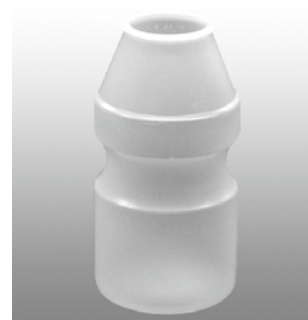


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Shape of a Yakult drink bottle recognized as a 3D Trademark

1. Introduction

You may easily recall the unique shape of a “Yakult drink” Bottle. On November 16, 2010, the Intellectual Property High Court (hereinafter “IP High Court”) issued a decision which held that the shape of the Yakult mini bottle without any words or distinctive elements (hereinafter “Yakult bottle,” shown in Figure 1 below) has acquired a secondary meaning for the goods “lactic acid drinks” in Class 29. This is the second case following the recent Coca-Cola bottle case ((Gyo-ke) 10215/2007, IP High Court, May 29, 2008), which was successfully handled by Yuasa and Hara, where the Japanese IP High Court recognized the inherent distinctiveness of the shape of a container of the products. In this decision, similar to the Coca-Cola bottle case, the IP High Court judged that the shape of the Yakult bottle has acquired a secondary meaning, though the famous word mark “Yakult” in Katakana or in Roman letters is shown in an eye-catching manner on the actual Yakult bottles sold in the markets (see Figure 2 below). For the claimant Yakult Honsha Co., Ltd., it was the second attempt to register a three-dimensional trademark for the shape of a Yakult bottle, as the first try failed in 2000 ((Gyo-ke), 474/2000, IP High Court, July 17, 2001).



[Figure 1]

The applied-for Yakult bottle



[Figure 2]

The Yakult bottle sold in the market

2. Examination History

The claimant Yakult Honsha Co., Ltd. filed a trademark application for a three-dimensional mark for the shape of a bottle of Yakult drinks without any words or distinctive elements. The designated goods are lactic acid drinks in Class 29. The applied-for mark is shown in Figure 1 above.

The Appeal Board of the JPO sustained the examiner's refusal stating the following two points: a) the applied-for trademark lacks distinctiveness, as it merely indicates the shape of a container of the designated goods; and b) as the famous word mark "Yakult" in Katakana or in Roman letters is attached to the Yakult bottles that are actually sold in markets as shown in Figure 2 above, the shape of the Yakult bottle itself had not acquired a secondary meaning under Article 3, Paragraph 2 of the Trademark Law.

To overcome this decision, Yakult Honsha Co., Ltd. filed an appeal to the IP High Court. In the trial at the IP High Court, the claimant tried to refute only point b), asserting that the Yakult bottle itself had acquired a secondary meaning by extensive use over the years.

3. Judgment by the IP High Court

3.1 The meaning of Article 3, Paragraph 2 in connection with the examination of a three-dimensional trademark

The IP High Court pointed out, as a premise, the basic concept of Article 3, Paragraph 2 of the Japanese trademark law with regard to the examination of a three-dimensional trademark as follows:

"In order that a three-dimensional trademark acquires secondary meaning under Article 3, Paragraph 2, it is necessary that an applied-for mark should be identical with the mark that is actually used in the markets. Further, it is necessary that, as a result of extensive use of the mark, consumers are able to recognize the goods/services as those pertaining to a business of a particular person. In such a case, however, even if commercial names or other word marks are attached to the goods of a three-dimensional shape which are actually sold in the market, whether applied-for trademark acquires a secondary meaning or not should be examined by focusing on the three-dimensional shape itself without such elements."

3.2 Use of the Yakult bottle

Based on the above premise, the court found the following facts:

- a) Though the bottle has a simple shape focusing on the functionality of the beverage container (e.g. easy to grasp and drink), it was a new, innovative design as a container of lactic acid drinks at that time.

- b) The Yakult bottle has been used for Yakult drinks for more than 40 years without any change to its design.
- c) The sales figures of Yakult drinks contained in the Yakult bottles have been amazingly high. Sales have always topped more than 30 billion yen since 2000. In 2008, the sales of Yakult drinks reached 45.9 billion yen.
- d) During 1998 to 2007, the market share of Yakult Honsha Co., Ltd. always exceeded 50% in the field of lactic acid drinks. Actually, the company has dominated over 42% of that field with just its Yakult drink.
- e) Yakult Honsha Co., Ltd. has spent a great amount of money on advertising the Yakult drink every year. Advertising accounted for 7.6 billion yen in 1988 and reached 9.5 billion yen in 2005. Furthermore, in the advertising, the characteristics and the advantages of the shape of the bottle have been emphasized.
- f) In questionnaire surveys conducted in 2008 and 2009, more than 98% of respondents who saw the Yakult bottle answered that they associated the bottle with the Yakult drink.
- g) Though at least 12 types of lactic acid drinks using bottles similar to the Yakult bottle have been sold by third parties, all of them appeared on the market after the Yakult bottle made its appearance.
- h) According to a website, consumers who have encountered other lactic acid drinks using bottles similar to the Yakult bottle believed that such bottles were counterfeit goods of the Yakult bottle.

3.3 Conclusion of the IP High Court

Based on the above facts, the IP High Court concluded that the Yakult bottle was individually recognized as a trademark distinguishing the claimant's products from others. The IP High Court further added that, even if the famous word mark "Yakult" in Katakana is attached to the Yakult bottle sold in the market, it is apparent that the Yakult bottle itself individually attracts the attention of consumers more readily than the word marks borne thereon, especially in view of the result of questionnaire surveys (fact (f) above) and the recognition of consumers (fact (h) above).

4. Comparison with past cases

In the 2000 decision of the first Yakult bottle case, the IP High Court denied the secondary meaning of the Yakult bottle mainly because the applied-for mark and the mark used in the

market were not identical with each other, emphasizing that it was not the Yakult bottle itself but the famous word mark “Yakult” attached to the bottle actually sold in the market that worked as a trademark.

As for the judgment of a three-dimensional trademark regarding the shape of goods, identification of the applied-for mark and the mark used is strictly required. On the other hand, distinctive elements such as word marks are normally attached to the products sold in the market. Therefore, there are numerous cases so far where registrations of three-dimensional trademarks composed solely of the shape of products have been rejected as is the case in the first Yakult bottle case.

However, this examination trend was changed by the Coca-Cola bottle case and the Court has become more reasonable than before. The Coca-Cola bottle case has profound significance in that it established a legal theory where even if a famous mark is attached to a container that is actually sold in the market, whether the applied-for trademark has acquired a secondary meaning should be examined by focusing on the three-dimensional shape itself without such elements. Following the establishment of this new legal theory, the Yakult bottle was regarded as a distinctive three-dimensional trademark by way of the second trial.

In this way, the second Yakult bottle case reached the same conclusion as that in the Coca-Cola case. However, there is a remarkable difference between these two cases. In the second Yakult bottle case, though at least 12 lactic bottles resembling the Yakult bottle existed in the market, the Court judged that the Yakult bottle has acquired a secondary meaning. In the Coca-Cola bottle case, no other similar bottles existed in the market because of the extensive countermeasures against counterfeit goods. On this point, the Court in the second Yakult bottle case expressed the following opinion:

“As long as the consumers recognize similar bottles in the market as “counterfeit goods of the Yakult bottle,” and so long as the Yakult bottle is sharply discriminated from other similar bottles in the market, distinctiveness of the Yakult bottle should not be lost only due to the existence of other similar bottles or counterfeit goods.”

Then, the Court judged that the said recognition of consumers can be successfully proved by the facts of the above fact g) all

similar bottles appeared after the Yakult bottle appeared in the market and h) most of the consumers believed that such bottles were counterfeit goods of the Yakult bottle. Further, the Court added that the result of the questionnaire indicates it should be firmly presumed that the Yakult bottle itself obtained distinctiveness.

On this point, the second Yakult bottle case represents a new step in the judgment of three-dimensional trademarks in Japan.

5. Postscript

The Court issued brand-new decisions for three-dimensional trademarks for perfume bottles resembling human body under the brand of JEAN PAUL GAULTIER ((Gyo-ke) 10366/2010, IP High Court, April 21, 2011, (Gyo-ke) 10406/2010, IP High Court, April 14, 2011). Including these recent cases, we need to focus on future trends regarding three-dimensional trademarks in Japan.

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Recent Supreme Court Decision [Hei 20 (Gyo-hi) Nos. 324 to 326] relating to Patent Term Extension System in Japan

1. Introduction

Under the patent system in Japan, where there is a period during which a patented invention cannot be implemented because a necessary approval or other disposition under the Pharmaceutical Affairs Law or the Agricultural Chemicals Regulation Law has not been obtained, the term of the patent may be extended, upon the filing of an application for registration of a patent term extension (hereinafter referred to as “PTE application”), by a period of up to 5 years (Article 67, Par. 2 of the Japanese patent law, Article 3 of the Patent Law Enforcement Order). The patent term extension system in Japan differs in several respects from the system in the U.S.A. (35 U.S.C. §156) and the system based on the supplementary protection certificate for medicinal products (referred to as SPC) in Europe. In this regard, please refer to YUASA and HARA Intellectual Property News Vol. 28.

In some cases for claiming revocation of an appeal decision of rejection with regard to a PTE application based on a second or subsequent approval for a drug whose active ingredient and efficacy are the same as those of a previously-approved drug, there is a dispute on how to interpret requirements stipulated in Article 67-3, Par. 1, item No. 1 of the Japanese patent law, which stipulates as follows:

Article 67-3, Par. 1

Where an application for the registration of extension of the term of a patent right falls under any of the following items (items (i) to (v)), the examiner shall render a decision to the effect that the application is to be rejected:

- (i) where the disposition designated by Cabinet Order under Article 67(2) is not deemed to have been required to be obtained for the working of the patented invention;
- (items (ii) to (v) are omitted).

Under the JPO practice, in a case that a drug is previously approved and an active ingredient and efficacy/effect (use) thereof are the same as those of a later-approved drug, a PTE application based on the later approval is rejected based on the previous approval under Article 67-3, Par.1, item No. 1. The JPO applies these criteria to examination of any PTE appli-

cation, and will reject a PTE application even in a case that a previous approval does not allow a patentee to implement an invention of a patent relating to a subject PTE application based on a later approval.

The Intellectual Property High Court (hereinafter referred to as IPHC) has so far issued decisions supporting such practice of the Japanese Patent Office (hereinafter referred to as the JPO). However, in a judicial decision issued in May 2009, a judgment made by the IPHC included a directive to the JPO to change their practice in examination of PTE applications and also indicated a new interpretation about the scope to be covered by a patent right whose term was extended [the case of claiming revocation of appeal decisions: IPHC, May 29, 2009, Hei 20 (Gyo ke) Nos. 10458 to 10460].

The JPO filed an appeal to the Supreme Court, claiming the revocation of the IPHC decisions. On April 28, 2011, the Supreme Court issued a decision affirming the conclusion of the IPHC decision [Hei 20 (Gyo-hi) Nos. 324 to 326]. In response to the Supreme Court decision, the JPO announced that they are revising the Examination Guideline regarding PTE application.

Hereinafter, summaries of the IPHC decision [Hei 20 (Gyo ke) No. 10460] and the Supreme Court decision [Hei 20 (Gyo-hi) No. 326] will be provided.

2. IPHC decision [case of claiming revocation of appeal decisions: Hei 20 (Gyo ke) No. 10460]

a) Content of the case and the decision by the Japanese Patent Office

Takeda Pharmaceutical Company Limited obtained an approval for “Pacif capsule, 30 mg” (active ingredient: morphine hydrochloride) used in relieving pain of various types of cancers with moderate to severe pain, and filed a PTE application for a patent relating to pharmaceutical formulations (JP No. 3134187). Claim 1 of the subject patent recites as follows.

[Claim 1] A controlled-release composition comprising a core that contains a drug, wherein the core is coated with a coating agent comprising:

- (1) a material that is insoluble in water;
- (2) a hydrophilic material selected from polysaccharides that may have sulfate group, polysaccharides having hydroxyalkyl or carboxyalkyl, methyl cellulose, polyvinylpyrrolidone, polyvinyl alcohol, polyethylene glycol; and

- (3) crosslinked acrylic acid polymer that has an acidic dissociable group and exhibits pH-dependent swelling.

The JPO pointed out as a reason that the drug (Opso liquid for oral administration: 5 mg/10 mg), which contains morphine hydrochloride as an active ingredient and is used in relieving pain of various types of cancers with moderate to severe pain, had been approved previously, and stated “the drug that contains morphine hydrochloride as an active ingredient (product) and also has the same efficacy/effect (use) as that approved prior to the present disposition, and even if there is found a necessity for obtaining a new disposition because of a required change in dosage form of this drug other than the active ingredient and the efficacy/effect, the disposition (approval under the Pharmaceutical Affairs Law) stipulated in Article 67, Par. 2 of the Japanese patent law is not considered to be necessary in implementation of the present invention, and therefore, this application should be rejected under Article 67-3, Par. 1, item No. 1 of the Japanese patent law.” The JPO rejected the application according to existing criteria. In this case, the drug (liquid for oral administration) for which the previous approval was granted does not fall within the scope of the subject patent.

b) Judgment regarding Article 67-3, Par. 1, item No. 1 of the Japanese patent law

In the lawsuit claiming revocation of the appeal decision, with regard to the existing criteria in which requirements set forth in Article 67-3, Par. 1, item No. 1 of the Japanese patent law are interpreted in association with the scope of a patent right after extension of a patent term (Article 68-2 of the Japanese patent law), the IPHC stated that “a point regarding a scope covered by a patent whose term was extended due to a previous disposition does not always directly relate to a point about whether a disposition specified by a cabinet order is required to implement a patented invention. Rather, as in the subject case, in evaluating validity of an appeal decision rejecting a PTE application, it is essential to evaluate whether the application meets the requirement of Article 67-3, Par. 1, item No. 1 of the Japanese patent law, on which the rejection in the examination decision (appeal decision) is based.” Therefore, the IPHC revoked the appeal decision due to an erroneous judgment in the appeal decision. The IPHC provided the following grounds in their decision:

“For an examiner (an appeal examiner) to reject the subject application, it is necessary to prove that (1) receipt of ‘a dis-

position specified by a cabinet order’ does not result in lifting prohibition, or (2) ‘an act for which the prohibition has been cancelled by a disposition specified by a cabinet order’ is not included in ‘acts corresponding to implementation of the subject patented invention.’ In other words, as long as a fact that corresponds to the above-described requirement is not proved in an appeal decision, it is impossible to make a judgment for rejecting the subject PTE application under Article 67-3, Par. 1, item No. 1 of the Japanese patent law.”

“It is undisputed among the parties that the drug that is subjected to the previous approval is not included in the scope of the present patented invention, and that a person who received this previous approval is neither a plaintiff who is a patentee of the subject patent, nor an exclusive licensee or a registered non-exclusive licensee. Further, preparation of the previously-approved drug or other relevant acts, the prohibition of which is lifted by the previous approval, do not correspond to implementation of the present invention. In this case, although the precedent disposition exists, there is found no relationship in which an act for which the prohibition is lifted on receipt of the previous approval falls within the scope of the present invention and corresponds to implementation of the subject patented invention. Thus, the existence of the previous approval will not influence revocation of a legal state in which the plaintiff who is the patentee of the present invention could not implement the patented invention without obtaining a predetermined approval under the Pharmaceutical Affairs Law for a drug included in the scope of the patented invention. In implementation of the present patented invention, the existence of the precedent disposition will not constitute a reason for eliminating the necessity of ‘a disposition specified by a cabinet order’ (in the present case, a predetermined approval under the Pharmaceutical Affairs Law).”

c) Regarding a scope covered by an extended patent right (Article 68-2 of the Japanese patent law)

In the judicial decision, a scope to be covered by an extended patent right on the basis of an approval under the Pharmaceutical Affairs Law was explained as follows by denying criteria established in the existing judicial decisions that the patent covers the scope defined by the same ‘active ingredient’ and ‘efficacy/effect.’

“The Japanese patent law stipulates that, where a patent term is extended, the effect of the patent shall not cover the entire scope of the patented invention but shall cover only ‘a product

to be subjected to a disposition specified by a cabinet order (the product to which the specific use is applied, where a specific use is determined for the product to be subjected to the disposition concerned).’ This is because where the scope of a patented invention defined by the claims of the patent is wider than a scope whose prohibition is lifted by the receipt of ‘a disposition specified by a cabinet order,’ it shows partiality toward a patentee if the effect of the thus extended patent right covers a broader scope than that in which the patentee could not implement the patented invention due to a necessity for receiving the disposition (scope of ‘a product’ or ‘a product and a use’). Namely, a system of registration of a patent term extension is established to dissolve disadvantages resulting from the loss of an opportunity of implementing a patented invention where, irrespective of the intention and competence of a patentee for implementing a patented invention, the implementation of the patented invention was prevented by the provision of ‘law for the purpose of securing the safety and others’ stipulated in Article 67, Par. 2 of the Japanese patent law. Therefore, it is against the spirit of the system to deal with the patentee favorably beyond the dissolution of the above-described disadvantage.”

Further, it was judged that “a product” stipulated in Article 68-2 of the Japanese patent law should be identified by referring to “component,” “quantity” and “structure” of a drug approved under the Pharmaceutical Affairs Law, among matters to be examined under the Pharmaceutical Affairs Law; more specifically, “name, component, quantity, structure, administration, dosage amount, use method, efficacy, effect, performance, side effects, other qualities, matters of effectiveness and safety” (Article 14, Par. 2, item No. 3 of the Pharmaceutical Affairs Law). It was further stated that “where a patented invention relates to pharmaceuticals, among embodiments included in the scope of the patent, it should be understood that the effect of the thus extended patent right covers only the implementation of the patented invention relating to “a product” specified by “component,” “quantity” and “structure” of a drug to which a predetermined approval was given under the Pharmaceutical Affairs Law, and the implementation of the patented invention relating to “a product” specified by “the use” of the drug concerned (As a matter of course, it is natural that the equivalent thereof and a product that is evaluated to be substantially the same are included in view of an ordinary understanding of the scope of the patent.).”

It is noted that in each of Hei 20 (Gyo ke) No. 10458 and Hei 20 (Gyo ke) No. 10459, revocation of an appeal decision was

judged on the same grounds as that of the above-described judicial decision.

3. Supreme Court Decision [Hei 20 (Gyo-hi) No. 326]

The Supreme Court affirms the conclusion of the IPHC decision and states in their decision that “since the previously approved drug does not fall within the scope of any claims of the subject patent right, the judgment that the subject approval in this case is recognized as being unnecessary to implement the patented invention on the ground that the previous approval was already obtained is groundless.” On the other hand, the Supreme Court also states that the assertions made in the IPHC decision are not acceptable. As a reason for their conclusion, the Supreme Court further states as follows:

“The aim of the patent term extension system is to allow a patentee to recover the term in which a patented invention cannot be implemented because if a necessary disposition of the Patent Law Enforcement Order stipulated in Article 67, Par. 2 of the Japanese patent law. Although the previous approval for the drug of which active ingredient and efficacy/effect are same as the later-approved drug was already obtained, the previously approved drug does not fall within the scope of any claims of the subject patent. In such a case, it is not recognized that the invention recited in any claims of the subject patent as well as the invention corresponding to the later-approved drug can be implemented.”

“In a case that the previously approved drug does not fall within the scope of any claims of the patent relating to the PTE application, the conclusion stated above should never depend on the interpretation of the scope covered by the patent wherein the term thereof could be extended based on a previous approval.”

4. Influences of the Supreme Court decision

After issuance of the IPHC decisions [Hei 20 (Gyo ke) No. 10458 to No. 10460], examination of PTE applications by the JPO have been conducted on the basis of the existing Examination Guideline. In response to the Supreme Court decision, the JPO announced on May 16, 2011 that they are revising the Examination Guideline for PTE applications and they plan to release the revised guideline in fall, 2011. Further, the JPO announced that they suspend examination of new PTE appli-

cations until the revised guideline is released. In light of the Supreme Court decision, a PTE application should never be rejected under Article 67-3, Par. 1, item No. 1 of the Japanese patent law on the ground of a previously approved drug that does not correspond to an invention recited in any claims of the subject patent. It is considered that a PTE application that was not allowed under the former practice (e.g. an application based on a patent relating to a pharmaceutical formulation, drug delivery system and the like) may be allowed under the revised Examination Guideline.

At present, it is unclear how the JPO is to introduce the criteria indicated in the Supreme Court decision into the Examination Guideline. For example, it is possible that the JPO will add criteria in a case that a previously approved drug does not correspond to an invention recited in any claims of a subject patent, and maintain the current practice including the interpretation of the scope of the extended patent. In any event, we recommend filing any PTE application that is considered to be allowable by the deadline, even before the release of the revised guideline.

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Potential Problems Caused by Lack of Unity of Invention under Japanese Patent Prosecution Practice: How to Avoid Unnecessary Limitations to Independent Claims

1. Summary

Under the Japanese patent law and examination guidelines, a requirement of Unity of Invention is strictly applied, resulting in the scope of an acceptable amendment to claims being severely restricted after issuance of a first Official Action.

The aim of this article is not to explain the law and guidelines themselves; rather, this article focuses on explaining potential problems caused by the lack of unity of invention during examination, and on providing clues to avoiding unnecessary limitations to claims.

2. Unity of Invention and Prohibition of Scope-Shifting Amendment

The requirements of Unity of Invention are stipulated in Article 37 of the Japanese patent law and Article 25^{octies} of the Regulation of the law:

Article 37

Two or more inventions may be the subject of a single patent application in the same application, provided that these inventions are of a group of inventions recognized as fulfilling the requirements of unity of invention based on their technical relationship designated in Ordinance of the Ministry of Economy, Trade and Industry.

Article 25^{octies}

- (1) The technical relationship defined by the Ordinance of the Ministry of Economy, Trade and Industry under Article 37 of the patent law means a technical relationship in which two or more inventions must be linked so as to form *a single general inventive concept* by having *one or more of the same or corresponding special technical features* among them.
- (2) The special technical feature recited in the former paragraph is a technical feature defining a contribu-

tion made by an invention over the prior art.

Article 25^{octies} specifies “a single general inventive concept” and “an identical or corresponding special technical feature.” The expression “a single general inventive concept” is stipulated in Article 82 of the European Patent Convention, and the expression “one or more of the same or corresponding special technical features” is also stipulated in Rule 44 of the Convention. However, the JPO practice notably differs from that of the EPO, as will be explained later.

In addition, Article 17^{bis} (4) of the Japanese patent law stipulates the prohibition of a Scope-Shifting Amendment:

Article 17^{bis} (4)

..., the invention for which determination on its patentability is stated in the reason in an Office Action received prior to making the amendment and the invention constituted by the matters described in the amended scope of claims shall be of a group of inventions recognized as fulfilling the requirements of unity of invention set forth in Article 37.

On the basis of Article 17^{bis} (4), after issuance of a first Office Action all independent claims must include a “Special Technical Feature (STF),” which is subjectively decided by the examiner in light of relevant prior art.

The prohibition of a Scope-Shifting Amendment is applied to Japanese applications filed on or after April 1, 2007, and Japanese nationalized PCT applications with international filing dates on or after April 1, 2007.

The pertinent examination guideline stipulates that a technical feature is not acceptable as an STF in the following cases: the technical feature is the prior art, an addition to or a deletion from the prior art, or a mere workshop modification to the prior art; and the addition, deletion, or modification does not bring about a new advantage. The problem is that the scope of the STF is obscure: it is broader than Novelty but narrower than Inventive Step.

In the examination procedure, the examiner initially examines Novelty of Claim 1 and its serially dependent Claims (at least dependent Claim 2), if Claim 1 and dependent Claim 2 do not include an STF, other claims, except for a claim(s) serially depending from Claim 2 and the like, will be objected to for Lack of Unity, on the ground that other claims do not have an STF. If an amendment to claims is filed in response to the first Of-

fice Action, all pending claims must have the STF or “one or more of the same or corresponding technical features” that includes the limitations of all rejected Claims. For example, if Claims 1 and 2 are rejected for Novelty in a first Office Action and other Claims are objected to for Lack of Unity, the STF will be defined as combined recitations of Claims 1 and 2. Accordingly, in a response to the Office Action all Claims must recite the STF, or corresponding features thereof, although none of the recitation of Claim 2 contributes to Inventive Step. If the amended claims do not include the STF or corresponding features thereof, the claims will be objected to for only the reason of the Scope-Shifting Amendment, without examination of Novelty and Inventive Step.

3. Example

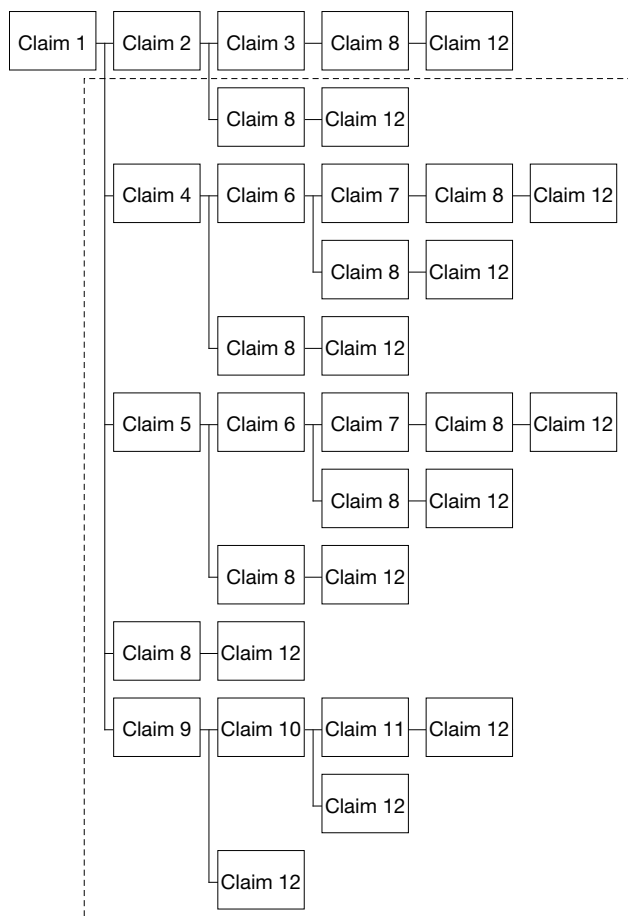
The following Example is based on an actually examined case cited in the forum held by the Japanese Patent Attorneys Association on March 2011, but is simplified for ease of understanding.

At the time of receiving the first Office Action, pending Claims were as follows:

1. An apparatus for removing a metal ion from a processing liquid, the apparatus comprising:
a reservoir for said liquid;
means for adsorbing a metal ion; and
means for circulating said liquid.
2. The apparatus of Claim 1, further comprising means for providing dissolving liquid and means for retrieving said liquid.
3. The apparatus of Claim 2, further comprising means for providing a washing liquid, and means for discharging said washing liquid.
4. The apparatus of Claim 1, further comprising a controller.
5. The apparatus of Claim 1, further comprising means for detecting concentration of said metal ion.
6. The apparatus of Claim 4 or 5, ...
7. The apparatus of Claim 6, ...
8. The apparatus of any one of Claims 1 to 7, further comprising means for processing a substrate by said liquid, and means for circulating said liquid for said substrate.
9. The apparatus of Claim 1, ...
10. The apparatus of Claim 9, ...
11. The apparatus of Claim 10, ...
12. The apparatus of any one of Claim 8 to 11, ...

The claim tree for Claims 1-12 is illustrated in Figure 1, in which Claims encompassed by the broken rectangle were objected to for the reason of Lack of Unity.

Figure 1



In the first Office Action, Claims 1-3 were rejected for lack of Novelty; and Claims 8 and 12 were rejected for lack of Inventive Step; since multiple dependent Claims 8 and 12 serially depended from Claims 1 to 4 as shown in Figure 1, and Claims 8 and 12 were examined in line with the examination guideline. Claims 4-7, and 9-12 were objected to for lack of unity of invention, since they did not include the serial dependency from Claim 1 and there is no STF between rejected Claims, and objected-to Claims. The examiner also defined the STF as the combined limitations of Claims 1, 2, 3, and 8, and requested that when responding to the Office Action all Claims had to be amended so as to include all the limitations of Claims 1, 2, 3, and 8 to comply with the requirements of Article 17^{bis} (4) of the Japanese patent law.

In response to the first Office Action, previous Claims 1-12 were replaced with the following Claims 1'-7':

- 1'. An apparatus for processing a substrate, comprising:
means for processing said substrate by a processing liq-

uid;

a reservoir for said liquid;

first means for circulating said liquid;

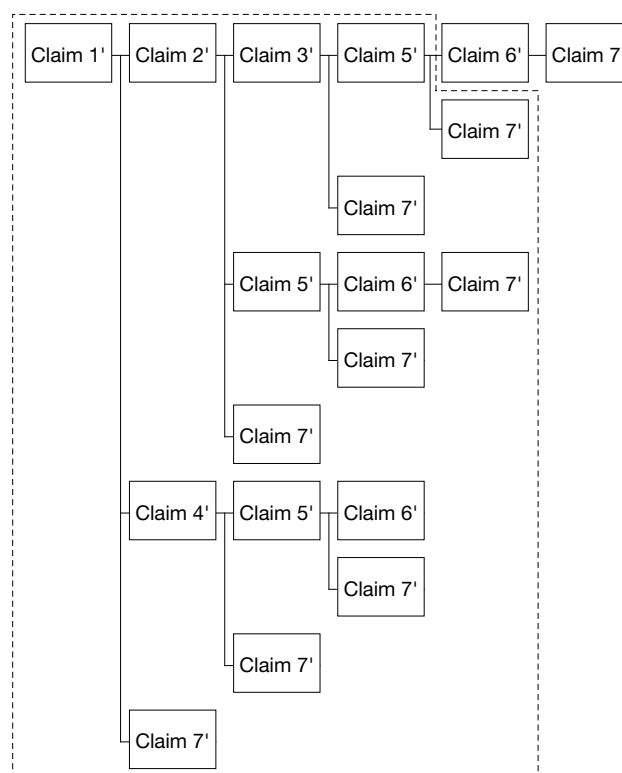
means for absorbing a metal ion; and

second means for circulating said liquid.

- 2'. The apparatus of Claim 1', further comprising a controller.
- 3'. The apparatus of Claim 2', further comprising means for calculating a number of said substrate.
- 4'. The apparatus of Claim 1', further comprising means for detecting concentration of said metal ion.
- 5'. The apparatus any one of Claims 2' to 4', further comprising means for providing dissolving liquid, and means for retrieving said dissolving liquid.
- 6'. The apparatus of Claim 5', further comprising means for providing washing liquid, and means for retrieving a washing liquid.
- 7'. The apparatus any one of Claims 1' to 6', ...

The claim tree for Claims 1'-7' is illustrated in Figure 2, in which Claims encompassed by the broken rectangle were objected to in the second Office Action due to submission of a Scope-Shifting Amendment.

Figure 2



Amended Claims 1'-5' and 7' were objected to for only the reason of the Scope-Shifting Amendment. This is because these

Claims did not include the STF defined in the first Office Action: independent Claim 1' does not include the limitations recited in previous Claims 2 and 3. Accordingly, amended Claims 1'-5' and 7' were not examined for Novelty and Inventive Step. The applicant did not respond to the second Office Action and the application was abandoned; however a divisional application was filed resulting in issuance of a patent. Claim 1 of the divisional application is substantially the same as Claim 1' of the parent application.

4. Countermeasures

Although there is no single absolute countermeasure to avoid unnecessary limitations in independent Claims, some possible countermeasures are shown below.

4.1 Divisional Application

After receipt of a first Office Action, the easiest measure to avoid unnecessary limitation in Claim 1 is to file a divisional application, although extra fees are incurred in filing a divisional application and requesting examination thereof, and expenses incurred during prosecution of the parent application may be wasteful.

4.2 Voluntary Amendment

(a) Order of Claims

Dependent Claim 2 is most important, since Claim 2 is examined for Novelty and Inventive Step in a first Office Action, as a rule. If Claim 2 has the STF, when responding to the Office Action an amendment to Claim 1 has only to include the combined limitations of Claims 1 and 2. Therefore, if the limitation of a dependent Claim has the STF or an inventive feature, such a claim should be numbered as Claim 2.

All dependent Claims serially depending from Claim 1 are examined for Novelty and Inventive Step in accordance with the examination guideline. Therefore, these dependent Claims should be arranged in order of inventive significance or importance.

(b) Multiple Dependent Claims

Under Japanese practice, in the same way as under European practice, a multiple dependent claim can depend from multiple dependent claims without incurring of an additional official fee. If the applicant wishes to obtain the examiner's opinions on Novelty and Inventive Step for as many dependent claims as possible, dependent claims will voluntarily be amended to multiple dependent format.

However, if many dependent claims are recited as multiple dependent claims, and those claims are rejected for Novelty and Inventive Step and do not have the STF, an amended Claim 1 must include the combined limitations of all rejected claims, although the examiner considers that the limitations do not improve Novelty and Inventive Step of the claimed invention. In addition to combine Claim 1 with the all rejected claims, some inventive limitation should further be added to Claim 1 to overcome the rejections.

(c) Parallel Dependent Claims

Dependent Claims of a US application typically include parallel dependent claims: many dependent claims depend from only one independent Claim. In such a case, if Claim 1 does not have the STF, all dependent Claims except for Claim 2 are not examined for Novelty and Inventive Step and they are objected to for Lack of Unity. However, in a response to the first Office Action independent Claim 1 has only to be combined with Claim 2 to comply with the prohibition of Scope-Shifting Amendment, and can further be amended to have any limitation to overcome the rejections. The disadvantage of including the parallel dependent claims is that the patentability of dependent claims, except for Claim 2, is not acknowledged in the Office Action.

(d) Amendment to Claim 1

It is effective to amend Claim 1 voluntarily so as to introduce Inventive Step, considering an International/European Search Report, International Preliminary Report on Patentability, or an Office Action issued from an overseas Patent Office such as the EPO or USPTO. Even if there is no Search Report and the like, the countermeasures (a) and /or (c) can be taken.

4.3 Argument

When responding to the first Office Action, the applicant can assert that the STF defined by the examiner is inadequate, for example the examiner's understanding of the prior art is erroneous, and the difference between the invention of Claim 1 and the prior art brings about an advantage over the prior art. However, there will be a possibility that the examiner does not accept such an assertion. Therefore, adding a claim including the STF defined by the examiner has a merit: the claim will almost certainly be examined for Novelty and Inventive Step in the second Office Action.

5. Future Change of Practice

The Japanese Patent Attorneys Association demanded that the JPO should change the practice of Prohibition of Scope-shifting Amendment in March, 2011. However, it appears that it will take a long time to change the practice. Therefore, it is recommended to take one or more of the countermeasures proposed above to avoid unnecessary limitations to Claims.

6. Conclusion

Before receiving a first Office Action, preferably at the time of requesting examination, filing a voluntary amendment to Claims is effective to avoid unnecessary limitations to independent Claims, considering dependency, Novelty, and Inventive Step.

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Two Japanese Supreme Court Decisions Regarding Copyright Infringement Liability for Services Automatically Transmitting TV Programs via the Internet upon Individual Customer Requests*

* See also Naoya Isoda, *Copyright Infringement Liability of Placeshifting Services in the United States And Japan*, WASH J.L. TECH. & ARTS, Vol.6, Issue 5 (Summer 2011) (available at <http://www.law.washington.edu/wjlta/>)

I. INTRODUCTION

If you go abroad for business or to study for a lengthy period, wouldn't it be convenient to still be able to watch your favorite TV programs from home wherever you are in the World? Recently in Japan, there have been some providers starting such service. However, because such service allows the recording/transmission of digital data of copyrighted TV programs to individual customers of the service, content owners and broadcasting companies who have copyrights or neighboring rights on the TV programs (and its broadcasting) have contested the legality of such service by filing lawsuits of copyright infringement.

The general feature of such TV transmitting service is that (1) a central device set by a provider receives and records^{*1} TV programs broadcast in one country which then (2) transmits the programs to its customers via the Internet, so that (3) such customers can then view the programs anywhere in the world. It must also be recognized that most of the services set a device, which is individually allocated to each customer at the provider's central place and is manipulated via remote control by each customer but not by the service provider. The service is not a mere rebroadcasting of the TV broadcast,^{*2} but is similar to the use of a DVD recorder or a video cassette recorder (VCR).

During the last several years, conclusions on this issue have varied among lower court decisions. Some lower courts denied the legality of the service by applying an overall consideration standard, so-called the *Karaoke* rule.^{*3} Because such standard allows courts to totally consider various circumstances such as the degree of *management and control* for, or *commercial benefit* from, exploitation of a copyrighted work, there has been a great deal of uncertainty so that any company which plans to introduce this kind of service cannot predict whether its business would be legal or not. In late 2009 and early 2010, the Intellectual Property High Court ("IPHC")^{*4} in *Matenki*

TV and Rokuraku II held that the service provider is not liable for copyright infringement. However, in January 2011, the Supreme Court consequently reversed the IPHC's decision and revealed its attitude against the legality of the service.

II. LEGAL FRAMEWORK FOR DECIDING LIABILITY OF INDIRECT ACTOR WHO DOES NOT DIRECTLY COMMIT COPYRIGHT INFRINGEMENT

In Japan, an indirect actor, who does not directly exploit a par-

ticular copyrighted work but is indirectly involved with it, may be liable for copyright infringement. However, because Japanese copyright law does not have an independent rule for "secondary liability" like U.S. case law,⁵ this issue has been mainly discussed through the interpretation of who commits an infringement of copyright.⁶ Most courts have applied an overall consideration standard such as the *Karaoke* rule⁷ to this issue. As a result, it is extremely difficult to predict what circumstances make a certain service legal or not. As shown in the tables below, the outcomes have varied among courts even in the same case (*See Maneki TV, Rokuraku II and Yoridorimidori*).

Table-1: Cases in Japan

Case	Court/Date	Rights at issue	Outcome	Overall consideration Standard
"Rokuga Net" Preliminary Injunction case	First instance: Tokyo D. Ct., Oct. 7, 2004	Reproduction right	Infringement	○
	Objection Ct.: Tokyo D. Ct., May 31, 2005			○
	App. Ct.: INTELL. HIGH Ct., Nov. 15, 2005			○
"Yoridorimidori" Principal case	First instance: Osaka D. Ct., Oct. 24, 2005	1. Reproduction right	Infringement*	○
	App. Ct.: Osaka HIGH Ct., June 14, 2007	2. Right of making transmittable 3. Right of public transmission	Infringement	○
"Maneki TV" Preliminary Injunction case	First instance: Tokyo D. Ct., Aug. 4, 2006	Right of making transmittable	Non infringement	○
	App. Ct.: INTELL. HIGH Ct., Dec. 22, 2006			○
"Maneki TV" Principal case	First instance: Tokyo D. Ct., June 20, 2008	1. Right of making transmittable 2. Right of public transmission	Non infringement	○
	App. Ct.: INTELL. HIGH Ct., Dec. 15, 2008			—
	Sup. Ct.: Jan. 18, 2011		infringement	—
"Rokuraku II" Preliminary Injunction case	Tokyo D. Ct., Mar. 30, 2007	Reproduction right	Infringement	○
"Rokuraku II" Principal case	First instance: Tokyo D. Ct., May 29, 2008	Reproduction right	Infringement	○
	App. Ct.: INTELL. HIGH Ct., Jan. 27, 2009		Non infringement	—
	Sup. Ct.: Jan. 20, 2011		Infringement	○

* In *Yoridorimidori*, while the district court and the high court reached the same outcome of granting injunctive relief, the district court relied on the Karaoke rule but the high court denied the application of the Karaoke rule.

Table-2: Contents of Services in Related Cases

Case	Contents of service						Outcome
	Device	Who provides the recording device?	Owner of the recording device	Management of Device	# of data at central place / # of customer(s) (D/C)	Rights at issue	
"Rokuga Net"	Original device	Service provider	Service provider (contended)	Service provider	[1 D / 1 C]	Reproduction right	Infringement
"Yoridorimidori"	Original device	Service provider	Customer	Service provider	[1 D / many Cs]	1. Reproduction right 2. Right of making transmittable 3. Right of public transmission	Infringement
"Maneki TV"	Commercially available device (Sony's "Location Free")	Customer	Customer	Service provider	[1 D / 1 C]	1. Right of making transmittable 2. Right of public transmission	Lower Ct.: Non infringement Sup.Ct.: Infringement
"Rokuraku II"	Original device	Service provider	Service provider	Service provider (contended)	[1 D / 1 C]	Reproduction right	Sup.&Dist. Ct.: Infringement App. Ct.: Non infringement

III. MANEKI TV CASE*8

1. Facts (See Figure-1)

Maneki TV is a service that enables its customers who live abroad to view Japanese TV programs. The service provider is Nagano Syōten K.K. The most characteristic feature of Maneki TV is the use of a commercially available device called “Location Free” made by Sony.*9 Location Free consists of a device called a “Base Station” which converts received TV broadcasts into digital data and transmits them to a customer’s personal viewer device through an individual customer’s remote control.*10 In Maneki TV, a customer must purchase the Location Free device on his or her own and then must deliver it to Nagano Syōten. Thus, Nagano Syōten has never provided the Location Free device to its customers.*11 Nagano Syōten only provided its office as a place to set Base Stations. Nagano Syōten did not operate any lone central server device but set multiple Base Stations delivered from each customer. The other characteristic of this service is that the Base Station has only a transmitting function and no recording function. Several major TV broadcasting companies sued Nagano Syōten, alleging that it infringed the “right of public transmission”*12 and the “right of making a work transmittable.”*13

2. Lower Court Decisions

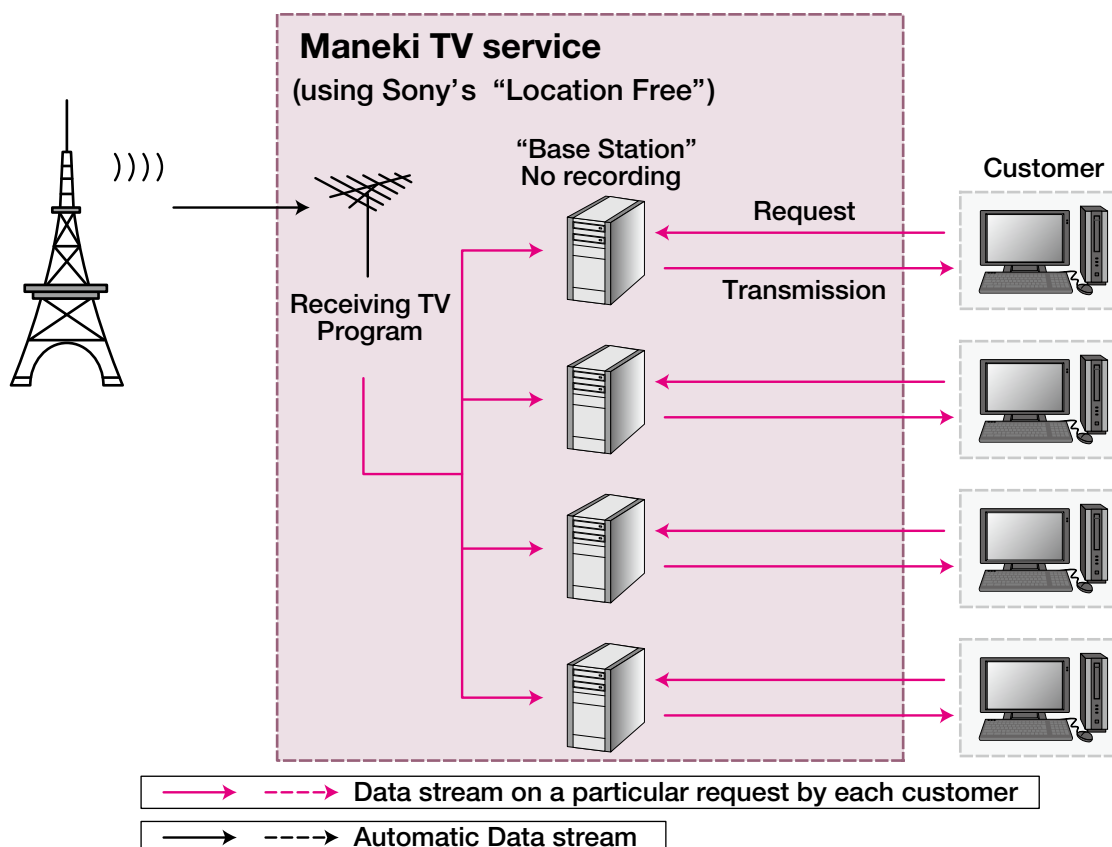
In *Maneki TV*, a total of four lower court decisions were made, both in the preliminary injunction case*14 and the principal case.*15 All lower courts concluded that Maneki TV infringed neither the “rights of making a work transmittable” nor the “right of public transmission” until the Supreme Court’s decision was rendered. The IPHC’s decision in the principal case was especially notable.

The IPHC did not directly discuss the scope of the principal committing an infringement. As to the claim of infringement of the “right of making a work transmittable,” the IPHC held that the system within Nagano Syōten’s office setting each customer’s Base Station did not constitute an “interactive transmission server”*16 because “each Base Station can only make transmission to a particular and sole private monitor or personal computer and merely has the so-called ‘1 to 1’ transmitting function.”*17

Next, as to the claim of infringement of the “right of public transmission,” the court held that the transmission from Nagano Syōten’s office to many customers through the Internet does not constitute such an infringement because:

[Nagano Syōten] not only *never decided to transmit the digital data to each user’s monitor or PC individually but*

Figure-1



also was *never involved with such a decision made by each user*. ... Whether the transmission of digital data from each Base Station to the corresponding monitor or PC of each user exists or not *depends on a decision by each user completely*.^{*18}

3. Supreme Court Decision

The Supreme Court reversed the IPHC’s decision and found that Nagano Syōten was the principal committing infringement of both the “rights of making a work transmittable” and the “right of public transmission.” The court interpreted “the principal [of “interactive transmission”] as an entity creating a state where a device at issue is capable of automatically transmitting information in response to a request from a receiver.”^{*19} Further, the court held, “if the device is connected with telecommunication networks *for public use* and information is continuously inputted on the device, an entity which inputs the information on the device should be considered as the principal of transmission.”^{*20} The court then applied such standard to Maneki TV and held that a Basestation^{*21} constitutes an “interactive transmission server” and Nagano Syōten is the principal of public transmission by emphasizing that its customer falls within *public*:

Because anyone may use [Maneki TV service] solely by entering into its service contract with [Nagano Syōten] regardless of relationship, etc. with it, the customer falls

within the *public* as an unspecified person from the viewpoint of [Nagano Syōten].^{*22}

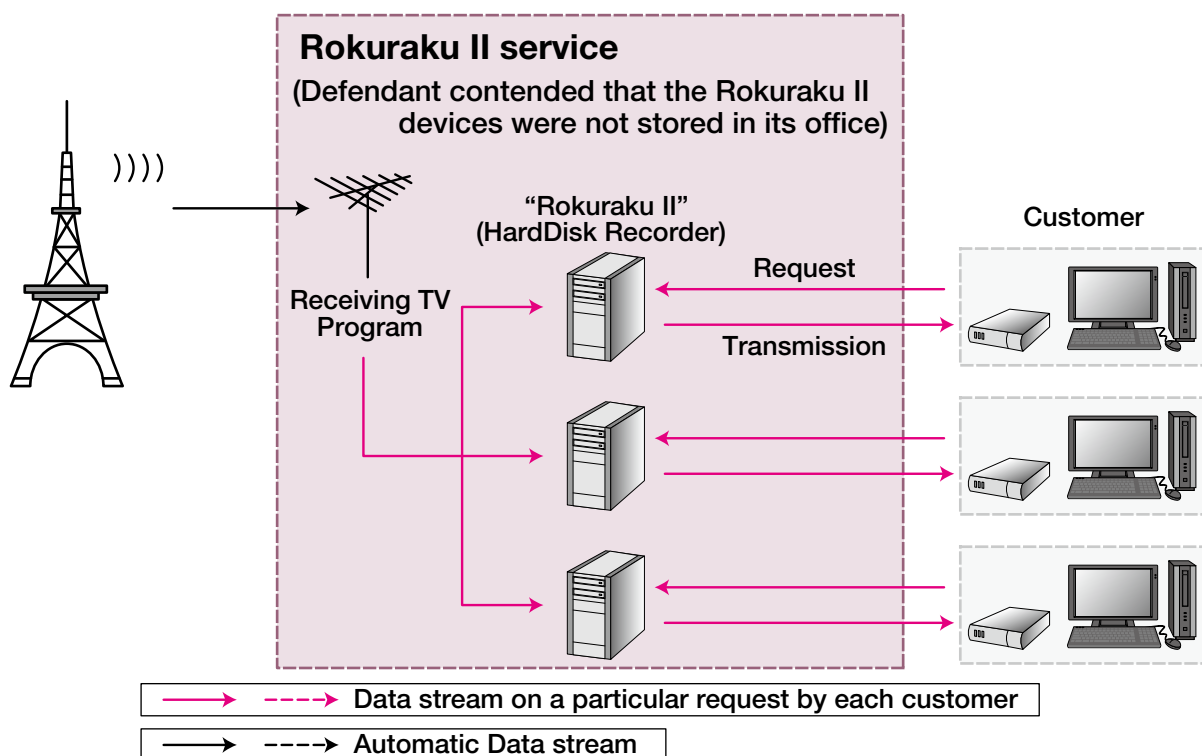
IV. ROKURAKU II CASE^{*23}

1. Facts (See Figure-2)

Rokuraku II is akin to Maneki TV on setting individual recording/transmitting devices (named “Parent Device Rokuraku,” which is equivalent to the “Base Station” in Maneki TV) allocated to each customer in the service provider’s office, except for the method used for procuring the devices. In Rokuraku II, the service provider lent to the customer its own original devices (the Parent Device Rokuraku (set in the provider’s place) together with a set-top device named “Child Device Rokuraku” (set in each customer’s home)). Furthermore, unlike the Base Station in Maneki TV, the Parent Device Rokuraku possessed both recording and transmitting functions. In the beginning, Nihon Digital Kaden K.K., the provider of Rokuraku II, started its monitoring business and placed the Parent Devices Rokuraku within its office. However, after starting regular service, it contended that the Parent Devices Rokuraku were set in a different entity’s office, and not in its own office.

Several major TV broadcasting companies sued Nihon Digital Kaden, alleging that the “reproduction right” on their TV programs and TV broadcastings was infringed.

Figure-2



2. Lower Courts Decisions

Applying the *Karaoke* rule, the Tokyo District Court in the principal case held that Nihon Digital Kaden was the principal reproducing TV programs through Rokuraku II and granted injunctive relief and monetary damages.^{*24} However, the IPHC reversed the district court's decision.^{*25} The IPHC reasoned that Rokuraku II only supported the customer's legal acts of reproduction. That is, the court held that all the customer's acts of reproduction through the Parent and Child Devices Rokuraku "should be legal as *private use* set forth in Article 30(1)^{*26} of the Japanese Copyright Act."^{*27} Then, the IPHC noted that Rokuraku II "merely provides the environment and the conditions to ease the legal reproducing acts by *the users' free will*.... Because this service provides the circumstances and the conditions, etc. for the users' legal private use, there is no room that such legal acts convert into illegal ones, and thus the reasonable benefit of [Plaintiffs] cannot be harmed even if users of Rokuraku II will increase and accumulate."^{*28} In addition, the IPHC explicitly denied applying the *Karaoke* rule.^{*29}

3. Supreme Court Decision

The Supreme Court reversed the IPHC's decision. Although not mentioning the *Karaoke* rule, it relied on the overall consideration standard. It held that, for determining the principal conducting a reproduction, the court should consider "an object and method of a reproduction", and "contents and degree of provider's involvement with the reproduction."^{*30} Then the Supreme Court held that, "in a service of enabling to obtain copied broadcasting program, the service provider constitutes a principal of the reproduction *if, under the provider's management and control*, the provider inputs the broadcast, which is received by TV antenna, in a reproducing device and then the device automatically reproduces the broadcasting program upon a customer's request of recording."^{*31} The court reasoned, "the service provider not only sets environment, etc. to merely ease the reproduction but also, *under its management and control*, receives the broadcast and inputs information of the broadcasting program to be reproduced in a reproducing device, equating to critical conduct in reproducing the broadcasting program through the reproducing device. Thus, even if the customer of the service requests to record a broadcasting program, reproduction of that program must be impossible but for the provider's conduct at the time of the reproduction. Accordingly, the service provider is deemed sufficient to be a principal committing the reproduction."^{*32}

The Supreme Court remanded the case for further judgment on who or how to *manage and control* the Parent Device Rokuraku because Nihon Digital Kaden contested that it was not set in its own office.^{*33}

V. COMMENT

Surely, the Supreme Court made the standard clearer in its disfavor of the service like Maneki TV or Rokuraku II. Under such standard, almost every similar service may be illegal in Japan. However, the Supreme Court decisions seem to over expand the copyright protection without sufficient legal justification and make the boundary of copyright law ambiguous.

For example, in *Maneki TV*, the Supreme Court seemed to hold that an *individual* Basestation constitutes an "interactive transmission server" solely because its customer may fall within the definition of "public."^{*34} Under the Japanese Copyright Act, "public" refers to unspecified people or a large number of specific persons.^{*35} However, an *individual* Basestation can transmit the data of a received TV program only to an *individual* customer. Accordingly, under the definition of "public," an *individual* Basestation itself might never constitute "an interactive transmission server."^{*36}

Also, in *Rokuraku II*, the Supreme Court still used the overall consideration standard in disfavor of the service provider by reasoning that reproduction of a TV program must be impossible but for the provider's conduct. However, if the provider makes no contribution and the customer is to act entirely by himself/herself, it is no longer a service. The court's reasoning merely states a self-evident circumstance and must be insufficient to justify its conclusion. Otherwise, we might conclude that the Supreme Court revealed an attitude whereby any service of automatically transmitting TV programs might be prohibited. But, I wonder if such an attitude favors too much the protection of content holder interests and burdens service providers trying to introduce novel and useful innovations. It might be better for the judicial body to adopt a discreet attitude in rendering such services illegal under such unclear standard.

VI. PERSPECTIVE OF COMPARATIVE LAW - U.S. CASE LAW

1. Cablevision case (See Figure-3)

In the U.S., a contrary outcome is arrived at. In 2008, the United States Court of Appeal for the Second Circuit denied copyright infringement against a similar service.^{*37} In *Cartoon Network*

v. *CSC Holdings*³⁸ (“*Cablevision*”), the defendant Cablevision was an operator of a cable television system named “Remote Storage Digital Video Recorder” (“RS-DVR”). The RS-DVR allowed its customers to record cable programming on central hard drives housed and maintained by Cablevision at its office. The customers could then play back those programs through their home television sets, using only a remote control and a standard cable box equipped with the RS-DVR software.

The plaintiffs, who owned copyrights on various movies and TV programs, alleged that Cablevision directly infringed:

- (I) reproduction rights³⁹ by recording TV program data in a buffer of the Arroyo Server;
- (II) reproduction rights by recording programs in HDs allocated for each customer; and
- (III) public performance rights⁴⁰ by transmitting the recorded program data to customers.⁴¹

The Second Circuit concluded that Cablevision was not liable for any direct infringement. As to the issue (I), the Second Circuit held that Cablevision did not infringe the reproduction right by buffering the TV program data because “[n]o bit of data remains in any buffer for more than a fleeting 1.2 seconds” and “each bit of data here is rapidly and automatically overwritten as soon as it is processed.”⁴² As to the issue of

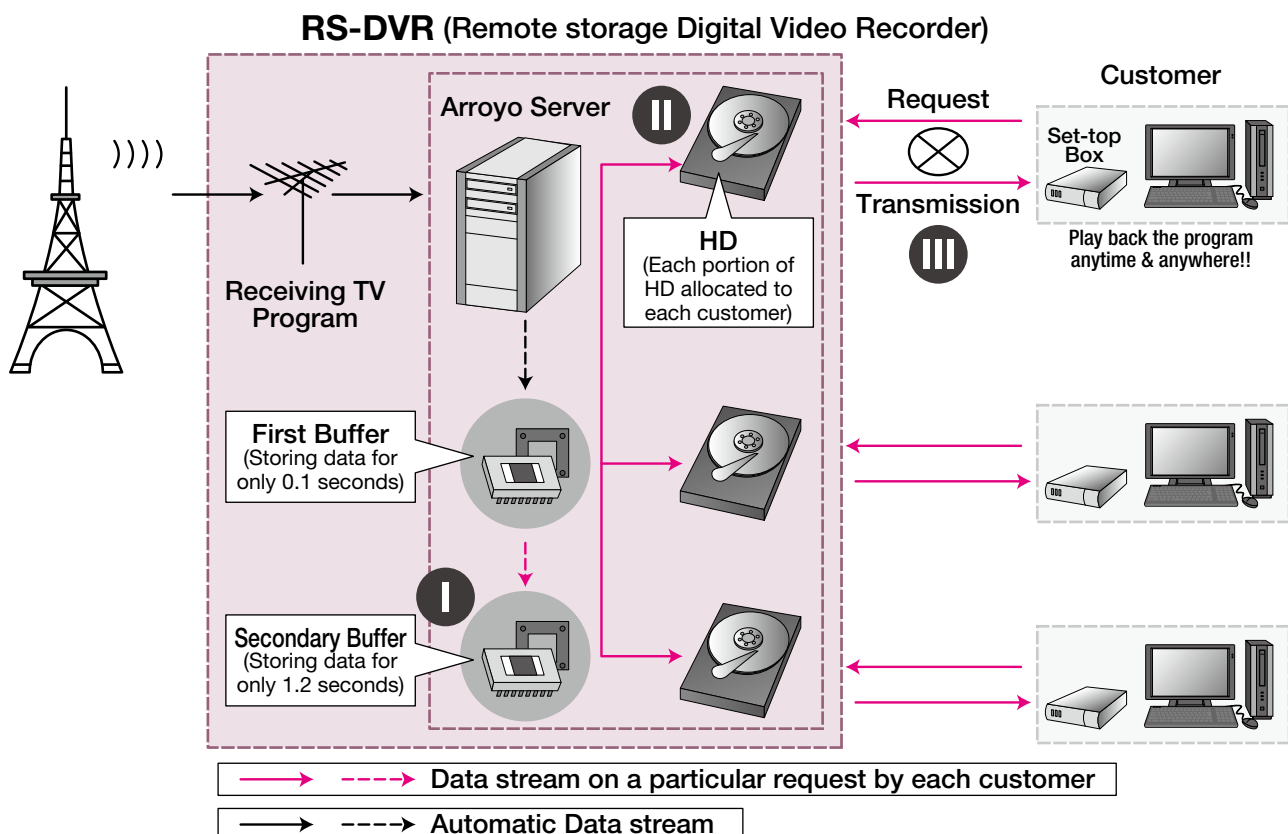
(II), the court required a *volitional* conduct of exploitation of a specific copyrighted work in order to establish direct infringement. Then, it concluded that Cablevision did not infringe the reproduction right because it did not commit any *volitional* conduct in recording the specific copyrighted TV programs on the hard disks of the Arroyo Server. The court held that each customer carried out the *volitional* conduct by “ordering that system to produce a copy of a specific program.”⁴³ Finally, as to the issue of (III), the court held, “[b]ecause each RS-DVR playback transmission is made to a single subscriber using a single unique copy produced by that subscriber, we conclude that such transmissions are not performances ‘to the public,’ and therefore do not infringe any exclusive right of public performance.”⁴⁴

Later in 2009, the U.S. Supreme Court denied certiorari.⁴⁵

2. Comparison with the Japanese Supreme Court decisions in *Maneki TV* and *Rokuraku II*

Like *Maneki TV*, RS-DVR transmits the data of TV programs to the customers through the Arroyo Server, a central server at Cablevision’s office, corresponding to Basestation in *Maneki TV*. Thus, if *Cablevision* was litigated in Japan, RS-DVR might constitute infringement of the right of public transmission and the right of making a work transmittable under the

Figure-3



Supreme Court's decision in *Maneki TV*.

Unlike *Rokuraku II*, the RS-DVR does not have devices allocated to each individual customer but instead has a central hard drive recording/transmitting the data of TV programs to multiple customers. As a result, it seems to have stronger *management/control* on reproducing conduct through Arroyo Server than that of Parent Device *Rokuraku*. Thus, if *Cablevision* was litigated in Japan, RS-DVR might constitute infringement of the reproduction right under the Supreme Court decision in *Rokuraku II*.

Because the outcome in Japan might be contrary to that in the U.S., a service provider must note and be aware of the difference in legality for services automatically transmitting TV programs upon individual customer requests.

- *1 Some services do not have a function of recording TV programs by using a central device but merely transmit them to the customer such as *Maneki TV*.
- *2 Rebroadcasting constitutes infringement of a neighboring right of broadcasting organizations. Chosakuken Hō [Japanese Copyright Act], Law No. 48 of 1970, art. 99(1), *translated in CHOSAKUKEN KANKEI HŌREI DĒTA BĒSU [COPYRIGHT-RELATED LAW DATABASE]* (Copyright Research and Information Center (CRIC)) *available at* http://www.cric.or.jp/cric_e/clj/clj.html (Following the same). Also, rebroadcasting might be infringement of copyright(right of public transmission). *Id.* art. 23(1).
- *3 *See infra* note 7.
- *4 The Intellectual Property High Court is one of the courts of appeal in Japan. It "was established on April 1, 2005 as a court specializing in intellectual property cases, which consists of the Special Division to deal with Grand Panel cases and other four divisions." *available at* <http://www.ip.courts.go.jp/eng/aboutus/current.html>.
- *5 Although the U.S. Copyright Act (Title 17 of U.S. Code) does not have any statutory provision for secondary liability, there are three categories of well-established secondary liability theory under case law: vicarious liability, contributory liability and inducement liability.
- *6 Article 112 of the Japanese Copyright Act provides, "[a]gainst those who infringe or are likely to infringe the moral rights of authors, copyright, right of publication, moral rights of performers or neighboring rights, the author, the performer or the owner of a copyright, right of publication or neighboring rights may make a demand for cessation or prevention of such infringements." Japanese Copyright Act, art. 112(1).
- *7 The *Karaoke* rule was originally adopted to decide whether a manager of a traditional Japanese Karaoke bar is liable for infringement of the "right of performance" on copyrighted musical works when it provides occasions for its customers to perform them at the bar. The customer himself might be a direct infringer. However, copyright holders wished to charge the manager of such a Karaoke bar instead of the individual customers for efficient enforcement. Thus, the establishment of a copyright infringement claim against a Karaoke bar manager was discussed. The Supreme Court in the *Club Cat's-eye* case adopted this rule and held a manager of a Karaoke bar liable. *JASRAC v. Ju San Fou*, 1270 HANREI JIHŌ 34, 35-36 (Sup. Ct., Mar. 15, 1988).
- *8 Preliminary injunction case [First instance]: Nihon Terebi Hōsō Mō K.K. v. Nagano Syōten, 1234 HANREI TAIMUZU 278 (To-

kyo D. Ct., Aug. 4, 2006).

Preliminary injunction case [Appellate instance]: Nihon Terebi Hōsō Mō K.K. v. Nagano Syōten K.K., *available at* <http://www.courts.go.jp/hanrei/pdf/20061222154234.pdf> (INTELL. HIGH Ct., Dec. 22, 2006).

Principal case [First instance]: Nihon Hōsō Kyōkai v. Nagano Syōten K.K., *available at* <http://www.courts.go.jp/hanrei/pdf/20080623111341.pdf> (Tokyo D. Ct., June 20, 2008).

Principal case [Appellate instance]: Nihon Hōsō Kyōkai v. Nagano Syōten K.K., *available at* <http://www.courts.go.jp/hanrei/pdf/20081216170214.pdf> (INTELL. HIGH Ct., Dec. 15, 2008).

Principal case [Supreme Court]: Nihon Hōsō Kyōkai v. Nagano Syōten K.K., *available at* <http://www.courts.go.jp/hanrei/pdf/20110118164443.pdf> (Sup. Ct., Jan. 18, 2011).

- *9 <http://www.sonymstyle.com/webapp/wcs/stores/servlet/ProductDisplay?storeId=10151&catalogId=10551&langId=-1&productId=8198552921665185950>.
- *10 A customer can substitute his own personal computer connected to the Internet for the personal viewer device.
- *11 Nagano Syōten merely posted an Internet link to Sony's Web site, which introduces Location Free, on its own homepage.
- *12 Japanese Copyright Act, art. 23(1). Article 2(1)(viiibis) of the Japanese Copyright Act defined "public transmission" as "the transmission of radio communication or wire-telecommunication intended for direct reception by the public, excluding the transmission (other than that of program works) by telecommunication installations, one part of which is located on the same premises where the other part is located or, if the premises are occupied by two or more persons, both parts of which are located within the area therein occupied by one person." (emphasis added).
- *13 *Id.* art. 23(1), 99bis. Article 2(1)(viiibis) of the Japanese Copyright Act defined "making transmittable" as "the putting in such a state that the interactive transmission can be made by either of the following acts:
(a) to record information on public transmission memory of an interactive transmission server already connected with telecommunication networks for public use ("interactive transmission server" means a device which, when connected with telecommunication networks for public use, has a function of making the interactive transmission of information which is either recorded on such a part of its memory as used for the interactive transmission (hereinafter in this item referred to as "public transmission memory") or inputted to such device; the same shall apply hereinafter), to add a memory recording information as a public transmission memory of such an interactive transmission server, to convert such a memory recording information into a public transmission memory of such an interactive transmission server, or to input information to such an interactive transmission server;
(b) to connect with telecommunication networks for public use an interactive transmission server which records information on its public transmission memory or which inputs information to itself. In this case, where a connection is made through a series of acts such as wiring, starting of an interactive transmission server or putting into operation of programs for transmission or reception, the last occurring one of these acts shall be considered to constitute the connection."
- *14 A petitioner of "preliminary injunction" may seek only interim injunction against an infringer.
- *15 A plaintiff may seek both permanent injunction and monetary damage.
- *16 *See supra* note 13.
- *17 *Maneki TV*, <http://www.courts.go.jp/hanrei/pdf/20081216170214.pdf>, at 25-26 [Appellate instance of principal case].
- *18 *Id.* at 31-32(emphasis added).
- *19 *Maneki TV*, <http://www.courts.go.jp/hanrei/pdf/20110118164443.pdf>, at 5 [Supreme Court of principal case].
- *20 *Id.* (emphasis added).

- *21 The Supreme Court stated held “each” Basestation but the collection of all customers’ Basestations at the Nagano Syōten’s office. Thus, we can understand that the Supreme Court held that *individual* Basestation constitutes an “interactive transmission server.”
- *22 *Maneki TV*, <http://www.courts.go.jp/hanrei/pdf/20110118164443.pdf> at 5 [Supreme Court of principal case] (emphasis added).
- *23 Preliminary injunction case: Tokyo Hōsō K.K. v. Nihon Digital Kaden K.K., *available at* <http://www.courts.go.jp/hanrei/pdf/20070330182742.pdf> (Tokyo D. Ct., Mar. 30, 2007). Principal case [First instance]: Nihon Hōsō Kyōkai v. Nihon Digital Kaden K.K., 2029 HANREI JIHŌ 125 (Tokyo D. Ct., May 29, 2008). Principal case [Appellate instance]: Nihon Hōsō Kyōkai v. Nihon Digital Kaden K.K., *available at* <http://www.courts.go.jp/hanrei/pdf/20090224172114.pdf> (INTELL. HIGH Ct., Jan. 27, 2009). Principal case [Supreme Court]: Nihon Hōsō Kyōkai v. Nihon Digital Kaden K.K., *available at* <http://www.courts.go.jp/hanrei/pdf/20110120144645.pdf> (Sup. Ct., Jan. 20, 2011).
- *24 *See Rokuraku II*, 2029 HANREI JIHŌ at 146-150 [First instance of principal case].
- *25 *Rokuraku II*, <http://www.courts.go.jp/hanrei/pdf/20090224172114.pdf>, at 33 [Appellate instance of principal case].
- *26 The Japanese Copyright Act has no general exception rule like the fair use exception in the U.S. However, there are explicit enumerated limitation provisions depending on the kind of bundled rights and exploitations. One such limitation is the *private use* limitation for the “reproduction right” that exempts liability for reproducing a copyrighted work for the purpose of *private use*;
- Article 30. (1) It shall be permissible for a user to *reproduce* by himself/herself a work forming the subject matter of copyright... *for the purpose of his/her personal use, family use or other similar uses within a limited circle* (hereinafter referred to as “*private use*”)....
- *27 *Rokuraku II*, <http://www.courts.go.jp/hanrei/pdf/20090224172114.pdf>, at 31-32 (emphasis added) [Appellate instance of principal case].
- *28 *Id.* at 32 (emphasis added).
- *29 *Id.* at 33.
- *30 *Rokuraku II*, <http://www.courts.go.jp/hanrei/pdf/20110120144645.pdf>, at 4 [Supreme Court].
- *31 *Id.* at 3-4.
- *32 *Id.* at 4.
- *33 *Id.*
- *34 *Maneki TV*, <http://www.courts.go.jp/hanrei/pdf/20110118164443.pdf>, at 5 [Supreme Court of principal case].
- *35 Japanese Copyright Act, art. 2(5) (defining that “‘the public’ includes a large number of specific persons”).
- *36 In this regard, the IPHC correctly understood what was the matter. The IPHC analyzed whether the entire system of Maneki TV including a collection of all the Basestations at the office constitutes an “interactive transmission server” as well as whether an *individual* Basestation does or does not (finally, denying both). The IPHC correctly held that an *individual* Basestation transmits the data only to an *individual* customer and other customers never access that Basestation, and that thus an *individual* Basestation might not constitute “an interactive transmission server” as set forth in Article 2(1)(vii)bis of the Japanese Copyright Act. *Maneki TV*, <http://www.courts.go.jp/hanrei/pdf/20081216170214.pdf>, at 25-27 [Appellate instance of principal case].
- *37 In the U.S., such service is sometimes called “placeshifting,” as an analogue of “timeshifting” discussed in *Sony Corporation of America v. Universal City Studios*, 464 U.S. 417 (1984). In *Sony*, the issue was whether or not the defendant Sony was liable for contributory infringement by producing and selling “Betamax” video tape recorders and the Court denied its liability by emphasizing the “time-shifting” function of Betamax as the “substantial noninfringing use.” *Id.* at 442. “Timeshifting” means that a user of Betamax can record TV programs and view them later; that is, a user can view the TV program in a *timeshifting* way, instead of viewing the program in real time. By contrast, in “placeshifting,” a user can view TV programs not only in his/her own home but also anywhere in the world as long as he/she is connected to the Internet. Namely, a placeshifting user may select the *place* to view TV programs. That is why it is known as “placeshifting.” There are some placeshifting service providers such as Sling Media (Product: “Slingbox”), SageTV, LLC (Product: “SageTV Placeshifter”), Orb Networks (Service: “MyCasting”), and Sony (Product: “LocationFree”). Mr. Jason Krikorian, one of the founders of Sling Media Inc., introduced its product “Slingbox” as a “placeshifting” product at the hearing of U.S. Congress. *See* Digital Content and Enabling Technology: Satisfying the 21st Century Consumer: Hearing Before the Subcomm. on Commerce, Trade, and Consumer Protection of the H. Comm. on Energy and Commerce, 109th Cong. 15 (2006).
- *38 *Cartoon Network v. CSC Holdings*, 536 F.3d 121 (2d Cir. 2008), cert. denied, 129 S. Ct. 2890 (2009).
- *39 “[T]he exclusive right[...] to reproduce the copyrighted work in *copies* or phonorecords” 17 U.S.C. §106(1) (emphasis added). In order to understand what constitutes infringement of a reproduction right, we must view the U.S. Copyright Act’s definitions of “*copies*” and “*fixed*.” “*Copies*” is defined as “material objects, other than phonorecords, in which a work is *fixed* by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “copies” includes the material object, other than a phonorecord, in which the work is first fixed.” *Id.* §101(emphasis added). Further, the Act defines that “A work is ‘*fixed*’ in a tangible medium of expression when *its embodiment* in a copy or phonorecord, by or under the authority of the author, is *sufficiently permanent or stable* to permit it to be perceived, reproduced, or otherwise communicated for a *period of more than transitory duration*.” *Id.* (emphasis added).
- *40 “[T]he exclusive right[...] in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted *work publicly*.” *Id.* §106(4)(emphasis added). “To perform or display a work ‘*publicly*’ means ... (2) to *transmit* or otherwise communicate a performance ... of the work ... *to the public*, by means of any device or process, whether the members of the public capable of receiving the performance ... receive it in the same place or in separate places and at the same time or at different times.” *Id.* § 101 (emphasis added).
- *41 Interestingly, the parties voluntarily limited the issue only to direct infringement. Prior to filing a lawsuit, through mutual bargaining, the plaintiffs agreed not to argue secondary liability. In consideration, Cablevision agreed not to argue a fair use defense. Their intention was to “use this case to ‘set a standard for copyright protection in the marketplace of automated access to and delivery of copyrighted works.’” Brief for the United States as Amicus Curiae at 11, *Cable News Network v. CSC Holdings*, 129 S. Ct. 2890 (2009) (No. 08-448).
- *42 *Cablevision*. 536 F.3d. at 129-130.
- *43 *Id.* at 131.
- *44 *Id.* at 139.
- *45 *Cable News Network v. CSC Holdings*, 129 S. Ct. 2890 (2009).

Naoya Isoda (Mr.)

Attorney-at-Law of the Law Division

Fees for Patent Examination Requests to Be Revised Lower

Japan Patent Office (JPO) announced that the official fee for request for examination of the patent is revised. The information provided by JPO on July 2011 is as below:

We wish to inform you that the fees for patent examination requests will be revised lower effective August 1st, 2011 in accordance with the Cabinet Order Established to Revise Fees Stipulated in Patent Laws. This Order was approved in a Cabinet meeting held on July 8, 2011. As a result, patent examination fees will be reduced on average from the current 200,000 yen or so to approximately 150,000 yen (a 25% reduction). Below is a table listing the current fees and the revised fees.

1. List of Current and Revised Fees for Patent Examination Requests (Summary of the full text)

· Patent Examination Fees

(For patent applications filed in and after 1988)

	Revised Fees	Current Fees
Regular Patent Applications	JPY 118,000+No. of Claims×JPY 4,000	JPY 168,600+No. of Claims×JPY 4,000
IPA's for which the JPO served as the ISA making the ISR	JPY 71,000+No. of Claims×JPY 2,400	JPY 101,200+No. of Claims×JPY 2,400
IPAs for which an office other than the JPO served as the ISA making the ISR	JPY 106,000+No. of Claims×JPY 3,600	JPY 151,700+No. of Claims×JPY 3,600

Abbreviations:

IPA: International Patent Application
ISA: the International Searching Authority
ISR: the International Search Report
JPO: Japan Patent Office

2. Eligibility of the Revised Fees

- ▶ The revised fees will be eligible for patent examinations requested on and after August 1, 2011.
- ▶ The current fees still will be collected for patent examinations made prior to August 1, 2011.

Note that the current fees will be collected for the following

patent examinations, regardless if the fees are paid on or after August 1, 2011.

- For Patent Examinations requested before August 1, 2011, even if the patent examination has to be amended, re-filed, and paid after August 1, 2011 because of incomplete paperwork at the time of the original request (based the Article 17(3)(iii) of the Patent Law).

Takako Koiso (Ms.)

Patent Attorney of the Patent Division

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