

1 Desirable Forms of Divisional Patent Application System and Patent Amendment System

The review of the amendment system and the divisional application system was discussed at the Working Group on Patent Strategic Plan Issues established under the Patent System Subcommittee of the Intellectual Property Policy Committee of the Industrial Structure Council, from the perspective of achieving international harmonization, improving equality among applicants in the processing, helping front-runners' strategic or multilateral efforts to obtain patents, and reducing burden on applicants as well as the Patent Office in the process of obtaining or granting patents. In October 2004, the working group compiled a report titled "Direction of the Review of the Amendment System and the Divisional Application System," presenting existing issues to be studied and pointing out additional issues needing further study.

This study conducted analysis and examination on the relaxation of the restrictions of the divisional application system in terms of the time limit and the contents of division, and also discussed the introduction of the continuation-in-part application system and the one-year grace period from the United States to Japan. It also conducted more concrete review and analysis, from various perspectives, as to the period of response to the notification of reasons for refusal and the relationship between the divisional application system and the system of appeal against the examiner's decision of refusal, and made specific proposals.

It is hoped that this study will be the basis of the future discussion and designing of specific measures to improve the Japanese patent system.

I Purpose of the Study

Some issues of the divisional patent application system in Japan have been emerged, due to its strict restrictions in terms of the time limit and the contents of division, as being an obstacle to the strategic efforts to obtain patents and failing to appropriately protect front-runners. For this reason, the review of the amendment system and the divisional application system was discussed at the Working Group on Patent Strategic Plan Issues (hereinafter referred to as the "Patent Strategy Working Group") established under the Patent System Subcommittee of the Intellectual Property Policy Committee of the Industrial Structure Council. In October 2004, the Patent Strategy Working Group compiled a report titled "Direction of the Review of the Amendment System and the Divisional Application System," presenting basic ideas on the amendment system and the divisional application system as well as on existing issues to be studied in close relation to these systems, and pointing out additional issues needing to be further studied. The purpose of this study is, based on the discussion at the Patent Strategy Working Group, to investigate overseas divisional application systems (including similar systems such as the continuation application system) and more concretely consider desirable forms of the divisional application system in Japan, aiming to strengthen Japan's industrial competitiveness and further promote international harmonization.

II Relaxation of the Time Restriction under the Divisional Application System

1 Details of the relaxation of the time restriction of divisional application

Regarding the view that it should be allowable to file a divisional application within a certain time limit after a decision has been made to grant a patent or refuse the application, we discussed the specific details of the "certain time limit." One proposed time limit was "within 30 days from the transmittal of the decision of patent grant or decision of refusal." This time limit is set for the consistency with the time limit for paying the patent registration fee and the time limit for filing an appeal against the examiner's decision of refusal. However, legislative measures should be considered including assuring a period of time during which divisional application shall be allowed after the decision is made, irrespective of whether or not the application is in the pendency before the Office. Another possible idea may be to set the time limit at about three months, following Europe and the United States where a divisional application is allowable within about three months after the notice of allowance is given. On the other hand, it seems appropriate to maintain the current time limit for divisional application pending in an appeal against the examiner's decision of refusal.

2 Measures to prevent abuse of the system

With the expected increase in the number of divisional applications along with the relaxation of the time restriction on the filing of divisional applications, we considered specific measures to reduce burden and prevent abuse of the divisional application system. Such measures relate to: (1) streamlining of the treatment of a divisional application containing a new matter; (2) reduction of procedural work for filing a divisional application; (3) effect toward a divisional application of a notification of reasons for refusal given to the original application; (4) public inspection of a divisional application upon the publication of the original application; (5) provision by the Intellectual Property Digital Library (IPDL) of information on the parental relationship between a divisional application and the original application; and (6) priority to a divisional application in processing. It is desirable to take various measures while giving consideration to avoiding an excessive increase in the JPO's workload.

3 Effective use of the divisional application system

Allowing a divisional application to be filed after a decision of patent grant is made is being called for from companies in connection with R&D activities (e.g. products on the market and technical standards). It would also be helpful in accelerating the processing as required due to the shortening of the period during which examination may be requested from seven years to three years. On the other hand, if the filing of a divisional application is allowable after a decision of refusal is made, it will be possible to prevent an appeal against the examiner's decision of refusal from being filed only for the purpose of obtaining the opportunity to file a divisional application. The relaxation of the time restriction of division may also be favorable from the perspective of international harmonization, for in Europe and the United States, a divisional application is allowable even after the notice of allowance is given.

III Relaxation of the Content Restriction under the Divisional Application System

1 Handling of same inventions in foreign countries

In the United States, the handling of same inventions differs between cases of "identity-type" double patenting and cases of "obviousness-type" double patenting. Double

patenting can be avoided by filing a terminal disclaimer only for cases of "obviousness-type" double patenting and both applications are filed by the same applicant. In EPC Member States, the handling of same inventions is basically in conformity to the provisions of the EPC, with some differences in judgment criteria among states. More specifically, two or more patents may exist in respect of same inventions claimed in two or more applications filed by the same applicant on the same day. Where applications claiming same inventions are filed by different applicants on the same day, either application shall be chosen or the invention claimed in either application shall be changed into another invention by amendment, and if these applications are filed on different days, they shall be subject to examination as to novelty. Other countries adopt various characteristic systems, such as distinguishing applications claiming same inventions depending on the filing date, the applicant or the inventor, or determining the identity of inventions by comparing different objects depending on the applicant. In Japan, when discussing a review of the handling of same inventions with the aim of protecting front-runners, we should proceed through deliberation on the introduction of a new system or operation while giving due consideration to the characteristics of overseas systems and grounds thereof.

2 U.S. terminal disclaimer system

A terminal disclaimer is a declaration to disclaim part of the terminal phase of the duration of a patent. Where an obviousness-type double patenting rejection (non-statutory-type double patenting rejection) is found in respect of the applications assigned to the same person, such rejection may be avoided by filing a terminal disclaimer stating that patents to be granted on the applications shall not be exercised unless they are owned by the same person. This procedure allows a single person to own patents for two inventions claimed in different applications, one of which is obvious from the other. In the United States, for some time after the legislation of the disclaimer system, concerns were raised as to various adverse effects of allowing obviousness-type double patenting, but an understanding has finally been reached that such adverse effects can basically be removed by a terminal disclaimer that requires double patents to be owned by the same person and this system has potential for benefiting not only the applicant but also the public (through the disclosure of the invention by the applicant). It may not be as necessary in Japan as in the United States to obtain relief by filing a terminal disclaimer

because such cases provided in Section 39 of the Patent Law, in which two or more applications claiming the same invention are filed, in principle, do not occur so frequently as an obviousness-type double patenting rejection is found in the United States. However, Japan shares with the United States the circumstances in which adverse effects of double patenting can basically be removed by a terminal disclaimer that requires double patents to be owned by the same person. Should it be allowable for a single applicant to obtain, by filing a terminal disclaimer, patents for two substantially identical inventions, one of which is claimed in a divisional application and the other in the original application, the applicant will be able to carry out various strategic measures to obtain patents, including establishing the "second line of defense," demonstrating that the inventions relate to a specific subject matter, obtaining rights for inventions pertaining to conceptually adjacent fields, expanding the scope of right, and obtaining rights for substantially identical inventions belonging to different categories, which will consequently help him obtain all necessary rights. On the other hand, concerns cannot be precluded over indirect adverse effects such as frequent occurrence of divisional applications, but it may be highly possible to remove such adverse effects by operating the requirements for division as appropriate. Considering all these matters, it seems to be sufficiently reasonable to positively consider the introduction of the terminal disclaimer system to Japan.

3 Consistency with the principle of one property right for one article

Under the Civil Code, only one property right shall exist for one article. Since a patent right is similar to a property right in nature, this principle should also be followed under the Patent Law. Furthermore, under the Civil Code, no special difficulties arise from treating the ownership for land as one property right so that it will not belong to two or more persons as two or more rights, whereas under the Patent Law, more complex problems arise because a patent right is a right of intangible property granted for "technical idea." The provision of Section 39 of the Patent Law is intended to prevent the granting of two or more rights with the same contents. When examining whether or not it is appropriate, as relaxation of the content restriction on the filing of divisional applications, to allow division of an application claiming substantially identical inventions, we should take into consideration the consistency with the principle of one property right for one article under the Civil Code. The issue of identity of inventions is also related to the provisions of

Sections 29-2 and 44 of the Patent Law. Due consideration should be given to the impact on these provisions of any change in the requirements for identity of inventions.

For the purpose of relaxing the content restriction on the filing of divisional applications, the requirements provided in Section 39(2) can be relaxed in the following manners. (i) By changing the operation so as to reduce the scope of application of "substantially identical": This has the advantage that no legal revision is necessary, and also has an effect on the scope of "the same" as provided in Section 29-2 in addition to that in Section 39. (ii) By eliminating the necessity to satisfy the requirements provided in Section 39(2) if the applications claiming the same invention are filed by the same applicant: This enables the applicant to obtain rights for two or more substantially identical inventions of his own. The introduction of a terminal disclaimer like the system of the United States would be another possible measure to prevent two or more rights that have the same contents from being transferred separately to two or more persons.

Section 44 of the Patent Law provides that a patent application claiming two or more inventions may be divided. This provision can be construed as meaning that the inventions to be divided are different from each other. When allowing division of applications claiming the same invention, due consideration should also be given to the consistency with this provision.

4 Handling of same inventions under the divisional application system: In connection with technical standardization

For the purpose of affording multiphased and sufficient protection to the patentee, allowing divisional application claiming substantially identical inventions is desired from the perspective of technical standardization. The process of obtaining a patent in line with technical standardization is outlined as follows. Once a certain technical standard is fixed and the specification is published, patent cannot be obtained in respect of a new application claiming the contents of the technical standard due to lack of novelty. In such case, the applicant makes an amendment to his other application that is pending at that time, aiming to obtain a patent that also covers the descriptions in the specification. On the other hand, as the final details of a technical standard are uncertain until the specification is published, the person who is working on the technical standard has to avoid completely fixing the contents of a patent that he seeks to obtain, so that he can respond to various changes. In particular, where technology development has started early but technical

standardization is making slow progress, the examiner's decision may be made in respect of the application relating to the technology before the standardization is completed. In order to prepare for uncertainty in the future, the applicant inevitably needs to file a divisional application so as to maintain the possibility of obtaining a patent based on the claims described closely to the description in the specification later decided. In the present circumstances, due to the difference in the handling of same inventions, patent can be obtained based on a divisional application by filing a terminal disclaimer in the United States, whereas in Japan, patent cannot be obtained on the grounds that the invention claimed in the divisional application is deemed to be "substantially identical" to that claimed in the original application. For this reason, it is desired to allow the filing of a divisional application claiming such substantially identical invention.

If filing a divisional application claiming a substantially identical invention is allowed, a problem will arise with regards to the tendency to obtain more patents than should have been granted in relation to a technical standard, because, in most cases, the share of royalty within a patent pool for a technical standard is determined based on the number of patents related to the technical standard. However, the rules for the share of royalty should basically be decided independently among the participants in the patent pool, and there seems to be no need to regulate this issue by the Patent Law.

Amid the current globalization in business activities including the efforts for technical standardization, we should eliminate the possibility that disadvantage (failure to obtain patent) that would not occur in Europe or the United States occurs only in Japan. Also, if Japan takes the lead in introducing an advanced patent system, it will have a favorable impact on other Asian countries toward the amendment of their patent systems.

IV Introduction of the U.S. Continuation-In-Part Application System and Grace Period

1 Outline of the U.S. continuation-in-part application system and grace period

Under the U.S. continuation-in-part application system, the patentability requirements relating to the matters that have already been disclosed in the original application are determined as of the date of the filing of the original application whereas such requirements relating to a new matter added by a continuation-in-part application are determined as of the date of the filing of the continuation-in-part application (the term of

patent based on a continuation-in-part application is 20 years from the date of the filing of the original application). On the other hand, there is a grace period of one year from the disclosure of an invention until the filing of a patent application on that invention, which also applies to the disclosure by the publication of the earlier application filed by the same applicant. With the continuation-in-part application system, the publication system, and the one-year grace period all being brought together, in the United States, within one year from the publication of the original application, a continuation-in-part application disclosing a new improvement invention shall not be rejected due to the publication of the original application. Consequently, within the period of two years and six months, which consists of one year as the grace period and one year and six months from the filing until the publication of the original application, an improvement invention and other new matter can be added by a continuation-in-part application. This means that the period during which the addition of an improvement invention is allowable in the United States is longer than that in Japan, i.e. one year under the domestic priority system. Furthermore, the U.S. publication system admits an exception that an application may remain unpublished at the request of the applicant, which benefits the applicant in filing a continuation-in-part application based on the unpublished original application.

2 Problems of the U.S. continuation-in-part application system and grace period

(1) From the viewpoint of U.S. patent practice

In the United States, a continuation-in-part application seems to be used, in most cases, for the purpose of avoiding reasons for rejection notified by the examiner. However, as more emphasis is placed on fields in which a lot of time is required for research and inventions are made based on research achievements at universities, such as the biotechnology field, the positive use of the continuation-in-part application system is more frequently seen with the objective of conducting R&D and filing patent applications strategically. Where a continuation-in-part application is filed for the purpose of adding an improvement to the invention disclosed in the original application, it is useful for the applicant because by filing it and benefiting from the one-year grace period, the applicant can add an improvement within two years and six months from the date of the filing of the original application. On the other hand, where a continuation-in-part application is filed for the purpose of avoiding reasons for rejection, it is

also useful for the applicant because by filing it, the applicant can avoid reasons for rejection, for instance, within one year and six months from the filing of the original U.S. application that was filed one year after the Japanese application (or within two years and six months from the filing of the Japanese application in total). However, considering that in most cases, the applicant receives the first official action within one year and six months after the filing in the United States, the continuation-in-part application system would be less useful if not for the one-year grace period.

Thus, since the publication system was introduced in the United States and now that protection of research achievements at universities has become increasingly important, the utility of the U.S. continuation-in-part application system is currently assured on the basis of the one-year grace period. For this reason, if we introduce a continuous-in-part application system to Japan, it will be a clear signal for the strengthening of protection of inventions but we will also need to consider the introduction of the one-year grace period in order to assure its utility.

(2) From the viewpoint of users (Japanese companies)

We studied the appropriateness of the introduction of the U.S. continuation-in-part application system to Japan, assuming various possible cases such as where it is introduced along with the one-year grace period and where review is also made to double patenting. If the sole purpose is to protect front-runners, the continuation-in-part application system will not be so effective unless it is introduced along with the review of the grace period, as in the United States. However, from the standpoint of protecting third parties, this measure would cause an excessive monitoring burden, significantly deteriorating the balance, and increase the examination workload. It would also be questionable from the perspective of international harmonization and would make the patent system unnecessarily complicated.

From the perspective of third party protection and international harmonization, one possible measure would be to allow double patenting of substantially identical inventions along with the relaxation of the time restriction on the filing of a divisional application. This measure would help front-runners implement diverse strategies to obtain patents (build a comprehensive and complete patent portfolio containing all necessary patents). Also, since such double patenting would not expand the scope of right beyond the bounds of the specification and drawings attached to the original application, it would cause less unexpected

damage to third parties and also create harmony with international practice. As just described above, the most realistic idea would be to allow double patenting of substantially identical inventions along with the relaxation of the time restriction on the filing of a divisional application, rather than introducing the continuation-in-part application system, and this would be consistent with legal systems in Japan, which aims to be an intellectual property-based nation.

(3) From the viewpoint of the pharmaceutical industry

As for the grace period, pharmaceutical companies often find new uses for medical products during clinical tests conducted at hospitals, or find a new purpose or method of using a medical product in follow-up research conducted after the release of the product. They make an effort to maintain the novelty of their inventions by concluding confidentiality agreements with the subjects of clinical tests. However, through the development of the concept of informed consent, subjects of clinical tests have been given more opportunities to fully understand the details of the tests in which they participate, and so it cannot be denied that inventions made by pharmaceutical companies are likely to become publicly known against their will. Therefore, we should consider accepting the disclosure of pharmaceutical inventions in this manner as an exception to lack of novelty of invention. Also, clinical data accumulated after the release of a medical product often relate to its combination with other medical products or dose intervals and dosage. Given the difficulty in concluding a confidentiality agreement or providing proof to avoid lack of novelty, it is necessary to consider accepting the disclosure of pharmaceutical inventions in this manner as an exception to lack of novelty of invention.

As for the continuation-in-part application system, pharmaceutical companies often employ the method of researching backup compounds for several years in light of the risk that the development of the intended compound might be cancelled. Even if the continuation-in-part application system were introduced to Japan, due to the publication system, it would only grant applicants an extra six months in addition to the time granted under the domestic priority application system. However, it would become more usable for applicants if the length and scope of objects of the grace period were expanded. On the other hand, from the standpoint of third parties, the introduction of the continuation-in-part application system would induce successive addition of improvement inventions, and it might also cause applications to be, in effect, determined as of earlier dates, if the written description requirements were relaxed.

Consequently, we should discuss the introduction of the continuation-in-part application system while giving due consideration to the adherence to the first-to-file principle and the appropriate procedures for determining rights.

(4) Use and problems of the continuation-in-part application system in the United States

Even universities and companies, and in particular those that seem to frequently use the continuation-in-part application system, do not recognize themselves as frequently using the system. They understand that their frequency of use of the system increased only as a result of carrying out the necessary procedures from the filing and until the patent issue depending on the characteristics of the development fields concerned (especially biotechnology and pharmaceutical fields), rather than aiming to use the system for strategic purposes, and they do not necessarily regard it as a good system. Furthermore, they consider the continuation-in-part application system to have become less attractive due to the ceiling of the patent term and the introduction of the publication system, and they also share a common understanding that the continuation-in-part application system is likely to increase the possibility to place them at a disadvantage in litigation and also has a significant demerit of reducing the patent term. When considering the introduction of a system equivalent to the U.S. continuation-in-part application system to Japan, we should compare the situations in Japan and those in the United States from a broader perspective, focusing on the difference between the first-to-invent principle and the first-to-file principle and the difference between the JPO and the USPTO in their role and position, rather than merely comparing the Japanese patent system and the U.S. patent system.

(5) Opinions of U.S. experts on the continuation-in-part application system

Though a continuation-in-part application is filed for the purpose of adding a new matter, the claims supported by the original application, including those "inherently" supported, shall be entitled to the benefit of the filing date of the original application under Section 120 of the Patent Law. Claims "inherently" supported by the original application refer to claims that were not described in the original application but can be recognized by those skilled in the art as if having been described in it. In order for a matter to be regarded as being "inherently" described in the original application, it is not sufficient that the matter is likely to be realized. If it seems certain, as a natural consequence from what is disclosed in the specification of the original application, that the matter can be realized, such disclosure will suffice.

3 Domestic priority systems in foreign countries

Possible measures to promote front-runners in strategically obtaining patents would be to relax the time restriction of domestic propriety and introduce the provisional application system. From this standpoint, we studied domestic priority systems and provisional application systems in foreign countries, in particular, the backgrounds for the introduction of these systems. The countries targeted in our study introduced these systems for the common primary purpose of correcting inequality in the treatment between foreign nationals entitled to the benefit of priority under Article 4 of the Paris Convention and their own nationals, and to this end, set the priority period as one year from the filing of the original application. When we discuss the review of the Japanese domestic priority system with the aim of protecting front-runners, we should give due consideration to harmonization with the systems of other countries.

V Period of Response to the Notification of Reasons for Refusal

As for the extension of the period of response to the notification of reasons for refusal, considering that while there is a need and benefits to an extension, measures should also be taken to prevent moral hazards, so it may be appropriate to discuss the issue toward allowing the extension on the basis of progressive payment of fees depending on the length of extension. Overseas systems can be used as examples when designing the extension system. In the case of the failure to respond within the period of response, it is recommended to construe the application to have been abandoned or withdrawn, rather than making a decision to refuse the application. Also, as for the disparity between Japanese nationals and foreign nationals in terms of the length of the period of response, we should discuss the issue toward eliminating such disparity.

VI Relationship between the Divisional Application System and the System of Appeal Trial against Examiner's Refusal

In the relationship between the divisional application system and the system of appeal trial against the examiner's refusal, the movement toward relaxing restrictions of the divisional application system will provide the opportunity to ensure appropriate utilization of both systems while fully realizing the purposes of the systems,

but it will also bring about a lot of issues to be discussed on the system design and operation. In the future, based on the view arguing that divisional application should be allowed within a certain period of time after the decision of refusal, we should further proceed with the study, while giving consideration to the impact of the relaxed requirements for divisional application, the segmentation between divisional application and appeal trial, the appropriateness of division application during the pendency of an appeal trial, and the relationship between examination and appeal trial.

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