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Refusals to License IP

Under what circumstance could competition law require a patent holder to license their technology?
-- case and guidelines in Japan --

Kentaro Hirayama

Tokyo University of Science Graduate School,
Department of Master of Intellectual Property
Attorney at law, Morrison Foerster Tokyo office



Refusal to trade

in Japanese competition law (AMA)

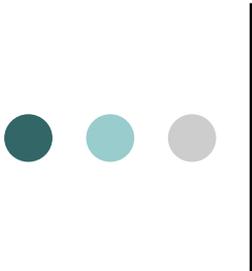
- Unilateral refusal to trade is basically legal, but can be regulated as “Unfair Trade Practice” under the Japanese AMA;
 - If the unilateral refusal is used as a measure to effectively enforce other anticompetitive conducts; or
 - If “**Influential Company**” (>20% shares) refuses transactions, with an anticompetitive intent, and the refusal has tendency to make the counterparty’s business operation difficult
 - **Dominant position** is **not required**
 - **Exclusionary effect** - “tendency to impede fair competition” - is **required**
 - Significantly low threshold - **justification** (e.g. procompetitive effect, public interest) is generally accepted instead
 - That said, “anticompetitive intent” would be decisive factor in denying any arguments re justification

2016 JFTC guidelines - regulation on SEP

- Refusal to license FRAND-encumbered SEPs or bringing an action for injunction, against willing licensees



- Such acts would not be deemed as a legitimate exercise of patent, and thus AMA will be applied thereto
 - Relevant market
 - **Downstream products complying with the standard**
 - Exclusionary effect is required
 - i.e. tendency to impede fair competition
 - If the acts satisfy a higher threshold *i.e.* “substantial restraint of fair competition,” then the acts will be deemed “private monopoly” which would theoretically be subject to *criminal* sanction

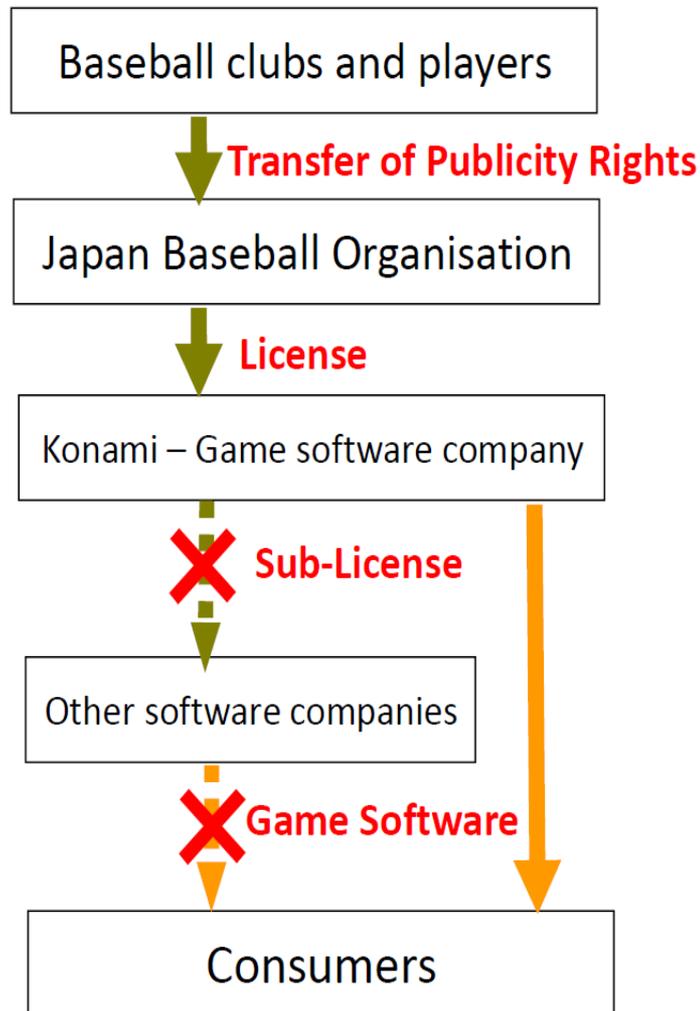


2016 JFTC guidelines - regulation on SEP

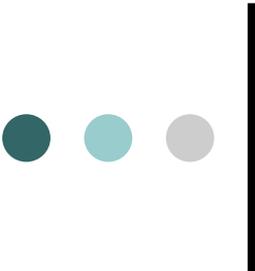
- “Willing licensee”
 - Determined based on both parties’ negotiation attitudes
 - Similar to the ECJ’s *Huawei v ZTE* decision
 - Key criteria - good faith or not, in light of the normal business practices
 - SEP Holder
 - Warning letter to potential infringers, with description re how the SEP has been infringed
 - Offer of licensing terms and reasonable criteria thereof
 - Alleged infringer
 - Offer of reasonable counter offers in a timely manner
 - Offer of deposit not expressly required in the guidelines
 - Different from the ECJ decision

Regulation on **other** Intellectual Property

- *Konami* case (Warning by the Japan FTC in 2003)



- Konami took license of publicity rights from the baseball organisation, agreeing that Konami would sub-license the rights to competitors
- However, Konami actually refused or delayed sub-license of the rights to competitors, thereby delayed launch of competitors' products
- Anticompetitive effect in...
 - "baseball game software" market?
- Justification?
 - False promise to the organisation



Thank you!

