



NEWSLETTER

Research Center for the Legal System of Intellectual Property

Big News!!

—Selected as the Global COE Program

It is our pleasure to announce that the projects of “Waseda Institute for Corporation Law and Society”, which had been funded as the “21st Century COE(Center of Excellence) Program” by Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT), was formally selected as the “Global COE Program” which is an extended program by MEXT. The title of our program is “Creating New Corporate Legal Systems for Mature Civil Society”. Intellectual Property research in the program is expected to play an even-greater role.

The Research Center for the Legal System of Intellectual Property Law, RCLIP, aims to include European nations such as Germany, France, Spain, Italy and the UK in the IP Precedents Database project which has been developed for Asian nations including India. In addition, using strong networks with academics and practitioners, which are established through the DB project, the RCLIP aims to create Intellectual Property Law System such as a common IP enforcement that can overcome the differences between “Asia and Europe”, “Advanced countries and developing countries”, and “Continental law and common law”. To accomplish these aims, we actively conduct joint researches as well as PR activities.

We strongly hope further attention and support for our projects.

June 20, 2008

Ryu Takabayashi, Director of RCLIP

❖ RCLIP Special Seminar (2008/3/27)

“Legal issue on private transmitting of broadcasting contents in a private area and its responsible party”

【Invited Speaker】 Jonathan Griffiths, Senior lecturer, School of Law, Queen Mary, Univ. of London

【Invited Speaker】 Signe Brunstad, Assistant Director CASRIP, Univ. of Washington

【Chairman & Speaker】 Tetsuya Imamura, Lecturer, School of Information and Communication, Meiji University

【Director】 Ryu Takabayashi, Professor, School of Law, Waseda University



Recently, legal cases have occurred one after another regarding private retransmission of broadcasting contents using a transmission system over the Internet. A series of the cases shake the broadcast industry. Especially, people watch the moves of the litigation by five Tokyo-based key stations and NHK against the service provider using a so-called Location Free system.

Japanese broadcasting law does not expect broadcasting programs are viewed beyond the regions at the prefecture level on which the broadcast license is determined. Therefore, broadcast stations are seriously concerned the expansion of such services will penalize their



business in terms of maintaining affiliate local stations. There is also a concrete allegation that such services will interfere with management of specific contents such as Olympic Games. The broadcasting right of those contents should be controlled by each country.

Under copyright law, the broadcast stations have the rights such as copyright neighboring rights. There are various arguments about service provider liability under copyright law in such cases of broadcasting contents transmission, in relation to so-called indirect infringement.

However, like the “Maneki TV” or “Rokuga Net” cases, private transmitting of broadcasting contents in private area to specific minority group should be a common issue in terms of expanding private use of copyrighted works along with technology development. It should not be a unique issue in Japan. What legal responses are made for this issue in other nations?

Based upon such arguments, the RCLIP Special Seminar on March 27 of 2008 invited Mr. Jonathan Griffiths from the UK and Ms. Signe Brunstad from the U.S., to report on “Legal issue on private transmitting of broadcasting contents in a private area and its responsible party”. This seminar aimed to introduce what problems are occurring in the UK and the U.S. related the issues arising in Japan (If no problem occurs, why), and to introduce how the same kind of case as the “Maneki TV” would be handled in those countries. Based on their reports, the summary is organized and outlined below.

< Under United Kingdom copyright law >

In “Maneki TV” or “Rokuga Net”-type cases (※), a user could be regarded as “copying” the broadcast under the CDPA 1988 s17(6) not only when a copy of a broadcast is distinctively made but also when only a “temporary copy” has been made. It is possible that an infringement of copyright would be committed in either case. In such case, the user may possibly be the human person who is the most proximate cause of the act being done under UK copyright law (there is a

possibility to have a different result). Many other European nations have general provisions to exclude such private copying from infringement. So if such exception applies, the act of private copying would be legally permitted. However, the United Kingdom has no such general provision. Even if the act of copying is for the purpose of private use, the act will basically constitute an infringement of copyright in the UK law. However, even in such circumstances, there is a possibility to prevent committing an infringement if the act falls under the so-called “time-shifting” exception (CDPA 1988, s70). But the “Maneki TV” or “Rokuga Net”-type services are not located in “domestic premises” provided under the CDPA 1988, s70. There is no possibility to prevent committing an infringement under the section. Therefore, there still remains a possibility that a user might infringe copyright. In addition, a user does not commit an infringement of communication to the public because it is a point-to-point transmission.

As to service provider liability, if a service provider acts voluntarily in copying or communication to the public, the service provider who is the most proximate cause of the act would be regarded as liable for infringement. Even if a service provider seems to act involuntarily, the service provider could be liable for “authorisation liability” in United Kingdom law when the service provider authorized such infringement. However, theory of authorisation liability in United Kingdom law tends to be limitedly interpreted due to some reasons including the background of secondary liability which was purposely established.

On the other hand, as to appliance provider liability (for example, Sony who provides location-free in the case of Maneki TV), the UK decision defines narrowly such liability (CBS v Amstrad [1988] 2 All ER 484). There is almost no room for constituting such liability.

< Under U.S. copyright law >

In the U.S. law, there is no protection for

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neighboring rights on broadcast. But all the broadcast contents are regarded as copyrighted works because broadcast stations record all the pictures and sounds in-house. So if a copy is made, the copyright owner's rights of reproduction as well as public performance (Section 106(4)) would be possibly being violated.

When a service provider is considered as a subject who mainly uses the copyrighted works, the service provider may argue that section 112 of the U.S. Copyright Act should be applied if the service provider made a copy only temporally like the Maneki TV case. However, it is extremely improbable that the section would insulate the service provider from liability because the service provider is not a licensed broadcaster.

On the other hand, it is not necessarily clear whether a service provider violates the public performance rights. If a violation is claimed, the service provider may argue as a defense for the application of the exemption for Small Business Owners (Section 110(5)(A)) or for the secondary transmission which limits the exclusive rights (Section 111). However, either argument would be highly possibly rejected.

Next, when an end user is considered as a subject who mainly uses the copyrighted works, obviously the end user's act does not fall under the public performance. In addition, it is likely that a copyright infringement claim is rejected by arguing fair use defense (Section 107) if a copy was made by an end user.

With regard to liability of technology manufacturers or service providers, contributory liability is the most potential liability in the Maneki TV situation. Even when contributory liability of these parties comes to the issue, the liability would not be found if the court determines the end user's act is a fair use.

Since the case of *Sony v. Betamax* (Sony Corp. of America v. Universal City Studio, Inc., 464 U.S. 417 (1984)), it has been considered that

time-shifting regarding the use of copyrighted works constitute fair use in the United States. But the court decision is not necessarily clear about the space-shifting which transmits copyrighted works. With this respect, it is unknown that what decision is to be made for the Maneki TV situation.

< Conclusions >

As a conclusion of this seminar, the fact was found that there have been no similar cases to a series of broadcast transmission cases occurred in Japan, as judicial precedents in either the United Kingdom or the United States, so far. There would be several possible reasons. After reviewing broadcasting license system in the United Kingdom, it concluded that broadcast stations in Japan might be forced to take legal action sensitively against broadcast transfer business providers under the unique broadcasting license system and the advertising business model in Japan. For example, in the UK broadcasting system, there are currently five key national stations - Channel 1& 2(BBC), Channel 3(ITV), Channel 4, and Channel 5. ITV and Channel 4, 5 require a license from OFCOM (the Office of Communications) to broadcast. The BBC, a public broadcasting station, was established under the Royal Charter and Agreement. These British stations basically do not have a network structure that Japanese key stations have with affiliate local stations. So in terms of region-specific commercials, there are no good reasons for being sensitive to private transmitting of broadcasting contents in a private area (transmission from metropolitan area to regional areas).

However, the fact that no such legal cases occurred in the UK and the U.S. do not necessarily mean that similar services would not cause copyright issues in those countries. This has been proved in this seminar as a result of reviewing the cases by applying the UK and the U.S. laws.

Please note that the content in this seminar was



summarized here quite shortly due to limitations of space.

- ※ Tokyo District Court decision on October 7 of 2004, HanJi No.1895 p.120 [Rokuga Net], Tokyo District Court decision on August 4 of 2006, Hanji No. 1945, p.95 [Maneki TV], IP High Court decision on December 22 of 2006, 2006(1a)10012 [appeal trial]. A copy was made in the Rokuga Net case. In the Meneki TV case, there was a possibility that a temporal copy was made although no permanent copy was made. However, the temporal copying did not become an issue in the trial.

This report was also a part of research outcome funded by the Hoso-Bunka Foundation.

(RC Tetsuya Imamura)

❖RCLIP Workshop Series No.24 (2008/5/30)

"Resolution of International Intellectual Property Disputes – Resolution of Disputes among Private Parties and Disputes among States"

Professor Shoichi Kidana, Waseda University



At the RCLIP Workshop Series No.24 on May 30 of 2008, Professor Shoichi Kidana, School of Law, Waseda University, gave a report titled as "Resolution of International Intellectual Property Disputes – Resolution of a Dispute among Private Parties and a Dispute among States".

International intellectual property disputes might relate to not only disputes among private parties such as right infringements, execution, or license agreement, but also national interests sometimes. The parties in conflicts lobby their government and eventually, the conflict often becomes a dispute among nations to see whether there is treaty violation.

To settle disputes among private parties, other than litigations, ADR can be the way to solve the disputes such as allegation to administrative bodies, arbitration, or conciliation. Considerable factors depend on method of settlement.

In litigation, the issues should be considered including international jurisdiction, a judicial system to assure adequate judgment as well as a system to assure procedure, trial cost, amount of time necessary to obtain final judgment, effectiveness of judgment, and convenience of trial. Also, litigation strategies must be developed along with concrete cases. Is it important to consider some factors: (1) whether the parties are multinational, small, or individual, or whether there are multiple parties, (2) how the defendant should be assessed, for example, whether the defendant tends to pursue litigation or to seek settlement by ADR, (3) what kind of method is the most economical and rational, (4) which countries have the most important market for products related to that intellectual property, (5) whether the intellectual property right holder have multiple intellectual property, and how the right in question should be positioned in their business, (6) what ways should be taken to strengthen intellectual property right, and (7) whether the defendant has already entered into the market or whether the defendant only made an empty threat to enter into the market.

Because the subject matter is intangible asset, considerable factors are complicated and very diverse. Intellectual property right holders need to determine their attitude as soon as possible when they found infringement. First, if they are companies, they covertly set up a team to prevent

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information leaks. Then, they collect and retain necessary evidences for litigation, and ask experts an opinion in writing. Based on such legal consideration from all aspects by lawyers, they determine whether they file a lawsuit or seek other way.

Then, they determine whether they send a warning letter to the infringer or not and if they do so, what kind of contents should be included. It is necessary to send a warning letter for execution of right in some cases. But in many cases, whether to send a warning letter or not depends on the right holder's policy. There are two kinds of warning letters: friendly and unfriendly. Contents of the letter will vary according to the past relationship between the right holder and the opposing party. The party who receive a warning letter must accurately identify how much the right holder takes the issue seriously. Their team invites main engineers from Product Development or Design department in order to closely examine what defense they can present in case of the lawsuit. Then, they determine if they give a response to the warning letter or not, and if so, how they should respond it. If the letter is taken as friendly, they should respond it quickly and faithfully in order to get a license agreement. If they determine the letter is unfriendly and it is difficult to negotiate a license agreement, they should consider asking a favorable court to confirm that the right is invalid or that their act does not infringe the right. In addition, if the party has not received a warning letter, however, can be a defendant potentially, the party should consider filing a case to a preferable court as a preemptive attack.

When an invalidation cause is recognized for a right such as a patent, the adverse party needs to determine whether to demand invalidation trial or to assert the invalidity as a defense in the infringement trial. In Germany, infringement litigation related courts should treat the said patent right as valid until the invalidation judgment is made by the Federal Patent Court for

the right granted by the Patent Office. Until then, a request to suspend trial is only permitted. In many other countries, the defense argument to assert the invalidity can be presented in the infringement trial. In Japan, there was a similar judgment to that in Germany (the prewar Supreme Court decision on April 23, 1916). But it was changed by the Kilby Supreme Court decision on April 11, 2000. Based on the Kilby decision, the clause to restrict the right (Article 104(3)) was placed at the revision of the Patent Law of Japan in 2004. Also, a trial for patent invalidation is also considered according to circumstances because the judgment of patent validity, which is the first consideration of the infringement trial, is only effective on the parties in the said case.

The methods of filing a complaint to administrative bodies such as asking an injunction through the Customs Tariff Law of Japan or file a complaint to the United States International Trade Commission (ITC) cannot make a claim for damages. However the methods are useful to encourage ADR such as conciliation by putting pressure on the adverse party. So they sometimes play an important role in resolving disputes. For example, it is said that the US ITC proceedings will not be overturned on appeal more than District court decisions in the U.S. It is also said that administrative bodies respond to complaints by right holders more swiftly and adequately than judicial courts in Asian nations. In addition, people can file a civil lawsuit after filing a criminal lawsuit in China and Singapore, using an associated litigation system.





Arbitral award is easier to gain approval and execution than judicial decisions. United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 in New York has 142 contracting states in 2007. In contrast, in the 2005 Hague Convention on Choice of Court Agreements, IP rights other than copyrights and copyright neighboring rights are excluded from the scope of the Convention. Also it is unknown how many states will ratify it. This situation will not be changed so soon. Conflict resolution by arbitration has advantages in terms of speed, cost, confidentiality, informality, and ease of international enforcement of the arbitral award. To use resolution by arbitration, it is necessary to have an arbitration agreement which is found to be valid in place of arbitration and place of approval and enforcement.

The Arbitration Law of Japan enacted in 2004 stipulates effective requirements of arbitration agreements such as arbitration eligibility of the subject (Article 13(1) of the Arbitration Law). It also stipulates that the agreement must be in the form of a document. In terms of interpretation of the Arbitration Law, there are no affirmative grounds to reject the eligibility of arbitration when the invalidity of the IPR is claimed in the infringement case. Stipulation concerning arbitration agreement differs from nations. The unilateral stipulation that the effectiveness of the arbitration agreement concluded in Japan should be based on Japanese Law must be bilateral and the eligibility of arbitration must be based on the law of place of arbitration.

After the World War II, the provision has been included to refer IP disputes among nations to International Court of Justice in the Paris Convention, the Berne Convention, and the Universal Copyright Convention. However there has been no such case so far. The reason is that member states remain cautious to escalate the disputes of IPRs, which are the rights of private parties, into the interstate conflicts. Also the International Court of Justice has a function to

directly declare a ban on the concerned state as treaty or agreement violation. Under the GATT, the system was arbitral-oriented because it is legally in force only when the concerned states adopt the last report by the Panel. However, under the WTO, the system has become more court-oriented with the leadership by the member states like the U.S.

After the lecture reported above, an active QA session took place with the audience.

(RA Shaoming Cui)

✦ A Report of the Visit to India (March 2008)

From March 19 to 22, 2008, Professor Ryu Takabayashi, the Director of RCLIP, Research Associate Lea Chang, RA Asuka Gomi, and RC Miki Ihara went to Delhi, India to visit University of Delhi, Indian Institute of Technology Delhi, GIIP and Delhi High Court. In commemoration of the addition of Indian precedents which were newly-introduced to the Asian IP Precedents DB (http://www.21coe-win-cls.org/rclip/db/search_form.php), the purpose of this visit was to appreciate the cooperators in India for their support, to ask their future continuing cooperation and to discuss the detail of the symposium on India's IP scheduled for October 3, 2008 in Japan.

At the University of Delhi, we met Professor Verma and Professor Dass who have selected the precedents which were added to the DB, and other faculty members at law department to hear about the circumstances of IP in India.

In India, there are not many cases at the Supreme Court level. Most of their IP judicial decisions were made for trademark cases and then copyright cases. Although there are 23 High courts in India, the Delhi High Court covers 70% of IP lawsuits in India. Bombay (Mumbai) High Court comes next. There is no IP High Court like Japan because the number of IP lawsuits is smaller than Japan.

Also, we explained to them about the outline of the symposium on India's IP in October in Japan and asked their participation. They kindly agreed to participate.

At Indian Institute of Technology Delhi: IIT, we met Professor Jain of Department of Management Studies, and Mr. Nath, CEO of GIIP (Global Institute of Intellectual Property) and Attorney Varma, Director of GIIP.

India has an image of having advanced technology in some areas such as pharmaceuticals or IT industries. To respond to our question why India does not have many patent cases, they said that India had a well-developed service business and patent related industries were expected to become more important in the future. They said that now India was at the stage of patent registration rather than the stage of patent lawsuits.

In addition, although there is a lack of IP experts in India currently, the number of IP professional education institutions like the GIIP is increasing and the number of IP experts is expected to increase in the future. The GIIP is dedicated to provide training curriculum of IP human resource, focusing technical aspects, for professionals in Pharmaceutical, Chemical or Engineering industries as well as attorneys. On completion of the course, participants receive Diploma & Certification.

We also asked Attorney Varma to participate in the symposium held in October in Japan. She kindly agreed to participate.

At the Delhi High Court, we met Judge Sikri and other two judges to hear about IP lawsuits in India.

Regarding IP lawsuits, the Delhi High Court plays a main role in India. Even cases in Bangalore, which flourishes in the IT industry, are filed to the Delhi High Court. The percentage of patent is surely low in IP lawsuits in India and many of them (most are on pharmaceuticals) are still pending. However, they said the number of patent lawsuits would increase in the future.

At the Delhi High Court, one judge handles three to five cases a day, totaling 25 cases a month. IP lawsuits handled in the Delhi High Court reach at least more than 100 cases annually. They said that new important IP judicial decisions (civil) in India are about 150 cases and 25 to 35 landmark important IP precedents are expected every year.

We also asked Judge Sikri for further help for the Asian IP Precedents Database project as well as ask him to participate in the symposium on India's IP in October. He kindly agreed to join in the symposium.

The detail about the symposium on India's IP on October 3, 2008 at the Waseda Ono Memorial Hall will be announced at the RCLIP's website in the future.

(Research Associate Lea Chang)



Indian Institute of Technology Delhi : IIT



The RCLIP's

Asian IP Precedents Database Project

※ The database is available in English, free of use at: <http://www.21coe-win-cls.org/rclip/db/>

❖IP Database Project: China

The Chinese cases of FY2007 (including additional cases) were completed as planned.

(RA Yu Fenglei)

❖IP Database Project: Thailand

Currently 370 Thai precedents have already been placed at the database.

(RC Tetsuya Imamura)

❖IP Database Project: Indonesia

100 precedents have been placed by FY 2007.

(RA Akiko Ogawa)

❖IP Database Project: Taiwan

100 cases were received for the FY 2007 and added to the database in May. With the help of the DB project cooperators in Taiwan, we could increase the number of cases from 60 as planned at first to 100 in a short amount of time.

(RC Akiko Ogawa)

❖IP Database Project: Vietnam

We are continuing the relations with the Vietnam Supreme Court for collecting precedents to be added to the DB this fiscal year.

(RA Asuka Gomi)

❖IP Database Project: Korea

Korean IP precedents reached 89 cases in total including 29 cases added last fiscal year. We are going to add precedents this year as well.

(Research Associate Lea Chang)

Events and Seminars

FY 2008 School of Law Yokokawa Toshio Memorial Open Lecture

“IP Disputes – From Ex-post Handling to Prevention and Strategies”

The RCLIP invites legal professionals, academics, business professionals from the field of the IP disputes in both Japan and the U.S. to deliver a lecture about circumstances and perspectives of strategic use of IP.

【Date】

June 14, Saturday – July 12, Saturday, 2008

13 : 00~14 : 30 on every Saturday

<Five lecture series>

【 Place 】 Waseda University, Nishi-Waseda Campus, Bldg 3, Room B107

【Organizer】 Waseda University, School of Law

【Lecturers】

(No.1 on June 14)

Professor Toshiko Takenaka, University of Washington, Visiting Professor of Law, Waseda University

(No.2 on June 28)

Mr. Hiroshi Kitaoka, Patent Office of Japan

(No.3 on June 28)

Mr. Hiroyuki Hagiwara, U.S. attorney

(No.4 on July 5)

Judge Toshiaki Imura, IP High Court of Japan

(No.5 on July 12)

Mr. Masanobu Katoh, Corporate Vice President, Fujitsu Limited

*Only in Japanese. No interpretation is provided.

Editor/issuer

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