

# Japan Patent & Trademark Update



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## 1. IP High Court Decision on Position Trademark - Scope of Distinctiveness



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## Introduction

On August 10, 2023, the Intellectual Property High Court ("IP High Court") decided against Airwair International Limited ("Airwair") in regard to an application for a positional trademark for the iconic yellow stitching of the famous brand "Dr. Martens" (2023 (Gyoke) No. 10003). The judgement provided some interesting findings and views in relation to the scope of distinctiveness of a positional trademark.

## Applied Trademark

In 2018, Airwair filed for a positional trademark on its iconic yellow welt stich that is applied on many of the products of its well-known brand "Dr. Martens" ("Applied Trademark ") for "leather shoes; boots" in Class 25, which had originally been "shoes" but was amended in the course of the examination. The details of the Applied Trademark is as follows:



[ Detailed description of the trademark ]

A trademark intended to receive a trademark registration is a position trademark in which a position to which a mark is attached is specified and is formed of a yellow broken line figure located along the perimeter of footwear in the area where the upper part of the shoe and sole are in proximity. The dashed line is an example of the shape of the product and is not an element of the trademark.

The Applied Trademark has been used on many of the products produced by Dr. Martens. Below is an example of one of the most iconic boots of Dr. Martens.



"1460 8-hole boots"

The Japan Patent Office ("JPO") rejected the application of the Applied Trademarks due to a lack of distinctiveness and subsequently Airwair appealed the decision against the IP High Court.

## Overview of the Judgment

The judgement upheld the decision of JPO on the ground that the Applied Trademark does not have inherent distinctiveness and it has not acquired distinctiveness through use. Nevertheless, in the course of assessment of the distinctiveness of the Applied Trademark, the IP High Court found its distinctiveness on a certain condition.

First, the IP High Court looked into the inherent distinctiveness. A trademark consisting solely of a mark indicating the shape or other characteristics of a product in a common manner may not be registered as provided in Article 3.1.3 of Trademark Law. The IP High Court held that the Applied Trademark falls under Article 3.1.3 on the ground that at least manufacturers of shoe products with yellow uppers would want to use yellow stitching between the upper and thus allowing Airwair to monopolize the use of yellow stitching between upper and sole of leather shoes and boots through the Applied Trademark would not be appropriate in light of the public interest.

Then, the judgement elaborated on the distinctiveness through use. Under Article 3.2 of the Trademark Law, a mark which falls under Article 3.1.3 may be registered as a trademark if it acquires distinctiveness through use. Airwair argued that the Applied Trademark is distinctive as the iconic feature of Dr. Martens shoes. However, in conclusion, the IP High Court, denied the application of Article 3.2 on the grounds that there was not sufficient evidence to show that the Applied Trademark itself has acquired distinctiveness even when it is used on non-black or non-dark color upper and soles. The IP High Court acknowledges that the Applied Trademark

has acquired a considerable degree of distinctiveness at least when it is used on black leather shoes, but, given that Applied Trademark did not specify the color of the base for the yellow broken line, distinctiveness specifically in regard to yellow stitch on black is insufficient for the application of Article 3.2.

Although the conclusion of the judgment is dismissal of Airwair's claim, it is interesting that the IP High Court rather explicitly admitted the distinctiveness of the Applied Trademark when used on black. Further, notwithstanding the unfavorable decision against Airwair, when the IP High Court found the distinctiveness of the Applied Trademark on black, there were some notable findings in the judgement that could be considered favorable to Airwair for the protection of its iconic feature. For instance, the IP High Court acknowledged that there has been a very low amount of lookalike products in the Japanese market due to the anti-counterfeit measures taken by Airwair. Further, the IP High Court admitted that the survey which shows 38.1% to 47.6% of the survey subjects recognized the yellow welt stich as the characteristic of Dr. Martens products is sufficient to prove the distinctiveness of the yellow welt stich on black welt of Dr. Martens products.

## Related Case

On December 11, 2020, Airwair filed a lawsuit (2020 (Wa) No. 31524) in the Tokyo District Court against a company who sold lookalike products of Dr. Martens iconic 1460 boots. Airwair sought an injunction based on Article 2.1.1 of the Unfair Competition Prevention Act ("UCA"). On March 24, 2023, the court accepted Airwair's claim (the appeal case is pending at the IP High Court) and in the judgement, the court found that the yellow welt stich on the black welt has been well-known among customers and has become distinctive as a source indicator and therefore, the court held that it should be protected under Article 2.1.1 of UCA. If you compare the indication that was recognized distinctive by the court in this case and the scope of recognition of distinctiveness acknowledged by the IP High Court in the appeal case for the Applied Trademark, you will find the scopes are substantially similar.

## Conclusion

In this appeal case, the IP High Court provided detailed evaluations of the distinctiveness through use. It would be helpful to understand how the Japanese court considers the distinctiveness through use in particular for a position trademark with a single color.

## 2. Extraterritorial Reach of Japan Patent Law



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### Introduction

#### IP High Court Affirmed the Patent Right of Japan Can Be Enforceable to System Composed of User Terminal Located in Japan and Server Located Abroad.

On May 26, 2023, the Intellectual Property High Court (the IP High Court) rendered an important grand panel decision regarding the extraterritorial application of Japanese patent rights in the case of “production of a network system including a user terminal located in Japan and servers located abroad” (Dwango v. FC2, Inc. et al. Case 2022 (Ne) No.10046).

The case at issue is the second lawsuit between the same parties, the first lawsuit (Dwango v. FC2, Inc. et al. Case 2018 (Ne) No.10077) was reported in Issue 22 (published in November 2022) (In the first lawsuit, the IP High Court rendered a decision ruling that a defendant’s transmission of a computer program from a server located in the U.S. to Japanese customers may constitute an infringement of a Japanese patent.).

Furthermore, the current case has attracted attention publicly because it was the first case to utilize the “Amicus Brief” procedure under Article 105-2-11 of the Japanese Patent Act. This procedure was newly added in the revision of the Patent Act in 2021, and under this procedure, the court solicits written opinions from the public regarding the application of the Patent Act as well as through application of other laws to the facts, and enables the parties to file the written opinions as evidence, if necessary.

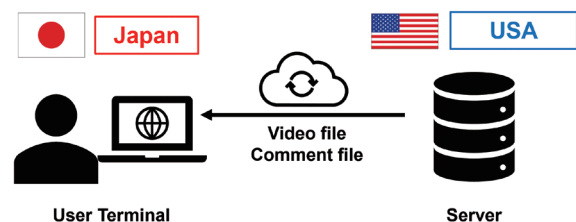
### Summary of Facts

Dwango Co., Ltd., the Plaintiff, was a Japanese company that runs the famous video-sharing service known as “Niconico Video” in Japan. “Niconico Video” had become popular because viewers can post comments for the video clip, and unlike other video-sharing services, the comments are overlaid directly onto the video, and allows viewers to create a sense of a shared watching experience. Dwango was the patentee of JP patent No. 6,526,304 (the “Patent”), which relates to the invention of such comment distribution system.

Patented Invention (excerpt):

A comment distribution system that is composed of a server and a plurality of user terminals connected via a network, wherein the server transmits a comment file and a video file, etc. to the user terminals, and a plurality of comments are displayed moving in a horizontal direction in non-overlapping positions each other on top of the video.

The defendants FC2, Inc., a US company, and a Japanese company, provided a video-sharing service including the function of comments overlaid with the video, transmitted the video files and the comment files, etc. to user terminals in Japan from the server located in the US.



Then, Dwango sued FC2, etc., for infringement of the Patent.

The Issue:

Whether the act of producing the subject system, in which the system satisfies all the components of the patented invention has not been completed in Japan, constitutes “production” under the Patent Act which would cause the patent right to be enforceable in right of the Territoriality Doctrine.

### The First-Instance Judgment

Tokyo District Court:

In the case of the Invention of a system, i.e., “invention of a product,” the “production” of a patented product under the Patent Act requires that a product that meets all of the components of the patented invention be newly produced in Japan.

The First-Instance Court strictly applied the Territoriality Doctrine and, thus, rejected the enforcement of the patent right because it did not fall under “production” of the Patent Act.

### IP High Court Decision

The IP High Court stated that if the Territoriality Doctrine is strictly interpreted as in the first-instance judgement, it would allow for parties to easily avoid the patent by installing the server outside of Japan, and it would be impossible to

provide sufficient protections for the invention of a network-type system, thus, the IP High Court ruled as below.

IP High Court: If it could be evaluated that the producing action of the subjected system is performed within the territory of Japan, it constitutes "production" under the Patent Act.

[Factors to be Considered]

- 1) The specific manner of how the producing action of the subjected system was performed;
- 2) The functions or roles of the patented invention which are performed by the compositions of the subjected system located within Japan;
- 3) The place where the effects of the patented invention are gained by using the subjected system; and
- 4) The impact on the patentee's economic benefit caused by using the subjected system.

In this case, FC2's producing action was found to have been performed in the territory of Japan under the following circumstances.

- i) When the user terminals in Japan receive the comment file and the video file, the subjected system becomes a condition for performing all the functions of the patented invention, and at this point, the producing action is completed.
- ii) The function of displaying comments in non-overlapping positions, which is the feature of the patented invention is exercised by the user terminals in Japan.
- iii) The subjected system is available for users in Japan, and the enhancement of entertainment using the comment function is generated in Japan.
- iv) There is the possibility that the Dwango's economic interests are affected.

As a result, the IP High Court overturned the first-instance judgement, deemed that FC2's video-sharing service infringed on the Patent, and granted Dwango's request for an injunction, compensation for damages, etc..

## Conclusion

As stated above, it was affirmed that a Japanese patent right on an Internet-related system is enforceable under certain conditions even if a server is located abroad. Therefore, this decision reinforces the advisability of obtaining Japanese patent rights for a company who provides Internet-related services to customers in Japan. On the other hand, this IP High Court's judgement determined that, as a factor to be considered, the characteristic function of the patented invention is performed by a user terminal in Japan. Therefore, there is room for a different conclusion in cases where the characteristic function is performed by a device located abroad and the user terminal just displays it, and so future developments warrant close attention.

## 3. Related Design System under the Revised Design Act



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### Introduction

Since the revised Design Act (the "Revised Act") came into effect in 2022, we regularly introduced the details of the Revised Act in the past newsletters (Japan Patent & Trademark Update Issue [19](#), [20](#), [21](#), [22](#), and [23](#)). In this article, we will introduce the related design system under the Revised Act.

### Revision of Related Design System

In principle, so-called double patenting is not allowed in Japan while as an exception, an applicant may obtain design registration of similar design as "related design" under Article 10.

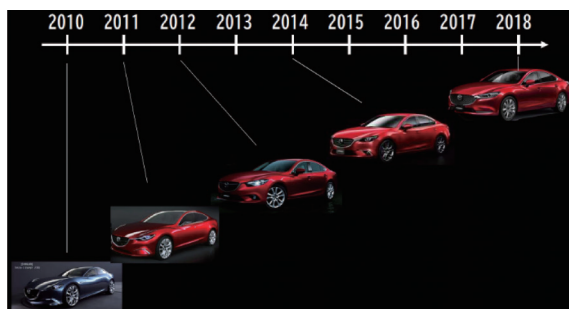
However, the following issues existed before the revisions:

(1) The period to file related designs was limited until the date of publication of the registration of the principal design (approximately 8 months). This did not provide the flexibility needed to secure protection for related designs based on long-term market trends, etc.

(2) While a design which is similar to the "principle" design is accepted for registration, a design which is only similar to "related" design, but not to the "principle" design may not be registered to prevent an unending chain of protection. As such, this provision fell short of the protection for evolving designs as it inhibited a series of similar designs from being protected.

To illustrate the issues, during a government meeting to discuss the details of the Revised Act, Mazda Motor

Corporation presented a case that took approximately 8 years from designing and disclosing the first concept model to selling the last mass-production model, 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](https://www.jpo.go.jp/resources/shingikai/sangyo-kouzou/shousai/isho_shoi/document/07-shiryuu/04.pdf)

To remedy these issues, the Revised Act, has instituted several changes. Firstly, it extends the period for applicants to file a related design to 10 years. Article 10 was amended to recite that “an applicant for design registration may have a registration made for a design that is similar to a single design which the applicant has selected either from among the applicant's own designs for which an application for design registration has been filed or from among the applicant's own registered designs..., but only if the filing date of the application to register the related design... falls on or after the filing date of the application to register the principal design, and also falls prior to the last day before the passage of 10 years' time after the filing date of the application to register the principal design.”

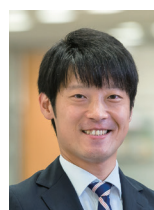
Secondly, the Revised Act has made designs which are similar only to a related design eligible for registration. Article 10(4) was modified to recite that “a design that is similar only to the related design... may be granted a design registration by deeming the related design to be the principal design.”

## Conclusion

As introduced above, under the revised Design Act, the filing period for a related design has been extended to 10 years, and the requirements for using the system have been relaxed. With these revisions, Japan's related design system now provides extended/comprehensive protection for design variations which are derived from the same design concept, thus aiding in establishing a company's signature design.

Consequently, the related design system becomes as an important tool for companies to brand themselves through design, making it crucial to consider taking advantage of this system.

## 4. Comparison between the Accelerated Examination, the Super Accelerated Examination, and the Patent Prosecution Highway (PPH)



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### Introduction

Under Japanese patent practice, there are three options to expedite patent application examinations: the Accelerated Examination, the Super Accelerated Examination, and the Patent Prosecution Highway (PPH). While any of the three options can be filed before or simultaneously with a request for examination without no extra official fees, there are several differences among them which could influence the decision on which option to select. This article introduces and compares these three systems in terms of examination speed as well as by grant rate. By illuminating the distinctive features and benefits of each system, this article aims to assist readers in making an informed decision on which system to utilize for their patent applications in Japan.

### Overview of the three options

#### The Accelerated Examination

A Japanese patent application, which is either a national application or a national entry application of a PCT application, claiming a Paris priority to a foreign application is entitled to the Accelerated Examination.

The two typical requirements for the Accelerated Examination are as follows:

- a) There is a family application (a PCT application or national application filed in a country other than Japan), or
- b) The applicant has already been utilizing the invention or has a plan to utilize the invention within 2 years.

When requesting the Accelerated Examination, it is required to submit explanations of comparison between the present invention and prior art documents. However, such explanations could be substituted either with an examination result for a family application or explanations of comparison between the present invention and prior art described in the specification.

#### The Super Accelerated Examination

The Super Accelerated Examination allows for an even faster examination than the Accelerated Examination. Both

a) and b) above must be met to take advantage of the Super Accelerated Examination as well as the following requirements:

- During the period within 4 weeks prior to the filing of the Super Accelerated Examination, all procedures for the application need to be done online,

- For foreign applicants, the response period to an Office Action is shortened to 2 months and cannot be extended (\*If extended, the application is no longer eligible for the Super Accelerated Examination).

### PPH

As with many other countries, PPH is available in Japan. In order to use PPH, the following requirements must be met:

- At least one of the claims in the family application must be found to be patentable, and

- the claims of the Japanese application have to be amended so as to correspond to the patentable claims of the family application.

### Examination speed

First of all, the average time from a request for examination until a first Office Action is issued is approximately 10.1 months<sup>1</sup> for a normal examination without utilizing the Accelerated Examination, the Super Accelerated Examination, or the PPH. Among the three systems, the Super Accelerated Examination offers the fastest examination speed. The average time from a request for the Super Accelerated Examination to a first Office Action is shortened to 0.8 months (in 2021)<sup>2</sup>. The Accelerated Examination and the PPH offer similar examination speeds; 2.7 months for the Accelerated Examination (in 2021), and approximately 2 to 3 months<sup>3</sup> for the PPH (in 2022).

### Grant rate

First, for all applications, regardless of whether the Accelerated Examination, the Super Accelerated Examination, or the PPH is utilized or not, the grant rate (i.e., the percentage of applications that have obtained a patent allowance out of all applications) is 74.8% in 2021. Regarding the Accelerated Examination as well as the Super Accelerated Examination, the grant rate for these systems only do not appear to be publicly available. However, it is expected that the grant rate for an accelerated examination will generally be about the same as the overall grant rate, which is approximately 75%, or at most a little higher. As for the PPH, the grant rate at the first office action is publicly available; 21.5% for the national PPH (which is based on a national application filed in a country other than Japan), and 50.2% for the PCT-PPH (which is based on a PCT application), in 2022. Further, the final grant rate for the national PPH

is 82.5%, and that for the PCT-PPH is 93.8%.

### Conclusion

It is possible to apply for the PPH by amending the claims of the Japanese application to correspond to the allowed claims of the family application. For the PPH, it may not necessarily be likely that the allowed claims in the family application will be patented as is. However, if there is necessity to facilitate the examination, it's worthwhile considering the PPH to expedite the examination.

On the other hand, considering the Accelerated Examination, no amendment is required to conform to the allowed claims of the family application and the speed of the examination is not noticeably longer than that of the PPH. Therefore, the Accelerated Examination is worth considering. Further, the Super Accelerated Examination is even faster. However, when utilizing the Super Accelerated Examination, it should be noted that the response period to an Office Action is quite short.

<sup>1</sup> <https://www.jpo.go.jp/resources/report/nenji/2022/index.html>

<sup>2</sup> <https://www.jpo.go.jp/resources/report/nenji/2022/index.html>

<sup>3</sup> <https://www.jpo.go.jp/e/toppage/pph-portal/>

Options	Examination Speed	Grant rate
Accelerated Examination	2.7 months (2021)	Not publicly available (expected to be 75% or more)
Super Accelerated Examination	0.8 months (2021)	
PPH	2 to 3 months (2022)	At the first OA;21.5% for the national PPH,and 50.2% for the PCT-PPH (2022).  The final grant rate;82.5% for the national PPH and 93.8% for the PCT-PPH (2022).

## Topic1

## TMI Awarded in Three Categories

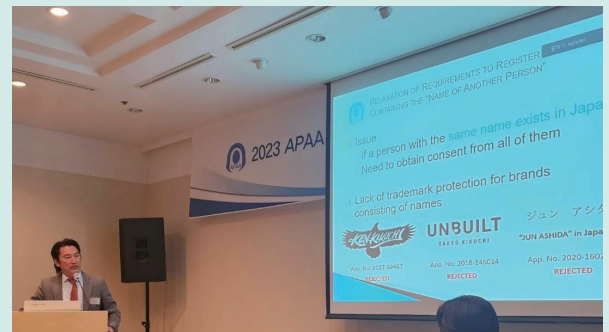
In July 2023, TMI Associates won the highest awards for Japan in an unprecedented three categories at the influential Managing Intellectual Property magazine's annual Managing IP Awards for the Asia-Pacific for: Japan Patent Disputes Firm of the Year; Japan Trademark Firm of the Year; and Japan Practitioner of the Year, Mr. Yoshiyuki Inaba - placing TMI as the unparalleled market leader in intellectual property law services in Japan. Mr. Inaba leverages extensive expertise in patent and trademark prosecution and enforcement heading TMI's IP team of over 700 IP/legal professionals, with TMI's branches in nine and local desks in six countries. He said, "I am honored on behalf of TMI, our patent/trademark and other attorneys and staff to receive these illustrious awards. I also congratulate the many participating law firms from many countries for their contributions." TMI, a full-service, leading law firm established in 1990, offers comprehensive, highest quality legal services and is the recipient of prestigious awards every year. He added, "I am very proud of TMI's strong team supporting our clients via all aspects of IP: trademark/patent prosecutions, patent sales, acquisitions and licensing, litigation, invalidating trials, oppositions, due diligence matters and customs import suspensions, etc.... TMI covers all technical fields including electronics, computer software, semiconductors, chemicals, telecommunications, biotechnology, mechanical fields and pharmaceuticals."



## Topic2

## 2023 APAA Korea-Japan Joint Meeting of Trademark & Design Committees in Jeju, Korea

[Shunji Sato](#) (Partner/Trademark Attorney) gave presentations titled "Update on Japan Trademark Law & Practice," held at SEOGWIPO KAL HOTEL on July 22th, 2023.



## Topic3

## The 30<sup>th</sup> Annual Meeting of the Japan Trademark Association

[Shunji Sato](#) (Partner/Trademark Attorney) gave closing remarks at the Welcome Reception of the 30th Annual Meeting of the Japan Trademark Association, held at Lake Biwa Otsu Prince Hotel in Shiga Prefecture, on September 7<sup>th</sup>, 2023.



## 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 546 attorneys (Bengoshi), 93 patent/trademark attorneys (Benrishi), and 54 foreign law professionals.

Attorneys (Bengoshi)	546
Patent / Trademark Attorneys (Benrishi)	93
Foreign Law Counsels	6
Foreign Attorneys	48
Advisors	12
Management Officers	2
Patent Engineers, Staff	463
<b>Total</b>	<b>1,170</b>

(As of November 1, 2023)

### 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 approximately 9,000 patent/trademark/design applications and over 30 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	Chemical	18
Mechanical	16	Bio, Pharma	8
Design <small>overlap included</small>	6	Trademark	20
IP Lawyers	110		

### 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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