

To: Our Clients and Associates

Notifications for Legal Change

August, 2006

1. Law revising a part of Design Law or the like

In order to reinforce protection of Industrial Property for strengthening of international competitiveness of our country's industry and facilitate acquisition of right, and prevent distribution/export and import of imitations, "Law revising a part of Design Law or the like" was promulgated on June 7, 2006. A summary of the revision will be described below.

(1) REVISION OF DESIGN LAW

1) Extension of duration (Art. 21 of Japanese Design Law)

Existing Law: 15 years from the Registration Date

After revision: 20 years from the Registration Date

2) Expansion of protection of design of an operation screen of information appliance or the like (Art. 2, Item 2 of Japanese Design Law)

Screen design used for operation required to perform an original function of the product is included in a subject of protection. In addition, the screen design displayed on a display of the other product which is used simultaneously is also protected as well as the screen design displayed on a display of the product.

→ A screen other than an initial screen and a screen displayed on the other display are also considered to be subject of protection.

Existing Law:

- Screen design essential for formation of the product
- Screen design displayed by a function of the product itself
- Screen design with a specific aspect of change

e.g.) A time display area of a liquid crystal clock

A temperature display area of a thermometer

An initial screen of a cellular phone

After revision:

- The screen design included in a subject of protection prior to the revision

+

- Screen design used for an operation required to perform original function of the product

e.g.) A selection screen of a cellular phone

- Screen design displayed on a display of the other product simultaneously used

e.g.) Screen design for an operation of recording reservation of a DVD player

3) Clarification of the range of similarity (Art. 24, Item 2 of Japanese Design Law)

It is stipulated that similarity of design is judged based on aesthetic sense generated through eyesight of user (a consumer, a broker).

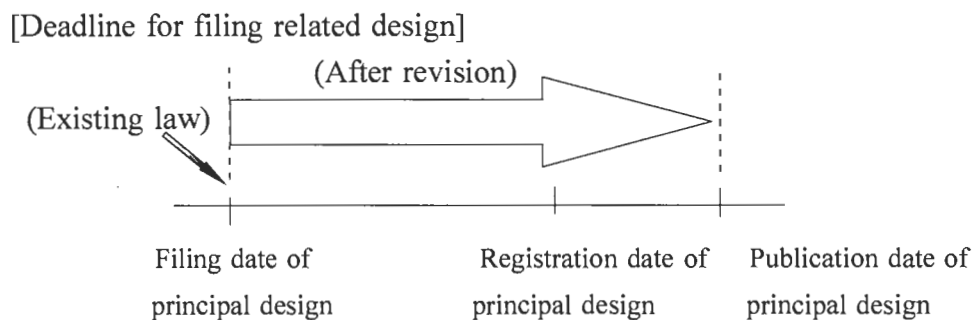
4) Extension of a deadline for filing a variation of design (Related design *¹) (Art. 10 of Japanese Design Law)

According to the revision, a deadline for filing a related design is extended from a filing date of a principle design thereof to before a publication date of the principle design

*².

※ 1. Related Design System: A system of which one design selected from design having a plurality of variations created from one design concept is protected as principal design, and design similar to the principal design in the variations is protected as related design

※ 2. An exclusive license for a design right of principal design and related design must set against the same person with respect to all design simultaneously (Art. 27, Item 1 of Japanese Design Law), therefore, according to this revision, related design cannot be registered if an exclusive license of principal design thereof has already been set (Art. 10, Item 4 of Japanese Design Law).



Existing Law: Only a filing date of the principal design

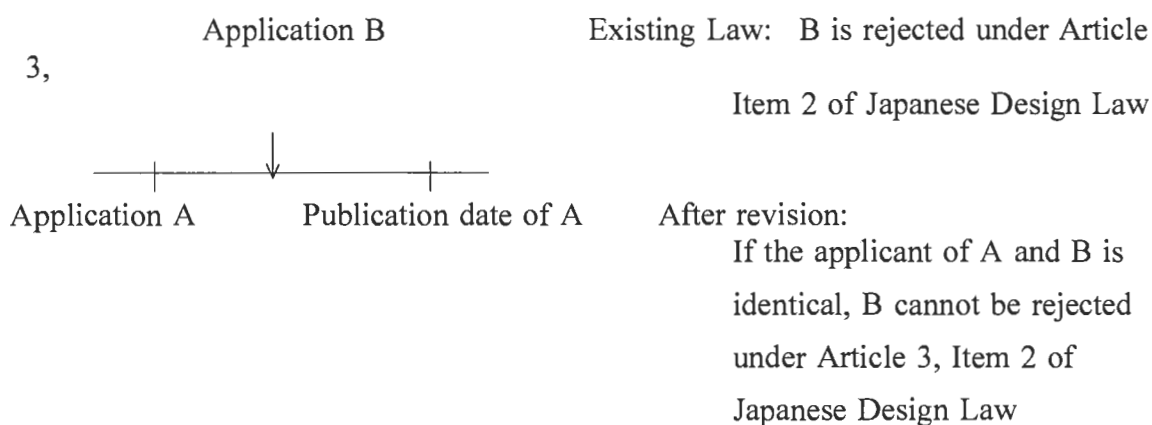
After revision: From a filing date of the principal design to before a publication date of the principal design

5) Change of a deadline for filing part/partial design of a later application identical or similar to a part of prior application design (the proviso to Art. 3-2 of Japanese Design Law)

If part/partial design of a later application identical or similar to a published prior application design is filed until a publication date of the prior application design, further an applicant thereof is identical, part/partial design of the later application is excluded from an application of the body of Article 3, Item 2 of Japanese Design Law^{※ 3}.

※ 3. If the later application identical or similar to the published prior application design is filed until a publication date of the prior application design, the design cannot be registered (the body of Article 3, Item 2 of Japanese Design Law).

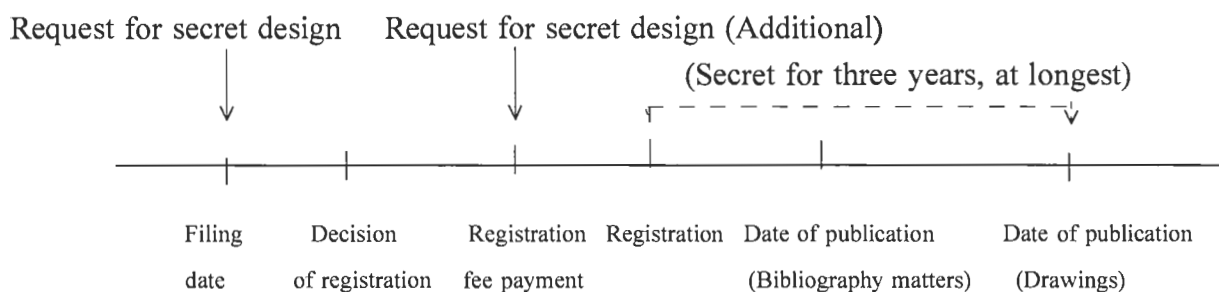
[In a case that B is identical or similar to a part of A]



6) Change of the deadline for requesting secret design system ※ 4 (Art. 14, Item 2 of Japanese Design Law)

According to the revision, secret design can be filed simultaneous with a payment of a registration fee for the first year of the design.

※ 4 Secret design system: A system for keeping the registered design unpublished for three years at longest from the registration date so as not to be imitated before commercialization of the registered design.



Existing Law: Only a filing date

After revision: Filing date + simultaneous with the payment of the 1st registration fee

7) Extension of a deadline for filing a certificate concerning an application of exception to lack of novelty (Art. 4, Item 3 of Japanese Design Law)

A deadline for filing a certificate for preventing a rejection as to lack of novelty in view of well-known own design is extended to within 30 days from the filing date.

Existing law: within 14 days from the filing date

After revision: within 30 days from the filing date

(2) Revision of Trademark Law

1) Protection of trademark concerning business of retail and wholesale (Article 2, Item 2 of Japanese Trademark Law)

According to the revision, a trademark used for providing advantage to the customer in a business of retail and wholesale can be registered as a trademark concerning service.

As a concrete service to be protected, provision of convenience to customers from general merchandise stores such as department stores, convenience stores, household appliance mass retailers or specialty stores such as shoe stores, bookstores fruit and vegetable shops is included as long as it is related to retail and wholesale for selling merchandise.

In addition, service provided by mail order company, Internet retailing company are also included therein.

[TRANSITIONAL MEASURES]

a) Continuous use right

A trademark used for retail selling service without the purpose of unfair competition in Japan before the revision can be used continuously within a range of which retail selling service is carried out on the enforcement of the revision.

In addition, if the a trademark is widely recognized on the enforcement of the revision, the trademark can be used continuously without restricting a range to business carried out on the enforcement of the revision.

According to the recognition of continuous use, use of a trademark right is restricted. Therefore, a demand for indication to prevent confusion between the service of the owner having the continuous use right and the own service can be filed (Demand for indication to prevent confusion).

b) Exception of filing date

Trademark applications designating retail selling service filed within three months from the enforcement of the revision (exception term) is examined as trademark applications filed on the same date.

c) Exceptions based on use

Concerning the applications recognized as filed on the same date according to the exception of filing date, the application of trademark used before the enforcement of the revision is registered preferentially (However, it is excluded when it is used for the purpose of unfair competition in Japan before the enforcement of the revision.).

If there are a plurality of trademark applications eligible to apply the exception, each of the trademark applications is registered as long as requirements for registration are satisfied.

[Assertion of application of exceptions based on use]

If a directive for consultation is issued due to concurrence with the trademark application filed by the other applicant according to the exception of filing date, a document or the like for proving that the filed trademark application is a trademark used for retail selling service concerning own business domestically before the enforcement of the revision, and the filed retail selling service is the retail selling service in question should be submitted in the term for responding to the directive for consultation (normally within 40 days).

[Measures for eliminating duplicate registration]

- Demand for indication to prevent confusion (Article 24, Item 2 of Japanese Trademark Law)

If there is a possibility that interest of business is injured according to a use of a registered trademark of the other owner of a trademark or the like of duplicate registration, the owner of the trademark or the like can file a demand for indication to prevent confusion.

- Exceptions of a trial for cancellation (Article 52, Item 2 of Japanese Trademark Law)

If a confusion between the owner of a trademark concerning duplicate registration and the other owner of a trademark concerning duplicate registration due to a used of the own registered trademark for the purpose of unfair competition is occurred, any people can file a demand for a trial for cancellation.

2) Expansion of subject of a collective trademark ※⁴ (Article 7, Item 1 of Japanese Trademark Law)

According to the revision, it is possible that associations (excluding an association without a corporate entity and company)^{※⁵} can also be an entity.

※ 4. Collective trademark registration system: A system of which a group comprising entrepreneurs as members can obtain a trademark registration for the purpose to be used by the members.

※ 5. The associations includes a chamber of commerce, a society of commerce and industry, an NPO corporation, an intermediate corporation, for example.

Existing law:

- Incorporated associations established under regulation of Article 34 of the Civil Code.
- Business cooperative associations or associations established under a special law (excluding an association without a corporate entity)
- Foreign corporations corresponding to the above-mentioned associations



After revision:

- Associations (excluding associations without a corporate entity and corporations)
- Business cooperative associations or associations established under a special law (excluding an association without a corporate entity)
- Foreign corporations corresponding to the above-mentioned associations

(3) Revision of Patent Law

1) Change of a deadline for filing a divisional application (Art. 44, Item 1 of Japanese Patent Law)

According to the revision, a divisional application can be filed within 30 days from a date of an issuance of Decision to Grant a Patent or the first Decision for Rejection.

Existing law:

A term during when an amendment of the specification or the like can be filed

After revision:

A term during when an amendment of the specification or the like can be filed +
within 30 days from a date of an issuance of Decision to Grant a Patent or the first Decision for Rejection

2) Restriction of an amendment of a divisional application (Art. 50-2 of Japanese Patent Law and Art. 17-2, Item 5 of Japanese Patent Law)

Concerning a divisional application of which an Office Action of the original application issued prior to filing the divisional application has not yet been overcome, a restriction of amendment ^{※6} same as a case that "the final Office Action" is issued is charged, even if it is a first Office Action.

※6 An amendment of claims is restricted to the same intended to any of the following objectives

1) Deletion of claims; 2) Restriction of claims; 3) Correction of errors; and 4) Clarification of unclear descriptions

3) Prohibition of amendment to change in another invention (Art. 17-2, Item 4 of Japanese Patent Law)

It is restricted to amend the invention to the other invention having different technical characteristics after an issuance of the first Office Action. The amendment for amending to the other invention will be rejected (In the case of the final Office Action, the amendment will be declined).

→ The invention before and after the amendment should be corresponded to a group of the inventions satisfying a requirement for unity of inventions (Art. 37 of Japanese Patent Law).

4) Extension of a deadline for filing a translation of a foreign language application (Art. 36-2, Item 2 of Japanese Patent Law)

If the application is initially filed in a foreign language in Japan, a deadline for filing the Japanese translation is extended to within 1 year and 2 months from the filing date (a filing date for the first country, in case of the application with priority under the Paris Convention).

Existing law: within 2 months from the filing date

After revision: within 1 year and 2 months from the filing date

(4) Reinforcement of countermeasure against the imitation

1) Expansion of effect of a right (Japanese Patent Law, Japanese Utility Model Law, Japanese Design Law, and Japanese Trademark Law)

According to the revision, "exportation" is added to a definition of enforcement of Patent Law, Utility Model Law and Design law, and a definition of use of Trademark right.

→ It enables to prohibit the exportation of imitations as infringement at the border.

2) Addition of possession for the purpose of transfer or the like (Art. 38 of Japanese Design Law, Art. 101 of Japanese Patent Law, Art. 28 of Japanese Utility Model Law) ※ It has already been settled in Trademark Law

According to the revision, "Possession of imitations for the purpose of transfer, lease or the like or exportation" are added to infringement.

→ It enables to prevent diffusion of imitations by transfer or the like beforehand.

3) Review of penal provisions (Patent Law, Utility Model Law, Design Law, Trademark Law and Unfair Competition Prevention Law)

a) Concerning offence of infringement and trade secret offence of infringement of a patent right, a design right and a trademark right (Unfair Competition Prevention Law), an upper limit of imprisonment is extended to 10 years and an upper limit of monetary penalty is increased to ¥10,000,000.- (Art. 196 of Japanese Patent Law, Art. 56 of Japanese Utility Model, Art. 78 of Japanese Trademark Law and Art. 21 of Japanese Unfair Competition Prevention Law).

b) Concerning offence of infringement of a utility model and offense of copy of configurations of goods (Unfair Competition Prevention Law), an upper limit of imprisonment is extended to 5 years and an upper limit of monetary penalty is increased to ¥5,000,000.- (Art. 56 of Japanese Utility Model Law and Art. 21 of Japanese Unfair Competition Prevention Law).

c) Concerning offence of infringement deemed (so-called indirect infringement) of four laws of industrial property, an upper limit of imprisonment is standardized to 5 years, in addition, an upper limit of monetary penalty is standardized to ¥5,000,000.- (Art. 196-2 of Japanese Patent Law, Art. 56 of Japanese Utility Model Law, Art. 69-2 of Japanese Design Law and Art. 78-2 of Japanese Trademark Law) .

d) Concerning offence of infringement of four laws of industrial property, joint imposition of punishment of imprisonment and monetary penalty is enabled.

e) Concerning offence of infringement, trade secret offence of infringement and offense of copy of configurations of goods (Unfair Competition Prevention Law) of four laws of industrial property, an upper limit of monetary penalty to a corporation (heavy penalties on corporate bodies) is increased to ¥300,000,000.- (Art. 201 of Japanese Patent Law, Art. 61 of Japanese Utility Model Law, Art. 74 of Japanese Design Law, Art. 82 of Japanese Trademark Law and Art. 21 of Japanese Unfair Competition Prevention Law).

f) Concerning violation of maintenance of secret (four laws of industrial property, Unfair Competition Prevention Law), an upper limit of heavy penalties on corporate bodies is increased to ¥300,000,000.- (Art. 201 of Japanese Patent Law, Art.61 of Japanese Utility Model Law, Art. 74 of Japanese Design Law, Art. 82 of Japanese Trademark Law and Art. 22 of Japanese Unfair Competition Prevention Law).

	Upper limit of offence of infringement		Presence of joint imposition of punishment	Upper limit of monetary penalty to corporation
	Direct infringement	Indirect infringement		
Patent Law	5 years / ¥5,000,000.- → 10 years / ¥10,000,000.-	5 years / ¥5,000,000.- → no revision	no joint imposition of punishment → joint imposition of punishment	¥150,000,000.- → ¥300,000,000.-
Utility Model Law	3 years / ¥3,000,000.- → 5 years / ¥5,000,000.-	3 years / ¥3,000,000.- → 5 years / ¥5,000,000.-	no joint imposition of punishment → joint imposition of punishment	¥100,000,000.- → ¥300,000,000.-
Design law	3 years / ¥3,000,000.- → 10 years / ¥10,000,000.-	3 years / ¥3,000,000.- → 5 years / ¥5,000,000.-	no joint imposition of punishment → joint imposition of punishment	¥100,000,000.- → ¥300,000,000.-
Trademark Law	5 years / ¥5,000,000.- → 10 years / ¥10,000,000.-	5 years / ¥5,000,000.- → no revision	no joint imposition of punishment → joint imposition of punishment	¥150,000,000.- → ¥300,000,000.-
Unfair Competition Prevention Law				
Trade secret violation	5 years / ¥5,000,000.- → 10 years / ¥10,000,000.-	/	Joint imposition of punishment (settled)	¥150,000,000.- → ¥300,000,000.-
Goods form imitation act	3 years / ¥3,000,000.- → 5 years / ¥5,000,000.-		Joint imposition of punishment (settled)	¥100,000,000.- → ¥300,000,000.-

The revision will be enforced from a date decided by a government ordinance within one year from a date of promulgation.

However, (1)-7), (2)- 2) will be enforced from a date decided by a government ordinance within three months from a date of promulgation. Further, (4) will be enforced from January 1, 2007.

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