

Japan

Japanese Customs Act (“Customs Act”), Article 69-11 (1) prohibits import of certain types of goods, as goods that infringe patent rights, utility model rights, design rights, trademark rights, copyrights or copyright neighboring rights, circuit layout design rights or plant breeder’s rights and also related to interests protected under the Unfair Competition Prevention Act, for example, trade secret and indications well known among customers

Customs Act, Article 69-2 (1) prohibits export of the above types of goods.

Customs, an administrative agency, is in charge of injunction of import and export.

The process has two stages: (a) a right holder’s filing a motion to request Customs to take the subsequent stage (“Suspension Motion”) and (b) customs’ finding whether the goods infringe the intellectual property right (“Finding Procedure”).

Under the Customs Act, Customs can initiate the stage (b) at its discretion without the stage (a), namely, without the right holder’s motion. For example, Customs can identify products featuring a very popular character or having a very famous trademark. In practice, however, most of the cases are triggered by the stage (a).

The process at Customs is different from those in the court.

Jurisdiction: Customs has jurisdiction over the goods as explained above. A director-general of each customs in Japan has authority to confiscate and discard the goods to be imported or exported, and to issue an order to an importer to reload the goods (Article 69-2 (2) and 69-11(2) of Customs Act).

Domestic Industry Requirement: Customs Act does not have any counterpart of domestic industry requirement.

Parties: The right holder in the stage (a) (Suspension Motion) is referred to petitioner.

Jury: There are no juries in the procedure of Customs.

Procedure (the stage (a) (Suspension Motion)): The right holder shall file a motion with showing infringement at prima facie level. Specifically, the following matters are necessary: **(i)** details of right, **(ii)** reason why the goods infringe his/her right or business interests, **(iii)** the desired period of time for which the motion remains in effect (such period of time shall be within four years) and **(iv)** any feature with which Customs can identify infringement (Article 69-4 and 69-13 of the Customs Act; Article 62-3 and 62-17 of the Order for Enforcement of the Customs Act; 69, 4-3 and 69, 13-3 of Basic Interpretive Regulation). When a right holder files a motion on the basis of interest under Unfair Competition Prevention Act, Article 2 (1) (i) (indication well-known among customers), the opinion of Minister of Ministry of Economy, Trade and Industry is necessary in addition to those above.

After Customs checks formality, Customs examines whether or not the right holder shows infringement at prima facie level. In this step, Customs notifies an importer/exporter and other stakeholders of such motion and provides an opportunity for filing its opinion and exhibits with them (69, 4-6 and 69, 13-6 of Basic Interpretive Regulation). Customs can ask ad-hoc advisors to provide its opinion (Article 69-5 and 69-14 of the Customs Act). In practice, Customs appoints three advisors from a pool consisting of about 50 members, most of them are attorney-at-laws, patent agents and professors. The opinion of the majority of the advisors is generally respected.

The advisors systems are mainly used for patent cases and design right cases, and rarely used for trademark cases and copyright cases.

Customs aims to complete the stage of Suspension Motion within a month if an opinion of advisors is not requested (69, 4-1 and 69, 13-1 of Basic Interpretive Regulation) and within 2 months if an opinion of advisors is requested. In practice, the period is about 1-2 months if an opinion of advisors is not requested and about 3-5 months if an opinion of advisors is requested. This period is much shorter than the averaged period at the court process at the first instance.

Percentage of Suspension Motion under each right is as follows; Copyright neighboring rights: about 50%, trademark: about 30 %, copyright: about 10 %, design right: about 10 %, patent: about 2%. In general, it is difficult for Customs to identify patent-infringing goods. In contrast, identification of trademark cases and copyright cases is much easier that of patent cases. The distribution above reflects such background.

Procedure (the stage (b) (Finding Procedure)): When Customs encounters the alleged infringing goods at its own survey or by trigger of the right holder's motion, Customs initiates the stage of Finding Procedure. Customs notifies a right holder and an importer/exporter of initiation of this stage and provides an opportunity for filing its opinion and exhibits with them within 10 business day period (Article 69-3 (1) and 69-12 (1) of the Customs Act; Article, 69, 3-1-3 and 69, 12-1-3 of Basic Interpretive Regulation)). Customs can ask ad-hoc advisors to provide its opinion (Article 69-9 and 69-19 of the Customs Act).

When a right holder's motion is already accepted (except for motion of patent, utility model right and design right), Customs notifies an importer of his/her chance to report whether he/she will contest infringement within 10 business day period from the notice. If the importer does not contest infringement, Customs can make decision only the basis of arguments and exhibits filed by the right holder in the Suspension Motion stage (so-called "streamlined procedure"). If the importer contests infringement, Customs provide a chance of filing arguments and exhibits with each party within 10 business day period (Article 62-16 of the Order for Enforcement of the Customs Act; 69, 12-1-2 of Basic Interpretive Regulation).

Customs aims to complete the stage of Finding Procedure within a month if an opinion of advisors is not requested (69, 3-1-4 and 69, 12-1-4 of Basic Interpretive Regulation)) and within 2 months if an opinion of advisors is requested.

Statutory Deposit of right holder: When Customs accepts the right holder's motion in the stage (a) of the Suspension Motion, Customs can order the right holder to deposit an amount of money to ensure the compensation for damages incurred by an importer/exporter (Article 69-6, 69-15 of the Customs Act).

Discontinuation of Finding Procedure requested by an Importer/exporter and Statutory Deposit of an Importer/Exporter: An importer/exporter can request discontinuation of the Finding Procedure. When Customs is requested for discontinuation, Customs shall order the right holder to deposit an amount of money sufficient to cover the damages which may be incurred by the right holder. When the importer/exporter deposits the amount of money, Customs shall discontinue the Finding Procedure (Article 69-20 and 69-32 of the Customs Act). After discontinuation, the importer/exporter can import/export the goods.

Burden of Proof: The right holder shall prove infringement at prima facie level.

Review: When a party is dissatisfied with the Customs decision, it is possible to file an objection with Director-General of Customs (so-called "Request for Re-Investigation" under Administrative Appeal Act). If the decision in response to Request for Re-Investigation is unfavorable, it is possible to file an objection with Minister of Ministry of Finance (so-called "Request for Examination" under Administrative Appeal Act).

Alternatively, it is possible to file an objection directly with Minister of Ministry of Finance, with skipping the objection with Director-General of Customs.

If the decision of Minister is still unfavorable, they can file an administrative lawsuit with the district court.

Remedies: Customs cannot award money damages. Customs can confiscate and discard the goods to be imported or exported, and to issue an order to an importer to reload the freight.