Contents & Abstracts

Note: These abstracts have been written in Japanese and the National Center for Industrial Property Information and Training (INPIT) translated into English for reference. INPIT is entirely responsible for any errors in expressions or descriptions of the translation. In the event of any discrepancy between the Japanese original and the English translation, the Japanese text shall prevail.

■ The 10th Anniversary of Intellectual Property Management Skills Test · 2
  Shunichi DOI

■ Act on the Promotion of and Support for Invention Education of the Republic of Korea · 5
  Sunhee YUN
  With the advent of the Fourth Industrial Revolution, the government of the Republic of Korea has recognized the necessity for responding to future changes in society so as to achieve innovative growth focused on the improvement of core technology. To this end, the government has been discussing creating laws serving as the basis for supporting the competency building of all citizens, so as to swiftly respond to changes in the social structure and labor market and incentivize innovative growth.
  With people increasingly recognizing creativity as the most important competence for future human resources, the Act establishes a well-organized basis for supporting an “invention education” which is capable of fostering people's ability to solve problems in creative ways and to come up with ideas, and also identified the allocation of roles among central government agencies and local governments.
  The Act on the Promotion of and Support for Invention Education provides for organized support for invention education at the national level aimed at fostering creative human resources, and the incorporation of invention education into curriculums of kindergartens, elementary schools, middle schools and high schools. The Enforcement Decree provides for (i) the formulation and implementation of a master plan and implementation plan for invention education, (ii) the establishment and operation of the Consultative Council on Invention Education, (iii) the establishment and operation of invention education centers and (iv) the requirements for the designation of an invention education development institute.
  Amid the era of the Fourth Industrial Revolution, Korea, though belated, has established an organizational infrastructure for incentivizing invention education by laying down the Act to serve as the legal basis for experience-based invention education and IP awareness education for all citizens.

■ The Innovation and the Human Resources in Creation · 14
  Yoshitaka ENOMOTO
  Fostering human resources who can create new value is socially required for the future. Such human resources are supposed to have the power to create something unique to human beings, the capacity to cope with problems with no clear answers, and the ability to set a future vision while viewing the entirety and to materialize that vision (Intellectual Property Strategy Vision).
  A logical way of thinking based only on rules and conventional patterns will lead to the same answer,
with which no one can differentiate his/her ideas from those of others or respond to new problems that arise in an increasingly complicated society. In order to create innovative changes, it is necessary to think by intuition and sensibility, being free from such rigid ideas.

To escape the intersubjective level of ordinary people, we need to accept personalities and realities that cannot be contained in personas or models without prejudice and have courage and experience to step out into an unknown world beyond common sense. By sharing new awareness arising within ourselves with others, we may find new value.

■ An Analysis of Non-Dedicated Product Type Indirect Infringement ........................................... 23

*Makoto HATTORI and Hitomi ONISHI*

This paper expresses the author's humble opinions about the important points of issue concerning non-dedicated product type (multi-functional type) indirect infringement (Article 101, items (ii) and (v) of the Patent Act), which was newly established through the 2002 amendment of the Patent Act, in light of court cases and theories.

1. **Indispensability requirement**

The text of the provisions only provides that “any article … that … is indispensable for the resolution of the problem by the invention,” and even in light of the background to the legislation, application that is amenable to the text of the provisions seems to be sufficient.

2. **Working requirement**

In the judgment of the Intellectual Property High Court of September 30, 2005, in the appeal instance on the Ichitaro case, the court ruled that “under said item (item (v)), the act of producing, transferring, etc. any article by means of which a process pertaining to a patented invention can be worked is deemed to constitute infringement of the patent right, and the act of manufacturing, transferring, etc. an article that is used for producing said article is not deemed to constitute infringement of the patent right.” However, the author cannot agree with the summary of the judgment in terms of the text of the provisions and the purpose of the system of indirect infringement.

3. **Subjective requirement**

The subjective requirement should be recognized to be fulfilled based on the recognition of existence of the probability that an unspecified purchaser of an article suspected of constituting indirect infringement would use the article for the purpose of direct infringement. It is not reasonable to consider the subject requirement in an excessively strict manner.

4. **Injunctive relief**

The author thinks that the concern that widely recognizing establishment of non-dedicated product type indirect infringement will cause permission of excessive injunctions should be resolved in the main text of the judgment on injunction or in the litigation procedures in which the parties make allegations and show proof thoroughly.

■ An Analysis of Intangible Asset Valuation ................................................................. 34

*Tomoichiro HASEBE*

As a result of dissemination of the fact that M&A is indispensable for corporate growth, companies that develop from M&A are increasing, and accounting standards for M&A are also achieving development. In Japan, with dissemination of the International Financial Reporting Standards, a procedure for allocation of purchase prices in M&A to intangible assets (purchase price allocation) is being established mainly at listed
companies. This paper organizes the current situation and problems with a focus on intangible asset valuation for the purpose of financial accounting which needs to be disclosed in securities reports, etc.

As methods of intangible asset valuation for the purpose of financial accounting, (i) the relief from the royalty method whereby profits to which intangible assets contributed are found by using a royalty rate and (ii) the multi-period excess earnings method whereby profits that contribute to intangible assets are extracted from profits from the entire business, both of which are income approaches, are often used. The relief from the royalty method is often adopted in the case where intangible assets subject to valuation can refer to a similar license transaction for a trademark, patent, etc. On the other hand, where intangible assets subject to valuation are assets that make the most contribution to the implementation of business, the multi-period excess earnings method is often adopted. Even if either intangible asset valuation method is adopted, it is necessary to conduct valuation consistent with the actual conditions of intangible assets subject to valuation through evaluation of a future business plan, analysis of the degree of contribution of intangible assets, and risk (discount rate) analysis.

This article puts focus on the methods of intangible asset valuation for the purpose of financial accounting, but intangible asset valuation is conducted not only for the purpose of financial accounting but also for various purposes, including buying and selling, lawsuits, tax affairs, and internal management. There are cases where economic valuation does not necessarily meet the purpose, and it is thus necessary to conduct intangible asset valuation that meets each purpose. It is desired that trade practice for intangible assets will become further active and intangible asset valuation practice will make further progress.
perspective of ensuring effectiveness.

■ Who Should Own the IP Right in the Case Where the Creation Is Made by a Nonhuman?
-An Old but New Issue-

Technological innovation has been drastically streamlining people’s lives. Capable machinery, or AI, is bringing about significant changes to daily living, but when such changes expand to some creative fields, not only limited in ways of giving orders or conducting liaison, problems relating to IP rights occur. In other words, to whom should the IP right be granted for any creation made by a nonhuman?

A report by the Intellectual Property Strategy Headquarters states that the IP right for a creation made by using AI as a tool (AI product) should be granted to the relevant user but does not make a conclusion regarding a creation independently made by AI (AI creation). At present, how to handle creation by AI technology is being discussed.

However, the discussion over AI is not the first case of worrying about the handling of a new technology. Discussions have been held so far each time when a new technology appeared and the handling thereof has been decided. In that sense, it is meaningful to consider not only the protection system based on the characteristics of AI itself, but also the potential of deciding the right holders by referring to judicial precedents regarding other types of works than AI.

This report examines whether any rights may be granted to an AI user, AI itself, and an AI developer by referring to judicial precedents on copyrights for works not created by AI. Regarding an AI user, a case wherein whether a photo falls under a copyrighted work was disputed and a case wherein both parties alleged that the relevant work was created by a spiritual or divine existence were cited. For AI itself, a case wherein whether an animal can be an author was disputed was cited, and for an AI developer, a case wherein a case pertaining to a holder of traditional knowledge was cited.

■ Intellectual Property High Court Special Division Judgement as of 20 January 2017; 2017 (Ne) No.10046, Oxaliplatin Case - Regarding Effect of Patent Right in the Case of Duration Extension -

In this judgment, the Intellectual Property High Court presented, for the first time, its determination concerning the effect of a patent right after an extension of the patent term. For this reason, this judgment can serve as a beneficial guideline for legal practitioners.

The determination presented in this judgment is as follows in summary.

1) “The subject of a disposition designated by Cabinet Order” and “usage” specified in Article 68-2 of the Patent Act can be identified based on the information that is taken into consideration in the examination of a medicine, more specifically, “ingredients, amounts, regimen, dosage, efficacy and effect,” which will directly affect the substantive identicalness between medicines. “Ingredients and amounts” are the elements to identify the “product (subject),” whereas “regimen, dosage, efficacy and effect” are the elements to identify the “product use (usage).” The effect of a patent right after an extension of the patent term will extend up to the extent of the “working of the patented invention” of the “product” (the medicine in question) identified based on the “ingredients, amounts, regimen, dosage, efficacy and effect” specified as a result of an administrative disposition executed under Cabinet Order.
2) However, if the differences between the medicine in question and a product manufactured by another party (Product X) are mere “minor differences or differences in formality when viewed as a whole,” Product X can be considered to be a “substantively identical” medicine and to fall within the scope of the patent right whose term has been extended. In this case, the “ingredients” should not be limited to active ingredients.

3) A determination as to whether Product X is substantively identical to the medicine in question should be made only in the case where differences are limited to the difference in “ingredients,” the quantitative difference in “amount,” and the quantitative difference in “regimen and dosage” as long as no other differences exist. It is necessary to take into consideration the subject matter of the patented invention and to make a comparison between the medicine in question and Product X in order to determine whether they are identical or not in terms of technical characteristics and function and effect.

4) It is impossible to apply the doctrine of equivalents, etc. Based on the commonly used doctrine of estoppel, substantive identicalness cannot be found to exist.

According to this judgment, the issue of substantive identicalness will arise almost inevitably. The ensuing dispute might be entirely focused on the issue of what should be found as exceptions. This judgment might be considered to be not in line with the legislative purpose of establishing the patent term extension system and also not in line with the stance of the pharmaceutical industry as of the time of the legislation. The Japanese patent term extension system is quite different from its counterparts in Western countries. Thus, it seems necessary to modify it.