
Contents & Abstracts

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■ **World Intellectual Property Day on April 26** 2

Yuji OKUMA

■ **Groundless Infringement Warning and Unfair Competition Law: Is a Discussion on the “Authentic” Exercise of a Patent Right Necessary?** 5

Yasuto KOMADA

In the case where a patentee believes that a competing company has committed patent infringement and gives a warning to the customers of the competing company, if the patent right later becomes invalid or is found to be not infringed, the issue of unfair competition specified in Article 2, paragraph (1), item (xv) of the Unfair Competition Prevention Act, in other words, the issue of tarnishment of business reputation, would arise. Under law, a patentee is permitted to make an out-of-court request for discontinuation of infringement. Since a patentee would not be able to make a correct determination of infringement or non-infringement in some cases, it is necessary to provide the patentee with a remedy if certain conditions are met.

It has been considered that such remedy can be provided by denying the negligence of the patentee even if the infringement warning made by the patentee constitutes an act of unfair competition as long as there were reasonable grounds for the patentee to believe that infringement was committed (the “formality theory”). Another way of thinking is that an infringement warning made by a patentee that can be considered to be a reasonable act of exercising his/her patent right constitutes a justifiable act and should not be found to be illegal (the “reasonableness theory”). Recently, court decisions have been made based mostly on either of these two theories.

The difference between the two theories goes beyond the difference in terms of whether the reasonableness of an act should be examined from the perspective of illegality or from the perspective of negligence. In the case of the reasonableness theory, which requires an act to be justifiable in order to consider that legal grounds exist, it is necessary to define what types of acts can be regarded as a legitimate act of exercising rights. In order to determine whether a certain act falls under any of those types of acts, courts tend to take more methodological approaches, in other words, they tend to make a determination based on a comprehensive evaluation of various objective factors such as what led to the warning and how the warning was made. In recent years, a relatively large number of court decisions have adopted the formality theory as a legal framework. Those court decisions show a strong influence from the reasonableness theory. Various factors, which would be evaluated under the reasonableness theory, tend to be taken into consideration when making a determination as to negligence.

This paper points out that it is inherently difficult to determine whether a certain act constitutes a legitimate act of exercising rights or not and that, in order to achieve the original goal that patentees should not be forced to refrain from exercising their rights out of court, it would be enough to take this into consideration when making a determination as to negligence. Based on this understanding, from the perspective of

accomplishing the aforementioned goal, this paper suggests which factors should be taken into consideration when making a determination as to negligence.

■ **The Name of Another Person Provided in Article 4, Paragraph (1), Item (viii) of Trademark Act** 22

Mio ISHII

Article 4, paragraph (1), item (viii) of Trademark Act (hereinafter referred to as “Item (viii)”) specifies that “any trademark that 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)” is one of the trademarks that may not be registered. According to judicial precedents and conventionally accepted theories, it has been interpreted that the purpose of said item is to protect the moral interests of a person’s name, in other words, to protect a person’s interest in preventing a third party from using his/her name without his/her consent.

This paper focuses on “the name of another person” specified in Item (viii) and examines whether it is reasonable to literally interpret Item (viii) as specifying that any trademark claimed in an application for registration should always be refused as long as it contains the name of another person. With the understanding that said item was established for the purpose of protecting moral interests, this paper examines whether the same approach as the one adopted in judicial precedents should be taken, in other words, whether the moral interests of a person should be widely protected, even though an act of infringing the rights to his/her name has not occurred in reality, and also examines whether it would be reasonable to conclude that a certain type of trademark that is found to be very unlikely to infringe the rights to a name should not be interpreted to fall under said item.

While examining these issues, this paper also analyzes the following issues: (1) exactly what disadvantages the trademark registration of a name would cause to the holder of the name, (2) if an application for registration of a trademark containing a name is refused, exactly what disadvantages the applicant would suffer, (3) whether it would be reasonable to strengthen protection of the rights to a name to such an extent as mentioned in judicial precedents in light of how other laws handle an act of using a name, and (4) whether it would be reasonable to interpret that the Trademark Act as a whole aims to provide consistent and extensive protection to the rights to a name in light of a provision of the Trademark Act concerning the right to use a trademark arising from prior use.

Based on the results of the examination, I concluded that, regarding an application filed for registration of a trademark containing the name of another person, there are special cases where such trademark should not be considered to fall under said item, which specifies the grounds for refusal.

■ **Criteria for Identifying Designs Solely Dictated by Technical Function That Should Be Excluded from Design Protection** 32

Tsukasa ASO

The purpose of this paper is to examine the criteria for identifying designs solely dictated by technical function that should be excluded from design protection (Article 5, item (iii) of the Design Act).

Article 5, item (iii) of the Design Act specifies that a design solely consisting of a shape that is indispensable for securing functions of the article is unregistrable. According to the Design Examination Guidelines, such shapes include inevitable shapes and quasi-inevitable shapes. The Design Examination Guidelines

specify that a determination as to whether a shape can be regarded as an inevitable shape or not should be made based mainly on “whether or not there exists any other alternative shape that can secure the function” and “whether or not the design includes a shape that should be taken into consideration in evaluating the design, other than the inevitable shape.” Under these guidelines, in some actual cases where Article 5, item (iii) of the Design Act is applied, a design is found to fall under “design solely consisting of a shape that is indispensable for securing functions of the article” from the sole perspective of multiplicity of forms, in other words, from the perspective of whether or not there exists any other alternative shape that can secure the function.

However, the criterion of multiplicity of forms is supported neither in France nor in Europe as a whole because the existence of an alternative shape that can provide the same technical function would not prove that the shape in dispute is not solely dictated by technical function. This criticism is valid in Japan as well. The criterion of multiplicity of forms would not be able to determine whether a certain shape is inevitable in order to secure the technical function of the article. Thus, it would be unreasonable to find Article 5, item (iii) inapplicable simply because there is an alternative shape that can provide the same technical function.

As is the case with the European Court of Justice, Japan should also determine the applicability of said provision based on whether the technical function is the sole factor that dictates the shape of the design and should examine whether any aesthetic considerations have turned the shape into something more than a mere configuration dictated by technical function. There should be a strict distinction between the Design Act and the Patent Act so that a design dictated by technical function should not be protected under the Design Act in practice.

■ **Patent-Design Data Can Measure Crossing over the Valley of Death: What Does Japan Need to Promote Innovation?** 46

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After World War II, absorbing basic inventions of the West, Japan has been increasing its presence in the world market by producing high quality and highly reliable products at low cost. Since the 1990s, however, Japan has been facing and struggling against the “lost decades,” the long-lasting and most difficult time that it has ever experienced. This may be attributable largely to the fact that many Japanese companies, which conducted research to introduce the world’s first products as frontrunners, have faced the “Valley of Death” and failed to overcome it. This study has been conducted to address this hypothesis, which we would like to emphasize because it seems to have been paid little attention in the recent discussions on the issue of promoting innovation in Japan.

First, this article considers the relationship between innovation and invention to appreciate the difference between them. Next, it proposes a hypothesis that design applications would be filed and registered after the development of new products that provide new value by implementing new inventions because such products would accompany features in their configurations that would be necessary to embody the new value and design rights would be necessary to protect the features. Based on this hypothesis, it compared data on patent applications and registered designs made by the companies that succeeded in overcoming the Valley of Death with those made by those that failed; we found that the companies that succeeded in overcoming the Valley have filed many design applications that were registered eventually after increasing filing patent applications, whereas the companies that failed have filed practically no design applications. The article also compares patents and designs registered in Japan by Japanese companies with those in the United States by American companies to find that Japanese companies have been decreasing design rights steadily, whereas American

companies have been increasing design rights consistently.

Based on these findings, we point out and discuss two issues to which the recent slowdown of the Japanese manufacturing industry may be attributable: i) Japanese companies, having focused too much on the multi-functionality and price competition of the existing products, have made insufficient effort in developing new products from the viewpoint of users through design thinking; and ii) Japanese companies have failed to create sufficient basic inventions that enable overcoming the Valley of Death and realize innovation in combination with other basic ones, even though the number of patent registrations has been increasing steadily.

■ Intellectual Property High Court Special Division Judgement on the Pyrimidine Derivatives Case: Judgement of 13 April 2018, 2016 (Gyo-Ke) No. 10182, 10184

- As for Finding as a Cited Invention in the Determination of Inventive Step - 60

Ryoko ISEKI

This judgment is significant in that the Grand Panel of the Intellectual Property High Court presented, for the first time, a general theory concerning how to determine inventive step and its stance on who should bear the burden of proof with regard to the factors that should be taken into consideration when making a determination.

In this judgment, the court found that, when making a determination of an inventive step, if an invention as allegedly claimed to be a cited invention that should be compared with the invention claimed in a patent application is an invention described in a distributed publication (Article 29, paragraph (1), item (iii) of the Patent Act), and a chemical compound is described in the form of a general formula in the publication, if the general formula can be interpreted to mean any of a large number of possible chemical compounds, it cannot be found as a cited invention because it is impossible to extract a concrete technical idea that is related to a specific chemical compound unless there are special circumstances that would lead to the positive or preferential extraction of a certain technical idea related to a specific chemical compound.

Whether a concrete technical idea as a cited invention can be found in an abstract description in a publication is a common issue to the determination of novelty for a so-called selected invention. As to the selected inventions, many previous court decisions presumed that an invention claimed in a patent application which is described as a generic concept or form of many alternatives in a prior publication essentially lacks novelty due to having been published, and ruled that such invention can be patented exceptionally only if it is not easily conceivable because it has a significant effect and that leads to novelty.

The approach of refusing to accept a technology as a cited invention which is equal with the claimed invention only in the abstract description as is the case with this judgement, means that such a technology cannot anticipate the invention. But the approach of the previous court decisions that because a subordinate or an alternative invention must be easily conceivable generally on the basis of the known general idea even if it was abstract one, accepting the general idea as a cited invention and have granted a patent for the invention which has a preferable and unexpected significant effect from the cited invention seems to be reasonable.

The factor of special circumstances that would lead to the positive or preferential extraction of a certain technical idea related to a specific alternative is more similar to consideration of a motivation of combination or replacement which is the factor for determination of inventive step, rather than enablement by the person ordinarily skilled in the art, the requirement for finding a cited invention in previous court decisions. Then, it is considered preferable to recognize the eligibility of the general idea as a cited invention and consider the motivation of combination.

■ Outline of the ‘Manual of “Hantei” (Advisory Opinion) for Essentiality Check’ 76

Atsuhiko FURUTA

In response to the report made by the Patent System Subcommittee of the Intellectual Property Committee under the Industrial Structure Council in FY2017, the JPO prepared the ‘Manual of “Hantei” (Advisory Opinion) for Essentiality Check’ in order to conduct an essentiality check under the “Hantei” (Advisory Opinion) system. After seeking public comments on the manual, the JPO started the operation of the Advisory Opinion system for essentiality check in accordance with the manual from April 2018. This paper describes the outline of the manual and operation.

The major characteristics of the operation lie in that a virtual (hypothesized) object “A,” which shall be specified in a request for an advisory opinion, is not an actual product but a virtual object based on the standard documents, and that a request is acceptable only if the demandant asks for an opinion that such virtual object falls within the technical scope of the patented invention and therefore that the patented invention is essential to the standard (positive request only).

In the case where a dispute arises over the essentiality of a patented invention between the parties concerned and a virtual object “A” can be specified from the standard documents, either party may seek an advisory opinion under the operation as long as the party asks for an opinion that the virtual object “A” falls within the technical scope of the patented invention.

After proceedings, the panel issues a written advisory opinion based on the allegations and proofs submitted by both parties. Under the operation, a written advisory opinion states, in the section titled “Conclusion,” whether the virtual object “A” falls within the technical scope of the patented invention or not. If it is stated that the said object falls within the technical scope of the patented invention, the panel states, in the section titled “Reasons,” its determination that the patented invention is essential to the standard. On the other hand, if it is stated that the said object does not fall within the technical scope of the patented invention, the panel does not state its determination regarding essentiality in the section titled “Reasons.”

All of the advisory opinions of the JPO are publicized to the public. The documents concerning those opinions are also made available for public inspection.

As a person who has been involved in the preparation for the operation, I hope that the Advisory Opinion system for essentiality check will be used and contribute to facilitating licensing negotiations over standard-essential patents and improving its transparency.

■ “Design-Driven Management”

Report by the Study Group on Competitiveness and Design 87

Daisuke KUBOTA

In May 2018, the JPO and METI published a report titled “Design-Driven Management,” which compiled the results of the discussions held by a study group established to examine the relationships between industrial competitiveness and designs. This report explains the “design-driven management” method, i.e., a managerial method that makes full use of design, and the effect of such method, and makes policy recommendations, which can be summarized as follows.

Design is work to express values cherished by a company and its determination to turn them into reality. Whenever customers contact a company on any occasion, if the company expresses its values and determination and successfully conveys them as a consistent message to the customers, feelings of brand value would arise and make customers find the company irreplaceable by any other company. Furthermore, design has the power to promote innovation because design creation is a process of detecting unnoticed needs and turning

them into business opportunities. A company has to put its old mindset aside and observe consumers and users in an environment where the company has no influence on them. The company might be able to notice latent needs and consider them in light of its values and determination. By remembering its origin, in other words, what the company wants to do for whom, the company can conceive a new business project free from the constraints of existing projects. Such managerial method that makes the most of design is called “design-driven management,” the promotion of which is recommended by the study group.

The study group suggests what policies and approaches the government should take in order to promote design-driven management and strengthen Japan’s industrial competitiveness from the following five perspectives: Research and education, intellectual property, human resources, financial incentives, and government service improvements. In particular, regarding intellectual property, the study group points out specific issues related to the design registration system such as protection for GUI designs, protection for spatial designs, and protection for product designs based on a consistent concept, and emphasizes the importance of further study.
