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## **FRONTEO Validates Utility of AI-Based Trademark Examination Support System in Project for Japan Patent Office**

TOKYO, June 25, 2019 - FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2518), a leading provider of artificial intelligence ("AI") based big data analysis services, has reported the results of the "Fiscal 2018 Empirical Research Project to Enhance and Improve the Efficiency of Operations for Checking Unclear Products and Services by Utilizing Artificial Intelligence" ("the Project"), which it was commissioned to carry out by the Japan Patent Office (JPO).

The purpose of the Project was to examine the possibility of using a support tool incorporating technologies such as artificial intelligence (AI) in order to enhance and improve the efficiency of assigning "similar group codes" indicating designated products and services, which are used to classify the scope of trademark rights when examining trademark applications. It is the continuation of a research project using natural language processing technology such as FRONTEO's KIBIT AI engine that the company was commissioned to carry out the previous fiscal year.

Drawing on the results of the previous fiscal year's project and issues it identified, the Project evaluated the applicability of technologies such as AI to trademark examination operations and helped to further clarify their scope of use. As a result of carrying out tests, including trials by trademark examiners, the Project was able to improve and refine the precision of algorithms and determined that AI technology is useful in examination work.

### Project Overview

#### ■ Overview

##### 1. To validate improvements in the precision of technology supporting operations to check unclear products and services

To develop, measure the efficacy of, and propose improvements to a system for the purpose of supporting operations to check unclear products and services, based on the previous fiscal year's results, and validate the possibility of improving precision.

##### 2. To verify its usability as an examination support tool and system implementation

To verify the developed system's usability as an examination support tool by measuring its efficacy and conducting trials by trademark examiners (user evaluations), as well as calculate its cost-effectiveness and define its nature, including determining the system requirements, with the aim of system implementation.

#### ■ Verification Results

- It was possible to improve the precision of function supporting provisional assignment of similar group codes compared to the previous year's project, and the results made clear that the function is highly applicable to actual examination work.
- The user evaluation results were generally favorable with regard to the tool's value, in



terms of both functionality and operability (i.e. users indicated it was useful in performing practical work or at least capable of handling it).

- To develop the system for the purpose of practical implementation, it will be necessary to conduct user verification, drawing on the present validation results, and further refine the UI design and definition of requirements.

By leveraging the expertise in natural language processing technology acquired through its KIBIT AI engine and developing/implementing optimal algorithms tailored to the Project, FRONTEO has contributed to the promotion and verification of improvements that will enhance trademark examination operations and make them more efficient.

Going forward, FRONTEO will continue working to provide more optimal solutions using natural language processing technology based on its KIBIT AI engine for a wide range of tasks and businesses, including government offices.

#### **About KIBIT**

KIBIT is an AI engine developed by FRONTEO. KIBIT is a word coined by combining "kibi," a Japanese word meaning "subtlety," and "bit," the smallest unit of digital information, in order to indicate an AI capable of understanding the subtle elements of human behavior and personality.

#### **About FRONTEO, Inc.**

FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2158) supports the analysis of big data based on behavior informatics by utilizing its technology, "KIBIT". FRONTEO's KIBIT technology is driven by FRONTEO artificial intelligence based on knowledge acquired through its litigation support services. KIBIT incorporates experts' tacit knowledge, including their experiences and intuitions, and utilizes that knowledge for big data analysis. FRONTEO continues to expand its business operations by applying KIBIT to new fields such as healthcare and marketing. FRONTEO was founded in 2003 as a provider of e-discovery and international litigation support services. These services include the preservation, investigation and analysis of evidence materials contained in electronic data, and computer forensic investigation. FRONTEO provides e-discovery and litigation support by making full use of its data analysis platform, "Lit i View", and its Predictive Coding technology adapted to Asian languages. The company name was changed from UBIC, Inc. to FRONTEO, Inc. as of July 1, 2016.

For more information about FRONTEO, contact [global\\_pr@fronteo.com](mailto:global_pr@fronteo.com) or visit <http://www.fronteo.com/global/>.

#### **Safe Harbor Statement**

This announcement contains forward-looking statements. These forward-looking statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the amount of data that FRONTEO expects to manage this year and the potential uses for FRONTEO's new service in intellectual property-related litigation, contain forward-looking statements. FRONTEO may also make written or oral forward-looking

statements in its reports filed with, or furnished to, the U.S. Securities and Exchange Commission, in its annual reports to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about FRONTEO's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: FRONTEO's goals and strategies; FRONTEO's expansion plans; the expected growth of the data center services market; expectations regarding demand for, and market acceptance of, FRONTEO's services; FRONTEO's expectations regarding keeping and strengthening its relationships with customers; FRONTEO's plans to invest in research and development to enhance its solution and service offerings; and general economic and business conditions in the regions where FRONTEO provides solutions and services. Further information regarding these and other risks is included in FRONTEO's reports filed with, or furnished to the Securities and Exchange Commission. FRONTEO does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this press release and in the attachments is as of the date of this press release, and FRONTEO undertakes no duty to update such information, except as required under applicable law.

CONTACT: FRONTEO Global PR  
[global\\_pr@fronteo.com](mailto:global_pr@fronteo.com)