

## Recent Legislation in Japan

### Amendment to the Design Act 1959

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On May 10, 2019, the Diet passed the “Bill of Partial Amendment of Patent Act, etc.” This bill, which includes provisions regarding the Design Act, represents the most considerable amendment made to the Design Act in several decades. The main part of the Act will be implemented on April 1, 2020.<sup>i</sup>

The summary of revisions was as follows:

- (a) to expand the scope of protected images and newly apply the designs of the exteriors and interiors of buildings to the protection of the Design Act;
- (b) to review the registration system of “Related Designs;”
- (c) to prolong the terms of protection;
- (d) to change the application procedure for design registration; and
- (e) to revise the provisions of “Indirect infringement.”<sup>ii</sup>

I am going to explain the main changes focusing on above (a) and (b).

#### **1. Background of the Amendment of the Design Act**

The legislation regarding design protection in Japan includes the Design Act 1959, the Trademark Act 1959, the Copyright Act 1970, and the Unfair Competition Prevention Act (UCPA) 1993.<sup>iii</sup>

The Design Act is aimed at protecting industrial designs and has a structure similar to that of the Patent Act<sup>iv</sup>. In order to obtain a design registration, it is necessary to file an application with the Japan Patent Office for a design that satisfies conditions such as novelty and creative difficulty<sup>v</sup> (Articles 3 and 6).

Under the Copyright Act, a design may be copyrighted if it constitutes a “work” with creativity (Art. 2(1) (i) ). However, controversy exists regarding what design constitutes a “work” in the meaning of the Copyright Act, and there is no consensus in the lower courts’ decisions.<sup>vi</sup>

The measures for design protection under the UCPA can be roughly classified into two types: Art. 2 (1) (i) and Art. 2(1) (iii). The former provision provides legal protection for “indication of goods, etc.” In other words, it can be said to substantially protect unregistered trademarks. The latter provision, which was introduced in 1993, prohibits the slavish imitation of configurations of goods, in order to protect the first-mover advantage.<sup>vii</sup> The protection is short-term protection that ends “three years [...] from the day on which [goods] were first sold in Japan.”<sup>viii</sup>

In 1996, the three-dimensional trademark system was introduced into the Trademark Act. There are trademark registrations for product shapes as well as containers or packaging, for example, Coca-Cola bottles.<sup>ix</sup>

Recently, the momentum for reviewing the Design Act, which is the primary measure to protect industrial designs, has increased. This momentum relates to the increasing difficulties of differentiating between products’ technologies and functions, and to the growing importance of design in the market. On May 23, 2018, the Study Group on the Relation between Industrial Competitiveness and Designs, which was established by the Japan Patent Office (JPO) of Ministry of Economy, Trade and Industry (METI), drew up a report titled “Declaration of Design Management.” This report states that the Design Act should be drastically revised in order to simplify procedures as well as to expand the scope of subject matter, such as the design of new products or services using new technologies and designs of a group of products, based on consistent concepts.<sup>x</sup> In response to this, from August 2018, the Design System Subcommittee, Intellectual Property Committee, Industrial Structure Council, METI considered the new design protection system, which should correspond to the diffusion of new technologies and contribute to innovation and brand strategies. In February 2019, the Subcommittee compiled a report titled “Review of the Design System Contributing to Strengthening Industrial Competitiveness.”<sup>xi</sup>

The amendments made in 2019 were based on the above report. It has been pointed out that the revision made in 2019 represents the most considerable revision of the Design Act since 1998.<sup>xii</sup>

## **2. Contents of the revision**

- (a) Expansion of subject matter under the Design Act 1959: Images, and

interior and exterior of architecture

(1) Expanding protection on Images

It has been pointed out that image designs, which are not physically fixed, were considered to be unsuitable for protection under the Design Act, as the Act was originally aimed at protecting tangible objects.<sup>xiii</sup> The first substantial protection provision for image design in the Design Act was the introduction of the partial design system in 1998.<sup>xiv</sup> The introduction of the partial design system meant that the display screen of an article could be registered as a partial design. Since this point, the development of digital technology has led to the protection of image designs being reviewed. Specifically, there have been two revisions to the Act and three revisions to the Design Examination Guidelines.<sup>xv,xvi</sup>

However, the images protected under the previous Act were limited to two kinds of images: (1) images displayed on the article, which make necessary indications for performing the function of the article and, or (2) images which are “provided for use in the operation of the article [...] and [are] displayed on the article itself or another article that is used with the relevant article in an integrated manner<sup>xvii</sup>” under Art. 2 (2) of the Design Act. Also, the Design Examination Guidelines required that such images need to be recorded on an article to be protected.<sup>xviii</sup>

Other Intellectual Property (IP) laws may provide protection for image designs. Images can be classified as “works,” which are protected under the Copyright Act 1970, but there are difficulties in establishing infringement regarding idea/ expression dichotomy.<sup>xix</sup> Art. 2 (1) (i) of the UCPA may also protect image designs. However, it has been pointed out that it is difficult for images on games to fulfill one of the requirements of Art. 2 (1) (i), namely “indications of goods, etc.”<sup>xx</sup>

The subcommittee report noted that the constraints on image design protection highlighted above no longer match reality, due to the spread of new technologies such as the Internet of Things (IoT).<sup>xxi</sup> The report then recommended that it is appropriate to protect operation images and display images, whether they are recorded on an article or not, and whether they are displayed on an article or not.<sup>xxii</sup> However, the report adds that images such as those used as wallpapers, and in movies and games, should not be protected under the Design Act, because they are not related to the functions of the devices to which the images relate, and

because they do not directly enhance the value of the devices.<sup>xxiii</sup> The underlying idea of this policy seems to be that those images should not be protected by the Design Act, but by Copyright Law.<sup>xxiv</sup>

The amended Act adds to the definition of “Design” the following: “images (limited to those provided for the operation of the devices to which the images relate or those displayed as a result of the devices performing their function)” (Article 2(1) of the amended Act). Under the amended Act, both images that are not recorded on an article<sup>xxv</sup> and those that are not displayed on an article<sup>xxvi</sup> may be registered.

(2) Interiors and exterior of architecture newly protected under the Design Act

The definition of “design” is the shape of an article (Article 2(1)). The commonly accepted interpretation of the term “article” is that it refers to a movable tangible object. Therefore, architecture designs were excluded from protection under the Act.

Interior designs, which consist of the combination and arrangement of furniture and fixtures, the decoration of a part of a building, etc., have been excluded from the protection, as they are not considered to fall under “Design for a set of articles” (Art. 8), which is an exemption from the principle of “One application per design” (Art. 7).<sup>xxvii</sup>

Architecture designs, on the other hand, can be protected under other IP laws.

The Copyright Act provides for “works of architecture” as one of the examples of works (Art. 10(1) (iii) of the Copyright Act). The commonly accepted view and case law are to deny copyrightability to ordinary houses. This position is based on the grounds that what can be regarded as works of architecture under the Act shall be “work of formative art.”<sup>xxviii</sup> For example, in the “Gurunie-dain” case,<sup>xxix</sup> the court ruled that the plaintiff’s house did not constitute a “work of architecture” because it was not sufficiently creative to be regarded as a work of formative art. Therefore, the scope of protection on architectural works is considered to be relatively narrow.<sup>xxx</sup>

Art. 2(1) (i) of the UCPA is also noteworthy. There have been academic discussions as to whether the interiors and exteriors of shops or restaurants can be protected under Art.2 (1) (i). The relating judgments

on this topic are the “Gohan-ya Maido Okini” case<sup>xxxii</sup> and the “Komeda Coffee” case.<sup>xxxii,xxxiii</sup> In the “Komeda Coffee” case, the Plaintiff argued that their shop appearance, including its exteriors and interiors, which were commonly or typically used in shops in the suburbs belonging to a major coffee chain “Komeda Coffee,” constituted “indications of goods, etc.” The court granted the plaintiff’s claim and issued the order. The “Komeda Coffee” judgment is considered to be the first ruling to protect the appearance of stores under Art. 21(i). Indeed, Art. 21(i) is a useful means for protecting architectural designs. However, it has been pointed out that Art. 21(i) does not protect until the design in question has become “well-known as one of the requirements is being “well-known.”<sup>xxxiv</sup>

Architectural designs may also be protected as three-dimensional trademarks under the Trademark Act. Such registered three-dimensional trademarks are usually combined with characters and figures.<sup>xxxv</sup> However, there have been some registrations where buildings alone have been registered as trademarks.<sup>xxxvi</sup> From the perspective of straightening the protection of the interior and exterior of shops, the Ordinance for Enforcement of the Trademark Act has been revised and the Examination Guidelines for Trademark is being revised.

Regarding the amendment to the Design Act in 2019, the subcommittee report highlighted that there were limitations of protection under other laws, including the Copyright Act and the UCPA, while the importance of design has increased in the field of buildings, in the light of creating brand value.<sup>xxxvii</sup> Furthermore, according to the report, the appearances and interiors of architecture have been protected both in the US and Europe.<sup>xxxviii</sup> In conclusion, the report recommended adding “Architecture” to the scope of protection under the Design Act, in addition to “article.”<sup>xxxix</sup> Furthermore, the report suggested that design registrations for interiors should only be allowed as an exception to the principle of “One application per design” (Art. 7) if the interior creates a “uniform aesthetic impression as a whole.”<sup>xl</sup>

The amended Act adds “Architecture” to the definition of design (Art. 2 (1) of the amended Act). The law also stipulates that “Where an article, architecture or image, or any combination thereof are used for equipment and decoration inside a store, office or other facilities (hereinafter referred to as ‘interior’) if the interior creates a uniform aesthetic impression as a

whole, an application for design registration may be filed as one design.”<sup>xli</sup>  
(Art. 8*bis* of the amended Act)

The notion of “Architecture” is not defined in the amended Act, so it is open to interpretation.<sup>xlii</sup> Ultimately, we should wait for the court’s decision, but the examination guidelines as the JPO’s opinion may be useful to some extent. According to the proposal for revision to the Examination Guidelines for Design in accordance with the revised Act in 2019, in order to constitute a design of “Architecture” registrable under the Act, it is necessary to satisfy two requirements: “being fixtures of the land” and “being artificial structures including civil structures.”<sup>xliii</sup>

Regarding interiors, the interpretation of the requirement for “a uniform aesthetic impression as a whole” in Article 8*bis* of the amended Act will be disputable. On the one hand, there is a view that this requirement should not be given a substantive meaning, and should be interpreted in a very broad sense.<sup>xliv</sup> On the other hand, it should be considered that the term “unified” is important, and that it should be interpreted more strictly in the manner of protecting only those cases that have undergone a creative process.<sup>xlv</sup>

(b) Revision of the Registration System of “Related Designs”

The Registration System of “Related Designs” is a system under which a group of designs that are similar to each other may be registered under certain conditions. Applications for similar designs should usually be refused under the provisions of the earlier application, that is, Art. 9. However, if the same applicant seeks to register similar designs (“Principal Design” refers to a selected design from them; “Related Design” refers to a design similar to “Principal Design”) and if the filing date regarding the Related Design application is on or after the filing date of the principal design application and before the date when the design gazette regarding Principal Design is issued, then the applicant may obtain design registration of Related Design (Article 10 (1) .

The amended Act provides that the registerable term of Related Design shall be extended to ten years from the application date of Principal Design (Article 10 (1) of the amended Act). According to the subcommittee report, the aim of this amendment is to protect designs that are continuously changing based on consistent concepts, over a long

period of time.<sup>xlvi</sup> With the extension of the registerable term, the Act also provides for exceptions to the lack of novelty and creative difficulty regarding the relationship between principle design and related design (Article 10 (2) and (8) of the amended Act). Of course, designs anticipated by another person should still be considered under novelty or creative difficulty requirements.

Article 10 (3) previously provided that a design similar only to a Related Design shall not be registered, to avoid an infinite chain of the registration of Related Designs.<sup>xlvii</sup> However, the Subcommittee report in 2018 suggested that the registration of a design similar only to a Related Design should be granted, in light of the spreading of methods that are gradually improving previous designs.<sup>xlviii</sup> Under this view, therefore, an infinite chain of the registration of Related Designs may be allowed.<sup>xlix</sup>

Due to limitations of space, this article dealt only with amendments (a) and (b). Other changes are also important though. Since this amendment includes significant issues, more active discussions will take place.

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