

# Japan Patent & Trademark Update



## Contents

1. Features of Patent Cases at Japanese Courts - System for justices / judges appointments -
2. Post-Grant Review “Opposition” Update
3. “Reebok ROYAL FLAG” trademark cases - Similarity of Combination Marks -
4. About TMI

## 1. Features of Patent Cases at Japanese Courts - System for justices/ judges appointments -



Shuhei Shiotsuki  
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Judge of the Division,  
Intellectual Property High Court

### 1. Judges who Handle Patent Lawsuits

Patent lawsuits in Japan fall within the jurisdiction of the Intellectual Property High Court, the Tokyo District

Court and the Osaka District Court. This is the result of the 2001 report from the Justice System Reform Council which said that, regarding cases which require expertise, “dealing with cases through well-developed proceedings and prompt formalities is an important, urgent matter of the current civil justice system. In particular, as to improving and speeding up the handling of intellectual property-related lawsuit cases, each country regards such issue as part of its international strategy surrounding intellectual property, and all countries have been taking various measures to move such issue forward. In light of such trends, Japan also needs to place this issue in the forefront as a significant issue to be addressed by the government in its entirety.”

The judges belonging to the Intellectual Property High Court and the respective Intellectual Property Divisions of the Tokyo District Court and the Osaka District Court work in the entire organization of the judiciary as a whole. While the judges in Japan are appointed by the Cabinet, it is the Supreme Court which designates to which court an appointed judge will belong, out of District Courts, Family Courts and High Courts. And regarding the issue of whether a judge belongs to a civil division or a criminal division of a District Court, it is the Judicial Assembly of the District Court which makes a decision on such issue. In order for District Courts and Family Courts, both of which are located in all prefectures throughout the country, and High Courts to provide uniform judicial service among such

courts, judges transfer from one court to another court every 3-4 years. In contrast to this, US Federal judges, for example CAFC judges, are appointed for such court only, meaning that they have no opportunity to be transferred.

Once a judge is assigned a position which is specific to intellectual property rights, he/she will handle not only patent cases across all technical fields, including chemistry, machinery and IT, but also copyright cases and trademark cases. This stands in contrast to the following points: the CAFC judges in the US handle neither copyright cases nor trademark cases; and attorneys-at-law who handle intellectual property rights specialize either in separate technical fields or in copyright and trademark cases. While judges who handle intellectual property cases are required to have expertise, such judges are able to comprehensively grasp the features of law firms which address intellectual property rights as a whole.

## **2. Supreme Court Judgment concerning “Product-by-Process” (PBP) Claims**

When a vacancy for a Justice of the Supreme Court arises, the Cabinet newly appoints a Justice. The last positions of the Supreme Court Justices vary widely, including Judges, attorneys-at-law, public prosecutors, scholars and administrators. When appointing Supreme Court Justices, they are examined in terms of their experience and expertise. There have hardly been any Supreme Court Justices who had been specialized in patent cases before the appointment.

The Supreme Court has recently made a surprising judgment in the field of patents; namely the Supreme Court judgment of June 5, 2015 concerning the interpretation of PBP claims. While there have been various interpretations of PBP claims in the field of patents, the Grand Panel (five-judge panel) of the Intellectual Property High Court rendered a judgment in 2012, which was the original judgment for the above

Supreme Court judgment. As to such judgment by the Grand Panel of the Intellectual Property High Court, it is unclear therefrom as to whether it was rendered by unanimous agreement. The Judges of the Supreme Court are each able to express their individual opinions; however, in the High Courts, there is no rule allowing for judges to express individual opinions due to the practical reason that the assignments of Judges of High Courts and District Courts are determined by the Supreme Court rather than the Cabinet.

Up to that time, approaches to the interpretation of PBP claims had involved separate theories and case examples. I served as a member of the above High Court judgment and thus cannot provide detailed comments here; however, everyone can naturally assume that a lot of debate occurred in making the original judgment. With regard to the technical scope of the PBP claims, the judgment of the Grand Panel of the Intellectual Property High Court reflected the processes in the interpretation of such claims. Meanwhile, the Supreme Court interpreted the claims, excluding the processes, which indicates the “product identity theory.” Such interpretation was reached by the unanimous verdict among the Justices of the Supreme Court since there was an applicable precedent in the previous Supreme Court judgments.

Additionally, the Supreme Court required that the clarity requirement be strictly applied to PBP claims. As to PBP claims, the clarity requirement and the interpretation of the scope of rights are very delicate issues, and approaches to the interpretation of PBP claims should vary depending on the technical fields involved. The PBP judgment was a petty bench judgment, and such judgment included objections in terms of the clarity requirement. Accordingly, regardless of the existence of the above Supreme Court judgment, it is desirable that future cases will be handled flexibly without making determinations in a fixed manner based on the clarity requirement indicated by the Supreme Court judgment.

Ryuichi Shitara, ex-Chief Judge of the Intellectual Property High Court, did not belong to the Intellectual Property High Court when the original judgment was rendered and thus was not a member of such judgment. Thus, he has made his own arguments, in various forums, without being constrained by the original judgment, with respect to ways in which to deal with the clarity requirement concerning PBP claims, based on the Supreme Court judgment. This indicates a good aspect of the current transfer system in Japan in which the transfers of judges are conducted on a regular basis in courts, even including a court specializing in patent-related matters.



Photo: The Supreme Court of Japan

### 3. Determination on Patent Eligibility

In the US, the Supreme Court of the United States has recently delivered judgments concerning patent eligibility in the *Bilski* case (2010), the *Prometheus* case (2012), the *Myriad* case (2013) and the *Alice* case (2014). This indicates a tendency in which a patent is deemed to be invalid due to lack of eligibility in the fields of genetic engineering technology or IT technology. On the contrary, patent eligibility is hardly discussed in Japan.

In the judgment that I rendered as the presiding judge as of July 11, 2012 (No. H.24 (Gyo-ke) 10001), with regard to Article 2(1) of the Patent Law which states that “‘Invention’ in this Act means the highly advanced creation of technical ideas utilizing a law of nature,” it has been held that “when the ideas correspond to: artificial arrangements made under fixed systems

created by humans, such as games, sports and wordplay; mathematical formulae; or economic principles, or when the ideas utilize any of the foregoing only, such ideas cannot be considered to utilize a law of nature and thus do not correspond to an ‘invention’.” The judgment stated that the ideas in such case were merely arrangements or rules defined by humans (artificial arrangements) under “Kana character notation” and “Roman character notation,” being fixed systems created by humans. However, this case did not attract public attention, as opposed to the above cases in the US, and thus, the judgment did not become a great topic for discussion.

As stated above, the Courts in Japan are characterized in continuing to make steady determinations with regard to patent cases. This largely derives from the above-described judicial system in Japan. The same reason is applicable to the fact that the courts in Japan do not make determinations in terms of patent policy.

### 4. Summary

The status of protection of patent rights in a broad perspective cannot be obtained from justices/judges, and such status does not serve as a point-at-issue in each individual case. Patent litigation in Japan centers on the proceedings with a view to the status of finding a reasonable solution to each individual case, with respect to the judgments on inventive step and novelty. Attorneys-at-law and patent attorneys therefore tend to focus on the development of arguments based on such a view.



Photo: The Supreme Court of Japan

## 2. Post - Grant Review “Opposition” Update



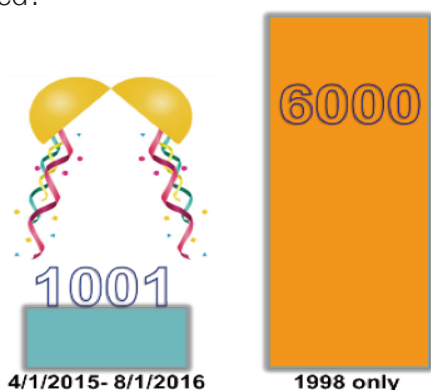
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### Introduction

On Issue 1 of this newsletter, one of my colleagues briefly explained newly introduced the post-grant review “Opposition” system, which is revival of the old “Opposition” system abolished a decade ago and came into force as of April 1, 2015. First time ever since its enforcement, the JPO announced some of its statistical status of the opposition in August this year. This article introduces some from them.

### Number of Opposition

How many opposition petitions do you guess were filed since the day one? The JPO’s statistics shows that 1001 petitions were filed in total as of August 1, 2016. Do you think it is a big volume or less than expected?



At least we can say, it is much less than those filed in the old opposition system. During the 12-months window on its heyday, the old opposition had received petitions more than six times the new one had during

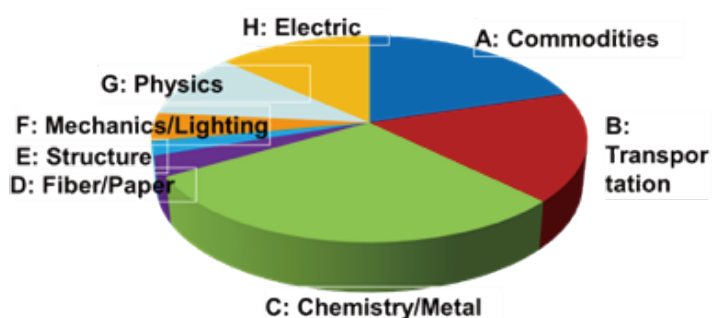
the 16-month window. Why so? Maybe IP people forgot effectiveness of opposition. Maybe Japanese companies have been knocked out by Asian followers and no longer enthusiastic on eliminating domestic competitors’ patents.

### Technology Fields

The oppositions were filed in various technical areas as shown in the pie chart below

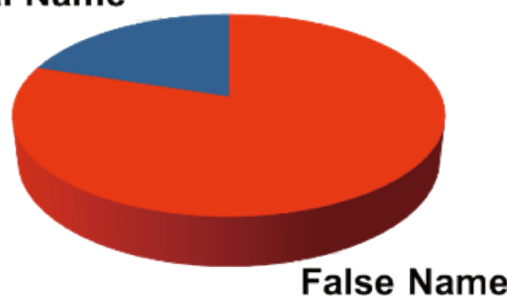
We do not see a specific dispersion in a distribution, the petitions for chemistry seem to have relatively a large number.

### Nature of Petitioners



As shown in the following pie chart, the majority of the petitions were filed by straw men.

### Real Name

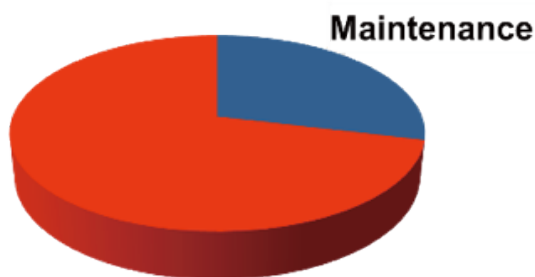


There is no big surprise on this outcome. The top of the advantageous aspects of the opposition for petitioners is that no interest is required for petitioners. Anyone can file oppositions. You can hit someone’s face without a risk of revealing your identification.



### Revocation Notice Rate

If reasons for revocation raised by the petitioner are found justifiable, the notice of revocation of patent is issued to its patentee. The pie chart below shows that in two third of total petitions, patentees have received the revocation notice.



### Revocation Notice

This statistics would also be understandable. Most of the petitioners may have enthusiastically attempted to pick out the prior art which had not been cited in the examination stage and applied newly found-out such prior art as evidence showing reasons for revocation of the patent. Therefore, in quite a few petitions, reasons for revocation may be sufficiently strong enough to have the examiners convinced to issue revocation notices.

### Final Revocation Rate

The last and most important question goes to .... yes, how many of the total petitions the petitioners have successfully revoked the target patents in. Your expectation is betrayed by the fact that the JPO has not revealed the statistics regarding the final revocation rate in the

opposition procedure. Why so? It is probable that the Office hesitates to open the data because still so many petitions were waiting for their final conclusions and the number of cases that already and finally got the outcome was not regarded as statistically being enough to be trustworthy to say something drawn from it. However, I dare to estimate that the final revocation rate could not be so high as it used to be in the old opposition system, in that contrary to the new opposition system, no chance was given for the patentees to amend the claims in the old one. The alleged patent owner could only argue against the reasons for revocation in the proceedings. By contrast in the new one, the patentees can, upon studying reasons for revocation and the prior art applied to the reasons, amend the claims so as to overcome the alleged revocation reasons by restricting the scope of the claims not to read the newly applied prior art or deleting one or more claims. As long as all the claims asserted to be revoked can overcome the revocation reasons, the right of the patent can be retained.

### Conclusion

For the third parties, the opposition is an effective tool to get rid of an offending patent without revealing its real name. For the patentees, having successfully overcome the reasons for revocation, the patentee could get the patent far stronger by restricting the scope of claims to evade the newly found prior art. I hope people overseas be aware of utilizing this effective tool more than ever.



Photo: image

## 3. “Reebok ROYAL FLAG” trademark cases

- Similarity of Combination Marks -



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### 1. Introduction

Last year, the Intellectual Property High Court (“IPHC”) rendered decisions regarding the similarity between combination marks under the Reebok brand and a prior registration. These decisions provide insight into how we should consider the similarity of combination marks under current trademark practice, and we would thus like to introduce these decisions below.


### 2. Decision of the Japan Patent Office (JPO)

On March 30, 2015, the JPO Trial Board extracted the “ROYAL FLAG” portion of the Mark when comparing the Mark with the Cited Mark, since such portion is distinctive as a coined phrase, and concluded that the Mark is similar to the Cited Mark and is therefore unregistrable (Trial No. 2014-25616).

[Mark]

|   |  |
|---|--|
|  | <p>Application No.: 2013-51911<br/>Filing Date: July 4, 2013<br/>Reg. No.:<br/>Reg. Date:<br/>Class: 25<br/>Owner:<br/>Reebok International Ltd.</p> |
|---|--|

[Cited Mark]

|  |   |
|--|---|
|  | <p>Application No.: 2012-35381<br/>Filing Date: May 2, 2012<br/>Reg. No.: 5532571<br/>Reg. Date: November 2, 2012<br/>Class: 25<br/>Owner:<br/>Haruyama Trading Co., Ltd.</p> |
|--|---|

### 3. Decision of the IPHC

On January 20, 2016, the IPHC overturned the JPO decision by holding that the Mark is not similar to the Cited Mark and that there was an error in the JPO decision (2015 (Gyo-Ke) 10159). The IPHC’s judgments on each issue are as described below.

#### (1) Issue of whether the “ROYAL FLAG” portion should be extracted from the Mark

The Mark consists of a combination of the letters “Reebok”, a flag-shaped figure and the letters “ROYAL FLAG”. The “ROYAL FLAG” portion is small when compared to the figure and the “Reebok” portion. Moreover, the “ROYAL FLAG” portion is written in a widely-used typeface. Therefore, in terms of appearance, it cannot be said that the “ROYAL FLAG” portion is indicated so as to stand out and look appealing to viewers.

In addition, the “ROYAL FLAG” portion should be regarded as a combination of the common English words “ROYAL” and “FLAG” and it cannot be considered as giving a dominant impression to traders and consumers as a source identifier when compared to the “Reebok” portion.

Therefore, it would not be reasonable to extract only the “ROYAL FLAG” portion from the Mark and to compare it with the Cited Mark and then determine the similarity between the two marks.

## (2) Issue of whether the Mark is similar to the Cited Mark

### i) Comparison between the Mark and the Cited Mark

Upon comparing the Mark with the Cited Mark in terms of appearance, although both marks have the "ROYAL FLAG" portion in common, they are different because the Mark has a flag-shaped figure, whereas the Cited Mark does not have such figure. Furthermore, the Mark is pronounced as "Riibokku roiyaru furaggu" or "Riibokku" and also has the connotation of a product line named "ROYAL FLAG" marketed by Reebok or with "Reebok," whereas the Cited Mark is pronounced as "Roiyaru furaggu" and has the connotation of a "flag of royalty."

Therefore, the Mark is different from the Cited Mark in terms of appearance, pronunciation and connotation.

### ii) Business practices

It is found that the trademark "Reebok" is generically indicated on the plaintiff's (Reebok's) goods. Furthermore, there is no evidence proving that only the sub-brand name, without the house mark, is used in the trade of the designated goods of the Mark.

### iii) Conclusion

On these grounds, even if the Mark and the Cited Mark are used for identical or similar goods, it cannot be found that traders and consumers are likely to be confused as to the source of those goods.

## 4. Conclusion

In parallel with this case, the IPHC also found that the word mark "Reebok ROYAL FLAG", which does not include figurative elements, is not similar to the Cited Mark, since it would not be reasonable to extract only the "ROYAL FLAG" portion therefrom (2015 (Gyo-Ke) 10158). In these two cases, the IPHC carefully considered the distinctiveness of the sub-brand and the business practices surrounding the designated goods when deciding on the similarity of the marks. However, it can be argued that the IPHC judgment on each issue was not reasonable since the "ROYAL FLAG" portion is indicated separately from the remaining portions and the sub-brand names are not always used in combination with the house mark in practice.

## Topics

**Yoshiyuki Inaba** (Senior Partner, Patent/Trademark Attorney) gave presentations titled "*Reasons why you want to obtain patents in Japan and Advanced strategies for patent prosecution in Japan*" at the AIPLA 2017 Mid-Winter Institute, held at Ft. Lauderdale Marriott Harbor Beach Resort & Spa on Feb 3rd, 2017.



Yoshiyuki Inaba

On January 25th, **Shunji Sato** (Partner, Trademark Attorney) and **Yutaka Sekikawa** (Regional Partner [Singapore], Attorney-at-law) made a presentation titled "IP Enforcement in the Philippines" at the 'Seminar on Intellectual Property in the Philippines' organized by JETRO.



Shunji Sato



Yutaka Sekikawa

## 4. About TMI

Since our establishment on October 1, 1990, TMI Associates has grown rapidly to become a full-service law firm that offers valuable and comprehensive legal services of the highest quality at all times. Among TMI's practice areas, intellectual property (IP) – including patents, designs and trademarks – has been a vital part of the firm from the beginning, and our firm boasts an unrivalled level of experience and achievement in this area.

### Organizational Structure

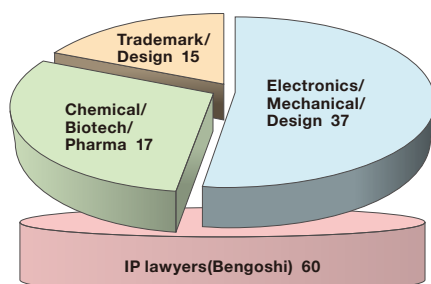
TMI, one of the "Big Five" law firms in Japan, has a total of more than 750 employees worldwide, including around 450 IP/Legal professionals, comprised of approximately 360 attorneys-at-law (Bengoshi), 70 patent/trademark attorneys (Benrishi), and 30 foreign law professionals.

|   |            |
|---|------------|
| <b>Attorneys (Bengoshi)</b>                 | <b>363</b> |
| <b>Patent/Trademark Attorneys(Benrishi)</b> | <b>69</b>  |
| <b>Foreign Law Counsels</b>                 | <b>5</b>   |
| <b>Foreign Attorneys</b>                    | <b>20</b>  |
| <b>Foreign Patent Attorney</b>              | <b>1</b>   |
| <b>Advisors</b>                             | <b>4</b>   |
| <b>Management Officers</b>                  | <b>3</b>   |
| <b>Patent Engineers, Staff</b>              | <b>297</b> |
| <b>Total</b>                                | <b>762</b> |

(As of January 5,2017)

### Attorneys/Patent Attorneys' Areas of Expertise

TMI's practice covers all aspects of IP, including patent/trademark prosecution, transactions (e.g., patent sales, acquisitions and licensing), litigation, invalidation trials, oppositions, due diligence activities and import suspension at the customs. TMI handles over 6,000 patent/trademark/design applications and over 20 IP lawsuits per year and TMI's patent team covers all technical fields, including electronics, computer software, telecommunications, semiconductors, chemicals, biotechnology, pharmaceuticals, and mechanical fields.



### Awards

The firm and our attorneys/patent attorneys have been the proud recipients of awards every year in recent times. Here is a selected list of just some of the awards TMI has recently received.

- ✓ “Best Japanese IP Firm” - International Legal Alliance Summit & Law Awards (2014, 2015 and 2016)
- ✓ “IP Law Firm of the Year” - ALB Japan Law Awards (2010, 2011 and 2014)
- ✓ Ranked as “Band 1” for Intellectual Property: Japan Domestic – Chambers 2017 Asia-Pacific Rankings (2017)
- ✓ Ranked as “Tier1 for IP local firms” - The Legal 500 Asia Pacific (2015 - 2017)
- ✓ Selected as a “Recommended firm” for patent prosecutions - IAM Patent 1000 (2012 - 2016)
- ✓ Ranked as “Gold Tier” for World’s Leading Trademark Professionals in Japan - World Trademark Review (WTR) (2013 – 2017)

### Contact and Global offices

If you have any questions or requests regarding our services, please contact our attorneys and patent attorneys who you regularly communicate with or use our representative address.

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### Feedback

If you have any comments, questions or requests regarding our newsletter, please contact Toyotaka Abe ([tabe@tmi.gr.jp](mailto:tabe@tmi.gr.jp)) , editor-in-chief.