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Newsletter

December 2016
Circular No. E-197

This Newsletter contains summaries of the following:

1 Important Notice Concerning International Design Applications Designating Japan Under the Geneva Act of the Hague Agreement

Since 13 May 2015, it has been possible to designate Japan in an International Design Application under the Geneva Act of the Hague Agreement. As of September 2016, over 180 International Design Application have been registered in Japan and this number will only increase in the future. However, we have learned that many such International Design Applications designating Japan are facing grounds for refusal due to lack of novelty.

Therefore, below are a number of important points that should be considered when filing International Design Applications designating Japan.

1. Priority Claim

1. Necessary Procedures

(1) When filing an International Design Application claiming priority under Article 4 of the Paris Convention, please ensure that you provide information regarding any earlier filing(s) in the “Priority claim” section of the application form (DM/1) as it is not possible to subsequently claim priority with the Japan Patent Office (JPO).

(2) Where a priority claim has been made in an International Design Application, priority documents must be submitted directly to the JPO within three months from the date of publication of the international registration in the *International Designs Bulletin*.

(3) If the holder of the international registration designating Japan does not have residence, domicile or establishment in Japan (hereinafter referred to as an “overseas resident”), these priority documents must be submitted to the JPO through a legal representative who is domiciled or resident in Japan.

2. In the Event of Non-Compliance with the Necessary Procedures

Priority will not be recognised if the above necessary procedures are not followed. Consequently, the first national application, having been published before the date of application in Japan (international registration date) then becomes a prior art and the international design therefore loses its novelty.

When the applicant is unable to file the priority documents in due time because of reasons deemed not attributable to them, it is still possible to file said documents within a certain period. “Reasons not attributable to the applicant” should be understood as cases such as “when one is unable to follow procedure due to objective reasons like natural disasters” and “reasons that are recognised as unavoidable despite the party involved taking normal precautions against usually expected issues.”

The JPO recently informed us that an information letter regarding the filing of priority documents will be sent out two weeks from the date of publication of the international registration in the International Designs Bulletin. However, this is an unofficial service provided by the JPO and, thus, said letter has no bearing on official procedures.

Regarding cases where a Notice of Reasons for Refusal has been issued due to failure to file priority documents, the JPO announced on 28 October 2016 that submission of priority documents will be accepted as special treatment until 30 January 2017.

2. Declaration of Exception to Lack of Novelty

1. System Summary

According to the Japanese system for declaring an exception to lack of novelty, when a created design has fallen under the category of a publicly known design as a result of the actions of the holder of the right to obtain the design registration (hereinafter referred to as “right holder”) at the time of disclosure* (hereinafter referred to as a “disclosed design”), and the right holder files an application for design registration within six months from the date on which the disclosed design was first disclosed and the prescribed requirements are met, said disclosed design is deemed not to be a publicly known design only with regard to said application for design registration.

* E.g. when, as a result of the actions of the right holder, products related to a specific object are exhibited at exhibitions or trade shows, sold or published in a publication or on a website.

2. Necessary Procedures

(1) In order to make a declaration of exception to lack of novelty, the relevant information should be entered in the“Exception to Lack of Novelty” section in the application form (DM/1). Alternatively, the holder of the international registration may make a declaration by submitting the relevant documents to the JPO within 30 days from the date of publication of the international registration in the *International Designs Bulletin*. This exception only applies to the disclosure of industrial designs during a period of 6 months preceding the date of the international registration.

(2) Where a declaration of exception to lack of novelty was made in the international application, supporting documentation (documents proving that the corresponding provision(s) of the Japan’s Design Act is/are applicable to the design in question) must be submitted directly to the JPO within 30 days from the date of publication of the international registration.

(3) The supporting documentation must be submitted to the JPO through a representative who is domiciled or resident in Japan, if the holder of the international registration designating Japan is an overseas resident.

3. In the Event of Non-Compliance with the Necessary Procedures

If the necessary procedures for a declaration of exception to lack of novelty are not followed, there is a possibility that the International Design Application designating Japan will be rejected due to the lack of novelty of the present design.

When the applicant is unable to file the supporting documents in due time due to reasons deemed not attributable to them, it is still possible to file said documents within a certain period. “Reasons not attributable to the applicant” should be understood as situations such as “when one is unable to follow procedure due to objective reasons like natural disasters” and “reasons that are recognised as unavoidable despite the party involved taking normal precautions against usually expected issues.”

Please note that, unlike with priority claims, the JPO will not issue any information letter regarding the filing of documents necessary for a declaration of exception to lack of novelty.

3. Additional Points to Consider

- The “IDENTITY OF THE CREATOR” section of form DM/1 must be completed.
- Under Japanese Design Law, patterns, logos, decorations and the like that are not connected to an article cannot be protected as designs, as the term “design” encompasses an article’s shape, pattern, colour or a combination thereof.
- Under Japanese Design Law, designs that are similar to another design filed on the same day or previously can be registered as related designs. When filing a design as a related design, in addition to a number of other requirements, the “RELATION WITH A PRINCIPAL DESIGN” section of form DM/1 must be completed and the applicants for both the related design and principal design must be the same. Alternatively, it is also possible to register a related design with the JPO as an amendment in response to Reasons for Refusal which cite similarity with the previous design by the same applicant.
- As a general rule, the JPO requires 6 views (front view, back view, top view, bottom view, left view, right view).
- If protection is sought for a partial design, when the parts for which protection is not sought are shown in the reproduction, as per Section 403(a)(ii) of the Administrative Instructions, a corresponding explanation in the DESCRIPTION section of form DM/1 is required.
- Under Japanese Design Law, although they might be registered internationally, designs registered in Japan are protected for a maximum of twenty years from the date of registration in Japan.

For further information regarding International Design Applications designating Japan, please refer to the April 2015 issue of our Circular (No. E-194). If you have any specific questions or concerns regarding International Design Applications designating Japan, please do not hesitate to contact us.

2 Trends of New Types of Trademark Registrations

In the 19 months since 1 April 2015 when the registration of trademarks consisting of sound, motion, hologram and/or only colour was established, the following trends have been observed. These developments were analysed based on information drawn from the JPO database, updated on 11 October 2016.

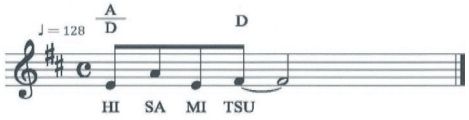
1. Sound Trademarks

Among the new trademark applications submitted and accepted, sound marks are the most common. As of 11 October 2016, 474 applications have been filed, 62 of which were successfully registered. While the usual processing time from application to registration for word mark applications (if no Reasons for Refusal are found) is 3 to 4 months, in order to ensure an adequate and thorough examination of this new trademark category, the same process for sound mark applications will usually take between 7 months and 1 year.

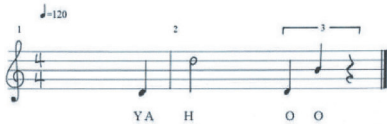
Although sound mark applications specifying characters, musical scores or a combination thereof are acceptable, over 75% of sound marks use musical scores. As the JPO basically does not accept amendments to the trademark itself once the application has been filed, it is not possible to make amendments to the filed musical score. Since an unusually large number of cases are being rejected due to omissions (particularly in the tempo) and disparities between the actual submitted sound recording and the musical score, applicants must take adequate care, especially when applying for international registration designating Japan without professional legal assistance in Japan.

<Example>

Reg. No. 5804299



Reg. No. 5860065

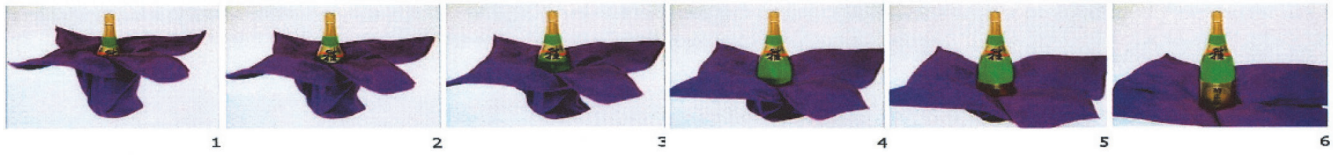


2. Motion Trademarks

As of 11 October 2016, 102 applications have been filed, 46 of which were successfully registered. For cases where no Reasons for Refusal are found, the processing time from application to registration takes approximately 7 months to 1 year. Most motion trademark applications are for parts of TV advertisements and movie company logos.

<Example>

Reg. No. 5804568



3. Hologram Trademarks

As of 11 October 2016, 16 applications have been filed, only 2 of which were successfully registered. Compared to the large number of sound trademark applications received since 1 April 2015, hologram trademark applications are experiencing a very slow start. As there have only been 3 cases that have given rise to decisions of registration or refusal, there is unfortunately no data available for analysis at this time.

<Example>

Reg. No. 5804315

1 2

Reg. No. 5859531

4. Position Trademarks

As of 11 October 2016, 321 applications have been filed, only 13 of which were successfully registered. Aside from cases where there are issues of designated goods and services, many applications are refused due to “lack of distinctiveness.” The most effective countermeasure is for the applicant to assert that “the trademark has acquired distinctiveness through long-standing use” as well as provide supporting documents to that effect. In this case, the mark’s actual use should be recognisable as identical to that of the mark described in the application. If the used mark contains elements in addition to the applied-for trademark, said elements must not be considered distinctive for successful registration.

<Example>

Reg. No. 5804314

Reg. No. 5859531

5. Colour Trademarks

Of the newly introduced categories of trademarks, most applications (482 applications) fall under colour trademarks, even exceeding the number of sound trademarks. However, none of those applications has yet resulted in successful registration. The JPO considers that trademarks consisting only of colour lack distinctiveness. As mentioned in the previous section on position trademarks, the only way to overcome this Reason for Refusal is to file documents such as sale results or method of use documents as evidence for length of use. However, based on the above statistics, it must be said that the chances of success are very low.

3 Revision to the Customs Law to Intercept Products that Infringe on Trade Secrets at the Border

As mentioned in our previous Circular, according to the revision to the Unfair Competition Prevention Act (in effect since 1 January 2016), new civil and criminal punishments (excluding criminal negligence) for the assignment and export of products that infringe on trade secrets have been introduced. Even so, once such products are distributed into the market, the damages suffered by the trade secret owner (the aggrieved party) increase substantially. After distribution into the market, despite taking out injunctions (civil suits) based on the Unfair Competition Prevention Act against private importers and exporters, the various legal costs and the time involved in having one's claims recognised gradually increase and there is no guarantee that this will completely halt the import or export of these products. Therefore, in order for Customs to quickly and fairly intercept said products at the border, the Customs Law has been revised (in effect since 1 June 2016).

Addition of Goods Infringing on Trade Secrets to "Prohibited Articles" in Customs Law

Under previous Law, although Customs may have discovered goods infringing on trade secrets, they were not able to directly seize or dispose of them. However, from 1 June 2016, goods infringing on trade secrets have been added to the category of "Prohibited Articles". Accordingly, when items are imported or exported, Customs now not only have the authority to assess said items for trade secret infringement and, if necessary, seize and dispose of them, but they are now also able to investigate any suspicious products they find.

Customs Acknowledgement Procedures

As in cases of other intellectual property rights (the right to demand an injunction based on Patent Right, Utility Model Right, Design Right, Trademark Right, Right of Layout-designs of Integrated Circuits, Copyright, Neighbouring Rights, Breeder's Right and Unfair Competition Prevention Act), when Customs find items they suspect of infringing on trade secrets, they will follow certain procedures to determine whether these items should be considered as such: a request for an opinion and supporting evidence will be sent to both the importer/exporter and the right holder; this will form the basis of their decision. In the case of a request from the importer/exporter or right holder or if Customs deem it necessary, the Director-General can consult the Ministry of Economy, Trade and Industry (for cases of infringement of trade secrets).

4 Guidelines for the Employee Invention System

In Spring 2016, the Japan Patent Office published procedure guidelines for deciding reasonable benefits for an employee invention.

1. Background

As stated in our October 2015 Circular (No. E-195), according to the revised Article 35 of the Japanese Patent Law, an employer can now attribute the right to receive a patent for an employee invention to the employer from the beginning (2015 revision, in effect from 1 April 2016). According to said revised Article, the Minister of Economy, Trade and Industry will publish guidelines for determining the details of reasonable benefit program (Patent Law, Article 35, Paragraph 6). These guidelines correspond to those mentioned in Article 35.

In Japan, with regards to an employee invention, the inventor (employee) has the right to receive "reasonable benefit" which can be set in the company regulations or contract (hereinafter referred to as "company regulations"). As long as the awarding of the benefits dictated by said company regulations is reasonable, said benefits are recognised as "reasonable benefits."

(Only in cases where the awarding of benefits has been judged by a court of law to be unreasonable, said court will decide reasonable benefit.)

Whether or not the company benefit program is reasonable is judged based on all processes leading up to the awarding of said benefits to the inventor as prescribed by the relevant company regulations, including both procedural and material factors. However, the following three points are of particular importance in this process:

A) Circumstances of discussion between employer and employee when setting the criteria for determining the contents of reasonable benefits

B) Circumstances of disclosure of criteria

C) Circumstances of hearing of opinions of employee(s) regarding the deciding of the contents of the reasonable benefits

The guidelines explain the appropriate procedures for deciding reasonable benefits, centring on the above three points.

Although these guidelines themselves have no legal effect, they are grounded in Patent Law and have been examined by experts and representatives of industry and labour; it is expected that they will act as guidelines for the successful and swift resolution of law suits.

2. Guideline Overview

1. Guideline Purposes

When deciding whether the company benefit program is reasonable, first the appropriateness of the circumstances of the relevant procedures will be considered and, if said procedures are judged to be appropriate, the awarding of said benefits based on the company's regulations will also be deemed appropriate. The purpose of these guidelines is the clarification of the precise steps that need to be carried out by the employer and employee.

2. Appropriate procedures

1. General Remarks

In the above-mentioned judgement, all processes from the setting of the criteria for the determination of the contents of reasonable benefits, through the application of these criteria to the receipt of reasonable benefits by the inventor will be considered.

However, particular attention will be paid to the above points (A) to (C).

Yet, with regards to the contents of the criteria themselves, no particularly important points have been specified as compulsory.

Again, the above criteria are not absolutely necessary. The contents of reasonable benefit can be agreed upon in contracts that can be assigned to each individual employee invention. In this case, the above judgement will be made while taking into consideration all processes from said contract's closing procedures until receipt of said reasonable benefits.

Regardless, a judgement of reasonableness will be made for each individual invention.

2. Discussion Circumstances ((A) above)

Here, the term "discussion" means any conversation taking place between employer and employee regarding the setting of the criteria.

- This includes letters and emails
- This discussion does not necessarily need to be done one-to-one.
  - The employer can speak with all the employees together
  - It is possible to collectively communicate via the company intranet notice board or email
  - The employer can speak with a designated employee representative
- The discussion does not necessarily need to result in an agreement on the criteria but it must recognised as having been conducted thoroughly.
- Example of an appropriate discussion
  - (i) The employer invites all employees concerned to join the discussion
  - (ii) The employer explains the proposed criteria to the participating employees
  - (iii) Throughout the discussion as well as after, the opinions of the employees involved regarding the proposed preparation are submitted
  - (iv) The employer presents and explains to said employees a summary of their answers on the topic as necessary
  - (v) If new opinions are expressed, the procedure will, if necessary, be repeated

3. Disclosure Circumstances ((B) above)

Here, the term "disclosure" means that the set criteria are made available to said employees for their consideration.

- Example of an appropriate presentation
  - Presentation of criteria on the intranet
  - Said presentation is made where it can be easily seen by the employees
  - Documents detailing the criteria are distributed to employees
  - Publication of the criteria on the website
  - Documents detailing the criteria will be kept in a dedicated area and disclosed to the employees upon request

4. Consultation Circumstances ((C) above)

Here, the term "consultation" means that, specifically when deciding the contents of reasonable benefits for individual employee inventions, based on the company regulations or contract, the employer consults the opinion (including questions and complaints) of the employee inventor(s) involved.

- The employer can either decide the contents of the reasonable benefits after hearing the employees' opinions or they can decide said contents based on the criteria and subsequently hear said opinions

- Regarding the contents of the reasonable benefits, the employer is not required to actively request the employees' opinions, but can do so, or a system for expressing opinions in a timely fashion can be put in place; as long as it can be considered that the employer requested said opinions, the consultation will be recognised as having taken place. In this case, said system must be made common knowledge among the employees.

- It is not absolutely necessary for there to be complete agreement between employer and employee regarding the contents of the decision. However, the employer needs to seriously consider the employee's opinion.

- Although not essential, it is advisable to have a system in place for formal objections and, accordingly, it is also important that this system be made common knowledge among employees.

5. Regarding Reasonable Benefits

Here, the term "reasonable benefits" not only means monetary payments but also includes other economic benefits.

(Before the 2015 revision, the term "reasonable compensation" was used but, in said revision and in order to clarify the possibilities besides financial payments, this has been changed to "reasonable benefits.")

- The economic value of these economic benefits must be appraisable. For example, a simple commendation (such as a certificate or other) cannot be counted as an economic benefit.

- The reasonable benefits should be awarded as a consequence of the employee invention

- Specific examples of reasonable benefits other than monetary payments

  - The opportunity to study abroad at the employer's expense
  - Awarding a stock option
  - Promotion, including salary increase
  - Paid holidays in addition to those set by law or employment rules
  - Granting of exclusive license or agreement to non-exclusive license for the employee invention patent

5 Revision of Examination Guidelines for Patent Term Extension

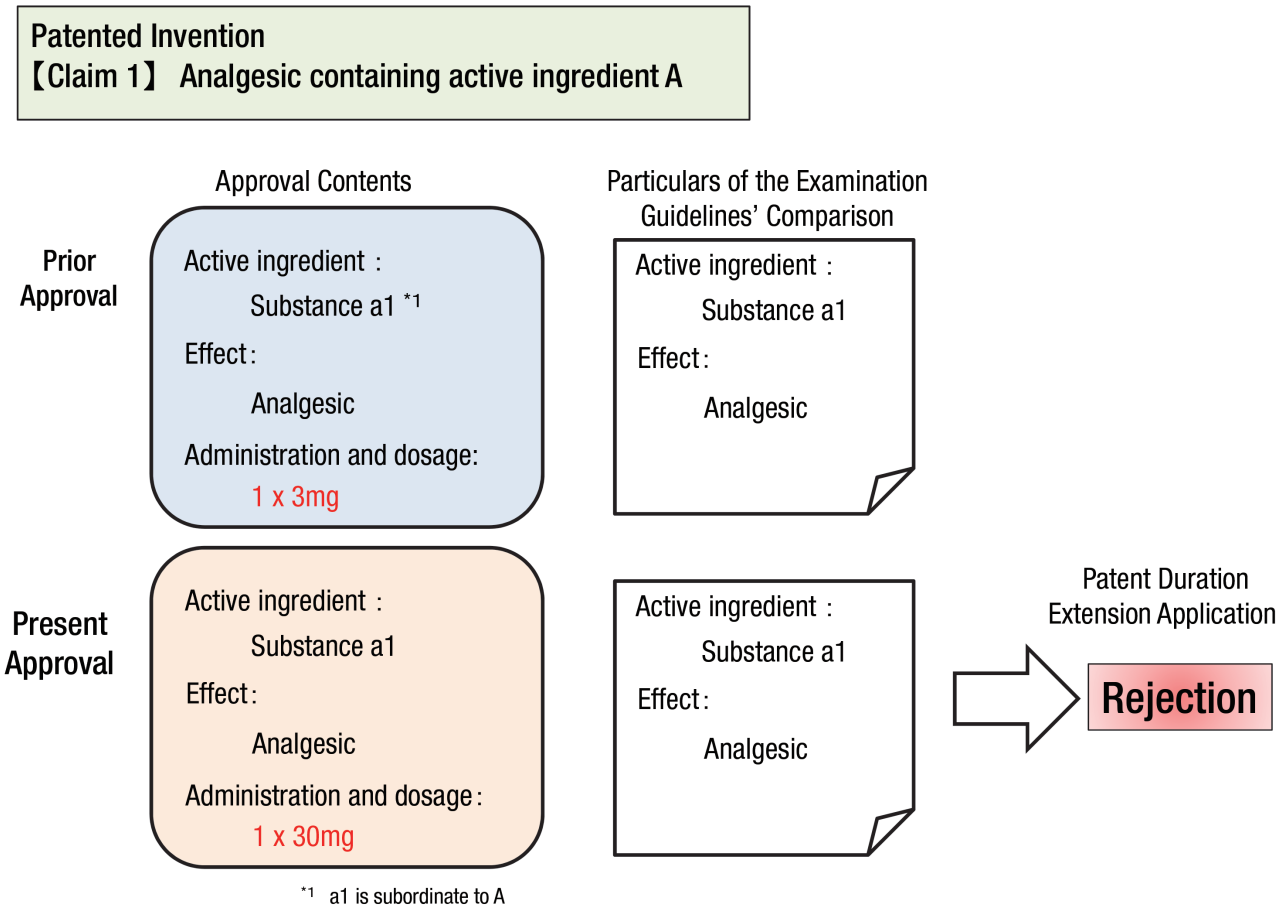
As stated in our previous Circular (No. E-196), on 17 November 2015, the Supreme Court has issued a judgement (Case Number: 2014 (*Gyo-Hi*) 356) regarding the extension of the duration of a patent right which negated the JPO Examination Guidelines and practice in use up to this point. Based on this judgement, the JPO revised their Examination Guidelines accordingly in spring 2016.

In Japan, the extension of a patent right relating to an agricultural chemical or a pharmaceutical (hereinafter referred to as "pharmaceuticals") of up to five years is recognised when there is a period of time when the invention cannot be implemented because of the need to obtain government approval.

Essentially, if the requirement (Patent Law, Article 67-3 Paragraph 1(i)) of needing government approval for the patented invention to be implemented is not met, the extension will not be granted. Based on this latest revision, the judgement guidelines relating to this requirement have been changed.

1. Pre-revision

Prior to this revision, if a patent term extension application was made based on the approval of a pharmaceutical and the pharmaceutical in question had been approved prior to said approval (hereinafter referred to as “the present approval”), and the two approvals were the same in terms of **the subject matter described in the patented invention**, despite the need for present approval pertaining to the manufacture/sale of the pharmaceutical, according to the examination guidelines for patent duration extension, it was possible for said patented invention to be implemented even without the present approval due to the earlier approval (hereinafter referred to as “the prior approval”). In other words, it was decided that the present approval was not necessary for the implementation of the patented invention.

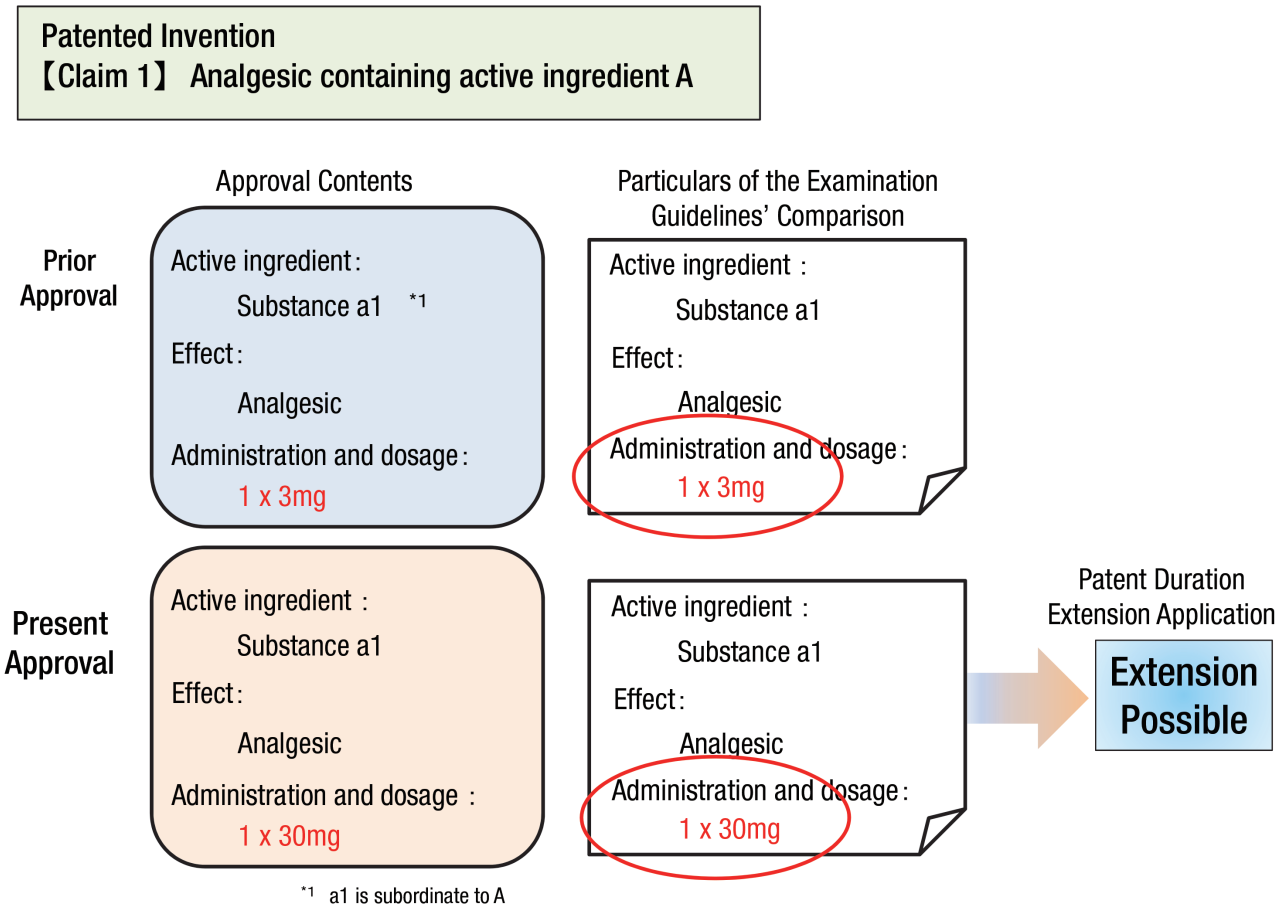


For the scope specified by the subject matter described in the patented invention, the prior approval and present approval are the same. Present approval is not necessary for the implementation of the patented invention.

(Taken from the JPO website and modified)

2. Post-revision

In considering the various objects and types of patented inventions for patent duration extension applications and **comparing the examination matters directly concerned with the substantial identicality as pharmaceuticals (components, amounts, administration/dosage, efficiency and effects of pharmaceuticals) used in both approvals**, when the manufacture and sale of pharmaceuticals which are the object of the prior approval does not include the manufacture and sale of the pharmaceuticals of the present approval, it will be considered that the present approval was necessary for implementation of the patented invention.



Within the examination matters directly related to the substantial identicality, the prior approval and present approval are different with regards to the "Administration and dosage", therefore the manufacture and sale of the medical and pharmaceutical products of the prior approval does not include the manufacture and sale of the medical and pharmaceutical products of the present approval. Therefore, a present approval was necessary for the patented invention's implementation.

(Taken from the JPO website and modified)

For example, according to the revision to the examination guidelines, with regards to a patent in which the scope of the claims does not include specifications for dosage/administration, after approval of the pharmaceutical has been issued, in cases when an additional approval for only changing dosage/administration specifications has been received, it is possible to extend the duration of said patent based on the latter. This revision to the Examination Guidelines will result in a broader range of patents eligible for extension.

English translations of the Guidelines for Extension of the Duration of Patent Rights and the corresponding Handbook are available on the JPO website. Concrete sample cases regarding whether or not the above requirement is met are specified in the handbook.

- Examination Guidelines
  http://www.jpo.go.jp/tetuzuki_e/t_tokkyo_e/files_guidelines_e/09_0100_e.pdf

- Handbook
  http://www.jpo.go.jp/tetuzuki_e/t_tokkyo_e/files_handbook_sinsa_e/app_a9_e.pdf