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JAPAN'S NEW PATENT ATTORNEY LAW BREACHES BARRIER BETWEEN THE "LEGAL" AND "QUASI-LEGAL" PROFESSIONS: INTEGRITY OF JAPANESE PATENT PRACTICE AT RISK?

Lee Rousso[†]

Abstract: In order to increase the quantity of intellectual property related legal services made available to the public, the Japanese Diet enacted a complete revision of Japan's eighty-year-old Patent Attorney Law. Under the terms of the new law, which became effective on January 6, 2001, *benrishi* (patent attorneys) have authority to greatly expand their range of professional activities. The newly recognized activities encroach upon the statutory monopoly long enjoyed by Japan's *bengoshi* (attorneys). Furthermore, the new legislation gives the *benrishi* a professional domain that is inconsistent with the profession's credential requirements. This Comment argues that the revision is likely to have negative and unforeseen consequences. First, given the highly regulated nature of Japan's professions, consumers, especially those the legislation was intended to assist, will infer that *benrishi* have legal training consistent with their sphere of authorized activities. This could put clients at a significant disadvantage in licensing contract negotiations, arbitration proceedings and other situations where the opposite party is represented by a *bengoshi* with extensive legal training. Second, *benrishi* will now have significant incentive to "capture" clients and steer them away from litigation. Conversely, *bengoshi* will have a new incentive to "capture" patent clients at the application and prosecution stages of the process rather than at the licensing and litigation stages. Given that the *bengoshi* can perform all levels of patent work but are not required to have even a minimal science or engineering background, this outcome would also put the best interests of clients at risk. Therefore, to preserve the integrity of Japanese patent practice, the Japanese government should take steps to harmonize the credentials of the *benrishi* and *bengoshi* professions both with each other and with respect to the demands of the patent law regime or, in the alternative, roll back the revision and shift the focus of reform to the *bengoshi* profession.

I. INTRODUCTION

Japan's 4278 *benrishi*¹ (patent attorneys) practice their trade at the intersection of law and technology. Given that Japan's intellectual property

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¹ Japan Patent Office ("JPO"), *Tokkyo Gyōsei Nenji Hōkokusho*, [Patent Administration Annual Report] 276 (2000) [hereinafter Report]. As of 1999, the number of *benrishi* totals 4278. While the term

regime has been the subject of dramatic reform over the past decade,² and that the legal system has become a priority target for future reform,³ it seemed inevitable that the law regulating the *benrishi* would be reformulated. However, the new law does not address previously identified problems with the *benrishi* system. Indeed, it seems to exacerbate them. Furthermore, the new law is likely to create an additional set of problems that will compromise Japanese patent practice. Finally, the new law may actually frustrate the Japanese government's stated pro-patent strategy.⁴ It is for these reasons that this Comment urges a reconsideration of the rules that govern the credentials and professional domain of the *benrishi*.

Part II of this Comment supplies the context for evaluating both the motivation for and the likely impact of the new law. First, because the success or failure of the new law may depend on whether the expansion of the professional domain of the *benrishi* vis à vis that of the *bengoshi* (attorneys) results in greater customer choice or greater customer confusion, the evolution and relative status of the two professions is described in some detail. In addition, the success or failure of the new law will also depend on the extent to which it produces results that are consistent with the policy objectives that are driving current reform efforts in Japan. Thus, Part II further examines the shift in Japanese patent policy and the resulting pressures on the country's legal system. Finally, the new law must be evaluated in terms of its effectiveness in addressing weaknesses that were identified in the *benrishi* system, as it existed before January 6, 2001. Accordingly, Part II also addresses criticisms of the old law.

Part III introduces the new Patent Attorney Law. The plain language of the new law makes it clear that the *benrishi* have been granted a much broader license than they previously enjoyed, though there is no concurrent requirement that the *benrishi* receive a higher level of training than they have in the past.

benrishi is often translated as "patent attorney," the historic role of a *benrishi* is much closer to that of an American patent agent.

² Toshiko Takenaka, *Patent Infringement Damages in Japan and the United States: Will Increased Patent Infringement Damage Awards Revive the Japanese Economy?*, 2 WASH. U.J.L. & POL'Y 309 (2000).

³ Ministry Of Int'l Trade and Industry ("MITI"), since renamed Ministry of Economy, Trade, and Industry ("METI"), *Report of Corporate Legal System Study Group for Research on Economic Activity and the Judicial System*, May 9, 2000, available at <http://www.meti.go.jp/english/report/index.html> [hereinafter *MITI Report*]. "Drastic reform of the judicial system is urgently required." *Id.*

⁴ *Benrishi-hō* [Patent Attorney Law], Law No. 49 of 2000 (effective Jan. 6, 2001), available at <http://www.ron.gr.jp/law/law/benrishi.htm>. (author's trans.) [hereinafter *New Patent Attorney Law*]. Article 1 states: "The purpose of this law is . . . to contribute to the development of industry and the economy by contributing to the appropriate protection, use, and promotion of industrial property." *Id.*

In Part IV the new law is analyzed with respect to the circumstances of its beginning. This Part concludes that the new law is likely to produce meager benefits while spawning a host of unintended consequences.

Finally, in Part V an alternative set of reforms is proposed which, taken singly or as a group, move more directly toward achieving the goal of upgrading the quality of intellectual property related legal services and adjudication in Japan. Most significantly, if the Japanese are sincere in their desire to usher in an "Era of Wisdom,"⁵ they should take more concrete steps to create a corps of professionals who are deeply educated in both law and science.

II. CONTEXTUAL CONSIDERATIONS

A. *The Evolution of Competing Professions*

One striking feature of the new Patent Attorney Law is the way it disrupts the established hierarchy between the *benrishi* and *bengoshi* professions. In the past, the relationship between the two professions reflected the disparity in their relative status and prestige.⁶ This disparity was institutionalized through rules controlling admission to the professions and their relative authority in the courtroom.⁷ The status gap was a product of the fact that Japan's modern legal system and its intellectual property regime evolved independently.⁸ Although both have their roots in the demands placed on Meiji Era (1868-1912) Japan,⁹ the two systems were established to address different problems.

In response to the impaired national sovereignty that resulted from the imposition of "unequal treaties" by the United States,¹⁰ Britain, France,

⁵ The phrase "*chie no jidai*" is ubiquitous in JPO publications. See, e.g., Report, *supra* note 1, at 67-68.

⁶ Shozo Ota & Kahei Rokumoto, *Issues of the Lawyer Population: Japan*, 25 CASE W. RES. J. INT'L L. 315, 329 (1993). See also Constance O'Keefe, *Legal Education in Japan*, 72 OR. L. REV. 1009, 1010 (1993) ("[B]engoshi occupy such an exalted position in the hierarchy of the Japanese legal world.").

⁷ New Patent Attorney Law, *supra* note 4. Article 7 provides that *bengoshi* are automatically considered to be qualified as *benrishi*. Art. 5 notes that *benrishi* act as assistants to *bengoshi*. Art. 5-2 gives *bengoshi* the power to retract any statement or opinion uttered in court by a *benrishi*. *Id.*

⁸ In comparison, the U.S. Constitution enables Congress to create both the court system (Article 3) and the intellectual property system (Article 1, Section 8). U.S. CONST. arts. III, I § 8.

⁹ For domestic purposes, the Japanese use calendars that are based on the reign of Emperors and each reign produces a new era (*jidai*). The Meiji Era was followed by the Taishō Era (1912-1926), the Shōwa Era (1926-1989), and the Heisei Era (1989-present).

¹⁰ The Treaty of Amity and Commerce Between the United States and Japan (The Harris Treaty), signed on July 29, 1858, available at <http://www.fcc.sophia.ac.jp/Faculty/Devine/documents/harris.html>. The most onerous feature of the treaties was their "extraterritorial jurisdiction" provisions, which called for foreigners committing crimes in Japan to be tried in courts established by the treaty partners and subject to

Holland, and Russia in the late 1850s, Japan established Western style legal institutions.¹¹ By comparison, Japan's patent system was the product, though not an immediate one, of the effort to erase the technological deficit that remained in the wake of 265¹² years of military rule under Ieyasu Tokugawa and his descendants.¹³ The *bakufu* (military government) was so hostile to innovation that in 1721 the *shōgun* Ieyasu Yoshimune declared a "prohibition of novelty."¹⁴ The *bakufu* also attempted, with mixed success, to impose a policy of complete national isolation.¹⁵ The combination of isolationism and hostility to innovation had the effect of leaving Japan with a severe technological deficit relative to the United States and Europe. This deficit was exposed by the arrival of Commodore Perry's "Black Ships"¹⁶ from the United States in 1853 and, eventually, the display of Western military power at the Shimonoseki Strait in 1864.¹⁷ As a result, the 1868 Meiji Restoration¹⁸ signaled not just a change in government but a change in technology policy as well. Specifically, the Meiji Emperor's Imperial Charter Oath¹⁹ declared that "[k]nowledge shall be sought for throughout the

the laws of those partners. The other four nations obtained substantially identical terms. For a general discussion of the treaties, see KENNETH B. PYLE, *THE MAKING OF MODERN JAPAN* 63-66 (2d ed. 1996).

¹¹ See, e.g., Judicial Reform Council, *The Points at Issue in the Judicial Reform*, Dec. 21, 1999, available at <http://www.kantei.go.jp/foreign/judiciary/0620reform.html>. "[T]he coordination of modern codes of law and judicial systems were indispensable for Japan in order to amend unfair treaties . . ." *Id.*

¹² 1603 to 1868. Tokugawa's military success ended a particularly violent period in Japanese history, referred to as the "Warring States Period," and effectively unified most of the territory that makes up contemporary Japan (excepting the northern island of Hokkaido). For a general discussion of Tokugawa era policies, see PYLE, *supra* note 10 at 11-57.

¹³ Japan Patent Attorneys Ass'n, *History of Patent Attorneys*, available at www.jpaa.or.jp/english/pa/3-9/index.html. "[T]he Edo (Tokugawa) Period suppressed imagination and creativity by making it a crime." *Id.*

¹⁴ *Id.* The *shōgun* was alarmed by a trend toward luxury. However, the ban extended to all new products. Violators were guilty of treason. *Id.*

¹⁵ PYLE, *supra* note 10, at 16. The closed country (*sakoku*) policy was aimed at depriving disloyal regional lords of the military advantages they would reap from contact with Western vessels. The policy was also intended to stop the flow of Christianity, a destabilizing force, into Japan. *Id.*

¹⁶ TESSA MORRIS-SUZUKI, *THE TECHNOLOGICAL TRANSFORMATION OF JAPAN FROM THE SEVENTEENTH TO THE TWENTY-FIRST CENTURY* 61-62 (1994). The American ships were the first steam-powered vessels the Japanese had ever seen. *Id.*

¹⁷ JOHN WHITNEY HALL, *JAPAN FROM PREHISTORY TO MODERN TIMES* 260 (1968). The Shimonoseki Strait is the shipping lane between the islands of Honshu and Kyushu. Marine traffic from the East China Sea to Tokyo must pass through the strait or take a much longer, less protected route. The *diamyō* (local military lords) in the Satsuma and Chōshū regions had never been fully loyal to the Tokugawa government and advocated a military response to Western encroachment. Their attacks on the British navy were not authorized by the Tokugawa regime. *Id.*

¹⁸ The 1868 change in government is referred to as a Restoration because the previously displaced Imperial government was reinstated after centuries of obscurity. For a general discussion of the early history of the Imperial line, see HALL, *supra* note 17, at 24-74.

¹⁹ The Imperial Charter Oath was not a constitution per se. However, until a constitution was promulgated on February 11, 1889, it was the most authoritative statement of the new government's

world so as to strengthen the foundations of Imperial rule" and that "[e]vil customs of the past shall be broken off and everything based upon the just laws of Nature."²⁰ To that end, an expedition including more than one hundred of Japan's leading citizens was dispatched on a two-year fact finding tour of the United States and Europe.²¹ However, while Western technology and legal institutions were imported simultaneously, the industrial exploitation of that technology occurred independent of any contribution by or interference from the legal system.²²

1. *The Creation of a Legal Profession: Bengoshi*

Japan's modern judicial system, based primarily on the French model, was established in 1872.²³ By 1876 the Ministry of Justice had created standards, largely ineffective, regarding who could represent litigants in court.²⁴ Regulation of the profession was formalized with Japan's first *Bengoshi Hō* (Lawyers Law) in 1893.²⁵ The Chinese characters (*kanji*) used in the title of the profession suggest that *bengoshi* are involved in the work of defense or exculpation.²⁶ The early professionals were held in low esteem, especially when compared with their modern day counterparts who are revered as the cream of Japan's meritocracy.²⁷ The structure of the profession was significantly altered during the Occupation Era (1945-1952).²⁸ The most significant change was that legal education was

founding principles. Imperial Charter Oath, available at <http://www.fcc.sophia.ac.jp/Faculty/Devine/documents/charter.html>.

²⁰ *Id.*

²¹ PYLE *supra* note 10, at 85. The expedition was the famed "Iwakura Mission," led by Prince Iwakura Tomomi.

²² Ota & Rokumoto, *supra* note 6, at 316-17.

²³ PYLE, *supra* note 10, at 79, 417, 419 (1991).

²⁴ Linda A. Cooper, *Is the Door Half Open or Half Shut? Japan's Special Measures Law Concerning the Handling of Legal Business by Foreign Lawyers*, 18 N. KY. L. REV. 417, 419 (1991).

²⁵ *Bengoshi-hō* [Lawyers Law], Law No. 7 of 1893 (Japan).

²⁶ For example, entries 2004 (*ben*), 1648 (*go*), and 3405 (*shi*) in NTC'S NEW JAPANESE-ENGLISH CHARACTER DICTIONARY (Jack Halpern ed., 1990) yield the senses of "speak eloquently," "protect," and "professional suffix." By comparison, the middle character of *benrishi*, entry 970 (*ri*), is used to convey "reason" or a "basic principle." The study of *ri*, (i.e., *rigaku*), is the study of science, usually the physical sciences.

²⁷ Gino Dal Pont, *The Social Status of the Legal Professions in Japan and The United States: A Structural and Cultural Analysis*, 72 U. DET. MERCY L. REV. 291, 293, 296, 301 (1995). In Japan, "merit" is often synonymous with test taking prowess. See also JOHN OWEN HALEY, *THE SPIRIT OF JAPANESE LAW* 43 (1998). "In this environment, merit tends to be defined in terms of performance on examinations." Thus, the difficulty of the entrance exam and the current high status of the profession are mutually reinforcing factors. "[T]he status of attorneys recently ascended to that of high prestige . . . largely due to the tremendous difficulty of the examination itself." Dal Pont, *supra* at 301.

²⁸ Dal Pont, *supra* note 27, at 297.

nationalized through the establishment of the Judicial Training and Research Institute, since renamed the National Legal Research and Training Institute ("LRTI").²⁹ Additionally, much of the control of the profession was shifted from the Ministry of Justice to a private organization, the Japanese Federation of Bar Associations ("JFBA"),³⁰ also known as *Nichibenren*. The JFBA, not surprisingly, considers the suppression of competition to be among its most important functions.³¹ For example, the JFBA waged a decades long campaign to limit the access of foreign attorneys to the Japanese market.³² While the Foreign Lawyers Law³³ was eventually enacted, JFBA lobbying ensured that it would be highly restrictive.³⁴

The *bengoshi* monopoly on the *practice of law* is guaranteed by Chapter X of the Lawyers Law of 1949.³⁵ Under the heading of "[p]rohibition of practice of law by person who is not a lawyer," Article 72 states:

No person other than a lawyer shall, with the aim of obtaining compensation, perform the legal business such as presentation of legal opinion, representation, mediation or conciliation, and the like in connection with lawsuits, non-contentious matters, such as application filed with the administrative office as request for review, raising of objection, or request for investigation, etc., and other general legal cases, or act as an agent therefor. Provided that this shall not apply to such cases as otherwise provided for in this Law.³⁶

²⁹ *Id.*

³⁰ *Id.* at 298.

³¹ Jason Comrie-Taylor, *The "Appropriate" Role for Foreign Trainees in Japan*, 15 UCLA PAC. BASIN L.J. 323, 326 (1997) ("Bengoshi feel entitled to expect a monopoly over legal services."). For a detailed analysis of the contours of the *bengoshi* cartel and its economic consequences, see generally J. Mark Ramseyer, *Lawyers, Foreign Lawyers, and Lawyer-Substitutes: The Market for Regulation in Japan*, 27 HARV. INT'L L.J. 499 (1986). Conversely, the JFBA contends that exclusivity is necessary to avoid a repeat of the problems caused by an oversupply of *bengoshi* in the 1920s. Dal Pont, *supra* note 27, at 299, 307.

³² Ramseyer, *supra* note 31, at 503.

³³ Gaikoku bengoshi ni yoru hōritsu jimū no toriatsukai ni kansuru tokubetsu sōchihō [Special law Concerning the Handling of Legal Business by Foreign Lawyers], Law No. 66 of 1986 (Japan).

³⁴ Ramseyer, *supra* note 31, at 504.

³⁵ Bengoshi-hō [Lawyers Law], Law of 205 of 1949 (Japan), translated in EIBUN-HŌREISHA, 6 EHS LAW BULLETIN SERIES 2040 [hereinafter Lawyers Law].

³⁶ *Id.* art. 72.

This clause has been the basis for the distinction between the “legal” and “quasi-legal” professions.³⁷ In practice the phrase “in connection with lawsuits” has meant that *bengoshi* have sole authorization to represent parties in adversarial proceedings.³⁸ Conversely, quasi-legals, such as *benrishi*, *zeirishi* (tax attorneys), and notaries act as intermediaries between friendly private parties or between private parties and the Japanese government. For example, this structure differentiates between the legal services of negotiating contracts (adversarial, *bengoshi* required) and drafting them (*bengoshi* not required).³⁹

Entrance to the profession is also tightly regulated.⁴⁰ *Bengoshi* are generally survivors of at least two tiers of brutally competitive testing: college entrance exams and the *shihō shiken*, i.e. the entrance exam for the National Legal Research and Training Institute (“LRTI”).⁴¹ Most *bengoshi* are graduates of undergraduate law programs at first tier universities, which administer highly competitive admissions tests.⁴² While the undergraduate years themselves are traditionally a relatively carefree interlude before young Japanese become “society people,” those with aspirations to become *bengoshi* fully commit their lives to preparing for yet another bruising exam, the *shihō shiken*.⁴³ Most years the number of test takers exceeds the available openings at the LRTI by a ratio of greater than fifty to one.⁴⁴ While

³⁷ Comrie-Taylor, *supra* note 31, at 332. The quasi-legal professions include *benrishi* (patent attorneys), *zeirishi* (tax attorneys), judicial scriveners, public accountants, administrative scriveners, and notaries. See Ota & Rokumoto, *supra* note 6, at 323-28. Some scholars prefer the term “adjacent professions.” See, e.g., Veronica L. Taylor, *Re-regulating Japanese Transactions: The Competition Law Dimension*, (unpublished manuscript, on file with The University of Washington Pacific Rim Law & Policy Journal).

³⁸ Ramseyer, *supra* note 31, n.3(b), discussing the scope of Article 72. See also Comrie-Taylor, *supra* note 31, at 332 (refuting the argument that negotiation and other tasks not related to litigation are outside the scope of Article 72). This sole authorization applies as between *bengoshi* and other professionals, which means it does not prevent a party from acting pro se. Ramseyer, *supra* note 31, at 517. Also, the language of Article 72 would allow a non-*bengoshi* to represent another person if it were not for the purpose of obtaining compensation.

³⁹ Ramseyer, *supra* note 31, at 539 n.3(b).

⁴⁰ *Id.* at 507. Ramseyer describes the regulations as “Draconian.” *Id.*

⁴¹ HALEY, *supra* note 27, at 43-44.

⁴² *Id.* at 42.

⁴³ *Id.* at 41-42. In fact, preparing for the examination is so time consuming that many law undergraduates do not bother to attend class. Instead they study at full time at specialized cram schools (*juku*). See also Setsuo Miyazawa & Hiroshi Otsuka, *Legal Education and the Reproduction of the Elite in Japan*, 1 ASIAN-PAC. L. & POL’Y J. 2, 27 (2000) (“They had spent their time totally in their cram schools.”).

⁴⁴ The “pass” rate on the *shihō shiken* is strictly a function of the number of test takers and the number of available seats. Therefore, the low percentage of people who “pass” does not necessarily mean that the test is difficult, only that it is competitive. See Ota & Rokumoto, *supra* note 6, at 318 (noting that while the test is ostensibly a qualifying examination, in practice it serves as an “eliminative” exam).

many Tokyo University students pass on their first attempt,⁴⁵ the successful applicant is, on average, a twenty-nine year old making his sixth attempt.⁴⁶ Those who squeeze through this narrow entrance to the profession receive two years of practical legal training at the LRTI and paychecks from the Japanese government.⁴⁷ Given the expectation that a *bengoshi* will have an undergraduate degree in law,⁴⁸ very few have significant training in the hard sciences.⁴⁹

2. *The Creation of a Quasi-legal Profession: Benrishi*

The importation of technology and the rapid industrialization of Meiji Japan occurred without a significant contribution from Japan's fledgling legal institutions.⁵⁰ By the mid-1880s, however, Japan had absorbed the available Western technology⁵¹ and was able to initiate a program of promoting homegrown inventors.⁵² The first Patent Ordinance, which recognized only the patent rights of Japanese inventors, was passed in 1885.⁵³ In 1899 Japan acceded to the Paris Convention on Industrial Property⁵⁴ and passed a Patent Law (*Tokkyo Hō*) that recognized the rights of foreign applicants.⁵⁵ At the same time, Japan's first regulations aimed at *benrishi*, the Patent Agent Registration Regulations, were given effect.⁵⁶ Six years later, Japan imported, as intact as possible, the German patent system.⁵⁷ The Patent Attorney Law⁵⁸ was enacted in 1921 and has survived with only minor amendments until this year's complete revision. Prior to

⁴⁵ HALEY, *supra* note 27, at 44.

⁴⁶ Ota & Rokumoto, *supra* note 6, at 318.

⁴⁷ *Id.* at 319.

⁴⁸ HALEY, *supra* note 27, at 41.

⁴⁹ Takenaka, *supra* note 2, at 368. Japanese universities do not have double degree programs. The choice between law and science is therefore an either/or proposition. Interview with Veronica L. Taylor, Director, Asian Law Center at the University of Washington, in Seattle, Wash. (Apr. 10, 2001).

⁵⁰ Ota & Rokumoto, *supra* note 6, at 317.

⁵¹ To accomplish this, Japan employed a small army of foreign technical experts. MORRIS-SUZUKI, *supra* note 16, at 79 tbl. 4.1.

⁵² HISAMITSU ARAI, INTELLECTUAL PROPERTY POLICIES FOR THE TWENTY-FIRST CENTURY: THE JAPANESE EXPERIENCE IN WEALTH CREATION 19 (1999).

⁵³ Japan Patent Attorneys Ass'n, *supra* note 13.

⁵⁴ Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 13 U.S.T. 1, T.I.A.S. 4931.

⁵⁵ Japan Patent Attorneys Ass'n, *supra* note 13.

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ Benrishi-hō [Patent Attorney Law], Law No. 100 of 1921 (Japan), translated in Eibun-Hōreisha, 6 EHS LAW BULLETIN SERIES [hereinafter 1921 Patent Attorney Law].

January 6, 2001, the domain of the *benrishi* was defined by Article 1 of the Patent Attorney Law:

A patent attorney may, with respect to patents, utility models, designs, trademarks, or international applications act as an agent in matters to be done before the Patent Office, and in matters to be done before the Minister of International Trade and Industry concerning motion for objection or decisions in relation to patents, utility models, designs or trade marks, or international application, and render expert opinion on the matters as well as conduct any other business services relating thereto as his business.⁵⁹

Further, from Article 9, paragraph 2:

A patent attorney may, in regard to litigation under the provisions of Article 178 paragraph 1 of the Patent Law, Article 47 paragraph 1 of the Utility Model Law, Article 59 paragraph 1 of the Design Law or Article 63 paragraph 1 of the Trade Mark Law, act as an advocate.⁶⁰

However, the "litigation" provided for by Article 9, paragraph 2 extends only to cases where the Commissioner of the Japan Patent Office ("JPO") is the defendant, i.e. appeals of rejected applications.⁶¹

As with *bengoshi*, aspiring *benrishi* must survive the ordeal of an examination with a very low "pass"⁶² rate (4.9% in 1999).⁶³ The test includes a mandatory short answer section on Industrial Property Law and an essay section where the applicant chooses three out of forty-one available topics.⁶⁴ The average age of those who pass the test is thirty-four years.⁶⁵ Only about one *benrishi* in seven has a background in law.⁶⁶

⁵⁹ *Id.* art. 1.

⁶⁰ *Id.* art. 9 para. 2. To act as an advocate in this context is to have less than full representational authority. This is because the client or his *bengoshi* may immediately revoke or correct a statement made in court by the *benrishi*.

⁶¹ See, e.g., Tokkyo hō [Patent law], Law No. 121 of 1959, art. 178, para. 1 (Japan).

⁶² In contrast to the *shihō shiken* with its predetermined pass rate, the *benrishi* exam can, in theory, be passed by an unlimited number of persons each year. Future reform of the test is aimed at increasing the number of successful examinees, while simultaneously reducing the average age of those who are successful. See Report, *supra* note 1, at 68.

⁶³ *Id.*

⁶⁴ *Benrishi-hō Shikōrei*, [Patent Attorney Law Enforcement Ordinance], Imperial Ordinance No. 466, Dec. 15, 1921, ch. 1 [hereinafter Patent Attorney Law Enforcement Ordinance].

One important difference between the entrance requirements of the two professions is that for *bengoshi* the examination is the gateway to further training whereas for the *benrishi* it is the gateway to the profession itself. Furthermore, Article 7 of the new Patent Attorney Law exempts *bengoshi* from the licensing requirements, i.e., *bengoshi* are presumed to be qualified to act as *benrishi*.⁶⁷ There is no reciprocal right granted to *benrishi*.⁶⁸ A similar exemption from the *benrishi* test is granted to patent examiners from the JPO with seven or more years of experience.⁶⁹

B. *A New Era of Reform?*

The new Patent Attorney Law is but a small chapter in the larger story of ongoing Japanese efforts to reform outdated institutions and regain the competitive edge the country enjoyed in the 1960s, 1970s, and 1980s. Indeed, not since the Meiji Era has Japan been forced to subject its institutions to such intense scrutiny. For this reason, the success or failure of the new law is directly tied to the extent to which it advances or hinders the reform agenda.

1. *Japan's Patent Practice Turned Upside Down*

While Japan has long had the institutional framework, e.g., the JPO, necessary for an effective system of patent protection, until quite recently inventors, both foreign and domestic, were sharply disadvantaged in relation to parties wishing to appropriate patented technology.⁷⁰

For most of the postwar period, foreign inventors could claim with considerable justification that the patent system had been co-opted by Japanese industry and, consequently, emptied of its integrity.⁷¹ The most notorious example of the Japanese patent system being used as a tool of abuse against a foreign inventor was the Kilby Patent.⁷² Kilby, an employee

⁶⁵ Report, *supra* note 1, at 68.

⁶⁶ Thirty-one out of 211 new *benrishi* in 1999. Japan Patent Attorneys Association, *supra* note 13.

⁶⁷ New Patent Attorney Law, *supra* note 4, art. 7. This exemption was incorporated in the 1921 Patent Attorney Law, *supra* note 58, art. 3, para. 1. As of 2000, approximately 300 *bengoshi* had cross-registered as *benrishi*. See Report, *supra* note 1, at 68.

⁶⁸ Lawyers Law, *supra* note 35, art. 10.

⁶⁹ New Patent Attorney Law, *supra* note 4, art. 7. This exemption was incorporated in the 1921 Patent Attorney Law, *supra* note 58, art. 3, para. 2.

⁷⁰ John C. Lindgren & Craig J. Yudell, *Protecting American Intellectual Property in Japan*, 10 SANTA CLARA COMPUTER & HIGH TECH. L.J. 1, 6 (1994).

⁷¹ *Id.* at 7.

⁷² *Id.*

of Texas Instruments, invented the integrated circuit in 1958.⁷³ The Japanese patent on the invention was filed on February 6, 1960, but, incredibly, the actual grant of the patent occurred over twenty-nine years later, on October 30, 1989.⁷⁴ In addition to procurement difficulties, foreign patent holders faced a slew of obstacles in their efforts to enforce valid patents. These obstacles included extremely narrow interpretation of patent claims,⁷⁵ the absence of discovery procedures,⁷⁶ and limits placed on the amount of damages that could be recovered through successful litigation.⁷⁷

The barriers faced by foreign inventors were in addition to those frequently faced by their Japanese counterparts. For example, Japan's pre-grant opposition procedures were easily abused.⁷⁸ Similarly, the practice of "patent flooding" could impair the efforts of both foreign and domestic owners of patent rights.⁷⁹

As long as Japan's economy continued to hum, criticism of the patent system, particularly that of foreign origin, was likely to fall on deaf ears. In fact, in the 1980s, Japanese business leaders often ridiculed American efforts to protect industrial property rights in Japan.⁸⁰ The American preoccupation with patent rights was seen as symptomatic of its failure in the arena of global manufacturing.⁸¹ At that time, of course, the soaring Japanese economy was the envy of the world while that of the United States was dismissed as a "hollowed" shell of its former self.

The 1990s saw a dramatic turnaround in Japanese attitudes regarding the need for vigorous legal protection of industrial property. First, as Japan's economy slumped, protecting its trade surplus with the United States

⁷³ *Id.*

⁷⁴ *Id.*

⁷⁵ *Id.* at 27. See also Stephen Lesavich, *The New Japan-U.S. Patent Agreements: Will They Really Protect U.S. Patent Interests in Japan?*, 14 WIS. INT'L L.J. 155, 169 (1995).

⁷⁶ Nancy J. Linck & John E. McGarry, *Patent Procurement and Enforcement in Japan—A Trade Barrier*, 27 GEO. WASH. J. INT'L L. & ECON. 411, 422 (1994).

⁷⁷ *Id.*

⁷⁸ M. Brendan Chatham, *The Impact of the "Technology Transfer Surplus" on the Trade Deficit With Japan and its Cures*, 25 GA. J. INT'L. & COMP. L. 561, 579 (1996). Japan allowed competitors the opportunity to challenge a patent before it was issued. By using this technique, they could delay the issuance of the patent while developing their own competing products. *Id.*

⁷⁹ Jeffrey A. Wolfson, *Patent Flooding in the Japanese Patent Office: Methods for Reducing Patent Flooding and Obtaining Effective Patent Protection*, 27 GEO. WASH. J. INT'L. L. & ECON. 531, 531 (1994). Patent flooding was the practice of filing a large number of patents with very small improvements over a competitor's technology. This would prevent the original inventor from exploiting the invention unless he was willing to cross-license with the patent flooder. *Id.*

⁸⁰ Lindgren & Yudell, *supra* note 70, at 13 (quoting Norichika, "our competitiveness is not threatened as long as American companies' attention is on income from intellectual property rights and not from manufacturing profits").

⁸¹ *Id.*

became an absolute necessity.⁸² That, in turn, gave the United States government leverage in its demands that Japan upgrade its intellectual property regime.⁸³ This leverage bore fruit in the form of a Letter of Agreement between the two nations, dated August 16, 1994, that promised reform on both sides, though much more was demanded of Japan.⁸⁴ While this demonstration of *gaiatsu*⁸⁵ was quite effective, it was not the only cause of Japan's about face on patent policy. Of equal importance was the fact that as Japanese companies moved more of their manufacturing offshore, particularly to Southeast Asia, the Japanese found themselves in a position analogous to that of the United States relative to Japan in previous decades. In other words, Japan went from being an importer to being an exporter of technology.⁸⁶ Thus, the shift to a pro-patent policy was also consonant with Japan's changing economic interests. This conclusion has been reinforced by pronouncements that the future health of Japan's economy is predicated upon the creation and protection of intellectual property.⁸⁷

The change in Japan's intellectual property regime has been impressive. Patent Divisions have been established in the Osaka and Tokyo District courts.⁸⁸ The patent examination process has been completely overhauled.⁸⁹ The courts have shown a new willingness to broadly interpret patent claims⁹⁰ and impose significant damage awards.⁹¹

One possible bottleneck that could compromise the effectiveness of this newly invigorated system would be the lack of qualified professionals to tend to its operation. Thus, the new Patent Attorney Law can be seen as a small, final step in a long, generally successful, process. The question then

⁸² *Id.* at 9-10.

⁸³ *Id.*

⁸⁴ Agreement Between Ronald Brown and Takakazu Kuriyama of the Japanese Embassy, Aug. 16, 1994, available at <http://www.okuyama.com/94agree.html>.

⁸⁵ The word *gaiatsu* is formed by combining the characters that convey the meanings of "outside" and "pressure." See NTC's NEW JAPANESE-ENGLISH CHARACTER DICTIONARY, *supra* note 26, at entries 186 and 2970. It is generally used as a term of derision against outside meddling, particularly American, in Japan's internal affairs.

⁸⁶ MORRIS-SUZUKI, *supra* note 16, at 293. For a general discussion of Japan's economic penetration into Asia, see WALTER HATCH & KOZO YAMAMURA, *ASIA IN JAPAN'S EMBRACE* (1996).

⁸⁷ Wolfson, *supra* note 79, at 555, discussing the need to promote small companies, many of which have intellectual property as their only asset. See also ARAI, *supra* note 52, at 18-19.

⁸⁸ Minsohō [Code of Civil Procedure], Law No. 109 of 1996, art. 6 (Japan).

⁸⁹ Agreement, *supra* note 84. As promised, Japan ended the practice of pre-grant opposition and reduced the period for demanding an examination from seven to three years. Law No. 68 of 1996 and Law No. 51 of 1999, amending the Patent Law, *supra* note 61.

⁹⁰ Toshiko Takenaka, *Harmonizing the Japanese Patent System With Its U.S. Counterpart Through Judge-made Law: Interaction Between Japanese and U.S. Case Law Developments*, 7 PAC. RIM L. & POL'Y J. 249, 249 (1998).

⁹¹ Takenaka, *supra* note 2, at 311.

becomes whether the new law will serve as the capstone to the endeavor or, conversely, will prove to be the weak link in an otherwise impressive chain.

2. *The Japanese Legal System is a Ripe Target for Reformers*

While the transformation of Japan's intellectual property regime is nearly complete, the legal system appears to be at the beginning of its own cycle of regeneration. As with the patent system, the Japanese legal system has been cited as a trade barrier by Japan's trading partners.⁹² However, domestic criticism has also been very pointed. For example, a "white paper" published by the Ministry of International Trade and Industry ("MITI") concluded that "the current judicial system is incapable of adequately supporting the activities of enterprises," and, consequently, is a candidate for "drastic reform."⁹³ Given MITI's status within the Japanese government and the uncharacteristic bluntness of the language, one can only conclude that serious reform will, in fact, take place.⁹⁴

The agenda for legal reform is being formulated by the Judicial Reform Council ("JRC").⁹⁵ While the contours of the system that will ultimately emerge from the JRC's deliberations are far from clear at this point, an examination of the "Points at Issue"⁹⁶ offers insight into the motivation behind the new Patent Attorney Law. For example, there is the anticipation that the number of cases requiring professional knowledge of intellectual property rights will increase sharply.⁹⁷ Other items under consideration include the need for increased access to legal professionals and the need to re-evaluate the relationships between lawyers and the quasi-legal professions.⁹⁸ The entire legal education system is also subject to reconsideration.⁹⁹

On November 20, 2000, the JRC issued its Interim Report.¹⁰⁰ The report indicates that Japan may go as far as dismantling the LRTI and creating a system whereby graduate schools become the primary vehicle for

⁹² Comrie-Taylor, *supra* note 31, at 338. See also Ramseyer, *supra* note 31, at 499.

⁹³ MITI White Paper, *supra* note 3.

⁹⁴ Miyazawa & Otsuka, *supra* note 43, at 14 (discussing prevalence of Tokyo University Graduates at MITI, itself an indication of institutional prestige).

⁹⁵ The creation of the JRC was enabled by Shihō Seido Kaikaku Shingikai Sechihō [Law Establishing Judicial Reform Council], Law No. 68 of 1999 (Japan).

⁹⁶ Judicial Reform Council, *supra* note 11.

⁹⁷ *Id.* at 5.

⁹⁸ *Id.* at 10.

⁹⁹ *Id.* at 11.

¹⁰⁰ Interim Report, available at http://www.kantei.go.jp/jp/sihouseido/report/naka_houkoku.html.

legal education.¹⁰¹ Regardless of the final form that legal education takes in Japan, it should be obvious that the institution has reached a point of rare fluidity.¹⁰²

The significance of the ongoing reforms on the new Patent Attorney Law is twofold. First, it has been suggested that the broadening of the *benrishi* domain was a pragmatic concession: the alternative was that the profession would be drowned by the flood of *bengoshi*, soon to be 3000 a year, pouring out of the LRTI or its equivalent.¹⁰³ More importantly, the state of institutional flux means that there are few constraints on how the *benrishi* profession could be structured. In other words, the Japanese have the unique opportunity to posit exactly what the *benrishi* credential should be, and then work backwards from that definition to create an educational structure that will produce professionals of the highest caliber.

C. Criticism of the Benrishi System Prior to January 6, 2001

Even if the new Patent Attorney Law could be shown to be consistent with the goals of the aforementioned reforms, the question of whether the new law addresses previously identified problems with the *benrishi* system would still be an important one. In particular, outside observers have complained that the *benrishi*, as a group, lack the scientific and technical training that the profession demands.¹⁰⁴ This lack of training manifests itself in poorly written patents.¹⁰⁵

Another basis for criticism has been that the *benrishi* are not effective advocates for their clients.¹⁰⁶ Foreign applicants have found, for example, that *benrishi* typically provide services limited to the translation and filing of a patent application.¹⁰⁷ Beyond that, however, the foreign applicants have not been able to count on *benrishi* to vigorously pursue the patent.¹⁰⁸ This is

¹⁰¹ *Id.*

¹⁰² The range of possibilities was indicated in part by the variety of topics discussed at a recent symposium on Japanese Legal Education. The 4th Japanese Law Online: International Symposium "Legal Education in the 21st Century," Victoria, British Columbia, Apr. 4, 2001. Papers from this symposium will be available on-line in the near future.

¹⁰³ Interview with Professor Veronica Taylor, *supra* note 49. Professor Taylor raised this as only one of many possible explanations for the new law.

¹⁰⁴ Lindgren & Yudell, *supra* note 70, at 20.

¹⁰⁵ *Id.*

¹⁰⁶ Chatham, *supra* note 78, at 587.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

apparently due to the tendency of *benrishi* to defer to the judgment of JPO examiners.¹⁰⁹

It could be argued that these criticisms are rooted not in the *benrishi* system itself but, rather, in the ethno-centric expectations of outsiders not well versed in Japanese patent practice.¹¹⁰ However, since the new Patent Attorney Law is part of a larger effort to internationalize the Japanese legal system, the new law should, in fact, protect the expectations of interested parties outside Japan.

III. THE NEW PATENT ATTORNEY LAW

Articles 4, 5, and 6 of the new Patent Attorney Law regulate the professional activities of the *benrishi* profession from the date of January 6, 2001.

Article 4. *Benrishi* may, at the request of another person, act as a representative with respect to proceedings before the JPO regarding patents, utility models, designs, trademarks, international applications, and international registration applications; and also with respect to opposition proceedings and appeals before the Ministry of Economy and Industry regarding patents, utility models, designs and trademarks, and may also offer expert opinions and conduct other business related to these matters.

(2) *Benrishi* may, at the request of another person, and in addition to the business described in the preceding section, conduct the following business activities as part of their profession. (a) They may act as agents in proceedings in front of the Director of Customs as described in Article 21, paragraph 4, of the Custom Rates (tariff) Law (Showa year 43, Law no. 54), as well as those regulated by Article 21-2, paragraph 1, of the same law which are conducted by the Director of Customs or the Ministry of Finance. (b) They may act as representatives at arbitration proceedings regarding patents, utility models, designs, trademarks, and certain types of unfair competition. These arbitration proceeding are limited to groups recognized and appointed by the Ministry of Economy, Trade and Industry

¹⁰⁹ *Id.*

¹¹⁰ Lesavich, *supra* note 75, at 158-59, 161.

("METI"). The ability to act as representative extends to settlement proceedings on the matter that is subject to arbitration.

(3) *Benrishi* may, in addition to the business described in the previous two sections, while using the title "*benrishi*," and at the request of another person, consult, mediate, or act as a representative regarding licensing, the sale of rights or other contract pertaining to patents, utility models, designs, trademarks, circuit layouts, and copyrights (material regulated under Article 2, section 1, number 1, of the Copyright Law (Showa year 45, Law no. 48)). However, this does not extend to matters where the conduct of business is limited by other laws.

Article 5. In courtroom proceedings regarding patents, utility models, designs, trademarks, international applications, international registration applications, circuit layouts, and certain unfair competitions, *benrishi* may while acting as an assistant appear with the concerned party or the trial representative (*bengoshi*) and ask questions or make statements.

(2) Regarding the questions or statements referred to in the previous section, they will be regarded as having been made by the concerned party or the trial representative. However, the concerned party or trial representative may, without delay, withdraw or correct the statement made by the *benrishi*.

Article 6. *Benrishi* may act as trial representative in litigation governed by Article 178, section 1 of the Patent Law (Showa year 34, Law no. 121), Article 47, section 1 of the Utility Model Law (Showa year 34, Law no. 123), Article 59, section 1 of the Design Law (Showa year 34, Law no. 125), and Article 63, section 1 of the Trademark Law.

The most salient feature of the new law is that it strikes a one-sided bargain: the *benrishi* receive a professional windfall in terms of their expanded domain but are not required to earn the benefit by, for example, meeting more rigorous licensing standards. In other words, rather than creating a regime where the standard work is done by a greater number of *benrishi*, the law will have essentially the opposite effect, i.e., *benrishi* with the same qualifications as before will be performing a variety of previously forbidden tasks.

First, *benrishi* may act as representatives with regard to proceedings before the Ministry of Customs to prevent the importation of infringing products into Japan.¹¹¹ Because *benrishi* at these proceedings are appearing before a body that did not previously recognize them, and will be arguing that competitors are infringing on their clients' rights rather than merely asserting the validity of those rights, this added duty puts *benrishi* squarely in the realm of adversarial proceedings. Second, with respect to industrial property,¹¹² circuit layouts,¹¹³ copyrighted material, and technical secrets, *benrishi* may offer consulting services and act as representatives or mediators for licensing and sales contracts.¹¹⁴ Notably, copyright, which is administered through the Ministry of Culture, is not classified as industrial property in Japan.¹¹⁵ Thus, this paragraph also broadens both the range of jurisdiction and the range of acceptable activities for the profession.

Third, with respect to industrial property, circuit layouts, copyrighted material, and certain types of unfair competition,¹¹⁶ *benrishi* may act as representatives in settlement and mediation as well as certain arbitration proceedings conducted under the auspices of bodies recognized by the Ministry of Economics, Trade and Industry.¹¹⁷ Because these proceedings feature adverse parties and issues of infringement, the *benrishi's* representative role embodies a significant expansion of the professional domain. Additionally, the possibility of allowing *benrishi* to represent clients in the actual litigation of infringement cases is still under consideration.¹¹⁸

Finally, the NPAL eliminates nationality and domicile requirements.¹¹⁹ In a related move, the Japan Patent Attorney Association has lifted restrictions on advertising by *benrishi*.¹²⁰

¹¹¹ New Patent Attorney Law, *supra* note 4, art. 4, para. 2(a).

¹¹² "Industrial property" encompasses patents, utility models, designs, and trademarks. Japan Patent Office, Outline Of Industrial Property System, available at <http://www.jpo.go.jp>.

¹¹³ As defined by Handōtai Shūseki Kairo No Kairo Haichi Ni Kanseru Hōritsu [Law Regarding the Circuit Arrangement of Semi-Conductor Circuits], Law No. 43 of 1985 (Japan).

¹¹⁴ New Patent Attorney Law, *supra* note 4, art. 4, para. 3.

¹¹⁵ Japan Patent Office, *supra* note 1. See also Copyright Research Infor. Ctr. (visited Jan. 3, 2001), http://www.cric.or.jp/circ_e/index.html.

¹¹⁶ As defined by art. 2, paras. 1.5-1.9 of Fusei Kyōsō Bōshi Hō [Unfair Competition Prevention Law], Law No. 47 of 1993 (Japan).

¹¹⁷ New Patent Attorney Law, *supra* note 4, art. 4, para. 2(b).

¹¹⁸ Report, *supra* note 1, at 68.

¹¹⁹ The nationality and domicile requirements were previously codified in Law No. 100 of 1921 at art. 2(1). With the restrictions lifted, *benrishi* may now work for overseas subsidiaries or Japanese corporations or otherwise conduct business outside of Japan. This is consistent with the goal of internationalizing the *benrishi* profession.

¹²⁰ Report, *supra* note 1, at 69. The lifting of advertising restrictions is consonant with the JPO's stated objective of extending patent services to a broader population.

IV. IMPLICATIONS OF THE NEW PATENT ATTORNEY LAW

The new law invites a skeptical response on many levels. First and foremost, does the law adequately serve the underlying policy objectives that are driving institutional reform in Japan? Generally speaking, using the American model as the yardstick to measure Japanese institutions does a disservice to the discussion. However, since much of the literature in support of the new law identifies the United States as the exemplar for patent practice, it is fair to ask if the new law, taken in combination with reforms to both the intellectual property regime and the judicial system, goes far enough in ensuring that work so vital to Japan's future is entrusted to capable hands. It is also fair to ask if the order of action, i.e., expanding the professional domain first and visiting the issue of qualifications later, unfairly shifts the risk of inadequate representation to consumers. By reversing the order, the Japanese could have made *benrishi* bear the risk that if they did not meet tough new credential requirements, they would have to forgo the new economic opportunities that have been bestowed upon the profession. This would seem to be a more ethical way of allocating risk. Finally, consideration must be given to the fact that in a vertically ordered society such as Japan, there might be a considerable advantage to channeling reform "down" through the *bengoshi* rather than "up" through the *benrishi*.

A. *The New Law Does Not Upgrade the Benrishi Credential to Match the Expanded Professional Domain*

The section of the Patent Administration Annual Report that introduces the new Patent Attorney Law features the heading, "cultivating talent in the 'era of wisdom.'"¹²¹ Yet the law itself does not demonstrate any commitment to "cultivate talent," i.e., improve the system of selecting and educating *benrishi*.¹²² This omission seriously undermines the likelihood that the new law will produce net benefits.

1. *The Intersection of Law and Technology*

Though meteorologists doubt its veracity, the phrase "every cloud has a silver lining" has enduring appeal. Applied to Japan, the cloud is the "lost

¹²¹ "... 'chie no jidai' ni okeru jinzai ikusei." Report, *supra* note 1, at 68.

¹²² New Patent Attorney Law, *supra* note 4, arts. 9-15.

decade” of the 1990s. The silver lining is that the Japanese have exceptional freedom to shape their institutions to suit their needs. The parallels to the Meiji Era are readily apparent: international competition has exposed the vulnerability of Japan’s fossilized institutions and, in response, the Japanese are looking to their competitors for solutions. The question can then be asked as if for the first time: “What should a *benrishi* know?” Law? Science? Both? Neither? If the answer is other than “neither,” should candidates be required to demonstrate their mastery of the subject matter before they begin representing clients in situations where a lack of competence could destroy a small business? These are policy questions with answers that depend on what is at stake at this point in Japan’s history. The evidence suggests that fortifying the intellectual property system is high on the list of Japan’s national priorities. Japan’s Ministry of International Trade and Industry (“MITI”), the parent agency of the JPO, has reached the conclusion that the United State’s pro-patent policy provided the impetus for its strong recovery from the recession plagued 1980s.¹²³ In a similar vein, a Yomiuri Shinbun article introducing the new Patent Attorney Law begins by observing that “it is anticipated that a violent international competition will develop in the area of manufacturing with industrial property rights as its weapons.”¹²⁴ Noting Japan’s trade deficit in technology, as measured in patent licensing fees, the article continues, “unless the base of the industrial property system is strengthened, Japan will not be able to fight.”¹²⁵ Putting aside the question of whether strengthening the industrial property system will, in fact, revive its moribund economy, the Japanese have chosen to identify this as a priority item on the national agenda. The new Patent Attorney Law should reflect that choice.

In spite of the fact that an ideal *benrishi* system would recognize the importance of integrating law and science, the current system places surprisingly few educational burdens on its participants. For example, there is no requirement that an aspiring *benrishi* have a science degree or, for that matter, any science or engineering background at all.¹²⁶ The *benrishi* test itself is also problematic.¹²⁷ For example, a candidate could choose to be

¹²³ Takenaka, *supra* note 2, at 309. MITI is now known as METI, *supra* note 3

¹²⁴ Benrishi-hō No Kaisei Ha Ōkina Zenshin [The Revision of the Patent Attorney Law is a Big Advance], Apr. 16, 2000, available at <http://www.morimoto-sr.ac/deloffice/2000/04/16.html> (translated by author).

¹²⁵ *Id.*

¹²⁶ Patent Attorney Law Enforcement Ordinance, *supra* note 64, ch. 1.

¹²⁷ *Id.* The first stage of the test requires that the applicant choose from several possible answers to questions concerning laws and regulations related to industrial property (patents, utility models, designs, and trademarks), treaties related to industrial property, and laws and regulations related to the conduct of *benrishi* business. Only applicants who pass the multiple choice stage are allowed to move on to the essay

tested only in the subjects of Constitutional Law, Surveying Methods, and Science of Fisheries.¹²⁸ Expertise in these fields, though conceivably useful, is rarely implicated in actual patent work. The fact that only about four percent of the applicants make it through the various stages of the test does not in itself lead to the conclusion that the test is an effective vehicle for selecting *benrishi*. If the criticism of the quality of Japanese patents is valid, the inference would be that the test is difficult, but difficult in the wrong way. By comparison, Germany, historically the model for Japanese patent practice, requires that prospective patent attorneys have a degree in an industrially important science, have experience as an apprentice in industrial property law, and pass a test administered by the German Patent Office.¹²⁹ By way of further comparison, the United States Patent and Trademark Office's ("USPTO") guidelines mandate that candidates for the Patent Bar must have a Bachelor of Science degree or the equivalent in one of thirty-one technical subjects or be able to pass a Fundamentals of Engineering (FE) test.¹³⁰ The comparison to the United States is especially significant in light of the fact that "the patent attorney's work is open to fierce international competition."¹³¹ Furthermore, the American competition for the *benrishi* is not American *benrishi*, i.e., patent agents, but rather the 16,000 Americans who are described by the JPO as *tokkyo bengoshi*, i.e., patent *bengoshi*.¹³² These are professionals who have passed both the Patent Bar, with its requirement of a significant science background, and a state bar exam that follows three years of law school. Some American law schools are also designing curricula that allow students to seek joint degrees in law and science or engineering.¹³³ Thus, the credential gap argued here is not just

exams. The essay exam covers rules and regulations related to industrial property. Additionally, the applicant chooses to be tested on subjects included in a list formulated by the Ministry of Economics, Trade and Industry. Finally, applicants who are successful on the essay exam move on to an oral examination on laws and regulations related to industrial property. Revision of the test is still on the agenda. However, this Comment contends that the change should have been made in the test and other qualifying procedures before the expansion of the professional domain.

¹²⁸ Other test topics of questionable value for the purpose of screening *benrishi* include Criminal Code, Code of Criminal Procedure, and Economics. *Id.*

¹²⁹ N. Thane Bauz, *Reanimating U.S. Patent Reexamination: Recommendations For Change Based Upon a Comparative Study of German Law*, 27 CREIGHTON L. REV. 945, 970 n.156 (1994).

¹³⁰ United States Patent and Trademark Office, *General Requirements Bulletin For Admission To The Examination For Registration To Practice In Patent Cases Before The United States Patent And Trademark Office*, at 3-6, available at <http://www.uspto.gov/web/offices/dcom/olia/oed/index.html>.

¹³¹ ARAI, *supra* note 52, at 95.

¹³² Report, *supra* note 1, at 68.

¹³³ Toshiko Takenaka, *Law School Education in the New Business and Technology Era*, p.7, paper presented at the 4th Japanese Law Online: International Symposium "Legal Education in the 21st Century," at Victoria, B.C. (Apr. 4, 2001).

between the *benrishi* and the hypothetical ideal patent professional, the gap also exists in the harsh arena of global economics.

2. *A Poorly Negotiated Bargain*

One frequently discussed feature of intellectual property systems is the bargain struck between, for example, an inventor and society. In exchange for divulging a new and useful technology the inventor receives monopoly rights to exploit the technology for a prescribed period.¹³⁴ A similar knowledge/monopoly swap occurs in regards to the professions.¹³⁵ In exchange for demonstrating a certain level of education and training, professionals receive protection from various forms of competition.¹³⁶ An underlying premise of this bargain is that the burden of attaining the credential and value of the monopoly are calibrated to each other. In fact, negotiating this bargain is arguably the *raison d'être* of professional associations.¹³⁷ In general the knowledge/monopoly arrangement is economically efficient because the monopoly rents captured by the professionals are more than offset by the savings realized by consumers who would otherwise be forced to investigate the history of every doctor, dentist, lawyer, etc., whom they employed. This arrangement also serves to allocate risk in a way that is socially acceptable. For example, consider an unregulated society where the only prerequisite to practicing surgery is possession of a reasonably sharp scalpel. By imposing a knowledge/monopoly framework, society can shift risk between the parties by reducing the risk that the patient will be the victim of a incompetent surgeon and by increasing the risk that someone who wishes to practice surgery will be unable to do so. Of course, if the burden is shifted too aggressively, society can regulate itself into a shortage of professionals. This, incidentally, describes the state of the *bengoshi* profession in Japan.¹³⁸ Many Japanese appear in court pro se.¹³⁹ At the same time, thousands of other Japanese invest massive resources of both time and money into failed efforts to win seats at the LRTI.¹⁴⁰

¹³⁴ ALAN L. DURHAM, PATENT LAW ESSENTIALS: A CONCISE GUIDE 2 (1999).

¹³⁵ Eliot Friedson, *The Theory of Professions: State of the Art*, in SOCIOLOGY OF THE PROFESSIONS 19, 24 (Robert Dingwall & Philip Lewis eds., 1983).

¹³⁶ *Id.*

¹³⁷ *Id.*

¹³⁸ *MITI Report*, *supra* note 3 (discussing shortage of legal professionals).

¹³⁹ Ramseyer, *supra* note 31, at 517.

¹⁴⁰ *Id.* at 524.

To deregulate a profession is to rewrite the knowledge/monopoly contract between that profession and the society it serves. And the *benrishi* may, in fact, be an appropriate target for deregulation.¹⁴¹ However, the final configuration of the contract must protect the reasonable expectations of those parties who rely on the bargain. This statement would apply with even greater force when the act of deregulation puts the regulated professionals into contact with inexperienced, more vulnerable consumers, as is the case with the new Patent Attorney Law.¹⁴² The inquiry then becomes twofold. First, what education and training would a first time purchaser of *benrishi* services expect the *benrishi* to have? Second, does the law ensure that *benrishi* will, in fact, have the qualifications that are expected of them? There are at least two situations where the answer to the second question is likely to be negative: international licensing negotiations and arbitrations before the Arbitration Center for Industrial Policy ("ACIP").

a. Representation in international licensing negotiations

According to Richard H. Lilley, Jr., an international licensing specialist, a practitioner making licensing arrangements in Japan would be faced with a thicket of legal issues: Tax Law, Foreign Exchange and Foreign Trade Control Law, Anti-Monopoly Law, Fair Trade Commission Guidelines, Civil Procedure and Patent Law.¹⁴³ Unquestionably, Contract Law could be added to this list. Even a well-trained, experienced legal professional would find the synthesis of all the relevant law to be a daunting task. It follows that a *benrishi*, with only a very narrow field of legal expertise, would be at a disadvantage in this setting. Yet, a client who has hired a *benrishi* is likely to rely on the knowledge/monopoly bargain and assume that *benrishi* are qualified to do what *benrishi* are permitted to do.

Two other facts bear mentioning in the context of negotiating international licensing agreements. The first is that these negotiations are quite often adversarial in nature.¹⁴⁴ This is because negotiations are often

¹⁴¹ *MITI Report, supra* note 3 (noting the need for high level expertise as globalization progresses and disputes regarding intellectual property increase).

¹⁴² *See, e.g., Report, supra* note 1, at 71-73 (describing efforts to bring the industrial property system into contact with the general public). *See also* Wolfson, *supra* note 79, at 556 (noting MITI's commitment to nurturing small, entrepreneurial enterprises).

¹⁴³ Richard H. Lilley, Jr., *Licensing in Japan: Current Issues 1997*, available at <http://www.okuyama.com/license1.html>. (At the time Mr. Lilley, Jr., wrote this article, he was Chairman of the International Consequences of Licensing Subcommittee of the American Intellectual Property Law Association). These areas of law are listed in the table of contents and discussed extensively in the article.

¹⁴⁴ *Id.* at Part VII(E).

opened only after one party has accused the other of infringement.¹⁴⁵ If the negotiation is in regard to a dispute that has ripened into litigation, then it is "in connection with a lawsuit," and, therefore, falls within the traditional frame of the *ben goshi* monopoly.¹⁴⁶ The other is that while much of the increase in licensing will be between Japanese companies and their subsidiaries in Southeast Asia, reducing the licensing deficit with the United States remains a priority. Consequently, *benrishi* will often be pitted against American attorneys who have a greater depth of training in both legal and scientific matters.¹⁴⁷

b. Arbitration proceedings before the ACIP

The other activity where the gap between what the *benrishi* are allowed to do and what they are qualified to do appears to be unacceptably wide is the representation of clients in arbitration proceedings before the ACIP. This is because arbitration proceedings are nearly as adversarial as actual litigation.¹⁴⁸ It follows, therefore, that arbitration proceedings demand a higher level of "lawyering" than required for patent prosecution.

Admittedly, it is hard to predict whether arbitrations will become a high volume business for the *benrishi*. While settlement of lawsuits is the norm in Japan, the practice of arbitration has never extended its roots very deeply.¹⁴⁹ Two Japanese arbitration centers, The Commercial Arbitration Center and The Maritime Arbitration Center, have failed to attract much business.¹⁵⁰ Conversely, there are indications that the ACIP may fare better than those institutions. The Judicial Reform Council has identified the establishment of an alternate dispute resolution mechanism as a priority issue.¹⁵¹ Furthermore, some commentators believe that intellectual property disputes are uniquely well suited for arbitration.¹⁵² While the use of the

¹⁴⁵ Shoichi Okuyama, *Patent Infringement Litigation in Japan*, available at <http://www.okuyama.com> (1997). Mr. Okuyama is a *benrishi*.

¹⁴⁶ See Ramseyer, *supra* note 37, and accompanying text.

¹⁴⁷ See *supra* Part IV.A.1. and discussion therein. See also Arai, *supra* note 52, at 58 (noting competitive advantage that American attorneys with science backgrounds enjoy over their Japanese counterparts).

¹⁴⁸ Julia A. Martin, *Arbitrating in the Alps Rather than Litigating in Los Angeles: The Advantages of International Intellectual Property Specific Alternative Dispute Resolution*, 49 STAN. L. REV. 917, 960 (1997) ("[A]rbitration is viewed with the same distaste as litigation given its similarly confrontational nature").

¹⁴⁹ 9 WORLD ARB & MEDIATION REP. 290 (Nov. 1998).

¹⁵⁰ *Id.*

¹⁵¹ Points At Issue in the Judicial Reform, *supra* note 11.

¹⁵² Martin, *supra* note 148, at 923-25. However, some scholars have reached the opposite conclusion. Interview with Professor Veronica L. Taylor, *supra* note 49.

ACIP has thus far been limited to disputes over internet domain names, ACIP's literature makes it clear that it intends to create a facility for the rapid, fair, and confidential resolution of disputes for the entire field of industrial property.¹⁵³

Broader factors also suggest that the ACIP will be a success. For example, recent changes in Japanese patent practice, such as the drift toward recognition of infringement under the Doctrine of Equivalents¹⁵⁴ and the move toward allowing larger damage awards in infringement cases,¹⁵⁵ are certain to increase the number of patent disputes which, in turn, should create opportunities to arbitrate.¹⁵⁶

The likelihood that *benrishi* will obtain a significant share of the arbitration business is increased by the fact that, compared to the United States, lawsuits in Japan are more developed at the time of filing.¹⁵⁷ Japanese government support for expanded alternative dispute resolution, an increasingly contentious patent landscape, and the extent to which the actual initiation of litigation can be delayed, are all factors that point to the possibility that arbitration will prove to be a professional bonanza for the *benrishi*.

B. *The New Patent Attorney Law Carelessly Upsets the Balance Between Professions*

Prior to January 6, 2001, the relationship between the *benrishi* and the *bengoshi* featured a vertical hierarchy between the two and clearly demarcated spheres of activity. The vertical hierarchy, with *bengoshi* in the upper position, was reinforced by the exemption granted *bengoshi* who wished to also register as *benrishi*,¹⁵⁸ the fact that *benrishi* had a subordinate role when included in litigation teams,¹⁵⁹ and the fact that a *bengoshi* could withdraw any statement or opinion uttered in court by a *benrishi* on his team.¹⁶⁰ It was also well established practice that a *benrishi* would complete and file patent applications and act further only in response to rejections handed down by the JPO.¹⁶¹ Once a valid patent was obtained, any

¹⁵³ See generally Arbitration Ctr. For Indus. Policy, at <http://www.ip-adr.gr.jp>.

¹⁵⁴ Takenaka, *supra* note 90.

¹⁵⁵ Takenaka, *supra* note 2.

¹⁵⁶ *Id.* at 368.

¹⁵⁷ James A. Forstner, *Patent Litigation in Japan, China, and Korea*, 366 PLI/PAT 13, 17 (1993).

¹⁵⁸ Patent Attorney Law, *supra* note 58, art. 3, para. 1.

¹⁵⁹ *Id.* art. 9.

¹⁶⁰ *Id.*

¹⁶¹ Chatham, *supra* note 78, at 587. See also Lesavich, *supra* note 75, at 180.

controversy that arose with regard to a third party would fall into the domain of the *bengoshi*.¹⁶²

While disrupting the relationship between the two professions is not per se a bad idea, if done, it should be done with care. Consideration should be given to the fact that a new structure creates a new set of incentives. No less important is the challenge of ensuring that the new arrangement protects the interests and expectations of consumers. Finally, it may be advantageous to use the structure of the relationship between the two professions as a template for reform.

One possible consequence, surely unintended, of the new Patent Attorney Law is that it may embolden other quasi-legal professions to demand "me-too" expansions of their domains. Once again, this is not per se a bad idea, but it does raise the same implementation concerns that have accompanied the new Patent Attorney Law.

1. *Benrishi and Bengoshi: From Complement to Collision?*

The relationship between the *bengoshi* and the quasi-legal professions is one of the issue items identified by the Judicial Reform Council.¹⁶³ The new Patent Attorney Law represents the first serious attempt to change one of those relationships and, as such, could set the tone for future deregulation of the professions. However, it is far from assured that the new relationship will be better than the old one, either from the perspective of society or that of the professions themselves.

a. *Competition is good—except when it isn't*

The main underlying premise of deregulation is that it unleashes competitive forces that have been unwisely or unfairly suppressed.¹⁶⁴ Once unleashed, though, those forces can behave in unpredictable ways.

In this case, the underlying premise is that competition between the *benrishi* and *bengoshi* will create efficiencies that result in net gains for consumers, in the form of lower prices (reduced monopoly rents), and *benrishi*, in the form of greater business opportunities. Ironically, the end result may be that the *benrishi* have incited a competition that they cannot win. This is because instead of having complementary incentives as they did

¹⁶² Patent Attorney Law, *supra* note 58, art. 1.

¹⁶³ *The Points at Issue in the Judicial Reform*, *supra* note 11.

¹⁶⁴ Ronald Dore, *Japan's Reform Debate: Patriotic Concern or Class Interest? Or Both?*, 25 JOURNAL OF JAPANESE STUDIES 65, 75 (Winter 1999).

before January 6, 2001, the two professions now have incentives that are diametrically opposed to each other: the *benrishi* have an incentive to capture clients and hold them as long as possible while *bengoshi*, obviously, have the counter incentive to intercept clients at the application stage. This incentive structure exposes the possibly insoluble dilemma facing the *benrishi* profession. The dilemma is that while the new law may have been framed to make the *benrishi* more prosperous through competition, to the extent that their business grows, the *bengoshi* will face increased competition from *bengoshi* who take advantage of the fact that they can register as *benrishi* at any time.¹⁶⁵ Economists recognize this as the principle that in an unregulated market competition will drive profits to zero.¹⁶⁶ Furthermore, the superior prestige of the *bengoshi* may give them such a competitive advantage that if the market for intellectual property related services booms, their exemption could prove to be of far greater tactical advantage to them than the new Patent Attorney Law is to the *benrishi*. At the end of the day, then, the *benrishi* may find themselves to be victims of their own success.

b. More confusion for consumers

In spite of its faults, the system in place prior to January 6, 2001, had the advantage of clarity. *Benrishi* handled applications and *bengoshi* handled disputes.¹⁶⁷ Under the new arrangement, though, consumers, especially those new consumers the law is supposed to help, have difficult choices to make. Worse yet, they may have to choose from two less than ideal alternatives.

As previously noted, consumers tend to assume that the holder of a professional credential has earned her protected market and, further, that there is a substantial relationship between the contours of the market protection and the prerequisites for the license. Therefore, a consumer who is faced with the option of hiring either a *benrishi* or a *bengoshi* would justifiably, but wrongly, assume that they had interchangeable backgrounds. Of equal concern is the fact that a party with a highly technical product to protect would want representation by a professional who is equally proficient in the realms of both law and science. Japan has not yet taken steps to ensure that such professionals exist.

¹⁶⁵ New Patent Attorney Law, *supra* note 4, art. 7, para. 3.

¹⁶⁶ JOHN B. TAYLOR, PRINCIPLES OF MICROECONOMICS 243-53 (2d. ed. 1998).

¹⁶⁷ Patent Attorney Law, *supra* note 58, art. 1; Lawyers Law, *supra* note 35, art. 72.

c. *Taking advantage of Japan's vertical society*

Social scientists have long used the term “*tate shakai*,” or vertical society, to describe Japan’s social structure.¹⁶⁸ This means that while Japan does not have significant stratification along wealth and class lines, there is a constant awareness of relative rank and status.¹⁶⁹ As between *benrishi* and *bengoshi*, there is no question that *bengoshi* have the much higher status.¹⁷⁰ This flows from the fact that achievement in education, as measured by high scores on entrance exams, is universally accepted as a legitimate measurement of “merit.”¹⁷¹ Many *bengoshi* have excelled on Japan’s two most hallowed exams, those that open the doors to Tokyo University and the National Legal Research and Training Institute.¹⁷² Thus, even a *bengoshi* who is not especially successful in his trade can expect to be addressed by the respectful title of *sensei*.¹⁷³ *Benrishi*, on the other hand, enjoy no such cachet. The *bengoshi*’s superiority over the *benrishi* exists not just in the public imagination; it permeates the law itself.¹⁷⁴

In the context of this vertical relationship, the new Patent Attorney Law can be seen as taking the lid off the *benrishi* and allowing them to expand their domain in an upward direction. However, it may be advantageous to exploit the existing social structure by shifting the locus of reform to the *bengoshi* profession and extending its reach down. In other words, rather giving *benrishi* greater leeway in the legal arena, the priority should be increasing the number of *bengoshi* who understand the science of the cases that they are working on.¹⁷⁵ This approach has two advantages over that embodied in the new Patent Attorney Law. First, directing reform to the more prestigious of the two professions would ensure that the hybrid professional that emerges is a science *bengoshi* rather than a legal *benrishi*. This would confirm the seriousness of Japan’s commitment to a pro-patent strategy. Furthermore, with the United States identified as the competition,

¹⁶⁸ Andrew M. Pardieck, *Virtuous Ways and Beautiful Customs: The Role of Alternative Dispute Resolution in Japan*, 11 TEMP. INT’L & COMP. L.J. 31, 34 (1997). “The idea of *tate shakai*, or vertical society, permeates all interactions among the Japanese.” The theory was introduced in CHIE NAKANE, JAPANESE SOCIETY (1970).

¹⁶⁹ ROBERT CHRISTOPHER, THE JAPANESE MIND 141-42 (1983).

¹⁷⁰ Constance O’Keefe, *Legal Education in Japan*, 72 OR. L. REV. 1009, 1010 (1993). Professor O’Keefe notes they occupy “an exalted position in the hierarchy of the legal world.” See also Ota & Rokumoto, *supra* note 6, at 329.

¹⁷¹ HALEY, *supra* note 27, at 43.

¹⁷² *Id.*

¹⁷³ Dal Pont, *supra* note 27, at 293.

¹⁷⁴ See discussion *supra* Part IV.B.

¹⁷⁵ ARAI, *supra* note 52, at 58 (noting superior performance of attorneys with science background).

focusing reform on the *bengoshi* would lead to the emergence of *tokkyo bengoshi* with qualifications equal to their American counterparts.

2. *The New Patent Attorney Law May Lead to Destructive Competition Between the Quasi-legal Professions*

The professional domain of the *benrishi* has both vertical and horizontal dimensions. The vertical, of course, is with respect to *bengoshi*. The horizontal dimension refers to the lines of demarcation that separate the respective spheres of activity for the various quasi-legal professions. The recalculation of the *bengoshi/benrishi* equation may have the secondary effect of triggering turf wars among the quasi-legal groups themselves.

The best indicator of storm clouds on the horizon is the reaction of the *gyōsei shoshi* (administrative scriveners) to the new law. The comments from a recent meeting organized by the Osaka branch of the scriveners association shows that they are concerned that they will lose business to the *benrishi*.¹⁷⁶ This turn of events is described as “unacceptable.”¹⁷⁷ Furthermore, the *gyōsei shoshi* assert that they, too, are qualified to be industrial property specialists.¹⁷⁸ That they will seek expanded powers is made clear by the statement that, “[at] present, as our country is gathering pro-patent policies that prioritize intellectual property, it can be said that administrative scriveners have a chance to expand their range to include new duties.”¹⁷⁹ The report concludes by stating that the group’s agenda includes “creating the status of intellectual property specialist.”¹⁸⁰

There is no way to predict how the battle brewing between the *benrishi* and the *gyōsei shoshi* will finally be resolved. The key point is that the new Patent Attorney Law may have opened a Pandora’s box that will complicate the process of legal reform. A more careful targeting of reform would have spared the Japanese from what promises to be a noisy quarrel.

V. PRACTICAL ALTERNATIVES TO THE NEW PATENT ATTORNEY LAW

Intellectual property law can be extremely difficult. Many patents, for example, cover the latest advances in biotechnology. Anyone who has taken

¹⁷⁶ Comments of Osaka Branch of the Scriveners Ass’n, available at <http://www.ss7.inet.osaka.or.jp/~mjimusho/chitekikensyu.htm>.

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Id.*

a class in patent law knows that students who understand science are also more likely to grasp the interplay between law and science. Additionally, the stakes in patent disputes can be enormous.¹⁸¹ Patents are also the basis for significant international competition.¹⁸² Consequently, Japan has a strong interest in making sure that its patent professionals are on par with the best in the world. Unfortunately, by expanding the *benrishi* domain before upgrading the *benrishi* credential, Japan may have compromised its own best interests.

Reform of the legal education system will eventually touch the *benrishi*. For example, one proposal under consideration would have them trained as graduate students.¹⁸³ The test itself will also be revised to, among other things, lower the average age of new *benrishi*.¹⁸⁴ The fact that reform is on the way seems to concede the premise of this Comment, i.e., that the current system is deficient.

Knowing that the current system's days are numbered, the suggestions below are general in nature. The goal is to create a structure that is consistent with the needs of all parties involved, including the professionals, their clients, and Japan itself. It should be noted that certain reforms cannot be recommended. For example, given the disparity in the level of prestige attached to each profession, it would not be practical to simply fold the *benrishi* into the domain of the *bengoshi* without requiring significant legal training on the part of the former. *Bengoshi*, who have endured Japan's worst "examination hell," would simply not tolerate the opening of a back door to their jealously guarded profession. Nor would it be practical to expect current *benrishi* to obtain a complete legal education through the existing channel: very few of them would get past the LRTI entrance examination.

A. Turn Back the Clock

While it may not be the most likely outcome, the return of *benrishi* to their pre-NPAL status would, if accompanied by other systemic reforms, be the simplest way to correct extant problems that were exacerbated by the

¹⁸¹ Arai, *supra* note 52, at 46.

¹⁸² *Id.* at 44-45.

¹⁸³ Kunihiko Nakata, Shiritsu Daigaku Ni Okeru Hōka Daigakuin: Hitotsu No Keesu Sutadi Toshite Ryukoku Daigaku No Arikata [Law Studies Graduate School at a Private University: Ryukoku University's Program as One Case Study . . .] presented at the 4th Japanese Law Online: Int'l Symposium "Legal Education in the 21st Century," at Victoria, B.C. (Apr. 4, 2001).

¹⁸⁴ MITI, *Benrishi-hō No Gaiyō* [Outline of the Patent Attorney Law], available at <http://www.jpo.go.jp>.

new law. In other words, persons possessing the minimum qualifications of *benrishi* would have their activities strictly limited to preparing patent applications and representing those applications before the PTO. This step, when combined with an overhaul of the *benrishi* examination as discussed below, would leave Japan with a corps of *benrishi* with well defined functions and highly credible qualifications.

B. Create an Enhanced Benrishi Credential

Benrishi who wish to represent clients in commercial or adversarial settings should be required to obtain appropriate legal training. This training could be offered in a variety of settings including the JPAA's existing training center. A candidate who has completed the course work and passed a rigorous examination would receive authorization to perform all the duties allowed under the NPAL. Additionally, this enhanced *benrishi* credential would allow for the representation of clients in actual litigation of industrial property related lawsuits. The creation of this second tier would allow *benrishi* who are satisfied with their current activities to continue to do them while at the same time providing an incentive for those who seek a broader profession.

C. Eliminate the Bengoshi Exemption

The fact that *bengoshi* can be recognized as *benrishi* by simply registering with the JPAA is indicative of the status disparity between the two professions.¹⁸⁵ To an outside observer this exemption seems indefensible. There is nothing in the system that produces *bengoshi* that would lead one to infer any scientific knowledge on their part. Therefore, this exemption should be eliminated. *Bengoshi* who wish to hold a dual qualification should be required to demonstrate a certain depth of scientific knowledge along with a working knowledge of industrial property law. This could be accomplished by offering them a test similar to the *benrishi* examination, though the criteria for "passing" could be calibrated differently.

¹⁸⁵ Patent Attorney Law, *supra* note 58, art. 8, para. 3

D. Revise the Examination

As previously noted, a candidate personalizes the *benrishi* test by choosing which subjects to challenge.¹⁸⁶ Many of the options are not related to commercially important technology.¹⁸⁷ A better test would pare down the options available and at the same time require the candidate to show more expertise in each of the subjects. Furthermore, under the current system the law portion of the test is offered in the relatively easy multiple choice format. Given the increasingly legal nature of the work authorized by statute, the test should demand extensive legal knowledge. Ideally, the examination should be structured as a counterbalance to the candidate's undergraduate education: an individual with an undergraduate law degree would face a more stringent science test and, conversely, a qualified scientist would face a more difficult law section.

E. Reserve Seats at LRTI for Scientists.

The optimal solution, which could be implemented in conjunction with items A-D, would be to shift the focus of reform to the *bengoshi* side of the equation. In other words, rather than allowing greater leeway for *benrishi* to enter the legal arena, the goal should be to increase the number of *bengoshi* with training in the sciences that are most important to the intellectual property system. This could be accomplished in concert with reforms that are already in the planning or implementation stages in Japan. For example, the number of students admitted to the LRTI has been gradually increased from five hundred in the 1980s to two thousand today. That number will probably be increased to three thousand in the near future.¹⁸⁸ This expansion gives Japan an excellent opportunity to improve *both* the quantity and the quality of legal services offered to parties with an interest in intellectual property by funneling qualified scientists into the legal education system.

For example, ten percent of the seats at the LRTI could be set aside for scientists. The expectation is that these scientists would be at a disadvantage in the entrance competition when compared with graduates of elite law programs. Therefore, the scientists' tests would be graded separately. The "pass" rate for the scientists would vary based upon the

¹⁸⁶ *Id.*

¹⁸⁷ *Id.* para. 1.

¹⁸⁸ Judicial Reform Council's Interim Report on the Judicial Reform (Nov. 20, 2000), available at http://www.kantei.go.jp/jp/sihouseido/report/naka_houkoku.html.

number of applicants and could be different than the “pass” rate for the general pool of applicants.

At the LRTI itself, it would be relatively easy to fashion an “Intellectual Property Track” for the scientists who win admission. This is because the LRTI program emphasizes practical training over classroom instruction. Accordingly, the LRTI could develop a relatively short though, presumably, rigorous intellectual property curriculum. The practical training could also be altered for the scientists. For example, instead of taking assignments at the various district courts, the scientists would be assigned to the patent division of the Tokyo High Court. Similarly, the scientists would receive their law office training at firms with significant intellectual property practices. Finally, of course, to receive the full credential, scientists would sit for the JPO examination which itself has been revised to make it a more accurate gauge of each applicant’s useful knowledge.

This proposal may face opposition. An “affirmative action” program of this kind flies in the face of the deep-seated Japanese commitment to a meritocracy. Yet a student who has devoted many years to the study of biochemistry or electrical engineering cannot be expected to compete for entrance to the LTRI on equal terms with a student who has devoted a lifetime to preparation for the *shihō shiken*. However, since a national consensus has already been reached regarding the importance of promoting and protecting intellectual property, it should not be difficult to reach a necessary secondary consensus, i.e., that the national interest is best served by adopting a slightly broader definition of “merit,” at least to the extent that the definition governs admission to the LRTI.

It should be noted that the continued existence of the LRTI as the sole gateway to the legal profession is in doubt.¹⁸⁹ However, an affirmative action program for scientists could be molded to fit whatever institutional arrangement succeeds the LRTI.

VI. CONCLUSION

The past decade has seen a dramatic shift in Japanese attitudes toward the legal protection of industrial property. In the 1980s, many Japanese businessmen ridiculed their American counterparts for their aggressive attempts to enforce their patents. A preoccupation with patents was seen as

¹⁸⁹ *Id.* For an analysis in English of the Interim Report, see Noriko Kawawa, *Judicial Reform Council's Interim Report on the Judicial Reform*, paper presented at the 4th Japanese Law Online: Int'l Symposium “Legal Education in the 21st Century,” at Victoria, B.C., (Apr. 4, 2001).

a loser's response to superior manufacturing competition. However, with Japan's economic malaise entering its second decade and with Japanese businesses seeking protection from copycats in newly industrializing Asian nations, the Japanese are now betting that a "pro-patent" strategy will help the economy regain its previous luster. Consequently, given the importance of patent practice to Japan's future prospects, more care should have been taken in revising the Patent Attorney Law. To expand the range of *benrishi's* permissible activities without revising the profession's entrance standards is to put the interests of inventors and SMEs at risk. Rather, the change in credentials should have *preceded* the expansion of the professional domain. Better yet, the nexus of reform should have been located in the more prestigious *bengoshi* profession. Furthermore, by breaching the barrier that separated *bengoshi*, a legal profession, from *benrishi*, a quasi-legal one, the Japanese have injected a new element of uncertainty into the legal system. With both groups occupying much of the same turf, a scramble for competitive advantage seems inevitable. Consumers, meanwhile, will often be left to choose between two deficient alternatives. Against this background of uncertainty, this Comment recommends a relatively inexpensive, easily implemented, set of reforms to protect the reasonable expectations of inventors and enterprises, foreign and domestic, who wish to protect their intellectual property in Japan.

