



# WINDS FROM JAPAN

The Licensing Executives Society Japan

## Greetings from LES Japan

By Kenichi NAKANO\*

Last year, on the occasion of my appointment to the position of President of LES Japan, I expressed my desire to promote the activities of this Society under the slogan: "From Networking to Foot-working", in the hope of hastening the accomplishment of plans through free networking between members from different professions, a long-established asset of LES Japan. This idea has gradually taken root, and I believe that now we find discussion easier among members of LES Japan.



Turning to this year's planned activities, let me outline them only briefly, as I am sure that details will be presented by the individual committees in charge.

### 1. Summer Seminar

The Summer Seminar for 2005 will be held at "Phoenix Seagaia Resort" in Miyazaki. Members of the Summer Seminar Committee are eagerly preparing to make this Summer Seminar one of the most remarkable meetings, and I invite all members of LES Japan to participate.

### 2. Improvement of Publicity and Information Service functions

I believe we have to focus on two subjects under this issue, namely, the renewal of one of our publications, the "LES Japan News", and the refinement of our Society's website. Regarding "LES Japan News", while all of us appreciated the former traditional design, we have already renewed its cover design thanks to the efforts of members of

the Publicity Committee. Having a new cover design leads naturally to a desire to improve the content of the publication. In this context, we would like to accomplish a yearlong plan to publish Japanese translations of remarkable articles from *les Nouvelles*. Regarding the refinement of our website, our Website Committee is planning to launch a renewed website in May this year, that can offer information to our members at appropriate times and that can efficiently distribute information worldwide.

### 3. Cooperation with Asian Chapters and Support activities

1) We are planning the "LES 2005 IAM Tokyo Seminar" to be held in Tokyo this year, and the first announcement has already been sent to the Asian Chapters.

2) We are planning to hold a symposium between LES Japan and China, similar to that held in 1997. A dedicated committee for preparation has been created.

3) Regarding the exchange of opinions related to the management methodology of Chapter Societies, we plan to realize this through the Pan Asian Committee of LESI at the Annual Conference in Munich, which hopefully will help to promote activities in each Chapter Society. We believe LES Japan will take the initiative for a year with the support of the Asia Pacific President Meeting of LESI.

### 4. Establishment of a Joint Meeting with AIPLA

Also this year, we held a Joint Meeting in the morning of April 15, followed by a Joint Panel Discussion in the afternoon. I believe this alliance/cooperation with AIPLA will greatly foster the development of information exchange.

### 5. Institution of a Basic Educational Course

An Intermediate Educational Course has already and successfully been instituted, but this year I have asked our Education Committee to consider the institution of an educational course for beginners. If successful, we will be able to have a complete set of educational courses, basic and intermediate, and a case-study course for the advanced.

As you will see, since the above activities will be carried out in addition to our regular annual activities, I am certain that 2005 will be a dynamic year. Support and cooperation from each member of LES Japan will be highly appreciated.

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*\*President, LES Japan  
General Manager, Licensing Division,  
A. AOKI, ISHIDA & Associates*

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## International Licensing Workshop in Taipei

**By Chikao FUKUDA\***

In the middle of March this year, the Taiwan Licensing Executives Association (TLEA) held an International Licensing Workshop in Taipei as its first workshop in the Taiwan territory. TLEA is a new association established by the licensing executives in Taiwan (50% of the members are corporate executives, and the rest are attorneys and university professors.) and is now applying for membership with LES International (LESI). Since LES Japan is the mentor society in LESI of the applicant TLEA, I as the representative of the mentor society, visited Taipei to see the leaders of TLEA in relation to the application and to participate in the Workshop.

The Workshop was lead by Professor Paul Liu, and it appeared very successful; it was held at National Chengchi University and more than hundred people attended. At the Opening Remarks, Willy Manfroy, the President of LESI, addressed on "Best Practice of Intellectual Asset Management" and I made a short speech as the mentor society representative. There were two Sessions, one was entitled "Biotechnology Licensing," and the other "Information and Optical - Electronic Industry - Perspective of A Licensee

on Patent Pooling and Patent Abuses." Professor Paul Hsu headed the first Session, and Pat O'Reilly, President LES USA/Canada, covered the characteristics and problems of the biotech licenses and Mr. Tsai focused on specific issues such as clinical trials, etc. As for the second Session, Alex Fan explained about activities of, and technology transfer by Taiwan's not-for-profit R&D institution called ITRI (Industrial Technology Research Institute). All the speeches were very interesting and informative. There were other excellent panelists, Chi-Ming Liang, John Alison, John Hornick, Andy Sun and Yen-pong Jou.

Taiwan is one of the most advanced territories for electronic and other products in Asia, and when TLEA are accepted by LESI as "Chinese Taipei," I am sure that the members of LES societies will have a substantial number of powerful friends in Taiwan, and more closely connected activities among Asian member societies can be foreseen in the near future.

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*\*Past President of LES Japan, Present Vice  
President of LES International  
Attorney-at-law, Fukuda and Kondo, Tokyo*

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## AIPLA Meets LESJ in Tokyo

**By Jinzo FUJINO\***

On Friday April 15th, 2005, the LES Japan (LESJ) conferred with members of the "IP Practice in Japan Committee" to the American Intellectual Property Law Association (AIPLA). The conference comprised two parts: a discussion

meeting and a joint seminar. The discussion meeting which occupied the entire morning and lunch time was an opportunity for the two bodies to exchange professional views on current hot issues in the intellectual property field. The afternoon joint seminar was an open educational session with the participation of practitioners from LESJ and

AIPLA as speakers. The theme of the seminar was comparative analysis of discovery procedures for intellectual property litigation in Japan and US. LESJ and AIPLA met last year in Tokyo which ended in success. (See, *WINDS from Japan*, #24). Learning from the last year's success, the two organizations unanimously agreed to have a second one this year.

On behalf of LESJ, Mr. Chikao Fukuda, attorney-at-law, Past LESJ President and Mr. Junichi Yamazaki, attorney-at-law, present LESJ vice-president, spoke on the reforms of civil procedures and court systems which recently took place in Japan. Mr. Fukuda and Mr. Yamazaki focused on, among other things, intellectual property litigation. On the other hand, Mr. John T. Johnson, attorney of Fish & Richardson, Ms Pamela Crocker, Counsel to Eastman Kodak, Mr. William C. Rooklidge, attorney of Howrey LLP, and Mr. Christopher E. Chalsen, attorney of Milbank, Tweed attended on behalf of AIPLA. The American team elaborated on various aspects of discovery procedures in US, including such an interesting topic as impact to the practice of attorney-client privilege by the Federal Circuit's en-banc decision in the *Knorr-Bremise* case.

In view of the potential interest of foreign practitioners, this article summarizes points of presentations by the Japanese speakers. Specifically referring to the recent amendments of the Civil Procedure Law and the Courts Law, which took place in 2004, Mr. Fukuda and Mr. Yamazaki explained possible impacts of these amendments to practice of document production in Japan in relation to intellectual property litigation.

Under the amended Civil Procedure Law, all technology-oriented intellectual property cases ("patent cases") have to be heard by the Tokyo or Osaka District Court. These two district courts are the only first instance courts with jurisdiction for the patent cases in Japan. Appeals against the decisions of these two courts go to the Intellectual Property High Court, which has been set up within the Tokyo High Court. Before this amendment, unsatisfactory parties could have gone to an appellate court somewhere in Japan that has

jurisdiction over a particular district court. But for the benefits of uniformity of law interpretation and accelerated review, the relevant statutory laws were amended to streamline the judicial path to the Intellectual Property High Court. Other major changes include the introduction of the technical expert system, the notification of suit and collection of evidence prior to filing complaints, and measures for accelerated proceedings. The technical expert system enables technical experts to attend the hearing and advise the judges to the extent their discretion allows, while the actions before filing complaints would result in a speedier proceeding than ever.

The Courts Law, as amended in June 2004 and became in effect on April 1, 2005, clarified the scope of the discretion of the court-affiliated researchers. The role of the court-affiliated researchers, who were usually patent office examiners and leased from the Japanese Patent Office, was limited to conducting necessary technical research and analysis. However, the amended law now allows the researchers to raise questions to the parties and witnesses during court hearings and provide their opinions to judges. Another major change was the introduction of various measures for the enhanced protection of trade secrets and the lowered threshold of evidence for establishing infringing acts. Now that a kind of protective order is available from the court, a disclosed party would be responsible for keeping disclosed information in confidence. In addition, noteworthy is the availability of the *in camera* proceeding and the "closed" hearing in case where there are concerns of trade secrets leakage. These changes are believed to enhance the protection of trade secrets during the civil court proceedings while assuring the necessity for the production of evidence on a higher level.

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*\*Editor, WINDS from Japan  
Professor, Graduate School of Intellectual  
Property Studies, Tokyo University of Science*

*note) This report relates only to the afternoon session of the meeting. A report of the morning session will be carried in the next issue.*

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## LES 2005 IAM Tokyo Seminar in November

**By Junichi Yamazaki\***

LES Japan will sponsor the LES 2005 IAM Tokyo Seminar in Tokyo on November 4 and 5,

2005 in Tokyo. The Seminar is planned for Asian LES members and anyone interested in patent licensing and intellectual property. As a result of the increasing importance of intellectual property issues on a worldwide basis, more and more executives find that they need to have a better understanding of the subtleties of international patents and licensing.

In June 2004, LES Japan offered the first Intellectual Asset Management (IAM) Seminar in Japanese for its members, with great success.

This year's Seminar will be based on the LESI's program comprising IAM101 (The Basics of Intellectual Property and Licensing); IAM102 (Opportunity Assessment); and IAM103 (The Deal) and will be presented in English by the trainers who finished the Train the Trainers Session given by LESI in December 2003.

### General Information

#### 1. Dates and time: -

|                      | 9:00 - 12:00        | 14:00 - 17:00 | 18:00     |
|----------------------|---------------------|---------------|-----------|
| November 3, Friday   | (Hotel check-in)    |               |           |
| November 4, Friday   | Lectures & Workshop | Workshop      | Reception |
| November 5, Saturday | Workshop            | FREE          |           |

2. Venue: JST Science Plaza, 5-3, Yonban-cho, Chiyoda-ku, Tokyo 102-8666, Japan

3. Hotel Accommodation: available. Details will be announced later.

4. Registration: The registration fee for the course covers study materials, lunches, welcome reception and all coffee/refreshments breaks.

Registration fee: Yen 10,000- or approximately US\$ 96- (at 1US\$ = ¥104)

Payment should be made in Japanese yen at the reception on Thursday, November 3rd or at the beginning of the lectures on Friday, November 4th. The registration fee cannot be refunded for any reason.

5. Expected participants: 30 to 40 from Asian counties.

6. Application and other information: Please visit our web site at <http://www.lesj.org>

7. Trainers (in alphabetic order):

Mr. Yutaka Hara, Chief Associate, Technology Management Dept. Recruit Co., Ltd.

Mr. Masato Kobayashi, Attorney-at-Law, Partner, City-Yuwa Partners

Mr. Torahiko Maki, Vice Chairman, International Corporation Committee LES Japan. Executive Officer and General Manager, Legal and I.P. Dept. Tsukishima Kikai Co.,Ltd

Dr. Akinori Seta, Ph.D. Assistant General Manager, Patent Office, Aloka Co.,Ltd.

Mr. Masau Takayanagi, Vice President of LES Japan, General Manager Intellectual Property Department, Mitsubishi Pharma Corporation

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*\*Vice President and Chairman, International Corporation Committee of LES Japan  
Attorney-at-Law, Miyake & Yamazak, Tokyo*

## The court-mediated agreement in the case of Nichia Corp. vs. Dr. Shuji Nakamura at the Tokyo High Court on January 11, 2005

By Kazuaki OKIMOTO\*

The amended Section 35 of the Japanese Patent Law relating to employee's inventions, in determining reasonable compensation for an employee's invention, weighs on a prior reasonable standard for calculating remuneration for an employee's invention which is applied to the procedure for agreement of remuneration between employee and employer. If the standard is not

reasonable, a court will then judge a reasonable amount for the remuneration at its discretion. A court respects the prior parties' intention for agreeing an amount of remuneration for the employee's invention.

Under the old law, however, as we see in many cases, a reasonable amount of remuneration for an employee's invention was discussed after the invention was carried out to profit a company

without any consent on the amount of remuneration for the invention from the employee. Many such cases could be seen before the revised law was applied.

In the court-mediated agreement in the case of Nichia Corp. vs. Dr. Shuji Nakamura at the Tokyo High Court on January 11, 2005, we have the principle for predicting decisions in disputes about compensation for employees' inventions in either cases handled by the revised law or by the old law. That is, the court considers that the amount of remuneration should be calculated by taking into account balance between adequately providing the incentive for invention and enabling the company to be internationally competitive under hard economic circumstance. The court then calculated the reasonable remuneration to be 608,570,000 Yen, about US\$ 5.6 million, by judging the contribution of the inventor to be 5% and that of the company to be 95%, based on two

leading cases, the Hitachi case at the Tokyo High Court and the Ajinomoto case at the Tokyo District Court, where more than 100 million Yen was awarded.

The statement given in the above court-mediated agreement is merely a suggestion from the judges and has no binding power on pending cases before the courts. However, many practitioners expect that future court decisions will be made by judging the contribution of the inventor to be 5% and that of the company to be 95%, as long as the agreement of the remuneration for an employee's invention is made prior to the invention and in a reasonable manner between employee and employer.

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*\*Editor in Chief, WINDS from Japan  
Patent Attorney at YUASA and HARA*

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## IP News from Japan

**By Shoichi OKUYAMA\***

### **Draft Anti-trust Guidelines on Standardization**

On May 19, 2005, the Japan Fair Trade Commission (JFTC) published a draft of new guidelines concerning patent pools related to standardization. JFTC is currently accepting public comments until June 15, 2005, and expected to publish the final version shortly. The draft notes that a patent pool containing only patents that are essential to standardization is acceptable, while discriminatory practices, such as asking for unreasonably high royalty from particular licensees and refusing entry into the patent pool when such refusal means exclusion from a particular market, may constitute antitrust violations. Also, requirement not to contest the validity of pooled patents may be an antitrust violation.

### **An Enlarged Panel at the IP High Court Will Hear the First Case**

On April 1, 2005, the Intellectual Property High Court (IP High Court) began its operation with 19 judges in 4 divisions. This is a new organization established within the Tokyo High Court and is not a separate new court. It, however, has its own administrative office and certain autonomy from the Tokyo High Court. It will have exclusive

jurisdiction over all patent and utility model infringement cases in Japan as well as appeals from all decisions made by the Appeal Department of the Patent Office. It has opened its web site at <http://www.ip.courts.go.jp/eng/index.html>.

On May 9, 2005, the IP High Court decided to hear the *Ichitaro* case before the newly formed enlarged panel of five judges consisting of four chief judges from each of the four divisions plus one judge who is primarily responsible for the case. Normally, every intellectual property case is heard by a panel of three judges headed by the chief judge of a division.

The *Ichitaro* case has created a stir in the Japanese IT community. The patentee, Panasonic, sued Just System, which makes and sells a popular Japanese word processor software called *Ichitaro*, seeking an injunctive order only. The disputed patent (Japanese patent No. 2803236) relates to an apparatus that displays a brief explanation concerning the function of a second icon when a first icon called "balloon help" is dragged onto the second icon. A user can press a button on his or her mouse over a balloon help icon and drags the cursor to an icon which he or she is interested in so that a small window pops up with a short explanation on the function of the icon.

A Tokyo District Court panel presided by Judge Makiko Takabe found on February 1, 2005 that Just System infringed Panasonic's patent and

granted an injunction order, without possibility of provisional enforcement, to stop the manufacture and sale of the popular software despite the fact that the disputed patent covers only a very minor portion, a subordinate function within the help function, of the whole word processor. Subsequently, Just System's stock price plummeted. A public outcry ensued in defense of Just System, and some groups attempted to boycott Panasonic products. It is also interesting to note that while the Tokyo District Court had been familiar with the disputed patent and accused product because of a related and earlier filed case, it rendered a decision quickly after the complaint was filed on August 7, 2004. This speed has recently become norm at Japanese courts.

The enlarged panel of five High Court judges is expected to render its decision in several months.

## **New Examination Guidelines on the Patentability of Medical Methods Issued**

On April 15, 2005, the Japan Patent Office issued new examination guidelines. The new guidelines slightly expand what is patentable in medical areas. Methods for realizing new efficacies of drugs for the purpose of manufacture and sale, such as combination dosage of two or more drugs, and methods of operating medical equipment are now explicitly belong to patentable subject matters. This publication of new guidelines is responsive to the report issued by a specialist committee organized within the Council for Intellectual Property Strategy headed by Prime Minister Koizumi on December 22, 2004.

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*\*Editor, WINDS from Japan  
Patent Attorney, Ph.D., Okuyama & Co.*

## **Editors' Note**

From articles of this issue, we hope that readers can easily see our activities at LESJ are expanding internationally. This year, we received a delegation from the American Intellectual Property Law Association (AIPLA). We had a fruitful discussion on various topics relative to the U. S. and Japan. We expect that such meetings will take place regularly.

If you are interested in reading back issues of our newsletter, please access the following web site which has been renewed recently;

<http://www.lesj.org>

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### **WINDS from Japan Editorial Board Members, 2005**

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