



February 6, 2014

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

Re: SIA Comments on JIPA's Employee Invention System Proposal

Dear Mr. Ueno:

The U.S. semiconductor industry appreciates the efforts of the Japan Intellectual Property Association (JIPA) to revise Article 35 of the Japan Patent Act to permit corporate management to decide, at its own discretion, how to offer remuneration for an employee invention, and allow corporate management to determine the value of the invention and the amount to be paid to the employee/inventor rather than have the value and amount determined by law.

The Semiconductor Industry Association (SIA) represents the U.S. semiconductor industry, an industry with sales approaching \$150 billion that creates the enabling technology for the information age. U.S. semiconductor companies invest 22 percent of sales on R&D and are among the top recipients of patents. Reflecting the global nature of the semiconductor business, SIA companies have worldwide operations including significant investments in research in Japan. Differences in intellectual property laws in the various places around the world, and the impact of these differences on the cost of operations, are thus important to SIA companies as they consider future investment plans.

The JIPA paper "An Employee Invention System to be Reformed for Promoting Growth - Accelerating Innovation" (April 26, 2013) provides a compelling case for reform. As noted in the paper, "it is necessary to make a fundamental revision of the employee invention system" in order to remove the unclear and unreasonable burdens that impede corporate R&D investments, and to give each company freedom and flexibility in designing an optimal, fair incentive policy for its employees. In the U.S. these objectives are generally accomplished through individual state laws that allow an employer to conclude employment contracts that require employees to assign their inventions, made with company resources or investment, to the employer.

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The SIA supports your effort to ask the Japanese government to consider reform of the employee invention system as part of its economic growth strategies. Such reform can encourage investment in innovation in Japan and lead to the creation of new products that can boost economic growth.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian C. Toohey", is written over a light blue horizontal line.

Brian Toohey
President & CEO

cc: Mr. Handa, JEITA