



July 19, 2013

Mr. Takeshi Ueno  
President  
Japan Intellectual Property Association

Dear Mr. Ueno,

Thank you for sharing the Keidanren/JIPA proposals regarding inventor remuneration in Japan. These proposals address an issue of great importance to Japan's continuing economic competitiveness and we respectfully express our support and assistance as you seek to advance these legislative changes.

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents innovative biopharmaceutical research and manufacturing companies. In 2012, PhRMA companies spent an estimated 48.5 billion USD to discover and develop new medicines. Sustaining and attracting such capital requires a business environment that inspires and rewards investment in research and development, while recognizing the unique risks and costs of the biopharmaceutical marketplace. Unfortunately, the current employee invention system poses a disincentive to investing in such research and development in Japan.

Under the current system in Japan, a company must pay "reasonable value" to obtain an assignment of the right to an invention made by one of its employees in the course of employment. This "reasonable value" standard has been subject to litigation, creating uncertainty for employers. Such uncertainty is particularly problematic for industries such as ours, which are heavily dependent on research and development.

We strongly support efforts to limit this uncertainty by removing the "reasonable value" standard from Japanese law and instead providing for recognition that remuneration for, and assignment of, employee inventions be governed by contract between employee and employer. This change would incentivize further research and development in Japan.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jay Taylor'. The signature is fluid and cursive, with the first name 'Jay' being particularly prominent and stylized.

Jay Taylor  
Vice President – International

*Pharmaceutical Research and Manufacturers of America*