

WINDS FROM JAPAN

The Licensing Executives Society Japan

A rebound into a real economy, globally, may come from technical licenses in Japan

By **Toshihiko KANAYAMA***



World financial markets descended into chaos triggered by the collapse of **Lehman Brothers** on September 14, 2008. The financial services industry has subsequently experienced an economic meltdown, and the resulting “credit crunch” has essentially signaled an end to the dominance of finance-driven

economies and investment growth instruments such as securitization, derivatives, leverage, and so forth. The nature of this failure suggests that the relatively new phenomena of finance-led economies is neither realistic nor adequate as an engine of growth, and a return to a more conventional “real” economy with a strong emphasis on the fundamentals of production is now around the corner.

To mitigate the close to catastrophic effects engendered by the collapse into meltdown, chaos and stasis of the world financial markets, it is vital that the G8, G20 and other countries begin to consistently implement measures that will enable a return to “real” economies and stabilization of the world financial order. It can be anticipated that in the short term an end to the dominance and viability of finance-driven economies will have repercussions for our existing “real” economies; with a shrinkage in monetary economies leading to an inevitable contraction in production fundamentals in the “real” economies of the world in the shorter term. Following such contraction and recession, it is likely that a dynamic recovery of global growth and a return to “real” economies will be accompanied by qualitative changes in the fundamentals of production with energy lean and clean technologies acting as catalysts for a resurgence into a new and dynamic era of growth and stability.

From this perspective, it is apparent that those Japanese companies that have concentrated in recent years on realizing energy-lean and clean technologies stand poised to make a significant and ongoing contribution to a “real” economic recovery, which will be both long term and dynamic in nature. The technical know-how, manufacturing experience, and intellectual property for new and sustainable technologies that already exists substantively in Japan will play a leading role in the development of a more realistic growth and prosperity, globally.

Reports of Priority 8 technical fields by JPO

The Japan Patent Office (the JPO) has periodically published the reports on circumstances of patent applications and registered patents in 8 technical fields deemed to be of priority in Japanese industry. These reports are aimed at providing useful information for establishing appropriate plans for research and development in Japan based on “The third term Basic Program for Science and Technology approved by the Cabinet in 2006”.

The 8 technical fields having priority include Life sciences, Information and communication technology, Environment, Nanotechnology / Material, Energy, Manufacturing technology, Social infrastructure and Frontiers.

The JPO has yearly conducted and published reports of surveys on technical trends for selected technical fields in which an increase in a number of patent applications filed has been seen, and/or for which significant growth prospects exist, with the focus of these reports being on the designated 8 priority technical fields as mentioned above. The following table 1 presents in simplified form concrete examples selected to constitute a table of the designated 8 priority technical fields, and is published by the JPO.

[Table 1] Concrete Examples relating to 8 priority technical fields

Technical Field	Concrete Examples (Simplified from JPO declared samples)
Related field of Life science	Genom, Drug discovery / Medical treatment, Therapeutic apparatus / Diagnostic Apparatus, Food science / Technology, Bioinformatics, Material production, etc.
Related field of Information and communication technology	High-speed network, Security, High-speed computing, Simulation, Software, Device, Information communication /others, etc.
Related field of Environment	Global environment, Regional environment, Environment risk, Life diversity, Recycling-based societal systems, etc.
Related field of Nanotechnology / Material	Nanomaterial, Surface, Interface, Nano-medical treatment, Nano-biology, Nanotechnology, etc.
Related field of Energy	Fossil fuel / artificial fuel, Nuclear energy, Natural energy, Energy saving / energy using technology, etc.
Related field of Manufacturing technology	High precision technology, Precision part process, Quality control, Advanced Manufacturing, Assembly process, Manufacturing technology / common basis, Manufacturing technology / others, etc.
Related field of Social infrastructure	Disaster prevention, Traffic, Social infrastructure / common fundamental research, Social infrastructure/others, etc.
Related field of Frontier	Outer space, Ocean

A brief review of the contents of the data in the above JPO-published table shows quite clearly the kinds of areas of technical expertise in Japan will make key contributions to a dynamic recovery of “real” economies, globally, in the near future.

Such contributions can be expected to arise primarily by the grant of technical licenses as a mechanism for transfer of technical expertise in the coming phase of industrial growth.

In the following, I provide a brief introduction to a selection of such data published by the JPO.

(1) Recent circumstances of published patent applications and registered patents in the 8 priority technical fields in Japan (Statistics of 2004 – 2007)

According to this report, the number of published patent applications in the 8 priority technical fields in Japan is greatest within the field of information and communication technology, followed by the field of nanotechnology / materials, and the field of life science. The number of public patent applications has remained steady in all fields except for the field of nanotechnology / materials, in which the number has been increasing slightly.

The number of registered patents in the 8 priority technical fields in Japan is largest in the field of information and communication technology, followed by the field of nanotechnology / materials, and the field of life science. The number of registered patents in each of these fields has increased significantly year on year in each of these fields. The rate of increase in 2007 compared with the number in 2006 is more than 10 % in all fields except for 7% in the related field of life Science, and -3% in the field of frontier science.

Based on assumptions that the number of patent applications reflects the activity of the development in the field, and that the published patent applications are reflected in patents registered after a period of three years after publication of the applications, the above results appears to reflect that the development is going into the stage of positive growth trend in almost all the 8 priority technical fields in Japan.

(2) Monthly circumstances of recently published patent applications and registered patents in the 8 priority technical fields in Japan, US, Europe, China and Korea (Statistics for 2001-2008, renewed each month)

The numerical data are also presented in the form of comparative graphs including data of Japan, US, and Europe in each of the 8 priority technical fields. These comparative graphs provide an insight into scenarios of significant interest.

Comparison of the contents of each of the graphs for published patent applications in Japan, US, and Europe and the graphs for registered patents in Japan, US, and Europe in each of respective fields is made on an assumption that the published patent applications are reflected in patents registered after a period of three years after publication of the applications. Based on the fact that 87% of the patent applications and 90% of the registered patents in Japan are invented by persons of Japanese nationality, a further assumption can be made that the graphs do, in fact, provide an accurate reflection of the ability existing in Japan in the respective priority technology fields.

In the field of life science and the field of frontier science, the number of patent applications and patents registered in Japan has until recently been modest. However in the field of life science, the number of patent applications filed in Japan within 2008 has shown a significant increase. In the field of information and communication technology, the number of patent applications filed in Japan has remained at approximately the same level as that for such patent applications in US; although the number of patents in this field registered in Japan remains fewer than the number filed in the US.

In other fields, especially in the field of environment and the field of social infrastructure, the number of patent applications and registered patents in Japan is highly substantial in comparison to the numbers of applications and registrations for such fields in other countries. In the field of nanotechnology / materials, the field of energy, and the related field of manufacturing technology, the number of patent applications in Japan has remained at the top the list of applications and over a long period of time. After the last half of 2007, the number of registered patents in Japan reached the top of the list of registrations.

As discussed above, Japanese technology in 7 of the 8 priority technical fields is among the leading technologies in the world, the exception being the field of frontier science including technology relating to outer space and the oceans.

Japan, using its advanced environment technology, manufacturing technology and energy technology, is in a strong position to contribute effectively to development of essential technology for earth-conscious, energy-lean and clean industries throughout the world.

(3) Reports of Technical Trend Survey of Patent Applications published by JPO

The JPO has conducted yearly surveys on selected subjects since 1999, and abridged editions of reports of these surveys are published on the PTO website in Japanese.

Based on the result of the Technical Trend Survey of Patent Applications in 2007, the JPO announced in April of 2008 a News Release titled "Japanese Technical Competitive Power from a standpoint of Patent Trend Survey in 2007".

The News Release explains that in 5 technical subjects of Environment and Energy fields out of 12 technical subjects surveyed in 2007, the number of patent applications from Japan in each of Japan, US, Europe, China and Korea is the largest in number. In particular, Japan holds a large share of patents covering technologies relating to "methane hydrate". And each of the "biosensor" subjects in the life science field, and 5 subjects

including machining techniques for semiconductors in the manufacturing technology field and information and communication technology field also shows that Japan has filed the largest number of patent applications in these fields.

The above result reflects a selection of survey subjects in the year 2007. However, the result does appear to indicate a fairly remarkable advance in technical competitive power in Japan.

The above data, in Japanese only, can be found at the following URL in the Internet website of the JPO.

<http://www.jpo.go.jp/index/toukei.html>

(For your information, the English website of the JPO is <http://www.jpo.go.jp/index.htm>).

The above comments are based on the premise that patent applications and the registered patents are indicative of the existence of enabling technology and technical expertise. Further, the assumption is made that the most important point of focus for industry in the evolving economic and technological era will be the harmonious coexistence of human life in the context of global resources.

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## Should Allowability of Correction be examined for Individual Claims? – Supreme Court Decision

By Mitsuo KARIYA\*

The Supreme Court rendered a decision on whether examination should be made on allowability of correction of individual patented claims in a single patent, on July 10, 2008.

This Supreme Court Decision relates to Petition for Correction filed during an opposition procedure. Filing of an opposition has not been possible in Japan since January 1, 2004, when the system was abandoned. However it is considered that this decision still has relevance, as will be discussed below.

### Three Procedures for Correcting Patented Claims

Before the opposition system was abandoned in 2004 there were three procedures by which patented claims could be corrected; namely, 1) Trial for Correction, 2) Petition for Correction in an Opposition and 3) Petition for Correction in an Invalidation Trial.

A common requirement among the three procedures was that correction was allowed only when a petition was for narrowing claims, for correcting errors or for clarifying a vague or unclear description. No new matter could be introduced by correction and the scope of a claim could be neither expanded nor altered. Some details of the three procedures are as follows:

#### 1) Trial for Correction

A request for Trial for Correction is not allowed to be filed while an opposition or an invalidation trial is pending before the Patent Office (Previous Law Article 126). This request is associated with neither an opposition nor an invalidity trial. Patentability is examined with respect to all the claims that are amended for the purpose of narrowing claims or correcting errors.

#### 2) Petition for Correction in an Opposition (Previous Law Article 120-4(2))

Opposition can be filed against each claim in a case of a patent including multiple claims, within six months from patent publication (Previous Law Article 113). Patentee can file a petition for correction within a designated period.

Patentability is examined for allowability of correction only for amended claims against which no opposition was filed. Patentability is not examined for allowability of correction for the amended claims against which the opposition was filed because patentability of the amended claims is examined in examination for opposition.

#### 3) Petition for Correction in an Invalidation Trial (Current Law Article 134-2)

Invalidation trial can be filed against individual claims in a case of a patent including multiple claims (Current Law Article 123). Patentee can file a petition for correction within a designated period.

Patentability is examined for allowability of correction only for the amended claims against which an invalidation request was not filed. Patentability is not examined for allowability of correction for the amended claims against which the invalidation request was filed because patentability of the amended claims is examined in examination of invalidity.

### **Decision by the Japanese Patent Office**

An opposition was filed against a patent including 4 claims on December 26, 2003. The patentee filed a petition for correction on December 7, 2005. The patentee argued that a) the correction of Claim 1 was to narrow its scope, b) the correction of Claim 2 was to clarify the vague description, c) the correction of Claims 3 and 4 was to correct errors.

The Patent Office found that the correction of Claim 2 was not allowable because it was for none of correction for narrowing the claim, for correcting errors or for clarifying vague description, and it also expanded the scope of the claim. The Patent Office further found that the petitioned correction was not allowable, without examining the amendment of other claims, because it included the unallowable amendment to Claim 2. The Patent Office decided to revoke this patent because the issued claims as of patent publication were not patentable in view of the prior art.

### **Decision by IP High Court**

Appeal was rejected by the IP High Court. The IP High Court found that a petition or request for correction on multiple portions (e.g. multiple claims) should be treated as a single indivisible request in a Petition for Correction or a request of Trial for Correction unless the patentee amends the petition or request to limit it to correction of a portion (e.g. one claim) only.

### **Decision by Supreme Court**

#### **(1) Fundamental Structure of Patent System**

The Supreme Court confirmed the fundamental structure as follows. A single patent is granted to a patent application including multiple claims and a patent is not granted individually to each claim. A patent application is allowed or rejected indivisibly.

If there is a case where such indivisible treatment is inappropriate, special provisions for individual treatment of claims are provided in express terms. For example, the Previous Law Article 113 sets forth that an opposition can be filed against a subset of claims in a patent. This is also the case for a request of invalidation trial (Article 123).

#### **(2) Trial for Correction and Petition for Correction**

The Supreme Court distinguished Petition for Correction from Trial for Correction as follows.

There is no provision for treating claims individually with regard to Trial for Correction and a request of Trial for Correction is considered substantially a sort of new patent application. A request of Trial for Correction regarding multiple claims is to be indivisibly treated, similarly to a patent application including multiple claims.

On the other hand, Petition for Correction under Previous Law Article 120-4(2) is a procedure that is incidental to an opposition, and its legal nature is different from that of a Trial for Correction as an independent appeal procedure. Petition for Correction cannot be considered to be substantially a new patent application because patentability is not examined with regard to amended claims under opposition in the procedure of Petition for Correction.

Petition for Correction for narrowing the claim under opposition is considered a defense against the opposition and therefore it is reasonable to consider that the patentee requests correction of each claim individually, and allowability of correction is individually examined for each claim.

#### **(3) Conclusion**

Allowability of the correction of Claim 1 should be examined separately from other corrections because the opposition was filed against Claim 1 and the correction was for narrowing the claim. The decision by the Patent Office revoking the patent included a defect because the entire correction was rejected without a review of the correction of Claim 1 based only on that the correction of Claim 2 was unallowable. The portion of the decision of opposition revoking Claim 1 was overturned.

### **Applicability to Petition for Correction in an Invalidation Trial**

This decision is probably applicable to amended claims under invalidation request in a petition for correction initiated during an invalidation trial.

Similarly to a petition for correction filed during an opposition procedure, patentability is not examined with regard to amended claims under invalidation request. A petition for correction for narrowing claims under invalidation request should also be considered a defense against the invalidation request.

It should be noted that a request of trial for correction (Current Law Article 126) is still considered as a single indivisible request and the allowability of a petition for correction to claims against which no invalidation is requested will most likely be considered as a whole.

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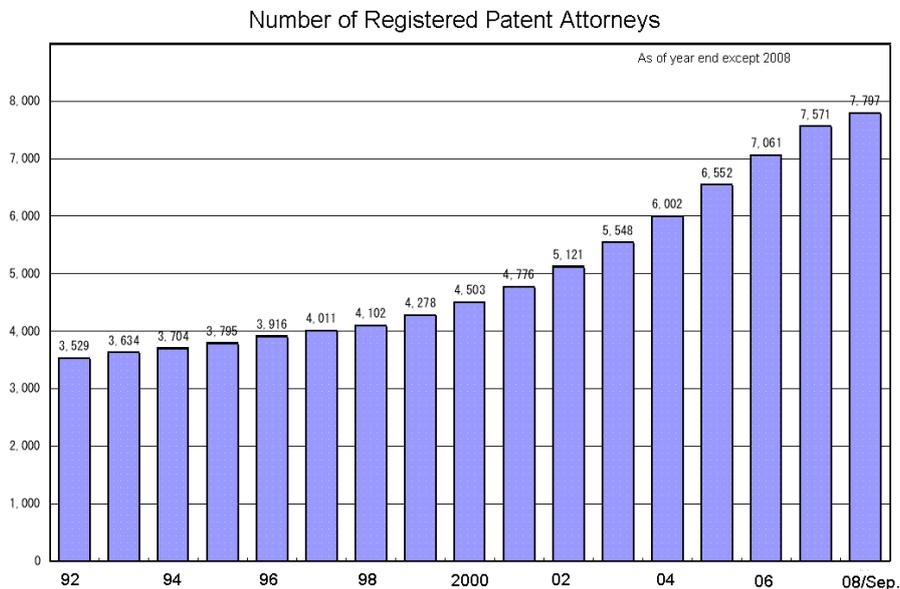
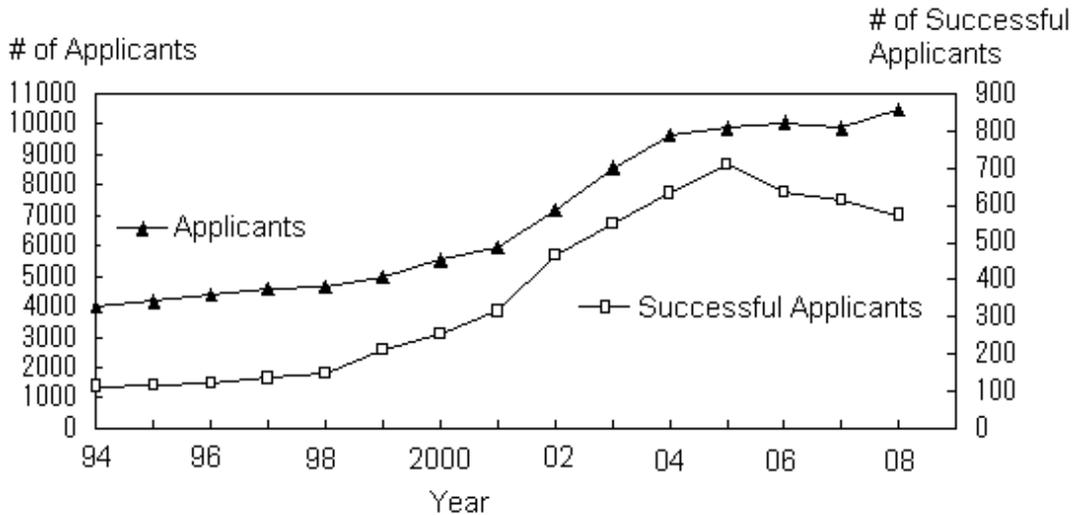
IP News from Japan

By Shoichi OKUYAMA*

Results of 2008 Patent Attorney Exam

On November 5, 2008, the Japan Patent Office announced the results of the Patent Attorneys Examination for the current fiscal year. This year, 574 out of 10,494 passed, of which around 17 percent are women. The examination does not require any prior practical experience or particular educational background. Now those who

wish to practice as patent attorney in Japan participate in a three-month training period provided by the Japan Patent Attorneys Association between December and March. The total number of registered patent attorneys has increased from about 4,000 to nearly 8,000 over the last decade. Currently, of a total of 7,800 patent attorneys in Japan, nearly 5,400 patent attorneys (69%) have their main office in the Tokyo metropolitan area, about 1,600 (20%) in Osaka and vicinity, and about 400 (5%) in Nagoya and vicinity.



Source: JPO

Pirated Livestock and Plants

“Wagyu” steak has become popular in the U.S., where importation of beef from Japan is prohibited. *Wagyu* literally means “Japanese cattle” in the Japanese language. *Wagyu* beef sold in the U.S. is mostly produced domestically. *Wagyu* breeds were created in Japan more than a century ago by crossbreeding native Japanese cattle with imported European breeds. According to the

Japanese agricultural ministry, *Wagyu* is defined as including four specific cattle breeds and cross-breeds among them. The U.S. Department of Agriculture has its own definition of *Wagyu* (for details, visit the web site of the American *Wagyu* Association). *Wagyu* beef is now produced worldwide including countries such as Australia, Brazil, Canada, Mexico, the Netherlands, Chile and New Zealand, in addition to the U.S.

According to the American *Wagyu* Association, *Wagyu* production started with importation into the U.S. in 1976. At that time, two Tottori Black *Wagyu* and two Kumamoto Red *Wagyu* bulls were imported. The next development occurred in 1993, when two male and three female Tajima cattle were imported. In 1994, 35 male and female cattle consisting of both red and black genetics reached the U.S.

A problem now being discussed in Japan is how the *Wagyu* brand can be maintained or improved for the benefit of Japanese, and most likely, overseas producers. Since “*Wagyu*” is a generic name for certain cattle, it may be difficult to prohibit its use for beef produced outside Japan; “Kobe Beef” produced in the U.S., unrelated to the city of Kobe, Japan, is clearly misleading as to geographical origin.



Examples of advertisements found on the Net

Regarding plant resources, a number of infringement cases have recently been reported in the media. According to newspaper reports, plant varieties registered under the Seeds and Seedlings Law have been smuggled into China, Korea and other countries, and harvested products are imported back into Japan, in violation of the plant breeders' rights. Varieties include those of kidney beans, small red beans, strawberry (three varieties), rush grass (used for making Japanese *tatami* mats), cherries, carnations (two instances), and chrysanthemums.

For example, a branch (graft) of a cherry tree was taken from Japan to Australia in 1999. The cherry tree was *Benishûhō*, one of the most expensive and famous cherry varieties in Japan. In November 2005, the Yamagata Prefectural Government, which owned the registration for the cherry variety, filed criminal charges against an Australian producer who had grown cherries starting from the graft, and a settlement was reached in July 2007.

Currently, about 7,000 plant variety registrations are in force, and about 1,300 new applications have annually been filed in recent years.

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## Editors' Note

We trust that the articles included in this issue will prove useful in providing you with up-to-date information on a variety of IP issues in Japan. Further information on articles included in this issue can be obtained by visiting the web site of the Japanese Patent Office at: <http://www.jpo.go.jp/index.htm>.

If you would like to refer to any back issues of our newsletter, they can be accessed via the URL as follows: <http://www.lesj.org>

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