

Intellectual Property Strategic Program 2023

~The transformation towards a society where motivated individuals and players can fully utilize Intellectual Property~

June 9, 2023

Intellectual Property Strategy Headquarters

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I. Introduction

In the "Intellectual Property Strategic Program 2022" (approved by the Intellectual Property Strategy Headquarters in June 2022), in order to recover the Japanese economy from the impact of the COVID-19 pandemic and respond to the competition of digitalization and greening, it is necessary to fully utilize the power of innovation, recognizing that investment and utilization of IP and intangible assets within companies are crucial keys. To achieve a transformation towards an economy and society where motivated individuals and players can fully utilize the IP and intangible assets of society, these initiatives have been determined to promote: "Enhancement of Startup and University IP Ecosystems," "Strengthening Mechanisms to Promote Investment and Utilization of IP and Intangible Assets," "Promotion of Strategic Utilization of Standards," "Content Strategy for the Digital age," and "Revival of Cool Japan with an Eye on the Post-COVID Era."

Considering these and following deliberations by the "University Intellectual Property Governance Study Group," "University Intellectual Property Governance Guidelines" were announced in March of this year regarding individual strategic measures in addition to the announcement of the "Guidelines for Disclosure and Governance of Intellectual Property and Intangible Asset Investment and Utilization Strategies Ver.2.0," following deliberations by "Study Group on Effective Disclosure and Governance of Intellectual Property Investment and Utilization Strategies."

Furthermore, in the "Conceptualization Committee" under the jurisdiction of the Intellectual Property Strategy Headquarters, discussions have been progressed actively since January of this year towards formulating "Intellectual Property Strategic Program 2023." Concurrently, under the purview of the committee, the "Content Strategy Working Group" was established to deliberate on the current state, challenges, and directional policies pertaining to content and the "Create Japan Working Group" has been established with the aim of discussing strategies to promote Cool Japan and garner global appeal.

Based on the above, "Intellectual Property Strategic Program 2023" is summarized.

In this plan, the basic understanding to consider when formulating an IP strategy for Japan is to assess the current situation in Japan and measures for advancing the IP strategy in the future are sorted into these ten priority policies: "Enhancing the IP ecosystem of startups and universities," "Utilization of IP for open innovation allowing equal participation of diverse players," "Role of IP in the rapidly developing era of generative AI," "Strengthening the investment and utilization promotion mechanism of the intellectual and intangible assets," "Promotion of strategic utilization of standards," "Improving of data distribution and utilization environment towards the realization of a

digital society," "Content strategy in the digital age," "Enhancing IP utilization in small and medium-sized enterprises, regions(local areas) and agriculture, forestry, and fisheries industries," "Strengthening the infrastructure, operations, and human resources base for IP utilization," and "Full-scale operation and evolution of the Cool Japan Strategy."

From now on, it is imperative to execute the measures outlined in this plan to achieve a society in Japan where diverse players work towards maximizing the value of IP in the world.

II. Basic Understanding

1. The Necessity of IP strategies leading to competitiveness and new value creation

Amid the escalating global challenges such as climate change, there is a growing need to perceive scientific and technological innovations as a driving force for achieving sustainable economic growth, which is crucial to position them as a cornerstone of our country's growth strategy. However, our nation's innovation has been experiencing a prolonged period of stagnation in the medium to long term.

(1) Declining position of Japan as indicated by the WIPO global innovation index

In the "Intellectual Property Strategic Program 2022" released in June 2022, it pointed out that Japan has yet to break free from being categorized as an "innovation follower," using the "Global Innovation Index (GII)" 2021 edition released annually by the World Intellectual Property Organization (WIPO), as an example. In the GII rankings, Japan was at the 4th in 2007, but it fell to the 25th in 2012; although there has been a trend of recovery since then, in the most recent 2022 edition of the same ranking, Japan's position remained at 13th, the same as the previous year, lagging behind major countries in the world: the United States (2nd), the United Kingdom (4th), Germany (8th), and France (12th). Among Asian countries as well, Japan lost its position to South Korea in 2011 and to China in 2019.

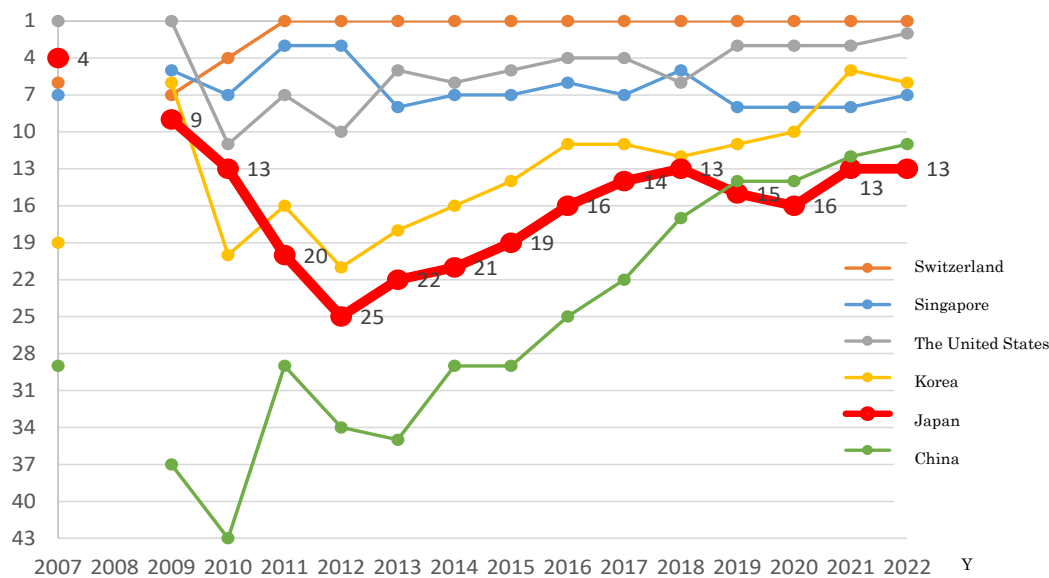


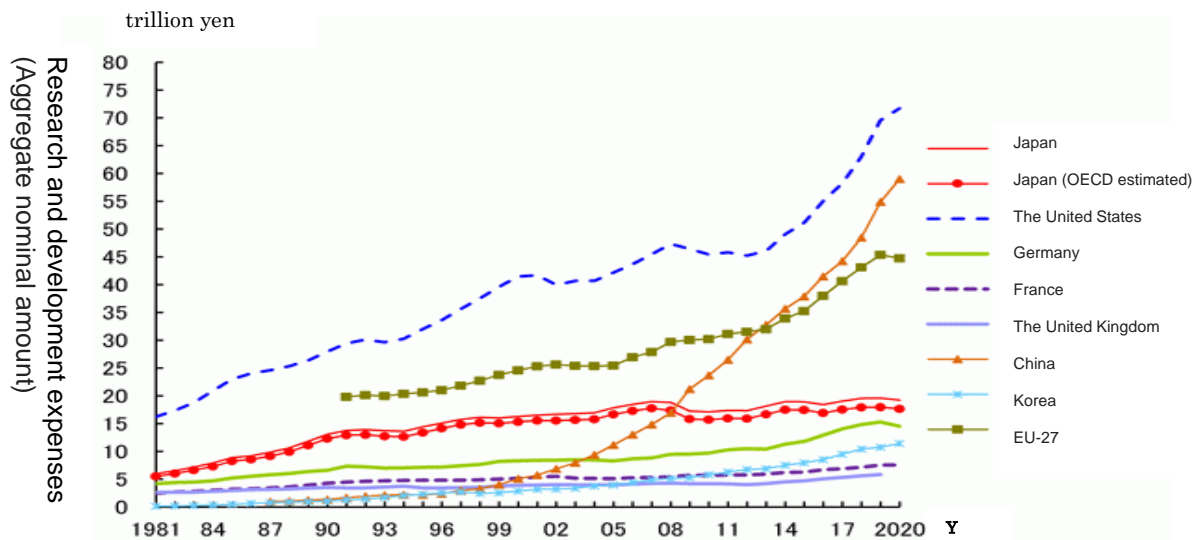
Figure 1: Annual changes in the Global Innovation Index (GII) ranking of each country

Prepared by the secretariat based on the WIPO Global Innovation Index

(2) Decline in research and development expenses

Research and development expenses, a significant source of innovation, has been expanding in major countries: the United States and China (United States: 45.4 trillion JPY (2010) → 71.6 trillion JPY (2020), 1.57 times increase; China: 23.6 trillion JPY (2010) → 59.33 trillion JPY (2020), 2.48 times increase). On the other hand, while Japan remains in the third in terms of the amount spent, its growth in expenditure is not as substantial as in other countries (Japan: 17.1 trillion JPY (2010) → 19.2 trillion JPY (2020), 1.12 times increase).

Moreover, while the United States, China, and the EU-27 (¥44.7 trillion or \$478 billion in 2020) possess overwhelmingly higher absolute figures, Germany (¥14.5 trillion or \$186 billion in 2020) and South Korea (¥11.4 trillion or \$426 billion in 2020) are also catching up.



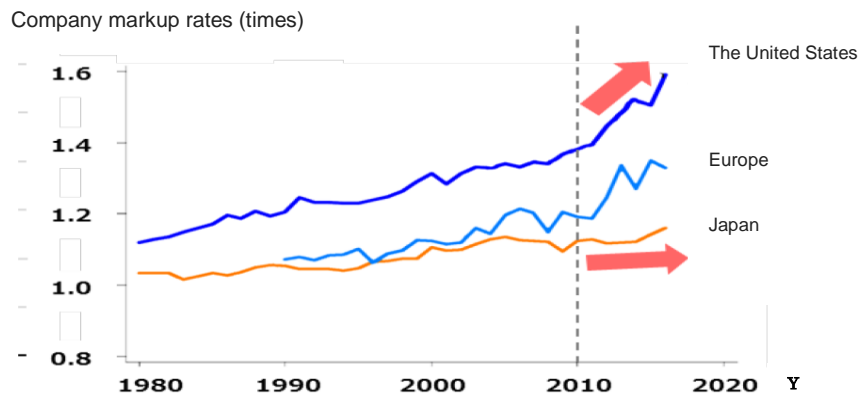
(Source) the Cabinet Office, based on the "Science and Technology Indicators 2022" from the National Institute of Science and Technology Policy, Survey Material-318, August 2022.

Figure2 : Transitions in research and development expenditure in major countries

(3) The necessity of increasing markup rates

While American and European enterprises have experienced a rapid increase in markup rates since 2010, Japanese companies have maintained relatively low levels, which has hindered their ability to set high prices relative to costs, potentially leading to a vicious cycle where it further suppresses investments in new IP and intangible assets.

Reasons why Japanese companies with a significant amount of IP are experiencing low-level markup rates is considered to be the insufficient development and execution of strategies to maintain and strengthen IP that supports sustained competitive advantages, the lack of M&A and open innovation, adhering to a self-reliant approach. Raising the markup rate is essential to achieve a positive cycle of growth and distribution by realizing increased corporate value via the differentiation of products, services, and business models through the utilization of IP and intangible assets, as well as utilizing IP and intangible assets through open innovation.



"Global Market Power and its Macroeconomic Implications" by Diez Leigh and Tambunlertchai (2018)

Figure 3: Transitions in markup rates of advanced country enterprises

(4) Imbalance between IP creation capability and global brand value of new business creation capability

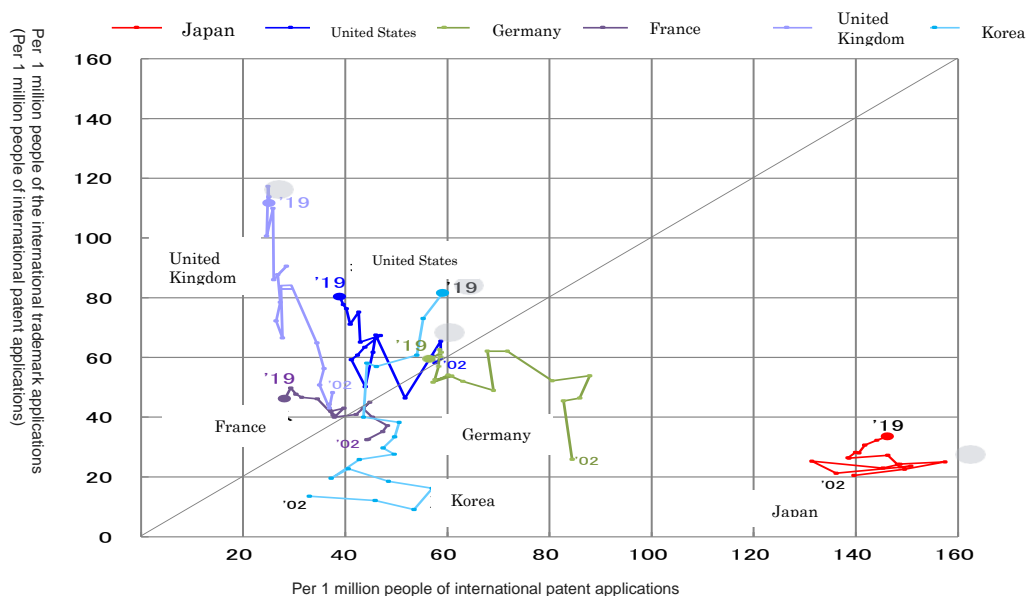
Looking at the situation of cross-border trademark and patent applications in "Science and Technology Indicators 2022" released by the National Institute of Science and Technology Policy in August 2022, it can be observed that in the cases of the United States, Germany, France, the United Kingdom, and South Korea, the number of international trademark applications per capita is higher than the number of international patent applications despite the fact that in the case of Japan, the number of international patent applications per capita is higher than the number of international trademark applications.

In the cases of South Korea, Germany, and France, just like Japan, the number of international patent applications per capita was higher than the number of international trademark applications as of 2002; however, between 2002 and 2019, the number of trademark applications increased significantly in these countries, leading to a reversal of the trend, with the number of trademark applications surpassing patent applications. On the other hand, Japan has not shown significant changes in this regard.

It has been pointed out that the number of trademark applications reflects the relationship between innovation and commercialization as it is tied to the realization of innovation through the introduction of new products, services or their marketing activities.

Considering this situation, it can be speculated that Japan, despite its strong technological capabilities, might be lacking in the ability to incorporate developed technologies into business models, creating novel products and services worthy of

branding through a reverse-engineering process from international market acquisition in comparison to other major countries.



(Source) based on "Science and Technology Indicators 2022," Research Document-318, prepared by the National Institute of Science and Technology Policy (NISTEP) in August 2022, and compiled by the Cabinet Office.

Figure 4: Cross-border trademark and patent applications (Per 1 million population)

2. The necessity of sustainable value creation through open innovation

Amid the advancement and complexity of products and the shortening of product cycles, creating products that can quickly meet market needs through a vertically integrated model dependent on internal resources has become challenging and the importance of open innovation, involving actively incorporating external knowledge and technology, is increasing.

This is because by promoting open innovation, the value of a company's IP, intangible assets, and human capital can be manifested as new societal value through combinations with external ideas and technologies that the company may not have recognized or materialized on its own. This, in turn, can lead to the enhancement of a company's corporate value through avenues: licensing, business partnerships, expanded trade relationships, or even mergers and acquisitions, ultimately driving organizational capacity and cultural transformations.

Furthermore, in green transformation (GX) and digital transformation (DX), the importance of promoting diverse entities to spearhead GX, collaborating with external organizations, and utilizing organizational capabilities to acquire insights including

external resources has been emphasized. On the other hand, it is observed that the current rate of open innovation initiatives in Japanese companies is lower compared to Western counterparts; moreover, the proportion of investment in high-risk research and development is low and although startup acquisitions are crucial for advancing open innovation, the number of acquisitions in Japan tends to be relatively limited in comparison to other countries.

In "ambidexterity," where existing businesses are deepened while simultaneously exploring new business opportunities, the importance of organizational capabilities that lead to the success of both mature businesses and new ventures has been highlighted as well as in terms of IP strategies, a balanced approach known as "ambidextrous IP strategies" between strategies that focus on using IP solely for maintaining and enhancing existing businesses and others that actively embrace openness to create new ventures through collaboration with other companies is crucial.

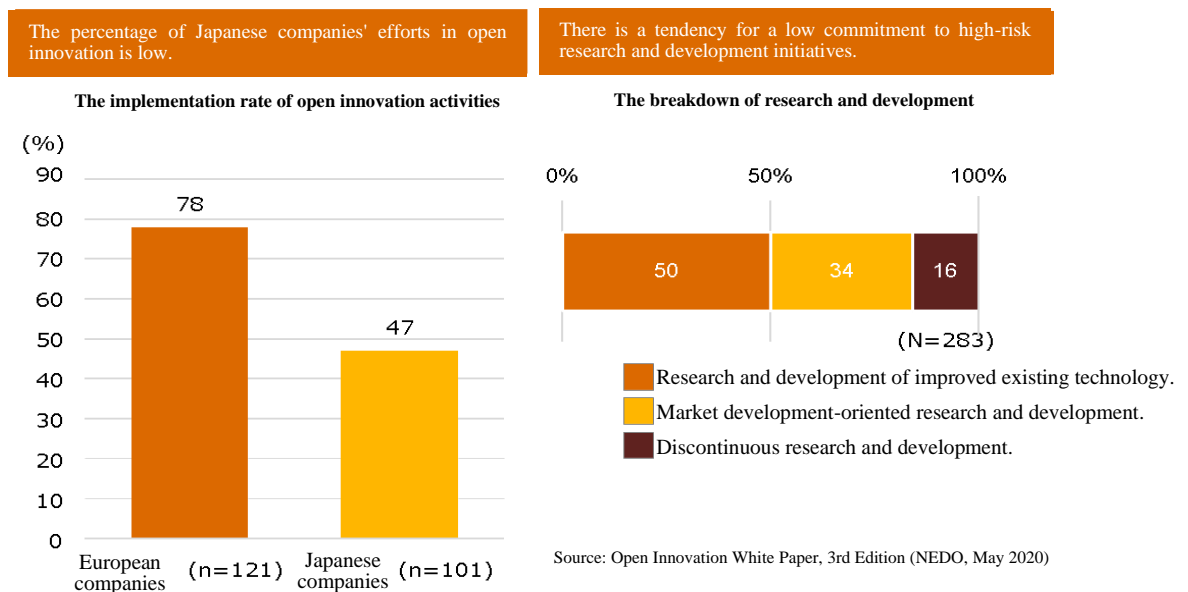
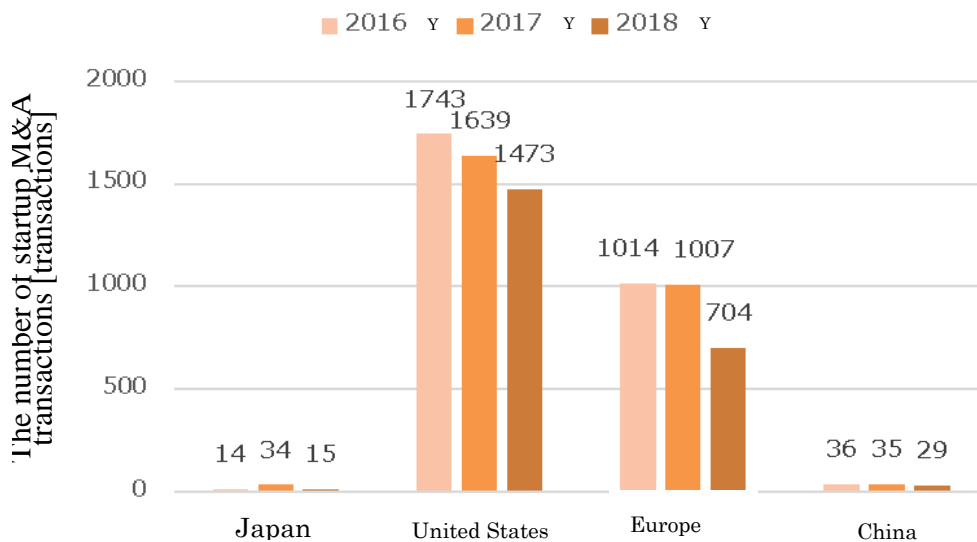


Figure 5: Implementation rate of open innovation activities, breakdown of research and development in Japanese enterprises



Source: Based on "Research Commissioned by the 2018 Industrial Economy (Study on the Integration of Large Corporations and Venture Companies)" (Mitsubishi Research Institute, Inc., March 2019), created by the Cabinet Office.

Figure 6: Number of startup M&A transactions in each country

Under these circumstances, in order to thrive in a competitive market and enhance corporate value, it is crucial for established large enterprises with existing businesses to acquire necessary business resources within a short time-frame and license unused business resources to other companies that weren't being utilized internally through open innovation strategies: M&A, employing external human resources, investing in startups, and cross-industry collaboration while increasing market-expanding and disruptive research and development for pioneering innovation.

Additionally, when promoting open innovation, it's crucial to implement new technologies in society and to establish an ecosystem that continually creates added value through collaboration with a diverse set of players: companies from different fields, universities, startups, venture capitals, and local governments. It is of utmost importance within this ecosystem to share the concept of maximizing the value generated by IP, combining it with other IP to create new products and services.

3. AI technological advancements and impact of IP activities

In the fiscal year 2016, the configuration of IP systems to facilitate the creation and utilization of artificial intelligence (AI) was discussed in the New Information Property Examination Committee established under the Verification, Evaluation and Planning Committee. As a result, in the "New Information Property Examination Committee

Report" released in March 2017, it was suggested that specific areas for consideration included the design and operation of the copyright law's limitations and provisions to address the needs of the new era, particularly concerning the provision or presentation of AI training data, and ongoing areas for consideration included the concept of AI misuse and the extent of human creative contribution to AI-generated content. While monitoring changes in AI technology, the report also highlighted the need to further examine these areas with reference to specific cases. In response to this, measures have been taken: introducing flexible limitations and exceptions provisions in copyright law, particularly concerning the provision of training data.

Since the release of the report, one significant recent trend in the AI landscape that deserves attention is the rapid advancement of generative AI technologies. In these areas, by allowing users to input just a few words or sentences, powerful AI tools capable of generating highly accurate content that appears to be created by humans have been rapidly emerging and gaining popularity. In the situations where a large volume of AI-generated content is being produced and supplied to the market, discussions have arisen both domestically and internationally concerning the relationship between generative AI and copyright or patent rights.

In the field of image generation, starting around 2021, there has been a succession of AI models that can generate images based on textual instructions as well as in August 2022, the UK-based company Stability AI introduced an image generation AI called "Stable Diffusion" and made its source code and trained models freely available; as a result, various image generation AIs incorporating these trained models have been released one after another. Among these derivative models, there are also emerging technologies that can generate images replicating the artistic style of specific creators by allowing further learning from their works.

Furthermore, in Japan, AI tools have been made available that can learn the artistic style from illustrations uploaded by creators and can generate new illustrations in the style of the respective creators. As for these tools, the terms of use stipulate that users are only allowed to upload illustrations they have created themselves and it explicitly prohibits using the tool to learn and reproduce the artistic style of other people's illustrations and generate images based on that style.

Moreover, in the field of text generation, the development of "large language models (LLMs)" has been advancing and these models are capable of performing various language processing tasks such as generating text and answering questions with just a few examples provided, thanks to being trained on massive amounts of textual data. In November 2022, a trial version of the high-precision text generation chatbot "ChatGPT"

was released by OpenAI in the United States and within just two months of its release, it gained rapid popularity with over 100 million active users; additionally, in March 2023, improvements in the performance of the large language model were achieved, allowing it to handle not only text but also image inputs, which have further fueled discussions. Notably, in January 2023, it made significant headlines when Microsoft in the United States announced its multi-billion-dollar investment in OpenAI.

In addition, in the field of music generation, numerous AI tools that are capable of creating songs that align with images based on keywords or phrases and can generate new music that closely resembles a given piece of music by being trained on various music samples have been released. In the field of video generation, AI models have been introduced that allow users to apply specified styles through text inputs or reference images, transforming existing videos into new ones with desired styles.

During the G7 Digital and Technology Ministers' Meeting held in April 2023, the ministers' declaration highlighted the need for collaboration to maximize the benefits of AI technology for all while opposing the misuse and abuse of AI that could undermine democratic values, especially as generative AI technology advances, there was an expressed need to swiftly grasp the opportunities and challenges inherent in these technologies and to continually promote safety and reliability.

In response to this, in the G7 Hiroshima Summit Leaders' Communique held in May of the same year, recognition was expressed regarding the immediate need to assess the opportunities and challenges posed by generative AI, which are becoming increasingly prominent across countries and fields. To facilitate discussions regarding generative AI, which may encompass themes related to IP rights protection, including copyright, instructions were given to concerned ministers to establish the Hiroshima AI Process within the year through working groups under the G7 framework. Regarding the Hiroshima AI Process, it was agreed to expedite discussions under the responsibility of the concerned ministers and to ensure that the results are reported by the end of this year.

Furthermore, the government has also organized an "AI Strategic Council" composed of experts, which has compiled a "Tentative Summary of AI Issues"¹ based on the rapid technological changes and the Hiroshima AI Process. In this "Tentative Summary," it is acknowledged that there is a renewed sense of growth along with the rise of AI in our country and it is emphasized that now is the time for bold strategies to ensure that we do not lag behind other countries. The government emphasizes the importance of addressing risks so that people should have a sense of security and every player should foresee the changes brought about by AI and societal transformations and take a leading role in

¹ Tentative Summary of AI Issues, May 26, 2023, AI Strategic Council

discussions through initiatives like the Hiroshima AI Process in pursuit of establishing international rules.

Considering the above, amid the rapid technological advancements and the development and proliferation of various AI tools, it is necessary to reconsider the relationship between these AIs and IP. In order to promote the development, provision, and use of generative AIs, it is crucial to address concerns and risks appropriately, which requires a swift and flexible response involving multiple stakeholders, taking into account schedules such as the Hiroshima AI Process.

4. Growing importance of content in the national economy

As digitalization advances across various domains and activities migrate to the digital realm, content has become increasingly prevalent and permeated deeply into people's lives. Economic activities are undergoing a transition from the real world to the virtual world and the entertainment and content field (referred to as the "content field" hereinafter) is anticipated to experience significant growth and expansion within the digital market as it is expected to play a key role in a data-driven economy.

The expansion of the digital economy has been driving a shift from consumption of goods to consumption of experience and an increasing demand for content that evokes emotions and resonates with people is anticipated. The global entertainment and content market (referred to as the "content market" hereinafter) is predicted to grow at a pace that outpaces the overall global economic growth and consumption behaviors of individuals; citizens in emerging nations and those who have prospered due to economic development are anticipated to increasingly shift towards content consumption in the future. In the digital age, the content market has become border-less and globalized, which provides the content business with greater opportunities within the expanding global market; simultaneously, individual creators are empowered to share their own works through online distribution and so on, leading to the creation of a new economic realm known as the "creator economy" formed by the interaction between creators and fans.

The advancement of digitalization has also been transforming the relationship between users and content. With the expansion of interactive online interactions, users themselves increasingly engage in the creation and dissemination of a variety of content such as User Generated Content (UGC), through platforms: posting websites and social media, signifying the widespread adoption of content as a personal communication tool. These activities serve as opportunities for individuals to express themselves and showcase their creativity while also creating a space where businesses such as advertising, are drawn to platforms with a large user base. This, in turn, provides monetization opportunities,

leading to the commercialization of UGC markets.

Furthermore, content has evolved to encompass the value of being an "intermediate good" that draws users into the economy of digital consumption and distribution as well as stimulating demand in broader peripheral fields. UGC platforms, on a daily basis, facilitate the circulation and consumption of a vast amount of UGC, generating substantial consumer preference data as a secondary outcome and by utilizing this data for advertising and marketing, they attract consumers to new markets, fostering the expansion of the digital economy. Many multi-sided platforms also prioritize the role of content as a gateway to lead customers to a variety of services and maximize the utilization of content as a tool for customer engagement and data collection, incorporating content layers into their own service ecosystems and competing fiercely to establish their presence.

As mentioned above, the national economic significance of content is increasing and the key lies in how to establish an environment where diverse and high-quality content can be generated in abundance, which will significantly influence the overall pace of economic growth. In the process of creating such an environment, the role of creators as a driving force becomes especially crucial and maximizing the abilities and motivation of creators is essential as it serves as the entry.

Considering the above, it is crucial to view the content field as one of the most critical strategic domains within the digital socioeconomic landscape and undertake measures for its development. Amid the strengthening dominance of major platforms, it is essential to drive the structural transformation in order to adapt to the digital age and enhance the competitiveness of the content industry as well as utilize the benefits of digitization to expand the remuneration and rewards for creators, utilizing the merits of digitalization. Furthermore, it is expected to enhance the vitality of the cycle of content creation and utilization and accelerate value addition by advancing institutional infrastructure and IT infrastructure as well as stimulate content generation, a vital resource within the digital economy and data-driven economy.

5. Recovery of foreign tourists for the post-COVID era and increased exports of agricultural, forestry, and marine products and so on

With the significant easing of COVID-19 related restrictions and travel limitations in various countries around the world, substantial changes have been occurring in people's behaviors as well as in societal and economic activities. In our country, it is anticipated that the number of foreign tourists visiting Japan will reach 20 million within 2023,²

² JTB "Travel Trends Forecast for 2023 (January to December)"

indicating a progressing recovery; additionally, the export value of agricultural, forestry, and fishery products as well as food reached approximately 1.4 trillion yen in 2022, while the export value of Japanese alcoholic beverages reached about 140 billion yen in the same year, continuing to set new record highs for over a decade.

With further expectations for the recovery of foreign tourists visiting Japan and an increase in exports in the future, a positive cycle between inbound tourism and exports, and favorable impacts on various Cool Japan-related fields: dining, tourism, cultural arts, events, and entertainment, are anticipated. In addition to the initiatives in online information dissemination so far, an increase in opportunities to directly convey Japan's attractiveness to foreign visitors to Japan is expected.

III. The ten priority policies of the IP strategy

1 . Enhancing the IP ecosystem of startups and universities

In recent years, as sources of value and industrial structures change rapidly, it has become increasingly challenging for companies to continuously generate value creation. In order to swiftly address globalization and the diversification of market needs, collaboration between academia and industry as well as utilizing startups becomes crucial, i.e., for the Japanese economy to achieve sustained growth in the future, it is essential to establish an ecosystem where startups capable of swiftly and flexibly implementing technology into society play a leading role in innovation.

In the "Grand Design and Implementation Plan for New Capitalism" (approved by Cabinet Decision on June 7, 2022), it is emphasized that for the promotion of innovation, fostering startups is indispensable and cultivating startups is vital for driving dynamism and growth in the Japanese economy, both of which are seen as key to solving societal challenges. In response to this, the "Startup Development Five-year Plan" (approved by the New Capitalism Implementation Conference on November 28, 2022) was released, outlining the overall strategy for cultivating startups in Japan through the mobilization of policy resources to achieve a 10-fold increase in the number of startup establishments and investment amounts within 5 years by collaboration between the public and private sectors, including the strengthening of IP strategies in startups and universities. Taking all of these into account, establishing an environment that fosters the growth of startups, key drivers of innovation, is of paramount importance.

For startups that serve as the key drivers of innovation, IP strategies, including patents, play a crucial role in determining the success or failure of their businesses and the recognition of the significance of IP strategies for startups has significantly increased.

In addition, for startups, incorporating cutting-edge research outcomes from universities is crucial and the role that universities play within the startup ecosystem is becoming increasingly important. It is imperative to establish an environment that facilitates startups to swiftly and efficiently transform technologies and ideas generated within universities into business ventures, which will contribute to creating an ecosystem centered around startups and universities.

In the United States, ecosystems centered around startups and universities, as exemplified by Silicon Valley and Boston, are driving innovation.; however, in Japan, there is still a strong tendency to rely on large corporations for innovation and the situation where ecosystems centered around startups and universities lead innovation has not yet been fully achieved.

Furthermore, while large corporations are required to provide their business assets to startups and utilize the innovative capabilities of startups to contribute to their own growth, Japan lags behind other countries in terms of curve-outs and spin-offs and it's difficult to claim that innovation through the utilization of startups is fully achieved. Moreover, it is considered necessary to promote a globally applicable IP governance perspective, similar to that seen in the United States, where IP is openly utilized and shared among stakeholders: startups, universities, and large corporations. This also becomes an essential challenge in elevating Japan's ecosystem to a global open innovation ecosystem, involving players active in ecosystems like that of the United States, which advance innovation under such IP governance perspectives.

As mentioned above, considering the need to establish an ecosystem that cultivates startups driving innovation, the "Integrated Innovation Strategy 2022" (Cabinet Decision on June 3, 2022) highlights the formation of an ecosystem that cultivates startups generating innovation and it envisioned to create a cycle of continuous value addition by commercializing research and development outcomes from universities, etc., aligning with societal needs through open innovation with startups and businesses to establish an environment conducive to generating innovation through startups.

Furthermore, in the "Startup Development Five-year Plan," it is emphasized that since even established large companies utilizing traditional technologies can achieve sustained growth by introducing new technologies through M&A with startups or collaboration with startups, the plan encourages the promotion of open innovation by established large companies to establish an ecosystem in Japan that generates and cultivates startups.

In the "Startup Development Five-year Plan," the first pillar of the plan focuses on building human resources and networks for startup creation and the Cabinet Office, the Ministry of Education, Culture, Sports, Science and Technology and the Ministry of Economy, Trade and Industry formulated and released the "University IP Governance Guidelines" in March 2023 positioned as supplementary materials to "Guidelines for Industry-Academia-Government collaboration to Strengthen collaborative Research" (referred to as the "Industry-Academia-Government Collaboration Guidelines" hereinafter), which outline the principles regarding ownership and implementation rights of IP related to collaborative research results as well as the utilization of startup new share options as licensing fees, which are deemed necessary to maximize the social implementation opportunities of IP created by universities and achieve a positive cycle of funding. Furthermore, concerning the third pillar of the plan, which focuses on promoting open innovation, to enhance consultations and support from experts in areas: management, legal affairs, and IP, to facilitate the commercialization of startups under

consideration as well as the disclosure of information and governance aspects when large corporations offer their IP and expertise to startups. As for the latter, the "Study Group on Effective Disclosure and Governance of IP Investment and Utilization Strategies" released the version 2.0 of "Guidelines for Disclosure and Governance of Intellectual Property and Intangible Asset Investment and Utilization Strategies" in March 2023.

Taking these into consideration, it is necessary to establish an ecosystem centered around startups and universities in order to create an environment where sustainable innovation can flourish. Specifically, the elaborations are provided below on the formation of an IP ecosystem centered around startups and universities, based on the "University IP Governance Guidelines," the maximization of opportunities for the societal implementation of research outcomes within universities and the promotion of provision of corporate assets to startups by large corporations with the utilization of guidelines: the "Guidelines for Disclosure and Governance of Investment and Utilization Strategies for IP and Intangible Assets" Version 2.0 as well as the construction of a startup ecosystem that can fully utilize IP with support for IP human resources within startups.

(1) Maximizing opportunities for social implementation of research achievements in universities

(Current situation and challenges)

<The concept of University Intellectual Property Governance Guidelines and their adoption within universities>

For Japan to thrive in the intense global competition, it is imperative to seamlessly and swiftly transform university research outcomes into viable businesses, either through startups³ or established companies and establish an ecosystem centered around universities

In other words, it is crucial to establish an ecosystem under a collaborative relationship among stakeholders: universities, startups, venture capitals, and established companies by utilizing IP related to university research outcomes⁴ while maximizing opportunities for societal implementation of IP throughout the ecosystem. and ensuring a positive cycle of funding is vital.

³ Startups typically refer to companies that are newly established and engaged in innovative business activities shortly after their inception. However, in this chapter, the term also includes small and medium-sized enterprises and similar entities actively involved in innovative efforts.

⁴ This encompasses both research outcomes solely generated by universities and research outcomes produced through collaborative efforts between universities and their research partners.

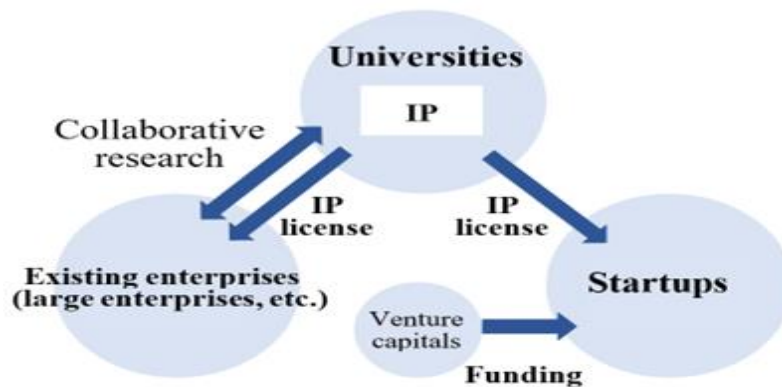


Figure 7: Ecosystem centered around universities

In order to establish such a university-centered ecosystem, it is essential for each stakeholder within the ecosystem to establish a framework where they can effectively communicate regarding their respective roles in the societal implementation of IP associated with university research outcomes (referred to as "university IP" hereinafter) and fulfill their accountability with other stakeholders. Fulfilling mutual accountability opens doors to opportunities for collaboration and extends the effectiveness of coordination, which contributes to expanding cooperation and maximizing the overall societal and economic value within the ecosystem.

Furthermore, in order to establish, sustain and enhance the university-centered ecosystem and achieve the maximization of societal implementation opportunities for university IP throughout the entire ecosystem, it is crucial for each stakeholder involved in the ecosystem to share and implement the following principles.⁵

- It is desirable that university IP generated within the university-centered ecosystem is handled in a way that maximizes societal implementation opportunities across the entire ecosystem, consequently leading to the maximization of societal and economic value.
- Universities that are not primarily envisioned as the entities for societal implementation prioritize not only their own economic value but also construct collaborative relationships with stakeholders within the ecosystem can play a role in maximizing opportunities for the societal implementation of university IP.

Based on the above principles, the "University Intellectual Property Governance

⁵ Please refer to the document "Regarding Licensing of University Research Results" (December 2022, Mori Hamada & Matsumoto Law Firm, Masakazu Mashima) (Material 5 of the Study Group on University IP Governance (3rd Meeting), pp. 1-2) for further information.

Guidelines" have outlined the following.

(i) An integrated IP management based on marketing principles

In order to maximize the societal implementation opportunities of university IP and establish a positive funding cycle, universities utilize the ecosystem to implement an end-to-end IP management strategy rooted in marketing principles: ①Networking, ②Research, ③IP Acquisition, ④IP Licensing, ⑤Business Development Support, and ⑥Rights Enforcement.

Maximizing societal implementation opportunities and establishing a positive funding cycle is considered difficult to achieve solely through traditional approaches: IP acquisition and licensing (narrowly defined IP management). Universities should consistently integrate marketing strategies, ensuring they collaborate with ecosystem stakeholders and if necessary, they should work with the stakeholders to advance the broader IP management process from steps ①to⑥ mentioned.

(ii) Ownership and implementation rights of university IP in collaborative research

When utilizing the ecosystem to maximize societal implementation opportunities for their research outcomes and establishing a positive funding cycle, universities should strive to accomplish the following steps (① to ④) in collaborations with corporate partners or other entities involved in collaborative research.

Furthermore, universities have a wide range of missions: research, education, and talent development, besides the goals of maximizing societal implementation opportunities and achieving a positive funding cycle; therefore, the utilization of the following steps (① to ④) should be determined by the university's own managerial responsibility, considering the balance of its missions and the nature of each individual case.

①Acquisition of ownership stake by universities

Universities aim to secure the necessary rights to maximize the societal implementation opportunities of their research outcomes related to IP and establish a positive funding cycle.

This aims to secure rights based on the technical contributions of universities in creating IP and maximize opportunities for societal implementation by initiatives towards societal implementation.

In cases where there are special circumstances, such as when it is not anticipated that

commercialization by entities other than collaborative research partners is viable, the transfer of the university's ownership stake to the said collaborative research partner may also be considered.

② Societal implementation of university IP by collaborative research partners and information sharing between the universities and the collaborative research partners

Universities aim to explicitly specify the following provisions in contracts with collaborative research partners.

- Make sure that collaborative research partners achieve specific goals for the societal implementation of IP related to university IP within the time frame stipulated in the contract.
- Engage in information sharing to the extent necessary for understanding the progress or preparedness of societal implementation by collaborative research partners.
- Provide feasible support to collaborative research partners for achieving societal implementation.

This is intended to encourage societal implementation by the collaborative research partners through the establishment of specific goals for societal implementation within the time frame stipulated in the contract. This introduces the concept of phase gate, which involves setting goals to be achieved within a relatively short period (such as 3 to 5 years) and determining the transition to the next phase based on the achievement status and other factors.

Furthermore, this aims to facilitate information sharing between the universities and the collaborative research partners regarding the progress of societal implementation by the collaborative research partners, enabling insights into the achievement status of goals set within the stipulated contract time frame.

In addition, it is desirable for the universities not to leave everything solely to the collaborative research partners but to actively contribute to societal implementation by providing insights from university researchers and sharing expertise with the partners.

③ Securing the authority for universities to grant third-party implementation licenses (licenses to each business field)

- Secure a broad range of rights beyond the business field in which the collaborative research partners plan to implement while considering the impact on the

collaborative research partner's business.

- Secure the authority to grant implementation licenses to third parties in business fields beyond those planned by the collaborative research partners while considering precautions for the collaborative research partner's potential future business endeavors in those fields.

From the perspective of maximizing societal implementation opportunities, it is desirable for the universities to secure a broad range of rights (including higher-level concepts and additional implementation scenarios) beyond the business fields planned by collaborative research partners. On the other hand, excessively pursuing a wide range of rights can lead to delays in the application process so the universities should strive to find a balance by considering the impact on the collaborative research partners' business while also securing an appropriate range of rights.

In business fields beyond those planned by the collaborative research partners, it is desirable for the universities to secure the authority to grant implementation licenses to third parties. On the other hand, it's also important to take precautions considering the potential for the collaborative research partners to engage in future business.

④ Securing third-party implementation licensing rights by universities (in case the collaborative research partner does not proceed with societal implementation)

Universities aim to secure the authority to grant implementation licenses to third parties, as determined by themselves in cases where under a trusting relationship and effective communication with the collaborative research partners, it is judged that the collaborative research partners have not achieved specific objectives for societal implementation within the stipulated contract time frame without valid reasons.

If the collaborative research partners fail to achieve specific goals towards societal implementation within the stipulated contract time frame and there is no valid reason for this non-achievement, overlooking such instances by the universities could result in a high likelihood of missed societal implementation opportunities. In order to prevent this, it is considered necessary for the universities to secure the authority to grant implementation licenses to third parties based on its own judgment. Furthermore, it is desirable for the universities to assess the presence of valid reasons in collaboration with the collaborative research partners under a foundation of trust and effective communication.

(iii) Quality management of patents

For universities to achieve the maximization of societal implementation opportunities and the establishment of a positive financial cycle through IP, it is essential to enhance and maintain the quality of patents related to inventions generated by the universities. In order to achieve this, the following steps are considered necessary for the universities.

- ① Obtain high-quality patents with a focus on commercialization (Explore potential business entities from the idea stage prior to filing and incorporating their input into application documents and so on.).
- ② Securing broad rights (Ensure wide-ranging rights beyond the business fields planned by collaborative research partners.).
- ③ Patent portfolio management through phase gate control (Implement phase gate management in application, rights acquisition, and maintenance procedures to select patents.).
- ④ Evaluate inventions by competent human resources (Assess patentability and marketability based on objective criteria alongside evaluating the suitability of patent claims scope.).
- ⑤ Discuss rights content by the universities and the collaborative research partners (The universities, along with the collaborative research partners, should jointly consider the content of rights instead of leaving it solely to the collaborative research partners.).

(iv) Licensing university IP to startups

There is an observed lack of full utilization of shares and new share subscription rights for startups in collaboration with universities as enablers for the societal implementation of university IP. Considering the potential for universities to accumulate equity in startups, which could yield value-enhancing assets, it's important for the universities to consider the following aspects, particularly for suitable cases in light of creating a positive cycle of funds.

- Proactively consider equity participation in startups (The universities should actively consider using equity in startups in the form of shares or new share warrants (equity), as an option for compensation in licensing agreements for cases deemed appropriate.).

(v) Establishing a structure and budget for the societal implementation opportunities of university IP

Universities should also consider the framework and budget for achieving the IP management outlined in (i) to (iv) above and the following aspects should be taken into

account.

- Enforcement of university IP governance (To ensure the management and supervision of the IP management processes outlined in (i) to (iv) above, the universities should establish a responsible individual (the university IP governance leader) to enforce university IP governance.).

< **Enhancement of International Patent Application Support at the University** >

In the above "University IP Governance Guidelines," it is necessary to formulate a budget plan based on the required expenses to maximize societal implementation opportunities. Particularly in the case of international patent applications, substantial costs are required, including application and maintenance fees, translation expenses, and fees for local agents so securing funding for such foreign applications within universities and so on often presents a practical challenge.

Looking at the ranking of PCT international patent application publications by world universities (2021) (Figure:8), it's evident that the top 30 includes 8 universities from the United States, 13 from China, and 5 from South Korea compared to only 3 universities from Japan, indicating that Japanese universities are lagging behind in the global IP strategy.

order	university name	number
1	University of California (The U.S.)	551
2	Zhejiang University (China)	306
3	Massachusetts Institute of Technology (The U.S.)	227
4	Tsinghua University (China)	201
5	Stanford University (The U.S.)	194
6	University of Texas System (The U.S.)	177
7	South China University of Technology (China)	169
8	National University of Singapore (Singapore)	163
9	Soochow University (China)	153
10	University of Tokyo	150
11	Dalian University of Technology (China)	146
12	Shenzhen University (China)	142
13	Qingdao University of Technology (China)	139
14	Korea University (South Korea)	138
15	John Hopkins University (The U.S.)	129
16	Yonsei University (South Korea)	122
17	Hanyang University (South Korea)	121
17	Kangnam University (China)	121
19	University of Michigan (The U.S.)	113
20	University of Osaka	111
21	University of Florida (The U.S.)	110
21	Seoul National University (South Korea)	110
23	Shandong University (China)	105
24	Harvard University (The U.S.)	104
25	University of Kyoto	103
26	Wuyi University (China)	102
27	Peking University (China)	95
27	Korea Advanced Institute of Science and Technology (South Korea)	95
29	Jiangsu University (China)	92
30	Shandong University of Science and Technology (China)	91

Quoted from the Japan Patent Office's Annual Report on Patent Administration 2022 Edition

Figure 8: Domestic and foreign universities ranked in the top 30 for PCT international patent application publications (2021)

Based on this circumstance, the Japan Science and Technology Agency (JST) supports universities and so on through its IP utilization support program (licensing support), providing partial funding for PCT international patent applications and patent applications to various countries; however, universities have faced challenges due to rigorous selection criteria, which can lead to abandoning international filings if their applications are not accepted in addition to raised concerns about the complexity of the procedures. Starting from the fiscal year 2023, the IP utilization support program (support for patenting) has expanded its scope of assistance to include patents that contribute to the commercialization of research outcomes from universities etc., supporting collaborate applications with university-originated ventures and small and medium-sized enterprises as the basis for PCT international applications and patent applications in various countries and this support covers the portion of the burden borne by the universities and so on.

Furthermore, starting from the fiscal year 2022, the Japan Patent Office initiated the "Foreign Application Support Program for Startup Establishment" which provides partial subsidies for the application costs of overseas filings by patent applicants, especially startups aiming to commercialize cutting-edge technologies, who have a low ratio of patent applications filed abroad.

It's important to note that when selecting cases for PCT international applications or foreign filings, factors such as marketability, patentability of the invention, and the presence of entities interested in commercialization are taken into account in order to construct a patent portfolio that contributes to business ventures as noted in the "University IP Governance Guidelines."

(Direction of measures)

- Disseminate "University IP Governance Guidelines" (formulated and released in March 2023) into universities, positioning the guidelines as supplementary material to "Industry-Academia-Government Collaboration Guidelines" through collaboration with the international research university system, which requires the establishment of a framework and so on based on the "Industry-Academia-Government Collaboration Guidelines" as well as cooperation with this initiative: the regional core and distinctive research university enhancement promotion project.
(short term) (Cabinet Office, METI, MEXT)
- Strengthen international patent application support while significantly enhancing university-originated startup creation through the newly established university-originated new industry creation fund at JST.

(short term) (MEXT)

- Facilitate startups' acquisition of necessary foreign rights for business implementation by providing financial assistance for overseas patent applications and intermediate responses to universities, public research institutions, companies, and so on, planning to commercialize research outcomes.

(short term) (METI)

- In university evaluations and government funding programs, consider a diverse range of evaluation criteria beyond just the number of patents such as incorporating evaluation factors related to licensing income.

(short term) (Cabinet Office, MEXT, METI)

(2) Promoting collaboration between large corporations and startups utilizing IP

(Current situation and challenges)

<Promotion of provision of corporate assets by large enterprises to startups>

Companies are required to enhance their innovation capabilities and drive their own interests and transformation through open innovation with startups by carving out or spinning off their managerial resources: IP, human resources, and funding, allowing the start-ups to fully utilize the startups' innovation abilities.

In the revised "Intellectual property and Intangible Asset Governance Guidelines" Ver. 2.0 in March 2023, to promote initiatives where large corporations provide their IP, human resources, and other managerial assets to startups, the expansion of the "startup-driven value creation" collaboration model is sought after as a way for large corporations to collaborate with startups and external entities, swiftly cultivating businesses externally and connecting them all the way to societal implementation and visualizing the assets that can be provided to startups or similar ventures from within their company's resources, including IP and intangible assets as well as promoting specific information disclosure or drawing startups into their own corporate ecosystem are outlined.

In addition, through such collaboration with startups, the IP, intangible assets, and human capital held by large corporations are anticipated to manifest as tangible values that were previously unnoticed within the company as well as a renewed connection to the company's corporate value, and consequently, an effect is anticipated to drive transformation through the reinvestment into the company.

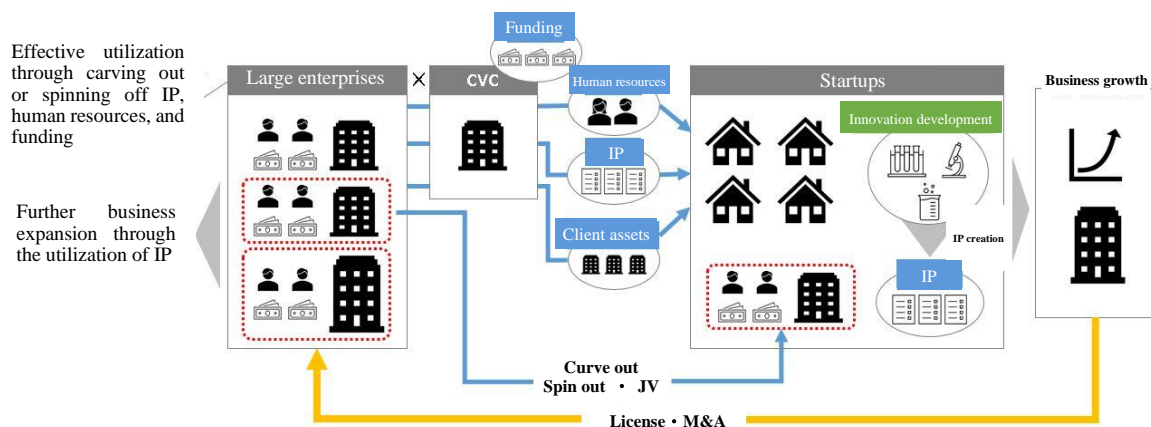


Figure 9: Image of collaborative efforts with startups

Furthermore, within private sectors, as the support of the transformation of large corporations into innovation-friendly ones, Keidanren has launched the initiative called "startup-friendly scoring," which is a system to visualize the extent to which large corporations are friendly towards startups and the significant roles they play within the startup ecosystem.

Moreover, in order to promote collaboration between large corporations and startups utilizing IP, in March 2022, the "Guidelines for Business Collaboration with Startups and Investment in Startups" were formulated by the Japan Fair Trade Commission and the Ministry of Economy, Trade and Industry and these guidelines aim to address potential issues arising from NDA, PoC contracts, collaborative research agreements, licensing agreements between startups and collaborating entities as well as investment agreements between investors and startups to organize the antitrust law and competition policy perspectives on those issues in addition to outlining the background of the problems and potential solutions as specific directions for these issues. Furthermore, in order to support open innovation between startups and collaborating entities, the Ministry of Economy, Trade and Industry has released "Model Agreements" targeting research and development-oriented startups and disseminating the agreements is necessary.

To comprehend whether transactions were carried out based on the above guidelines, the Japan Fair Trade Commission conducted an investigation into transactions involving startups and they released the results on December 23, 2022, where certain transactions involving startups and collaborating entities or investors (8 companies, 11 instances) that had the potential to raise issues under antitrust laws were identified, issuing cautionary notice document.

(Direction of measures)

- Visualize the assets that can be provided to startups or similar ventures from within their company's resources, including IP and intangible assets as well as promote specific information disclosure or draw startups into their own corporate ecosystem as outlined in the revised "Intellectual Property and Intangible Asset Governance Guidelines" Ver. 2.0 in March 2023.

(short term, mid term) (Cabinet Office)

- Collaborate with "Concerned government ministries and the National Center for Industrial Property Information and Training (INPIT)" to disseminate and utilize the "Guidelines for Business Collaboration with Startups and Investment in Startups" and "Model Agreements" targeting research and development-oriented startups.

(short term, mid term) (Japan Fair Trade Commission, METI)

(3) Establishing a startup ecosystem capable of full utilization of IP

(Current situation and challenges)

<IP strategy support human resources>

In the "Startup development five-year plan," to facilitate the commercialization of startups, consultations and support from experts in areas: management, legal affairs, and IP are being enhanced and the significance of human resources, who can assist in developing IP strategies, counts. Although it is crucial for startups in fields: bio-medicine, materials, and deep technology and so on, to develop IP strategies that envision future business expansion, many startups face challenges in having human resources with the expertise to construct such IP strategies or in finding external professionals to assist with this task. Furthermore, when startups or similar entities seek to acquire IP rights to envision future business expansion, the roles of patent attorneys and lawyers handling application procedures and dispute resolution are crucial as applicants demand for more advice than just procedural assistance, alternatives beyond filing, and support for rights acquisition aligned with their ventures and businesses.

Hence, it is crucial to match human resources who can address various needs of startups. Specifically, during the "implementation" phase of a business, patent attorneys, lawyers, and corporate IP department experienced experts are suitable for tasks: application, rights establishment, and licensing negotiations, although during the initial "design" phase, those who can develop IP strategies aligned with the startup's business model, including patent attorneys, lawyers, and corporate IP department experts as well as those with experience in large corporations' strategic planning, new business launch, or consulting roles are deemed necessary.

However, the current situation in Japan is characterized by a shortage of human resources capable of assisting in the development of startup's IP strategies (IP strategy support human resources). To address this issue, in the Intellectual Property Acceleration Program (IPAS) launched by the Japan Patent Office in the fiscal year 2018, an "IP mentoring team" composed of business experts and IP specialists provides support in developing IP strategies aligned with business strategies for startups. Furthermore, starting from the fiscal year 2022, collaboration has been initiated between the Japan Patent Attorneys Association and the Japan Venture Capital Association. Continuing and expanding these initiatives is necessary. Furthermore, initiatives are being undertaken where large corporations send their employees to startups for a certain period, which helps secure human resources for the startups and offers the opportunity for the large corporations to cultivate human resources able to gain experience in aspects such as the speed of decision-making within startups, resulting in cementing "win-win" relationship for both parties.

In addition, in order to enhance the mobility of such an IP strategy support human resources, it is essential to create an environment where supporting startups becomes more feasible through measures like allowing employees of large corporations to engage in concurrent or secondary roles as well as utilizing senior human resources.

(Direction of measures)

- Consider measures to match human resources capable of meeting diverse startup needs to enhance the mobility of IP strategy support human resources (concurrent or secondary roles) and cultivate human resources able to assist in the development of IP strategies aligned with startup business models.

(short term, mid term) (METI, Cabinet Office)

- Enhance the development of suitable IP strategies primarily tailored for early-stage startup businesses through IPAS as well as continuously provide knowledge sharing on startup support, including know-how, to intellectual property experts and others who are on the supporting side. In the fiscal year 2023, especially within programs offering expert advice on IP strategies on an ad-hoc basis, provide more flexible assistance by expanding the scope of support and enabling multiple consultations with the same startup.

(short term, mid term) (METI)

- Strengthen the support for developing IP strategies for startups by dispatching IP specialists such as patent attorneys and lawyers to venture capitals. In the fiscal year 2023, select those with a stronger willingness to provide IP support, publicly soliciting venture capitals as dispatched locations.

(short term, mid term) (METI)

- Enhance ecosystem vitality and encourage vitalization by effectively disseminate information through methods such as video streaming on the IP portal website tailored for startups and through offering a platform to connect stakeholders in the startup ecosystem from various regions across Japan with IP stakeholders. In the fiscal year 2023, particularly, provide information to promote the expansion of university-born startups by creating a new web page for university stakeholders.

(short term, mid term) (METI)

- Conduct necessary discussions within the fiscal year 2023 due to the start of proactive support during the examination stage by patent examiners and, in the fiscal year 2024 to facilitate innovation driven by individual startups, universities, and small to medium-sized enterprises that require specific support.

(short term, mid term) (METI)

- To contribute to accelerating innovation and further solidifying IP management, the revised version of the "Action Plan for Intellectual Property Utilization by Small and Medium-sized Enterprises and Startups" and the "Action Plan for Intellectual Property Utilization by Universities" (originally released in December 2021) was released in May 2023 ("Revised Action Plan for Intellectual Property Utilization"). Consider establishing a support scheme that covers the entire process from university seeds to societal implementation at the Independent Administrative Institution, National Center for Industrial Property Information and Training (INPIT), based on this revised version.

(short term, mid term) (METI)

2. Utilization of IP for open innovation allowing equal participation of diverse players

In recent years, amid rapid shifts in the sources of value and industrial structures, continuously generating value has become a challenge for companies and engagement not only in independent technology development (self-reliance) but also in utilizing resources from others (open innovation) is necessary.

In order to fully utilize the IP created through open innovation, it's essential to establish rules governing the handling of IP that ensure the maximization of overall earnings (economic value) for all players engaged in open innovation. Furthermore, due to open innovation, the ability to obtain information about the application of IP by other participants at an early stage becomes possible, resulting in the anticipation of an enhancement in the intelligence of open innovation participants, which can be seen as one of the significant benefits of IP strategies. Additionally, through open innovation, it is expected that combining one's own ideas with those of others can lead to an unexpected increase in value through synergy effects.⁶

In recent years, as noteworthy corporate initiatives towards open innovation, for example, Panasonic Holdings announced its role as a "bridge for intangible assets," creating a network with external entities and promoting the solution of societal challenges through the disclosure of tens of thousands of pieces of IP information owned by the company and encouraging their external utilization. Furthermore, NEC X, Inc. is driving the creation of new business value through open innovation within its ecosystem with human resources and technology (IP) as its core and through proactive collaboration with external entities, NEC X has been rapidly interwoven NEC's technology and IP with business, increasing the speed of innovation.

Considering the above, it remains crucial to continually advance the establishment of an environment that allows diverse players to engage in open innovation and utilize the accumulated IP and intangible assets within ecosystems.

A new form of open innovation gaining attention is value-chain-oriented open innovation. Moreover, the demand for developing matching ecosystems based on the visibility of IP has been growing as well as the promotion of diversity in human resources to support open innovation. Each aspect is elaborated below.

(1) State of IP and intangible asset governance in value-chain-based open

⁶ In "Capitalism Without Capital: The Rise of the Intangible Economy" (November 2020, Jonathan Haskel, Stian Westlake, Toyo Keizai Inc.), on pages 87-88 and 118-129, it is noted that combining intangible assets with other intangible assets can lead to a dramatic increase in value due to synergy effects.

innovation

(Current situation and challenges)

In recent years, global initiatives to address climate change and natural disasters caused by global warming have been intensified with the aim of achieving "carbon neutrality" (referred to as "CN" hereinafter), which involves reducing carbon dioxide emissions to virtually zero.

In addition to CN, the transition to a "circular economy" (referred to as "CE" hereinafter) is also taking place globally, particularly in Europe, as a response to the limitations and constraints posed by finite resources, climate change, waste issues, etc., to achieve efficient and circular resource utilization while maximizing added value.

In Japan, the government announced the "Carbon Neutral Declaration" in 2020, pledging to "Achieve Net-Zero Greenhouse Gas Emissions by 2050"⁷ and unveiled the "CE Vision 2020"⁸ regarding the CE. Furthermore, in October 2021, the transition to CE was established within the framework of the Climate Change Countermeasures Plan based on Act on Promotion of Global Warming Countermeasures and in September 2022, the direction of the CE to be pursued in anticipation of achieving the 2050 CN goal along with the strategic approach for various fields such as materials and products towards 2030, was summarized in a document called the "CE Process Chart."⁹ Moreover, considering the anticipated growth of the CE-related markets and the uncertainties arising from the destabilization of the situation in Ukraine affecting resource and energy supply, a resource CE policy titled "Growth-Oriented Resource-Independent Economic Strategy"¹⁰ was released on March 31, 2023.

In addition, the "Basic Policy for Achieving GX"¹¹ (Cabinet Decision on February 10, 2023) also outlines the future responses regarding CN and CE to balance decarbonization with economic growth by transitioning industrial and societal structures towards clean energy-centric models.

In companies, they are primarily focused on optimizing their business activities concerning CN; however, it's important to note that each company operates within its own business domain, positioned along its value-chain or supply chain (referred to as value-chain and so on hereinafter). Within the value-chain and so on, multiple players and processes exist, being supported by various players who fulfill specific roles in the chain's functioning. Hence, companies cannot escape the influence of other players' CN

⁷ Efforts towards Achieving Carbon Neutrality by 2050 https://www.env.go.jp/earth/2050carbon_neutral.html

⁸ Circular Economy Vision2020 <https://www.meti.go.jp/press/2020/05/20200522004/20200522004-2.pdf>

⁹ Circular Economy Process Chart <https://www.env.go.jp/content/000071596.pdf>

¹⁰ Circular Economy Process Chart <https://www.meti.go.jp/press/2022/03/20230331010/20230331010.html>

¹¹ Basic policy for Achieving GX <https://www.meti.go.jp/press/2022/02/20230210002/20230210002.html>

initiatives within the value-chain and so on, they must acknowledge that their own CN initiatives will impact other players within the same chain. In other words, if each company individually pursues CN initiatives, trade-offs may arise between different players along the value-chain and so on and overall optimization may not necessarily be achieved throughout the entire value-chain.

Similar challenges are expected to be even more pronounced in the case of CE compared to CN because in comparison to CN where there exists a clear single indicator in the form of carbon dioxide emissions, CE involves multiple indicators such as resource usage, circularity, and so on in addition to the anticipation of the weighting of these indicators that will vary.

For instance, in previous studies related to the Life Cycle Assessment (LCA) of plastic recycling (Figure 10),¹² if the quality of recycled plastic is around 70% compared to virgin plastic (substitution rate of 70%), from the LCA perspective, material recycling (MR) is more preferable than thermal recycling (TR), where discarded plastic is incinerated for thermal energy recycling, or chemical recycling (CR), where discarded plastic is chemically decomposed into raw materials for chemical products. However, if the quality of recycled plastics were to decline, the desirability of CR or TR would surpass that of MR.

On the other hand, in CE, from the perspective of substituting petrochemical resources, energy is consumed in transportation and within plants through processes: collection, sorting, crushing, selecting plastic materials, and so on to transform plastic into a single material. Therefore, from the perspective of CN, it may not always be considered entirely favorable although in CE, aspects such as recycling rates and economic viability, as defined by packaging recycling laws, contribute to its evaluation. Furthermore, regarding recycled resins, there is a potential for higher substitution rates through the provision of improved sorting and compounding techniques; however, it is thought that there could be a trade-off involving increased carbon dioxide emissions and costs in the sorting and compounding processes.

¹² Research on the Current State of Plastic Waste and Selection of Recycling Methods through Life Cycle Assessment (LCA)
https://www.jstage.jst.go.jp/article/jsmcwm/20/0/20_0_73/_pdf/-char/ja

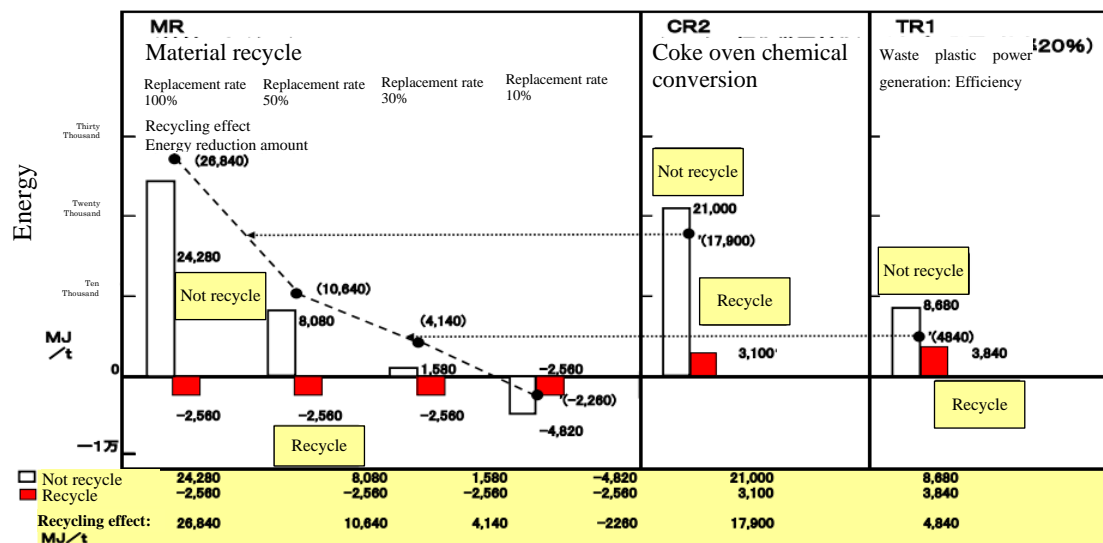


Figure 10: Recycling methods and effects of plastic container packaging

In response to such challenges, the optimization of the entire value-chain and so on is required. Regarding the optimization, the selection and utilization of IP and intangible assets are essential, but the value of individual IP and intangible assets is influenced not only by their combination with other IP and intangible assets but also by changes in societal systems, evaluation metrics, shifts in value-chains, and so on related to the passage of time. Hence, the exploration and utilization of IP developed in the past or real-time data are also anticipated. In other words, achieving optimization across the entire value-chain and so on require the shared and holistic perspective of IP and intangible assets throughout the value-chain and so on.

In this circumstance, it is anticipated that the scope of IP and intangible assets to be considered should not only include what is possessed by existing players within the value-chain and so on, but also involve the incorporation of IP and intangible assets from external players to further enhance the overall optimization of the value-chain and so on, which require verification as needs are expected to arise.

Furthermore, when involving external players, it becomes essential to verify both the confidentiality and accessibility of IP and intangible assets from both perspectives. With an increase in the involvement of external players and improvements in accessibility, such as expanding the scope of IP and intangible assets as well as the enhancement of innovation, the optimization of value-chain and so on is anticipated to be further enhanced. On the other hand, new challenges related to adjusting rights attribution based on power dynamics among players, ensuring fair distribution of benefits derived from IP and intangible assets and aligning these issues with existing rules require careful verification.

(Direction of measures)

- Conduct research on systems that facilitate the utilization of conventional technologies, IP, and intangible assets, such as technology research associations and patent pools and so on in order to promote value-chain innovation inspired by CN/CE, and consider the establishment of fairness in IP management, the reduction of complex IP licensing transaction cost, and the challenges in IP and intangible asset governance among multiple players within the value-chain and so on as well as consider future-oriented approaches required for these matters and explore the necessary measures for creating the environment.

(short term, mid term) (Cabinet Office, METI, MOE)

(2) Developing a matching ecosystem based on visualizing IP

(Current situation and challenges)

When existing companies or startups pursue the commercialization of IP, it's not always possible for them to fully develop the necessary IP portfolio solely on their own. Hence, it is necessary to promote the visibility of IP accumulated by large corporations and universities as well as establish systems that effectively match this IP with business entities in order to efficiently conduct business as much as possible.

In order to establish such an environment, the business entity needs to facilitate patent searches required for necessary core technologies and patents to develop a portfolio. There is an open patent information database that registers patents with licensing intent although it has been analyzed that having the database alone doesn't lead to much matching taking place and to promote licensing, having human resources who can mediate the matching process is the key. The initiatives in knowledge-based business matching, where businesses utilize untapped IP held by companies and universities to facilitate the development of new products, have been conducted.

Furthermore, it is effective to visualize the IP that is available for licensing and it is necessary to consider the way incentives are provided to encourage rights holders to grant licenses.

(Direction of measures)

- Consider enabling private businesses and so on to collectively access open patent information provided in a searchable format in open patent databases, including information from companies, universities, research institutions, and so on in addition to creating and releasing a manual that includes tips, practical examples, and efficient

registration methods for open patent databases, aiming to enhance their utilization. Furthermore, support the commercialization of patents with open intent through initiatives such as matching businesses that utilize information from patents with open intent, facilitating licensing of such patents for commercialization as well as consider the way incentives are provided to encourage rights holders to grant licenses.

(short term, mid term) (METI, Cabinet Office)

(3) Diversification of human resources supporting open innovation

(Current situation and challenges)

Diversity and inclusion are gaining attention as the personnel that supports open innovation. Movements such as the Japan Patent Attorneys Association's Diversity & Inclusion Promotion Declaration in January 2023 and events like the WIPO Japan Office's commemorative event for World Intellectual Property Day titled "Women and Intellectual Property - Accelerating the Power of Innovation and Creativity" are seen.

(Direction of measures)

- During the fiscal year 2023, support social innovators who engage in addressing societal challenges: environmental issues, gender equality, and poverty to achieve a prosperous society, particularly diverse players, including startups and non-profit organizations that may not yet be familiar with IP as well as women and young individuals with providing mentoring support from teams of IP experts to solve the societal challenges by co-creation through the utilization of IP. In doing so, extend support for the development of mentorship programs based on the experience gained along with exploring approaches that involve not only monopolizing IP but also sharing it through licensing to address the societal challenges collaboratively. Additionally, prepare to disseminate information about these initiatives to the world through the Osaka-Kansai Expo scheduled for the year 2025.

(short term, mid term) (METI)

- Conduct research on the impact of the creation and utilization of innovations and inventions in an environment within organizations that embraces diverse talents.

(short term, mid term) (METI)

3. State of IP in the rapidly developing era of generative AI

(1) Generative AI and copyright

(Current situation and challenges)

Regarding the relationship between AI and copyright, there have been ongoing discussions about what types of AI-generated content qualify as "copyrighted works" and whether there is a risk of a large number of AI-generated products that may be suspected of copyright infringement would be produced.

These aspects were also considered during the study of the New Intellectual Property Subcommittee, which was convened under the Intellectual Property Strategy Headquarters Verification, Evaluation, and Planning Committee between 2016 and 2017. In the "Report of the New Intellectual Property Subcommittee" compiled in March 2017, the ideas found below were outlined to organize the fundamental perspective on the copyrightability of AI-generated content.

- In the process of producing AI-generated content, if a user of a trained model (referred to as the "user" hereinafter) has creative intent and makes a creative contribution to obtaining the specific output, AI-generated content, AI can be seen as a "tool" used by the user to creatively express their thoughts and emotions, resulting in attributing copyrightability to the AI-generated content.
- If the user's contribution is limited to simple instructions that do not constitute a creative contribution, the resulting AI-generated content is categorized as an "AI-generated work" autonomously created by the AI, which is not recognized as a copyrighted work under the current copyright act.

On top of this, the relationship between the copyrightability of AI-generated content and the level of creative contribution required to affirm its copyright status, including what specific creative contributions would warrant copyright protection, was suggested to be further considered appropriate in light of developments in AI technology and so on.

Furthermore, discussions were held regarding how to approach situations where AI-generated content resembling copyrighted works used as training data is produced as output. In such cases, it is considered that reliance and similarity are necessary in order for the output product to be judged as copyright infringement, and it is appropriate to continue to examine the concept of reliance and liability in cases where AI is used, in line with the specific cases in question.

In response to the recommendations in the report on "matters that are appropriate to be specifically considered," the 2018 amendment to the Copyright Act established Article 30-4 of the Copyright Act (Exploitation without the Purpose of Enjoying the Thoughts or

Sentiments Expressed in a Work) as one of the so-called provisions of flexible limitation on copyright, which provides that the restriction of copyright rights is also applicable to the use and collection of data for AI learning based on the provisions of the Clause 2. The provision specifies that these limitations would not apply in cases where it unreasonably prejudice the interests of the copyright owner. With the advancement of AI technology, there has been an increasing demand on identifying cases that fall under the requirement of undue harm.

Approximately six years have passed since the "New Information Property Examination Committee Report" in March 2017 and the technology of generative AI has made significant advancements. The rapid adoption of AI tools by the general users in nowadays has led to the abundant creation of AI-generated content that is indistinguishable from human creations, raising concerns about its potential impact on the creative activities of creators and so on.

In May 2023, the Japanese government's AI Strategic Council compiled an "Tentative Summary on AI Issues" that also highlighted concerns about the creation of works similar to originals and the potential for a massive increase in copyright infringement cases, making conflict resolution for individual rights holders difficult; simultaneously, highlighting examples such as the productivity enhancement in creative work through the utilization of generative AI, the significance of safeguarding and proper utilization of creators' rights is a crucial focal point. In this regard, it is suggested that from now on, with the involvement of experts, it is important to discuss issues such as the copyrightability of AI-generated content, situations constituting copyright infringement through their use, and the notion of unreasonably prejudicing the interests of the copyright owner by utilizing copyrighted works as training data and contemplate and address necessary actions accordingly.

Given the above, it is desirable to clarify perspectives on various instances such as the followings below related to the IP aspects of AI-generated content, the potential for copyright infringement when using or disclosing AI-generated content, the appropriate use of copyrighted works as training data, and the current trends and usage of AI generation technology, taking it into account latest technological advancements in AI generation and its current applications.

- Perspectives on the creative contribution of the users for recognizing AI-generated content as copyrighted works
- Perspectives on copyright infringement when AI-generated content similar to the originals
- Perspectives on the clause "unreasonably prejudice the interests of copyright owner"

as defined in Article 30-4 of the Copyright Act when using copyrighted works to develop AI (trained models)

(Direction of measures)

- Regarding the relationship between AI and copyright, consider necessary measures, and so on while identifying and analyzing specific cases, organizing legal perspectives and taking into account both the promotion of AI technology advancement and the protection of creators' rights.

(short term, mid term) (Cabinet Office, MEXT)

(2) Protecting inventions considering the advancement of AI technology

(Current situation and challenges)

Regarding AI-related inventions, in the above "New Information Property Examination Committee Report", as specific matters suitable for further consideration, "adequate protection and promotion of trained models" and "ongoing awareness of specific instances related to AI-generated content" are presented and the Japan Patent Office has undertaken initiatives such as the release of patent examination cases examples pertinent to AI-related technologies (five examples in March 2017, followed by an additional ten in January 2019).

In the same report, as matters to be further considered, "how the IP system for AI programs should be" and "how the IP system for AI-generated contents should be" were presented. Furthermore, in the "Research Report on the Intellectual Property Protection for the Utilization of AI-Generated Creations and 3D Printing Data," released around the same time, it is noted that "currently, there is information indicating that some companies are engaging in autonomous creative processes using AI; however, the presence of autonomous creations by AI worthy of patent protection has not been confirmed," and "Around 2020, it is predicted that AI would operate autonomously through action plans and by around 2030, AI is expected to exhibit capabilities more akin to human abilities in even broader domains and eventually, for instance, there will be an increasing potential for substitution in areas such as judgment, decision-making, and creative activities."

Until now, AI has been regarded as merely an assistant to human creativity; however, with the emergence of technologies like ChatGPT, there are indications that autonomous creations by AI are becoming a reality.¹³ Traditionally, the creative process of

¹³ For example, in the Technical Report of GPT-4, an LLM unveiled by OpenAI in March 2023, it is demonstrated that GPT-4 (in combination with existing search tools, among other things) is capable of performing the task of "identifying and purchasing (and, if necessary, creating synthesis instructions for) compounds that share similar properties with a given compound, are novel (i.e., not patented), and are commercially available (or obtainable by modifying commercially available ones)" (OpenAI, "GPT-4 Technical Report," March 2023, <https://arxiv.org/abs/2303.08774>). This implies a shift from the previous use cases of AI, which primarily

technological ideation is understood to consist of these three stages: ①Problem formulation, ②Selection of potential solutions, and ③Effectiveness evaluation. It has been demonstrated that if a human is (creatively) involved in any of these stages, the creation is attributed to human creativity. According to this perspective, even individuals lacking technical insights about potential solutions could, through problem formulation alone, utilize AI like ChatGPT to obtain solutions (additionally, it is conceivable that automation through simulations or similar methods could also be easily applied to the effectiveness evaluation stage) and generate creative technological ideas (i.e., inventions).

In this matter, the emergence of easily accessible AI like ChatGPT is expected to lead to the broadening utilization of AI in the creative process, potentially resulting in an increase in patent applications encompassing inventions generated through this process. There is a potential concern about how to assess the utilization of AI in the creative process when examining such inventions (for instance, cases where AI autonomously performs certain stages of the aforementioned creative process without human creative involvement). Hence, it is considered necessary to examine and organize the impact that the utilization of AI in the creative process of inventions may have on patent examination. (e.g., impact on evaluations of inventive step and disclosure requirements as mentioned below.¹⁴)

Regarding the determination of an inventive step (Article 29, Paragraph 2 of the Patent Act), depending on the technological field and the manner of AI utilization within the scope of expertise, a study indicates that the presence of an inventive step can influence not only inventions utilizing AI in the creative process but also those not employing AI.¹⁵ Furthermore, there is a perspective that emphasizes the necessity of clarifying how to address the utilization of AI in the creative process when evaluating an inventive step.¹⁶ Requiring an inventive step as a patent criterion is because granting exclusive rights to inventions easily conceived by practitioners would not contribute to technological progress; instead, it could hinder it. Considering these factors, when examining an

involved the automated generation of natural language responses for questions related to known information. In the case of GPT-4, there is the potential to generate answers about unknown information. In other words, by presenting a certain technical challenge, there is an indication that AI might suggest novel solutions to previously unknown problems.

¹⁴ For instance, in Shioami Hisao's paper "Characteristics and Future Challenges of AI-Related Inventions: Inventive Step, Disclosure Requirements, and Inventorship" (an article in "New Trends in Business Law: Essays in Honor of Professor Eiichi Katayama on the Occasion of His 70th Birthday," November 2020, Seirin Shoin), challenges related to inventive step, disclosure requirements, and other aspects of AI-related inventions (including substances like drugs discovered by AI) are discussed.

¹⁵ In Ana Ramalho's "Patentability of AI-Generated Inventions: Necessity of Patent System Reform" (March 2018, Research Report of the Collaborative Research and Survey Project on Harmonization of Industrial Property System in Fiscal Year 2017), it is noted that "if the use of AI is a normal means of experimentation in the relevant art, the skills of the person skilled in the art improve and AI use is taken into account - which means that a patent can be granted if the invention is not obvious for a person skilled in the art who uses the AI (even if AI was not used by the inventor in question)" (p. ix).

https://www.jpo.go.jp/resources/report/takoku/document/sangyo_zaisan_houkoku/2017_04.pdf

¹⁶ On page 233 of the article in footnote 14, it is highlighted that the difficulty in determining inventive step for AI-generated inventions lies in various factors related to the improvement of AI-related inventions' performance. It is noted that it is uncertain "which elements and to what extent the ingenuity related to the use of AI falls within the ordinary creative abilities of a person skilled in the art."

inventive step in the future, it is necessary to appropriately evaluate the inventive step for inventions utilizing AI, based on the rapid advancement of AI technology and its impact (including the expansion of fields where AI technology is applied and changes in common general technical knowledge) and the anticipation of the large volume of inventions generated through AI utilization.

According to the "Research Report on Patent Examination of AI-Related Inventions Based on Recent Case Law" released in February 2022, it is indicated that in major countries, if predictions based on materials informatics are provided regarding the functionality of a compound but there are no statements regarding the manufacture of the compound and evaluation of its functionality, it could be considered a violation of the disclosure requirements. On this point, if the accuracy of function prediction using AI and so on continues to improve and the reliability of (in-silico) predictive results becomes comparable to actual (in-vitro/in-vivo) experimental outcomes, it may require a different evaluation approach.¹⁷ Amid the rapid advancement of AI technology, based on the purpose of the patent law, which aims to contribute to the development of industries, it is necessary to reconsider the examination practice, considering how human involvement should be in AI-assisted creativity to be granted a patent and how AI utilization at various stages of the creative process should have an impact on examination of inventive steps, and so on when organizing and addressing issues related to patent examination practice.

Furthermore, considering the increasing likelihood of AI being utilized in the creative process across broader fields than before, the Japan Patent Office is required to establish an examination system that can support the evaluation of AI-related inventions as well as areas where AI technology integration have not been seen till now.

Moreover, taking these factors into account, it is desirable to further organization and publication of examination case examples related to AI-related inventions to ensure the efficiency and quality of patent examination for those inventions. In addition, given the anticipation of Japan leading the harmonization of patent examination practices, it is necessary to begin with the collection and comparison of information on examination practices related to AI-related inventions in various countries, using case studies as a starting point to ensure proper global protection for innovations generated within our country.

¹⁷In reference to the case cited in the research report where judgments in various countries were outlined (as shown in "Patent and Utility Model Examination Handbook," Appendix A, Case 51), the evaluation in Japan is discussed by Ito Shigeaki in the article "Recent Revisions to Examination Criteria for AI-Related Inventions" ("Tokugikon," No. 294, September 2019, Japan Patent Office Technical Discussion Meeting). The article states that it is assumed that the premise that the predictive results of trained models can substitute for actual experimental results is not part of the common general knowledge at the time of filing. The article further explains that in this case, considering this premise, it is determined that there are reasons for rejection regarding lack of enablement and support. The article underscores the understanding that judgment outcomes can naturally differ based on common technical knowledge at the time of filing. <http://www.tokugikon.jp/gikonshi/294/294tokusyu1-1.pdf>

Also, it is necessary to address how inventions created autonomously by AI, without human creative involvement are treated; similar to copyrights, considering the treatment of such AI-generated inventions in other countries and addressing new challenges that may arise after the release of the "New Information Property Examination Committee Report" should be confirmed and organized.

(Direction of measures)

- In anticipation of the expansion of AI utilization in the creative process, organize and examine challenges in patent examination practices such as inventive steps, and challenges related to the treatment of autonomously generated inventions utilizing AI, taking into account the situations in other countries.

(short term) (Cabinet Office, METI)

- Enhance and disclose a wider range of AI-related invention examination case examples in light of the increasing potential for the broader utilization of AI in the creative process across various fields. Furthermore, strengthen the AI examination support team to achieve efficient and high-quality examination of AI-related inventions.

(short term) (METI)

4. Strengthening the investment and utilization promotion mechanism of the IP and intangible assets

(Current situation and challenges)

<Utilization of corporate governance frameworks>

Amid the increasing significance of IP and intangible assets as sources of competitiveness, during engagement with investors, it is indicated that Japanese companies are not effectively showcasing the value of their IP and intangible assets, which are their strengths, along with the growth potential of business models built upon them, which may be contributing to the stagnation of corporate value. Hence, it is crucial to further visualize the IP and intangible asset investment and utilization strategies that companies are developing and implementing and these corporate strategies can be appropriately evaluated by investors and financial institutions, leading to an enhancement in the value of companies that excel in developing and implementing superior IP and intangible asset investment and utilization strategies, subsequently facilitating the acquisition of funds for further investments in IP and intangible assets.

Against this backdrop, the revision of the Corporate Governance Code in June 2021 incorporated provisions related to the disclosure of IP investment strategies and the effective supervision by the board of directors.

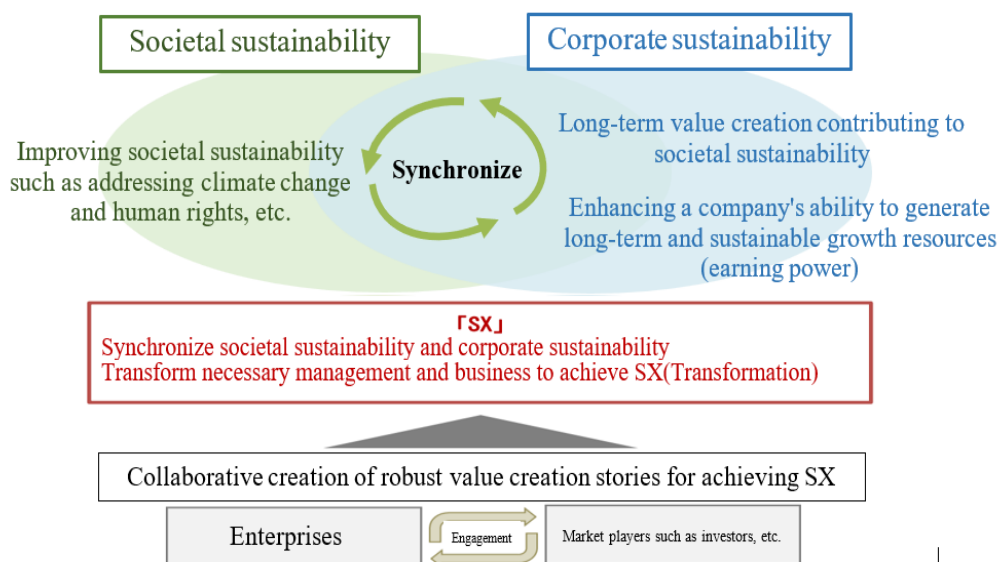
Considering the above, in January 2022, the "Intellectual Property and Intangible Asset Governance Guidelines" Ver. 1.0 (referred to as "the Ver. 1.0" hereinafter) were released to provide a clear understanding of how companies can work towards disclosing IP and intangible asset investment and utilization strategies as well as the establishment of governance, in a manner that would be appropriately evaluated by investors and financial institutions. In Ver.1.0, five key principles outline the fundamental concepts of IP and intangible asset strategies for companies, investors, and financial institutions in addition to seven actions to formulate strategies, disclosure, and engagement as specific responses.

As a result of the revision of the Corporate Governance Code or the release of Ver.1.0, companies have started to proactively engage in the development of investment and utilization strategies for IP and intangible assets as well as initiatives for their disclosure and governance. On the other hand, there are various opinions emerging as companies make progress in their initiatives, including points of trial and error and aspects that may not necessarily lead to favorable evaluations from investors and financial institutions.

<The challenges regarding sustainability transformation (SX) response are as follows >

In recent years, as the demand for ESG investments among investors has increased, the significance of IP investment and utilization that contribute to ESG has become even more pronounced. For instance, by commissioning specialized consulting firms, the Government Pension Investment Fund (GPIF) can analyze patent data of invested companies involving scoring patents related to low-carbon initiatives that contribute to carbon dioxide emission reductions in order to comprehend climate change risks within their portfolios in line with the recommendations of the Task force on climate-related financial disclosures (TCFD). In recent years, asset owners have increasingly recognized information regarding IP and intangible assets as significant decision-making criteria when evaluating a company's future corporate value.

Furthermore, in August 2022, initiatives such as the "Itoh Report 3.0"¹⁸, and the "Value Co-Creation Guidance 2.0" were implemented to accelerate sustainability transformation (SX) and to synchronize¹⁹ societal sustainability with corporate sustainability and promote the necessary management and business changes (transformation). For achieving SX, this guidance emphasizes the development and transformation of business models that serve as the pillars of long-term strategies, and in these models, intangible assets, including management resources and IP that serve as sources of competitive advantage count; additionally, in the development of implementation strategies such as mid term business strategies, investment strategies aimed at securing and enhancing intangible assets including IP are emphasized.



¹⁸ <https://www.meti.go.jp/press/2022/08/20220831004/20220831004-a.pdf>

¹⁹ In Itoh Report 3.0, the concept of "synchronization" is defined as companies contributing to the improvement of societal sustainability through providing long-term value, while enhancing their own capacity to generate long-term and sustainable growth resources (earning power). This synchronization aims to drive further value creation by aligning societal sustainability with corporate actions that foster long-term value provision.

Figure 11: Conceptual diagram of sustainability transformation (SX)

Furthermore, in November 2021, IFRS Foundation established the International Sustainability Standards Board (ISSB) and in March 2022, the ISSB released a public consultation draft for "Sustainability Disclosure Standards" and progressed towards consolidating these standards in addition to undertaking a project regarding intangible assets. In the Principles for Responsible Investment (PRI), an organization representing investors, the principles stipulate that investors should incorporate ESG issues (climate change and so on) into their investment analysis and decision-making processes and request for appropriate disclosures from investment entities regarding ESG issues is highlighted. As mentioned, both companies and investors are facing a significantly heightened demand for responses to sustainability and non-financial information.

In the context of receiving investments, companies are expected to actively engage in economic activities that contribute to achieving social objectives by such as being incorporated into ESG funds that are experiencing a significant increase in market size due to growing demand. Rather than solely addressing risks, it is important to perceive responses to sustainability as "opportunities" for business growth.

In evaluating companies' performance regarding climate change, the evaluation primarily focuses on the risk aspects of transitioning to a decarbonized society, using indicators such as carbon dioxide emissions; however, opportunities related to contributing to overall emission reductions in society through decarbonized products and services are not yet extensively evaluated. As a method for evaluating opportunities, some financial institutions have begun to incorporate the utilization of IP and intangible assets into their evaluations of companies although challenges arise from such as inconsistencies in disclosure methods among businesses. From now on, in order to further encourage corporate green transformation (GX) investments, the establishment of appropriate evaluation criteria for climate-related opportunities is crucial and by aligning perspectives between companies and financial institutions, creating a positive cycle in evaluation, disclosure, and utilization of evaluation results and disclosed information also counts.

< **Background and overview of guidelines Ver. 2.0** >

Considering the above situation, in the "Study Group on Effective Disclosure and Governance of Intellectual Property Investment and Utilization Strategies" the "Intellectual Property and Intangible Asset Governance Guidelines" Ver. 2.0 (referred to as "Ver. 2.0") were compiled and released in March of this year.

Through maintaining the five principles and seven actions presented in Ver.1.0, bridging the gap in the thought processes between primarily companies and investors/financial institutions, and organizing the roles expected of investors and so on, Ver.2.0 was formulated to aim to establish an environment where the initiatives and disclosures related to IP and intangible assets were manifested as corporate value.

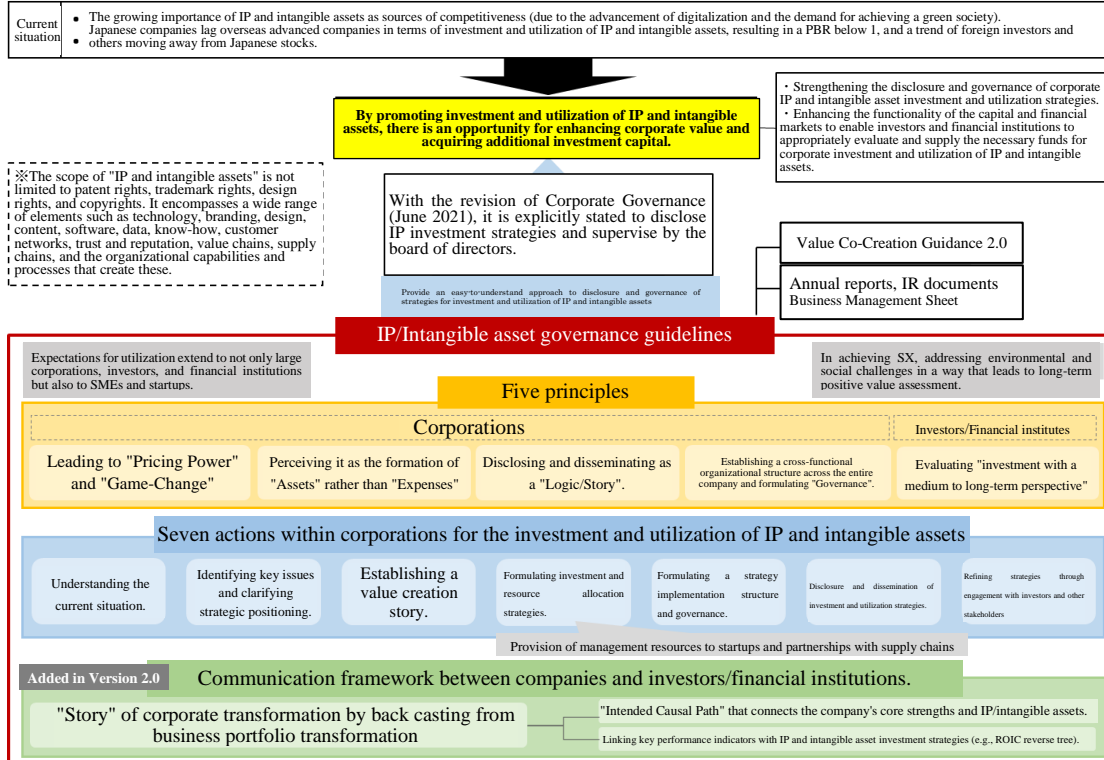


Figure 12: Overview of "Intellectual Property and Intangible Asset Governance Guidelines Ver.2.0"

Specifically, in order to bridge the gap in thought processes between companies and investors/financial institutions and enhance corporate value through IP and intangible assets, the following three keys are addressed as a common communication framework for both parties: (1)"Story" that outlines scenarios for achieving the desired future state (To Be) from the current positioning of companies in their business portfolios (As Is) (2)Elucidate a "Planned Causal Path" that connects these two elements to demonstrate how the feasibility of this can be harnessed, linking our existing and potential IP and intangible assets to the strengths of the business models intended to be established or reformed in the future (3)In doing so, it is important to visually connect these strategies and investments with business outcomes and key performance indicators (such as ROIC) to make them tangible.

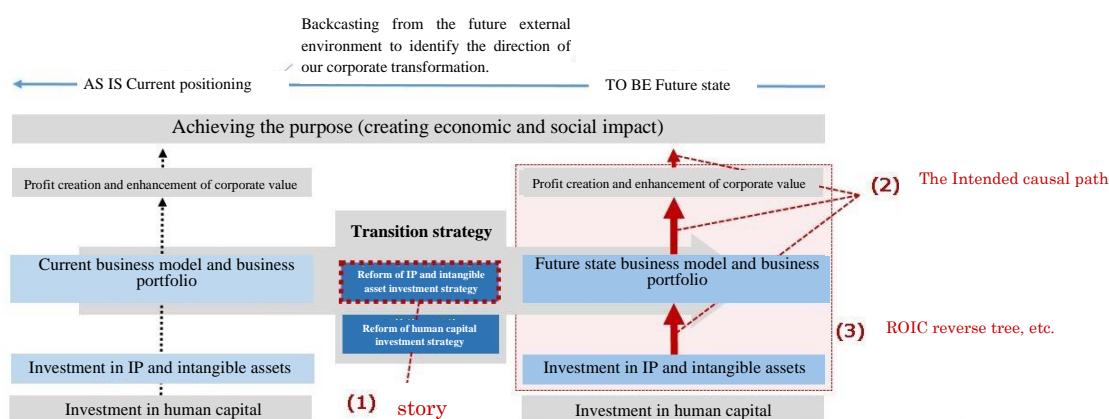


Figure 13: Positioning and role of the Framework

Furthermore, investors (asset owners, asset managers, etc.) and financial institutions are expected to focus on longer-term investment and engagement strategies that center around IP and intangible assets. Additionally, it is anticipated that the specific actions and outcomes of investors regarding corporate evaluation and engagement actions will be reported in "Stewardship Activity Reports (Stewardship Reports and so on)."

< Remaining challenges >

The Tokyo Stock Exchange announced "Initiatives towards Achieving Management Focused on Capital Cost and Stock Prices" for all listed companies on the Prime Market and Standard Market in the end of March 2023 to improve the downturn in corporate value, where over 40% of major companies are experiencing price-to-book ratio (PBR) below 1. Here again, the process of "current situation analysis", "plan formulation and disclosure", and "implementation of actions" is required and based on the fundamental principles of management set by the board of directors, the management team taking the lead and being conscious of capital costs and capital profitability, is expected to achieve the appropriate allocation of management resources by promoting investments in research and development, human capital, and facility investments that contribute to the creation of IP and intangible assets for sustainable growth by reassessing the business portfolio, and so on.

Following discussions in the "Stewardship Code and Corporate Governance Code Follow-up Committee," the Financial Services Agency announced the "Action Program towards Substantiating Corporate Governance Reforms" in April 2023, which includes initiatives and directions that encourage investment in IP. This aims at sustainable growth of companies and the enhancement of their medium to long-term corporate value.

For companies, it is crucial to conduct management with a focus on profitability, based

on the reassessment of business portfolios, investments in IP and intangible assets, and prudent risk-taking, a precise understanding of capital costs through appropriate allocation of management resources and so on.

Furthermore, disclosing to companies the evaluation framework and criteria used by investors and financial institutions in assessing capital and financial markets can lead to enhanced information disclosure by companies and a deeper understanding of companies among investors and financial institutions, facilitating investment and lending and increasing the potential for improving corporate value. Hence, it is expected that investors and financial institutions will adopt a medium to long-term perspective, design investment strategies that encourage the strengthening of IP and intangible asset strategies, make investment and lending decisions, engage in constructive engagement, and make further efforts to achieve the manifestation of corporate value.

Moreover, the value creation for companies through IP and intangible asset strategies, as pursued by the "Intellectual Property and Intangible Asset Governance Guidelines," holds significant relevance to the establishment of international standards in non-financial information disclosure criteria, sustainability evaluation, investor responsibilities, the formulation of measures of international forums by forming a crucial relationship. Therefore, it is desirable for the principles of the Intellectual Property and Intangible Asset Governance Guidelines and so on to be shared among stakeholders involved in rule formation, aiming for a certain degree of alignment in the creation of new rules.

Furthermore, in advancing sustainability initiatives, both IP and intangible asset strategies, along with human capital strategies, play crucial roles. In a company, it is essential that a strategic framework is established based on the integrated effort of devising IP and intangible asset strategies required for achieving SX, and on concretizing human capital strategies necessary from the implementation perspective. To further drive SX in the future, it is necessary to advance the integrated strategic development and disclosure of IP and intangible asset strategies, along with human capital strategies, and extract favorable examples, and specific points of consideration need to be outlined.

In addition, it is crucial to delve deeper into IP and intangible asset strategies that address specific issues within the core challenges of sustainable finance: "environmental (E) issues" such as decarbonization and biodiversity, "social (S) issues" like human rights and human capital, and "governance (G) issues" including corruption prevention and risk management, activities such as involving IP and intangible asset specialists in research and development for innovation and scenario analysis related to ESG issues. Additionally, facilitating engagement between companies and investors through information disclosure concerning IP and intangible assets in the context of sustainable finance is of utmost

importance.

< Investment and utilization of IP and intangible assets for small and medium-sized enterprises and startups >

For small and medium-sized enterprises (SME) and startups, it is a critical challenge to develop and implement investment and utilization strategies for IP and intangible assets, and aim to secure the necessary funding for growth. Hence, it is crucial to establish an environment where SMEs and startups are liberated from the current situation where tangible fixed assets are primarily used as collateral, the value of the entire business, including IP and intangible assets, is appropriately evaluated and investors and financial institutions find it easier to provide funds.

The "security interests over all assets," a new collateral system that encompasses the entire business based on business viability evaluation proposed to be established by the Financial Services Agency's "Study Group on Lending and Vitalization Practices to Support Businesses," and in November 2022, the Financial Services Agency established the "Working Group on Practices for Supporting Financing with a Focus on Business Viability" to examine the system's implementation. In February 2023, the working group finalized its report and released it after considering the formalization of this system. Subsequently, based on the direction outlined in the working group report, in-depth examinations for the early institutionalization of this system are conducted and briefing sessions and discussions for financial institutions and businesses to enhance understanding of this proposed system is organized, as outlined in the working group's report. Further deliberations and progress towards achieving early implementation of the system remain crucial.

Since its release, the management design sheet as a tool to design mechanisms for creating future value (value creation mechanisms), has been consistently promoted to ensure its widespread adoption and understanding through various seminars, lectures, and awareness campaigns directed towards companies and their supporters. At the Shoko Chukin Bank, Ltd., the philosophy of the management design sheet, which involves sharing and discussing a customer's future vision, challenges for its achievement, and the actions to overcome those challenges through communication, has become firmly established as a fundamental approach for business viability evaluation and supportive collaboration. Furthermore, financial institutions: Tamagawa Shinkin Bank, Shizuoka Bank, Seishin Shinkin Bank, and Asahikawa Shinkin Bank, have also been utilizing the management design sheet through communication with SMEs.

It should be noted that the mechanisms for generating future value (value Creation

mechanisms) aligns with both the "Intellectual Property and Intangible Asset Governance Guidelines" and the "management design sheet." This sheet is a tool to visualize a company's owned IP and intangible assets, along with their values, and succinctly outlines the transition strategy from the current state (As Is) to the envisioned state (To Be) so the sheet can also be utilized for the disclosure and dissemination of IP and intangible asset strategies, which is crucial in the future as well.

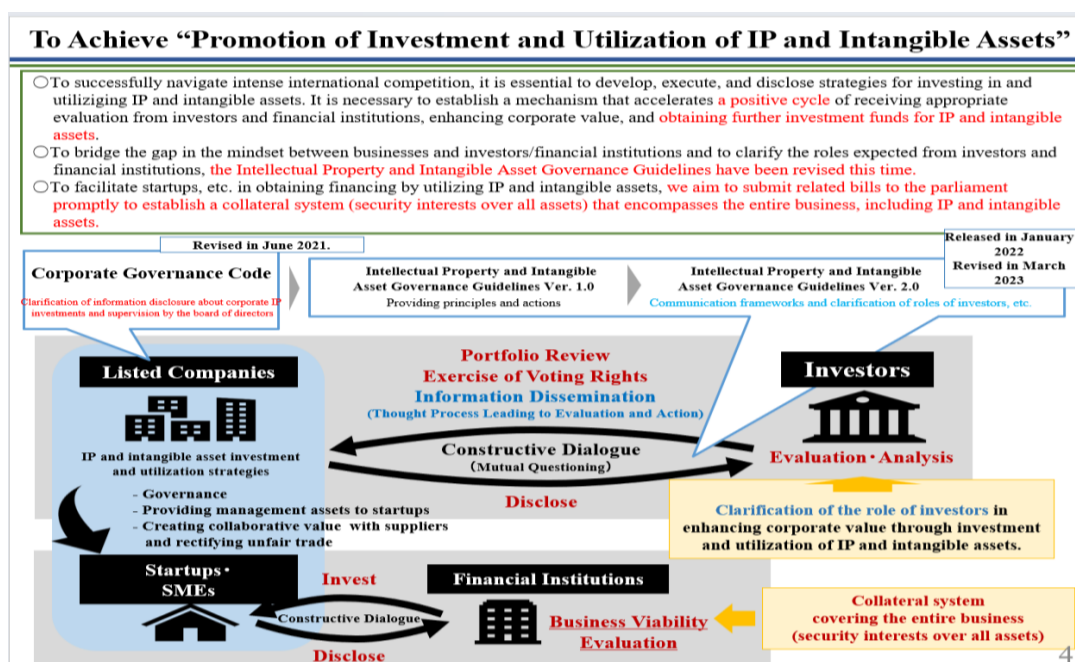
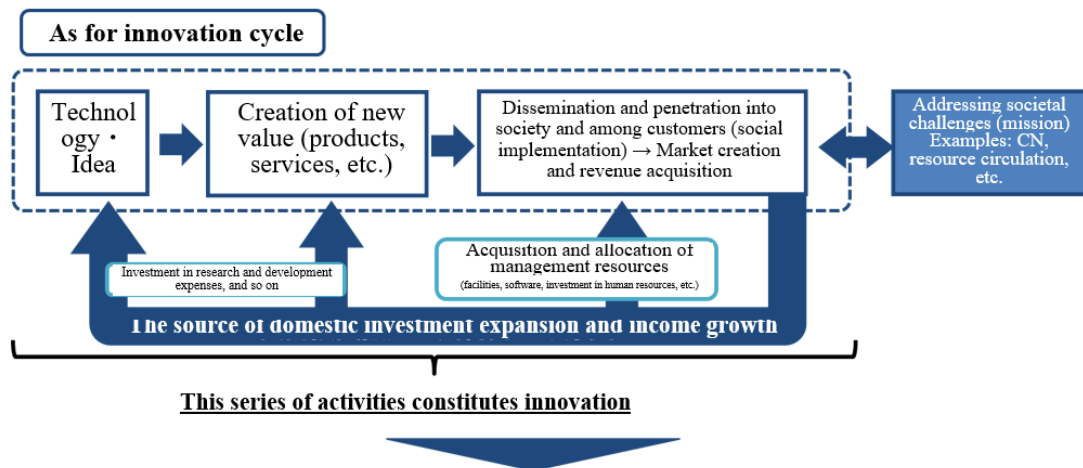


Figure 14: Image of mechanism to promote investment and utilization of IP and intangible assets

<Promotion of research and development investment and utilization of created IP>

Research and development investment is a crucial element of innovation. Transforming the outcomes of research and development investment, such as technologies and ideas, into tangible products and services and implementing them in society leads to market creation and addressing societal challenges. Furthermore, by reinvesting the returns obtained into the next round of research and development, a continuous cycle of innovation can be sustained, leading to an ideal state where both economic growth and the resolution of societal challenges are perpetually interlinked and achieved.

Figure 15: Illustration of the innovation cycle



Achieving sustainable economic growth and addressing societal issues

In management guided by the innovation cycle, the decision-making regarding research and development investments within a company counts. When determining the amount of research and development investment, it is important to consider revenue as an alternative indicator for ultimate market creation; instead of solely basing the decision on the ratio of research and development expenses to revenue on a single-year basis, it is necessary to take into account elements such as profits derived from research and development, factors related to anticipated benefits from future problem-solving and market acquisitions, and employ a back-casting approach so a more strategic approach to research and development investment is required with a long-term perspective.

For achieving this, it is essential to establish a system within the company that allows for the visualization of the productivity of research and development investment. Specifically, it is crucial to establish information management (integrating financial and IP data) that enables the tracing of outcomes such as "which research and development efforts resulted in IP creation" and "how much revenue was generated from the IP created." Achieving to visualize the productivity of research and development investment enables companies to make effective investment decisions even when resources are limited so growth and advancement within the organization can be driven.

In order to encourage such corporate actions, it is believed that designing systems that provide incentives for the outputs or outcomes of research and development investments, rather than just the inputs, can be effective.

In actuality, in Europe, there has been a system in place since before that provides incentives for revenue generated from IP resulting from research and development investments and in recent years, Asian countries like Singapore have also started implementing the system. This system is expected to enhance the productivity of

companies' research and development investment, support businesses engaged in innovation-driven management practices, contribute to the aggregation of research and development investment, focus exclusively on domestically generated IP, and increase the attractiveness of establishing a base for research and development investments and IP aggregation that emphasizes the innovation cycle.

Furthermore, this system, by providing incentives for income derived from IP, also contributes to the fluidity of research and development cycles through licensing out and the transfer of IP, thereby promoting open innovation. As a result, research and development cycles previously confined within companies can circulate beyond company boundaries, revitalizing the overall societal metabolism and contributing to the stimulation of innovation cycles across society.

(Direction of measures)

- Explore strategies carried out in collaboration with the private sector for implementing an award system that publicly acknowledges exemplary activities where IP and intangible assets are strategically utilized to enhance corporate value to promote a recognition system that encourages the strategic utilization of IP and intangible assets by companies, and to enhance the disclosure of such activities in integrated reports and so on.

(short term, mid term) (Cabinet Office)

- Share the principles of the Intellectual Property and Intangible Asset Governance Guidelines with stakeholders involved in rule-making and achieve a certain level of alignment in the creation of new rules by engaging with international organizations such as the IFRS Foundation and PRI.

(short term, mid term) (Cabinet Office)

- Encourage investing in intangible assets, including IP to promote corporate management focused on profitability and growth in line with the "Action Program towards Substantiating Corporate Governance Reforms."

(short term, mid term) (FSA)

- Explore the connection between sustainable finance such as transition finance and the resolution of social and environmental challenges to promote effective engagement between companies and investors through disclosure in the ESG field as well as collect exemplary cases of companies deepening their IP and intangible asset strategies in response to ESG issues.

(short term, mid term) (Cabinet Office, FSA, METI)

- Promote integrated strategic development and disclosure for various strategies,

including IP and intangible asset strategies through the operation of SX-related stocks, and so on in pursuit of co-creating value-driven narratives for SX since IP and intangible asset strategies, along with human capital strategies, business portfolio management strategies, DX strategies and so on, are important key elements.

(short term, mid term) (METI, Cabinet Office)

- In corporate evaluations related to climate change, examine issues related to frameworks and indicators for evaluating the utilization of IP and intangible assets to appropriately evaluate new business opportunities that companies possess, such as contributions to overall societal emission reductions.

(short term, mid term) (METI, Cabinet Office)

- Regarding "security interests over all assets" that allow startups, etc. to secure funds from financial institutions by using the entire business, including intangible assets such as goodwill and IP, as collateral, promptly submit relevant bills to the parliament and continue examining the readiness of financial institutions, standard contractual practices, and the establishment of registration systems.

(short term, mid term) (FSA, Cabinet Office, Ministry of Justice, METI)

- To disseminate the integration of IP and intangible assets into business practices across Japanese companies, facilitate the disclosure of effective IP strategies and promote the disclosure of sustained value creation by companies and investments in IP and intangible assets by dispatching not only experts in IP strategy but also other specialists in information disclosure, and so on in addition to visualizing the positioning of IP and intangible assets in the business and establishing the necessary organizational structure for that purpose.

(short term, mid term) (METI)

- To disseminate the integration of IP and intangible assets into business practices across Japanese companies, when formulating corporate and business strategies regarding IP landscape analysis utilizing IP information and related data, examine specific methodologies for the practical implementation of this, compile and release a report that outlines challenges, approaches, and promulgate the IP landscapes that contribute to business strategies.

(short term, mid term) (METI)

- Share the green transformation technology classification table released in the fiscal year 2022 and the analysis results of patent information into both domestic and international audiences. Furthermore, encourage the international adoption of such technology classification tables for analysis and evidence-based disclosures as well as enhance technology classification tables by utilizing the insights of patent examiners

and consider their improvement.

(short term, mid term) (METI)

- To promote the utilization of IP in SMEs through business viability evaluations, encourage financial institutions to enhance their support for SMEs by providing the created "Intellectual Property Business Viability Evaluation Report" and "Intellectual Property Business Proposal" to local financial institutions, conducting beneficial evaluation and analysis of the IP held by SMEs.

(short term, mid term) (METI)

- Expand the utilization of the management design sheets among startups and SMEs, and establish an ecosystem for the dissemination and implementation of value design management.

(short term, mid term) (Cabinet Office, FSA, METI)

- Continually explore the approach of policies, including tax measures, to encourage research and development investments by private sectors for the creation of IP in light of enhancing the competitiveness of our country as an innovation hub by promoting the creation of IP, etc.

(short term, mid term) (METI)

5 . Promotion of strategic utilization of standards

(Current situation and challenges)

<Strategic utilization of international standards as business strategy>

A trend among global companies and governments in various countries to strategically utilize international standards to pursue economic dominance is significant. Especially in the area of environmental initiatives such as decarbonization, European-led international standardization is aimed at changing the game in international competition, which is expected to have a significant impact on a wide range of industries and supply chains, leading to notable shifts in market positioning and corporate earnings in the international market.

On the other hand, the full recognition of the importance of strategically utilizing international standards in our country is still challenging, as it has not been adequately integrated into the business operations of companies and the policy responses of the government. Therefore, the government of our country is actively promoting various initiatives to enhance the ability to strategically utilize international standards in collaboration with concerned government ministries, with the Intellectual Property Strategy Promotion Office under the Cabinet Office taking the lead.

As a corporate strategy, creating new markets differentiated from existing ones based on offering new value and pursuing market formation and expansion through standardization is highly important for securing competitive advantage and enhancing corporate value.

Especially in recent years, the socioeconomic environment underlying markets has significantly diverged from the past, leading to the rapid emergence of new markets based on new societal concepts and the provision of novel value in new domains; in this regard, the strategic use of international standards has become increasingly indispensable as a means for market formation.

Specifically, activities in the socioeconomic landscape are rapidly advancing, driven by digitalization and focusing on data-driven societal systems: DX, SDGs, GX, ESG, aiming to address social challenges and ensure sustainability, and such activities bring forth innovation and value creation, giving rise to new domains and cross-cutting fields that differ from conventional ones.

Especially in such domains, for instance, like System of Systems, the scope often extends across various industries and the entire value-chain, so this necessitates the interconnection of systems from different domains and the establishment of new functionalities to formulate value-chains and effectively developing and managing these

interfaces calls for an international standardization strategy.

Additionally, international standards serve as a valuable means of rule-setting by private entities, distinct from conventions, agreements, international regulations, and institutional frameworks formed by governmental bodies. Hence, global companies in Europe and the United States, which are already attuned to utilizing rule-setting for the creation of new markets and industries, are often highlighted for actively incorporating international standards into their business strategies.

Therefore, in the current socioeconomic environment, it is increasingly imperative for our country's businesses to drive behavioral change to further strengthen initiatives to strategically utilize international standards as part of business strategies, enhancing the ability to conceive market formation and industrial creation on par with global companies in Europe and the United States. The government needs to strengthen policies that encourage behavioral change through approaches to corporate strategies, including enhancing initiatives related to social implementation strategies, international competitive strategies, and international standard strategies by private sector participants in government-supported research and development projects.

< Establishment of an ecosystem to enhance the ability to master standards. >

Initiatives by our country's companies towards international standardization strategy have consistently highlighted the challenges of raising awareness among corporate management and ensuring the quality and quantity of internal human resources. These challenges largely culminate in corporate decision-making and considering the prominent role of private entities in driving international standardization and the fact that market benefits from international standardization are primarily enjoyed by private enterprises, it is fundamentally perceived as the domain of private companies to autonomously address these matters.

However, given that governments in various countries are also providing support for the strategic utilization of international standards by private sectors as part of their industrial policies, in order to enhance our country's industrial competitiveness, foster the creation of new markets and industries, and facilitate the development of our nation's economy, it is imperative for our government to strongly commit to policy guidance, including encouraging strategic initiatives by our domestic companies towards international standards.

Considering the motivations in terms of business management, in order to enhance the initiatives of companies towards international standardization strategy, it is considered crucial that an ecosystem promoting initiative towards international standardization

strategies: ① Perceive international standards to have a direct impact on business revenue and risks, significantly influencing corporate management. ② Ensure necessary skills and human resources for the development and implementation of international standardization strategies, both within and outside the organization (Ensure the capability of the feasibility of executing international standardization strategies.), exists as a foundation within the business environment and broader economic society, facilitating the enhancement of such strategies by companies.

In Europe, for example, when companies pursue international standardization strategies, the functional roles played by private entities such as standardization organizations like the British Standards Institution (BSI), certification authorities like Germany's TÜV, research and development institutions like Fraunhofer in Germany, law firms, lobbying agencies, and management consulting companies are of utmost importance. Furthermore, in the phase of shaping and promoting themes that provide new value based on a novel societal concept, i.e., forms the foundation of international standards, NGOs and academia play a significant role through activities such as shaping international public opinion, consulting, and lobbying.

Therefore, it is considered necessary for our country to establish an ecosystem that encompasses the entire business process of companies: the formulation of business strategies, international standardization, business expansion, and the supporting institutions such as standardization bodies, certification authorities, research and development organizations, and other supporting entities and companies in order to complement the current capabilities of companies in formulating and implementing international standard strategies while aiming for companies to autonomously and sustainably drive the implementation and enhancement of international standardization strategies. In particular, it is necessary to enhance both the quality and quantity of support functions related to strategy formulation, standardization, certification, and human resources within supporting entities and companies.

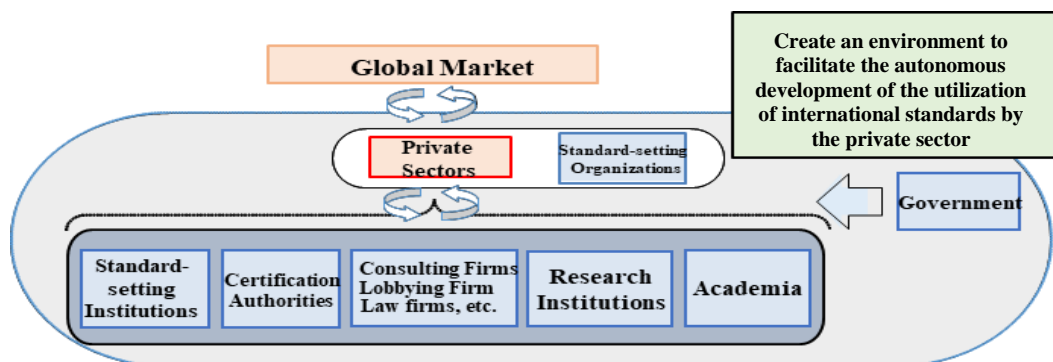


Figure 16: Conceptual image of establishing an ecosystem

<The necessity of a comprehensive national standardization strategy>

In major countries in Europe, North America, and Asia, there is a trend of pursuing international standardization strategies in key fields of industrial policy to secure global market share and economic dominance for their own companies. In light of these developments and economic security concerns, it is imperative for our country to establish a comprehensive national standardization strategy and collaboratively implement it between the government and private sectors. Especially from the perspective of enhancing industrial competitiveness, depending on specific fields, it is necessary to implement measures: establishing regulations and systems, providing support for research and development, promoting a package approach with open and closed strategies including IP strategies, and enhancing support institutions for the ecosystem in addition to cross-cutting policies related to industrial and innovation strategies.

For instance, it is imperative to drive international standardization strategies, focusing on emerging domains that are expected to shape new markets in the future, including Beyond 5G, quantum technology, hydrogen and ammonia fuels, environmental regulations (climate change, biodiversity, and so on), healthcare and medical technology, agriculture and food industries, mobility, and data integration platform, and so on. Furthermore, it is crucial to consider domains and strategies leading the creation and expansion of new international markets through industry-academia-government collaborations, aligned with the implementation of that value within society in conjunction with international standardization strategies as a means by proactively offering values that can be shared and contribute to the world by utilizing our social and cultural background, and deepening international solidarity and promoting its dissemination, like ESG (environmental, social, governance) and SDGs.

In order to consistently advance our nation's comprehensive standardization strategy, it is necessary to develop a practical framework where experts, akin to a government CSO (Chief Strategy with Standardization Officer), provide evaluation and guidance on a per-domain basis.

Moreover, for those capable of devising and driving international standardization strategies as means for societal implementation and international competition, and international negotiation experts who lead the international community, including private sector entities, as professionals skilled in utilizing standards, there is a need to enhance support for international standardization activities to ensure access to key positions by expanding the utilization of external talents while continued participation in international communities and forums are promoted in addition to strengthening the human resource

foundation through the clarification of career paths to enhance status and influence.

Therefore, taking into account initiatives centered on business strategy and standardization, research and development and standardization as well as the cultivation and securing of standardization human resources, based on the "Report of the Basic Policy Subcommittee of the Japanese Industrial Standards Committee summarizing the desired state of Japan's standardization activities (Japanese standard acceleration model), it is essential to integrate these initiatives, including the exploration and promotion of horizontal expansion, into a comprehensive national standardization strategy.

(Direction of measures)

- Enhance coordination functions, including strengthening collaboration between the government, private sector organizations, and businesses to promote comprehensive alignment, and establishment of a framework similar to the Chief Strategy with Standardization Officer (CSO) , where experts and specialists provide evaluation and guidance and comprehensive coordination, and monitoring of related initiatives across concerned government ministries and agencies as well as formulate and drive a comprehensive national standardization strategy through collaboration between the public and private sectors across the country in addition to strengthening the domestic ecosystem, workforce foundation, and support for international standardization activities to assist companies in strategically utilizing international standards through a collaborative effort between the public and private sectors. Furthermore, further enhance and establish a framework for promoting the international standardization strategy within concerned government ministries and agencies, including the development and reinforcement of a comprehensive organizational structure for overseeing these initiatives.

(short term, mid term) (Cabinet Office, MIC, MOFA, MEXT, MHLW, MAFF, METI, MLIT, MOE, Concerned government ministries and agencies)

- With the "standard utilization promotion task force" as the command center, provide support for activities specific to the acceleration of standard development and the facilitation of the formation of international standards in parallel with promoting industrial policies, the international standardization strategy, focusing on emerging domains where new markets are being formed from now on, including Beyond 5G, quantum technology, bioengineering, hydrogen and ammonia fuels, environmental regulations (climate change, biodiversity and so on), healthcare and medical technology, agriculture, forestry, fisheries, and food industries, mobility, and data integration platform.

(short term, mid term) (Cabinet Office, MIC, MOFA, MEXT, MHLW, MAFF, METI, MLIT, MOE, Concerned government ministries and agencies)

- In the advisory council based on the "Law for Promoting Comprehensive Economic Measures for Ensuring Security," which aims to integrate economic policies to ensure security, consider international standardization and its supporting strategies as needed, based on the specific project's status and so on. Furthermore, strengthen collaboration with like-minded nations that share fundamental values, in advancing these initiatives.

(short term, mid term) (Cabinet Office)

- Achieve a widespread adoption of systems that ensure strategic utilization of international standards by companies by introducing systems for business operations and follow-up that seek commitment from corporate management towards the initiatives aimed at achieving these goals and clearly presenting social implementation strategies, international competition strategies, and international standardization strategies by private sector entities and so on to achieve early societal implementation of science, technology, and innovation within government-supported research and development initiatives. Continually promote initiatives, including pilot operations, such as the following research and development projects in addition to leveraging the knowledge acquired during these initiatives and utilizing the systems and operations related to technical evaluations within concerned government agencies to expand horizontally beyond the following research and development projects.

- Green Innovation Fund Project
- Innovative Information and Communication Technology (Beyond 5G/6G) Fund Project6G))
- Post-5G Information and Communication System Infrastructure Enhancement Research and Development Project
- Strategic Innovation Creation Program (SIP) Phase 3 Project
- Economic Security Important Technology Development Program Project
- Bio Manufacturing Revolution Promotion Project

(short term, mid term) (Cabinet Office, MIC, METI, Concerned government ministries)

- For the enhancement of the initiatives towards standardization within business strategies, visualize companies' initiatives related to rule formation, including standardization through ① Companies should explain to investors the positioning of standardization activities as part of their business strategies and investors should be encouraged to increase engagement with companies through the guidance provided in documents such as the "Value Co-Creation Guidance" and the "Intellectual Property and Intangible Asset Governance Guidelines."② Encouraging the standardization

strategy-related content in the integrated annual reports of each company, ③Developing and enhancing the "market formation capability index". Through the above, promote a deeper understanding and awareness of the significance of market formation capability and standardization strategy among both companies and investors, aiming to foster behavioral changes that prioritize these aspect.

(short term, mid term) (METI)

- Provide support for standardization development, particularly in challenging cases involving cross-industry collaboration, collaboration with academia, and cooperation with SMEs and startups. Regarding developing a manual for standardization in the strategic utilization of standards within the service industry, collaborative strategies between businesses and academia in standardization activities, such as utilizing the involvement of academic societies and resolving mismatches between certification services offered by certification authorities and the industry through enhanced dialogue in between as an individual theme, seek resolutions through platforms for stakeholder dialogues (review sessions).

(short term, mid term) (METI)

- For cultivating and securing standardization professionals, ①Establish a one-stop searchable database for our country's standardization professionals while facilitating the utilization of external human resources by businesses.②Support the increase of not only standards development professionals but also standardization strategy professionals and young human resources through initiatives such as training programs.③Moreover, collaborate with INPIT to enhance support for SMEs in developing open and close strategies that consider the utilization of standardization.

(short term, mid term) (METI)

- Based on the "quantum future industry creation strategy" for the practical application and industrialization of new quantum technologies, in anticipation of future computing, communication systems, sensing systems, and so on, establish a framework and system that lead international rule-making, including both public-private collaboration and support for private sector standardization activities as well as promote IP and standardization in quantum computing, quantum cryptographic communication, quantum sensors, etc.

(short term, mid term) (Cabinet Office, MIC, MEXT, METI)

- With the ""Beyond 5G New Business Strategy Center," a core serving as a hub gathering key players from industry, academia, and government, strategically advance initiatives towards IP acquisition and international standardization, with a focus on societal implementation and global expansion, from the research and development

stage while fostering collaboration between industry, academia, and government to promote initiatives such as the development of human resources and information sharing necessary for the advancement of standardization strategies. Furthermore, diligently conduct international collaborative research with research institutions from countries and regions that are reliable and offer the potential for synergy effects as strategic partners.

(short term, mid term) (MIC)

- To enhance international competitiveness and ensure economic security, aim to establish Japan-originated technologies for the next-generation information and communication infrastructure, Beyond 5G (6G), expected to be introduced in the 2030s, which is to achieve societal implementation and overseas expansion. Utilize the Information and Communication Research and Development Fund of the National Institute of Information and Communications Technology (NICT) to actively support research and development by private companies and universities on key technologies for Beyond 5G (6G); simultaneously, actively promote initiatives towards international standardization.

(short term, mid term) (MIC)

- Promoting standardization initiatives is crucial for the digitalization of administration and industry. Hence, promote the establishment of "Digital Society Promotion Standard Guidelines" for the development and management of government information systems, standardization and unification of systems for local public entities' core operations, and data standardization, including the Government Interoperability Framework (GIF) and so on. Furthermore, regarding the "Independent Administrative Institution Information-technology Promotion Agency, Japan (IPA)," position it as a standards and norms organization in digital strategies, drawing reference from the "National Institute of Standards and Technology (NIST)" in the United States. In addition to the previous initiatives in information technology promotion, promote the development of standards and norms related to data strategy from the perspective of shaping the digital society across the entire country and conduct examinations related to standards and norms for data and systems required for promoting digital transformation (DX) in government, quasi-public, and industrial sectors as well as digital regulatory reform.

(short term, mid term) (Digital Agency, Concerned government ministries and agencies)

- Promote standardization activities towards strategic utilization of standards (such as smart agricultural technologies) in agriculture, forestry, fisheries, and food through collaboration and cooperation among concerned ministries and agencies and related

independent administrative institutions. Furthermore, to meet standardization needs, steadily operate the communication, information sharing, and consultation structure within regional affiliated organizations, as well as the vertical connections between headquarters and branches within related independent administrative institutions.

(short term, mid term) (MAFF, METI)

- Considering the trends in IP and standardization practices in the field of smart cities in various countries as well as strategies for strategic and international utilization of standards, collaborate with domestic and international standardization experts to prioritize and individually promote the utilization and proposals of international standards related to smart cities, particularly in areas crucial for solving societal challenges and accessing international markets in addition to utilizing collaborative initiatives by concerned ministries and agencies, such as the "Overseas Smart City Support Scheme through ASEAN Mutual Cooperation (Smart JAMP)," to encourage international expansion.

(short term, mid term) (Cabinet Office, MLIT, Concerned government ministries and agencies)

- As the aim of reducing the costs of exports and imports through digitalization in the trade field and building resilient supply chains, provide support to private sectors involved in offering and utilizing trade services for system interoperability to enhance the network effects of trade platforms, based on the examination of the practicality of international standard specifications for trade-related documents within the "Trade Data Integration Working Group (WG)" and the "Trade Finance Task Force (TF)" comprising experts and trade-related businesses, and taking into consideration measures for digitalization in the trade. In addition, create tools such as guidelines for data collaboration in the trade field to facilitate the process, and prepare for international standard modification requests to be submitted to international standardization organizations.

(short term, mid term) (METI)

6. Establishing an environment for data circulation and utilization to achieve a digital society

(Current situation and challenges)

<Data strategy>

The rapid and advanced digitization occurring worldwide holds significant potential to drive innovation, economic development, and the resolution of societal challenges. Data serves as a source of wisdom, value, and competitiveness, while also being positioned as a trump card for addressing the societal challenges faced by Japan, a country with pressing issues.

In our country, initiatives to promote data circulation and utilization have been advancing, based on the "Comprehensive Data Strategy" (June 2021) and the "Key Plans for Achieving a Digital Society" (December 2021, revised in June 2022) (hereinafter referred to as the "Key Plans").

After the formulation of the "Intellectual Property Strategic Program 2022," the overall trends in the data strategy have been addressed by the Digital Agency through the convening of the data strategy promotion working group to monitor the progress of initiatives based on the "comprehensive data strategy," considering both domestic and international developments in data circulation and utilization while advancing initiatives regarding specific actions related to base registries, open data, and DFFT.

Considering the above and in line with the architecture that has been consistently promoted, initiatives are being advanced with prioritization under the leadership of the Digital Agency, leading to the result of reviewing the content of the "comprehensive data strategy" which was integrated into the revised "priority plan" (June 2023).

It is essential for concerned government ministries and agencies to diligently advance various initiatives based on the new priority plan including the data strategy.

<Data handling rules>

With the advancement of digital technologies, the importance, diversity, and volume of "data" have exponentially increased despite insufficient infrastructure in terms of all aspects such as generation, collection, and utilization in our country.

Overseas, there is active engagement in initiatives aimed at effectively generating, collecting, and utilizing data. For instance, in Europe, the formulation of industry-specific platforms such as Catena-X (automotive), AgriGAIa (agriculture), and EuroDat (finance), which adhere to the GAIA-X architecture, incorporating authentication and access control functionalities, have been advanced.

Furthermore, regarding data generated from IoT products and services, legislative measures are progressing to promote data utilization, including provisions in the European Data Act released in February 2022 that enable users (both individuals and corporations) to access their generated data and request its transfer to third parties from IoT providers that hold the data. In addition, the connected-car data bill is being pursued, and in May 2022, the Health Data Space Bill was proposed and it is anticipated that the Connected Car Data Bill will be proposed in 2023.

In our country, amid promoting the initiatives to enhance the environment for data utilization based on the "comprehensive data strategy," the establishment of "rules" and ensuring "trust" to facilitate data circulation is demanded. In order to advance data utilization and create new value, it is essential to address concerns and uncertainties of data subjects related to data circulation on platforms so the "Guidelines for Implementing Data Handling Rules on Platforms Ver. 1.0" (hereinafter referred to as "Rule Implementation Guidelines") were formulated in March 2022, outlining the perspectives and procedures to consider when implementing data handling rules.

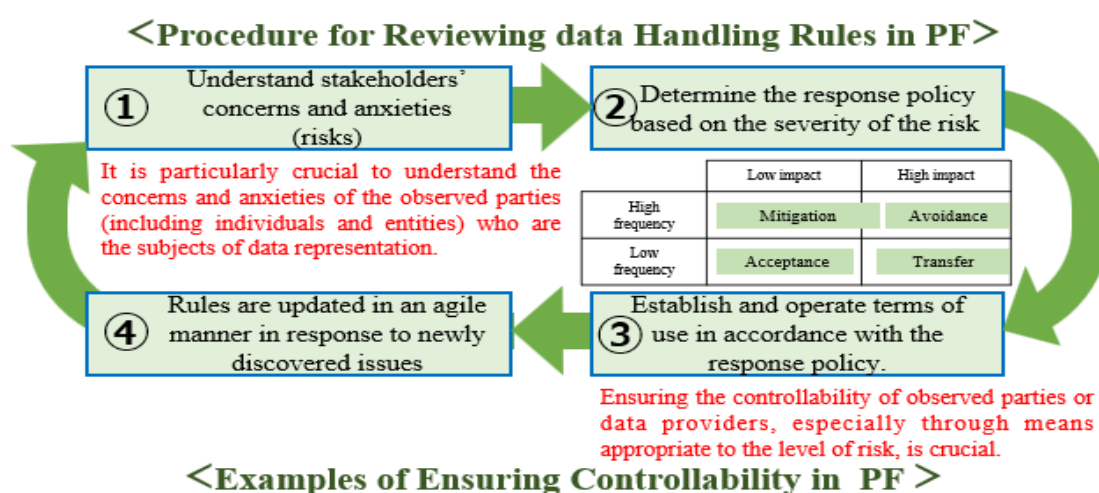


Figure 17: Process for consideration of data handling rules on platforms

In the guidelines, the focus is on ensuring controllability²⁰ and specific measures are provided individually regarding "who," "what," and "what should be done" in relation to both personal and non-personal data. Similarly, the guidelines adopt a risk-based approach, where for each individual data transaction. After understanding the necessary data and stakeholders involved, risks in data circulation are identified; subsequently, risk mitigation strategies are established for addressing the identified risks based on their

²⁰ In the Rule Implementation Guidance, it is defined as the ability of data subjects or data providers to be directly or indirectly involved in the handling of data to ensure that data is used within the scope of explicitly stated purposes and data handling policies, or that data is not used outside of that scope.

impact and frequency of occurrence. In accordance with the risk mitigation strategies, specific measures to address the identified risks will be implemented as part of the platform's data handling rules.

- Notify and disclose the data handling policy, informing stakeholders in advance about the types, purposes, methods, and other details of the data being handled.
- Implement means to disclose the usage status of data and third-party recipients to data subjects or data providers in cases where requests are made by them.
- Declare and ensure that data is provided, taking into account the usage conditions imposed by the data subjects or data providers.
- Obtain consent from data subjects or data providers when acquiring data, using the data, or providing the data to third parties. Limit the involvement of individuals as data users in data circulation on a platform beforehand, and restrict third-party disclosures by these data users.

Figure 18: Example of ensuring controllability in PF

In the quasi-public sector, it is important to promote cross-disciplinary service utilization between the public and private sectors and service providers, allowing each individual to combine optimal services. Additionally, achieving "one-stop-only" service utilization for each service requires collaboration between the Digital Agency and concerned government ministries and agencies and it is important to design an architecture that includes data handling rules and proceed with the establishment of data linkage platforms in each field. Currently, key areas such as quasi-public sectors and interconnectivity fields are progressing in the development of platforms, data collaboration infrastructure, and rule implementation, as demonstrated below²¹.

- Regarding smart cities, the implementation of data integration platforms, technological deployment, etc., is engaged, ensuring appropriate handling of security and personal information by referencing common architectures such as the smart city reference architecture and following the guidelines for rule implementation when initiatives related to smart cities are being undertaken by concerned government ministries and agencies, including the Cabinet Office, Digital Agency, Ministry of Internal Affairs and Communications, Ministry of Economy, Trade and Industry, and Ministry of Land, Infrastructure, Transport and Tourism as well as in certain parts of the Comprehensive Strategy for the Vision for a Digital Garden City Nation Grant, specifically in the

²¹ In the priority plan, it is stipulated that the Rule Implementation Guidance will be referenced to promote appropriate rule implementation for data collaboration platforms in key areas and the data collaboration infrastructure built under the Digital Smart City National Concept.

Digital Implementation Type 2/3, initiatives related to smart cities are being progressed.²².

- Regarding natural disaster prevention, along with the design and development of the next-generation comprehensive disaster information system, the development of rules is examined to facilitate data sharing based on the rule implementation guidance, targeting fundamental information intended for sharing within the system.
- In the medical field, implementing a common platform that allows for the sharing of necessary information among relevant stakeholders to enable the utilization of the my number card as a recipient identification for various medical expense subsidies as well as for vaccination records, maternal and child health checkups, and medical appointments.
- In the field of education, proper handling of security and personal information is ensured while advancing the utilization and analysis of educational data. This involves the formulation and continuous revision of guidelines such as "Precautions for the Use of Educational Data (1st Edition)," the "Ministry of Education, Culture, Sports, Science and Technology - Education Data Standards", and the "Learning e-Portal Standard Model" in addition to developing and utilizing the "Ministry of Education, Culture, Sports, Science and Technology - Computer-Based Testing (CBT) System" and the "Ministry of Education, Culture, Sports, Science and Technology Web Survey System (EduSurvey)," as foundational tools that can be commonly utilized

From now on, as we enter the specific phase of rule implementation, it will be necessary to set appropriate rules based on the identified risks and identify the risks associated with data transactions conducted on each platform and so on. The more the nature and characteristics of the data as well as methods of utilization and stakeholders are identified, the easier it becomes to identify risks and establish appropriate rules, so it is necessary to promote initiatives to implement appropriate rules, such as utilizing rule implementation guidance for specific fields.

As a trend in establishing data handling rules for specific fields in our country, one example is the Act on Anonymous Processed Medical Information for Research and Development in the Medical Field (Next Generation Medical Infrastructure Law), which contributes to research and development in the healthcare field. The purpose of this law is to anonymize individual medical information such as health examination results and medical records and promote their utilization in research and development within the

²² From now on, it will be important to explicitly reference the Rule Implementation Guidance when revising the Smart City Reference Architecture or making any related updates.

medical field, but it also enables medical institutions and others to provide medical information to certified providers (certified anonymized medical information creation entities) recognized by the government for their security capabilities, after notifying individuals in advance and provision can also be suspended upon request.

However, regarding anonymized medical information, challenges have been pinpointed: difficulties in providing information on rare cases or outliers and the inability to verify the authenticity of data by reverting to the source data, which is a prerequisite for pharmacological purposes.

Regarding the appropriate approach to data utilization that effectively addresses the needs of the medical research field like the above, based on the discussions held within the Next-Generation Medical Infrastructure Law Study Working Group from December 2021 to December 2022, a bill to amend certain provisions of the law concerning anonymized medical information for the promotion of medical research and development was submitted to the National Diet in March 2023 and subsequently enacted in May of the same year. The amended law includes provisions that establish systems for the utilization of anonymized medical information and enable linkage with public databases such as NDB²³. Furthermore, in this system, it is possible to provide medical information to certified providers (establishing newly certified anonymized medical information creation entities) by means of prior notification to individuals by medical institutions and provision can also be suspended upon request.

As a result, it becomes possible to utilize information from rare cases or outliers for research and development and it anticipated to expand the potential for research and development utilizing medical information.

< Research data >

Our country aims to create higher value research outcomes and enhance its presence by embracing the digitalization of the whole society and the global trend of open science through research DX. The G7 Hiroshima Summit held in May 2023 emphasized the promotion of open science through the equitable dissemination of research outcomes funded by public resources, including research data, in alignment with the FAIR principles (findable, accessible, interoperable, reusable).

In the pursuit of advancing open science and data-driven research, the research data infrastructure system (NII research data cloud), positioned as a central platform for

²³ The Receipt Information and Specific Health Checkup Data Database is a database established and maintained based on the Act for Securing the Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics, and other related laws and regulations. This database stores and manages prescription information as well as specific health checkup and specific health guidance information, which is utilized for the creation, implementation, and evaluation of the Medical Expense Rationalization Plan and for conducting investigations and analyses.

managing and utilizing research data, aims to establish a framework that enables the discoverability of metadata for research data to facilitate diverse utilization across academia, industry, and government sectors.

The government formulated the "Fundamental Principles for the Management and Utilization of Research Data Supported by Public Funds" in April 2021 through the Integrated Innovation Strategy Promotion Council to outline the initiatives for managing and utilizing research data supported by public funds.

Specifically, it is intended to promote these initiatives:

- Collect research data in institutional repositories alongside formulating data policies at institutions: universities, inter-university research institutes, and national research and development agencies engaged in research and development.
- For all newly solicited research funds in the competitive research fund system, researchers, introduce a system to create data management plans (DMP) and attach systematic metadata alongside formulating data policies after identifying research data to be managed by researchers and research project managers.

At present, various institutions are progressing with these initiatives and concerning data policies, as of the end of March 2023, 16 national universities, 3 inter-university research institutes, organizations, and 24 national research and development agencies have formulated their respective policies.

For newly solicited research funds in the competitive research fund system, a system for attaching DMP and related metadata has been introduced with an adoption rate of 66% (including some that have already been implemented) as of the end of March 2023.

The former initiative is planned to be carried out until the fiscal year 2025 while the latter initiative was targeted for completion by the fiscal year 2023, so it is necessary for the concerned government ministries and agencies as well as related organizations to continue advancing these initiatives.

In December 2022, in response to a request for deliberation from the Cabinet Office, the Japan Academy provided perspectives on factors to consider for promoting data-driven science in the future as well as approaches and strategies for concrete measures towards data sharing (as discussed in "promotion of research DX - especially from the perspectives of open science and data utilization enhancement") in advancing initiatives related to research data.

Here, the need for establishing an international framework for data sharing in academic research, creating data infrastructure that enables fine-grained access management, and striving for maximal open data sharing is emphasized alongside addressing anticipation for accelerating industry-academia collaboration.

Considering these recommendations, the Cabinet Office will conduct an evaluation of the implementation status and incorporate it into self-evaluation and external evaluation to further accelerate advanced data management initiatives based on precedent cases such as the moonshot research and development program, which has pioneered the management and utilization of research data. Furthermore, it's intended to further accelerate the initiatives for research data management and utilization by expanding the insights and use cases.

< **Restricted access data** >

To establish an environment where data can be provided and utilized with security, the newly established Information and Intellectual Property Examination Committee under the Intellectual Property Strategy Headquarters in 2017 conducted discussions on the IP positioning and protection of "valuable data." As an immediate approach to protection, the direction was indicated to implement "Measures for Preventing Illicit Distribution through the Establishment of Contract Guidelines and a Regulatory Approach."

Considering this, after deliberations and considerations within the Industrial Structure Council, Intellectual Property Committee, and Subcommittee on Prevention of Unfair Competition, in May 2018, the Unfair Competition Prevention Act was amended, establishing regulations: designating data that meets certain criteria like limited provision capability, substantial accumulation and electronic management as "restricted access data," and positioning malicious acquisition, use of such data as "unfair competition" under the same law.

After the establishment, awareness and dissemination of the system for its utilization have been promoted; however, with the progress in practical implementation, advancements in digitalization, there is an intention to evaluate the effectiveness of the current regulations.

In the regulations concerning limited provision data, in order to avoid duplication of protection between trade secrets and limited provision data, the scope of protection for limited provision data excludes "Those Managed as Secrets," which characterize trade secrets (Article 2, paragraph 7 of the same law). Hence, information that is "not managed as a secret" but is "publicly known" can be subject to protection as limited provision data, whereas information that is "managed as a secret" and is "publicly known" cannot receive protection as limited provision data, and it also falls outside the scope of trade secret protection due to its public knowledge, creating a gap in protection.

		Management conditions	Current law	Amendment proposal
Information managed as secrets	Non-publicly known information	trade secrets	trade secrets	trade secrets
	Publicly known information	Restricted access data	※Loopholes	Restricted access data
Information not managed as a secret	Non-publicly known information		Restricted access data	
	Publicly known information	Restricted access data	Restricted access data	

Figure 19: Protection gap in current law

The validity of this exclusion and so on were discussed by the same subcommittee from December 2021 to January 2023, concluding that amending the law to address this protection gap was appropriate.

Considering the above, a bill to amend certain provisions of the Unfair Competition Prevention Act and so on were submitted to the National Diet in March 2023 and was enacted in June of the same year. In the amended law, the phrase "except for those managed as secrets" was revised to "except for trade secrets," allowing for the protection of shared big data even if it is subject to secret management. As a result, this change is expected to ensure proper protection for information that has been diligently managed as a secret and simultaneously, address the challenge of interpreting that "trade secrets" and "limited-provision data" require distinct modes of management in practical information handling.

It is crucial for concerned government ministries and agencies to undertake necessary initiatives such as raising awareness and promoting the dissemination of the system.

(Direction of measures)

- Promote appropriate rule implementation by referring to the Rule Implementation Guidelines in the data collaboration infrastructure built under the strategic priority areas and the Comprehensive Strategy for the Vision for a Digital Garden City Nation (including the data collaboration infrastructure established under the Comprehensive Strategy for the Vision for a Digital Garden City Nation grant in the Digital Implementation Type TYPE 2/3 for the time being). Additionally, based on insights obtained through these measures, consider necessary measures to ensure the establishment and operation of appropriate data handling rules, including updating the Rule Implementation Guidelines and so on as needed while addressing challenges that

arise during the rule implementation phase and operational phase.

(short term, mid term) (Digital Agency, Concerned government ministries and agencies)

- For the enforcement of the amended Next-Generation Medical Infrastructure Law, promote research and development utilizing medical information, taking necessary measures: amending ministerial ordinances, fundamental policies, guidelines, and promoting awareness and dissemination of the system.

(short term, mid term) (Cabinet Office, MEXT, MHLW, METI)

- To facilitate the management and utilization of research data obtained through public funding, institutions engaged in research and development, such as universities, inter-university research institutes, and national research and development corporations are expected to formulate data policies and proceed with the inclusion of research data in institutional repositories. Furthermore, enhance the discoverability of research data by attaching metadata to the data in the research data infrastructure system in addition to promoting cross-sectional analysis of previous cases and challenges.

(short term, mid term) (MEXT, Cabinet Office, Concerned government ministries)

- Introduce a system for Data Management Plans (DMP) and associated metadata attachment for all newly solicited research funds in the competitive research fund system by the fiscal year 2023. As a pioneering initiative, while promoting the implementation of advanced data management introduced within the moonshot research and development program, consider the insights and use cases gained from this to facilitate the introduction of a similar system during the third phase of the strategic innovation promotion program (SIP). Furthermore, concretize and disseminate the initiatives of the "fundamental principles for the management and utilization of research data supported by public funds" and continually promote these initiatives.

(short term, mid term) (Cabinet Office, MEXT, Concerned government ministries)

- Taking into account the revised definition of "restricted access data," ensure the dissemination of this system and promote awareness to establish an environment where data can be provided and utilized with confidence, taking measures to revise the "Guidelines for Restricted Access Data."

(short term, mid term)(METI)

- In various regions within government information systems and area data collaboration infrastructures responsible for data collaboration between public-private sectors and private service providers, promote the dissemination of GIF, further enhance data utilization, and advance collaboration through advancing data design and ensuring quality referencing the GIF.

(short term, mid term) (Digital Agency)

- Promote advice on the free provision and utilization of brokers within data collaboration infrastructures and support the establishment of data integration platforms by various regions.

(short term, mid term) (Digital Agency)

- Based on initiatives such as the development of open APIs, standardization of data formats, and establishment of handling rules for data utilization permissions, for data related to agricultural machinery, promote the establishment of open APIs through support for the demonstration of data integration from different types and manufacturers of devices alongside the establishment of handling rules such as data format standardization, continuing beyond the fiscal year 2023.

(short term, mid term) (MAFF)

- Currently advancing various initiatives in accordance with the work schedule for Data Health Reform formulated in June 2021 and in fiscal year 2022, various initiatives were implemented: the expansion of systems to access medical information nationwide (medical treatment information), the commencement of electronic prescriptions, and the expansion of mechanisms to utilize one's own health and medical information (municipal health screening information and so on). Continue to steadily advance various initiatives within the Data Health Reform beyond the fiscal year 2023.

(short term, mid term) (MHLW)

- To enable individuals to voluntarily accumulate, manage, and utilize their personal data, in quasi-public sectors and areas of mutual cooperation, explore the potential utilization of personal data stores (PDS) in the field of education alongside revising certification guidelines, conducting demonstrations to verify the system for secure and safe circulation and utilization of various data, including personal data, utilizing information banks.

(short term, mid term) (MIC, METI)

7. Content strategies in the digital age

The advancement of digitalization is shifting people's consumption activities from goods to experiences and from real to virtual. Amid such age, one area particularly highlighted as having the potential for growth and development in the digital market and space is the field of media and content. Functioning as a critical "Intermediate Good" in the digital economy, it interconnects with other goods and services, serving as a gateway that induces demand in various peripheral fields, thus exhibiting notably high ripple effects as an industry.

Furthermore, by disseminating entertainment content to the world, it plays a significant role in conveying the thoughts, feelings, and values of Japanese people, expanding empathy towards Japanese culture, and shaping Japan's brand power as a form of soft power.

Considering the significance of such content, there is a need to establish an ecosystem that continuously generates high-quality content, enhancing competitiveness while simultaneously harnessing creators' creativity by positioning the content industry as a primary driver of growth.

(1) Structural transformation and enhanced competitiveness in the content industry, alongside support for creators

(Current situation and challenges)

Following the global spread of the novel coronavirus, content markets in various countries are now transitioning from a rapid recovery phase towards further growth and expansion. The global content market is expected to expand at a pace exceeding the overall growth of the global economy and it is projected to nearly double in size from 2020 to 2025²⁴, particularly, high growth rates are anticipated in regions such as Asia.

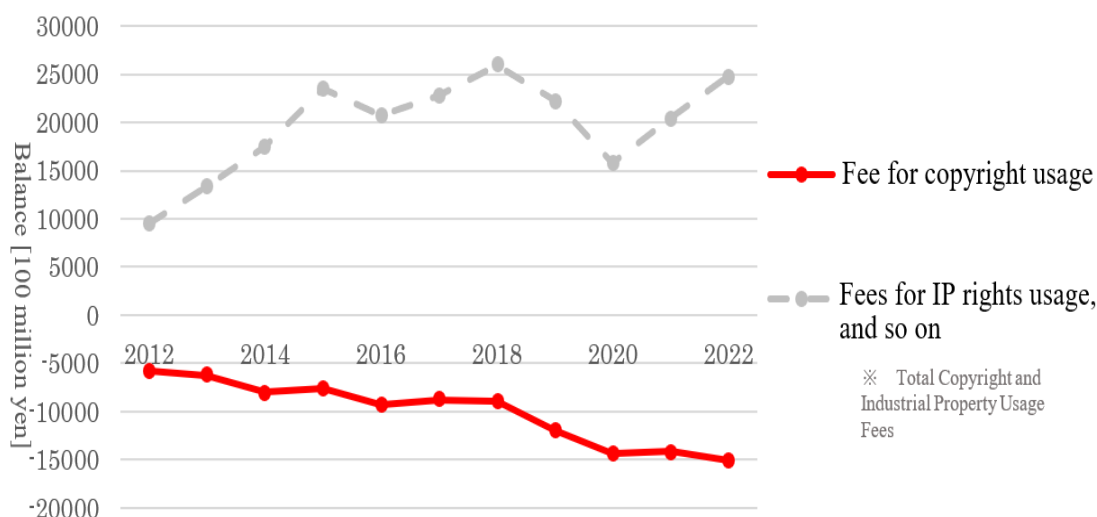
The trend of digitalization and network connectivity, which has been ongoing even before the pandemic, has dramatically reduced the marginal costs associated with content distribution; simultaneously, it has brought about changes to the traditional structure of content distribution linked to mediums such as broadcasting, music, and books, which has enabled a variety of choices across different platforms, including online streaming. In conjunction with the global expansion of large-scale content delivery platforms, these changes have prompted the borderless and global growth of the content market, expanding the opportunity for the "globally successful" of quality content. User

²⁴ PwC "Global Entertainment & Media Outlook 2021-2025"

convenience is also enhanced and consumption patterns of content have transformed, allowing users to easily enjoy a wide range of genres: videos, music, games, and books, using just a single versatile device such as a smartphone. Utilizing posting sites and social media platforms, content has become more integrated into people's daily lives, allowing ordinary users to create and share their own creations. This trend, accelerated further during the COVID-19 pandemic, has become irreversible, vitalizing the cycle of content creation, distribution, and consumption, and these factors underpin a robust growth trend throughout the entire content industry.

On the other hand, when we look at the domestic content market and content industry in our country, we must also acknowledge the challenging situation that sets us apart from other nations.

While our country's content market boasts the third-largest scale globally and is expected to continue growing sustainably, it is noted that amid the significant expansion of the global content market, the growth of our domestic content market remains comparatively lower than that of other countries. In the growth forecasts for the media and content industries across various countries for the five-year period from 2020 to 2025, there are predictions that place Japan with the lowest growth rate among the 52 countries²⁵. It is said that as the share of Japan's content market in the global context continues to shrink year by year, the relative presence of Japanese content has also been declining. Looking at the balance of payments in our country, specifically the royalties for copyrights, there has been a growing trend of deficits in recent years.



Based on data obtained from the Bank of Japan's Time-Series Statistics Data Site composed by the Cabinet Office

Figure 20: Copyright and royalties balance (by calendar year)

²⁵ PwC "Global Entertainment & Media Outlook 2021-2025"

The borderlessness of the content market has led to the entry of foreign operators into the Japanese market, creating a new competitive environment. In the distribution phase of content, global-scale distribution platforms have gained significant dominance and the services of these platforms suited to the digital age are also expanding their market share within our country. These platforms, armed with substantial capital, are displaying moves to enclose content and its production resources, creating a situation where they can be potential partners for content creators; however, this also leads to competitive relationships with existing domestic media that have traditionally been responsible for production and distribution as they compete for resources and customers.

Amid such circumstances, from within our domestic industry, under the recognition that Japan's content industry is currently poised on the border between opportunities and challenges, there is a voiced desire to consistently enhance the global presence of Japanese-origin content.

For the future advancement of Japan's content industry, it is essential to pursue a transformation of business models that align with the structural changes of the digital age alongside enhancing global competitiveness and allowing us to tap into the world's growth potential. To achieve this, it is necessary to consider the global market and consumers from the outset and promote the creation of world-class content and the enhancement of sales forces.

In the current state of Japanese content, specific fields: manga, anime, and games, have seen overseas expansion and have established fan communities in various countries, showcasing their strengths. Among the top 25 IP with the highest cumulative global income, approximately half are dominated by Japanese-origin characters and IP, indicating that Japan's content industry possesses a robust IP asset base built upon past works.

On the other hand, the overall trend in Japan's content production leans towards creating works with the domestic market. As seen in certain video productions, it has also been noted that amid a greater emphasis on reflecting the intentions of advertising sponsors, there is a situation where value propositions aligned with universally relevant themes that can resonate on a global scale are not being provided. For "the creation of globally successful works" while rooted in the distinctive qualities and innovative perspectives of talented creators, it is important to return to the fundamental principle of appealing to the awareness and desired values latent within consumers, evoking emotions and empathy as a means to create works that can resonate and succeed globally and steering towards elevating these works towards possessing universal values is highly required.

Furthermore, when looking at the current state of the content business, it's evident that business models oriented towards international expansion are still relatively limited and it's also been said that our country's unique business practices and production methods can sometimes act as obstacles when it comes to attracting foreign investment or advancing collaborative production from abroad. The lack of progress in digitizing production processes on the production front has also been noted, potentially leading to stagnation in productivity and it is believed that the delay in adapting to the digital age's industrial structural transformation could also be a limiting factor for growth.

Considering these , it is essential to strategically promote the transformation of Japan's content industry and enhance its competitiveness in a comprehensive and multifaceted manner.

In a situation where giant platforms exert exclusive control over the distribution phase, it is crucial for Japan's strategy to enhance the competitiveness of content production entities within the media and content industry alongside strengthening the content's appeal to bolster negotiation power and expanding distribution channels.

In this regard, the potential of creators becomes the decisive factor. Within Japan's content field, a substantial community of creators, including amateurs, exists alongside high-quality fan communities. Utilizing this strength, it is crucial to discover and cultivate new human resources that will contribute to future development. While considering the transition towards business models oriented for the global market, it's important to establish an environment that maximizes the motivation and abilities of individual creators, encouraging their endeavors and supporting their global endeavors. Additionally, enhancing production and management capabilities to harness the diverse strengths of creators, cultivating human resources for this purpose and establishing a production environment aligned with global standards are also essential.

Simultaneously, however excellent a piece of work may be, achieving success as a business in overseas content markets is challenging without a distribution strategy. It is necessary to actively pursue initiatives aimed at strengthening negotiation and sales capabilities: cultivating human resources capable of handling such negotiations, strategic deployment of information dissemination and business matching and so on, in order to open up sales channels, and generate revenue and negotiate with overseas partners such as distribution companies and promoters from various countries.

Furthermore, at the same time, it is crucial to establish appropriate relationships with global players, including platforms, and effectively utilize the sales channels and production resources they offer as well as promote the globalization of the production environment through collaborations such as international co-productions with these

players, while creating an attractive production environment that draws top talent from both within and outside the country. Particularly, attracting foreign film productions to shoot on location in Japan (location incentives) presents an opportunity for our domestic businesses and staff to participate in global-standard film and production, transcending industry boundaries yielding significant benefits in terms of advancing production techniques, enhancing production management, cultivating human resources development and so on. This also holds great significance in light of increasing employment within the film-related industries, boosting inbound tourism, and revitalizing local economies.

Moreover, it is crucial for individual production companies to utilize the advantages of the digital age, secure their own IP, and focus on monetizing content through diverse distribution channels and IP utilization. The Japanese content industry has traditionally excelled in utilizing original IP as a core asset, cultivating fan communities, and achieving monetization through cross-media strategies. The digital age's market environment enabled by online streaming allows direct connections with consumers worldwide, fostering cross-border fan communities and expanding opportunities for revenue growth through such connections. The development of metaverse, NFT, and so on is expected to further support these trends and nurture new growth while harnessing these chances.

Considering the above, it is necessary to enhance sales capabilities, and foster business innovation for new growth for the transformation of production systems towards creating "Globally Successful Works." To achieve this, it is inevitable to undergo a structural transformation that transcends borders and media boundaries, envisioning business expansion and concrete actions from the private sector are also necessary. In order to support such private sector initiatives, it is essential for the government to transcend the boundaries of ministries and agencies and strengthen the systems and operations to promote related measures cohesively under a unified strategy.

The future of Japan's content industry will greatly depend on whether it embraces a transformation towards an industry structure aligned with the digital age and world markets, or continues with the existing business models. Both the government and private sectors must approach the formulation and implementation of strategies with determination.

(Direction of measures)

- Envisioning the structural changes brought about by the digital age and the outlook for the global market, establish a forum for discussions through public-private collaboration to identify challenges, evaluate past initiatives by the government and

private sectors, and consider concrete and robust strategies for the future based on this evaluation so as to advance the structural reform and resilience enhancement of our country's content industry in a unified manner between the public and private sectors.

(short term, mid term) (Cabinet Office, METI, MEXT, MIC, MOFA,
Concerned government ministries)

- To enhance the competitiveness of the content industry, support initiatives that focus on fostering and cultivating creators, expanding opportunities for their engagement, based on the transformation policies of the private sectors regarding business models, governance, and human resources management. Provide support for human resources development such as enhancing the capabilities of staff involved in production, fostering production and management professionals encompassing aspects: funding and management of content production for international audiences, cultivating human resources in content industry's digital transformation (DX), and following emerging technological trends.

(short term, mid term) (MEXT, METI, MIC)

- To effectively and strategically enhance the international dissemination and global expansion of Japan's cultural and arts by incorporating business approaches, discover top-level artists and talents and collaboratively implement comprehensive support programs, in partnership between the public and private sectors, such as facilitating participation and matching with opportunities for building global-level careers, providing support for networking and promotional activities abroad.

(short term, mid term) (MEXT)

- To promote the dissemination and popularity of literary works and manga overseas, assist in intermediaries capable of conveying the value effectively, achieving individual author's international expansion and thematic inclusivity. In addition, discover and cultivate foreign experts who can conduct translations and critiques based on foreign cultures and values.

(short term, mid term) (MEXT)

- Considering the diversification of the global viewing environment, including the growth of video streaming, collaborate with broadcasting companies and video production companies to enhance production and distribution infrastructure using digital technology alongside supporting initiatives to create and disseminate compelling content.

(short term, mid term) (MIC, METI)

- To capture growing overseas demand and expand the market for Japanese content, assist in the promotion of content for international markets and localization (such as translation) to facilitate overseas expansion.

(short term, mid term) (METI)

- Enhance support by collaborating with relevant organizations for the overseas expansion of creative works in addition to conducting support programs for the creative industry targeting government officials and creators in the Asia-Pacific region through contributions to the World Intellectual Property Organization (WIPO) since the environment for international content dissemination is improving, and opportunities for entering overseas content markets have been emerging with the diversification of distribution channels due to digitization.

(short term, mid term) (MEXT)

- In countries where diplomatic and cultural exchange enhancement is needed, create a foundation for overseas expansion, boosting the demand for visual content, including Japanese films by conducting screenings in theaters and online distribution based on lineups that cater to the local needs alongside promoting understanding of Japan.

(short term, mid term) (MOFA)

- To attribute value to our nation's literary works and manga abroad within institutional frameworks: critics, influencers, libraries, museums, and schools, promote initiatives to secure opportunities for exhibitions in culturally influential institutions such as art museums and museums, participation in international book fairs and establish a stakeholders' council consisting of the National Art Research Center, domestic and international experts, and representatives from the publishing industry alongside establishing curated recommended lists of works for libraries and so on.

(short term, mid term) (MEXT)

- Promote international dissemination of art at global events.

(short term, mid term)(MEXT)

- Recognize the significance of media arts, which play a role in being widely appreciated by the public and highly valued overseas alongside enhancing understanding and interest in our country. Promote the human resources cultivation in our exceptional field of media arts in addition to advancing initiatives for the collection, preservation, exhibition, and utilization of related materials. Furthermore, consider the design of a framework for the establishment of a media arts national center, which will serve as a core driver.

(short term, mid term) (MEXT)

- Position international co-productions as opportunities for internationalization and technological advancement within the film production industry and develop the necessary framework and initiatives to facilitate these aspects. Work towards further utilization of the Japan-China Film Co-production Agreement and the Japan-Italy Film Co-production Agreement.

(short term, mid term) (MOFA, MEXT, METI)

- Convene public-private liaison meetings involving stakeholders: businesses, organizations, local public entities, and experts, focusing on location incentives and ensure the coordinated implementation of measures to effectively achieve the economic and societal impacts through location incentives. Promote further penetration and mutual understanding among stakeholders and follow up and revise guidelines that compile the necessary actions and considerations for film commissions (FC), licensors, producers, and related parties as needed to facilitate and promote location shooting. Additionally, further enhance the aggregation of domestic filming location information, introduce FC from various regions, facilitate the sharing of licensor-related information and strengthen the dissemination of such information both domestically and internationally alongside improving operational enhancements for permit and authorization procedures.

(short term, mid term) (Cabinet Office, METI, NPA, MIC, MEXT, MLIT, Concerned government ministries)

- Provide incentives and ensure effective utilization to achieve the economic and social benefits brought about by location incentives.

(short term, mid term) (METI)

- As filming locations and settings for movies and anime play a crucial role in stimulating both domestic and international tourism, collaboratively promote location-based tourism by utilizing content for boosting tourism and engaging both public and private sectors to effectively achieve the economic and societal benefits of location initiatives.

(short term, mid term) (MLIT, Concerned government ministries)

- Promote the development and validation of systems that contribute to the efficiency of content production and distribution processes, and consider their dissemination and general versatility to enhance the productivity of content production and facilitate distribution from a holistic supply chain perspective.

(short term, mid term) (METI, MIC)

- Raise awareness of necessary revisions to subcontracting guidelines for advertising, broadcast content, animation production, and so on as well as disseminate guidelines

for creating a secure environment for freelancers to work in to ensure fair transactions in content production.

(short term, mid term) (Cabinet secretariat, FTC, MHLW, MIC, METI)

- For developing appropriate contractual relationships in the field of culture and arts, improve the business environment for cultural and artistic professionals, including freelancers by conducting training workshops and establishing consultation services and so on alongside promoting and raising awareness about the guidelines, including the contract template, published in July 2022.

(short term, mid term) (MEXT)

- Introduce measures to prevent harassment to improve the working environment for cultural and artistic stakeholders, including freelance artists.

(short term, mid term) (MEXT)

- Provide support to facilitate content creation for the strengthening of business foundations in the live entertainment industry's transition to new business models.

(short term, mid term) (METI, Concerned government ministries and agencies)

- Create new distribution markets for content through support for branded content production.

(short term, mid term) (METI)

- Conduct projects to verify the advertising value in the e-sports field and ensure dissemination and thorough understanding of the results to promote corporate participation in the e-sports field.

(short term, mid term) (METI)

(2) Promoting creator-driven initiatives and ensuring compensation return for creators

(Current situation and challenges)

For our country to consistently produce high-quality content, it is crucial for creators to proactively showcase their abilities by creating and sharing works as well as receive appropriate compensation based on the use of their works, fostering a positive cycle that leads to new creative endeavors. Regarding our country's production environment, challenges have been pointed out in the past, such as the fact that the revenue generated by the success of works does not always necessarily benefit the creators directly and to address such challenges appropriately is required.

On the other hand, the recent progress in digitalization and networking has brought significant changes to the creative environment, revenue structure, etc. for creators.

The distribution of content has shifted from being led by traditional mass media to being led by digital platforms, which allows individual creators and production entities to independently publish their works via the internet, bypassing traditional mass media, and monetize them. In line with this, in the content industry, there is a growing trend of moving away from traditional hierarchical structures, with the creative production layer becoming increasingly independent.

Simultaneously, in the distribution phase of content, the presence of global delivery platforms has significantly increased, replacing traditional media. Amid the transition of various content such as videos and music to online streaming, the dominance of giant platforms with strengths in offering diverse content lineups and utilizing consumer preference data has grown stronger and is expanding in Japan's streaming market. It is also said that these platforms are taking actions to enclose content to secure their own advantages. Especially in the field of video streaming, these platforms have entered the content production stage as well as have placed substantial production orders with significant budgets and investing in production studios, resulting in intensifying competition to attract talented creators and led to an inflationary competition in production costs. These platforms also exclusively acquire viewing data for each piece of content, using it for market research, consumer profiling, and recommendations to consumers, furthering solidified their market dominance.

Under this circumstance, creators in our country are also becoming more involved with these large platforms. When considering the way compensation is returned to creators in response to the digital age, taking these factors into account is necessary.

In the relationship between creators and platforms, it is important to note that platforms have become significant partners for creators. For instance, major user-generated content platforms have entered into licensing agreements with copyright management entities and individual rights holders and when works containing licensed content are used, a portion of advertising revenue is distributed to the licensors in accordance with the usage. Furthermore, in the distribution phase of content, these major platforms have become essential for creators, providing them with a direct global distribution channel. Particularly in the field of video content, they also serve as significant sources of abundant production funding.

On the other hand, it is noted that the revenue distribution by platforms as the process is often opaque and there is speculation about a value gap between platforms and creators. There are also points to consider regarding contract terms for production commissioned

by platforms as well as concerns about the potential impact on the creation of unique content rooted in our culture as the focus on producing "popular works" based on consumer preference data could influence it.

As described above, at present, the role of platforms has a significant impact on the creative process of creators and the actions taken by these platforms can greatly influence the earnings and creative environment of individual creators.

Platforms generally exhibit "network externality," where the value of the service increases as the number of users grows and this can lead to certain companies easily establishing market dominance. In various countries, concerns about transparency and fairness in transactions related to such platforms have led to active considerations of frameworks to ensure fair competition and other measures. In our country as well, the Japan Fair Trade Commission has initiated a factual investigation, which began in March 2023, to assess the competitive situation by examining the market structure and competitive pressures in the connected TV field, including video streaming services.

Considering the above, it is essential to carefully consider the necessary measures for ensuring compensation return for creators while also being mindful of the role of platforms. For instance, it is important to ensure transparency in transactions, such as providing creators with appropriate information disclosure regarding viewership data of their own works as the foundation for promoting fair dealings and transactions.

Furthermore, in various countries, there are also initiatives to strengthen involvement with platform providers, considering aspects such as countermeasures against infringing content, and the protection of privacy information and it's important to be aware of the potential implications related to these trends.

Taking the above into consideration, it is necessary to promote initiatives that harness the benefits of the digital age while empowering creators as well as develop new systems for compensation return. Through these, it is essential to establish a framework that ensures creators receive compensation return based on the use of their works, enabling diverse creators to achieve economic independence.

(Direction of measures)

- Based on the trends in competition policy, digital platform policy, copyright policy, information and communication policy as well as considerations of international harmonization, comprehensively understand the actual situations in various fields and examine the identified challenges concerning ensuring appropriate compensation for creators and production entities and ensuring transparency in transactions, the role of platforms in rights management and rights protection, and challenges related to the

role of telecommunication service providers as intermediaries in the distribution of content on the internet.

(short term, mid term) (Cabinet Office, Cabinet secretariat, FTC, METI, MIC, MEXT)

- Regarding initiatives in physical spaces and the development of new compensation systems suitable for the digital age to ensure that creators and production entities receive appropriate compensation to attribute to the reproduction of content, proceed with discussions while collaborating to grasp the current situation and identify issues in related fields, taking into account the usage status of copyrighted works on content distribution platforms and posting websites, including instances of copyright infringement, transparency of compensation-related information and the role that content-sharing platforms should play in rights protection and rights management.

(short term, mid term) (MEXT, Cabinet secretariat, Cabinet Office, FTC, MIC, METI)

- Considering the advantageous relationship of platform providers that offer channels for content distribution transactions to content creators and envisioning the future of the content industry based on the advancements in UGC, carefully consider and evaluate the conclusions based on an understanding of the current situation and challenges in each relevant field, with reference to the systems in place in Europe and North America and considering the role of communication service providers as intermediaries in the distribution of content on the internet. Take the necessary measures upon reaching the conclusions.

(short term, mid term) (MIC, Concerned government ministries)

- To assist with contracts related to the use of copyrighted works, support freelance creators by offering a standardized template for contracts, such as the "copyright contract agreement support system" and provide resources, the "copyright contract manual for everyone" tailored to individuals less familiar with copyright.

(short term, mid term) (MEXT)

- Disseminate guidelines such as "creating a secure environment for freelance work" to ensure fair transactions in content production by revising subcontracting guidelines as needed for areas such as advertising, broadcast content, and animation production. In the film industry, closely monitor the progress and effectiveness of certification systems, etc., for promoting fair transactions led by private entities.

(short term, mid term) (Cabinet secretariat, FTC, MHLW, MIC, METI)

- Improve the business environment for cultural and artistic practitioners, including freelance artists, by promoting the dissemination, and awareness of guidelines including template contracts released in July 2022 and organize training workshops

and establish consultation services and so on for the proper establishment of contractual relationships in the field of culture and the arts.

(short term, mid term) (MEXT) 【Re-post】

(3) Adaptation to emerging trends in new technologies like metaverse, NFT, and Generative AI

(Current situation and challenges)

The structural changes observed in the digital age as outlined in (1) and (2) are significantly impacting the environment surrounding Japan's content industry and creators and others. In the distribution phase of content, since it is anticipated that massive platforms will continue to wield significant dominance, while acknowledging the current situation, it is imperative to collaboratively implement policies that address this reality, involving both the public and private sectors.

On the other hand, recent trends like the metaverse and non-fungible token (NFT) have sparked a new wave of digitization, indicating potential shifts in the creation, distribution, and consumption of content. Such trends not only have the potential to revolutionize the content business but also to shift away from the dominance of traditional platforms, encouraging a growing movement towards creator-led content production. It is crucial to view these changes as opportunities, addressing anticipated challenges while striving to achieve new growth and enhanced compensation returns.

The advancement of metaverse is expected to shift various forms of real-world consumption into virtual spaces, expanding the consumption and creation of diverse content. Furthermore, thanks to advancements in technologies like public block-chains, NFT, and so on, peer-to-peer content transactions have been expanded by utilizing these technologies; in conjunction with these movements, a new economic sphere is expanding where creators and consumers are directly connected, leading to the creation of a creator economy and the vitalization of fan communities. While these trends remain dynamic, they hold the potential to bring about changes in the content value-chain, fostering new avenues for growth in the content industry as well as have the potential to create market structures where revenues are more easily distributed to creators by opening up possibilities for a more equitable distribution of earnings.

Simultaneously, the expansion of metaverse has given rise to new legal challenges, encompassing issues related to virtual objects, transactions within it, actions conducted through avatars, and the legal responsibilities of businesses providing the metaverse environment, both within and outside of the metaverse space. Regarding NFT technology,

it's important to note that NFT itself doesn't inherently guarantee the authenticity of the content they are associated with; in this market, there are also issues such as the widespread distribution of unauthorized counterfeit products, which require attention.

Based on the above, it is required to promote the necessary measures that enable Japan's content industry and creators to harness the emerging trends of metaverse, NFT, etc., as opportunities, ensuring that they can fully utilize these trends to their advantage and contribute to their growth. It is necessary to address potential legal challenges that could become bottlenecks while also implementing measures to protect users and content holders' rights. Additionally, promoting the creation of new business models utilizing these new technologies is crucial.

Furthermore, particular attention is required towards the developments in the field of generative AI, which is expected to have a significant impact on the content industry in the future. As mentioned in point 3., the rapid progress and proliferation of generative AI, encompassing image, text, music, and video generation, have led to the abundant creation of high-precision AI-generated content indistinguishable from human creativity. Generative AI has emerged as a powerful tool to support creators in their creative endeavors and contribute to enhanced productivity in production environments; however, concerns have also been raised about the potential impact of the large-scale supply of AI-generated content on creators' creative activities and so on. Against this backdrop, discussions surrounding the relationship between generative AI and copyright have gained momentum, prompting the need for legal clarifications and necessary measures to be undertaken.

(Direction of measures)

- Regarding new legal challenges concerning content in metaverse, create and release guidelines, which highlight important considerations for relevant stakeholders, metaverse users, content holders, and others, as well as effective response strategies.

(short term, mid term) (Cabinet Office, METI, MEXT, MIC, Digital Agency)

- Implement measures such as raising awareness and promoting the understanding of the revised Unfair Competition Prevention Act, including regulations on transferring or distributing products that imitate the forms of others' goods as a measure to contribute to the protection of designs in digital spaces.

(short term, mid term) (METI)

- Thoroughly consider developing effective strategies for societal implementation, based on various use cases of utilizing metaverse and analyzed challenges. Considering the roles and responsibilities of metaverse platforms, consider effective

strategies for establishing a metaverse environment that is both free and diverse, while ensuring safety and security for users.

(short term, mid term) (MIC, Cabinet Office, Concerned government ministries)

- Implement necessary measures to challenges related to the protection of content holders' rights and user safeguards when it comes to the utilization of NFT in the content field.

(short term, mid term) (METI, MEXT, Cabinet Office)

- Support content creation aligned with the next-generation business environment, including Web3.0 and metaverse to foster the development of new growth fields within our nation's content industry and promote the creation of a creator economy.

(short term, mid term) (METI, MEXT, Concerned government ministries)

- Regarding the relationship between generative AI and copyright, identify and analyze specific cases, organizing legal perspectives and consider necessary measures, taking into consideration the perspectives of the advancement of AI technology and the protection of creators' rights.

(short term, mid term) (Cabinet Office, MEXT) 【Re-post】

(4) Reforms in copyright systems and policies to foster a positive cycle in content creation

(Current situation and challenges)

In our culturally rich country, it is essential to establish copyright management systems suitable for the digital age, which will enable us to diverse individuals and creators to maximize the utilization of cultural resources, encourage the blending of various ideas, and foster collaborative content creation. To fully harness the socioeconomic opportunities brought about by digitization, it is necessary to reduce procedural and time costs associated with rights management in order to enable individuals to create and use content with confidence in addition to accelerating the growth of the content industry aligned with the digital age and expanding the distribution of compensation return to creators.

From these perspectives, in the "Intellectual Property Strategic Program 2022", to achieve a system that enables simplified and centralized rights management for a vast and diverse range of works, anticipating various usage scenarios, and responding to the speed requirements of the digital age to establish digital procedures that are comprehensive and self-contained, specific measures related to these systems were decided to consider. Furthermore, as for establishing a cross-disciplinary rights information database for the

identification of copyright holders and so on, it was decided to consider strategies for establishing systems that enable the confirmation of rights information and the expression of intent for licensing use, targeting works and creations in every field with existing demands.

In response to these, the Agency for Cultural Affairs proceeded with deliberations at the Cultural Affairs Council. In February 2023, they compiled the "Approach to Copyright System and Policy in the Digital Transformation (DX) Age (First Phase Report)" and based on the concepts outlined in this report, including the simplification of rights processing and considerations for compensation distribution, a legislative proposal was submitted to the ordinary session of the National Diet in 2023 to amend certain parts of the Copyright Act. This amendment, which incorporates the establishment of a new adjudication system for the use of copyrighted works and so on, was enacted in May of the same year.

Furthermore, regarding the cross-disciplinary rights information database, a study group was established to examine its structure. As a result, a report from the study group was compiled in December 2022 and it outlined the concept of a "cross-disciplinary rights information search system," which enables information retrieval through the collaboration of databases organized by different fields. The report also provided insights into the envisioned image of this system as well as the workflow for its utilization.

A new adjudication system established through the amended Copyright Act allows for the time-limited usage of copyrighted works, where centralized management is absent and the intentions of copyright holders regarding usage rights remain undisclosed. In such cases, a decision made by the Commissioner of the Agency for Cultural Affairs enables this temporary utilization by paying a compensation. At present, there is a growing amount of content created by amateurs and others on the internet; however, in cases where the availability or copyright owner information of such content, including user-generated content, is undisclosed, the cost of obtaining permission is often substantial, so this situation hinders the smooth utilization of such content. Furthermore, with the primary distribution channels of content shifting towards online streaming, the competition among businesses has led to a heightened importance of differentiation through the enrichment of archives, including past works, but in the case of audiovisual works and so on, involving multiple rights holders for a single piece, rights management has become a bottleneck, leading to situations where the utilization of archives is hindered. The utilization of the new adjudication system is expected to facilitate the smooth use of such content.

In the new system, to centralize the use of the system and expedite and simplify procedures, institutions (contact office organizations) registered under the authority of the Commissioner for Cultural Affairs are responsible for accepting applications for the new adjudication system, confirming requirements, calculating equivalent usage fees, and other related processes. Moreover, for cases where non-temporary use is desired and the copyright holder is unknown, the adjudication system for such instances can also be utilized and the use of these procedures will be simplified through the utilization of these designated service providers.

In order to facilitate the search for rights holders and the confirmation of the copyright holders' intentions as to usage permissions, the establishment of a cross-disciplinary rights information retrieval system is being considered. It is noted that the role played by this system is particularly crucial for achieving the simplification and expedience of rights processing through the new adjudication system and the establishment of a system involving relevant stakeholders is required.

Given the demands of the digital age's pace, it should be aimed to achieve copyright rights processing in a fully digital manner, minimizing procedural costs and time,²⁶ which is expected to significantly accelerate the value enhancement through the cycle of "creation" and "utilization" of content.

Considering the above, it is necessary to promote the reform of copyright system and related policies to respond to the speed of the digital age and accelerate the cycle of "creation" and "utilization" of content with the understanding and cooperation of stakeholders.

(Direction of measures)

- The Agency for Cultural Affairs aims to promote a positive cycle of content creation adapted to the digital age through the new adjudication system introduced by the amendment to certain parts of the Copyright Act enacted during the 211th Ordinary Diet Session. In collaboration with concerned government ministries and agencies so as to contribute to the promotion of content distribution and the expansion of compensation returns for creators, conduct preparations for enforcement and activities such as raising awareness and promoting understanding among stakeholders alongside establishing a contact office organization and ensuring the smooth realization of specific aspects such as the establishment of the organization's structure and service details by the said organization.

(short term, mid term) (MEXT, Cabinet Office, METI, MIC, Digital Agency)

²⁶ In the "Key Plan for Achieving a Digital Society," which was approved by the Cabinet in June 2022, one of the five principles for structural reform towards realizing a digital society is the "Principle of Digital Completion and Automation."

- Based on the "Report of the Study Group on Cross-Disciplinary Rights Information Database" (December 2022), when it comes to the "cross-disciplinary rights information retrieval system," which enables the search of rights information through collaboration with databases specific to each field, in order to develop and operate in alignment with the enforcement of the law amending certain parts of the Copyright Act, the Agency for Cultural Affairs collaborates with organizations that possess databases in various fields and engage in initiatives towards the design and development of the system while obtaining the cooperation of stakeholders, including rights holders and users as well as a wide range of participants. Within the system, to strive for a system that can be completed digitally to the greatest extent possible, streamline the registration of content not present in existing databases (e.g., content from online creators, internet-only distribution, and works not under centralized management) in addition to connecting with databases from all fields with existing needs. Establish functionalities within the system that allow for the verification of rights information and the confirmation of intentions related to usage permissions and licensing, targeting creative works from various fields where there is a demand. In the fiscal year 2023, conduct a needs evaluation and consider the approach for registering rights information of content, such as works without centralized management, that is not already present in existing databases alongside identifying databases that should be prioritized for collaboration, exploring methods of cooperation and creating an image for the search interface. In the fiscal year 2024, consider detailed requirements for the functionalities that the system should encompass.

(short term, mid term) (MEXT, METI, Cabinet Office, MIC, Digital Agency)

- To facilitate the achievement of a system that enables simple and centralized rights processing, including the establishment of a cross-disciplinary centralized organization as a contact office organization, regarding the framework for collaboration and role allocation of communication service providers, who serve as intermediaries for content distribution on the internet, arrive at conclusions, taking into account the advantageous relationship of digital platforms providing content creators with a venue for content distribution transactions, the increasing presence of user-generated content (UGC) in the market, and the future landscape of the content industry along with the positioning of intermediary responsibilities for communication service providers in Western systems. Furthermore, based on these conclusions, implement measures in response to the speed of the digital age to facilitate smooth preparation for the commencement of the new system and its ongoing operation.

During this process, the consideration should encompass the utilization of cutting-edge technologies.

(short term, mid term) (MIC, Concerned government ministries)

(5) Achieving a digital archive society

(Current situation and challenges)

The digital archive serves as a platform for sharing knowledge, cultural and historical resources, and records of society, transmitting them to the future and serves as a wellspring of innovation, encompassing content and metadata sharing with its potential for utilization spans various fields, including education, research, tourism, community revitalization, disaster prevention, healthcare, and business. The achievement of a "digital archive society," where digital archives are routinely utilized to support diverse creative activities, is a key challenge in our country's IP strategy in alignment with the goal of activating new value creation through the exchange and fusion of intellectual assets.

Considering the significance of digital archives, the government has been actively working to establish a framework for "digital archive Japan" through collaboration with archival institutions and organizations in various fields, i.e., under this promotion framework, a cross-disciplinary platform for utilizing digital archives called "Japan Search" was established and it was officially launched in 2020. Furthermore, aiming to enhance and utilize digital archives, a "strategic policy,"²⁷ "action plan,"²⁸ and "work schedule"²⁹ for the period up to 2025 were formulated, centered around Japan Search, and initiatives within collaborative archive institutions and entities in various fields are being promoted.

Through these, metadata organization for analog content held by archival institutions in various fields, and the digital preservation of image and text data are progressing alongside visualizing content information, contributing to the promotion of utilization. Continuing to build upon the above strategic direction and action plans, it is necessary to further enrich digital content in various fields to achieve a creative society where digital archives seamlessly integrate into everyday life in addition to proactively promoting the openness and utilization of archives, and cultivating human resources and raise awareness as well as providing support to archival institutions.

²⁷ Japan Search Strategy 2021-2025" (September 2021, Implementation Taskforce)

²⁸ Japan Search Action Plan 2021-2025" (April 2022, Implementation Taskforce)

²⁹ Implementation Timetable for Each Field towards the Execution of 'Japan Search Strategy 2021-2025'" (July 2022, Implementation Taskforce)

On the other hand, the collaboration partners of Japan Search primarily include cultural institutions and academic organizations: libraries, museums, art galleries, research institutes, and the content accessible through Japan Search mainly consists of cultural assets and academic resources held by these institutions, which are made available for public access and use.

While metadata such as location information and thumbnail images of these held items' contents are made available online, the ability to provide the actual content itself as digital data for online access remains limited to some extent.

In response to this situation surrounding content, the digital shift in the distribution of commercial content such as music, videos, and books has accelerated during the COVID-19 pandemic and there is a growing demand for the digitization of past works to be archived digitally as well as initiatives in the live entertainment field, such as digital streaming and archiving, have been advancing and becoming more established. Due to the expansion of diverse UGC creation and dissemination, the accumulation of digital content archives is continuously growing across society.

On the other hand, as time passes, valuable content assets such as past creations and intermediate products are facing challenges in terms of maintenance by responsible parties, alongside issues like deterioration of storage mediums, which aggravates instances where these assets are becoming more susceptible to dispersal. Urgent efforts are required to collect and digitally preserve these content assets, ensuring their continuity and passing them on to future generations. It is also important to develop hubs that serve as centers for archive activities in fields such as media arts, which play a central role in the growth and expansion of the content industry, stimulating inbound demand, and promoting international exchange.

In the current digital archive policy centered around Japan Search, collaboration with what is commonly referred to as commercial content remains limited, mostly confined to certain collaborations with archives in the media arts field.

In order to further activate the creation of new value through the full utilization of content assets, it is necessary to proceed with further considerations regarding enhancing existing initiatives in archiving cultural and academic material, as well as undertaking additional measures to actively visualize content information, expand digital content, and encourage the utilization of out-of-commerce content, including commercial content.

With the progress of the digital age, the significance of information assets is becoming increasingly important. By digitizing various archives and connecting them with other archives, it becomes possible to enable cross-cutting utilization, resulting in the creation of even greater value. For example, in the field of AI, in promoting AI development that

capitalizes on the strengths of Japanese content, utilizing digital archives is anticipated. Additionally, it is noted that addressing issues like Japanese language bias in generative AI underscores the importance of digitizing Japanese content and archives. The value of a well-maintained digital archive as a high-quality and well-managed data set is expected to increase even further in the future.

As the promotion framework of "digital archive Japan," the current promotion committee and practical consideration committee are organized around core archive institutions in each field; however, from now on, it is necessary to review and expand our country's overall digital archive, and to develop a framework for promoting digital archive policies, taking into account the entire scope. Regarding the government's comprehensive initiatives, it is also required to clarify the steps and systematically advance further initiatives as planned.

Moreover, when it comes to advancing online public access and secondary uses such as derivative works for various archive assets, it's often the case that obtaining permission from copyright holders is necessary; however, for instance, concerning the digitization and distribution of past works, it is noted that certain cases arise where the entire work cannot be utilized due to incomplete rights processing.

As for this matter, as mentioned earlier, a law amending certain parts of the Copyright Act was enacted during the regular session of the National Diet in 2023, which was established to facilitate the smooth use of copyrighted works and ensure compensation return.

Furthermore, in conjunction with the implementation of this new system, a cross-disciplinary rights information retrieval system for the purpose of identifying copyright holders and related information will be established. In the report compiled by the Cultural Agency's Cross-Disciplinary Rights Information Database Research Group in December 2022, it is mentioned that "the search system is primarily designed to handle text-based metadata and exploring collaborations with search systems such as Japan Search, which contain information related to the actual content could also be beneficial."

Based on these trends, it is expected that by appropriately coordinating content information and rights information, the foundation for promoting the utilization of archived content will be further enhanced. It is desirable to establish a system that enables smooth discovery of preferred content, confirmation of its rights information, and the process of rights processing, through the utilization of the newly developed rights information search system and so on.

(Direction of measures)

- Regarding the promotion framework of digital archive Japan, while strengthening the framework with consideration for archiving commercial digital content, under this framework, consider future initiatives for visualizing content information, including commercial content, and promoting the utilization of out-of-commerce content for various purposes.

(short term, mid term) (Cabinet Office, National Diet Library³⁰,
Concerned government ministries and agencies)

- To enable comprehensive navigation of various digital information resources, further expand collaboration with archival institutions in the platform of Japan Search, which allows comprehensive searching, browsing, and utilization of diverse Japanese content, including the expansion of partnerships. In particular, pay attention to collaboration with digital archives related to regional cultural resources and fields such as natural sciences.

(short term, mid term) (Cabinet Office, National Diet Library,
Concerned government ministries and agencies)

- Expand the utilization models using the collaborative content of Japan Search in various fields and themes: education, academia and research, tourism, and regional revitalization, increasing opportunities for utilization, and promote multilingual capabilities, fostering international exchange with overseas archival institutions, and strengthening overseas outreach. Furthermore, facilitate the efficient utilization of digital content held by Japan Search collaborative archival institutions, and promote clear displays of secondary usage conditions for these contents by each institution.

(short term, mid term) (Cabinet Office, National Diet Library, Concerned government
ministries and agencies)

- Based on the "Japan Search Action Plan 2021-2025," promote initiatives related to curation activities focused on the utilization of digital archive contents in regional areas. By doing so, create new communication within regional and field communities and build a foundation for archive utilization while striving to form cross-regional and cross-disciplinary human networks.

(short term, mid term) (Cabinet Office, National Diet Library, Concerned government
ministries and agencies)

- Beginning with strategies to enhance Japan Search as a foundation for utilizing digital archives and regarding challenges related to the establishment, coordination, and

³⁰ The National Diet Library is an institution under the legislative body; however, policies related to digital archives are national in scope. Due to the library's significant role, it is noted in the responsible section of this plan for convenience.

utilization of digital archives, consider these under the new promotion framework of digital archive Japan and incorporate these into specific initiatives.

(short term, mid term) (Cabinet Office, National Diet Library, Concerned government ministries and agencies)

- Regarding the collaboration between the cross-disciplinary rights information retrieval system related to copyright and Japan Search, to enable the necessary collaboration, provide certain portions of content metadata related to the digital archives held by collaborating archive institutions of Japan Search to the cross-disciplinary rights information retrieval system, etc., and consider this under the new promotion framework of digital archive Japan and take necessary measures.

(short term, mid term) (Cabinet Office, National Diet Library, Concerned government ministries and agencies)

- Promote the further expansion and public availability of digital content in various fields, including the digitization of content, including born digital content media, and the promotion of openness that enables their free secondary use. For feasible options, pursue further utilization, such as utilizing digitally archived content for online distribution and exploring revenue generation through international expansion and so on. Promote the digitization of materials at the National Diet Library alongside expanding the online transmission of out-of-print materials and so on.

(short term, mid term) (Cabinet Office, Digital Agency, MIC, MEXT, METI, MLIT, National Diet Library)

- Promote the digitization of cultural heritage, support the preservation and utilization of media art works like manga, anime, and games in various research institutions, and create platforms for content dissemination in collaboration with Japan Search to encourage cross-referencing among users.

(short term, mid term) (MEXT)

- Considering the significance of media art that plays a role in being embraced by the public, highly esteemed abroad, and enhancing understanding and interest in our country, consider the design of systems and regulations for the establishment of a media art national center that will serve as a core for promoting the field alongside cultivating talent in our country's outstanding media art field and promoting the collection, preservation, exhibition, and utilization of related materials.

(short term, mid term) (MEXT) 【Re-post】

(6) Strengthening measures against piracy and counterfeit products

(Current situation and challenges)

As digitalization and networking advance, acts of infringement against the copyrights and other rights of Japan's content, such as manga, anime, and films, are expanding beyond national borders. Especially concerning manga, the damages caused by large-scale pirate websites believed to be based overseas have become increasingly serious and the extent of these damages is noted to surpass the peak of the issue caused by "Manga Mura," which was previously a significant concern.

The access numbers to the top 10 overseas pirate websites for manga and so on consistently increased during the spread of the novel coronavirus and in October 2021, it had reached approximately 400 million monthly accesses; however, following the successive closure of major pirate websites due to legal actions taken by publishers, etc., the numbers began to decrease. Since April 2022, the access numbers have been around 200 million accesses per month.

Implementing appropriate measures against piracy constitutes a crucial element in establishing a content ecosystem, allowing content industry professionals, including creators, to obtain compensation through legitimate consumption by users. Amid the COVID-19 pandemic and the trend of staying at home, there has been an acceleration in the adoption of DX in the content field, with increased usage of e-books and video streaming services; however, in order for creators and content industry participants to fully benefit from these developments, it remains crucial for the government to address piracy as a significant challenge.

To comprehensively address piracy, the government has compiled the "Comprehensive Menu and Work Schedule for Countermeasures Against Online Piracy" (formulated in October 2019, updated in April 2021) and is promoting various initiatives while evaluating their effectiveness.

As for the effectiveness of the measures implemented through the "Comprehensive Menu" and the current state of damages, ①Initiatives to deter user access to pirate sites have been undertaken, including measures following the Copyright Act amendment in 2020 and in October of the same year, countermeasures against reach sites were implemented followed by the criminalization of illegal downloading of infringing content in January 2022. Although during these periods, access to download-based pirate sites diminished, subsequently, the prevalence of streaming-based piracy became prominent, resulting in an overall expansion of piracy-related damages. ②Moreover, as part of initiatives to enforce copyright infringement protection, including crackdowns on operators of pirate websites, cooperation was established with response teams from publishers and so on. Legal measures (civil and criminal) against overseas pirate websites were pursued, leading to the closure of major sites of Chinese origin in November 2021

and Vietnamese origin in March 2022. Consequently, the access numbers to the top 10 pirate sites have significantly decreased and the subsequent access numbers have been maintaining a steady level. However, concerning the Vietnamese pirate sites, despite the closure of these major sites, successor sites have emerged and tactics such as domain hopping³¹ have been adopted, indicating a situation that remains unpredictable.

③In addition, as part of initiatives to address the ecosystem of private services and platforms that enable the operation of pirate sites, regarding measures against search engines, steps have been taken to suppress the display of search results related to pirate content under specific procedures and conditions; while these measures are effectively functioning, it is still noted that the influx of traffic from search services continues to significantly contribute to the growth of emerging pirate websites. As for initiatives to suppress advertising on pirate sites, measures have been taken to provide copyright infringement site lists to three advertising-related organizations (domestically) and share them through WIPO Alerts (internationally), which has significantly reduced advertising placements on pirate sites through legitimate advertising sales channels; however, there are still limitations in suppressing underground advertising placements. These initiatives have shown significant effectiveness through collaboration with telecommunication service providers and further enhancement of these initiatives is anticipated.

Continually, it is necessary to promote the initiatives for cracking down on overseas pirate site operators and to further strengthen measures, including preventing user traffic to successor sites. When considering these measures, it is important to take into account the social costs associated with their implementation and while doing so, it's crucial to have a holistic view of the entire structure that enables the operation of pirate sites, which helps us pursue more efficient and effective strategies to mitigate the damages caused by piracy. For instance, it is noted that most major pirate websites rely on a specific CDN (content delivery network) service, which is crucial for stable content distribution and addressing this aspect is expected to yield significant effects.

As for measures against piracy and counterfeit products piracy and counterfeit product issues, taking the above into account, it is necessary to strengthen initiatives through collaboration with private sectors while fostering a unified approach involving concerned ministries and agencies.

(Direction of measures)

³¹ It refers to the practice where the same registrant (applicant for domain name registration) acquires different domain names and sequentially changes the domain name of a single website.

- Based on a comprehensive set of measures and a work schedule for addressing online piracy, to prevent the expansion of damages caused by online piracy, continually conduct evaluations of the extent of damage and the effectiveness of measures and promote further initiatives while coordinating efforts among the concerned government ministries and agencies.

(short term, mid term) (Cabinet Office, NPA, MIC, Ministry of Justice, MOFA, MEXT, METI)

- To implement necessary measures related to services provided by various private sector entities used for the operation of pirate websites and access to them as well as measures for ceasing service provision to pirate websites by CDN service providers and deleting or suppressing search results related to piracy by search engine operators, promote collaboration and cooperation between these private sector businesses and rights holders, engagement with and advocacy for these private sector entities, and support for rights holders engaged in rights enforcement actions.

(short term, mid term) (MIC, MEXT, METI, Cabinet Office)

- As a comprehensive response that encompasses addressing areas requiring consideration, including challenges related to anti-piracy measures and challenges related to appropriate compensation return, based on the trends in various policies: competition policy, digital platform policy, copyright policy, information and communication policy, and international harmonization perspectives, comprehend the actual conditions of each field and examine the challenges regarding these issues: ensuring proper compensation and transparency for creators and production entities, the role platforms play in rights management and protection, and the role of communication service providers as intermediaries in online content distribution.

(short term, mid term) (Cabinet Office, Cabinet secretariat, FTC, METI, MIC, MEXT) 【Re-post】

- Enhance international collaboration by utilizing international conferences to strengthen anti-piracy measures and by utilizing frameworks: the World Intellectual Property Organization (WIPO) and bilateral agreements. To crack down on overseas pirate website operators and so on, proactively engage with foreign law enforcement authorities, promote international investigative cooperation and in collaboration with private sector entities, and enhance international enforcement through initiatives such as conducting digital forensic investigations.

(short term, mid term) (Cabinet Office, NPA, MIC, Ministry of Justice, MOFA, MEXT, METI)

- Enhance support for domestic rights holders engaging in rights enforcement against cross-border copyright infringements, etc., on the Internet. In addition, ensure preparations and awareness for the smooth implementation of revising the calculation method for damages in the law amending certain parts of the Copyright Act, enacted during the 211th Ordinary Diet session, to provide remedies for piracy-related damages.

(short term, mid term) (MEXT)

- Because not only refraining from purchasing counterfeit or pirated goods, but particularly, regarding infringing content, viewers unconsciously watching it can inadvertently contribute to the infringers' benefit, promote awareness campaigns by concerned government ministries and agencies to establish the principle in the public consciousness of not tolerating counterfeit or pirated goods, including infringing content, as a societal norm.

(short term, mid term) (NPA, Consumer Affairs Agency, MIC, MOF, MEXT,
MAFF, METI)

- In response to the increasing influx of counterfeit and pirated goods due to the growth of cross-border e-commerce, based on the amendments to the Trademark Act, Design Act, and Customs Act that came into effect in October 2022, which brought imitation goods brought into the country by foreign entities through postal services under the scrutiny of customs enforcement, implement rigorous border enforcement against counterfeit goods and piracy. Furthermore, continually provide sufficient public information to prevent unforeseen damages to well-intentioned importers. Additionally, consider other forms of IP rights as needed.

(short term, mid term) (MOF, METI, MEXT)

8. Enhancing the IP utilization in SMEs, regional (local areas), and agriculture, forestry and fisheries

(1) Supporting the IP utilization in SMEs and regions (local areas)

(Current situation and challenges)

SMEs constitute 99.7% of all businesses and play an exceedingly vital role as a wellspring of innovation within our country's innovation ecosystem.

However, the current situation reveals that insufficient information, knowledge, human resources, and funding related to IP hinder the full-scale implementation of IP activities. To overcome these challenges, it is crucial to enhance support for IP utilization among SMEs to foster their vitalization and development.

For SMEs and startups with fewer managerial resources compared to large corporations, IP: technology, know-how, ideas, design, and even brands, constitute crucial business assets, so the need for both awareness and enhanced support for utilizing IP as a strength in business (IP management) is essential.

In March 2023, the core organizations of IP management support, including the Japan Patent Office, INPIT, and the Japan Patent Attorneys Association, along with the Japan Chamber of Commerce, collaboratively declared the establishment of the "IP management support network."

From now on, through the "IP management support network" initiatives will be focused on enhancing and enriching IP management support for local SMEs and startups, and bolstering the region's "earning power".

Furthermore, it is essential to establish an environment where SMEs with limited resources but exceptional IP can engage in fundraising through the utilization of their IP.

The Japan Patent Office has been providing "Intellectual Property Business evaluation Reports": evaluating the overall business of SMEs that utilize IP, and "Intellectual Property Business Proposals" to financial institutions such as offering solutions for management challenges based on IP. The Japan Patent Office will continue to promote the creation and utilization of these reports and proposals, and enhance the utilization of IP among SMEs through IP financing.

Furthermore, the Japan Patent Office and INPIT have developed guidelines and templates for the utilization of IP evaluations for business viability evaluations of financial institutions, and the Intellectual Property Comprehensive Support Desk to provide assistance tailored to SMEs by utilizing these guidelines and templates.

Moreover, in order to alleviate the financial constraints associated with the establishment of IP strategies for SMEs, the Japan Patent Office provides support by

uniformly reducing patent examination request fees and patent fees for SMEs and so on alongside offering assistance through foreign application subsidy support, which is provided in addition to the conventional application costs.

Recognizing the growing necessity to support overseas business investments by our technologically capable and motivated SMEs, in April 2023, the Japan Patent Office reformed the "Counterfeit Product Countermeasures Office," which had been responsible for various support initiatives related to counterfeit products, including the "Government Counterfeit and Piracy Response Center," into the "Overseas Expansion Support Office." In addition to its previous functions of providing support against counterfeit goods to companies and cooperating with foreign government agencies, this office has now consolidated functions to promote IP rights acquisition and brand building by SMEs abroad.

Furthermore, the management design sheet, a tool designed to accurately evaluate the role of IP in a company's value creation mechanism and shape its management, is crucial for expanding and accelerating business succession for SMEs and financing related to IP by financial institutions and it's useful for business viability evaluations conducted by financial institutions. Promoting the widespread adoption of the sheet in both financial institutions and SMEs is of paramount importance. Hence, initiatives have been made to promote its adoption, including organizing events like the Intellectual Asset Management Week³², and releasing "Understanding Management Design Sheets Through Manga"³³.

Moreover, in March 2022, the Small and Medium Enterprise Agency released the "Reconstruction of Small and Medium Enterprise Companion Support Model: Unleashing the Potential of Business Leaders in Times of Drastic Changes such as COVID-19, Decarbonization, and DX." In this document, one of the significance and possibilities of companion support is described as enhancing the growth potential of SMEs, facilitating smooth business succession and bolstering stagnant business reforms. As a part of the support tools, the management design sheet is exemplified. In this manner, it is crucial to further promote focused and accelerated support for SMEs, which constitute the majority of Japan's business entities to effectively utilize IP as a strategic resource in their management.

In addition, vitalizing regional economies is one of the most critical challenges for our country and in order to promote innovation among local businesses and so on, it's essential to enhance the utilization of IP in regional areas. To address this, since the fiscal year 2005, regional intellectual property strategy headquarters have been established,

³² https://www.meti.go.jp/policy/intellectual_assets/week/2022.html

³³ <https://mirasapo-plus.go.jp/hint/18567/>

carrying out IP support tailored to the specific circumstances of each region. Furthermore, with a focus on enhancing practical implementation of targeted support, fostering value creation in the regions, generating synergies between IP support for SMEs at both central and regional levels, and establishing and sharing KPI for the utilization of support measures, the "Third Regional Intellectual Property vitalization Action Plan" was released in May 2023 as a fundamental policy.

In each region, there are organizations such as chambers of commerce and various support centers that focus on IP support, serving as accessible points of contact for SMEs. It's crucial to maximize the utilization of these support institutions, not just only the Intellectual Property Comprehensive Support Desk. From now on, it's essential to establish an environment in each region that promotes the acquisition and utilization of IP, fostering the ability to generate innovation.

(Direction of measures)

- To establish an IP management support system segmented by regional blocks and tailored to regional needs, enhance IP management support for local SMEs, startups, and so on alongside establishing a "Regional Intellectual Property Management Support Network" in collaboration with The "core for IP management support," comprised of Regional Economic and Industrial Bureaus, the Japan Patent Office, INPIT, and regional chapters of the Japan Patent Attorneys Association.

(short term, mid term) (METI)

- Formulate the "Third Regional Intellectual Property Vitalization Action Plan" to implement support aimed at creating examples that can serve as models for IP management among SMEs. Furthermore, enhance the effectiveness of the measures by strengthening the network of relevant agencies and providing support tailored to the specific management challenges of businesses.

(short term, mid term) (METI)

- To promote the utilization of IP in SMEs through business viability evaluations focused on IP, facilitate support from financial institutions for SMEs by utilizing templates and guidelines for creating "Intellectual Property Business Evaluation Reports," conducting beneficial evaluation and analysis of the IP held by SMEs, and providing the created "Intellectual Property Business Evaluation Reports" and "Intellectual Property Business Proposals" to regional financial institutions.

(short term, mid term) (METI) 【Re-post】

- At the "Yorozu Support Centers," in response to business consultations, promote the utilization of the management design sheet by providing assistance for considering

long-term visions through the creation of the sheet.

(short term, mid term) (METI, Cabinet Office)

- The Japan Patent Office takes on a central role and enhances collaboration among support institutions such as INPIT and JETRO and strengthens support for the IP-related challenges faced by SMEs when expanding internationally.

(short term, mid term) (METI)

- Regarding the "Intellectual Property Utilization Action Plan for SMEs and Startups" and the "Intellectual Property Utilization Action Plan for Universities" (released in December 2021), the revised action plan for IP utilization was released in May 2023 to contribute to accelerating innovation and solidifying the implementation of IP management practices. Based on this revised version, in the National Center for Industrial Property Information and Training (INPIT), consider establishing a comprehensive support scheme that covers the entire process from university-based innovations to their practical implementation in society.

(short term, mid term) (METI) 【Re-post】

(2) Ensuring appropriate IP transactions of SMEs and startups

(Current situation and challenges)

For SMEs, resources for management are relatively limited compared to large corporations. Integrating innovative technologies, ideas, and IP elements such as visualized designs and brands into their business strategies can enhance their company's value, not only bolstering competitiveness and fundraising capabilities in global business markets but also contributing to establishing equal collaborative capabilities with large enterprises.

On the other hand, as SMEs collaborate with large corporations, there are also instances where issues have been pointed out. Specifically, despite minimal contribution to collaborative research by the large corporations and demanding exclusive rights to the outcomes, SMEs are asked to provide licenses for their IP to large corporations without charge. The exercise of stock buyback rights suggested in investment agreements with startups implies the free transfer of IP has come to light. These instances underscore the need for creating an environment where SMEs can compete fairly and freely.

Amid these circumstances, the Small and Medium Enterprise Agency compiled the "Five Initiatives for Promoting Fair Transactions" in February 2022, aiming to further enhance fair dealings between large corporations and subcontracting SMEs. Based on these initiatives, the establishment of "Intellectual Property G-Men," a specialized

response team for IP-related transaction issues and the organization of the "Intellectual Property Transaction Advisory Board" have been carried out. Furthermore, the Small and Medium Enterprise Agency released the "Guidelines and Template Contracts for Intellectual Property Transactions" on March 31, 2021. Additionally, in July 2022, revisions were made to the promotion criteria, including provisions related to IP transactions and within these revisions, it was added that contracting parties must not compel subcontractors to provide or disclose their confidential information, including know-how.

Through these measures, the awareness and understanding regarding the fair handling of IP are expected to spread and improve, creating a foundation where the IP owned by SMEs can circulate more actively in transactions, without unnecessary conflicts and the IP can be smoothly utilized. Furthermore, by continually enhancing support in strategic planning and practical implementation, it is expected to contribute to the generation of innovation in our country.

(Direction of measures)

- Through partnership-building declarations and so on, encourage the adherence to guidelines for IP transactions along with the promotion and utilization of template contract agreements. Furthermore, through the specialized response of "Intellectual Property G-Men" addressing IP transaction issues, comprehend the actualities of transactions related to IP and take necessary measures such as guidance and advice to parent companies by organizing the "Intellectual Property Transaction Advisory Board."

(short term, mid term) (METI, Cabinet Office)

(3) Enhancing the IP utilization in agriculture, forestry and fisheries

(Current situation and challenges)

Our country's agricultural, forestry, and fisheries products as well as food possess unparalleled characteristics and strengths in overseas markets due to the "IP" of techniques, know-how for producing high-quality and high-value-added products, our national food culture, and traditional heritage.

On the other hand, the expansion of demand in overseas markets has led to an increase in the need for IP protection. These cases have been observed: the circulation of counterfeit products imitating Japanese branded goods in overseas markets, competition between exported superior varieties developed in Japan and similar foreign products, and

unauthorized export of genetic resources of Japanese wagyu. These not only tarnish the brand value of Japanese products but also substantially erode the legitimate benefits and rights of hardworking agricultural, forestry, and fisheries operators, as well as research and development institutions. This puts us at risk of losing valuable overseas markets that we had previously secured. Considering these circumstances, to address challenges, these initiatives are being advanced such as implementation of proper management of plant varieties based on the amended Plant Variety Protection Act and support for variety registration overseas, enhancement of protection and management of IP value associated with livestock genetic resources through the implementation of the Act on Prevention of Unfair Competition in Livestock Genetic Resources, which came into effect in October 2020. Furthermore, the agriculture, forestry, and fisheries industries heavily rely on manual labor and tasks that require skilled individuals. Moreover, the implicit knowledge and know-how possessed by skilled workers are often challenging to pass on to others, but through the utilization of cutting-edge technologies such as ICT, AI, and data analysis, it is anticipated to reduce labor burdens, increasing efficiency and formalize implicit knowledge into explicit forms. However, there are concerns that if these IP assets, including such expertise, were to be illicitly leaked abroad against the intentions of agricultural stakeholders, their combination with other IP, such as our country's superior varieties taken without permission, could further intensify competition with our exported products, raising apprehensions. In this context, in line with protecting valuable IP such as excellent cultivation and breeding techniques and other know-how in the agricultural field as trade secrets, the "Guidelines for the Protection of Trade Secrets in the Agricultural field" were formulated in March 2022, which compile methods and considerations for managing and handling technology, know-how, and other aspects, taking into account the unique characteristics of the agricultural field.

While the amended Plant Variety Protection and Seed Act has been enacted, allowing breeders to utilize restrictions on overseas distribution and permission systems for self-propagation of registered varieties, thereby facilitating the protection and utilization of breeder's rights, public institutions that are developers of excellent varieties are currently facing challenges in effectively managing registered varieties and ensuring comprehensive protection against infringements. Furthermore, the unauthorized exportation of numerous excellent varieties of fruit trees and other crops to foreign countries, along with their unregulated production expansion, can negatively impact domestic producers. On the other hand, there is a challenge in the fact that the income from licensing of new varieties is often low, making it difficult to invest in variety development.

With this awareness of the issues, taking into account the intentions of breeders' rights holders, it is proposed that a dedicated breeders' rights management organization should be established to exclusively manage IP rights, oversee licensing, and handle monitoring and responses to infringements, and in December 2022, a set of recommendations titled "Approach to the Establishment of Breeders' Rights Management Organizations in Japan" was compiled to outline the desired direction. Considering these recommendations, in March of this year, the National Agriculture and Food Research Organization (NARO) established a collaborative body called the "Breeders' Rights Management Organization Support Project Implementation Council" in cooperation with relevant agencies. From the fiscal year 2023, a focused initiative will be initiated for a limited range of varieties, particularly within the NARO, targeting activities such as overseas variety registration and licensing. This aims to establish a foundation for breeders' rights management activities, while working towards the early establishment of a corporate entity responsible for managing breeders' rights, and preparations are being made within the framework of the NARO.

The Ministry of Agriculture, Forestry, and Fisheries, in its Fisheries Basic Plan approved by the Cabinet in March 2022, not only aims to promote the practical application of production technologies for artificial seedlings but also plans to explore measures to prevent the unauthorized use of superior strains and other illicit practices to safeguard the quality strains of aquatic products. To comprehensively address the need for protecting superior strains and related matters, including identifying the subjects to be protected and the appropriate methods (e.g., evaluating IP-related measures and contract arrangements that contribute to the protection of superior strains), the "Study Group on the Protection of Superior Strains in the Fisheries Field" was established. Therefore, the "Guidelines for the Protection of Superior Strains in the Aquaculture Field" and the "Guidelines for the Protection of Trade Secrets in the Aquaculture Industry" were formulated in March 2023.

The Geographical Indication (GI) system is designed to protect the names of products that have qualities, social recognition, and characteristics that have been nurtured over the years within the specific natural, cultural, and social environment of a region as IP of that region. As a result of gradual tightening of the system since its establishment, GI products are better able to demonstrate the quality differences from other products and are typically associated with small-scale, local traditional vegetables, where there is a strong regional cohesion; however, there is a challenge towards well-known products, processed goods, and export-oriented products, while the visibility of GI products in the market remains limited, posing challenges for raising awareness and enhancing the value of GI.

Therefore, from November 2022, a reevaluation of the GI system's operation found below was undertaken with the aim of further supporting increased income, regional vitality, and export promotion.

- (1) Reduce the burden on the region both before and after registration application alongside broadening the scope to encompass a wide range of products from traditional local vegetables to processed goods and internationally-oriented products that should be protected at the regional level.
- (2) Enhance promotion proactively to increase the visibility of GI in the market and raise awareness and value of GI.

As stated in the subtitle of the "Ministry of Agriculture, Forestry and Fisheries Intellectual Property Strategy 2025" formulated in April 2021, "towards the Creation, Protection, and Utilization of Intellectual Property in the Agriculture, Forestry, Fisheries, and Food Fields," it is necessary to advance strategic initiatives for the creation, protection, and utilization of IP to enhance the international competitiveness of the agriculture, forestry, fisheries, and food fields.

(Direction of measures)

- Enhance the IP management capabilities across the agriculture and food industries, cultivate and secure consultancy specialists who can strategically utilize IP rights alongside strengthening agricultural IP education to broaden the base of specialized professionals in this field.
(short term, mid term) (MAFF)
- For the protection and utilization of our country's new plant varieties abroad, promote the proper management of registered plant varieties by breeders' rights holders and prevent the illegal export of plant varieties that infringe upon breeders' rights through collaboration with customs authorities along with support for overseas acquisition of breeders' rights and response to infringements.
(short term, mid term) (MAFF)
- To establish a cycle that reinvests royalties in variety development investments, support the initiatives of relevant stakeholders, led by the National Agriculture and Food Research Organization towards the establishment of an organization responsible for managing plant breeder's rights on behalf of breeders alongside effectively protecting Japanese varieties overseas through licenses that are aligned with domestic agricultural promotion and export strategies.
(short term, mid term) (MAFF)
- To adequately protect our country's varieties in countries in East Asia where the plant

variety protection system is not well-established, work towards examination cooperation and standardizing application forms while promoting the development of plant variety protection systems and encouraging UPOV Convention membership through the activities of the East Asian Plant Variety Protection Forum established under Japan's initiative. Furthermore, streamline the application process in the region to improve efficiency and provide support for the introduction and promotion of the variety registration application system (e-PVP Asia) that allows for simultaneous applications in multiple countries, which is being jointly developed with UPOV and Vietnam, etc.

(short term, mid term) (MAFF)

- For the protection and utilization of our country's new plant varieties overseas, to ensure the appropriate and expedited registration of Japanese varieties, internationally harmonize the examination criteria by utilizing characteristic investigation data related to Japanese variety registrations abroad. Especially, to expedite the rights acquisition of fruit tree and other varieties, gradually establish a system for conducting characteristic evaluations in line with international standards for fruit trees and other related varieties at the National Agriculture and Food Research Organization's Germplasm Management Center and to streamline the variety registration review process, investigate the international technological developments related to the utilization of genetic information, which is gaining traction abroad.

(short term, mid term) (MAFF)

- In line with the reevaluation of the Geographical Indication (GI) protection system in November 2022, to further contribute to export promotion and the enhancement of income and regional vitality, advance the registration of a diverse range of products: processed goods and products with an international orientation.

(short term, mid term) (MAFF)

- To prevent the circulation of counterfeit products and imitations of Japan's branded goods overseas, establish a framework for mutual protection of GI with other countries and promote measures against unauthorized use and infringements.

(short term, mid term) (MAFF)

- To promote the utilization of the GI protection system and expand exports, alongside establishing a consistent support system for GI registration applications and post-registration follow-ups, support initiatives to expand the market presence of GI products through collaboration with a diverse range of stakeholders: food companies, tourism, chefs, etc.

(short term, mid term) (MAFF)

- Based on Act on the Improvement and Propagation of Livestock and the Prevention of Unfair Competition in the Utilization of Livestock Genetic Resources, to protect the IP value of livestock genetic resources and further ensure proper distribution control, promote the following initiatives:

- ① Regarding the dissemination of template contracts to be concluded upon the transfer of Japanese cattle genetic resources, continually disseminate to downstream stakeholders, prevent unfair competition and promote the protection of IP value as the dissemination to livestock genetic resource producers has become well-established.
- ② Based on the self-evaluation results regarding compliance with regulations conducted by all the national livestock artificial insemination centers by the end of fiscal year 2022, in addition to conducting on-site inspections at livestock artificial insemination centers where it was deemed necessary to confirm their operational practices, promote proper distribution management while ensuring compliance with regulations through the organization of training sessions and workshops for livestock artificial insemination practitioners and so on.
- ③ Promote digitization while reducing the administrative burden on prefectures through reports and notifications from livestock artificial insemination facilities and enhancing the operation and functionality of the national system for information aggregation.

(short term, mid term) (MAFF)

- Promote standardization activities in collaboration with concerned government agencies and related independent administrative institutions for the strategic utilization of standards in the agriculture, forestry, fisheries, and food fields (such as smart farming technologies). Furthermore, to ensure that standardization needs are adequately met, consistently operate the communication, information sharing, and consultation system among regional organizations and the vertical connections between headquarters and branches within related independent administrative institutions.

(short term, mid term) (MAFF, METI) 【Re-post】

- As for agricultural machinery, to achieve cross-boundary data integration among manufacturers and systems for agricultural machinery: tractors and combines, the "Guidelines for Open API Development in the Agricultural Field" were formulated in the fiscal year 2020 and based on these guidelines, open APIs were developed to acquire data: location information and working hours for agricultural machinery. Additionally, data standardization for data elements contributing to farming in grain

dryers, facility horticultural equipment, and pest prediction information, as well as the establishment of rules for data handling permissions, were implemented. Furthermore, regarding the data related to the location information and working hours acquired by agricultural machinery, from the 2022 fiscal year, in cases where tractors, combines, rice transplanters, etc., are introduced through the Ministry of Agriculture, Forestry and Fisheries' subsidy programs and so on, it is a requirement for the subsidy that manufacturers with established open APIs should be selected so that farmers and others can use systems other than those of the manufacturer. From the fiscal year 2023 and beyond, alongside establishing handling rules, such as data format standardization, promote the development of open APIs by providing support for data linkage verification from equipment of different types and manufacturers.

(short term, mid term) (MAFF)

- To enhance Japan's agricultural international competitiveness and so on, promote IP management for effective social implementation, targeting public research institutions and so on. To promote awareness and education regarding IP management, conduct seminars on IP protection and utilization in agricultural, forestry, and fisheries research along with providing consultation services by IP experts and carrying out specialized support activities for public research institutions that aim to enhance practical IP management.

(short term, mid term) (MAFF)

9. Strengthening the infrastructure, operations, and human resources base for IP utilization

(1) Infrastructures for the IP dispute resolution

(Current situation and challenges)

To ensure the proper protection and utilization of IP, the establishment of infrastructure for resolving IP disputes is indispensable. The risk of global businesses getting involved in IP disputes is increasing and as these disputes become more globalized, the strategies for resolving them are also becoming more complex.

In recent years, there have been legal reforms aimed at improving the infrastructure for IP dispute resolution so far: a revision of the method for calculating damages in cases of patent infringement (enacted in April 2020), the establishment of an expert evidence collection system for neutral experts in patent infringement lawsuits (enacted in October 2020), and the introduction of a third-party opinion solicitation system in patent infringement lawsuits (enacted in April 2022).

Furthermore, regarding trade secrets and proprietary data provided on a limited basis, a bill amending the Unfair Competition Prevention Act, which includes a review of the calculation method for damages, has been submitted to the National Diet and has been enacted.

There are still voices advocating for the improvement of the compensation system and other measures to ensure that those whose rights have been infringed are appropriately compensated and to deter further infringements. From now on, it is essential to continue developing this infrastructure considering specific needs.

Moreover, as a means of resolving IP disputes, alternative dispute resolution procedures (ADR), apart from litigation, can be effective in certain cases.

International arbitration offers benefits: ease of enforcement in foreign jurisdictions through treaties like the New York Convention, the ability to select specialized and neutral arbitrators and the generally confidential nature that safeguards trade secrets, and international arbitration becomes a global standard for dispute resolution in international business transactions; however, its utilization in Japan has been relatively limited. The choice of the arbitration venue is a significant consideration for parties and the legal framework of the host country's jurisdiction is of utmost importance. To promote the vitalization of international arbitration in our country, the Legislative Council compiled the "Guidelines for the Amendment of the Arbitration Law" in October 2021, aiming to establish a legal framework that aligns with the latest international standards. The outline of these guidelines includes measures conforming to the interim measures of the

UNCITRAL (United Nations Commission on International Trade Law), model law on international commercial arbitration, which our country's arbitration law follows as well as the establishment of regulations. It also allows Tokyo and Osaka district courts to have concurrent jurisdiction over procedures conducted by courts in arbitration proceedings and allows applications to be made to these courts. In certain cases, it permits the omission of translation attachments to arbitral awards. In response, the "Law to Amend Certain Parts of the Arbitration Act" was submitted to the Diet (Japan's national legislature) and subsequently passed into law.

Furthermore, in order to vitalize international and domestic mediation, the Legislative Council compiled the "Guidelines for Establishing a System to Provide Execution Power to Settlement Agreements through Mediation" in February 2022, which aims to establish a system that grants enforceability to settlement agreements reached through mediation. The outline of these guidelines involves the establishment of regulations to grant enforceability to settlement agreements reached through mediation, subject to court review and approval through the enactment of a treaty implementation law for the Singapore Convention on Mediation and the amendment of the ADR Act; additionally, it aims to further utilize specialized expertise available in court proceedings by allowing Tokyo and Osaka district courts to have concurrent jurisdiction over mediation cases concerning IP disputes. In response, related bills were submitted to the National Diet and subsequently passed into law.

As opportunities for overseas transactions and investments by Japanese companies increase, it is anticipated that IP disputes will also rise while the development of infrastructure to vitalize international arbitration is crucial; additionally, cultivating human resources, enhancing public relations, and raising awareness are required.

Furthermore, in May 2022, a law amending certain provisions of the civil procedure act was enacted to fully digitize the procedures of civil litigation from filing a lawsuit to delivering a judgment. The law is scheduled to come into effect within four years from its date of promulgation (May 25, 2022) and it is expected to lead to the acceleration and streamlining of IP litigation. Moreover, in October 2022, the Intellectual Property High Court and the Intellectual Property Rights Division of the Tokyo district court relocated to the new building called "Business Court" in Nakameguro, Tokyo. In pursuit of greater efficiency through digitalization and aiming to provide high-quality proceedings and judgments that are more predictable and expedited than ever before, especially for business-related disputes in the context of increasing globalization and borderlessness, physical facilities such as web conferencing booths for use in legal proceedings have been established within the Business Court.

Furthermore, in recent years, with the proliferation of IoT technology, the impact of standard essential patents, which are indispensable for implementing communication and other standard specifications, has been increasingly significant in the global competition. In this situation, the global competition for leadership in shaping the rules for resolving disputes related to standard essential patents has intensified in recent years. In particular, in China, while under the specific guidance of the party, administrative and judicial bodies have collaborated to protect IP, Chinese courts have frequently issued anti-suit injunctions to prohibit the pursuit of judicial remedies outside of China; there is a growing inclination to apply their own domestic rules to dispute resolution concerning standard essential patents. In February 2022, the European Commission made a request for consultations with China under WTO agreements and in January 2023, a panel was established, indicating that this issue has evolved into a trade concern so it is necessary to closely monitor these developments.

In September 2022, major Japanese automakers announced that they had entered into license agreements for standard essential patents related to technologies such as 4G with the American company Avanci, highlighting the increasing importance of standard essential patents licensing negotiations in various fields. In March 2022, the Ministry of Economy, Trade and Industry released the "Guidelines for Fair Negotiations on Standard Essential Patents Licensing" to establish rules for honest negotiations to be followed by both patent holders and implementers involved in standard essential patents licensing negotiations; furthermore, in June 2022, the Japan Patent Office revised the "Guidelines for Standard Essential Patent Licensing Negotiations" based on recent domestic and international case law and so on. Considering the above, it is crucial for stakeholders within the supply chain to continually engage in discussions and address the burden of licensing fees as well as continue discussions to delve into improving transparency regarding essentiality and ensuring transparency in licensing fee determination.

(Direction of measures)

- As the goal of establishing an environment in which global legal disputes, including IP, can be resolved securely and appropriately within our country, based on the recent legal amendments in April of this year, which have brought the arbitration law in line with the latest international standard, to vitalize international arbitration, promote these initiatives: human resources development for arbitrators and arbitration representatives, public relations and awareness campaigns targeted at domestic and international businesses.

(short term, mid term) (Ministry of Justice, Concerned government ministries and

agencies)

- Organize international conferences with judicial officials from European and Western countries, foster international collaboration in the resolution of IP disputes, and provide information on IP dispute resolution to legal professionals and private sectors in Japan alongside hosting international conferences focused on IP-related disputes for judicial officials in the Asia region, and seminars for their follow-ups and enhancing the overall dispute resolution capabilities across the Asia region.

(short term, mid term) (Ministry of Justice, METI)

- Alongside promoting online dispute resolution (ODR) by utilizing digital technology for out-of-court dispute resolution proceedings (ADR) conducted online and offering a variety of dispute resolution methods to individuals facing IP and related issues, further expand and vitalize ADR and ODR services by advancing these initiatives: conducting research on the societal implementation of ODR, raising awareness about ADR and ODR and enhancing collaboration with accredited ADR service providers and relevant organizations.

(short term, mid term) (Ministry of Justice)

- For initiatives in legal foreign language translation, introduce AI translation and through the establishment of a new operational framework, enhance and expedite the provision of high-quality English-translated information, actively promoting the dissemination of translated regulations and legal documents related to IP fields overseas.

(short term, mid term) (Ministry of Justice)

- To establish effective judicial procedures, alongside supporting the development and implementation of legal frameworks for IP rights enforcement in emerging countries, provide training and support for judicial officials and related individuals in those countries to foster IP legal expertise.

(short term, mid term) (Ministry of Justice, MOFA)

- Continually promote the dissemination of the revised "Guidelines for Licensing Negotiations of Standard Essential Patents" updated in 2022, to facilitate smoother negotiations for licensing of standard essential patents.

(short term, mid term) (METI)

- In response to the increase in the influx of counterfeit and pirated goods due to the advancement of cross-border e-commerce, conduct stringent border controls against counterfeit goods and pirated versions considering the amendments to the Trademark Law, Design Law and Customs Law implemented in October 2022, which made imitation products brought into the country by foreign businesses through postal

services and other means subject to customs enforcement; additionally, continue to provide sufficient information and awareness campaigns to ensure that well-intentioned importers do not suffer unexpected damages. Furthermore, explore measures for other IP rights as needed.

(short term, mid term) (MOF, METI, MEXT) 【Re-post】

(2) Enhancement of examination infrastructure for IP rights

(Current situation and challenges)

For the enhancement of our country's industrial competitiveness, it is essential to foster further innovation by granting patents promptly to cutting-edge technologies through rigorous examination processes. Therefore, since the fiscal year 2014, our country has been aiming to achieve the "fastest and highest-quality patent examination in the World" and has set goals to reduce the period from filing to "patent grant" and the period from filing to "first examination notification" to an average of 14 months and 10 months, respectively, by the fiscal year 2023, which is ten years after the initiative which was designed to swiftly grant "strong, broad, and useful patent rights" to encourage innovation began.

Currently, while our country's patent examination is steadily progressing towards the goal of "fastest and highest-quality" standards, looking back over the past decade, there has been an increase in the number of PCT international applications, an increase in foreign-language patent documents requiring prior art searches, an increase in the number of claims included in a single application, an increase in cases that are unreleased at the time of examination initiation, and the steady increase in the workload for examination. Furthermore, with the introduction of the non-publication system for patent applications in the fiscal year 2024, it is essential for the Japan Patent Office to ensure its smooth operation. Therefore, in order to ensure swift and appropriate protection for innovative technologies by domestic companies in the future, it is necessary to establish a robust examination system utilizing technologies such as AI, while maintaining the expeditiousness of patent examination and further enhancing its quality.

Moreover, given the significant fluctuations in patent application numbers across different technology fields and the emergence of patent applications related to AI and IoT, as well as the rise of convergent technologies applied in multiple fields, maintaining the speed of patent examination and improving its quality requires patent examiners to become proficient in multiple technology fields.

In addition, while pursuing the dual goals of further streamlining patent examination and

enhancing quality, initiatives have been made to provide new value to users through various initiatives for "patent examination innovation" since the fiscal year 2021. Continuing from this standpoint of co-creating patent rights with users, a review of the provided value has been undertaken while considering the necessary examination practices.

On the other hand, amid the increasing importance of fostering innovation rooted in design and the need to protect brands associated with new business models arising from innovation, initiatives have been continuously advanced to grant design rights and trademark rights through expedient and accurate examinations.

Currently, the number of design registration applications in our country has been stagnating and initiatives have been underway since the fiscal year 2021 to enhance awareness about the significance of design and strategic utilization methods for design rights. In the situation of challenging staffing conditions, the workload for design examination has been increasing each year due to factors: the rising number of foreign design publications, including those from China, the diversification of design disclosure methods driven by the use of social media and e-commerce platforms, the growing number of international design registration applications and image-based design registration applications that pose challenges in terms of examination decisions. In such circumstances, obtaining stable design rights through high-quality examinations in a timely manner is crucial to foster innovation driven by creative designs.

Furthermore, as for trademark examinations, against the backdrop of the increasing importance of protecting new business models in recent years and the significant asset value associated with brands, the number of trademark registration applications in our country has been on the rise; with the increasing number of trademark registration applications, particularly for new products and services, and in response to the rapid changes in business transactions facilitated by the internet and the need to swiftly adapt to changes in societal structures, including the creation of new business models, the workload for trademark examiners has significantly increased. Considering these circumstances, initiatives have been advanced to streamline the examination process through measures such as promoting applications that do not receive rejection grounds, increasing the number of trademark examiners, and enhancing the examination system through projects like the cross-referencing investigation of trademark rejection reasons; additionally, there is a need for infrastructure development to promote the digitization of international trademark applications and so on.

From now on, it is necessary to strengthen the foundation of the examination system, which is a critical infrastructure for promoting innovation.

(Direction of measures)

- Improve the expedient of the examination process with the goal of achieving an average standard examination period of within 14 months from the period from filing to examination to "patent grant" and an average period of 10 months from the period from filing to "first examination notification" by the 2023 fiscal year. Furthermore, responding to the increasing number of applications related to inventions involving AI and other converging technologies, establish an examination framework and take necessary measures to ensure the quality of patent examination while maintaining the average period of "14 months or less" for patent grant and strive to achieve this goal by the 2033 fiscal year, and ensure that examiners are proficient in multiple technical fields.

(short term, mid term) (METI)

- To further enhance the quality of patent examination, improve the information-providing system to advance patent examination innovation, based on user collaboration, consider thorough streamlining measures within the patent examination process and take necessary actions.

(short term, mid term)(METI)

- Enhance the examination framework considering the anticipated broader utilization of AI in the creative process across various fields; additionally, expand and disclose the number of AI-related invention patent examination cases. Furthermore, strengthen the AI examination support team to achieve efficient and high-quality examination of AI-related inventions.

(short term) (METI) 【Re-post】

- Conduct the necessary evaluations within the fiscal year 2023 to commence proactive support at the examination stage by patent examiners for startups, universities, and SMEs that require individual assistance to promote innovation driven by these entities from the fiscal year 2024.

(short term, mid term) (METI) 【Re-post】

- Continually enhance awareness about the importance of design and the strategic utilization of design rights. Furthermore, despite the increasing workload, to maintain the quality and efficiency of design examinations, enhance the examination system while considering thorough streamlining in the design examination process.

(short term, mid term) (METI)

- Amid the sustained high volume of trademark registration applications, continually maintain the quality of trademark examinations. In the fiscal year 2023, aiming for the

goal of achieving an average "the period from filing to patent grant" and "the period from filing to first examination notification" of 7 to 9 months and 5.5 to 7.5 months respectively, take measures to promote non-discretionary applications and utilize the cross-referencing investigation of trademark rejection reasons, etc. and improve the efficiency of trademark application examination and the enhancement of the examination system. In addition, consider the establishment of an environment conducive to promoting international trademark applications.

(short term, mid term) (METI)

- To support the global expansion of Japanese companies into emerging markets, which are expected to further expand in the future, support the development of IP systems in emerging countries and work towards the dissemination and adoption of our country's examination standards and practices by conducting training sessions for IP human resources in emerging countries, which include experts such as our country's examiners as instructors while utilizing online training.

(short term, mid term) (METI)

(3) Cultivation of human resources for IP creation and utilization

(Current situation and challenges)

Having a knowledge of IP is indispensable for implementing our country's innovations into society and it is crucial to continuously cultivate individuals who can create and utilize IP, starting from primary education to higher education and continuing into adult education.

As a systematic measure for assessing practical abilities in IP, the Ministry of Economy, Trade and Industry formulated the "Intellectual Property Human Resource Skill Standard" in 2007, which was later revised to version 2.0 by the Japan Patent Office in 2017. The "Intellectual Property Management Skills Certification," a national examination aligned with these standards, has been utilized to foster IP expertise in businesses and other contexts.

Furthermore, in universities, the Ministry of Education, Culture, Sports, Science and Technology has recognized Yamaguchi University as an "educational collaboration hub" for IP education, expanding the adoption of IP education curricula and practices from Yamaguchi University to other universities. In addition, Osaka Institute of Technology has been designated by the Minister of Health, Labour and Welfare as a recipient of the specialist practical education and training grant system for the curriculum of its graduate school of IP professionals; furthermore, there have been initiatives such as the creation

and release of "Reference Guidelines for Curriculum Development in Intellectual Property Education" in February 2022, aimed at serving as a reference when structuring the curriculum for "IP studies" programs.

In primary and secondary schools as well as technical high schools, the "Intellectual Property Creation Education Promotion Consortium" that aims to promote "IP creation education" and involves teaching students to both "create new things" and "respect creations," was compiled in March 2021 by stakeholders in IP creation education to foster this type of education in an enjoyable manner. Regionally-led consortia plays an active role and it is expected that the dissemination and practice of IP creation education will continue to progress.

(Direction of measures)

- Promote the smooth integration of IP education into the curriculum at the universities by sharing the curriculum and implementation processes for IP education from universities recognized as "education-related shared use bases" for IP education, with universities considering the introduction of IP education.
(short term, mid term) (Cabinet Office, MEXT)
- Promote and disseminate IP creation education within the regional consortia, which serve as community collaboration hubs bridging the gap between educational institutions and local communities.
(short term, mid term) (Cabinet Office)
- To enhance awareness of IP among businesses and educational institutions, recommend pursuing qualifications related to IP: the Intellectual Property Management Skills Certification and other relevant certifications.
(short term, mid term) (Cabinet Office, METI)
- Revamp the copyright Q&A collection, and conduct effective awareness campaigns to ensure a fundamental understanding of the copyright system.
(short term, mid term)(MEXT)
- Alongside discovering and cultivating individuals with innovative thinking skills, provide support to universities that offer advanced and practical lectures and research, by utilizing systems: the Next Generation Science and Technology Challenge Program, untapped business projects and so on.
(short term, mid term) (MEXT, METI)
- Incorporate not only general knowledge about copyright laws considering the rapid development of new digital technologies and so on, but also perspectives related to the evolving landscape of copyright in society and the relationship between digital

technologies like Web3.0 and copyright to promote awareness and understanding of copyright among the general public through the creation of seminars and educational materials. Furthermore, consider conducting effective awareness and educational campaigns in collaboration with relevant organizations to ensure that all citizens, including creators, can regularly acknowledge copyright in their daily lives.

(short term, mid term) (MEXT)

- Examine the impact of creating an environment within the organization that encompasses diverse talents on the generation and utilization of innovation and inventions.

(short term, mid term) (METI) 【Re-post】

1 0 . Full-scale operation and evolution of the Cool Japan (CJ) strategy

With the significant relaxation of travel restrictions and lockdown measures related to the COVID-19 in various countries around the world, significant changes are occurring in people's behavior, and social and economic activities. In our country as well, it is expected that the number of foreign visitors to Japan will reach 20 million people in 2023³⁴, indicating a steady recovery; furthermore, Japan has achieved the top position in international rankings related to tourism³⁵, highlighting the anticipated progress of inbound tourism in the future. The export value of agricultural, forestry, and fisheries products as well as food reached approximately 1.4 trillion yen in 2022, while the export value of domestically produced alcoholic beverages amounted to about 140 billion yen in the same year, consistently setting new records for over a decade; additionally, Japan's anime and characters have gained popularity worldwide through online distribution and so on, attracting new fan bases and maintaining high levels of interest in Japan.

The event and entertainment industry, which suffered significant setbacks due to the COVID-19 pandemic, has been supported by various government measures; however, now that event restrictions have been lifted due to the reclassification of COVID-19 as a Category V infectious disease, it is crucial to focus on supporting international expansion, large-scale and high-quality performances to recover revenue and demand, as well as activities in collaboration with regional areas.

In 2025, the Expo 2025 Osaka, Kansai, Japan is to be held under the theme of "Designing Future Society for Our Lives." So far, 153 countries and regions as well as 8 international organizations have expressed their participation; additionally, it is anticipated that during the event, around 3.5 million foreign visitors will come to the Expo. Outside of the venue, it is expected that there will be active international interactions facilitated by communications between participating countries and regions and local governments, and participation in cultural or sports events. Considering tourism before and after visiting the venue, it is expected that during the event period, a larger number of people from various countries and regions of different generations will visit Japan, not only in the Osaka-Kansai region but also in various locations across the country. In addition, a "virtual Expo" will also be held in a metaverse space linked to the physical venue and people can experience the expo virtually without visiting Japan, providing an opportunity to feel the attractiveness of Japan. As mentioned, the Expo 2025 Osaka, Kansai, Japan provides an excellent opportunity to showcase Japan's attractiveness to the world and various

³⁴ Refer to footnote 1 above

³⁵ World Economic Forum's "2021 Travel & Tourism Competitiveness Index" (May 2022)

government ministries and agencies are considering promotions in various fields related to CJ: tourism, food, and culture, both within and outside the Expo venue. To fully utilize this opportunity, it is crucial for concerned ministries and agencies to collaborate and work cohesively to implement targeted promotional initiatives that resonate with the intended audience.

In the "Intellectual Property Strategic Program 2022," the "Restarting the Cool Japan (CJ) in anticipation of post-COVID" was advocated; however, as mentioned, the post-COVID era has already arrived in our daily lives. Especially in the case of the Expo 2025 Osaka, Kansai, Japan, it presents a prime opportunity for CJ, and rallying stakeholder strengths to promote the attractiveness of Japan is crucial.

The advent of the "post-COVID" era also signifies the intensified global competition in goods, matters, and content, which is fueled by various countries' initiatives to attract foreign travelers, the international expansion of e-commerce sites for products: food, beverages, and daily necessities as well as the widespread international distribution of content such as anime. In such circumstances, for Japan's products and offerings to stand out and thrive, it is crucial not only to possess universal values like high quality and functionality but also to have distinct and unique values that capture the essence of Japan, often referred to as "Japaneseness" and defining and highlighting these unique qualities becomes essential. This "Japaneseness" is rooted in our country's history, culture, religion, traditions, nature, landscape, aesthetic sensibilities, and so on. Furthermore, from the latest technologies to content: anime and pop culture, many foreigners become fans of Japan by appreciating the unique Japanese technologies, ideologies, and values and the ways in which this is manifested are incredibly diverse. The essence of CJ lies in foreigners perceiving these aspects as "Cool." Disseminating "Japaneseness" in a comprehensible manner to overseas audiences and thereby increasing the number of Japan fans constitutes the endeavor of CJ. Therefore, CJ is not limited to a specific field or industry, but can be considered as Japan's "brand" that should be shared among all stakeholders engaged with overseas interactions.

The "Japaneseness" in goods, experiences, and content has already garnered high praise from people all around the world. This has been achieved through the unceasing initiatives of various stakeholders; simultaneously, individual businesses effectively utilize the value of "Japaneseness" to expand their operations, resulting in a further enhancement of the value of "Japaneseness" and creating such reciprocal positive cycle on a national level is the role of the government's "CJ strategy." CJ is not limited to specific fields or industries; because it encompasses all goods, matters, and content that possess "Japaneseness", it serves as a "catalyst" that brings together a diverse range of

stakeholders beyond sectoral and regional boundaries and by fostering widespread collaboration, the strategy generates fresh attractiveness and further enhances the attractiveness of Japan. Foreign individuals who have encountered "Japaneseness" and become fans often come together to form communities of Japan enthusiasts. For instance, hosting events like Matsuri festivals both domestically and internationally can foster the formation and growth of communities by encouraging the participation of many foreigners. Furthermore, through interactions with Japan, such communities are anticipated to emerge, flourish, interconnect, and sustainably operate across the world. This is the soft power that CJ possesses and the growing empathy and affection towards Japan can bring benefits to the entire country in various ways: diplomacy and international exchanges.

In the world, there are still many people who know very little about Japan. It is essential to create a flow where people first become interested in Japan through exposure to Japanese content and products, then come to Japan as inbound tourists to experience various aspects of Japan's attractiveness and continue to maintain a deep connection with Japan even after returning to their home countries, becoming Japan fans. Some may even choose to reside in Japan and actively contribute as members of Japanese society. CJ is a concept that encompasses a broad range of gateways and depth, which requires a strategic approach that takes into consideration different situations, stages, and effects. In the first half of this year, Japanese anime has been achieving tremendous success overseas, serving as a significant "gateways" to arouse people's interest in Japan worldwide. Content like anime plays a crucial role in this regard.³⁶

The widespread adoption of CJ initiatives is expected to enhance our international competitiveness in areas: inbound tourism, exports of goods and content, ultimately contributing to the growth of Japan's core industries in the future. Simultaneously, the growing number of Japan enthusiasts worldwide is anticipated to make Japan an indispensable presence in the international community, further solidifying its significance on the global stage.

While over a decade has passed since the government began its initiatives on CJ, it's also a fact that there are still hidden aspects of Japan's attractiveness and many untapped regions and individuals within CJ that remain unknown to the world. To fully harness the value of CJ, it's essential not only to focus on specific fields or regions but also to enhance the overall attractiveness of Japan as a nation. The "Intellectual Property Strategic Program 2023" aims to unearth Japan's hidden attractiveness and build networks that

³⁶ As detailed in "7. Content Strategy in the Digital Age," the Cool Japan strategy is promoted in conjunction with the outlined content strategy

connect these elements, all while striving for a self-sustaining and sustainable approach to CJ.

(1) Three approaches for full-scale operation and evolution of the CJ strategy

① Ever-evolving CJ (unearthing hidden attractiveness of Japan)

Since the inception of the CJ initiatives, the surrounding environment has undergone significant changes: rapid digitization, globalization, and shifts in values due to the COVID-19 pandemic. Furthermore, among the recipients of CJ, there has been an increase in the so-called Generation Z or digital natives, who engage with the world abroad on a daily basis through online platforms.

In the first place, CJ is fundamentally about being perceived as "Cool" by foreigners; however, if we fail to adapt flexibly to these changes, there is a risk that we may no longer be perceived as "Cool" in their eyes. The presence of centuries-old establishments is one of the attractiveness that Japan can take pride in, but we must not forget that it is due to the combination of preserving tradition while constantly embracing innovation that has brought us to where we are today.

What has been highlighted in CJ up until now does not encompass all of Japan's attractiveness. For instance, there are cases like Noto's traditional Japanese candles that are 100% plant-based and sustainable and these candles have gained recognition for being clean, producing minimal soot, and not dirtying rooms. They have been highly valued internationally, being used as table candles in foreign restaurants and providing ambient lighting during meals at home.

To consistently attract foreigners, CJ must not neglect the innovation of its existing attractiveness and continue to evolve by unearthing and honing "Hidden Attractiveness" in its surroundings.

One concrete initiative to unearthing "hidden attractiveness" is to utilize the perspective of foreigners who have an attachment to Japan. For instance, initiatives could involve utilizing the perspectives of international students within the country or assistant language teacher (ALT) deployed in schools nationwide to discover and share the attractiveness of local areas, and recognition could be given to outstanding findings and conducting surveys or collecting opinions from foreign residents and tourists in Japan about its attractiveness and even its less attractive aspects could be considered. Initiatives: "Explore Oita Japan"³⁷ in Oita Prefecture and "Fukui Reporters"³⁸ in Fukui Prefecture,

³⁷ The YouTube channel "Explore Oita Japan," established within Oita Prefecture, features foreign exchange students studying at universities in Oita Prefecture as navigators. They unearth and share the attractiveness of the prefecture from the perspective of international students.

³⁸ "Fukui Reporters" involves foreign students and Assistant Language Teachers (ALTs) residing in Fukui Prefecture, who have been commissioned to discover and share the attractiveness of the prefecture through their own experiences. They use social media

conducted by local government bodies, are already underway and it's expected that further collaboration and expansion of these initiatives will be encouraged.

Secondly, it's important to utilize the perspectives of the younger generation, often referred to as Generation Z. Things that may seem commonplace to older generations can appear fresh and exciting to this demographic. For example, collaborative initiatives could be established between nationwide university students and local businesses to create and promote videos showcasing the attractiveness of Japan through their products and services. Another idea is to organize contests among university students to create overseas-targeted videos highlighting the attractiveness of Japan that they discover in their surroundings. These initiatives are believed to not only broaden the scope of CJ but also contribute to cultivating future players in the CJ landscape so it's hoped that moving forward, the initiatives can engage the upcoming "Generation Alpha".

Thirdly, it involves collaborating with academia that studies Japan's attractiveness. Initiatives: "JAXURY" by Keio University ³⁹ and "GAstro Edu" by Ritsumeikan University⁴⁰ have been underway, where several universities are already working in conjunction with local businesses and producers to unearth Japan's attractiveness and promote it abroad. By collaborating with these universities and higher education institutions across the country, CJ can establish networks between universities, expanding the scope of CJ's "getaways" and "depth" and this collaboration is expected to further broaden the reach and impact of CJ.

The attractiveness of Japan unearthed through these initiatives can be considered as "raw gems" and it is essential to hone them into products, experiences, and content that resonate as "Cool" by adding clear and engaging narratives (By "easy to understand," we mean the clarity for foreigners. It involves organizing essential information, assuming that the audience has no prior knowledge, and utilizing videos, photos, illustrations, and data to creatively convey the message with the assistance of native speakers, rather than directly translating Japanese into another language.).

In doing so, it's important to pay attention to the following points:

- a Rather than imposing Japanese values through a product-out approach, adopt a market-in perspective that emphasizes the viewpoint of foreigners and accurately grasp their reactions and respond flexibly; especially, devise appropriate strategies for each country or region and collect data on the reactions and feedback of the target audience, making rational decisions based on this information.

platforms to communicate about Fukui's attractiveness in their native languages.

³⁹ They are communicating the allure of Japan, embodying its authenticity and providing a sense of luxury through the concepts of "JAPAN," "AUTHENTIC," and "LUXURY."

⁴⁰ They are actively creating online connections between individuals and communities involved in food in Japan and abroad. Through dialogues and interactions among producers, they are unearthing new facets of Japan's charm and fostering collaborative value creation.

- b Fully consider the perspective of sustainability, as advocated in the "Intellectual Property Strategic Program 2022"; particularly, there is a strong likelihood that foreign audiences may strongly avoid products or practices that are incompatible with sustainability such as food waste or excessive packaging.
- c Actively engage in collaborative initiatives with other content; particularly utilize anime, manga and so on to convey stories in addition to finding innovative ways to combine music, art, design, and so on.

By unearthing and further honing the various hidden attractiveness that exist around us, Japan's attractiveness becomes diverse and the entirety of CJ becomes more vibrant and vitalized. While doing so, it is crucial to unveil the history, philosophy, and values underlying the attractiveness, involve a diverse range of participants, and promote broad awareness through methods such as recognizing exemplary cases to gain the understanding and empathy of as many people as possible as we move forward. Furthermore, systematizing and widely sharing the perspectives and methods for unearthing "hidden attractiveness" can lead to effective initiatives being undertaken across the country, regardless of location.

② **Regional focus of CJ (honing unique appeals only found in local regions)**

In January of this year, Morioka City was featured in The New York Times' "52 Places to Go in 2023," ranking as the second destination to be highlighted, following London and this recognition generated significant attention. Morioka, located just over 2 hours away from Tokyo by Shinkansen, is not widely recognized among foreign tourists; however, it has been praised as a "Hidden Gem" because the city boasts a blend of Japanese and Western architecture from the Taisho-era as well as a landscape that evokes a sense of Showa-era nostalgia with the description as a place where the citizens are kind, and the younger generation is vibrant and full of energy. This is the result of the longstanding initiatives by the local government and stakeholders to enhance the attractiveness of the city and actively promote it and it's a testament to the dedication of the citizens who love their city and warmly welcome visitors from outside. The fact that regions outside of the well-known golden route (Tokyo, Kyoto, Osaka) have garnered international attention like this provides significant insights and inspiration to other regions.

The number of foreign tourists visiting Japan, which had drastically declined due to the impact of the COVID-19, is now recovering and as previously mentioned, it is expected to reach 20 million people by the end of 2023. Furthermore, second-time and subsequent repeat visitors account for the majority of foreign tourists to Japan, and many of them

explore beyond the golden route since they seek to encounter "Surprises" through experiencing the "real and authentic aspects of Japan": history, traditional culture, and everyday life, which can only be found there. Moreover, Japan's unique and diverse natural landscapes as well as the sports and activities that make use of the "real and authentic Japan", also possess the captivating power to attract many foreign visitors.

In regional areas, there are still deeply ingrained unique cultures, traditions, and customs that have been nurtured for many years. The current situation is that except for some regions, there is very little global attention; however, looking at it from a different perspective, it can also be said that there is great potential to amaze people all over the world. As we approach the Expo 2025 Osaka, Kansai, Japan, the urgent task within CJ is to harness the potential of regional areas, hone their attractiveness, and present them in a way that the world sees them as "places worth visiting."

We would like to provide some perspectives that are essential for enhancing the attractiveness of various regions.

First, it's important to avoid imitating Tokyo's approach. If the attractiveness in a region can be experienced in Tokyo, people wouldn't need to spend time and money to visit that region specifically. "something" that Tokyo does not have should be unearthed and honed.

Secondly, it's important for regions not to fall into the trap of being too homogeneous. Many foreign viewers of videos showcasing different regions in Japan have expressed the sentiment that the content often appears repetitive, making it hard to distinguish one region from another. Focusing on "something" unique and exclusive to a specific region is crucial.

Thirdly, it's essential not to give up on showcasing what might appear to be "nothing special." Even if a region might seem like it has "nothing special" to Japanese residents, it can often be seen as a "slow life" by foreign visitors. Heartwarming interactions with local people and unique firsthand experiences there are also possibilities. Every region undoubtedly holds something distinct and captivating.

What is crucial here is building networks within and between regions. Even if there is "something" that has been diligently honed, it may not have a strong attracting power on its own and visitors might end up making it a day trip without staying. Weaving "something" and "something" together into a cohesive story and enhancing the region's attractiveness with breadth and depth are essential.

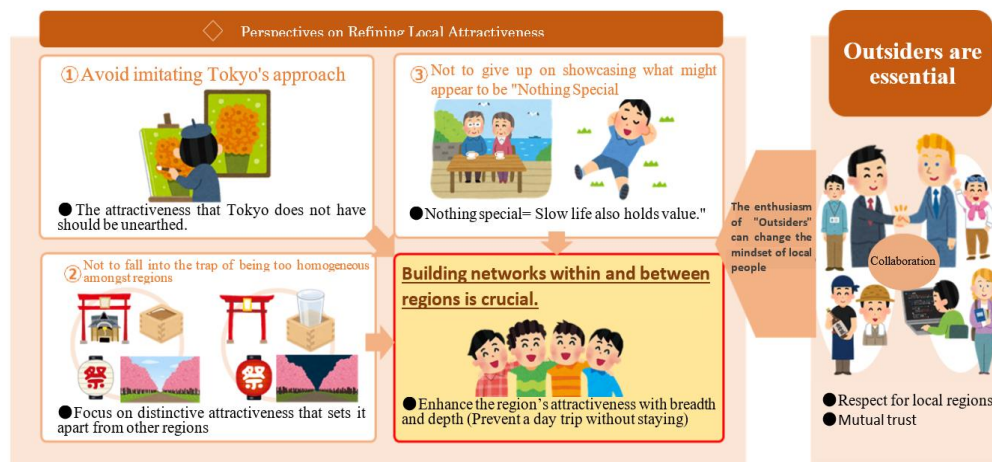


Figure 21: Perspectives required for enhancing regional appeal.

While utilizing the initiatives mentioned in ① to unearth the "hidden attractiveness of Japan" and considering the perspectives mentioned in ②, it is essential to involve "outsiders," meaning individuals from outside the local area, in the process of enhancing the attractiveness of each region (The term "outsiders" here also includes individuals who have returned to their hometowns through U-turn or J-turn.). Discovering the valuable aspects within the local community that should be shared with the world, framing those aspects into compelling stories, and effectively promoting them overseas require the involvement of "outsiders" who possess perspectives from both the local and external contexts.⁴¹ The enthusiasm of "outsiders" who want to improve the local area can lead to a change in the mindset of local people and encourage a transformation in their behavior as they become more open to new initiatives.

On the other hand, the honing process is not solely reliant on "outsiders." The fundamental premise is that "outsiders" should respect the local residents and it is through this attitude and the establishment of mutual trust that the process of honing the attractiveness of regional areas can truly succeed.

In each region, by valuing the nature, culture, traditions, and customs that have been nurtured over many years, and by continuously honing the unique attractiveness that can only be experienced there, incorporating external perspectives, an unparalleled attractiveness that captivates people from around the world is destined to blossom. From now on, it is indicated that utilizing culture and cultural assets is key for each region to

⁴¹ The collaboration between local residents and "outsiders" in the creation process is showcased on the cjpf.jp (Cool Japan Public-Private Partnership Platform) website through the initiatives of Mr. Ota from the Setouchi Brewing Company.

"Case Study 13: Creation of New Value - Setouchi Terroir"
<https://cjpf.jp/modelcase/detail/index/30>

"CJPF LIVE # 2 : Advancing Regional Cuisine and Food Culture: Creating and Promoting New Culinary Charms from Hiroshima"
<https://cjpf.jp/live02>

attract a large number of foreign visitors through inbound tourism. It is expected that by accurately conveying the value of culture and cultural assets themselves, and by expressing them in an integrated manner with their background, history, philosophy, and so on, it will create an enhanced and valuable appreciation experience; furthermore, the revenue generated from this is expected to be directed towards the promotion of culture and the preservation of cultural assets.

Local governments are expected to proactively engage in initiatives: conserving and creating urban landscapes through ordinances, developing infrastructure to ensure a comfortable stay for foreign visitors. In order to support regions that are actively engaged in such initiatives at the national level, initiatives: organizing "CJPF Live (panel discussions by stakeholders and experts)" across the country through the CJ public-private partnership platform, researching and disseminating information on innovative initiatives in advanced regions, and strengthening horizontal connections between regions actively involved in these initiatives should be undertaken.

③ **"Human-centric" CJ (building a network of CJ leaders)**

In such cases that focus on "hidden attractiveness of Japan" or "local attractiveness," the leaders behind these are often individual entrepreneurs and SMEs. Through various awards within the CJ public-private partnership platform (in project and video categories) as well as regional editions of CJPF Live and the development of model cases related to local initiatives, the remarkable contributions of individuals who can be considered as "leaders" behind CJ have become evident. Furthermore, through various initiatives and awards from concerned ministries and agencies: the "EAT!MEET!JAPAN" (Ministry of Agriculture, Forestry and Fisheries), "Sustaina Award" (Ministry of Agriculture, Forestry and Fisheries, Consumer Affairs Agency, Ministry of the Environment), and "Furusato Development Award" (Ministry of Internal Affairs and Communications), the active roles of "leaders" have been evident across a range of fields related to CJ. These leaders are filled with enthusiasm and ideas, wishing to energize their regions and Japan as a whole by passionately loving their own products and businesses with "Japaneseness" and utilizing their attractiveness to do business with the world. On the other hand, it's also a fact that these individuals face various challenges: regional collaboration, international marketing, branding, and digital adaptation. While grappling with these challenges, they are actively seeking like-minded "Partners" to discuss and collaborate on future business endeavors, complementing each other's strengths.

The CJ public-private partnership platform was established in 2015 with the goal of fostering collaboration between the public and private sectors to enhance the CJ strategy.

Based on the achievements thus far, and in line with the recommendations outlined in the "Intellectual Property Strategic Program 2022," it is imperative to further prioritize the establishment of a network among the "leaders" behind CJ, i.e., through the CJ public-private partnership-platform, the Cabinet Office and concerned ministries and agencies facilitate connections and collaborations between "leaders" of CJ who have met and gotten to know each other through various initiatives, awards and so on.

A comment from a business entity highlights that in local regions, opportunities to meet like-minded partners are limited; however, through the facilitation of the national CJ public-private partnership platform, the chance to encounter exceptional partners across industries and regions is greatly appreciated, which underscores the anticipation for "win-win" relationships among the leaders and the potential for new business endeavors through collaboration. Promptly initiating the creation of an online network driven by passionate and innovative "leaders" is of utmost importance and this initiative should begin by fortifying relationships among key individuals, establishing a solid core in addition to involving a diverse range of stakeholders: universities, local financial institutions (regional banks, credit unions, and so on), local broadcasting stations, local government bodies, foreigners and so on, progressively expanding the network's scope.

As the network grows, various communities organized by region, sector and so on will emerge beneath it, facilitating diverse activities to unfold. Furthermore, the emergence of "caretakers" at the core of each community and "Supporters" aiding the activities will contribute to the sustainability of these endeavors. This evolved network embodies the very concept of "private organizations playing a core role in CJ" as proposed in the 2019 CJ Strategy and it is believed that by involving CJ producers and other individuals engaged in CJ and through the autonomous activities of this network, CJ initiatives led by the private sector will become firmly established throughout our country.

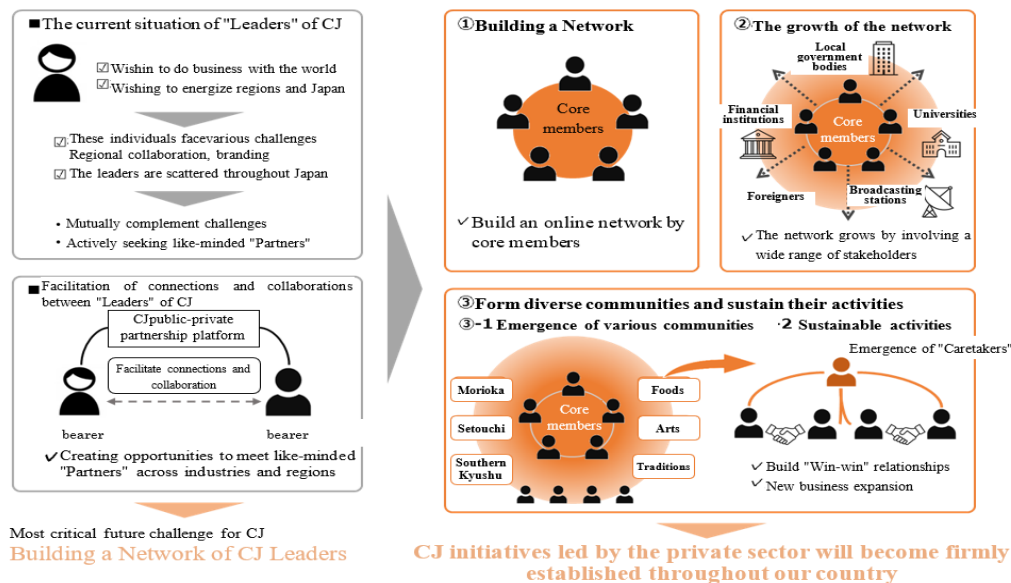


Figure 22: Sustaining CJ initiatives through network building and growth

(2) Initiatives of relevant government ministries and agencies for advancing the CJ strategy

In the "Intellectual Property Strategic Program 2022," concerned ministries and agencies consolidated their policies in alignment with the five aspects of reforming the CJ strategy outlined in the previous year's "Intellectual Property Strategic Program 2021."

In April 2023, the "Cool Japan Strategy Council," chaired by the Minister in charge of the CJ Strategy, was held and Senior Vice Ministers from concerned ministries and agencies reported on the progress and achievements of policies; additionally, it was confirmed that initiatives to enhance collaboration among ministries and agencies and promote the CJ strategy in preparation for the Expo 2025 Osaka, Kansai, Japan were underway.

In the "Intellectual Property Strategic Program 2023," considering the latest circumstances such as the post-pandemic era, the direction for the reform of the CJ strategy was reaffirmed; simultaneously, strategies to be vigorously pursued were compiled to enhance collaboration among concerned ministries and agencies.

(Direction of measures)

- Regarding the significant impact of the COVID-19 pandemic on the CJ-related fields, reinforce the foundation for new initiatives while supporting these fields and communicating our policies and procedures clearly and understandably.

(short term, mid term) (Concerned government ministries and agencies)

- Innovate by utilizing digital technologies, establish new business models, reevaluate business practices including contracts and accounting procedures and explore safety net measures to enhance the resilience of the CJ-related fields during the implementation of our policies.

(short term, mid term) (Concerned government ministries and agencies)

- Explore measures necessary to respond to the new business environment of CJ-related fields and foster further growth by thoroughly considering the needs, taking into account the industry's characteristics.

(short term, mid term) (Cabinet Office, Concerned government ministries)

- To strengthen the foundation of businesses that support the live entertainment and content industry, and to promote domestic events and performances, support the implementation of events aimed at initiatives for revenue recovery, such as digitalization.

(short term, mid term) (METI, Concerned government ministries and agencies)

- Support initiatives aimed at cultivating artists and providing opportunities for their presentations, strengthening ongoing activity bases, and utilizing ICT to acquire audiences.

(short term, mid term) (MEXT, Concerned government ministries and agencies)

- Promote initiatives to improve the working environment for cultural and arts professionals, including freelance artists by implementing new harassment prevention support measures, and so on alongside promoting specific initiatives for the establishment of appropriate contractual relationships in the cultural and arts field: the implementation of training workshops and the establishment of consultation services.

(short term, mid term) (MEXT)

- Strengthen collaboration with concerned ministries and agencies to collectively promote the attractiveness of Japan, encompassing tourism, cuisine, culture, and so on, in a unified manner in preparation for the Expo 2025 Osaka, Kansai, Japan.

(short term, mid term) (Cabinet Office, Cabinet secretariat, Concerned government ministries)

① **Adaptation to changes in values**

(Current situation and challenges)

In the "Intellectual Property Strategic Program 2021," the notable shifts in people's values: the increased focus on nature, eco-friendliness, SDGs, safety, hygiene, and health due to the impact of the COVID-19 pandemic, were highlighted. In the "Intellectual Property Strategic Program 2022," particular emphasis was placed on the importance of

incorporating a sustainable perspective.

An international survey indicates that around 70% of global travelers have an interest in sustainable travel. The value of sustainability has become a universal language across various fields, including tourism, making it not an exaggeration to say so. Furthermore, other international surveys have identified "well-being (wellness)" as a global trend, indicating that it is expected to continue expanding in the future.

In the "Intellectual Property Strategic Program 2022," the incorporation of sustainable perspectives in measures across concerned ministries and agencies has been introduced. From now on, it is anticipated that these ministries and agencies will continue promoting measures while flexibly embracing new global values such as well-being (wellness).

(Direction of measures)

- Based on the changing global values, reform measures related to CJ by enhancing from the perspective of sustainability and SDGs, and incorporating elements: nature, environment, safety, hygiene, and health.

(short term, mid term) (Concerned government ministries and agencies)

- To generate sustained benefits across a wide range of fields and regions and to encourage international visitors to Japan to become interested in various aspects of Japan by utilizing the strong appeal of "food," implement the "EAT!MEET!JAPAN" to strengthen collaboration with different industries and regions in food considering changes in global values and perspectives that are appreciated as attractive qualities of Japan, while also maintaining sustainability consciousness. As part of this, disseminate examples of recognition achievements to the world.

(short term, mid term) (MAFF)

- Regarding "food," which has the potential to reflect the diversity of regional history and characteristics and contribute to local vitalization, further enhance its attractiveness and promote the development of culinary culture. Furthermore, work towards ensuring that Japanese food culture is widely recognized as a source of pride for Japan both domestically and internationally and support initiatives that promote effective digital-age communication to establish Japan as a brand that integrates food and culinary culture, targeting international audiences.

(short term, mid term) (MAFF, MEXT)

- To promote "farm stay," a type of rural accommodation experience, conduct promotions both domestically and internationally through videos and other media tailored to our target audience alongside supporting the development of dining menus and experiential exchange programs that make use of local resources, and the establishment and maintenance of accommodation facilities utilizing traditional

Japanese houses and similar historic structures.

(short term, mid term) (MAFF, MLIT)

- Due to shifts in society and people's values, the significance of SDGs and ESG investment has been increasing. Alongside supporting overseas demand development in these areas, Cool Japan Fund Inc. will also recognize the distinct strengths Japan possesses in addressing various global social issues: disaster prevention, an aging society, and CE.

(short term, mid term) (METI)

- Amid the increasing global interest in sustainable tourism, to make Japan a preferred destination for international travelers, conduct promotional activities to encourage visits to Japan, create content, including experiences, that reconciles tourism utilization with the conservation of local resources, and establish systems for a positive feedback loop to enhance the sustainability of the region's economy, society, and environment.

(short term, mid term) (MLIT)

- Regarding national parks, undertake infrastructure development to facilitate the adoption of new lifestyles such as "workation" in addition to promoting sustainable tourism, and engaging in both domestic and international promotions. Furthermore, to accelerate decarbonization in harmony with the conservation of the natural environment, provide assistance to areas that take the lead in becoming carbon-neutral, positioning them as "zero carbon parks."

(short term, mid term) (MOE)

② **Building a positive cycle between exports and inbound tourism.**

(Current situation and challenges)

Exports and inbound tourism are the two wheels of CJ. For instance, foreigners who become interested in Japan through content such as anime may visit Japan for inbound tourism, enjoy Japanese culture and food and after returning to their home countries, they continue to purchase Japanese products and share their experiences on social media, creating a positive cycle that leads to new inbound tourism, which contributes to the overall vitalization of CJ.

In recent years, the export value of agricultural, forestry, and fishery products as well as Japanese alcoholic beverages, has been steadily increasing. In terms of inbound tourism, since the easing of border controls in October of last year, there has been a steady recovery towards the levels seen before the COVID-19 pandemic. The government has set ambitious goals of achieving 5 trillion yen in exports of agricultural, forestry, and fishery

products as well as foods, and welcoming 60 million inbound tourists by 2030, so it is considered essential to vigorously promote a strong mutual positive cycle between exports and inbound tourism. To achieve this, it's crucial to comprehensively advance both the overseas expansion of Japanese products (goods) and the international promotion of unique experiences that can only be found in Japan (matters). Initiatives are already underway within concerned ministries and agencies to attract inbound tourists through regional cuisine and beverages; however, there is a growing expectation for the promotion of multidimensional and multifaceted initiatives: collaboration with different fields and bridging barriers between ministries to foster co-creation.

(Direction of measures)

- Based on the revised "Strategy for Expanding the Export of Agricultural, Forestry, and Fishery Products and Foods" in December 2022, support the establishment of export production areas for large-scale exports and promptly implement amendments to the Export Promotion Law, including the certification of commodity organizations, along with comprehensive, specialized and ongoing support through an export assistance platform, and the strengthening of IP measures.

(short term, mid term) (MAFF)

- To expand the dissemination of Japanese cuisine and food culture abroad and further enhance the export of Japanese agricultural, forestry, and fishery products and foods, support businesses working to expand and strengthen "Japanese food supporter stores" where people interested in Japan or those with experience visiting Japan can experience Japanese food while comprehensively promoting the attractiveness of Japanese food ingredients through content delivery, featuring overseas Japanese chefs, and sharing recipes that utilize Japanese ingredients.

(short term, mid term) (MAFF)

- To prevent the circulation of counterfeit products imitating the Japanese brand abroad, promote the establishment of a framework for mutual protection of GI with foreign countries and implement measures to counteract unauthorized use and infringements alongside promoting initiatives that utilize GI such as the registration of processed products and internationally-oriented products, to contribute to the expansion of exports of agricultural, forestry, and fishery products and items. Furthermore, promote initiatives aimed at attracting people to the region by utilizing GI products that possess unique regional attractiveness and strengths, serving as symbols of local identity and exclusive local brands, as primary content in our tourism offerings.

(short term, mid term) (MAFF)

- Based on the "Strategy for Expanding the Export of Agricultural, Forestry, and Fishery Products and Foods," to further expand the export of Japanese alcoholic beverages, increase awareness through international promotion, promoting sake brewery tourism, and expanding sales channels through initiatives such as facilitating matching between Japanese alcoholic beverage producers and overseas buyers. Furthermore, actively promote initiatives by alcoholic beverage producers to brand their products, aiming to achieve product differentiation and higher added value alongside implementing initiatives to promote and utilize geographical indications (GI) and providing technical support.

(short term, mid term) (MOF)

- To enhance Japan's soft power and promote the attractiveness of the regions through the international expansion of broadcasting content, collaborate with a wide range of stakeholders: Broadcast Program Export Association of Japan (BEAJ), broadcasting companies, video production firms, local public authorities, and concerned government ministries and agencies. Considering the diversified global viewing environment driven by the growth of video streaming, produce content that conveys Japan's appeal and disseminate it internationally.

(short term, mid term) (MIC)

- To capitalize on the growing overseas demand and expand the market for Japanese-origin content, facilitate the international distribution of content through promotion and localization (translation and so on).

(short term, mid term) (METI) 【Re-post】

- To enhance the international promotion of Japanese culture and effectively and strategically pursue global expansion by incorporating a business mindset, in collaboration between the public and private sectors, implement comprehensive support programs: building networks and conducting promotional initiatives abroad, supporting participation and matching in opportunities for top-level artists to discover and form global-level careers.

(short term, mid term) (MEXT) 【Re-post】

- To promote the dissemination of literary works and manga overseas, support intermediaries who can convey the value of such works, ensuring that each author has an international presence and that there is expansion based on inclusive themes. Additionally, discover and cultivate foreign specialists who can provide translations and critiques that reflect overseas cultures and perspectives.

(short term, mid term) (MEXT) 【Re-post】

- To assess the value of our country's literary works and manga and so on, in structured

frameworks abroad: critics, influencers, libraries, museums, and schools overseas, establish a stakeholder council comprising the National Art Research Center, domestic and international experts, and representatives from the publishing industry, among others while developing recommended reading lists for libraries, etc. and advance initiatives to secure exhibition opportunities and international book fairs at culturally influential institutions: museums, art galleries and so on.

(short term, mid term) (MEXT) 【Re-post】

- Engage in initiatives related to the international promotion of art at international events.

(short term, mid term)(MEXT) 【Re-post】

- To achieve the internationalization and vitalization of the Japanese art market, continue attracting international art fairs and auctions to Japan as well as establishing an environment and infrastructure to attract customers from overseas markets.

(short term, mid term) (MEXT)

- Implement promotions aimed at the recovery of inbound tourism through the Japan National Tourism Organization (JNTO)'s digital marketing to understand travel demand as well as the dissemination of Japan's diverse attractions through the JNTO and diplomatic establishments abroad and so on.

(short term, mid term)(MLIT, MOFA)

- Develop tourism centers and regions with cultural resources at their core by promoting the establishment of cultural tourism hubs based on the Cultural Tourism Promotion Act, enhancing the appeal of cultural resources such as Japan Heritage, and strengthening their promotion.

(short term, mid term) (MEXT, MLIT)

- In light of attracting high-value travelers to local regions, in the 11 model tourist destinations selected in March 2023 nationwide, implement comprehensive measures across these four fields: "Appeal" (creating a stay experience that meets the needs of high-value travelers), "Stay" (high-quality accommodation facilities that allow guests to experience the local story and culture), "People" (talent who can bring high-value travelers to the region and provide high-quality services: guides and hospitality professionals, in the region), and "Connect" (promotion to position Japan as a destination of choice for high-value travelers).

(short term, mid term) (MLIT)

- As for the Project to Fully Enjoy National Parks, expand to national parks and quasi-national parks nationwide through the enhanced implementation of the amended

Natural Parks Act, with a focus on strengthening measures for utilization, and undertake the vitalization and enhancement of utilization bases through the removal of abandoned buildings and the redevelopment of vacant lots, promoting nature-based experiential activities, and improving sustainability. Furthermore, improve the visual appeal of national park utilization bases, primarily through private sector proposals for accommodation projects and promote experiential tourism based on emotional experiences in beautiful natural settings, contributing to the branding of national parks and attracting visitors from both domestic and international sources.

(short term, mid term) (MOE)

- To enhance the international competitiveness of the fashion industry, promote global expansion, entry into digital markets and support the transition to sustainable business models and ecosystems, value creation through collaboration between creators and local cultural resources, infrastructure development, and so on.

(short term, mid term) (METI)

- To promote art investment by local governments and businesses and establish a system where funds are reinvested to artists, actively open up public spaces and unused areas in the region to artists as well as actively utilizing art pieces and artworks that businesses own but have not been fully utilized. Furthermore, create an environment conducive to cultivating globally recognized artists through these foundation enhancements.

(short term, mid term) (METI)

③ Establishment of innovative business models using digital technologies

(Current situation and challenges)

The COVID-19 pandemic has accelerated the digitalization and online transition across various fields and in the Cool Japan, initiatives have advanced in areas: online streaming of events and concerts, digitalization of tourism resources, utilization of metaverse spaces and avatars, and cross-border e-commerce.

As digitalization progresses, there's a growing belief that the value of real-life experiences and events is increasing. By effectively combining online and real-world elements, it becomes possible to attract a larger customer base and enhance overall revenue. For instance, initiatives are being carried out to elevate the anticipation of real-life experiences for foreign visitors through online travel experiences, and to use experiences in metaverse spaces as a gateway to connect with physical retail and services so further developments in this direction are highly anticipated.

(Direction of measures)

- To establish new business models (create new businesses), support demonstration projects undertaken by local companies and so on, which combine the characteristics and strengths of the region with digital technology.
(short term, mid term) (METI)
- Conduct online virtual travel experiences (virtual trips) for attracting foreign visitors to regions designated as "SAVOR JAPAN," which have been certified as "Farm Stay and Japanese Food Culture Promotion Areas."
(short term, mid term) (MAFF)
- To support the content industry, including live entertainment, and strengthen the foundation of businesses that organize performances and events domestically, support the implementation of digitalization, and organize events aimed at revenue recovery.
(short term, mid term) (METI, Concerned government ministries and agencies) **【Re-post】**
- To promote DX in museums and art galleries, standardize and develop systems for the management of artworks and cultural assets. Furthermore, to enhance transparency in the art trade and foster a vibrant market, undertake pilot projects to implement block-chain technology to achieve revenue reinvestment to artists, ensuring traceability.
(short term, mid term) (MEXT)
- To strengthen the industrial foundation of broadcasting, anime, film, and so on, and facilitate their overseas expansion, promote the strengthening of production and distribution infrastructure and the transformation of business models through collaboration between the public and private sectors, the utilization of digital technology in content creation and distribution, the digitization of production processes, and the facilitation of cooperation with foreign businesses.
(short term, mid term) (MIC, METI, MEXT)
- Based on the Comprehensive Strategy for the Vision for a Digital Garden City Nation, promote collaboration among CJ stakeholders utilizing digital technology in rural areas and initiatives to disseminate information to the world.
(short term, mid term) (Cabinet Office, Cabinet secretariat, MIC, MOFA, Concerned government ministries)

④ Enhancement of communicative prowess

(Current situation and challenges)

As advocated in the "CJ strategy" (2019), for strengthening outreach capabilities, it is

crucial to craft a story that is easily understandable to foreigners, taking into account their interests and concerns as the "Gateways," and grounding it in the essence of Japanese culture as the "depth." Furthermore, there's a viewpoint: "despite Japan having numerous wonderful attractions, the lack of foreign language information hinders the conveyance of its attractiveness to foreigners." Hence, it is expected to utilize methods like DX to devise bilingual communication strategies, ensuring effective dissemination of the attractiveness.

In anticipation of the Expo 2025 Osaka, Kansai, Japan, there will be information dissemination through the "Expo + National Tourism Portal Site (tentative name)" ahead of the event, along with collaborative visit Japan promotion activities involving the Japan Tourism Agency and JNTO, and so on. It is crucial to view this as a prime opportunity where global attention converges on Japan and actively collaborate as CJ.

Strengthening collaboration among concerned ministries and agencies is necessary, utilizing various channels such as diplomatic establishments abroad and Japan Houses to effectively broadcast Japan's attractiveness. Foreign exchange students and ALTS often remain avid Japan enthusiasts even after returning to their home countries so strengthening collaboration with them as potent partners in CJ initiatives is essential.

(Direction of measures)

- For the Expo 2025 Osaka, Kansai, Japan, as an integrated whole, strengthen collaboration with concerned government ministries and agencies to promote Japan's attractiveness: tourism, cuisine, and culture.

(short term, mid term) (Cabinet Office, Cabinet secretariat, Concerned government ministries) 【Re-post】

- For the Expo 2025 Osaka, Kansai, Japan, alongside honing and creating tourism content by utilizing the finest cultural resources, further boost the recovery of inbound tourism demand and the promotion of cultural and artistic activities and expand nationwide initiatives to showcase the diversity of Japanese culture and the arts to the world, utilizing digital content for communication and virtual experiences.

(short term, mid term) (MEXT, Concerned government ministries and agencies)

- For traditional culinary culture, such as distinctive local food traditions that have been passed down in the regions and the traditional kaiseki cuisine rooted in the Japanese tea ceremony, support initiatives by local public entities and others to build and disseminate "Food Culture Stories" that clarify cultural values and convey cultural backgrounds in an easily understandable way, forming model cases.

(short term, mid term) (MEXT)

- Aim to register Japan's traditional sake brewing techniques using koji molds for UNESCO's Intangible Cultural Heritage. This will not only ensure the transmission of these techniques to the next generation but also enhance global recognition of these skills.

(short term, mid term) (MOF, MEXT)

- Taking into account the unique characteristics of each national park, utilize new digital technologies like VR to effectively showcase the attractiveness of these parks. In addition, disseminate the attractiveness of national parks to both domestic and international audiences through websites and social media platforms in collaboration with the JNTO website and enhance outreach capabilities by creating an environment that allows national park visitors to share their experiences.

(short term, mid term) (MOE, MLIT)

- Based on the Comprehensive Strategy for the Vision for a Digital Garden City Nation, promote initiatives to collaborate with CJ stakeholders in regional areas who utilize digital technology and disseminate the information to the world.

(short term, mid term)(Cabinet Office, Cabinet secretariat, MIC, MOFA, Concerned government ministries) 【Re-post】

- In countries and regions where the broadcasting of Japanese content is not yet widespread: South Asia, Oceania, Central and South America, the Middle East, Eastern Europe, Africa and so on, follow up to ensure that the broadcasting and distribution of Japanese dramas, anime, documentaries, movies, variety shows, and other content provided for free until the fiscal year 2022 are effectively carried out. Furthermore, in countries where diplomatic and cultural exchange strengthening is necessary, conduct theatrical screenings and online streaming based on a lineup that takes into account the local needs and contribute to creating a foundation for overseas expansion by promoting understanding of Japan and increasing the demand for visual content, including Japanese films.

(short term, mid term) (MOFA)

- To enhance the outreach capabilities of diplomatic establishments, provide the videos and other media from video contests and so on organized by concerned government ministries to the Ministry of Foreign Affairs and strive to disseminate them as representations of Japan's attractiveness at diplomatic establishments abroad and related locations. In doing so, consider the handling of copyright and related matters to enable flexible utilization at diplomatic establishments abroad.

(short term, mid term) (Cabinet Office, MOFA, Concerned government ministries)

- Further utilize the outreach capabilities of Japan House. In doing so, ensure that the

outreach efforts at Japan Houses not only focus on communication but also consider securing business opportunities and commercial connections.

(short term, mid term) (MOFA, Cabinet Office)

- Support initiatives aimed at matching various industries related to CJ alongside encouraging cross-industry collaboration in the field of CJ by recognizing and showcasing exemplary initiatives.

(short term, mid term) (Cabinet Office)

- To effectively connect location incentives with the vitalization of local areas, promotion of visits to Japan using the success of productions, and the advancement of the domestic film production industry, enhance the environment for location incentives by collaborating with local public entities, strengthening partnerships with film commissions alongside providing incentives for location incentives.

(short term, mid term) (Cabinet Office, Concerned government ministries)

- Based on the second proposal from the Education Future Creation Council discussions and so on, advance comprehensive initiatives: creating opportunities for studying in Japan, improving the quality and attractiveness of domestic university education and research environments, and enhancing the internationalization of universities and institutions that form the basis for hosting excellent international students, since foreign students play a significant role in promoting mutual understanding and friendly relations with other countries and actively conveying the various attractiveness of our country overseas.

(short term, mid term) (MEXT, Concerned government ministries and agencies)

- To disseminate Japan's regional attractiveness and strengthen its soft power, collaborate with a wide range of stakeholders: broadcasting companies, film production companies, local public entities, and concerned government ministries and agencies, to establish an online platform for overseas transactions of broadcast programs by 2024, and strengthen information dissemination through content by promoting the expansion of our country's content to overseas broadcasting stations and streaming platforms through the utilization of this platform and participation in international trade fairs.

(short term, mid term) (MIC)

⑤ Strengthening the foundations that support CJ

(Current situation and challenges)

The CJ public-private partnership platform was established in 2015 with the aim of promoting collaboration between the government and private sectors to enhance the CJ

strategy and the strengthening of its functions was proposed. In the "Intellectual Property Strategic Program 2023," building a network among the leaders of CJ is identified as the most critical challenge to address, based on the achievements made so far.

Many of Japan's attractions are found in local regions and to enhance CJ initiatives, it is necessary to strengthen collaboration with local government entities to further utilize the attractiveness of local areas and enhance information dissemination.

Supporting for overseas market development through investments by Cool Japan Fund Inc. and establishing sales channels and networks in foreign countries are crucial initiatives for all stakeholders involved in CJ. As part of the ongoing initiatives to enhance the foundation supporting CJ, it's essential to further collaborate among concerned ministries, agencies, and other stakeholders while considering necessary deliberations. Furthermore, it is necessary to enhance collaboration among concerned ministries and agencies to build a positive cycle in CJ initiatives such as utilizing the networks and knowledge held by diplomatic establishments abroad to disseminate information about Japan's attractiveness that CJ stakeholders possess.

(Direction of measures)

- Regarding the Cool Japan Public-Private Partnership Platform, enhance its role as a place for fostering collaboration and co-creation, broadening its membership to include stakeholders from both domestic and international CJ-related entities, focus on the activity, following four points: 1. Mutual communication and information sharing, 2. Utilize the strengths and compensating for weaknesses of CJ stakeholders 3. Facilitating collaboration among CJ stakeholders 4. Actively utilizing foreign enthusiasts of Japan

(short term, mid term) (Cabinet Office)

- To promote co-creation with communities in the CJ-related fields, share know-how through the recognition of advanced cases and create opportunities for exchange and discussion among active communities.

(short term, mid term) (Cabinet Office, Concerned government ministries)

- To deepen collaboration with Cool Japan Fund Inc., concerned ministries, agencies, and other stakeholders, while utilizing the CJ Public-private partnership platform and so on, provide information about global perspectives and new initiatives to the same organization as well as share information and provide collaborative support with members who have participated in the platform regarding previously invested projects of the organization.

(short term, mid term) (Cabinet Office, METI)

- Considering that diplomatic establishments abroad and the Japan Foundation (JF) will

comprehend the needs of each country, actively and continuously promote Japan's diverse attractiveness to the world and increase interest and curiosity about Japan in other countries by utilizing online platforms and conducting activities: lectures, performances, exhibitions, and so on across a wide range of fields: traditional culture, pop culture, local attractions, and Japanese cuisine.

(short term, mid term) (MOFA)

- To establish a foundation for utilizing Japan's world-renowned industrial products created by Japanese companies that have shaped our country's lifestyle culture, as well as design assets such as fashion, including kimono, preserved by domestic museums and businesses, strengthen the country's industrial competitiveness, foster the next generation of designers, and consider the future of archiving by collaborating with domestic institutions that possess artworks and referring to overseas examples where art is used as a tourism resource.

(short term, mid term) (METI)

1 1 . Work Schedule