

## Interview No.29

### How can "innovation" create a new Japan?

#### Prescription for strengthening industrial competitiveness through Intellectual Property strategy (Part II)

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In February 2013, The Intellectual Property Committee of Keidanren (Japan Business Federation) submitted recommendations intended to formulate an "Intellectual Property policy vision". The Committee also outlined a prescription for strengthening Japanese industrial competitiveness through Intellectual Property strategy and better use of available finance. Mr. Botaro Hirosaki, a chairman of the Planning Department of the Committee; and Mr. Takashi Sawai, a director of the Intellectual Property Strategy Research Center who is familiar with Intellectual Property in the industrial sector, discussed the background behind the recommendations and the anticipated achievements. The experts also discussed the general aspirations of the Japanese Intellectual Property system and industrial sector.

**Mr. Botaro Hirosaki**, a chairman of Intellectual Property committee, Planning Department of Keidanren (Japan Business Federation) (special advisor of NEC)

**Mr. Takashi Sawai**, a director of the Intellectual Property Strategy Research Center (a vice president of Miyoshi & Miyoshi)

### Increasing options to effectively utilize technology

**Hirosaki:** In these recommendations, there are two main points in view of the contribution from Intellectual Property. One is the creation of a new direction for Intellectual Property which is directly related to industrial opportunity. In the cycle of creation, protection and utilization of Intellectual Property, pro-patent is a policy especially emphasizing protection. In the past, when US industries were serially defeated by Japan, the US brought pro-patent to the forefront and began strongly protecting Intellectual Property. On the other hand, pro-innovation relates to how products of technology are connected to industry, and emphasizes a way to utilize rather than protect. The concept of pro-innovation is, for example, devising a new scheme such as weakening an injunction so as



to stimulate easy cooperation between companies and creating dynamism through utilization of Intellectual Property.

**Sawai:** What is especially effective in revising any system is increasing options. For example, when preparing an injunction, deciding whether to make it strong or weak should be based on the impact it will have from a technical aspect. Increasing options may broaden the range of utilization of Intellectual Property. Additionally, there are possible schemes involving changing the definitions of inventions and being able to choose the period of examination request from 3 to 7 years based on cost incentive.

**Hirosaki:** There is also a room for considering the national project (national pro). According to the basic way of thinking about property, when a nation provides funds and entrusts research to companies, ownership belongs to the nation. However, the "Bayh-Dole Act" established in the US dares to employ a system opposite to this. Even if a nation provides funds, the results belong to the universities. The US succeeded in this system and created a successful model for renovating a venture-initiated industry. In the Japanese national project, however, application of the "Bayh-Dole Act" does not always function well. Combination of technologies is valuable, but currently each of the participating companies retains only its own technology and value cannot be exercised. Accordingly, by allowing the companies to keep technologies as one lump property for a certain period, these technologies will be utilized effectively.



**Sawai:** In this case, how about opening technology up to other companies after a certain period has passed? This allows companies with the capability to "edit" a technology, to easily utilize it. Of course, companies participating in the national project may apply to utilize technology in their business, but if these companies do not apply for this, a gateway for other companies to do this should be opened. To achieve this, how about having 2 time periods for utilization, one for the participating parties and a further one where the technology is opened up to other companies?

## Providing Japanese Intellectual Property system for emerging countries

**Hirosaki:** Another main point of the recommendations is globalization. Now, emerging countries are having increasing influence but each country's unique system causes various disadvantages. What could be effective in this case is providing know-how from an Intellectual Property system developed over many years. Japan has an Intellectual Property system and operation that has been cherished for more than 100 years since the Meiji era. Having developed industry while enduring a range of struggles, Japan can surely offer good advice to other Asian Countries. Japan should not oblige other countries to employ its system but cooperate in immediately establishing infrastructure in the countries. This would raise a feeling of reliability towards Japan and more and more people may desire to study in Japan or start business here. Building such a unifying force will be a target of an innovation hub.

**Sawai:** In emerging countries, applications for Intellectual Property rights are rapidly increasing, so Japan can supply its expertise in areas such as; capability to examine applications, capability to draft specifications and ways to manage Intellectual Property in companies. Teaching not only a system but also a way to manage it will assist other countries and Japanese companies will easily expand their business there. There may be a way to supply Intellectual Property-related support so as to establish a win-win relationship with other countries. Japan's background has not just been about technology but also the combination of technology and an Intellectual Property system.

---A manpower problem also exists.



**Sawai:** Japan had the remarkable advantage of being in charge of "technoscience" which is a combined specialty of technology and science (see reference article), but Japan has not excelled in combining technology and society. The Japanese have lacked the capability to design a society and apply technology to that society. Technology does not exist just on its own but becomes significant when applied to a society. People who are able to consider technology from a standpoint of its influence on society are becoming more and more necessary.

**Hirosaki:** Accordingly, the capability to design from a standpoint of social systems is required. Japan appears not to have many places for cherishing a capability to design. Certainly, Japan has been emphasizing and cherishing a combined expertise of technology and science, but there has been only sporadic movement in combining technology and society. How to overcome this is a big question.

**Sawai:** Because it takes time to educate people, we should first allow people with a collective interest to get together and form a team. It might be a good idea for sociologists, engineers and officials who want to dynamically move a policy forward, to get together and repeatedly discuss how society and technology interact. Together they will think of some ways to progress.

**Hirosaki:** It is necessary to create places where people with such a high level of awareness can get together. Creating an environment where barriers among companies are lowered is important. Employers of different companies can repeatedly discuss the interaction of society and technology, combining wisdom from both universities and businesses.

## **A common language to connect companies from different industries**

**Sawai:** Basically in Japan, a vertically divided structure of industrial sectors and authorities has been established. In this state, trying to making horizontal connections requires considerable energy. I, however, feel that horizontal connection between people involved with Intellectual Property may be made comparatively easily. Even people from different industries may understand each other through the common language of "Intellectual Property". I think it's interesting if people in charge of Intellectual Property can take up discussions with the management planning department of their company and develop business cooperation or specific working relationships. For example, the environmental technology matching site "WIPO-Green" was conceived by a person involved in Intellectual Property in Japan, and it developed into promotion of global business cooperation (see reference article). Such development of company matching starting from Intellectual Property may be one model.

**Hirosaki:** In the case of the US, a whole society with a source of knowledge and a structure for producing knowledge has been created; while in the case of Japan, most knowledge is contained only in major companies. Lowering the barriers between companies and promoting knowledge exchange in a true sense, is significant. Before now, cooperation between companies from different industries involved learning from the other industry's

management; but in the future, developing this into a specific movement to link up companies from different businesses or even form a joint venture, is important.

**Sawai:** I listened to an interesting university lecture the other day. Several companies were lecturing on Intellectual Property management and they instructed students listening to the lecture to list "one company where you want to work" and "one company where you want to introduce a management method". Results were summarized in a score sheet, which listed various combinations, for example, combination of company A's new business with company B's sales network. It was very significant to see students be trained by studying combination patterns of companies like this.

**Hirosaki:** Actually, lowering barriers between companies from different industries is not so easy. The most realistic solution is finance. The amount of money utilized in high-return investment by the country or citizens, needs to change. For example, instead of 10 companies getting together and creating a matching fund of 1 billion yen, instead each company could invest 200 million yen to create a fund of 2 billion yen. If each company is aware that providing 200 million yen can create a business worth 2 billion yen, the barriers between companies will suddenly lower. In ways such as this, thinking of innovation and finance as a single entity is effective.

**※Botaro Hirosaki, Doctor of Engineering**

In 1970 graduated from Tokyo University, faculty of engineering and entered Nippon Electric Company (NEC)

In 1987 Chief of research and development planning division, technological research and development department

In 1995 Manager of C&C basic business planning department (and) chief of C&C basic research and development laboratory

In 2001 Operating officer and manager of optical network business department

In 2004 Operating officer and managing director, manager of Intellectual Property business department

In 2006 Operating officer and executive managing director

In 2008 President and operating officer vice president

(Chairman of Planning Department of Intellectual Property Committee of Japan Business Federation since September of the same year)

Special advisor since June 2010