

Japan Patent & Trademark Update



Contents

1. Japanese Supreme Court Decision on Inventive Step in the Chemical Field
2. Procedures under New Fee Reduction Program for Small & Medium Enterprises
3. Trends Toward Revision of the Design Act - Part 1 Contents of Revision of the Design Act
4. First Case Involving a Successful Rebuttal of the Presumption of Similarity between “Goods” and “Retail Services for Such Goods”
5. About TMI

1. Japanese Supreme Court Decision on Inventive Step in the Chemical Field



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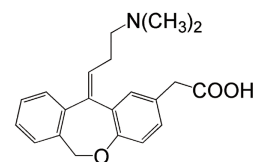
Introduction

In this article, I would like to introduce Supreme Court Case No. 2018(Gyo-hi)69, in which the Supreme Court rendered a decision on an appeal from the Intellectual Property High

Court (“IPHC”) on how to evaluate Inventive Step with reference to the unexpected significant effects (“USE”) of an invention.

Case Overview

The Appellants, Alcon Laboratories Inc. and Kyowa Kirin Co., Ltd. (Kirin group), are the co-patentees of a patent directed toward an eyedrop for treating human allergic eye diseases (Japanese Patent No. 3068858). The eyedrop comprises a therapeutically effective amount of 11-(3-dimethylaminopropylidene)-6,11-dihydrodibenz [b,e] oxepin-2-acetic acid (the “subject compound”) or a pharmaceutically acceptable salt thereof, used for human conjunctivitis mast cell stabilizer.



Subject Compound (Acetic Acid Derivative of Doxepin)

The subject compound was already a known acetic acid derivative of doxepin, having anti-allergic and anti-inflammatory active (United States Patent No. 5116863) at the time of filing of the patent. It was found in the initial examination that a person skilled in the art and with access to the specification related to the patent would have recognized that the subject compound had inhibitory effects on histamine release from human conjunctival mast cells (the effect of the patent invention).

Appellee X sought an invalidation trial against the patent before the Japan Patent Office (“JPO”). In the trial, although the JPO entered a correction of the claims, it decided to invalidate the patent (the “first trial decision”). The Appellants then filed an appeal with the IPHC against the first decision, and subsequently filed for a correction trial before the JPO. As the claims were corrected in the correction trial, the appellate court revoked the first trial decision.

The JPO then reopened the examination of the invalidation trial.

In the trial, the JPO accepted the Appellants' request for correction and decided to dismiss the invalidation trial (the "second trial decision"). The Appellee then filed an appeal to the appellate court and the IPHC dismissed the second trial decision (2013(Gyo-ke)10058). As the Appellants' appeal to the Supreme Court was denied, the appellant decision became final.

With this final appellant decision, the JPO again reopened the examination of the invalidation trial. In the trial, the Appellants once again corrected the claims and the JPO again dismissed the trial (the "third trial decision"). The Appellee again brought the case to the IPHC which subsequently held that the third trial decision was in error (the "original appellate decision", 2017(Gyo-ke)10003). The Appellants then brought the case before the Supreme Court.

Original Appellate Decision

In the original appellate decision, the IPHC held that the effects of the patent invention could not be said to be a USE to a person skilled in the art. This decision was based on the following:

- ✓ Since the final appellant decision is applied as is, a person skilled in the art could have easily applied the eyedrop comprising KW-4679 (hydrochloride of cis isomer of the subject compound) for inhibiting allergic conjunctivitis disclosed in Reference 1 to "human allergic eye diseases" in view of Reference 2; and
- ✓ On the priority date of the patent, it was known from other prior arts that there are compounds such as procaterol hydrochloride, ketotifen, disodium cromoglycate, pemirolast potassium (the "other compounds") which have high inhibitory effects on histamine release from human conjunctival mast cells.

The below table shows the comparison between the compounds and the disclosures of effects in the specification and the prior arts.

	Compound	Disclosure of Effects
Specification	Subject Compound (Acetic Acid Derivative of Doxepin)	Inhibitory Effects on Histamine Release from Human Conjunctival Mast Cells
Reference 1	KW4679 (Hydrochloride of cis isomer of Subject Compound)	Inhibitory Effects on Guinea Pig Allergic Conjunctivitis
Other Prior Arts	Other Compounds Having Different Structures from Doxepin Derivatives: Procaterol Hydrochloride; Ketotifen; Disodium Cromoglycate; Pemirolast Potassium	Inhibitory Effects on Histamine Release from Human Conjunctival Mast Cells

Supreme Court Decision

The Supreme Court then overturned the original appellate decision and remanded the case back to the appellate court for further consideration.

In particular, the Supreme Court stated as follows:

- ✓ Although the other compounds may have effects similar to those of the subject compound, they have different structures from the subject compound, and neither Reference 1 nor 2 discloses whether the subject compound has inhibitory effects on histamine release, and a skilled person in the art therefore could not have predicted the level of the effects of the patent invention with the other compounds which are unrelated to the inventions of References 1 and 2; and
- ✓ Considering that the effects of the patent invention relate to a medical use of a compound, the effects thereof were not beyond the level where a skilled person could have thought of referring to the structures of the different compounds.

In its conclusion, the Supreme Court held that the original decision had erred in determining whether or not the patent invention had a USE, and thus the case should be remanded for further consideration.

Conclusion

While we still have to wait for the re-opened appellate court for further consideration on how to evaluate Inventive Step with reference to the USE of the invention, we can now recognize that it will be effective to argue the USE of an invention as an independent element for overcoming an Inventive Step rejection, regardless of whether or not the difference between the prior art and such invention can be easily conceived. Thus, both the factors of (i) whether the difference between the prior art and the invention could have been easily conceived of, and (ii) whether the effects of the invention could have been easily predicted in the Chemical Field in Japan, should be taken into consideration when determining inventiveness under the Patent Law.

2. Procedures under New Fee Reduction Program for Small & Medium Enterprises



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Introduction

The Japan Patent Office (“JPO”) revised its fee reduction program on April 1, 2019, to expand the scope of small and medium-sized entities (“SMEs”) that are eligible to apply for a fee reduction in certain situations. The new program enables qualified applicants to reduce some of their costs by one half up to three quarters, depending on the type of SME. The program also simplified the procedures for applying for a fee reduction. In this article, we would like to introduce the new application procedures for fee reduction in certain situations.

(1) Request for Examination / Payment of Patent Fees

When a request for examination is filed with the JPO on or after April 1, 2019, it is possible for eligible applicants to obtain a fee reduction.

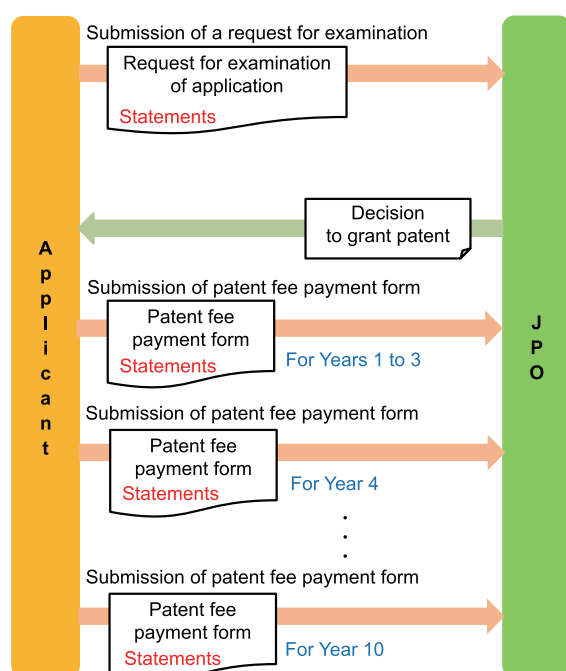


Figure 1

As shown in Figure 1, all an applicant needs to do is include statements in the request for examination that the application is subject to receiving a reduction and that submission of a reduction application has been omitted. In other words, it is no longer necessary to submit an application and certificates for the reduction. After receiving a decision for grant of patent, the applicant only needs to set forth the same statements in every patent fee payment form.

(2) PCT International Applications

When filing an international application in Japanese language with the JPO on or after April 1, 2019, a further fee reduction under the new program may be applicable.

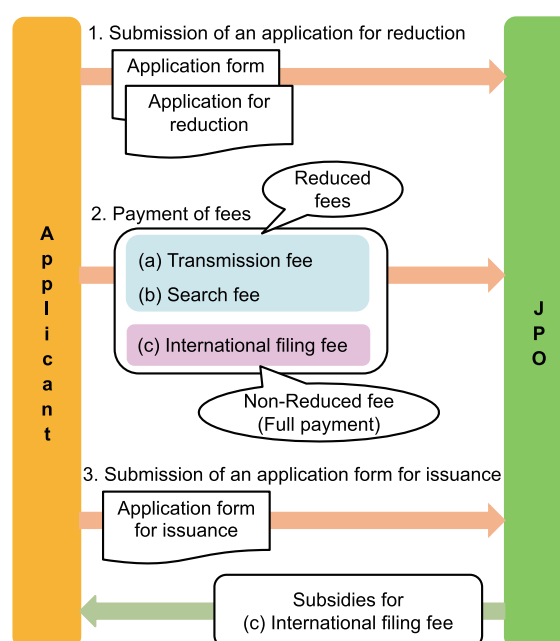


Figure 2

Figure 2 shows the flow of the procedures which need to be following to receive a fee reduction when filing a PCT international application. An application for fee reduction has to be filed together with the application form for the PCT international application. Please note that the previously-required certificates are no longer required.

The applicant also has to pay necessary costs for the PCT international application, which include: (a) the transmission fee, (b) the search fee; and (c) the international filing fee. An application for the reduction of (a) the transmission fee and (b) the search fee can be made at this point of time, and thus the applicant can make payment at the reduced fee level. In contrast, the applicant cannot receive a reduction of (c) the international filing fee

and should make payment of such fee in full. Nonetheless, if the applicant files an application form for issuance within six months of having paid the international filing fee, an amount equivalent to part of the paid international filing fee will be refunded ex post facto as a subsidy for promoting international applications.

(3) Request for Preliminary Examination (Option)

Figure 3 indicates the flow of the procedures for applying for a fee reduction in the case of a request for preliminary examination. As is well known, a request for preliminary examination is an optional procedure for PCT international applications.

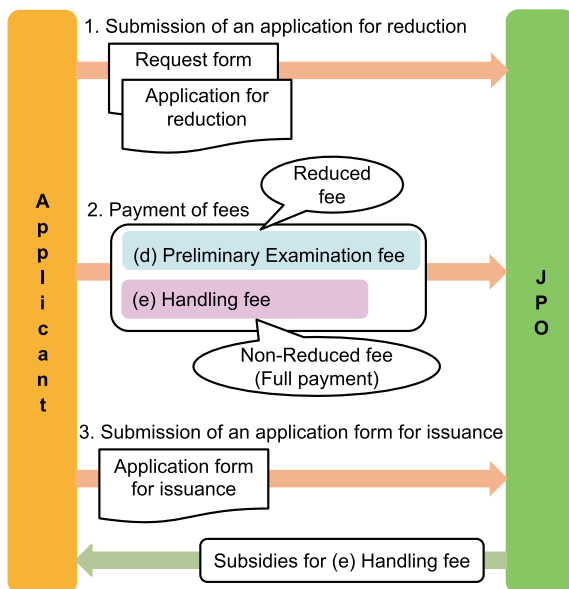


Figure 3

In common with situation (2) above, an application for reduction has to be filed along with a request form for preliminary examination. Further, payment must be made for (d) the preliminary examination fee (at a reduced rate), and (e) the handling fee (in full). Moreover, after filing an application form for issuance within six months from the payment of (e) the handling fee, the applicant may receive subsidies for promoting international applications.

Conclusion

As discussed above, the newly launched program decreases the burden on applicants by streamlining the procedures for applying for the fee reduction. As a result, it is no longer necessary to submit the previously-required certificates to apply for the fee reduction. If you believe yourself to be potentially eligible for SME status and would like to take full advantage of this attractive program, please do not hesitate to contact us for further advice and assistance.

3. Trends Toward Revision of the Design Act - Part 1 Contents of Revision of the Design Act



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Introduction

On May 7, 2019, a bill to revise the Design Act was enacted in the Diet. Starting from this article, we will provide a series of articles specializing on the present revision of the Design Act.

This article first touches on the outlines of the revision and then introduces the history regarding the expansion of scope of protection subject matter in the Design Act (which relates to the main constituent items of the present revision).

Outlines of Revision of the Design Act

The present revision of the Design Act will involve amendment of the following contents.

(1) Expansion of the protectable articles

Under the revised Act, graphical user interface (GUI) images that are not recorded or displayed on articles, as well as designs of the exteriors and interiors of buildings will now become eligible for protection.

GUI image designs have been allowed to be registered, provided that the images are pre-installed on an article (e.g. a smartphone or tablet). In other words, GUI images which are not pre-installed and are provided only via the Internet are not protectable.

The Act was amended to cover GUI image designs that are not recorded or displayed on articles.

Examples of images that are expected to be newly protected under the revised Act are shown as following images.

[Example for GUI images which is provided via internet.]



Source: https://www.jpo.go.jp/resources/shingikai/sangyo-kouzou/shousai/isho_shoi/document/06-shiryuu/03.pdf

[Example for GUI images which is projected onto non-display devices]



Source: <https://www.sony.co.jp/SonyInfo/design/stories/anyurface/>

In addition, under the current Act, as real estate and immovable property do not fall under the definition of “article” stipulated by the law, buildings (except for movable prefabricated houses) cannot be protected; however, building designs will be able to obtain protection under the revised Act.

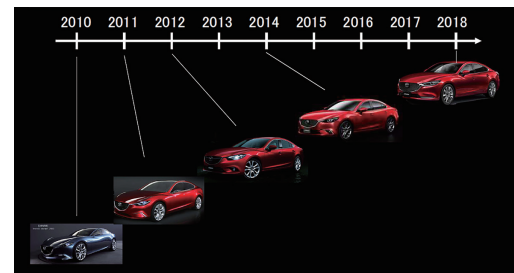
(2) Revision of the related design system

Under the current Act, as an exception regarding so-called ‘double patenting’, Article 10 of the Design Act provides that an applicant may obtain design registration of a design that is similar to another design selected from the applicant’s own designs applications or registrations if the filing date of the application is on or after the filing date of another application and before the date when the design gazette for the prior application was published. The period within which related designs can be filed is stipulated as “until the date of publication of the registration of the principal design” which is approximately eight months.

Under the revised Act, this will be extended to within 10 years of the filing date of the principal design. Further, a design which is similar only to a related design will be registered.

The background of this extension of such period is that, in recent years, an increasing number of companies have been building their brands by continuously using consistent design concepts, and there have been some cases where the period of “about eight (8) months” which is given in the current system is not sufficient to achieve adequate protection.

In fact, Mazda Motor Corporation introduced a case that took approximately eight (8) years for building their brands by continuously using consistent design concepts (see the following figure).



Source: https://www.jpo.go.jp/resources/shingikai/sangyo-kouzou/shousai/isho_shoi/document/07-shiryuu/04.pdf

(3) Extension of duration of design rights

The duration is to be changed from “twenty (20) years” to “twenty-five (25) years” and the initial date for calculating the duration is to be changed from the “registration date” to the “filing date.” The extension of the duration is intended to protect the creation of designs for a long period of time, and the revision can be considered to strengthen the aspect of brand protection through designs.

(4) Simplification of application procedures for design registration

An application containing multiple designs is to be allowed. In addition, the classification of articles is to be abolished in order to provide flexibility in describing the titles of articles. The multiple design applications and the abolition of the classification of articles are revisions aimed at improving the convenience of procedures and involve the harmonization of domestic and foreign systems (international harmony), which is affected by an increase in the number of applications for an International Design Registration under the Geneva Act of the Hague Agreement, which have been accepted since May 2015.

(5) Expansion of indirect infringement provisions

By stipulating subjective elements such as “knowing that the article, etc. is to be used for the working of the design,” it will now become possible to crack down on acts of manufacturing, importing, etc. infringing articles by dividing them into components for the purpose of avoiding a crackdown. The expansion of indirect infringement provisions, will see the introduction of the multi-functional-type indirect infringement provision which was already introduced in the Patent Act, etc. in 2002, and is a revision that is consistent with the Patent Act.

As the effective date of the bill including the revisions described above is stipulated as being “a date specified by a Cabinet Order within a period not exceeding one (1) year from the date of promulgation, except for some provisions,” it is anticipated that, in the case where this bill is enacted during the ordinary Diet session in 2019, it will come into effect in, for example, April 2020.

Revision History of Protectable Articles

The revision is groundbreaking in that the scope of designs

protectable under the Design Act has significantly expanded due to the exclusion of relevance to an article from the requirements for the establishment of a design that relates to images and buildings. This can be considered the first major revision since 1888.

Under the Design Ordinance of 1888, which was the predecessor to the current Design Act, it was stipulated the need for relevance to an article with the phrase that a design protectable under the Design Act “should be applied to an article.” Since then, after multiple revisions, the Designs Act of 1959 (i.e. the current Act) stipulates such relevance with the phrase “of an article.” Namely, each time a revision has been made, the relation with an “article” has become stronger, and under the current Act, the relationship between an “article” and an “embodiment” is stipulated as being indivisible in a design.

Since 1998, revisions have been made to protect industrial designs that have diversified with the transition of time, while maintaining the indivisible relationship between an “article” and an “embodiment.”

The 1998 revision introduced a so-called “partial design system” with the phrase “an article (including a part of an article, ...)” and the 2006 revision stipulated that “the shape, etc. of a part of an article” in the definition of a design includes “an image provided for use in the operation of the article,” or images for operation. Since the 2006 revision, the scope of the protection offered to image designs has been clarified and expanded through the revisions to the Examination Guidelines in 2007, 2011 and 2016. However, under the current Act, harmful effects have been caused by maintaining the requirement of having a property of being an article; for example, when there are completely identical image designs, an image generated operated by a software application installed on an article (e.g., a smartphone) is eligible for protection, while an image provided through a network and not recorded on an article, such as a cloud-based image, is not eligible for protection.

In view of the fact that the present revision, which relates to images and buildings does not require relevance to the “property of being an article,” which has long been an obstacle in appropriately protecting designs, the expansion of subject matter under the present revision can be regarded as the first major revision since 1888.

Conclusion

This article outlines the items to be revised in the present revision of the Design Act and the history of revisions to the Design Act concerning the expansion of applicable subject matter, which is also included in the present revision. From the next article onwards, the specific contents of the revisions to the Design Act will be described in more detail.

4. First Case Involving a Successful Rebuttal of the Presumption of Similarity between “Goods” and “Retail Services for Such Goods”



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Case Summary

The Tokyo District Court denied the trademark infringement claim of the Plaintiff, finding that the services “retail services or wholesale services for processed food” and the goods “plum/blueberry jam” are dissimilar, considering the actual state of transactions.

Facts

The Plaintiff, an individual operating a blueberry farm in Miyagi Prefecture, owned trademark registration for ジョイファーム (“JOYFARM” in katakana) in relation to “retail services or wholesale services for processed food” in Class 35. The Plaintiff sold “blueberry jam” or “blueberry sauce” using the name “Joyfarm.” The Defendant also operates a farm in Odawara City in Kanagawa Prefecture and cultivates various fruits, such as kiwis, plums, oranges, and blueberries, etc. The Defendant also processes these fruits and sells processed goods, such as “orange syrup” and “plum/blueberry jam,” using the label shown below with its corporate name, “Joyfarm Odawara.”¹⁾

The Plaintiff filed a lawsuit against the Defendant claiming trademark infringement and requesting that the Defendant stop using the goods bearing the label below. (H29 (Wa) 123, decided on February 14th, 2018)

Tokyo District Court decision

The Tokyo District Court focused only on the issue of similarity between the designated services “retail services or wholesale services for processed food” of Plaintiff’s trademark registration and the goods “orange syrup” and “plum/blueberry jam” that the Defendant sold, without addressing other issues of similarity between the marks, prior use, or the applicability of Article 4-1-10 of the Trademark Act, which the Plaintiff claimed. The

Tokyo District Court found that the challenged “orange syrup” goods are categorized as “carbonated drinks” in Class 32 and that there was no evidence showing that the same business operators manufacture and sell “carbonated drinks” and also provide “retail services or wholesale services for processed food.” Thus, there was no likelihood of confusion.



On the other hand, regarding the challenged “plum/blueberry jam” goods, the Plaintiff argued that, under the JPO Trademark Examination Guidelines for similar goods and services, the challenged “plum/blueberry jam” goods are categorized as “processed vegetables and fruits” in Class 29 and are presumed to be similar to “retail services or wholesale services for processed food” in Class 35. Thus, the Plaintiff claimed those challenged goods (“plum/blueberry jam”) should be considered similar to “retail services or wholesale services for processed food.” However, the Tokyo District Court found that, considering the actual state of transactions, it is not common for business operators to manufacture and sell “jams” and also provide “retail services or wholesale services for processed food,” although the Court admitted that “plum/blueberry jam” and “processed vegetables and fruits” are related. In sum, the Court denied the similarity between “retail services or wholesale services for processed food” and the goods “orange syrup” and “plum/blueberry jam” and dismissed the Plaintiff’s trademark infringement claim.

Comment

When “retail services or wholesale” in Class 35 was introduced in 2007, there were much discussion about goods (i.e. “glasses”) and “retail services or wholesale services for such goods (i.e. “glasses”) should be considered similar or not. Ultimately, the JPO recognized the similarity between goods and retail services or wholesale services for such goods and started conducting cross search examination². Thus, it is presumed that “retail services or wholesale services for processed food” and the goods “plum/blueberry jam” are similar under the JPO Trademark Examination Guidelines, however, such presumption is, of course, rebuttable. This is the first court case after the introduction of the retail services or wholesale services in Class 35 that the Plaintiff successfully rebutted such presumption in the trademark infringement claim and this case should be practically important.

¹ <https://www.joyfarm-odawara.com>

² Examination Guidelines for Similar Goods and Services (corresponding to the Nice Classification, 11th Edition, Version 2019) 4. Cross Search “A Cross Search will be conducted on the scope of goods which are presumed to be similar, for applications designating services prescribed in Article 2(2) of the Trademark Act (Retail and/or wholesale services); and a Cross Search will be conducted also on the scope of retail and/or wholesale services that are presumed to be similar, for applications designating goods.” https://www.jpo.go.jp/e/system/laws/rule/guideline/trademark/ruiji-kijun/ruiji_kijun11-2019.html

Plaintiff's registered trademark	Defendant's mark
<p style="text-align: center;">ジョイファーム (“JOYFARM” in katakana) (Reg. No. 5848068)</p> <p>“Retail services or wholesale services for processed food” in Class 35</p>	<p>Mark 1 “Joyfarm Odawara” for the goods “orange syrup”</p>  <p>Mark 2 “Joyfarm Odawara” for the goods “plum/blueberry jam”</p> 

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 our firm from the beginning, and we boast an unrivaled level of experience and achievement in this area.

Organizational Structure of TMI




TMI, one of the “Big Five” law firms in Japan, has a total of more than 900 employees worldwide, including over 500 IP/Legal professionals, comprised of 417 attorneys (Bengoshi), 84 patent/trademark attorneys (Benrishi), and 39 foreign law professionals.

Attorneys (Bengoshi)	417
Patent / Trademark Attorneys (Benrishi)	84
Foreign Law Counsels	7
Foreign Attorneys	32
Advisors	6
Management Officers	3
Patent Engineers, Staff	373
Total	922

(As of Nov 1, 2019)

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 Customs. TMI handles over 8,800 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.

 Electronics	—	27 attorneys
 Mechanical	—	17 attorneys
 Chemical, Biotech	—	20 attorneys
 Design	—	6 attorneys overlap included
 Trademark	—	20 attorneys
 IP Lawyers	—	70 attorneys

Awards

In recent times, TMI and our attorneys/patent attorneys have been the proud recipients of awards every year. Here is a selected list of just some of the many awards and recognitions that TMI has recently received.



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 at tabe@tmi.gr.jp, chief editor.