

Japanese patents apply to overseas servers

— The IP High Court En Banc Decision —



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Introduction

Dwango sued FC2 for displaying user comments on videos in real-time under the patent (*1) infringement.

The claimed system has the server and user terminals.
However, the FC2 server is in the US, while users are in Japan.

Dwango prevailed. (*2)

*1 Patent No. 6526304

*2 *Reiwa 4 (Ne) No. 10046*, May 26, 2023, The IP High Ct. En Banc

1. The system was “made” 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.

A new system with functions that satisfy all the requirements of the claim is “made” at this point.

2. When the server is overseas, it may still infringe on a Japanese patent.

Servers in the U.S.



Content Data

Content Data



User Terminals in Japan

Domestic Acts Guidelines

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

When the server is outside Japan, the following should be considered for analyzing whether an act (making) is performed in Japan.

Factors

- (1) the specific manner of the act
- (2) the functions and roles in the invention played 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, etc.

Court Analysis

Factor (1) the specific manner of the 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 considered 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

Above domestic use in Japan can affect the economic interests that the appellant can obtain from the domestic use of the invention.

As a result, the court found that the act of making the system was performed in Japan and found the infringement.

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 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 making the terminal.

However, the court did not find direct infringement of the terminal claim because "making" the terminal required program installation by the user, and it is also 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.

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 played by terminals in Japan are small and the server realizes most functions, the system might not be considered made in Japan (Factor (2)).

(2) Obtaining terminal patents

It was found that a system consisting of a server and a terminal was "made." Terminals will also be found "made."

Therefore, even if the terminal is just a general-purpose 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 as well.

The reason is that an infringement is more easily proved without considering the Domestic Acts Guidelines.

(3) Considering shift of functions between servers and terminals

Many inventions work even if the functions shift between servers and terminals.

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

We suggest trying to claim what the system does without specifying what the terminal or server does.

Thank you

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