

4 Desirable Form of Design System Suitable for Protection of Creative Designs

In order to successfully produce differentiated products and high-value-added products through strategic use of design, thereby strengthening the competitiveness of Japanese industry, it is necessary to protect creative designs appropriately in order to encourage design creation, while enabling active use of design rights.

Regarding protection of designs, the “Intellectual Property Strategic Program 2005” states as follows: The GOJ will consider specific measures to develop an environment for providing products of higher value through the creation of attractive designs, including the development of a desirable form of the design system, and draw a conclusion by FY2005.

With the aim to contribute to future discussions at the Design System Subcommittee, this study, based on the discussions heretofore at the subcommittee, closely examines specific legal issues relating to a desirable form of the design system, the core system for protecting designs, including the effect of design rights, the design registration system, and the scope of the subject matter.

Introduction

In order to successfully produce differentiated products and high-value-added products through strategic use of design, thereby strengthening competitiveness of Japanese industry, it is necessary to protect creative designs appropriately in order to encourage design creation, while enabling active use of design rights.

This study closely examines specific legal issues relating to a desirable form of the design system, with the aim to contribute to discussions at the Design System Subcommittee.

I Creation of a Two-Track System through the Introduction of Registration without Substantive Examination

1 Statement of the Issue

Generally, design rights are established within seven months of the filing of an application for design registration. There have been calls for a system to enable earlier establishment of design rights from industries where imitation tends to take place soon after products appear on the market or where the product lifecycle is short. Additionally, in industries that produce many types of products in small amounts, complaints are heard against the burden of costs for filing or other procedures for obtaining rights.

2 Background for Discussions on Registration without Substantive Examination

The “Intellectual Property Strategic Program 2005” states as follows: In order to develop an environment for providing products of higher value through the creation of attractive designs, by the end of FY2005, the GOJ will consider reviewing the definition of design, introducing the non-substantive examination system, clarifying the approach for determining the similarity of designs, and reviewing the related design system and the part-design system, and will reform the Design Law and develop systems as appropriate.

At the fourth meeting, the Design System Subcommittee developed the “Interim Report on Points of Issue,” stating that the subcommittee should consider whether or not to create a new system framework, in response to diverse user needs, so as to protect design creation appropriately and enable design rights holders to exercise and utilize their rights proactively. In this context, the issue of whether or not to introduce a two-track system (consisting of a substantive examination system and a non-substantive examination system) should also be discussed.

3 Details of Discussion

(1) Basic structure

It is necessary to clarify the role and characteristics of each “track”, while referring to the two-track systems adopted in foreign

countries.

[Idea 1]

Design rights should be created as absolutely exclusive rights.

(Point of issue)

The difference between the non-substantive examination system and the existing design system in terms of legal interests to be protected should be clarified, and the balance and relevance between the two systems should be studied.

[Idea 2]

Design rights should be created as a relatively exclusive right.

(Point of issue)

Regulations under the non-substantive examination system might greatly overlap with regulations of slavish imitation under the Unfair Competition Prevention Law.

(2) Contents of rights

The contents of design rights should be determined depending on the level of creativity or the actual transaction status.

(i) Scope of effects of rights

[Idea 1]

Design rights should be created as an absolutely exclusive right to exploit the registered rights as well as designs that are *substantively identical* thereto.

(Point of issue)

The limitation of the scope of rights would prevent unexpected disadvantage to a third party. It would be easy to determine infringement if the scope of the effects of design rights covers designs that are substantively identical to the registered design.

[Idea 2]

Design rights should be created as an absolutely exclusive right to exploit the registered rights as well as designs that are *similar* thereto.

(Point of issue)

Although the scope of effects thus defined would be easily acceptable to users because the scope under the existing system covers similar designs, it might increase the monitoring burden for a third party.

[Idea 3]

Design rights should be created as a relatively exclusive right to exploit the registered design as well as designs that are *similar* thereto.

(Point of issue)

A system to presume dependence (on the registered design) can also be established. The rights holder should be allowed without exception

to secure a certain share of the market according to his creative achievement.

(ii) Term of rights

[Idea 1]

The term of design rights should be ten years.

[Idea 2]

The term of design rights should be less than ten years.

(Point of issue)

In light of the need for protection under the non-substantive examination system, a short term would be sufficient.

(3) Security for validity of rights

For the purpose of preventing abuse of rights that are registered without substantive examination, the Utility Model Law requires submission of a technical report on registrability (Section 29-2) and liability without fault (Section 29-3).

In the case of design rights, it is possible to a certain extent to judge validity of the rights by visual observation. In 2003, a decision of registration was made for about 80% of design applications. Considering these circumstances, it would be reasonable to a certain extent to create a design system that differs from the utility model system.

[Idea 1]

Any person may file an opposition against registration. When an opposition is filed, the appeal examiner will examine registrability of the registered design *ex officio*.

(Point of issue)

It would be appropriate to introduce the opposition procedure in combination with the invalidation procedure. Grounds for opposition should be specified.

[Idea 2]

The design rights holder who intends to exercise his rights must be actually using his registered design.

(Point of issue)

This requirement would possibly eliminate the concern about arbitrary registration of designs that are actually not in use.

[Idea 3]

Voluntary submission of a registrability report should be allowed.

(Point of issue)

If the design rights holder exercises his rights against the infringer by presenting a registrability report, he would enjoy certain benefits such as presumption of negligence on the part of the infringer.

(4) Claim for damages

Under the industrial property laws, the content of rights is made public in gazettes and registers, and negligence would be presumed on the part of the infringer (Section 103 of the Patent Law, etc.) However, the provision of presumption of negligence is not included in the Utility Model Law that adopts the non-substantive examination system.

In the case of design rights, it is possible to a certain extent to judge validity of the rights by visual observation. For this reason, it might not be necessarily required to provide for presumption of negligence.

[Idea 1]

Presumption of negligence should be introduced.

(Point of issue)

If the scope of the effects of design rights is limited to designs that are *substantively identical* to the registered design, and necessary measures are taken to secure the validity of the rights, it should be possible to provide for presumption of negligence.

[Idea 2]

Presumption of negligence should not be introduced.

(5) Transfer between the two tracks

What most users expect from the transfer between the two tracks may be that they can enjoy the earlier filing date. However, there are many issues to consider because such an arrangement may cause confusion in determining which application takes precedence. It is also necessary to consider whether it is appropriate to limit the period for transfer.

[Idea 1]

Transfer should be allowed during a fixed period, with the earlier filing date being maintained.

[Idea 2]

Transfer should not be allowed.

[Idea 3]

Transfer should be allowed, but injunctive relief should not be able to be claimed using the initial track from which the application is transferred.

(6) Model cases

The following model cases are developed on the condition that the existing substantive examination system should be maintained.

(i) The design is required to be novel and not easy to create; absolutely exclusive rights come

into existence upon registration (system under the Utility Model Law).

(ii) The design is required to be novel and not easy to create; relatively exclusive rights come into existence upon registration (system based on request for examination)

(iii) The design is not required to be novel; absolutely exclusive rights come into existence upon registration (system under the Law Concerning the Circuit Layout of Semiconductor Integrated Circuits).

(iv) The design is not required to be novel; relatively exclusive rights come into existence without registration (system under the Copyright Law).

(7) Evaluation of the model cases

(i) System under the Utility Model Law

The granting of absolutely exclusive rights will increase incentives for investment in design creation. However, designs that do not satisfy the novelty requirement will be excluded from protection, and validity of rights might be denied in invalidation proceedings. Furthermore, the registration procedure incurs costs.

(ii) System based on request for examination

This system will be effective only to a limited extent in increasing incentives for investment in design creation because the design rights cannot be exercised against another party's original design that is identical or similar to the registered design.

(iii) System under the Law Concerning the Circuit Layout of Semiconductor Integrated Circuits

Since novelty is not required, the scope of designs eligible for protection will be broadened, and validity of rights will be less likely to be denied in invalidation proceedings. On the other hand, under this system, more rights will be registered and exercised.

(iv) System under the Copyright Law

Omission of registration will reduce filing costs and make it easier to obtain rights but will reduce predictability regarding the existence of rights.

(8) Details and points of issue concerning the model cases

(i) System under the Utility Model Law

By making reference to the two-track system that combines the patent system and the utility model system, a two-track design system should be created so that rights will be established promptly through formal examination.

(I) Registrability requirements under the substantive examination system, such as the design being novel and not easy to create and the application having the status of an earlier application, shall also apply.

(II) Design rights shall be created as an absolutely exclusive right to exploit the registered design and designs that are similar thereto. The term of design rights shall be ten years from the date of registration.

(III) Conversion of an application from one track to the other shall be allowed only while the application is pending in examination or appeal examination; upon conversion, the original application shall be deemed to have been withdrawn.

(IV) The holder of design rights granted on the non-substantive examination track may, only within a certain period, file an application based on such rights for the substantive examination track. In this case, the rights obtained using the non-substantive examination track must be relinquished.

(V) There shall be a senior-junior relationship between design applications filed on the two tracks.

(VI) Invalidation proceedings may be instituted by any person alleging lack of novelty or other registrability requirements of the registered design (public reasons) or by interested parties challenging the ownership of the design rights (personal reasons).

(VII) Where the design rights holder has given a warning notice by presenting a required registrability report, negligence shall be presumed on the part of the infringer.

(Points of issue)

- Considering that it would take time to obtain a registrability report and that it is possible to a certain extent to judge the validity of the rights, it should be appropriate to presume negligence on the part of the infringer,
- Would it be appropriate, from the perspective of the monitoring burden for a third party, to allow omission of the presentation of a registrability report when giving a warning notice?

(ii) System based on requests for examination

The existing substantive examination system should be reformed into a system based on requests for examination as adopted under the Patent Law, in which substantive examination shall be conducted upon request and rights shall be granted if registrability requirements are satisfied.

(I) Registrability requirements under the substantive examination system, such as the design being novel and not easy to create and the application having the state of an earlier application, shall also apply.

(II) Design rights shall be created as a relatively exclusive right to exploit the registered design and designs that are similar thereto. The term of design rights shall be ten years from the date of registration.

(III) Conversion of an application and a senior-junior relationship between the two tracks shall not be provided for.

(IV) The holder of design rights granted using the non-substantive examination track may, only within a certain period, make a request for examination using the substantive examination track and obtain design rights if the registrability requirements are satisfied. In this case, the rights obtained using the non-substantive examination track must be relinquished before the rights obtained using the substantive examination track are registered.

(V) Invalidation proceedings shall be the same as those of the system under the Utility Model Law.

(VI) Negligence shall not be presumed on the part of the infringer.

(Points of issue)

- It is necessary to consider whether or not relatively exclusive rights would result in sufficient protection.
- Would it be appropriate, from the perspective of the monitoring burden on a third party, to determine validity of rights upon request for examination or invalidation proceedings?
- Considerable delay might be caused in the examination procedure.

(iii) System under the Law Concerning the Circuit Layout of Semiconductor Integrated Circuits

By referring to the system under the Law Concerning the Circuit Layout of Semiconductor Integrated Circuits (relatively exclusive rights are granted without substantive examination), a two-track design system should be created so that rights will be granted promptly through formal examination with respect to designs that are not easy to create.

(I) A design is registrable only if it is not easy to create.

(II) Provisions on the effect and term of rights shall be the same as those of the system based on requests for examination.

(III) Conversion of an application from one

track to the other shall be allowed only while the application is pending; upon conversion, the original application shall be deemed to have been withdrawn.

(IV) Where the holder of design rights granted using the non-substantive examination track files, within a certain period after the rights came into existence, an application using the substantive examination track, the design claimed in the later application shall not lack novelty and therefore may be registered using the substantive examination track. In this case, the rights obtained using the non-substantive examination track must be relinquished, and the later application cannot enjoy the earlier filing date.

(V) An application filed using the substantive examination track bars a later application filed using the non-substantive examination track, but not vice versa. Conflicts of rights using the two tracks should be provided for.

(VI) Invalidation proceedings may be instituted by any person alleging that it is easy to create the registered design (public reasons) or by interested parties challenging the ownership of the design rights (personal reasons).

(VII) Negligence shall not be presumed on the part of the infringer.

(Points of issue)

- Would it be appropriate to protect designs that do not satisfy the novelty requirement?
- It would be possible to extend the effect of design rights to designs that are similar to the registered design.
- Would it be appropriate to provide for exception to lack of novelty with respect to an application filed by the design rights holder within a certain period after the registration of the rights?

(iv) System under the Copyright Law

By making reference to the system under the Copyright Law (relatively exclusive rights is granted without formality examination), a two-track design system should be created so that rights for original designs that are not easy to create shall come into existence on the day the designs become publicly known or the day they are deposited.

(I) A design is registrable only if it is not easy to create.

(II) Design rights shall be created as a relatively exclusive rights to exploit the design that has become publicly known or has been deposited and designs that are identical or substantively identical thereto. The term of

design rights shall be ten years from the day the design becomes publicly known or is deposited.

(III) Conversion of an application shall not be available.

(IV) Where the holder of design rights granted using the non-substantive examination track files, within a certain period after the rights comes into existence, an application using the substantive examination track, the design claimed in the later application shall not lack novelty and therefore may be registered using the substantive examination track. In this case, the rights obtained using the non-substantive examination track shall be deemed to have been relinquished, and the later application cannot enjoy the earlier filing date.

(V) The senior-junior relationship between the two tracks shall not be provided for. Conflicts of rights using the two tracks should be provided for.

(VI) Invalidation proceedings shall not be available.

(VII) Negligence shall not be presumed on the part of the infringer.

(Points of issue)

- It is necessary to consider whether or not the requirements mentioned above are appropriate from the perspective of encouraging design creation.
- This issue should be considered from the perspective of predictability.
- This issue should also be considered from the perspective of the monitoring burden on a third party.

4 Future Discussion

The creation of a two-track system under the Design Law through the introduction of a non-substantive examination system should be carefully studied while taking into consideration the circumstances and needs of industry and the status of design protection under the Unfair Competition Prevention Law and other related laws.

II Protection of Page Designs

1 Statement of the Issue

Page designs perform various functions as user interfaces on the display screen of information appliances. They are important elements of software.

Under the existing design system, protection

is afforded only to page designs that satisfy certain requirements.

2 Past Discussion

In FY2003, the Institute of Intellectual Property discussed protection of page designs in the study on a “Desirable Form of the Design System Suitable for Strategic Utilization of Designs.”

3 Points to Note in Discussion

A desirable scheme for protecting page designs should be discussed with the aim to ensure a substantive balance and equality between page designs eligible for protection and designs subject to the exercise of design rights.

4 Details of Discussion

(1) Definition of page designs

In the previous study, a software product as a whole is regarded as an *article* to which a design is applied.

On the other hand, page designs are indicated on the screen of a display unit when they perform their functions, and in light of such a nature, it may be difficult to apply the logic that page designs constitute the appearance of a software product. In this context, it is appropriate to expand the scope of articles eligible for design protection to include display screens of appliances, and include the shape, pattern or color of a display screen or any combination thereof (hereinafter referred to as “shape, etc.”) in the definition of the term *design*.

(2) Scope of page designs to be protected

If a *display screen* is included in the concept of an *article*, all shapes, etc. indicated on the screen of a general-purpose display unit are to be protected.

It is necessary to consider whether or not it is appropriate to set limits to the scope of protection for page designs.

(3) Determination of similarity in page designs

Similarity in figurative elements that consist of page designs should be determined depending on the purpose and function of each element. Determination should be made with respect to articles that are identical or similar to the article stated in the application.

(4) Infringement of design rights

(i) Exploitation of page designs

[Idea 1]

Characteristics of page designs and expected modes of exploiting them should be taken into consideration.

[Idea 2]

Exploitation of page designs should be construed while focusing on page designs indicated on the display screen.

(Points of issue)

- Is it necessary to take any special measures to deal with the relationship between the creator of the page designs and the creator of the program, which is becoming increasingly complex?
- Is it necessary to give consideration to the status of the person who has determined the specifications of designs for operation pages and ordered production thereof?

(ii) Indirect infringement

If it is assumed that design rights to be granted for a page design should not extend to the program that constructs the page design, it is necessary to clearly provide that injunction against indirect infringement may not be claimed with respect to the program.

5 Future Discussion

Page designs should be protected to the same degree as in the United States, Europe and South Korea. Design rights should be granted for a single page design. The scope of page designs to be protected should be defined while taking into consideration technical characteristics and industry conditions, so that it is not too broad or vague. The software product itself that constructs page designs should be excluded from design protection.

III Expansion of the Scope of Effect of Design Rights

1 Statement of the Issue

The scope of effect of design rights for a creative design is often construed as narrowly as that for a less distinctive design or becomes gradually narrow by construction as time goes by.

2 Details of Discussion

We discussed defining the scope of design rights as a formative concept derived from the

descriptions in the drawings. Regarding this issue, two ideas were presented: (i) the effect of design rights should extend to designs that share the formative concept in common with the registered design; (ii) the effect of design rights should extend to designs that are easy to create based on the registered design.

The idea that the scope of design rights should be defined based on the formative concept invited criticisms arguing that such an idea is synonymous with abolition of the concept of an article, and that it is difficult to specify a formative concept from the descriptions in the drawings of a design.

3 Future Discussion

The introduction of a system of defining the scope of design rights based on the formative concept should be carefully studied while taking into consideration problems that may arise such as whether or not such a system would be effective in examination procedure.

IV Extension of the Effects of Design Rights to the Use of the Design for Different Articles

1 Statement of the Issue

Since the effect of design rights under the existing system extends only to articles that are identical or similar to the article to which the registered design is applied, the right cannot be exercised in cases where a competitor imitates only the shape of the product that sells well and introduces it for a different article.

2 Details of Discussion

We discussed expanding the scope of effect of design rights to include designs that are easy to create based on the registered design, focusing on three ideas: (i) expand the scope of effect to include designs that are not expected to be exploited; (ii) define the scope without disclosure in the application upon filing; (iii) construe the scope while taking publicly known designs into consideration.

With respect to these ideas, the following opinions were heard: (i) design protection is intended to protect creation of designs, and therefore expectation of exploitation is irrelevant; (ii) the scope of effect of design rights can be defined based on the formative concept derived

from the descriptions in the drawings; (iii) it is natural to construe that design rights may not be exercised against publicly known designs.

It was also pointed out that rights and interests relating to a design would be complicated, and that it would be unreasonable to define the scope of right based on both similarity and easiness of creation, which are determined from different viewpoints.

At the same time, suggestions were made to solve this issue by defining design field in the same manner as defining technical field of Patent, changing the concept of similarity in articles, and reviewing the one design-one application system.

3 Future Discussion

[Idea 1]

The scope of effect of design rights should be expanded so that the right would be able to be exercised against the use of the registered design or designs similar thereto for articles that are not similar to the article to which the registered design is applied, if such use depends on the registered design. In this case, such use should be regarded as direct or indirect infringement.

[Idea 2]

The registered design being publicly known should also be required in addition to the requirement motioned in Idea 1.

V Clarification of the Scope of Effects of Design Rights

1 Statement of the Issue

In infringement cases, similarity in designs is determined by various approaches that are based on academic theories such as the theory of confusion and the theory of creativity. Ambiguity in the area of the scope of effects of design rights is one factor that causes hesitation in filing design applications or exercising design rights.

2 Details of Discussion

We discussed providing for an approach to determining similarity in designs for confirmation. The majority of participants were negative about this idea because such a provision would be too binding on courts when they determine whether individual designs meet certain requirements, and any of the existing academic theories have little influence on determination in individual cases.

3 Future Discussion

An approach to determining similarity in designs should be clearly indicated in the Examination Guidelines for Designs.

VI Inclusion of Possession for the Purpose of Assignment in the Scope of Acts of Infringement

1 Statement of the Issue

In light of the fact that infringement of design rights, which involves counterfeit products, has recently been committed in an organized and sophisticated manner, the act of possessing or storing counterfeit products that are yet to be distributed in the market should be included within the scope of acts of infringement.

2 Details of Discussion

We discussed including the act of possessing or storing counterfeit products for the purpose of assigning them within the scope of *exploitation* or the scope of *acts deemed as infringement*, focusing on (i) consistency with other intellectual property laws, (ii) excessive expansion of the scope of effects of design rights, and (iii) criminal punishability of such acts.

Negative views were aired about this idea, with the argument that it is difficult to explain why “possession” should be included only under the Design Law, and that it is difficult for distributors to determine similarity in designs.

On the other hand, the positive view was also expressed that penal provisions should be applicable for possession for the purpose of distribution under the Copyright Law, and that it would be easy to prove infringement for the purpose of applying a criminal penalty.

Regarding whether possession should be deemed to be *exploitation* or an *act deemed as infringement*, it was argued that the acts currently listed under the definition of *exploitation* are worthy to be subject to exclusive rights, and that possession is not suitable for inclusion within the definition of *exploitation*, whereas it was also argued that it would be simple to regard possession as direct infringement if the primary objective were to apply a criminal penalty, because if it were regarded as an indirect infringement, then this would pose issues such as whether or not indirect infringement should

depend on direct infringement.

3 Future Discussion

The act of possessing articles to which the design is applied for the purpose of assigning the articles should be included in the definition of *exploitation*.

VII Inclusion of Export and Transshipment within the Scope of Acts of Infringement

1 Statement of the Issue

Considering that *export* is covered by design rights in many countries, it is necessary from the perspective of strengthening anti-counterfeiting measures to include *export* within the scope of *exploitation* of the article pertaining to the design rights.

2 Details of Discussion

We discussed including export and transshipment within the definition of *exploitation*, focusing on (i) the purport and purpose of the Design Law, (ii) the balance with other intellectual property laws, and (iii) the interests to be protected by regulating export and transshipment.

Inclusion of *export* was supported from the perspective of promoting anti-counterfeiting measures and achieving international harmonization of design systems, whereas it was also pointed out that this arrangement should be made on an equal basis under all industrial property laws and that what interest would be protected should be explained.

With respect to *transshipment*, it was argued that including this within the definition of *exploitation* under the Design Law would be inappropriate because in order to regulate transshipment, design infringement must occur both in Japan and in the destination country.

3 Future Discussion

The act of exporting articles to which the design is applied should be included within the definition of *exploitation*.

Careful study should be continued regarding whether *transshipment* should be regulated under the Design Law.

VIII Removal of Parts from an Article at Customs

1 Statement of the Issue

It is possible to import and sell articles that infringe design rights by removing parts from the articles at Customs, and then inserting repair parts into the imported articles following customs clearance. Such a loophole is likely to induce acts of direct infringement.

It is difficult to prove exclusive use of articles, and therefore regulations of indirect infringement under the existing law are less effective from the perspective of combating counterfeit products.

2 Details of Discussion

We discussed making provisions for indirect infringement without requiring the proof of exclusive use of articles, while considering (i) the addition of a requirement that is similar to “being indispensable for solving the problem (through the invention),” (ii) exclusion of standard products and popular products from regulations, and (iii) addition of the subjective requirement.

A question was raised as to the possibility of effective customs control by adding the subjective requirement in cases where infringing articles may be controlled by applying provisions on partial designs or similarity in designs.

On the other hand, the relaxation of the requirements for indirect infringement under the Patent Law was evaluated as having deterrent effects to a certain extent.

3 Future Discussion

We should also discuss adding the following in the provision of Section 38 of the existing Design Law: “act of manufacturing, using, assigning, leasing or exporting, or offering for assignment or leasing, with sufficient knowledge on the registered design or designs similar thereto, articles that can be easily changed back into the articles pertaining to the registered design or designs similar thereto.”

IX Extension of the Term of Design Rights

1 Statement of the Issue

There is an increased number of cases of

products with excellent designs that have a long life or that enjoy a revival boom.

Under the existing Design Law, the term of design rights is set at 15 years from the date of registration of the establishment of the rights. Protection for a longer term is being sought in some quarters.

2 Details of Discussion

We discussed extending the term of design rights to 20 years from the date of registration, while referring to the provisions of the Patent Law as well as those of foreign design laws.

The majority argued that considering the extreme difficulty in obtaining registration of 3D-trademarks, the rate of survival of design rights and the necessity to protect brand images produced by designs, the term of design rights should be extended.

3 Future Discussion

The term of design rights should be set at 20 years from the date of registration.

X Strengthening of Criminal Penalties

1 Statement of the Issue

In order to increase the deterrence against carrying out acts of design infringement, it is necessary to impose strict criminal penalties.

2 Details of Discussion

We discussed raising the upper limit for design infringement penalties to imprisonment with labor for not more than five years or a fine of not more than five million yen, or to the same level as penalties for theft of property, i.e. imprisonment with labor for not more than ten years or a fine of not more than ten million yen. We also considered the possibility of being able to impose both imprisonment and a fine.

The majority found no problem with the idea of raising the upper penalty limit for design infringement to imprisonment with labor for not more than five years or a fine of not more than five million yen, which is the same level as penalties imposed under other industrial property laws. However, some were negative about strengthening the penalty excessively as there are some cases involving uncertainty regarding

whether design infringement has occurred.

3 Future Discussion

The upper limit for design infringement penalties should be raised to imprisonment with labor for not more than five years or a fine of not more than five million yen, and the option to impose both imprisonment and a fine should be introduced.

In the case of design infringement by an employee of a corporation, a fine of not more than 150 million yen should be imposed on the corporation.

XI Review of the Related Design System

1 Statement of the Issue

As a common practice in product development, companies make minor or partial changes to their successful products while leaving basic characteristics unchanged, and manufacture and sell such products as new products.

However, under the existing design system, where a person files an application with respect to a design that is similar to the design stated in his earlier application, the later application shall be rejected because of the earlier application. This prevents protection of improved designs.

2 Details of Discussion

We discussed reviewing the related design system in order to ensure registrability of improved designs in later applications, while maintaining the rights for related designs. We also studied the need to limit the period in which such later applications are accepted.

3 Future Discussion

An improved design in a later application should be made registrable as a related design if the later application is filed while the application with respect to the principal design is currently pending.

XII Later Design Identical or Similar to Part of Earlier Design

1 Statement of the Issue

For successful products, portions to which

designs with high creativity or originality are applied are easily imitated. To avoid such imitation, there is a need to obtain stronger protection of product designs by filing a later application with respect to a portion or part of the earlier design.

However, under the existing Design Law, a later design that is identical or similar to part of an earlier design is not registrable.

2 Details of Discussion

While referring to the provisions on similarity under the Patent Law, we discussed allowing registration of a later design that is identical or similar to an earlier design where applications for both designs are filed by the same person. We also discussed registrability of such a later design where both designs are created by the same person.

3 Future Discussion

A later design that is identical or similar to part of an earlier design should be made registrable if both applications are filed by the same person and the later filing precedes the publication of the earlier design.

XIII Exception to Lack of Novelty

1 Statement of the Issue

In order to apply for exception to lack of novelty, the applicant must submit a certification within 14 days of the filing date.

Under the existing system, it takes a considerable amount of time and labor to obtain a certification from a third party.

2 Details of Discussion

We discussed extending the period for submitting a certification.

Some argued for relaxation or exemption of the obligation to submit a certification, whereas others pointed out that such an arrangement would undermine stability of rights or reduce the speed of the examination process.

3 Future Discussion

The period for submitting a certification should be extended from 14 days to 30 days from the filing date.

XIV Secret Design System

1 Statement of the Issue

Under the existing secret design system, secrecy may be requested only upon the filing of a design application.

Due to such limitations, examination of design applications is too expedited and designs are published prior to the release of products, which have adverse effects on advertising and promotion strategy.

2 Details of Discussion

We discussed allowing applicants to request secrecy of designs not only upon filing but also at any time depending on the progress in the examination process.

3 Future Discussion

A request for secrecy should be accepted not only upon filing but also at any time while the application is pending.

XV Prior Design Disclosure

1 Statement of the Issue

Designs that are not similar but relevant to a design stated in an application shall be taken into consideration when determining similarity of designs. It is necessary for examiners to efficiently grasp publicly known designs that are relevant to the design in an application.

2 Details of Discussion

We discussed increasing efficiency and speed of examination or clarifying the relationship with publicly known designs by requiring applicants to disclose prior designs that they know of.

3 Future Discussion

The introduction of the prior design disclosure system should be carefully studied while giving due consideration to the balance between the benefit of disclosure of prior designs and the burden of disclosure on applicants.

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