

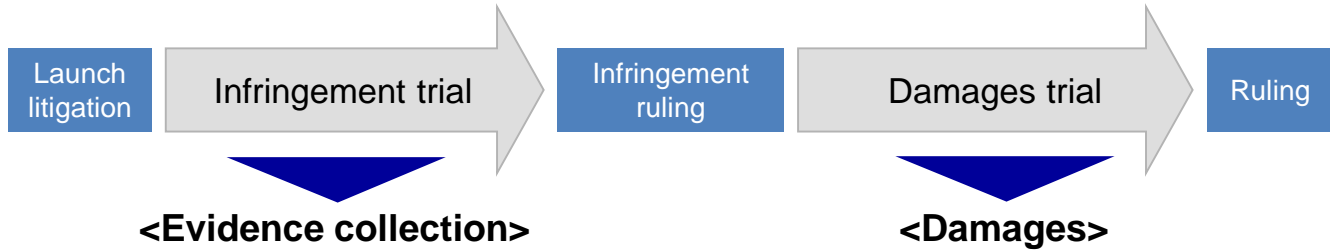
With the Digital Revolution dissolving walls between industries to make way for open innovation, now is the moment for SMEs and ventures to wield their outstanding technologies as a tool for major growth. Japan's litigation system will be upgraded so that the patents that companies have strived to acquire can play their proper role in protecting prized technologies.

## Enhancement of the patent litigation system

### Patent infringement characteristics

- **Patents easily infringed** (publicly disclosed; no need for physical theft)
- **Difficult to prove** (evidence tends to reside with the infringer)
- **Difficult to deter** (no criminal case)

⇒ **Need to prevent an “infringer wins” situation**



\* See Ref. 1 on other countries' systems

#### (1) On-site examination by an expert

##### [Inspection]

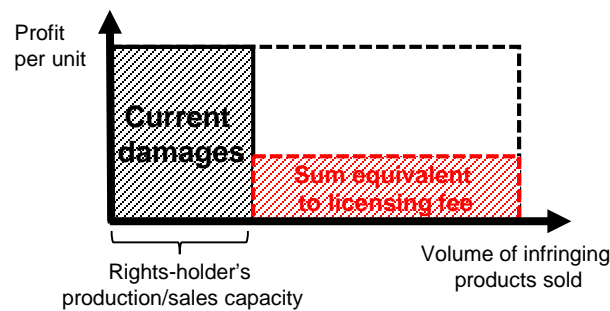
Court appoints a fair and neutral expert to enter the premises of the alleged infringer

\* See Ref. 2 for detailed flow

- ✓ Effective in cases where **product is not available**, or where **infringement cannot be determined even by taking the product apart**
  - Production methods
  - B2B products
  - Programs, etc.
- ✓ **Set rigorous requirements**
  - Need to prove infringing actions
  - Probability of infringement
  - No other means of adequate evidence collection
  - Avoiding an excessive burden on the alleged infringer
- ✓ **Introduce measures to protect confidentiality**
  - Motion for challenge in relation to appointment of an expert
  - Inking out of confidential information in reports
  - Criminal penalties for experts leaking confidential information

**[Related to Patent Act Article 105-2]**

#### (2) Determination of damages for portion beyond rights-holder's production/sales capacity (Sum equivalent to licensing fee)



- ✓ Sufficient compensation also for **SMEs and ventures**

#### (3) Increase in “sum equivalent to licensing fee”

- ✓ Clearly state that the court's determination that the patent is valid and that an infringement has occurred can be taken into consideration

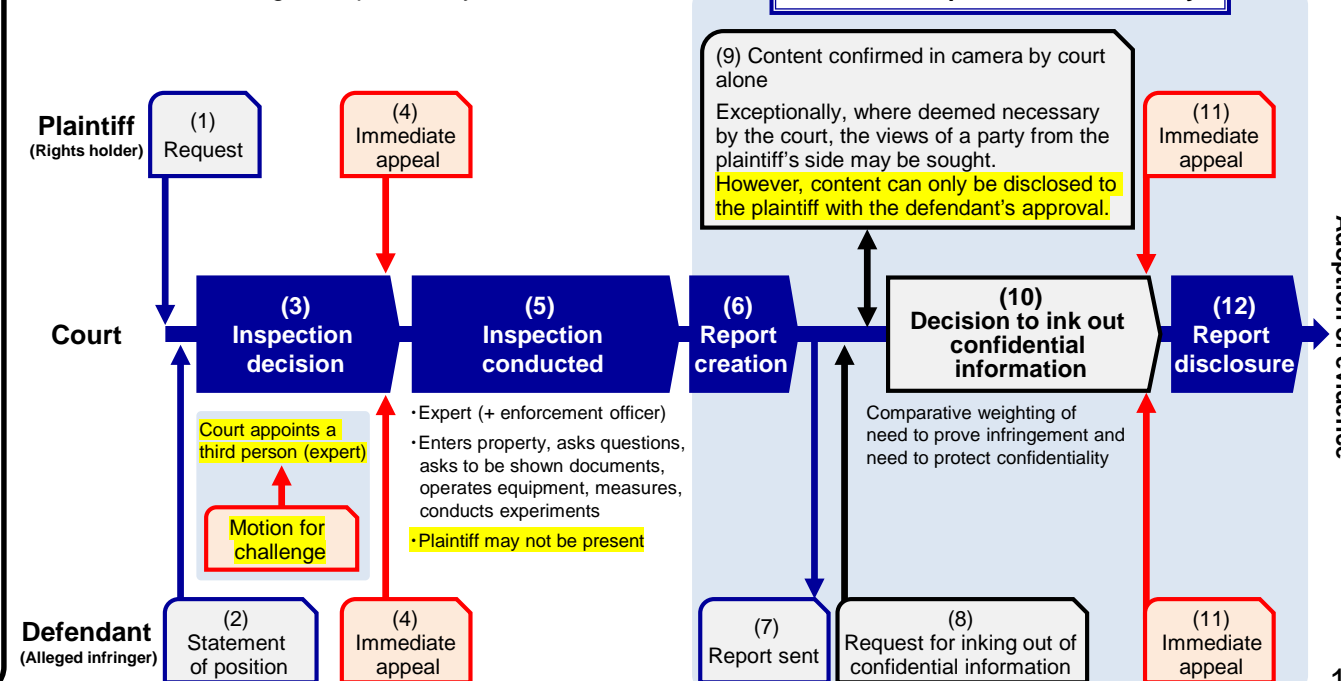
**[Related to Patent Act Article 102]**

\* Same amendments in Utility Model Act Art. 29, Design Act Art. 39, and Trademark Act Art. 38

Reference 1: Other countries' systems for evidence collection

	Japan after amendment	US	UK	Germany	France	
Evidence collection procedure	Inspection	Discovery	Disclosure	Inspection	Saisie contrefaçon	
Outline	Court-appointed expert enters premises Court enforcement officer assists where necessary	Mutual disclosure of wide-ranging case-related evidence based on a request from a party Court issues an order where necessary	Parties exchange lists of documents to be disclosed based on a court order * Limited scope of disclosure	Court-appointed supervising solicitor enters the premises	Court-appointed expert and court enforcement officer enter premises	Court enforcement officer and court-appointed expert enter premises
Time of use	After filing	After filing	After filing	Before & after filing	Before & after filing (usually before)	Before & after filing
Main penalty	Adverse inference	Deemed in contempt of court (Imprisonment, fines, etc.)	Deemed in contempt of court (Imprisonment, fines, etc.)	Deemed in contempt of court (Imprisonment, fines, etc.)	Criminal charges	Criminal charges

Reference 2: Envisaged inspection system



Adoption of evidence

With a good customer experience becoming increasingly important as a source of competitiveness, Japan's design and trademark systems will be enhanced to help companies protect digital technology-based designs, etc., and build their brands.

## Enhancement of the design system

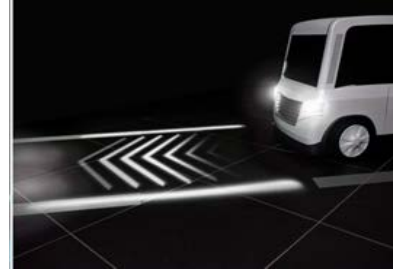
### (1) Enhancing the scope of protection 【Related to Design Act Articles 2 & 8-2】

#### ✓ Graphic images not recorded or displayed on articles

Example 1: Graphic images stored on the Cloud and provided via networks



Example 2: Graphic images projected on roads

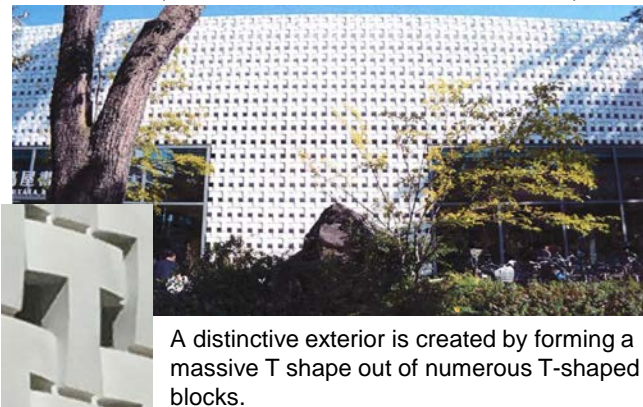


International comparison of graphic image design protection

	Japan		US	Europe	China	Korea
	Current	After amendment				
Graphic images recorded or displayed on articles	○	○	○	○	○	○
Graphic images not recorded on articles	×	○	○	○	○	○
Graphic images projected on places other than articles	×	○	○	○	×	×

#### ✓ Building exterior and interior design

Example 3: Branding through building exterior design (DAIKANYAMA TSUTAYA BOOKS)



A distinctive exterior is created by forming a massive T shape out of numerous T-shaped blocks.

Example 4: Branding through interior design (au Store, Ikebukuro Station West Entrance)



An effective color scheme limited to orange and white highlights the distinctively-shaped tables and counters and creates a sense of coherence.

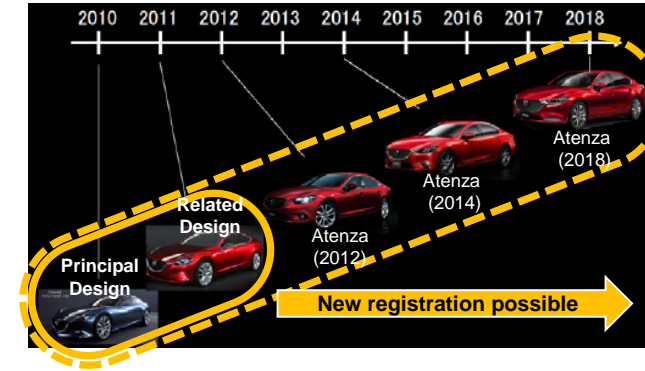
International comparison of spatial design protection

	Japan		US	Europe	China	Korea
	Current	After amendment				
Exterior	×	○	○	○	○	×
Interior	×	○	○	○	×	×

### (2) Enhancement of Related Design system 【Related to Design Act Article 10】

#### ✓ Protection for designs continuously developed to one consistent concept

- Designs can be registered **within 10 years of the initial Principal Design application** (within approx. 8 months until now)
- **Designs similar only to Related Designs** can also be registered



### (3) Change to protection period for design rights 【Related to Design Act Article 21】

#### ✓ The protection period for design rights will be extended from 20 years from the registration date to **25 years from the application date**

International comparison of design rights protection periods

	Japan		US	Europe	China	Korea
	Current	After amendment				
Design rights protection period	20 years	<b>25 years</b>	15 years	25 years	10 years*	20 years
Initial date	Registration	<b>Application</b>	Registration	Application	Application	Application

\* Amendment to 15 years currently being considered

### (4) Others 【Related to Design Act Articles 7 & 38, etc.】

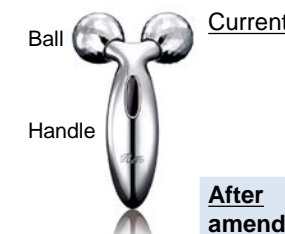
#### ✓ Simplification of application procedures

- Introduction of system whereby **multiple designs can be bundled into a single application**
- **Elimination of article classifications** as the standard at the time of application

#### ✓ Anti-counterfeiting measures

- **Manufacturing or importing products which have been broken up into parts** for the purpose of avoiding crackdowns will also be punishable

Example 5: Beauty roller with a registered design



Current: Where the ball and handle parts making up the infringing product are manufactured or imported separately, they are not deemed infringements.

After amendment: Subject to certain conditions, **this will be regarded as a design right infringement.**

## Review of the trademark system

- ✓ Public interest bodies (local governments, universities, etc.) with widely recognized trademarks may now grant non-exclusive licenses for these

Example: ABC University trademark



【Related to Trademark Act Article 31】