

## **JAPAN PATENT ATTORNEYS ASSOCIATION International Activities Committee**

### **1. SUMMARY OF REVISIONS OF THE JAPANESE PATENT LAW AND THE JAPANESE TRADEMARK LAW**

#### **1-1. Object**

The Japanese Patent Law and Japanese Trademark Law have been revised recently to reinforce intellectual property right protection, to reduce the work load on applicants and to promote efficient examination procedures.

#### **1-2. Outline**

##### **1-2-1. Reinforcement of intellectual property right protection**

- (1) Under the Patent Law, the scope of protection with respect to computer programs (intangibles) has not always been clear. In view of the recent increase in the selling and distributing of patented computer programs without a recording medium through the Internet, a new revision has been made to give a full and detailed definition of the working of an invention. That is, it shall be deemed to be a patent infringement to transmit a patented program, etc. via such a network without permission.
- (2) There have not been many precedent cases in which it has been admitted that indirect infringement had occurred because under the old Patent Law, the article used in an act in which indirect infringement is asserted must be an article to be exclusively used (an exclusive article) for manufacturing a patented product or for working a patented process, in order that the requirements for showing that indirect infringement has occurred are met. In order to strengthen the protection of patent rights, a new revision provides that it shall be considered as constituting an act of indirect infringement to supply an article in bad faith, i.e., knowing that such an article is used for manufacturing a patented product or working a patented process.
- (3) The Trademark Law was drafted based on the assumption that a trademark would be applied only to tangibles. Recently, however, use of the Internet has spread to the distribution of goods, offering of services, advertising and so on. Therefore, a new revision gives a full and detailed definition of use of a mark. That is, it shall be deemed to be a trademark infringement to use a trademark on the

screen of a user's personal computer or cellular phone.

**1-2-2. Reducing the work load on applicants and promoting efficient examination procedures**

- (1) The format of a patent application shall be brought into conformity with those of other industrialized nations and international patent applications, and the claims part shall be separated from the specification part, so that the work load on applicants can be reduced.**
- (2) In accordance with an agreement made by the PCT General Assembly of WIPO, the provision regarding the deadline for commencing the national phase in the case of any international patent application under PCT was revised to be extended to 30 months starting from the international filing date or the priority date if the priority is claimed. Further, a two-month grace period is given for submitting a translation of a PCT application in order to improve the translation quality and to promote efficient examination procedures.**
- (3) More prompt and precise examinations may be expected as a result of introducing a system in which patent applicants disclose in the descriptions of patent applications, prior art literature which the applicants know at the time of filing the patent applications.**
- (4) The individual fees in respect of a designation of Japan shall be paid in two installments, the first installment to be paid before the international registration is registered (at the time of filing the international registration) and the second installment to be paid after a decision for grant of the registration is issued.**

## **2. THE MAIN REVISIONS**

### **2-1. Patent Law**

**2-1-1. Clarification of the working of an invention**

**2-1-2. Expanded definition of what constitutes indirect infringement**

**2-1-3. Separation of the claims part from the specification part**

**2-1-4. Introduction of requirement for disclosure of information on prior art**

**2-1-5. Revision regarding the procedure for entering into the Japanese national phase of a PCT application**

### **2-2. Trademark Law**

**2-2-1. Reinforcing protection of goodwill for trademarks used in Internet business**

**2-2-2. Installment payment of international trademark registration individual fees**

**2-2-3. Amendments of the trademark applied for international trademark registration**

### **3. CLARIFICATION OF THE WORKING OF AN INVENTION**

#### **3-1. Reason**

With the recent remarkable progress in IT, networks connected by IT such as the Internet have been rapidly expanding and as a result, in addition to the conventional distribution system wherein the patented products are supplied to the market, a new distribution system wherein patented computer programs and the like are supplied to the market via such networks is expanding. Further, due to the increasing demand for the protection of computer programs supplied via such networks, the Japanese Examination Guidelines were modified in 2001 so that a “program” itself can be claimed in a patent application, irrespective of whether or not it is recorded in a medium (January 10, 2001).

A patent right is an exclusive right to commercially work a patented invention (Article 68). The Patent Law defines the “working” of an invention as meaning certain acts in the case of a product invention and those in the case of a method invention in order to make clear the scope of the protection provided by the patent right (Article 2, Paragraph 3). The Patent Law specifically defines the content of such acts constituting “working”, namely, “manufacturing”, “using”, “assigning”, “leasing”, “importing” and the like (Article 2, Paragraph 3).

However, a “product” is generally considered to be a “tangible” product and thus it has not been always clear whether or not a “program” can be protected as a product under the Patent Law.

In addition, when a computer program is provided via a network or when a program is provided by an application service provider, ASP, the original program is usually retained by the provider or the ASP. In such a case, it has not always been clear whether or not the providing of such programs can be considered to be the working of an invention, especially, “assigning” or “leasing” of the programs.

To eliminate the ambiguity concerning the working of an invention, the Patent Law has been amended so that a program can now be protected as a “product” and the providing of a program through electric telecommunication lines can be considered to be the “assigning” or “leasing” of the product.

#### **3-2. Content**

**3-2-1. New Article 2, Paragraph 3 of the Patent Law stipulates as follows:**

In the case of an invention of a product (including a program and the like –hereinafter the same), acts of manufacturing, using, assigning and the like (meaning assignment and leasing and, if the product is a program and the like, including providing the same through electric telecommunication lines -hereinafter the same) or importing or offering

for assigning and the like (including displaying for the purpose of assigning and the like -hereinafter the same) of the product.

3-2-2. New Article 2, Paragraph 4 of the Patent Law stipulates as follows:

“Program and the like” in this Law means a program (instructions to a computer that are so combined as to produce a single result – hereinafter the same) and other kinds of information which are used in the processing by a computer and which are equivalent to the program.

3-2-3. Examples

According to the amended Law, the following acts are considered to be “working” of an invention.

3-2-3-1. Act of downloading a program(see Fig. 3-1)

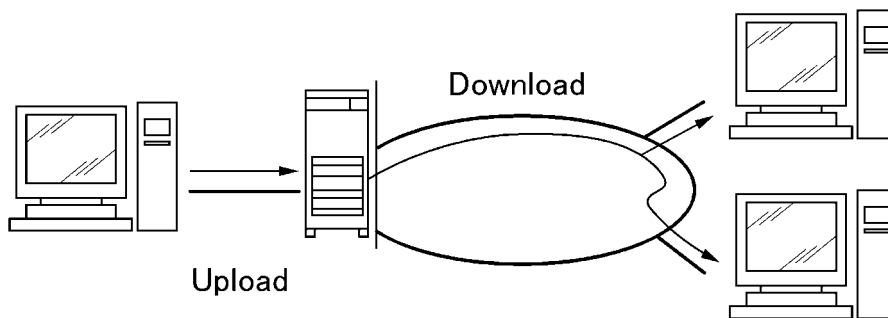


Fig. 3-1

3-2-3-2. Act of using a program provided by the ASP via the Internet and receiving the results ( Fig. 3-2 )

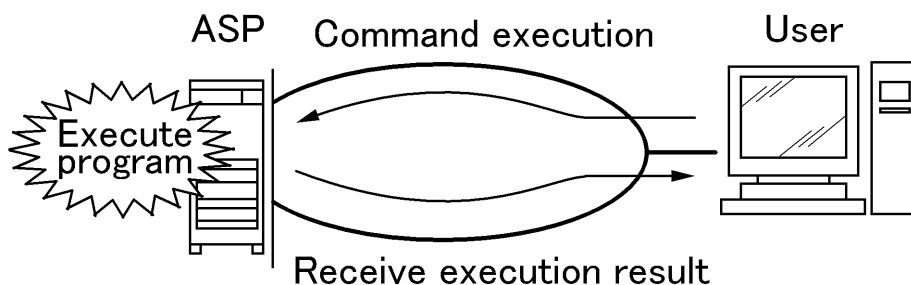


Fig. 3-2

Therefore, an unauthorized person who commercially conducts the above acts, infringes the patent right, which will result in the issuing of an injunction and said person being liable for damages under the Patent Law.

## **4. EXPANDED DEFINITION OF WHAT CONSTITUTES INDIRECT INFRINGEMENT**

### **4-1. Reason**

Under our Patent Law, even if all of the elements (such as an article) for a patented product or process are not commercially worked, acts by an unauthorized party for preparing or assisting in the supplying of an article (exclusive article) to be used exclusively in manufacturing such a patented product or working such a patented process are construed as acts of infringing the patent rights for the patented product or process (indirect infringement), for the purpose of improving the effectiveness of the patent rights.

However, acts of indirect infringement have only been admitted if such acts occur with respect to, as noted above, an exclusive article and subjective criteria for assessing the motivations of the alleged infringer such as “bad faith” are not considered in determining whether the requirements for finding that an act of indirect infringement has occurred have been met. With respect to articles which can be used for a purpose other than that of the patented invention or staple articles, it is not possible to show that indirect infringement has occurred even if a supplier of such articles had acted in bad faith. Therefore, there have been few litigation cases wherein an assertion of indirect infringement has been accepted and thus more strong protection of the patentees has been demanded in this respect. In particular, in the case of a software-related invention, it is usual that the parts (modules) to be used in a program have many functions (uses) while there are few parts which are used exclusively for only a certain program. Therefore, if the term “exclusively” is strictly interpreted in the software field, it may become extremely difficult to find a remedy for preventing indirect infringement.

Thus, under the new law, even if an article which is an important element for a patented invention is not an exclusive article, acts of commercially supplying such an article with the knowledge that such an article will be used for manufacturing a patented product or for working a patented process (so-called “bad faith”) will also be construed as acts of indirect infringement.

### **4-2. Content**

#### **Article 101 (Acts to be construed as constituting infringement)**

The following acts shall be deemed to be an infringement of a patent right or exclusive license:

- (1) (omitted)
- (2) (newly added)

in the case of a patent for an invention of a product, acts of commercially manufacturing, assigning and the like, importing or offering for assigning and the like, an article to be used for the manufacture of the product (excluding those articles which are

distributed widely and commonly in Japan) which is indispensable for attaining the object of the patented invention, with the knowledge that the invention is patented and that the article will be used for the working of the patented invention.

(3) (omitted)

(4) (newly added)

in the case of a patent for an invention of a process, acts of commercially manufacturing, assigning and the like, importing or offering for assigning and the like, an article to be used in the process (excluding those articles which are distributed widely and commonly in Japan) which is indispensable for attaining the object of the patented invention, with the knowledge that the invention is patented and that the article will be used for the working of the patented invention.

#### 4-3. Example

According to the new law, the following act is considered to constitute indirect infringement.

It is usual for a software program to be divided into several parts (modules) and manufactured by ordering subcontractors to manufacture the modules as shown by Fig. 4-1 (the final product (a software program) is a patented invention and the modules are not exclusive articles to be used only for manufacturing the final product). In this case, the act by a third party of commercially manufacturing or supplying the module constitutes indirect infringement, if such a module is indispensable for attaining the object of the patented invention and if such a third party acts with the knowledge that the module will be used for the working of the patented invention.

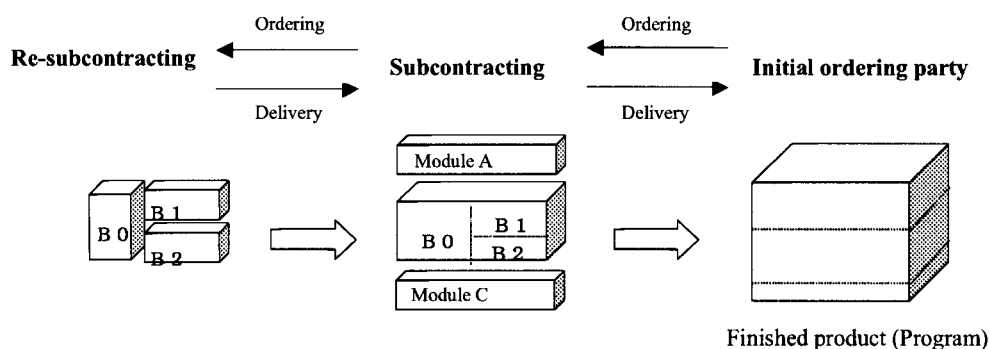


Fig. 4-1

## **5. SEPARATION OF THE CLAIMS PART FROM THE SPECIFICATION**

Under the current law, the claims part is stipulated to be a part of the specification (Article 36, Paragraph 3).

However, in the PCT, the claims part is stipulated to be a separate item from the specification. WIPO will start to accept electronic filing of an application from March 2003. According to the electronic application format to be used in WIPO for electronic filing of an application, the part "Specification" and the part "Claims" are separated into two different items in the same manner as in the case of PCT applications. This format is expected to be a common technical standard for the electronic filing system.

Therefore, under the new law, the claims part has been made a separate item from the specification part in order to conform with the international filing format.



## **6. INTRODUCTION OF REQUIREMENT FOR DISCLOSURE OF INFORMATION ON PRIOR ART**

### **6-1. Reason**

The requirement for Disclosure of Information on Prior Art Documents as defined in the revised Patent Law is that the prior art acknowledged by applicants shall be disclosed in the description of patent applications when the applications are filed, otherwise the applications shall be rejected.

Only about 40% of the patent applications previously filed at the Japan Patent Office (JPO) describe the prior art that would be relevant to the claimed inventions. When patent applications do not describe any prior art in the descriptions thereof, even if the applicants acknowledge the prior art at the time of filing the patent applications, the Examiners of the JPO must conduct independently searches for the prior art.

Under the circumstances, the revised Patent Law imposes a requirement on the applicants to disclose the prior art that the applicants acknowledge when the applications are filed. Under the revised Patent Law, even if the applicants fail to disclose the prior art in the descriptions of the applications as filed, this shall not result in the issuance of any reason for refusal, but, instead, it shall result in the issuance of an official communication requesting the applicants to disclose the prior art that they have acknowledged at the time of filing the patent applications. Thereafter, if the applicants do not sufficiently disclose the prior art in response to the official communication, a reason for refusal shall be issued. It is not necessary to disclose the prior art if the applicants become aware of the prior art after the applications have been filed.

As a result of the revised Patent Law, the Examiner can effectively utilize the information on the prior art provided by the applicants so that the examination of the patent applications may be accelerated, whereas the applicants will be able to reevaluate the claimed invention in view of the prior art.

The prior art defined herein means literature that describes an invention relevant to the claimed invention, as defined in Article 29, Paragraph 1 (iii).

### **6-2. Content**

#### **6-2-1. Article 36 (Applications for patent)**

(4) The detailed description of the invention under the preceding Subsection (iii) shall comply with the requirements in each of the following paragraphs:

(i) (omitted)

(ii) (newly added)

Where a person desiring a patent for an invention knows, at

the time of filing a patent application, any inventions publicly known through documents (inventions referred to in Section 29(1)(iii) ; the same meaning shall apply thereunder in this paragraph) which are related to the invention, the detailed description of the invention shall contain the source of information on the invention publicly known through such documents such as the title of a publication in which the invention publicly known through said document is described.

<Reference>

*Paragraph (iii) of Section 29(1)*

*29(1) Any person who has made an invention which is industrially applicable may obtain a patent therefor, except in the case of the following inventions:*

*(iii) inventions which were described in a distributed publication or made available to the public through electric telecommunication lines in Japan or elsewhere prior to the filing of the patent application.*

6-2-2. Article 48 septies. (Notification about description of information on inventions which are publicly known in literature)  
(newly added)

The Examiner may, if he/she judges that a patent application fails to satisfy the requirement provided in Section 36(4)(ii), notify the applicant to that effect and give the applicant an opportunity to submit an argument, designating an adequate time limit for doing so.

6-2-3. Article 49. (Examiner's decision for refusal)

The Examiner shall make a decision that a patent application is to be refused where it falls under any of the following paragraphs:

(i) ~ (iv) (omitted)

(v) (newly added)

when a notice under the preceding Section was issued, and the patent application still fails to satisfy the requirement provided in Section 36(4)(ii), despite the amendment of the specification or the submission of the argument.

(vi) ~ (vii) (omitted)

6-3. In what cases is a patent application refused ?

6-3-1. Example;

6-3-1-1. after an applicant receives a notification under the Subsection 48 septies, he/she submits neither a statement of his/her arguments nor an amendment of the specification.

6-3-1-2. after an applicant receives a notification under the Subsection 48 septies, he/she submits an amendment which discloses literature, but the literature discloses only inventions which are not related to the invention.

6-3-1-3. after the applicant receives a notification under the Subsection 48 septies, he/she submits a statement of his/her

arguments in which the reason for non-disclosure of prior art literature is explained, but the Examiner does not recognize that the explanation is adequate.

6-3-2. The flow of the procedure.

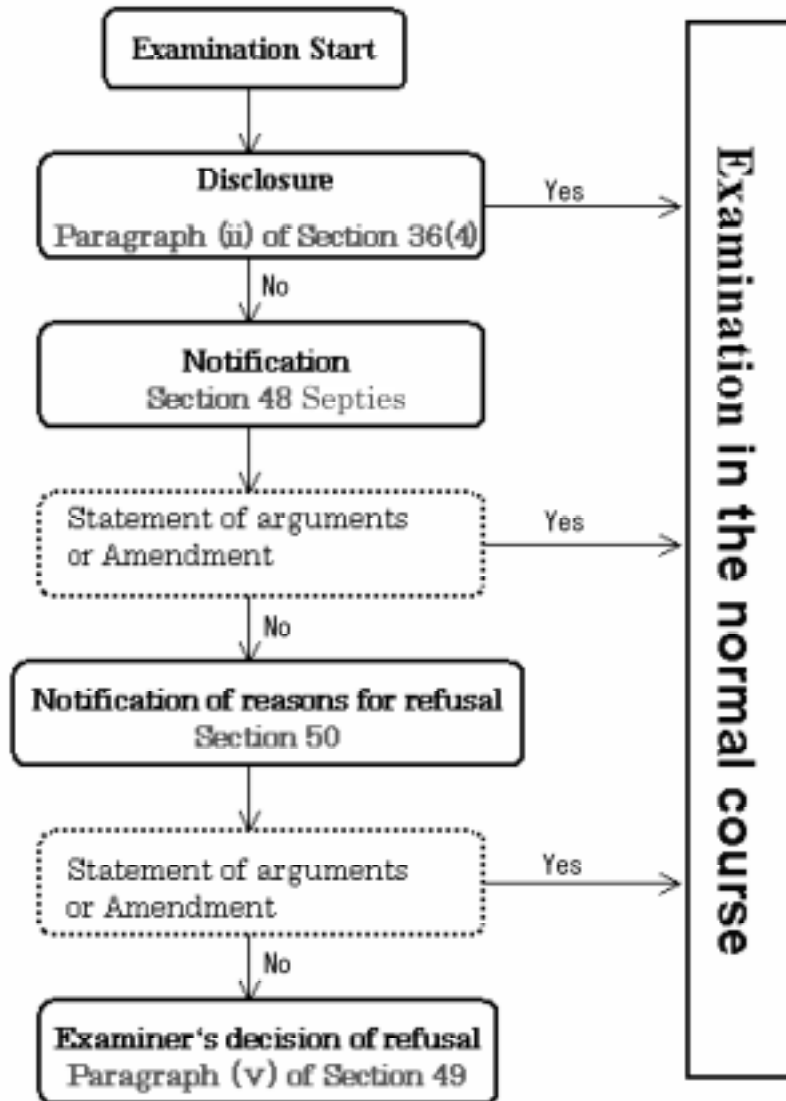


Fig. 6-1

## **7. REVISION REGARDING THE PROCEDURE FOR ENTERING INTO THE JAPANESE NATIONAL PHASE OF PCT APPLICATION**

### **7-1. The deadline for entering into the Japanese national phase**

The deadline for entering into the Japanese national phase was revised from 20 months to 30 months starting from the international filing date (or the priority date if the priority is claimed) regardless of whether a Demand for an International Preliminary Examination of the PCT application under Chapter II has been filed or not. Therefore, even if an International Preliminary Examination is not requested for the PCT application designating Japan, the applicant of the PCT application is able to submit a “national form paper”(a request to enter into the Japanese national phase) within 30 months from the international filing date (or the priority date).

This revision is in accordance with the agreement made by the PCT General Assembly of WIPO to revise PCT Section 22(1). The aim of this revision is to reduce the work load on the International Preliminary Examination Authority and the applicant.

### **7-2. The period for submission of a Japanese translation of specification, claims, abstract and drawings of a PCT application**

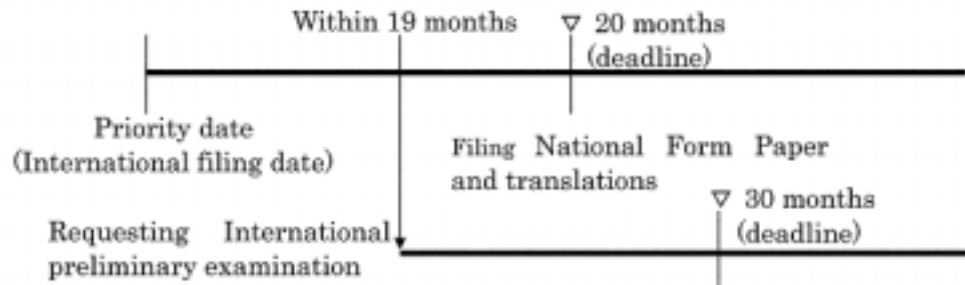
The applicant is able to submit a Japanese translation of the specification, claims, abstract and drawings, if any, of the PCT application, within 2 months from the submission of the national form paper (if the national form paper is filed within 28 months from the international filing date (or the priority date), the translation should be filed simultaneously with the national form paper), without having to pay any extra official fee.

Before the revision, it was necessary for the applicant to submit the translation by the deadline of 20 months (or 30 months if the Demand for International Preliminary Examination was filed within 19 months from the international filing date or the priority date). There was no grace period for submission of the translation. If the translation was not submitted by said deadline of 20 months (or 30 months) for entering into the Japanese national phase of the PCT application, the application was deemed to be withdrawn.

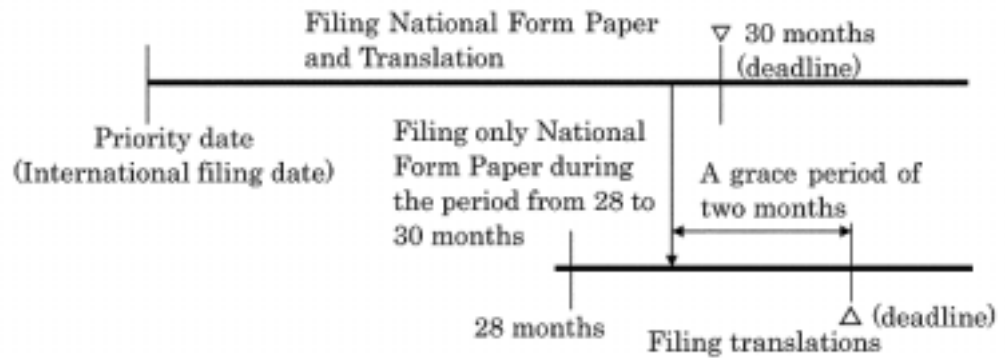
Under the new law, the applicant of a PCT application in a foreign language is able to proceed to enter into the Japanese national phase with a good quality Japanese translation of the PCT application, even if the decision on entering into the Japanese national phase was made immediately before said deadline of 30 months.

## 7-2. Due date chart

Before revision of the law



After revision of the law



## 8. REINFORCING PROTECTION OF GOODWILL FOR TRADEMARKS USED IN INTERNET BUSINESS

### 8-1. Reason

The Trademark Law was drawn up with trademarks attached to tangible items in mind. In recent years, however, due to the increase in network businesses, provision of commodities such as computer programs through the Internet has been promoted. Consequently proper legal protection for trademarks displayed on the screens of personal computers ("PC's") and mobile phones is required.

Under such circumstances, the amendment is intended to show clearly that to use trademarks by displaying them on the screens of PC's , mobile phones, etc., in conjunction with business activities, such as commodity distribution, provision of services, and advertising via networks, will fall under the category of trademark infringement.

### 8-2 Content

#### 8-2-1. New Article 2, Item 3, Paragraph 2.

(Existing) acts of assigning, delivering, displaying for the purpose of assignment or delivery, or importing, the goods on which or on the packaging of which a trademark has been applied;

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(New) acts of providing the goods on which or on the packaging of which a trademark has been applied via an electric communication line.

(Example) According to the amended Paragraph 2, the following acts are considered to be use of a trademark.

Addition of Internet Transmission as a Form of the Use of Trademarks.

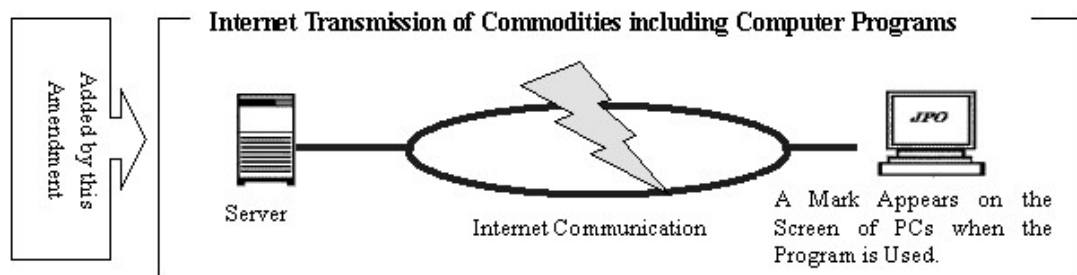


Fig.8-1

#### 8-2-2 New Article 2, Item3, Paragraph 7.

(New) acts of providing services through a screen while displaying a trademark on the screen by means of an electro-magnetic method.

(Example) According to the amended Paragraph 7, the following acts are considered to be use of a mark.

**Addition of Service marks displayed on a Computer screen as a Form of the Use of Service marks.**



Fig.8-2

**8-2-3. New Article 2, Item3, Paragraph 8.**

(Existing) acts of displaying or distributing advertisements, price lists or business papers with respect to the goods or services on which a mark has been applied.

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(New) acts of providing information on advertisements, price lists or business papers with respect to the goods or services on which a mark has been applied, by means of an electromagnetic method.

(Example) According to the amended Paragraph 8, the following acts are considered to be use of a mark.

**Addition of Trademark (Service marks) on advertisements or contracts displayed on a computer screen.**



Fig.8-3

## **9. INSTALLMENT PAYMENT OF INTERNATIONAL TRADEMARK REGISTRATION INDIVIDUAL FEES**

Amended Articles (68undevicies, 68duodetricies, 68tricies) allow payment of the registration fee among the individual fees for international trademark registration to be made only when the international application is granted a domestic registration, which is the same as in the case of domestic applications.

## **10. AMENDMENTS TO THE TRADEMARK APPLIED FOR INTERNATIONAL TRADEMARK REGISTRATION**

The existing Section 68duodetricies allows an amendment to the trademark itself. New Section 68duodetricies will allow only amendments of the designated goods or designated services, not of the trademark itself.



## **11.EFFECTIVE DATES OF REVISIONS**

### **11-1 Patent Law**

- 11-1-1. Amendment of the law concerning the working of the invention; September 1, 2002**
- 11-1-2. Amendment of the law concerning expanded definition of what constitutes indirect infringement; January 1, 2003**
- 11-1-3 Amendment of the law concerning separation of the claims part from the specification; the effective date of this revision to be assigned by the Government; it shall be within one year and a half from April 17, 2002.**
- 11-1-4. Amendment of the law concerning introduction of requirement for disclosure of information on prior art documents; September 1, 2002**
- 11-1-5. Amendment of the law concerning the procedure for entering into the Japanese national phase of a PCT application; this revision became effective as of September 1, 2002. This revision is applied to a PCT application filed before September 1, 2002 and whose 20-month period has not expired as of September 1, 2002.**

### **11-2. Trademark Law**

- 11-2-1. Amendment of the law concerning reinforcing protection of goodwill for trademarks used in internet business; September 1, 2002**
- 11-2-2. Amendment of the law concerning installment payment of international trademark registration individual fees; January 1, 2003**
- 11-2-3. Amendments to the trademark itself; September 1, 2002**