PANORAMIC

AI REGULATION

Japan



LEXOLOGY

AI Regulation

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Contents

AI Regulation

LEGAL AND REGULATORY FRAMEWORK

General approach
Key definitions
Legal regime for AI
Territorial scope
Compliance obligations for developers and deployers

DATA PRIVACY, DATA PROTECTION AND CYBERSECURITY

Data privacy and protection
User data
Cybersecurity laws

INTELLECTUAL PROPERTY AND AI

IP rights and protection
Training data and infringement
Copyright protection of AI-generated content
Patentability of AI inventions
Trade secrets

ANTITRUST AND COMPETITION

Antitrust regulation of AI

BIAS, DISCRIMINATION AND ETHICS

Prevention of bias in AI systems
Monitoring requirements

AI TRANSPARENCY AND DISCLOSURE

Disclosure requirements
Transparency obligations for AI-generated content

LIABILITY FRAMEWORKS

Product liability
Consumer protection
Liability for AI outputs
Allocation of responsibility

ENFORCEMENT AND PENALTIES

Regulatory bodies
Private actions

Penalties

REGULATORY SANDBOXES AND AI TESTING

Regulatory sandboxes
Obligations around regulatory sandboxes and AI testing

UPDATE AND TRENDS

Key trends
Future developments

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LEGAL AND REGULATORY FRAMEWORK

General approach

Briefly outline the regulatory framework for artificial intelligence (AI) and machine learning technologies in your jurisdiction.

The regulatory framework for AI and machine learning technologies in Japan is designed around the fundamental concept of "agile governance," which emphasises balancing the promotion of innovation with risk management, rather than imposing direct restrictions through strict penalties.

The AI Act (Act on the Promotion of Research, Development and Utilization of AI-Related Technologies)

Enacted and implemented in 2025, this framework law serves as the foundation of Japan's AI regulation. Rather than prohibiting specific AI uses or establishing strict penalties as in Europe, it sets forth the fundamental national policies for promoting AI and managing risks. It comprehensively outlines the responsibilities of the national government, local authorities and businesses.

Basic AI Plan

This is a national strategy formulated by the government's AI Strategic Headquarters based on the AI Act. Building upon the abstract provisions of the AI Act, it defines specific measures and basic policies adapted to changing circumstances, such as strengthening domestic AI development capabilities, supporting the societal implementation of AI, and ensuring data sovereignty.

AI Guidelines for Business

While the government sets the basic policies, these guidelines, jointly published by the Ministry of Economy, Trade and Industry (METI) and the Ministry of Internal Affairs and Communications (MIC), serve as a non-binding framework that private AI developers, providers and business users should observe in practice. They provide common guiding principles such as privacy protection, security, fairness and transparency.

In summary, Japan's AI regulatory framework functions as a multi-layered and adaptive structure, with the AI Act and the Basic AI Plan serving as its backbone, while the AI Guidelines for Business flexibly govern on-the-ground practices.

In addition to these general frameworks, AI may, as discussed below, be subject to existing sector-specific laws and regulations in particular areas, such as data privacy, intellectual property, competition and other regulatory fields.

Law stated - 11 9 2026

Key definitions

How does the law in your jurisdiction define AI systems and models, such as generative and agentic AI?

Article 2 of the AI Act comprehensively defines "AI-related technology" as:

> Technology necessary to realize functions that artificially substitute for human intellectual abilities related to cognition, reasoning and judgment, as well as technology related to information processing systems that realise functions for processing input information using such technology and outputting the results.

This definition ensures that any AI-related technology capable of substituting for human intellectual abilities – whether present or future – is encompassed by the law, without being restricted to specific models (eg, machine learning, deep learning or generative AI).

In addition to the above, AI Guidelines for Business provide practical definitions and operational norms referencing international standards, such as the following:

- AI Systems: Systems (including machines, robots, cloud systems, etc) containing software with the function of operating and learning with varying levels of autonomy throughout the utilisation process.
- Generative AI: A collective term for AI based on models capable of generating text, images, code, etc.
- Agentic AI: Automated entities or AI systems that perceive their environment, respond and act autonomously to achieve specific goals.

Law stated - 11 9 2026

Legal regime for AI

What legislation governs AI specifically, including development, deployment and use? Does your jurisdiction have a dedicated AI law, and are there any activity- or sector-specific laws?

While Japan has the AI Act, it is not a hard law imposing detailed prohibitions or hefty fines on private companies such as the EU AI Act. It does not prescribe direct obligations or penalties for AI development, deployment or use.

Instead of dedicated legislation, AI activities are governed case-by-case by existing and sector-specific laws.

For instance, the Copyright Act and the Act on the Protection of Personal Information (the APPI) govern each stage of the AI life cycle, from the development and training of AI systems to their deployment and use, from the perspectives of copyright protection and data protection, respectively. The deployment and provision stages are also regulated by the Act on Improving Transparency and Fairness of Digital Platforms (which mandates disclosing algorithm and search ranking determinants for large platforms), the Consumer Contract Act, and the Unfair Competition Prevention Act. The Civil Code and the Companies Act are also relevant insofar as they regulate civil liability in connection with the development and use of AI.

Currently, Japan's legal framework lacks special provisions that legally define and distinguish generative AI from agentic AI, meaning no separate legal regimes apply to them.

Law stated - 11 9 2026

Territorial scope

What is the territorial scope of AI laws in your jurisdiction?

Because the AI Act primarily stipulates the responsibilities of the state, its territorial scope is not an issue.

However, individual substantive laws may apply to foreign operators that provide AI services to the Japanese market or use the data of residents in Japan.

For example, if personal information of a domestic resident is acquired or processed in connection with offering goods or services to a person in Japan, the provisions of the APPI apply extraterritorially, even if the operator is based outside of Japan. Furthermore, since the Copyright Act adopts the principle of territoriality, if a copyrighted work is used (such as being generated, distributed or publicly transmitted) within Japan, or if the resulting harm of a copyright infringement occurs within Japan, Japanese copyright law applies, even to AI systems developed and hosted by foreign operators.

Law stated - 11 9 2026

Compliance obligations for developers and deployers

What are the main compliance obligations for AI developers and deployers in your jurisdiction?

In Japan, although not legally binding, AI developers and business users are strongly urged to ensure transparency, fairness, privacy and security in accordance with the AI Guidelines for Business. In particular, developers of "advanced AI systems," such as foundation models, are recommended to establish a more advanced governance framework. This includes identifying and mitigating risks and vulnerabilities throughout the life cycle, appropriately disclosing information to stakeholders, and reporting incidents.

Law stated - 11 9 2026

DATA PRIVACY, DATA PROTECTION AND CYBERSECURITY

Data privacy and protection

Do data privacy laws and regulations apply to the development and deployment of AI systems? If so, what are the main regulatory obligations?

When developing AI systems using personal data as part of a training dataset, or when inputting personal data into deployed AI systems, organisations must comply with the requirements of the Act on the Protection of Personal Information (the APPI).

The requirements under the APPI include, for example, the following.

Specification and notification of the purpose of use (articles 17 and 21)

It is not necessarily required to specify the particular process by which personal data will be used, such as developing an AI system using personal data or inputting personal data into an AI system.

However, if the contemplated processing would not be reasonably foreseeable or expected by the data subject, such as where the AI system is to be used for profiling, the organisation must specify the purpose of use in sufficient detail to identify the relevant processing and notify the data subject of, or publicly announce, that purpose. If personal data is obtained directly from the data subject through a written document or an electromagnetic record, the purpose of use must be expressly presented to the data subject.

Obtaining the data subject's consent (articles 20 and 27)

The mere fact that an AI system is used does not, in itself, make the data subject's consent mandatory.

However, if special care-required personal information, such as information concerning race, medical history or criminal history, is acquired in connection with the development or deployment of an AI system, the data subject's consent is generally required.

In addition, where an organisation engages a third party to develop an AI system or uses an AI system operated by a third party and, in doing so, provides personal data to such a third party, the organisation must either obtain the data subject's consent or ensure, including through appropriate contractual arrangements, that the third party will not use the personal data for its own purposes, such as training its AI models, and will process the personal data subject to adequate security safeguards.

Law stated - 11 9 2026

User data

What rights do consumers have in relation to personal data processed by AI systems?

As with the processing of personal data in other contexts, consumers may, under articles 33 to 35 of the APPI, request the disclosure or correction of, the cessation of use or deletion of, or the cessation of third-party provision of personal data held by an organisation through the development and use of AI systems, where they are the data subjects of such personal data.

Under the APPI as currently in force, however, a consumer may request the cessation of use or deletion of, or the cessation of third-party provision of, personal data only in specified circumstances. These include where the personal data has been processed in violation of the APPI, where the organisation no longer needs to use the personal data, where a personal data breach has occurred at the organisation, or where the processing of the personal data is otherwise likely to harm the consumer's rights or legitimate interests. Accordingly, deletion

or other such measures are not available unconditionally merely because the personal data is used in connection with an AI system.

Moreover, where deletion or another requested measure would involve substantial expense or would otherwise be difficult to implement, the organisation may take alternative measures necessary to protect the consumer's rights or legitimate interests.

Law stated - 11 9 2026

Cybersecurity laws

Are there specific cybersecurity laws and regulations for AI developers and deployers in your jurisdiction?

As at the date of writing, Japan does not appear to have any hard-law requirements that specifically require AI developers or deployers to implement cybersecurity measures. However, where AI developers or deployers process personal data in connection with the development or deployment of AI systems, they are required under the APPI, as in any other context involving the processing of personal data, to take necessary and appropriate measures to safeguard such data, including measures to prevent its leakage, loss or damage.

If soft-law instruments are also taken into account, the Guidelines for Ensuring the Appropriateness of Research and Development and Utilisation of Artificial Intelligence-Related Technologies, formulated and published by the Cabinet's Artificial Intelligence Strategy Headquarters, call on businesses using AI to identify and assess risks, including those arising from cyberattacks, and to implement appropriate measures to address those risks. In addition, the AI Guidelines for Business call on AI developers and deployers to implement appropriate security measures in accordance with a security-by-design approach.

More specifically, MIC's Guidelines on Technical Measures for Ensuring AI Security recommend that AI developers and deployers implement measures designed to address threats such as prompt injection attacks and denial-of-service attacks. These measures include enhancing AI systems' resilience to malicious instructions through training based on safety standards and the use of system prompts; validating inputs, outputs and externally referenced data through guardrails; and managing access rights and permissions for orchestrators, retrieval-augmented generation systems and similar components.

These soft-law instruments do not establish legally binding obligations, and failure to comply with them is not generally understood, in and of itself, to give rise immediately to legal liability. Nevertheless, they may serve as standards for determining civil liability and for the issuance of administrative guidance or the taking of similar administrative action under the AI Act and other applicable laws and regulations.

Law stated - 11 9 2026

INTELLECTUAL PROPERTY AND AI

IP rights and protection

What laws, rules and regulations govern the application of intellectual property (IP) rights and AI?

In Japan, the provisions of the Copyright Act related to the use of AI are distinctive, and the Act provides one of the most flexible frameworks in the world. Namely, in the training phase, article 30-4 of the Copyright Act permits the use of copyrighted works without the copyright holder's consent, in principle, for information analysis, including the machine learning of AI models. Additionally, there is an exception for "minor uses" incidental to information analysis (article 47-5 of the Copyright Act).

In the generation phase, copyright infringement of another's work by AI-generated materials is determined by "similarity" and "dependence," just as with traditional works created without using AI. The guideline "General Understanding on AI and Copyright in Japan" issued by the Agency for Cultural Affairs indicates that if the AI was trained on an existing copyrighted work, dependence is generally presumed, even if the AI user was not aware of the existing work.

Furthermore, the use of AI can also become an issue in relation to the Unfair Competition Prevention Act and other rights. For example, the act of using AI-generated photos or audio utilising the likenesses or voices of celebrities for advertisements and other purposes can become an issue as a violation of the Unfair Competition Prevention Act or an infringement of the right of publicity. In addition, in relation to AI-generated outputs, it is also necessary to consider the possibility of infringements on design rights, trademark rights and the like.

Law stated - 11 9 2026

Training data and infringement

What protections are afforded to content that is used to train AI models and systems, including content obtained through website scraping? Are there any exceptions or training uses that do not count as infringement?

Article 30-4 of the Copyright Act stipulates that, in principle, the use of copyrighted works for the purpose of information analysis does not constitute copyright infringement even without obtaining the copyright holder's consent. However, the use of existing copyrighted works is not permitted without limit. First, acts of use that unjustly harm the interests of the copyright holder, such as when they conflict with the market for exploiting the copyrighted work or impede potential future sales channels for the copyrighted work, constitute copyright infringement. Furthermore, acts of use such as over-fitting with the specific intent to output the expressions of specific existing copyrighted works also constitute copyright infringement.

Additionally, article 47-5 of the Copyright Act stipulates that, in principle, "minor uses" of copyrighted works incidental to providing search results and the like in conjunction with information analysis do not constitute copyright infringement. However, this exception is restricted to the scope deemed "minor" in consideration of factors such as the proportion of the part of the work used, the amount of the part used, and the accuracy of the display, and it does not apply if the use unjustly harms the interests of the copyright holder.

Law stated - 11 9 2026

Copyright protection of AI-generated content

Is AI-generated material eligible for copyright protection in your jurisdiction? If so, what tests apply?

Under the Copyright Act of Japan, a "work" is defined as a "creatively produced expression of thoughts or sentiments that falls within the literary, academic, artistic or musical domain". Regarding the protection of AI-generated materials, the aforementioned guidelines by the Agency for Cultural Affairs indicate that this should be determined by comprehensively considering the accumulation of elements that can be deemed a natural person's creative contribution, going beyond mere labour. According to the guidelines, the specific factors that may be considered are as follows:

- Amount and content of instructions and input: The length, level of detail and degree of specificity of the entered prompts.
- Number of generation attempts: The process of repeated trial and error by a human to achieve the desired expression.
- Selection from multiple output materials: The act of selecting an output that aligns with human intentions from among numerous outputs generated by the AI.

Furthermore, the guidelines also indicate that if a human makes additions or modifications to AI-generated materials, and those added or modified portions themselves can be considered creative expressions, the resulting product is generally protected as a copyrighted work.

Law stated - 11 9 2026

Patentability of AI inventions

Can inventions created by or with the assistance of AI be patented in your jurisdiction? Can AI be classed as an inventor?

Under the Patent Act of Japan, it is a requirement that an inventor must be a "natural person". Regarding the patent application designating the AI system "DABUS" as the inventor, the Intellectual Property High Court ruled on January 30, 2025, dismissing the application on the grounds that under current patent law, an AI lacking legal capacity cannot be the subject of rights attribution.

Although AI itself cannot become an inventor, it is possible to obtain a patent for inventions created with the assistance of AI or by utilising AI as an advanced "tool". In such cases, however, it is necessary to identify as the inventor a "natural person" who has made a substantial creative contribution to the conception of the invention or the resolution of the problem subject to the patent application, and file the application accordingly.

Law stated - 11 9 2026

Trade secrets

How do trade secret laws and protections apply to AI systems?

In Japan, the legal framework for protecting AI systems and related data as "trade secrets" is primarily governed by the Unfair Competition Prevention Act. For AI-related information to be legally protected as a trade secret, it must satisfy all three of the following requirements:

- Confidentiality management: Access to the information must be restricted, and it must be managed in such a way that those who access it can objectively recognise it as a secret.
- Usefulness: The information must be technical or commercial information that is useful for business activities.
- Non-public nature: The information must not be publicly known.

Furthermore, even if it does not qualify as a trade secret, a dataset shared with other companies for AI development may be protected as "Shared Data with Limited Access" under article 2, paragraph 7 of the Unfair Competition Prevention Act. This is a framework that protects commercial and technical data (such as electromagnetically managed big data) provided to specific parties, such as within a consortium or between specific B2B partners, from unauthorised acquisition and use.

In practice, the most critical risk regarding the relationship between AI usage and trade secrets is that employees might input a company's trade secrets into generative AI provided by a third party. If the specifications allow the inputted data to be used for additional training by the AI provider, the information runs the risk of losing its "confidentiality management" and "non-public nature," thereby losing its legal protection as a trade secret under the Unfair Competition Prevention Act.

Law stated - 11 9 2026

ANTITRUST AND COMPETITION

Antitrust regulation of AI

How do antitrust and competition laws apply to AI developers and deployers in your jurisdiction?

Japan has no AI-specific competition legislation. AI-related conduct is subject to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (the Antimonopoly Act, AMA), Japan's general competition statute, which prohibits private monopolisation, unreasonable restraint of trade and unfair trade practices.

The Japan Fair Trade Commission (the JFTC) has been studying generative AI markets to assess market conditions and identify potential competition concerns. It published version 1.0 of its report in June 2025 and version 2.0 in April 2026. The report highlights conduct that may raise concerns under the AMA, including restrictions on competitors' access to mobile OS software used for generative AI functions, as well as tying generative AI to existing digital services.

Law stated - 11 9 2026

Antitrust regulation of AI

How are AI-related mergers, acquisitions and similar transactions (eg, "acquihires") regulated in your jurisdiction?

There are no AI-specific merger control rules. Chapter IV of the AMA prohibits share acquisitions, mergers, business acquisitions and other business combinations that may substantially restrain competition in a particular field of trade. Mandatory prior notification depends on the applicable domestic sales thresholds and other statutory requirements. Transactions falling below the notification thresholds remain subject to substantive review. These general rules also apply to AI-related M&A transactions.

Law stated - 11 9 2026

BIAS, DISCRIMINATION AND ETHICS

Prevention of bias in AI systems

How does the law in your jurisdiction prohibit and restrict bias and discrimination in AI development, deployment and use?

Japan has no AI-specific legislation prohibiting bias and discrimination. Existing anti-discrimination laws apply to the use of AI. For example, article 5 of the Act on Equal Opportunity and Treatment between Men and Women in Employment requires employers to provide equal opportunities in recruitment and hiring regardless of sex. Article 34 of the Act to Facilitate the Employment of Persons with Disabilities prohibits disability discrimination in employment. These obligations also apply when employers use AI-based screening tools.

The AI Guidelines for Business identify fairness as a common principle for AI developers, AI providers and AI business users, and recommend measures to mitigate unfair or harmful bias in training data, AI models and inputs during use, including prompts.

Although not legally binding, the Guidelines may inform the assessment of reasonable precautions in a particular case. Following them does not, by itself, establish compliance with applicable law or automatically preclude liability.

Law stated - 11 9 2026

Monitoring requirements

Are AI developers and deployers required to monitor their AI systems for bias or discriminatory algorithms?

Japan has no statutory regime imposing a general obligation on AI developers and deployers to monitor AI systems for bias or discriminatory outcomes. However, depending on the circumstances, such monitoring may be necessary to comply with applicable anti-discrimination laws or to fulfil a duty of care.

The AI Guidelines for Business recommend ongoing evaluation and monitoring of AI systems, taking account of each actor's role and the risks involved. This includes evaluating AI systems for unfair or harmful bias.

Law stated - 11 9 2026

AI TRANSPARENCY AND DISCLOSURE

Disclosure requirements

Under what circumstances must AI deployers disclose that AI is being used? What details must be included in disclosures?

Japanese law does not impose a general requirement to disclose AI use.

Under the principles of transparency and accountability, the AI Guidelines for Business recommend sharing appropriate information with relevant stakeholders, taking into account the context of use, the risks involved and technical feasibility. Depending on the context, this may include whether and to what extent AI is used, the system's capabilities and limitations, appropriate and inappropriate uses, and foreseeable risks and measures taken to mitigate them.

Law stated - 11 9 2026

Transparency obligations for AI-generated content

Does the law require authentication and labelling of AI-generated content on online platforms?

Japanese law does not generally require AI-generated content on online platforms to be authenticated or labelled. However, specific requirements apply in certain contexts.

An amendment to the Public Offices Election Act promulgated in July 2026 introduces disclosure requirements for persons distributing certain images or videos created or altered using AI over the internet for election campaigning. The requirements also cover materials distributed to prevent a candidate's election between the official announcement of the election and polling day. Distributors must disclose that the images or videos were created or altered using AI. Minor alterations and images or videos posing no risk of being mistaken for actual photographs or recordings are excluded. The provisions take effect on 1 March 2027.

The AI Guidelines for Business also address transparency and the risks of disinformation and misinformation. For organisations developing advanced AI systems, they recommend reliable content authentication and provenance mechanisms, including watermarking where technically feasible.

Law stated - 11 9 2026

LIABILITY FRAMEWORKS

Product liability

What product liability laws apply to AI? How is liability determined?

The Product Liability Act (the PL Act) imposes liability on manufacturers and certain other parties for personal injury or damage to property other than the defective product itself

caused by a defective product (article 3). Unlike general tort liability under article 709 of the Civil Code, liability under the PL Act does not require proof of negligence.

A "product" is a manufactured or processed movable (article 2(1)). Software, including AI software, is therefore not itself a product under the PL Act. However, where AI is incorporated into hardware, such as a vehicle, robot or medical device, the manufacturer may be liable if the finished product is defective.

A product is defective if it lacks the safety it should ordinarily provide, considering its characteristics, ordinarily foreseeable use, the time of delivery and other relevant circumstances (article 2(2)). Relevant defects include design defects and inadequate instructions or warnings.

In April 2026, the Ministry of Economy, Trade and Industry published the Guidance on the Interpretation and Application of Civil Liability in the Utilization and Application of AI (the AI Civil Liability Guide). Its autonomous mobile robot example illustrates how a software bug impairing an essential protective stop function may constitute a design defect. The Guide provides interpretative guidance rather than binding rules; liability ultimately depends on the applicable statutory requirements and the circumstances.

Law stated - 11 9 2026

Consumer protection

What consumer protection and safety laws apply to AI systems?

Existing consumer protection and product safety laws apply to AI products and services to the extent they fall within the scope of those laws.

The Consumer Contract Act permits consumers to rescind contracts in specified cases of misleading or improper solicitation. It also renders certain liability exclusions and limitations void, including clauses wholly excluding a business operator's liability and certain clauses limiting liability for intentional misconduct or gross negligence, subject to statutory exceptions. Businesses providing AI products or services to consumers cannot avoid these protections through contractual disclaimers.

The Act against Unjustifiable Premiums and Misleading Representations prohibits misleading representations concerning the quality or performance of goods and services, or the favorability of transaction terms. Claims about AI performance and safety must not mislead consumers, and claims concerning effectiveness or performance should be supported by reasonable substantiation.

AI-enabled hardware may also be subject to applicable sector-specific safety requirements, including those governing medical devices, vehicles or consumer products.

The AI Civil Liability Guide discusses businesses using AI to provide consumers with product information. Where that information materially affects consumers' purchasing decisions or important interests, a demanding standard of care may apply.

Law stated - 11 9 2026

Liability for AI outputs

Are AI developers and deployers subject to liability for false or inaccurate AI outputs (eg, hallucinations)?

AI developers, providers and businesses deploying AI may incur contractual or tort liability for inaccurate outputs, including hallucinations and for actions or omissions of agentic AI. An erroneous output or harmful outcome does not, by itself, establish liability. The requirements of the relevant cause of action must be satisfied, including breach, damage and causation and, for general tort liability, intent or negligence.

For its liability analysis, the AI Civil Liability Guide distinguishes between "auxiliary/supportive AI", whose outputs users are expected to verify and correct, and "reliance/substitutive AI", to which human judgement or action may reasonably be entrusted.

For auxiliary/supportive AI, developers' and providers' liability to third parties is generally more limited. Nevertheless, liability may arise from inadequate explanations that induce misuse or a failure to take reasonable design precautions against foreseeable rights infringements that users cannot readily prevent.

For reliance/substitutive AI, more demanding design and information requirements may apply, reflecting the intended reliance on its outputs.

Law stated - 11 9 2026

Liability for AI outputs

Are AI developers and deployers subject to liability for the actions and omissions of an AI agent?

The same approach applies to agentic AI. Relevant issues include safeguards for its autonomous use of external information and tools, maintenance of the intended level of accuracy, and clear explanations of material risks and when human intervention is required. A business deploying an agent must also assess the adequacy of the processes through which it uses the agent.

Law stated - 11 9 2026

Allocation of responsibility

How is legal responsibility allocated among AI developers, deployers, users and other parties? Describe any relevant legal tests.

Responsibility is assessed separately for each party under the applicable contractual, tort or product liability rules.

The AI Civil Liability Guide explains that duties of care vary with each party's role in the value chain. The liability of AI developers and providers is discussed under "Product liability", "Consumer protection" and "Liability for AI outputs" above. The following focuses on the liability of deployers and other AI users.

For auxiliary/supportive AI, users remain responsible for exercising the care ordinarily required in the relevant activity. Reliance on AI does not, in principle, increase or reduce that standard.

For reliance/substitutive AI, the analysis concerns whether entrusting the task to AI was reasonable, considering the need for delegation and the system's accuracy and safety. It also examines whether the user appropriately designed and operated the business processes incorporating AI, including necessary human oversight.

Contracts may allocate responsibilities and financial risks between parties, subject to mandatory law.

In practice, the precise allocation of liability among parties when AI causes or contributes to an accident or damage is not always clear. The AI Guidelines for Business emphasise the importance of cooperation among relevant parties in allocating risks, rather than assuming that any single party should bear all risks.

Law stated - 11 9 2026

ENFORCEMENT AND PENALTIES

Regulatory bodies

Which regulatory agencies have primary authority to enforce AI laws? What powers do they have?

Japan does not have a single statute that comprehensively regulates the development and use of AI. Instead, AI-related activities are regulated on a case-by-case basis under sector-specific legislation, such as the Act on the Protection of Personal Information (the APPI) and the Copyright Act.

The Artificial Intelligence Strategy Headquarters, established within the Cabinet pursuant to the AI Act, is responsible for promoting and coordinating policies relating to the research, development and utilisation of AI technologies in a comprehensive and systematic manner. However, since the AI Act itself does not directly impose obligations on private businesses, the Headquarters has only a limited character as a regulatory authority.

As a result, under Japan's current legal framework, AI-related regulation is enforced on a sectoral basis by a number of different regulatory authorities, including the Personal Information Protection Commission, which oversees the APPI, and the Agency for Cultural Affairs, which is responsible for the administration of the Copyright Act.

Law stated - 11 9 2026

Private actions

Which laws, rules or regulations provide a private right of action for individuals?

AI developers and deployers may be held liable under the Civil Code for breach of contract or in tort where an AI system that they have developed or deployed causes damage to another person. In particular, where a product constituting movable property and incorporating an

AI system is defective and, as a result, causes death or bodily injury to another person, or damage to another person's property, liability for damages may arise under the PL Act, which constitutes a special statutory regime supplementing the general rules of the Civil Code.

However, where AI is used merely in an auxiliary or supportive capacity and the ultimate decision or action is taken by a human, the causal link between the AI system's output or defect and the resulting damage is likely to be denied in many cases. By contrast, where an AI system is developed or deployed on the premise that it will replace human decision-making or action, questions may arise as to whether the AI developers and deployers breached their duty of care in the course of assessing whether there was a genuine need for such substitution and whether the AI system possessed a sufficient degree of accuracy and safety to serve as a substitute for human decision-making or action.

Law stated - 11 9 2026

Penalties

Outline the potential penalties for non-compliance with AI law in your jurisdiction.

The potential penalties vary from sector to sector. For example, a breach of the APPI may result in administrative guidance or a recommendation. An order to take corrective action may be issued where the recipient fails to comply with a recommendation or where the breach constitutes a serious infringement of an individual's rights and interests. By contrast, a breach of the Copyright Act may give rise to civil liability and may also be subject to criminal penalties, including a fine of up to ¥300 million for a corporate offender.

Law stated - 11 9 2026

REGULATORY SANDBOXES AND AI TESTING

Regulatory sandboxes

What is the role of regulatory sandboxes for AI in your jurisdiction? Is regulatory sandbox testing required for AI systems?

Japan has several frameworks that function as regulatory sandboxes, the principal one being the Regulatory Sandbox Scheme established under the Industrial Competitiveness Enhancement Act. Under this scheme, an applicant may use the Cabinet Secretariat as a single point of contact to submit a demonstration plan, limited in terms of its duration, participants and other relevant parameters, to the ministries and agencies responsible for administering the applicable laws and regulations. Once the plan has been approved, the applicant may conduct a demonstration of the new technology or other proposed activity without being subject to the existing regulatory requirements that would otherwise apply.

However, there appear to have been no cases in which a project primarily involving an AI system has been accepted under the Regulatory Sandbox Scheme. Nor is regulatory sandbox testing required for the development or deployment of AI systems. In many cases involving the development or deployment of AI systems, it is unclear at the outset whether the systems fall within the scope of existing laws and regulations. Accordingly, rather than

making use of the regulatory sandbox itself, businesses more commonly use the Grey Zone Resolution Scheme, under which they may seek clarification from the relevant authorities, as a matter of administrative interpretation, as to whether the proposed activity is subject to existing laws and regulations.

Law stated - 11 9 2026

Obligations around regulatory sandboxes and AI testing

What rules govern the operation of regulatory sandboxes for AI testing? Are there any obligations to audit?

An operator whose demonstration plan has been approved under the Regulatory Sandbox Scheme established pursuant to the Industrial Competitiveness Enhancement Act must, if requested by the ministries or agencies responsible for the relevant business activities and regulations, report on the implementation status of the plan. If any demonstration is conducted beyond the scope of the approved plan, it may be subject to enforcement under existing laws and regulations.

Law stated - 11 9 2026

UPDATE AND TRENDS

Key trends

What have been the most notable AI-related legal developments over the past year?

As noted above, under the Act on the Protection of Personal Information (the APPI) as currently in force, the consent of the data subject is required, in principle, where special care-required personal information is acquired, or personal data is provided to a third party, in the course of developing or deploying an AI system.

In this regard, an amendment to the APPI was enacted in July 2026 to introduce an exception under which the consent of the data subject will not be required when special care-required personal information is acquired, or personal data is provided to a third party, for the purpose of AI development that meets certain requirements, provided that specified information is made public, including the name of the business operator and details of the proposed AI development. Although the specific conditions for the application of this exception and the precise information required to be made public will remain unclear until the relevant implementing regulations are enacted, the amendment is significant in that it may remove some of the regulatory barriers to AI development.

Law stated - 11 9 2026

Future developments

What AI-related legal developments are expected in the coming year?

In relation to the above amendment to the APPI, implementing regulations and guidelines are expected to be developed and published during 2027, and the amended Act is expected to come into force sometime between spring and July 2028.

Law stated - 11 9 2026