

TOKYO - JAPAN

# NAKAMURA & PARTNERS

中村合同特許法律事務所

PATENT TRADEMARK & LEGAL AFFAIRS

## OUTLINE OF IPR BORDER ENFORCEMENT IN JAPAN

1. Introduction .....	1
2. Application for Suspension .....	1
3. Identification Procedures .....	2
4. "2021 Seizure Statistics of IPR Border Enforcement" by Japan Customs .....	4
5. Attorney's Fee .....	7

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## **1. Introduction**

Customs may suspend the import, export and transit of goods infringing Intellectual Property Rights (IPRs) at the border based on IPR owners' applications therefor or ex officio. The IPRs therefor may be patent rights, utility model rights, design rights, trademark rights, copyrights, neighboring rights, plant breeders' rights, and rights against unfair competitions such as confusingly misappropriations of well-known indications, misappropriations of famous indications, imitations of configurations of goods, circumvention of technological restriction measures to content, and misappropriations of trade secrets, etc. According to the amendments of the Trademark Act, the Design Act and the Customs Act, in 2022, the private import directly from overseas distributors of goods infringing trademark rights and design rights will become suspensible by Customs.

## **2. Application for Suspension**

### **(1) Introduction**

IPR owner's application for suspension to Customs is the procedure that the IPR owner requests Customs to initiate Identification Procedures in the case Customs detects goods suspected of infringing his/her IPR in import or export.

### **(2) METI's Opinion or Designation on Unfair Competition**

In case of application for suspension to Customs against unfair competition, in advance, the IPR owner shall apply for Minister of Economy, Trade and Industry (METI)'s opinion on confusingly misappropriation of a well-known indication, misappropriation of a famous indication, imitation of configuration of goods, or circumvention of technological restriction measure to content, or METI's designation on misappropriations of trade secrets.

### **(3) Pre-consultation and Application**

The IPR owner may apply for suspension to any and all Customs by submitting one application to one of Hakodate, Tokyo, Yokohama, Nagoya, Osaka, Kobe, Moji, Nagasaki, and Okinawa Customs. The application must show with evidence (i) the existence of an IPR, (ii) applicant's ownership of the IPR, (iii) the likelihood of import or export of goods, (iv) the infringement by the goods of the IPR, and (v) how to identify the goods. In order to show the above (iv), court's decision for (provisional) injunction against the import or export of the goods is not necessarily required, and Japan Patent Office (JPO)'s Hantei or attorney's opinion may be useful. For preparing the application, the IPR owner may enjoy Customs' pre-consultation services free of charge.

### **(4) Publication and Objection**

Customs publishes the submission of the application on its website and notifies the same to the importer or exporter known to Customs through the application, and interested parties may submit their opinions and evidence on the application to Customs within 10 working days from the publication.

### **(5) IPR Expert Advisors' Opinions**

If Customs faces difficulties in determining whether goods subject to the application are infringing or not, Customs may designate three IPR Expert Advisors from candidates (attorneys at law, patent attorneys, or scholars) with sufficient knowledge and experience in the area of IPR for seeking opinions. In making a decision, Customs honors the majority of their opinions in principle.

### **(6) Acceptance, Rejection or Pending Disposal**

In their decision, Customs may accept, reject, or put on hold the application. Customs' decision accepting the application may be effective for 4 years at longest from the acceptance, and may be renewed. The applicant may file an objection to Customs' decision rejecting the application before the Director General of Customs within 2 months from the notification of the decision. Customs' decision putting on hold the application may be made, for example, based on IPR Expert Advisors' opinions therefor in the case a plausible non-infringement action is pending before the court or a plausible invalidation trial is pending before the JPO.

### **(7) Publication of Acceptance**

Customs publishes the acceptance of the application on its website.

### **(8) Time Frame**

In general, it usually takes about one month from the application to Customs' decision. In the case Customs seeks IPR Expert Advisors' opinions, it usually takes about three or four months from the application to Customs' decision.

### **(9) Official Fee**

No official fee is required for IPR owner's application for suspension to Customs.

## **3. Identification Procedures**

### **(1) Introduction**

Customs' Identification Procedures are the procedures in which Customs makes a decision as to whether or not the suspected goods are infringing the IPRs.

### **(2) Initiation**

In the case Customs detects goods suspected of infringing the IPR in the course of inspection on import or export, based on IPR owner's application for suspension or ex officio, Customs initiates Identification Procedures, unless the case is subject to Investigation Procedures for Offences.

### **(3) Notification**

Customs notifies the IPR owner and the importer or exporter of the initiation of Identification Procedures by providing them with relevant information such as names and addresses of parties concerned.

#### **(4) Submission of Opinions and Evidence, Inspection and Sample Examination**

The IPR owner and the importer or exporter may submit their opinions and evidence to Customs within 10 working days (3 working days for perishable items) from the notification of initiation. For this purpose, each party may apply for inspection of suspected goods before Customs. In the case based on IPR owner's application for suspension, each party may inspect suspected goods through pictures taken and sent with e-mail by Customs. Further, in the case based on IPR owner's application for import suspension, the IPR owner may also conduct Sample Examination (i.e. dismantlement, analysis) on the condition that all the requirements for Customs' approval therefor are satisfied and the security is provided.

#### **(5) Opinions by JPO, IPR Expert Advisors, MAFF, or METI**

Based on the request by the IPR owner or the importer or exporter, or at its own initiative, Customs may seek opinions (i) to the JPO regarding the scope of a patent right, a utility model right, or a design right, (ii) to the IPR Expert Advisors regarding other issues on a patent right, a utility model right, or a design right, or issues on a trademark right, a copyright, or a neighboring right, (iii) to the Minister of Agriculture, Forestry and Fisheries (MAFF) regarding issues on a plant breeder's right, or (iv) to the METI regarding issues on a right against unfair competition.

#### **(6) Deposit**

Customs may order the IPR owner, for the importer or exporter, to deposit the security to cover the damages caused by Identification Procedures. With the deposit of the security, Customs continues Identification Procedures, while, without the deposit of the security, Customs discontinues Identification Procedures and the goods are released.

#### **(7) Discontinuance**

In the case based on the application for import suspension under a patent right, a utility model right, a design right, or a right against misappropriation of trade secret, the importer may request Customs to discontinue Identification Procedures after the expiry of certain period. Based on the request, Customs orders the importer, for the IPR owner, to deposit the security to cover the damages caused by the import of the goods. With the deposit of the security, Customs discontinues Identification Procedures and the goods are released.

#### **(8) Simplified Identification Procedures**

Simplified Identification Procedures is applicable to Identification Procedures in import in which Customs makes a decision as to whether or not the suspected goods are infringing a trademark right, a copyright, a neighboring right, a plant breeder's right, or a right against unfair competition, based on IPR owner's application for suspension. If the importer does not submit any written objection to Customs about the notification of initiation during the designated period, Customs makes an infringement decision based on information in the application for suspension without asking any further opinions and evidence from parties concerned.

### (9) Decision, and Release or Suspension

Customs makes a decision as to whether or not the suspected goods are infringing the IPRs, and notifies the decision to the IPR owner and the importer or exporter. In case of the decision denying infringement, import or export is permitted. The IPR owner may file an objection to Customs' decision denying infringement before the Director General of Customs within 2 months from the notification of the decision. On the other hand, in case of the decision finding infringement, when the period for objection has passed and where no voluntary disposal (e.g. destruction, abandonment, reshipment (not allowed for goods infringing a trademark right, a copyright, or a neighboring right), obtaining consent from the IPR owner, removal of infringing parts) has been taken by the importer or exporter, Customs confiscates and destroys the infringing goods without any fees onto the IPR owner. The importer or exporter may file an objection to Customs' decision finding infringement before the Director General of Customs within 2 months from the notification of the decision.

### (10) Time Frame

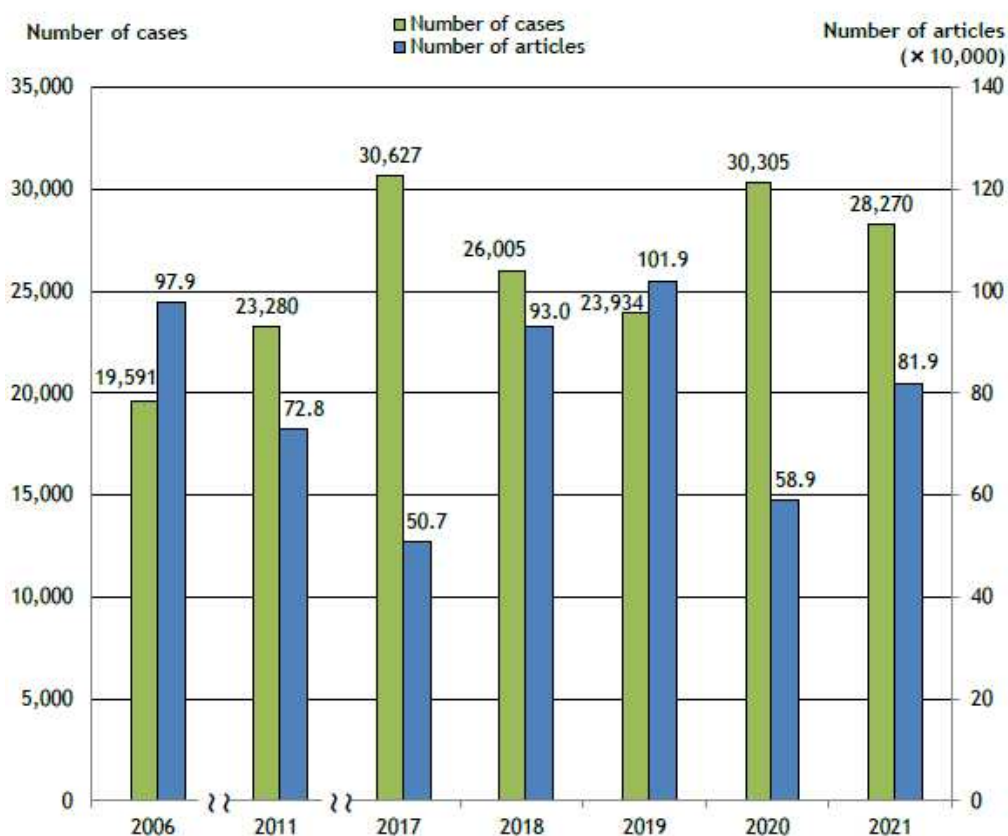
In general, it usually takes about one month from the initiation to Customs' decision. In the case Customs seeks opinions by JPO, IPR Expert Advisors, MAFF, or METI, it usually takes a few months from the initiation to Customs' decision.

### (11) Official Fee

No official fee is required for Customs' Identification Procedures.

## 4. "2021 Seizure Statistics of IPR Border Enforcement" by Japan Customs

### (1) Number of Import Seizures



## (2) Number of Import Seizures by Type of Right

		2017	2018	2019	2020	2021	Share
Patent	Cases	18	6	83	116	174	0.6%
	Articles	26,726	28,128	19,211	40,523	27,429	3.3%
Utility Model	Cases	0	0	0	0	0	-
	Articles	0	0	0	0	0	-
Design	Cases	304	433	289	323	302	1.1%
	Articles	135,135	116,597	85,684	58,867	73,953	9.0%
Trademark	Cases	30,111	25,284	23,182	29,483	27,424	96.0%
	Articles	313,314	723,650	867,804	416,599	621,684	75.9%
Copyright	Cases	295	438	505	576	674	2.4%
	Articles	31,564	61,199	46,113	73,230	96,345	11.8%
Related right (Neighboring right)	Cases	0	0	0	0	0	-
	Articles	0	0	0	0	0	-
Integrated circuits layout design	Cases	0	0	0	0	0	-
	Articles	0	0	0	0	0	-
Plant breeder's right	Cases	0	0	0	0	0	-
	Articles	0	0	0	0	0	-
Unfair Competition Prevention Law	Cases	3	2	3	0	0	-
	Articles	11	101	68	0	0	-
Total	Cases	30,627	26,005	23,934	30,305	28,270	100.0%
	Articles	506,750	929,675	1,018,880	589,219	819,411	100.0%

Since "one case" can be recorded in multiple rights, "the sum of number of cases" of each right may differ from "the total number of cases".

## (3) Number of Import Seizures by Source Countries and Regions (cases)

	2017	2018	2019	2020	2021	Share
People's Republic of China	28,250	22,578	19,814	25,828	21,885	77.4%
Vietnam	95	307	545	1,374	3,033	10.7%
Philippines	430	715	691	635	1,112	3.9%
Republic of Korea	322	525	649	406	589	2.1%
Singapore	165	141	592	845	354	1.3%
Hong Kong, China	828	1,150	1,012	451	335	1.2%
Thailand	163	148	154	133	240	0.8%
Taiwan	55	100	70	115	209	0.7%
Netherlands	3	43	18	220	126	0.4%
Cambodia	5	24	100	51	104	0.4%
Others	311	274	289	247	283	1.0%
Total	30,627	26,005	23,934	30,305	28,270	100.0%

**(4) Number of Valid Applications for Import Suspension**

	Number	Share
Patent	34	4.8%
Utility Model	0	-
Design	123	17.5%
Trademark	434	61.7%
Copyright	90	12.8%
Related right (Neighboring right)	18	2.6%
Plant breeder's right	1	0.1%
Unfair Competition Prevention Law	3	0.4%
Total	703	100.0%

(as of Dec 31<sup>st</sup>, 2021)

**(5) Number of Export Seizures by Type of Right**

		2017	2018	2019	2020	2021	Share
Patent	Cases	0	0	0	0	1	25.0%
	Articles	0	0	0	0	1,252	31.7%
Trademark	Cases	0	14	2	4	3	75.0%
	Articles	0	18	1,276	11,966	2,695	68.3%
Copyright	Cases	0	1	0	1	0	-
	Articles	0	8	0	356	0	-
Total	Cases	0	15	2	5	4	100.0%
	Articles	0	26	1,276	12,322	3,947	100.0%

**(6) Number of Valid Applications for Export Suspension**

	Number	Share
Design	1	10.0%
Trademark	9	90.0%
Total	10	100.0%

(as of Dec 31<sup>st</sup>, 2021)

## 5. Attorney's Fee

Our fee arrangement for IPR border enforcement before Customs will usually be on an hourly time charge basis. The rate is usually ¥50,000-¥60,000 per hour for a senior partner, ¥40,000-¥50,000 per hour for a partner, ¥30,000-¥40,000 per hour for a senior associate, and ¥25,000-¥30,000 per hour for a junior associate.

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