

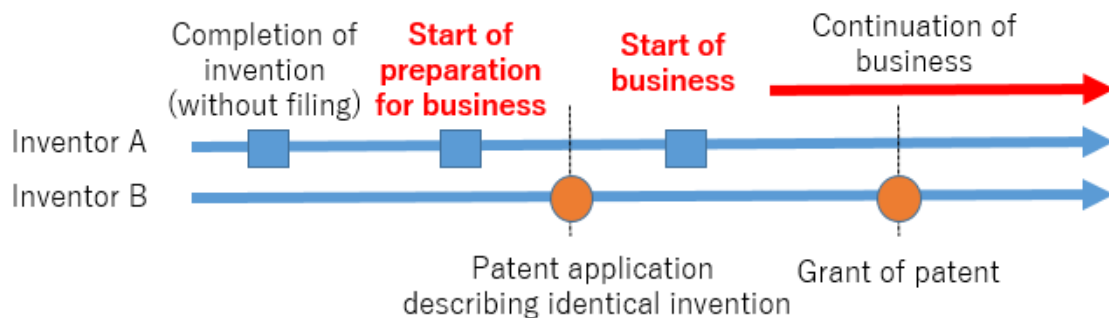
JPO's Response to Letter C.8940 Regarding Prior Use Rights

The JPO is pleased to provide the following inputs on prior use rights in Japan.

1. Outline of the Prior User Rights System in Japan

The prior user rights system is:

A system that grants non-exclusive licenses, to a certain extent as provided by law (the Patent Act of Japan), to prior users, i.e. parties who made the identical inventions independently and have been actually engaging or preparing to engage in business that involves the working of their inventions at the time when others (patent holders) filed patent applications for the identical inventions. This is done so that prior users can continue using the patented inventions at no cost and can continue their business using these inventions. This is done to ensure fairness in terms of the interests of both patent holders and prior users.



* In Japan, prior user rights are not to be registered at the JPO. When patent holders file a lawsuit against prior users for their patent infringements, the prior user rights will become effective for the patents.

Requirements for prior user rights to be granted

Prior users have:

- (1) Personally made identical inventions independently without knowing the details of the invention described in a patent application or learned of such inventions from a person that, without knowing the details of the invention described in a patent application, personally makes an identical invention;
- (2) Been engaging or preparing to engage in business that involves the working of their inventions;

- (3) Been actually engaging or preparing to engage in business that involves the working of inventions at the time of the patent applications were filed by others;
- (4) Been actually engaging or preparing to engage in business that involves the working of inventions in Japan.

Effects of Prior User Rights

- (5) Within the extent of the inventions that the person is working or preparing to work and within the preview of the business purpose,
- (6) These prior users can continue working the patented inventions of others at no cost and can continue their business.

[Patent Act Provision]

Article 79 of the Japanese Patent Act stipulates that,

A person that, without knowing the details of the invention described in a patent application personally makes an identical invention or that learns of such an invention from a person that, without knowing the details of the invention described in a patent application, personally makes an identical invention; and that is engaging or preparing to engage in business that involves the working of the invention in Japan at the time of the patent application is filed, has a non-exclusive license under the patent right, but only within the extent of the invention that the person is working or preparing to work and within the purview of the business purpose.

2. Ways for Ensuring Evidence of Prior Use

In order for prior user rights to be granted, it is essential for prior users to: (1) ensure facts as evidence, such as the details of engagement or preparations to engage in business that involves the working of the inventions and when they were actually conducted; and (2) prepare these facts, so that they can submit them to the courts whenever disputes over patents are filed. In Japan, the following are often used as ways for ensuring the evidence of prior user rights: (i) the notary system; and (ii) time-stamp service.

(i) Notary System

A system in which notary publics clarify any legal relations and facts and ensure the competence of evidence of documents. This is done by attaching officially attested dates to or authenticating private deeds and by making notarial deeds, so as to achieve stable legal status of private citizens and help prevent disputes.

(ii) Time-Stamp Service

Service that provides time information to certain electronic data, in order to prove the existence of the data before a certain point (data certification). Also, the service certifies a fact that there have been no changes or falsifications of the electronic data from the certain time point to the verification time (proof of no falsification).

3. Changing Environments Surrounding Prior User Rights

In recent years, with advances in open innovations, ways for promoting innovations have become more diversified, and significant changes have been taking place in industrial structures. Under these circumstances, the following changes are being caused in environments surrounding prior user rights:

(1) Needs for more sophisticated IP strategies

The increasing importance of developing more complicated and sophisticated intellectual property strategies, such as open-closed strategy

(2) Accumulation of more court decisions

In recent years, more court decisions have been made, which can be used as reference to use prior user rights

(3) More sophisticated ways for ensuring evidence

With business activities becoming more diversified, connecting items of evidence, which are related to multiple departments and local offices, becomes increasingly important.

With advances in digitizing paper documents, initiatives to prove facts by using digitized documents are needed.

Among them stated above, let's consider a case involving (3). When disputes are arisen over patents, prior users need to submit certain evidence to prove their prior user rights. Nonetheless, when prior users do not anticipate any disputes in advance, it has become clear that in many cases, many items of evidence to determine their prior user rights are dissipated and then these prior users are facing difficulties in collecting adequate evidence. Also, in order for prior users to prove the future granting of prior user rights, there is also a problem that what kind of evidence, to what extent, and in what ways they should ensure.

4. Recent Initiatives Undertaken by the JPO

In order to deal with the issues and environmental changes stated above, the JPO has been working on various initiatives. One example is that the JPO created collections of case study examples of the prior user right system and examples of lawsuits/precedents on prior user rights. By doing so, the JPO has been conducting awareness campaigns for users to appropriately utilize prior user rights.

- Collection of Case Study Examples of the Prior User Right System

The Case Study Examples are collected by the JPO to help users smoothly utilize the prior user right system. They are designed to clarify exactly what the prior user right system is and to provide useful information on actual cases for concerned parties as reference to use the system. After publishing the first version in 2006, the JPO updated the version in 2016 to respond to the changing circumstances surrounding prior user rights stated above.

(References (Guidebook in Japanese))

https://www.jpo.go.jp/system/patent/gaiyo/senshiyo/document/index/senshiyouken_2han.pdf

(References)

The second version of Case Example of the Prior User Right System: Toward achieving more smooth and effective use of the prior user right system-for strategic know-how management (Japanese)

https://www.jpo.go.jp/system/patent/gaiyo/senshiyo/document/index/senshiyouken_2han.pdf

- Collection of Examples of Lawsuits/Precedents

The collection consists of major cases for which court decisions were made as to whether to apply prior user rights. It includes a list of major lawsuits with bibliographic items, and the outline of the facts and court judgments.

(References (Lawsuits Examples in Japanese))

<https://www.jpo.go.jp/system/patent/gaiyo/senshiyo/document/index/saibanrei.pdf>

(References)

Collection of Examples of Lawsuits/Precedents Involving Prior User Rights (Japanese)

<https://www.jpo.go.jp/system/patent/gaiyo/senshiyo/document/index/saibanrei.pdf>

For reference: Information on Japan's court decisions in English

http://www.ip.courts.go.jp/eng/hanrei/judgments_list/150402/Vcms4_00000142.html

In addition to the JPO's Collection of Examples of Lawsuits/Precedents, English information about major court decisions are uploaded on the website of the Intellectual Property High Court of Japan.

http://www.ip.courts.go.jp/eng/hanrei/judgments_list/150402/Vcms4_00000142.html

The following case includes a court decision on prior user rights.

1986 (O) 454, October 3, 1986 [Supreme Court] ("Walking beam type heating furnace" case)

5. Needs of Industry for International Harmonization

From the perspective of making the prior user right system even more user-friendly for global economic activities, there are the needs of industry for harmonizing the systems and practices of prior user rights.

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