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## 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.

### ■ **Let's Go Invent Tomorrow** ..... 2

*SAWAI Tomoki*

### ■ **Mental Activities of Humans, Arbitrary Arrangements and Invention** ..... 6

*NAKAYAMA Ichiro*

In contrast to the United States and Europe, the patent law in Japan has a positive definition of inventions. Whether this is due to such a definition or not, one could say that practice and operation of the eligibility for patent have been relatively stable in Japan. For software-related inventions, a practice of leniently affirming the eligibility for patent has been established by large by satisfying a collaboration requirement of software and hardware resources, and business methods implemented by a computer are being assessed similarly to software-related inventions.

Meanwhile, it has been generally believed that pure business method patents related to, for example, an artificial arrangement or a mental act by a human without the use of a computer, do conventionally not utilize the laws of nature and thus are not eligible for a patent. However, even though only a few in number, there have been court judgments in which the eligibility for patent was granted - for example, Intellectual Property High Court Case number 2017(Gyo-Ke)10232 of October 17, 2018 [The Ikinari Steak case]. The requirement of “utilizing the laws of nature” was not substantially assessed there and appears to have lost substance.

Behind the judgment to leniently grant the eligibility for patent of a pure business method like this, there is probably the idea to assure consistency with the lenient granting of the eligibility for patent of software-related inventions. This makes an occasion to urge for a reconsideration of the adequateness of the current practice and operation under which the eligibility for patent of software-related inventions is leniently granted, and, eventually, also of the requirement of “utilizing the laws of nature,” which seems to be losing substance.

In view of the above, this paper uses recent judgments related to pure business methods and the like to extract and list up arguments and issues coming up when thinking about the significance and roles of the requirement of eligibility for patent and of “utilizing the laws of nature” in particular for inventions including artificial arrangements and mental acts by humans, to build a foundation for further considerations in the future.

### ■ **Current Issues in Inventive Step under the Japanese Patent Law: In the Case of AI-related Invention** ..... 25

*SHIOMI Hisao*

The assessment of the inventive step requirement under the Japanese patent law is based on a problem-

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solution approach and mainly an estimate of the motivation (could/would approach) to reach the present invention from a combination of cited inventions by means of documents.

However, for AI-related or business-related inventions, the motivation assessment is often difficult to be made. An AI-related invention pertains to technology of discovering optimal parameters by machine learning or the like within the framework of a model and by use of general-purpose software. The technical feature and effect lie in a correlation between input and output data that one cannot easily conceive of, and, in many cases, inventors apply AI technology to problems related to business or services. Further, it is not necessary to disclose the structure in detail in the specification. The specification is only required to show the properties of the input and output data, and thus the scope of the rights is often broad and unclear. The motivation assessment in Japan, which also considers non-technical matters, has made the judgment of the inventive step difficult. Currently, there are only a few prior arts in AI technology, and the applicant can easily distinguish the problem, including non-technical matters, from them.

Patent laws in Europe and the US follow the principle of protecting technical ideas. Thus, they only consider the technical features of an invention and recognize an inventive step only if the specification defines the particular purpose of the usage of the specific ideas in the claims. Further, they perceive too-broad claims as a problem of the inventive step requirement, namely that the invention technically contributes to the state of the art. They also argue that the process of the invention is diverse, and one does not necessarily devise it as a solution from a problem.

In contrast, the problem-solution approach in Japan also considers non-technical matters. Accordingly, it significantly modifies the problem-solution approach taken by the European Patent Office. Indeed, the disclosure requirements of Japan do require the disclosure of the technical significance and experimental data. However, they cannot deal with the problem of too-broad claims such as parameter claim or functional claim, since the Japanese Patent Act has liberalized the format of the specification.

Therefore, the assessment of the inventive step is closely related to the perspectives of the reasoning of inventive step by non-documents (including technical common knowledge), invention (whether one should consider technical matters) and disclosure requirements (too-broad claims). It is necessary to re-examine the Japanese inventive step requirements from these perspectives to see whether we are granting patents for inventions that make a small contribution to the technical level, or for unnecessarily broad claims.

## ■ Damages for Trade Secret Infringement ..... 51

*YAMANE Takakuni*

This paper examines the system of compensatory damages for trade secret infringements in Japan. The majority of trade secret lawsuits in Japan seek compensatory damages rather than an injunction, and actually, claims for compensatory damages are allowed more frequently than claims for injunctions. While, as shown above, compensatory damages function as a main remedy in Japan, fact-finding studies of compensatory damages for trade secret infringements have been rare up to now. This paper aims to fill this blank in the past research. Its objective is to provide a detailed examination of judgments having allowed claims for compensatory damages involving trade secret infringements, and to identify how the system is actually run in Japan and what its characteristics are.

Specifically, the paper categorizes compensatory damages for trade secret infringements into the following four types: (1) compensation for lost profit; (2) compensation for infringer's profit; (3) compensation for royalty; and (4) compensation for immaterial loss, infringement investigation/customer response expenses, lawyer expenses and the like. For each of these types, the paper then looks into how the provisions for estimating the damage amount are interpreted and applied, and how the damage amount is calculated in cases where these special provisions are not applied. A subsequent empirical analysis of judgments (1991-2019)

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under the current law that allowed claims for compensatory damages related to trade secret infringements, identifies the proportions of business/technical information cases, the types of unauthorized use, the average amounts of the compensatory damages, the types of damage, and so forth. The paper concludes by summarizing the characteristics of the compensatory damages system for trade secret infringements in Japan having been revealed by the examination above.

Note that, to complement this paper, you may want to read a detailed discussion of the compensatory damages system for trade secret infringements in the US in a separate article (Takakuni Yamane, “Beikoku ni okeru eigyo himitsu shingai ni kakawaru songaibaisho seido [The Compensatory Damages System for Trade Secret Infringements in the US]” in *Chitekizaisanho no Chosen II* [The Challenge of the Intellectual Property Law II] ed. Doshisha University Intellectual Property Law Research Group (Koubundou Publishers Inc., 2020)).

## ■ Unfair Competition Case Regarding Nintendo “MARIO KART”…………… 71

*EBATA Naho*

“Maricar” is known as an abbreviated name of games in the world-famous “MARIO KART” series released by Nintendo. In this case, the use of the mark “Maricar” and costumes of characters such as Mario or Luigi for a rental business of go-carts driven on public-roads, was judged to fall under an act of unfair competition. The matter was reported by mass media and received much public attention in Japan and all over the world. The judgments in the original instance (Tokyo District Court) and in the second instance (appeal court) were different in some parts, and this paper presents the two judgments while comparing them with each other.

The original instance assessed the publicity, the resemblance and the risk of being confused with the mark of the defendant, of the mark “マリカー” expressing Maricar in Japanese *katakana* characters. Concluding that people who understand Japanese will know “マリカー” well but people who do not understand Japanese will not, the original instance did not grant an injunction of the use of the defendant’s mark and the use of the domain name on websites exclusively shown in non-Japanese languages. In contrast, the second instance recognized the notoriety of the mark “MARIO KART” in English language, overcame the problems of the original instance by assessing the resemblance to the defendant’s mark, and granted an injunction of the use also on websites and the like shown exclusively in non-Japanese languages.

Further, the use of the character costumes is recognized in this case as a “use” of the “indication of goods” under the Unfair Competition Prevention Act, and the case shows that the Unfair Competition Prevention Act, which is an act-restricting law, can include various kinds of acts. Further, the second instance affirmed a liability for damage of a director as an individual based on Article 429, paragraph (1) of the Companies Act, and indicates that, when the damages of the license fee equivalent under the Unfair Competition Prevention Act are calculated, the damages are calculated based on the fact that there was an act of unfair competition.

Particularly with regard to various issues related to Article 2, paragraph (1), items (i) and (ii) of the Unfair Competition Prevention Act, the case will probably be useful as a reference in IP practice.

## ■ The International Registration System for Trademarks under the Madrid Protocol and its Developments…………… 89

*ENOMOTO Fumio & HAYASHIDA Yuko*

March 14, 2020 marked the 20th anniversary of the day when Japan joined the “Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks”. Under the Protocol, it is possible to file one international application while designating the contracting parties where the trademark rights are

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sought, on the basis of an existing trademark application or trademark registration in the own country, instead of filing applications separately in every country for acquiring the trademark rights.

In total, the number of international applications filed under the Protocol during these twenty years from Japan amounts to approximately 30,000, and today, there are more than 15 times as many international applications as there were initially when Japan became a member state. Also owing to the growing number of Asian countries having joined in recent years, the system is now more attractive to Japanese users than ever.

The international registration system for trademarks, the so-called “Madrid System”, started a long time ago with the establishment of the Madrid Agreement Concerning the International Registration of Marks in 1891. The Protocol came into life about one century later in 1989. It reflects various discussions that had been held over the time, making it easier for countries carrying out a substantive examination and non-European countries to participate in the Madrid System.

Thanks to the efforts of contracting parties including Japan, the Madrid System has developed into a more effective and efficient framework that is now even easier to use. Meanwhile, while contracting parties and users were mostly from Europe twenty years ago when Japan joined the Madrid System, the number of contracting parties from non-Latin-speaking regions, such as Asian countries, have been growing lately, and we believe that it is important to consider also the aspect of user friendliness for these contracting parties when discussing the Basic Requirement, Dependency and other fundamental issues of the Madrid System.

To contribute to the continuous improvement of the Madrid System, the Japan Patent Office actively participates in the Madrid Union Assembly and in the Working Groups on the Legal Development of the Madrid System at the World Intellectual Property Organization, and promotes further improvements to the Madrid System.

In addition, the Japan Patent Office supports the expansion of international businesses by Japanese users through various measures, including the demission of the latest information concerning the Madrid System, as well as International Business-Related Intellectual Property Support Services and a subsidy system for expenses.

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