

Summary

Objective of research

When a third party gets knowledge of an invention and applies for a patent for it, despite the fact that he/she does not actually have the right to do so, its true proprietor may not obtain a right to this invention in some cases. In relation to this, the experts point out that the Patent Act of Japan does not provide sufficient protection for a person (true proprietor) who has the right to obtain a patent.

The objective of this research is to conduct a systematic and comprehensive review of the legal system from the standpoint of adequate protection of rights of true proprietors.

Recommendations on future direction of remedies for true proprietors

1. Basic concept of remedies for true proprietors

(1) Overview of current system

Under the current legal system, possible remedies for a true proprietor in the case of an application filed by a person who does not have the right to obtain a patent ("usurped application") include: the refusal of such an application on the grounds of being a usurped application or the invalidation of the relevant patent; filing of an application by the true proprietor under the provisions on "exception to lack of novelty of invention" in the Patent Act; filing of a claim for damages against the usurper under the tort law; and filing of a request for transfer of patent right from the usurper to the true proprietor (or change of the name of patent applicant / registered patent holder).

Among the remedies mentioned above, making a request for transfer of patent right (or change of the name of registered patent holder) seems to be a straightforward method available to a true proprietor. However, the Patent Act does not provide for granting of a request for transfer of rights and therefore, such a request is granted by the court only in limited cases. According to the case precedents, the court decision may differ depending on circumstances, for example, on whether the true proprietor himself/herself had also applied for a patent for his/her relevant invention.

(2) Identification of problem

Some experts think that these possible remedies available under the current legal system are not necessarily sufficient for the protection of true proprietors. According to a popular

view, requests for transfer of patent right against usurpers should be granted more broadly through legislative measures in order that true proprietors may obtain and exclusively exploit the patent rights that were usurped by third parties.

(3) Remedies for true proprietors in other countries

In Germany, the UK, and France, the patent law (IP law) provides for a system that allows true proprietors to make a request for transfer of rights in the case of a usurped application.

(4) Discussion

As to whether a request for transfer of patent right should be granted even if the true proprietor himself/herself had not filed an application, some experts are opposed to the granting of patent right to the true proprietor. They assert that a patent right is given in return for a contribution to the improvement of technological level through the publication of an invention and therefore, the granting of patent right to a true proprietor who does not file an application by himself/herself is against the spirit of the patent system.

However, a true proprietor has the liberty to apply for a patent for an invention or to keep it as a trade secret. Such a right to make a decision should be respected. When the true proprietor makes a decision to obtain a patent only after such a liberty has been lost due to the act of usurping, it is unlikely that his/her decision not to make public his/her invention at first will be judged negatively.

What make a contribution to society through the disclosure of an application are its technological details, regardless of who filed this application. It may be judged that the true proprietor made a great contribution to society through the disclosure of his/her invention even if he had not filed the application by himself/herself.

When a usurped application is filed, it is improbable that the true proprietor will choose to keep his/her invention as a secret on the grounds that there is an opportunity for him/her to obtain a right. Therefore, it is unlikely that the true proprietor will be discouraged from disclosing it if a request for transfer of patent right is granted in the case of a usurped application.

In view of these points, we believe that the Patent Act should be revised in order that requests for transfer may be granted more broadly, including the case where the true proprietor had not filed an application by himself/herself, after the establishment and registration of patent right.

2. Concept of request for transfer

As described above, we think it is necessary to reinforce the protection for inventors by granting requests for transfer of patent right more broadly. To this end, there is a need for a theoretical discussion, for the legislative purpose, to justify the acquisition (transfer) of patent right by its true proprietor.

Possible explanations for a request for transfer by the true proprietor after the establishment and registration of patent right include: (1) As a result of the establishment and registration, a patent right practically arises on the part of its true proprietor, not on the part of its registered holder. Based on said patent right, the true proprietor is allowed to make a request to the registered patent holder for change of the name of registered patent holder. (2) The usurper has obtained a benefit (patent right) and the true proprietor has suffered a loss (of the right to obtain a patent). In this case, the true proprietor is allowed to file a claim for unjust enrichment against the usurper. (3) The true proprietor is allowed to ratify the act of disposing of the right to obtain a patent without his/her authorization as a kind of act by an unauthorized agent. (4) Based on his/her right to invention (right to obtain a patent), the true inventor is allowed make a request to the registered patent holder for transfer of patent right or for change of the name of registered patent holder.

3. Considerations associated with granting of requests for transfer more broadly

(1) Protection of third parties (assignees, licensees)

In general, it is difficult for a third party to find out whether an invention disclosed in the patent gazette is filed by a person who has the right to obtain a patent or by a usurper. Therefore, in preparation for the granting of requests for transfer more broadly, it is also necessary to discuss the protection for a person who has a usurped patent assigned from the usurper and a person who has a license established by the usurper.

In this respect, it is basically possible to make a request to an assignee for transfer of patent right in Germany, the UK, and France. In Germany, on one hand, it is thought that a license granted by the usurper expires upon its transfer to the true proprietor. In the UK, on the other hand, the usurper, assignee, and licensee are allowed to have a nonexclusive license even after the transfer under the patent law if prescribed conditions are met.

In these three countries, there are limitations on the length of a period during which one is allowed to make a request for transfer.

There can be a variety of ways for protection of third parties after the establishment and registration of patent right. For example: (1) ensuring that third parties will not be affected by transfer of rights (through the prevention of exercise of the right to request for transfer against assignees and the continuation of licenses owned by licensees); (2) protection for only bona fide third parties in the same way as described in the preceding sentence; (3) granting of a statutory non-exclusive license to assignees and licensees; and (4) setup of limitations on the length of a period for requests for transfer.

Anyway, it is necessary to strike a balance between the remedies for true proprietors and the protection for third parties for the purpose of bringing about reasonable results to the parties concerned from the viewpoints of the safety of transactions and a deterrent against the usurpation.

(2) Ensuring of opportunity for request for transfer

Even if the law provides for granting of a request for transfer of patent right (or change of the name of patent applicant / registered patent holder) in the case of a usurped application, but a rejection of the usurped application, a final decision in the invalidation trial, or a waiver or withdrawal on the part of the usurper would make it impossible for the true proprietor to achieve the transfer of patent right. When considering introduction of a system for request for transfer, it is also necessary to discuss means for ensuring an opportunity for true proprietors to make a request for transfer.

[1] Grounds for invalidation

Under the current Patent Act, the usurpation is regarded as one of the grounds for invalidation and an interested person is qualified to make a request for a trial for its invalidation. Therefore it is possible that, due to a request for an invalidation trial made by a third party who is also an interested person, the relevant patent could be invalidated despite the intention of its true proprietor (or without his/her knowledge of it). However, given the fact that true proprietors sometimes wish to keep their option of placing their inventions in the public domain through the invalidation of patent right, it may be necessary to maintain the means for invalidating a patent related to a usurped application.

Therefore, it appears reasonable that the persons qualified to make a request for an invalidation trial on the grounds of usurpation be limited to true proprietors, while the act of usurping continues to be a reason for invalidation.

[2] Defendant's allegations against exercise of rights by usurper

In an infringement suit, the defendant may file a defense ("defense of invalidity") against the exercise of rights by the usurper as provided in Article 104-3 of the Patent Act.

If the persons qualified to make a request for an invalidation trial on the grounds of usurpation are limited to true proprietors, it will be necessary to discuss whether the persons entitled to file a defense of invalidity should also be limited to true proprietors. Given the fact that the exercise of rights by a usurper may also affect a person who uses a technology licensed from its true proprietor, it is considered reasonable to make it possible for anyone to file such a defense. Also, it seems acceptable that there be a difference in qualifications between an invalidation trial where allegations are made for invalidation of patent right *erga omnes* and an infringement suit where a defense is filed for prevention of exercise of rights by particular persons.

[3] Cure of grounds for invalidation

The text of Article 123 (1) (vi) of the Patent Act could be literally interpreted as meaning that grounds for invalidation may not be cured even after a request for transfer by the true proprietor is granted after the establishment and registration of a patent right related to a usurped application.

Then, if anyone were allowed to file a defense provided in Article 104-3 as mentioned above, the true proprietor would not be able to exercise the rights due to the continuing presence of grounds for invalidation, and consequently, there would be no use granting requests for transfer with the aim of protecting true proprietors.

Therefore, it seems necessary to adopt legislative measures to ensure that grounds for invalidation will be cured upon transfer of rights to their true proprietors.

[4] Reasons for refusal

Since the usurpation is regarded as a reason for refusal under the current Patent Act, it is possible that an opportunity for request for transfer (for change of the name of registered patent holder) may be lost, regardless of the true proprietor's intention, when the relevant usurped application is refused.

If the usurpation were not a reason for refusal, a usurped application would not be refused despite the true proprietors hope for its refusal. In such a case, to prevent the granting of

patent to the usurper, the true proprietor could take an action for declaratory judgment to win a ruling that he/she has the right to patent and then, after changing the applicant's name of the usurped application to his/hers, withdraw this application. However, a declaratory judgment suit would require a large amount of time and money.

In view of the above, it is considered desirable that the usurpation continue to be a reason for refusal while it seems necessary to adopt measures to ensure that an opportunity to obtain a patent will not be lost despite the true proprietor's intention.

[5] Provisional disposition for prohibition of disposition / suspension of examination

On the assumption that the right to request for transfer (or for change of the name of registered patent holder) is granted, it is possible to prevent the assignment of patent right from the usurper to a third party, after its establishment and registration, through the provisional disposition that may prohibit the disposition of the right to request for transfer, etc. as a right to be preserved.

Under the current legal system, there is doubt about the availability and the effectiveness of the provisional disposition, during a period prior to the establishment and registration of patent right, because there is some question as to the existence of any right to be protected and there is not a way for public notification of the provisional disposition. However, there is probably no objection against the necessity for prevention of withdrawal of a patent application or change of the name of its applicant by a usurper. Therefore, it seems necessary to discuss the availability and specifics of possible legal measures such as the provisional disposition and the suspension of examination.

(3) Treatment of usurper's contributions

It is possible that, in the course of examination of a usurped invention, some contributions by the usurper may be recognized (for example, an invention by the usurper is included in the application, in addition to the invention by the true proprietor).

If a request for transfer of patent right is made in such a case, the patent right (or the patent application) will often be shared between the true proprietor and the usurper in Germany, the UK, and France, although there is no express provision. In Germany, a request for division/transfer of patent right is permissible when the relevant patent application can be divided.

It is desirable that contributions by the usurper be treated flexibly, on a case by case basis, according to what the parties concerned wish, instead of being limited to a certain number of options.

On the assumption that a request for transfer of patent right is granted under the legal system, a patent may not only be shared between the true proprietor and the usurper based on their contributions, but also be brought under ownership of one of the parties, as necessary, by means of a full-price compensation. Therefore, this issue may be coped with to a certain extent under the current legal framework and there does not seem to be much need for new legal measures related to contributions by usurpers.

(4) Relation with a third party who applied for a patent for the same invention after filing of usurped application

There is an argument that, in light of the first-to-file rule, it is not reasonable to grant a patent to a true proprietor who did not file an application for it by himself/herself, in preference to a third party who applied for a patent for the same invention after the relevant usurped application, and that remedies for the third party should be provided in such a case. This is because, in view of the law revision of 1959 that abolished the system for retroactive filing date (Articles 10 and 11 of the Patent Act of 1921), there seems to be no need for protection of the true proprietor who filed an application later than the third party.

However, a contribution by the invention to society should be valued although it is disclosed by the usurper. Therefore, it is desirable to recognize that such a situation caused by the illegal act of usurping should return to normal through the restoration of the patented invention to the hands of its inventor. From this standpoint, if the patent is granted to the true proprietor, not to the third party, as a result of a request for transfer of patent right, the third party should accept this because the usurped application was filed prior to the application by the third party.

Due to the introduction of a provision on enlarged scope of prior application (Article 29-2 of the Patent Act), there seems to be virtually no practical advantage of denying the protection of a true proprietor for the purpose of protecting benefits to a third party gained from the granting of patent right.

In Germany, the UK, and France, there is no provision that prevents a usurped application from getting the status of prior application. Therefore, as long as a third party filed an application later than the usurper, it is unlikely that some remedies will be provided in favor of the third party.

According to the discussions above, it can be said that there is no longer need to take into consideration a third party who files an application later than the relevant usurped application when the true proprietor makes a request for transfer of patent right.

4. System for retroactive effects in respect of filing date

In addition to the request for transfer of patent right, another possible method for protection of true proprietors is a system that allows the filing date of an application by a true proprietor to be retroactive to that of the relevant usurped application.

Under Germany's system, a priority claim may be made based on the filing date of the relevant usurped application. In the UK and South Korea, there is a system under which a true proprietor may file an application retroactively to the filing date of the relevant usurped application.

Such a system would provide several advantages, for example, the true proprietor may re-establish the scope of claims restricted by amendments, etc. made by the usurper in the course of application.

However, when a patent right has not yet been established and registered for a usurped application, similar advantages may be obtained in some cases through the change of its applicant name and an amendment or division of the application, without the need for such a system.

On the other hand, when it becomes possible to amend the scope of right through the filing of an application by a true proprietor under a system for retroactive filing date, it is possible that the patent right may lack in legal stability and there may be an increase in the burden of supervision over third parties. There are arguments for and against the introduction of such a system. Anyway, according to the results of the questionnaire to users (see Chapter 4), many of the respondents show concern about an increase in the burden of supervision.

In consideration of the above, on the assumption that a request for transfer of patent right is granted under the legal system, the introduction of a system for retroactive filing date would bring about few advantages. Instead, it seems that amendment of the scope of right after its registration would bring about greater disadvantages. For this reason, there is not much need for such a system.

5. Procedure for correction of inventor's name

According to the current Patent Act, it is possible to correct the name of inventor in the application before the establishment and registration of patent right (while the procedure is pending before the Patent Office) by making an amendment provided in Article 17.

However, after the establishment and registration of patent right, the name of inventor cannot be corrected because there is no express provision on correction of inventor's name mentioned in the patent gazette and patent certificate.

It is generally thought that the inventor has the right to be mentioned as such in the patent as part of inventor's rights of honor. In Germany, the UK, and South Korea, the patent law provides for an opportunity to correct the inventor's name shown in the patent registry, etc. According to the results of the questionnaire to users (see Chapter 4), many companies have ever found inconvenient the inability to correct the inventor's name after the establishment and registration of patent right. For that matter, it is possible that inventors mentioned in usurped applications are not true proprietors in many cases.

In view of the points described above, when introducing remedial provisions for true proprietors, it also seems necessary to consider introducing a procedure for change of inventor's name to that of the true proprietor in the patent gazette, etc. even after the establishment and registration of patent right.

6. Penal provisions

There is an opinion that Article 197 ("Crime of fraud") of the Patent Act is applicable to cases of usurped applications. In few countries, there are penal provisions intended to be applied to such cases. Therefore, there does not seem to be much need for a set of particular provisions on usurped applications.

7. Application mutatis mutandis to Utility Model and Design Acts

In terms of the need for protection of true proprietors, there is no difference between patents and utility models or designs. Therefore, it is also necessary in the areas of the utility models and designs to establish a system for request for transfer of rights. However, considerations should be given to matters specific to the Utility Model and Design Acts, for example, the provisions on "secret design" in the Design Act.