



Recent topics about IP rights in Japan

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ABSTRACT

There have been a series of revisions to the Japanese IP laws (Patent, Utility Model, Design, Trademark, Unfair Competition Prevention, and Copyright Laws) which came or will come into force during 2018 and 2019. This article summarizes the recent IP law revisions as well as recent topics about IP rights in Japan

1. Patents

(1) 2018-revisions to the Patent Law

Promulgated on May 30, 2018, and has entered/will enter into effect on different timings from 2018 to 2019. Major revisions include:

(a) Extension of novelty grace period for patent applications, etc.

Content: According to the revised Patent, Utility Model, and Design Laws, the **novelty grace period**¹ for patent, utility model, and design applications was extended from six months to **one year** prior to the filing date.²

Effective date: The revised laws apply to patent, utility model, and design applications filed on or after June 9, 2018, or to inventions first-disclosed on or after December 9, 2017.

Influence: Favorable to patent/utility-model/design applicants, since this revision will make it easier for patent, utility model, and design applicants to enjoy the benefit of the novelty grace period.³

(b) Enhancement of the in-camera inspection system in infringement lawsuits

Content: According to the revised Patent, Design, Utility Model, Trademark, and Unfair Competition Prevention Laws, the scope of the subject

¹ According to the Patent Law (Article 30), if a patent application is filed during a limited period after the invention is first opened to the public due to (a) undesired disclosure or (b) self-disclosure by the inventor(s)/assignee(s), the patent application is not rejected due to the first (prior) disclosure of the invention, provided that some requirements are met. This period is so-called the novelty grace period. The Utility Model Law (Article 11) and the Design Law (Article 4) also have similar provisions.

² The novelty grace period is determined based on the filing date of a Japanese application or a PCT application designating Japan. In other words, if a PCT application is filed in China claiming priority from a prior Chinese patent application, then the novelty grace period is determined based on the filing date of the PCT application, not based on the filing date of the prior Chinese patent application.

³ However, please note the following requirements:

- (i) The novelty grace period does not apply when the first (prior) disclosure is due to, e.g., a foreign patent gazette, since the disclosure does not correspond to either (a) undesired disclosure or (b) self-disclosure.
- (ii) If the first (prior) disclosure is (b) self-disclosure by the inventor(s)/assignee(s), the applicant must submit a statement claiming the application of the novelty grace period and evidence proving the details of the first (prior) disclosure, within a limited period.



of the “in-camera inspection” system⁴ in an infringement lawsuit will be expanded.⁵

- Effective date: Undetermined, but within one year six months from the promulgation date, i.e., before or on November 30, 2019.
- Influence: Favorable to IP right holders and unfavorable to alleged infringers, since it will facilitate producing evidence for infringement.

(2) Revisions to the Patent Law to comply with the enactment of TPP11

Promulgated on July 6, 2018, and will enter into effect on the date when Trans-Pacific Partnership 11 (TPP11) comes into effect, likely in 2019. The revisions to the Patent Law include:

* Introduction of a patent term adjustment system

- Content: The revised Patent Law will introduce a **new patent term extension (adjustment) system**⁶. According to the new system, if a patent is registered after a reference date, which is (a) five years after the filing date of the patent application or (b) three years after the date of requesting substantive examination, whichever is later, the patent right holder will be able to file an application for extension of the patent term for a period not exceeding the period between the reference date and the patent registration date, under predetermined conditions.⁷
- Effective date: Undetermined, but on the date when TPP11 comes into effect, which will likely happen in 2019.
- Influence: Favorable to patent right holders, since this revision will provide patent right holders with means for obtaining compensation for the prolonged pendency of the patent applications.

⁴ In an infringement lawsuit, the court can order an alleged infringer, etc., to produce documents necessary for proving infringement or assessing the amount of damage caused by the infringement, and also can invite the owner of the documents to present the documents secretly if necessary. This system is called the “in-camera inspection” system.

⁵ According to the revised laws, the court will be able (i) to allow the “in-camera” inspection system not only for deciding where the document owner has an adequate reason for refusing to disclose the documents, but also for deciding whether the documents are necessary for proving infringement or assessing the amount of damage caused by the infringement, and (ii) to secretly disclose the documents not only to the parties of the lawsuit and their agents, etc., but also to expert advisers with the consent of both parties.

⁶ The current patent term extension system based on, e.g., drug marketing approvals will be maintained. In other words, according to the revised law, it will theoretically become possible to extend a patent term based on both the current extension system and the new extension system, provided that the requirements for the both extension systems are met.

⁷ Some prescribed delays in the pendency which has caused due to the applicant’s own acts (e.g., extension of the due date for responding to an Office Action) shall be exempted from the period for which the patent term is to be extended. In addition, the patent right holder will have to file an application for the patent term extension within three months from the patent registration date.



(3) Other important recent topics about patents in Japan

(a) The current situation of post-grant opposition system

The post-grant opposition system was reinstated on April 1, 2015, after a 12-year hiatus since 2003. The re-instatement of the opposition system was welcomed since it was expected to provide an easier and more effective means to nullify a third party's patent than the conventional invalidation trial system. The statistics of the first three years (April 2015 to March 2018) indicate that the ratio of cases where all or some claims were revoked is only 6.5%, indicating the actual system is extremely favorable to the patentees. If you wish to challenge a patent application, we recommend filing a third-party observation at an early stage of examination, rather than demanding a post-grant opposition after the grant of a patent.

(b) IP High Court and Supreme Court Decisions relating to Doctrine of Equivalents (DoE)

Five requirements for allowing infringement under the Doctrine of Equivalents (DoE) were formulated by the Supreme Court of Japan (SCJ) in 1998. However, infringement under the DoE was hardly found even thereafter, mainly due to strict criteria for the 1st requirement ("non-essential part" requirement) and the 5th requirement ("special circumstance" disclaimer, or estoppel). To address this situation, the Grand Panel of the Intellectual Property (IP) High Court handed down a decision on March 25, 2016 ("Maxacalcitol" case), which relaxed the criteria for the 1st and 5th requirements of DoE. The appeal against this IP High Court decision was dismissed on March 24, 2017, by the SCJ, which approved the IP High Court's criteria for the 5th requirement with slight modifications. It is anticipated that there will be a considerable increase in the court cases approving a claim of equivalents infringement.

(c) Use-limited food/drink inventions eligible under current examination guidelines

Under the current patent examination guidelines and handbook effective since April 2016, the Japan Patent Office (JPO) now allows patenting of food/drink inventions characterized by their novel use applications (use-limited food/drink invention), which were not patentable under the previous examination practice. This change will improve the patentability of foods falling under the category of "foods with health claims" (FHC) under Japanese food registration system.

(d) IP High Court and Supreme Court Decisions relating to Patent Term Extension (PTE)

Two major issues existed in relation to the patent term extension (PTE) system based on marketing approvals of pharmaceutical/agrochemical products in Japan: (i) the JPO's examination criteria for PTE applications (Article 67ter (67-3), paragraph 1,



item 1 of the Patent Law); and (ii) the effective scope of a patent right extended via PTE registration (Article 68bis (68-2) of the Patent Law).

The first issue (i) was recently settled via a series of rulings rendered by the Grand Panel of the IP High Court⁸ and accepted by the Supreme Court⁹, which led to the JPO revising its examination guidelines on April 1, 2016,¹⁰ in order to clarify how this article should be interpreted.

The second issue (ii) was also recently settled via rulings¹¹ rendered by the Grand Panel of the IP High Court¹² and accepted by the Supreme Court¹³.

(e) Issues relating to “Standard Essential Patents (SEPs)”

With regard to “Standard Essential Patents (SEPs), which are essential in implementing standards in specific technical fields such as wireless communications, the JPO started a new system of providing its opinion on the SEP essentiality of a patent from April 1, 2018. The JPO also issued “The Guide to Licensing Negotiations involving Standard Essential Patents”¹⁴ on June 5, 2018, which aims to enhance transparency and predictability of negotiations between rights holders and implementers, to thereby facilitate negotiations and help prevent or quickly resolve disputes concerning the licensing of SEPs.

⁸ The decisions by the grand panel of the IP High Court on May 30, 2014 (Cases Nos. 2013 (Gyo-Ke) 10195, etc.; suits rescinding JPO’s trial decisions). See: http://www.ip.courts.go.jp/eng/hanrei/g_panel/index.html

⁹ The decisions by the third petty bench of the Supreme Court of Japan on November 17, 2015 (Cases Nos. 2014 (Gyo-Hi) 356, etc.; appeal cases against the IP High Court decisions mentioned in footnote 2 above).

¹⁰ The Examination Guidelines for Patent and Utility Model in Japan (last revised on April 1, 2016), “IX: Extension of Patent Term”, Section 3.1.1, which prescribes that the Examiner shall deem that a disposition designated by Cabinet Order recited in Article 67, paragraph 2 of the Patent Law has been necessary to obtain for working of the patented invention and issue a reason for rejection under Article 67^{ter} (67-3), paragraph 1, item 1 of the Patent Law either:

(i) when an act of manufacturing and distribution of drug products or an act of manufacturing and import of agricultural chemicals subject to the present disposition does not fall under an act of working of the patented invention pertaining to an application for registration of extension; or

(ii) in case an act of manufacturing and distribution of drug products or an act of manufacturing and import of agricultural chemicals subject to both the present disposition and the prior disposition falls under an act of working of the patented invention pertaining to an application for registration of extension, when manufacturing and distribution of drug products or manufacturing and import of agricultural chemicals subject to the prior disposition include those subject to the present disposition.

¹¹ According to the rulings, the effective scope of a patent right extended via PTE registration shall not be limited to a product identical to the subject of the deposition on which the PTE registration of the patent is based, but shall extend to a product which is substantially identical to the subject of the deposition. If there is a difference from the subject of the deposition, the allegedly infringing product shall be deemed to be substantially identical to the deposition subject and thereby fall within the effective scope of the patent right extended via PTE registration, provided that the difference is deemed merely a minor difference or a formal difference as a whole.

¹² The decision by the grand panel of the IP High Court on January 20, 2017 (Case No. 2016 (ne) 10046; patent infringement suit). See the link of 8 above.

¹³ The Supreme Court of Japan dismissed the final appeal on May 17, 2018.

¹⁴ See: <https://www.jpo.go.jp/shiryoku/kijun/kijun2/files/seps-tebiki/guide-seps-en.pdf>



2. Utility Models

* 2018-revisions to the Utility Model Law

Promulgated on May 30, 2018, and has entered/will enter into effect on different timings from 2018 to 2019. Major revisions include:

(a) Extended novelty grace period for utility model applications

See item 1(1)(a) above.

(b) Enhancement of the in-camera inspection system in infringement lawsuits

See item 1(1)(b) above.

3. Designs

* 2018-revisions to the Design Law

Promulgated on May 30, 2018, and has entered/will enter into effect on different timings from 2018 to 2019. Major revisions include:

(a) Extended novelty grace period for design applications

See item 1(1)(a) above.

(b) Enhancement of the in-camera inspection system in infringement lawsuits

See item 1(1)(b) above.

4. Trademarks

(1) 2018-revisions to the Trademark Law

Promulgated on May 30, 2018, and has entered/will enter into effect on different timings from 2018 to 2019. Major revisions include:

(a) Stricter requirements for filing divisional trademark applications

Content: According to the revised Trademark Law, filing of a divisional trademark application is deemed invalid unless the official filing fee for the original trademark application has been paid.

Effective date: The revised law applies to divisional trademark applications filed on or after June 9, 2018.

Influence: Favorable, since this revision will serve to prevent some trademark squads from filing numerous divisional applications for illicit purposes without paying the filing fees for original trademark applications.



(b) Enhancement of the “in-camera inspection” system in infringement lawsuits

See item 1(1)(b) above.

(2) Revisions to the Trademark Law to comply with the enactment of TPP11

Promulgated on July 6, 2018, and will enter into effect on the date when TPP11 comes into effect, likely in 2019. The revisions to the Trademark Law include:

*** Introduction of a statutory estimation system for the amount for damage caused by unjust use of a registered trademark**

Content: According to the revised Trademark Law, a trademark right holder will be able to demand of an alleged infringer compensation for damage caused by alleged unjust use of the registered trademark, by claiming an amount of the costs normally required for obtaining and maintaining a trademark registration as the minimal amount for damage.

Effective date: Undetermined, but on the date when TPP11 comes into effect, which will likely happen in 2019.

Influence: Favorable to trademark right holders and unfavorable to alleged infringers, since it will facilitate producing evidence for the amount for damage caused by alleged unjust use of the registered trademark.

5. Unfair Competition Acts

*** 2018-revisions to the Unfair Competition Prevention Law**

Promulgated on May 30, 2018, and will enter into effect on different timings from 2018 to 2019. Major revisions include:

(a) New protection of “limitedly provided data (LPD)”

Content: According to the revised Unfair Competition Prevention Law, infringement of “limitedly provided data (LPD)”¹⁵ will newly be defined as unfair competition acts to be prevented by the revised Law.

Effective date: Undetermined, but within one year six months from the promulgation date, i.e., before or on November 30, 2019.

¹⁵ “Limitedly provided data (LPD)” is defined as i) technical or business information that has been ii) accumulated to substantial quantities and controlled by way of electromagnetic management system (e.g. IDs and passwords managing method), iii) so that the data may be provided as business to limited users. Confidentiality is not required for LPD to be protected.



Influence: Favorable, since in addition to confidential trade secret, which has been protected by the current law, this revision will newly provide protection of LPD, which is shared with limited third parties under limited conditions (e.g., various cloud data opened only to registered customers).

(b) Enhancement of protection against the act of invalidating technological restriction measures embedded in digital contents

Content: According to the revised Unfair Competition Prevention Law, the acts of providing services for invalidating technological restriction measures embedded in digital contents will newly be defined as unfair competition acts to be prevented by the revised Law, and data processing will newly be included in the digital contents to be protected by the revised Law.

Effective date: Undetermined, but within one year six months from the promulgation date, i.e., before or on November 30, 2019.

Influence: Favorable, since this revision will expand the scope of protection of digital contents.

(c) Enhancement of the in-camera inspection system in infringement lawsuits

See item 1(1)(b) above.

6. Copyrights

(1) 2018-revisions to the Copyright Law

Promulgated on May 25, 2018, and will enter into effect on different timings from 2019 to 2021. The revisions are relatively minor, all intended to prescribe/clarify the conditions under which a unauthorized third party can utilize a copyrighted work without permission from the copyright holder.

(2) Revisions to the Copyright Law to comply with the enactment of TPP11

Promulgated on July 6, 2018, and will enter into effect on the date when TPP11 comes into effect, likely in 2019. The revisions to the Copyright Law include:

(a) Extension of the protection term of copyrights

Content: According to the revised Copyright Law, **the protection term of a copyright in Japan will be extended from the current period of 50 years to a new period of 70 years.**



- Effective date: Undetermined, but the new period will apply to copyrights still alive within the current 50-year protection term at the time when TPP11 comes into effect, which will likely happen in 2019.
- Influence: Favorable to copyright holders, and unfavorable to alleged infringers.

(b) Enhancement of protection against circumvention of technological protection measures

- Content: According to the revised Copyright Law, unauthorized acts of circumventing effective technological protection measures (e.g., access control) for controlling the use of copyrighted works, etc., manufacturing or selling devices for such circumvention, and providing services for such circumvention will newly be subject to civil remedies and criminal penalties, unless the interests of the copyright holders are not unreasonably impaired.
- Effective date: Undetermined, but on the date when TPP11 comes into effect, which will likely happen in 2019.
- Influence: Favorable to copyright holders, and unfavorable to alleged infringers.

(c) Introduction of a statutory damages system

- Content: According to the revised Copyright Law, in the case of demanding damages for copyright infringement, if the infringed copyright is managed by a copyright management organization, the copyright holder will also be able to demand an amount of damages calculated by the royalty rule of the organization.
- Effective date: Undetermined, but on the date when TPP11 comes into effect, which will likely happen in 2019.
- Influence: Favorable to copyright holders, and unfavorable to alleged infringers.

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