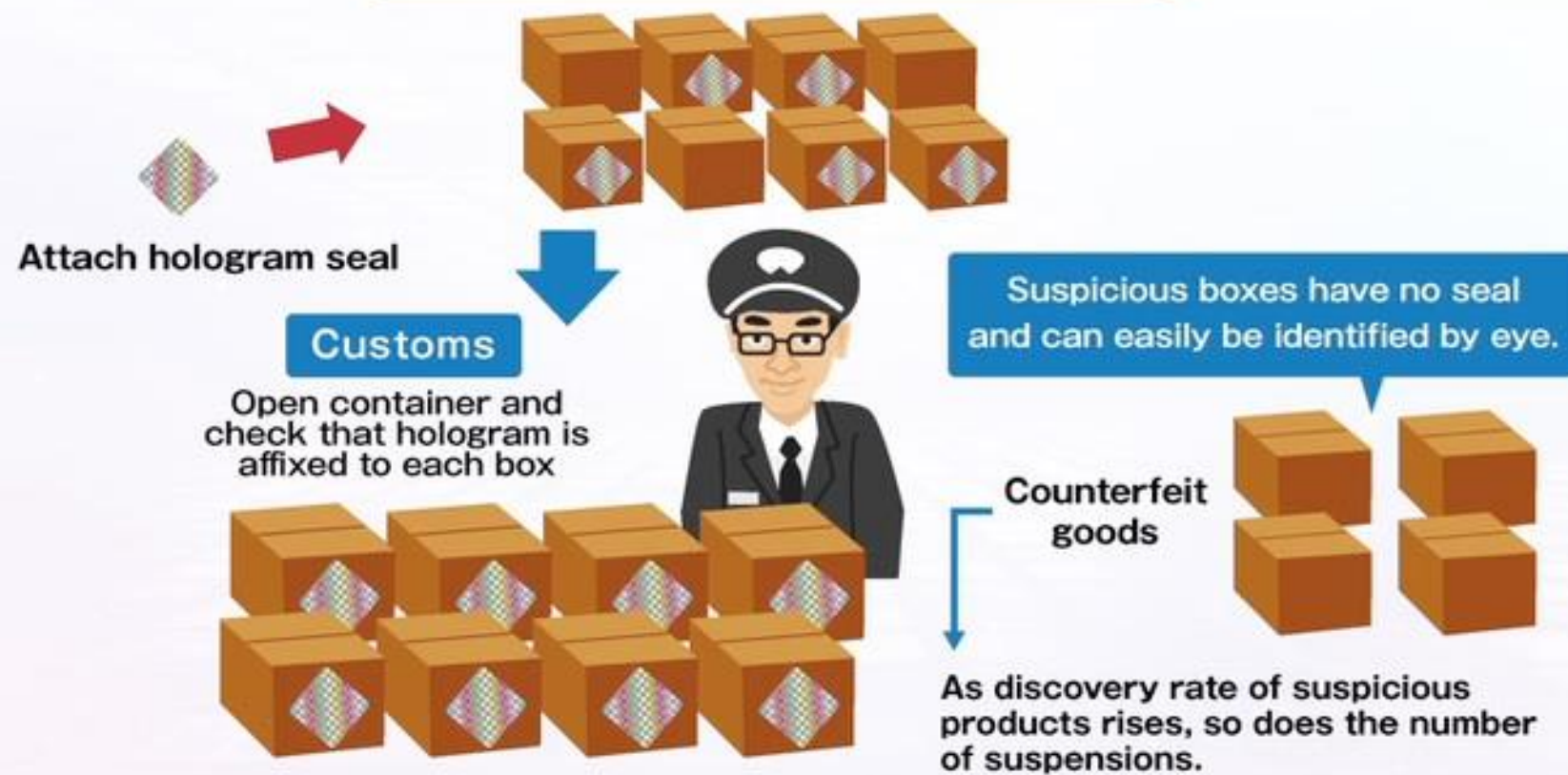
Brand Strategy and Eradicating Counterfeits



Prevention of counterfeiting

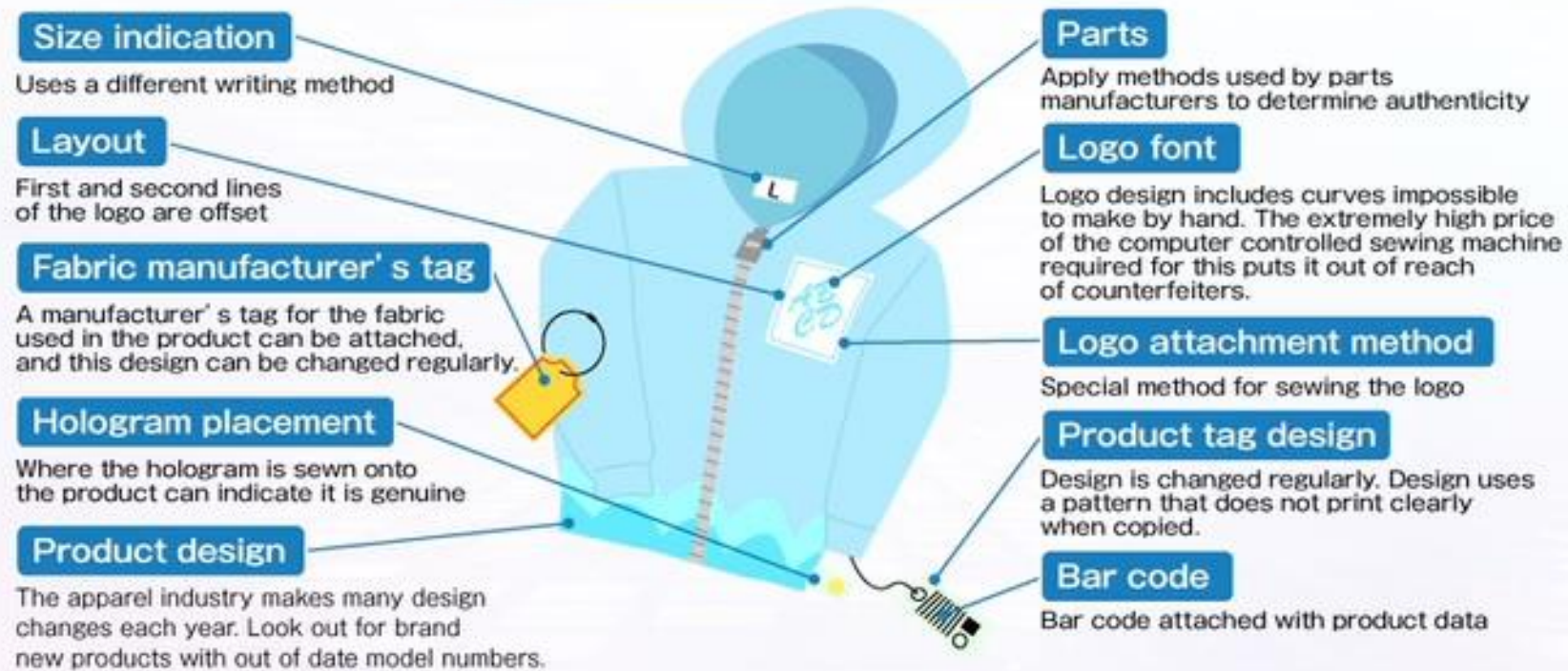


Example: using hologram seals



Edited based on METI public data "Case Studies on Anti-counterfeiting Measures"

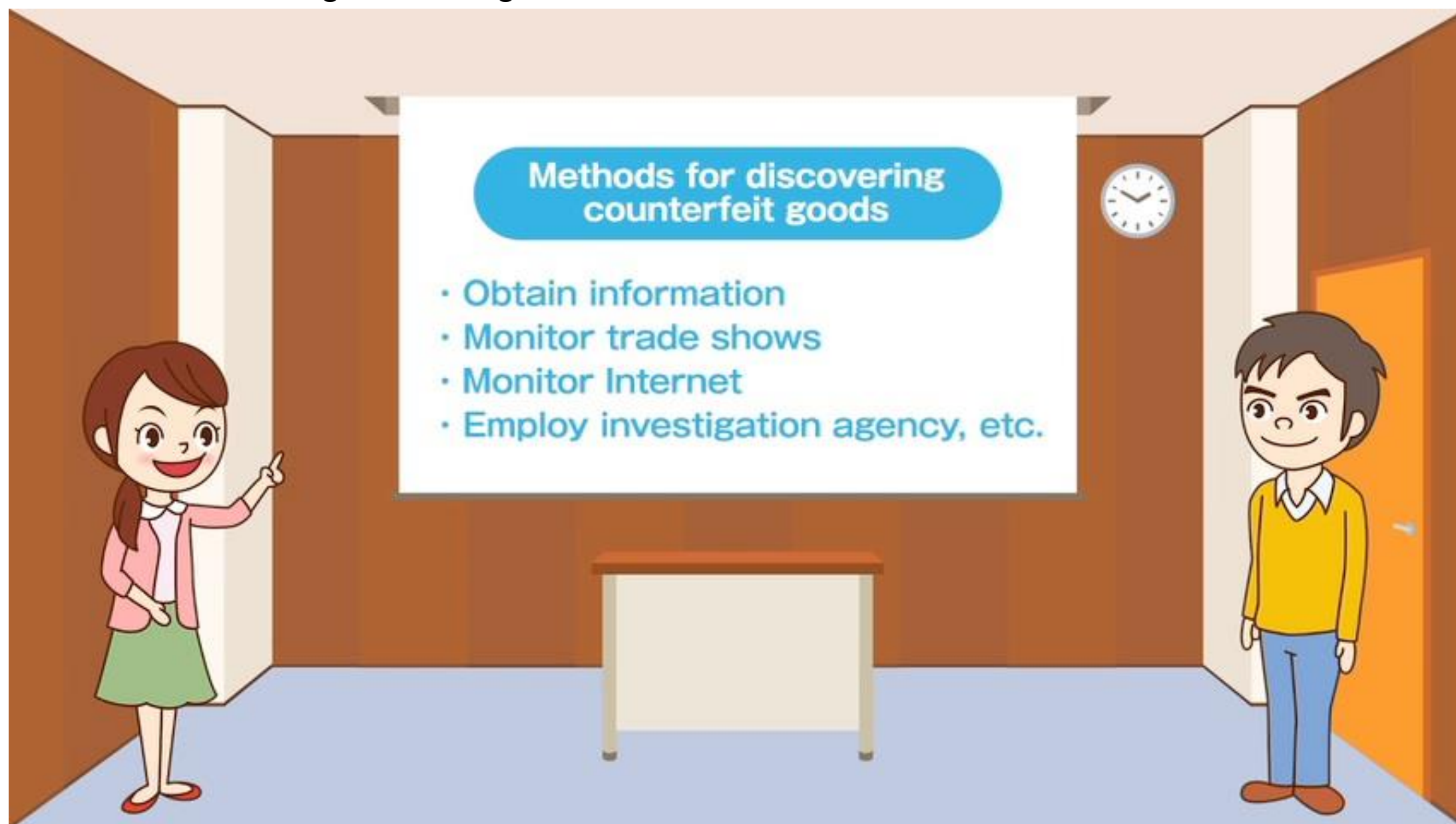
Example of combining anti-counterfeiting measures



Edited based on METI public data "Case Studies on Anti-counterfeiting Measures"

Apply multiple countermeasures

Methods for discovering counterfeit goods





Edited based on METI public data "Case Studies on Anti-counterfeiting Measures"

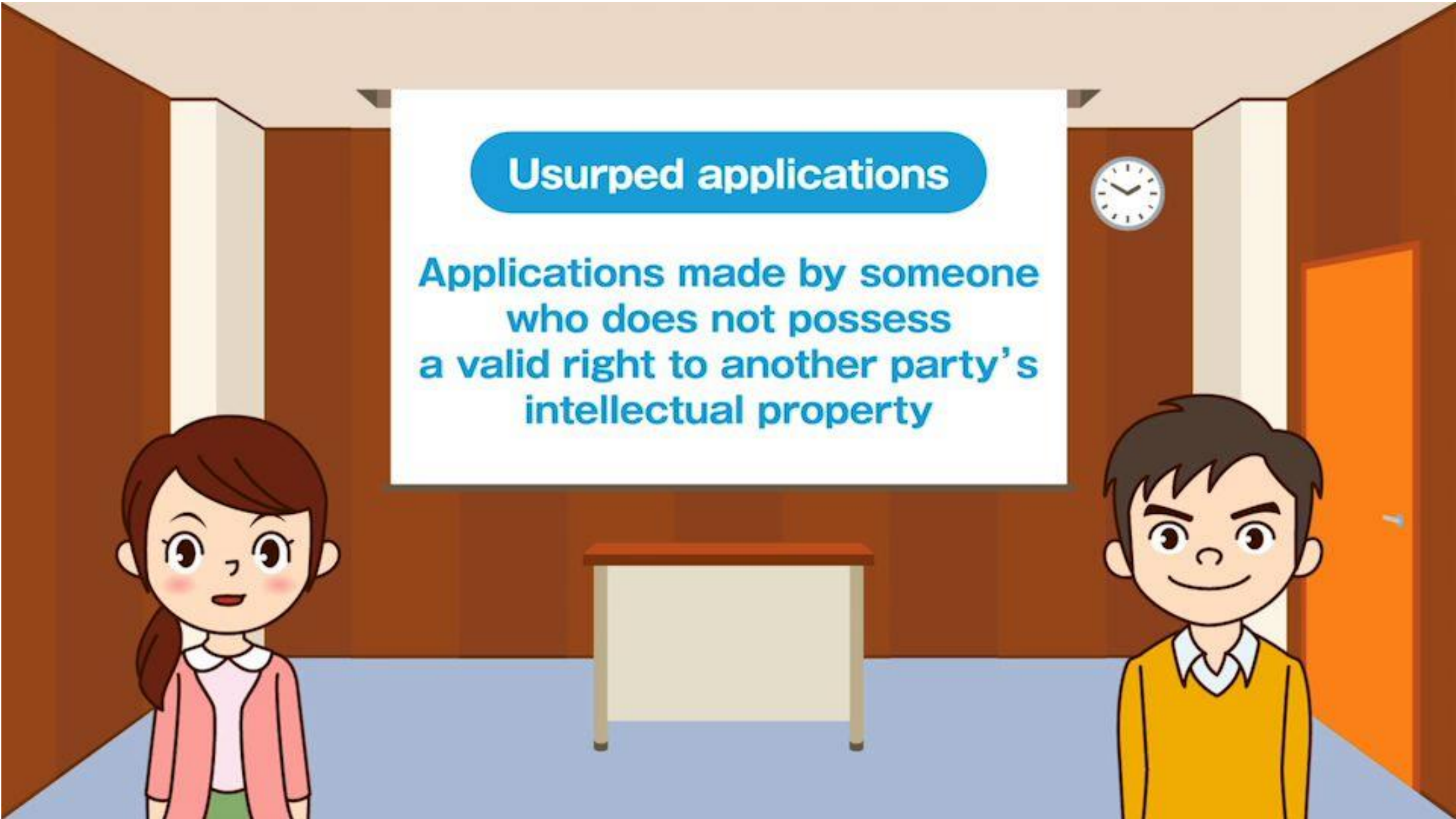


Anti-counterfeiting staff

Send anti-counterfeiting staff to monitor trade shows
Request enforcement agencies to remove counterfeits from shows



Block usurped applications



Company X



“X”

Registers trademarks in each field related to its business

(Company X not acquired, as class 12 was unrelated to the business field)

Overseas Company Y



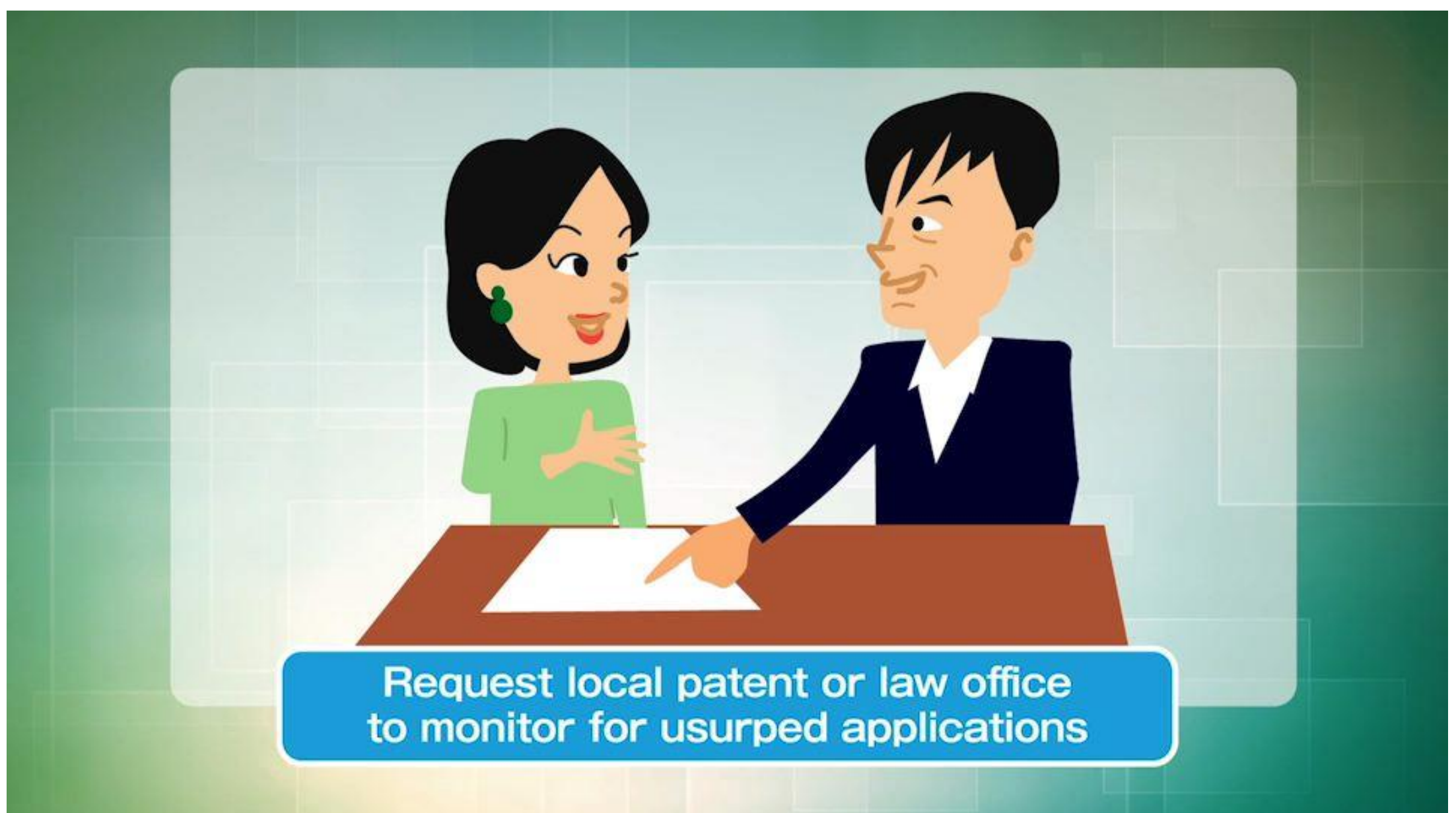
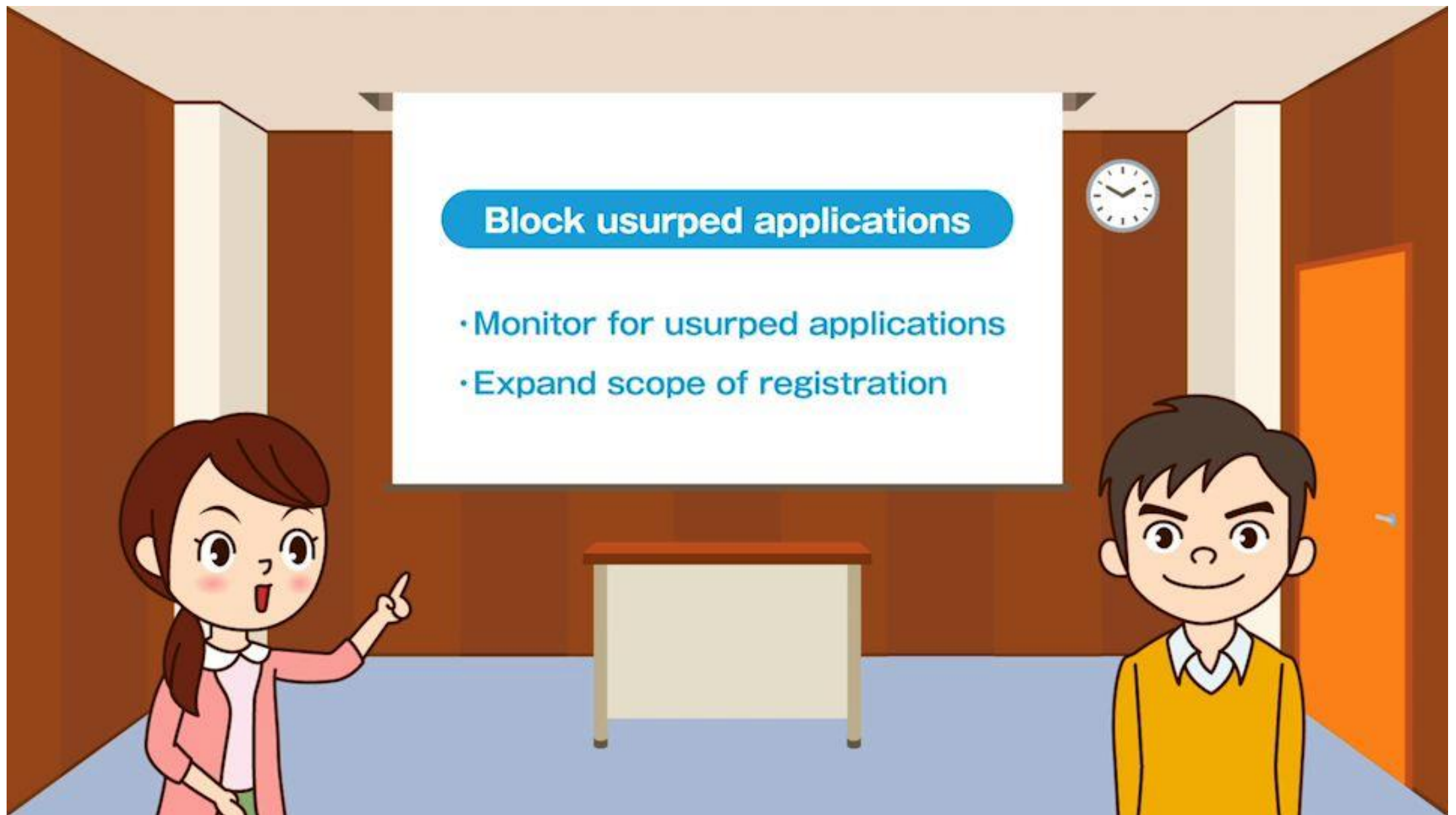
“X”

Registers trademark under Class 12

※ Class 12 : Devices, machines and apparatus for locomotion by land, air, or water

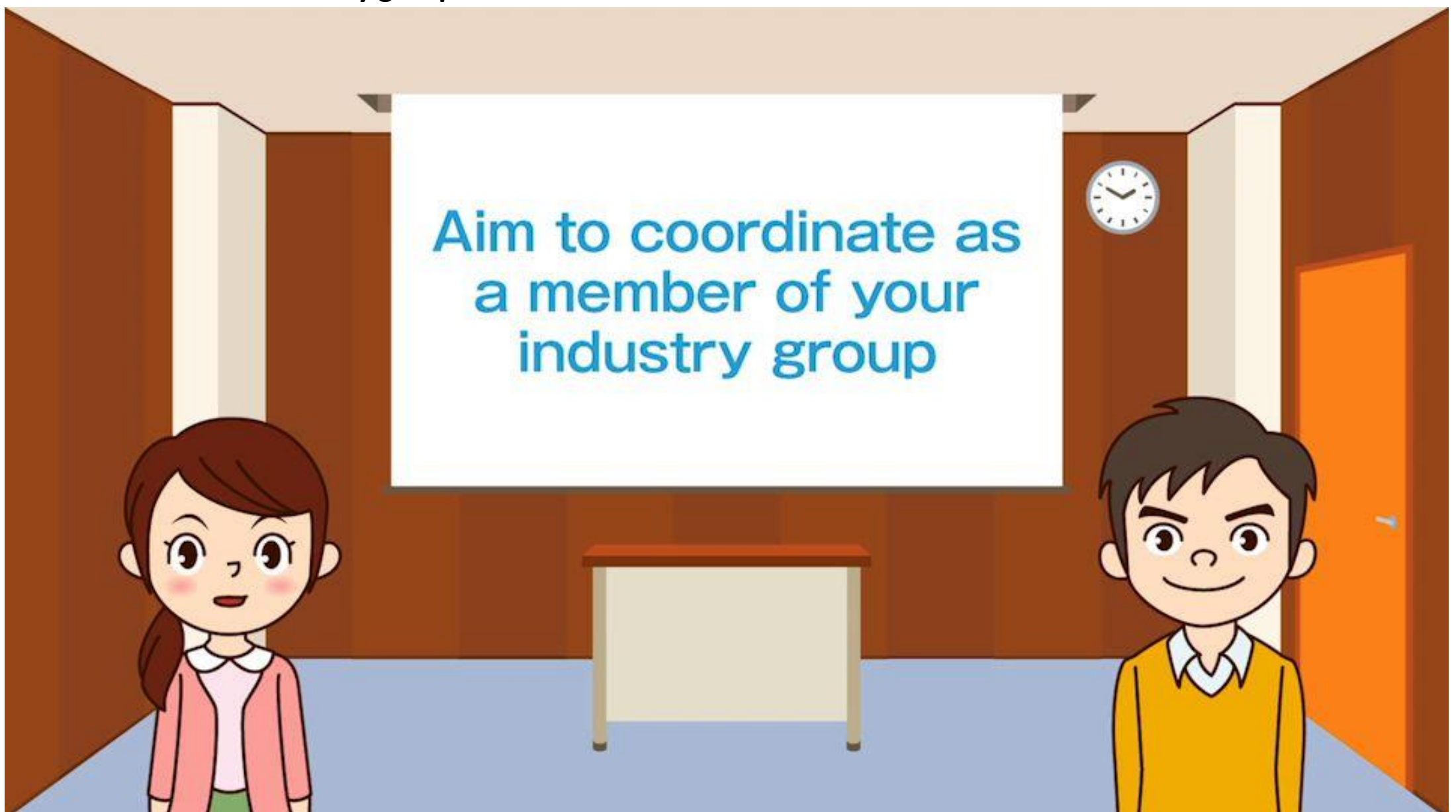
Company X has registered the trademark “X”, but Company Y can use the “X” trademark on its Class 12 products.

Edited based on METI public data “Case Studies on Anti-counterfeiting Measures”





Coordination with industry groups





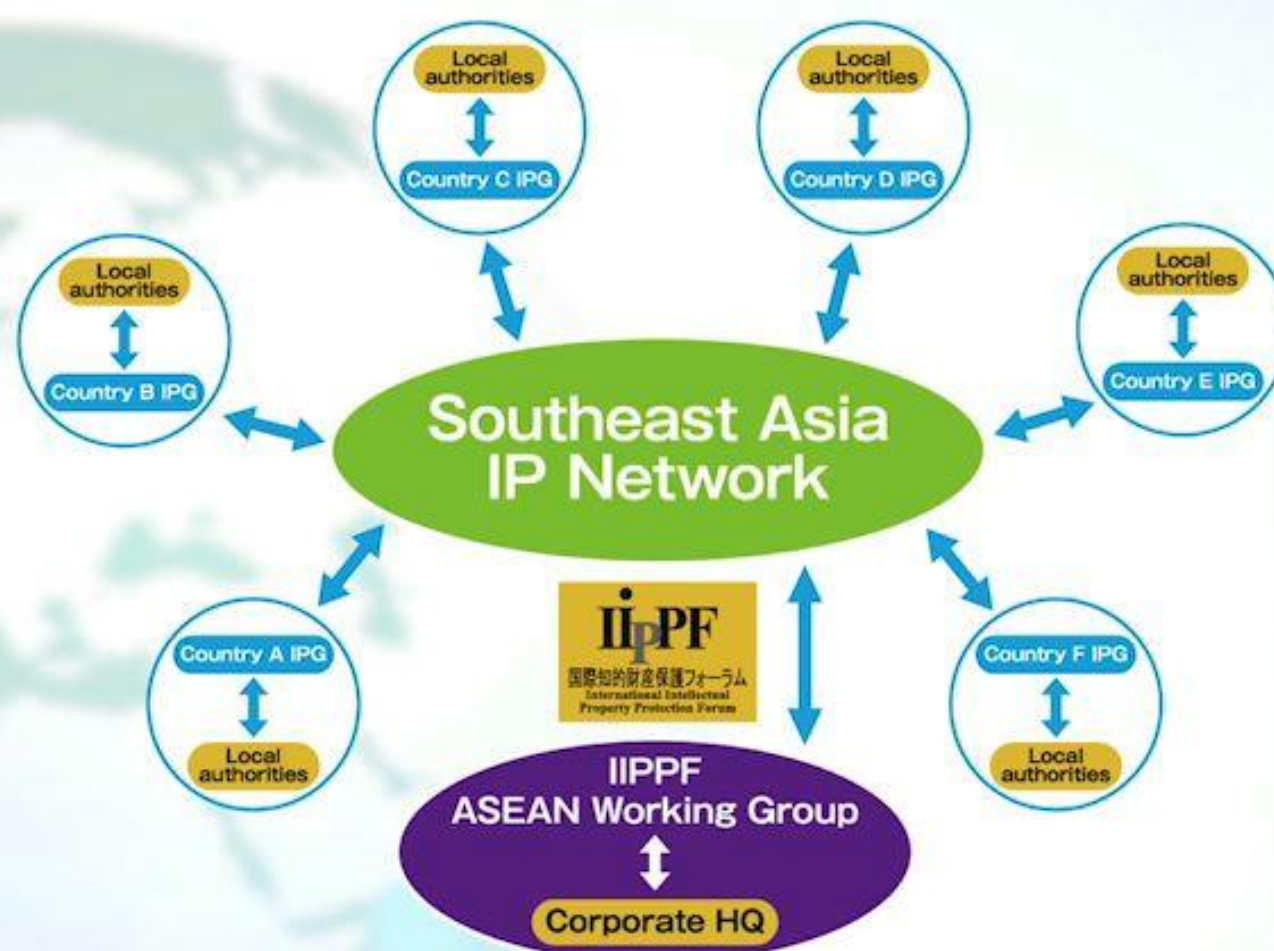
Use your industry group as a place to exchange anti-counterfeiting information with people in the same industry



As well as your own anti-counterfeiting activities, also take part in industry group activities



Have your IPR specialists assigned overseas give training to local staff



Industry group activities

Contribute to effectiveness
and lower costs of eliminating
counterfeit goods

Expectations towards government agencies

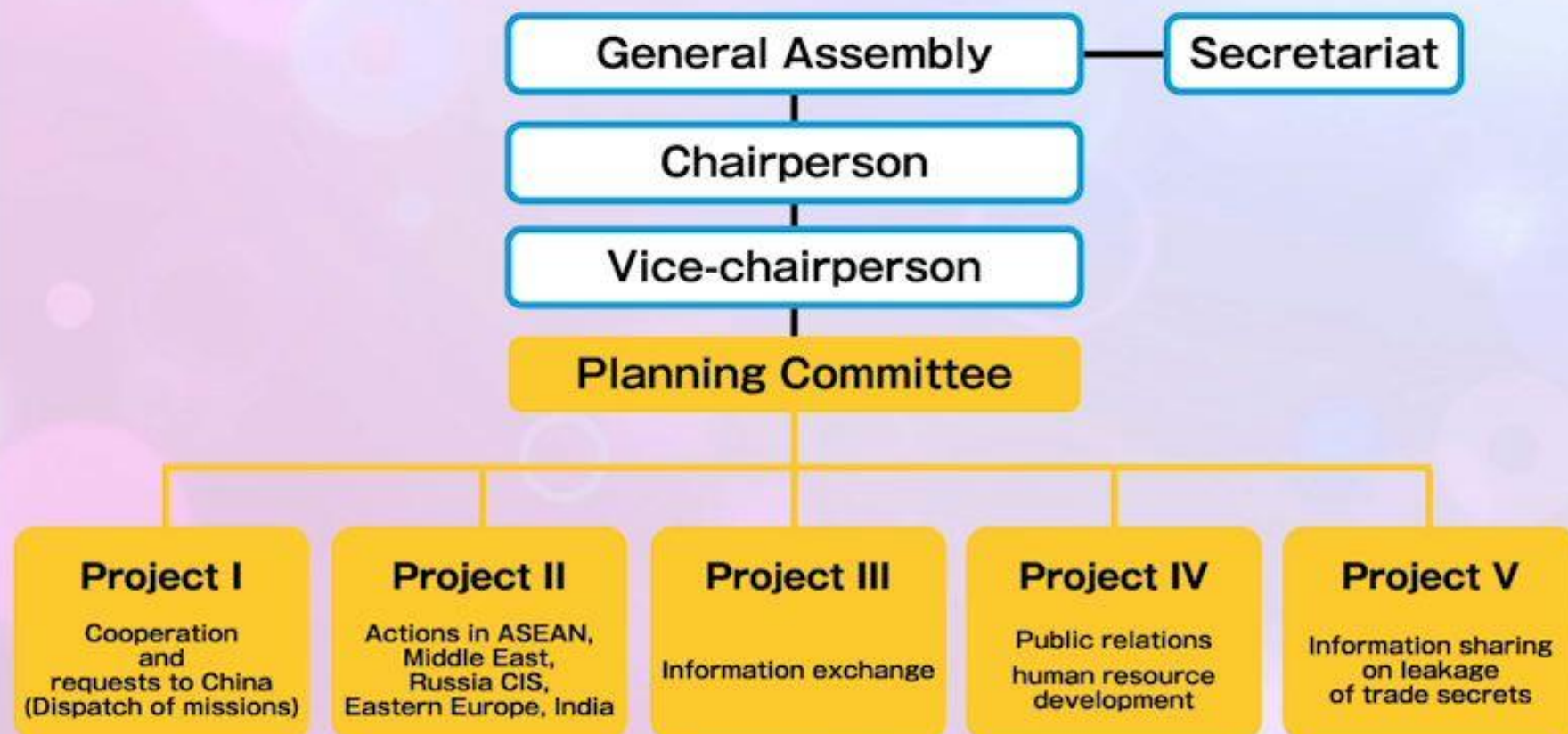
Strengthened enforcement and
increased penalties will effectively
reduce the number of victims.



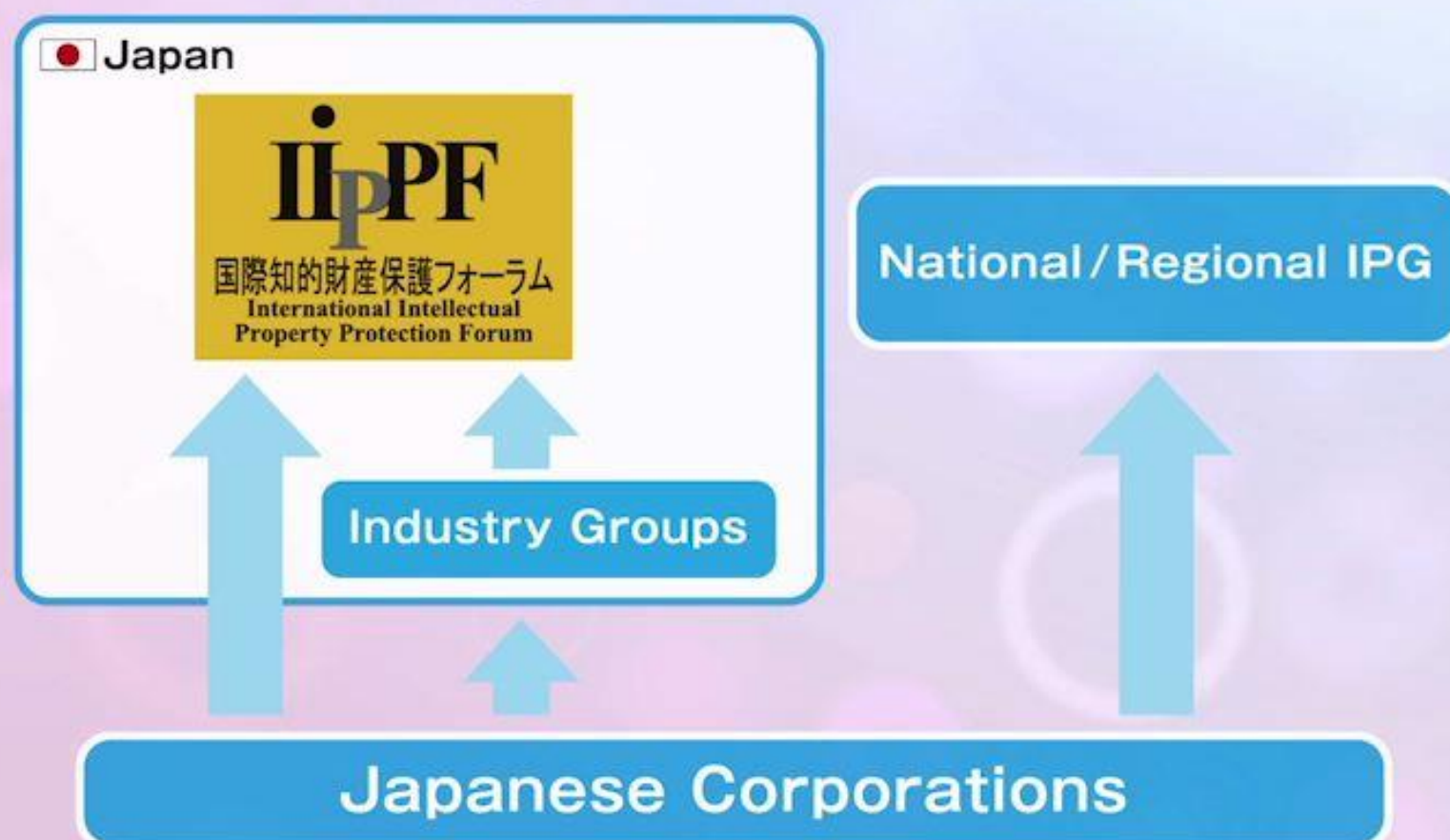
国際知的財産保護フォーラム
International Intellectual
Property Protection Forum

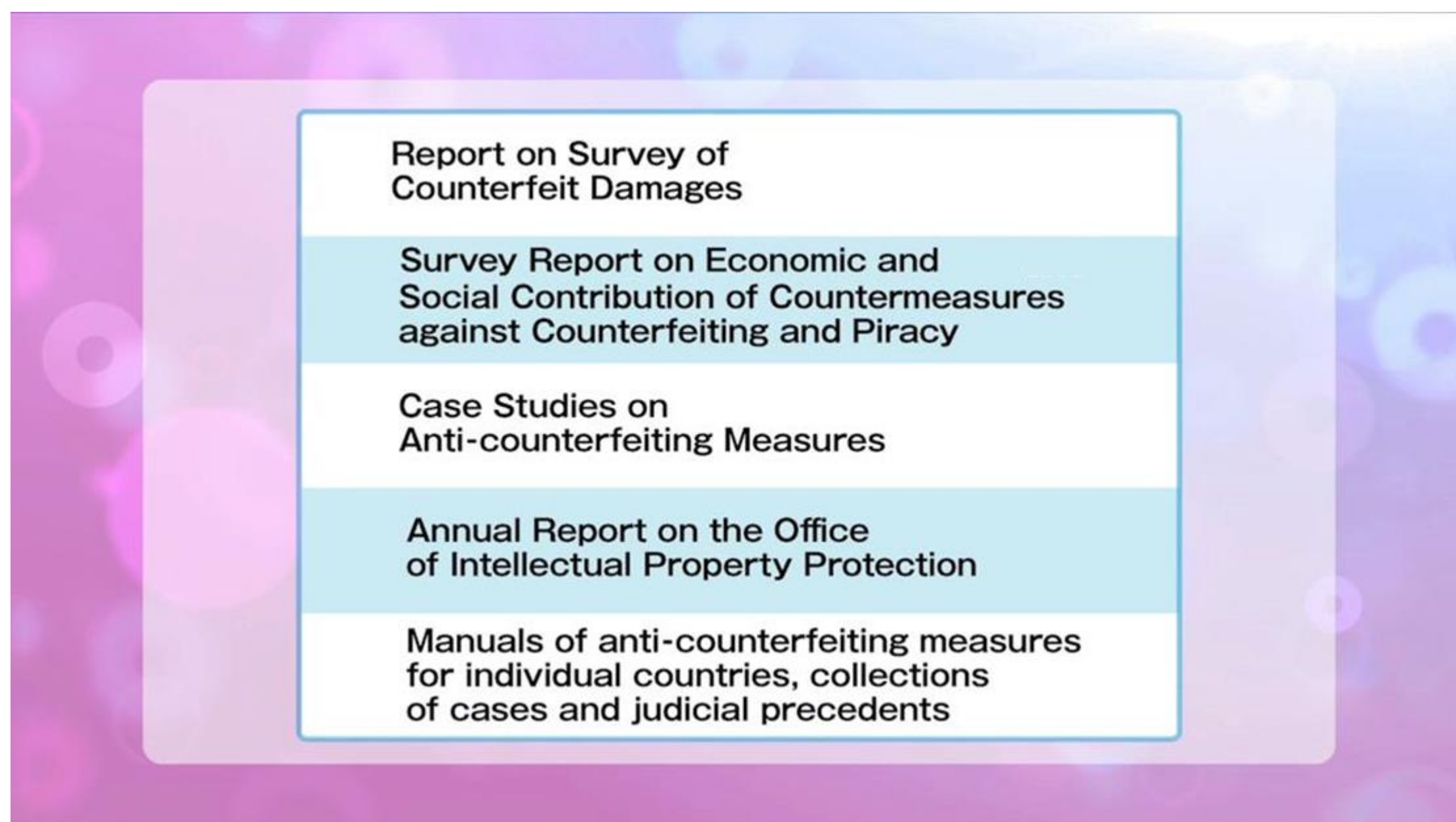
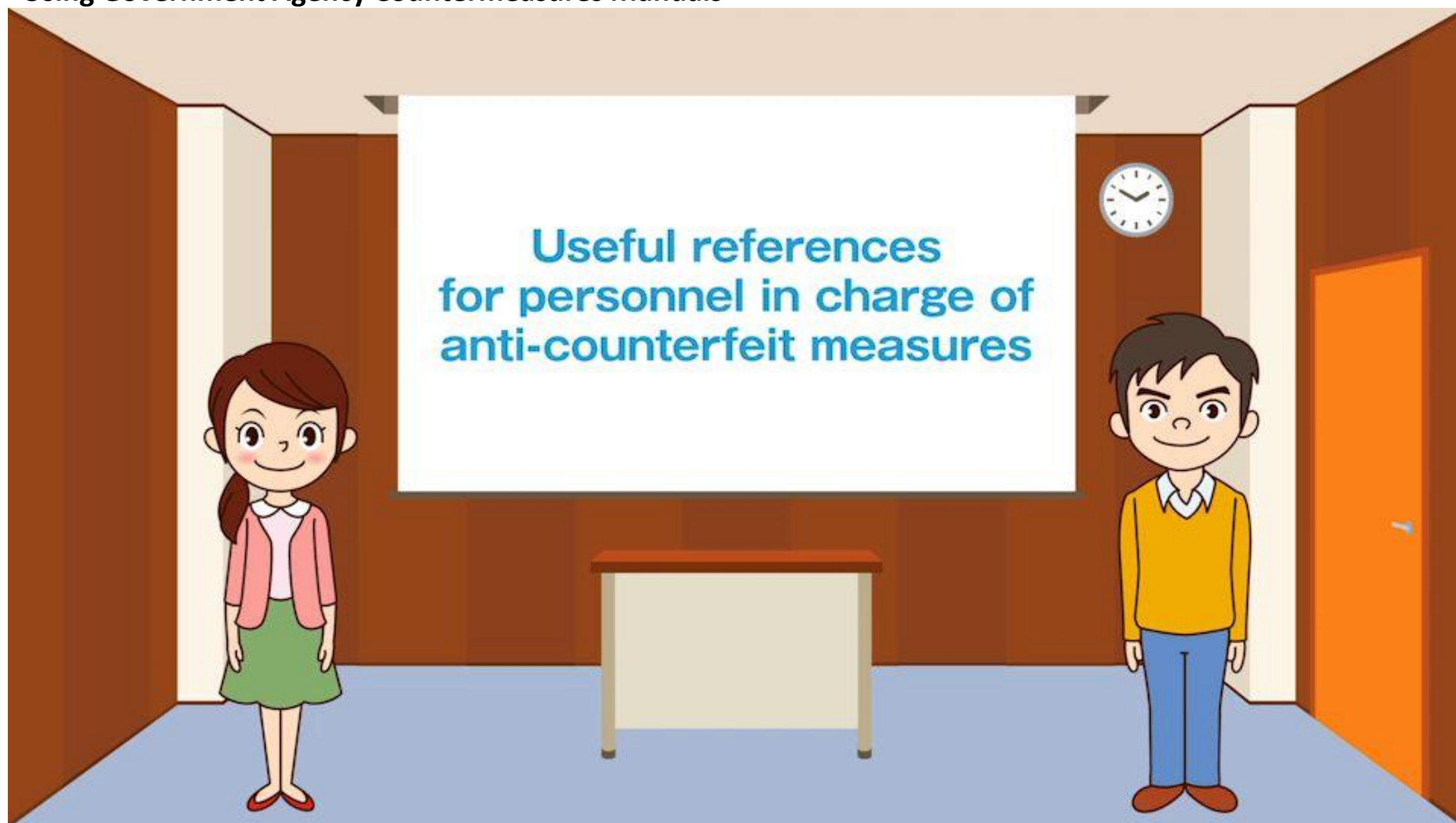
Companies suffering damage from counterfeits
and companies wanting to protect themselves
from damage coordinate their activities
with various groups

IIPPF Organization Chart

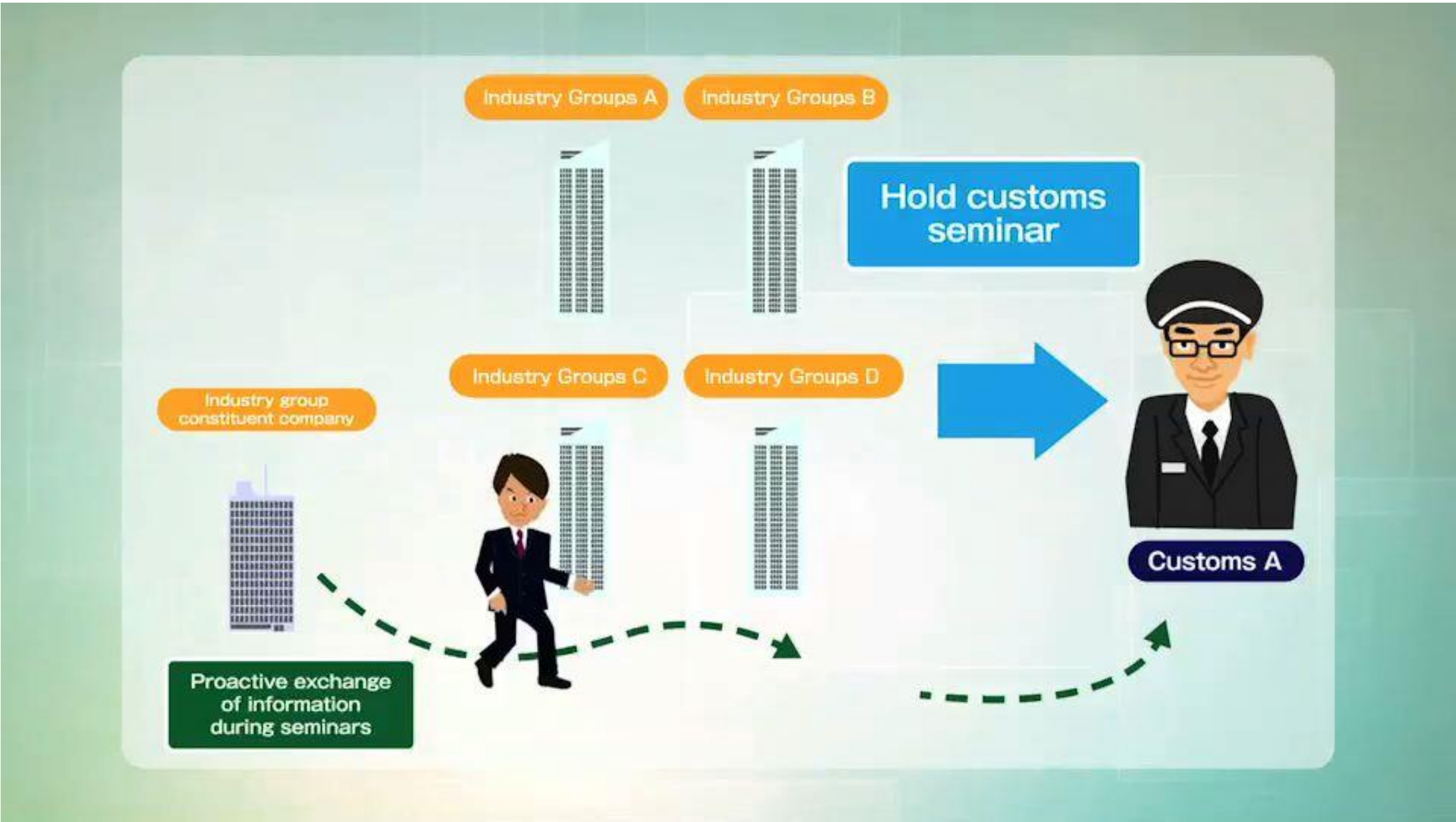


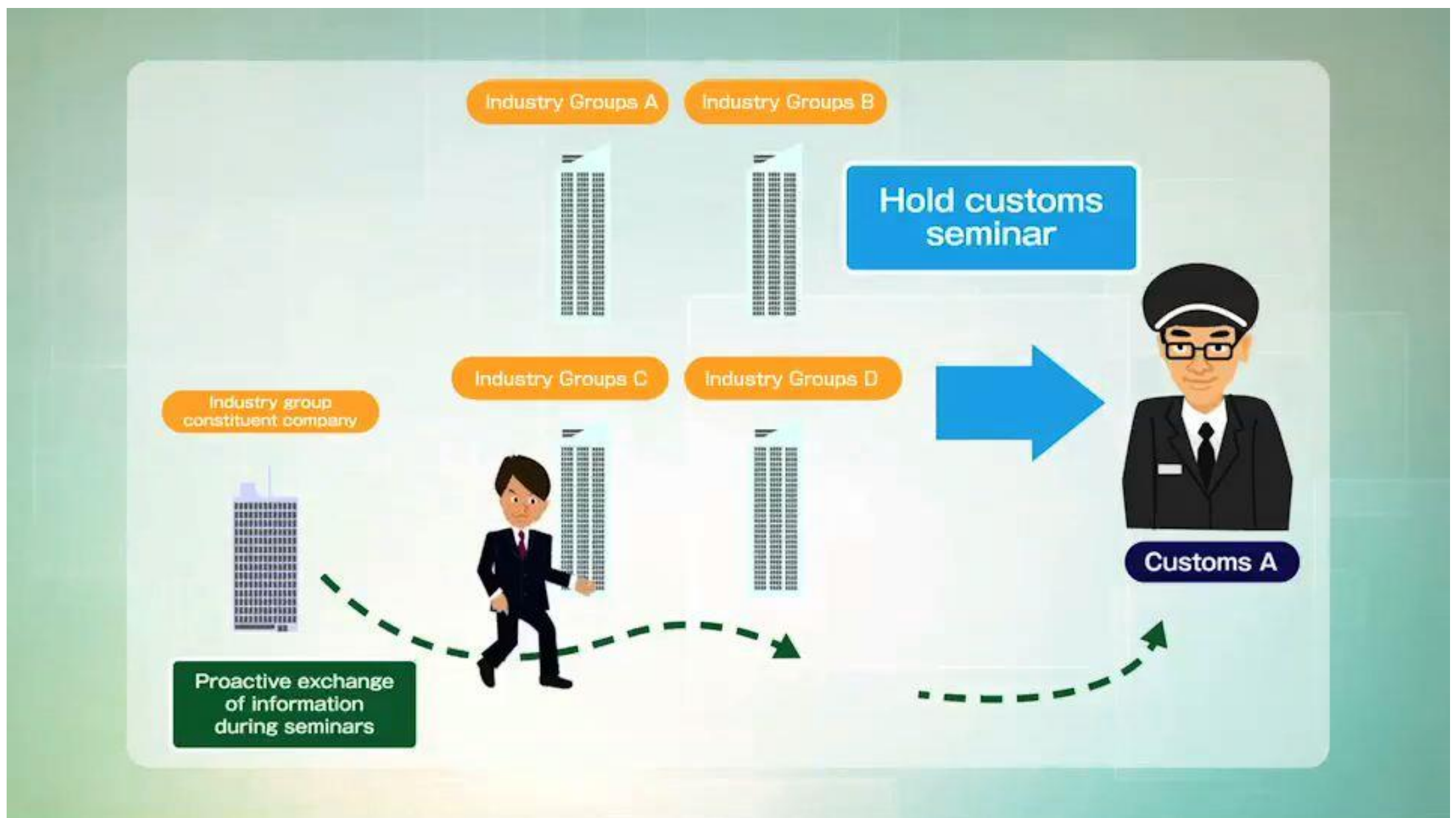
Multi-layered Coordination





Strengthen links with enforcement agencies



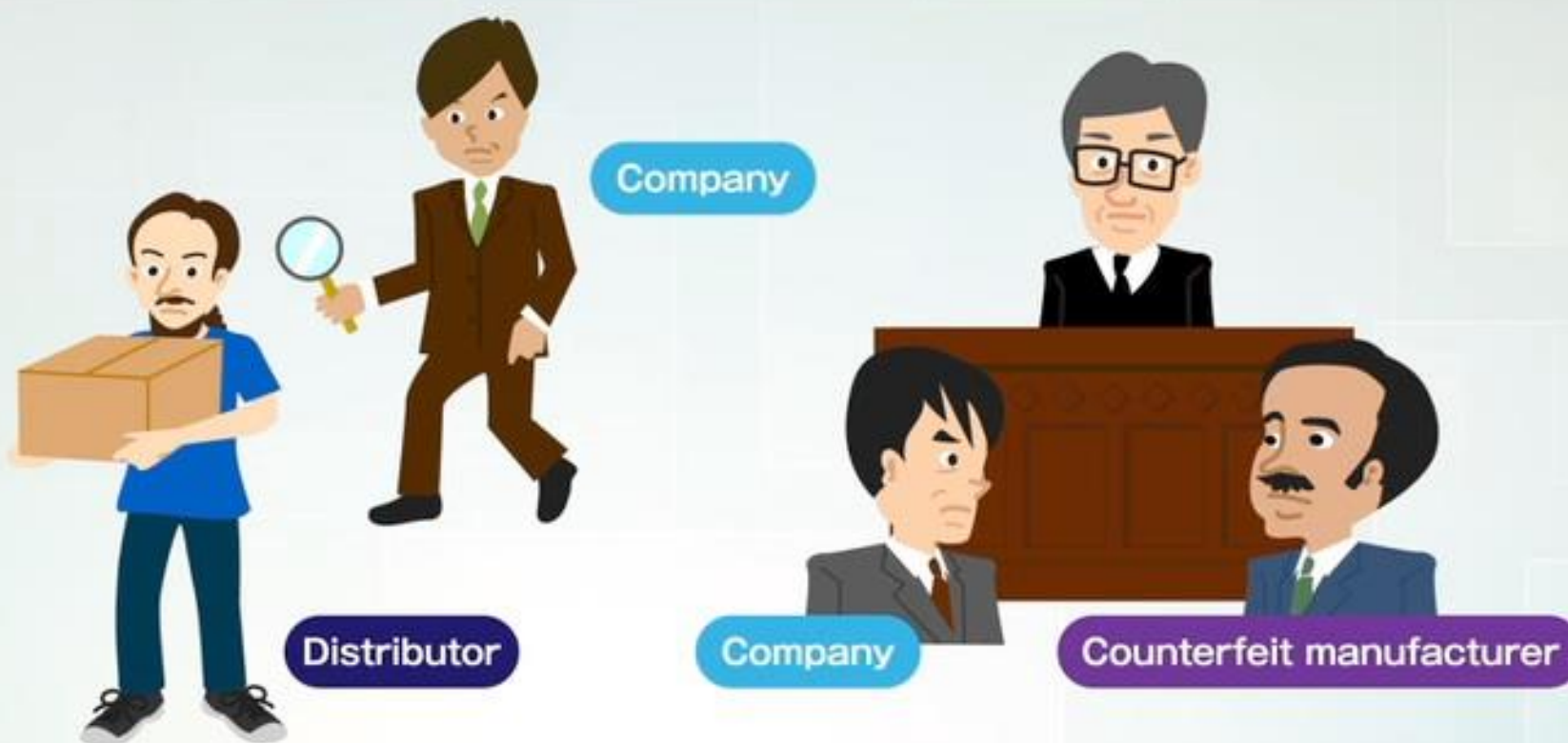


Strategic litigation





Counterfeit goods manufacturers simply deliver orders, meaning that the operation is often masterminded by another party.



Aggressively pursue distributors
Strategy of naming retailer and manufacturer as co-defendants