



# WINDS FROM JAPAN

Licensing Executives Society Japan

## Greetings by the New President

By **Chikao FUKUDA**

My first and undoubtedly the most important task as President of the LES Japan after my election in February will be The LES International Conference in Osaka, which starts with the Delegates Meeting on 5 April, 2002. Although it is the third time that a LES International Conference will be held in Japan, it has been already more than 17 years since the last one was held in our country, so for many participants this will be the first time to join a LES International Conference in Japan. Therefore, as President of the host society, I will do my best to make this conference successful, in full cooperation with Mr. Hashimoto, our former president and the chair of the organizing committee of the Osaka Conference.

Approximately 490 members and non-members from 47 countries (24 chapter societies) have already applied for registration to the Osaka conference, and if we add the approximately 130 persons accompanying them, the total number of participants to the Osaka conference will reach 600. I trust that this Conference will be an excellent and exiting opportunity for participants to exchange opinions about licensing, our common subject with their counterparts from different countries. And if, taking this opportunity to come to Osaka, participants would also visit other part of Japan, I am sure that they would be rewarded with new, wonderful discoveries.

LES Japan has been promoting various activities. While it is true that our society's activity is based on the voluntary participation of

individual members, on the other hand, we think it is equally important to upgrade and update each member's knowledge, since licensing activities are becoming more and more sophisticated and complicated. To achieve this, our Society launched the Basic Training Course on Licensing two years ago, in addition to the monthly seminars or the various group seminars, and has been since evaluating responses from participants and results of such course to improve its contents. At approximately the same time, we have seen that a new course on licensing developed by LES USA and Canada has been approved to be released for use to other Chapter Societies, and we are looking forward to an actively implementing such activity in Japan this year.

Turning our eyes to Asia, the activity of LES is still limited to only several countries, and I believe some active promotion is necessary, despite much difficulty is perceived in its implementation. Fortunately, the establishment of the Pan Asian Committee has been resolved at the Delegates Meeting last year, and a tie-up between it and LESJ may be a desirable option. A realistic discussion is needed, on subjects such as what we can offer within our limited manpower and budget, and in what specific areas we can offer our cooperation. The Japanese economy is still in recession, and we anticipate that activities of individual members will inevitably be constrained by such fact during the coming 1 to 2 years, but let us first start with the things we are able to do.

-----  
*President, LES Japan*

*Attorney-at-law, FUKUDA & KONDO, Partner*

# Japan To Launch Drastic Reforms

By **Jinzo FUJINO**

On January 10, 2002, the National Forum for Intellectual Property Strategy ("Forum") issued a report calling for an immediate and drastic change of intellectual property systems in Japan. The Forum, consisted of 11 members and 6 staffing people, is a non-profit, non-governmental organization headed by Mr. Hisamitsu Arai, former commissioner of the Japanese Patent Office. While appealing the need for an extensive overhaul of the existing systems, the Forum proposes, in its 59-page long report, 100 items for prompt intellectual property-related reforms in the fields of university, education, private business, public service, diplomacy, law-making and judicial system. With a recognition that strengthening the national intellectual property scheme is a key to the survival of Japanese industry faced with global competition, the Forum emphasizes the need of strong political leadership.

A month later, Prime Minister, Junichiro Koizumi announced in his policy speech to the National Diet that he would establish an IP strategy committee within the cabinet. The committee was formed in mid-February, consisting of major cabinet members and outstanding business leaders and university professors. The first meeting was held on March 20, where members discussed desirable forms of intellectual property systems to enhance the international competitiveness of Japanese industries.

At the same time, the Cabinet Office, one of the ministerial departments responsible for science and technology, organized a study group of experts on intellectual property issues. The group held the first meeting in March 2002. After a series of discussion, the group will submit a report within a few months for policy-making and legislation. It is highly likely that the IP strategy committee will hear from the expert group about the scheme to be introduced as a national IP policy. Mr. Arai, chair of the Forum, has already been appointed

as a member of the IP strategy committee and a member of the expert group.

In its final report, the Forum proposes a number of specific changes which may significantly affect the practice of technology transfer from university. For example, the report emphasizes the necessity of deregulation and law amendment thereby to allow university-affiliated TLOs to freely engage in the transfer of university inventions. Such reform, the report says, will transform universities into sources of many basic and value-added inventions, and of new venture business for effective commercialization.

The Forum report also includes many proposals relating to the Japanese Patent Office. For example, the Forum suggests the use of scientific doctorate degree holders as assistants for sweeping out the piled-up files and speeding up examination. Hiring them temporarily or permanently as assistants to or even as examiners will improve examination in quality and speed. It will also create jobs for scientists and engineers with highest scientific degrees.

On the enforcement aspect, the Forum proposes the establishment of a special court for intellectual property cases as well as a quick review of intellectual property litigation. The Ministry of Economic and Industry has recently released that the government considers necessary law amendments to provide a first instance court with powers to judge the validity of a patent as well as infringement and damages. Under the current law, the Patent Office is the only venue for review of patent validity.

The Forum is now preparing an English version of the report, which will be available through the Internet at the address: <http://www.smips.rcast.u-tokyo.ac.jp/>.

-----  
*Editor-in-chief, WINDS from Japan*  
*NGB Corporation, IP Research Institute*

# Employees' Inventions in Japan

By **Kazuaki OKIMOTO**

## 1. Background

The Tokyo High Court affirmed the Tokyo District Court's decision on the litigation concerning compensation for an employee's invention in May 2001 ("Olympus case").

This was an important decision, but has become much more important since companies may need to change their internal regulations or their contracts with employees which they have been using for many years. After the decision, much discussion arose in the business sector about how to handle an employee's invention because they can no longer rely on existing regulations. A regulation ruling the maximum compensation of 6,000,000 Yen for the inventions of officials employed at government institutions has recently been abolished, after the decision was rendered. Private organizations also have to review the compensation programs for an employees' invention.

Dr. Shuji Nakamura, a professor at Santa Barbara School of University of California, who invented a blue LED (light-emitting diode), reportedly sued Nichia Chemical Industries Co., Ltd., Tokushima, Japan, for which he worked for many years, claiming that a part of their patent rights on his invention of blue emitting diodes should be transferred to him because they paid an insignificant amount of compensation for his highly valuable invention. He demands, as a main claim, a compensation of transfer of interest together with return of undue profit in the amount of about 100 million Yen.

More than 95% of the patent applications filed with the Japanese Patent Office are made by employees working at corporations. This kind of news story has added fresh fuel to the controversy as to what the reasonable amount of compensation for an employee's invention should be.

## 2. Summary of the "Olympus case" decision

On May 22, 2001, the Tokyo High Court affirmed the Tokyo District Court's decision and held that since the Patent Law Section 35(3) and (4) are mandatory, an employee has a right to

claim reasonable compensation for his invention which could be greater than the amount provided in the company's internal regulations or contract with the employee. The Tokyo High Court stated that a regulation for assigning employee's invention to a corporation is valid in general, even if the corporation establishes it without prior discussion or agreement with the employees.

The Tokyo High Court determined, however, that employees are not restricted to the amount of compensation by the regulation that is established unilaterally by the corporation. The amount of compensation that employees can claim is calculated based on the following factors:

- a) the amount of profits the company makes from the invention; and
- b) the company's contribution to the invention.

## 3. Discussion

To meet the requirements of the Patent Law, Japanese corporations have established regulations to ensure that employees are compensated for their inventions. The employees are generally paid each time, for example, 2,000 to 10,000 Yen upon filing a patent application, 10,000 to 20,000 Yen upon it being granted as a patent and thousands to 50,000 Yen upon assigning of a license of the patent to others. They believe that this total amount of compensation under this scheme meets the requirements of the Patent Law. Some of them, however, pay more to encourage their employees to make more inventions.

In accordance with the Tokyo High Court decision, however, Japanese corporations may have to change their regulations because they are no longer able to rely on them as a guide for payment of compensation for the employees' assigning of an invention to the corporation. Employees will demand that corporations pay more until the amount of compensation arrives at what can be considered a "reasonable remuneration."

Now, new compensation policies have to be drawn up and implemented by Japanese

corporations on how to deal with the Tokyo High Court decision which has been appealed to the Supreme Court.

The Japanese Patent Law Section 35 reads:

*(1) An employer, a legal entity or a state or local public entity (hereinafter referred to as the "employer etc.") shall have a non-exclusive license on the patent right concerned, where an employee, an executive officer of a legal entity or a national or local public official (hereinafter referred to as the "employee etc.") has obtained a patent for an invention which by reason its nature falls within the scope of the business of the employer etc. and an act or acts resulting in the invention were part of the present or past duties of the employee etc. performed on behalf of the employer etc. (hereinafter referred to as an "employee's invention") or where a successor in title to the right to obtain a patent for an employee's invention has obtained a patent therefor.*

*(2) In the case of an invention made by an employee etc. which is not an employee's invention, any contractual provision, service regulation or other stipulation providing in*

*advance that the right to obtain a patent or the patent right shall pass to the employer etc. or that he shall have an exclusive license on such invention, shall be null and void.*

*(3) The employee etc. shall have the right to a reasonable remuneration when he has enabled the right to obtain a patent or the patent right with respect to an employee's invention to pass to the employer etc. or has given the employer etc. an exclusive right to such invention in accordance with the contract, service regulations or other stipulations.*

*(4) The amount of such remuneration shall be decided by reference to the profits that the employer etc. will make from the invention and to the amount of contribution the employer etc. made to the making of the invention.*

(“Japanese Laws Relating to Industrial Property” AIPPI Japan, 2001.)

-----  
Editor, WINDS from Japan  
Patent Attorney, YUASA & HARA

---

## Lemelson Case Review

### - A Japanese Perspective -

**By Yuri MORITA**

#### 1. Preface

On January 24, 2002, the United States Court of Appeals for the Federal Circuit issued a decision in Symbol Technologies, et al. (the plaintiffs) v. Lemelson Medical, Education and Research Foundation that reaffirms, as a nation-wide precedent in patent law, the defense of prosecution laches against so-called “submarine patents.” As readers are well aware, prosecution laches is an equitable defense created by the courts alone and based upon concepts of fairness. Although such defense is not set out in the Patent Act, it can render a patent unenforceable due to a patentee's unreasonable delay in seeking claims in the U.S. Patent and Trademark Office. The majority in the Symbol case (in a 2-1 split) decided that prosecution laches was a valid defense, and that as a result,

Lemelson, the inventor, may lose his patent rights.

Following the decision, the Lemelson Foundation immediately filed a petition on February 6, 2002 and is now seeking a rehearing en banc before the Federal Circuit. The plaintiffs filed a response to the Lemelson Foundation petition on February 22, 2002 and a decision is expected shortly. Unless the Federal Circuit decision is overturned, the plaintiffs intend to file a motion for summary judgment based on prosecution laches in the district court.

The “submarine” patent licensing practices of the Lemelson Foundation have been one of Japanese legal and licensing executives’ biggest headaches. The Foundation has been criticized in trade journals and business media, and labeled as “the diabolical descendant of American

Pro-patent Parents.” Indeed, according to the industry experts in Japan, there have been clamors that “such practice may satisfy the letter of the American patent law, but not its spirit.”

## **2. How Japanese companies received the news**

There are two categories among the manufacturers in Japan vis-à-vis the Lemelson patents. The first consists of corporations (such as major automobile and electronics corporations) that have already paid lump-sum royalties to Lemelson following the famous Ford settlement of several years ago; so-called “first round licensees.” The second category consists of manufacturers in Japan who have received demand letters from the Foundation but have not yet entered into licensing negotiations or final agreements. Companies in the second category are relatively small in size, but larger in number. Both categories admittedly use the same or substantially similar manufacturing processes.

Despite the fact that many Japanese corporations have become increasingly more active and interested in litigation, the Federal Circuit decision appears to have given rise to only a quiet and expectant air within the Japanese industry to date. As a rule, Japanese corporations prefer certainty (even if it is economically less desirable) to uncertainty despite the fact that by taking the other route there may be a significant chance of obtaining favorable results. Immediate and affirmative action against Lemelson by any of the significant Japanese companies is therefore not expected.

The reason for this “passive inactive” approach is relatively simple. Japanese companies generally seek to avoid litigation, particularly if there is a probable downside. There is also a common abhorrence of the cumbersome and expensive American judicial system, particularly in relation to discovery and trial preparations. This dislike is even more pronounced in patent infringement cases where the prolonged process effectively bars the parties from engaging in a negotiation to resolve such differences. Massive document production and pressure on executives regarding testimony at trial are nightmares for any corporation in Japan. The Japanese industry has also seen experienced players fall such as when Ford, GM and Chrysler (the three most experienced and resourceful companies in America regarding litigation), were

defeated by Lemelson when the trial court judge rejected the prosecution laches defense in 1997. Since that time, no one in Japan has believed that anyone could succeed where Ford, GM and Chrysler had failed.

So, while on one hand licensing executives here may privately applaud Symbol’s “try and see if this works” approach and its apparent success before the Federal Circuit, on the other hand, they are still saying, “wait a minute, is this game-ending slam dunk?” This so-called landmark decision by the Federal Circuit on an “interlocutory appeal” for laches, is, to the minds of many, an interim but not quite sustainable decision.

## **3. What is the likely next step for the Japanese companies**

As evidenced well in the International Herald Tribune (Asia Edition) article, dated 15 March 2002, (“Japan firms are cashing in on patent caches – Even as they limit filing, companies seek value from their claims – and defend them”) many Japanese electronics and telecommunication companies are filing more and more patents in the U.S.A. and “are no longer interested in paying the royalties and nuisance fees, and are now hiring patent lawyers to fight cases.” (John DeMarco, Morgan, Lewis & Bockius) Certainly Japanese companies appear to be becoming more involved in litigation, and this may lead to major changes in the negotiation and litigation tactics towards and by the Japanese companies. The Symbol case indeed may be the turning point. But not quite yet, the writer believes.

For a number of Japanese companies, which are accustomed to the statutory rules of patent law and the judicial procedural laws of Japan, the fact that the American litigation system relies heavily upon case law and often times equity, is very difficult to understand let alone accept. Patent law is a very intricate net of statutory rules and, at least in Japan, is very process oriented. It allows little room for “arbitrary interpretations by non-expert judges and juries.” The fact that under the American system a company faces (in theory) unlimited damages, while also providing the other side with the opportunity to obtain a sweeping victory, suggests that American litigation is a high risk matter, which is best avoided. Awesome reports of American class

actions against the Japanese are abundant in Japanese papers: The Bridgestone/Firestone case, the Toshiba PC settlement, Sony's Columbia Pictures case, just to name a few reported examples.

The American way of settling any dispute is known as the "adversarial" system where two parties engage in a fight and present evidence to convince third parties, namely the judge and jury. The outcome does not necessarily depend on which party has complied with the law, but rather, to many Japanese eyes, which party is less handicapped and less skilled in court tactics. Japanese fear that ethnic bias and lack of linguistic skills will hamper their case, with the worst fear being the "uncontrollable legal bills" from their American lawyers.

Until the Lemelson/Symbol case is "clear without a trace of doubt," the Japanese industry during royalty negotiations, will most likely use this case as an excuse for doing nothing at present which the author believes is probably the right choice: namely, to closely monitor the Federal Circuit review process, and wait and see until the time is ripe and the final outcome has been reached. As stated in the above-mentioned article, let's hope that "there's an awareness that patent lawsuits are expensive and a lot is at risk, but Japanese companies know it's part of doing business." (Karen Hagberg, Morrison & Foerster).

-----  
*Editor, WINDS from Japan*

*Director, Advantest Corporation, Legal Dept.*

---

## Higher Damages and Quicker Decisions

### - The Changing Face of Japanese IP Litigation -

**By Junichi YAMAZAKI**

#### **Highest-Ever Damages**

On March 19, 2002, in *Alze v. Sammy* and *Alze v. Net*, the Tokyo District Court awarded approximately ¥7.4 billion (US\$57 million) and ¥1 billion (US\$7.7 million) in damages to one plaintiff in two identical patent infringement cases concerning pinball-style slot game machines. Until *Alze*, the highest patent infringement damages awarded were approximately ¥3 billion (US\$23 million) which were awarded on October 10, 1998 in *SmithKline Beecham et al. v. Fujimoto Pharmaceutical Corp.*, a case concerning H2 blocker products.

Other than the sheer amount of damages, another noteworthy point regarding *Alze* is that the court calculated damages pursuant to Article 102(1) of the Patent Law applying the "marginal profit" theory. Article 102(1) is a new provision enacted in 1998 that allows higher damages through simpler calculation. It provides that damages may be calculated by multiplying the patentee's profit per product by the number of infringing products sold (provided, that the patentee has the capacity to supply such number of products). Consequently, the need

for time consuming and more or less unreliable calculation of an infringer's profit as the basis of damages can be avoided. According to the "marginal profit" theory, profit, for the purpose of damages calculation, means the gross sales revenue of the products less direct and variable costs (but *not* less fixed and indirect costs). No doubt, this will result in a far higher figure than "net profit" after fixed costs and indirect overhead costs, which standard the courts tended to adopt until recently.

Together with the enactment of new Article 102(1), the word "normally" was deleted from the provisions of Article 102(3). The effect of the deletion was that courts are no longer bound to restrict damages to a "normal" royalty rate, but can take into account all the circumstances of the particular case. In practice, this should result in higher royalty rates for purposes of damages calculation and, indeed, the general perception is that the royalty rate adopted by the courts since the amendment has probably increased by around 2 percentage points above the 3 to 5 percent range which prevailed in the past. Furthermore, Article 105(3) enacted in 1999 allows courts to award reasonable damages considering all the

circumstances when it is difficult to prove the exact damages from the evidence.

Based on the above legislation and supported by social consensus that stronger protection should be accorded to IP, there will certainly be more big figure awards to come. In fact, it may not be so long before a bankruptcy petition is filed due to an award being beyond the financial capacity of the defeated defendant.

### **Average 18.3 Months for IP Litigation**

According to recent statistics released by the Supreme Court, the average time taken for IP litigation in the courts of first instance in 2001 was 18.3 months. This represents an historic low and shows a significant decrease even from as recently as 1998 when the average was 25.7 months. Moreover, it is said that the average period is several months shorter in the Tokyo and Osaka District Courts, which two Courts presently hear about 70% of all IP litigations in Japan. Incidentally, the Supreme Court has declared that the target average is now below 12 months.

All IP lawyers, particularly those practicing in Tokyo and Osaka, are being pressed by the courts to proceed faster. The better part of Japanese civil litigation might be described as a series of piecemeal pretrial conferences held at intervals of one month or longer in which written arguments supported by documentary evidence are submitted with little witness examination or oral debates. So, a faster process simply means a shorter interval to prepare written arguments for the next session, all making the litigants busier than ever.

The courts' attitude was most bluntly expressed in the provisional injunction case of *Apple Computer, Inc. et al. v. Sortec* in which the Tokyo District Court surprisingly granted an injunction for the plaintiff on September 20, 1999, only one month after the petition was filed. The Court rejected the defendant's request for more time to prepare a defense saying that a corporation that manufactures and sells products with the possibility of violating others' rights should prepare itself by examining the legality of such acts beforehand so that it may promptly produce evidence to show the legality thereof when called to account.

With the courts trying their best to accelerate the IP litigation process, it is becoming a much

more challenging and demanding job to litigate IP disputes. The days of placid, leisurely exchanges of documents are quickly coming to be replaced by high-pressure battles with even the very survival of the litigants at stake.

### **Defense of Invalidity Available**

It had been the established case law that courts cannot decide cases of intellectual property infringement on the ground of invalidity of the subject IP, but rather the validity issue should be decided in completely separate proceedings initiated in the Patent Office, from which an appeal could be made only to the Tokyo High Court. Almost invariably, defendants in infringement litigation would institute invalidity proceedings and move the court to stay the hearing until the validity issue was resolved. When the court felt uncertain about the validity of the subject IP, it tended to approve such motions. As a counter tactic, patentees would apply for an amendment to the patent specification with the Patent Office so as to mend apparent weaknesses in the subject patent. This entanglement of disparate processes was a major factor in prolonging IP litigation, resulting in some cases dragging on for 10 years or more.

The Supreme Court upturned this state of affairs in *Fujitsu v. Texas Instruments* on April 11, 2000. In that case, the Court held that where there are "evident" grounds of invalidity in the subject patent, enforcement of such patent by the patentee constitutes an abuse of right and therefore should be rejected. Following *Fujitsu*, the inferior courts have taken the hint and started to dismiss complaints one after another on the ground of "evident" invalidity, i.e., if the court regards the patent as invalid, it is "evidently" invalid.

This is changing the face of IP litigation practice dramatically. On the one hand, the defendant now may defend the case on the ground of invalidity, but on the other hand, it would not be able to expect a stay or delay by merely instituting invalidity proceedings in the Patent Office. Regardless of the tactics used, however, IP litigation should proceed at a much faster pace than before.

-----  
*Editor, WINDS from Japan*  
*Attorney-at-law, MIYAKE & YAMAZAKI Law*  
*Office*

# IP News from Japan

By Shoich OKUYAMA

## 1. First Meeting of the Strategy Council on Intellectual Properties Is Held

The first meeting of the newly established Strategy Council on Intellectual Properties was held at the Prime Minister's Official Residence on March 20, 2002. This Council is aimed at overcoming sectionalism among relevant governmental agencies including the Patent Office under METI (formerly MITI), which deal with patents, trademarks, designs, and unfair competition, and the Agency of Cultural Affairs, which covers copyright issues. Some governmental agencies are not getting along well with each other. The Council has been formed directly under the supervision of the Prime Minister's Office. The stated objective of the Council is "to quickly establish and advance a strategy for intellectual properties in order to enhance the international competitiveness of Japanese industries and revitalize the Japanese economy as the importance of intellectual properties increases." The Council is expected to release a final report by the middle of June to set the future course of IP policies in Japan. As a background, a paper was published in January by the Strategy Forum on Intellectual Properties headed by Hisamitsu Arai, who is a member of the Council and who used to be the head of the Patent Office and had the top bureaucratic office at MITI (now METI). (See also the foregoing article by Mr. Fujino.)

[http://www.kantei.go.jp/foreign/koizumiphoto/2002/03/20titeki\\_e.html](http://www.kantei.go.jp/foreign/koizumiphoto/2002/03/20titeki_e.html)

## 2. Judicial Reform Progresses

On March 19, 2002, the Cabinet decided on the final plan for the judicial reform. In the next session, probably this fall, of the Diet a bill for the establishment of graduate level law schools and reform of the national bar examination will be introduced. In the present session of the Diet, bills have been submitted for amending laws concerning the qualifications of patent attorneys (*Benrishi*) and judicial scribes (*Shiho Shoshi*) so that they can represent clients at courts with certain restrictions. A *Benrishi* will be able to represent a party before an infringement court as long as he or she is

accompanied by an attorney at law (*Bengoshi*). Several universities including the University of Tokyo have announced that they will start law schools in 2004.

## 3. Highest Damages Awarded in Patent Infringement Litigation

On March 19, 2002, the Tokyo District Court (judge Mimura, presiding) rendered two decisions related to patent infringement concerning a *Pachisuro* machine patent. *Pachisuro* is a variation of *Pachinko*, an extremely popular gambling pinball game in Japan. In one case, the damages awarded was 7.4 billion yen, the highest beyond the 3 billion yen TDC decision in the H2 blocker case a few years ago. 7.4 billion yen is equivalent to 57 million US dollars. (For more details, see the foregoing article by Mr. Yamazaki.)

## 4. Statistics on IP Infringement Lawsuits

In the March 7, 2002 issue of *Nihon Keizai Shinbun* (economic daily newspaper), some statistics on IP infringement lawsuits at the district court level were published. The average time period between the filing of a complaint and the final disposal at district courts has been reduced to 18.3 months in 2001, down from 21.6 months in 2000 and a high of 31.9 months in 1993. This figure is even lower than that for other ordinary civil cases before district courts. Particularly, the figures for the Tokyo and Osaka District Courts are impressive at 15 and 18.5 months, respectively, thanks to a total of four special IP divisions with nearly 20 judges working on IP infringement cases only. Currently, about 70 percent of all IP infringement cases are filed at these courts. It is now planned that jurisdiction for patent, utility model, trademark and design infringement cases will soon be given exclusively to the Tokyo and Osaka District Courts. The Supreme Court commented that it hopes to be able to reduce the average pendency period to less than a year in the near future. The January and March 2002 issues of *A.I.P.P.I.*, the English journal of AIPPI Japan (<http://www.aippi.or.jp/>) has an English translation of an article authored by Judge Iimura, who is one of the driving forces in the current reform.

## 5. Another IP Special Division at the Tokyo High Court

The Supreme Court decided to add another IP special division at the Tokyo High Court to increase their number to four, starting April 2002. The total number of judges will become 16 with an increase of 4, and that of researchers with technical background to 11. Mr. Yuzuru Okabe will be the first patent attorney to become a researcher at the Tokyo High Court in April. All researchers have come from the Patent Office so far.

## 6. A Bill for Patent and Trademark Law Amendment Is Introduced

A bill for amending the Patent and Trademark Laws was submitted to the Diet in February 2002. It is expected to pass the Diet and become law in a few months time. Notable items are as follows:

(1) Computer programs are included in the definition of "product" given in the Patent Law and will be protected;

(2) Provision of patented computer programs over telecommunication networks will be an act of patent infringement;

(3) The supply of parts knowing that the parts will be used in acts of patent infringement

will constitute an act of patent infringement under the provisions for indirect infringement;

(4) It will be clarified that the unauthorized use of trademarks on computer screens in connection with businesses related to supply of goods and services and advertisement over a telecommunication network will constitute trademark infringement;

(5) Formality requirements will be eased in conformity with the Patent Law Treaty.

(6) The National Phase entry deadline will be made 30 months to conform to the resolution made at a WIPO conference last year. Also, there will be two extra months for submission of Japanese translations beyond the 30 month deadline; and

(7) It will become necessary to disclose prior art known to the applicant at the time of filing a patent application in the specification. If the applicant fails to comply with this requirement, an official action may be issued and the application may be rejected. However, the failure will not form a ground for opposition or invalidity against granted patents.

-----  
*Editor, WINDS from Japan*

*Patent Attorney, OKUYAMA & CO., Ph.D.*

---

## Editor's Note

### By Toshihiko KANAYAMA

We, editors of WINDS from Japan welcome all of the participants to the Conference.

As of March 22nd, the total number of participants registered to the LES International 2002 Annual Conference in Osaka has reached 626, including 136 accompanying persons, which far exceeds LES Japan's expectations.

The participants come together from 47 countries. The following list shows the countries with more than ten participants. It shows the total numbers of participants, including accompanying person's number shown in parentheses.

Each of 25 workshop sessions will have more than 50 participants. Particularly, 6 workshop

sessions will be filled with more than 100 participants respectively.

Excursions, tours and entertainments also will be held in grand style for the enjoyment for all. Enjoy your stay!

Australia	11 (2)
Canada	12 (4)
France	25 (7)
Germany	49 (12)
Japan	222 (50)
Korea	29 (2)
P.R. China	26 (1)
Sweden	14 (5)
U.K.	22(6)
U.S.A.	76 (22)

-----  
*Editor, WINDS from Japan*

*Attorney-at-law, YOSHIDA, KANAYAMA,  
ISHIDA & ASSOCIATES*