

Japanese patents may apply to overseas servers

— The IP High Court En Banc Decision —

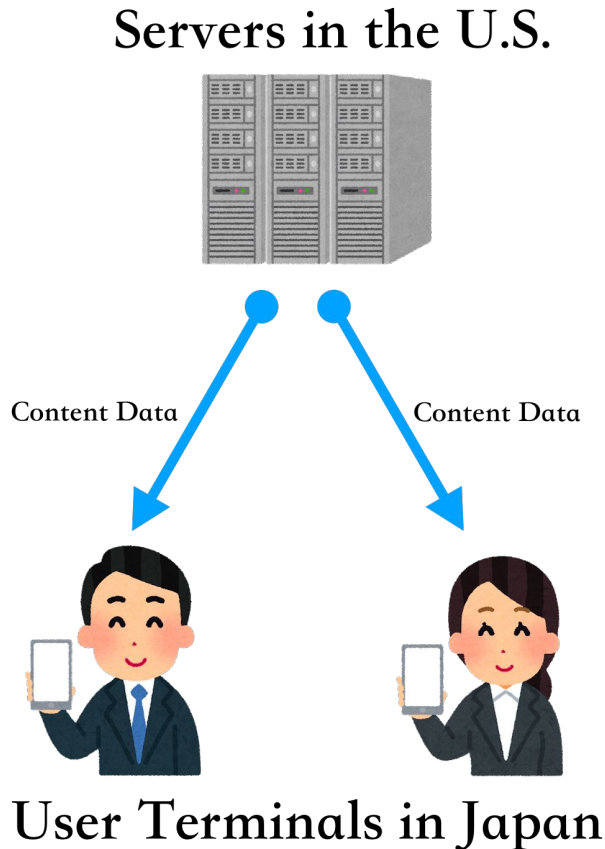


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June 20, 2023

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Introduction



Whether a Japanese patent covers a system (“System”) having terminals in Japan and an overseas server was litigated in *Dwango v. FC2*.

(The IP High Court, En Banc, May 26, 2023)

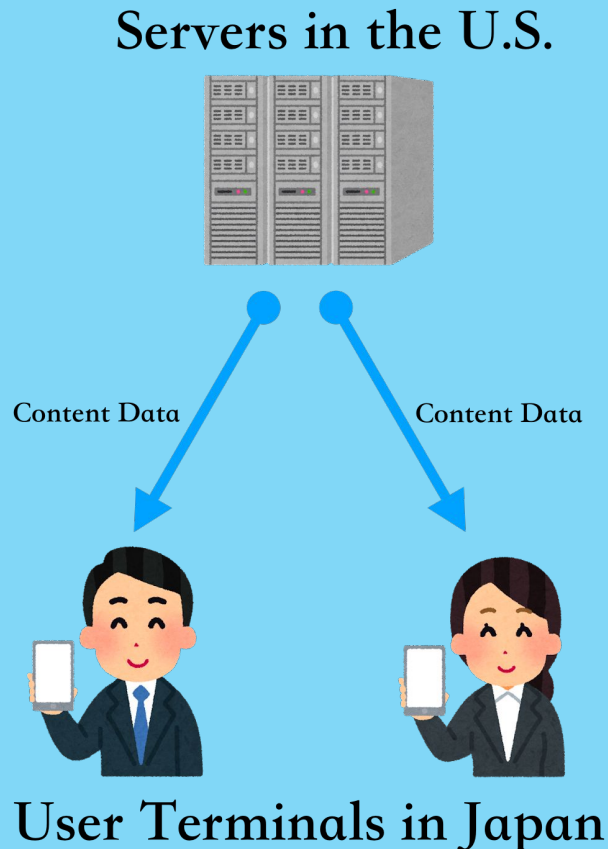
Patent No. 6526304

1. The System was “produced” when the terminal accessed the server.

When the terminal receives files from the server, the server and terminal are connected, and comments can be overlaid on the video in the browser of the user terminal.

The claimed System is “produced” at this point.

2. Even if the server is in overseas, the “production” can be performed in Japan.



Although FC2, a US company, provided streaming media services with real-time user comments from the server in the US, Dwango prevailed.

Domestic Act Guidelines

The IP High Ct. has provided Domestic Act Guidelines after soliciting amicus briefs.

When the server is outside Japan, the following factors should be considered for analyzing whether the “production” is performed in Japan.

Factors

- (1) the specific manner of the accused act
- (2) the functions and roles in the invention that was performed by the elements in Japan
- (3) where the effect of the invention is provided
- (4) impact of the use of the system on the patentee’s business
- (5) all other circumstances.

Court Analysis

Factor (1): the specific manner of the accused act

Each file is sent from the server in the US to a user terminal in Japan. Since transmission and reception (“transceiving”) are performed simultaneously, and the defendant’s system is completed when a user terminal in Japan receives each file, the above transceiving is said performed in Japan.

Factor (2): functions and roles played by the elements in Japan

The user terminals located in Japan fulfill the functions of the judgment unit and the display position control unit, which are necessary to ensure that the comments displayed on the video do not overlap, realizing the primary function of this invention.

Court Analysis

Factor (3): where the effect of the invention is provided

The defendant's system can be used domestically in Japan via user terminals, and the effect of the invention: improving the entertainment value of communication using comments, is realized in Japan.

Factor (4): impact of the use of the system on the patentee's business

The domestic use in Japan affects the economic interests that the appellant obtains from the domestic use of the invention.

As a result, the court found that the act of producing the System was performed in Japan and found the infringement. (*3)

*3 Appealed to the Supreme Ct.

cf. Prior Case

The IP High Court rendered another decision over the same parties (*No. (ne) 10077 of 2008*, July 20, 2022) (Patents: 4734471 and 4695583).

In this decision, the court found that the distribution of the patented program from a foreign server to a Japanese user infringed the program claim. It also indirectly infringed the terminal claim because the program was used only for producing the terminal.

However, the court did not find direct infringement of the terminal claim because "producing" the terminal required program installation by the user, and it was the user who "used" the display device.

The En Banc decision is more aggressive.

3. Our Suggestions

1. Obtaining System Patents

We should claim a system with the server, especially if the terminal is not inventive enough.

If the server may be located outside Japan, we suggest describing terminal operations in the claim realized by accessing the server.

This is because if the functions performed by terminals in Japan are small, the system might not be considered produced in Japan (Factor (2)).

2. Obtaining Terminal Patents

It was found that a system having a server and a terminal was "produced." Terminals will also be found "produced."

Therefore, even if the terminal is just a general PC or the cell phone and the invention is implemented only when a specific server is accessed, we recommend actively acquiring rights to the terminals.

The reason is that an infringement is more readily proved without considering the Domestic Act Guidelines.

3. Considering the shift of functions between servers and terminals

System inventions work even if some functions shift between servers and terminals.

In response to this decision, competitors may avoid infringement by shifting the functions between servers and terminals.

Try to claim what the system does without specifying what the server or terminal does.

4. Independent claims of the subject patent of this decision (Patent No. 6526304)

Claim 1

1I. A comment delivery system,

1A. which is a comment delivery system including a server and a plurality of terminal devices connected to the server via a network, in which

1B. the server

receives a first comment and a second comment to a video given by a user who is viewing the video transmitted from the server; and

1C. transmits the video and comment information to the terminal device;

Claim 1

1D. the comment information includes:
the first comment and the second comment;
and a comment given time, which is a video play time indicating an elapsed time of the video with a beginning of the video as a reference, corresponding to a point of time when each of the first comment and the second comment is given, comprising:

1E. means for displaying the video and the first comment and the second comment at least partially overlapping the video and moving in a horizontal direction on a display device of the terminal device in a video play time corresponding to the comment given time on the basis of the video and the comment information;

Claim 1

1F. a determining portion which determines whether or not a display position of the second comment when displayed on the video overlaps a display position of the first comment; and

1G. a display-position control portion for adjustment such that the first comment and the second comment are displayed at positions not overlapping each other, when they are determined to overlap, wherein

Claim 1

1H. by means of transmission of the video and the comment information by the server to the terminal device, the display device of the terminal device displays:

the video; and

at the video play time corresponding to the comment given time, the first comment and the second comment at least partially overlapping the video and moving in the horizontal direction in a manner that the first comment and the second comment do not overlap each other.

Claim 2

2I. A comment delivery system

2A. which is a comment delivery system including a video delivery server and a comment delivery server, and a plurality of terminal devices connected to them via a network, in which

2B. the comment delivery server:

receives a first comment and a second comment to the video given by a user who is viewing the video transmitted from the video delivery server;

2C1. transmits comment information to the terminal device;

2C2. the video delivery server transmits the video to the terminal device;

Claim 2

2D. the comment information includes:

- the first comment and the second comment;

- a comment given time, which is a video play time indicating an elapsed time of the video with a beginning of the video as a reference, corresponding to a point of time when the first comment and the second comment are given, respectively, comprising:

2E. means for displaying the video and the first comment and the second comment at least partially overlapping the video and moving in a horizontal direction on a display device of the terminal device in a video play time corresponding to the comment given time on the basis of the video and the comment information;

Claim 2

2F. a determining portion which determines whether or not a display position when the second comment is displayed on the video overlaps a display position of the first comment; and

2G. a display-position control portion for adjustment such that the first comment and the second comment are displayed at positions not overlapping each other, when they are determined to overlap, wherein

Claim 2

2H. by means of transmission of the comment information by the comment delivery server and of the video by the video delivery server to the terminal device, respectively, the display device of the terminal device displays:

- the video; and

- at the video play time corresponding to the comment given time, the first comment and the second comment at least partially overlapping the video and moving in the horizontal direction in a manner that the first comment and the second comment do not overlap each other.

Thank you

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41 attorneys

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Top 10 Japan Trademark Firm,
Top 20 Japan Patent Firm,
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We commit to proactive communication, which leads to deeper understanding of our clients and creative processes.

