

Japan Patent & Trademark Update



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1. Protection of AI Technology by Patents



Hiroshi Arai
Patent Attorney
harai@tmi.gr.jp

Introduction

In recent years, due to improvements in the processing capability of computers, the technology surrounding machine learning such as deep learning has greatly advanced. AI technology is being developed all over the world, and new inventions concerning AI technology are being created every day. AI technology-related patent applications to the Japan Patent Office (JPO) are increasing year by year. We would now like to introduce you to a basic guide on how AI technology should be protected by patents in Japan.

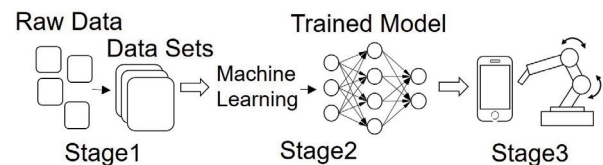
Three (3) Stages

The development process of AI technology can be roughly divided into the following three stages.

Stage 1: Forming data sets to be used for machine learning.

Stage 2: Generating a trained model by machine learning.

Stage 3: Using the trained model.



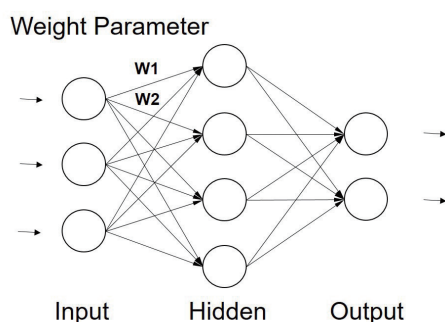
Forming Data sets (Stage 1)

The protection of inventions born in the process of forming data sets can be achieved as follows. First, you need to collect raw data for machine learning. For example, suppose you develop a trained model that learns past sugar content data for apples and weather data and then predicts the sugar content of the apple to be shipped in the future. In this case, you will need to collect both sugar content data for apples and weather data. If the sensor that measures sugar content has characteristics such as being able to measure sugar content without damaging the apple, the sensor can then be protected by a patent. That is, you can obtain a patent on the sensor and the method for collecting raw data. Moreover, you will also process and filter raw data when you create data sets. (For example, combining and dividing data, removing noise, etc.) Such data processing and filtering methods can also be protected by patents.

Generating a Trained Model (Stage 2)

Next, we would like to explain the stage of generating a trained model. The trained model of a neural network is a combination of (i) a program that performs an operation from input to output, and (ii) weight parameters used for the operation (from "Regarding

examination guidelines, etc. for IoT related technology”, JPO).



For example, in the above-described case regarding the apple, the program is constructed so that when the sugar content data of the apple and the weather data measured before the harvesting date are input, the sugar content data of the apple at the time of shipment is output. In the case of supervised learning, the weight parameter W_i between the neurons of the neural network are optimized by learning using learning data in which input data and output data are linked. The trained model that predicts the sugar content of an apple is a combination of the program and the optimized parameter (from “Regarding cases related to IoT related technology”, JPO). In Japan, programs are protected by patents. Therefore, a trained model (program + weight parameter) can be protected through patents.

Using the Trained Model (Stage 3)

Finally, we explain the stage of using the trained model. With deep learning, technological innovation is occurring in many fields. For example, the technology of image recognition has evolved through deep learning, and automated driving technology is seeing rapid development. Systems using AI technology such as automatic driving can also be protected by patents. Even if the trained model is developed by another company, if the system, etc. that you invented using the trained model is characterized, you can also obtain patent protection. Further, in developing AI technology, it is not sufficient to merely protect the trained model. Suppose you have developed a control method for automobiles that improves fuel economy by using a trained model. If you have acquired patent rights only for the trained model, you will not be able to exercise your rights against third parties who have implemented the same control method using another trained model. Thus, you should protect not only the trained model but also the results which arise from using the trained model.

Conclusion

AI technology can be applied to various fields such as automated driving and medical treatment. In order to maintain superiority in the market, it is imperative to protect key technologies through patents.

2. Japanese Grand Panel Decision on Inventive Step in the Chemical field



Masamichi Iwasaki
Patent Attorney
miwasaki@tmi.gr.jp

Introduction

In this article, I would like to introduce the following Japanese Grand Panel Case¹ from the Intellectual Property High Court (IPHC). This case provides an aid in how to respond when receiving an inventive step rejection over a prior art document that discloses an enormous number of compounds.

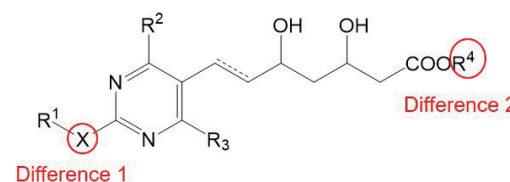
Outline of the Case

The appellant, a pharmaceutical company named Nippon Chemiphar, filed a request with the Japan Patent Office (JPO) for an invalidation trial against Patent No. 2648897 entitled “Pyrimidine derivatives,” held by the appellee, a pharmaceutical company named Shionogi. The JPO found that the patent should not be invalidated, and the appellant then decided to seek cancellation of the JPO decision.

The invention described in the primary prior art document (the “primary invention”) and the patented invention were both directed to a compound which could be used as an inhibitor of 3-hydroxy-3-methylglutaryl-coenzyme A (HMG-CoA) reductase, which is an enzyme for biosynthesis of cholesterol. The structures of both of these compounds are shown in Table 1. The differences in terms of structure between the patented invention and the primary invention were as follows:

¹ Nos. 2016(Gyo-ke)10182 and 2016(Gyo-Ke)10184

Table 1

	Structure
Patented Invention	

	<p>R¹: lower alkyl R²: phenyl substituted with halogen R³: lower alkyl R⁴: hydrogen or calcium ion forming hemi-calcium salt X: imino group substituted with alkyl sulphonyl group Dashed line: presence or absence of a double bond</p>
Primary Invention	
Disclosure of Secondary Prior Art Document	<p>General formula (I)</p> <p><One example> R³: -NR⁴R⁵ R⁴ and R⁵: alkyl and alkyl sulphonyl</p>

Difference 1 : In the patented invention, X is an imino group substituted with an alkyl sulphonyl group, whereas in the primary invention the corresponding moiety is an imino group substituted with a methyl group.

Difference 2 : In the patented invention, R⁴ is a hydrogen or calcium ion forming hemi-calcium salt, whereas in the primary invention the corresponding moiety is a sodium ion forming sodium salt.
(Difference 2 was not a point of issue in the present case.)

A secondary prior art document which was considered in relation to Difference 1 disclosed that compounds of general formula (I) shown in Table 1 inhibited HMG-CoA reductase. The secondary prior art document disclosed, as an example, that R³, which is a moiety related to Difference 1, is NR⁴R⁵ and that R⁴ and R⁵ are alkyl and alkyl sulphonyl. This partial structure satisfies the moiety -X-R¹ in the patented invention.

In the present case, before judging whether or not a person skilled in the art could readily have arrived at the patented invention by combining the primary invention and the invention described in the secondary prior art document (the “secondary invention”), the IPHC judged whether or not the compound of general formula (I) in the secondary prior art document, in which

R³ was NR⁴R⁵ and R⁴ and R⁵ were alkyl and alkyl sulphonyl, could be considered the secondary invention.

IP High Court Decision

The IPHC held as follows:

“‘inventions described in a publication’ must be specific technical ideas which can be extracted from the disclosure of the publication”;

and
“if the publication discloses compounds represented by a general formula which includes an enormous number of options, a specific technical idea having a particular option cannot be extracted unless there are any circumstances to positively or preferentially select the technical idea having the particular option”.

The IPHC judged that there were no circumstances in the secondary prior art document whereby one could positively or preferentially select the compound of general formula (I) in which R³ was NR⁴R⁵ and R⁴ and R⁵ were alkyl and alkyl sulphonyl because, although said compound was disclosed as a preferable compound, the number of preferable compounds was more than 20 million, and thereby concluded that said compound could not be extracted from the disclosure of the secondary prior art document.

Conclusion

In cases where you face an inventive step rejection over prior art documents disclosing an enormous number of options or combinations, you should check if there are any implications in the documents which lead to a specific option or combination.

Topics

Gen Yamaguchi (Trademark Attorney) participated as a speaker in a panel session titled “enforcement strategies in Asia” in **INTA 2018 Annual Meeting** held at the Washington State Convention Center in Seattle, USA during May 19-23, 2018. In the session, Gen gave a presentation focusing on a civil action for trademark infringement and provided statistics on pendency, costs and damages awarded in Singapore, the Philippines, Malaysia and Indonesia, and discussed real and practical enforcement strategies in Asian countries with the other two speakers. For more details, please read INTA daily news published on May 22, 2018, which features the panel session, http://www.inta.org/PDF%20Library/2018Daily/2018DailyNews_Day4.pdf (see page 10).

3. Partial Design System – Part III: Enforcement of Rights for Partial Designs (2)



Miwa Hayashi
Patent and Trademark Attorney
mhayashi@tmi.gr.jp



Koji Akanegakubo
Patent and Trademark Attorney
kakanegakubo@tmi.gr.jp

Rikiya Sato
Partner/Attorney-at-law
rsato@tmi.gr.jp

Introduction

Further to the previous article, we will now continue to introduce how partial designs work in the phase of enforcement of rights and what issues have actually been argued in lawsuits concerning partial designs, together with a discussion on the points we should pay attention to in practice. In this article, we will introduce a case in which a finding of similarity of a partial design was made by taking the function/purpose of an unclaimed portion into account.

Case of “Packaging Box” (Intellectual Property High Court Judgment of January 27, 2016, H27 (2015) (ne) No. 10077)

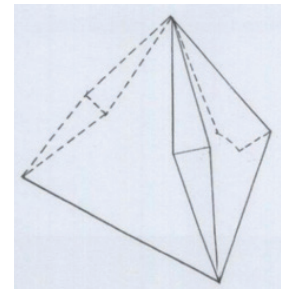
In this case, the IP High Court upheld the judgment by the court of first instance in which the function of an article according to the design at issue was found by taking unclaimed portions illustrated with a broken line into account, and a difference in function, which was derived from the above finding of the function, was found to be one of the differences affecting the finding of similarity of the partial design.

(1) Outline of the case

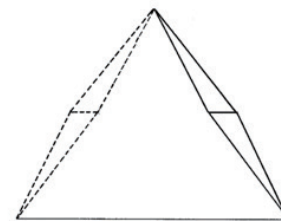
The design at issue in this case (the present design) is a design for a packaging box in the shape of a triangular pyramid. As can be seen from the front view below, an elongated diamond-shaped face (which is referred to as an “accent panel” in the judgment) is arranged in each of two edges among the three oblique edges of the pyramid. The portion for which a design registration was granted is one of the two accent panels, together with the outer shape of the triangular pyramid. As shown in the right side view in a broken line, the present

design has an opening perforation to open/close the box at the center of one face of the triangular pyramid. This means that the accent panel claimed portion does not have functional features, which is to open/close the box and of the present design is a diamond face provided for decorative purposes.

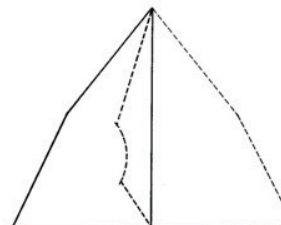
Present Design



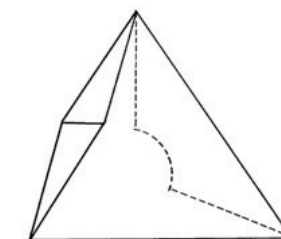
Perspective View



Front View



Back View



Right Side View

The Defendant’s design is also a design of a packaging box in the shape of a triangular pyramid, and, as shown in the perspective view below, one of the three oblique edges of the triangular pyramid has a face that is substantially in the shape of an elongated spindle made up of two arcs (this face corresponds to an “accent panel”).

Defendant's Design

Perspective View



Front View



Back View

(2) Outline of the judgment

The court of first instance and the court of appeal both found the accent panel to be the characteristic feature in the present design for finding similarity between the present design and the Defendant's design, and found that the specific configurations, such as the width, concavity/convexity, shape, etc., of the accent panels in the two designs were different. The courts therefore concluded that the two designs were dissimilar to each other.

Before making such finding of similarity, the courts both stated as follows: "it may be necessary in some cases to consider the function and purpose of the portion for which a design registration has been granted for the finding of similarity, and furthermore, there may be cases in which the position, size and range of the portion for which a design registration has been granted as a partial design must be determined in relation to the entire form of the article, by taking the form of an unclaimed portion specifically illustrated with a broken line, etc., into account." The IP High Court then held as follows: "the drawings included in the publication of the present

design clearly show that an opening is provided at a portion other than the accent panels, and therefore, the judgment in the first instance simply found that, in contrast to the Defendant's design, the accent panel of the present design at least had no function of operating as an opening lid to be opened and closed." The IP High Court upheld the finding by the court of first instance indicating that the present design, in which an opening is provided at a portion other than the accent panels, is different from the Defendant's design, in which an opening is provided at the accent panel.

(3) Tips in practice

In the above case, the function of the accent panel of the present design was found to be different from that in the Defendant's design due to the fact that an opening was described with a broken line in the drawings (In this respect, there is no indication regarding the function of perforation (opening) in the present design registration.). Although it is not certain as to whether the courts would have reached a different conclusion in the absence of such illustration of an opening with a broken line, we can at least say that the existence of the illustration was held against the Plaintiff in the present case.

It seems that, upon filing a partial design application, the drawings and the description for filing are often prepared without giving thorough consideration as to whether to describe unclaimed portions with a broken line in the drawings, because such portions are considered to fall outside the scope of the rights. However, if an unclaimed portion which is to be shown by a broken line is something that specifies a function of the article, we believe it necessary to prepare drawings for filing application while making sure to consider the impact that such portion shown by a broken line may have in the possible future phase of enforcement of rights, for example, discussing the suitable way to describe such portion with a broken line, or considering the possibility of not describing such portion in the drawings if it is possible to specify the function of the article without indicating such portion with a broken line.

Conclusion

As discussed in the current and previous two articles, obtaining design rights to cover a partial design that specifies a characteristic portion of a whole design is believed to be effective because such design rights are enforceable against designs that include portions similar to the characteristic portion, even if the designs appear to be dissimilar in terms of the entire form of the article. On the other hand, there may be cases in which the function/use of an unclaimed portion illustrated with a broken line will be taken into account in the finding of similarity of the claimed portion, and therefore, it is important to take due care upon filing a partial design application, such as in the preparation of drawings, by considering the possible future enforcement phase.

4. Quasi-Consent System under Article 4-1-11 of the Trademark Act – How to Overcome Trademark Conflicts Between Parent Companies and Subsidiaries, etc.



Shunji Sato
Partner/Trademark Attorney
ssato@tmi.gr.jp



Mami Ikeda
Trademark Attorney
mikeda@tmi.gr.jp



Junichi Murase
Trademark Attorney
jmurase@tmi.gr.jp

Introduction

Upon the introduction of the Trademark Examination Guidelines on April 1, 2017 (13th Amendment) (the “Amended Examination Guidelines”), a system under which an exclusion from the application of Article 4-1-11 of the Trademark Act is permitted was introduced, limited to cases where there is a dominant relationship between the applicant and the rights holder of the prior trademark (the “Cited Trademark Holder”). In conjunction with the same, the acquisition process of trademarks has been facilitated and expedited between parent companies and subsidiaries, etc., since assign-back arrangementsⁱ and abandonment of trademark rights concerning the Cited Trademark, which were carried out as a common practice in the trademark field, have become unnecessary.


Details of the Amended Examination Guidelines


In the Amended Examination Guidelines, in addition to the assertion by the applicant that it and the Cited Trademark Holder are in a relationship stated in either (1) or (2) below, if any evidence stated in (3) below is submitted, such case will be treated as not falling under Article 4-1-11 of the Trademark Act. As for the dominant relationship between the applicant

and the Cited Trademark Holder set forth in (1) and (2) below, documents that prove facts such as the composition of shareholders (e.g., a quarterly report of the company) or the parent company constantly supervising the management of the subsidiary, etc. (e.g., company profile or articles of incorporation, etc.), are given as examples.

- (1) Cited Trademark Holder being under the control of the applicant
- (2) The applicant being under the control of the Cited Trademark Holder
- (3) Evidence that the Cited Trademark Holder has consented to the registration of the trademark filed for application

The trademarks registered in co-existence with the already-registered trademarks under the above-mentioned system are publicizedⁱⁱ on the website of the Japan Patent Office (“JPO”), and as of April 17, 2018, 46 examples of applications with dominant relationships between the applicant and the Cited Trademark Holder have been confirmed. The breakdown is 39 cases featuring a combination of Japanese companies, five (5) cases featuring a combination of foreign companies and two (2) cases featuring a combination of a Japanese company and a foreign company, and the below-stated documents are submitted as evidentiary materials.

Trademark Application Number	Cited Trademark Registration Number
Applicant	Cited Trademark Holder
Evidentiary Materials Concerning (1) or (2)	Evidentiary Materials Concerning (3)
 2017-011913	タウンページ Registration No. 1865719 and six (6) others ⁱⁱⁱ * See the footnote for the other cited trademarks.
NTT TownPage Corporation (subsidiary)	Nippon Telegraph and Telephone East Corporation (parent company)
- Company information on internet websites (articles about the applicant on Wikipedia, etc.)	- Written statement of the Cited Trademark Holder

<p>KEYN CHAIR GROUP BY HERMAN MILLER</p> <p>International Registration No. 1306490 (2016-357591)</p>	<p>herman miller</p> <p>Registration No. 0596056 and three (3) others^{iv} * See the footnote for the other cited trademarks.</p>
<p>Herman Miller Limited (subsidiary)</p>	<p>Herman Miller Incorporated (parent company)</p>
<p>- Excerpt from the annual report of the Cited Trademark Holder (Form 10-K) (copy)</p>	<p>- “Statement of Consent” of the Cited Trademark Holder, and translation thereof</p>
<p> 2016-066690</p>	<p>RAKUTEN CARD LINKED OFFER NETWORK</p> <p>International Registration No. 1317839</p>
<p>Rakuten, Inc. (parent company)</p>	<p>Ebates Inc. (subsidiary)</p>
<p>- News release at the time of the acquisition of shares of the Cited Trademark Holder by the applicant (website of the applicant) and the timely disclosure documents</p>	<p>- “Declaration” of the Cited Trademark Holder, and translation thereof</p>

footnote in the Amended Examination Guidelines that such system does not mean that the JPO has acknowledged the introduction of the “Consent System” (a system under which a third party is permitted to register a similar trademark if they obtain the consent of the Cited Trademark Holder), and it is therefore necessary that we pay attention to the trends in the JPO’s practice.

Conclusion

From the above-stated facts, it can be seen that it is a step forward for Japan towards the introduction of the Consent System, that the exemption under Article 4-1-11 of the Trademark Act is now being permitted, even though it is only when there is a dominant relationship between the applicant and the Cited Trademark Holder. However, if there is a relationship other than a dominant relationship between the applicant and the Cited Trademark Holder (such as a fellow subsidiary, sub-subsidiary, group company or franchiser/franchisee), the Amended Examination Guidelines will not be applied – thus, there is no choice but to use the conventional assign-back arrangement, which continues to impose a burden on applicants in terms of time and money, and the expansion of the scope of application of such system or the introduction of a user-friendly Consent System is desired.

In addition, while it is a popular common practice in trademark research and opinions to point out the possibility of dissimilarity due to the existence of examples of co-existing registrations, in doing so, it is necessary to confirm on the JPO website whether the co-existence registrations of the subject trademarks were exceptionally permitted under the said exemption system.

ⁱ Assign-back arrangement: “A procedure of (i) resolving the reason for refusal set forth in Article 4-1-11, by temporarily assigning the right which was established by a trademark application to the Cited Trademark Holder, (ii) obtaining a registration, and then (iii) re-assigning the subject trademark back to the original applicant. (Industry Structure Committee, Intellectual Property Subcommittee, Trademark System Sub-subcommittee, Material 3 from the 2nd Meeting)

ⁱⁱ A list of applications concerning which dominant relationships were acknowledged between the applicant and the Cited Trademark Holder, upon the examination under Article 4-1-11 of the Trademark Act

ⁱⁱⁱ Registration No. 1890780, Registration No. 3295978, Registration No. 3295979, Registration No. 3003435, Registration No. 3347871, Registration No. 4006122

^{iv} Registration No. 2372350, Registration No. 4354842, Registration No. 5676058

As evidentiary materials, not only the documents set forth in the relevant laws, such as “list of shareholders”, “securities report” and “timely disclosure documents”, but also “Annual Report(s)” prepared by the companies themselves and company information on websites such as Wikipedia are accepted, and the flexible response by the JPO can be observed therefrom.

In particular, in the case of a combination of foreign companies, the fact that co-existence of trademarks was exceptionally made possible by the submission of a letter of consent explaining their dominant relationships, such as being a wholly owned subsidiary, indicates that the practice concerning trademarks in Japan, where co-existence by letters of consent has not previously been permitted, and where the only choice was to undergo the circuitous assign-back arrangement for the trademarks to co-exist, has made a step toward the international standard.

However, attention must be given to the fact that there is a

5. 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

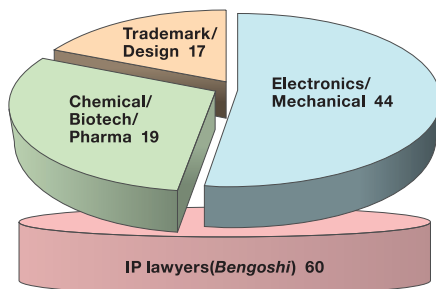
TMI, one of the "Big Five" law firms in Japan, has a total of more than 870 employees worldwide, including around 470 IP/Legal professionals, comprised of 395 attorneys-at-law (Bengoshi), 80 patent/trademark attorneys (Benrishi), and 30 foreign law professionals.

Attorneys (Bengoshi)	395
Patent / Trademark Attorneys (Benrishi)	80
Foreign Law Counsel	5
Foreign Attorneys	26
Advisors	4
Management Officers	4
Staff	352
Total	866

(As of July 1, 2018)

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 8,100 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, 2014 and 2017)
- ✓ Ranked as "Band 1" for Intellectual Property: Japan Domestic – Chambers 2017 Asia-Pacific Rankings (2017 - 2018)
- ✓ Ranked as "Tier1 for IP local firms" – The Legal 500 Asia Pacific (2015 - 2018)
- ✓ Selected as a "Recommended firm" for patent prosecutions - IAM Patent 1000 (2012 - 2018)
- ✓ Ranked as "Gold Tier" for World's Leading Trademark Professionals in Japan - World Trademark Review (WTR) (2013 - 2018)

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.

TMI Associates

23rd Floor, Roppongi Hills Mori Tower
 6-10-1 Roppongi, Minato-ku,
 Tokyo 106-6123, Japan
 Email: IP-newsletter@tmi.gr.jp

Offices - Tokyo, Nagoya, Kobe, Osaka,
 Shanghai, Beijing, Yangon, Singapore, Ho Chi Minh
 City, Hanoi, Phnom Penh, Silicon Valley, London

Feedback

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