
INTRODUCTION OF ARTICLES

Study of the Affect of the Revised Utility Model Law on Japanese Industry

The Fourth Subcommittee,
The Second Patent Committee

The “Law Partially Amending the Patent Law, etc. for Accelerating Patent Examination, etc.,” which included amendment of the utility model system, was passed by the Diet on May 28, 2004 and entered into force on April 1, 2005.

This law mainly amended the following three aspects of the utility model system while maintaining the system of registration without substantive examination under the 1993 law as its basis: (1) introduction of a patent application system based on utility model registration; (2) extension of the term of utility model registration to ten years (the term was six years under the 1993 law); and (3) expansion of the allowable scope of correction.

The Fourth Subcommittee examined the practical merits and demerits of the utility model system mainly from the industrial sector perspective, while focusing on the above three aspects that were recent amendments and also verifying the early establishment of rights and low costs, which had been indicated as advantages of the utility model system from the past.

In addition, the subcommittee considered the various enforcement-related problems that derive from a system of registration without substantive examination—the basis of the system that was maintained in the recent amendment law—with particular focus on the risk of the “obligation of due care” upon enforcement, and examines whether the amended utility model system is a truly appealing system for users.

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Suggestions on Ways to Provide Investor Related Disclosure of Intellectual Property in Business

The First Subcommittee,
The Second Intellectual Property Management Committee

Aiming to achieve a nation built on intellectual property, the Ministry of Economy, Trade and Industry published the “Guidelines for Intellectual Property Information Disclosure” on January 27, 2004. As of November 30, 2004 17 companies had disclosed intellectual property information. However when questioned, these companies revealed that although the disclosure prompted formation of

an internal consensus and talks with people outside the company on the importance of intellectual property strategies, it hardly gained significant responses or evaluations from market players in terms of investor relations activities; thus it did not quite lead to creation of new corporate value. This paper clarifies the aims and methods adopted by the companies that disclosed intellectual property information the market players' evaluations of the disclosed information and from their perspective, points for improvement. In addition, the paper summarizes recommendations on issues the company should consider when disclosing its intellectual property information. Consequently, the main recommendations are to: first, clarify the policy and purpose of the disclosure; second, examine and create an in-house version of the information to be disclosed which should include intellectual assets; third and lastly, make a decision on whether or not said information should be disclosed.

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Study on Patent Licensing Agreements for Corporate Groups

The First Subcommittee, License Committee

Many corporate groups have come to collectively manage and use intellectual property (IP) rights of the entire group in recent years. Compared to traditional stand-alone companies, corporate groups often engage in businesses in a wide variety of technical fields, and involve a broad array of goods ranging from materials to final products. In addition, split-ups, mergers, changes in the contents of businesses, and transfers of personnel pertaining to the restructuring within the group take place more frequently than those between third parties. Meanwhile, when a corporate group concludes a licensing agreement with an outside company through the parent company or a subsidiary specializing in IP management, the business operator and the party to the contract may become different. Therefore, when a corporate group and an outside company conclude a licensing agreement, there would be a need to formulate terms and conditions that not only take into consideration the relationship between the parties to the contract as usual, but also the relationship with the entire group.

This paper focuses on the patent licensing agreement (licensing in/out), which is the most typical type of licensing agreement, and clarifies the points to note in an agreement between a corporate group and an outside company, and also examines how to deal with these points. Firstly, the paper clarifies the types of IP management in a corporate group to be examined in this paper. Then, it makes examination on selection of the party to the agreement, the scope of the rights to sublicense, calculation of the license fee, incontestability, confidentiality, transfer of the rights and obligations under the agreement, and measures to be taken at the time of bankruptcy.

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