



WINDS FROM JAPAN

The Licensing Executives Society Japan

Bill for Revision of Patent and Design Acts

By **Hideko MIHARA***

A new bill for the partial revision of the Patent and Design Acts was submitted to the Diet on March 1, 2019. The outline of the bill is as follows.

1. Patent Act

(1) New inspection procedure

According to the new system, if there is a possibility of infringement, a neutral technical expert may enter the plant of the accused infringer, etc., and conduct investigations necessary for proving patent infringement, and submit a report to the court.

(2) New type of damages calculation

A patent holder can claim damages for a portion of compensation that would have been denied because the amount of infringing product exceeded the production capacity of the patent holder, and such damages would correspond to probable royalty from a license to the infringer.

In calculating the amount of damages based on the license royalty, it is possible to take into consideration the amount that would be determined if negotiation takes place on the premise of patent infringement.

As for this new type of damages, the corresponding changes will be implemented in the Utility Model, Design and Trademark Acts.

2. Design Act

(1) The expanded scope of registrable designs

Images not recorded or displayed on an article, and the exterior and interior designs of buildings will be protected.

(2) Enhanced "Related Design" system

- The period for filing an application for a related design will be extended to 10 years from the

filing date of the original design. Currently, unless priority is claimed for the original design, related designs can be filed up to one day before the publication of the original design.

- A design similar only to a related design will be registrable.

The related design system allows the registration of a design (related design) which is similar to another design (original design) for the same applicant.

(3) Extended term of design registration

The term of design registration will be changed from "20 years from the date of registration" to "25 years from the filing date."

(4) Simplified application requirements

- The JPO will accept an application containing plural designs.
- The classification of articles will be abolished in order to make it possible to describe the name of articles with more flexibility.

(5) Expanded scope of indirect infringement

New provisions will cover activities such as dividing infringing products into component parts and manufacturing, importing them etc. for the purpose of avoiding enforcement. For this purpose, the new provisions define subjective elements such as "knowing that the products will be used for the implementation of the design."

3. Enactment date of this bill

A day specified by Cabinet Order within a range not exceeding one year from the day of promulgation of the law resulting from the bill except certain provisions

(On the METI website, go to:
https://www.meti.go.jp/english/press/2019/0301_003.html)

Is Serving a Steak Patent Eligible in Japan?

By Yoko Natsume*

This is a follow-up to an article by Dr. Shoichi Okuyama in our previous issue ("WINDS FROM JAPAN Issue # 64", December 2018) on a ruling by the Intellectual Property High Court of Japan (IP High Court) on October 17, 2018, that the "System for Providing Steak" (Japanese Patent No. 5946491, hereafter '491 Patent) is patent eligible.

An opposition to the '491 Patent was filed, and in November 2017, the JPO Trial and Appeal Department invalidated the patent for not being patent eligible.

The patentee appealed to the IP High Court, which sided with the patentee, overruling the decision by the JPO Trial and Appeal Department, finding that the claimed invention is a "creation of technical ideas utilizing the laws of nature" as a whole and falls under an "invention" as prescribed in Article 2, Section 1, of the Japan Patent Act, and therefore, the claimed invention is patent eligible.

Claim 1 of the '491 Patent reads:

A: A steak providing system for implementing a steak providing method that comprises steps of escorting a customer to a table for stand-up eating, asking the customer an amount of a steak, cutting a slice from a block of meat for the amount, grilling the cut slice, and bringing the grilled slice to the customer's table,

the system comprising:

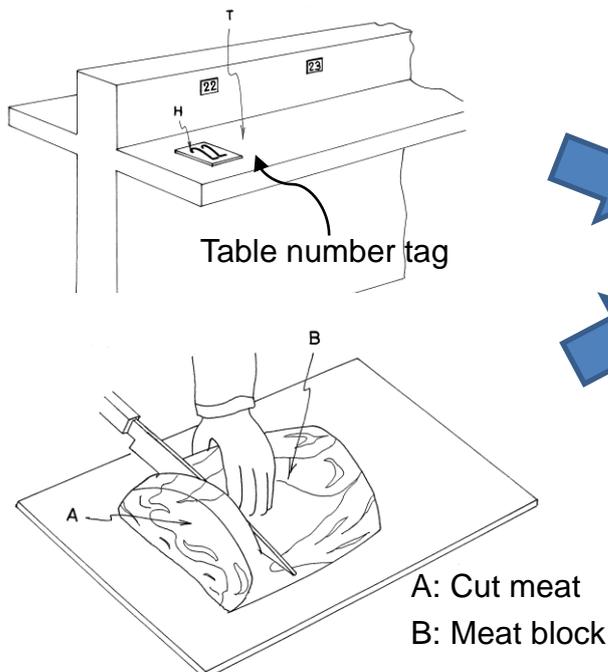
B: a tag that shows a table number of the table to which the customer has been escorted;

C: a measuring device that weighs the slice cut in accordance with an order from the customer; and

D: a mark that distinguishes the slice cut in accordance with the order from the customer from a slice for another customer,

E: wherein the measuring device outputs a sticker that shows a weight of the cut slice weighed by the measuring device and the table number shown on the tag, and

F: wherein the mark is the sticker, which shows the weight of the cut slice and the table number and is output by the measuring device.



| | |
|-------------------|--------|
| Rib Steak | |
| Table No. 22 | |
| Doneness: Rare | |
| per 100g(¥) | NET(g) |
| 500(Tax excluded) | 362 |

The gist of the ruling by the IP High Court is as follows.

The problem to be solved by the claimed invention is "providing a customer with a desired amount of steak inexpensively". The means for solving the problem comprise implementation of the steak provision method recited in element A, and the "tag", "measuring device", and "sticker (mark)" recited in elements B to F.

Implementing the steak provision method as recited in element A enables the customer to eat the desired amount of steak, increases the number of seats in a limited area, and increases the turnover rate of the seats, thus contributing to the solving of the problem. However, the element A is a non-technical means performed by a human.

On the other hand, the elements B to F contribute directly to the solving of the problem of the claimed invention. The amount of meat varies for each customer, and the mark (in the form of the sticker) serves to distinguish a slice cut for one customer from a slice cut for another customer. Therefore, a configuration in which a measuring device outputs a sticker that shows the table number and the amount of meat linked together provides technical significance in relation to the effect of the claimed invention that the slice cut according to a customer's request can be prevented from being confused with slices for other customers. Pasting such a sticker (i.e., fixing the mark) to the meat for one customer can prevent the sticker for that customer from being confused with stickers of other customers; the sticker thus used as a mark for preventing confusion with meat for other customers also provides technical significance in relation to the above effect of the claimed invention. Thus, the tag, measuring device, and mark (sticker) provide technical significance that directly contributes to the solution of the problem by satisfying requirements that the cut slice of meat and the customer who ordered that amount of the meat must be associated on a one-to-one basis in implementing the steak providing method.

The claimed invention includes a procedure performed by a human at a steakhouse, but also adopts a configuration including specific articles or equipment (devices) such as a tag, a measuring device, and a sticker (mark). Adopting this configuration to prevent confusion with meat for other customers is a solution to the problem of the claimed invention; that is, "providing a desired amount of steak for a customer inexpensively", while satisfying the requirements that inevitably arise when implementing the steak provision method.

In light of the technical significance relative to the problem of the claimed invention, the configuration of the technical means for solving the problem, and the effects derived from the configuration, the claimed invention employs specific articles or equipment such as a tag, a measuring device, and a sticker (mark) as technical means to solve the problem of the claimed invention, by preventing confusion with meat for other customers. Hence, it follows that the claimed invention is a "creation of technical ideas utilizing the laws of nature" as a whole, and that "the claimed invention" is as prescribed in Article 2, Section 1, of the Patent Act.

Subject matter eligibility depends on whether or not claimed subject matter falls under the definition of an invention under the Patent Act, Article 2, Section 1, which provides that an "invention is a highly advanced creation of technical ideas utilizing the laws of nature". Even a business method is eligible if it satisfies this definition.

The "steak providing system", which is the subject matter of this ruling, is an invention not using computer software, so it is not a business related invention realized using ICT, a field that has been actively discussed in recent years. In this sense, the ruling has increased the likelihood of business methods being patented even when the methods relate to business not involving ICT technology.

In the process leading up to the ruling, the JPO Trial and Appeal Department identified an object of the claimed invention to be the providing of a customer with a desired amount of steak inexpensively, and the element A (a steak provision method) is evaluated as the sole means for solving the problem. However, the significance of element A is directed to a store operation method in a restaurant, that is, to economic activity. The elements B to F were identified to have no technical significance, merely specifying the functions as tools. The IP High Court, however, overruled the JPO Trial and Appeal Department decision, holding that the elements B to F provide technical significance for solving the problem.

In Japan, a business method invention is generally considered not to be patent eligible if it merely recites a business method. The ruling by the IP High Court shows that subject matter eligibility can be satisfied even if the problem to be solved by the claimed invention is a business problem that is non-technical. This shows clear departure from currently on-going patent eligibility practices in the US, China, and the EP, where the "technical" problem is required to be patent eligible.

It is therefore possible for a business method to be patented in Japan if the subject article is used for business. For the sake of patentability, however, mere exhibition of an inherent function of an article as a tool is insufficient; it is necessary to fully describe in the specification that the article provides technical

significance in relation to the technical effect and that the technical significance thereof contributes to the solution of the problem of the claimed invention.

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\*Editor/Patent Attorney, Ohchi International IP

## 2019 LES Japan General Assembly Meeting

*Received Chief Judge of the IP High Court  
as guest of honour*

### By Mitsuo Kariya\*

The 2019 LES Japan General Meeting was held in Tokyo on February 20, 2019. Mr. Makoto Ogino, LES Japan President summarized the 2018 performances against the society objectives and introduced the 2019 activity plan (Photo 1).

The 2018 performances (substantive matters):

- 1) Launched a new WG, "IP Finance WG" led by Mr. Shigeharu Yoshii, IP Bridge.
- 2) Won First Prize by a student business plan contest team representing LES Japan at the LES Asia Pacific Regional Conference on November 11-14 2018 in New Delhi, India.
- 3) Contributed an opinion to the JPO for "the Guide to Licensing Negotiations involving Standard Essential Patents."

The 2019 activity plan (focused activities)

- 1) Successfully organize "the LES International Yokohama Conference."
- 2) Organize a joint workshop by WGs for sharing the achievements with the society members.
- 3) Facilitate communications between the society members by improving the IT infrastructure considering the protection of personal information and the information security.



(Photo 1) Mr. Ogino at the general meeting (the rightmost)

The meeting was concluded by obtaining approvals to the 2018 activity report and book closing, the 2019 activity plan and budget, and the 2019 board members (Photo 2).



(Photo 2) Board members with new rolls (From the left, Mr. Takao Yagi as CFO; Mr. Mitsuo Kariya as VP)

The general meeting was followed by a networking party. LES Japan had the privilege of receiving key persons in Japanese intellectual property society.

Ms. Makiko Takabe, Chief Judge of the IP High Court (Photo 3) discussed her initiative in view of the importance and complexity of the recent IP-related litigation circumstances. She also announced that the IP High Court will continue to host the Judicial Symposiums on Intellectual Property inviting overseas judges and attorneys in order to boost active international communication.



(Photo 3) Speech by Ms. Takabe

About one hundred LES Japan members enjoyed the networking event by developing and enhancing their professional network (Photo 4).



(Photo 4) Networking Party

During the party Mr. Hiroyuki Hirayama, who retired from CFO, introduced his experiences and memories at LES Japan to the participants (Photo 5).



(Photo 5) Speech by Mr. Hirayama

The event was successfully concluded by a closing ceremony performance led by Mr. Hiroki Saito, LES Japan President-Elect (Photo 6).



(Photo 6) Closing ceremony performance led by Mr. Saito

Prior to the general meeting, Mr. Hirokazu Bessho, Head of Supervisory Unit, Intellectual Property and Standardization Supervisory Unit, Honda Motor Co., Ltd. contributed as a speaker to a monthly seminar. His lecture for “Intellectual Property Strategy in the Fourth Industrial Revolution Age” attracted more than one hundred audiences. The success of the general meeting was largely attributable to his informative lecture (Photo 7).



(Photo 7) Mr. Bessho at the monthly seminar

At the end of the general meeting, Ms. Junko Sugimura, Organizing Committee Chair announced that the 2019 LES International Conference will be held on the 26th through 28th of May 2019 in Yokohama city, Kanagawa prefecture (Photo 8).

We look forward to seeing you in Yokohama.



(Photo 8) LES International Yokohama Conference announcement by Ms. Sugimura

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 *Editor/Patent Attorney, KARIYA IP Office

IP News from Japan

By Shoichi Okuyama, Ph.D.*

Proposed “Use Suspension Rights” for Personal Data

According to recent newspaper reports, the Personal Information Protection Commission (PPC), an independent government agency similar to the Japan Fair Trade Commission with the authority to protect personal information, plans new statutory provisions under the Act for the Protection of Personal Information, to give individuals the right to request suspension or limitation of use of their personal data, such as records of e-commerce purchases. Information such as the name and face of a person is generally protected already, and use and disclosure to a third party requires authorization of the person. The new protection will be called “Use Suspension Rights.” Under the new Rights, a person may limit the use of personal data to a specific purpose, such as direct advertising to that person, and prohibit other uses.

The proposals for statutory amendments will likely be included in a report to be published in a few months and are expected to become law next year. This improvement in protection of personal data is partly to support the formation of a zone in the EU, US, and Japan with similar levels of personal data protection in which information can be circulated without restriction.

Use of Information Technology in Court Proceedings

The government is trying to finalize plans for broader use of IT in court proceedings. Under current provisions, it is possible to hold certain proceedings, such as closed preparatory meetings, in ordinary meeting rooms at a courthouse, but courts generally do not have the necessary IT facilities. The three main areas of focus are e-Filing, e-Case Management, and e-Court proceedings.

Phase 1 will be directed to use of internet conferencing under existing statutory provisions. This can be achieved by providing facilities and setting operational rules by 2019.

Phase 2 will be the use of information technology in proceedings to resolve issues and

evidence to be presented before the court. These proceedings may be carried out in open court or in a closed meeting room at the courthouse or by submitting briefs. In order to make this possible, it is necessary to revise certain statutory provisions. Law amendments are planned for the ordinary session of the Diet next year. Currently, Phase 2 is planned for 2022.

Phase 3 will be online filing of petitions and similar matters. This will require special systems for the courts and the public, and it will be necessary to take into consideration those who do not have ready access to information technologies. The schedule for Phase 3 will be finalized in the current fiscal year ending March 2020.

Reduced Fees for Small and Medium Enterprises

Starting April 1, 2019, after many years of discussion and trials, examination fees and annuities for up to the 10th year were reduced by half* for all small and medium sized enterprises. The reduced fees are equally applicable to foreign applicants as well.

A small or medium sized enterprise is defined in four categories: (1) manufacturing, construction, transportation, and businesses not belonging to the following (2) to (4); (2) wholesale trade; (3) services; and (4) retail trade. To qualify as a SME in manufacturing, for example, a company must have no more than 300 employees or capital of not more than JPY300 million (US\$2.7 million). For a service-related SME, a company must have no more than 100 employees or capital of not more than JPY100 million.

Basically only two formality statements in papers to be filed are required to enjoy the reduced fees. In a typical case, according to the Japan Patent Office, the examination fee and annuities up to the 10th year would be reduced from JPY400,000 to 200,000 (about US\$1,800).

(*More accurately, examination fees increased simultaneously by about 15% on average to maintain the balance of the special JPO patent account. SMEs controlled by large enterprises do not qualify. Some, not all, individual inventors may qualify.)

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\* Editor / Patent Attorney, Okuyama & Sasajima

## Editors' Note

This issue includes articles entitled "Bill for Revision of Patent and Design Acts", "Is Serving a Steak Patent Eligible in Japan?", "2019 LES Japan General Assembly Meeting," and "IP News from Japan."

Thank you for your support of "*WINDS from Japan*." This newsletter will continue to provide you with useful information on activities at LES Japan and up-to-date information on IP and licensing activities in Japan.

If you would like to refer to any back issues of our newsletters, you can access them via the following URL: <https://www.lesj.org/en/winds/new.php>

(YF)

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