

**The Council for Intellectual Property
Protection on Internet (CIPP)
Report for Fiscal Year 2021**

May 2022

Council for Intellectual Property Protection on Internet (CIPP)

[Overview]

1. A Report from the Effectiveness Verification Committee

● For this fiscal year, we have continued to verify the effectiveness of the measures against infringement not only in the Internet auction services (from here on referred to as the “Auction”) but also in the flea market applications (from here on referred to as “Flea-Ma”). At the same time, we have catalogued and organized the verification results based on grouping by the occurrence rate of infringing goods to clearly show the effectiveness of voluntary efforts by Rights Holders as well as CtoC (customer-to-customer) marketplace operators (from here on referred to as “CtoC Platformers”).

In both groups (Group 1 and Group 2), the volume of distribution in the markets has generally expanded. Considering this current trend, we believe that the effectiveness of verification measures against infringement through the CIPP continues to be working. In this fiscal year as in the previous year, we haven’t seen counterfeit goods’ transactions being concentrated in specific services, which used to be one of the characteristics in recent years.

● For Group 1, we confirmed that the occurrence rate of infringing goods has continued to be kept at a low level, as in the last fiscal year, as a result of CtoC Platformers’ voluntary patrols and removals of infringing goods by alerts from Rights Holders. The situation improved in some of the Group 2 CtoC Platformers which moved to Group 1 this fiscal year, following measures over the past three years. We believe that this was a major achievement,

● As for Group 2, for the past several years, the occurrence rate of infringing goods has shown a downward trend. However, the rate rose in this fiscal year and the Platformers remain in the same group. We hope to continue to put more efforts into removals of infringing goods and other measures so that they will promptly move up to Group 1.

2. A Report from the Guidelines Committee

● The committee discussed how the “Guidelines for the Prevention of Distribution of Intellectual Property Rights-Infringing Goods on the Internet” (from here referred to as the “Guidelines”) are being implemented and what the current situations were.

- The committee reviewed the Guidelines' accompanying document, checked the latest situation and studied which categories or goods should be added or removed.

[Report]

1. A Report from the Effectiveness Verification Committee

(1) The Effectiveness Verification Method

This fiscal year, as in the previous year, the committee, consisted of Rights Holders and their counterparts at CtoC Platformers, set out the operational procedures (please see the separate document 1: "Effectiveness Verification Implementation Method"). The effectiveness verification has been conducted based on these procedures.

① The scope of effectiveness verification

This fiscal year, as in the previous year, we examined eight services, including Auction and Flea-Ma services.

② Types of exhibits for effectiveness verification

For this fiscal year, as in the previous year, we divided exhibits of goods into two categories.

(i) "Exhibits of Infringing Goods"

Exhibits of the goods that could be judged as infringement of a copyright or a trademark, based on on-screen texts or images, which would allow (Rights Holders) to request CtoC Platformers to suspend the acceptance of such goods.

(ii) "Exhibits of Goods With a Probability of Infringement"

These are the exhibits of goods that do not directly offer visible evidence of infringement using the information provided (when checked against the Guidelines, etc.) that would allow CtoC operators to remove them as infringing goods but have characteristics as in the following: ① Exhibits of goods which are deemed to have infringed a copyright or

trademark as a result of appraisal of on-screen texts and images by Rights Holders and, if the Rights Holders make a request for their removal, CtoC Platformers can take action for removal (“Exhibits of Infringing Goods Without Notice”), or ② exhibits of goods which are deemed as, without doubt, being infringing goods if the Rights Holders purchase and appraise the goods based on various pieces of information (“Exhibits of Goods With a High Probability of Infringement”).

③ Grouping of CtoC Platformers

We divided CtoC Platformers’ services into Groups 1 to 3 by the occurrence rate of infringing goods’ exhibits. This aims to further clarify the achievements of voluntary action by Rights Holders and CtoC Platformers.

- (i) Group 1 (The average occurrence rate of infringing goods’ exhibits in the last three years is less than 2 percent): 7 services belonged to this group
- (ii) Group 2 (The average occurrence rate of infringing goods’ exhibits in the last three years is more than 2 percent but less than 10 percent): 1 service belonged to this group.
- (iii) Group 3 (The average occurrence rate of infringing goods’ exhibits in the last three years is more than 10 percent): No service belonged to this group.

(2) Verification Results

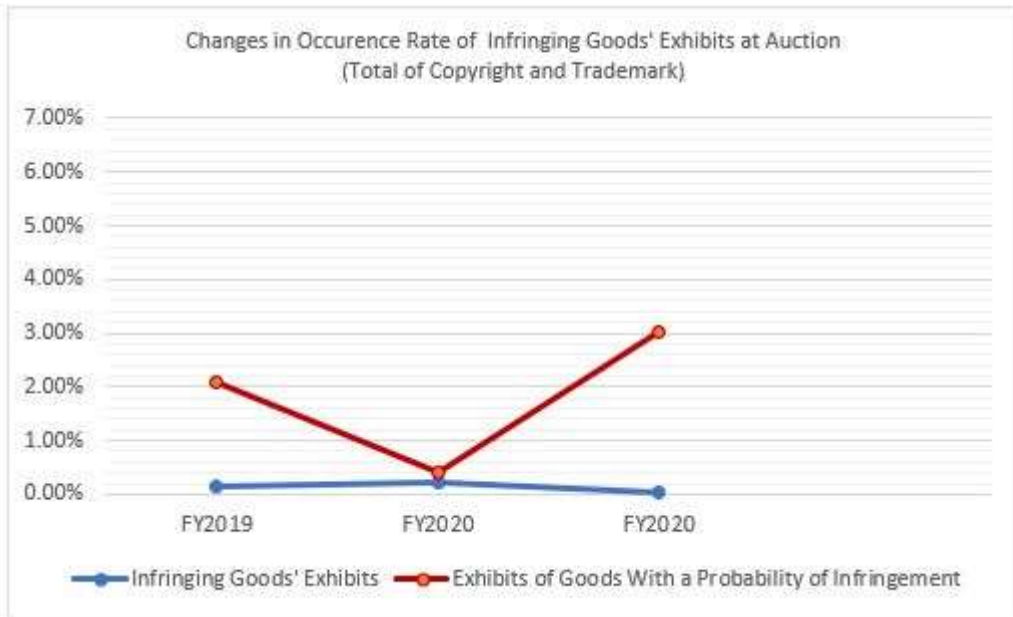
① Auction

(i) Occurrence Rate of “Exhibits of Infringing Goods”

		FY2019		FY2020		FY2021	
		# of verified items	% of Occurrence Rate	# of verified items	% of Occurrence Rate	# of verified items	% of Occurrence Rate
Copyright	Group 1	1,513	0.005%	1,800	0.28%	1,247	0.08%
	Group 2	—	—	—	—	—	—
	Group 3	—	—	—	—	—	—
Trademark	Group 1	2,354	0.25%	2,197	0.18%	4,127	0.02%
	Group 2	—	—	—	—	—	—
	Group 3	—	—	—	—	—	—
Total	Group 1	3,867	0.16%	3,997	0.23%	5,374	0.04%
	Group 2	—	—	—	—	—	—
	Group 3	—	—	—	—	—	—

(ii) Occurrence Rate of “Exhibits of Goods With a Probability of Infringement”

		FY2019		FY20120		FY2020	
		# of verified items	% of Occurrence Rate	# of verified items	% of Occurrence Rate	# of verified items	% of Occurrence Rate
Copyright	Group 1	1,513	3.37%	1,800	0.00%	1,247	3.53%
	Group 2	—	—	—	—	—	—
	Group 3	—	—	—	—	—	—
Trademark	Group 1	2,354	1.27%	2,197	0.73%	4,127	2.86%
	Group 2	—	—	—	—	—	—
	Group 3	—	—	—	—	—	—
Total	Group 1	3,867	2.09%	3,997	0.40%	5,374	3.01%
	Group 2	—	—	—	—	—	—
	Group 3	—	—	—	—	—	—



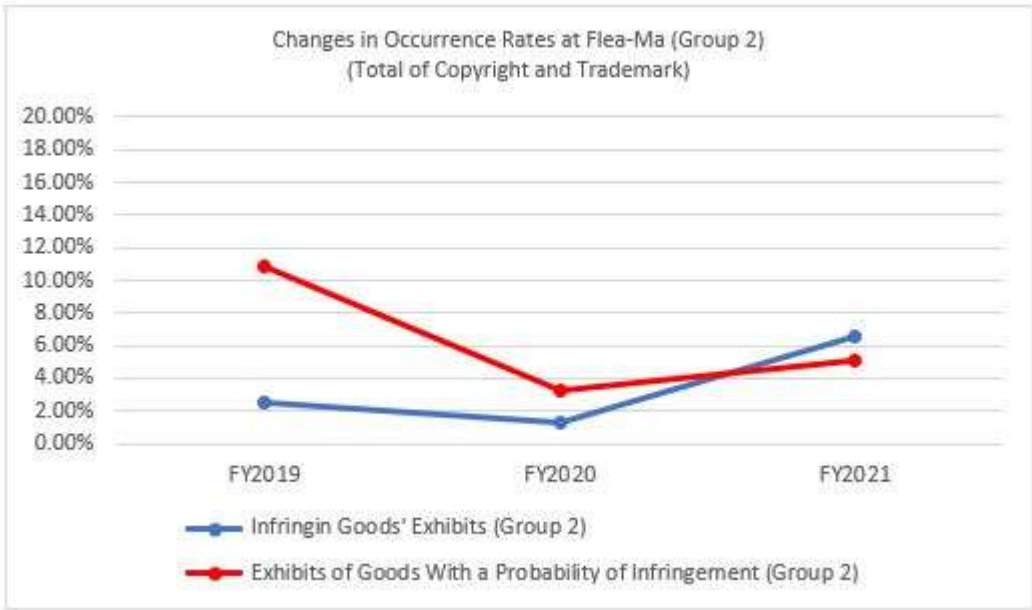
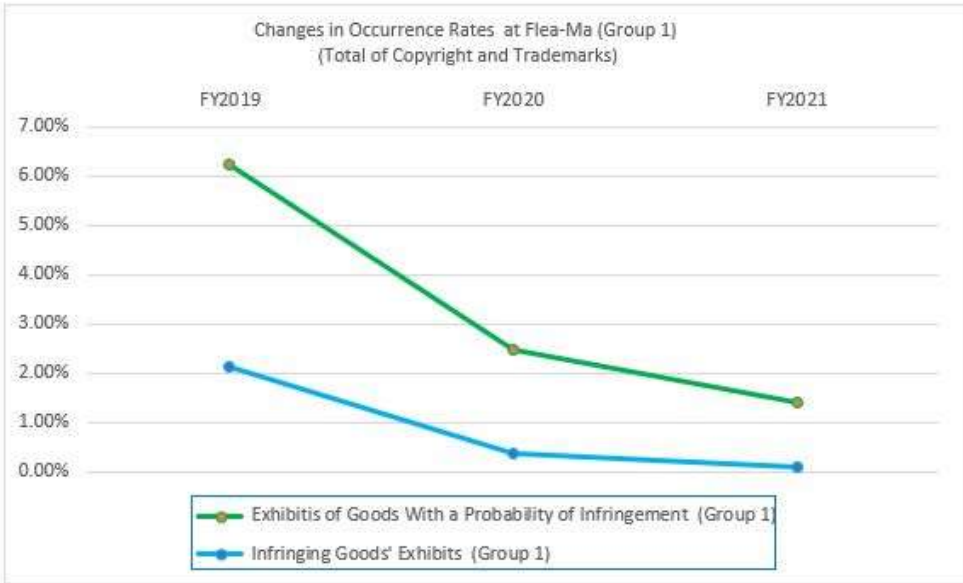
② Flea-Ma

(i) Occurrence Rate of “Exhibits of Infringing Goods”

		FY2019		FY2020		FY2021	
		# of verified items	% of Occurrence Rate	# of verified items	% of Occurrence Rate	# of verified items	% of Occurrence Rate
Copyright	Group 1	3,506	1.06%	2,198	0.18%	2,813	0.18%
	Group 2	705	0.14%	1,301	0.54%	112	0.00%
	Group 3	76	0.00%				
Trademark	Group 1	4,389	2.96%	4,742	0.49%	7,069	0.07%
	Group 2	1,083	4.16%	2,308	1.78%	1,171	7.17%
	Group 3	753	0.93%				
Total	Group 1	7,895	2.12%	6,940	0.39%	9,882	0.10%
	Group 2	1,788	2.57%	3,609	1.33%	1,283	6.55%
	Group 3	829	0.84%				

(ii) Occurrence Rate of “Exhibits of Goods With a Probability of Infringement”

		FY2019		FY2020		FY2021	
		# of verified items	% of Occurrence Rate	# of verified items	% of Occurrence Rate	# of verified items	% of Occurrence Rate
Copyright	Group 1	3,506	2.31%	2,198	3.78%	2,813	2.17%
	Group 2	705	5.25%	1,301	0.00%	112	0.00%
	Group 3	76	26.32%	76	26.32%		
Trademark	Group 1	3,837	9.56%	4,742	0.39%	7,069	0.98%
	Group 2	1,083	14.59%	2,308	5.16%	1,171	5.64%
	Group 3	753	6.11%	753	6.11%		
Total	Group 1	7,343	6.10%	6,940	2.10%	9,882	1.32%
	Group 2	1,788	10.91%	3,609	3.30%	1,283	5.14%
	Group 3	829	7.96%		%		



(3) An Analysis of Verification Results

(i) Auction

All Auction services are categorized in Group 1. The occurrence rates of “Exhibits of Infringing Goods” and “Exhibits of Goods With a Probability of Infringement” have been kept extremely low for this fiscal year as well. However, the occurrence rates for both of copyright as well as the trademark rights of “Exhibits of Goods With a Probability of Infringement” began to increase.

(ii) Flea-Ma

This fiscal year, as in previous years, we verified six services.

In five services categorized in Group 1, the occurrence rates of infringement have been very low for “Exhibits of Infringing Goods” and the occurrence rates of “Exhibits of Goods With a Probability of Infringement” have declined. One of these services deserves a special mention. Since the initial fiscal year, it utilized knowledge about infringing goods and know-how as to how to deal with them through the CIPP. As a result, it was able to advance to the level of Group 1 this fiscal year.

One service in Group 2 had a higher occurrence rate of “Exhibits of Infringing Goods” this fiscal year. This was because it could not cope with the removals of some of the goods due to an increase in infringing goods. However, they have shown their commitment to proactively act in removing the goods and other measures. We hope they will continue their efforts.

(iii) Summary

In general, we can confirm that the measures to combat rights-infringing goods through the CIPP are working because even the Platformers who had had a high ratio of infringing goods occurrence were able to accumulate and share knowledge about these goods and how to deal with them through the CIPP. As a result, the prevention of the distribution of the infringing goods through their services drastically improved.

However, as we stated above, figures regarding “Exhibits of Goods With a Probability of

Infringement” at Auction and some of Flea-Ma Platforms increased this fiscal year. Therefore, we believe that we should urge Rights Holders and CtoC Platformers to continue to share information, analysis and review, while revising the Guidelines when necessary, in order to improve the eradication of infringing goods.

(4) Others

In this fiscal year, we reconfirmed the purpose of verification and reviewed “a method of recording” in the verification procedure to find out necessary measures for improvement.

Verifying the effectiveness of the implementation is an indicator that shows how proactively both Rights Holders and Platformers at the CIPP have dealt with infringement eradication. Therefore, it needs to be conducted by a suitable and effective method which reflects reality. We should continue to review and renew the existing methods to find new ways which are more suitable to Platformers’ characteristics and more accurate to understand the real situation.

Also, using the results of a voluntary survey, we should make a detailed analysis of various issues at the time and find a way to implement countermeasures. We believe it is important to continue to make suggestions that will lead to revising the CIPP’s Guidelines and mapping out various measures to stop the distribution of infringing goods.

2. A Summary of Activities of the Guidelines Committee

(1) Revision of the Guidelines

As there have been good results by implementing the countermeasures based on the Guidelines, we agreed that it is desirable that effective verification will be conducted this fiscal year using the current Guidelines.

(2) Revision of the accompanying document to the Guidelines

The Guidelines’ accompanying document has been updated based on the latest situation about production by Rights Holders after studying which categories or goods should be added or removed.

(3) Agendas

The first meeting: The participants discussed what should be on the agenda at the Guidelines Committee for this fiscal year. They brought suggestions for revising the accompanying document on the Guidelines and reviewed which of them should be taken up.

The second meeting: The participants discussed the revisions in the accompanying document and confirmed the final revision date for the Guidelines as well as the accompanying document (approved).

3. A Summary of Activities for This Fiscal Year

For this fiscal year, the Guidelines Committee decided to revise the Guidelines' accompanying document only. At the same time, through the Effectiveness Verification Committee the effectiveness of the measures was verified.

It was confirmed that we continued to bring the occurrence rate of infringed goods in Group 1 at a low rate by promoting a “Japanese approach” in which both Rights Holders and CtoC Platformers respect each other’s positions and collaboratively stand up against infringers. On the other hand, we saw a rise in occurrence rates of some of ““Exhibits of Goods With a Probability of Infringement” in Auction and Flea-Ma platforms that belong to Group 2. Therefore, we need to consider various measures such as the strengthening of cooperation between Rights Holders and Platformers as well as reviewing the Guidelines when necessary. According to the Effectiveness Verification Committee, the Rights Holders and Platformers have already discussed the above situation regarding specific goods and each implementing necessary measures. We expect that the occurrence rates of the relevant ““Exhibits of Goods With a Probability of Infringement” will decline.

Also, as in the previous fiscal year, the number of self-removals of goods by Platformers increased in comparison to 2 years ago.¹ We believe that the infringement occurrence rates were kept low due to implementation of proactive efforts such as removals by Platformers.

¹ We should note that the number of removals for each fiscal year cannot be simply compared because the number of businesses which release the figures and the number of members vary each year.

On May 1, 2022, the law to protect consumer interests in transactional digital platforms was put into force. According to the law's article 3, it is obligatory for each BtoC (business to consumers) Platformers to make their best efforts to protect consumers and release their measures to the public. Based on this law, a government-and-private council was set up. We believe that the council will monitor how the measures are implemented. Taking advantage of the enactment of the law, the CIPP agreed to work on BtoC Platformers which have not yet participated in the CIPP and share information to review concrete measures with an aim to further promote infringing goods' countermeasures in the BtoC Platforms.

The CIPP has been promoting proactive efforts to prevent distribution of intellectual property infringing goods through dialogue between Rights Holders and Platformers which include BtoC transactional platformers to which the law is applied, as well as other transactional platformers.

For example, Rights Holders and Platformers cooperate and discuss issues about each type of intellectual property infringing goods. This will be reflected in the Guidelines when necessary and proactive patrols based on the Guidelines by Platformers is being improved. The effectiveness verification results support this cooperation, which has a very important meaning as a scheme amongst private companies to protect consumers.

In the future, when the relevant government ministries and agencies consider policies to protect consumers, we hope that the CIPP's efforts by private organizations will be used as a reference to build an environment for consumer protection.

We will continue to publish outcome of the CIPP's work and plan to discuss how to deal with any new type of infringement.

Various Statistical Data

- Number of goods exhibited (Unit: 10,000)

	2019	2020	2021
Total no. of goods exhibited	17,104	12,521	12,989

▷Total figures for fiscal 2019 and 2020 were of seven out of eight official members of the CIPP.

- ▷ Total figures for fiscal 2021 were of seven out of nine official members of the CIPP.
- ▷ To calculate, we measured the number of items on offer at a certain time on a certain day in December of the relevant year and then calculated the daily average as “the total number of goods exhibited.”
- ▷ It is difficult to compare figures year-by-year and see a trend because the number of Platformers investigated differs at the time when the data were taken.

■ Number of self-deletions

	2019	2020	2021
Copyrights	34,926	162,107	232,284
Trademark rights	370,732	3,388,740	1,988,637
Total	1,276,800	3,550,847	2,220,921

- ▷ Total figures for fiscal 2019 and 2020 were of seven out of eight official members of the CIPP.
- ▷ Total figures for fiscal 2021 were of seven out of nine official members of the CIPP.
- ▷ One out of the seven platformers does not keep records of self-deletions by the type of infringement in fiscal 2019. Therefore, their figures were added only to the total figures.
- ▷ As in the case of the table about the number of goods exhibited, it is difficult to compare figures year-by-year and discover a trend.

■ Number of deletion requests from Rights Holders

	2019	2020	2021
Copyrights	39,416	177,564	121,778
Trademark rights	921,652	663,584	587,144
Total	960,798	841,148	708,922

- ▷ Total figures for fiscal 2019 and 2020 were of seven out of eight official members of the CIPP.
- ▷ Total figures for fiscal 2021 were of eight out of nine official members of the CIPP.
- ▷ The figures include the deletions of individual items as well as deletions made after removals of sellers from the service.
- ▷ Some Rights Holders change services and goods that they focus on during their

surveillance in order to effectively combat the infringement of intellectual property rights.
Therefore, it is difficult to compare figures year-by-year and demonstrate a trend.

Principles of the Japanese Approach

1. Both parties (Rights Holders and Platformers) must be aware that they should fully respect each other's positions and then make collaborative efforts in standing up against their common enemies, that is, infringers, to protect not only their own interests but also the interests of consumers among others.
2. Rights Holders must be made aware that they should enforce their own rights, which are not automatically protected.
3. Platformers should be aware that they should make active efforts to protect intellectual property rights for the development of a sound Internet.
4. Both parties must be made aware during the promotion of countermeasures that they should agree on the equal importance of the protection of intellectual property rights and the securement of users' freedom for business and the secrecy of communication, and that they should take actions not to undermine the value of either aspect of business.