Inventive Step (Unobviousness) Standard in Japan

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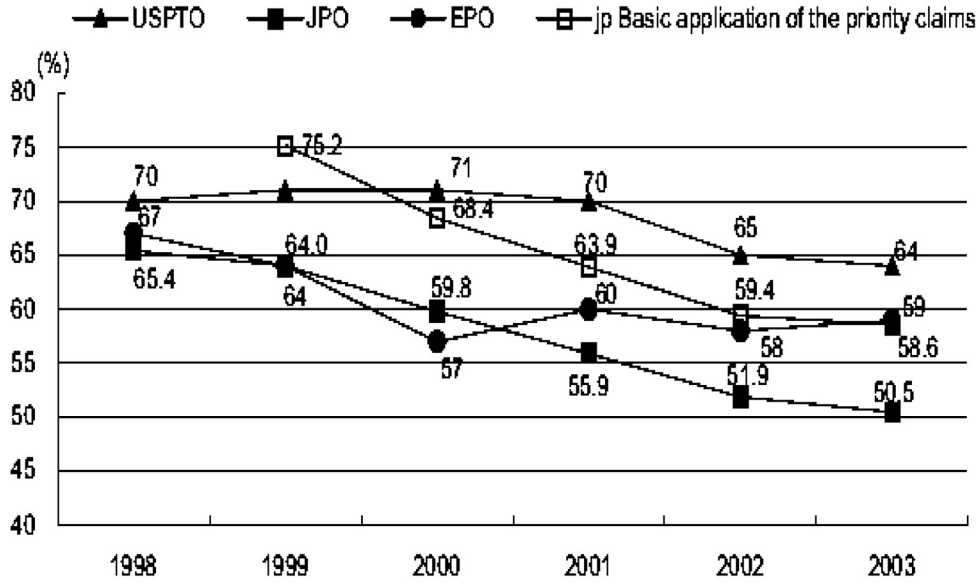
I. Premise

Many practitioners would agree that Japan has the highest inventive step standard among Trilateral Offices, namely, US, EPO and Japan. According to the statistics from the Japan Patent Office (JPO) and Trilateral report of the grant rate of applications in 1999, the US, EPO, and Japan were 71%, 64% and 64%, respectively. In 2001, US was 70%, EPO was 60%, whereas Japan was 55.9%. In 2003, US was 64%, EPO was 59%, whereas Japan was 50.5%. The grant rate is getting lower in all the Trilateral Offices and this tendency is most remarkable in Japan. It is understood that these figures largely reflect the thresholds of the inventive step (unobviousness) standards in each of the Trilateral Offices. (See Fig. 1)

II. Provision

Japanese Patent Law Section 29(2) which deals with an inventive step prescribes:

"Where an invention could easily have been made, prior to the filing of the



Note: The rates of decisions to grant a patent by the USPTO and EPO were obtained from the trilateral statistical report.

Fig. 1 Trend in the rates of decisions to grant a patent among the Trilateral Offices

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patent application, by a person with ordinary skill in the art to which the invention pertains, on the basis of an invention or inventions referred to in any of the paragraphs of subsection (1) [concerning novelty]."

Although this is an English translation of the original Japanese language provision, one can easily notice that the provision states that "the invention could easily have been made..." rather than that "the invention would easily have been made..." Thus, one can assume that the Japanese inventive step standard is inherently higher than the other Offices which adopted the "would have" principle or the "teaching, suggestion or motivation" ("TSM") principle.

1993 Examination Guidelines

Before 1972, the JPO had no overall examination guidelines for the inventive step standard. Each examining division formed their own standard based on the technical field of the inventions. In 1972, the Inventive Step Committee in the JPO prepared "a Manual for Inventive Step Judgment" to be applied to all the examining divisions. However, this material was merely an aggregation of conventional inventive step standards in each of the respective examining divisions and was not published officially. In May 1993, the Japan Patent Office first introduced and published inventive step examination guidelines for inventive step (1993 inventive step guidelines) which are commonly applicable to all the examining divisions. In doing so, it is said that the JPO had studied hard and thoroughly the inventive step standards of Foreign countries, particularly the MPEP in the US and the Examination Guidelines in the EPO. Consequently, the 1993 inventive step guidelines conformed well with the US MPEP and the EPO Examination Guidelines. In fact, the 1993 inventive step guidelines state, "The examiner tries to construct the logical reasoning as a main point if there is a motivation toward the present invention based on the prior art." In this respect, it can be said that the 1993 inventive step guidelines were well matched with the United States TSM standard.

2000 Inventive Step Guidelines

According to the statistics provided by the JPO, JPO appeal board decisions holding patents as valid had been increasingly cancelled about the time above. In fact, almost 60% of the appealed cases in which the JPO appeal board held patents as valid during the invalidation trial were cancelled or held invalid in the High Court in 1999. In 2000, the cancellation rate of the appeal decision was increased to about 75%. It is understood that the inventive step threshold in the High Court was much higher than that of the JPO. (See Fig. 2)

Although the JPO did not officially announce their reasoning for why the inventive step guidelines should be changed, the fact that JPO appeal board decisions holding patents as valid were overturned at a surprisingly high rate by the High Court could have triggered the changes of the inventive step guidelines. In 2000, the JPO changed the inventive step guidelines (2000 inventive step guidelines) which are currently active as of October 2006. The 2000 inventive step guidelines state that, "The reasoning can be made from various and extensive aspects. The examiner evaluates whether a claimed invention falls under a selection of an optimal material, a workshop

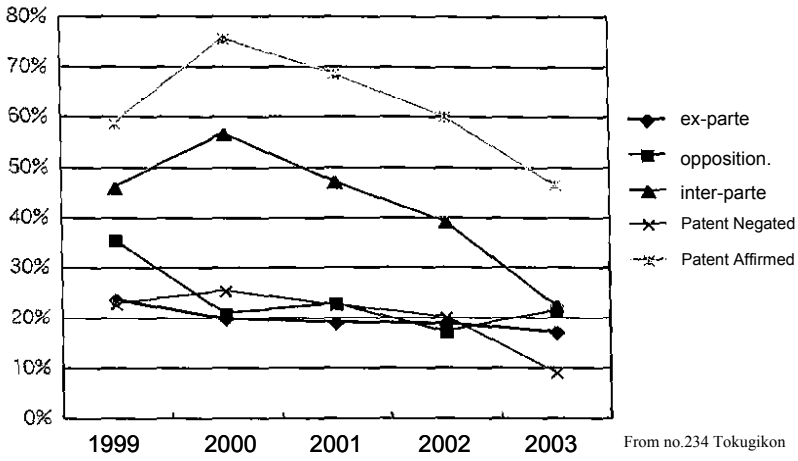

Fig. 2 Cancellation Rate of JPO Decisions

modification of design, a mere juxtaposition of features on the basis of cited inventions, or whether the contents of cited inventions disclose a cause or a motivation for a person skilled in the art to arrive at the claimed invention. If advantageous effects of the claimed invention over a cited invention can be clearly found in the description in the specification, etc., it is taken into consideration as facts to support to affirmatively infer the involvement of an inventive step."

The 2000 inventive step guidelines also state that "In practice, after finding the claimed invention and one or more cited inventions, the one cited invention most suitable for the reasoning is selected. Then, a comparison of the claimed invention with the cited invention is made, and the identicalness and the difference in matters defining the inventions are clarified. The reasoning for lacking an inventive step of the claimed invention must be given on the basis of the contents of the selected invention, other cited inventions (including well-known or commonly used art) and the common general knowledge. The reasoning can be made from various and extensive aspects. For example, the examiner evaluates whether the claimed invention falls under a selection of an optimal material, a workshop modification of design, a mere juxtaposition of features on the basis of cited inventions, or whether the contents of cited inventions disclose a cause or a motivation for a person skilled in the art to arrive at the claimed invention."

The difference between the 1993 and 2000 inventive step guidelines is as follows: under the 1993 inventive step guidelines, the examiner is supposed to rely on the reasoning based mainly on a "Motivation to Modify" to combine the prior art in order to deny the inventive step whereas, under the 2000 inventive step guidelines, the examiner can negate the inventive step of an invention based on the various factors other than "Motivation to Modify". Thus, the 2000 inventive step guidelines moved the inventive step standard in Japan from a "Motivation to Modify" level under the 1993 inventive step guidelines toward an "Obvious to Try" level. It is considered that under the 2000 inventive step guide lines, the threshold of the inventive step standard in Japan falls somewhere between "Obvious to Try" and "Motivation to Modify" levels.

III. Practical Standard of Inventive Step

In practice, however, it should be noted that the inventive step standard has become changed even harder for applicants and patentees to overcome until very recently. The Tokyo High Court held in the "Water Intake Apparatus" case that "The invention in the reference 1 is directed to an intake system installed in a river bottom, the invention in the reference 2 is directed to an intake system in a stream, the reference 3 is directed to an intake system from a river and the invention in the reference 4 is directed to an intake system from a stream. All the references belong to the same technical field and it is possible to apply to each other. In addition, it is not recognized that there is any teach-away factor to apply thereto. The combination of the references 1-4 is obvious to those skilled in the art." (Tokyo High Court May 30, 2003 Appeal Against the JPO Appeal Board Decision (Case No. 2001(gyo-ke) 428))

Further, the Tokyo High Court held in the "Chair Type Air Massage Device" case that "The reference 3 discloses an acupressure chair as mentioned above. Since both of the references 2 and 3 belong to the same technical field, it is not recognized that there is any teach-away factor in replacing a press means in the reference 2 by a bag element to apply the foot rest portion in the reference 3 to the reference 2. ----Thus, the limitation of "a bag element is inflated to hold the foot portion of the user" in the claimed invention is obvious to those skilled in the art from the references 2, 3 and 5 in addition to conventional art." (Tokyo High Court September 29, 2003 Appeal Against the JPO Appeal Board Decision (Case No. 2002 (gyo-ke) 386))

In view of these court cases, the inventive step of an invention would be denied unless the applicants or the patentees prove that there is a clear "Teaching Away" factor to combine prior art. It can be said that the practical level of the inventive step standard in Japan falls somewhere between "Obvious to Try" and "Teaching Away" levels.

However, the recent high level of the inventive step standard has been controversial among Japanese practitioners. It is understood that under "Motivation to Modify" practice, the deciding authority shall prove the lack of an inventive step by showing the existence of motivation to combine the prior art, whereas, the burden of proof for the inventive step is shifted to the users under "Obvious to Try" or "Teaching Away" practice. Therefore, "Obvious to Try" or "Teaching Away" practice allows the authority to negate the inventive step without a reasonable explanation to combine the prior arts. Further, if no reasonable explanation for negating the inventive step is provided, the users can seek further challenges for the reason why the inventive step is denied. Such potential for further challenges damages the total efficiency of the patent system. In addition, it is argued that the high level of the inventive step separates Japan further away from the inventive step standard in the other Trilateral Offices. Thus, it is clearly against the movement for an international cooperation in patent examination among Trilateral Offices.

IV. Milestone Court Decision

Very recently, the IP High Court handed down a decision to cancel a JPO appeal board decision holding the lack of inventive step. In the "Optical Detection Element for Paper Sheet Discrimination Device" case, the Court stated that "The former (the laminated condition detection device for paper sheets, the cited invention) utilizes the fact that the difference between light amount measured by a photoreceptor is increased as the light permeates through paper sheets by plural times so as to detect the number of the paper sheets whereas the latter (the paper sheet discrimination device, the present invention) discriminates of a paper sheet utilizing the permeated light containing information such as printed design, color or the like obtained through the detecting points of the paper sheet. Although they are common in the point that "Light detection element comprising light emitting elements for emitting a radiation light for radiating a part of a paper sheet which is transferred in a predetermined direction, light conductive elements for optically combining the permeated light permeated through the parts of the paper sheet out of the radiated light so as to radiate other part of the paper sheet other than the part of the paper sheet where the permeated light permeated, and light receiving elements for receiving the permeated light permeated through the other part of the paper sheet wherein the light emitting elements", the light conductive elements and the light receiving elements are arranged at different positions respectively in a transfer passage for transferring the paper sheet, it should be recognized that they are significantly different from each other in the function, operation, and other specific techniques. Accordingly, the difference between the laminated condition detection device for paper sheets and the paper sheet discrimination device should not be overlooked even though they belong to close technical fields. In order to affirm that the laminated condition detection device for paper sheets and the paper sheet discrimination device could easily have been replaced by each other in structure, a certain level of motivation is necessary and thus the reasoning of "a mere design choice" should not be affirmed."

In addition, it was held in the present case that a plurality of detection lines is not necessary for the laminated condition detection device for paper sheets, whereas it has an important technical significance in the paper sheet discrimination device. In view of this, it is quite clear that the laminated condition detection device for paper sheets and the paper sheet discrimination device cannot have a common technical basis.

As aforementioned, the holding of the JPO appeal board decision in which it was a mere design modification to add the structure of the present invention to the cited invention without the technical idea of a plurality of detection lines is erroneous"(IP High Court June 29, 2006 Appeal Against the JPO Appeal Board Decision (Case No. 2005(gyo-ke) 10490))

This IP High Court decision is very important for the inventive step standard in Japan in that the decision clearly held that: first, motivation is necessary to combine the prior art, second, the function, operation and other specific techniques should be considered in order to judge if the cited reference and the present invention belong to the common technical field, last, the reasoning for the

decision by the appeal board should not be changed in the court proceedings.

We should take this court decision as a clear sign of an initiation of the inventive step standard in Japan swinging back to a pro-patentee position as provided in the 1993 inventive step guidelines. (See Fig. 3)

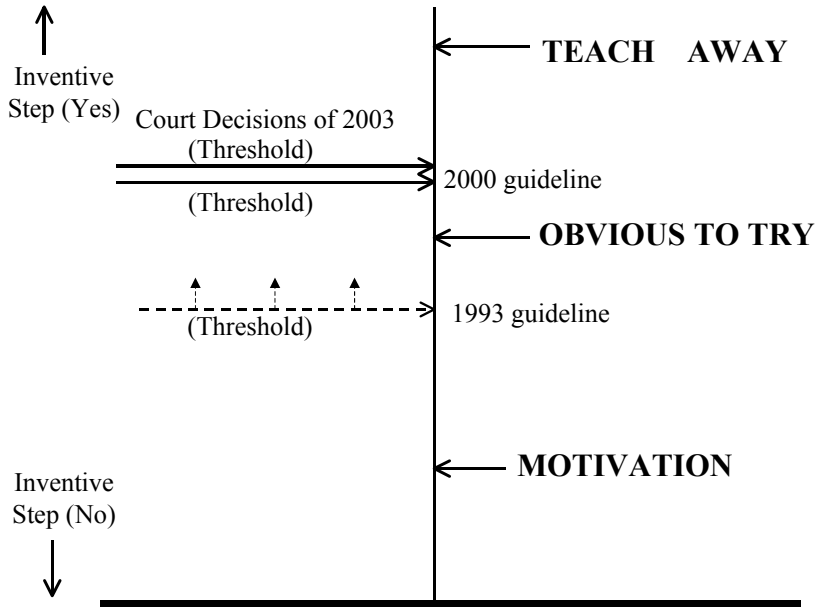

Fig. 3 Change of Threshold Level for Inventive Step