

# Kluwer Patent Blog

## Japan Compulsory License

Neemesh Chheda (Emory University School of Law) · Monday, May 24th, 2021



### Legal Basis

The legal basis for compulsory licenses under Japanese Patent Law is Article 83 of the Japanese Patent Act (Patent Act), which stipulates that, “Where a patented invention is not sufficiently and continuously worked for 3 years or longer in Japan, a person intending to work the patented invention may request the patentee or the exclusive licensee to hold consultations to discuss granting a non-exclusive license; provided, however, that this shall not apply unless 4 years have lapsed from the filing date of the patent application in which the patented invention was filed.”

Additionally, Article 92 of the Patent Act stipulates that, (1) Where a patented invention falls under any of the cases as provided in Article 72<sup>[1]</sup>, the patentee or exclusive licensee may request the other person under the said Article to hold consultations to discuss granting a non-exclusive license to work the patented invention or a non-exclusive license on the utility model right or the design

right.

Furthermore, Article 93 of the Patent Act stipulates that:

(1) Where the working of a patented invention is particularly necessary for the public interest, a person(s) intending to work the patented invention may request the patentee or the exclusive licensee to hold consultations to discuss granting a non-exclusive license.

(2) Where no agreement is reached by consultations or no consultations are able to be held as provided in the preceding paragraph, the person intending to work the patented invention may request the Minister of Economy, Trade and Industry for an award.

(3) Articles 84<sup>[2]</sup>, 85(1)<sup>[3]</sup> and 86<sup>[4]</sup> through 91-2 shall apply mutatis mutandis to the award under the preceding paragraph.<sup>[5]</sup>

In light of COVID-19, Japanese law makers have not passed or considered any regulations on compulsory licenses.

### **Requirements for obtaining a Compulsory License**

Article 92 of the Patent Act states the requirements for obtaining a compulsory license in Japan:

(2) The other person under Article 72 who is requested to hold consultations under the preceding paragraph may request the patentee or exclusive licensee requesting such consultations to hold consultations to discuss granting a non-exclusive license to the extent of the patented invention that the said patentee or exclusive licensee intend to work with a non-exclusive license on the patent right, on the utility model right or on the design right granted through consultations.<sup>[6]</sup>

(3) Where no agreement is reached by consultations or no consultations are able to be held as provided in paragraph (1), the patentee or the exclusive licensee may request the Commissioner of the Patent Office (Commissioner) for an award.

(4) Where no agreement is reached by consultations or no consultations are able to be held as provided in paragraph (2) and where a request for an award is filed under the preceding paragraph, the other person under Article 72 may request the Commissioner for an award only within the time limit for the submission of a written answer by the said other person designated by the Commissioner of the Patent Office under Article 84 as applied mutatis mutandis under paragraph (7).

(5) In the case of paragraph (3) or (4), the Commissioner shall not render an award to the effect that a non-exclusive license is to be granted where the granting of the nonexclusive license will be unreasonably prejudicial to interest of the other person under Article 72, the patentee or the exclusive licensee.

(6) In the case of paragraph (4), in addition to the case provided for in the preceding paragraph, the Commissioner shall not render an award ordering a non-exclusive license to be granted if an award ordering a non-exclusive license to be granted is not rendered with respect to the request for an award under paragraph (3).

(7) Articles 84, 85(1) and 86 through 91-2 shall apply mutatis mutandis to the award under paragraph (3) or (4).

### **Procedure for Granting Compulsory License**

Under Article 83 of the Patent Act, an interested party may request the patent holder to hold consultations to grant a compulsory license provided 4 years have not lapsed from the filing date of the patent.

If the compulsory license is being requested under Article 92 of the Patent Act, the interested party may take the same course of action as if they were making a request under Article 83 with the addition of being able to request a compulsory license on the utility model or the design right, which is not applicable to Article 83.

If the interested party and patent holder cannot reach an agreement through consultation, the interested party may then file a request with the Commissioner for an award. The Commissioner should follow the following criteria when determining whether to grant a compulsory license:

- Granting a compulsory license will be unreasonably prejudicial to interest of the patent holder under Article 72; and
- The Commissioner shall not grant a compulsory license if it is not rendered with respect to a request for a compulsory license under Article 92(3)

If the above criteria are satisfied, the Commissioner shall then grant the request to the interested party seeking a compulsory license.

### **Appeal/Review**

First, if the parties cannot reach an agreement, then either party may request the Commissioner for an award. Second, if a claim for a compulsory license is denied by the Commissioner, then, once again, a party may request the reconsideration by the Commissioner. Finally, if a claim for a compulsory license is denied by the Commissioner again, then a party may file a complaint with the district court. If that is unsuccessful, the losing party may appeal to a high court for a final decision.

As for the standard of review, because there is no judicial precedent regarding compulsory licenses in Japan, the standard cannot be determined. However, if a court (if a complaint is filed 3 times as mentioned above) would reverse the Commissioner's denial decision if the court finds that the Commissioner abused its discretionary power in denying a compulsory license.

### **Jurisprudence**

To date, there has not been any judicial precedents with respect to compulsory licensing in Japan.

*Foreign Attorneys: Tomohiro Yoneyama & Taku Shibasaki from Abe, Ikubo & Katayama*

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[1] Article 72 states “Where a patented invention uses another person’s patented invention, registered utility model, registered design or design similar thereto for which an application was

filed prior to the date of filing of the said patent application, or where the patent right is in conflict with another person's design right or trademark right obtained based on an application filed prior to the date of filing of the said patent application, the patentee, exclusive licensee or non-exclusive licensees may not work the patented invention as a business.”

[2] Article 84 states “Where a request for an award has been filed under Article 83(2), the Commissioner of the Patent Office shall serve a copy of the written request to the patentee or exclusive licensee pertaining to the request, or any other person having a registered right pertaining to the patent, and give such a person an opportunity to submit a written answer, designating an adequate time limit”

[3] Article 85(1): In rendering an award under Article 83(2), the Commissioner of the Patent Office shall hear the opinions of those provided by Cabinet Order, including councils, etc. (refer to origins provided in Article 8 of National Government Organization Act (Act No. 120 of 1948)).

[4] Article 86: (1) The award under Article 83(2) shall be rendered in writing and state the grounds therefor. (2) The following matters shall be determined in an award to the effect that a non-exclusive license is to be granted:

(i) the scope of the non-exclusive license to be granted; and

(ii) the amount of consideration, and the method and time of payment thereof.

[5] Japanese Patent Laws, World Intellectual Property Organization, [https://www.wipo.int/export/sites/www/scp/en/exceptions/replies/japan\\_2.pdf](https://www.wipo.int/export/sites/www/scp/en/exceptions/replies/japan_2.pdf) (last visited Jun 15, 2020).

[6] *Id.*

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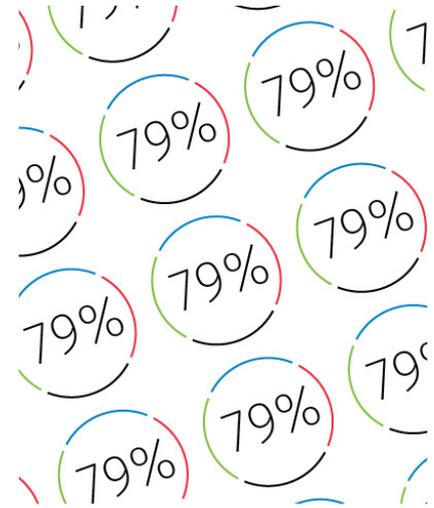
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