REVISION OF THE JAPANESE PATENT AND UTILITY MODEL SYSTEM

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Abstract. As part of the international harmonization of industrial property rights, in the summer of 1992 a U.S. advisory committee published recommendations concerning revisions to the patent system. The Industrial Property Council of Japan also published a report at the end of 1992 concerning revisions to the patent law and utility model law. Soon thereafter the U.S. administration in Washington changed, and the U.S. position on patent law harmonization became unclear. Japan, however, enacted its report into legislation. Japan revised the relevant parts of its Patent Law (Law No. 26 of 1993) on April 16, 1993, and the revisions were promulgated on April 23, 1993. The new law went into effect on January 1, 1994. The purpose of this paper is to comment on the revised law and to examine its questionable aspects.

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[For an English language version of Japan's Patent Law, Utility Model Law, and Design Law provided by the Japanese Patent Office, see JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY (AIPPI Japan 1993).]
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I. Patent System Revision

The advancement of modern interdependent economies has been enhanced by international technology transfer. Consequently, the issue of international protection of intellectual property rights has become a more serious matter than ever before. Therefore, the development of an international consensus concerning intellectual property rights protection and plans for harmonization to achieve minimum protection under the laws of each country have become serious problems. In December 1990, the World Intellectual Property Organization (WIPO) drafted a harmonization treaty. Furthermore, in December of 1991 the GATT “TRIP” draft was published, and there is now significant movement in the direction of international harmonization.

Under these circumstances, the long time period required to examine patent applications in Japan is seen as an obstacle. The same concern re-
resulted in the insertion of Article 16 in the WIPO draft, providing that patent examinations be started within three years of the application filing date, and that they be completed within another two years.

The issue of shortening the examination time is not only a concern for foreign-based enterprises that have entered Japan, but is also a serious domestic concern for Japanese companies. This is especially true in the present age as advances in technology occur rapidly and technology becomes obsolete relatively quickly.

In reality, the problem of shortening the exam delay period was addressed by the June 1990 structural impediment talks between Japan and the U.S., which concluded with the U.S. making strong demands. Japan has promised in these negotiations that the examination delay will be shortened to twenty-four months within five years.

The time required to examine patent applications differs from country to country. In 1990, the average patent examination took eighteen months in the U.S., thirty months in the European Community, and thirty-seven months in Japan. The longer examination period for Japanese patent applications was criticized, especially by the U.S., as constituting a non-tariff trade barrier to the entry of foreign enterprises into Japan. This criticism resulted in concessions to the U.S. request in order to avoid friction in trade policies.

Accordingly, Japan has directed its efforts toward shortening the examination time period by increasing the staffing of the Japanese Patent Office (JPO), utilizing an examination investigator system, adopting a paperless system, commissioning outside organizations to research prior art, and through administrative guidance regarding the proper number of patent applications. As a result, the examination period has been shortened to an average of thirty-two months. The current revision in the patent system follows the international trend toward shorter periods. The revision

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6 [This is a scheme whereby retired examiners perform contract work for the Japanese Patent Office (JPO). They are only partly subject to regulations covering government officials. The power of these examiners is limited to researching prior art and assisting formal examiners by making suggestions.]

7 [The JPO encourages the filing of patent applications via submission of floppy disks and via online services. For a review of the goals of the JPO's paperless system see Fumitake Yoshida, *Harmonization of Patent Systems*, 15(2) AIPPI J. 61-62, 69 (Mar. 1990)]

is a plan that mainly focuses on shortening the examination time by narrowing the scope of amendments and by simplifying trial procedures.

It is worth noting that, of the industrialized countries, Japan has adopted the strictest patent trial examination system. In spite of this fact, it can be said that the patent examination period is rather short compared to the thirty-month period in the European Community system, where patents are not published for opposition before patenting. Furthermore, the validity of the patent right that results from examination by the JPO is extremely high, and the proportion of issued patents which are subsequently invalidated is less than 0.1%. Additionally, even trials for invalidation result in invalidity at a low rate of 35-40%. For these reasons, the Japanese patent system provides invalidation trials as the only proceeding for determining patent rights.

In contrast to the situation in Japan, the U.S. patent examination period is short, patent applications are not published, and the probability of finding a patent valid is very low. Consequently, the validity of patents can be challenged by a number of procedures: patent invalidity is used as an affirmative defense in patent infringement litigation; validity is litigated under equitable principles concerning overlapping patent claim language; patent validity is determined by the International Trade Commission (ITC); and, furthermore, patent validity can be reexamined under the 1980 revision to the patent statutes.

Because the U.S. and Japanese patent systems are so different, direct comparisons are difficult to make, yet it is possible to ascertain how patent validity is used as a defense in patent infringement litigation in the different systems. According to the U.S. Patent and Trademark Office (USPTO), in December 1979, the ratio of invalid patents was an extremely high 55%. However, according to USPTO publications from 1984, this rate had slowly dropped to a little over 45% by that time. Current statistics reveal that the

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9 ["Opposition" is a procedure whereby other interested parties may oppose the granting of a patent by filing reasons against this action at the JPO. See JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Patent Law, ch. III bis.]

10 [A “Trial” in the context of the Japanese patent system is an administrative appellate proceeding within the JPO.]


rate has further dropped to 35%. However, during the last fifteen years, a statutory patent reexamination system was established. As a result, the rate of invalidity in the reexamination system climbed to about 15%. Finally, U.S. companies have profited by relief provided by the ITC in the last ten to twenty years. Many U.S. infringement cases are litigated by suing foreign enterprises at the ITC. The unusually short time required for foreign defendants to reply in ITC cases was deemed to be a breach of the GATT rules. Because of this difficulty, 50 to 70% of these suits have been settled amicably out of court.

Japan is revising its patent law system as a means to shorten the time required to examine a patent application. This revision will force Japan to grant a patent to an application with less preciseness and less validity. At the same time, Japan adopted a non-examination principle within the revised utility model system. In response to these changes, it may be necessary for Japan to follow the practice in the U.S. and legislate measures ensuring that third parties have a number of legal procedures for challenging the validity of patent rights.

A. Improvements to Patent Amendment Procedures

Patents may be amended during the application procedure. This is convenient for applicants who need to perfect the wording of patent claims and correct mistakes in the application. This helps decrease the burden of handling new patent applications by the patent office but, on the other hand, causes delays in the processing of applications. Various restrictions to the amendment procedure have been imposed in order to protect third parties from changes in patent rights after patent applications are laid open and published for opposition. These restrictions tend to constrict the flow of new patent applications in the patent office, causing delays in processing.

Awarding amendments is the procedural means of securing first-to-file or first-to-invent patent rights during the application procedure.

13 [Japanese patent applications, like their European counterparts, are published 18 months after their filing date. “Laid open” means that the contents are published and thereby made available to the public. “Opposition” is a procedure whereby other interested parties may oppose the granting of a patent by filing reasons against this action at the JPO. If the scope of the patent right changes by amendment after publication, third parties are prejudiced insofar as they are unaware of the amendments. See JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY supra note 2, Patent Law, ch. III bis.]
Compared with the European Patent Convention (EPC), U.S. law, and Article 14, clause 3 of the WIPO draft, the scope of patent amendments under the prior Japanese patent law (before revision) is relatively broad, and there is also no time limitation.\textsuperscript{14} In addition, the unamended Japanese patent law was different from the EPC, U.S., and other advanced countries in its handling of illegal amendments, as will be discussed below. As a result of these differences, various questions about the scope of amendments to patent applications have been raised in relation to the longer examination time period required in Japan.

1. Amendment of Patent Specifications and Drawings Before Publication of the Application

The amendment of a patent specification, drawings, and claims prior to the decision to publish an application was widely permitted under Patent Law Sections 40, 41 and 53(1) to the extent that it did not change the gist of the specification or drawings. However, the standard [for approving amendments] was neither clear nor precise, and gave rise to insufficiently disclosed applications. It also allowed rights to be given for items that were not proven to be in the first filed and opened specification and drawings. As a result, third parties might perform unnecessary work and the basic principle of the first-to-file application system was frustrated. This also resulted in repeated processing of the same application. This, in turn, caused the lengthening of the patent examination period.

Consequently, the revised law, in the manner of patent systems in other countries, limits amendments before publication to contents within the scope of features disclosed in the specification and drawings filed with the originally submitted application. The addition of new matter is prevented by Section 17(2)\textsuperscript{15} and Section 17 bis(2). Consequently, Section 41 of the prior law was abolished and Section 53(1) was revised in accordance with

\begin{footnotesize}
\begin{enumerate}
\item[	extsuperscript{15}] § 17(2) of Japan's Patent Law is comparable to § 132 of the U.S. Patent law and Art. 123(2) of the European Patent Convention and states: "An amendment to the specification or the drawings shall not add any matter that was not described in the specification or drawings initially filed at the time of application." Revision of Japanese Patent and Utility Model Laws, in PATENTS AND LICENSING 21, (Oct. 1993).
\end{enumerate}
\end{footnotesize}
the new changes. By making these changes, the patent office can now promulgate standards concerning the disposition of new matter.

From the viewpoint of comparative law, it seems that the decision regarding whether or not it is permitted to add practical examples and disclosures of prior art is not substantive, but only formal. Whether the amendment is beyond the contents of an application as originally filed should be determined according to whether the amendment is justly supported by the originally filed and divulged specification and drawing. According to the unamended law, at the time an illegal amendment was made that changed the nature of the patent, a ruling to decline the amendment had to follow. The process of making a ruling [on the amendment] postponed the decision on the disposition of the application. If a request for a trial against the ruling to decline the amendment was filed, the processing of the application in the examination had to be suspended until the trial decision became final. Delays in the processing of patent applications thus grew increasingly worse.

Under the new revision, Japanese patent law has become similar to the legislation and systems of other leading countries. Now, an illegal amendment that adds new matter will not only cause the refusal of the amendment, but the application itself will be denied as a result. Specifically, at any time before publication of the application that an illegal amendment is recognized, a refusal to publish will be made based on the grounds of rejection, as well as opposition. In the event that improper amendments are recognized after registration, the patent will be invalidated. As a result, the trial against the ruling to decline an amendment

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16 [New § 53 is comparable to § 1.116 of the U.S. Code of Federal Regulations and Rule 86(3) of the EPC Regulations. The newly added § 53 says that “If an amendment effected in response to a second notification of reason for rejection fails to satisfy the requirements set forth above, it will be dismissed by the examiner.” *Id.* at 22.]

17 [According to the Operation Standard for Amendment of Specifications and Drawings established in accordance with the revised law, the contents “within the scope of features disclosed in the specification and drawings” means the contents actually described in the specification and drawings and that which a person skilled in the art can directly draw from those contents. **JAPAN PATENT OFFICE, COMMENTARY TO THE REVISED PATENT LAW AND UTILITY MODEL LAW 13 (1993)** (hereinafter **COMMENTARY**).]

18 **JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY**, supra note 2, Patent Law § 53(1)(2).

19 *Id.* at Patent Law § 53(3).

20 *Id.* at Patent Law § 122.

21 *Id.* at Patent Law §§ 49; 55(1).

22 *Id.* at Patent Law § 123(1)(i).
under the previous law became moot.\textsuperscript{23} In addition, Section 40\textsuperscript{24} of the
previous law was repealed.

2. \textit{Amendment of Claims Before Publication of the Application}

Under the previous law, claims made in a patent application could be amended before publication of the application. Amendments to increase, decrease, or change the scope of patent claim coverage could be frequently and freely made within the scope of what was disclosed in the originally-filed specification and drawings.\textsuperscript{25} However, each time an amendment of a patent claim was made after a notification of reasons for refusal, the object of examination changed. Because there was no limitation on the time to make amendments, this lengthened the time it took to process the application. Patent claims could be amended after notice of reason for refusal by making corrections to the objected portions each time, without limitation. Because these changes could be submitted repeatedly and without limit, this prolonged the examination time period. Also, the right to damages was preserved during the period for the correction of patent claim coverage.\textsuperscript{26} As a result, third parties were obliged to search for changes in these patent rights.

As a result of these difficulties, Japan's patent law was revised to make it similar to U.S. and EPC law with respect to amendments to patent claims after notice of substantial examination has been given.\textsuperscript{27} Under the new law, the application is basically judged one time (including any amendment to the second action) and new restrictions limit amendments to the patent claims. For example, the time allowed for responding to an office action is split into two parts: an initial period after the first office action and the period after the second action by the JPO. Patent claim amendments

\textsuperscript{23} Id. at Patent Law §§ 122; 53. [The expression “trial against the ruling to decline an amendment” is an appeal process within the JPO whereby the applicant can challenge the examiner’s decision to not allow an amendment.]

\textsuperscript{24} [This article states that if an amendment made before publication is later found to have changed the gist of the patent, the patent application shall be deemed to have been filed on the date of the amendment.]

\textsuperscript{25} \textit{JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY}, \textit{supra} note 2, Patent Law § 41.

\textsuperscript{26} \textit{[The right to royalties begins upon publication of the patent applications eighteen months after filing. However, the scope of these property rights is uncertain since corrections can be made after publication. See id. at Patent Law ch. III.]}\textsuperscript{26}

\textsuperscript{27} [This is known as the “first office action” in the analogous practice within the United States Patent and Trademark Office.]
filed during the former period are regulated and handled like amendments to drawings and specifications in the application before filing, as mentioned above. For amendments made after the response to the first office action — i.e., after amendments filed during the second period responding to the final office action — the scope of amendments is restricted to cancellation of claims, restriction of claims, correction of typographical errors, and correction of minor translation errors.

The "final office action" discussed above is a second or later office action. The provision cites "final office action" instead of "second office action" so that the examiner can make another official action after the first official action if the examiner overlooked the restrictions on the scope of amendments after the first office action and improperly failed to decline the amendment. Therefore, where the first office action fails to cite all reasons for rejection, the scope of amendments permitted in response can include reasons for rejection missing from the first office action, even if the amendment is filed in response to a second or later office action. Therefore, the first notice should contain all reasons for refusing the patent application, otherwise, the above provisions do not make any sense in terms of the goal of preventing delays in the patent examination process. These new provisions increase the burdens of patent examination.

Patent claim amendments that are submitted within the time for responding to the last (second) examiner’s notice of rejection sometimes deviate from what is legally acceptable. On these occasions, when the deviation is recognized before publication of the application, the concerned amendments are declined. Declining an amendment that is necessary to overcome the rejection naturally results in an application’s rejection.

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28 JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Patent Law §§ 17 bis(1)(iii), (2); 49(1); 123(1)(I).
29 Id. at Patent Law § 17 bis(1)(iv), (3), (4).
30 Id. at Patent Law § 17 bis(1)(iii).
31 [This situation is analogous to present U.S. patent practice in which a second notice of rejection is final unless the examiner subsequently finds a new basis for rejecting the application. The examination guideline established in accordance with the revised Japanese law states that an examiner should examine all the reasons for refusal at the time of the first office action, and that in principle he should not give a notice of refusal more than twice. COMMENTARY, supra note 17, at 25.]
32 JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Patent Law §§ 53(1), (2); 159(1); 163(1).
The legality of the ruling to decline an amendment can be disputed in a trial against the decision rejecting the application itself.\textsuperscript{33} Accordingly, the trial on a ruling to decline an amendment is no longer necessary, and the new law therefore abolishes the trial.\textsuperscript{34} If this situation is recognized after publication of the patent application, the amendment will not be rejected and will be entered in the application.\textsuperscript{35}

To accommodate the revision of the scope of amendments, the new law also revised the special provisions concerning amendments to foreign-language patent applications.\textsuperscript{36}

3. Amendments After Publication of the Application

Allowing changes in the patent specification and drawings before publication of the application as described above has a purpose similar to the policy allowing changes to the application after its publication. Regulations have been added to admit claim language that is substantiated by the specification and drawings published for opposition, and that prohibit the addition of new matter.\textsuperscript{37} However, the preliminary protection right created with the publication of applications and the concerns of third parties should also be taken into consideration.\textsuperscript{38} Such amendments made after publication will continue to be accepted as they were under previous law.\textsuperscript{39}

The scope of permissible amendments after publication is narrower than that of amendments before publication in that the former can be made only to remove reasons for rejection or opposition of the application. Amendments after publication, however, are not limited in time, and amendments decreasing claim scope can be made more freely.\textsuperscript{40}

\begin{itemize}
\item \textsuperscript{33} Id. at Patent Law §§ 53(3); 159(1); 163(1).
\item \textsuperscript{34} Id. at Patent Law §§ 122; 53(4).
\item \textsuperscript{35} See id. at Patent Law §§ 49(1); 55(1); 123(1)(i).
\item \textsuperscript{36} Id. at Patent Law § 184 undecies(3). [Foreign-language patent applications are PCT applications prepared in a language other than Japanese and designating Japan. The scope of allowable amendments to foreign-language patent applications is restricted to the extent described in the original foreign application and its Japanese translation. The new law added a restriction to amendments made after the final office action to the special restriction for foreign-language patent applications.]
\item \textsuperscript{37} Id. at Patent Law § 64(2).
\item \textsuperscript{38} [The publication of applications does more than just inform the public of new technical ideas. It also puts business competitors on notice that a certain technology may become patented and gives the patent applicant the right to collect infringement damages accruing from this time.]
\item \textsuperscript{39} JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Patent Law § 64(1), (3), (4).
\item \textsuperscript{40} Id. at Patent Law § 17 bis(3), (4).
\end{itemize}
If an improper amendment is found before the decision to dispose of the application, as in previous practice, the amendment will be declined when it is recognized.\textsuperscript{41} The legality of this ruling to decline the amendment can be disputed during a trial against the decision to reject the application.\textsuperscript{42} Only where the amendment is improper because it introduces new matter does the amendment constitute a ground for patent invalidity.\textsuperscript{43} Where the amendment is improper because of reasons other than the addition of new matter, [as under the prior law (Art. 42)], the patent is deemed to be granted on the application without inclusion of the amendment.\textsuperscript{44}

B. Simplification of the Trial Procedure

Trial procedures exist to correct flaws discovered during the application procedure. Although they are part of a plan to protect the profits of third parties and patent applicants, it is true that they have the effect of extending patent rights. This section presents a critical view of problems in Japan’s examination system under the prior, unamended law. Within this perspective, the patent system is reexamined and compared with patent systems of other major advanced industrial countries. This is done for the purpose of understanding the rational revision of the patent laws.

1. Amendments of Patent Claims on the Request of Trial Against the Decision of Refusal Before Publication of the Application

Prior to the decision to publish, amendments to patents were permitted within thirty days after requesting a trial to appeal certain actions concerning the refusal to amend a claim.\textsuperscript{45} To review the amended claim, the prior law provided \textit{zenchi} (pre-trial) examination which assigned the former examiner in charge to reconsider an application prior to trial examination.\textsuperscript{46} Amendments which decrease or increase the breadth of patent claim scope were still freely permitted, within the scope of the

\begin{itemize}
  \item \textsuperscript{41} \textit{Id.} at Patent Law §§ 54(1); 159(1); 163(1).
  \item \textsuperscript{42} \textit{Id.} at Patent Law §§ 121; 54(3).
  \item \textsuperscript{43} \textit{Id.} at Patent Law § 123(1)(f).
  \item \textsuperscript{44} \textit{Id.} at Patent Law § 40.
  \item \textsuperscript{45} \textit{Id.} at Patent Law §§ 17 \textit{bis}(ii); 17 \textit{ter}.
  \item \textsuperscript{46} \textit{Id.} at Patent Law § 161(2), (4).
\end{itemize}
originally filed papers.\textsuperscript{47} Until the new revision, such amendments before trial could result in a completely different version of the patent going to trial compared with the patent that was subject to examination. As a result, the significance of the examination process prior to trial was treated lightly. This also increased the burden on examiners and trial examiners and, in fact, became a significant factor in the delay of patent rights determinations. As with amendments to claims filed during the period for responding to the final office action, amendments filed within thirty days of the request for trial against the decision of refusal impose on third parties unnecessary burdens of discovering the true extent of patent rights covered by the application.

Thus, pre-publication amendments made to patent claims within thirty days of appealing the examiner’s decision are now restricted to more realistic amendments. This aspect of the new law is similar to the laws of the EPC and U.S. Such pre-publication amendments are limited to the scope of amendments permitted for responding to the final office action.\textsuperscript{48} The nature of amendments filed within thirty days from the request for trial is similar to that of amendments filed during the period for responding to the final office action, in that both amendments are made after substantial examination has been completed (i.e. those that bring the patent into condition for allowance). Consequently, examination during the trial against the decision of refusal aims to decide the illegality of the decision of refusal on the basis of examination prior to the request for trial, with the goal of quickening the pace of these judgments.

Improper amendments before publication are handled similarly to improper amendments made in response to the final office action.\textsuperscript{49} In \textit{zenchi} examination, as done under prior law, a separate ruling to decline an amendment is not made unless a decision is made to publish the application.\textsuperscript{50}

\textsuperscript{47} \textit{Id.} at Patent Law § 41.
\textsuperscript{48} \textit{Id.} at Patent Law § 17 bis(1)(v), (3). \textit{[See also § 17 bis(4).]}
\textsuperscript{49} \textit{Id.} at Patent Law § 161 quater(2). \textit{[Here, “improper” means an amendment which is not allowed by the rules.]}
\textsuperscript{50} \textit{Id.} at Patent Law § 164(2).
2. Elimination of Appeals Against Nonacceptance of Patent Amendments

Under the previous, unamended patent law, when an unallowable amendment is made to some element in the specification or drawings before publication, the amendment was declined. If the applicant was not satisfied with the ruling, he or she could request a trial against the ruling to decline the amendment in order to dispute the legality of the ruling. However, once this trial was requested, the examination of the application would be suspended until the trial was decided, thus prolonging the examination period.

As stated above, revisions to Japanese patent law have made it more similar to EPC and U.S. law. New matter added through amendments before the decision to publish a patent application may now be a basis for rejection, objection, or invalidity of a patent application. Also, when amendments that unlawfully increase the scope of claims are recognized before publication, a ruling is made to decline them. However, the legality of a ruling to decline an amendment may be contested during an appellate trial against the decision to refuse the application. As part of the plan to promote the examination of patent applications, it is no longer permissible in these trials to dispute the legality of the ruling to decline amendments.

3. Trials for Correction, Invalidity, and Invalidation of Correction

In order to protect a patent right, it is necessary that the written patent description adequately capture the inventive concept of the invention. For this reason, the patentee is allowed to correct the patent specification and drawings even after the grant of the patent, unless such correction causes unexpected losses to third parties' rights. The new revised patent law addresses this point with a prohibition against adding new matter to a patent application and by balancing competing interests. Prior patent law regula-

51 Id. at Patent Law § 53(1), (2).
52 Id. at Patent Law § 122.
53 Id. at Patent Law § 53(4).
54 Id. at Patent Law §§ 53(3); 159(1); 161(3).
55 Id. at Patent Law § 122.
tions concerning permitted amendments to patent claims are also included in the revised patent law.  

Trials for correction normally are often filed as defensive measures to claims of patent invalidity. Under the prior law, correction trials and invalidity trials were provided as independent procedures. Correction of the patent was not allowed within the procedure for trial of patent invalidity. Furthermore, patent invalidity and patent correction trials could take place simultaneously and there was no rule as to which trial must be disposed of first. Heretofore, when a decision of a patent correction trial became final while the patent invalidity trial continued, the examination on the originally patented claim in the invalidation trial became meaningless. This increased the time required to resolve patent validity issues.

Under the prior law, similar procedural difficulties existed between the various proceedings for disputing the legality of correction; i.e., the opposition against correction, trial to cancel correction, and invalidation trials. In response to these difficulties, the revised patent law has been made similar to EPC and U.S. law. While invalidity trials are pending in the JPO, independent amendment trials can no longer be demanded. The newly revised law also allows demands for amendment of patent specifications and drawings within the invalidity trial procedure itself. However, the time period for these amendments is limited to the period for replying to the demandant of the invalidation trial and the period for filing arguments. Moreover, due to the abolition of the system for publishing corrections, specifications and drawings may now be corrected within the time period for replying to office actions of the JPO and to notices of reasons for rejecting amendments. Illegal corrections are reasons for finding a patent invalid and are considered along with other reasons for invalidation in patent invalidation trials.

The new law has effectively eliminated issues of whether claims to be published are suitable, of oppositions to such claims, and of trials concern-

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56 Id. at Patent Law §§ 126(1)(i)-(iii); 126(1).
57 Id. at Patent Law §§ 164(2); 165; 129; 130.
58 Id. at Patent Law § 126(1).
59 Id. at Patent Law §§ 134(2); 134(1); 153(2).
60 Id. at Patent Law § 17(1).
61 Id. at Patent Law § 123(1)(vii).
ing the validity of amendments. Although amendments to patent specifications and drawings are no longer published by the patent publication system, invalidity trials and correction trial decisions are collated and officially published. To accommodate the revision discussed above, the new law also revised a provision concerning trials for the invalidation of patents for reasons pertaining to international patent applications and their correction trials. Even under the new law, where an invalidation trial is no longer pending in the JPO and has moved to the Tokyo High Court, and where a correction trial is filed prior to the request for an invalidation trial, these proceedings are processed separately and independently. As a result, a decision in a correction trial could become final while the invalidity trial is pending. When this happens, the results of the invalidation trial become meaningless. Furthermore, when the converse happens and the invalidity trial decision becomes final while the correction trial is pending, the examination in the correction trial becomes meaningless. Additional quirks also exist.

II. UTILITY MODEL SYSTEM REVISION

The Japanese Utility Model Law, established in 1905, was directed at the protection of so-called petit inventions at that time, and was intended to solve the conflict between domestic and international patent policies caused by Japan’s accession to the Paris Convention. Japan adopted the German Utility Model Law of 1891, with some differences: the Japanese Utility Model Law covered not only equipment for work and utility goods, but also all commercial goods; it adopted substantive examination instead of the non-examination system used under German law, and granted a longer term of protection than applied under German law.

The subject matter of the Japanese Utility Model Law, like its parent German law, was based on devices that have particular shapes and which

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62 Id. at Patent Law §§ 164(2); 165; 129; 130.
63 Id. at Patent Law § 193(2)(vii).
64 Id. at Patent Law § 184 quindecies(1), (2).
65 [The revised Japanese Utility Model Law came into effect on January 1, 1994, at the same time as the revised Patent Law. See JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, at 77 (Utility Model Law).]
66 [Petit inventions were a type of property rights in Europe that covered minor ideas that lacked an inventive step and which did not qualify as inventions under regular patent law.]
yield useful effects. However, in providing for the shape of an article as the sole registration requirement, the current Japanese Utility Model law fails to take into consideration that devices are embodied in the shape of articles, thereby treating devices equivalently to inventions subject to the Patent law. Similar systems for the protection of utility models still exist in Italy, Spain, Portugal and Greece, as well as in Southeast Asia.

The tendency to protect petit inventions has thereby been promoted. There has been a similar tendency in Germany, where the shape requirement of articles was repealed as a result of revisions to the Utility Model Law in 1986 and 1990; the law now protects all petit inventions except process inventions. However, since the shape of the article is the requirement for registration under the Japanese Utility Model Law, unlike the current German law mentioned above, the subject matter is not petit inventions of products, but instead petit inventions of article shapes. This is why changing the composition of the article by, for example, substituting a glass product for a plastic product with an accompanying change in thickness can be an invention under patent law, but not a device under the Utility Model Law. In this sense, the subject matter of the current German Utility Model Law differs from that of the Japanese law.

The French patent law, unlike these systems, has had a non-substantive examination system called certificate d'utilité since 1968. In 1978, a routine, search report requirement for bringing an action for infringement was added to this system. The French system is completely different from the above-mentioned utility model systems because it protects neither the shape of articles nor petit inventions, but instead protects inventive subject matter equivalent to what is protected under the patent system (the same legal system exists in Belgium, the Netherlands, Ireland, and other countries).

The practice under the Japanese utility model system has not been very strict with respect to the scope of subject matter. For example, electric circuits have been registered as utility models under the systems category, and even buildings and innovations in materials have been registered. These registrations did not meet the subject requirement of being an article, under the provisions of the law concerning articles of utility. Therefore, the utility model system has in practice been confused with the system for petit inventions. This is why the number of utility model applications was the
greatest of all categories of industrial property from the law's establishment until 1980.

Furthermore, under the prior law the priority of filing between a patent application and a utility model application was subject to examination.\(^67\) Because of the increase in the number of utility model applications being filed, the utility model system became a major cause of delay in the examination of regular patent applications which concerned more highly advanced technology.

In response to the increase in the filing of utility model applications, a bill to totally revise the utility model system was introduced to the Diet in 1966. The main points of this bill were the early laying-open of applications, a brief examination including opposition, a shorter protection period, trial appeals by a single examiner, and trial appeals for confirming validity.\(^68\) Affected organizations such as the Patent Attorney's Association and the Federation for Support of the Patent System attacked the bill, particularly the provision for an abbreviated examination system, and the bill was eventually abandoned.

According to a JPO fact-finding survey conducted just before the bill was introduced, it seems that the bill was not accepted because industrial property rights were mainly exploited after registration by small and medium-sized enterprises and individuals, and less so by large enterprises. According to a Research Report on Industrial Structure issued in 1981, some time later the ratio of working rights possessed by small and medium enterprises and individuals was still higher than that of large enterprises. It appears, however, that such a survey has not been conducted recently.

The present revision of the utility model system focuses on the adoption of a quick registration system without substantive examination, and harkens back to the analogous systems of such principal countries as France and Germany. Reasons for adopting a quick registration system included: the number of applications for utility model registrations was declining; there was a tendency of early reduction to practice between the time of

\(^{67}\) JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Patent Law § 39(3), (4) and Utility Model Law § 7(3), (4).\(^{68}\) [Opposition is a procedure whereby others affected by patent rights can oppose the granting of a patent by petitioning the JPO, and giving reasons for refusing to grant the patent. See JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Patent Law §§ 55-61.]
application and the registration for these inventions; and the life cycles of utility inventions is short.

The number of utility model applications has lagged behind that of patent applications since 1980, and has recently been rapidly decreasing. This tendency reflects the recent development of highly advanced technology. At the same time, this trend has been influenced by economic trends such as the appreciation of the yen against the dollar. At any rate, the circumstances surrounding the utility model system's recent revision are completely different from those of the previous bill in that the number of utility model applications has recently been declining. Also, the tendencies toward early reduction to practice before registration and short life cycles were previously seen to be reasons for having a design registration system. There was then an argument made to adopt a non-examination system and to keep the existing examined design registration system. However, the present revision of the Utility Model Law leaves the subject matter of utility model registration unchanged and, as a result, does not really create a non-examination patent system.\(^6^9\) Consequently, the French certificate of utility system is comparable only in terms of the non-examination system characteristic. In contrast, the current German Utility Model Law, a petit patent system (except for process inventions), is still a related model for the revised Japanese law because the subject matter of Japanese utility model registrations has not changed; the only real change is that the examination system has been altered.

A. The Adoption of a Quick Registration System

Compared with other utility model patent systems of the world, the Japanese Utility Model Law system had the strictest pre-publication examination system. It shared this characteristic with the Japanese patent system.\(^7^0\) However, the new revision removes the examination requirement from the utility model system, as mentioned above, and thus promotes the prompt protection of utility model rights. The application procedure under the new law has not substantially changed, but the revised law requires the

\(^{69}\) [Utility model registrations undergo “technical evaluation” when used during enforcement but are no longer routinely examined.]

\(^{70}\) [See generally JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2.]
first through third annuities of the registration fee to be paid at the time of filing the application.\textsuperscript{71}

Even though Japan's is a non-examination system, as in the foreign utility model registration systems, the utility model application is still checked prior to registration to ensure compliance with formality requirements and basic requirements.\textsuperscript{72} The basic requirements for applications are as follows:

(i) the application must relate to the shape or construction of an article or a combination of articles;
(ii) must not set forth unregistrable causes;\textsuperscript{73}
(iii) must meet the requirements for the unity of an application;\textsuperscript{74} and,
(iv) must satisfy the requirements as to the contents of the specification.

In particular, requirement (i) above was formerly applied very flexibly in practice. It may be anticipated that this requirement will have greater significance in the future. Requirement (iii) above is procedural and not very important since, as under previous law, it is only a ground for refusal of registration, and not a ground for invalidation.\textsuperscript{75} However, since registration fees are determined by the number of claims and, as described above, have to be paid at filing under the revised law, the unity requirement is determined before registration. Furthermore, although requirement (iv) above includes necessary statements pertaining to the specification and drawings, only specifications or drawings with remarkably unclear statements are subject to examination before registration.

When an application does not satisfy these formalities and threshold requirements, an order for an amendment will be made.\textsuperscript{76} If no amendment is made within the response period, the application will be invalidated.\textsuperscript{77} In

\textsuperscript{71} Id. at Utility Model Law § 32(1). [See § 31(1), concerning the date from which the registration fees are calculated.]
\textsuperscript{72} Id. at Utility Model Law § 6 bis.
\textsuperscript{73} Id. at Utility Model Law § 4.
\textsuperscript{74} Id. at Utility Model Law §§ 5(5)(iii); 6.
\textsuperscript{75} See id. at Utility Model Law §§ 11(iii); 37(1).
\textsuperscript{76} Id. at Utility Model Law §§ 2 bis(3); 6 bis.
\textsuperscript{77} Id. at Utility Model Law § 2 ter.
this case, the registration fees will be refunded upon request.\footnote{Id. at Utility Model Law §§ 34(1)(ii); (2).} An appeal under the Administrative Appeal Law can be made from this invalidation disposition. However, it is interesting that this examination is not subject to the production of documents or oppositions, unlike under the prior law.

Upon completion of the above procedures, the utility model right is registered, and primary information about the utility model is published.\footnote{Id. at Utility Model Law § 14(1), (3).} JPO now believes that it will take about six months from the filing date of the application to its registration. Since utility model protectability is not subject to examination in the course of this registration, one may say that an exclusive right is not established at this early stage, but rather, that an early registration is made.\footnote{E.g., id. at Utility Model Law §§ 3; 3 bis; 7.} This distinction is pointed out in the outline of the bill.

As a result of the law’s revision, entire provisions in Chapter III “The Examination” and Chapter III bis “Laying-open of Applications” of the existing law were eliminated. In addition, with respect to international utility model applications, the revised law includes special provisions concerning the time limit for the payment of registration fees and the request for national processing.\footnote{Id at Utility Model Law §§ 38 undecies; 48 quater(3); 48 quinques(4).} Also, some provisions were deleted such as the ones concerning national publication, the time limit for making requests for examination and the special provisions for reasons for refusal.\footnote{Id. at Utility Model Law §§ 48 octies; 48 terdecies(2); 48 decies; 48 undecies.}

B. The Introduction of a Technical Evaluation System for Utility Models

Since, as described above, a utility model right is immediately registered without examination, a registered right is very unstable. The invalidity of registered rights is, in principle, left to the judgment of interested parties. However, since the judgment involves technical and professional expertise, the owner of a utility model right may be reluctant to enforce his rights and also, third parties may incur unexpected damages due to uncertainty in the validity of the registered utility model. In order to prevent such problems, the new Japanese Utility Model Law introduces a system of written technical evaluations of utility models in order to support
the reliability of registered rights and prevent the abuse of these rights.\textsuperscript{83} It can be said that this system is similar to the system of publishing research reports that was introduced in the 1968 German Utility Model Law, and is also similar to the system of reports on novelty in the certificate of utility system in French patent law, introduced in 1978.

However, unlike the German or French systems, the technical evaluation of a utility model involves the evaluation of the present application not only in terms of known publications but also in terms of an inventive step over known publications, later disclosures, and later applications.\textsuperscript{84} Although the scope is broader in this respect than in Germany and France, technical evaluation does not include all of the substantive requirements of these systems, such as industrial applicability, no prior public knowledge or use, and having an inventive step to distinguish it over the prior art.

The written technical evaluation is prepared by examiners at the JPO. Anyone may request the technical evaluation of individual claims at any time after the filing of an application (unless the registration becomes invalid), even after the expiration of the right. The written technical evaluation request cannot be withdrawn.\textsuperscript{85} In addition, the request for technical evaluation is published in the official gazette in order to inform other concerned parties of the request.\textsuperscript{86} Although this provision is akin to the request for examination of a patent application, unlike in the case of a patent application the registered model right-holder or applicant is not informed in the event that a third party makes a request for technical evaluation of a utility model registration.\textsuperscript{87} This is unlike § 48 quinquies(2) of the Japanese patent law and unlike German law. Technical evaluation also does not include an opposition procedure or a requirement of production of documents. There is no way to attack or appeal the conclusion of a technical evaluation.

Although it does not bind a court, the fee for technical evaluation may be as high as about 90% of the fee for the request for examination of patent applications under the existing law. The fee for technical evaluation is ¥42,000 per case plus ¥1,300 per claim, while the fee for patent examina-

\textsuperscript{83} Id. at Utility Model Law §§ 12; 13.
\textsuperscript{84} Id. at Utility Model Law §§ 3(1)(iii); 3(2); 3 bis; 7(1), (3), (6).
\textsuperscript{85} Id. at Utility Model Law § 12.
\textsuperscript{86} Id. at Utility Model Law § 13.
\textsuperscript{87} Id. at Patent Law § 48 quinquies(1).
tion is ¥84,300 per case plus ¥2,700 per claim. This system establishes an objective basis by the JPO to establish the validity of utility model rights, provides considerable legal stability to utility model rights, and makes it surer and faster to predict the conclusion of trials for invalidation and infringement litigation. New provisions were also promulgated to integrate the handling of international utility model applications. Furthermore, the interpretation of the technical scope of a utility model right invention under the prior law remains unchanged in the revision.

C. The Exercise of Utility Model Rights and Responsibilities

1. The Exercise of Rights

The owner of a utility model right ("sen’yō" exclusive licensee) may require an infringer of the right to discontinue or refrain from such infringement and to compensate for damages, and may take measures for the recovery of business reputation. However, since a utility model right is granted without substantive examination under the revised law, the owner or the exclusive licensee has to include a written technical evaluation of the utility model with the warning in order to exercise the right. The law cannot be interpreted to mean that this exercise includes the warning itself.

French patent law and German utility model law do not include provisions requiring that warnings to infringers be accompanied by technical evaluations. Rather, this obligation is more like the treatment under Japan’s Design Law of a secret design which has already been substantively examined. Although it is not obvious whether the written technical evaluation is a prerequisite to infringement litigation, the law should probably not be interpreted to mean that technical evaluation is a prerequisite for litigation because, unlike the Design Law, Section 29 ter(1) of the revised law pro-

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88 Id. at Patent Law § 195(2); Utility Model Law § 54(2).
89 Id. at Utility Model Law §§ 48 undecies, 48 bis, 48 duodecies(2).
90 Id. at Utility Model Law § 26; Patent Law § 71.
91 Id. at Patent Law §§ 27, 29.
92 Id. at Patent Law § 29 bis.
93 [See JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Design Law § 37(3).]
vides for the possibility of exercising rights without the attachment of a written evaluation.\footnote{94}{The JPO holds the same position, and states in COMMENTARY TO THE REVISED PATENT LAW AND UTILITY MODEL LAW that infringement litigation without the presentation of a written evaluation will not be immediately dismissed because of this deficiency. COMMENTARY, supra note 17, at 93.}

Similarly, under the analogous German Utility Model Law, a prior art search request is not a prerequisite to infringement litigation. Also, in French patent law, while the request for a report of novelty is required for a court's decision in infringement litigation, the attachment of a technical evaluation report is not required in order to warn infringers.

2. **Responsibilities**

It has already been demonstrated that under the German Utility Model Law the owner of a utility model right has to be very cautious when exercising the right granted without benefit of substantive examination. The owner of a registered utility model registration may be accused of negligence if there is a chance that he violated this obligation to be cautious. Consequently, the owner exercises his right at his own risk.

It is natural, therefore, that the provision establishing a presumption of infringer negligence was deleted from the Japanese revised law.\footnote{95}{See JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Utility Model Law § 30.} When a utility model right which is exercised is subsequently invalidated, the owner becomes responsible for compensation since he is regarded as being negligent in this situation [where the utility model was not evaluated but only registered by the owner], except when the right was exercised based on a written evaluation, or the owner otherwise exercised considerable care in giving a warning to the infringer.\footnote{96}{Id. at Utility Model Law § 29 ter(1).} Negligence in this case is only recognized subject to a substantive evaluation, and there is no doubt that the owner is not negligent if considerable care was taken in the exercise of the right. However, according to the revised law, a utility model right holder who exercises his right is not negligent if his action was based on a written evaluation.

The written evaluation mentioned above does not include an evaluation that the utility model is not registrable.\footnote{97}{Id. at Utility Model Law § 29 ter(1)proviso.}
utility model is beyond question. The scope of any evaluation of the right is limited to claims which are subjected to the evaluation. However, as mentioned above, evaluation of utility model rights is not subject to the production of documents or oppositions, even as to the scope of the investigation. Also, a finding of negligence requires a substantive (complete and not limited to procedural elements) evaluation. This provision is a legal fiction in order not to hinder the owners of rights from exercising those rights. However, it is very questionable whether, even in obvious cases of improper dealing, as when an owner conceals important information (either inside or outside the scope of the evaluation), thereby constituting grounds for invalidation, the owner still is not regarded as negligent. The utility model right owner can be refused compensation for damages only if the exercise of his right was based on the written evaluation.

Under the German Utility Model Law and the French patent law, a report of prior publication or a report of novelty is considered to be merely factual material for judging the validity of the right by interested parties or by a court. These reports have nothing to do with negligence under the patent laws. Even though the scope of investigation of the written evaluation under the new Japanese law is broader, as a matter of policy the owner should be presumed not negligent where he exercised his right based on a written evaluation. It may be hoped that appropriate practices will be followed by the courts.

**D. The Suspension of Litigation Procedures**

Concerning the relationship between litigation procedures and trial appeals, the prior law allowed courts to suspend litigation pending a trial decision in the JPO. This suspension was possible only upon the court’s

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98 [If the patentee knows of a prior art document which makes the patent invalid, he cannot be excused from this responsibility, even if the evaluation concludes that the patent is valid. COMMENTARY, supra note 17, at 98.]

99 JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Utility Model Law § 41; Patent Law § 168(2).
initiative. Furthermore, these procedures did not include preservative procedures.\textsuperscript{100} The validity of Utility Model Law rights is not, however, guaranteed under the revised law, because these rights are granted without substantive examination. The new law replaces substantial examination with a registration system. This is why the above-mentioned provision of discretionary suspension was placed in the provision concerning preservative procedures.\textsuperscript{101} Also, the defendant in infringement litigation may request suspension of the court trial, including relevant preservative procedures, on the grounds that an invalidation trial is being demanded. When such a request is made, the court has to suspend the trial until a JPO trial decision is issued, unless it can be shown that there is no need for suspension.\textsuperscript{102}

Situations in which no need for suspension exists include when the utility model patent right is clearly unregistrable, and when the defendant’s acts clearly do not fall within the scope of the Utility Model Law right regardless of validity. In either case, the decision for suspension is very technical and will likely require professional expertise. It would be quite difficult for judges to make these decisions. It may be hoped that such suspensions are not automatically made in practice.

The non-examination system inherently lightens the burden of the JPO and shortens the period of examination time through early registration. On the other hand, it is inevitable that the burden on the courts will increase correspondingly, and litigation delays will postpone fulfillment of utility model patent rights. In this context, the revised law provides for the necessary suspension of litigation proceedings until a JPO trial decision is reached, and not just until a decision to have an invalidity trial becomes final. Such provisions exist in the new law and are explained immediately below. In order to facilitate prompt resolution of invalidity trials, there is no time limitation to them. Partly for these reasons, it should not be neces-

\textsuperscript{100} [The term “preservative procedures” refers to a German legal practice that is somewhat analagous to “preventive injunction” in U.S. legal practices. This procedure allows the acquisition of evidence before trial, is not binding, but may be used to shift the burden of proof in the case of non-compliance. For an explanation of this procedure as used in patent infringement litigation, see Shigetoshi Matsumoto, \textit{On the Actual Situation of Lawsuits for Patent Infringement in Japan}, 10(2) AIPPI J. 55, 61 (June 1985).]

\textsuperscript{101} \textit{JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY}, supra note 2, Utility Model Law § 40(2).

\textsuperscript{102} Id. at Utility Model Law § 40 bis(1).
sary for Japan to follow the example of German law and delegate subject matter jurisdiction and venue to specialized courts in order to more fully coordinate these activities. The courts will respond to requests for suspension of litigation, but no appeals are allowed against these decisions.\textsuperscript{103} Furthermore, a court may revoke its ruling of suspension if circumstances change.\textsuperscript{104}

E. Amendments, Corrections, and Invalidation Procedure

Under the prior law, amendment procedures for utility model applications were the same as under the Patent Law. However, under the revised Utility Model law, although amendments to satisfy the formalities or basic requirements can in principle be made before registration, amendments to the specification and drawings can only be made within two months from the filing date as determined by Cabinet Order.\textsuperscript{105} The revised Patent Law also stipulates that the scope of an amendment must be within the confines of the originally-filed specification and drawings.\textsuperscript{106} The addition of new matter is not allowed.\textsuperscript{107} As the treatment of Utility Model Law patents under the revised law is the same as that for regular patents under the revised Patent Law, illegal amendments will constitute reason for invalidation.

Corrections to the [utility model] specification are also provided for in the same manner as in the revised Patent Law.\textsuperscript{108} However, under the revised Utility Model Law amendments can only delete claims.\textsuperscript{109} Corrections cannot restrict claims. This is because if a utility model right were registered without substantive examination and afterwards the owner frequently changed the scope of broad claims in response to the results of technical evaluations or other evidence disclosed by those requesting invalidation trials, third parties would be forced to bear excessive burdens in investigating registration histories. For the same reason, the correction of errors in the description and the clarification of ambiguous descriptions is

\begin{itemize}
  \item \textsuperscript{103} \textit{Id. at Utility Model Law § 40 bis(2).}
  \item \textsuperscript{104} \textit{Id. at Utility Model Law § 40 ter(3).}
  \item \textsuperscript{105} [Japanese Cabinet order: "Utility Model Law, Enforcement Order taking effect January 1, 1994."
  \item \textsuperscript{106} \textit{Id. at Patent Law § 17(2).}
  \item \textsuperscript{107} \textit{Id. at Utility Model Law § 2 bis(2).}
  \item \textsuperscript{108} \textit{Id. at Utility Model Law § 39; Patent Law § 126.}
  \item \textsuperscript{109} \textit{Id. at Utility Model Law § 14 bis(1).}
\end{itemize}
also not allowed under the revised law. However, the new law may be questionable with respect to the clarification of ambiguous descriptions.

Under the new Utility Model Law, an independent correction trial is not possible when an invalidation trial is pending before the JPO. As is true for regular patents under the newly revised Patent Law, the deletion of claims is possible during invalidation trials of Utility Model law patents. However, corrections cannot be made after the notification of conclusion of a JPO trial examination. Accompanying these revisions are new provisions concerning international utility model applications, including special provisions concerning amendments and invalidation trials of utility model registration for reasons pertinent to international utility model applications made in foreign languages.

Another change from the prior law is that amendments can no longer be made to change the reasons for requesting JPO trials. This provision is analogous to the limitations on correcting or deleting claims under the revised law.

F. Term of Utility Model Rights

Whereas under the prior law the term of a utility model right was ten years from the date of publication of the application and could not exceed fifteen years from the filing date, the revised law provides that the term of a right will be six years from the filing date. Ten years or more from the filing date is common for utility model rights in foreign countries where a non-examination system is used (Italy, Spain, Portugal, etc.). The term is ten years from the filing date under the revised German Utility Model Law, which was converted into a petit patent system in substance.

It is not clear why the revised law provides a utility model patent term of only six years. Reasons given for the change to six years include the facts that: utility models tend to be quickly reduced to practice even before

110 Id. at Utility Model Law § 14 bis(1).
111 Id. at Utility Model Law §§ 48 decies, 48 duodecies.
112 Id. at Utility Model Law § 41; Patent Law § 131(2).
113 Id. at Patent Law § 38 bis(3).
114 Id. at Utility Model Law § 15.
115 [According to the JPO, a six-year term is provided in France and was provided in Germany from 1891, when the utility model system was introduced, until 1986. COMMENTARY, supra note 17, at 108.]
registration; the life cycle of utility model products tends to be short; and there is no substantive examination under the new law. However, some products protected by the utility model system have product life cycles that are longer than six years. A report from the Industrial Property Council explained that the patent system should be utilized for products having long life cycles. However, although this is possible under the analogous certificate of utility (non-examination) patent system in France, it may be impossible under the Japanese utility model system because the subject matter of utility models differs from that of regular patents and a utility model requires a lesser showing of inventive step than a regular patent. It is regrettable that there were not more substantial justifications for this change, grounded upon real data concerning social necessity and accounting for the economic structure of Japan.

G. Utility Models and Patents: Miscellaneous

1. The First to File Principle

Under the previous law, a device claimed in a utility model application was the same as an invention claimed in a patent application, and if both applications were filed on the same date, the applicants consulted each other regarding who was first. If no agreement was reached, both applications were refused, and, if later registered, would be invalidated in a JPO trial. However, under the revised law, since the first filed utility model application is not examined, consultations are held during the patent examination procedure, and if no agreement is reached, examination is performed and the non-agreement constitutes only a reason for invalidation. This revision was made in order to implement the non-examination system. However, since examination procedures differ between the patent system and the utility model system under the revised law, it seems that the new law could have adopted a system which allows both applicants to register within their respective systems, as is possible under the German system.

116 JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY, supra note 2, Patent Law § 39(7).
117 See id. at Patent Law §§ 121 to 170; Utility Model Law §§ 37 to 41.
118 Id. at Utility Model Law §§ 7(6); 37(1)(i).
Where two or more utility model applications relating to the same 
device are filed on the same date, none of the applicants can obtain a regis-
tration because the JPO cannot order the applicants to hold consultations 
under the non-examination system of the revised law. This dual filing 
situation constitutes a basis for invalidation. 

2. Conversion of the Application 

As was true under the prior law, an applicant for a patent or design 
registration may convert his application into a utility model application. 
However, with the shortening of the term of utility model rights to six years, 
under the revised law conversion will be allowed only within five years and 
six months from the filing date of the application for patent or design 
registration. Also, because the utility model right is promptly registered 
without substantive examination, the conversion of a utility model 
application into an application for patent or design registration will be 
allowed only when the application is still pending. 

3. Domestic Priority Rights 

A claim of domestic priority can be made between a patent applica-
tion and a utility model application. However, a priority claim is not 
allowed based upon a registered utility model application. 

H. Conclusion 

The essential features of the newly revised law have been explained 
in the context of international trends. Specific issues have been only briefly 
mentioned due to space limitations. In particular, the patent system revi-
sion focuses on procedural provisions, mainly aimed at shortening the
examination period. It may be supposed that these changes will have a great influence upon patent practice. There are not very persuasive reasons for revising the utility model system. In any case, the adoption of a so-called non-examination principle is a major revision, and thus should have an extremely significant effect on the Japanese economy. It may be hoped that the JPO improves the new system through its operation in the future.