

**Selected Articles from**

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## **IPHC decisions : Protection of Three-Dimensional Trademarks in Japan**

The Intellectual Property High Court (IPHC) has recently rendered two historically memorable decisions. On November 29, 2006, the IPHC held invalid Reg. No. 4704439, a three-dimensional chick-shaped trademark for cakes. This is the first Japanese case in which a registered three-dimensional trademark has been cancelled. On June 27, 2007, the IPHC reversed the decision rendered by the Trademark Trial and Appeals Board (TTAB) of the Japan Patent Office (JPO) refusing a registration of a three-dimensional trademark for a small, pen-shaped flashlight that had been sold over a long period in Japan by a US corporation, Mag Instrument, Inc. Although the JPO could have appealed to the Supreme Court against the decision, they unofficially indicated that they would respect the IPHC's decision. Thus, the case will be returned to the TTAB for re-examination. The TTAB is bound by the decision rendered by the IPHC, and will issue a decision allowing a registration. Thus, it can be said that the decision is the first registration of a three-dimensional shape as a trademark recognized by the IPHC.

This article first briefly explains the framework of the registration system for three-dimensional trademarks of goods or packaging of goods, provides some data on registrations of three-dimensional trademarks, and examines the IPHC decisions.

### **1. Requirements of registration of three-dimensional trademarks**

On April 1, 1997 Japan adopted a registration system, with strict requirements, for three-dimensional trademarks. The requirements of registration are as follows. (Articles cited are provisions of Japan's Trademark Law.)

- (1) If a trademark consists solely of a mark indicating, in a common manner, the shape of goods or packaging, it may not be registered. (Article 3, Section 1, Paragraph 3)
- (2) Notwithstanding Article 3, Section 1, Paragraph 3, a trademark may be registered if, as the result of the use of the trademark, consumers are able to recognize the goods bearing the trademark as those pertaining to a business of a particular person. (Article 3, Section 2: secondary meaning)
- (3) If a trademark consists solely of a three-dimensional shape of goods or the packaging of goods that is indispensable for the goods or their packaging to properly function, it cannot be registered. (Article 4, Section 1, Paragraph 18)

The first requirement is considered very difficult to meet, because it appears to mean that any shape of goods or packaging of goods as such cannot be registered as a three-dimensional trademark, insofar as registration is sought for merely the shape of goods or packaging. The requirement includes the doctrine of "aesthetic functionality" that applies to the appearance of goods. Thus, under requirement (1) only a three-dimensional trademark or packaging of goods with respect to which no one can identify what its shape represents can be registered. The Examination "Guidelines" prepared by JPO explain as follows the phrase "in a common manner" that appears in Article 3, Section 1, Paragraph 3 of the Trademark Law.

Even though a shape is uniquely changed or decorated, when consumers perceive those changes or decorations to be within the scope of the shape that is adopted by the industry involved in the transaction of the relevant goods, it will be found that the three-dimensional shape does not go beyond the scope of the shape of designated goods. Such a trademark will be deemed to lack distinctiveness.

The JPO examiners apply these Articles in order when they examine applications for three-dimensional trademarks. Thus, even if a three-dimensional shape trademark can satisfy requirements (1) and (2), if the shape is indispensable for such goods or their

packaging to properly function, the trademark cannot be registered. The third requirement may be called the “functionality doctrine” that applies to utilitarian aspects of goods. If the product feature is essential to the use or purpose of the product, that is, alternative designs are not available or the cost or quality of the goods has advantages in terms of method of manufacture, the relevant three-dimensional shape trademark should be held to be functional, and thus ineligible for protection. However, there are no cases denying three-dimensional shape trademarks on the basis of Article 4, Section 1 Paragraph 18.

Despite such stringent requirements, about 1,400 three-dimensional shape trademarks have been registered over the past 10 years. Most, however, are not related to the shapes of the goods or packaging of the goods themselves that are specified under the registered trademarks. They are, for example, statues such as Colonel Sanders of Kentucky Fried Chicken for fried chicken, a variety of figures or shapes of goods that are not related to the shapes of the goods or packaging of the goods themselves that are specified under the registrations, or those having word marks or design marks already registered.

In general, packaging of goods bears word marks or two-dimensional design marks already registered as trademarks for the goods contained in the packaging. Many of such kinds of packaging have been registered as three-dimensional shape trademarks. However, the Guidelines explain that if words, letters, devices or figures are not recognized as indicating the source or origin of the goods, but merely as decoration or decorative design used to increase the aesthetic value of the packaging, the relevant three-dimensional shape trademark cannot be registered. Thus, it will not be said that threedimensional trademarks with registered word marks are true threedimensional trademarks.

On the other hand, many applications for trademark registration of three-dimensional packaging shapes of goods having no word marks or two-dimensional device marks have been denied, on the ground that they lack distinctiveness, or have failed to acquire secondary meaning.

## **2. Examples of registration of three-dimensional trademarks**

Some three-dimensional trademarks of goods or packaging have been registered as being themselves inherently distinctive. For example:



Reg. No.4170258

Goods: Perfume



Reg. No. 4454125

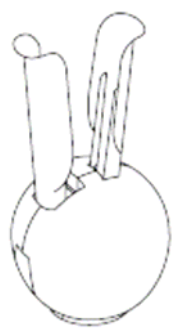
Goods: Perfume and cosmetics

These are bottles of perfume. Consumers very likely cannot perceive them as merely perfume bottles, and the changes or decorations go beyond the scope of the shape that is usually adopted by the industry involved in transactions of perfume goods. The three-dimensional trademarks as shown below have also been held inherently distinctive and have been registered.



Reg. No. 4460057

Goods: Trophy

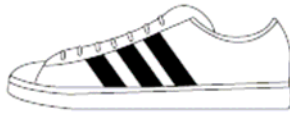


Reg. No. 4925446

Goods: Hand operated mills for spices and seasoning

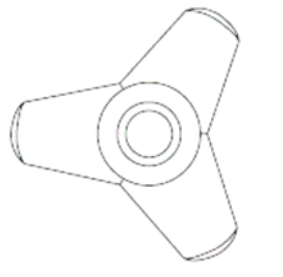
The picture on the left above shows the famous world championship soccer trophy. The applicant once incurred a preliminary denial, but then succeeded by filing an argument. The shape was held to be unique and original in external appearance. The shape of the mill, on the right, has been registered at the level of the TTAB. It is held that the shape is quite different from the usual shape of mills and cannot be perceived as a hand operated mill for spices and seasoning. The decision on the hand mill is the first in which the TTAB has granted a registration for a three-dimensional shape trademark on the ground of inherent distinctiveness.

Some three-dimensional shape trademarks have been registered as having acquired secondary meaning, for example, those shown below.



Reg. No. 4522864

Goods: Footwear



Reg. No. 4639603

Goods: Concrete breakwater block

Note that there are no word marks on the six registered threedimensional trademarks shown above. Some goods on the markets have word marks on them that can function as a trademark, and some do not. The JPO has been accepting trademark registration of a three-dimensional shape of goods if the distinctive word trademarks are affixed to the shape.

On the other hand, many three-dimensional trademarks of goods without word trademarks or distinctive device marks have been denied registration, on the ground that the shape as such of goods does not basically indicate the source or origin of the goods but rather provides consumers with aesthetic appeal. And as the goods on the market bear distinctive word trademarks, consumers purchase or distinguish goods from others by relying on the word trademarks, which are usually superior to the goods' appearance as an indicator of the goods' source or origin. In other words, the JPO opinion seems to imply that the three-dimensional appearance of goods does not basically serve as a trademark.

It will be true that a three-dimensional product or packaging shape will not be found inherently distinctive unless it is unusual and conceptually separated in addition to being likely to serve as an indication of the source or origin of the goods.

### **3. The shape of packaging**

The PO's opinion is more stringent regarding the shape of packaging. As a practical matter, all existing packaging on the market has word or device marks that can serve as trademarks. The opinion of the JPO and the courts is that such word or device marks have more appeal to consumers when they purchase goods than the shape of the packaging itself. If this view is correct, there will be no chance for the shape of packaging to be registered as a trademark. Of course, there are many criticisms of this

view.

A three-dimensional bottle trademark, without any word marks, for whisky sold by Suntory Ltd. for about 70 years, was denied registration by the TTAB, and the Tokyo High Court turned down the appeal, notwithstanding market research indicating that about 74 % of consumers perceived the bottle design as indicating the source or origin of the whisky. The Court ruled that the bottle, when actually sold, bears the word mark SUNTORY, and that when purchasing the whisky consumers rely upon the word mark rather than the shape of the bottle.

The application for registration of a three-dimensional trademark for a Coca-Cola bottle without the word “Coca-Cola” on the surface of the bottle was recently denied by the TTAB. The case has been appealed to the IPHC. We are hoping for a judgment reversing the PO’s decision.

#### **4. Judgment on a chick-shaped trademark**

A three-dimensional chick-shaped trademark of cakes was registered in the name of Hiyoko Co., Ltd. (“HIYOKO”) located in Fukuoka on the basis that it had acquired secondary meaning. HIYOKO admitted that the mark consists solely of a shape indicating in a common manner the shape of a chick, and that it falls within Article 3, Section 1, Paragraph 3 of the Trademark Law, which does not permit registration of such trademarks. In other words, HIYOKO had no objections to the conclusion that the shape is inherently descriptive. In the course of examination at the TTAB, HIYOKO submitted a great deal of evidence; based on the evidence the TTAB held that the shape had acquired secondary meaning.

Based on the three-dimensional trademark registration, HIYOKO then commenced court action against Nikakudo Co., Ltd. (“NIKAKUDO”), also located in Fukuoka, demanding that NIKAKUDO discontinue use of a similar configuration of a bird-shaped cake. NIKAKUDO filed a request for an invalidation trial against the registration with the TTAB, which rejected the request. The case was appealed to the IPHC. Shown below are the shapes of the relevant sweets sold by both HIYOKO (left) and NIKAKUDO (right).



The issue considered by the IPHC was whether HIYOKO's chickshaped cakes had acquired secondary meaning under Article 3, Section 2 of the Trademark Law. The IPHC first pointed out the criteria for applying the provision in connection with a three-dimensional trademark. They are (1) that the trademark must be used exclusively, continuously and for a long time, (2) that two-dimensional words or devices incidentally used with the three-dimensional shape should be disregarded, and 3) that the acquisition of secondary meaning must be decided if the trademark has been recognized throughout Japan as indicating the source or origin of the goods. Based on these criteria, the IPHC held that HIYOKO's cakes had not acquired secondary meaning.

The IPHC ruled that the word mark "Hiyoko" (hiyoko means "chick") had been well known to consumers mainly in the Kyushu and Kanto areas (most of HIYOKO's shops are in these areas), but that HIYOKO's three-dimensional trademark had not yet acquired secondary meaning throughout Japan. The IPHC reasoned as follows.

- (1) It has been proved that HIYOKO's chick-shaped cakes have been sold since 1913, that the turnover at the time of registration (2003) was US\$400 million, that the advertising expenditures from 1987 to 2003 were about US\$6.5 million per year, and that there had been extensive advertising through newspapers, magazines and TV commercials. However, the chick-shaped cakes are each wrapped in paper bearing the word mark "Hiyoko" and packed in a box bearing the word mark "Hiyoko." In the advertising the word mark "Hiyoko" is always used along with the chick-shaped cakes.
- (2) There are 23 different companies in several areas of Japan, which have been selling bird-shaped cakes, which are held as similar to HIYOKO's chick-shaped cakes. These include NIKAKUDO's chick-shaped cakes, sold in large quantity since 1965. These different companies' bird-shaped cakes were being sold well before the registration date (August 29, 2003) of HIYOKO's three-dimensional trademark and

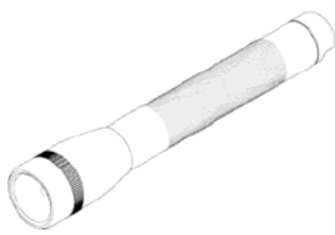
were known to consumers as their own goods.

- (3) In addition to the above bird-shaped cakes, historically a similar type of cakes existed in the Edo Era (before 1867), which means that they are extremely common and traditional in Japan.
- (4) The shape of HIYOKO's chick-shaped cakes is not so arbitrary; rather it should be held that it is rather simple.
- (5) HIYOKO's shops are located in limited areas of Japan (in Kyushu and the Kanto area, including Fukuoka and Tokyo).

Thus, even considering the high product sales and frequent advertising of the goods, it should be held that HIYOKO's three-dimensional chick-shaped trademark had not acquired secondary meaning to justify legal protection and should be ruled invalid.

#### **5. Judgment on a pen-shaped flashlight trademark**

Mag Instrument, Inc. (MAG) filed on January 19, 2001 an application for registration of a trademark composed of a three-dimensional pen-shaped flashlight without any word mark thereon, as shown below.



The examiner rejected the application on November 15, 2002, and an appeal to the TTAB was filed on February 7, 2003. The TTAB issued a decision rejecting the appeal on August 21, 2006. The decision is based on Article 3, Section 1, Paragraph 3 of the Trademark Law, and denies the assertion of the acquisition of secondary meaning. The rationale of the rejection based on Article 3, Section 1 Paragraph 3 follows the "Guidelines" and similar rejections have been issued in many cases. Regarding the issue of whether the flashlight has obtained secondary meaning, the TTAB held that although a large number of the flashlights had been sold, and they were introduced in a number of magazines and newspapers, the flashlights all bore the words "MAG INSTRUMENT" and a mark "MINI MAGLITE" with circle "R", and that there was no evidence proving the sales of the flashlight without such word and mark, and that therefore it should not be recognized that the trademark composed of a threedimensional pen-shaped flashlight without any word mark had obtained secondary meaning.



MAG appealed to IPHC on December 27, 2006 and argued that the mark is inherently distinctive, and that even if it is not distinctive, it has obtained secondary meaning. MAG's argument regarding inherent distinctiveness is as follows.

- 1) That the shape has unprecedentedly unique features that other flashlights do not have;
- 2) That there are no flashlights the same as or similar to MAG's flashlight manufactured by other makers;
- 3) That it has received design awards in USA, Germany, France, Japan, etc., and is protected by copyright in Sweden, Hong Kong and UK;
- 4) That many counterfeits without any marks appeared on the Japanese markets, but disappeared from the markets due to court actions taken by MAG and the results of negotiations with counterfeiters admitting that they had copied MAG's well-known flashlight;
- 5) In more than 30 foreign countries as well as in Japan, court actions have successfully been taken against counterfeiters;
- 6) MAG has filed a similar application in 25 countries and obtained a registration for the three-dimensional pen-shaped flashlight in 22 countries, including USA, Germany, Norway, Switzerland.

The IPHC has not accepted these arguments as well grounded. It is held that, insofar as the total appearance of product's design is within the scope of selection from the point of view of "product's function and the esthetic appearance of products", it falls under Article 3, Section 1 Paragraph 3, even if the appearance of the pen-shaped flashlight has an unprecedented unique appearance that is not seen in other flashlights. (The IPHC does not mention about the designs having "unprecedented unique appearance" that is adopted from any other point of view. As mentioned above, the TTAB held that the hand-operated mill registered as a three-dimensional shape trademark is quite different from the usual shape of mills and cannot be perceived as a hand operated mill for spices and seasoning. Thus, we can say that even if a product has an unusual shape, insofar as it can be perceived as the shape of the product, it will be impossible to obtain a registration as a three-dimensional trademark under Article 3, Section 1 Paragraph 3 of the Trademark Law.)

However, the IPHC has reversed the TTAB decision refusing a registration based on

Article 3, Section 2, accepting MAG's following assertion and evidence that the trademark has obtained secondary meaning.

- 1) That the pen-shaped flashlight (MINI MAGLITE) has been on the Japanese market since 1986 without any change in the design: the sales turnovers between April 1999 and March 2000 and between April 2000 and March 2001 were more than US\$ 4.7 million by selling 607,000 units, and US\$ 4 million by selling 550,000 units, respectively in Japan; the flashlight is now sold in about 2,700 shops as well as via Internet online shops; the advertisement expenditures amounted US\$ 1.9 million from 1997 to 2001;
- 2) That it has been granted awards and housed in museums in USA and Germany, and received a prestigious design prize –a prize for its design in Japan in 1990;
- 3) That many counterfeiters have been stopped by court actions taken by MAG, and there are no flashlights the same as or similar to MAG's flashlight manufactured by other makers at the present time;
- 4) That due to the remarkable and unique design, the advertisements are focused on the appearance of the design so as to give appeal to the appearance of the design.

The IPHC briefly commented on the point of the existence of the word "MAG INSTRUMENT" and a mark "MINI MAGLITE" with circle "R", stating that they are written in smaller sizes than the whole appearance of flashlight and will not be barriers for judging that the shape of the flashlight has obtained secondary meaning as the identifier of the origin of the flashlight.

## **6. Conclusion**

As mentioned above, the Japanese Patent Office and the courts have pointed out the existence of distinctive two-dimensional word or device marks on goods or packaging in the market in order to deny registration of three-dimensional trademarks, ruling that such distinctive word or device marks are indicators of the source or origin of the goods. It is naturally understood that distinctive word or device marks are in general superior to product configuration as identifiers of the source or origin of goods. It may be true that it is less common for consumers to recognize the design of goods, as opposed to packaging features, as an indication of source. The design of goods is more likely to be considered merely as an aesthetic, utilitarian or ornamental aspect of the goods in comparison with packaging features. Thus, a different approach should be taken regarding packaging configuration. Packaging without any two-dimensional word or

device trademarks does not and will not exist in the market. Since in our view, the appearance of packaging could serve as the signifier of the source or origin of goods in addition to or separately from the word or device marks represented on the goods, I must conclude that the approach taken by the Japanese Patent Office and courts to decide whether a three-dimensional packaging trademark has acquired secondary meaning overlooks the purpose and intention of introducing the protection of three-dimensional trademarks.

Yukio Yagyū (Mr.);

Patent Attorney of the Trademark & Design Division

## **Guideline for Examination of Patent Revised in 2007**

We previously looked closely at the highlights of the revision of the Japanese Patent Law, in the article entitled “Patent Law Revision to Take Effect in 2007” in YUASA and HARA Intellectual Property News Apr 2007 Vol. 21, pp. 5-8. The revision came into effect on April 1, 2007. To conform the examining procedures to the revised law (hereinafter referred to as “the current law”), the Japan Patent Office (JPO) revised the Guideline for Examination of Patent. Of the revisions of the guideline, we will now examine those which may significantly influence the steps of obtaining a patent right in Japan. Readers may wish to refer to the previous article mentioned above.

### **Summary of revisions of guideline taken up here**

(References in parentheses refer to provisions of the current law to which revisions of the guideline conform)

- (1) Substantive requirements for filing a divisional application (Article 44, paragraphs 1 and 2);
- (2) Cooperation requested by the JPO when filing a divisional application;
- (3) Restriction of claim amendment imposed when responding to an office action (Article 50bis, and Article 17bis, paragraph 5)
- (4) New procedures taken for analyzing unity of invention (Article 37, Rule 25(8)); and
- (5) Prohibition of altering a special technical feature in response to an office action (Article 17bis, paragraph 4).

## **1. Substantive requirements for filing a divisional application**

(Article 44, paragraphs 1 and 2)

### **1.1. Requirements varying depending on opportunities taken to file a divisional application**

Under the current law, the term for filing a divisional application is as follows:

- A. the term during which an amendment of the specification, the claims and/or the drawings may be filed;
- B. 30 days after the transmittal of notice of allowance, with a certain exception; and
- C. 30 days after the first transmittal of notice of final rejection.

Opportunity A has long been provided, while opportunities B and C are introduced under the current law.

As a preliminary matter, the disclosure of a patent application may be affected by amendments, and its scope may be narrower than that of the patent application as filed. The question of whether a divisional application whose parent application just before division has been amended and has a disclosure narrower than that of the parent application as filed should claim only inventions supported by the parent application just before division is important to an applicant planning to file a divisional application.

When taking opportunity A, a divisional application may claim inventions supported by the parent application as filed. Such inventions do not have to be supported by the parent application just before division. This is because, when taking opportunity A, it is permissible to restore the disclosure of the parent application just before division to its originally filed state, by filing an amendment, although no actual filing of an amendment is required.

In contrast, when taking opportunity B or C, a divisional application may not claim inventions supported only by the parent application as filed. Inventions permitted to be claimed in the divisional application are only those supported by the parent application just before division.

Thus, if an applicant wishes to incorporate into a divisional application some claims which are not supported by the parent application just before division, but by that as filed, the applicant will have to take opportunity A rather than opportunity B or C.

### **1.2. Prohibition of claiming entire inventions claimed in the parent application**

A divisional application may not claim entire inventions claimed in the parent application just before division. This requirement is selfexplanatory from the term

“divisional” and has been sought to be fulfilled since the previous Guideline for Examination.

### **1.3. Examining procedures taken when at least one substantive requirements for filing a divisional application are not fulfilled**

A divisional application not fulfilling at least one of the substantive requirements is treated as not being entitled to the benefit of the filing date of the parent application. Thus, a prior art reference published after the filing date of the parent application may be cited in an office action issued against the divisional application. However, this disadvantage can be removed by amendment of the claims of the divisional application responsive to the office action.

As mentioned above, a divisional application may not claim entire inventions claimed in the parent application just before division. Paradoxically, a divisional application may claim a part of the inventions claimed in the parent application. In other words, a divisional application may contain a claim claiming an invention which is identical to that claimed in the parent application. In such a case, the divisional and the parent applications will be placed in a situation where a double patenting issue arises. To preliminarily obviate the emergence of a double patenting issue, the JPO requests an applicant of a divisional application to state that the divisional application does not claim any inventions identical to those claimed in the parent application, as discussed below.

### **1.4. Application of this revision**

This revision is applied to a divisional application filed on or after April 1, 2007. It is to be noted that this revision does not allow an applicant to take opportunity B or C mentioned above to file a divisional application on or after April 1, 2007, on the basis of a patent application whose filing date is March 31, 2007 or before.

Opportunity B or C can be taken only where not only a divisional application but also its parent application have a filing date of April 1, 2007 or after.

## **2. Cooperation requested by the JPO when filing a divisional application**

### **2.1. Specifying differences between divisional and parent applications**

When filing a divisional application, an applicant is requested to specify and explain the differences between the divisional application and the parent application. Specifically, an applicant is requested to submit a document in which the specification, the claims or the drawings of the divisional application is shown, passages causing the

differences are underlined, and how the passages are different from those corresponding to the parent application is explained.

## **2.2. Other requests for cooperation**

An applicant is further requested to state in the document mentioned above, that the divisional application fulfills all the substantive requirements for filing a divisional application, and that it does not claim any inventions identical to those claimed in the parent application or other divisional applications derived from the same parent application.

## **2.3. Examining procedures taken when an applicant does not**

comply with the requests for cooperation If the document mentioned above is not submitted, an Examiner may expressly request the applicant to submit it (Article 194, paragraph 1), as long as it is not so easy to confirm that the divisional application fulfills all the substantive requirements for filing a divisional application, or it takes a considerably long time to confirm that the divisional application does not claim any inventions identical to those claimed in the parent application or other divisional applications derived from the same parent application.

Even if such a document is submitted, an Examiner will be able to expressly request the applicant to submit a further document, if the contents of the first document are insufficient to readily confirm that a divisional application fulfills all the substantive requirements or that the divisional application does not claim any inventions identical to those claimed in the parent application or other divisional applications derived from the same parent application.

If the applicant does not comply with the Examiner's express request, without providing any reason for the non-compliance, the Examiner will be able to treat the divisional application as not fulfilling the substantive requirements for filing a divisional application, whereby the divisional application will not be entitled to the benefit of the filing date of the parent application.

## **2.4. Application of this revision**

This revision is applied to a divisional application filed on or after April 1, 2007, irrespective of the filing date of its parent application.

## **3. Restriction of claim amendment imposed when responding to an office action (Article 50bis, and Article 17bis, paragraph 5)**

Under the current law, if a patent application includes a defect in patentability identical to that already pointed out in an office action issued against at least one other patent application related to the patent application in question, restriction of claim amendment which is the same as that imposed when responding to a “final” office action will be imposed at the time of responding to an office action issued against the patent application in question, even if the office action is a first (nonfinal) office action, as long as an Examiner indicates the identicalness in the office action issued against the patent application in question.

### **3.1. Meanings of the term “other patent application related to the patent application in question”**

When the patent application in question is a divisional application, the term includes its parent application and other divisional application derived from the same parent application. When the patent application in question is a parent application, the term means a divisional application derived from the patent application in question.

A divisional application referred to herein must fulfill all the substantive requirements for filing a divisional application to be entitled to the benefit of the filing date of a parent application. Hereinafter, “the patent application in question” and “other patent application related to the patent application in question” are referred to as “the application in question” and “other application”, respectively.

### **3.2. Meanings of an office action issued against other application**

An office action issued against at least one other application may be that issued either at normal examination stage or at appeal examination stage. The office action is required to have been such that its contents could be known by the applicant of the application in question prior to filing of a request for examination of the application in question. If it is difficult to determine whether the office action met such a condition, an Examiner will not regard the office action as having done so; in other words, an Examiner will not refer to any previous office action in an office action issued against the application in question. It is to be noted that, even if an applicant of the application in question is different from that of another application, this restriction will be imposed on the application in question, as long as the other application was published prior to filing of a request for examination of the application in question, since any one can inspect the contents of an office action issued against another patent application when the other application itself is published.

A final rejection and a declination of amendment issued against other application are

excluded from the “office action” referred to herein.

Thus, any defect in patentability pointed out only in a final rejection or a declination of amendment does not cause the restriction of claim amendment.

### **3.3. Judgment of identicalness of defect in patentability**

A defect in patentability contained in the application in question is judged as being “identical” to that pointed out in an office action issued against at least one other application when the defects are “substantially identical” to each other. Specific procedures of making the judgment start with a supposition that the specification, the claims and/or the drawings of the application in question are those of the other application which have been amended in response to an office action issued against the other application. Next, they are examined as to whether the defect in patentability pointed out in the office action issued against the other application is present therein.

If the defect is present, the application in question will be judged as containing a defect in patentability identical to that pointed out in the office action issued against the other application.

For example, suppose that a parent application claims invention A and its divisional application claims invention B which is different from invention A only in that it has one additional feature, and that the parent application has been rejected in an office action for the reason that invention A does not involve inventive step over a prior art reference.

If the additional feature added to invention B is well known in the art and does not produce any advantage over invention A, invention B will also be regarded as not involving inventive step over the same prior art reference, and the divisional application will be judged as containing a defect in patentability identical to that of the parent application. In contrast, if the additional feature is not known in the art and a further prior art reference is necessary to show that invention B lacks inventive step, the divisional application will not be judged as containing a defect in patentability identical to that of the parent application.

### **3.4. Restriction of claim amendment**

When an Examiner judges that the application in question contains a defect in patentability identical to that already pointed out during the prosecution of at least one other application, and the Examiner indicates the identicalness in an office action issued against the application in question, the applicant’s option of claim amendment is significantly restricted even if the office action is a first office action. Briefly,



introducing a new feature into a claim will be impermissible, even if the feature is supported by the specification as filed and the incorporation thereof certainly narrows the scope of the claim, if the introduction requires further consideration and/or search by the Examiner. The only option left to the applicant would be to limit one or more features having already been recited in the claim, so as to narrow the scope of the claim.

The applicant may contradict the Examiner's judgment in an argument while filing an amendment violating the restriction. However, if the applicant fails to persuade the Examiner, the amendment will be declined, resulting in the issuance of a final rejection.

### **3.5. Cooperation requested by the JPO**

An applicant of a divisional application is also requested by the JPO to state, in the document mentioned above, that the divisional application does not contain any defect in patentability identical to that already pointed out in an office action issued against its parent application or against other divisional applications derived from the same parent application.

### **3.6. Application of this revision**

This revision is applied to a parent application filed on or after April 1, 2007, or a divisional application entitled to the benefit of the filing date of its parent application which is on or after April 1, 2007.

## **4. New procedures taken for analyzing unity of invention (Article 37, Rule 25(8))**

The requirement of unity of invention has been judged as being fulfilled when two or more inventions included in a single application are linked to one another so as to form a single general inventive concept, since the beginning of 2004. The concept is formed when there is a technical relationship among the inventions involving one or more of the same or corresponding special technical features.

Therefore, the fulfillment of the requirement of unity of invention depends on whether two or more inventions included in a single application have a special technical feature which is common to the inventions. The expression "special technical feature" means a technical feature defining a contribution over the prior art.

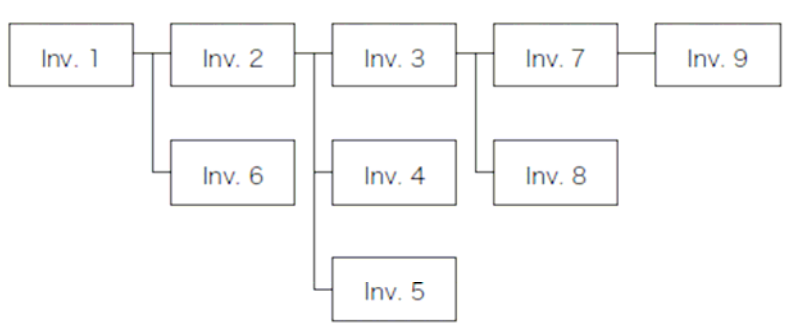
By the current revision of the guideline, new procedures of analyzing unity of invention, including the determination of a common special technical feature, have been introduced.

#### 4.1. Determination of an invention having a special technical feature

Hereinafter, inventions claimed in claims 1, 2, 3 and the like, are referred to as inventions 1, 2, 3 and the like, respectively, and “special technical feature” is abbreviated as “STF”.

Unity of invention analysis is initiated by determination of which of the earliest preceding claims initially claims an invention having an STF.

For example, suppose that a patent application includes the following nine inventions, all of which fall into the same category:



where all the features of invention 1 are contained in inventions 2 and 6, those of invention 2 are contained in inventions 3, 4 and 5, those of invention 3 are contained in inventions 7 and 8, and those of invention 7 are contained in invention 9; while an additional feature of invention 6, relative to invention 1, makes invention 6 itself technically less relevant to invention 1 and the problem to be solved by invention 6 less relevant to that of invention 1.

The determination of the presence of an STF is started with invention 1. When invention 1 does not have an STF, invention 2 is then subjected to the determination, and when invention 2 also does not have an STF, the determination is continued with invention 3. In this flow, invention 6 is placed outside the determination of STF, since it is less relevant to invention 1 due to the additional feature.

If invention 3 is regarded as having an STF, inventions 7, 8 and 9 will also be regarded as having the same STF as determined in invention 3, since inventions 7, 8 and 9 have all the features of invention 3. Then, the determination will be ceased without studying of inventions 4 and 5, since inventions 4 and 5 do not include all the features of invention 3.

#### 4.2. Inventions to be subjected to substantive examination

In the above example, inventions 3, 7, 8 and 9 are recognized as having a common STF and are subjected to substantive examination. In addition, inventions 1 and 2 are also subjected to substantive examination, although they do not have the STF. This is

because they are considered to have been sufficiently comprehended by the Examiner at the early stage of the determination of STF. In contrast, inventions 4, 5 and 6 are not subjected to substantive examination.

After substantive examination for inventions 1, 2, 3, 7, 8 and 9 has been conducted, if the patent application includes further inventions, other than inventions 1 to 9, to which the results of the substantive examination may substantially be applicable, such further inventions will be subjected to a quick substantive examination. By way of examples of such further inventions, there may be mentioned inventions which do not fall into the same category as that of inventions 1 to 9 but have the features which are substantially identical to all the features of invention 3.

#### **4.3. Unity of invention objection**

The eventual results of substantive examination are indicated in an office action in which a unity of invention objection is also included. In the objection, the Examiner indicates that some inventions are not considered to fulfill the requirement of unity of invention and have not substantively been examined.

The applicant may contradict the objection in an argument filed in response to the office action while maintaining the inventions objected to in the application. However, if the applicant fails to persuade the Examiner, the application will finally be rejected on the ground of lack of unity of invention. The only remaining option is to cancel the inventions not subjected to substantive examination from the patent application and to file divisional application(s) for them.

#### **4.4. Application of this revision**

This revision is applied to a patent application whose filing date is January 1, 2004 or after, and whose examination is commenced on or after April 1, 2007.

### **5. Prohibition of altering STF in response to an office action**

#### **(Article 17bis, paragraph 4)**

Under the current law, when amending the claims of a patent application in response to an office action where lack of novelty or the like is indicated, the amendment must be such that the inventions thus amended are linked to those before the amendment so as to fulfill the requirement of unity of invention which is the same as that applied when a single application includes multiple inventions. Since the fulfillment of the requirement of unity of invention depends on whether two or more inventions have an STF which is common to the inventions, as indicated above, this regulation is

equivalent to the prohibition of altering STF of the inventions which have already been substantively examined.

### **5.1. Alteration of STF**

Unity of invention referred to herein is analyzed by determination of whether both the groups of inventions before and after amendment as a whole have a common STF. When the inventions have no common STF, the STF contained in the inventions before amendment is regarded as having been altered. The determination of STF before amendment is made on the basis of the specification, the claims and the drawings of the patent application before amendment, the state of the art before the filing or priority date of the patent application, and the prior art references cited in the office action.

### **5.2. Issuance of a final office action**

If the STF is regarded as having been altered with respect to a part of inventions, the whole inventions included in the patent application after amendment will be separated into two groups, STF-altered inventions and STF-non-altered inventions. The STF-altered inventions do not comply with the requirement of unity of invention and are not subjected to any further examination, while the STFnon- altered inventions are further examined for their patentability. The non-compliance with the requirement of unity of invention is indicated in a further office action where the further examined patentability for the STF-non-altered inventions is also indicated.

Since such a further office action is issued as a final office action, a severe restriction of claim amendment is imposed when responding to the further action. Only the limitation of one or more features having already been recited in a claim to narrow the scope of the claim is permissible. Under the restriction of claim amendment, it would be impossible to remove the cause of the alteration of STF from the STF-altered inventions. Thus, the only remaining option is to cancel the STF-altered inventions from the patent application when responding to the further action. For the cancelled inventions, applicant can file a divisional application.

### **5.3. Application of this revision**

This revision is applied to a patent application filed on or after April 1, 2007.

Takashi Nakata (Mr.);  
Patent Attorney of the Patent Division

**Case Note: Tokyo district court accepts Chugai's plea on a right of prior use.**

**Plaintiff/Appellant: Ajinomoto Co.**

**Defendant/Appellee: Chugai Pharmaceutical Co., Ltd.**

**Case Number: (wa) 8682/2004, Tokyo District Court decision of March 22, 2006**

**1. Introduction**

On March 22, 2006, the Tokyo District court (presiding judge: Misao Shimizu) rejected the plaintiff's argument in a case where the plaintiff holding a patent regarding a "Method for manufacturing biologically active proteins" claimed 3 billion yen in damages against the defendant. In this case, the plaintiff argued that the defendant's method for manufacturing a recombinant human erythropoietin (EPO) and a recombinant human granulocytic colony-stimulating factor (G-CSF), both of which are biologically active proteins, is included in the technological scope of the invention of the plaintiff's patent.

The court ruled that the plaintiff could not exercise patent rights because (a) the defendant possessed a right of prior use and (b) the plaintiff's patent should be invalidated for breach of Article 29, paragraph 2 of the Patent Act.

Although the plaintiff disputed and appealed on both points (a) and (b) given above, the appellate court ruled only on point (b), and skipped point (a) of the plaintiff's appeal (Intellectual Property High Court decision of February 27, 2007).

As described the above, the appellate court did not rule regarding the defendant's right of prior use. However, while at the trial court level, there was a serious dispute as to the meaning of the phrase "preparation for business" (Article 79 of the Patent Act) in the field of medicine. Thus, the original court decision is highly suggestive regarding requirements for the admission of the right of prior use, and similar rights.

Below, I will discuss the above "Method for manufacturing biologically active proteins" case, and in particular discuss the original court decision.

**2. Arguments of both parties (defense based on the right of prior use)**

**2.1 Defendant's arguments**

The defendant completed the same invention as the invention given in the plaintiff's patent before the claim of priority date given on the plaintiff's patent application, and established sufficient facilities for the manufacture and sale of medicines created by exercising the defendant's method. Moreover, the defendant put a large-scale equipment program into practice and had already started clinical tests, which are essential for the manufacture and sale of medicines based on the defendant's method. Therefore, the defendant already had a nonexclusive license for the patent right in this case based on Article 79 of the Patent Act.

## **2.2 Plaintiff's arguments**

In order for the defendant to claim a right of prior use, the defendant must have completed the invention equivalent to the patented invention by the date of the patent application. It is also required that the defendant has been commercially working the invention or has been making preparations for working of the invention, a "preparation for business" requirement.

It is generally understood that a stage of testing and research is needed between the completion of an invention under the Patent Act and commercial working of the invention. After that stage, the invention then proceeds to business activities. Strictly speaking, the process of commercialization involves (I) completion of the invention, (II) test and research for commercialization, (III) engineering development for commercialization, (IV) completion of commercial technology and preparation of manufacturing facilities, and (V) exercise of business activities in general.

During the testing, research and development stage, it is unclear as to whether the technology will be utilized in business activities. Protection provided under the right of prior use should not be granted in this stage.

The term "preparation for business" means the "immediate implementation of business is intended and that intention is expressed in an objectively recognizable form and manner." (Supreme Court (o) 454/1986) In other words, the existence of concrete technology for commercial purposes (e.g. detailed and concrete layout in the invention of a device) is needed in order to satisfy the "preparation for business" requirement.

In the pharmaceutical industry, unless a medicine is proven safe and effective through clinical tests and manufacturing approval is granted for that material, that material

cannot be distributed commercially. Business preparations and plans regarding that material cannot be executed. Thus, the mere capacity to manufacture a given material does not constitute “preparation for business.”

Until a material's safety and effectiveness for human consumption is confirmed, potential commercial use of that material is insufficient to satisfy the “preparation for business” requirement.

Finally, even if a given material's safety and effectiveness are confirmed, business operations cannot be executed without manufacturing facilities. Thus, expression of the intent to immediately implement and construct manufacturing facilities is a necessary requirement.

In order to assert a right of prior use, objective confirmation of the two factors detailed above is needed.

### **3. Judgment of the court**

Article 79 of the Patent Act outlines the requirements for the right of prior use, which includes “preparation for business” or working of an invention. It must be determined whether or not a party without knowledge of the contents of a given patent application or the potential uses of the invention claimed in that patent application possessed the intent to begin business operations and expressed that intent in an objectively recognizable form and manner (Supreme Court (o) 454/1986).

Based on the facts of this case, the defendant had practiced activities for the sale of products made utilizing the defendant's method before the date of claim of priority for this patent application, and the defendant's activities were essential to the successful operation of the defendant's business. Therefore, it cannot be disputed that the defendant possessed the intent to immediately implement business activities with regards to the defendant's method and invention. The defendant sought approval from the Health and Welfare Minister as to whether facilities capable of utilizing the defendant's method were in compliance with guidelines for manufacturing drugs using recombinant DNA technology, submitted notification for clinical trial plans, completed and operated culturing facilities that included a 1600 liter culturing tank, gained board approval for construction plans of manufacturing facilities with a culturing tank on a scale of 2000 liters, and obtained design estimates to begin construction. Given all the

steps taken by the defendant to work the invention, there can be no argument that the defendant possessed the intention to immediately implement business activities and expressed that intent in an objective form and manner.

The method given in the Plaintiff's patent and the method the defendant actually utilized are both a general method for the manufacture of bioactive proteins such as EPO and G-CSF; not the manufacture of medicines. Therefore, the only question is whether the manufacture of bioactive proteins, such as EPO and G-CSF, constitutes "preparation for business" or working of the invention. The defendant has already proceeded beyond clinical testing of EPO and G-CSF for medicinal purposes utilizing its method of manufacture, and has gone so far as to complete safety and effectiveness tests. This easily meets the requirements of the first paragraph of Article 14 of the Pharmacy Act along with the requirement of expressing intent in an objective form and manner.

Hypothetically speaking, even if clinical testing were considered to be only part of the testing and research phase, the defendant would still meet the requirements given above. Safety and effectiveness testing by itself fulfills the "preparation for business" or working of the invention requirement, which the defendant has already fulfilled.

#### **4. Consideration**

The original court ruled that the two methods (the method granted in the Plaintiff's patent and the defendant's method) are both general methods of manufacturing bioactive proteins. They were not the invention of a method for manufacturing medicines. It has already been determined above that the defendant's activities of manufacturing bioactive proteins constitute working of the invention or "preparation for business." The court found this to be sufficient grounds to dismiss the Plaintiff's argument that the Defendant had not met the requirements of the Pharmacy Act since the invention in this case was related to the manufacture of medicines.

The court went on to further clarify that even if both methods were for the manufacture of medicines, the defendant still meets both requirements since the defendant conducted safety and effectiveness testing of its medicines and in an objective form and manner expressed the intent to manufacture and sell its medicines.

The plaintiff voiced criticism over the original court's decision, indicating that the court



ruled incorrectly when it recognized materials under clinical testing as materials developed and completed as medicine. The appellate court (Intellectual Property High Court) did not rule regarding the right of prior use, but it appears that the original court's decision has become somewhat of a guideline for defining what the requirements of "preparation for business" or working of the invention mean and whether they have been met.

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