



SHIGA IP NEWS

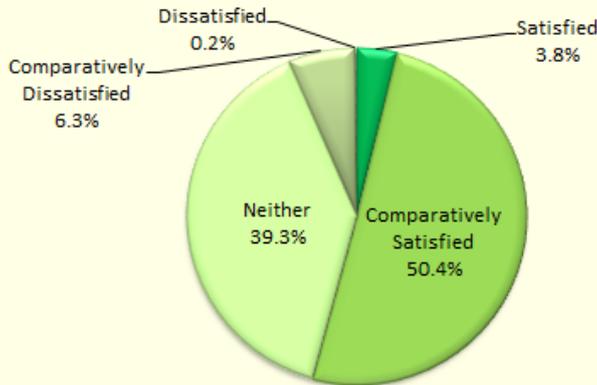
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Survey of User Evaluation of Patent, Design, and Trademark Examination Quality

Evaluation for Patent Examination

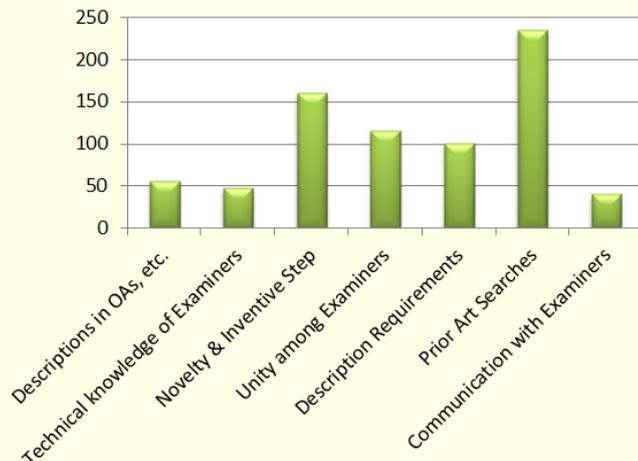


The Japanese Patent Office (JPO) published a report on a survey of applicants' evaluations of the quality of examinations for patents, designs, and trademarks. The survey has been conducted every year since 2012 and is for the purposes of understanding the needs and expectations of applicants and improving examination quality. In 2016, design examination was included in the survey for the first time. The results are shown in the pie chart to the left.

Patent Examination

54.2% of domestic applicants and 42.6% of PCT applicants answered “Satisfied” or “Comparatively Satisfied” with the JPO’s examination of patents. Since the percentage of positive answers has been increasing every year, the quality of examination is considered to be improving steadily. As one of the points considered during patent examination, “Descriptions in Office Actions (OAs), etc.” received a good evaluation. On the other hand, “Prior Art Searches” (particularly those including cited documents in foreign languages) are in want of improvement. The JPO has recognized the importance of this matter.

Items for Improvement



The JPO analyzed the questionnaire results as follows:

1. Maintaining or improving the quality of descriptions in OAs, international search reports, written opinions, etc.

User approval on descriptions made in OAs is improving on a yearly basis. On another front, it was pointed out that the relevance in OAs issued by the JPO in the examination stage is not sufficiently clear, for instance, insufficiencies regarding cited references in OAs such as “points of identicalness/points of difference between citations and the application under examination”, “validity of the cited references”, and/or “combinations of the citations and motivation to make such combinations”. The JPO will try to clarify the judgment process in OAs and provide applicants with more comprehensible documents, aiming to maintain or improve the examination quality.

2. Increase in quality and skill of prior art searches

The JPO will steadily improve the environment for conducting better prior art searches. Efforts will be made to maintain and improve skills needed to conduct searches of not only patent documents issued in Japan but also cited documents in foreign languages and non-patent documents.

3. Improvement in implementation of description requirements for the patent specification and claims as well as novelty and inventive step

There is a great demand for improvement in the interpretation of Product-By-Process (PBP) claims. Examiners will make an effort to adopt the latest standards for the description requirements, etc., and they will apply the latest law and standards during examinations.

Design Examination

The combined percentage of “Satisfied” and “Comparatively Satisfied” responses is 51.7%, whereas the combined percentage of “Dissatisfied” and “Comparatively Dissatisfied” is only 5.7%.

“Communication with Examiners” was highly evaluated for design examinations. In the field of prior art searches, many applicants pointed out the need to clarify the range of searches. The JPO will place importance on this matter.

Trademark Examination

86% of respondents chose “Satisfied”, “Comparatively Satisfied”, or “Neither”, with “Satisfied” and “Comparatively Satisfied” totaling 47.7%.

“Sufficient information and simple words in OAs” was evaluated highly for trademark examinations. There was a relatively low level of satisfaction for “judgments on classification”. This is also a topic which the JPO will address.

Calculating the Amount of Compensation for Damages based on “Circumstances under which a Patent Holder, etc. could not have Sold their Products”

“Circumstances under which the patent holder, etc. could not have sold their infringing products” are considered to be those such as the existence of competing products in the market, marketing efforts of the infringer (brand strength, advertisements), quality of infringing products (any features except those of the patented invention such as functions and design), and different markets (prices or selling formats). In this article, we introduce a judgment regarding “circumstances under which the patent holder, etc. could not have sold their infringing products” which may be of practical use for you.

The patentee (plaintiff) of Japanese Patent No. 4365885 (present patent) filed a demand for injunction and sought payment of compensation for damages because the accused product falls within the technical scope of the invention of the present patent. One of the disputes of this case was whether there were any “circumstances under which the patent holder, etc. could not have sold their infringing products” that would have an influence on the calculation of the amount of damages.

Overview of the Case

Appeal concerning Demand for Injunction against Patent Infringement

Court: Intellectual Property High Court

Case No.: 2015 (Ne) 10091

Plaintiff: Osaka N.E.D. Machinery Co., Ltd.

Defendant: Ohara Corporation

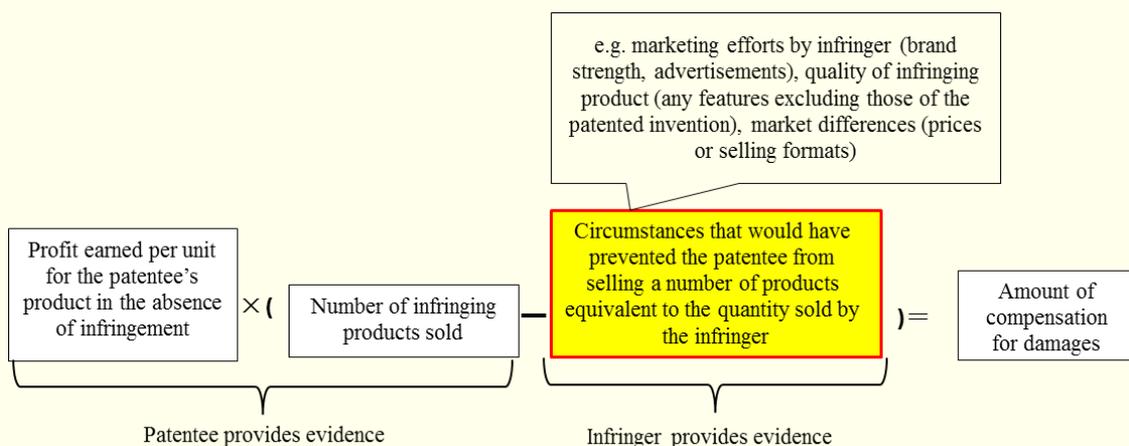
Japanese Patent No.: 4365885

Date of Judgment: June 1, 2016

Below are three methods for calculating the amount of compensation for damages:

1. Prescribed calculation method for lost profits (Japanese Patent Law, Article 102, Paragraph 1)
2. Profit which infringer obtained by infringement (Japanese Patent Law, Article 102, Paragraph 2)
3. Amount equivalent to license fee (Japanese Patent Law, Article 102, Paragraph 3)

Method 1 is used for calculating the amount of compensation for damages in most cases because the profits obtained by the infringer are generally difficult to prove and the amount equivalent to a license fee is generally low. The basic formula for the calculation in Method 1 is shown below.



Overview of the Judgment

With regard to “circumstances under which the patent holder, etc. could not have sold their infringed products” stipulated in Japanese Patent Law, Article 102, Paragraph 1, the Court stated:

- 1) Concerning “circumstances under which the patent holder, etc. could not have sold their infringed products”, the defendant claimed that the same type of bag breaking machines was produced and distributed in the market by a third party, and that its sales volume is presumed to be one or two per year which is same quantity as the number of sales of the accused products. According to the evidence, it was recognized that several third parties produce and distribute bag breaking machines, and one or more of the parties introduced features of their bag breaking machines on their catalogs and websites.
- 2) The invention of the present patent provides advantageous effects in relation to bag breaking. However, the above is not sufficient to determine that the breaking machines distributed by the third parties provide a functional effect similar to that of the invention of the present patent. Moreover, despite inspection of all the evidence in this case, the sales share in the market and the prices of the bag breaking machines produced and distributed by the third parties are still unclear.
- 3) Furthermore, the defendant claimed that the prices of the plaintiff’s products are higher than those of the defendant’s products. However, the target products are bag breaking machines of which the consumers are not general consumers but corporate entities such as business operators, and the lifetime of the products may be at least several years; therefore it cannot be determined that the patented product and the accused product belong to different markets only because of a price difference of the above degree.
- 4) In light of the above, it cannot be said that circumstances corresponding to the provisions of Japanese Patent Law, Article 102, Paragraph 1 exist for this case.

In this court case, the defendant asserted that there existed “circumstances under which the patent holder, etc. could not have sold their infringed products” based on the existence of the same type of products produced and distributed by a third party, etc. However, the Court rejected the defendant’s assertion.

Our Comments

As described above, the prescribed calculation method for lost profits is used very often for calculating the amount of compensation for damages in litigation cases, and in many instances, whether there were any “circumstances under which the patent holder, etc. could not have sold their infringed products” becomes a matter of dispute. This judgment serves as a reference when determining the existence of the above circumstances, especially for products which are aimed at business operators but not at general consumers, and which are produced in a relatively small volume.

IP Disputes regarding the Doctrine of Equivalents in Japan

In patent infringement cases in Japan, one major area of contention is whether there is literal infringement or infringement under the Doctrine of Equivalents. As discussed in Shiga IP News, Vol 44, according to Japanese Supreme Court judgments, infringement under the Doctrine of Equivalents should be recognized when an element of an allegedly infringing product is considered to be equivalent to an element of an invention described in a patented claim and belongs to the scope of the patented claim even if there is some element of the allegedly infringing product that differs from that of the patented invention in the event that all of the following five conditions are fulfilled:

1. An element of the patented invention that differs from that of the allegedly infringing product is not essential to the patented invention (non-essentialness);
2. Even if the differing element were to be replaced by that of the allegedly infringing product, the purpose of the patented invention could be achieved with the same function and effect (same function and effect);
3. A person skilled in the art could easily replace the differing element at the time the allegedly infringing product was manufactured (easily replaceable at the time of manufacturing);
4. The allegedly infringing product is not the same as a publicly known technology at the time of filing of the application for the patented invention, and a skilled person could not have easily conceived of the allegedly infringing product at the time of filing (easily conceivable at the time of filing of the application); and
5. The allegedly infringing product was not deliberately excluded from the claims during prosecution of the application for the patented invention (deliberate exclusion).

(Ball Spline Bearing Case, 1998)

The above conditions 1 (non-essentialness) and 5 (deliberate exclusion) are frequently discussed in patent infringement cases. The Grand Panel of the IP High Court in March 2016 presented guidelines regarding the judgment on the Doctrine of Equivalents in the court cases for these two conditions. This article introduces one of the past IP High Court cases relating to the Doctrine of Equivalents, in particular, on analyzing the above condition 1 (non-essentialness).

Overview of the Case

Case No.: H22-(Ne)-10014

Date of Judgment: March 28, 2011

Japanese Patent No.: 3886037

Title of Invention: Lid Assembly for Facility Access Opening

One of the disputes was whether there was possible infringement under the Doctrine of Equivalents. The IP High Court accepted that the accused product fulfilled the above conditions 1 to 5 and thus ruled that the accused product infringed the patented invention under the Doctrine of Equivalents.

Difference between the Patented Invention and the Accused Product

Some features of claim 1 of the patented invention

1. A round-shaped cover assembly for an underground structure comprising: a round-shaped cover body (10); and a support frame (20) having an upper portion of an inner circumferential surface thereon which supports the cover body, wherein:

the upper portion of the inner circumferential surface of the support frame has a support frame convexly-curved surface portion (21) that is curved convexly with respect to an inner side of the support frame (20); and a support frame concavely-curved surface portion (22) that continues to the support frame convexly-curved surface portion (21) and is formed above the support frame convexly-curved surface portion (21) and curved concavely with respect to the inner side of the support frame (20);

a peripheral surface of the cover body (10) has a cover body concavely-curved surface portion (11) that is substantially complementary in shape to the support frame convexly-curved surface portion (21) and is formed concavely; and a cover body convexly-curved surface portion (12) that continues to the cover body concavely-curved surface portion (11) and is formed above the cover body concavely-curved surface portion (11),

(Note: Reference numbers are added to the features of claim 1 for convenience.)

Figure of the patented invention

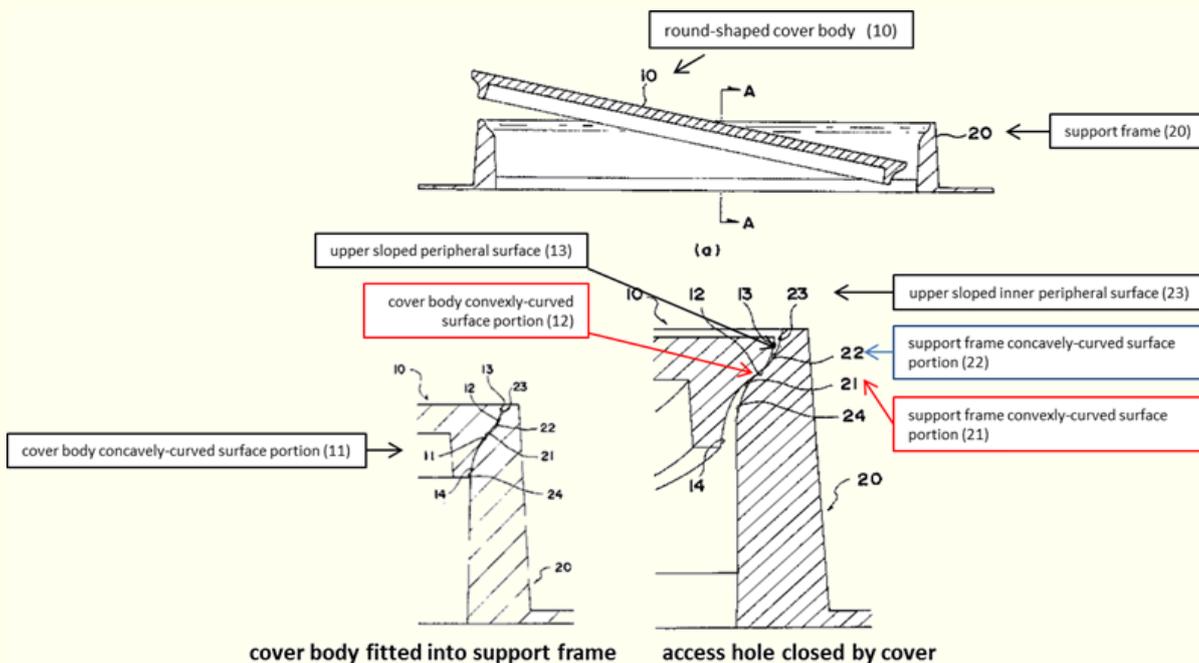
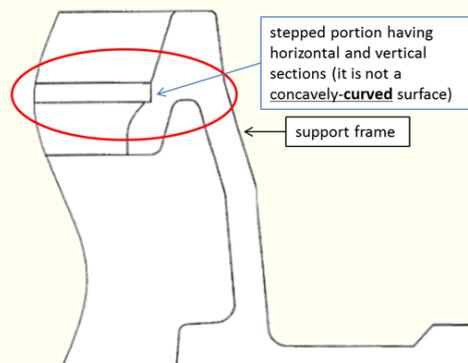


Figure of the accused product

The support frame in the accused product does not have a part which corresponds to the "support frame concavely-curved surface portion" of the patented invention. Instead, it is equipped with a stepped portion consisting of horizontal and vertical sections.



Point at issue

Although the stepped portion in the accused product as shown on the previous page differs from the element “support frame concavely-curved surface” in the patented invention, it is deemed to be equivalent thereto.

Points of the judgment regarding the Doctrine of Equivalents

The “essential part of the patented invention” in the claims represents a core feature in the technical ideas which are the basis of the means for solving the problems derived from the patented invention. The Court judged the interpretation of condition 1 (non-essentialness) as follows.

The specification of the patented invention illustrates that a flat support/steep angle manhole was in existence before the filing of the application for the above-mentioned patented invention. A patent was granted due to the fact that “when closing a hole by a cover, by pushing the cover into the support frame or pulling the cover into the support frame with the aid of a crowbar, the cover can be easily seated in the support frame” which is realized by the construction of the convexly-curved portion and concave portion without utilizing an inner brim (stepped portion). Considering the overall construction of the accused product, the cover of the accused product can also be deemed to be easily seated in the support frame by adopting a construction similar to that of the patented invention although the accused product does not have a concavely-curved portion on the support frame. Therefore, the accused product and the patented invention are regarded as having in common a support frame consisting of a convexly-curved portion and a concave portion without utilizing an inner brim (stepped portion).

Furthermore, the specification of the patented invention also repeatedly mentions the pair of the convexly-curved portion and the concavely-curved portion. The specification further describes that an operational effect is achieved from the fact that “when closing the hole by the cover, by pushing the cover into the support frame or pulling the cover into the support frame with the aid of a crowbar, the cover can be easily seated in the support frame” by adopting the construction wherein the convexly-curved and concavely-curved portions are equipped in both the cover body and the support frame.

In light of the above and considering the entire specification and the technical ideas forming the basis of the means for solving the problem, it is obvious that the convexly-curved portions in both of the cover body and the support frame serve the most important function thus allowing the patented invention to provide the above operational effect. Therefore, the patentee’s assertion should be deemed as valid so that “only the concave portion is sufficient enough to exert its operational effect in the support frame while the concavely-curved portion is not needed”. The concavely-curved portion on the support frame should not be included as a part of the essentialness of the patented invention.

As explained above, the IP High Court accepted that the stepped portion of the accused product, which corresponds to the support frame concavely-curved portion of the patented invention, fulfills condition 1 for the Doctrine of Equivalents (it is not a part of the essentialness of the patented invention).

Summary

Analyzing the judgments made by the IP High Court and the Supreme Court, it appears that condition 1 (non-essentialness) has a critical role in the judgments. Regarding whether or not features in the claims are non-essential is judged by determining 1) the essential features of an invention with reference to prior art mentioned in the specification and 2) the operational effects brought about from the essential features of the invention. Considering the role of the Doctrine of Equivalents in patent infringement cases, selecting appropriate prior art and describing the operational effects linked to the features of the invention in comparison with the selected prior art in order to better clarify the invention is critical.