Issue 24 (July 2023)

Japan Patent & Trademark Update



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1. Cellular Agriculture and Intellectual Property



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Introduction

As the G7 Presidency, Japan hosted the G7 Hiroshima Summit from May 19 to 21, 2023, in Hiroshima. In conjunction with the Hiroshima Summit, the G7 Agriculture Ministers' Meeting was held in Miyazaki from April 22 to 23, 2023. Sustainable agriculture and food security were the basis of the discussion held at the 2023 G7 Agriculture Minister's Communiqué¹, followed by the Miyazaki Actions², that

summarized actions to be taken by the G7 countries, which were later adopted. The 2023 G7 Agriculture Minister's Communiqué stated that "Building upon relevant international initiatives including G7 Global Alliance for Food Security and its transformation into concrete actions, we will actively engage in work, as the G7, as individual countries and as members of the international community to contribute to achieving more productive, resilient and sustainable agriculture and food systems with no one left behind". Cellular agriculture, which cultivates and grows meat and fish cells, is said to play a role in future food security.

Status of Rule Formation in Japan

The status of rule formation regarding cellular agriculture in Japan is as follows. Moeha Ido (Assistant Director, Ministry of Agriculture, Forestry and Fisheries, Minister's Secretariat, New Business and Food Industry Policy Division, Planning Group (at the time)) states that "it is necessary to examine cultured meat's safety and determine new rules to ensure protection because consumption of this product is novel. Because people currently eat insects in some regions in the world, there is no discussion of new safety legislation for this item in Japan at present"3. In Japan, there currently is no clear prospect for the timing of the launch of cellular foods. Japan's Ministry of Agriculture, Forestry and Fisheries ("MAFF") established a Council for Public-Private Partnership in Food Technology in 2020 and on February 21, 2023, the council presented the following roadmap for Cell-Based Food⁴ (Please note that this is not an official English translation of the original Japanese document.).

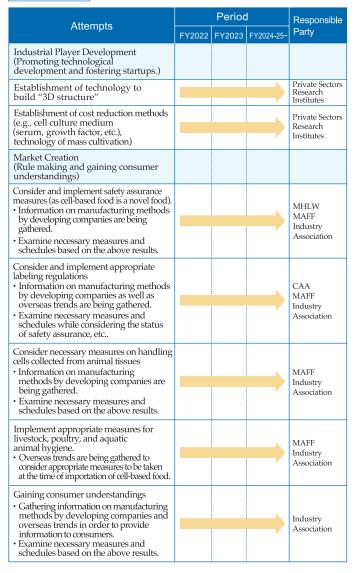
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- 3 Moeha Ido. December, 2022. The Goals, Issues, and Measures of Foodtech Acceleration. Journal of Intellectual Property Association of Japan 19(2): 37-42 https://www.ipaj.org/bulletin/pdfs/JIIPAJ19-2PDF/19-2 p037-042.pdf
- 4 "Roadmap" Japan's Ministry of Agriculture, Forestry and Fisheries https://www.maff.go.jp/j/shokusan/sosyutu/attach/pdf/index-7.pdf



ROADMAP

Cell-Based Food



At a meeting of the Budget Committee of the House of Representatives held on February 22, the day after the release of the roadmap, Prime Minister Kishida stated," we recognize that foodtech, which utilizes new technologies in the food field, including Cell-Based Food, is an important technology from the perspective of realizing a sustainable food supply to meet the increasing global demand for food" and "we must promote the development of an environment to create a new market, including safety assurance measures and labeling rules, and foster Japan-originated foodtech businesses to contribute to solving food and environmental problems in Japan and the world, as well as to the development of the Japanese economy. I believe that we must support efforts to contribute to solving Japan's and the world's food and environmental problems, as well as to the development of Japan's economy. The private sector is also taking the lead in this effort"5.

As Prime Minister Kishida mentioned, private-sector initiatives are also gaining momentum. For example, in November 2022, the Japan Association for Cellular Agriculture (JACA)⁶ submitted a proposal for rule formation to the relevant ministries and agencies.

Issues Related to Intellectual Property

Although safety and labeling issues related to cellular foods are the main focus of discussion, as stated in the roadmap, intellectual property of cells collected from animal tissues (hereafter simply referred to as "Cells") is considered and discussed as an important topic.

One of the reasons for this debate is understood to be for coexistence with the existing livestock industry. In particular, there are concerns that the livestock industry itself would shrink as Cell-Based Food develops, especially in regard to "cultured meat", a meat produced by growing Cells. Experts have indicated that cellular agriculture can coexist with the existing industry where cellular agriculture operates as an alternative. For example, by incorporating livestock producers as part of the cell agriculture supply chain and obtaining Cells from them on a case-by-case basis, livestock producers can operate their businesses while keeping the number of animals on their farms low⁷. For this method to be effective, it is a prerequisite that livestock producers somehow have a way to license their Cells for use in cellular agriculture, and intellectual property rights could be one of the grounds for this.

In Japan, "since wagyu beef is Japan's unique precious property that has been improved by persons involved over the ages", the Act on Prevention of Unfair Competition Involving Livestock Genetic Resources enacted in April 2020 and took effect in October 2020. The intellectual property value of genetic resources is now recognized.

The scope of protection of the said Act is limited to semen and fertilized eggs of Wagyu beef, but because the Cells will play a role similar to fertilized eggs and semen in livestock production, applying the concept of the act to cellular agriculture may be a possibility.

However, in cellular agriculture, it is still unclear whether traits derived from cells are inherited in cultured meat, and more careful discussion is needed on whether they should be treated in the same way. On the other hand, livestock genetic resources are recognized as intellectual property because the livestock produced using such resources inherit superior traits and can be differentiated in terms of meat quality, etc⁹.

The possibility that the intellectual property value of the cells could be recognized from an entirely different perspective should not be ruled out. In other words, the current breeding of livestock has naturally been done on the

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premise of conventional methods of livestock production (i.e., raising animals as living creatures and slaughtering them to produce meat), with the goal of producing high-quality meat. On the other hand, assuming Cell-Based Food products, it is possible that the value of cells will be evaluated from the perspective of, for example, ease of proliferation and ease of forming three-dimensional structures, and that breeding will be carried out for this purpose.

Other issues related to intellectual property concerning cellular foods include the handling of brands. As typified by the wagyu beef brand, there are various brands of food products in Japan, for example "Kobe Beef", and it is expected that some businesses will want to produce Cell-Based Food products from these cells in anticipation of the attractiveness of these food products to customers. In such cases, it is necessary to organize rules for the use of conventional food brand names.

In addition to the use of existing food brands, it is also expected that the first Cell-Based Food brands will naturally emerge in the future. Traditionally, many food brands have been associated with place names (e.g., Kobe in Kobe Beef is the name of a city in Japan). If Cell-Based Food is to be branded in the same way as regional brands, how they will be handled in the Regional Collective Trademark System needs to be clarified in the future.

Conclusion

2023 G7 Agriculture Minister's Communiqué states that "we recognize that there are different rules, voluntary guidelines and private-sector standards addressing responsible and sustainable agricultural supply chains and the need for coherent understanding and complementary approaches while recognizing different national circumstances" The rule formation, including intellectual property related to Cells in Japan described above should be continued while keeping a close eye on trends in other countries. At the same time, it is necessary to actively communicate with rest of the world, keeping in mind that Japanese rules should not become Galapagized. This newsletter will provide updates as soon as they become available.

2. Relaxation of Requirements to Register Trademarks Containing the "Name of Another Person"



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Introduction

A new bill is paving the way for designers to register their names as brand names with trademark protections in Japan. On June 7, 2023, the National Diet of Japan enacted the Bill for Partial Revision of the Unfair Competition Prevention Act, etc. ("Bill"). The Bill includes an amendment to Article 4(1)(viii) of the Japanese Trademark Act ("Article 4 (1)(viii)") that would allow a trademark containing the name of a natural person to be registered without the consent of others who have the same name if certain requirements are met, so that a person who conducts business activities under his or her own name can properly protect that name as a trademark.

Issue of the Current System

The purpose of Article 4(1)(viii) is to protect the personal interests of others with respect to their names, etc. (Supreme Court, No. 2003 (Gyo-hi) 265) and to protect the interests of others against the use of their names, etc. used as trademarks without their consent (Supreme Court, No. 2004 (Gyo-hi) 343). In recent cases, the registrability of a trademark that includes the name of another person in its composition is strictly determined by the Intellectual Property High Court ("IPHC"), without considering whether the name of another person or the applicant is well known or not (see our article titled "Protection of a Brand Name Consisting of the Designer's Name" in Issue 19 of our Japan Patent & Trademark Update). Following such decisions by the Court, examination and trial practice at the Japan Patent Office ("JPO") also strictly applies Article 4(1)(viii) to trademarks that include the name of another person. However, there have been strong efforts to relax the requirements of this provision, particularly in the fashion industry where designer names are often used as brand names. In addition, since other regions such as the United States, Europe, China and Korea have established a system in which the reputation of another person is required for the registration of a trademark containing the name of another person, it has been desired

⁵ The House of Representatives Budget Committee Minutes https://www.shugiin.go.jp/internet/itdb_kaigiroku.nsf/ html/kaigiroku/001821120230222013.htm#TopContents

⁶ About JACA https://www.jaca.jp/about-en (Accessed June 7, 2023)

⁷ Commissioned Research Project for Establishment and Internationalization of JAS Report https://www.maff.go.jp/ji/jas/attach/pdf/yosan-32.pdf

⁸ MAFF. Ministry of Agriculture, Forestry and Fisheries' Intellectual Property Strategy 2025 https://www.maff.go.jp/e/policies/intel/attach/pdf/index-2.pdf

⁹ MAFF. Guidelines for Livestock Genetic Resources https://www.maff.go.jp/i/chikusan/kikaku/attach/pdf/kachiku_iden-2.pdf

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to revise this provision from the perspective of international harmonization of trademark systems.

Draft Amendment to Article 4(1)(viii)

The draft amendment to Article 4(1)(viii) includes a limitation on the "name of another person" in terms of well-known status. The comparative table below shows the current language and the proposed amended Article 4(1)(viii) (English translation of the draft amendment is by the author.).

	T
Draft Amendment	(Unregistrable Trademarks) Article 4(1) Notwithstanding the preceding Article, no trademark may be registered if the trademark: (i) to (vii) omitted. (viii) contains the portrait of another person, or the name, well-known pseudonym, professional name or pen name of another person, or well-known abbreviation thereof (except those the registration of which has been approved by the person concerned);
Current Article	(Unregistrable Trademarks) Article 4(1) Notwithstanding the preceding Article, no trademark may be registered if the trademark: (i) to (vii) omitted. (viii) contains the portrait of another person, or the name (limited to those are widely recognized among consumers in the field of goods or services for which the trademark is used), well-known pseudonym, professional name or pen name of another person, or well-known abbreviation thereof (except those the registration of which has been approved by the person concerned);

Conclusion

There is no doubt that this revision of Article 4(1)(viii) has long been desired by many fashion designers operating in Japan and should be welcomed with a big round of applause. There remain many details to be decided, such as the degree of well-known status required for the "name of another person" in Article 4(1)(viii) to achieve a balance between the applicant's interest and the personal interest in the name of another person, and whether to require reasonable grounds for the applicant of a trademark containing the "name of another person" in order to prevent a third party from obtaining the trademark. These will be discussed in the Trademark Examination Standards Working Group from July 2023.

Topics1

Lecture at the Lyon Law School (February 2023)

Dr. Toshiko Takenaka (Professor at University of Washington School of Law, Special Foreign Counsel at TMI Associates), Mr. Yoshiyuki Inaba (Senior Partner, TMI Associates) and Mr. Atsushi Sato (Partner, TMI Associates Silicon Valley Office Representative) delivered lectures on Comparative Law of Intellectual Property at the Lyon Law School of Jean Moulin University Lyon 3 in France. The lectures were delivered as part of

LL.M program in International and European Business Law which draws large number of students from around the globe.



▲The main building of the Jean Moulin University Lyon 3

Topics2

Accelerated Examination vs. PPH

We have released a new episode on our Podcast channel "TMI Podcast - Intellectual Property in Japan" which is available on <u>Apple Podcast</u>, <u>Google Podcasts</u>, and <u>Spotify</u>. In this episode, we talk about



the two systems for expediting examination in Japan: Accelerated Examination, which is a Japanese local system for expediting examination, as well as PPH, which stands for Patent Protection Highway and is a global system also for expediting examination. Specifically, using the available statistics we will compare these two systems from the lens of two critical aspects: which system would be faster and under which system would it be easier to obtain a patent. We hope this episode helps you understand which system would be best for you.

3. Design: Relaxation of Requirements for Exception to Lack of Novelty



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Contents of the Amendment

This article introduces a relaxation of procedural requirements for the exception to lack of novelty of a design which was a part of an amendment of the laws (hereinafter referred to as the "Amendment") and was approved by the Cabinet on March 10, 2023, as well as by the Diet on June 7, 2023.

Under the current Design Law, a 12-month grace period is available for a pre-filing disclosure if a design is made public as a result of an act of the person having the right to obtain a design registration (Design Act 4 (2)) provided that a request for the exception to lack of novelty is made at the time of filing the application and a document stating the details of <u>ALL</u> pre-filing disclosures must be submitted to the Japan Patent Office ("JPO") within 30 days of the date of filing the application (or the international publication date for international design application).

However, there existed the following issues with the current system:

- (1) In the process of design development, numerous variations of a design are often created simultaneously, and these design variations are also often disclosed in marketing and product PR.
- (2) In light of the developments of diversified and complicated sales and product PR methods through e-commerce sites and social networking services, it has

become challenging to manage the disclosed information. (3) For small and medium-sized enterprises, when using crowdfunding, designs need to be made public to attract investment before deciding to commercialize the product. Further, these enterprises tend to develop and manufacture the product in collaboration with external partners which increases opportunities for pre-filing disclosure during the development process.

In order to remedy these issues, the Amendment significantly eases the procedural requirements for the exception to lack of novelty such that <u>only the very first pre-filing disclosure</u> is required to be stated in the document.

More specifically, for example, under the current law, if a design is made public first at a fashion show and later disclosed on several social media and also through sales, it is mandatory to state all of these disclosures in the document to be entitled to the exception to lack of novelty. However, under the amended law, the disclosures other than the very first one (fashion show) may be omitted.

It is important to note that the design entitled to the exception is those that become public / disclosed due to the acts by the person / entity having the right to obtain a design registration, which will remain the same even after the Amendment. In other words, since the pre-filing disclosure in the publication or the database by the foreign IP Office is not subject to the exception, it is imperative that an application must be filed in Japan within the 6-month Convention priority period if a design is filed in foreign countries.

Conclusion

The Amendment was passed and enacted by the National Assembly on June 14, 2023. The amendment is expected to become in force in early 2024. While we believe that the Amendment would significantly reduce the burden on the users, we should note that absolute novelty is one of the requirements for design registration and also that there are countries and regions where a remedy for pre-filing disclosure is not available. Therefore, in principle, a design should be filed before disclosure, particularly when the users consider obtaining the design registrations abroad. In the meantime, some countries (e.g., US and EU) do not necessitate any procedures for pre-filing disclosure which occurs within one year prior to filing an application. We continue to closely monitor as to how the JPO would balance the needs and trends surrounding pre-filing disclosure and will introduce more details once the updated Japanese Design Guideline is available.



4. Important Judgment by the Grand Panel of the IP High Court Regarding Calculation of Damages Based on Patent Infringement



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Introduction

In patent infringement cases seeking compensation for damages, it is quite difficult to verify the causal relationship between the infringing act and the damage suffered, as well as the amount of damage, in accordance with the general requirements under the Civil Code. Therefore, Article 102 of the Patent Act (serving as a special provision of the Civil Code) allows for the patentee's side to have a reduced burden for verification. For instance, Article 102(2) stipulates that the amount of profits of the infringer is assumed to be the amount of damage, provided, however, that this presumption can be wholly or partially rebutted if the infringer successfully proves circumstances hindering a legally sufficient cause between the infringer's profit and the patentee's damages. Furthermore, Article 102(3) stipulates that the patentee may claim compensation for at least the amount equivalent to the license fee to which the patentee would have been entitled. In cases where the amount of damage is assumed according to Article 102(2) of the Patent Act, there has been an unsettled issue of whether the application of Article 102(3) is acceptable with regard to the rebutted portion of the presumption based on the amount by which the patentee's production/sales capacity is exceeded, and in turn whether the lost profits which could be attained by the patentee through sales plus the amount equivalent to the license fee can be assumed as the amount of damage, as with the idea of Article 102(1).



Under such circumstances, the Grand Panel of the Intellectual Property High Court ("IPHC") in Japan released a judgment which accepted, for the first time, the concurrent application of Article 102(2) and Article 102(3) of the Patent Act with regard to the calculation of damages based on patent infringement (judgment by the IPHC as of October 20,

2022 (R2 (2020) (Ne) No. 10024)), and this judgment has been attracting a lot of attention in this field.

Determination by the Court

The IPHC pointed out that, given that the patentee can gain profits not only by directly working the patented invention but also by granting a license for the patented invention to a third party, it should be regarded that the damage incurred by the patentee due to the infringement by the infringer can be considered as being the lost profit resulting from a decrease in the sales of the product working the invention or the competing product which the patentee could have sold or otherwise worked if no patent infringement had been made by the infringer, plus the lost profit resulting from the loss of a licensing opportunity. In light of this point, the IPHC has shown determination criteria to the effect that, even where the presumption under Article 102(2) of the Patent Act is partially rebutted, if the patentee is found to have been able to grant a license for the rebutted portion of the presumption, it should be regarded that the application of paragraph (3) of that Article would still be allowed. The IPHC further ruled that "Grounds for rebuttal of the presumption under Article 102, Paragraph (2) of the Patent Act are regarded as including, as in the case of Paragraph (1) of that Article, grounds for rebuttal due to the quantity of sales, etc. of the infringing product exceeding the patentee's ability to sell or otherwise work the patented invention, and grounds for rebuttal due to circumstances under which the patentee could not sell or otherwise work the patented invention for any other reason. It is construed that, with regard to the rebutted portion of the presumption relating to the abovementioned grounds for rebuttal due to the quantity exceeding the patentee's ability to work the patented invention, the patentee is found to have been able to grant a license unless there are special circumstances; however, with regard to the rebutted portion of the presumption relating to the abovementioned grounds for rebuttal due to circumstances under which the patentee could not sell or otherwise work the patented invention for any other reason, whether or not the patentee could have granted a license under the facts of those circumstances should be determined on an individual basis."

Conclusion

The patent system and judicial proceedings in Japan have been subject to criticism for the amounts of damage determined in infringement cases being too low and insufficient in terms of the protection of patent rights. In response, the Patent Act has been revised to allow for greater amounts of damage to be claimed, and relevant precedents have been made in recent years. The present judgment can be considered as being in line with such trend in terms of its basic principles, and it seems that it will contribute to an increase in the amounts of damage which can be accepted in patent infringement lawsuits in Japan.

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Topics3

IP Seminar in Seoul

An IP seminar titled "patent prosecution, trials, litigation and SEPs activities in Japan" was held by Korean Electronics Association in Seoul on April 12, 2023. From TMI Associates, Toyotaka Abe (partner, patent attorney) who has abundant global experience, Tadashi Takeuchi (patent attorney) who has experience in working as a trial and litigation researcher at the JPO, and Igseon Gu (patent engineer) who is fluent in Korean and Japanese, participated in the seminar as speakers. Their presentations were generally directed to pro-patents and covered a variety of topics on JPO trials, court decisions, damages, etc.





Topics5

Yoshiyuki Inaba, Shunji Sato, Takeshi Hironaka, Gen Yamaguchi, Mami Ikeda, and Seiji



Kurishita (Patent/Trademark Attorneys) as well as Mitsuko Miyagawa and Seiro Hatano (Attorney-at-law) attended the 2023 Annual Meeting Live+ of the International Trademark Association (INTA) from May 16 – 20, 2023 in Singapore. Pongsacha Chayapong of our Bangkok office also joined the meeting. It has been 4 years since our firm last attended the meeting in 2019, after the INTA annual meeting in 2020 was canceled due to Covid-19. It is said that this year more than 8,000 people attended the meeting from all over the world. On May 19, 2023, Seiro Hatano joined one of the sessions titled "Welcome to the Future: Emerging IP Issues Relating to AI and Its Impact on Brands" as a speaker, where they discussed the upcoming impact of AI on brand protections. The session was well-attended, and an interesting discussion developed throughout the session.

Topics4

2023 AIPLA-JTA Spring Meeting in Tokyo, Japan

Shunji Sato (Partner / Trademark Attorney) and Haruka Iida (Trademark and Design attorney) joined AIPLA-JTA Spring Meeting held at Gakushi kaikan in Tokyo on April 19, 2023, as a member of the International Committee of Japan Trademark Association ("JTA"). Shunji gave presentations regarding the introduction of consent letters on Japanese trademark examination practice. Haruka talked about the change in examining the marks containing the name of another living individual. Both themes are the latest and critical updates on Japanese trademark practice. The event provided an opportunity for a lively exchange of views on the Japanese and U.S. trademark systems.







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

TMI, has a total of more than 1,100 employees worldwide, including over 700 IP/Legal professionals, comprised of 551 attorneys (Bengoshi), 93 patent/trademark attorneys (Benrishi), and 51 foreign law professionals.

Attorneys (Bengoshi)	551
Patent / Trademark Attorneys (Benrishi)	
Foreign Law Counsels	
Foreign Attorneys	
Advisors	
Management Officers	
Patent Engineers, Staff	463
Total	1,170

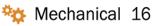
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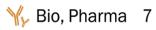
Areas of Expertise

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 9,500 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	31	
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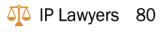






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Trademark 21



Awards

TMI, its attorneys, and its patent and trademark attorneys have been the proud recipients of prestigious awards every year. This year, TMI received again various awards, such as **Chambers Asia-Pacific** - Band1/Intellectual Property; **The Legal 500 Asia Pacific** - Tier 1/Intellectual Property; **WTR 1000** - Gold/enforcement and litigation, prosecution and strategy; **IAM Patent 1000** - Gold/Patent Litigation, Prosecution, Transaction; **Asia IP** - Tier 1/Patents, Copyright/Trademarks; and **Managing IP Asia-Pacific** - Patent Prosecution, Trademark.

















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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