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## Law Partially Amending the Copyright Law

(Law No. 122 of December 22, 2006)

### 1. Introduction

The *Law Partially Amending the Copyright Law* was passed during the 165th extraordinary session of the Diet and promulgated as Law No. 122 on December 22, 2006 (the "2006 Revised Law").

The main features of the 2006 Revised Law are: 1) promoting the smooth dissemination of simultaneous retransmission of broadcasting (limitations of rights of performers and producers of phonograms in simultaneous retransmission<sup>1</sup> by IP multicast broadcasting<sup>2</sup>); 2) reviewing the definitions and expanding the limitations on rights in response to informatization, etc. (the authorization to reproduce for backup during digital equipment maintenance and repair); and 3) securing the effectiveness of copyright protection (strengthening measures against import and the penalties for copyright infringement).

The 2006 Revised Law will take effect on July 1, 2007; however the portion relating to item 1) above will do so 20 days later, commencing from the date of promulgation.

### 2. Promoting Smooth Dissemination of Simultaneous Retransmission of Broadcasting (Article 102(3), etc.)

#### 2.1. Background

##### a. Broadcasting Organizations and Wire Broadcasting Organization under the *Copyright Law*

Currently IP multicast broadcasting is conducted by enterprises registered under the *Law Concerning Broadcast on Telecommunications Services* as "enterprises engaging in broadcast on telecommunication services"). Such enterprises are not "broadcasting organizations" under the

#### *Copyright Law.*

Broadcasting under the *Copyright Law* means "public transmission involving a transmission transmitted by wireless communication intended for simultaneous reception of identical content by the public" (Article 2(1)(xiii)). Those who engage in the broadcasting business are "broadcasting organizations" under the *Copyright Law* (Article 2(1)(ix)). With respect to wire broadcasting, the term "wireless communication" in the definition of broadcasting is replaced by "wire telecommunication" (Article 2(1)(ix bis) and (ix ter)). IP multicast broadcasting is similar to wire broadcasting in that identical content is simultaneously transmitted to IP stations. However, "simultaneous reception of identical content" is not carried out because only programs selected by a user are distributed to the user from the equipment in the IP station. Therefore, IP multicast broadcasting does not fall within the *Copyright Law's* category of wire broadcasting, but rather within "automatic public transmission" (public transmission made automatically in response to a request from the public: Article 2(1)(ix quater).

##### b. Status of Broadcasting Organizations and Wire Broadcasting Organizations under the *Copyright Law*

Under the *Copyright Law*, various favorable statuses are granted to broadcasting organizations and wire broadcasting organizations, given their important role in communicating copyrighted works. For example, in making broadcasts, the rights of performers and of producers of commercial phonograms are limited.

First, in making simultaneous retransmission, broadcasting organizations and wire broadcasting organizations do not have to obtain the authorization of, or pay remuneration to, performers and producers of commercial phonograms. In other words, the right of making transmittable<sup>3</sup> of performers, etc., is limited. On the other hand, in the case of automatic public transmission, as a general rule the authorization of performers and producers of commercial

phonograms is necessary. (Table 1)

Since IP multicast broadcasting falls within the category of automatic public transmission, the authorization of performers, etc., is required. However, it sometimes may be difficult to obtain authorization from all performers appearing in one program, and such difficulty is an obstacle to the terrestrial distribution of content.

Next, in the case of independent broadcasting, where an enterprise broadcasts content created by itself, broadcasting organizations and wire broadcasting organizations may freely broadcast sound or visually recorded performances made with authorization (Article 92 (2) (ii)(a)), and in the case of broadcasting of commercial phonograms, the payment of secondary use fees is sufficient (Articles 95 and 97). On the other hand, in the case of IP multicast broadcasting, the authorization of performers, etc., is required, as is the case with simultaneous retransmission (Articles 92 *bis* (1) and 96 *bis*).

- c. Commencement of Terrestrial Digital Broadcasting  
Analog terrestrial broadcasting will cease in the year 2011, with a complete shift to digital broadcasting. Furthermore, simultaneous retransmission by IP multicast broadcasting has been proposed for areas where terrestrial digital broadcasting cannot reach (*Secondary Interim Report of the Information and Communications Council of the Ministry of Internal Affairs and Communications*). In addition, since simultaneous retransmission of terrestrial broadcasting by IP multicast broadcasting was scheduled to begin in December 2006, prompt revision of the law has been desired.
- d. Integration of telecommunications and broadcasting  
With recent developments in telecommunications technology, business operations similar to broadcasting have been realized by distributing data via communication lines. Considering such developments in telecommunications technology, an Advisory Panel on Telecommunication and Broadcasting, which was organized by Heizo Takenaka, former Minister of Internal Affairs and Communications and functioned from December 2005 through June 2006 (the so-called "Takenaka Advisory Panel"), required that

IP multicast broadcasting not be treated unfavorably under the *Copyright Law* and proposed a radical revision of the *Copyright Law* in accordance with the diversification of transmission lines.

**2.2. New Article 102(3) (limitation of performers' right to make transmissible)**

The outline of Article 102(3), newly introduced by the 2006 revision, is as follows:

- 1) A performance that is protected by neighboring rights and is broadcasted,
- 2) for the purpose of being received solely in the broadcasting service area of such broadcasting,
- 3) may be made transmittable (but only provided the information is input into an automatic public transmission server already connected with telecommunications networks for use by the public),
- 4) Provided, however, that this shall not apply if it infringes the rights relating to such broadcasting stipulated in Article 99 *bis*<sup>4</sup>.

The following section explains items 1) to 4).

- 1) "a performance that ... is broadcasted." (subject of transmission)  
The expression "that is broadcasted" not "that was broadcasted" excludes the broadcasting of performances broadcasted in the past and stored, and only includes simultaneous retransmission.
- 2) "the broadcasting service area" (the regional requirement)  
"For the purpose of being received 'solely' in the broadcasting service area of such broadcasting" means that all recipients receive it within the broadcasting service area. The term "broadcasting service area" is the area designated by the Minister of Internal Affairs and Communications under the *Broadcast Law*. The Minister of Internal Affairs and Communications specifies the area such that it is reasonable that the same broadcast programs are simultaneously received in the area. If not covered by the provisions of the *Broadcast Law*, it is the "service area" stipulated in the *Radio Law*.  
Technically, it is possible to distribute content nationwide

**Table 1 Relation of rights to simultaneous retransmission before and after the revision of the law**

	Wire diffusion		Automatic public transmission	
	Before revision	After revision	Before revision	After revision
Author	Right to authorize (Art.23)	Right to authorize (Art. 23)	Right to authorize	Right to authorize
Performer	Authorization not required, no right to remuneration (Art. 92(2)(i))*	Authorization not required, right to remuneration (Art. 94 <i>bis</i> )**	Authorization required (Art. 92 <i>bis</i> )***	Authorization not required (Art. 102(3)), right to compensation (Art. 102(4))
Producer of commercial phonograms	Authorization not required, no right to remuneration (Art. 97(1))	Authorization not required, right to secondary use fees (Art. 97(1))	Authorization required (Art. 96 <i>bis</i> )	Authorization not required (Art. 102(3)), right to compensation (New Art. 102(5))

\* Art. 95(1) for sound recording of commercial phonograms with authorization

\*\* Art. 95(1) for the right to secondary use fees of sound recordings of commercial phonograms with authorization.

\*\*\* Based on the right of making transmittable.

without limiting the area in the input-type automatic public transmission (3). Nonetheless, Article 102(3) imposes a regional requirement. This regional requirement has the following meaning:

First, Article 102(3) does not apply to any broadcasting whose “broadcasting service area” or “service area” cannot be assumed. This type of broadcasting includes broadcasting with weak radio waves for which not even a license under the *Radio Law* is required. Therefore, Article 102(3) does not permit an evasive method of simultaneous retransmission through accepting weak radio broadcasting by an individual person. Second, Internet transmission made by an individual person cannot as a practical matter be subject to Article 102(3) because in general it is difficult for Internet transmissions made by individual persons to be simultaneously transmitted solely to the broadcasting service area of the original broadcasting. As a result, it fails to meet the regional requirement. Third, since the service area of simultaneous retransmission and the “broadcasting service area” of terrestrial broadcasting are the same and the authorization of a broadcasting organization for simultaneous retransmission is required under Article 99 *bis* of the *Copyright Law*, simultaneous retransmission under Article 102(3) fulfills a role complementary to terrestrial broadcasting.

### 3) Input-type automatic public transmission

The manner of transmission subject to Article 102(3) is limited to “input-type” automatic public transmission (for example, streaming-type transmission; see text in brackets of the main clause of Article 102(3)). IP multicast broadcasting falls within input-type automatic public transmission. On the other hand, Article 102(3) does not apply to a stored-type automatic public transmission (the transmission, upon the request of a user, of information stored on a server, such as video-on-demand).

### 4) Authorization of broadcasting organizations

For simultaneous retransmission of a broadcast, it is necessary to obtain the authorization of the broadcasting organization that originally made such broadcast.

Persons other than IP multicast broadcasting organizations can be subject to Article 102(3) by its literal terms. However, it is also expected that the authorization of the broadcasting organization cannot be obtained, and therefore Article 102(3) would not be applied in practice.

### 2.3. New Article 102(4) (Compensation for limitation on New Article 102(3))

Based on new Article 102(3), a performer’s right of making transmittable is limited and the performance can be transmitted without the authorization of the performer. As compensation for this, new Article 102(4) grants to performers the right to claim reasonable compensation.

### 2.4. New Article 102(5) (Limitation on rights of producers of phonograms)

New Articles 102(3) and (4) apply *mutatis mutandis* to exploitation of phonograms. Therefore, the right of making transmittable of producers of phonograms is limited, and the producers of phonograms acquire instead the right to compensation.

### 2.5. Right to remuneration of performers and producers of phonograms as against wire broadcasting organizations (Articles 94 *bis*, 95 and 97)

Conventionally, wire broadcasting organizations did not have to obtain the authorization of, or pay remuneration to, performers and producers of phonograms regarding simultaneous retransmission. (Table 1) However, since the right to compensation is granted to performers, etc., in the case of IP multicast broadcasting (new Articles 102(4) and (5)), to assure fair treatment of wire broadcasting and IP multicast broadcasting, wire broadcasting organizations are required to pay remuneration to performers, etc.

Therefore, the right to remuneration (Article 94 *bis*) or the right to secondary use fees (Articles 95(1) and 97(1)) are granted to performers and producers of phonograms.

## 3. Reviewing Definitions and Expanding Limitations on Rights in Response to Informatization, etc.

### 3.1. Exclusion of wireless LAN transmission on the same premises from public transmission

The public transmission right does not extend to the transmission by wire-telecommunication installations located on the same premises (wired LAN) (text in brackets of Article 2 (xii *bis*)). On the other hand, while the public transmission right covers wireless LAN, there is no reason to treat wireless LAN differently from wired LAN, and wireless LAN technology has recently progressed and spread significantly.

Therefore, the 2006 revision expanded the scope of public transmission to include wireless LAN.

### 3.2. Temporary Reproduction for Backup Purpose, etc.

With the spread of digital equipment incorporating mass storage media, such as mobile phones and iPods, it has been required to restore content stored in a storage medium to its original state during maintenance and repair of such equipment. However, under the then-existing *Copyright Law* it was likely that backup during maintenance and repair would be construed as constituting reproduction and infringing the copyright owner’s reproduction right.

Consequently, the 2006 Revised Law has made it possible to temporarily store content in another medium during maintenance or repair and to transfer it back to the original medium after the maintenance or repair, without obtaining the authorization of the copyright holder (Article 47 *ter*(1)). The same applies in the case of replacement of equipment due to its initial failure (Article 47 *ter*(2)).

However, it should be noted that these provisions do not apply to renewal of equipment, such as replacement by purchase. For example, the reproduction by transferring content stored in original equipment to new equipment purchased falls outside of the provision of Article 47 *ter*.

### 3.3. Reproduction during patent examination and pharmaceutical administrative procedures

In the past, during a patent examination, if an examiner made a copy of a document and presented it to an applicant or if an applicant filed a copy of a document as an attachment, it was considered that the authorization of a copyright owner was necessary. The pharmaceutical administration had the same problem in a pharmaceutical application of the Ministry of Health, Labor and Welfare.

Therefore, Article 42(2) was introduced to allow a copy of a document to be made without the authorization of the copyright owner when an administrative agency provides or is provided a document in a patent examination or pharmaceutical administrative procedure.

## 4. Securing the Effectiveness of Copyright Protection

### 4.1. Addition of export or possession for export to acts to be considered infringement

In the 2006 Revised Law, export as a business and possession for export as a business of infringing products have been added to the list of acts considered infringement (Article 113(1)(ii)). For example, acts such as possession for export of a movie recorded in Japan without permission, or sending such a movie to a small number of specific people living abroad, are considered infringement.

Because of this revision, export is comprehensively considered to constitute infringement and strengthening of control over counterfeits and piracy by customs is anticipated.

Other industrial property right laws, such as the *Patent Law* and the *Trademark Law*, experienced similar revision in 2006.

### 4.2. Stricter penalties

Since copying of works has become easier due to recent technical innovations and the damage due to copyright infringement has increased, penalties for infringement of copyright, right of publication, and neighboring rights have been raised to a degree equivalent to those in the *Patent Law*, the *Design Law* and the *Trademark Law* (Article 119(i)).

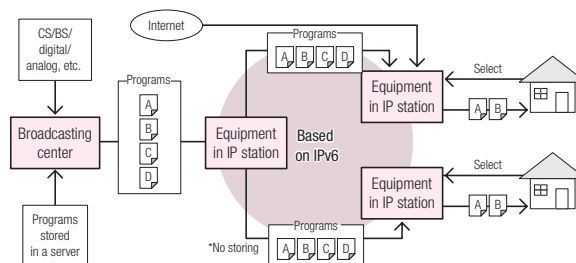
## 5. Conclusion

The new Article 102(3) only covers simultaneous retransmission of input-type automatic public transmission. The 2006 Revised Law deferred revisions on stored-type automatic public transmission and independent broadcasting. It is considered that further discussion should be held on the extent to which favorable status should be given to wire broadcasting organizations under the *Copyright Law* and how broadcasting and wire broadcasting should be defined, as well as how independent broadcasting should be handled.

The 2006 Revised Law also deferred revisions to the private copying royalty system (Article 30(2)). Since the current Article 30(2) is considered not to cover equipment incorporating hard disks, such as iPods, no royalty arises as to such equipment. Revision of this royalty system will be discussed further.

<sup>11</sup> IP multicast broadcasting is a type of broadcasting using Internet protocol and refers to broadcasting simultaneously transmitting an IP packet (corresponding to content) to multiple network terminals via one transmission. This method has the advantage of effectively distributing an IP packet since, with one transmission of the IP packet, it is reproduced in a router in a communication path and distributed to multiple receiving terminals. Compared to multicasting, the method of transmitting multiple IP packets to each address is called unicasting.

[Outline drawing of IP multicast broadcasting]



(Cited from the Report of the Legislative Subcommittee in Copyright Panel in Cultural Council (regarding IP multicast broadcasting and penalties and control))

The features of IP multicast broadcasting are: 1) the technology used is Internet technology but, differing from the normal Internet, the distribution is made using a controlled network (a closed network), 2) all programs are transmitted from a broadcasting center to the equipment in an IP station, and 3) programs selected by a user are only distributed from the equipment in the IP station to the user. In the eyes of users, they can enjoy services similar to those in CATV.

<sup>2</sup> This is to receive broadcasting and immediately retransmit it. For example, a CATV company receives terrestrial broadcasting and broadcasts it via CATV during the same hours as the terrestrial broadcasting.

<sup>3</sup> This is an exclusive right to execute a so-called upload to the network.

<sup>4</sup> They are rights of rebroadcasting and wire broadcasting held by broadcasting organizations.

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## Patent Law Revision to Take effect in 2007

Last year, in an article entitled “Revision of the *Patent Law* Scheduled in 2006” (Vol. 19, *YUASA and HARA Intellectual Property News* (May, 2006) p. 8-12), we analyzed the draft patent law revision that the Japan Patent Office had released on March 7, 2006. The Diet subsequently passed the revision on June 1, 2006, and several days later, on June 7, it was promulgated. We now look more closely at the highlights of the new revision. Readers may wish to consult the previous article when reading this one.

### Summary of the revision highlights

(references in parentheses refer to the revised patent law)

The revision:

- (1) Relaxes a requirement of the period for filing a divisional application (Art. 44, par. 1);<sup>1</sup>
- (2) Restricts an amendment of a claim of a divisional application (Art. 50bis)
- (3) Prohibits “scope-shifting amendments” (Art. 17bis, par. 4);
- (4) Extends the term for filing a Japanese translation of an English-language application (Art. 36bis, par. 2); and
- (5) Reinforces protection of patent right (Art. 2, par. 3, Art. 101, Art. 196, Art. 196bis, and Art. 201)

### 1. Relaxing the requirement of the term to file a divisional application (Art. 44, par. 1)

#### 1.1. Problems of the term to file a divisional application under the current patent law

Under the current patent law, the period for filing a divisional application is the same as that for filing an amendment. That is:

- i) the period starting from the filing date of an application to the issuance date of a first office action, or, if no office action against an application is issued, to the issuance date of a notice of allowance;
- ii) the term for filing a response to an office action issued against an application; and
- iii) the term within 30 days from the date of filing a notice of appeal against a final rejection (Art. 44, par. 1, and Art. 17bis, par. 1 of the current Japanese *Patent Law*).

Under the current *Patent Law* it is impossible to file a divisional application after issuance of a notice of allowance. This means that if no office action against an application is issued before a notice of allowance is issued, an applicant cannot obtain an opportunity to consider whether it is necessary to file a divisional application based on the specification of the allowed application. Therefore, there are cases in which an applicant designedly includes a claim which does not meet a requirement for allowance in order to have an Examiner issue an office action and provide the applicant an opportunity to file a divisional application. This results in wasted time and effort by both applicant and Examiner, and increased costs for the applicant.

Under the current *Patent Law*, unless an applicant files a notice of appeal, it is also impossible to file a divisional application after issuance of a final rejection. Therefore, there are cases where an applicant files a notice of appeal against a final rejection for the sole purpose of being able to file a divisional application. This again results in wasted time and effort, and in increased costs.

#### 1.2. The revised *Patent Law* newly adds a period for filing a divisional application

Under the revised *Patent Law* it is possible to file a divisional application within 30 days from the issuance date of a notice of allowance or a final rejection. The period after registration of a patent is an exception to the period for filing a divisional application. A notice of allowance or a final rejection being issued after filing a notice of appeal against a final rejection is also an exception, because, in such a case, an applicant has been given adequate opportunity to file a divisional application. The term “30 days” is extended in accordance with an extension of the period for paying an annual fee or the term for filing a notice of appeal (Art. 44, para. 1, 5 and 6 of the revised Japanese *Patent Law*).

#### 1.3. Enforcement of this revision

This revision is applied to divisional applications whose parent application is filed after April 1, 2007.

### 2. Introduction of a restriction of amendment of a claim of a divisional application (Art. 50bis of the revised Patent Law)

#### 2.1. The current patent law relating to this matter, and problems thereof:

Under the current patent law, filing a divisional application containing a claim(s) which have already been examined for patentability and for which an office action has been issued by an Examiner, brings no disadvantage to an applicant. Accordingly, there are cases where an applicant files a divisional application containing the same claim as that contained in a parent application against which a notice of Reason(s) for Rejection by an Examiner in an office action has already been issued. In such a case, it is said that an applicant intends to delay the issuance of a notice of allowance, or expects to have another Examiner judge the claim and arrive at a conclusion different from that of previous Examiner. However, an applicant’s act of this sort can be regarded as abusing the mechanism of “filing a divisional application.”

#### 2.2. Restricting amendment newly added by the revised *Patent Law*:

When a divisional application includes the same Reason(s) for Rejection as those already notified in any other family of applications such as a parent application or a sister application, restriction of amendment the same as that imposed at the time of response to a final office action will be imposed, even at the time of response to a first (non-final) office action (Art. 50bis and Art. 17bis, par. 5 of the revised Japanese *Patent Law*). Ex-

ceptions are made when an applicant could not have known the Reason(s) for Rejection prior to filing a request for examination.

For the Reader's reference, amendment of a claim at the time of filing a response to a final office action is restricted to the following:

- i) cancelling claim(s);
- ii) restricting claim(s) (only restricting all or some of the matters necessary to define the invention claimed in the claim(s), and the industrial applicability and the problem to be solved of the invention claimed in the amended claim(s) that are the same as those of the invention claimed in the claim(s) prior to the amendment);
- iii) correcting error(s) in the description; and
- iv) clarifying an ambiguous description (only an amendment with respect to the matters mentioned in an Office Action) (Art. 17bis, par. 5 of the revised Japanese *Patent Law*).

### 2.3. Enforcement of this revision:

This revision applies to family applications whose parent application was filed after April 1, 2007.

### 2.4. Note:

At the end of 2006, the Japanese Patent Office released a draft set of Examination Guidelines on the restriction to elicit the opinion of experts to the revised examination guidelines. The draft notes impose restriction of an amendment when one of the Reasons for Rejection issued against an application is the same as any one of the Reasons for Rejection issued against a family application of the application. This may mean that the restriction of amendment is imposed where even one of the Reasons for Rejection previously issued against a family application(s) has not been overcome. This may also mean that the restriction of an amendment is imposed even when the subject matter of a claim of an application is different from that of a claim of a family application of the application, as long as one of the Reasons for Rejection issued against the application is the same as any one of the Reasons for Rejection issued against the family application. When revision of the Japanese Patent Law was considered, it was said that this restriction of amendment would become a mechanism similar to the so-called "First Final Action" under United States practice (Manual of Patent Examining Procedure, hereinafter referred to as MPEP, 706.07(b)). However, if the draft Examination Guidelines are literally applied, this newly added mechanism will possibly be much stricter than the US "First Final Action" mechanism. MPEP 706.07(b) describes the mechanism of "First Final Action" as one in which the claims of a new application may be finally rejected in the first Office action in situations where all claims of a new application are drawn to the same invention claimed in the earlier application. The "First Final Action" mechanism is strictly regulated in United States practice to be imposed when there is an identity of claims between an earlier application and a new application. The revised Japanese mechanism, however, will possibly be applied even when claims of a divisional application are not substantially the same as those of any other family application. In view of this, we expressed to the Japanese

Patent Office our opinion that the newly added restriction of amendment should be imposed only when all of the claims of a divisional application are the same as those contained in the family application. We will inform our readers when the Japanese Patent Office finalizes the Examination Guidelines.

## 3. Prohibition of "scope-shifting amendment" (Art. 17bis, par. 4)

Please note that the term "scope-shifting amendment" means an amendment such that an invention recited in a claim that has already been examined as to patentability, such as its Novelty and Inventive step, is changed to another invention that does not meet the requirement of Unity in relation to the already examined invention.

### 3.1. The current *Patent Law* relating to this matter, and problems thereof:

Under the current *Patent Law*, filing an amendment corresponding to a "scope-shifting amendment" at the time of filing a response to a first office action is not prohibited. Therefore, it is possible to have two inventions examined in one application by filing a "scope shifting amendment." This treatment is considered as being unfair as one application is examined on the basis of the scope of the claims being limited to a single invention, and an application containing a scope-shifting amendment undergoes examination for substantially two inventions in one application. In addition, such a "scope-shifting amendment" requires that an Examiner conduct further search and re-assess an application resulting in more time spent on one application. Further, the current rule allowing such a "scope-shifting amendment" is not harmonized with the United States and Europe amendment systems which do not allow substantially changing the claimed invention into a new invention which is different from the claimed invention, once an office action is issued (37 CFR §1.145 and EPC Rule 86 (4)).

### 3.2. Prohibition of a "scope-shifting amendment" newly added by the revised *Patent Law*:

The revised *Patent Law* prohibits a "scope-shifting amendment" filed in response to any office action (Art. 17bis, par. 4). According to the revised law, when a "scope-shifting amendment" is filed in response to a non-final office action, a final office action will be issued on the ground that such an amendment has been filed. However, once granted, a patent will not be regarded as being invalid on the single ground of having filed such an amendment, since the claimed invention itself does not include substantive defects.

### 3.3. Examples to which this prohibition is applied:

**Case 1:** A specification discloses inventions A and B that do not meet the requirement of Unity relative to each other. Only invention A is recited in a claim and invention B is not. Under the revised law, canceling a claim claiming invention A and adding a new claim claiming invention B will constitute a Reason for Rejection on the ground of having filed a "scope-shifting amendment".

Case 2: A specification discloses inventions A and B that do not meet the requirement of Unity relative to each other. Both of the inventions A and B are recited in the claims. An Examiner judges patentability only as to one invention, i.e. invention A. The Examiner issues an office action on the ground of failure to meet the requirement of Unity, and lack of patentability (such as novelty and inventive step) relative to invention A. The Examiner describes in the office action that invention B has not been judged for patentability. Under the revised law, canceling a claim claiming invention A and retaining only a claim claiming invention B will constitute a Reason for Rejection on the ground of having filed a “scope-shifting amendment”.

#### **3.4. Enforcement of this revision:**

This revision is applied to applications filed on or after April 1, 2007.

### **4. Extension of the term for filing a Japanese translation of an English-language application (Art. 36bis, par. 2)**

#### **4.1. The current patent law regarding the term for filing a Japanese translation of an English-language application, and problems thereof:**

The English-language application system is a system in which an application can be filed with the Japanese Patent Office using an English language specification and claims (Art. 36bis, par. 1 of the Japanese *Patent Law*). The current patent law stipulates in Art. 36bis, par. 2 that an applicant who files an English-language application should file a Japanese translation of the specification and claims of the English-language application within 2 months from the filing date of the English-language application; otherwise the English-language application will be deemed to have been withdrawn.

Under the current *Patent Law*, where an applicant files an English-language application claiming priority based on an earlier application filed in a foreign country, the applicant can devote a maximum of 14 months from the filing date of the earlier application to prepare a Japanese translation of the English-language application (12 months for a priority period and 2 months for the term for filing a Japanese translation). On the other hand, in a case where an applicant files an English-language application without claiming any priority, the applicant is allowed only two months to prepare a Japanese translation. Especially in the latter case, there is a burden on the applicant of an English-language application to prepare a Japanese translation within 2 months.

In addition, under the current patent law, in most cases where an applicant files an English-language application claiming a priority under the Japanese Patent Law (Art. 41) on the basis of an earlier application filed with the Japanese Patent Office as an English-language application, the applicant should file Japanese translations of both the earlier application and the application claiming a priority based on the earlier application. This is because, if the translation of the earlier application is not filed,

the earlier application is deemed to have been withdrawn at the time when a period of 2 months from the filing date of the earlier application has elapsed, and the applicant cannot claim any priority on the basis of the withdrawn application. If an earlier application becomes a basis for a priority claimed in a later application according to Art. 41 of the Japanese *Patent Law*, the earlier application will be deemed to have been withdrawn at the time when a 15 month period from the filing date of the earlier application has elapsed (Art. 42 of the Japanese *Patent Law*). The necessity of preparing a Japanese translation of an application which will be withdrawn would result in a waste of time and money for an applicant.

#### **4.2. Extension of the term for filing a Japanese translation newly added by the revised *Patent Law*:**

The revised patent law stipulates that a Japanese translation of an English-language application shall be filed within 14 months from “the filing date” of the application (Art. 36bis, par. 2 of the revised Japanese Patent Law). “The filing date” recited in Art. 36bis, par. 2 of the revised *Patent Law* refers to the following:

- i) when an English-language application claiming no priority is filed, the date of filing the English-language application is considered to be “the filing date”;
- ii) when an English-language application, claiming priority under Japanese Patent Law, based on an earlier application or earlier applications filed with the Japanese Patent Office is filed, the filing date of the earliest application is considered to be “the filing date”; and
- iii) when an English-language application claiming priority under the Paris Convention based on an earlier application or earlier applications filed in a foreign country(s) is filed, the filing date of the earliest application is considered to be “the filing date” (Art. 17ter).

If an English-language application is a divisional application, the filing date of the parent application is considered to be “the filing date”. However, in such a case, an applicant can file a Japanese translation of the English-language application (the divisional application) within 2 months from the filing date of the divisional application, even if a period of 14 months from the date of filing the parent application has elapsed.

#### **4-3. Enforcement of this revision:**

This revision is applied to applications filed on or after April 1, 2007.

### **5. Reinforcing protection of patent right (Art. 2, par. 3, Art. 101, Art. 196, Art. 196bis, and Art. 201)**

Summary of the revision of the Japanese *Patent Law* regarding this matter:

- (1) Incorporation of an act of “exporting a product of an invention” into embodiments of “working an invention” (Art. 2, par. 3);
- (2) Incorporation of an act of “holding a product of a patented invention for the purpose of assigning it” into embodiments of “acts deemed to infringe a patent right” (Art. 101, items

- 3 and 6); and  
 (3) Increased penalties for infringement of a patent right (Arts. 196, 196bis, and 201).

<sup>1</sup> Except where otherwise indicated, citations to statutory sections and paragraphs refer to the revised Patent Law.

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 Patent Attorney of the Patent Division

**5.1. Incorporation of an act of “exporting a product of an invention” into embodiments of “working an invention”.**

Under the current patent law, “exporting a product” is not included in the embodiments of “working an invention”. Accordingly, if a patentee wishes to prevent a third party from exporting a patented product, the patentee should exercise the patent right at the stage of the third party’s manufacturing or assigning the product. However, if the manufacture or the assignment is taking place behind closed doors, it is very difficult for the patentee to exercise the patent right.

Under the revised *Patent Law*, “exporting a product” becomes one of the embodiments of “working an invention”, and a patentee can exercise a patent right at the stage of a third party exporting a patented product.

**5.2. Incorporation of an act of “holding a product of a patented invention for the purpose of assigning it” into embodiments of “acts deemed to infringe on a patent right”**

Under the current *patent law*, an act of “holding a patented product for the purpose of assigning it” is not regarded as an “act deemed to infringe on a patent right”. Accordingly, even if a patentee discovers that a third party stocks a product which infringes on a patent right of the patentee for the purpose of assigning it illegally, the patentee cannot prohibit the third party from stocking the infringing product unless the patentee shows that the third party is likely to infringe the patent right.

Under the revised *patent law*, an act of “holding a patented product for the purpose of assigning it” is included in one of the “acts deemed to infringe on a patent right”. A patentee can require a third party who holds products infringing on a patent right of the patentee, to discontinue holding them, and, as a result, an illegal assignment of such products is prevented beforehand.

**5.3. Increase of penalties for infringing patent rights**

The revised *Patent Law* increases criminal penalties such as maximum length of jail terms and maximum amounts of fines. In addition, under the revised patent law it becomes possible to impose both a fine and a term of imprisonment. Regarding the revised provisions, please refer to the following list.

Maximum penalty		Maximum amounts of fines imposed on a corporation (or a legal entity)		
Current law	Revised law		Current law	Revised law
5 years ¥5,000,000	Infringement	10 years ¥10,000,000	¥150,000,000	¥300,000,000
	Acts deemed to be an infringement	5 years ¥5,000,000		

**5.4. Enforcement of these revisions**

These revisions will be applied on or after January 1, 2007.



# Partial Amendment of The Japanese Design Law

## 1. Introduction

As it is increasingly recognized that good designs highly enrich the value of the product, protection of invented designs is becoming more and more important. In such circumstances, imitation of designs has also been increasing, and thus corporate efforts toward and investment in design invention are in many cases not paying off to the extent that they should, since the fruits of these efforts are increasingly harvested by imitators who have invested nothing in design invention.

To solve these problems, Japan's design law has been amended to strengthen protection of design rights and to make it easier to obtain them.

## 2. Duration of Right (Article 21 (1) (2))

The amended law extends the duration of a design right from 15 years to 20 years from the date of registration. The duration of the right of a related design is also extended from 15 years to 20 years, counted from the date of registration of the principal design.

(The new law will be in force for applications filed on or after April 1, 2007.)

## 3. Protection of Screen Design (Article 2 (2))

To protect screen designs by means of design rights, it is necessary to file partial design applications. Under the current law, it has been required that the screen design be of an essential element of the product such as a display of an LCD watch or the initial screen of a mobile phone. Screen designs which are not of an initial screen or those of an instrument separated from the main unit have not been registered.

The new law allows screen designs other than the above to be protected as partial designs on condition that (1) the design is of an image on the display screen through which the product can be operated and (2) such operation is performed to permit the function of the product to be demonstrated. For example, a screen design through which a timer recording with a DVD player/recorder can be operated or a screen design of a mobile phone through which a desired phone number can be selected will be registrable.

(The new law will be in force for applications filed on or after April 1, 2007.)

## 4. Related Design (Article 10. (1))

In order for a design to be registered as a related design, the current law requires the design application to meet all the following requirements: (1) the applicant is the same as that of

the principal design application; (2) the design is similar to the principal design; and (3) the filing date is the same as that of the principal design application.

The requirement (3) is to be changed to allow the applicant to file a related design application anytime between the date of the principal design application and the day before publication of the principal design registration.

(The new law will be in force for the applications of related designs filed on or after April 1, 2007.)

## 5. Secret Design (Article 14. (2))

An applicant for a design registration may demand that the design be kept secret for up to three (3) years from the registration date.

Under the current law, it has been necessary to file the request simultaneously with filing of the application. The new law permits the applicant to file the request simultaneously either with filing of the application or with payment of the registration fee.

(The new law will be in force for applications filed on or after April 1, 2007.)

## 6. Article 3-2.

This article stipulates that registration of a design included in (i.e. part of) a design of an earlier application shall not be admitted. This has been applied even when the later application is filed by the same applicant as that of the earlier application.

Under the new law, this provision will not apply where the applicant of the later application is the same as that of the earlier application.

(The new law will be in force for later applications filed on or after April 1, 2007.)

## 7. Exceptions to Lack of Novelty of Design (Article 4. (3))

An exceptional remedy for a design that has become public before application is allowed under certain conditions stated in Article 4 of the Design Law. The term for submitting a document proving that the above remedy may be provided to the applied design is changed to within 30 days from the filing date. Under the previous law the term was 14 days from the filing date.

(The new law has been in force since September 1, 2006.)

## 8. Judgment of Similarity (Article 24. (2))

Criteria for judging the similarity of two designs have not been clear in the current Design Law. The new law states that similarity will be judged based on the aesthetic appeal given rise to through consumers' visual perception.

(The new law will be in force from April 1, 2007.)

# Registration of Service Marks for Retailing

## (2006 Revision of The Japan Trademark Act)

### 1. Introduction

According to the current Trademark Act, retailers and wholesalers (hereinafter “retailers etc.”) are regarded as “persons who assign goods in the course of trade” (Article 2.1.1), and trademarks used by retailers etc. are protected as trademarks for “goods”. In 2000 and 2001, the Tokyo High Court (now called the IP High Court) in fact ruled in certain ex parte cases that retailers’ services were incidental to the sale of goods and further that consumers were not supposed to pay for such services.

However, retail businesses frequently provide more than mere selling of goods—they provide various services on devising their own store layouts, display of goods, customer relations, selection of goods for display in catalogs and/or on websites, and the like. In such instances, marks are displayed on shopping carts, salespersons’ uniforms, on the top page of a website and the like. They are rarely associated with the goods sold in the store or on the website. While consumers frequently choose where to shop in view of these marks based on the retailer’s selection of goods, business style, etc. and such marks are supposed to be indicating the origin of services rather than the origin of each item of merchandise, protection of those marks was not sufficient under the current trademark law.

Revised in 2006, The Japan Trademark Act redefined the “service mark” as including marks used for services of providing conveniences to customers in the business of retailing or wholesaling. The new Act will take effect from April 1, 2007.

It should be noted that the new Act only protects trademarks for retailing/wholesaling services incidental to the sale of goods (i.e. services not closely related to the goods sold). More specifically, assignment of goods bearing a trademark of the retailers or wholesalers will not be protected as services in class 35, and therefore it is necessary to obtain a trademark right designating such goods in order to prevent a third party from assigning those goods.

### 2. Filing

From the said date, retailers and wholesalers will be able to file service mark applications to register their marks in International class 35 for:

- (i) “Provision of conveniences to customers in the business of retailing, etc. of a variety of goods in all fields of clothing, foods and beverages and household goods” (department stores or the like); or
- (ii) “Provision of conveniences to customers in the business of

retailing, etc. of (goods)”.

### 3. First-to-file

#### 3.2. Transitional Measures for Service Mark Applications Filed within Three Months from Implementation of New Act

- (1) Overview of Transitional Measures for Date of Enforcement  
All service mark applications designating retailing services etc. which may be filed within three months from the date of enforcement of the revised Act, i.e., from April 1 through June 30, 2007 (hereinafter the “transitional period”) will be deemed as having been filed on the same date.
- (2) Priority Registration / Double Registration  
In the case where two applications or more are filed within the transitional period for similar marks used for the same or similar retailing services, the service mark that had been actually used before April 1, 2007 will be given priority for registration over a trademark that had not been used. If both marks had been actually used, registration may be allowed for both of them (double registration).

### 4. Examining Practice

#### 4.1. Bona fide intention to use

Where retailing services relating to a variety of goods are designated broadly, an examiner will instruct the applicant to file evidence of their actual or planned engagement in retailing of all fields of the relevant goods as a showing of bona fide intention to use the mark for all those services. Where the above “provision of conveniences to customers in the business of retailing, etc. of a variety of goods in all fields of clothing, foods and beverages and household goods together” is designated, the applicant is required to show that they are actually handling each field of “clothing,” “foods and/or beverages” and “household goods” above 10% on a sales basis.

#### 4.2. Cross-Search between goods and services

Where, for example, an apparel shop has obtained trademark registration for clothing in class 25, while another apparel shop files an application for a service mark for retailing of apparel goods in class 35, confusion may occur as to who is providing the apparel goods. Therefore, cross-searching will be conducted between trademarks for goods and service marks used in connection with relevant goods.

### 5. Transitional Measures

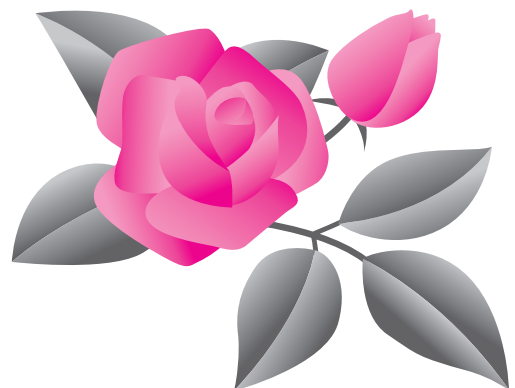
#### 5.1. Right of Continuous Use

Trademarks which have been used in Japan for retailing services before the entry into force of the revised act (effective as of April 1, 2007), without the intention of unfair competition, may be continuously used within the scope of the business currently operated, even when a third party obtains a trademark right for the same or similar mark designating the same or similar retailing service.

## 5.2. Scope of Right of Continuous Use

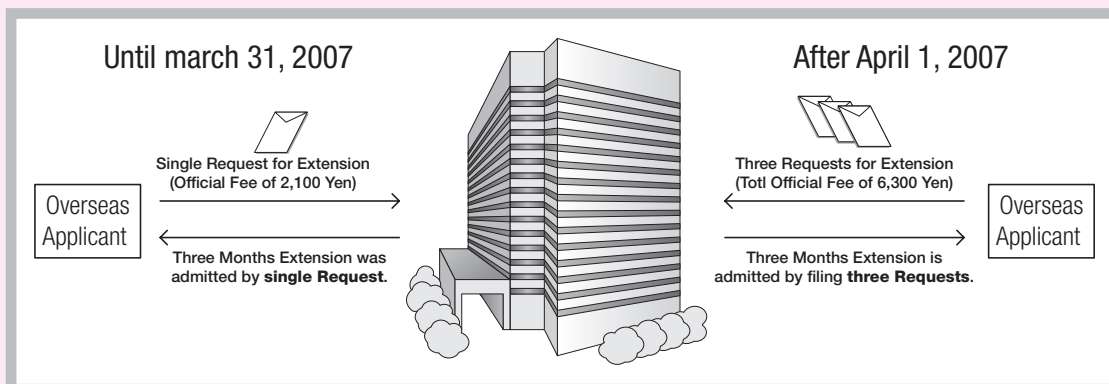
The use of such trademarks as described above is limited to the marks and the services that are the same as those which have been used or provided before the date of entry into force. For instance, a trademark may be used only in the area where the mark has been used for a certain service before the implementation of the new Act.

Yuichiro Takata (Mr.);  
Patent Attorney of the Trademark & Design Division



## New Rule Relating to Extension of Term for Responding to an Official Action (Patent)

The Japan Patent Office (JPO) has announced a new rule<sup>\*1</sup>, changing the procedure for requesting an extension of term for responding to an Official Action regarding a patent application.



For an overseas applicant of a patent applicant, an extension of term for responding to an Office Action has always been three months, granted on filing of a single Request for Extension, together with payment of the appropriate fee, with no statement of a reason for making the request being required. However, after April 1, 2007, for the overseas applicant, while the maximum extension of term will remain as three months, the applicant will be required to file three separate Requests for Extension, providing with each a reason for making the Request (shown below as Reason B). The new rule is to be based on Reason B noted below as the Reason for extension. The new rule is to be applied to any Request for Extension of a term for responding to an Official Action issued before April 1, 2007.

Under the new rule, if either reason A or B stated below is applicable, the applicant can request an extension of term for responding to the Official Action.

Reason A: To conduct an experimental comparison with regard to an invention of a cited document; and

Reason B: To translate a procedural document such as a notice of reason for rejection, an argument, an amendment and the like.

An applicant can file a request for one-month extension based on Reason A, together with payment of an official fee of 2,100 Yen, only one time.

An overseas applicant can file a request for one-month extension based on Reason B, with payment of an official fee of 2,100 Yen. A maximum of three such extensions may be requested, and two or three requests can be filed at the same time. Therefore, the maximum term for extension will be three months, and the total official fee for the three-month extension will be 6,300 Yen. Please note that the revised rule shall apply also to a term for reply to an Official Action or an interrogation, in an appeal trial. Please note that the revised rule applies also to a term to reply to an Official Action or an interrogation, in an appeal trial.

<sup>\*1</sup> JPO's English Website:

[http://www.jpo.go.jp/cgi/linke.cgi?url=/torikumi\\_e/t\\_torikumi\\_e/Change\\_Extension\\_Period.htm](http://www.jpo.go.jp/cgi/linke.cgi?url=/torikumi_e/t_torikumi_e/Change_Extension_Period.htm)

Katsuhisa Akutsu (Mr.);  
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## **Case Note: Who is the principal committing infringement of a broadcasting organization's neighboring rights? Two Intellectual Property High Court (IPHC) decisions on this issue.**

### **Introduction**

The issue of who is the principal committing infringement of copyright, moral rights, publishing rights and neighboring rights set forth in the Copyright Law (hereinafter "Copyright") was disputed in two Japanese cases. Based on a claim of Copyright infringement, plaintiffs sought an injunction and other relief (the destruction of infringing items, damages) against someone (the indirect actor), who had been indirectly involved in the use of the copyrighted work, other than the person who had actually used the copyrighted work (the direct actor).

In the two cases introduced here, the broadcasting organizations contended that the companies' providing a service in which they had forwarded a TV program to the customer's personal computer infringed a neighboring right of the broadcasting organizations. On this issue, the IPHC held that there was infringement in Case I, but that there was not in Case II.<sup>1</sup>

### **Case I:**

#### **Outline**

NHK, a broadcasting enterprise, sought to enjoin FA Vision, Inc., a provider of a service called "ROKUGA NET" (Hereinafter "Service I"), from infringing a neighboring right (right of reproduction). The Tokyo District Court had found that FA Vision, Inc. was the principal committing infringement of the right of reproduction, and had granted an injunction against it. FA Vision appealed to the IPHC.

Briefly, Service I involves FA Vision, Inc. installing personal computers together with TV tuners having the function of receiving and recording TV programs at its office, assigning each computer to each user, connecting the computers with a TV antenna and enabling them to receive TV programs. Each user operates the personal computer through the Internet to reserve recordings of TV programs and may transmit the recorded files to a personal computer located at the user's home in a remote area, including overseas. See the Schedule below for the details of Service I found by the court.

#### **Ruling of the IPHC**

The IPHC held that the transfer of ownership of the TV-personal computer between FA Vision, Inc. and the user was merely

fictional, and that ownership remained in FA Vision, Inc. With that finding as a premise, the IPHC then found that FA Vision, Inc. was the single principal infringing the right of reproduction, and dismissed the appeal by FA Vision, Inc. The court held as follows:

- (1) The service in question aims only to present reproductions of Japanese broadcast programs for watching and listening by users living overseas, as the appellant [FA Vision, Inc.—the author] itself advertises at its website.
- (2) In the service at issue in this case, many apparatuses such as TV-personal computers, TV antennas, boosters, distributors, subject servers, routers and monitoring servers as well as software installed by the appellant in its office, are organically interconnected to form a single recording system. All apparatuses and software have been procured and are owned by the appellant who monitors and manages the above as one integrated system operating continuously.
- (3) The broadcast programs recorded in the service are limited to those included in the scope set by the appellant (ground-based analog programs received in Matsudo-shi, Chiba-ken in which the appellant's office is located).
- (4) When using the service, a user can only access the TV-personal computer assigned to that user unless the user accesses from his/her computer the site operated by the appellant. After access, the user follows the instructions and explanations at the site to record TV programs and download the recorded data. The appellant supports users by answering inquiries from them, etc.

These circumstances clearly indicate that the appellant manages the act of copying the programs broadcasted by another party.

Also, the appellant advertises at the site that the service aims to present reproductions of Japanese broadcast programs for watching and listening by users living overseas, causes users to use the service, and receives profits through fees termed monthly maintenance fees.

The above circumstances taken together, it should be held that the appellant performs the act of copying programs broadcasted by the other party, and that this act of copying infringes the right to copy held by the other party as a neighboring right to the sounds and images related to the programs (Article 98 of the Copyright Law).

### **Case II :**

#### **Outline of the case and the right of "making transmittible" in Japanese Copyright Law**

NHK, etc., (NHK and five commercial broadcasting enterprises), sought an injunction against Nagano Shoten, Inc., a provider of a service called "MANEKI TV" (hereinafter "Service II"), for the infringement of a neighboring right (the right to "make transmittible").

Briefly, in Service II Nagano Shoten, Inc. installs together at its office a base station, a constituent device of a product, "Location-free TV" made by SONY. This receives TV programs, turning the analog radio waves input through a TV antenna

into digital data and transmitting the above broadcast data through the Internet in response to an instruction from outside. A “Location-free TV”, bought and sent to Nagano Shoten, Inc. by each user, connects the base stations with a TV antenna, and the base stations receive and digitize TV programs and transmit the broadcast data selected by each user to a personal computer or monitor of each user placed in a remote area in response to an instruction given by each user to the base station through the Internet. See the Schedule below for the details of Service II found by the court.

Incidentally, the “Location-free TV” itself does not have a recording function (thus, the apparatus cannot record a TV program reserved by a user or, after the end of the program, transmit the recorded data as offered by Service I).

Under the Japanese *Copyright Law*, a broadcasting organization has the exclusive right to “make transmittable” its broadcasts or those diffused by wire from such broadcasts (Article 99-2). Therefore, making the broadcast transmittable without the broadcasting organization’s consent constitutes infringement of the exclusive neighboring right to make transmittable. “Making transmittable” is defined in summary as putting something in such a state that interactive transmission can be made by recording information on an interactive transmission server (Article 2, Section 1, Subsection 9-5).

In Case II, appellants NHK, etc. contended that an individual base station or the aggregate of all the base stations which Nagano Shoten, Inc. receives from each user and installs together at the office of Nagano Shoten, Inc. is an “interactive transmission server” and that Nagano Shoten, Inc. infringes the right to “make transmittable”.

The Tokyo District Court, however, did not find that Nagano Shoten, Inc. was the principal that infringed the right to “make transmittable” and denied NHK, etc.’s request. NHK, etc. appealed to the IPHC.

### **Ruling of the IPHC**

The IPHC also did not recognize Nagano Shoten, Inc. as the principal committing the infringement of the right to “make transmittable” and dismissed the appeal by NHK, etc. The court held as follows:

- (1) The function of a base station  
A base station used in this service has only the function of transmission to an individual pre-set address. From the viewpoint of one base station, it makes transmission between “one and one” and does not have the function of transmission between “one and many”.
- (2) The form of use of a base station in this service  
In this service, there is one base station (that belongs to each user) for each user. And the address of transmission from each base station is set in the monitor or personal computer for each user’s exclusive use and the appellee [Nagano Shoten, Inc.—the author] is not able to change the above address.
- (3) The momentum of transmission, etc.  
The transmission from each base station starts by the indi-

cation of each user who owns a base station and is limited to the broadcasts that the user has selected. The appellee is never involved in the above transmission.

In this case, summarizing each of the above circumstances: the function of a base station, the manner of use of a base station in this service and the momentum of transmission, etc., the base stations and a sequence of machines including base stations are not an “interactive transmission server” and the transmission from base stations is not a “public transmission”. The appellee only receives the base stations belonging to each user from them and provides the power source and the situation of antenna connection. Therefore, the appellee does not “make transmittable” for purposes of Article 99-2 of the Copyright Law”.

### **Comment**

In deciding who is the infringing principal of the Copyright, Japan’s courts generally adopt a method of drawing conclusions after comprehensively considering the circumstances, including (1) the extent of management and control over the use of the relevant copyright work or broadcast, and (2) the profits received from such use. Such a “totality of the circumstances” method of decision, lacking any clear indication of specific requirements of infringement, enables courts to properly handle new types of indirect acts accompanying digitization and networking, but it may make it difficult for providers planning a new type of service to foresee infringement risks, because it is possible that this standard may be applied arbitrarily.

In the cases introduced in this article, I think that an important circumstance was the number of apparatuses for receiving TV programs, etc. in relation to the number of users of the service (i.e., To how many users per single apparatus did the service company provide service? ). In Case II, the IPHC deemed the above circumstance significant but did not find that Nagano Shoten, Inc. was the principal infringing the neighboring right. In case I, however, the IPHC found FA Vision, Inc. to be the principal committing the infringement of the neighboring right despite the fact that FA Vision, Inc. provides Service I using a single apparatus per single user.

Given such difference in the court decisions, it is doubtful that the defendant could have foreseen what kind of service was lawful. As there are no “bright line”, specific requirements to determine if a service is lawful or unlawful, one may be able to reasonably foresee whether a new service one might offer is lawful only by gathering and analyzing rulings on similar cases.

\*1 Case I

Appellant: Japanese Broadcasting Corporation (“NHK”)

Appellee: FA Vision, Inc.

Case Number: (Ra) 10007/ 2005

Intellectual Property High Court decision of November 15, 2005

Case II

Appellant: Japanese Broadcasting Corporation and five commercial broadcasting corporations (“NHK, etc.”)

Appellee: Nagano Shoten, Inc.

Case Number: (Ra) 10014/ 2006, etc.

Intellectual Property High Court decision of December 22, 2006

**Schedule: Outline of service**

	<b>I. ROKUGA NET</b>	<b>II. MANEKI TV</b>
Species of neighboring rights	Right of reproduction	right to “make transmittable”
Apparatus used	Personal computer with a TV tuner (TV-personal computer) (1) Apparatus for receiving and recording TV programs (TV-personal computer) (2) User’s apparatus (own personal computer)	“Location-free TV” made by SONY (1) Apparatus for receiving and transmitting TV program (base station) (2) User’s apparatus (exclusively-used monitor made by SONY or user’s own personal computer)
Place where TV receivers installed	Offices of FA Vision, Inc.	Offices of Nagano Shoten, Inc.
Relation between the number of TV receivers and the number of users of service	One TV-personal computer per one user	One base station per one user
Purchase of TV receivers	FA Vision, Inc. sells them to users together with the service. FA Vision, Inc. does not separately sell TV-personal computers, and limits installation to FA Vision, Inc.’s offices.	Users buy them on the market and send them to Nagano Shoten, Inc.
Preparation of other apparatus (TV antenna, distributor, router, etc.)	FA Vision, Inc.	Nagano Shoten, Inc.
Procedure for using the service	Users access the website operated by FA Vision, Inc., receive recognition, access the TV-personal computer assigned to each user and give instructions for recording programs, etc.	Users directly access base stations through the Internet and give instructions for transmission.
Service fee	Money is paid nominally as the price of a TV-personal computer upon the execution of a contract (the amount differs based on the specification). Maintenance/management fee: US\$49.95/month	Enrollment fee: ¥31,500 (subscription money, expenses for installing a base station and facilities, Internet connection fee) (Each user separately buys a base station, etc.) Monthly use charge: ¥5,040 (housing of a base station, electricity charges, communication line charges)
Provider’s acts	- Keeping TV-personal computers operable (installing a TV antenna and Internet lines in its office) - Installing an interface program for easily using the recording software in a TV-personal computer - Adding a function for easily reserving recordings	- Keeping base stations operable (installing a TV antenna and Internet lines in its office)
Procedure upon termination	Each user has an option to receive the “return” of his/her TV-personal computer, but needs to initialize the hard disk.	Base stations are returnable (for a ¥5,000 fee).

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Attorney-at-law of the Law Division

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