SHIGA
INTERNATIONAL
PATENT
OFFICE
JAPAN

SHIGA IP NEWS

Volume 49 June 2017

IN THIS ISSUE

What Can We Infer from Questionnaires on Our Patent Seminars ?

We regularly hold patent seminars for our clients, inviting our business partners from abroad as speakers. We would like to share the results of questionnaires distributed at our patent seminars. For your reference, the followings are some of the themes of the seminars which we held last year:

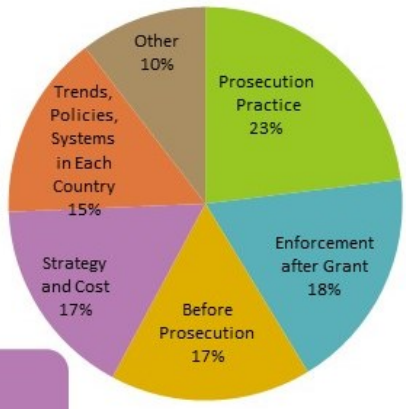
- European Case Law on Designs (FR)
- Priority and Poisonous Schemes（FR)
- Prosecution and Opposition Strategy (IN)
- Comparison of EP & US Patent Practice in Order to Obtain Better Patents (EP/US)

Number of Answers: 230
Period of Seminars: June 2015 – December 2016

Questions
- Feedback on seminars
- Topics for future seminars
- Potentially valuable services if provided by Shiga
- Things you are having trouble with regarding IP
- Any requests or topics for consultation

Categorized Answers

Ratio of All Answers



Breakdown

Prosecution Practice
-Office Actions, 30%
-Specification, claims, inventive step, novelty, 28%
-Examination, Examiner, 23%
-Other practice, 19%

Enforcement after Grant
-Litigation, infringement, enforcement, 69%
-Counterfeit products, 19%
-Court precedents, 12%

Before Prosecution
-Instructions· Human resources, 26%
-Invention discovery, liaison,26%
-Employees' inventions, 24%
-Searches, 24%

Strategy and Cost
-Cost, 37%
・Strategy, 37%
・Establishment, application, 26%

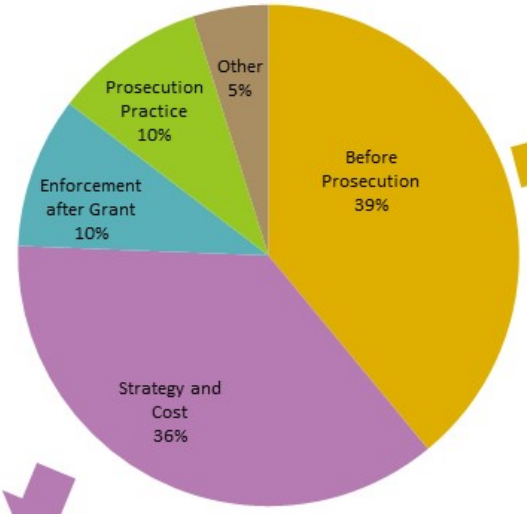
Trends, Policies, Systems in Each Country
-Europe, 26%
-U.S.A., 24%
-ASEAN, 14%
-India, 14%
-China, 9%

Other
-Non-patent IP (Trademarks, Copyrights), 46%
-Trends of other companies, 17%
-Other, 46%

What are Japanese Clients Having Trouble with?

Q. What are you having trouble with regarding IP matters?

A.



Troubles regarding Before Prosecution

- Improvement of inventor's IP intuition
- We are having problems with a shortage of manpower for IP management. It takes us quite a while to finish our internal approval process for filing.
- Man-hours required for US patent clearance is enormous.
- Invention discovery
- Strategic patent filing
- Efficient structure of in-house searches
- Cost and time for overseas searches
- Calculation of patent compensation and reasoning therefor

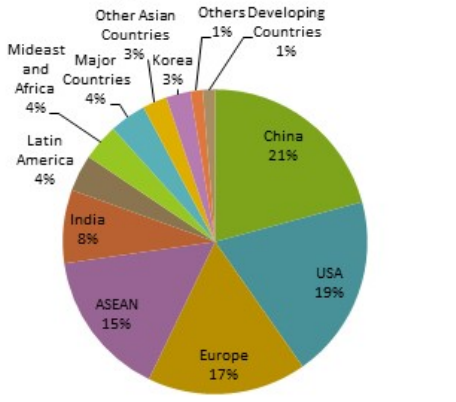
Troubles regarding Strategy and Cost

- Most effective way of filing international applications among EP, US, Paris, and PCT
- Efficiency of IP budget management
- Increase of foreign application costs
- Significance of filing patent applications in India in terms of cost-effectiveness, enforcement
- How to streamline our IP practices
- Quantification of contribution of IP practice

- Since most Japanese companies are shifting their concerns from quantity to quality, they tend to create cost-conscious filing strategies.
- The results of these questionnaires reflect this trend. They show that clients are having more trouble with issues before prosecution such as strategies, cost, and establishment than prosecution practice and enforcement after grant.

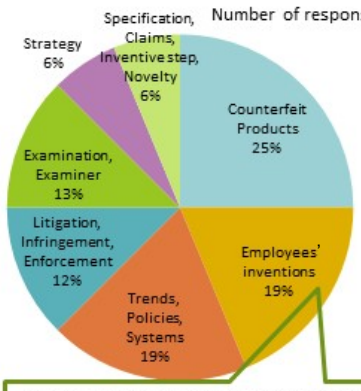
Which Countries and What Topics are Interesting to Our Clients

In which region are clients interested?



Number of responses: 77

What topics in China?



Number of responses: 16

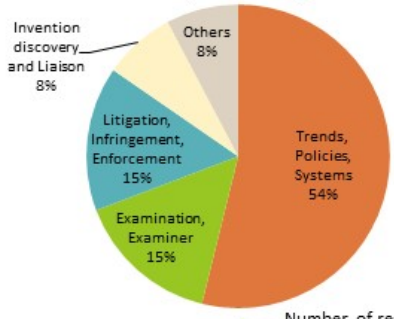
The topic of Counterfeit Products is of most interest

What topics in the USA?

Number of responses: 15

The topic of Litigation, Infringement, and Enforcement is unexpectedly of little interest

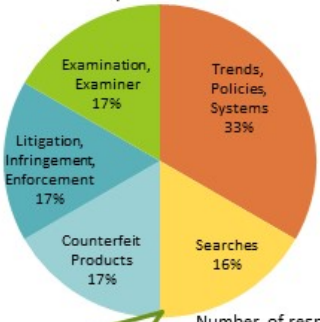
What topics in Europe?



Number of responses: 13

The most common answer about the Trends, Policies, Systems is Unitary Patents

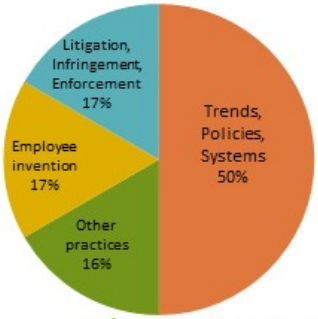
What topics in ASEAN?



Number of responses: 12

The ratio of Searches is higher than that for other regions

What topics in India?



Number of responses: 6

The ratio of Other Practices is higher than that for other regions

Handbook for Confidential Information Protection

Regardless of the scale and type of business, there is a significant management risk if important and confidential information is leaked to a third party. When a new idea or know-how is created, the question of whether such an idea/know-how should be protected by a patent application or should be kept confidential as “a trade secret” is an important management decision. The Ministry of Economy, Trade and Industry formulated a “Guide to the Handbook for Confidential Information Protection; Information Management Enhances Corporate Strength” and released it in January of 2017. This guide contains examples of countermeasures which address specific cases that can be referred to by companies wishing to prevent leakage of confidential information when they need to devise countermeasures. The guide is expected to be useful for in-house business operations related to trade secret management since it covers not only legal aspects such as the Unfair Competition Prevention Act, but also practical aspects.

Countermeasures for Confidential Information Leakage

The handbook describes specific examples of countermeasures for dealing with confidential information leakage. Various examples are concretely classified and introduced below:

1. Limiting access permissions and keeping confidential information securely locked which makes confidential information “difficult to access”.
2. Prohibiting the use of personal USB memory devices which makes confidential information “difficult to take away”.
3. Arranging office layouts and installing security cameras which creates a working environment in which it is “easy to discover” leakage of confidential information.
4. Marking confidential information with a label, and developing rules and making them well known which prevents a situation in which someone “does not know that the information is confidential”.

Three Requirements for Trade Secrets

According to the Unfair Competition Prevention Act, Article 2, Paragraph 6, a “trade secret” is defined as technical or operating information which is useful in production methods, selling methods, and other business activities, and which is not publicly known. Therefore, reasonable management systems for secrets are needed so that important technical information and operating information are legally recognized as “trade secrets”. In particular, it is only when all of the following three requirements are met, that a trade secret is subject to protection under the Unfair Competition Prevention Act.

The information is:

1. Managed as a secret (Confidential)
2. Valuable technical or business information for business activities (Valuable)
3. Not in the public domain (Private)

The handbook is expected to be useful for in-house business operations related to trade secret management since it covers not only legal aspects such as the Unfair Competition Prevention Act, but also practical aspects in detail.

Evidence Collection Procedures Initiated by the JPO

The JPO has been considering the introduction of a new system for collecting evidence. In the new system, court-appointed third parties will take part in the evidence collection procedure for IP disputes such as patent infringement cases. This could help judges make more accurate decisions based on expert knowledge and also enhance the evidence collection procedure. This evidence collection procedure was initiated in “Intellectual Property Strategic Program 2016”, which is a proposal from the Intellectual Property Strategy Headquarters (a public organization set up by the Cabinet). According to the program, initiatives such as the following are being promoted: (1) implementation of appropriate and fair evidence collection procedures, (2) implementation of appropriate compensation for damages reflecting actual business circumstances and needs, and (3) enhancement of the stability of rights from the granting of rights to the settlement of disputes. The program is aimed at further strengthening Japan's IP dispute resolution system. In particular, the Intellectual Property Strategy Headquarters were planning to draw, by the end of 2016, a “certain conclusion” on legal settlements regarding short-term measures which should be taken promptly.

The Patent System Subcommittee of the Intellectual Property Committee under the Industrial Structure Council, which consists of IP specialists, recognizes the necessity to continue considering initiatives (2) and (3) more carefully, and consider specific promotions of initiative (1). With regard to initiative (1), they have considered introducing a new system which develops an appropriate and fair evidence collection procedure relating to the IP dispute resolution system. In patent infringement cases, proper judgements based on highly technical knowledge are required. Especially, with regard to inventions of manufacturing processes, there is a peculiar point in that if evidence is biased toward the alleged infringer then infringement is difficult to prove. Therefore, an issue of needing to strengthen the evidence collection procedure has arisen.

In the new system, the court-appointed third party experts will conduct a part of the evidence collection procedure to ensure its effectiveness. They will implement a framework so that they can investigate the alleged infringer (e.g., carry out on-site inspections of factories, etc.) and/or issue orders for submission of documentation if the alleged infringer is not cooperative. The third parties would be obliged to keep confidentiality. The JPO is expected to consider ongoing revisions to the Japanese Patent Law in line with the report.

JPO Appeal Decision on Distinctiveness of a Trademark

Trademarks using foreign words are common in Japan. In the same way as other trademarks, this type of trademark is also examined as to whether there is inherent distinctiveness in connection with the goods and services. In such cases, the distinctiveness of a trademark is judged based on the common recognition of the foreign words by Japanese consumers. We would like to introduce an exemplary Appeal case against a JPO Examiner's decision.

Trademark: カフェスタイル (Café Style written in Japanese characters)

Filing Date: July 9, 2015

Case Number: 2016-14351 (Appeal against the JPO Examiner's Decision of Rejection)

Date of Appeal Decision: January 11, 2017 (Appeal Publication Number: 206)

1. Subject trademark application

The trademark consisting of "café-style" in standard characters* was filed at the JPO on July 9, 2017, designating goods and services in classes 33 and 43. Eventually, the designation of this application was amended to the goods in class 33: Alcoholic beverages (except beer); *Awamori* [distilled rice spirits], Sake substitute, Japanese white liquor [*Shochu*], Japanese sweet rice-based mixed liquor [*Shiro-zake*], Sake, *Naoshi* [Japanese liquor], Japanese *shochu*-based mixed liquor [*Mirin*]

*Standard characters: characters designated by the JPO Commissioner

2. Original Decision of Rejection in the examination stage

The original Decision of Rejection was based on the following:

The trademark consists of the words "Café Style"; "Café" represents the meaning of coffee or coffee shop, and "Style" represents the meaning of a manner or model. It has been recently recognized in the food and beverage industries that "Café Style" is often used to suggest that the goods either are somewhat in the style of a cafe or have some kind of an association with a cafe. In consideration of this fact, when the trademark is used for the designated goods, it helps consumers understand and recognize that the product is just a product associated with a coffee style or coffee shop atmosphere and the trademark simply describes the quality of the product. Therefore, this trademark should be rejected based on lack of distinctiveness.

3. Appeal Decision

In the subject trademark, the word "Café" represents the meaning of coffee or coffee shop, and the word "Style" represents a manner or mode. However, from the combination of these two words, it is difficult to say that the above-mentioned meanings can immediately be recognized from the trademark and that the trademark describes a specific quality of the goods. Furthermore, it cannot be said that the word "Café Style" is used to describe a specific quality of the product. Under these circumstances, it is obvious that this trademark functions as a distinctive mark to identify the source of the goods. Therefore, the original Decision of Rejection should be withdrawn.

Each of the words "Café" and "Style" is recognized by average Japanese consumers and the entire word "Café Style" is often used. Even in these circumstances, the present mark was judged to have distinctiveness. In this way, if marks applied for are not used as indications of specific or direct features of the goods, the JPO tends to register such marks at the appeal stage. Therefore, even if your marks seem to lack distinctiveness, it may still be worthwhile to try seeking protection for such marks.