

WINDS FROM JAPAN

The Licensing Executives Society Japan

2015 Asia Pacific Student Business Plan Contest Japan team was honored again

By Shingo Tsuda*

The 2015 LES Asia Pacific Regional Conference was held in Kuala Lumpur, Malaysia on a great note. A Student Business Plan Contest took place on September 30th as one of the outstanding events at the conference. Four young, talented and aspiring teams representing Malaysia, Korea, Singapore and Japan pitched their business plans to the LES community.

The competition infused the conference with young energy. The audiences were impressed at great efforts by the presenters for developing business plans and preparing presentations. The passionate presenters enlightened the audiences by discussing not only business models but also how each team is trying to tackle problems existing in the world right now and what they envision as the future to come.

The team from the University of Malaya presented the “3-RDY” business plan as the first 3D printing research and development hub in Malaysia. They were excited about providing both products and services to address the growing demand for 3D printers. An idea of a smart baby cradle was presented by the “Social Bean” team by students from four universities in Korea. The cradle has a “smart” rocking feature that prevents infants from SIDS (Sudden Infant Death Syndrome). Singapore’s Nanyang Technological University team presented a very compelling idea based on Silicon Nano Solid Oxide Fuel Cells (Si-nSOFCs) which would enable a much more efficient source of energy in the future. The Japan team, “Xinbao” by students from the University of Tokyo pitched an idea to provide a smartphone app which prevents consumers from buying fake products.

The presented business plans were evaluated from the stand point of the quality of intellectual properties, licensing capability, products and services to be provided, marketability, economic potential and other business perspectives, and two winning teams were determined.

At the award ceremony during the gala dinner on October 1st, Ms. Yvonne Chua, the former president of LESI offered a compliment to all student teams by stating, “You are all winners” and congratulated the winning teams by presenting the US\$3,000 first-prize to Japan team and the US\$1,000 second-prize to Singapore team.

“*Creation of new intellectual property*” was exhibited at the contest. As a member of LESI, I am proud of our activities which encouraged young people to present new ideas to LES communities in the world. I would like to express my appreciation to all students who participated in the competition, Mr. Brian Law, President of LES Malaysia and the members of LES Malaysia who effectively organized this event.



Presentation by Japan team “Xinbao”



Award Ceremony (from the left, Dr. Ichiro Nakatomi President of LES Japan; Ms. Ai Aoki, Xinbao team; Mr. Moto Kawanobe, Xinbao team; Mr. Sho Koh, Xinbao team; Ms. Yukako Taketani, Xinbao team; and Mr. Shingo Tsuda, Author of this article)

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 \* Sub-leader of the LES Japan Student Business Plan Contest WG, Founder and Director at INDEE Japan Corporation

## Strengthened Trade Secret Protection in Japan 2015 Unfair Competition Prevention Act Revision

**By Mitsuo Kariya\***

The importance of trade secrets is now widely recognized by the industry in connection with the so-called open-close strategy (patent protection or trade secret protection). The theft risks of trade secrets have been increasingly gaining attention. During recent years, Japanese companies experienced trade secret misappropriation cases including Nippon Steel & Sumitomo Metal Corporation vs Posco Co., Ltd. relating to oriented electromagnetic steel sheet technologies and Toshiba Corporation vs SK Hynix Inc. relating to NAND-type flash memory technologies. In order to strengthen trade secret protection, the unfair competition prevention act was revised in July, 2015 and it becomes effective on January 1, 2016.

The revision covers expanded criminal and civil protections, strengthened penalties and improvements in the effectiveness of civil remedies.

- 1) Expanded criminal and civil protections
  - i) Every subsequent acquirer (3rd, 4th, 5th ...) of illegally disclosed trade secrets becomes punishable for illegal use or illegal disclosure in addition to the 1st and 2nd illegal acquirers who were punishable under the Act prior to this revision (Article 21, Paragraph 1, Items 7 and 8).
  - ii) Attempted illegal use and attempted illegal disclosure of trade secrets become punishable (Article 21, Paragraph 4). For example, any illegal access to

trade secrets becomes punishable even if it is not confirmed whether the trade secrets were actually taken because of destruction of evidence.

iii) Sale, importation, exportation and other activities of articles produced by illegal use of other's trade secrets are prohibited as is the case with patent infringing articles. It is subject to an injunction, a claim for damages and a criminal punishment (Article 2, Paragraph 1, Item 10; Article 21, Paragraph 1, Item 9).

iv) Illegal acquisition of trade secrets is subject to punishment of crimes committed outside Japan. For example, illegal acquisition outside Japan of trade secrets stored in a computer server located outside Japan is punishable as long as the owner of the trade secrets has a business in Japan (Article 21, Paragraph 6).

2) Strengthened penalties (Article 21, Paragraphs 1 and 3; Article 22)

- i) Increased Fine (upper limit)
  - Individual: 10 million yen (prior to this revision)
  - 20 million yen (0.17 million USD);
  - Illegal use outside Japan: 30 million yen
  - Legal entity: 300 million yen (prior to this revision)
  - 500 million yen (4.2 million USD)
  - Illegal use outside Japan: 1 billion yen

ii) Crime proceeds can be forfeited at the discretion of courts in order to prevent criminals from keeping ill-gotten gains (Article 21, Paragraphs 10,11 and12). It was reported that the civil cases of the above mentioned trade secret misappropriations were settled by payments of 30 billion yen by Posco and 33 billion yen by SK Hynix. The settled amounts were considered as just fractions of the profits gained by the infringers and it was recognized insufficient to inhibit trade secret misappropriations only by a compensation for damages and increased fines.

iii) Trade secret thieves can be prosecuted without aggrieved parties' complaints (Article 21, Paragraph 5).

3) Improvements in the effectiveness of civil remedies

i) A presumptive rule for proving use of illegally acquired trade secrets is introduced to facilitate the presentation of evidence by plaintiffs (Article 5-2).

If a plaintiff proves that a defendant illegally acquired the plaintiff's trade secrets regarding a production process technology and the defendant is conducting a business related to the technology, the burden of proof is shifted to the defendant. That is to say, the defendant needs to prove non-use of the illegally acquired technology.

ii) The period of exclusion is extended from 10 years to 20 years (Article 15). If a trade secret owner knows an infringing fact and the infringer more than 10 years after the illegal use of the trade secrets started the owner can still seek civil remedies.

This article discussed only the overview of the 2015 revision and did not explain the details for the sake of simplicity. It is recommended to consult your expert for more details.

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 *Editor/Licensing Vice President at GE Japan Corporation, Patent Attorney

IP News from Japan

By Shoichi Okuyama, Ph.D.*

First Batch of New Types of Marks to be Registered

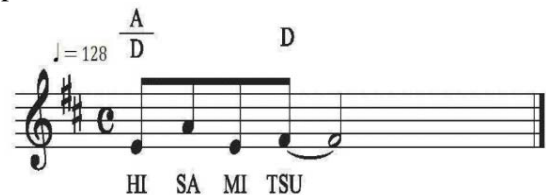
On October 27, 2015, the Japan Patent Office announced that it allowed 43 new-type trademarks from among 481 applications filed on April 1, 2015. The JPO has not yet completed examination of all these applications.

Number of cases	Total	Types				
		Sound	Motion	Position	Hologram	Color
Allowed this time	43	21	16	5	1	0
Filed April 1, 2015	481	151	32	103	3	192
Filed up to October 23, 2015	1,039	321	70	214	11	423

The amended Japanese Trademark Act allows registration of new types of trademarks such as for sounds, motions, positions, holograms, and colors. It took effect on April 1, 2015. On that day, 481 applications were filed for these new types of marks. A few representative trademarks that were allowed follow. The primary business of the applicant is in parentheses, which may or may not be related to the designated goods or services.

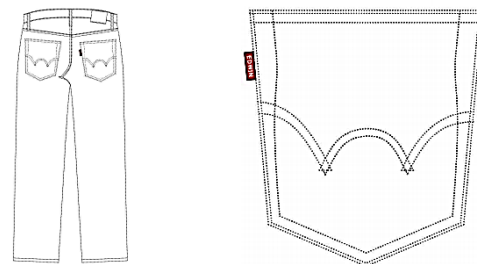
Sound

Hisamitsu Pharmaceutical (drugs)
 Application No. 2015-29806



Position

Application No. 2015-30361
 Edwin (denim jeans)



Application No. 2015-30688
Seicomart (convenience stores)



Motion

Application No. 2015-30222
Kiku-Masamune Sake Brewing (sake)



Application No. 2015-30220
Fujitsu Ltd. (electronics)



Hologram

Application No. 2015-30198
Sumitomo Mitsui Card (credit cards)



Supreme Court Upholds New Practice Created by IP High Court

On November 17, 2015, the third petty bench of the Supreme Court of Japan affirmed a grand panel decision of the Intellectual Property High Court (case No. 2014(gyo-hi)356). In May 2009, the IP High Court reversed the JPO practice that existed since patent term extensions for pharmaceuticals and agricultural chemicals were first allowed in 1988 (case No. 2008(gyo-ke)10458, etc.). These decisions were upheld by the Supreme Court (case Nos. 2008(gyo-hi)324, etc.). After these decisions, the JPO revised its examination guidelines, but the grand panel of the IP High Court once again reversed JPO decisions made in accordance with the revised guidelines in May 2013. This new Supreme Court decision of November 17, 2015, reaffirmed the IP High Court decisions.

The end result of all these decisions is that if the originator drug company obtains a new approval for marketing a particular dosage or administration, say 10 mg, after it obtained prior approval for another dosage or administration, say 5 mg, for which it already obtained a patent term extension from the JPO, it can still obtain another patent term extension for the new dosage or administration.

When the Patent Act was amended in 1987, the patent community in Japan decided that a patent term extension could only be obtained once for a given active component and an efficacy. The two sets of decisions by the IP High Court and the Supreme Court completely reversed this well-established practice. The JPO will again need to revise its examination guidelines for patent term extensions.

Design Examination Guidelines to Be Revised

On November 18, 2015, a government committee in charge of revising examination guidelines for design registrations approved the final draft of new examination guidelines. The new guidelines are comprehensive, covering creativity and other

registrability requirements, but the most important feature is that it allows registration of images such as icons and screen designs separately from a particular narrowly defined product.

In Japan, when a design is registered, it must be associated with one particular product, such as a television set, a personal computer, a smart phone, or a tablet.

The draft guidelines include three points:

(1) images recorded in relation to an additional functionality of a computer in conjunction with the installation of a software product may be registered,

(2) images shown on devices as a result of signals coming from the outside of the devices and content

images such as a scene in a movie or a game are not registrable, and

(3) images shown on a client terminal as a result of network computing are not registrable because they are not integral with the product.

The new guidelines mean that the JPO is going to make incremental changes toward international harmonization after attempts to revise the Design Act failed over the last several years. It is expected that the new set of draft examination guidelines will be published for public comments and finalized for implementation from April 2016.

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\* Editor / Patent Attorney, Okuyama & Sasajima

## Editors' Note

This issue includes articles relating to the 2015 Asia Pacific Student Business Plan Contest, the 2015 Unfair Competition Prevention Act Revision 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: <http://www.lesj.org>

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