

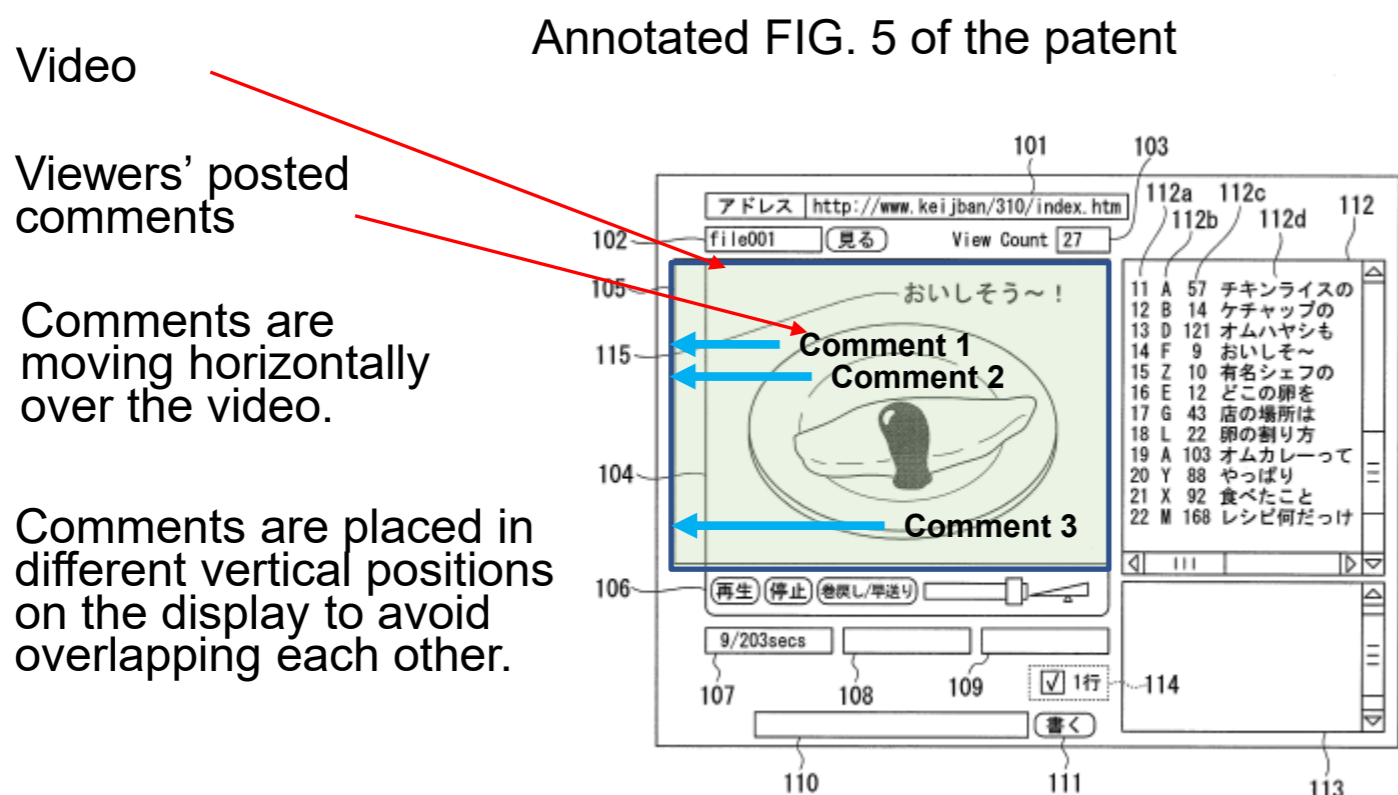
Updates on Extraterritorial Reach of Japan Patent Law for Internet-related Patents

In May 2023, the Intellectual Property High Court in Tokyo handed down a decision on a patent infringement lawsuit over defendants' acts "production of a network system including user terminals located in Japan and a server located abroad". This decision came after another IP High Court's decision in July 2022 on a patent infringement lawsuit over defendants' acts "provision of a software program to user terminals located in Japan via the Internet from abroad". In these cases, the Court held that if it could be evaluated that the act is carried out within the territory of Japan, the patent right of Japan can be enforceable, and affirmed patent infringement by the defendants.

Dwango v. FC2 (First Case: July 2022)

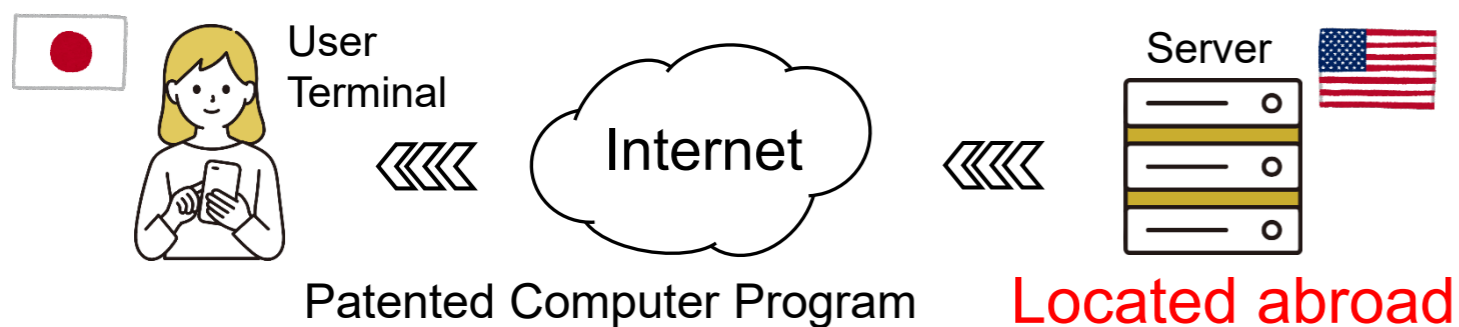
Dwango's Japanese Patent No. 4734471

The patent is directed to a computer software program to cause user terminals to display a specific user interface for reproducing a shared video.



FC2

FC2 provides the patented software program to a user terminal located in Japan over the Internet from outside Japan.



IP High Court Decision

- FC2 infringes Dwango's computer program patent.
- If it could be evaluated that the act of the provision is substantially and wholly carried out within the territory of Japan, the patent right of Japan can be enforceable.

For the evaluation, consider the factors such as:

1. Whether the provision of the program is clearly and easily distinguishable between the part within the territory of Japan and the part outside Japan;
2. Whether the control of the provision is carried out within the territory of Japan;
3. Whether the provision is for users located in Japan; and
4. Whether the effects of the patented invention are presented in Japan when the provision of the program is carried out.

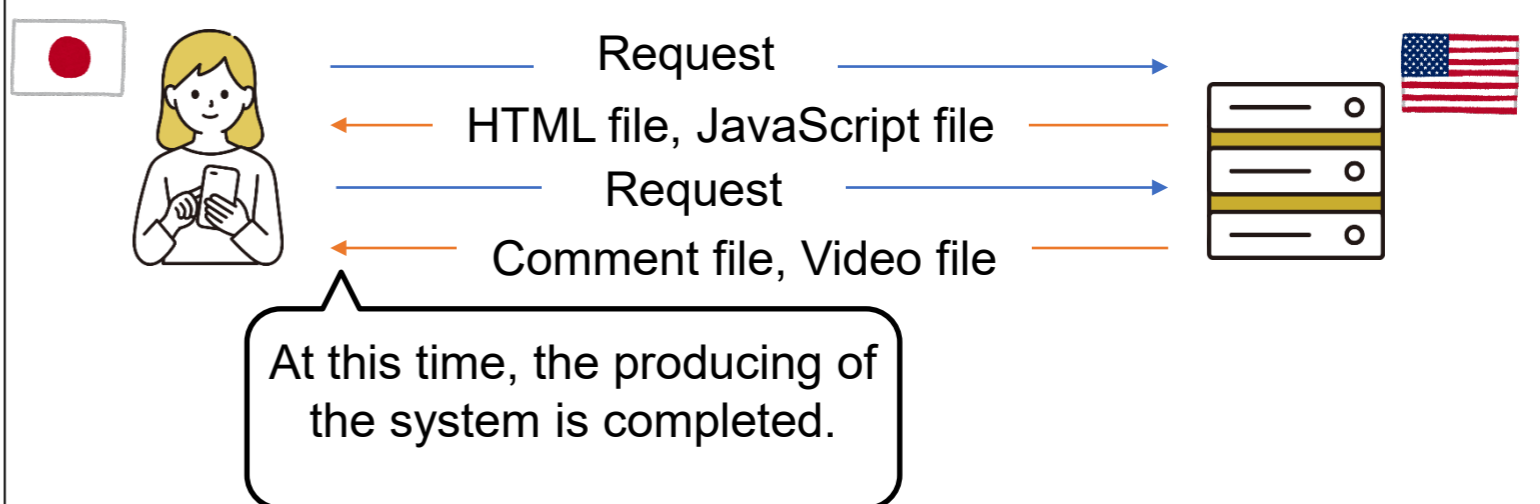
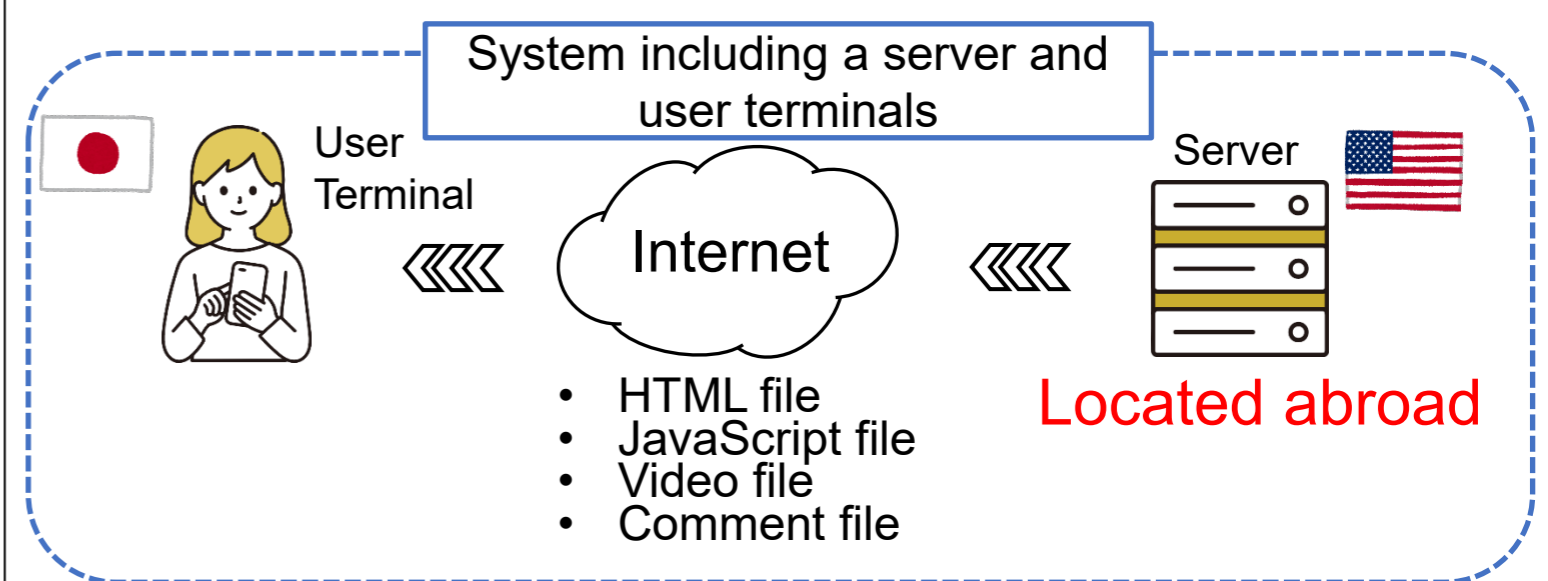
Dwango v. FC2 (Second Case: May 2023)

Dwango's Japanese Patent No. 6526304

The patent is directed to a system including a server and a user terminal connected to the server via a network. The user terminal displays a shared video and other viewer's posted comments in a specific manner.

FC2

FC2 produces the patented system including user terminals located in Japan and a server located outside Japan.



IP High Court Decision

- When the user terminal receives a comment file and a video file, the system becomes a condition for performing all the functions of the patented invention. At this time, the producing of the system is completed.
- FC2 infringes Dwango's computer program patent.
- If it could be evaluated that the act of the production of the system is carried out within the territory of Japan, the patent right of Japan can be enforceable.

For the evaluation, consider the factors such as:

1. Details on how the production of the system is conducted;
2. Which functions or roles in the patented invention are performed by the remaining components located within Japan;
3. Where the effects of the patented invention are presented when the system is used; and
4. Impact on the patent owner's economical benefit caused by the use of the system.

Summary

- Internet-related patents in Japan are enforceable under certain conditions even if a server is located abroad.
- This is an effective example of obtaining patent rights in Japan regarding Internet-related services for Japanese customers.