



October 31, 2024

## Policy Trends and Discussion on Regulating AI Technologies in Japan

### I. Introduction:

Artificial Intelligence (AI) technologies have rapidly progressed in recent years, including generative AI, which has spread since 2022. This advancement has led to active discussions worldwide regarding the formulation of a comprehensive legal framework for AI.

Based on the results of the G7 Hiroshima Summit held in May 2023, the “Hiroshima AI Process” was launched to discuss issues on generative AI, and in December of the same year, the first international policy framework consisting of guidelines and codes of conduct to promote safe, secure, and reliable advanced AI systems (the “Hiroshima AI Process Comprehensive Policy Framework”) was drafted and endorsed by the G7 leaders<sup>1</sup>. In the European Union, the AI Act entered into force on August 1, 2024<sup>2</sup> (please read our newsletter on the EU AI Act [here](#)).

In Japan, there are currently neither laws nor regulations comprehensively governing AI, while non-binding soft laws such as guidelines have been developed. On top of that, the government is still discussing the regulation of AI in light of the international trends.

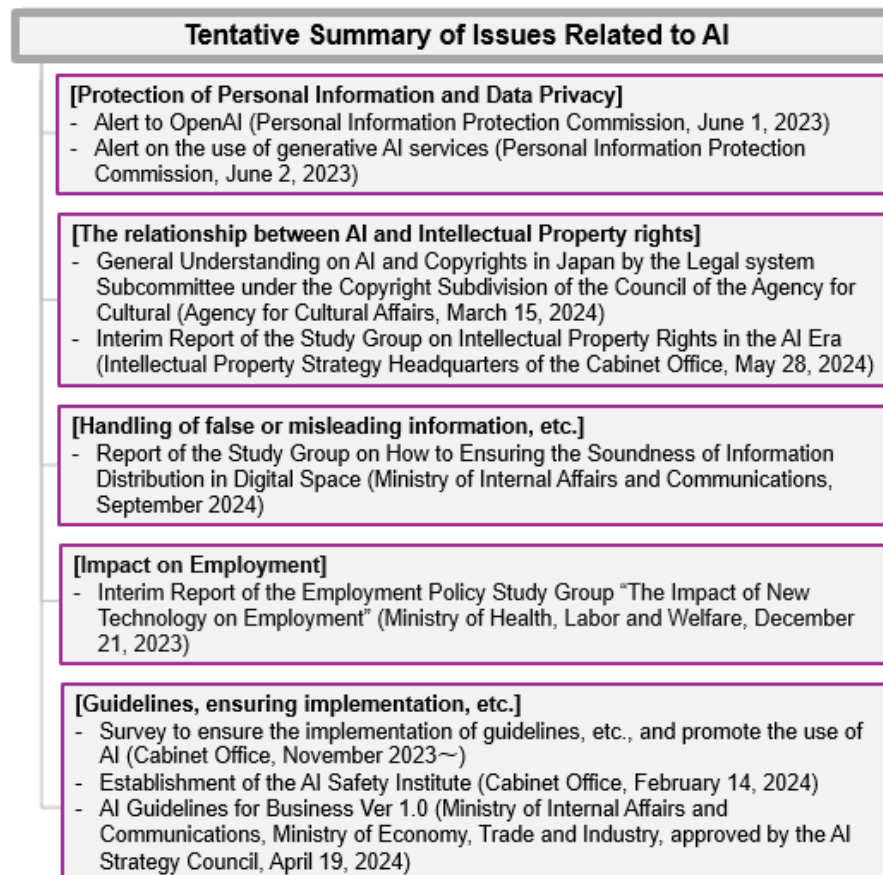
This newsletter outlines the policy trends in the main initiatives surrounding AI in Japan.

### II. Overview of recent trends in AI policy in Japan:

The Japanese government has continuously made efforts to clarify the basic strategies and principles regarding AI, such as “AI Strategy 2022”<sup>3</sup> and “Social Principles of Human-Centric AI”<sup>4</sup>. Thereafter, in parallel with the spread and development of generative AI, the Cabinet Office has established the AI Strategy Team<sup>5</sup> (from April 2023) and the AI Strategy Council<sup>6</sup> (from May 2023) to discuss various issues related to AI in Japan. In May 2023, the members of the AI Strategy Council published a “Tentative Discussion Paper on AI” (“Discussion Paper”), taking into account also the outcome and the highlights of the G7 Hiroshima Summit in 2023<sup>7</sup>, which summarized the issues related to risk management, optimal use of AI, and the development of AI’s capabilities<sup>8</sup>.

In response to the above discussions, in April 2024, the “AI Guidelines for Business Ver 1.0” were published as a unified guideline for AI governance in Japan<sup>9</sup>.

Additionally, regarding issues on Intellectual Property (IP), in March 2024, the Legal System Subcommittee of the Copyright Subdivision of the Council for Cultural Affairs of the Agency for Cultural Affairs published “General Understanding on AI and Copyrights in Japan”<sup>10</sup>, and in May of the same year, the Study Group on Intellectual Property Rights in the AI Era of the Cabinet Office published “Interim Report of the Study Group on Intellectual Property Rights in the AI Era”<sup>11</sup>. Regarding the false or misleading information caused by the use of AI, the Study Group on How to Ensure Soundness of Information Distribution in the Digital Space of the Ministry of Internal Affairs and Communications published “Report of the Study Group on How to Ensure the Soundness of Information Distribution in the Digital Space” in September 2024<sup>12</sup>. Regarding the protection of Personal Information, in June 2023, the Personal Information Protection Commission (PPC) published the “Alert on the use of generative AI services”<sup>13</sup>.



**Note:** Created using the chart from “Current Status of AI Policy and Institutional Issues”, Cabinet Office, Government of Japan<sup>14</sup>.

Please see the below for more details on the policy trends surrounding AI in Japan.

### **III. Response by each Ministry and Agency based on the “Discussion Paper” by AI Strategy Council:**

#### **1. “AI Guidelines for Business” by the MIC and METI:**

In April 2024, the Ministry of Internal Affairs and Communications (MIC) and the Ministry of Economy, Trade and Industry (METI) jointly published the “AI Guidelines for Business Ver 1.0” (“Business Guidelines”). The Business Guidelines are the result of the integration and revision of three existing guidelines on AI, which had been separately initiated and developed by MIC and METI<sup>15</sup>. The Business Guidelines have been developed as a non-binding soft laws for businesses to implement both the social deployment and governance of AI, while paying attention to the features of AI technologies that have become more advanced in recent years. It is intended to “help business operators cooperate to conduct social implementation of AI and governance in it”<sup>16</sup>.

The Business Guidelines address business operators and provide a basic approach to the necessary efforts needed to develop, provide, and use AI in businesses. Specifically, the text of the Business Guidelines shows “what kind of society we aim for (basic principles=why)” and “what kind of measures we should take (guidelines=what)”, which are important for operators to make safe and secure use of AI and maximize its benefits. In the Appendix, “how to take concrete approaches (practice=how)” is presented, which is supposed to lead to concrete actions by business operators<sup>17</sup>. In the Business Guidelines, the AI systems and services are broadly defined, and it is explained that “for the actual development, provision, and use of AI, it is important that all business operators who intend to use AI will voluntarily promote specific efforts using the Guidelines as one of their references”<sup>18</sup>.

#### **2. Issues surrounding AI and the Intellectual Property rights:**

##### **a. Overview**

In the “Intellectual Property Strategic Plan 2024” by the Intellectual Property Strategy Headquarters of the Cabinet Office released in June 2024, AI and IP were especially noted as issues for rebuilding the IP ecosystem in Japan<sup>19</sup>. Additionally, the Cabinet Office’s Study Group on Intellectual Property Rights in the AI Era (“IP Study Group in the AI Era”) and the Agency for Cultural Affairs have been intensively discussing the issues surrounding AI and IP.

##### **b. Discussions at the Cabinet Office's IP Study Group in the AI Era:**

Regarding the issues on Intellectual Property rights, the IP Study Group in the AI Era published an Interim Report (“Interim Report on IP”) in May 2024<sup>20</sup>. The Study Group is aware that, against the backdrop of rapid progress in AI technology, AI has influenced various creative activities in society, and has led to new issues concerning the relationship between AI and Intellectual

Property Rights (“IPR”). The Study group was established with the aim of examining necessary measures to deal with the issues surrounding the relationship between AI and IPR based on the discussions with the relevant government agencies. The discussion in the Interim Report on IP covers mainly two issues: (i) how to respond to concerns and risks surrounding AI and IPR, and (ii) how to protect inventions in light of the progress of AI technology.

The Interim Report on IP highlights the importance of ensuring AI governance that is linked to the protection of IPR, given that many complex issues cannot be solved solely by the rule set by the IP laws. For example, styles, voices, and likenesses are not explicitly protected by IP laws. Another important aspect mentioned here is the need for a wide range of stakeholders to work together in an agile manner to establish an ecosystem in which the advancement of AI and the protection of IPR can coexist through an appropriate combination of law, technology, and contracts<sup>21</sup>. Based on these perspectives, the Interim Report on IP summarizes the legal analysis on IP laws, as well as discussions of other technology-based measures and contract-based compensation reduction measures<sup>22</sup>.

**c. “General Understanding on AI and Copyrights in Japan” and “Checklist & Guidance related to AI and Copyrights” by the Agency for Cultural Affairs:**

Regarding copyright issues, the Legal System Subcommittee under the Copyright Subdivision of the Council of the Agency for Cultural Affairs published “General Understanding on AI and Copyrights in Japan”<sup>23</sup> in March 2024. This document was created to analyze the issues on Generative AI and Copyrights in light of the current situation where there is no existing court precedent relating to copyright issues on the generated AI. The main topics include clarification of the scope of application of Article 30-4 of the Copyright Act in the development and learning stages; potential copyright infringement under the Copyright Act in the generation and use stages; and clarification of how AI-generated products are copyrightable<sup>24</sup>.

In addition, the Agency for Cultural Affairs published “Checklist & Guidance related to AI and Copyrights”<sup>25</sup> in July 2024. This is supposed to introduce, in an easy-to-understand format, the measures that are desirable to reduce risks on Copyrights arising from the use of Generative AI, as well as to preserve and enforce the rights of the parties involved in Generative AI<sup>26</sup>.

**d. Other efforts**

Other than the developments in the area of IP described above, it should be noted that in 2024 the Japan Patent Office has published additional examination examples of AI-related technologies<sup>27</sup>, and METI has published a “Generative AI Utilization Guidebook for Content Creation”<sup>28</sup>.

**3. Handling of false or misleading information:**

With regard to AI, the risk of the generation and spread of false and misleading information is another significant issue that needs to be addressed.

Since 2023, the Ministry of Internal Affairs and Communications has continuously hosted study groups (“Study Group on False Information”) on How to Ensure the Soundness of Information Distribution in Digital Space. The discussions mainly focused on future policies and specific measures to ensure the soundness of information distribution in the digital space.

In September 2024, the Study Group on False Information published a report<sup>29</sup>, which identifies the risks in the digital space including those concerning false and misleading information, the identity theft and structural risk of the “Attention Economy”. Moreover, the report points out that the development and deployment of new technologies and services, such as generative AI, may possibly “accelerate” the occurrence of these risks.

Additionally, related to the issue of the generation and spread of false and misleading information, the “Information Distribution Platform Act” (Partial Amendment of the Provider Liability Limitation Act) was enacted in May 2024<sup>30</sup>. Under this Act, new rules were added for large-scale platform operators (large-scale specified telecommunications service providers) that provide social networking services in light of the growing problem of illegal and harmful information on the Internet. Specifically, large-scale platform operators are now required to “speed up the response” to deletion requests by making decisions and notifying users within a certain period of time, and to “make their operations more transparent” by formulating and announcing deletion standards.

#### **4. Protection of Personal Information and Data Privacy:**

Regarding the issues of inappropriate use of Personal Information, the Personal Information Protection Commission (PPC) published the “Alert on the Use of generative AI services” in June 2023. Its purpose is to issue an alert on the use of generative AI services in light of the spread of such services, while keeping in mind the balance between the needs to secure individual rights and interests through appropriate handling of Personal Information and the public interest based on the development of new technologies<sup>31</sup>. Specifically, the notice includes the following points: precautions for businesses and administrative agencies handling Personal Information when using generative AI services, and precautions for general users handling Personal Information when using generative AI services.

#### **5. Impact on employment:**

Furthermore, considering that AI potentially impacts on employment, the Employment Policy Study Group of the Ministry of Health, Labor and Welfare published an interim report “The Impact of New Technologies on Employment” (“Interim Report on Employment”)<sup>32</sup> in December 2023. This Interim Report on Employment states that while the use of new technologies such as AI is expected to contribute to the enrichment of society as a whole through economic growth by improving labor productivity and creating new labor demand, there is a concern that during the transitional period when new technologies are introduced, unemployment could occur due to the employment replacement caused by such technologies. In light of this situation, the Interim Report on Employment clarifies the direction of the policy based on the expectations for the use of generative AI services as well as the impact of new technologies on employment<sup>33</sup>.

#### IV. Future Trends in Laws and Regulations:

As described above, in Japan, issues and risks involving AI have been addressed through non-binding soft laws including Business Guidelines and voluntary efforts by businesses have been encouraged.

Alongside these initiatives, policy discussions on the regulations and rulemaking surrounding the AI technologies have been further developed. In May 2024, the AI Strategy Team published “The Approach to AI Systems”<sup>34</sup>, which summarized the direction of future policy development on AI, based on research of the current status of AI use in Japan and the situation concerning the institutional facilities in Japan and abroad<sup>35</sup>.

Furthermore, in July 2024, under the AI Strategy Council, the AI Institutional Research Group was established with the aim of discussing the policy on AI technologies<sup>36</sup>. In August 2024, a joint meeting of the AI Strategy Council and AI Institutional Research Group was held, which is considered as the kick-off for policy discussions on whether a legally binding regulations on AI are required in Japan<sup>37</sup>. AI Institutional Research Group intends to publish a report in Autumn 2024<sup>38</sup>.

Currently, Japan takes a soft law approach based on the application of guidelines and existing laws and regulations, rather than adopting comprehensive AI laws and regulations. Nevertheless, forthcoming policy trends should be closely monitored, as additional AI laws and regulations may be developed in the near future.

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<sup>1</sup> Website about the Hiroshima AI Process, <https://www.soumu.go.jp/hiroshimaaiprocess/>

<sup>2</sup> Firm Newsletter “The EU AI Act explained: the major effects produced by the new Regulation” (September 6, 2024), [https://arakiplaw.com/wp/wp-content/uploads/2024/09/Newsletter-EU-AI-Act-ENG-Printable-version\\_20240905-1.pdf](https://arakiplaw.com/wp/wp-content/uploads/2024/09/Newsletter-EU-AI-Act-ENG-Printable-version_20240905-1.pdf)

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<sup>4</sup> Integrated Innovation Strategy Promotion Council, “Social Principles of Human-Centered AI” (March 29, 2019), <https://www8.cao.go.jp/cstp/aigensoku.pdf>

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<sup>7</sup> AI Strategy Council, “Tentative Discussion Paper on AI” (May 26, 2023), [https://www8.cao.go.jp/cstp/ai/ronten\\_honbun.pdf](https://www8.cao.go.jp/cstp/ai/ronten_honbun.pdf)

<sup>8</sup> AI Strategy Council, *supra* note 7, pp. 6-7

<sup>9</sup> Ministry of Economy, Trade and Industry, “AI Guidelines for Business Version 1.0” (April 19, 2024), <https://www.meti.go.jp/press/2024/04/20240419004/20240419004.html>

<sup>10</sup> Agency for Cultural Affairs, “General Understanding on AI and Copyrights in Japan” (March 15, 2024), [https://www.bunka.go.jp/seisaku/bunkashingikai/chosakuken/pdf/94037901\\_01.pdf](https://www.bunka.go.jp/seisaku/bunkashingikai/chosakuken/pdf/94037901_01.pdf)



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- <sup>12</sup> Study Group on How to Ensure the Soundness of Information Distribution in the Digital Space, “Report” (September 2024), [https://www.soumu.go.jp/main\\_content/000966997.pdf](https://www.soumu.go.jp/main_content/000966997.pdf)
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- <sup>19</sup> Intellectual Property Strategy Headquarters, “Intellectual Property Promotion Plan 2024” (June 4, 2024) <https://www.kantei.go.jp/jp/singi/titeki2/chitekizaisan2024/pdf/siryu2.pdf>
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<sup>33</sup> Employment Policy Study Group, Ministry of Health, Labour and Welfare, Interim Report "The Impact of New Technology on Employment" (December 21, 2023), p. 1 <https://www.mhlw.go.jp/content/11601000/001181180.pdf>

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<sup>38</sup> Joint Meeting of the AI Strategy Council (11th Meeting) and the AI System Research Council (1st Meeting) Summary of Proceedings (August 2, 2024), [https://www8.cao.go.jp/cstp/ai/ai\\_senryaku/11kai/gijiyoushi.pdf](https://www8.cao.go.jp/cstp/ai/ai_senryaku/11kai/gijiyoushi.pdf)

\*All websites cited in this newsletter have a last reference date of October 31, 2024.



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