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# Patents and Utility Models

## Introduction

As the world's second largest market and Australia's largest export destination, Japan is an attractive target market for many Australian businesses looking to expand.

Many Australian firms have succeeded selling devices, inventions or services in the reputedly tough Japanese market; others have succeeded by partnering with a variety of entities in Japan to develop significant shared markets, products and services, to create innovative technologies and to conduct research and development projects.

Despite having much creative input to participate at a sophisticated level in the Japanese market, Australians are hesitant in filing patent applications in Japan. In 2006, for example, Australians filed 10,000 patent applications in Australia but only 600 in Japan and there were no applications for utility models. This compares unfavourably with Australia's participation in the patent systems of USA and Europe.

Australian applicants may have in the past also been averse to applying for patents in Japan over concerns that the inventive step of their inventions would not meet the higher level believed to be required in Japan. Such concerns may not have been always justified. This fact sheet aims to provide information to better equip Australians to decide to protect inventions and devices that meet the necessary criteria.

## Patents and Utility Models

A *patent* (in Australia, sometimes distinguished as a standard patent) may be granted in Japan for an invention if it is industrially applicable, novel and involves an inventive step. The invention requires a 'high level' of technological creativity. If granted, the term of protection is generally 20 years. For pharmaceuticals and agricultural chemicals, which require long periods for government approval before market release, the normal 20 year patent term may be extended to a maximum 25 years. Renewal fees must be paid throughout the term.

A *utility model* (equivalent to an innovation patent in Australia), has the same requirements of industrial applicability and novelty but a lesser threshold of inventive step for the 'device' (rather than 'invention' as for a patent) is adequate. The term of protection is 10 years.

## Examples of patentable inventions

- Products or methods embodying a high level of technological creativity;
- Items characterized by a longer life cycle than an item protectable as a utility model – for example, pharmaceuticals or, machines used for manufacture or, pioneering advances in semiconductors;
- Computer hardware and related computer programs; and
- Inventions including plants, animals, and micro-organisms.

Patents are not granted in Japan for scientific discoveries, rules or methods for mental activities. A patent would not be granted if the invention would be liable to injure or cause damage to public order, morality or public health.



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## Utility Models

If there is a perceived lower threshold of an inventive step, one may consider applying for a utility model. The Australian equivalent is the Innovation Patent which offers protection for items with a lower level of inventiveness. Utility models are granted more quickly than patents, and can be used to deter competition within the time a patent application awaits examination.

## Examples of utility models

- Devices having a short life cycle, embodying a creative idea applicable to the shape, structure or other technological aspects of a product, while typically showing potential for early implementation and marketing – examples could include an improved device capable of reducing the amount of water used to flush a toilet or, a bottle cork remover capable of faster operation than known devices.
- The technological creativity protected by a utility model may be of a lower level than that protected by a patent.

Note: an idea or a method, such as a manufacturing process is not a protectable subject matter.

## Inter-conversion between a utility model and a patent

Depending on suitable subject matter, a utility model application may be converted to a patent application and vice versa. A utility model application may be converted into a patent application within three years from its filing date, while the application is before the Japanese Patent Office (JPO). In such a case, the original application shall be deemed to have been withdrawn. The Australian system offers similar provisions.

## How to obtain protection in Japan

As with most countries' patent law systems, Japan, like Australia, has a first-to-file system in which the first inventor who files an application for a patent gains the priority right to ownership, backdated to the application date, assuming the examination process by the JPO confirms grant of the patent.

Also similar to Australia, Japan is a member of the Patent Cooperation Treaty (PCT). Consequently, patent applications filed first in Australia (or other member country of the PCT) can be the basis for claiming priority in Japan.

Under the Paris Convention, a patent application filed in Japan within 12 months of a patent application, filed first in another Convention country, such as Australia, would have the same corresponding filing date in both countries. In the case of utility models, that period is six months.

When filing a PCT application, you do not need to nominate a Japanese patent attorney or agent initially. However, once you decide to enter the national phase in Japan, you will need to have a Japanese legal representative.

The requirement for Japanese legal representation is also necessary if you intend to file directly in Japan.

## Requirements for patentability

As is the case for Australia and most other countries, in order to qualify for registration of patents and utility models, an invention must be novel and not previously disclosed to any third party anywhere (e.g. by marketing a product or by disclosing the invention to a manufacturer in Japan.) The patent or utility model must also meet the requirements of inventiveness and practical applicability.

Confidentiality agreements, properly drafted to be enforceable, may be used until a patent



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application is filed, but businesses should be aware that there are limits to their scope of protection, and are urged to seek the advice of their legal adviser.

## Examination

Each application for a patent or utility model must undergo examination and approval by the JPO. A patent right is granted after a formality examination and a substantive examination (e.g. novelty and inventive step).

A utility model right is granted after a formality examination only. A request for *substantive* examination may be made at any time and by any person. A Utility Model owner is required to provide a substantive examination certificate to support any allegation of infringement.

Australian applicants should be aware that differences exist in the examination process in Japan. These include time limits to complete actions, amendment opportunities and appeal mechanisms. For more information on these topics, you are advised to visit the JPO website or seek professional advice.

## Accelerated Examination

Examination can be accelerated for any Japanese patent application having a corresponding foreign application. To accelerate the examination, the applicant must provide a copy of at least one search or examination report and an explanation of the differences between the application and the prior art, and the advantages of the invention over the prior art.

When an accelerated examination is requested, a first office action is usually issued within four months. The average time required from request for normal examination until the first office action is around two years. There is no additional official fee for accelerated examination but professional fees can be expected to be incurred in meeting the obligation to provide any search

report already issued from all foreign patent offices. A PCT International Search Report will usually be accepted as meeting the obligation.

## Time to grant

Applications for patents normally take five to six years before formal grant. Legislation has recently been passed and measures introduced to reduce patent pendency, and to streamline granting procedures at the JPO, to reduce the time taken from requesting examination to grant.

A utility model application will normally be registrable in about four to six months from the filing date.

## Official fees

Patenting costs vary considerably in Japan. Costs depends on whether you apply directly with the JPO or via the PCT.

Costs for obtaining a patent in Japan are approximately 80 to 100% more than the corresponding costs incurred in Australia.

In making overall cost comparisons, please note that attorney or agent standard and time-based fees, are in addition to the official fees charged by the JPO.

See: <http://www.jpo.go.jp> for further information on fees.

## Rights and enforcement

Before grant of a patent or utility model, the owner lacks formal means to enforce rights. Once granted, several forms of legal redress are available, including injunctive order and, for patents, damages and return of unjust profits, (otherwise known in Australia as 'account of profits'). Additionally, for patented inventions, measures for recovery of demonstrable damage to the reputation of a patent owner's products are available.

Just as in Australia, the grant of a patent in



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Japan gives the owner or exclusive licensee the right to exclude others from using the patented invention for as long as the patent is in force. If the patent is infringed by a third party, the patent owner has the following options for enforcement:

- Negotiating a commercial agreement with the infringer;
- Mediation to resolve the dispute; or
- Having recourse to a court.

A separate fact sheet in this series provides more information on enforcement of IP rights and the structure of the Japanese court system.

## Compulsory licences

If the patented invention is not used for more than 3 consecutive years, and if four years have passed since the filing date of the application, a person may request a grant of a non-exclusive license.

In Australia, one may request a non-exclusive licence three years after grant, a provision that is very rarely invoked.

## Further Information

See the Japan Patent Office website  
<http://www.ipo.go.jp>

A separate fact sheet in this series lists organisations and firms able to assist Australian entities to gain patent and utility model protection in Japan.

### Disclaimer:

This information is intended to help the reader gain a basic understanding of some IP concepts. It is not designed to provide legal, business or other relevant professional advice. IP Australia recommends that you seek independent legal, business or other relevant specialist advice as necessary. This fact sheet has been developed in conjunction with Hodgkinson McInnes Patents.

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