

17 Subjective Scope of the Right of Prior Use: Comparative Study of French and Law and Japanese Laws^(*)

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Today, no one doubts the importance of the system of the right of prior use. To date, the focus of attention has been placed on the issue of the objective scope of the right, leaving the issue of subjective scope unexamined. In Japan, due to its industrial structure, under which the practice of subcontracting is widespread, it is extremely important to determine whether the right of prior use arises for an order-placing party or an order-receiving party, i.e., subcontractor. Once the right of prior use arises, we will have to face the issue of how to interpret the subjective scope of the right. For example, we will have to determine whether an assistant and a subcontractor of the holder of a right of prior use should be included in the subjective scope of the right and whether a distributor who has purchased products from the holder of a right of prior use should be excluded from the scope. Without clarifying these issues, it would be impossible to promote the use of the system of the right of prior use. In this paper, we have examined French law, which is considered to be the origin of the Japanese system of the right of prior use, and made a comparison between the Japanese system and the French system. The insights gained from the French system were used to discuss possible interpretations of the subjective scope of the right of prior use under the Japanese system.

I Introduction

Today, no one doubts the importance of the system of the right of prior use. In the course of discussion on the issue of the right of prior use, the focus of attention has been placed on the issue of the objective scope of the right, leaving the issue of subjective scope unexamined.

Since subcontracting exists under the Japanese industrial structure, a business operator often places an outsourcing order with a subcontractor. Therefore, it is extremely important to determine whether the right of prior use arises for an order-placing party or an order-receiving party, i.e., subcontractor. However, the answer to this important question of who the qualified holder of the right of prior use is varies from one case to another due to the lack of clear judgment criteria.¹

Once the right of prior use arises, we will have to face the issue of how broadly the subjective scope of the right may be interpreted. For instance, if the holder of a right of prior use employs a subcontractor, it would be uncertain whether the subcontractor should be regarded as falling within the subjective scope of the right of prior use. If a company purchases products from the holder of a right of prior use for the purpose of selling them, it would also be unclear whether the distributor

should be excluded from the subjective scope of the right of prior use. Without clarifying these issues, it would be impossible to promote the use of the system of the right of prior use.

While the Japanese system of the right of prior use has been strongly affected by German law, the German system of the right of prior use has its origin in French law. Thus, this paper presents a summary of the French system of the right of prior use and conducts a comparative study between Japan and France in terms of the subjective scope of the right of prior use with the hope of gaining insights from French law.

II French system of the right of prior use

The French system of the right of prior use was established based on the judgment handed down in 1849 by the Supreme Court of Judicature (Cour de cassation),^{2,3} which held that the *raison d'être* of the system of the right of prior use shall be found in the protection of vested rights.⁴ This interpretation was upheld by academic theories⁵, while a small number of theories interpreted the *raison d'être* from the perspective of equity.⁶

These theories shared the stance of using such

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terms as “vested rights” and “equity,” while using the following two notions to interpret the *raison d'être* of the system of the right of prior use.

The first notion is the protection of inventors.⁷ The importance of this notion was advocated even more strongly after the 1968 legislation, which created the system of the right of prior use in France.⁸

The second notion is the protection of the vested rights of a possessor.⁹ According to the wording of relevant clauses, non-inventors are also entitled to hold a right of prior use.¹⁰ Therefore, the *raison d'être* was interpreted not from the perspective of inventor protection but from the perspective of equity.

As far as French law is concerned, the former notion seems to be more commonly used. Consequently, it is interpreted that the *raison d'être* of the system of the right of prior use lies in the protection of inventor's vested rights. Meanwhile, both notions have failed to clearly define the term “equity”.¹¹

III Subjective scope of the French system of the right of prior use

1 Introduction

Article L613-7 of the Intellectual Property Code of France specifies the system of the right of prior use by stating that “Any person who, within the territory in which this Book applies, at the filing date or priority date of a patent was, in good faith, in possession of the invention which is the subject matter of the patent shall enjoy a personal right to work that invention despite the existence of the patent. The right afforded by this Article may only be transferred together with the business, the enterprise or the part of the enterprise to which it belongs.”¹²

In the following sections, we will identify the qualified holder of the right of prior use and the scope of the right. In this paper, the right of prior use under the French system will be referred to as the right of prior personal possession based on the French term for the right of prior use.

2 Any person (Toute Personne)

The term “any person (*toute personne*)” clearly indicates that either a natural person or a juridical person could become the holder of a right of prior personal possession.¹³ Even a nation could

benefit from a right of prior personal possession.¹⁴

Casalonga strongly advocated that a person may not become the holder of a right of prior personal possession unless qualified as an inventor. Casalonga argued that a right of prior personal possession may be held only by an inventor or, in some special cases, by his or her successor.¹⁵ However, a careful examination of the 1968 Law reveals that the terms “inventor” and “his/her successor” are not used in the provision concerning the right of prior personal possession (Article 31 of the French patent law), indicating that the ownership of the right of prior personal possession is not limited to those people.¹⁶ Today, it is widely believed that it is not necessary to qualify as an inventor.¹⁷

There used to be a debate as to whether the beneficiary of the right of prior personal possession should be determined based on the timing of the commencement of possession. Today, a consensus has been reached that the timing of the commencement of possession and the number of possessors are not important factors in determining whether a right of prior personal possession has arisen. This is because the fact that possession has been acquired would not provide reasonable grounds for granting exclusive rights to the possessor.

There has been a discussion on an agreement under which research and development activities are commissioned. It has been interpreted that the commissioning party is entitled to hold a right of prior personal possession to the extent of the agreement.¹⁸

There has also been a discussion on the assignment and transmission of an invention. This does not mean the assignment of a right of prior personal possession but rather the assignment or transmission of an invention.¹⁹ Under French law, a right of prior personal possession does not exist before a patent application is filed. When an invention is assigned, the assignee starts enjoying the benefits of prior personal possession of the invention on and from the date of assignment.²⁰ The same applies to the case where an invention is transmitted. Transmission of an invention may be made either orally or in writing as long as what is transmitted is recognizable as information on an invention.²¹

Different treatment would be necessary in the case of a right of prior personal possession held by a company. If the invention in question is made out of research and development activities conducted by a

department that lacks juridical personality, the right of prior personal possession would be held by the corporation to which the department belongs.²²

If an invention is in the possession of each company belonging to the same corporate group, each company would be entitled to enjoy the benefits of a right of prior personal possession.²³ If the invention is in the possession of only one of those group companies, the effect of having prior personal possession of the invention could not be enjoyed by the corporate group as a whole.²⁴

3 Good faith (Bonne foi)

The requirement of good faith has its origin in the Roman law principle, i.e., “Fraud negates everything (Fraus omnia corrumpit).”²⁵ This requirement has been established based on judicial precedents since before the 1968 legislation that introduced the system of the right of prior personal possession. The use of this requirement has been viewed favorably by academic theories.²⁶

One of the early precedents is the judgment handed down by the Court of Appeal of Paris (Cour d'appel de Paris) on April 13, 1878. This is a case involving a patentee and his employee. The employee took advantage of a personal relationship with his employer and obtained information on his invention. By the time when the employer filed a patent application for the invention, the employee had already worked the invention. The Court of Appeal of Paris held that the possession acquired by the employee was tainted by fraud (fraude).²⁷

According to judicial precedents, the person who has acquired possession is required to prove that the requirement of good faith has been met.²⁸

An analysis of judicial precedents that took place before the legislation shows that many of those precedents involved an invention made out of an employer-employee relationship. In some cases, an employee subsequently claimed a right of prior personal possession,²⁹ whereas, in other cases, a third party who has learned of an invention from an employee claimed such a right.³⁰ In most of those cases, the court found that the requirement of good faith was not fulfilled.

According to a general theory that can be derived from judicial precedents that took place after the legislation, the requirement of good faith is considered to be satisfied in the case of “a self-made invention or an invention legally learned of from the inventor.”³¹

4 Territory (Territorialité)

Since Article L613-7 of the current Intellectual Property Code of France states “within the territory in which this Book applies,” possession needs to be acquired within France.³²

The territorial requirement for possession becomes an issue in the following two cases: the case where the possession acquired in France has its origin in the possession acquired in a foreign country and the case where the possession has been achieved outside France, while the possessor is in France.³³

In the former case, the possessor may start enjoying benefits of a right of prior personal possession on and from the date on which the possession is achieved in France.³⁴ As a judicial precedent, the Court of Appeal of Paris handed down a judgment addressing this issue on July 5, 1879.³⁵

The latter case has been discussed for each of the following two possible cases. In the first case, the possessor has an office in France, while the possession of the invention has been achieved by an office in a foreign country. In this case, the office in France may not acquire the right of prior personal possession unless prior personal possession is achieved in France.³⁶ In the second case, the right holder of an invention is in France, whereas the inventor is in a foreign country.³⁷ Regarding this case, there is an academic theory stating that the territorial requirement should be waived in this case and that a right of prior personal possession should be held by the right holder in France.³⁸ As relevant judicial precedents, the Superior Court of Paris (Tribunal de Grande Instance de Paris) handed down judgments addressing this issue on March 31, 1989, and December 19, 2003, respectively.^{39 40}

5 Date (Date)

Article L613-7 of the Intellectual Property Code of France specifies the time requirement by stating “the filing date” and “priority date.” Consequently, as far as patent applications filed in France are concerned, a judgment will be made based on the actual filing date. In the case of an application claiming priority, a judgment will be made based on the priority date.

6 Possession (Possession)

In order for possession to be achieved, accurate and complete recognition of the invention would be necessary.

The right of prior personal possession was explicitly specified in Article 31 of the French patent law by Law No.68-1 dated January 2, 1968. The legislative history of establishing said right suggests why the notion of “the possession of an invention” was adopted despite and because of its ambiguity instead of the notion of “the working of an invention”. This is why the legislator is evaluated with having chosen to remain silent.⁴¹

Academic theories are divided over how to interpret “possession.” In France, a majority of theories seem to have adopted the interpretation that the notion of possession does not require the working of an invention.⁴² However, based on an in-depth study of the notion of possession, some scholars presented a strong argument that the notion of possession requires the working of an invention.⁴³

Judicial precedents are also divided over this issue. In recent precedents, the court is likely to waive the requirement that an invention must be worked. These days, it is rare for the court to explicitly find the working of an invention as a requirement for the possession of the invention.

7 Scope of the right of prior personal possession

In this section, we will discuss the scope of the right of prior personal possession.

In France, due to the absence of statutory limitations, it is widely believed that the right holder may freely change the nature and manner of working an invention.⁴⁴ Similarly, no limitations are imposed on quantitative expansion of the working of an invention.⁴⁵

To discuss the personal scope of the right of prior personal possession, it would be convenient to discuss the issue of upstream separately from the issues of downstream. The issue of upstream lies in the manufacturing phase of products that are subject to a right of prior personal possession, whereas the issue of downstream lies in the marketing phase of those products. After discussing those two issues, we will discuss the issue of assigning the right of prior personal possession.

First, the upstream issue needs to be examined based on the clear understanding that the holder of a right of prior personal possession is prohibited from granting a license.⁴⁶ This prohibition has given rise to the question of whether the holder of a right of prior personal possession is permitted to contract out the work that requires the exercise of

the right of prior personal possession. Academic theories consider such use of a subcontractor to be permissible in principle.⁴⁷ Some of the judicial precedents involved an associate, while others involved a subcontractor. The difference between an associate and a subcontractor is unclear. In those precedents, the court found an associate favorably and a subcontractor unfavorably.⁴⁸⁴⁹

Second, the downstream issue should be examined from the perspective of whether the distributor’s (distributeur) act of selling products manufactured by the holder of a right of prior personal possession constitutes infringement. This issue should not be regarded as an issue of exhaustion (Article L613-6 of the Intellectual Property Code of France).⁵⁰ Academic theories share the view that the third party’s act of selling products manufactured by the holder of a right of prior personal possession does not constitute infringement.⁵¹ However, the grounds for the view vary from one theory to another and remain unclear. Some theories use the principle of equity as the grounds,⁵² while other theories find grounds in the fact that, if a distributor is prohibited from exercising the right of prior personal possession, it would be meaningless to permit the holder of a right of prior personal possession to manufacture products.⁵³ In judicial precedents, the court found that the distributor’s act of exercising the right of prior personal possession did not constitute infringement. The grounds for this finding were not explained by the court.⁵⁴

Regarding the assignment of the right of prior personal possession, Article L613-7 of the Intellectual Property Code of France imposes certain limitations.⁵⁵ These limitations were established based on the personal nature of the right of prior personal possession.⁵⁶ The limitations were revised by the law dated December 18, 1996. The current Code specifies that, “The right afforded by this Article may only be transferred together with the business, the enterprise or the part of the enterprise to which it belongs.” Before the revision, the provision referred only to “enterprise,” causing controversy as to how to interpret the word. It would be beneficial for Japan to learn from this controversy, which is summarized below.

Academic theories had a tendency to broadly interpret the notion of enterprise.⁵⁷ In judicial precedents, the court interpreted the term “enterprise” as factory (usine), business office (maison de commerce), and business (fonds de

commerce).^{58 59} In either case, the term “enterprise” was not clearly defined.

Academic theories and judicial precedents shared the view that the assignment of an entire business will allow the assignee to receive a transfer of the right of prior personal possession and continue the operation of the business.⁶⁰ For instance, if a company absorbs another company that holds a right of prior personal possession, the absorbing company may use said right of the absorbed company.⁶¹ The same is true in reverse. For example, if a company that holds a right of prior personal possession absorbs another company, the absorbed company may use said right of the absorbing company.⁶² In the case of a merger of companies, all the companies may enjoy the benefits of the right of prior personal possession that has been acquired by any of those companies.⁶³

Views were divided over the case of partial asset transfer. Some scholars argued that the benefits of the right of prior personal possession belong exclusively to the original holder of a right of prior personal possession because each company retains its juridical personality.⁶⁴ On the other hand, some other scholars argued that a transfer of the right of prior personal possession should be permitted even in the case of partial asset transfer.⁶⁵ ⁶⁶ Regarding a corporate split-up, some scholars argued that a transfer of the right of prior personal possession should be permitted on the analogy of a situation where a parent company hopes to transfer its right of prior personal possession to its subsidiary company.⁶⁷

8 Burden of proof

The person claiming a right of prior personal possession must bear the burden of proof.⁶⁸ The ownership of a right of prior personal possession may be proven in various ways.⁶⁹

IV Purpose of the system of the right of prior use in Japan

In Japan, the purpose of the system of the right of prior use should be interpreted as “providing legitimate business operators with protection for their industrial possession.”⁷⁰ This interpretation would provide reasonable explanation for why the expansion of business size is permissible. Furthermore, this interpretation would make it possible to explain the relationship between the *raison d’être* of the system of the right of prior use

and that of the patent system without raising theoretical issues. Thus, based on this interpretation, we will determine the subjective scope of the system of the right of prior use.

V Subjective scope of the system of the right of prior use in Japan

1 Introduction

Article 79 of the Japanese Patent Act specifies as follows.

“A person who, without knowledge of the content of an invention claimed in a patent application, made an invention identical to said invention, or a person who, without knowledge of the content of an invention claimed in a patent application, learned the invention from a person who made an invention identical to said invention and has been working the invention or preparing for the working of the invention in Japan at the time of the filing of the patent application, shall have a non-exclusive license on the patent right, only to the extent of the invention and the purpose of such business worked or prepared.”

Based on this provision, the following sections will discuss the subjective scope of the right of prior use.

2 Person

Since no limitations are imposed on the term “person,” either a natural person or a juridical person may hold a right of prior use. Even a nation may become the holder of a right of prior use.

In Japan, since said provision does not require “person” to be an inventor, a non-inventor may enjoy the benefits of a right of prior use. Moreover, the provision does not require “person” to be a person who has learned of an invention directly from the inventor.

Regarding the number of holders of a right of prior use, the provision imposes no limitations either.

In France, regarding an agreement under which research and development activities are commissioned, it is interpreted that the commissioning party is entitled to enjoy the benefits of the right of prior personal possession to the extent of the agreement.⁷¹ In Japan, no discussion has been made in this respect.

When an invention is assigned or transmitted, the party receiving the assignment or transmission

may acquire the right of prior use as long as other requirements are satisfied. Since said provision imposes no limitations, if an invention is assigned or transmitted, the receiving party would be entitled to acquire the right of prior use even if the business itself is not assigned to the party.

While the issue of how to treat the right of possession held by a company was in discussion in France, Japan has paid little attention to the issue.

If an invention is made out of research and development activities conducted by a department that lacks juridical personality, the right of possession would be held by the corporation to which the department belongs. France also discussed the case of companies belonging to the same corporate group. This issue has been left unaddressed in Japan. If an invention is worked by each of the group companies that has juridical personality, each company would be entitled to enjoy the benefits of the right of prior use.

3 Legitimacy of the route through which an invention was learned of

In Japan, in order to become the holder of a right of prior use, the legitimacy of the route through which an invention was learned of is required. This requirement is defined as “good faith” in the law of 1921. Since the in-depth examination of this requirement is indispensable to determine the subjective scope of the right of prior use, we will refer to both the former law and the current law.

There are judicial precedents in which the court found, under the former law, that “the term ‘good faith’ refers to the absence of awareness that the right of the applicant may be damaged (Judgment of the Supreme Court in prewar Japan dated November 15, 1934),” “without the knowledge of the existence of a prior application (Judgment of the Supreme Court in prewar Japan dated February 4, 1938), and “the belief that the design belongs to oneself without realization of the fact that the design belongs to another person (Judgment of the Supreme Court dated October 17, 1969).”^{72 73 74}

Under the current law, disputes could arise if the routes through which an invention was learned of are identical. In the Sapporo High Court judgment dated December 26, 1967, and the Osaka District Court judgment dated March 11, 1977, the court found a right of prior use to have arisen

although the routes through which the invention was learned of were identical.^{75 76}

On the other hand, academic theories were divided over the interpretation of “good faith” required under the law of 1921. Some scholars interpreted “good faith” as “the lack of knowledge that an application has been filed,”⁷⁷ “the absence of awareness that the creation made by the application exists,”⁷⁸ “no intention of committing a wrongful act,”⁷⁹ “the belief that the creation belongs to oneself without realization of the fact that it belongs to another person,”⁸⁰ and “the intention of compliance with the public order and good morals.”⁸¹

The lack of clarity in the requirement of good faith has been pointed out as problematic.⁸² In order to clarify the requirement, a legal revision was made.

In view of this legislative history, some scholars argue that, while the current law contains a provision that requires the legitimacy of the route through which an invention was learned of, the provision merely specifies in general terms a typical case where the requirement of good faith is met.⁸³ A majority of academic theories argue that it would be unreasonable to adopt such narrow interpretation that said provision is applicable only to cases where inventions were made through two different routes.⁸⁴

4 Territory

In Japan, said provision requires an invention to be worked in Japan. Therefore, if an invention is worked outside Japan, a right of prior use would not arise.

5 Date

Unlike France law, which adopts the term “the filing date,” Japanese law has adopted the term “at the time of the filing of the patent application.” In the case of an application claiming Paris Convention priority, a judgment as to whether a right of prior use arises will be made based on the priority date under Article 4B of the Paris Convention.

6 Interpretation of the business involving the working of the relevant invention

What is the definition of the business involving the working of the relevant invention? This is a contentious issue especially when the operation is

carried out under a manufacturing outsourcing agreement.

According to the judgment of the Supreme Court in prewar Japan dated February 4, 1938, the court found that the order-receiving party had a right of prior use by holding that “any person who has been engaged in the business of producing or selling certain products shall have the right to work the relevant invention as long as the person learned of the invention from the information contained in an order placed by another person or in a sample presented by another person, or the person made the invention on his/her own for the purpose of using it for his/her own business.”⁸⁵

The judgment of the Supreme Court dated October 17, 1969, stated that “Academic theories have adopted the view that the phrase ‘conducting the business involving the use of the design’ contained in Article 9 of the former Design Act refers to the situation where a person claiming the right to use the design conducts the business involving the use of the design for his/her own benefit on his/her own account. However, this view should not be narrowly interpreted as referring to cases where the person directly engages in the business of producing and selling the products using the design.”⁸⁶ Rather, this view should be broadly interpreted as encompassing cases where the person places an order with another person who has facilities necessary for the business in order to have the person produce the products using the design exclusively for the order-placing party and deliver the products to the order-placing party so that the order-placing party can sell them to other parties. In this judgment, the court found that the order-placing party in a foreign country had a right of prior use in Japan. It should be noted, however, that this judgment did not present the interpretation that the order-receiving party was not entitled to hold the right of prior use.⁸⁷

According to academic theories, the phrase “the business involving the working of the relevant invention” has long been interpreted as referring to a situation where a person conducts business involving the working of the relevant invention for his/her own benefit on his/her own account.⁸⁸ These criteria, i.e., “for his/her own benefit” and “on his/her own account” have been criticized as not being clear enough in some cases.⁸⁹ For this reason, some academic theories argue that a judgment should be made based on such facts as on whose account the business was carried out, or

more specifically, who actually operated the business.⁹⁰

7 Scope of the right of prior use

The issue of upstream was addressed in the Supreme Court judgment dated October 17, 1969. The Supreme Court found that, as far as the order-placing party has a “relationship of affiliation” with the order-receiving party, the act of the order-receiving party shall be regarded as falling within the scope of the order placing party’s right of prior use. Academic theories have supported the Supreme Court judgment and shared the view that the holder of a right of prior use may contract out the task of manufacturing products as long as the right holder uses the subcontractor as if it were its affiliated institution or its “hands and feet”(manufacturing facilities).⁹¹

The issue of downstream was addressed in the Chiba District Court judgment dated December 14, 1992.⁹² The Chiba District Court found that the person who had purchased products from the holder of a right of prior use was entitled to have a right of prior use by holding that the right of prior use would be meaningless if the person who purchased those products is subject to the exercise of a patent right. Academic theories cited this Chiba District Court judgment and pointed out that this conclusion needs to be upheld in order to ensure the effect of the right of prior use.⁹³ Some scholars argued that the doctrine of exhaustion may be applicable to this case.⁹⁴

Apart from cases of general succession such as inheritance, the right of prior use may be transferred only where the business involving the working of the relevant invention is also transferred or where the consent of the patentee is obtained. (Article 94, paragraph (1) of the Patent Act). Disputes tend to arise when a right of prior use is transferred together with the business involving the working of the relevant invention. In some judicial precedents such as the case where all of the facilities were transferred (Chiba District Court Judgment dated December 14, 1992) and the case where contribution in kind was made (Osaka High Court Judgment dated November 29, 2000), the transfer of the right of prior use was permitted on the grounds that the business involving the working of the relevant was also transferred.^{95,96} On the other hand, academic theories interpreted the business involving the working of the relevant invention as the business that is sufficient to work

the invention and supported the view that a judgment should be made on a case-by-case basis.⁹⁷

8 Burden of proof

The burden of proof shall be born by the person claiming a right of prior use.⁹⁸

9 Other points at issue

Further discussion would be necessary on the notion of “affiliated institution.” In the context of the discussion on the right of prior use, the notion of “relationship of affiliation” was presented in the Supreme Court judgment dated October 17, 1969, regarding the issue of downstream.⁹⁹ This indicates that the court took the theory of affiliation into consideration. The affiliation theory first appeared in the judgment of the Supreme Court in prewar Japan dated December 22, 1938, regarding the working of an invention by a joint patentee.¹⁰⁰ According to this judgment, there are three requirements for being recognized as an affiliated institution: (1) the entity must have concluded an agreement with the right holder under which the entity manufactures products for the right holder in exchange for a fee paid by the right holder, (2) the entity must be receiving supervision and instruction from the right holder regarding the purchase of raw materials necessary for the manufacturing of the products, the marketing of the products, and the quality of the products, and (3) the entity must be delivering all of the products to the right holder and not selling any of them to a third party.¹⁰¹ There has been a consensus among academic theories that, if an entity qualifies as an affiliated institution, its act of manufacturing products would not constitute infringement.¹⁰² However, further discussion would be necessary to clarify the definition of “affiliated institution.”

10 Others

The right of prior use holder’s act that is deemed to constitute infringement (Article 101 of the Patent Act) does not constitute infringement of the patent. And it has been interpreted that the right of prior use should be applied (by analogy) to the infringer of Article 101 of the Patent Act.¹⁰³ Said system should also be applied by analogy to cases involving the right to claim compensation (Article 65 of the Patent Act).¹⁰⁴

VI Insights from French law

1 Legitimacy of the route through which an invention was learned of (the requirement of good faith)

If the legitimacy of the route through which an invention was learned of is regarded as a form of the requirement of good faith, there would be only a small difference between Japan and France in terms of legal interpretation of the requirement. Therefore, rather than studying the legal interpretation under French law, we should examine judicial precedents in France and analyze court judgments with regard to the requirement of good faith.

2 The business involving the working of the relevant invention as a prerequisite for the right of prior use

Under French law, it is still debated whether the working of the relevant invention should be regarded as a prerequisite for the right of prior personal possession. In-depth discussion on this issue has yet to take place in France. As far as French law is concerned, the discussion as to who is qualified to hold the right of prior use is still at the stage of examining the notion of possession. For this reason, French law provides little insight for Japanese law.

3 The scope of the right of prior use

With regard to the issue of upstream, France has failed to provide concrete criteria useful for Japan except for such criteria as “control” and “account.” In terms of legal theory, France and Japan share the view that any person that may be identified with the holder of a right of prior personal possession may fall within the scope of the right of prior personal possession.

Regarding the issue of downstream, both France and Japan have reached the conclusion that, in the case of a person who has purchased products from the holder of a right of prior use, his/her act of selling those products does not constitute infringement. The grounds found by France are the same as those found by Japan.¹⁰⁵ However, France has not realized the possibility of the invocation of the right of prior use to cases involving a person who has purchased products. In terms of the level of sophistication of the legal theory, Japanese law is more advanced than French law.

Regarding the issue of transfer of the right of prior use, France is more advanced than Japan in terms of the depth of interpretation of the notion of “enterprise.” Therefore, it would be useful for Japan to study the interpretations presented in individual cases in France.

VII Conclusion

This study has gained insights from an analysis of the subjective scope of the right of prior personal possession under French law and used those insights to discuss possible interpretations of the subjective scope of the right of prior use under Japanese law.

Although the French system is regarded as unique in the world, the discussion on the French system presented in this paper is relevant to the issues faced by the Japanese system.

For example, it would be beneficial for Japan to examine how France interpreted the requirement of good faith in individual cases. It would also be very useful to examine the case-by-case judgment on a transfer of a right of prior use in France.

However, an examination of French law would be insufficient for us to develop interpretation theories on the subjective scope of the right of prior use under Japanese law. It would be indispensable to refer to German law, which received a strong influence from French law and provided a basis for the Japanese Patent Act. While coming from a different historical lineage, US law would also give us some insights. The U.S. established the system of the right of prior use and subsequently limited the applicability of the system to the cases involving business method.¹⁰⁶

In order to determine the subjective scope of the right of prior use under Japanese law, it would be necessary to conduct a comparative study on the laws of various countries in consideration of the role of the system of the right of prior use within the framework of intellectual property laws and the reason d'être of intellectual property rights.

¹ Daihan (Judgment of the Supreme Court in prewar Japan), February 4, 1938, Daiminshu (Collection of prewar Supreme Court civil cases), Vol. 17, No. 1, p. 37, 1937(O)No. 1352, Saihan (Judgment of the Supreme Court), October 17, 1969, Minshu (Collection of civil cases), Vol. 23, No. 10, p. 1777, Hanji (Law cases reports), No. 577, p. 74, Hanta (Hanrei Times), No. 241, p. 81, Kinsho (Finance and Commerce), No. 202, p. 7, 1966(O)No. 1360.

² Paul ROUBIER, *Le droit de la propriété industrielle*, Sirey,

1954, t.2, p.175, Paul MATHÉLY, *Le nouveau droit français des brevets d'invention*, JNA, 1991, p.299, Frédéric POLLAUD-DULIAN, *Droit de la propriété industrielle*, Montchrestien, 1999, n°545, p.233.

³ Cass., 30 mars 1849, Sirey.1850.1.70.

⁴ There is an interpretation that, in France, even before the 1968 legislation, the system of the right of prior use was applied to some court cases based on the principle of equity. (Jean FOYER et Michel VIVANT, *Le droit des brevets*, 1991, PUF, p.321, Christian LE STANC, *Le possesseur antérieur sur invention brevetée ou les deux visages de Janus*, Propr. ind., sept. 2002, Repère, p.5, Joanna SCHMIDT-SZALEWSKI et Jean-Luc PIERRE, *Droit de la propriété industrielle*, Litec, 4édit., 2006, n°177, p.74).

⁵ TH.TILLIERE, *Traité théorique et pratique des brevets d'invention*, C.Vanderauwera, 1854, n°114, p.279, Henri ALLART, *Traité des brevets d'invention*, t.3, Rousseau, 1889, n°641, p.142, J.RUBEN de COUDER, *Dictionnaire de droit commercial, industriel et maritime*, v°Brev. D'inv., n°544 et s., p.379, *Pandectes Françaises alphabétique*, v°Propriété littéraire, artistique et industrielle, 1894, n°4482, p.493, Ferdinand MAINIÉ, *Nouveau traité des brevets d'invention*, t.1, Chevalier-Marescq, 1896, n°1778, p.749, Ch.THIRION et J.BONNET, *De la législation française sur les brevets d'invention*, Belin, 1904, n°7, p.5.

⁶ P.-L.MARTIN-SAINT-LÉON, *Des conditions de validité des brevets d'invention*, Rousseau, 1886, n°38, p.112, Louis ANDRÉ, *Traité des brevets d'invention et de la contrefaçon industrielle*, t.2, 1899, n°1635, p.293.

⁷ Alain CASALONGA, *Traité théorique et pratique des brevets d'invention*, t.2, 1949, n°971, p.102.

⁸ Regarding the legislative history, please refer to such official gazettes as J.O., documents de L'Assemblée nationale, 19 sept.1967, Annexe n°244. J.O., documents de L'Assemblée nationale, 21 sept.1967, Annexe n°320 [Article 36]. J.O., débats parlementaires Assemblée nationale, 3^e séance du 1^{er} juill.1967, p.2590 [Article 36]. Rapport de Pierre MARCILHACY, n°42, Sénat, 1^{re} session ordinaire de 1967-1968, p.62. J.O., Documents de L'Assemblée nationale, 30 mai 1968, Annexe, n°565, J.O., Documents de L'Assemblée nationale, 4 juin 1967, Annexe, n°568. J.O., Débats parlementaires, Assemblée nationale, 15 Déc.1967, p.5875. Regarding the evaluation of the legislation, please refer to F.SAVIGNON, *Aspects économiques de la réforme du système des brevets*, PIBD 1969,II, p.516. François MAGNIN, *Know-How et propriété industrielle*, 1974, n°344, p.190.

⁹ P.ROUBIER, op.cit.(n°2), p.176. F.POLLAUD-DULIAN, op.cit.(n°2), n°546, p.234.

¹⁰ Article L613-7 of the Intellectual Property Code of France.

¹¹ It has been pointed out that the principle of equity should not be used to explain the purpose of the right of personal possession. (7^e rencontre de propriété industrielle, Lyon 1978, Litec 1979, p.126 (stated by DE PASSEMAR), Jean-Marc MOUSSERON, *les droits du breveté*, Thèse de Doctorat ; Université Montpellier, 1960, n°128 p.156, Gérard-Gabriel LAMOUREUX, *La possession personnelle antérieure*, Thèse de Doctorat ; Université Panthéon-Assas (Paris 2), 1986, p.73.)

¹² The Japanese translation was made based on the

information on the industrial property rights in foreign countries that is available on the JPO's website at <http://www.jpo.go.jp/shiryousonota/fips/mokuji.htm> (last confirmed on March 1, 2011).

The original text is as follows: "Toute personne qui, de bonne foi, à la date de dépôt ou de priorité d'un brevet, était, sur le territoire où le présent livre est applicable en possession de l'invention objet du brevet, a le droit, à titre personnel, d'exploiter l'invention malgré l'existence du brevet."

Le droit reconnu par le présent article ne peut être transmis qu'avec le fonds de commerce, l'entreprise ou la partie de l'entreprise auquel il est attaché."

¹³ G.-G.LAMOUREUX, op.cit.(n°11), P.MATHÉLY, op.cit.(n°2), p.300, p.39, J.FOYER et M.VIVANT, op.cit.(n°4), p.319.

¹⁴ G.-G.LAMOUREUX, op.cit.(n°11), p.39. C.LE STANC, JCB, fasc.4620, n°8. As a precedent, Paris, 5 mars 1896, Ann. propr. ind. 1896, p. 73

¹⁵ A.CASALONGA, op.cit.(n°7), n°971, p.102.

¹⁶ In some precedents, the court required the satisfaction of certain qualifications as an inventor (TGI Paris, 23 novembre 1989, PIBD 1990, n° 476, III, p. 253) .

¹⁷ G.-G.LAMOUREUX, op.cit.(n°11), p.40, F.POLLAUD-DULIAN, op.cit.(n°2), n°546, p.234, C.LE STANC, op.cit.(n°14), n°9.

¹⁸ G.-G.LAMOUREUX, op.cit.(n°11), p.53.

¹⁹ G.-G.LAMOUREUX, op.cit.(n°11), p.48. In earlier days, H.ALLART, op.cit.(n°5), n°643, p.143. Douai, 19 juillet 1859, Ann. propr. ind. 1860, p.215, Cass. com., 18 décembre 1973, PIBD 1974, n°126, III, 173.

²⁰ G.-G.LAMOUREUX, op.cit.(n°11), p.50.

²¹ G.-G.LAMOUREUX, op.cit.(n°11), pp.51 et s.

²² G.-G.LAMOUREUX, op.cit.(n°11), p.184.

²³ G.-G.LAMOUREUX, op.cit.(n°11), pp.47 et 50. It is unclear how LAMOUREUX defined group companies.

²⁴ G.-G.LAMOUREUX, op.cit.(n°11), p.184.

²⁵ G.-G.LAMOUREUX, op.cit.(n°11), p.43.

²⁶ Eugène POUILLET, Traité théorique et pratique des brevets d'invention et de la contrefaçon, 4^{édit.}, 1899, n°433, p.422, Ch.THIRION et J.BONNET, op.cit.(n°5), n°7, p.5, A.CASALONGA, op.cit.(n°7), n°967, p.101, P.ROUBIER, op.cit.(n°2), p.179, C.LE STANC, L'acte de contrefaçon de brevets d'invention, CEIPI, 1977, p.182, P.MATHÉLY, Le droit français des brevets d'invention, JNA, 1974, p.349, et op.cit.(n°2), p.300.

²⁷ Paris, 13 avril 1878, Ann. propr. ind., 1878, p.105.

²⁸ Triv. civ. Grenoble, 21 février 1912, Ann. propr. ind., 1912, p.93.

²⁹ Caen, 17 février 1887, Ann. propr. ind., 1887, p.31.

³⁰ Grenoble 12 mai 1885, Ann. propr. ind., 1886, p.10, Trib. civ. de Seine 30 décembre 1899, Ann. propr. ind., 1902, p.52, Riom 5 avril 1900, Ann. propr. ind. 1901, p.105, Cass. rej., 29 avril 1901, Ann. propr. ind. 1902, p.33.

³¹ TGI Paris, 15 janvier 1992, PIBD 1992, n°520, III, 219, TGI Paris, 9 mars 2001, PIBD 2001, n°728, III, 495, J.AZÉMA, Lamy droit commercial, 2009, n°1850.

³² Paris, 18 février 1986, Ann. propr. ind., 1987, p.113.

³³ This classification of cases was made by G.-G.LAMOUREUX, op.cit.(n°11), pp.82 et s.

³⁴ G.-G.LAMOUREUX, op.cit.(n°11), pp.82 et s., J.FOYER et M.VIVANT, op.cit.(n°4), pp.319 et s.

³⁵ Paris, 5 juillet 1879, Ann. propr. ind., 1880, p.285.

³⁶ G.-G.LAMOUREUX, op.cit.(n°11), pp.83 et s.

³⁷ G.-G.LAMOUREUX, op.cit.(n°11), pp.83 et s.

³⁸ G.-G.LAMOUREUX, op.cit.(n°11), p.84.

³⁹ TGI Paris, 31 mars 1989, PIBD 1989, n°461, III, 436.

⁴⁰ TGI Paris, 19 décembre 2003, PIBD n°785, III, 256.

⁴¹ G.-G.LAMOUREUX, op.cit.(n°11), pp.103 et s.

⁴² F.SAVIGNON, op.cit.(n°8), pp.522 et s., P.MATHÉLY, op.cit.(n°26), p.347, op.cit.(n°2), p.299, J.FOYER et M.VIVANT, op.cit.(n°4), p.319, Albert CHAVANNE et Jean-Jacques BURST, Droit de la propriété industrielle, 5^{édit.}, 1998, Dalloz, n°444, p.268, F.POLLAUD-DULIAN, op.cit.(n°2), n°549, p.235, Jacques Azéma et Jean-Christophe Galloux, Droit de la propriété industrielle, Dalloz, 6^{édit.}, 2006, n°437, p.272, J.SCHMIDT-SZALEWSKI et J.-L.PIERRE, op.cit.(n°4), p.75, Nicolas BINCTIN, Droit de la propriété intellectuelle, Lgdj, 2010, p.329, AIPPI Annuaire 1988/V, p.122.

⁴³ C.LE STANC, op.cit.(n°26), n°223, pp.198 et s.

⁴⁴ C.LE STANC, op.cit.(n°26), n°256, p.214, G.-G.LAMOUREUX, op.cit.(n°11), p.159, J.FOYER et M.VIVANT, op.cit.(n°4), p.320.

⁴⁵ P.ROUBIER, op.cit.(n°2), pp.179 et s., C.LE STANC, op.cit.(n°26), n°256, p.214, G.-G.LAMOUREUX, op.cit.(n°11), p.170, C.LE STANC, op.cit.(n°14), n°37.

⁴⁶ F.MAINIÉ, op.cit.(n°24), n°1783, p.752, E.POUILLET, op.cit.(n°26), n°432, p.421, G.-G.LAMOUREUX, op.cit.(n°11), p.160, F.POLLAUD-DULIAN, op.cit.(n°2), n°555 et 557, pp.237 et s.

⁴⁷ H.ALLART, op.cit.(n°5), n°644, p.144, E.POUILLET, op.cit.(n°26), n°432, p.421, P.ROUBIER, op.cit.(n°2), p.180, A.CASALONGA, op.cit.(n°7), n°970, p.102, P.MATHÉLY, op.cit.(n°26), p.353, G.-G.LAMOUREUX, op.cit.(n°11), p.161, F.POLLAUD-DULIAN, op.cit.(n°2), n°555, p.237, A.CHAVANNE et J.-J.BURST, op.cit.(n°42), n°445, p.269, J.AZÉMA et J.-C.GALLOUX, op.cit.(n°42), n°438, p.272, F.POLLAUD-DULIAN, La propriété industrielle, Economica, 2011, n°613, p.332. Contra, J.SCHMIDT-SZALEWSKI et J.-L.PIERRE, op.cit.(n°4), n°179, p.76.

⁴⁸ Lyon, 31 mars 1927, Ann. propr. ind., 1929, p.166.

⁴⁹ TGI Paris, 15 mars 1973, PIBD 1973, n° 112, III, 306, confirmée par Paris, 1^{er} octobre 1975, PIBD 1976, n° 171, III, 246.

⁵⁰ G.-G.LAMOUREUX, op.cit.(n°11), p.165, C.LE STANC, op.cit.(n°14), n°49, J.Azéma et J.-C.Galloux, op.cit.(n°42), n°438, p.272.

⁵¹ A.CASALONGA, op.cit.(n°7), n°965, p.100, P.MATHÉLY, op.cit.(n°26), p.354, G.-G.LAMOUREUX, op.cit.(n°11), p.166.

⁵² A.CASALONGA, op.cit.(n°7), n°965, p.100.

⁵³ P.MATHÉLY, op.cit.(n°26), p.354, op.cit.(n°2), p.302, C.LE STANC, op.cit.(n°14), n°49.

⁵⁴ Lyon, 25 mai 1960, Ann. propr. ind., 1961, p. 11.

⁵⁵ Even before the legislation, the transfer of the right of personal possession was permissible (Paris 18 février 1888 et Cass. 22 juillet 1890, Ann. propr. ind., 1890, p.268., Yoshinobu Someno, "Hanhi," Furansu hanrei hyakusen (One hundred French Precedents), p. 254 (1969)) .

⁵⁶ E.POUILLET, op.cit.(n°26), n°432, p.421, P.MATHÉLY, op.cit.(n°26), p.353, G.-G.LAMOUREUX, op.cit.(n°11), p.182.

⁵⁷ 7e rencontre de propriété industrielle, Lyon 1978, Litec

- 1979, p.130 (stated by COLLIN), C.LE STANC, op.cit.(n°26), n°280, p.226.
- ⁵⁸ Cass. req., 22 juillet 1890, Ann. propr. ind., 1890, p.268.
- ⁵⁹ Cass. com., 18 décembre 1973, PIBD 1974, n°126, III, 173.
- ⁶⁰ Cass. req., 22 juillet 1890, Ann. propr. ind., 1890, p.268, Cass. com. 18 décembre 1973, PIBD 1974, n°126, III, 173, E.POUILLET, op.cit.(n°26), n°432, p.421, P.ROUBIER, op.cit.(n°2), p.180, A.CASALONGA, op.cit.(n°7), n°970, p.102.
- ⁶¹ G.-G.LAMOUREUX, op.cit.(n°11), p.206.
- ⁶² *ibid.*
- ⁶³ G.-G.LAMOUREUX, op.cit.(n°11), p.207.
- ⁶⁴ G.-G.LAMOUREUX, op.cit.(n°11), p.209, F.POLLAUD-DULIAN, op.cit.(n°47), n°616, p.333.
- ⁶⁵ J.J.BURST, J.-J.BURST, "Group de sociétés et droit de la propriété industrielle", Dix ans de droit de l'entreprise, Librairies techniques, 1978, p.266.
- ⁶⁶ J.M.MOUSSEON et C.LE STANC, "La possession personnelle d'invention brevetée", loi de 1968-1978, article 31 : Dossiers brevets 1978, II, p. 35.
- ⁶⁷ G.-G.LAMOUREUX, op.cit.(n°11), p.212, C.LE STANC, op.cit.(n°14), n°43.
- ⁶⁸ G.-G.LAMOUREUX, op.cit.(n°11), p.132.
- ⁶⁹ For example, it may be proven by a design application (CA Lyon, 31 mars 1927, Ann. propr. ind. 1929, p.166) , a prototype (Lyon, 25 mai 1960, Ann. propr. ind. 1961, p.11) , or an order (TGI Lille, 23 juin 1971, PIBD 1972, n°81, p.119)
- ⁷⁰ Discussion on the objective of the Japanese system of the right of prior use would be outside the scope of the purpose of this study.
- ⁷¹ G.-G. LAMOUREUX, op.cit.(n°11), p.53.
- ⁷² Daishinin saibanreishu (Collection of prewar supreme court cases), Vol. 8, p. 269, 1934(O)No. 662.
- ⁷³ Daiminshu, Vol. 17, No. 1, p. 37, 1937(O)No. 1352.
- ⁷⁴ Minshu, Vol. 23, No. 10, p. 1777, Hanji, No. 577, p. 74, Hanta, No. 241, p. 81, Kinsho, No. 202, p. 7, 1966(O)No. 1360.
- ⁷⁵ Kaminshu (Collection of lower court cases), Vol. 18, No. 11 and 12, p. 1187, 1966(Ne)No. 173, 1966(Ne)No. 174, 1967(Ne)No. 278.
- ⁷⁶ Mutaizaisanken kankei minji gyosei saibanreishu (Collection of civil and administrative cases concerning intangible property), Vol.9, No. 1, p. 222, Hanta, No. 353, p. 30, 1975(Wa)No. 453, 1972(Wa)No. 3297.
- ⁷⁷ Masataro Fujie, *Kaisei tokkyohou youron* (Elements of the revised Patent Act), p. 99 (Ganshodo shoten, 1922)
- ⁷⁸ This view is shared by Hatsushiro Miyake, *Tokkyohou kougi* (Lecture on the Patent Act), p. 146 (Teikoku hatsumeï kyokai, 1926), Ichiro Kiyose, *Tokkyohou genri* (Principle of the Patent Act), p. 143 and subsequent pages (Ganshodo, Revised edition, 1929), Takatsugu Yoshihara, *Tokkyohou shouron* (Detailed study of the Patent Act), p. 151 (Yuhikaku, 1927), Kiyooki Tanaka, *Tokkyo jitsuyoushinan ishō shōhyō hōron* (Study of the Patent Act, the Utility Model Act, the Design Act, and the Trademark Act), p. 85 (Gansuido shoten, 1935), Masami Hanabusa, *Jōkai kōgyō shōyūkenhō* (Clause-by-clause explanation of the industrial property laws), p. 133 (Hakubunsha, 1952), Minoru Moribayashi, "Senshiyouken seido no sonzai riyū" (Raison d'être of

the system of the right of prior use), Commemoration of the 60th birthday of Prof. Ishiguro & Umase, *Kōgyō shōyūkenhō no shomondai* (Various issues related to the industrial property laws), p. 169 (Houritsu bunkasha, 1972), and Sotaro Watanabe, *Kōgyō shōyūkenhō yōsetsu* (Elements of the industrial property laws), p. 75 (Yuhikaku, 1963). Prof. Kiyose stated that, even in cases where a creation made by any person other than the applicant was usurped, the requirement of good faith may be regarded as satisfied (p. 144). This view is also supported by Yoshitaro Sumida, "Tokkyō hatsumeï no senshiyouken ni yoru jishiken ni tsuite (the right to work a patented invention under the system of the right of prior use)," *Tokkyō to shōhyō*, Vol. 8, No. 12, p. 7 (1939).

⁷⁹ Keikichi Hirata, "Kōgyō shōyūkenhō ni okeru senshiyouken ni tsuite (The right of prior use under the industrial property laws)," *Minshohō zasshi*, Vol. 11, No. 2, p. 204 (1930), Kikushirō Nagata, *Kōgyō shōyūkenron* (Theory of industrial property rights), p. 496 (Fujishobō, 1950), Nobuo Monya, "Hanhi (Comments on court cases)," *Jurist*, No. 323, p. 126 (1965), Ryuichiro Sengen, "Hanhi," *Minshō*, Vol. 63, No. 6, p. 141 (1971).

⁸⁰ This interpretation was supported by Shoichi Iwara, *Tokkyōhō gairon* (Introduction to the Patent Act), p. 175 (Ganshōdou shoten, 1928), Kakuji Takeuchi, *Tokkyōhō* (Patent Act), p. 408 (Ganshōdou shoten, 1938), Yoshitsugu Harima, "Hanhi," *Kigyōhō kenkyū*, No. 180, p. 39 (1970), Tatsuki Shibuya, "Hanhi," *Keizaihou*, No. 13, p. 28 (1970).

⁸¹ Sueo Hoshiko, *Tokkyō hatsumeiron* (Theory of patented invention), p. 397 (Daidō shoin, 1935)

⁸² Based on this report, the law was revised into the current law. (Japan Patent Office (Editor), *Kōgyō shōyūken seido kaisei shingikai tōshin setsumeishō* (Explanation of the report issued by the council to revise the industrial property system), p. 29 (Japan Institute of Invention and Innovation, 1957)

⁸³ Kazuko Matsuo, "Hanhi," *Hanta*, No. 244, p. 93 (1970)

⁸⁴ Koue Toyosaki, *Kōgyō shōyūkenhō* (Industrial property laws), p. 256 (Yuhikaku, Revised and expanded edition, 1980), Nobuhiro Nakayama, "Hanhi," *Jurist*, No. 447, p. 139 (1970), Kazuo Morioka, "Senshiyouken no youken to hani (Criteria and scope of the right of prior use)," *Toyo hōgaku*, Vol. 30, No. 1 & 2 combined issue, p. 208 (1987), *id.*, "Senshiyouken to nouhau (The right of prior use and know-how)," Commemoration of the 70th birthday of Prof. Someno, *Kōgyō shōyūken, Chushin kadai no kaimei* (Industrial property rights, Examination on major issues), p. 178 (Keiso shobō, 1989), Kosaku Yoshifuji (Author), Kenichi Kumagai (Editor), *Tokkyōhō gaisetsu* (Introduction to the Patent Act), 13th edition, p. 579 (Yuhikaku, 1998), Ryuichiro Sengen, *Tokkyōhō kougi* (Lecture on the Patent Act), P. 210 (Yūyusha, 4th edition, 2003). Those who adopted the narrow interpretation included Hideaki Oda & Yoshio Ishikawa, *Shin tokkyōhō shōkai* (Detailed explanation of the new Patent Act), p. 292 (Nihon hatsumeï shinbunsha, 1972), Kazuhiko Takeda, *Tokkyō no chishiki* (Knowledge on Patent), p. 469 (Daiamond, 8th edition, 2006), Maiko Murai, "Hanhi," *Chitekizaisanhō Seisakugaku kenkyū*,

Vol. 13, p. 234 (2006), Nobuhiro Nakayama, *Tokkyohou* (Patent Act), p. 459 (Kobundo, 2010), A criticism was expressed by Shigetoshi Matsumoto, “Sengan shugi to senshiyoken (First-to-file principle and the right of prior use),” Commemoration of the retirement of Prof. Hara, *Kogyo shoyuken no kihonteki kadai* (Basic issues related to industrial property rights), p. 483 (Yuhikaku, 1971), Nobuhiro Nakayama (Editor), *Chushaku tokkyohou* (joukan) (Annotated Patent Act, Vol. 1), [3rd edition] (Seirin shoin, 2000), p. 846 [authored by Matsumoto & Mise], Nobuhiro Nakayama & Naoki Koizumi, *Shin chushaku tokkyohou* (joukan) (Annotated Patent Act, Vol. 1), (Seirin shoin, 2011), p. 1250 [authored by Morisaki & Okada].

⁸⁵ Daiminshu, Vol. 17, No. 1, p. 37, 1937(O)No. 1352.

⁸⁶ Minshu, Vol. 23, No. 10, p. 1777, Hanji, No. 577, p. 74, Hanta, No. 241, p. 81, Kinsho, No. 202, p. 7, 1966(O)No. 1360.

⁸⁷ Nagao Okumura, “Hankai (Analysis of cases),” Saikou saibansho hanrei kaisetsu minjihei (Explanation of Supreme Court civil cases), FY1969, p. 664 (1972)

⁸⁸ Hirata, op.cit. (79), p. 202, Monya, op.cit. (79), p. 126, id., “Hanhi,” Jurist, No. 449, p. 136 (1970), Shibuya, op.cit. (79), p. 28, Harima, op.cit. (80), p. 39, Sengen, op.cit. (79), p. 141, Minoru Moribayashi, “Tokkyohou ni okeru senshiyouken no seiritsu youken (Criteria for the right of prior use under the Patent Act),” Kigyohou kenkyu, Vol. 175, p. 14 (1969), Shoichi Kidana, “Hanhi,” Tokkyo hanrei hyakusen [Dai 2han] (One hundred patent-related precedents [2nd edition]), p. 175 (1985), Morioka, op.cit. (84), “Senshiyouken no youken to hani (Criteria and scope of the right of prior use),” p. 209, id., op.cit. (84), “Senshiyouken to nou hau (The right of prior use and know-how), p. 178, Masami Ashidate, “Hanhi,” Hougaku, Vol. 63, No. 3 (1999), p. 169, Hidesato Iida, “Senshiyouken (1), Hasseiyouken jujitsu (The right of prior use (1), Facts as the criteria for the right of prior use),” Toshiaki Makino (Editor), *Kogyo shoyukenhou* (Industrial property laws), [Saiban jitsumu taikai 9 (Judicial practice system 9)], p. 308 (Seirin shoin, 1985), Kazuo Morioka, “Tokkyo shingai sosho ni okeru senshiyouken (The right of prior use in patent infringement lawsuits),” Hakusan hougaku, No. 3 (2007), p. 62, Nobuhiro Nakayama, “Hanhi,” Hougaku kyokukai zasshi, Vol. 87, No. 11 & 12, p. 1091 (1970) did not use the term “for its own benefit on its account” but used the judgment criterion “on whose account it was conducted,” which is practically the same as the aforementioned criterion. The term “hands and feet” was used in Nakayama, op.cit. (84), *Tokkyohou* (Patent Act), p. 464. The criterion used to be expressed as “it is permitted as long as it is conducted on its financial account (Hoshiko, op.cit. (81), p. 401). Hajime Kaneko & Yoshinobu Someno, *Kougyo shoyukenhou* (Industrial property laws), p. 211 (Nihon hyoronsha, Revised edition, 1968) stated that, if the working of an invention has been commissioned to a subcontract factory, the subcontractor would be entitled to hold the right of prior use as long as the invention was commissioned together with the relevant business.

⁸⁹ Okumura, op.cit. (87), p. 662.

⁹⁰ Nakayama, op.cit. (88), p. 1091 and subsequent pages.

⁹¹ Matsuo, op.cit. (83), p. 92, Masao Miyake, *Kaisei*

tokkyohou zakkan (Comments on the revised Patent Act), p. 304 (Hanabusa kougyo shoyuken kenkyujo shuppanbu, 1971), Murai, op.cit. (84), p. 236, Morioka, op.cit. (88), p. 63. Though the term “affiliated institution” was not used, this view was supported by Osamu Takura, etc., *Tokkyo shingai sosho no jitsumu, Shinkouguyoshoyuken dokuhon* (Judicial practice in patent infringement lawsuits, Introduction to industrial property rights), (Tsusho sangyo chosakai, 1970), p. 89, Matsumoto, op.cit. (84), p. 492 and subsequent pages, Yoshiyuki Tamura & Kazuo Masui, *Tokkyo hanrei gaido* (Guidance on patent-related precedents), p. 226 and subsequent pages [authored by Tamura] (Yuhikaku, 3rd edition, 2005), Tsukasa Matsumoto, “Hanhi,” Chizai kanri, Vol. 56, No. 1 (2006), p. 119, Tatsuki Shibuya, *Chiteki zaisanhou kougi I* (Lecture on intellectual property laws I), p. 347 (Yuhikaku, 2nd edition, 2006), Yoshiyuki Tamura, *Chiteki zaisanhou* (Intellectual property laws), p. 286 (Yuhikaku, 5th edition, 2010). There used to be an interpretation that it would constitute no infringement because it is hidden behind the holder of the right of prior use (Ryo Ariizumi, “Hanhi,” Hanmin, FY1938, p. 18). This expression was subsequently used in Sengen, op.cit. (79), p. 144. There has also been an interpretation that, even in a case where a subcontractor works the relevant invention, if the subcontractor is under the control of the order-placing company and is affiliated with said company, the invention may be deemed to have been worked by the order-placing company, which is the holder of the right of prior use (Nobuo Monya (Editor), *Chushaku tokkyohou* (Annotated Patent Act), p. 212 [authored by Kozo Mimino] (Yuhikaku, 1986).

⁹² Chiteki saishu (Collection of intellectual property-related cases), Vol. 24, No. 3, p. 894, 1988(Wa)No.1598. The court of appeal (Tokyo High Court Judgment dated February 22, 1995, Chiteki saishu, Vol. 27, No. 1, p. 23, 1992(Ne)No. 4898) upheld the interpretation presented by the court of prior instance about the right of prior use.

⁹³ Yasuyuki Echi, “Hanhi,” Hanji, No. 1937 (Hanrei hyoron, No. 572), p. 47 (2006), Shibuya, op.cit. (91), p. 347, Morioka, op.cit. (88), p. 63 and subsequent pages, Tamura & Masui, op.cit. (91), p. 226 [authored by Tamura], Murai, op.cit. (84), p. 227.

⁹⁴ “Sinpojium, Chiteki zaisanken to senshiyouken, Shitsugi outou (Symposium, Intellectual property rights and prior use right, Q & A),” (Japan Association of Industrial Property Law, Annual report, Nenpo (Annual report), No. 26, pp. 195-196 (2003) [stated by Masayoshi Sumida & Kazufumi Dohi & Nobuo Monya & Naohiko Tatsumi], Toshiaki Makino, Toshiaki Iimura, Ryoichi Mimura, Wataru Sueyoshi, Seiji Ohno (Editors), *Chiteki zaisanhou no riron to jitsumu* [Dai 1kan] (Theory and practice of the intellectual property laws [Vol. 1]), (Shinhippon houki shuppan, 2007), p. 238 [Yasuhiro Ichiba]

⁹⁵ Chiteki saishu, Vol. 24, No. 3, p. 894, 1988(Wa)No. 1598, The court of appeal (Tokyo High Court Judgment dated February 22, 1995, Chiteki saishu, Vol. 27, No. 1, p. 23, 1992(Ne)No. 4898) upheld the view presented by the court of prior instance on the right of prior use.

⁹⁶ 1997(Ne)No. 3586.

⁹⁷ Nakayama, op.cit. (84), *Chukai* (Annotation), p. 907 and subsequent pages [authored by Nobuhiro Nakayama], Nakayama & Koizumi, op.cit. (84), *Shin चुकाई* (Annotation), p. 1250 [authored by Izumi Hayashi].

⁹⁸ A very detailed description of the means of proof is presented in Japan Patent Office [Editor], *Senshiyouken seido no enkatsuna katsuyouni mukete, Senryakutekina nouhau kanrino tameni* (Effective use of the prior use system for strategic know-how management), p. 29 and subsequent pages (Shouji houmu, 2006)

⁹⁹ Minshu, Vol. 23, No. 10, p. 1777, , Hanji, No. 577, p. 74, Hanta, No. 241, p. 81, Kinsho, No. 202, p. 7, 1966(O)No. 1360.

¹⁰⁰ Daiminshu, Vol. 17, p. 2700, 1938(O)No. 1145, Comments on this case are presented in Tatsukichi Minobe, “Hanhi,” Kokka gakkai zasshi, Vol. 53, No. 6, P. 851 (1939), Shizuo Tawara, “Hanhi,” Minshouhou zasshi, Vol. 9, No. 6, p. 1239 (1939), Ryo Ariizumi, “Hanhi,” Hanmin, FY1938, p. 622, and Masuji Hara, “Hanhi,” Tokkyo hanrei hyakusen (Bessatsu Jurist, No.6), p. 178 (1966)

¹⁰¹ Yoshifuji, op.cit. (84), p. 549, Ichiro Nakayama, “Kyoyuni kakaru tokkyoken no jissshikyodaku ni taisuru tano kyoyusha no doui ni tsuite (Consent of another joint patentee for granting a license of a joint patent),” AIPPI, Vol 47, No. 2, p. 12 (2002)

¹⁰² Minobe, op.cit. (100), p. 852, Tawara, op.cit. (100), p. 1242, Ariizumi, op.cit. (100), p. 624.

¹⁰³ Matsumoto, op.cit. (91), p. 120.

¹⁰⁴ Minoru Moribayashi, “Tokkyohou ni okeru senshiyouken no kouryoku (Effect of the right of prior use under the Patent Act),” Kigyohou kenkyu, Vol. 198, p. 29 (1971)

¹⁰⁵ Echi, op.cit. (93), p. 47, Shibuya, op.cit. (91), p. 347, Morioka, op.cit. (88), p. 63 and subsequent pages, Tamura & Masui, op.cit. (91), p. 227 [authored by Tamura], Murai, op.cit. (84), p. 227, Chiba District Court Judgment dated December 14, 1992 (Chiteki saishu, Vol. 24, No. 3, p. 894, 1988(Wa)No. 1598)

¹⁰⁶ American Investors Protection Act of 1999. A discussion on the issue of licensing and subcontracting in the United States is presented in Miyuka Nishi, “Beikoku hanrei ni okeru shitaue seizouken (have-made rights) no kaishaku (Interpretation of the have-made rights in U.S. precedents),” Patent, Vol. 63, No. 7, p. 92 (2010)