

"CROSS-BORDER PROTECTION OF DESIGN"

JAPAN

1. Scope of Protection

a) Design

Design Act Art. 2(1) states that "Design" shall mean "the shape, patterns or colors, or any combination thereof, of an article . . . , which creates an aesthetic impression through the eye." Legal protection of a design is acquired through its registration with the Japan Patent Office ("JPO").

- 1) Form "of an article": The Design Act protects the form of an article. An article¹ must be a tangible object and independently transactional and saleable. However, a partial design, even when part of the article itself is not independently transactional, can be protected under the partial design protection system. In addition, a design for a set of articles can also be protected (Art. 8). Motif itself and typeface are not protected. However, a graphic image on a screen that is provided for use in the operation of the article and is displayed on the article itself can be protected by Design Act Art. 2(2). Further, because of the recent amendment of the Design Act, GUI (Graphical User Interface), which is not recorded in an article, will be protected in the near future.
- 2) "Form" of an article: "[T]he shape, patterns or colors, or any combination thereof" are the protectable elements of a design and collectively considered as the "form" of an article. Texture is not protected.
- 3) "Through the eye": A design to be protected must be one which can be observed through the eye. A design which is too small and cannot be observed through the naked eye is not protected unless there is a common practice of people engaging in magnified observation when selling such article. In addition, an article's inner structure may not be protected unless it can be observed from outside under normal use conditions.
- 4) "Aesthetic impression": A design which has only a technical implication is not protected.

b) Validity requirements for design registration

In order for a design to be registered, the following requirements must be satisfied.

- 1) Industrial applicability (Design Act Art. 3(1))
- 2) Novelty (Design Act Art. 3(1)(i)-(iii)) (×publicly-known design / ×Design similar to a publicly-known design). A design, which was publically known at the time of application; or described in a distributed publication or made publically available through the Internet at that time cannot be registered. In addition, a design which is similar to a publically known design cannot be registered. When determining similarity, both the design and the article must be considered.

¹ Packaging is included in articles.

- 3) Being not easily created (Design Act Art. 3(2))
- 4) A design of a later application which is identical or similar to a part of a design of a prior application will be excluded (Design Act Art. 3-2)
- 5) In addition to these, the following designs are not registrable (Design Act Art. 5): a design which would likely contravene public order or morality; a design which would be likely to cause confusion with an article of another person's business; and a design solely consisting of a shape that is essential to ensure the functions of the article.

2. Registration Process and Fees

The main procedures for obtaining a design right consist of the application, formality check, substantive examination, decision of registration, registration fee payment and publication in the design gazette².

- a) Filing of the application: the required documents include the application form and drawing (or photograph, model, specimen, etc.).
- b) Formality check: the examiner examines whether submitted documents satisfy the formal (stylistic) requirements.
- c) Substantive examination: the examiner examines whether the aforementioned validity requirements for design registration are satisfied or not.
- d) Decision of registration and registration fee payment: after the fee payment, the JPO issues a certificate of registration.

From the application to the decision of registration, it usually takes around 6 months (in FY 2017), if there are no substantive issues. The application fee is 16,000 JPY (approx. 148 USD) for each design, excluding fees for the *Bennishi* (patent attorney) who deals with such application. The registration fee for the first year to the third year is 8,500 JPY (approx. 79 USD) per year. On and after the fourth year, it is 16,900 JPY (approx. 157 USD) per year. The term of protection is 20 years from the registration date (Design Act Art. 2(1)). Such registration is not renewable. However, the term of protection will be extended to 25 years from the filing date of the application for the design registration due to the recent amendment of the Design Act.

3. Scope of Protection and the Relationships with Other Laws

A holder of a design right shall have the exclusive right to work the registered design and designs similar thereto as a business. "Work" includes the manufacturing, using, assigning, leasing, exporting or importing, or offering for assignment or lease (including displaying for the purpose of assignment or lease, the same shall apply hereinafter) of an article with the design. Thus, the holder of a design right can seek an injunction and compensation for damages against another party's manufacturing, importing and selling of products

² An applicant can also use the secret design system which allows an applicant to keep the registered design secret for up to three years from the registration.

with the registered design or a similar design. Similarity is determined based on similarity of articles and similarity in form. Whether such articles are similar is determined based on their usage and function. With regards to similarity in form, judges would consider as an important factor whether the essential part of the registered design is in common with the design at issue or not.

In addition, this protection does not preclude the protection the design may also enjoy under other legal provisions, such as the Unfair Competition Prevention Act("UCA Act"), Copyright Act and Trademark Act.

4. Cross-Border Issues:

a) Hague Agreement Concerning the International Registration of Industrial Designs

Japan has subscribed to the Hague Agreement Concerning the International Registration of Industrial Designs. Thus, through the Hague system, an applicant is able to get benefits as if the applicant made applications to multiple countries through a single application. However, regardless of whether a design is registered in the end or not, the contents of an application, grounds for rejection and references cited in the grounds for rejection are made public. On the other hand, in Japan, national filing only leads to publication regarding the registered designs. In addition, in national filing, you can use a secret design system allowing applicants to keep a registered design closed to the public for up to three years.

b) International Exhaustion

The Japan Supreme Court has refused to recognize the doctrine of international exhaustion. However, it has concluded that when a patentee in Japan or its equivalent (such as a subsidiary or affiliated company and a licensee of an equivalent patent in a foreign country) has distributed its products in a foreign country, the patentee is not entitled to exercise its right against purchasers of products at issue unless there is an agreement with such purchaser that Japan is excluded from the area of sale. The same applies against subsequent purchasers of the products at issue unless the aforementioned agreement exists and there is a clear indication of the exclusion regarding the area of sale on the products at issue. The same rule should apply to a holder of a design right.

c) Contracts: Transfer/Licensing

Registration at the JPO is required in order for an assignment of a design right to take effect. Please note that a design right of a principal design and that of its related design may not be transferred independently of each other. No formality, including registration, is required in order to license a design right to a third party, with the exception of "exclusive registered licenses", which are required to be registered to take effect. A right of pledge can be established on a design right or an exclusive registered license, however, registration at the JPO is required in order for the right of pledge to take effect. A right of pledge can be established on a non-exclusive license without registering at the JPO however, consent from the holder of the design right is required.

d) Litigation

1) Online Infringement

There are many unresolved matters regarding whether Japanese courts have jurisdiction over a foreign company (no business office in Japan and no representative person living in Japan) which has created and managed a website where it has sold infringing goods to customers. It would be necessary to consider many related facts, including what language is used on the website, whether it is possible for customers in Japan to order the goods at issue, whether the ordered goods can be sent to Japan and similar matters.

2) Litigation Best Practices

It would be advisable to implement a prior design search to understand the distinctive features of the design over prior designs and to understand the space for freedom of design. The results of the search would help you understand the likelihood of winning an invalidation challenge and winning an infringement lawsuit. It would be advisable to collect as much evidence as possible before sending a warning letter to potential infringers. Once a potential infringer knows of the possibility of infringement, it could make it difficult to collect evidence. If it is possible, it would be better to consider whether to use other legal protections (UCPA Act, Copyright Act and Trademark Act) in addition to a design right in preparation for a case where the registered design becomes invalid. A warning letter is recommended before full-fledged litigation. However, there are some cases where a plaintiff may consider filing a lawsuit without sending a warning letter in order to reduce the time necessary to get a judgement. In addition, preliminary injunction proceedings regarding intellectual property might take around six months or more. There are a certain number of cases where a plaintiff will file a main lawsuit without filing a petition for a preliminary injunction.

3) Seizure of Goods

A holder of a design right may demand a person who infringes or is likely to infringe the design right or exclusive license to stop or prevent such infringement (Design Act Art. 37(1)). Thus, for example, a holder of a design right may stop a third party from importing infringing goods into Japan and seize imported infringing goods through the litigation process.

However, both a main lawsuit and preliminary injunction proceedings require a certain amount of time. If the holder of a design right wants to stop infringers from importing goods infringing the holder's rights, the holder may make application for suspension thereof in order to have Japan Customs initiate identification procedures. If Customs decides that the goods are infringing intellectual property rights, it may confiscate and destroy the infringing goods. Though there are some cases where officials have difficulty in deciding the similarity between a design and goods using the design, basically, Customs' proceedings require a shorter time than a main lawsuit or a preliminary injunction.

It should be noted that the importation of trademark-infringing goods for personal use is legally permitted in Japan. Increase of online purchase by individuals and shipment by parcel have caused a serious problem to border enforcement.