**Managing Intellectual Property**

**April 2002 -**

# Japan gives software patents green light

New legislation, unveiled in Japan in the middle of February, will boost protection for Japanese owners of online IP rights, according to the Ministry of Economy, Trade and Industry (Meti).

The bill will clear up the position regarding the patentability of computer programs and trade marks displayed temporarily on computer screens, said a Meti official.

The legislation addresses the question of patent protection for software available on the internet. This raised the issue of the definition of software and the liability of application service providers, which make software available to companies over the net.

Previously, software patent protection was associated with software existing on a tangible product, such as a CD-Rom or floppy disk. The new bill also deals with the legality of showing trade marks on web pages other than those of the trade marks' owner. Under the new law this will now be an offence.

"The new bill makes clear that a program is patentable," says Akira Ryuka, senior partner of Ryuka IP Law Firm in Tokyo. "At present it is not clear in legislation, however in practice program claims are allowed. The new law in effect confirms existing practice. Therefore the bill is not significant in terms of creating change, rather it is confirming change."

The Japanese Patent Office first accepted patent applications for software existing only on the internet in December 2000. According to the Meti official, this new practice meant the law had to be changed to allow for patent protection for software available over so-called intangible media, such as the internet.

The bill also tackles the question of where a computer program is deemed to be sold regardless of where the server is located and comes down on the side of the location of the buyer on this question. If the buyer is a Japanese consumer, then Japan is taken as where the program has been sold. "There will be some controversy on this point," says Ryuka, "but it will be one for the courts to decide."

The new law protects a program as a product and to give the product will be seen as an act of infringement. "There is an issue of whether it can be considered 'giving' when a purchaser copies the program from the server," says Ryuka. "However, based on the registration process and the underlying object of the law to foster growth in industry, 'giving' should be interpreted to include copying from a server."

The bill should have a very large impact as many people are using the internet and information technology is very important," says Yasujiro Miyake, of the general affairs division of the Japanese Patent Office. "There was a very strong demand from businesses including application service providers to change the law to make it clear."

The new proposals also include changes to relax the PCT requirements and provides for the Japanese Patent Office to adopt duty of disclosure measures that are not believed to be as onerous as those in the US. Japanese IP lawyers say there is nothing contentious in the bill.

The Japanese Cabinet has approved the bill and sent it to the Diet, the lower house of parliament, for debate. It is not expected to become law before June or July this year. The legislation arises out of a report, *Patent Law and Trade Mark Law in a Networked Era*, which the Intellectual Property Policy Committee sent to the government in December last year.

Other reports the committee compiled at the same time are expected to lead to changes in the Trade Mark and Patent Attorney Laws.