AIPLA
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

September 12, 2013

Takeshi Ueno
President
Japan Intellectual Property Association
Asahi Seimei Otemachi Bldg.18F
6-1 Otemachi 2-chome
Chiyoda-ku Tokyo, 100-0004, JAPAN

Re: AIPLA Comments on JIPA's Proposal Titled, "An Employee Invention System to be Reformed for Promoting Growth - Accelerating Innovation"

Dear Mr. Ueno:

AIPLA has a long-standing history of cooperation with the Japan Intellectual Property Association (JIPA), and of providing input to the Japan Patent Office and the Japanese government on ways to improve and modernize Japan's intellectual property laws. This interest is based in significant part on the business interests that many of our members, or the companies that they represent, have in Japan, particularly its intellectual property laws.

We are aware of the JIPA proposal of April 26, 2013, entitled "An Employee Invention System to be Reformed for Promoting Growth - Accelerating Innovation," which recommends a revision of Article 35 of the Japan Patent Act that would (among other things) permit corporate management to decide, at its own discretion, how to offer remuneration for an employee invention, and that would provide that the value of the invention and the amount to be paid to the employee/inventor should not be determined by law.

For more than a decade, AIPLA has been interested in, and concerned about, the adverse impact on business in Japan that is caused by provisions of Article 35. As we have discussed in Industry Trilateral meetings and in meetings between JIPA and AIPLA representatives over that period, AIPLA would be in favor of revising Article 35 to exempt corporations from the statutory payment obligations, and to allow corporations the flexibility to reach agreements with the employee concerning the compensation to be paid to employees for an assignment and use of inventions that were made by such employees in the course of their employment, or in the case that there is no such agreement, to own inventions, to decide the appropriate level of compensation. The relevant terms in such agreements can even vary, depending on the particular employee or work to which he or she is assigned. AIPLA further supports the principle that such agreements or decisions be respected by the courts, except where such agreements are entered into as a result of fraud or improper coercion. Of course, such agreements or decisions may exclude from coverage an employee's invention that was not made with the support of company resources, and has no relation to the employee's duties or the company business.

In short, AIPLA supports an approach that (1) permits corporations to enter into enforceable employment agreements or other types of contracts with employees at the time of employment or reassignment that specify a basis for fair remuneration for an employee's invention, or (2) permits a company to decide freely how to provide fair remuneration for an employee's invention, unless the basis or the terms are manifestly unreasonable.

This is currently accomplished in the U.S. under individual state laws, which generally assume that the rights to the invention originally lie with the employee/inventor, but then allow an employer to conclude employment contracts that require employees to assign their inventions, made with company resources or investment, to the employer. In some states, the law expressly precludes an employer from taking rights to an invention that was not made with company resources or facilities, or that does not relate to the company's business and was not made with company resources or facilities.

We hope that these comments are useful in supporting your efforts to effect necessary reforms in the Japanese law governing compensation for employed inventors.

Sincerely,

Jeffrey I.D. Lewis
President
American Intellectual Property Law Association