
Contents & Abstracts

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■ Place of the Act or the Market? Network-related Inventions and Territoriality of Patent Rights 6

KOMADA Yasuto

In the past, there have been court precedents which have not affirmed the infringement of domestic patent rights, based on the perspective of the principle of territoriality, when an act that violates any provision of a patent force (hereinafter referred to as “act of violation”) is not completed in Japan, but in recent years the principle has been relaxed for network-related inventions, with two decisions of the Intellectual Property High Court (one of these decisions was made by Grand Panel) stating that the act of violation must substantially be committed within Japan (Intellectual Property High Court Decision July 20, 2022 – Case 2018 (Ne) No. 10077) [Dwango I], Intellectual Property High Court Decision May 26, 2023 – Case 2022 (Ne) No. 10046) [Dwango II]). However, since these decisions comprehensively considered various circumstances, the difficulty remains of predicting in which circumstances a certain act of violation can be said to have been committed substantially within the country.

This paper will reference German court precedents regarding cross-border patent infringement, where the territoriality has also been relaxed, and will confirm there surely is a type of network-related invention for which the act of violation can be committed exclusively in a foreign country but harm the domestic market of the patent holder. This paper will further posit that in the interpretation of Japanese law, when recognizing the exercise of domestic patent rights, there should not be any insistence on the act of violation (whether an important part or simply any part) being performed domestically, and the exercise of said rights should be recognized as long as the place of the final demand (the place of the market) for the invention is to be Japan. This paper will also posit that it is possible to reconsider the principle of territoriality for patent rights in the context of the principles of marketplace law, such that even if the framework of judgements given by the Intellectual Property High Court are assumed, this should be consolidated to emphasize any impact on the domestic market.

■ **Enforcement of Standard Essential Patents across the Supply Chain** 15

MAEDA Takeshi

The advancement of IoT has given rise to increased licensing negotiations between different industries for standard essential patents (SEP), requiring the formation of highly predictable rules. This paper will consider the ideal for SEP license negotiations, with a focus on which parties in the supply chain should be licensing partners. In terms of transaction costs, it is desirable that the implementer in negotiations be a single entity, and in general, the negotiations should be conducted by parties with the necessary information to calculate a reasonable royalty. It is also necessary to ensure that the burden of the royalty is shared appropriately within the supply chain. The SEP royalty should be determined based on the extent to which the patented technology contributes to increased profits for each implementer, and therefore, in principle, is calculated based on the final products in the supply chain. Given this, it would appear desirable for final product manufacturers to be involved in negotiations. However, in the case of multi-component products such as automobiles, the patented technology may often only make a limited contribution to the final product. In this case, it is easier to determine a reasonable royalty by negotiating based on the price of the part, assuming that the price of the part has been determined appropriately. Therefore, for certain products such as for automobiles, it may be preferable for the parts supplier to be a party to the license.

If the licensing partners are limited to certain parties in the supply chain, there is an issue with how to secure the legal status of other parties as implementers. However, regardless of how the doctrine of patent exhaustion is interpreted, or how the have-made right is structured, it is difficult to resolve the insecure position of other parties. It should also be noted that, regardless of who the licensee is, it is difficult to completely resolve this issue.

■ **Should Removing Trademarks Be Restricted? A Comparative Study between Japan and the UK** 33

SUEMUNE Tatsuyuki

The act of purchasing products that have been put on the market, removing or erasing another party's marks, and attaching one's own marks to return the product to the market as one's own product (hereinafter "removing and erasing") does not fall under the various acts listed under "use" in Article 2, Paragraph 3 of the Trademark Act, and can thus be considered to not be a problem under the Trademark Act, although the fact that such acts harm the functions of trademarks such as source identification and quality assurance would suggest that such acts should be illegal. Regarding the possibility that removing and erasing constitutes trademark infringement, recent court precedents hold digressions, with both affirmative and negative theories. Academic theory is similarly divided into both affirmative and negative theories.

Turning the focus overseas, in the UK there is debate over the suitability over the Tort of "reverse passing off." However, as has been noted in previous studies, discussion in the UK about reverse passing off is still limited in comparison to the US. However, given that in contrast to the development of reverse passing off theory in the US the UK courts have taken a negative stance towards the recognition of reverse passing off, by analyzing the background behind this, perhaps there are some clues as to whether reverse passing off should be considered an illegal act, and whether acts similar to removing and erasing should be considered illegal, as well as the basis for determining this.

Thus, this paper will refer to the debate in the UK, with the purpose of clarifying whether the act of

removing and erasing should be considered illegal. Regarding the targets of consideration, in terms of Japanese law, there is a position which denies that the act of removing and erasing constitutes trademark infringement which also accepts the possibility of relief as an infringement of the Unfair Competition Prevention Act Article 2, Paragraph 1, item 20, so Article 2, Paragraph 1, item 20 of the Unfair Competition Prevention Act will also be considered. Accordingly, in terms of English law, in addition to trademark law, a discussion of “reverse passing off” under the Tort of passing off will also be included.

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TACHIBANA Yusuke

This paper is a precedent commentary on the so-called “Ricoh Toner Cartridge Case.” At the initial hearing it was decided that restrictions on recycling are considered trade interference under the Antimonopoly Act, and this also received attention from the appeals court since this meant that the exercise of patent rights constituted the inappropriate use of rights.

The defendant had produced and sold recycled toner cartridges originally manufactured by the plaintiff. During the recycling process, the defendants replaced the IC chip with a new one. This was because the plaintiff’s IC chip which detects the amount of toner that is remaining could not be reset and reused. The plaintiff alleged patent infringement with respect to the replacement of the IC chip. In response to the initial hearing, the appellate court denied that this was a violation of the Antimonopoly Act and did not recognize this as an inappropriate use of rights.

Why did the judgements of the initial hearing and the appellate court differ? The reason for this would appear to be in the criteria for determining the inappropriate use of rights and the application of facts to the law. When there is a suspected violation of the Antimonopoly Act in the exercise of intellectual property rights, this has typically been considered an issue under Article 21 of the Antimonopoly Act. It is commonly believed that the Antimonopoly Act applies when there is a deviation from the purposes of the intellectual property system, and in such cases consideration is given to the extent to which competition is restricted in the market. Behind this is the understanding that both the Intellectual Property Act and Antimonopoly Act have the common objective of promoting competition with respect to intellectual property. There is also the view that there is no need to note the common purpose of both laws. However, when this view is extended, the issue is whether the enforcement of the rights provided by the intellectual property system exceeds mere protection. It is only when the protection at issue has a common purpose with the Antimonopoly Act that the violation of the Antimonopoly Act can be decisive in determining the inappropriate use of rights. On this point, the appellate court took the former position, while the court in the initial hearing was sympathetic to the latter position.

From the perspective of the appellate court, the violation of the Antimonopoly Act was considered decisive. Looking at the facts of this case in which the question concerned the restriction of competition with respect to consumables, the deciding factor may have been the need for the products to be genuine. In this regard, the findings of the initial hearing and the appellate court differed as to whether patent infringement can be avoided when recycling, and the differences in recognition can be said to be one reason for this variance between the two courts.

■ **Outline of the System for Non-Disclosure of Selected Patent Applications**80

HIROSAKI Takuto and SENBON Junsuke

In May 2022, a system for the non-disclosure of selected patent applications was established with the enactment of the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures. Under this system, measures can be taken to suspend patent procedures such as the publication of applications, etc. and to prevent information leaks, with a procedure known as “security designation” when a patent application is filed for inventions that should not be disseminated for security reasons. The selection of inventions subject to security designation is carried out in two stages: a primary review by the Commissioner of the Japan Patent Office who receives the patent application; and a security review (secondary review) by the Prime Minister. In the primary review, selection is made based on the technical field to which the invention belongs. In a security review, a review is conducted to determine if it is appropriate to protect information related to the invention by considering if the description of the patent application include “inventions that would be highly likely to create a situation which would undermine the security of the nation and its citizens,” and the extent of the likelihood and “the impact of security designation on industrial development” and other circumstances. Once a security designation has been made, in addition to the suspension of procedures for the publication of applications, and patent granting and refusal decisions under the Patent Act until the security designation ends, restrictions are also imposed to prevent the leak of information, such as restrictions on the work and disclosure of the invention. Also, to ensure the effectiveness of the system, those inventions which have been made in Japan and have not been made public and meet the requirements to be subject to security reviews when the patent is filed in Japan, there is a first-filing requirement that requires the patent application to be filed first in Japan. Furthermore, the government will compensate for losses that may occur under ordinary circumstances to the party who suffers loss due to an inability to obtain permission to work an invention, etc. Activities are currently underway to publicize this system towards the start of operation on May 1, 2024.
