

How Intellectual Property Divisions Should Participate in Creative and Business Activities – A model of ideal participation –

The First Subcommittee,
The Second Intellectual Property Management Committee

Japanese companies are required to promptly respond to this rapid development of advanced information technology society and economic globalization for their survival. Under the circumstances, how intellectual property divisions of each company should participate in the business activities of their company? Here we form ideal models focused on the “best participation in the business activities.”

The ideal models include following three features:

- 1) to incorporate participation in “planning of business strategies” into the cycle of activities of intellectual property divisions ;
- 2) to place the participation in “planning of business strategies” prior to activities of “ production of rights”; and
- 3) to link “ the production of rights” and ”enforcement of rights” with “business strategies.”

To be more specific, intellectual property information should be timely provided to the top management in the “planning of business strategies”. In the “Production of rights,” the intellectual property divisions should fully use intellectual property information to evaluate themes for research and development, propose individual themes for research and development by themselves and act as not only patent specialists but also inventors. In the “enforcement of rights,” enforcement strategies should be formed in consistency with the business strategies.

Interviews with major Japanese companies are also introduced.

We propose an ideal way of participating in business activities from the standpoint that intellectual property divisions should promote their own activities more actively and boldly break out the old mold.

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Review and Analysis of Recent Cases Relating to Reasonable Royalties

The First Subcommittee,
License Committee

Royalties for intellectual property, especially patent and utility model, in a license agreement currently seems to be decided by each company based on the conventional formulas as well as its own studies and considerations to find the reasonable amount taking into account the relationship with the other party because there is no single clear criterion. Under the circumstances, patent infringement cases are recently increasing in Japan because of the pro-patent policy of the government. While many cases are settled, disputes pursued until the final decision is delivered are increasing to the extent enough to draw the trends of court decisions as case law.

This article cites major formulas for obtaining the amount of royalties as well as examines and analyzes based on the cases for damages relating to patent and utility model in the past dozen years, the formulas actually employed by the court, resulting amount of royalties as decided by the court, focused especially on the trends in deciding the royalty rates. In addition, we studied how amendments of Patent Law relating to calculation of damages which became effective a few years ago have affected such court decisions.

As to royalty rate, the conventional, major level of three percent has been raised in recent years to five percent.

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Study and Proposals on Introduction of Consent System and Opposition-Based Examination System in Trademark Examination

Trademark Committee

In September 1998, a vast questionnaire survey was conducted to Japanese companies with respect to “Consent System” and “Opposition-based Examination System,” as a result of which little needs were found for either of the two systems at that time. As “Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks” became effective in March 2000, it has become necessary to consider introduction to Japan of “Consent System” and “Opposition-based Examination System” has become necessary in terms of international harmonization of trademark system for many European countries accessing the Protocol originally employ both of the systems. Based on the backgrounds, this article provides proposals and recommendations on introduction to Japan of both systems based on the results of questionnaire survey relating to both systems conducted to forty Japanese companies most of which are members of JIPA Trademark Committee as well as ten trademark agents in overseas countries. We propose that “Consent System” should be “considered toward early introduction” because: (a) there are more than reasonable needs among users; (b) the system should provide more consistency with the presently available transfer of rights after registration; (c) Japanese system should be internationally harmonized; and (d) the gap between examination practice at the Patent Office and corporate needs would be bridged. As to Opposition-based Examination System, it seems that “introduction is too early”, because sufficient discussion has not been made on the issue which has a significant impact on the corporate practice.

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