

# IP-related support declaration for measures against COVID-19

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## Introduction

The spread of COVID-19 has had a significant adverse impact on economies and societies around the world, and various measures are urgently needed to stop the spread of infection. Some key initiatives have also been seen in the IP sector.

The development, production and provision of therapeutic medications, vaccines, medical devices and infection control products are necessary to diagnose, prevent, contain and treat COVID-19. However, technologies such as medicines and medical devices are subject to IP rights, including patented inventions, and as a general rule, such technologies cannot be used without the rights holders' consent.

The IP system is an important legal system that grants patents and other exclusive rights to those that have created technologies and encourages invention and innovation. However, with the threat posed by the spread of COVID-19, if individual IP rights are exercised haphazardly, it may impede the use of technologies that can prevent this spread.

Patent owners and other IP rights holders must therefore cooperate with each other and support new ideas to prevent the spread of COVID-19 without hindering development in the IP sector. To this end, an IP-related solution was recently announced in Japan – namely, the Open COVID-19 Declaration. **(1)** Similar trends are being witnessed in other countries, such as the Open COVID Pledge in the United States. **(2)**

## Overview

The Open COVID-19 Declaration was established and announced by the IP experts and managers of approximately 20 companies. The declaration states that any company or individual inside or outside Japan that supports its terms will not exercise their domestic or foreign IP rights against actions to develop, manufacture or market solutions that aim to stop the spread of COVID-19. To this end, companies and research institutes in Japan and abroad are widely invited to participate in this project.

According to the terms of the Open COVID-19 Declaration, IP rights holders declare that they will not assert any patent utility model, design or copyright inside or outside Japan against activities whose sole purpose is to prevent the spread of COVID-19 and will not seek any consideration or compensation until, in principle, the date on which the World Health Organisation (WHO) declares that the COVID-19 outbreak no longer constitutes a public health emergency of international concern. This allows anyone to use IP rights subject to the declaration promptly, without expending time and money to investigate whether their activities may infringe the IP right or negotiate a licence with the rights holder.

The procedure for IP rights holders that wish to declare their support for the Open COVID-19 Declaration is set out on '[www.gckyoto.com](http://www.gckyoto.com)'. In accordance with the standard form of the Open COVID-19 Declaration, applicants who fill in the necessary items in the Japanese and English versions and submit a completed and signed declaration will be listed as a declarer or declarant following a review by the Declaration Office. Depending on the declarant's circumstances, the contents of the standard declaration may be amended to the extent that the purpose of the Open COVID-19 Declaration is respected.

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The abovementioned declaration is supported by a number of organisations, including the Keidanren, the New Economic Federation, the Institute of Computer Software and the World Intellectual Property Organisation Japan Office. According to the official declaration website, on 25 May 2020 the number of declarants stood at 57 companies and the number of patents subject to the declaration was 7,478,374.

## **Risks and considerations**

There have been recent reports that major companies have agreed to the Open COVID-19 Declaration. IP rights holders may be interested in or wish to support the declaration. However, some IP rights holders may be concerned about whether a declared IP right will be exposed to any risks if they support the Open COVID-19 Declaration.

### ***Significance***

In principle, IP rights are exclusive and cannot be used without the rights holder's consent. Article 93 of the Patent Act provides for a system under which compulsory licences are granted in the public interest in situations where there is a threat of substantial harm to citizens' lives (eg, with respect to medicine and public health). However, this is not only a time-consuming and burdensome *ex post facto* restriction, but Article 93 has never been applied in practice.

On the other hand, in recent years the importance of an open IP strategy has been highlighted as a means of exploiting IP rights (eg, disclosure or licensing is granted to a third party), in addition to a closed IP strategy (eg, to conceal technology or exploit exclusive rights such as patent rights). Particularly in the field of copyright, there is a trend towards the free exploitation of works (eg, Creative Commons). For standard technologies, the use of IP rights is promoted by patent licensing through the FRAND Declaration (based on fair, reasonable and non-discriminatory (FRAND) principles), whereby holders of standard essential patents (SEPs) can pool patents and clarify their commitment to license them with standardisation organisations. **(3)**

The Open COVID-19 Declaration can also be regarded as a meaningful scheme that, through mutual collaboration among IP rights holders, makes IP rights available free of charge in order to:

- halt the spread of COVID-19;
- ensure the health and safety of the public; and
- allow business activities to resume. **(4)**

Further, as part of a company's corporate image strategy, the declaration could promote the use of IP rights while significantly improving the company's reputation and stimulate and expand relevant surrounding markets.

### ***Impact***

The Open COVID-19 Declaration is a declaration not to exercise IP rights, but its legal effects under Japanese law require further clarification.

A similar movement in the United States, the Open COVID Pledge, stipulates that pledgors are publicly committed to making intellectual property available for use and that in order to implement the pledge, they must publish a licensing provision (Open COVID Licence) in line with the aim of said commitment. Pledgors grant to all persons and entities that wishes to accept it, a non-exclusive, royalty-free, worldwide and fully paid-up licence. In contrast, the Open COVID-19 Declaration is not a grant of licence, but states that the declarant will not exercise their IP rights, although both are for use by all persons and entities.

With respect to the legal status of the Open COVID-19 Declaration, it is worth recalling the court's judgment regarding the FRAND declaration in *Apple v Samsung*. In this case, with respect to the exercise of a patent right, a patent holder (Samsung) made the FRAND declaration with a standardising body to which it was prepared to grant a licence on FRAND terms regarding its patented inventions pertaining to standard communications technologies. In the judgment, the court stated that the "FRAND Declaration cannot be regarded as an offer for a license contract, and therefore no license contract for the patent was formed by the FRAND Declaration." However, the court clarified that, in certain cases, the exercise of a patent right is restricted by applying the doctrine of abuse of rights (eg, an injunction against a party that intends to obtain a licence on FRAND terms) on the grounds that the "development of industries" (Article 1 of the Patent Act), which is the purpose of the Patent Act, risks being impeded, considering the detrimental effect of damaging user trust as well as discouraging parties from using the technology. **(5)**

Given that a contract is based on an agreement between specified parties under the Civil Code, it is difficult to regard a declaration aimed at unspecified or many third parties as a contract not to exercise a right in the case of the Open COVID-19 Declaration. However, where a patent subject to the declaration is to be exercised in the future, there is arguably room to restrict the exercise of

rights by the application of general provisions (eg, an abuse of rights or a breach of good faith) in light of the detrimental effect of damaging user trust as well as discouraging parties from using the technology, as in the abovementioned case. However, a case relating to SEPs that are assumed to be used for a fee under a FRAND declaration with a standardisation organisation for the purposes of "development of industries" is not necessarily the same as the present case, in which patents are voluntarily made available to third parties for free. Ultimately, judgments should weigh up the specific circumstances of each case.

### **Conditions**

Although it is theoretically possible that a party to the Open COVID-19 Declaration may be restricted from exercising its IP rights in future, in reality the purpose and scope of rights and the time periods relating thereto are limited. Further, there is arguably less likelihood of any inconvenience as a result of the declaration. In making the declaration, additional conditions may be imposed as needed and, in some cases, conditions have been imposed on (for example) the scope of rights and time periods relating thereto. **(6)** The scope and conditions of the Open COVID-19 Declaration are briefly discussed below.

First, under the declaration, IP rights may be used only for the "sole purpose of stopping the spread of COVID-19". Therefore, any abusive use of said rights by third parties is theoretically prohibited. Where IP rights cannot be exercised smoothly, the declaration seems to make it easier for declarants to exercise their IP rights if abusive use occurs. For example, IP rights relating to purposes such as the security of e-commerce when selling face masks and disinfectants online may also be subject to the declaration. **(7)** Therefore, IP rights relating to goods and services that are not for the "sole purpose of stopping the spread of COVID-19" may fall within the scope of the declaration and it is assumed that said rights may be exercised against a party that unjustly uses the intellectual property relating thereto. Some corporate declarants have excluded commercial use from the scope of use under the declaration.

Second, foreign and multinational enterprises are also able to sign the declaration. Although in principle the IP rights of a declarant's subsidiaries or affiliates are not included, a declarant can specifically include said rights in the signed declaration.

Third, the declaration in principle covers patents, utility models, design rights and copyrights; it does not cover trademarks and trade secrets. However, some corporate declarants have made additional exceptions to exclude copyrights, while others have limited or specified the field of patents. IP rights which have contractual restrictions with third parties or the need to pay compensation thereto do not fall within the declaration's scope. Further, if a third party has an agreement with a declarant, this agreement will prevail over the declaration. Some corporate declarants have explicitly stated that the IP rights covered by the declaration should be limited to the Japanese IP rights that are solely owned by the declarant at the time when they signed the declaration.

Fourth, declarations remain in effect from the date of declaration to the date on which the WHO announces that the COVID-19 pandemic no longer constitutes a Public Health Emergency of International Concern. However, given the uncertainty of the latter, the restrictions for some companies could remain in effect for up to a year or more.

Fifth, declarant rights holders can establish separate procedures – for example, requiring third parties to give prior notice to or consult with them as a condition of IP rights use. Therefore, it is possible to attach conditions to the declaration, depending on the circumstances.

### **Comment**

Enterprises that wish to contribute to halting the spread of COVID-19 in some way should consider the Open COVID-19 Declaration as a good option to make their IP rights available going forward.

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### **Endnotes**

(1) See [here](#).

(2) See [here](#).

(3) In the US Open COVID Pledge, the so-called 'Creative Common Licence' is considered an Open COVID Compatible Licences. See [here](#).

(4) See [here](#).

(5) See *Apple v Samsung* (Intellectual Property High Court judgment of 16 May 2014 and the Intellectual Property High Court decision of 26 May 2014) (Hanrei-Jihou 2224, p 146).

(6) According to the website, as of 25 May 2020, 19 of the 57 declarants have made additional conditions.

(7) See [here](#).

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