Patent Eligibility of Software Inventions in Japan

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Software Committee of Japan Patent Attorneys Association (JPAA)
Kazunori Kurusu
Kurusu Patent Law Office in Nagoya and Tokyo

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1. Introduction

1. How does the Japan Patent Office (“JPO”) determine patent eligibility of software inventions?

Is the JPO practice similarly to or differently from those in the USPTO, the EPO and the SIPO (State Intellectual Property Office of the People's Republic of China)?

2. Is there any analogy between the JPO test for patent eligibility of software inventions and the “machine-or-transformation” test indicated in the Bilski decision in the U.S.?

2. Definition of the term “Invention”

The Japanese Patent Law, Article 2 explicitly defines the term “Invention” as follows:

> An invention shall be a creative and technical idea that utilizes laws of nature.

3. Examination Guidelines

3-1. Patent Eligibility for Software Inventions

For software-related subject matter to be found eligible, it must fall within at least one of Groups 1 and 2.

- **Group 1**

  Subject matter which employs a solution that itself utilizes laws of nature

  1) Subject matter which performs control of a machine

  e.g., control of an automobile engine

  2) Subject matter which performs information processing required for control of a machine

  e.g., data processing required for control of an automobile engine

  3) Subject matter which performs information processing based on physical or technical properties of an object

  e.g., digital filtering for removing distortion from a displayed image

- **Group 2**

  Subject matter which does not employ any solutions that utilize laws of nature, but achieves information processing by software in a specific manner using hardware resources.

Notes: This grouping is applicable to this presentation only.

3-2. Requirements for a Business Method to be Found Eligible

- **Question 1.**

  Does the business method fall within Group 1?

  Answer:

  No. So, the business method must fall within Group 2 for being eligible.

- **Question 2.**

  What must a claim for the business method recite?

  Answer:

  A claim for the business method must have a key recitation to indicate that information processing by software is achieved in a specific manner using hardware resources.

3-2. Requirements for a Business Method to be Found Eligible (cont'd)

A mere boilerplate recitation of a general computer in a claim is not sufficient for a business method to be found eligible.

The claim must recite specific hardware resources (*e.g.*, a processor, memory), and how to process data using the hardware resources by executing software.

That is, the claim must recite a specific interrelation between software and hardware. The specific interrelation can convert an otherwise ineligible claim into an eligible one.

This test is referred to, although unofficially, as ***a "specific-interrelation" test.***

Once a business method has been found eligible, its non-technical features in addition to its technical features are considered for the purpose of determining inventiveness.

3-3. Example Method Claim Found Eligible in Japan

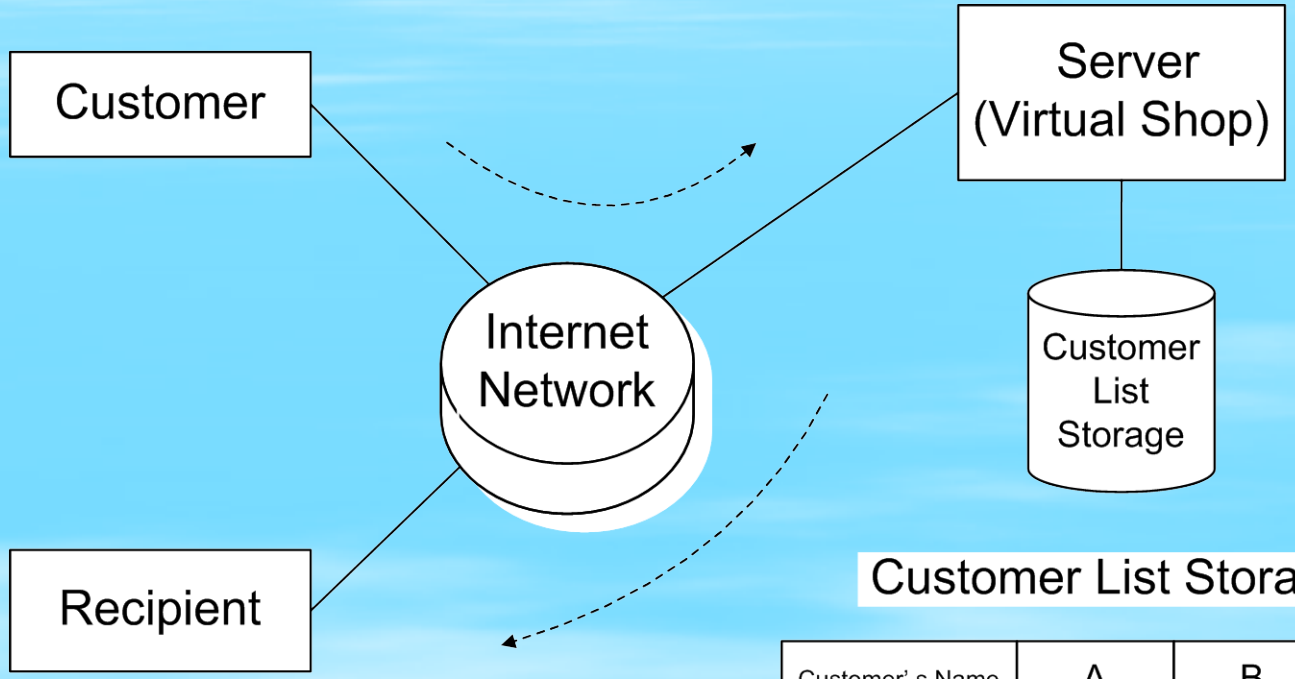
The JPO has announced in the Guidelines some example claims which should be found eligible.

One of those example claims is a method claim which recites an invention directed to a method for use in on-line sales (a business method).

3-3-1. Summary of the Invention recited in the example method claim

The method allows a customer to transfer a portion of his coupon points to a recipient on-line. The customer has obtained those coupon points as a result of his previous purchase of goods.

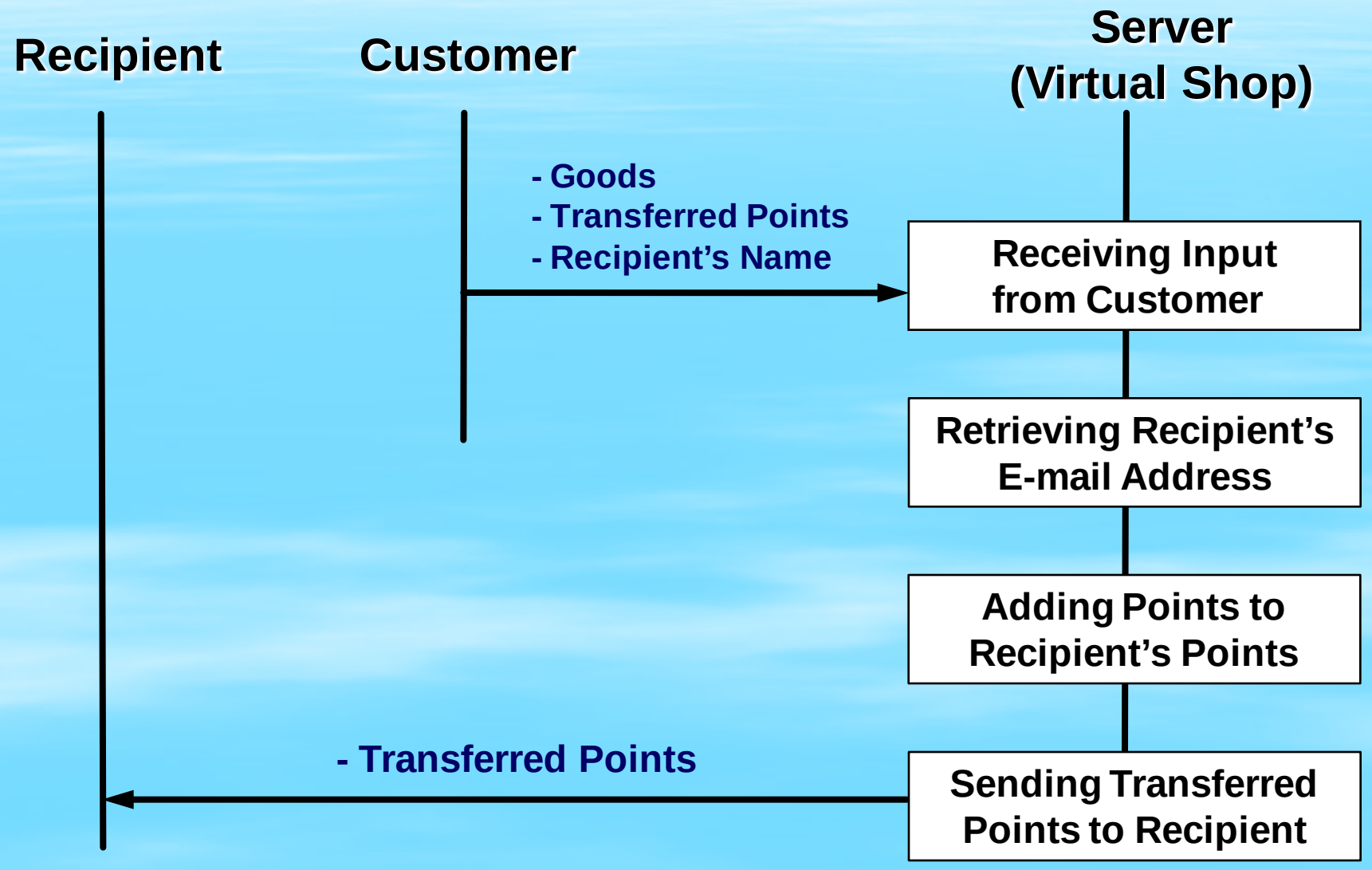
3-3-2. Functional Block Diagram



Customer List Storage

Customer' s Name	A	B	---
Accumulated Coupon Points	100	200	---
E-mail Address	AA@XXX	BB@YYY	----
---	---	---	----

3-3-3. Flowchart



3-3-4. Recitation of Example Method Claim

A method for providing coupon points with an amount depending on an amount of money that has been paid for purchasing goods at a virtual shop on the Internet,

wherein the method is implemented using ***a server*** and ***a customer list storage*** having stored therein names of customers, e-mail addresses of the customers, and accumulated coupon points, in association with one another;

the method comprising:

a first step of receiving, ***by the server***, via the Internet, both an amount of coupon points that one of the customers desires to transfer to a recipient, and a name of the recipient;

a second step of retrieving, ***by the server***, a corresponding one of the e-mail addresses to the recipient, based on the name of the recipient, wherein <u>the addresses have been stored in the customer list storage</u>;

a third step of adding, ***by the server,*** the desired amount to be transferred, to a corresponding one of the accumulated coupon points to the recipient, wherein <u>the accumulated coupon points have been stored in the customer list storage</u>; and

a fourth step of sending, ***by the server***, to the recipient by e-mail at the e-mail address of the recipient, a message that the coupon points have been transferred to the recipient.

3-3-5. Why is the example method claim found eligible?

Reason 1:

This example claim recites that the entity for implementing each of the first to fourth steps is a hardware resource (*i.e.*, the “server”).

Reason 2:

This example claim recites how to process data or information using a hardware resource (*i.e.*, the “customer list storage”) .

Therefore, this example claim passes ***the “specific-interrelation” test.***

4. Study of Japanese Patent Eligibility for Bilski's Business Method

4-1. Would the JPO find the Bilski's business method eligible?

Answer:

No, the Bilski's business method would be found ineligible.

Reasons:

1. The claim recites no hardware for implementing each step.
2. The claim recites no information processing by software that is achieved in a specific manner using hardware resources.

The claim thus would fail ***the "specific-interrelation" test.***

4-2. Which is more strict, the JPO test or the Bilski test?

Answer:

The JPO test my be more strict.

Reasons:

The JPO's "specific-interrelation" test is more definite than the Bilski test as of today and has been applied since 2000 at the latest, requiring a business method claim to recite the specific use of hardware resources.

5. Example Claim Formats

1. **Allowable Claim Formats**
   - **System Claims**
   - **Method Claims**
   - **Computer-Readable Medium Claims**
   - **Program Claims**

   A program claim can be drafted without any recitation of a particular medium in which the claimed program has been stored. Such a claim is categorized as an apparatus claim.

2. **Unallowable Claim Formats**
   - **Signal Claims**

3. **Means Plus Function Claim**

   The Japanese Patent Law has no provision comparable to 35 U.S.C. 112, paragraph six.

6. Conclusion

1. **What a claim for a business method must recite is:**
   1. A hardware resource for implementing each step, and
   2. Information processing by software that is achieved in a specific manner using hardware resources, that is, how to process data using hardware resources.

   If so, ***the "specific-interrelation" test*** is passed.

   Please note that ***the "specific-interrelation" test*** is applied not only to method claims but also to apparatus claims.

2. **Once a business method is found eligible, its non-technical features as well as its technical features are considered in the inventiveness determination.**

   So, patent protection for innovative business methods can be promoted.

7. Closing

Thank you very much for your attention.

See you again.

This presentation is based on research conducted by the 2008 Software Committee of the JPAA.