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## Doing Business in Japan

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### CHAPTER 6 Intellectual Property

#### *3-6 Doing Business in Japan § 6.01*

##### **§ 6.01 Intellectual Property Protection**

###### **[1] Introduction**

This section is concerned with problems and procedures relating to intellectual property. n1 n2 This includes Japan's industrial property statutes for granting patents and utility models and registering designs and trademarks, as well as related law for copyrights, trade names, service marks, know-how, trade secrets computer programs, databases, layouts of semiconductor integrated circuits, and unfair competition.

First, the major characteristics of each form of protection will be discussed. Next, the special case of foreigners' rights with respect to Japanese intellectual property will be sketched, followed by a brief mention of the related problems of licensing, taxation and infringing imports. n3

After a comment on the nonexamining responsibilities of the Patent Office, a history of legislation for each of the major forms of protection will be given with due attention to the influence of international conventions and foreign law on the development of Japanese national intellectual property law. n4

###### **[2] Forms of Protection**

**[a] Patents (*Tokkyo*).** A patent is an exclusive right to commercially use or license others to use an invention subject to the prior patent, utility model, and design rights of others. An invention is defined as a new product or process incorporating a highly advanced technical idea utilizing a law of nature. To obtain a patent an inventor or his assignee must file an application with the Patent Office (*Tokkyo Cho*) disclosing and claiming the invention. In the case of two applications for the same invention, the earlier filed application has priority. This is unlike the situation in the United States where priority goes to the applicant who can prove he was first to invent.

Although an application is filed, it will not be examined until someone, not necessarily the applicant, files a Request for Examination; if no request is filed within seven years, the application is deemed to be abandoned. Although a patent application is secret, to encourage early disclosure of inventions, all applications are laid open (made public) by being published in the Official Gazette eighteen months from filing, or eighteen months from a foreign applicant's Paris Convention priority date if this is earlier. In most cases the laying open will precede examination, even if the applicant requested examination at the time of filing.

However, the laying open gives the applicant a conditional right to compensation from anyone using the claimed invention, provided a patent is finally granted. Examination of the application will be for compliance with formalities, completeness of the disclosure (enough to enable a person having ordinary skill in the relevant art to practice the invention), novelty, and a claim, corresponding to the advance made, stating only the essential elements of the invention. Dependent claims may further state more specific embodiments of the invention. If the examiner finds no grounds for rejection, or if rejections are overcome by suitable argument or amendments are filed by the applicant, the application is published once again, this time to permit any person opposed to the granting of a patent for the claimed invention to file proofs and argument, usually directed to attacking the novelty or significance of the claimed technical advance. This publication for opposition itself gives the applicant a conditional exclusive right to practice the invention, provided a patent is finally granted; this is called "provisional protection" (*kari hogo*).

If the application is not opposed, or if it survives the filing of an opposition by any person, granting of the patent follows. The patent right will last until fifteen years from the publication for opposition or twenty years from filing, whichever comes first, during which time the owner must pay annual annuity fees and defend the patent against any invalidation proceedings in the Patent Office brought by others against the patent.

Theoretically, if a new plant variety exhibits an inventive step, a patent could be granted. However, in practice, protection of a plant variety will more easily be obtained by the procedure provided in the Plant Variety Protection Act.  
n5

An application for registration of a plant variety should be filed with the Ministry of Agriculture, Forestry and Fisheries. Registration is made only after examination. The registrant of a plant variety has an exclusive right to make a business of selling, producing, or importing for sale, the registered plant or any part of it used as a seed or seedling. The protection continues for fifteen years from the registration date.

**[b] Utility Models (*Jitsuyo Shin'an*).** A utility model registration is somewhat similar to a patent, except that it can only protect new products ("devices"), not processes. It is for a more limited term than a patent: ten years from the date of publication for opposition, but not more than fifteen years from the filing of the application. The procedure at the Patent Office is much the same as for a patent, except that during examination, the standard of technical advance (inventive step) applied is less than that for a patent.

**[c] Designs (*Isho*).** A design registration is intended to give the creator or his assigns the exclusive right to commercially use, or license others to use, a design relating to the esthetic shape, pattern or colors of an article. Design applications are examined for novelty and nonobviousness without the need for filing a specific examination request, and unlike patents and utility models, there is no publication for opposition before the design right is registered. However, interested parties can attack a design registration in the Patent Office by requesting an invalidation trial. The design registration lasts fifteen years from registration, an annuity being due each year to maintain the right.

**[d] Know-How.** Know-how is generally used to refer to manufacturing processes or knowledge concerning the use and application of industrial techniques that have not been made generally available to the public and are preserved as a secret by their owner or owners. Although "know-how" includes recently made inventions that are patentable but not yet patented, probably the vast majority of know-how consists of techniques ineligible for patent, such as modest, but commercially useful, technical improvements without sufficient inventive step or novelty for a patent or improvements that are not subject matter coming within the patent and utility models laws.

The Unfair Competition Prevention Act has been amended n6 to provide for the protection of trade secrets. The new provision defines a trade secret as technical or business information useful in commercial activities which is kept secret and not publicly known. Because of the recognized commercial value of know-how, its transfer or disclosure is acceptable counter value (*taika*) in contracts, so that as between a transferor of know-how and his transferee, the transferee's use or disclosure of it may be regulated by contract law. Similarly, trespass for the purpose of obtaining

another's know-how (as by illegal entry into another's factory), in that it causes serious commercial loss to the know-how owner, should be actionable. The Unfair Competition Prevention Act provides remedies to owners of trade secrets which have been improperly acquired, used or disclosed by a third party. The remedies under the Act are injunction, damages and/or restoration of the business reputation of the injured party.

**[e] Trademarks (*Shohyo*) and Trade Names (*Shogo*).** A trademark is any character, sign or symbol applied to goods or their packaging and is used in business by a person producing, processing, transferring or certifying the goods. As such, it acts as an identifier of the goods or their source or quality. Unlike the United States and Britain, Japan is a country where prior registration, not prior use, gives the broadest rights to a trademark and the surest remedy at law. Unfortunately, only trademarks, not servicemarks or trade names, can be registered at the Japanese Patent Office. Intended use alone is sufficient to support a trademark registration application. Examination of such applications takes place without a specific request for examination, and the trademark will be registered provided that the application meets certain formal requirements and the proposed mark is not similar to another's trademark of earlier priority used on similar goods.

If the examiner thinks that a trademark should be registered, the application is published for opposition by any person. If unopposed, or surviving opposition, a trademark can be registered for ten years from the registration date, a renewal application being due no sooner than six months or later than three months before expiration. Trademarks must be used within three years of registration, and use must not be discontinued for more than three years or they are subject to another's request for cancellation or ineligible for renewal.

Since trademarks are registered for a particular class of goods and the registration lists specific goods on which the owner is using the trademark, there is a danger that a famous mark will be adopted by others for use on goods very different from those listed in the registration. To protect against this danger, the owner of a mark well-known among consumers as indicating his business, may file applications for "defensive" registrations for other classes of goods, without the obligation of use.

Protection of a trade name, the name under which a person's or company's business is carried out, is provided by the Commercial Code, Articles 16 through 31. This law provides for *local* registration at the main place of business and branch offices and prohibits others from using or registering a trade name likely to cause confusion with a prior registered trade name. Also, trade names, service marks, unregistered trademarks, and territorial indications of origin are provided protection by the Unfair Competition Prevention Act (*Fusei Kyoso Boshi Ho*). This act gives civil remedies in the courts against competitors who unfairly use similar marks that cause confusion of merchandise or business, use false indication of origin for goods, make false representations as to the quality of their goods, or disparage the goods or business. Legislation for the registration of service marks at the Patent Office is under consideration.

**[f] Copyright (*Chosaku-ken*).** Copyright protection is granted to an author without official registration.

Recording of copyrights, publishing rights, and *neighboring rights* is done at the Culture Department of the Ministry of Education.

Disputes concerning copyrights may be settled by lawsuit, but the parties may find it convenient to seek the assistance of the Department of Culture, which is especially authorized to conduct mediation proceedings in copyright matters.

The statutes for copyright protection are the Copyright Act n7 and Copyright Brokers Act. n8

**[g] Computer Programs.** In Taito v. I.N.G. Enterprises (video game case) n9 it was confirmed that computer programs are copyrightable. Subsequently, in 1985, the Copyright Act was amended to expressly provide for computer programs. n10 The amendment applies retroactively to protect programs created prior to its effective date. n11

In view of the special nature of computer programs, it was thought that a distinct registration system should be established. Thus, the Act Concerning Special Provisions for the Registration of Program Works was promulgated in 1986. n12 A foundation designated by the Director General of the Agency for Cultural Affairs, Software Information Center (SOFTIC), administers the Act.

**[h] Databases.** In 1986 the Copyright Act was further amended to provide database protection. n13 Pursuant to the amendment, a database is treated as a type of edited work. The amendment applies retroactively to protect databases created prior to its effective date. n14

**[i] Layout of a Semiconductor Integrated Circuit (*Handotai Shuseki Kairo*).** The Act Concerning the Layout of a Semiconductor Integrated Circuit n15 was promulgated in 1985 and took effect on January 1, 1986.

A circuit layout right shall be created upon its registration for establishment and its life shall be ten years from the date of its registration for establishment. A creator of a circuit layout or such person's successor may obtain the registration for establishment. The holder of a circuit layout right shall solely have the right to use the circuit layout for business purposes. An application for such registration shall be filed to the Minister of International Trade and Industry. The Minister may have a person, designated by a Ministry of International Trade and Industry Ordinance, perform the whole or a part of such registration procedures.

#### **[j] Overlapping Protection.**

Strictly speaking, within the system of intellectual property protection, a patent covers an invention, a utility model registration covers the shape or construction of an article or a combination of articles, and a design registration covers an article's esthetic appearance. A trademark registration covers symbols used to distinguish goods, and a copyright covers works of literature, science, fine art and computer programs.

However, there is some overlapping of these kinds of protection.

##### **[i] Patents and Utility Models.**

A utility model registration covers a novel shape or construction of an article or a combination of articles. Such an improvement is considered to be an invention which does not necessarily contain a "high" inventive step, i.e., a significant technical advance in the art. However, an innovation in the shape or construction of an article, or a combination of articles, having a high inventive step may also be covered by a patent. If both a patent and a utility model registration are granted to the same applicant on the same claimed invention, so-called "double patenting" occurs, and the patent is valid only if its filing date is the same as or prior to the utility model application's. n16 An application for a patent may be converted into an application for utility model registration and vice versa (See Utility Models Act, Article 8 paragraph 1; Patent Act, Article 46 para. 1).

The life of a patent is fifteen years from the date of publication for opposition (but not more than twenty years from the filing date), whereas a utility model registration's life is ten years from the date of publication for opposition (but not more than fifteen years from the filing date).

##### **[ii] Designs, Utility Models and Patents.**

In some cases, a new article's esthetic appearance may justify a design registration, while the new shape or construction of the article giving rise to the esthetic effect can be a utility model registration. Further, if the shape or construction has a "high" inventive step, it can be patented. However, a design registration protects an article's shape because of a claim of esthetic merit, while a utility model registration or a patent protects an article because it embodies a claimed technical advance. Therefore, since there are different standards for evaluating the merit of a design registration on the one hand

and a utility model registration or a patent on the other, unlike the situation in the United States, no "double patenting" problem arises between a design registration and a utility model registration or patent. An article's new appearance may be protected by both a design registration and a utility model registration or a patent.

A design registration's life is fifteen years beginning at registration and therefore lasts longer than a utility model registration life, which is ten years beginning at date of publication for opposition. An application for a patent or a utility model registration may be converted into an application for a design registration and vice versa. n17

Even if an applicant's design right would conflict with another's patent or utility model registration right having an earlier priority filing date, such design registration will be allowed. Also, even if an applicant's patent or utility model right would conflict with another's registered design right having an earlier priority filing date, a patent or utility model registration will be allowed. However, since in these cases consent of the owner of the earlier right is necessary to work the subject matter of the allowed application, n18 a procedure for Patent Office arbitration to secure a non-exclusive license is provided for. n19

### **[iii] Patents and Registration of Plant Varieties.**

Theoretically speaking, a new plant variety with a sufficiently inventive step may be protected through patent as well as registration of plant variety. There is no clear provision in the Patent Act and the Plant Variety Protection Act adjusting the overlap between the protections granted by these Acts.

### **[iv] Trademarks and Design Registrations.**

Under the Trade Mark Act, a trademark is defined as characters, figures, signs, colors or their combinations used on goods or their packaging by the person who produces, processes, certifies, or assigns such goods in the course of trade.

Since in some cases, a design composed of shapes and colors can also be adopted and registered as a trademark, the question of overlapping protection between a trademark registration and a design registration could occur. A design registration does not preclude a trademark registration and, if the trademark's appearance has novelty, vice versa. The life of a trademark registration is ten years from registration, but the registration can be extended almost forever by periodic ten year renewals. Where use of a registered design would conflict with another's enjoyment of a prior trademark registration, use of the later registered design will not be allowed; similarly a prior design registration can block use of a later trademark. n20 However, utilizing a certain figure as an article does not always conflict with the trademark rights composed of such a figure.

### **[v] Copyrights and Designs.**

The problem of overlapping protection between copyrights and design registrations occurs primarily in cases of industrial designs. Theoretically, even if a specific pattern or form were already the subject of a prior design registration, a later copyright protection would not always be rejected merely because of the existence of such a registration.

Under the prevailing theory, works of art and handicrafts (*bijutsu kogei hin*) are protectable by copyright but excluded from design registration because not of industrial manufacture. Mass production articles are generally excluded from copyright protection except for those which are artistic, such as a decorative sculpture, in the pure art sense. However, mass produced articles may be protected by design registration. Thus, double protection, by both a copyright and design registration, may be granted to a copyrighted picture or a photograph when it is additionally mass produced as a component of a mass produced design registerable poster, picture card, calendar, or other graphic work.

The life of a copyright (from creation of the work until fifty years after the author's death) is much longer than that of a

design registration (fifteen years beginning at registration).

Even if an application for a design registration conflicts with a prior copyright, the application is allowed, but consent of the prior copyright owner is necessary to commercially use such design. n21

#### **[vi] Copyrights and Trademark Registrations.**

A printed picture is protected by a copyright. If, for example, a trademark label incorporates such a picture, the label is protected against copying by both the Copyright Act and the Trademark Act. The existence of another's prior copyright on a graphic work does not preclude the registration of a trademark incorporating such copyrighted graphic work. However, if use of the registered trademark would conflict with the prior copyright and if the copyright arose prior to the trademark's filing date, the trademark cannot be used. n22

#### **[3] Foreigners' Rights**

**[a] Patents, Utility Models, Designs, and Trademarks.** A non-Japanese can have patent, utility model, design, trademark, and other industrial property rights in Japan if any one of the following is true:

1. He has a Japanese residence or domicile.
2. His country treats Japanese citizens like its own citizens with respect to industrial property rights.
3. His country treats Japanese citizens like its own citizens with respect to industrial property rights to the extent that its own citizens receive reciprocity from Japan.
4. His country has a treaty with Japan concerning such industrial property rights. n23

Citizens of, and persons having a domicile or an actual industrial or commercial business in a member country of the Paris Convention are treated the same as Japanese. So are citizens of a country which, while not a member to the Paris Convention, has a bilateral reciprocal protection treaty with Japan: for example, India, Pakistan, and Peru.

There are many countries which, without a treaty, extend reciprocal protection to Japanese citizens with respect to protection of industrial property: for example, Argentina, Bermuda, Chile, Columbia, Ecuador, Guatemala, Hong Kong, Jamaica, Kuwait, Liberia, Malaya, Panama, Singapore, and Venezuela.

The People's Republic of China has given reciprocal protection by treaty with respect to trademarks since March, 1978.

Even citizens of a state not diplomatically recognized by the Japanese government may benefit from reciprocity under Article 25 of the Patent Act, provided that the state in question otherwise substantially meets the requirements of a country.

In *WEB Arzneimittelwerk Dresden v. Muraki Tokei K.K.*, Tokyo High Court, 5 Mutai Shu 197 June 5, 1973, the plaintiff, an East German corporation filed a demand in 1959 for invalidation of defendant Muraki's trademark. The Patent Office dismissed the demand, stating that since Japan had not granted East Germany diplomatic recognition plaintiff WEB could not enjoy the trademark right provided foreign corporations by Article 24 of the 1921 Trademark Act. n24 The Tokyo High Court, in overruling the Patent Office's decision, stated:

"The word 'country' in Article 24 of the 1921 Trademark Act should not be limited to countries which are diplomatically recognized by this country, since the recognition or non-recognition of a country in the meaning of diplomacy is only a matter of diplomatic policy. When a specific country meets substantial requirements as a country, namely, when it comprises a certain territory and people,

and maintains a permanent and independent political organization to govern its territory and people, equipped with a legal system under which a Japanese national is assured of the enjoyment of patent rights, then it is reasonable, in the light of the reciprocity set forth in Article 24, to extend the enjoyment of patent rights to the nationals of such country." n25

The reasoning in this case throws light on the problem of the position of Taiwan, where Japanese businesses own substantial industrial property although Japan no longer has diplomatic relationship with Taiwan.

**[b] Unfair Competition.** Both citizens of member countries of the Paris Convention and citizens of nonmember countries of Paris Convention who nevertheless have domiciles or residences in Japan can enjoy the same rights as Japanese nationals under the Unfair Competition Prevention Act. Other citizens of other foreign countries cannot enjoy such rights unless there is a treaty provision. n26

**[c] Copyright.** The following works by non-Japanese are protected by Japanese Copyright Act 6:

1. Works protected in accordance with a treaty.
2. Works first made public in Japan, including those made public originally outside of Japan, but then made public in Japan within thirty days from the original publication date.

The treaties provided for in Article 6 of the Copyright Law include the Berne Convention and the International Copyright Convention.

**[d] Plant Varieties.** The reciprocity principle is also applied to Plant Variety Protection Act. In addition to an alien who has either a Japanese domicile or residence (or is doing business in Japan in the case of a corporation) any other alien may enjoy the rights protected by Plant Variety Protection Act, if his country allows Japanese nationals to enjoy the protection of plant varieties to the same extent as its own nationals or to the same extent its own nationals have reciprocal rights in Japan and if his country protects the specific plant variety in question. n27

**[e] Patent Administrator (*Tokkyo Kanri-nin*).** A person who has neither domicile nor residence in Japan must be represented by an agent having a written power of attorney in all procedures when dealing with the Patent Office or when he institutes a suit against any measure taken by an administrative agency pursuant to the Patent, Utility Model, Design and Trademark Acts. n28 He must be represented by an agent called a "patent administrator" (*tokkyo kanri-nin*), who must have a domicile or residence in Japan.

For those persons not domiciled or resident in Japan the patent administrator's powers are presumed to include the ability to convert, abandon, or withdraw a patent application; withdraw a demand, request or motion; and demand an appeal trial. n29 The scope of the agency conferred on the patent administrator is the broadest possible so that the Patent Office will not be inconvenienced by an administrator's lack of power.

The power of attorney conferred on such an agent shall not be extinguished by the death (or amalgamation in the case of a legal entity) of his principal. n30

Where a person proceeding before the Patent Office has two or more agents, each of them shall be deemed by the Patent Office to represent the principal. n31

Both patent attorneys (*benrishi*) and lawyers (*bengoshi*) are entitled to take action before the Patent Office on behalf of a principal as part of their professional activities, but only patent attorneys take and pass the Patent Attorneys Examination. Their activities are respectively regulated by the Patent Attorney Act and the Lawyer Act.

**[4] Related Law n32.**

**[a] Licensing.** Licensing agreements relating to industrial property and know-how for introducing new techniques into Japan are subject to governmental review and approval under the Foreign Investment Act (*Gaishi Ho*) n33 and the Foreign Exchange and Foreign Trade Control Act (*Gaikoku Kawase oyobi Gaikoku Boek Kanri Ho*). n34 In 1979, there was a substantial reform which merged the Foreign Investment Act into the Foreign Exchange and Foreign Trade Act. n35 The new law broadly introduced an advance reporting requirement for international licensing agreements. n36

**[b] Taxation.** Special income tax provisions apply to transfers, the treatment varying according to whether the transfer is an assignment or license. The general tax rate on patent license royalties is twenty percent, but foreign licensors from countries which have a tax treaty with Japan, such as the United States, Britain, France, and Germany, may qualify for a reduced tax rate. In any case, a Japanese licensee must set aside a portion of the royalties owed for payment of the foreign licensor's tax to the Japanese government.

**[c] Infringing Imports.** In accordance with Article 21 of the Customs Tariff Act (*Kanzei Teiritsu Ho*), n37 importation of an article infringing a patent right, utility model right, design right, trademark right, or copyright is prohibited. The Director of a Custom House has the right to destroy such articles or to order a person intending to import them to remove them from Japan.

#### **[5] The Patent Office**

Besides examining patent, utility model, design, and trademark applications, the Patent Office has various other functions and jurisdictions, including formal registration of the above industrial property, recording of assignments and licenses, and conducting invalidation trials, patent and utility model amendment proceedings, trademark cancellations, and *hantei* proceedings. The *hantei* is a requested two-party proceeding to determine the scope of a patent, utility model, design, or trademark. n38

The Director General of the Patent Office has authority to award a compulsory license of a patent or utility model when the protected invention is not being used appropriately in Japan. He also has authority to award a compulsory non-exclusive license on a prior patent, utility model or design when a subsequent patent, utility model or design cannot be worked without utilizing the prior patent, utility model or design.

The Minister of the Ministry of International Trade and Industry, of which the Patent Office is a part, has authority to order a compulsory license of a patent or utility model whose working is necessary for the benefit of the public.

#### **[6] History of Legislation**

**[a] Importance of Prior Laws.** As the following discussion will show, the history of the intellectual property laws in Japan is something more than a source of pure academic study. Particularly, in the years following World War II, Japan's industrial property laws have been frequently amended or revised, the pace of change being set by Japan's rapid commercial and industrial development. An immense backlog of patent, utility model, design, and trademark applications at the Patent Office, coupled with the deferred examination system for patent and utility model applications has made the law applicable to any given application highly dependent on when the application was filed or a given procedure initiated. In addition, procedures for consolidating or cancelling patents or utility models after grant or designs or trademarks after registration, being based on the applicable law at the time of examination, must necessarily refer back to previous laws.

**[b] Patents and Utility Models.** In 1885 the Statute of Patent Monopoly (*Senbai Tokkyo Jorei*) was promulgated. This statute was composed of 28 articles and supplementary provisions drawn mainly from French law. In the same year the Patent Division was established in the Ministry of Agriculture and Commerce. One year later, in 1886, a separate Patent Office was established.

In 1889 Japan joined the 1883 Paris Convention for the Protection of Industrial Property. For this purpose, a new Patent

Act (*Tokkyo Ho*) with provisions extending patent protection to foreign persons and recognizing Paris Convention priority was prepared and promulgated.

A major amendment was made to the Patent Act in 1921, expanding the patent law to 135 articles; in priority matters the first-to-file principle of priority was adopted in contrast to the first-to-invent principle used in the United States. These amendments, made to take into account Japan's rapid industrial progress in the period following World War I, provided Japan's patent law until 1959, some thirty-eight years.

Following the recovery and development of Japan's commerce and industry from the ashes of World War II, the prewar 1921 Act came to be considered in need of revision, so in 1956 work on a new draft Patent Act was begun. In 1959 a revised Patent Act containing major revisions was promulgated, going into effect on April 1, 1960. Provision was made for a patent invalidation trial to be initiated by interested persons at any time after grant, subject to a limitation that an invalidity trial based on a foreign publication not distributed in Japan must be initiated within five years of the patent grant.

In addition, for applications filed after April 1, 1960, closely related inventions were allowed to be included in the same application, but the rule of one claim per invention remained. To strengthen the patent owner's rights, new articles on remedies for infringement were inserted; e.g., the patentee was given permission to include a request for the destruction of infringing items and disposal of infringing equipment in a demand for an injunction. Also, a presumption was established that the amount of a patent owner's damages caused by intentional or negligent infringement is at least equal to the amount of profits made by the infringer. However, when the amount of negligence is slight, the court may take this into account when determining the extent of the damage award.

Older Patent Office trial procedures for interpreting the scope of an issued patent with respect to an alleged infringing device were abolished and a new advisory procedure for Patent Office determination (*hantei*) of the scope of an issued patent was established. Prior to this revision, the trial decision of the Patent Office with respect to the scope of a patent was binding on the parties; the new *hantei* procedure has no such binding effect on the parties asking for the interpretation.

Next, in 1970 an amendment to the Patent Act was passed to reduce the number of applications pending before the Office that need be examined; at this time the average patent processing time had increased to five years and three months because of a backlog created by a rapid increase in the number of applications filed. The solution was a delayed examination system in which a request for examination must be separately filed sometime in the first seven years after filing or the case will automatically go abandoned at the end of the seventh year. This was coupled with a procedure for early public disclosure of the application papers after eighteen months from the priority filing date by publication in the Official Gazette (called "laying open" of the application). The laying open gives an applicant a conditional right to royalties from others who used the claimed invention after the laying open, provided a patent is ultimately granted. The applicant was also given a procedure to request and justify early preferential examination.

To reduce the number of appeal cases considered by the Patent Office Board of Appeals, a procedure for amendment and re-examination of an appealed application before the appeal is referred to the trial examiners was established.

Prior to the 1970 amendments, it was not clear whether the owner of a patent application published for opposition had a right to an injunction against an infringer. An amendment granting the patent application owner that right was made, applicable to applications already published on, or after, January 1, 1971.

Amendments abolishing the prohibitions of patents for certain subject matter, such as chemical and pharmaceutical substances, and introducing so-called multiple claims were made in 1975. Prior to amendment, the Patent Act precluded patenting of inventions for foods, drinks, flavoring substances, medicines and substances manufactured by a chemical process. But these restrictions were removed so that now only substances manufactured by atomic transformation are

unpatentable.

With respect to patent claims, previously only claims including details indispensable to the construction of the invention were allowable. Dependent claims describing specific embodiments of the invention were considered to go beyond "indispensable matter" and were therefore unallowable; the law followed the principle of "one claim per invention." The 1975 amendment did not abandon this principle, but contained the following reservation: "Provided, however, this shall not prevent the inclusion of claims which stipulate dependent embodiments of the invention concerned." n39 The 1975 law thus strengthened the rights of inventors and incorporated changes and amendments required by the revised Stockholm text of the Paris Convention, the new law being applied only to applications filed on or after January 1, 1976.

Further, following Japan's ratification of the Patent Cooperation Treaty (PCT), the Patent Act was amended to accomodate Japanese patent applications filed first abroad as international PCT applications designating Japan as a country where a patent is desired; this amendment became effective October 1, 1978. The law was also amended to establish application and international examination procedures for PCT applications filed designating Japan as the examining country, effective October 1, 1978.

In 1987 the Act was amended n40 to introduce a multiple claim system as in the United States and in Europe to achieve harmonization of scope of patent claims among those countries. Also, to achieve international harmonization of patent system, the following periods have been extended: period to submit a certificate of application accompanied by a claim of Paris Convention priority; period to submit translation of documents necessary for PCT international application; and period to file an opposition to a patent. In addition, a system for extending the period of duration was established in 1987. The period of duration of patent may be extended in the event that the working of a patent is prevented for a certain period due to certain administrative measures.

In 1990 the Act was amended n41 *to require the submission of an abstract of the invention at the time of making a patent application. To facilitate proceedings, the Act was amended to allow acceptance of proceedings undertaken through use of an on-line electronic data processing system which connects computers used in the Patent Office and those used by persons undertaking such proceedings, or through submission of floppy disks.*

Utility Models were first introduced in 1905 with the promulgation of the Utility Model Act. n42 Thereafter, Utility Models closely paralleled patents in procedures and effects except for the three main distinctions that utility models are restricted to "devices," evidencing a lesser inventive step than patents and protected for a shorter term; there can be no utility model for a process. In 1959, the duration of a utility model registration was set to be up to ten years from the publication for opposition, but not more than fifteen years after the application filing date, effective for applications filed on or after April 1, 1960.

**[c] Designs.** In 1889 Japan joined the 1885 Paris Convention for Protection of Industrial Property which caused a new Design Act (*Isho Ho*) to be promulgated that year. Following amendment in 1921, the law underwent no further revision until 1959, when any design described in a foreign publication or publicly known in a foreign country and designs which could have been "easily conceived" (a new phrase) from such a publication or knowledge became unregistrable, beginning with applications filed on April 1, 1960. The 1959 law extended the ten-year duration of design registrations to fifteen years after the date of registration. As with patents and utility models, a new *hantei* procedure for Patent Office advisory interpretation of the scope of a registered design was instituted, the *hantei* ruling being merely advisory. In 1978, in accordance with Japan's ratification of the Patent Cooperation Treaty (PCT) the Design Act was amended to accomodate applications first filed abroad as international patent or utility applications and then converted to design applications in Japan, effective from October 1, 1978.

**[d] Trademarks and Trade Names.** The Statute of Trademark (*Shohyo Jorei*) was promulgated in 1884, comprising some twenty-four articles and supplementary provisions. In the same year the Trademark Division was

established within the Ministry of Industry. Following the establishment of the Patent Office in 1885, in 1886 the two offices were combined.

In 1889 a new Trademark Act, with provisions for the protection of foreign persons and recognizing Convention priority was promulgated in conjunction with Japan's joining of the 1883 Paris Convention for the Protection of Industrial Property. A revision was made in 1909.

In 1921 major amendments were made to Japan's industrial property laws, among them an amendment expanding the Trademark Act to 38 articles. Thereafter the trademark law remained unchanged until 1959, although revision of the entire industrial property system had been one of the problems before the government since the end of World War II.

The 1959 revisions included a shortening of the twenty year trademark registration to ten years from date of registration. The prior rule that assignment of a trademark independent of the business good will concerned was not permitted was abolished, permitting freer transfer of registered trademarks. Permission to license trademarks to others was also given. To protect trademarks well known to consumers from predatory adoption by others on goods not dealt with by the trademark owner, a supplemental Defensive Trademark Registration was introduced, modeled after Section 27 of the 1938 English Trademarks Act. The Defensive Registration was made ancillary to the primary, well-known trademark's registration and can be maintained on goods other than those in the primary registration without any requirement of actual use.

In the case of a dispute about the scope of a given trademark registration in proceedings to bar another's use of a similar mark, the parties were given the option of having the scope of the registered mark determined by an expert advisory procedure (*hantei*) at the Patent Office, though the Patent Office's opinion was made nonbinding on the parties in a subsequent lawsuit.

Conforming to the 1958 Lisbon Revision of the Paris Convention, in 1965 the Trademark Act was amended to provide for cancellation of any trademark registered by an agent or representative without authorization of the genuine owner.

In Japan, a trademark application may be filed based only on *intent* to use a certain mark. This gave rise to a tendency of some businesses to register marks for priority rights only, without any definite intention of use. An immense increase in the number of trademark applications resulted, contributing to the backlog of unexamined applications at the Office. The 1975 Trademark Amendment Act, which took effect on January 1, 1976, attempted to reduce the number of applications filed without a definite intention of use by requiring the applicant, at the time of filing, to describe his business in accordance with the Standard Industrial Classification Code and show that the goods designated in the application relate to his line of business. Should the trademark examiner conclude that the applicant has not shown sufficient intent to use the trademark, he can reject the application.

Under the amended law, if a registered mark is not used in Japan on at least some of the goods designated in the registration for three consecutive years, it is subject to cancellation and nonrenewable unless the owner can show a reasonable ground for the nonuse. Beginning June 25, 1978, it became necessary for a renewal applicant to submit an explanatory document and photograph showing his manner of using the mark. n43 The 1975 amendment also shifted the burden of proof in Patent Office trademark cancellation proceedings so that the defending trademark owner has the burden of establishing use or a justifiable reason for nonuse in all cancellation proceedings begun after January 1, 1976. n44 The Industrial Property Council submitted a report to the Minister of International Trade and Industry, which proposes the protection of service marks under almost the same conditions as for trademarks. The proposal is to be discussed in the Diet and is expected to be legislated in 1991 and become law in 1992.

**[e] Copyrights.** The Publishing Act (*Shuppan Jorei*) of 1869 provided for both copyright protection and regulation of publications. In 1887, Japan's first Copyright Act was promulgated, providing that copyright takes effect upon registration with the Ministry of Home Affairs. In 1899, Japan adhered to the Berne Convention for the Protection of

Literary and Artistic Works and enacted a national copyright law, the Copyright Law of 1899.

The law's main features were:

1. Copyright took effect by mere creation of the work, without registration.
2. The range of copyright protection was enlarged over the previous act.
3. The copyright duration was made to last until thirty years after the author's death.
4. Foreign copyrights were protected for the first time.
5. The copyright duration of a translation was set to be ten years after the publication of the original work.

The 1899 Copyright Act was revised several times to expand the protection of authors and to facilitate the smooth exploitation of works. Some revisions became necessary when revisions were made to the Berne Convention.

In addition, in 1939 the Copyright Brokers Act was enacted to regulate intermediary business for the benefit of copyright owners and the users of their works by promoting easier commercial exploitation.

Following the end of World War II, the 1952 Act Concerning Exceptional Provisions for Copyrights Owned by the Allied Powers and Their Nationals was enacted.

In 1956, Japan joined the Universal Copyright Convention, enacting an Act Concerning Exceptional Provisions to the Copyright Act. In all, the basic 1899 Copyright Act was in force for some seventy years with only minor modifications. However, the development and diffusion of various new reproduction devices, such as copiers and recorders, and communication arts, such as modern publishing and broadcasting, gave rise to a feeling that copyright protection under the old law had become inadequate. In addition, the Japanese law had not kept pace with revisions to the Berne Convention made in 1948 at Brussels, in 1967 at Stockholm, and in 1971 at Paris. And further, in 1961 at Rome, to protect the neighboring rights of workers in allied fields an International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations was contracted.

Under these circumstances, following preparation of a wholly revised law begun in 1962, a new Copyright Act was enacted in 1970, taking effect in January 1971.

The main features of this new law are:

1. For the purpose of defining an author's protection, his rights were divided into a copyright and a "moral right." An author's "moral right" is infringed if another uses his work in a manner injuring the author's honor or reputation. The long-pending provisions for copyright on broadcasting, cable transmission, and performance of musical works by phonographs were granted.
2. Copyright duration was extended from thirty years after the death of an author to fifty years after death.
3. The ten-year copyright duration of a translation made after publication of the original work was extended to fifty years. However, the copyright of a translation is subject to compulsory licensing seven years after publication of the original work.

4. In view of the remarkable progress and diffusion of means of reproduction, e.g., duplicators and recorders, copyright protection is limited where copying is done for personal use, for library use, and educational purposes. These limitations were imposed to permit "fair use."

5. Neighboring Rights were established to protect performers, such as actors and singers, producers of phonograph records and broadcasting organizations. They were added to the law based on the 1961 International Convention for the Protection of Neighboring Rights of 1961 (Rome Convention).

The contents of the new Copyright Act also satisfied the conditions of the Brussels Act of 1948 and the 1971 Paris Act of the Berne Convention. Japan became a party to the former in 1974 and the latter in 1975.

In 1985, the Act was amended to state clearly that a computer program is a work protectable under the Act. Also in 1986, the Act confirmed the copyrightability of a database. n45

**[f] Unfair Competition.** The 1934 Unfair Competition Prevention Act (*Fusei KyosoBoshi Ho*) was passed in accordance with Japan's adherence to the 1925 Hague Amendment of the 1883 Paris Convention. Amendments to this law were made in 1938, 1950, and 1953. The 1938 amendment was made to conform with the 1934 London Amendment of the Paris Convention. The 1953 Amendment was made to conform with the 1891 Madrid Convention relating to prevention of false or misleading indications of source or origin on goods.

Thus, Japan's unfair competition statute is limited to preventing false marking of goods as to their maker or vendor, origin, territory of production, or quality. The law also prevents false practices that cause confusion as to business or disparage the business or goods of another. It does not deal with or protect know-how or trade secrets. n46

In 1965, after Japan joined in the 1958 Lisbon Amendment to the Paris Convention, an amendment restricting an owner's unfair use of his trademarks was enacted.

**[g] International Conventions.** The international conventions for the protection of industrial and intellectual property ratified by Japan include:

1. 1883 Paris Convention for the Protection of Industrial Property (1967 Stockholm Revision).
2. 1886 Berne Convention for the Protection of Literary and Artistic Works (1971 Paris Revision).
3. 1891 Madrid Arrangement for Prevention of False or Misleading Indication of Origin (1967 Stockholm Revision).
4. 1952 Universal Copyright Convention (1971 Paris Revision).
5. 1967 Convention establishing the World Intellectual Property Organization.
6. 1970 Patent Cooperation Treaty.
7. 1961 International Treaty for the Protection of Performers, Producers of Phonograms and Broadcasting Institutions.
8. 1971 Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms.
9. 1971 Strasbourg Agreement Concerning the International Patent Classification.

10. 1961 International Convention for the Protection of Improvement of Plants (1972 Geneve Revision).

11. 1977 Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure.

The effects of these conventions on Japan's national law are discussed above in the history of various forms of intellectual property protection. n47

**FOOTNOTES:**

(n1)Footnote 1. Significant changes in Japanese intellectual property law and policy have taken place in recent years. This section will be revised shortly. For recent developments in intellectual property law including significant new and revised statutes and the implementation of a specialized Intellectual Property High Court, see Business Law Outlines: Intellectual Property at Ch. 1 § 1.02[6], New Legal Topics at Ch. 1§ 1.03[6], New Statutes and Standards at Ch. 1§ 1.04[6], and New Cases at Ch. 1§ 1.05[6].

(n2)Footnote 2. [Reserved].

(n3)Footnote 3. The development and enactment of statutes, standards and other regulations relating to combating counterfeiting and piracy has become a leading issue in intellectual property protection; for example see Guidelines for Provider's Responsibility Limitation Act Related to Trademark Act (Council on Guidelines, etc. for Provider's Responsibility Limitation Act, 2005.7.27); Internet Auction Voluntary Guidelines, DeNA Co., Ltd./Yahoo Japan Corp./Rakuten Inc., 2005.6.15. See footnote 1 *supra*.

(n4)Footnote 4. The Bibliography of this treatise lists materials useful to the practitioner.

(n5)Footnote 5. *Shubyo Ho*, Law No. 115, 1947. A recent amendment was made in 1986 (Law No. 79, 1986).

(n6)Footnote 6. Law No. 66, June 29, 1990.

(n7)Footnote 7. Law No. 48, 1970. An amendment was made in June, 1989. (Law No. 43, 1989).

(n8)Footnote 8. Law No. 67, 1939. An amendment was made in 1983. (Law No. 78, 1983).

(n9)Footnote 9. Tokyo Dist. Ct., 14-3 *Minshu* 796, Dec. 6, 1982.

(n10)Footnote 10. Copyright Act, Art. 2, item 10-2.

(n11)Footnote 11. January 1, 1986.

(n12)Footnote 12. *Program no Chosakubutsu ni Kakaru Toroku no Tokurei ni Kansuru Horitsu* (Law No. 65, 1986), effective as of April 1, 1987.

(n13)Footnote 13. Copyright Act, Art. 2, item 10-3 and Art. 12-2.

(n14)Footnote 14. January 1, 1987.

(n15)Footnote 15. *Handotai-Shusekikairo no Kairohaichi ni Kansuru Horitsu*, Law No. 43, 1985.

(n16)Footnote 16. Patent Act, Art. 39, paras. 3, 4; Utility Models Act, Art. 7, para. 3.

(n17)Footnote 17. Patent Act, Art. 46, para. 2; Utility Models Act, Art. 8, para. 2; Design Act, Art. 13.

- (n18)Footnote 18. Patent Act, Art. 72, Utility Models Act, Art. 17, Design Act, Art. 29.
- (n19)Footnote 19. Patent Act, Art. 92, Utility Models Act, Art. 22, Design Act, Art. 33.
- (n20)Footnote 20. See Design Act, Art. 26, para. 1, and Trademark Act, Art. 29.
- (n21)Footnote 21. Design Act, Art. 26.
- (n22)Footnote 22. Trademark Act, Art. 29.
- (n23)Footnote 23. See Patent Act, Art. 25, Utility Models Act, Art. 55, Design Act, Art. 68, and Trademark Act, Art. 77.
- (n24)Footnote 24. Which corresponds to Art. 25 of the Patent Act of 1959.
- (n25)Footnote 25. East Germany was recognized by Japan in 1973.
- (n26)Footnote 26. Unfair Competition Prevention Act, Art. 3.
- (n27)Footnote 27. Plant Variety Protection Act, Art. 12.
- (n28)Footnote 28. Patent Act, Art. 8, para. 1, Utility Models Act, Art. 55, para. 2, Design Act, Art. 68, para. 2, Trademark Act, Art. 77, para. 2.
- (n29)Footnote 29. See Patent Act, Art. 9.
- (n30)Footnote 30. Patent Act, Art. 11, Utility Models Act, Art. 55, para. 2, Design Act, Art. 68, para. 2, Trademark Act, Art. 77, para. 2.
- (n31)Footnote 31. Patent Act, Art. 12, Utility Models Act, Art. 55, para. 2, Design Act, Art. 68, para. 2, Trademark Act, Art. 77, para. 2.
- (n32)Footnote 32. In recent years, many laws and guidelines relating to the promotion and management of intellectual property have also been passed in Japan; see for example the Act Concerning the Promotion of the Creation, Protection of Utilization of Contents (Law No. 81, 2004) and the Promotion of Written and Printed Culture Act (Law No. 91, 2005).
- (n33)Footnote 33. Law No. 163, 1950.
- (n34)Footnote 34. Law No. 228, 1949.
- (n35)Footnote 35. Law No. 65, 1979.
- (n36)Footnote 36. Foreign Exchange and Foreign Trade Control Act, Art. 29.
- (n37)Footnote 37. Law No. 54, 1910.
- (n38)Footnote 38. See § 2.17[13][c] *infra*.
- (n39)Footnote 39. Patent Act of 1975, Art. 36, para. 5. This provision was further amended in 1987. See n.1.1,*infra*.
- (n40)Footnote 40. Law No. 27, 1987.
- (n41)Footnote 41. *Amended by the Act Providing Exceptions in Proceedings Concerning Industrial Property*

*Rights (Law No. 30, 1990).*

(n42)Footnote 42. *Jitsuyo Shinan Ho*, Law No. 123, 1959.

(n43)Footnote 43. Trademark Act, Arts. 19, para. 2; 19, para. 3; 20, para. 2.

(n44)Footnote 44. *Id.*, Art. 50, para. 2.

(n45)Footnote 45. Law No. 62, 1985; Law No. 64, 1986. *See §§ 1.02[6] and [7] supra.*

(n46)Footnote 46. There have been efforts by the private sector to regulate business practices concerning the respect of intellectual property rights; for example, *see* Guideline Concerning Intellectual Property Rights, Nippon Keidanren, 2005.7.19 discussed at Ch. 1, § 1.02[6] *infra*.

(n47)Footnote 47. § 1.06[2] to [6] *supra*.