

# **Judicial Symposium on Intellectual Property 2021**

## **- Administrative Enforcement Actions against Infringing and Counterfeit Products -**

**Attorney at law/Patent Attorney  
Shintaro HOSHINO**

**Anti-Counterfeit Office  
International Cooperation Division  
Japan Patent Office**

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## **[Q1: Organization to contact]**

What is the most common route for right holders to take action against counterfeiting? In other words, which is the most appropriate organization to contact first to report counterfeit products?

In the case, upon discovering that Company B's goods might infringe Company A's trademark rights, which organizations should Company A go to first for advice?

## Answer:

- The authority to detect on counterfeit goods in Japan lies with Customs regarding the import and export of infringing goods and with the police regarding criminal cases within Japan. It may be necessary in some instances to consult separately with Customs and the police.
- There is no clear "most common route" but, for reference, there were 30,305 import seizures (589,219 items) by Customs and 326 persons arrested (in 280 cases) for trademark infringement offenses in 2020.

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## **[Q1: Organization to contact]**

(1.1): Besides the police or the court, is there any other administrative organization that investigates (including conducting visits, searches and seizures) counterfeit products?

## Answer:

- Besides the police and the courts, there is the Customs mentioned above.
- Although it has no authority to detect counterfeit products, the **Anti-Counterfeit Office** provides advice on anti-counterfeit measures to right holders. Depending on the contents of the consultation, we may also refer the case to the police or customs. In addition, if the case is suitable for civil litigation, such as a claim for damages or an injunction, we will suggest consultation with a lawyer. In addition, if the user wishes to have an official judgment on infringement or not, we will refer him/her to request the advisory opinion of the Japan Patent Office.
- **Anti-Counterfeit Office** serves as a **General Contact Point on Counterfeit and Pirated Goods**, and it is involved in anti-counterfeit measures in collaboration with a variety of relevant ministries and agencies: the Ministry of Economy, Trade and Industry, the Japan Patent Office, the Small and Medium Enterprise Agency, the National Police Agency, the Ministry of Internal Affairs and Communications, the Ministry of Justice, the Ministry of Foreign Affairs, the Ministry of Finance, Agency for Cultural Affairs, the Consumer Affairs Agency, and the Ministry of Agriculture, Forestry and Fisheries.

## Ministry of Economy, Trade and Industry

Manufacturing Industries Bureau

Commerce and Information Policy Bureau

Media and Content Industry Division

- Measures against damage caused by pirated goods in the content industry

Information Economy Division

- Internet auction measures

Economic and Industrial Policy Bureau

Intellectual Property Policy Office

- Unfair Competition Prevention Act

Japan Patent Office

- Patent Act, Utility Model Act, Design Act and Trademark Act

International Cooperation Division

Anti-Counterfeit Office

- **General Contact Point on Counterfeit and Pirated Goods**
- Lobbying of, and cooperation with, foreign government institutions
- Collaboration with private companies
- Surveys of damage caused by counterfeit products

Small and Medium Enterprise Agency

- Support for small and medium-sized enterprises to combat counterfeit products

National Police Agency

- Domestic crackdowns on counterfeit and pirated products (police)

Ministry of Internal Affairs and Communications

- Jurisdiction over the Act on the Limitation of Liability for Damages of Specified Telecommunications Service Providers

Ministry of Justice

- Legal infrastructure support pertaining to intellectual property law
- Domestic crackdowns on counterfeit and pirated products (prosecutors)

Ministry of Foreign Affairs

- Negotiations on IP-related treaties, etc.

Ministry of Finance

- Border control for counterfeit/pirated articles (Customs and Tariff Bureau)
- Jurisdiction over the Act on the Securing of the Liquor Tax and on Liquor Business Associations (= protection of geographical indications for alcoholic beverages) (National Tax Agency)

Agency for Cultural Affairs

- Jurisdiction over Copyright Act

Ministry of Agriculture, Forestry and Fisheries

- Jurisdiction over geographical indications (= protection of geographical indications for food, agricultural, forestry and fisheries products) and Plant Variety Protection and Seed Act

Consumer Affairs Agency

- Jurisdiction over the Specified Commercial Transactions Act

## **[Q1: Organization to contact]**

(1.2): What can the above administrative organization do for investigation of counterfeit products? In other words, what kind of authority does the organization have to investigate counterfeit products?

\* “Investigation” includes conducting visits, searches and seizures. You may use the terms “administrative action”, “raid action” or “crackdown” in your country.

## Answer:

- Customs can take the actions described above. Since the **Anti-Counterfeit Office** does not have the authority to detect counterfeit products, it cannot intervene in individual cases, but it may conduct hearings in the course of planning projects relating to anti-counterfeiting measures.



## **[Q2: Organizations that support infringement decisions]**

Who makes the initial decision on whether a right holder's trademark has been infringed? Does the administrative organization in charge of the decision obtain/rely on the support of external experts or organizations to guide the investigation?

Under the facts of this case, does the organization identified in Q1 (police or other administrative organization) that received the information from Company A make the infringement decision by itself or with the support of other external experts or organizations? If so, which experts or organizations provide support?

## Answer:

- **The police and Customs will make decisions on infringements** based on the information provided by the right holder and the information obtained through investigation.
- With regard to police investigations, **the Japan Patent Office cooperates in crackdowns** through inquiries on investigations of intellectual property infringement cases in accordance with the provisions of Article 197-2 of the Code of Criminal Procedure.
- As for import injunctions, Customs will notify the right holder and the importer if an article suspected of infringing intellectual property rights is found by Customs and then **make a decision on whether it is an infringing article based on the opinions and evidence** submitted by the two parties.
- As part of the procedure for certifying cargo that infringes patent rights, utility model rights, or design rights, an **opinion inquiry may be made to the Japan Patent Office** based on the provisions of Article 69-17 of the Customs Act. Since the case in question is a trademark infringement case, it does not qualify for an opinion inquiry to the Japan Patent Office.

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### **[Q3: Documents to be submitted]**

When the right holder submits a request for investigation of counterfeit products, what documents and other items (including sample goods) are required to be submitted?

In this case, what kind of documents and other items does Company A need to submit?

## Answer:

- The following documents are generally required for criminal prosecution.
  - ① Identification of the person who filed the complaint (certificate of registered matters if it is a corporation)
  - ② Documents regarding the whereabouts of the accused (certificate of registered matters if it is a corporation)
  - ③ Register of trademarks
  - ④ Trademark gazette
  - ⑤ Documents certifying the details of the other party's product (photographs, pamphlets, print-outs of EC website screenshots, samples of the other party's product, etc.)
- In addition to these, it may also be useful to submit **an expert opinion in writing from a patent attorney showing trademark infringement, a JPO's advisory opinion** as well as materials showing the sales of the other party's product as **documentation of the scale of damage** in order to have the complaint accepted and to proceed with a proactive investigation.

## Answer:

In this case, the minimal documentation required for submission would be:

- ① Certificate of registered matters for Company A
- ② Certificate of registered matters for Company B
- ③ Register of trademarks for the Trademark
- ④ Trademark gazette for the Trademark
- ⑤ Photographs and pamphlets of Company B's product, screenshot print-outs of the product listing on the "E-lulu Shopper!" EC site, and a sample of Company B's product

Even better would be submitting

- ⑥ **an expert opinion and a JPO's advisory opinion** finding that sales efforts by Company B infringed on the trademark rights related to the Trademark

together with the above documentation.

## Answer:

### When applying for suspension with Customs (reference)

#### Documents required for import injunction

<< Required documents >>

- ① Petition (Customs form)
- ② Copy of the original registration/official gazette (Note 1) (Note 2)
- ③ Materials that spell out the facts of the infringement, etc.
- ④ Documents related to identification points
- ⑤ Calculation data for customs clearance fees  
(only for patent rights, utility model rights, design rights, and trade secrets to be protected)
- ⑥ When an agent files a petition, a power of attorney, etc. (Note 1), materials that should prove the occurrence of copyright (neighboring) rights  
(Note 2) For breeder's rights, a copy of the Registry of Plant Varieties  
(Note 3) [A written opinion from the Minister of Economy, Trade and Industry when a party requests an unfair competition injunction as prescribed in Article 2-1, Items 1 to 3, 11 and 12 of the Unfair Competition Prevention Act, or certification from the Minister of Economy, Trade and Industry when a party requests an unfair competition injunction as stipulated in Item 10 of Article 2-1](#)

<< Documents to be submitted as needed >>

- i. Judgment; notice/judgment for decision on provisional disposition
- ii. expert opinion by lawyer, etc.
- iii. Warning letter, etc.
- iv. Materials relevant to the dispute
- v. Materials on parallel imports
- vi. Other materials relevant to infringing articles

\* Please see the specific right-specific procedures for filing a petition for details of the documents.

## JPO's Hantei (advisory opinion) system (reference)

A system in which the JPO gives its opinions on the following upon request (Article 71 of the Patent Act, Article 26 of the Utility Model Act, Article 28 of the Trademark Act, and Article 25 of the Design Act):

- Technical scope of patented inventions and registered utility models
  - Scope of registered designs and designs similar thereto
  - Scope of the effects of trademark rights
- The features of this system are ① deliberations by three specialized judges, ② assessments from a neutral and impartial standpoint, ③ quick conclusions (**within as little as 3 months**), and ④ low cost (JPO's advisory opinion fee is 40,000 yen per case).
    - \* Advisory opinions are offered as an administrative service and are not legally binding.
  - The advisory opinions issued are presumably used as **supporting documents in infringement cases, customs procedures, criminal complaints, etc.**

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**[Q4: Procedure from a request for investigation to a remedy or relief]**

What is the procedure from a request for the administration to conduct an investigation to the imposition of a remedy or other relief (fine, disposal of counterfeit goods, criminal prosecution, etc.)?

Under the facts of this case, from the standpoint of Company A, what procedures should be followed, and what is the average term required to complete the procedure?



## Answer:

- There are no special procedures for counterfeit products; the same procedures used in general criminal cases apply.
- The process is: **complaint ⇒ acceptance ⇒ start of investigation ⇒ referral to prosecutor (Articles 242 and 246 of the Criminal Procedure Code) ⇒ Prosecution by the prosecutor.**
- The public prosecutor notifies the complainant of the result of the decision to prosecute or not prosecute (Article 260 of the Code) and, if a decision has been made not to prosecute, the prosecutor will disclose the reason for non-prosecution upon request (Article 261 of the Code).

## Answer:

- Following the Prosecution, **a judgment is handed down after a court hearing.** Judgments in criminal cases may impose **confiscation as a supplementary punishment** in addition to the principal punishment (death penalty, imprisonment with or without work, fines, penal detention and penalties) (Article 9 of the Penal Code). Confiscation is left to the judge's discretion.
- Among the items subject to such confiscation are products that constitute a criminal act (Article 19-1, Item 1, of the Penal Code), and counterfeit products involved in trademark infringement offenses apply here. These **will generally be confiscated as a supplementary punishment**, albeit at the judge's discretion.
- **Confiscated items are processed** by the prosecution, disposed of in accordance with the Administrative Rules for Evidence, and **generally discarded** (Articles 29 and 30 of the Administrative Rules for Evidence).
- Criminal cases in 2019 lasted **an average of 3.4 months** from the time the Prosecution was received until the judgment of the first instance was issued.

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**[Q4: Procedure from a request for investigation to a remedy or relief]**

(4.1): Are there any cases where the right holder and the infringer reached a settlement before the administrative remedy or relief?

(4.2): What is the approximate percentage of cases where the right holder and the infringer reached a settlement?

## Answer:

### (4.1)

- It is possible, but nearly unheard of, that a settlement (out-of-court accommodation) is reached in such cases. Presumably, one of the reasons is that the right holder will handle the matter as a civil case rather than file a criminal complaint if there is room for settlement (out-of-court accommodation).

### (4.2)

- No details are available due to a lack of official data, but such cases appear to be exceedingly rare.

## **[Q5: Fines and other sanctions]**

What kind of sanctions will be imposed on the infringer upon a decision of infringement? If a fine is imposed, how will the amount of the fine be determined (calculation criteria, aggravated punishment for a second or further repeated infringement, etc.)? Also, which organization (police or other administrative organization) will order payment of the fine?

Under the facts of this case, if the administrative organization finds trademark infringement occurred, what kind of sanctions will be imposed on Company B?

## Answer:

- There are **no administrative penalties**, only criminal penalties.
- Criminal penalties could include imprisonment of **up to 10 years** or a **fine of up to 10 million yen** (Article 78 of the Trademark Law), and a **fine of up to 300 million yen** (Article 82, Paragraph 1, Item 1 of the Trademark Law) in the case of a corporation. The sentencing is determined within this scope with **due consideration given to the maliciousness of the behavior and the reprehensibility of the motive**.
- If a person sentenced to imprisonment **commits another offense** on the day the sentence is completed or **within five years** from the day on which the sentence was suspended and that person is sentenced to imprisonment with work for a definite term, the person shall be deemed a repeat offender (Article 56 of the Penal Code) and the sentence in this case shall be **up to twice the length of the period of the curtailment of liberties** stipulated for this offense (Article 57 of the Penal Code). Even if this is not the case, a similar prior criminal record/history will often put a person at a disadvantage in sentencing.
- **The court** must render a fine by a judgment.
- Company B would be fined up to 300 million yen for this matter. In addition, the infringing articles would likely be confiscated as a supplementary punishment.

## **[Q6: Burden of expenses]**

What expenses must the right holder bear despite obtaining a decision in its favor?

Under the facts of this case, does Company A have to bear, for example, the cost of chartering a truck to transport the counterfeit goods (Company B's goods), the cost of storage (warehouse), and the cost of disposal? Also, how will the amount be calculated?

## Answer:

- The costs required for seizure during the investigation stage and confiscation in accordance with a judgment **are borne by the police and the prosecution respectively, and not by the right holder**, as the seizure of counterfeit goods is deemed part of a criminal investigation while confiscation is a criminal penalty.
- The right holder bears only the costs for gathering enough information and investigating the matter sufficiently to file a complaint.



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## **[Q7: e-Commerce sites]**

(7.1) How can counterfeit goods listed on a website be deleted?

## Answer:

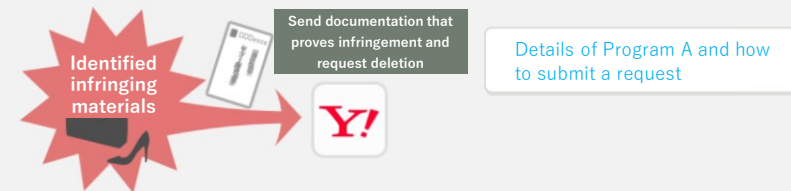
- Each e-Commerce sites offer a **right holder protection program**, and the right holder should submit a request to the relevant program (the figure at right shows the Yahoo! JAPAN Intellectual Property Protection Program).

### Yahoo! JAPAN Intellectual Property Protection Program

Yahoo! JAPAN Intellectual Property Program offers two types of programs (Program A and Program B). In either case, the right holder (or an authorized person to act on your behalf) needs to start procedures such as submitting a request.

#### Program A

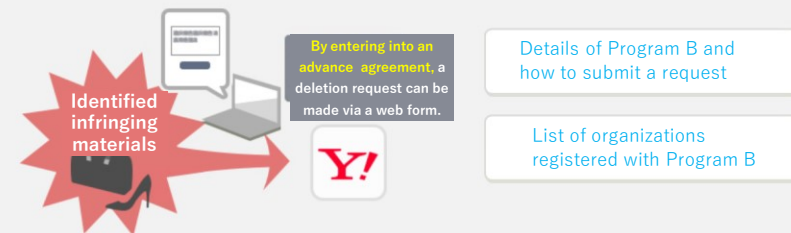
This program allows you to request deletion of infringing materials each time you find such materials on offer at Yahoo auction!, PayPay freemarket, Yahoo! Shopping, or PayPay mall by preparing document that proves such infringement and posting it.



If you are a owner of copyright or a trademark (or an authorized person to act on your behalf) and wish to seek more proactive protection of intellectual properties, **we recommend you to register with Program B.**

#### Program B

By registering with us in advance, you are able to request deletion of infringing materials using a web form when such materials are found on offer at Yahoo auction!, PayPay freemarket, Yahoo! Shopping, or PayPay mall. It is an easier way to request deletion than Program A.



## **[Q7: e-Commerce sites]**

(7.2) If the sales of counterfeit goods on a website are not suspended, is it possible for the right holder to obtain damages from the site operator (“E-lulu Shopper!” in this case)?

## Answer:

- It is clear under the Trademark Act that an injunction such as deletion from a website or a claim for damages for trademark infringement can be made against a seller of counterfeit products.
- In addition, there is judicial precedent pertaining to **EC sites** for the trademark owner filing an injunction and claiming damages against the web page operator on the grounds of trademark infringement in the same way as against the store owner if certain requirements are met – (1) the store owner/seller is considered to be under the management and control of the EC site, (2) the EC site makes a profit from the store owner/seller, (3) the EC site has learned that there has been a trademark infringement by the store owner/seller or there is sufficient reason for it to have recognized such an infringement, and (4) this infringement has not been corrected within a reasonable period thereafter – and the stipulated period has passed (Chupa Chups case).
- In this case as well, legal liability (compensation for damages) can be sought if the requirements in (1) to (4) are satisfied.

## **[Q7: e-Commerce sites]**

(7.3) What can the right holder do to hold the seller of counterfeit goods on the Internet civilly or criminally liable? Also, as a precondition for that, how can the right holder obtain information on the identity of the seller, such as the seller's name and address?

## Answer:

- Criminal liability involves identifying an infringement by the seller and lodging a complaint with an investigative authority.
- Civil liability is generally pursued by **sending a warning letter to the seller** asking them to cease the infringement before filing a lawsuit. **If no response is received, a lawsuit will be filed.**
- When pursuing (filing a complaint for) criminal liability, identifying the infringer is not a requirement for prosecution, but in practice the infringer is often identified in order to proceed with an active investigation. Similarly, when pursuing civil liability, **it is necessary to specify the name, address, etc., of the counterfeit product seller.**

## Answer:

- One means of obtaining personal information is **checking the description on the sales page of E-lulu Shopper!**, as Act on Specified Commercial Transactions requires that the name (appellation), address, and telephone number of the business operator be displayed when the seller offers goods for sale by mail order (Article 11-5 of the Act, Article 8-1 of the Regulations for Enforcement of the Act ).
- It is possible that the name and other information of the seller is not stated or it is false, and in such cases, the right holder may actually purchase the suspected infringing goods, called **test purchase**, and **check the invoice or use a detective to investigate.**

## Answer:

- Legal means to obtaining personal information include demanding disclosure of identification information of the sender and bar association inquiry.
- **Demand for disclosure of identification information of the sender** is a system that requires service providers, etc., to disclose information regarding infringements that occur on the Internet (Article 4 of the Act on the Limitation of Liability for Damages of Specified Telecommunications Service Providers).
- **The bar association inquiry** is a system established to facilitate lawyers' professional activities, such as collecting evidence and materials and investigating the facts of cases for which they were hired (Article 23-2 of the Attorney Act).



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## **[Q7: e-Commerce sites]**

(7.4) Are there any official systems to monitor the sales of counterfeit goods on e-commerce sites, for example, by the police or government organizations? In addition, please indicate the legislation, regulations or other rules (organization functions etc.) authorizing those procedures.

## Answer:

- The police are endeavoring to **ascertain illegal and harmful information through cyber patrols and the like**, but this is not limited to monitoring the sale of counterfeit products.
- In many cases, trademark infringements such as manufacturing/selling fake brands and copyright infringements such as pirating content are committed using the Internet, so the police are trying to gather clues on these as early as possible through cyber patrols, etc.