

## **Important Decrees of the Japanese Patent Law Relating to “Licensing”**

The most of decrees below should be applied to “Provisional Exclusive License” (“Kari-Sennyo Jisshiken” stipulated in Patent Law Art.34-2) and “Provisional non-Exclusive License” (“Kari-Tsujo Jisshiken” stipulated in Patent Law Art.34-3) which are admitted to the pre-grant inventions.

The below are the outline of the “Exclusive License”.

### **1. Outline of Exclusive License (“Sennyo Jisshiken”)**

#### **(1) Grant of Exclusive License**

(a) A patentee may grant an exclusive license on the patent right (Patent Law Art.77 (1)). In this regard, more than one exclusive licenses, or an exclusive license and more than one non-exclusive licenses cannot be set up in an overlapping manner.

(b) Where a patent right is jointly owned, no joint owner may grant an exclusive license to any third party without the consent of all the other joint owners (Patent Law Art.73(3)).

## (2) Effects of the Registration

(a) The grant of an exclusive license must be registered to take effect (Patent Law Art.98 (1)(ii)).

(b) The establishment of an exclusive license shall be registered in the patent registry maintained in the Patent Office (Patent Law Art.27 (1)(ii)).

(c) The exclusive license without registration before JPO is not treated as an exclusive license but as a monopolistic non-exclusive license (In Japanese, “Dokusenteki Tsujou Jisshiken”). The monopolistic non-exclusive licensees may not seek any injunction, but, claim damages according to the precedents.

(d) The registration of a license is either made jointly (Art.18 of Patent Registration Order) or only by the person entitled to registration by attaching the written consent of the person who must have the registration made (Art.19 of Patent Registration Order).

## (3) Rights of Exclusive Licensee

(a) An exclusive licensee shall have an exclusive right to work the patented invention to the extent permitted by the contract (Patent Law Art.77 (2)). The patentee, contrary to the typical “exclusive license” in US, shall not have any right to work the patented invention to the extent that the exclusive licensee is licensed to exclusively work the patented invention (Patent Law Art.68).

Therefore, an exclusive licensee may demand an injunction against infringers (Patent Law Arts.100 and 101) and claim the damages in its own name.

(b) An exclusive license may be transferred only where the business involving the working of the relevant invention is also transferred, where the consent of the patentee is obtained or where the transfer occurs as a result of universal succession including inheritance (Patent Law Art.77 (3)).

(c) An exclusive licensee may establish a right of pledge or grant a non-exclusive license on his exclusive license to a third party only where the consent of the patentee is obtained (Patent Law Art.77 (4)).

(d) Where there is an exclusive licensee, a patentee may waive the patent right, only where the consent of the said exclusive licensee is obtained (Patent Law Art.97 (1)).

(e) Where there is a non-exclusive licensee to an exclusive license, the exclusive licensee may waive the exclusive license, only where the consent of the said non-exclusive licensee is obtained (Patent Law Art.97 (2)).

(f) Where a request for a trial for patent invalidation has been filed, the chief trial examiner shall notify the exclusive licensee of the patent right and other persons who have any registered rights relating to the patent (Patent Law Art.123 (4)).

(g) Where there is an exclusive licensee, the patentee may file a request for a trial for correction only with the consent of the said person (Patent Law Art.127).

(4) Others

Where an application for a PTE (Patent Term Extension) falls under the following, the examiner shall render the decision to the effect that the application is to be refused:

where the patentee, or the exclusive licensee(s) or the non-exclusive licensee(s) of the patent have not obtained the disposition designated by the Cabinet Order (Patent Law Art.67-3 (1)(ii)).

Comparison of the exclusive license in each country

	Japan	Korea	US	Germany	France	GB	China
Entry into Force	Registration is required		Execution of the contract. Registration is not required.				
Registration	Registration is required to take effect		Registration system exists. However, registration is not required to take effect.				
Infringement lawsuit	The licensee may raise it in its own name.			Only when the patentee would not raise it, the licensee may raise it in its own name.	The licensee may raise it in its own name. In that situation, the patentee shall become a plaintiff.	The licensee may raise it in its own name.	
		Contract may restrict the right.					
Working the licensed invention by the patentee	Breach of the contract		Depends on the contract	Breach of the contract		Breach of the contract 1	Breach of the contract 2

The data/information above were derived from the JPO's report on "The Report regarding the way for further exploiting the IPs" published in 2008.

<sup>1</sup> There is another type of exclusive license named a "sole license" where the patentee may work the licensed invention as well.

<sup>2</sup> There is another type of exclusive license where the patentee may work the licensed invention as well.

The below are the outline of the non-exclusive license.

## 2. Outline of Non-Exclusive License ("Tsujou Jisshiken")

### (1) Grant of non-Exclusive License

(a) A patentee may grant a non-exclusive license to any third Party (Patent Law Art.78 (1)).

(b) Where a patent right is jointly owned, no joint owner may grant an non-exclusive license to any third party without the consent of all the other joint owners (Patent Law Art.73(3)).

(c) An exclusive licensee may grant a non-exclusive license on his exclusive license to a third party only where the consent of the patentee is obtained (Patent Law Art.77 (4)).

### (2) Effects of the Registration (Except Trademark)

(a) Any registration is, now, not a requirement for a non-exclusive license to take effect.

(b) A non-exclusive license need not be registered in the patent registry maintained in the Patent Office.

	Japan	US	Germany	GB	France	China	Korea
Effect of the Registration	System of "Automatic perfection" is implemented. Under the system, a non-exclusive licensee is entitled to assert the license against a third party as long as the licensee can prove the existence of a license agreement without registration of the license.			System of "Perfection against a third party in bad faith" is implemented. Under the system, a non-exclusive licensee is entitled to assert the license against a third party in bad faith without registration of the license.		"Registration-required perfection system". A licensee is not entitled to assert the license against a third party without registration.	

### (3) Rights of non-Exclusive Licensee

(a) A non-exclusive licensee shall have a right to work the patented invention to the extent prescribed by Patent Law or permitted by the contract (Patent Law Art.78 (2)).

(b) The non-exclusive licensees may neither seek any injunction nor claim damages according to the precedents.

(c) A non-exclusive license shall have effect on any person who subsequently acquires the patent or the exclusive license (Patent Law Art.99 (1)). Therefore, a non-exclusive license before the registration of an exclusive license is effective against the exclusive license. In this regard, it's important for a non-exclusive licensee to keep the evidences/records to show the date of contract.

(d) A regular non-exclusive license may be transferred only where the business involving the working of the relevant invention is also transferred, where the consent of the patentee (the patentee and the exclusive licensee for the non-exclusive license granted by the exclusive licensee) is obtained or where the transfer occurs as a result of universal succession including inheritance (Patent Law Art.94 (1)).

(e) A regular non-exclusive licensee may establish a right of pledge on the non-exclusive right only where the consent of the patentee (or in the case of non-exclusive license on the exclusive license, the patentee and the exclusive licensee) is obtained (Patent Law Art.94 (2)).

(f) Where there is a non-exclusive licensee, a patentee may waive the patent right, only where the consent of the said non-exclusive licensee is obtained (Patent Law Art.97 (1)).

(g) Where there is a non-exclusive licensee to an exclusive license, the exclusive licensee may waive the exclusive license,

only where the consent of the said non-exclusive licensee is obtained (Patent Law Art.97 (2)).

(h) Where there is a pledgee to a non-exclusive license, the non-exclusive licensee may waive the license, only where the consent of the said pledgee is obtained (Patent Law Art.97 (3)).

(i) Where a request for a trial for patent invalidation has been filed, the chief trial examiner will no more notify the non-exclusive licensee.

(j) Where there is a non-exclusive licensee, the patentee may file a request for a trial for correction only with the consent of the said person (Patent Law Art.127).

#### (4) Others

Where an application for a PTE (Patent Term Extension) falls under the following, the examiner shall render the decision to the effect that the application is to be refused:

where the patentee, or the exclusive licensee(s) or the non-exclusive licensee(s) of the patent have not obtained the disposition designated by the Cabinet Order (Patent Law Art.67-3 (1)(ii)).

### 3. Clauses Relating to Patent Indemnity

Clauses relating to patent indemnity are not popular in Japan, contrary to US. However, when the both parties agree with, such clauses may be included in the contract.



#### 4. Assignor Estoppels and No Contest Provisions

Clauses relating to “AGREEMENT NOT TO CONTEST VALIDITY” may be permitted under the new Guideline of the Antitrust Law Relating to IPRs in Japan.

Otherwise, the clause “In case the licensee would contest the validity of the patent(s) under contract, the licensor may cancel the contract” is permitted.