Copyright Problems in the Hi-tech Age — A Review of the Recent Developments in Japan —

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Introduction:

First of all, I would like to take this opportunity to congratulate the centenary of the Berne Copyright Union of which my home country, Japan, has been a member for more than eighty-five years.

It is the destiny of the copyright law to face new problems that come out as technology develops. Solutions to these problems must be found on country-to-country basis, but we are all aware that international harmonization is very important because authors must look at the world market in order to obtain maximum reward for their intellectual creations although their exclusive rights are always territorial. Since Japan is one of the largest markets for literary and artistic works, I would like to call your attention to the recent developments in Japan, both judicial and legislative, in response to the emergence of new technology.

Before entering into the main discussion, it may be appropriate to mention briefly the status of Japan under the Berne Convention. It was in 1899 that Japan joined the Berne Union and the Paris Union simultaneously. In the same year, Japan enacted the old Copyright Law, its first modern copyright legislation. This law was modelled after the German and Belgian statutes and incorporated the fundamental principles of the Berne Convention. The Copyright Law of 1899 remained in force until it was replaced by the present Copyright Law of 1970. In 1956, Japan ratified the Universal Copyright Convention of 1952. After the enactment of the present Copyright Law, Japan ratified the Brus-

sels Act of 1948 and the Paris Act of 1971 of the Berne Convention in 1974 and 1975 respectively. Japan ratified the Convention Establishing the World Intellectual Property Organization in 1975 and the Convention for the Protection of Phonograms against Unauthorized Duplication of Their Phonograms in 1978.

The Copyright Law of 1970 provides not only the rights of authors in conformity with the Berne Convention, but also the so-called neighboring rights of performers, producers of phonograms and broadcasting organizations. The neighboring rights provisions of the Copyright Law follow the basic framework of the Rome Convention, but Japan has not ratified this convention yet.

The importance of the Japanese copyright law must be judged from the fact that Japan has a huge and rapidly expanding copyright industry and has been making a continuous study and effort to improve it. It must also be noted that Japan is a great producer of various kinds of equipments and materials that expand the market for literary and artistic works and, at the same time, threaten the economic value of such works.

I. Copyright Protection of Databases and Neighboring Rights Granted to Cable Diffusion Organizations:

The most recent development is an amendment of the Copyright Law in order to extend copyright protection to databases, to regulate cable transmission services of various kinds for direct reception by the public and to extend neighboring rights protection to cable diffusion organizations.[1] The amendment was enacted by the 104th Session of the National Diet on May 16, 1986, together with the Law concerning Special Exceptions for Registrations regarding Program Works.[2] It will become effective from January 1, 1987.

This is the third major amendment of the Copyright Law since its enactment in 1970. The first one is the 1984 amendment which established a public lending right for all kinds of works of authorship except cinematographic works for the primary purpose of controlling rent-a-record businesses in order to protect

composers and authors as well as performers and producers of phonograms. The second major amendment was made in 1985 in order to extend copyright protection to computer programs and establish an exception to the general fair use provision in order to impose copyright liability on private copying with the aid of a high speed copying machine.

Under the Copyright Law, compilation works are protected as works of authorship under Article 12 (1)[3] and databases are generally regarded as compilation works. But, independent of the provision for compilation works, the 1986 amendment added to the Law a new provision, Article 12 *bis*, which provides that "Databases which possess creativity in the selection or systematic organization of these pieces of information that constitute the databases shall be protected as works of authorship."

It is interesting to note that the English word "database" is used in the Japanese text of the Law without translating it into Japanese. The word "database" or "*dētabēsu*" is defined by newly added item (x*ter*) of Article 2 (1) as "a collection of theses, numerical figures, drawings and other pieces of information organized systematically so that these pieces of information can be searched by the aid of a computer."

Under Artilce 4 (1), a work of authorship is deemed to have been made public when it is published or presented to the public under the authority of the copyright owner by way of performance, broadcasting, diffusion by cable, recitation or showing on a screen. Paragraph (4) is added to Article 4 in order to clarify that databases are "deemed to have been made public when they are placed in a condition to be presented to the public upon their requests by way of cable transmission." The drafter considered that the definition of "making public" under Article 4 (1) for works of authorship in general was inappropriate because it is usually the case that only a part of a particular database is actually presented or supplied to the public and, thus, most databases are not made public.

Article 23 (1) provides for an author's exclusive right "to broadcast or diffuse by cable of his work. Under the amendment,

the term "diffuse by cable" (*yūsenhōsō*) is replaced by the term "transmit by cable" (*yūsensōshin*) in order to broaden the coverage of the author's exclusive right. This replacement was made in view of ever-increasing cable transmission services of various kinds which supply information to customers at their requests and of the need to extend copyright control not only to traditional cable television services but also to various new media services such as a service to supply databases by an on-line system and a service to supply information by a CAPTAIN system. It was felt that the Copyright Law should be able to regulate these cable transmission services since they may involve works of authorship. The corresponding replacement of the term was made to Article 92 (1) which provides for a performer's exclusive right "to broadcast or diffuse by cable of his performance."

Another important feature of the amendment is to grant neighboring rights to organizations engaged in a business of cable diffusion. The amendment assimilates cable diffusion organizations to broadcasting organizations under the neighboring rights provisions of the Copyright Law, in view of the expansion of cable television services by way of increasing available channels and self-originated programs. For the purpose of assimilating cable diffusion organizations to broadcasting organizations, the amendment establishes a set of new provisions in order to define cable diffusion organizations, to define "cable diffusions" entitled to protection and to provide for exclusive rights of such organizations. These new provisions are as follows:

(1) Article 2 (1)(ix*ter*) defines "cable diffusion organization" as "a person who diffuses by cable as a business."

(2) Article 9*bis* provides that cable diffusions entitled to protection are: (i) cable diffusions by cable diffusion organizations who are Japanese nationals, excluding those made upon receiving broadcasts; and (ii) cable diffusions from cable diffusion installations located in Japan.

(3) Exclusive rights granted to cable diffusion organizations are: (i) the right to make sound or visual recordings of his cable diffusion under Article 100*bis*; (ii) the right to broadcast or redif-

fuse by cable of his cable diffusion under Article 100*ter*; and (iii) the right to communicate his cable diffusion to the public under Article 100*quater*.

(4) Under Article 101 (iv), the duration of neighboring rights for cable diffusions is for twenty years after the year in which they take place.

(5) Cable diffusion organizations are required to pay fees for the use of phonograph records to performers and producers of such phonograph records respectively under Article 95 (1) and Article 97 (1).

(6) Copyright is subject to certain limitations in connection with cable diffusions: (i) use of works of authorship in a cable diffusion program for school education under Article 34 (1); (ii) cable diffusion for a nonprofit purpose of works of authorship that are broadcast under Article 38 (1); (iii) ephemeral recording by cable diffusion organizations under Article 44 (1).

(7) Article 29 (3) provides for copyright in cinematographic works made for cable diffusion.

II. Copyright Protection of Computer Programs:

The 1985 amendment of the Copyright law which came into force on January 1, 1986, is the legislative confirmation that computer programs are works of authorship entitled to protection under the Copyright Law. It is the product of a compromise made by two government agencies which terminated a much publicized debate with the proponent of a special legislation to protect computer programs within the domain of industrial property law. It may be of interest to briefly mention how such debate came up and was resolved.

The legal protection of computer software became a serious concern in the late 1970s when the development of technology rendered computer programs stored in ROM (Read Only Memory) chips or diskettes more easily reproduceable. In the United States, a number of law suits were brought to the courts in order to protect computer programs of personal computers and video

games from unauthorized copying. In Japan, video game manufacturers brought copyright infringement actions against manufacturers of counterfeit video games. On the governmental level, the Industrial Structure Council, an advisory body to the Ministry of International Trade and Industry (MITI) instructed the Information Industry Committee to work out a plan for the protection of computer programs. This committee submitted to the Council on December 9, 1983, a report recommending the enactment of a special statute tentatively called the "Program Rights Law."[4] In parallel with the MITI's effort, the Subcommittee No. 6 of the Copyright Council studied copyright protection of computer programs and submitted to the Council a report on January 19, 1984,[5] The report recommended a revision of the Copyright Law in order to make it more suitable for protecting computer programs.

In the spring of 1984, the MITI prepared a draft bill to establish program rights along with the proposal of the Information Industry Committee and the Cultural Affairs Agency prepared and published a draft bill for a partial amendment of the Copyright Law in accordance with the recommendation of the Subcommittee No. 6 of the Copyright Council. Because these two draft bills were conflicting each other, they were not submitted to the Diet during the 101st Session closed in June 1984.

The conflict between the two government agencies was finally resolved when the MITI and the Cultural Affairs Agency reached an informal agreement in March 1985 under which the MITI would withdraw its plan to enact the Program Rights Law and support copyright protection instead while the Cultural Affairs Agency would support a statute to protect semiconductor chips proposed by the MITI. It is obvious that the MITI was strongly influenced by the world trend for copyright protection.

While discussions were going on at the government level, the video game industry brought a series of cases in the courts seeking protection of computer programs stored in ROM chips attached to the printed circuit boards of video game machines. Before the two government agencies reached an agreement in

favor of copyright protection of computer programs, three court decisions were rendered.

The first case is *K.K. Taitō* v. *K.K. ING Enterprises*[6] decided by the Tokyo District Court on December 6, 1982. The court held that a computer program of a video game was a work of authorship under the Copyright Law and the object code program stored in ROM chips attached to the printed circuit board was its reproduction and that copying of such object code program into another ROMs was an act of reproduction. In this case, the defendant converted its customers' video game machines into the plaintiff's Space Invader Part II machines.

Article 2 (1)(i) of the Copyright Law defines "work of authorship" as "a production in which thoughts or emotions are expressed in a creative way and which falls in the literary, scientific, artistic or musical domain." The term "*fukusei*", meaning "reproduction", is defined by Article 2 (1)(xv) as "to reproduce (*saisei*) in a tangible form by means of printing, photography, copying (*fukusha*), sound recording and visual recording or other method." Under this broad definition of "reproduction" one can easily conclude, as the Tokyo District Court did for Taitō, that, when a computer program is embodied in a ROM, such ROM is a reproduction of the program and copying of the ROM into another ROM is another reproduction. The same is true when a computer program is embodied in a magnetic tape or a diskette.

The Yokohama District Court and the Osaka District Court followed suit in *K.K. Taitō* v. *Makoto Denshikōgyō K.K.*[7] involving Space Invader and *Konami Kōgyō K.K.* v. *K.K. Daiwa*[8] involving Strategy X respectively. These cases make it clear that copyright protection can be extended to computer programs when, in a given copyright statute, the terms "work of authorship" and "reproduction" are broadly defined as under the Copyright Law of Japan.

The 1985 amendment of the Copyright Law can be summarized as follows:

(1) The word "*puroguramu*" (computer program) is defined

by newly inserted item (x*bis*) to Article 2 (1) as "an expression of combined instructions given to a computer so as to make it function and obtain certain result."

(2) "Program work" (*puroguramu no chosakubutsu*) is added to the list of works of authorship under Article 10 (1).[9]

(3) A new provision is added to Article 10 as paragraph (3) in order to clarify that protection does not extend to any programming language, rule or algorithm used for making programs.[10]

(4) A new provision is added to Article 15 (authorship of a work made for hire) as paragraph (2) which provides that "The authorship of a program work which, at the initiative of a legal person, etc., is made by its employee in the course of his duties shall be attributed to that legal person, etc., unless otherwise stipulated in a contract, work regulation or the like in force at the time of the making of the work."[11]

(5) The following provision is added as item (iii) to Article 20 (right to the integrity of a work) paragraph (2), which provides for exceptions to an author's right to the integrity of his work under Article 20 (1): "Modifications necessary for enabling the use in a given computer of a program work which is otherwise unusable in that computer, or to make more effective the use of the program work in a computer."

(6) A new provision, Article 47*bis*, is established in order to enable the owner of a computer program to make copies or adaptations of the program without infringing the copyright.[12]

(7) Article 76*bis* is added in order to register the date of creation of computer programs.[13] When the date of creation of a given computer program is registered, the registration creates a presumption that the program was created on that date.

(8) A new paragraph is added to Article 113 (acts deemed to be infringing) in order to impose copyright liability on a person who uses in his computer in bad faith a pirated program.[14]

(9) Article 78*bis* is added to the Copyright Law in order to provide that registrations relating to computer programs shall be governed by a special statute. In accordance with this provision,

the Law concerning Special Exceptions for Registrations regarding Program Works was enacted on May 16, 1986.[15]

So long as video games are concerned, one can obtain a broader protection if he asserts copyright in his video game as a cinematographic work rather than copyright in the computer program of his video game. The term "cinematographic work" (*eiga no chosakubutsu*) is broadly defined in order to include any new works which can be assimilated to motion picture in a traditional form.[16] The first case which recognized the status of a video game as a cinematographic work is *K.K. Namco* v. *Suishin Kōgyō K.K.*[17] In this case, the manufacturer of a video game called PAC-MAN recovered damages from the proprietor of coffee shops where counterfeit PAC-MAN video game machines were installed for their customers' use, on the ground that the defendant infringed the plaintiff's right of public presentation of its cinematographic work.[18]

When a video game is regarded as a cinematographic work as was done by the court in the above case, the manufacturer of the video game can obtain a broader protection. For example, when a video game made for professional use has become very popular, the manufacturer may find that its home or personal use version is made and sold by a third party. Such a version may still be regarded as a reproduction of the cinematographic work of the original game as long as substantial similarity in the form of expression of the display is found between the two. But it may also be regarded as a derivative work or a transformation or adaptation of the original game.[19] Furthermore, when a video game has become very popular and it is expected to be in use for a much longer period, the proprietors of game parlors may want to make the game more attractive and challenging by attaching a small printed circuit board called an "enhancement kit" or "speed-up kit" to the main printed circuit board. Such enhancement kit distorts the original cinematographic work and, therefore, the manufacturer may claim that his moral right, i.e., the right to the integrity of his work, is infringed.[20]

III. The Establishment of a Public Lending Right and Its Effect:

An increasing popularity of personal computers has brought out a new business of lending software which affects the market of software houses. Against software rental businesses, software producers can avail themselves of a public lending right which was newly established by the 1984 amendment of the Copyright Law for the primary purpose of regulating rent-a-record businesses.

In 1984, the National Diet enacted a Law for a Partial Amendment of the Copyright Law in order to protect authors, performers and phonograph record manufacturers from public lending businesses including rent-a-record businesses, and to cope with high-speed duplicating machines. The amendment came into force on January 1, 1985, and, at the same time, the Law Providing for Provisional Measures to Regulate Phonograph Record Lending Business[21] was abolished.

By the 1984 amendment, a new kind of authors' exclusive right is established by adding Article 26*bis* (right of lending) between existing Article 26 (right of public showing and distribution of cinematographic works) and Article 27 (right of translation, transformation, etc.). Article 26*bis* provides that an "author shall exclusively have the right to lend to the public copies (in the case of a work of authorship which is reproduced in a cinematographic work, copies of such cinematographic work are excepted) of his work of authorship (except cinematographic work)."

Cinematographic works are excluded from Article 26*bis* because existing Article 26 provides for an exclusive right of the author of a cinematographic work to distribute copies of his work, the distribution includes public lending. Books and magazines other than sheet music are excluded from the applicable of Article 26*bis* for the time being by Article 4*bis* of the Supplemental Provisions of the Copyright Law. Thus, the public lending right newly established by Article 26*bis* is applicable only to public lending of phonograph records, computer programs and sheet music, and of some other works which are not books or

magazines or cinematographic works.

The amendment provides for the corresponding rights of performers and manufacturers of phonograph records.

Upon the coming into effect of the 1984 amendment, software houses began to take concerted actions against unauthorized software rental businesses. For example, K.K. Enix and 11 other producers of game programs for personal computers made a settlement with K.K. Sofmap on August 2, 1985, at the recommendation of the Tokyo District Court under which the latter agreed not to engage in such rental business without license from software producers.[22] In early 1986, four member companies of the Japan Personal Computer Software Association, Inc. filed with the Tokyo District Court a petition for a temporary injunction against Sofmap who was engaged in a business of lending cassette tapes, floppy disks and ROM cartridges embodying the claimants' computer programs for personal computers in violation of the terms of the settlement. The court granted an injunction accordingly.[23]

Thus, we can say that the establishment of a public lending right by the 1984 amendment for the primary purpose of regulating rent-a-record businesses is a quite timely legislative action for the benefit of software houses.

Conclusions:

The legislative development in Japan in order to cope with new problems brought about by new technology owes much to the efforts of the government agency in charge of copyright matters and its advisory body, the Copyright Council, which consists of copyright specialists and representatives of various interest groups. As an extension of such effort, a new subcommittee was established in March 1986 within the Copyright Council in order to study the legal status of computer-created works, such as graphic arts, translations and music made with the aid of computers.

Outside the domain of copyright, the Patent Office has been

handling computer software related inventions in accordance with the Standards for Examination of Inventions Related to Computer Programs adopted in 1975[24] and the Guidelines for Examination of Inventions Related to Microcomputer-assisted Technology adopted in 1982.[25] The National Diet, in 1985, enacted the Law concerning the Circuit Layout of a Semiconductor Integrated Circuit.[26] The enactment of this Law removed two possibilities. The one is the possibility of protecting semiconductor integrated circuits under the Copyright Law, and the other is the possibility for Japanese semiconductor chip manufacturers to seek protection in the United States by the Semiconductor Chip Protection Act[27] claiming national treatment under the Paris Convention for the Protection of Industrial Property which contains a broad unfair competition provision in Article 10bis.[28]

In conclusion, I would like to emphasize that the copyright law requires continuous efforts of improvement and harmonization. For example, under the Copyright Law of Japan, audiovisual recordings are regarded as works of authorship whereas sound recordings only enjoy neighboring rights. More fundamental is a gap between the patent law and the copyright law. The patent law requires inventors to be natural persons whereas the copyright law recognizes both individual and corporate authorships.

Notes;

1) See, T. Doi, "Protection of Databases and Cable Transmissions—Proposed Amendment of the Copyright Law of Japan," PATENTS & LICENSING April, 1986, pp. 7-11.

2) See, T. Doi, "Enactment of Special Law to Establish Copyright Register for Computer Programs—An Explanation and English Translation of the Program Registration Law," PATENTS & LICENSING June, 1986, pp. 7-13.

3) Article 12 (1) provides that "Compilations which possess creativity in the selection or arrangement of the materials shall be protected as works of authorship."

4) Tsūsanshō (Ministry of International Trade and Industry), *Sangyō-kōzōshingikai, Sofutoueakibanseibi-shōiinkai, Chūkanhōkoku* (Interim report of the Software Subcommittee, Industrial Structure Council) (November, 1983).

5) Bunkachō (Cultural Affairs Agency), *Chosakuken-shingikai Dairoku-shōiinkai (Konpūtā-sofutouea Kankei) Chūkanhōkoku* (Interim Report of Subcommittee No. 6 (Computer Software) Copyright Council) (January, 1984).

6) HANREIJIHŌ (No. 1060) 18, PATENTS & LICENSING February 1983, p. 16 (Tokyo Dist. Ct., December 6, 1982).

7) HANREIJIHŌ(No. 1081) 125, PATENTS & LICENSING December 1983, p. 22 (Yokohama Dist. Ct., March 30, 1983).

8) HANREIJIHŌ (No. 1106) 134, PATENTS & LICENSING April 1984, p. 30 (Osaka Dist. Ct., January 26, 1984).

9) Article 10 (1) lists, as examples, various kinds of works of authorship: (i) novels, dramas, theses, lectures, and other literary works; (ii) musical works; (iii) choreographic works and pantomimes; (iv) paintings, woodcut prints, engravings, sculptures, and other works of art; (v) architectural works; (vi) maps, as well as plans, charts, models, and other figurative works of the scientific nature; (vii) cinematographic works; (viii) photographic works. Now, "program works" are added to this list as item (ix).

10) Article 10 (3) provides: "The protection granted by this Law to works mentioned in paragraph (1), item (ix) shall not extend to any programming language, rule or algorithm used for making such works. In this case, the following terms shall have the meaning hereby assigned to them respectively: (i) 'programming language' (*puroguramu gengo*) means letters and other symbols as well as their systems for use as means of expressing a program; (ii) 'rule' (*kiyaku*) means a special rule on how to use in a given program a programming language mentioned in the preceding item; (iii) 'algorithm' (*kaihō*) means methods of combining, in a program, instructions given to a computer."

11) Article 15 (1) provides that "The authorship of a work which, at the initiative of a legal person, or other employer (hereinafter referred to in this Article as "legal person, etc."), is made by its employee in the course of his duties and is made public under the name of such legal person, etc. as the author shall be attributed to that legal person, etc., unless otherwise stipulated in a contract, work regulation or the like in force at the time of the making of the work."

12) Article 47*bis* (1) provides that "The owner of a copy of a program work may make copies or adaptations (including the making copies of a derivative work created by means of adaptation) of that work if and to the extent deemed necessary for the purpose of exploiting that work in a computer by himself, provided that the provision of Article 113, paragraph (2) does not apply to the use of such copies in connection with such exploitation."

13) Article 76*bis* provides that "(1) The author of a program work may have the date of creation of his program work registered within the period of six months following the creation of that work. (2) Program works as to which the date of creation is registered in accordance with the preceding paragraph shall be presumed to have been created on the date registered."

14) The newly added paragraph (2) to Article 113 provides that "An act of using in a computer, in the conduct of business, copies made by an act infringing a copyright in a program work .... shall be considered to constitute an infringement on that copyright, so long as a person using such copies is aware of such infringement when he acquired title to use these copies."

15) See, *supra* n. 2.

16) Article 2 (3) defines "cinematographic work" as "a work expressed by a process of producing visual or audiovisual effects analogous to those of cinematography and fixed ina tangible form."

17) HANREIJIHŌ (No. 1129) 120, PATENTS & LICENSING December 1984, p. 19 (Tokyo Dist. Ct., September 28, 1984).

18) Article 26 (1) provides that "The author shall exclusively have the right to present publicly (jōei) and distribute copies of his cinematographic work."

19) Article 27 provides that "The author shall exclusively have the right to translate, arrange musically, transform, dramatize, cinematize or otherwise adapt his work."

20) Article 21 (1) provides that "The author shall have the right to preserve the integrity of his work and its title against any distortion, mutilation or other modification against his will."

21) See, (1984) 1 EIPR D-22 and (1983) 4 EIPR D-98.

22) Asahi shimbun, August 3, 1985 (evening ed.), Nihonkeizai shimbun, August 3,

1985, (1985) 10 EIPR D-182.

23) *Konami Kōgyō K.K. et al.* v. *K.K. Sofmap*, yet unreported (Tokyo Dist. Ct., March 28, 1986).

24) "Japanese Patent Office Examination Standard for Computer Program Related Inventions" (English translation by David S. Guttman), PATENTS & LICENSING June 1983, p. 15.

25) "Japanese Patent Office Examination Guideline for Inventions Using Microcomputers" (English translation by David S. Guttman), Parts 1 to 7, PATENTS & LICENSING October 1983, p. 11; December 1983, p. 7; February 1984, p. 13; April 1984, p. 15; August 1984, p. 17; October 1984, p. 21; and February 1985, p. 13.

26) For an English translation, see, INDUSTRIAL PROPERTY September 1985, Laws and Treaties Text 1-001.

27) 17 U.S.C. 914.

28) The Paris Convention Article 10*bis* provides that "(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition. (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition. (3) . . . . . "

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