SHIGA
INTERNATIONAL
PATENT
OFFICE
JAPAN

SHIGA IP NEWS

Volume 65 January 2023

IN THIS ISSUE

Supreme Court: Music School Student Performances not Subject to Copyright Fees

Approximately 250 companies operating music schools across Japan filed a lawsuit against Japanese Society for Rights of Authors, Composers and Publishers (JASRAC) which administers copyrights of music, claiming that they are not obligated to pay copyright fees to JASRAC for musical performances at their music schools in response to the JASRAC policy formalized in 2017.

The points at issue are:

- Whether or not the main performers of music are the music schools or teachers/students who play the music.
- Whether musical performances during lessons are intended to be heard by the public.

The Japanese Copyright Law stipulates that the right to perform music belongs to the composer or lyricist if the performance is to be heard by the public. Performances given without receiving approval from the right holder are deemed to be acts of copyright infringement. In the second instance, the Intellectual Property High Court (IPHC) suggested that users of the music for teachers' performances are the music schools themselves and teachers' performances are to be heard by the public. On the other hand, the IPHC suggested that students' performances are not to be heard by the public when the main performer is the student. The IPHC judged that JASRAC should be eligible to charge a copyright fee for only teachers' performances.

On October 24, 2022, the Supreme Court indicated that "the purpose of a student playing is to improve the student's skills with the assistance of a teacher's tutorials. Practicing music is only one means for achieving that purpose." The Supreme Court ruled that a "tutorial fee is a fee which a student pays for taking the tutorial and a student's performance itself is not subject to compensation." Therefore, a copyright fee should not be charged for the student's performance. The Supreme Court dismissed the appeal from JASRAC and upheld the IPHC decision that only teachers' performances are subject to copyright fee collection. This Supreme Court decision is final and binding.

This is the first case of a judicial ruling in favor of copyright fee collection at a music school. It is presumed that this decision will have a nationwide impact on music school operators. Collection of copyright fees for using music at Karaoke bars and live music clubs has been disputed in the past. However, this is the first case where the Supreme Court denied the fee collection. JASRAC and music school operators expressed that they will kick off discussions to decide on the amount of charges for teachers' performances, which are now subject to copyright fee collection.

Revision of the Customs Act Prohibits the Import of Counterfeit Products Even for Private Use

Measures for counterfeit products which infringe trademark and design rights have been strengthened by the revision of the Customs Act effective as of October 1, 2022. Previously, only business imports were subject to the regulation since private imports did not satisfy the requirement of being "for business" as stipulated in the Trademark Law. However, in response to the increasing number of imports of counterfeit products for private use, an act of a person overseas bringing counterfeit products into Japan via mail came to be deemed an act of infringing a trademark right.

After October 1, 2022, all import goods can be subject to import suspension and confiscation if they are deemed to be counterfeit even when they are for private use. Not only products purchased on overseas online shopping sites, but also products purchased on domestic shopping sites could be subject to the regulation if the products are shipped directly from overseas.

Japanese Car Manufacturers Entered a Patent License Agreement for Connected Cars

Japanese car manufacturers including Toyota and Nissan entered into patent license agreements with a U.S. company to pay license fees for communication technologies necessary for connected cars.

Car makers have been racing against time to develop connected cars which provide drivers with constant communication with the outside of the car through the Internet to facilitate autonomous driving and software updates. In light of such a situation, the U.S. firm, Avanci, which negotiates the licensing of patented technologies of major global telecommunications companies, such as Nokia, Qualcomm, and Ericsson, made an announcement that it had concluded patent license agreements with Japanese car manufacturers like Toyota, Honda, and Nissan. These car makers agreed to pay a license fee of fifteen to twenty USD per vehicle to Avanci in return for using the patented technology for connected cars.

Emphasis on Connected Car Development

This agreement shows that Japanese car manufacturers strongly value the development of connected cars which may in turn spur technical development that integrates vehicles and communication. For example, Toyota provides a connected service called T-Connect which is equipped in all the brand-new cars it produces. With T-connect, the status of the vehicles and their drivers can timely be estimated through an in-car communication instrument called a DCM (Data Communication Module) and smart phones such that drivers can use various functions like an emergency call system in case of accidents or receiving timely advice when a warning light in the vehicle turns on.

According to the market research firm, Fuji Keizai, 3.4 million connected cars were sold in Japan in 2019 reflecting the development and marketing of connected cars by most car manufacturers. Moreover, connected car technologies are expected to evolve even further as communication speed and capacity drastically increase thanks to the widespread expansion of 5G communication.

Panasonic is the First Japanese Company to Join the Low-Carbon Patent Pledge

On August 23, 2022, Panasonic announced that they had joined the Low-Carbon Patent Pledge ("LCPP") and that they will release 19 patents related to low-carbon technologies to the public without seeking any royalties. The LCPP is an international patent pledging framework established by Hewlett Packard, Meta and Microsoft in 2021, in a bid to accelerate the implementation of low-carbon technologies and promote collaborative innovation throughout society. Panasonic is the first Japanese company to participate in the LCPP.

The patents posted by Panasonic on the LCPP relate to technologies for artificial photosynthesis. Previously, the company used this technology to improve their energy conversion rate which is at the same level as plants used in biomass with the technologies. Panasonic expresses the hope that its participation will further promote developing artificial photosynthesis technology that is under development for practical use, and contribute to improving the global environment. Detailed information on the patents is listed on this search page (*https://lowcarbonpatentpledge.org/pledged-ip/*).

In addition to its founders listed above, also taking part are Alibaba, Lenovo, UPS, etc. The majority of the listed patents are related to technologies dealing with climate change. As of December 6, 2022, 564 patents have been listed, covering a wide range of technologies, for example, power management, enabling zero-carbon energy sources, building efficient data center architectures, thermal management and so on.

[References]

Press Release from Panasonic
https://news.panasonic.com/jp/press/jn220823-2
Low-Carbon Patent Pledge Official
https://lowcarbonpatentpledge.org/

IP High Court Found Patent Infringement in an Action Undertaken via an Overseas Server

On July 20, 2022, the Intellectual Property High Court (IPHC) found patent infringement by FC2, a U.S.-based web service company. The lawsuit was lodged by Dwango, a Japanese web service company, based on Dwango's patents related to a comment display function. The IPHC overturned a 2018 Tokyo District Court decision and Dwango, the patentee, won a reversal in the Appeal Court. This case has drawn strong interest as to what extent the enforcement of the Japanese patent had been admitted since FC2 had distributed videos from the server in the U.S. to users in Japan.

In 2016, Dwango filed a suit at the Tokyo District Court against FC2, alleging that the patent rights related to the comment display function owned by Dwango were infringed by the video streaming services named "FC2 Video" and "Himawari Video". The Tokyo District Court dismissed all the allegations made by Dwango in 2018 on the grounds that the present product did not satisfy the constitutional elements of the patented inventions. Dwango appealed to the IPHC. In the second instance, the IPHC accepted the allegations of Dwango in reversal and ordered the co-respondents including 1) FC2 to pay a hundred million JPY (727 hundred USD) in compensation, 2) injunction of transfer of the comment display program for FC2 Video, and 3) expunction of the comment display program for each service.

The patents in question were Japanese Patent Nos. 4734471 and 4695583 which include claims related to a terminal device featuring the display technology which overlays multiple comments on a video while preventing overlapping of each comment which makes it difficult to read the comments, and the program which operates at users' devices to provide the display method.

In order to watch a video from FC2's video distribution service, users (clients) in Japan had to download software to their devices from an overseas server. In the decision, the Court judged that both the terminal device and software met the constitutional elements of the patented inventions. The Court then narrowed the issue to whether the distribution itself can be deemed as working of the patented invention in Japan since the software was distributed from overseas servers to terminal devices of users in Japan.

The IPHC rendered a decision stating that "any act of circumventing the law, such as transferring their own server abroad in a bid to dodge one's responsibility for a possible patent infringement, must be prohibited for it is clearly contrary to justice." It added, "even if all the constitutions of working of the patented invention are not formally completed in Japan, it does not violate the territorial principle to take effect on the Japanese patent in the case where the invention is deemed to be practically worked in Japan."

Separate from this case, Dwango and FC2 are embroiled in another dispute in another trial based on another registered patent related to the overlay display system where Dwango attempted to address the cross-border issue in another approach such as claiming that the system production including an overseas server and devices in Japan can be deemed as working of the patented invention in Japan. In March, 2022, the District Court ruled that patent infringement could not be recognized since a part of the claim's constitutional elements were implemented overseas. They are under dispute in the Appeal Court since Dwango appealed to the IPHC. Further developments in the Court decision are now in the spotlight.

Amicus Curiae Practice Debuts in Japan: IPHC Calls for Third Party Opinions on Patent Litigation

The Intellectual Property High Court (IPHC) has decided to adopt the practice of *amicus curiae* briefs in patent litigation over a computer-related invention: a system for displaying a comment on a moving image on the Internet. *Amicus curiae* is a legal practice where a Court can call on experts or other third parties to garner their opinions of the issue in patent litigation in a trial. This is the first case of the Japanese version of *amicus curiae* since its institutionalization in April 2022 under a revision to the Japanese Patent Law. The case calling for *amicus* brief is an appeal at the IPHC in which Dwango (the patentee) claimed that their patent which relates to a comment distribution server playing a video image on the Internet was infringed by the defendant, a company operating the website FC2. Upon request from Dwango, the IPHC applied the *amicus curiae* system in order to be able to consider various aspects of this contentious case which will have great impact.

Parties involved can refer to the opinions collected from experts and third parties as evidence. If the Court does find it necessary to handle the case with great care because a decision would have a great impact on not only the parties involved but various domestic and overseas industries and it should be considered from global perspectives, the Court can call on the opinions of experts independent from the parties. Plaintiff and defendant may then check the collected opinions and utilize them as evidence if needed.

Progress toward Easing Registration Requirements of Trademarks Containing the Names of Other Persons

According to Article 4-1-8 of the Japanese Trademark Law, a trademark that contains the name of another person cannot be registered without approval from the other person, even if the name is the same as that of the applicant.

The Japanese Patent Office (JPO) published the "Research and Study Report on Trademarks Containing the Names of Other Persons" in March 2022. Since then, the JPO deliberated relaxation of the regulation on trademark registrations containing the names of other persons in September and November at the Trademark System Subcommittee of the Intellectual Property Sub-Commission.

The Subcommittee considered imposing "a certain degree of name recognition" of the "name" as a requirement on the other party in Article 4-1-8 of the Trademark Law. In addition, the Subcommittee discussed and raised the issue of whether to impose a requirement to consider "the applicant's circumstances (e.g., whether there are legitimate reasons for filing the application)" with respect to trademark applications containing names of other persons.

The following are hypothetical examples of "applicant's circumstances" which should be considered.

The relationship between the applicant and the name contained in the trademark. (e.g., whether the name in the trademark is the applicant's own name, the name of the founder or a representative of a store, or the name of a store already in use by the applicant).

The applicant's purpose and intention. (Whether or not the applicant intends to harass others. Whether or not the purpose of registering the trademark including the name of another person in advance is to make them purchase the trademark, etc.)

With regard to requiring a certain degree of name recognition of the "name" on the part of another person and taking the applicant's circumstances into consideration, the discussion of the Subcommittee makes it clear that they are moving toward easing the registration requirements.

[References]

9th and 10th Subcommittees on Trademark System, Intellectual Property Sub-Commission, Industrial Structure Council

https://www.jpo.go.jp/resources/shingikai/sangyo-kouzou/shousai/shohyo_shoi/index.html

Online Interviews with JPO Examiners Available for Patents, Designs, and Trademarks

Due to the coronavirus pandemic, the Japanese Patent Office (JPO) has actively been conducting online interviews. This is in addition to ordinary on-site interviews at the JPO and at other locations such as factories or companies. With great effort, the number of online interviews is increasing. The JPO Status Report in 2022 shows that of 1,689 JPO interviews in 2021, 1,423 were conducted online, representing a 40.2% increase from the previous year. In addition, the JPO began implementing online oral proceedings at the Appeal Stage in October 2021. 13 of the 20 oral proceedings after October were conducted online.

[Brief description of online interviews with JPO Examiners]

Both an applicant and its representative agent can remotely access the JPO for the interview via a PC at their locations. Without visiting the JPO or leaving their offices, smooth communication with JPO Examiners is possible. Joining an online interview is quite easy. All that is needed is a PC with internet access, a web camera, and a headset (or microphone and speaker.) There is no need to install any special software to join the interview, and no fee is required.

[Examples of online interviews]

Online interviews enable participants to not only give an oral explanation but also to share screens showing data in Word, Excel, PDF, or PowerPoint format, etc. A “white board” on the website for the online interview enables sharing of files and adding of comments on the display during the interview. Furthermore, showing an on-site facility or a prototype, for example, is also possible. By sharing amendments and technical explanatory documents on the screen, the participants and JPO Examiners can easily understand key points of the explanation, thereby facilitating online interviews via better communication among all participants. Video clips can also be shared on the screen.

[How to request an online interview]

Online Interviews are available anytime from filing a request for examination to completion of prosecution. There are more requests for online interviews before actual examination starts or after receiving an Office Action. The request can be accepted via telephone from a representative attorney to a JPO Examiner or via a request form on the JPO website.

[References]

Communication with JPO Examiners in the DX Era

https://www.jpo.go.jp/resources/report/sonota-info/panhu.html

JPO Video Conferences

https://www.jpo.go.jp/system/patent/shinsa/mensetu/telesys_mensetu.html