



**May 2021**

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## 1. Sonoda & Kobayashi attending trade fairs in China

As the Covid-19 pandemic has pushed Tokyo into its 3<sup>rd</sup> state of emergency, the global picture starts to diverge more and more. While certain countries have been practically Covid-free since the beginning, others have recently had to face an unexpected surge in infections. Yet others again have made progress with their vaccination programs and are able to relax preventative measures.

In this uncertain situation, Sonoda & Kobayashi has so far not been able to visit you or meet you at physical trade fairs around the world. It has instead relied on digital meetings and digital congresses to maintain and expand its network of partners and clients.

With a changing situation comes unexpected opportunity, and it is therefore that Sonoda & Kobayashi will soon be present physically at a trade fair for the first time in 1,5 years.

We will be present on several fairs in China throughout this year:

- The Global Med Device IP Summit 2021, on 2<sup>nd</sup>-4<sup>th</sup> of June in Shenzhen.
- The CIPF, on 21<sup>st</sup>-23<sup>rd</sup> of July in Shanghai.
- The 6<sup>th</sup> China Pharma IP Summit 2021, on 16<sup>th</sup>-18<sup>th</sup> of September in Beijing.
- The CIPAC, on 8<sup>th</sup>-9<sup>th</sup> of November in Suzhou.

We would be pleased to meet our clients and business partners at these occasions.

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## JPO News

### 1. JPO relief measure procedures and how they are affected by Covid-19

The Japanese Patent Office (JPO) has several procedures, or relief measures, in place that can be used if one accidentally misses the time limit for applying for a patent. There is a procedure for “reasons beyond one’s control” and one called “legitimate reasons”. While there are rules in place on using these procedures, the JPO is flexible when it comes to procedures negatively affected by Covid-19.

In practice, this may mean not being required to submit certain documentary evidence. One is also allowed to submit reasons such as the office being closed and the work being not done in time because of Covid-19.

Examples of situations where one can cite Covid-19 as one of their reasons are:

- When the applicant or their representative has been infected with COVID-19;
- When the offices of the applicants or their representatives have been closed due to people being infected with COVID-19;
- When (local) governments order or request movement restrictions, and access to the office is severely restricted.
- When the applicant is unable to perform the procedures due to financial difficulties caused by the Covid-19 pandemic

The flexibility regarding these procedures will be in place for an unspecified amount of time.

Click [here](#) for details. (in Japanese)

## 2. Change in fees for international registration of marks in Japan

The JPO reported that as of May 29<sup>th</sup> 2021, the individual fees for designating Japan on an international application for trademark registration will change. This fee also applies when Japan is designated after international registration has been completed, and at renewal of an international registration.

The fees are set in Swiss Francs by the World Intellectual Property Organisation (WIPO) in Geneva.

In many cases, the new fees are lower than the old ones:

ITEMS		Amounts (in Swiss francs)	
		until May 28, 2021	as from May 29, 2021
Application or Subsequent Designation	First Part:		
	– for one class of goods or services	108	<b>97</b>
	– for each additional class	82	<b>73</b>
	Second Part:		
	– for each class of goods or services	269	<b>241</b>
Renewal	– for each class of goods or services	371	<b>331</b>

Click [here](#) for details. (in Japanese)

Click [here](#) for details. (in English)

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### - Latest IP News in Japan -

#### 1. Japanese pharmaceutical industry opposes US backing for vaccine patent waiver

*Kyodo News, May 8, 2021*

On the 8<sup>th</sup> of May, Kyodo news reported on the opposition by the Japanese pharmaceutical industry to the US support for temporarily waiving patent rights related to coronavirus patents.

The Japan pharmaceutical industry claims this would increase shortages in vital vaccine components worldwide, and affect views on vaccine quality.

As the United States spoke out in favour of temporarily waiving COVID-19 vaccine patents, it was supported by the World Health Organisation, who encouraged other countries to follow the example.

While the Japanese government has not yet made its stance clear on the issue, the Japanese pharmaceutical sector is against the waiver. It claims that the even if a waiver were to be granted, this does not guarantee that vaccines of equivalent quality to current ones would be produced. It is worried that some non-effective products could circulate, while the risk of side effects from vaccines would rise too.

In a statement, the association said that "we are deeply concerned that if vaccines are made in an uncontrollable

environment, it will intensify scarcity of raw materials as well as further disperse and disrupt supply chains, possibly leading to a further delay in distribution”.

Meanwhile in Europe, France’s president Emmanuel Macron expressed strong support for the patent waiver. Germany, for its part, opposes the idea.

Click [here](#) for details.

## **2. The competition for automated driving patents: Car manufacturers recovering while IT companies fall back**

*Nikkei, May 16, 2021*

Nikkei wrote about the global competition for patents for automated driving on May 16<sup>th</sup>.

While in the past IT companies used to hold the edge in this field, large automobile companies are making a comeback.

A U.S survey from the end of January found that the Alphabet group has fallen back to 3<sup>rd</sup> place compared to 2.5 years ago, when it used to hold the most patents. Instead, Ford and Toyota hold the top 2 spots.

Among the top 50 companies, there were 12 Japanese enterprises, a group which did not only contain car manufacturers but also included those such as the Sony group. The car manufacturers have been strong in patents for fundamental technologies such as driving, stopping, and turning. As the commercialization of self-driving technologies approaches, competition with IT companies will remain strong.

Nikkei asked a patent research company to look into this January data, and examine the competitiveness of patents related to autonomous driving in the United States. They added up the number of times competition companies were filing similar patents, and the number of times a company filed a court case against another. Their numbers indicate the important patents in this highly competitive area.

In terms of the competitiveness score assigned, Ford took the lead, followed by Toyota and Alphabet’s Waymo (which came in at No.1 in July 2018). Compared to past assessments, Ford’s score increased by 3.6 times, Toyota’s by 2.4 times and Waymo by 1.7. Ford and Toyota are both highly competitive in terms of technology for adjusting motor output and for mechanisms for systematizing steering wheel operations. Ford is also particularly strong in technology related to parking. Its competitiveness score in this area was 3 times as high as Toyota and 5 times that of Waymo.

Chinese and Korean companies also stand out in the top 50 in terms of patent competitiveness. In the previous survey, only South Korea (in the form of Hyundai Motor) was in the top 50, but this time, five Korean companies and two Chinese companies were included. Among the Chinese enterprises, Baidu, a major internet service company, was 23<sup>rd</sup>, and Shanghai NIO, an electric vehicle (EV) maker, came in at 35<sup>th</sup>.

In the field of autonomous driving, major IT companies are seen to be selling their businesses one after another. For example, by the end of January 2021, Uber Technologies Inc. sold its development subsidiary, ATG, to its peer Aurora Innovation. The US company Lyft also announced at the end of April that it would sell its autonomous driving division to Toyota. Due to accidents during driving tests, IT companies are having difficulty in the practical application stage of the development of autonomous driving.

Click [here](#) for details. (in Japanese)

## **3. District court orders fine to Japanese messenger app LINE for patent infringement**

*Japan Today, May 20, 2021*

Japan Today wrote on the 20<sup>th</sup> of May about the recent judgement on patent infringement for a case between LINE, the company behind a popular messenger app, and Future Eye Co, a Kyoto-based IT company.

The District court in Tokyo acknowledged that Future Eye held a patent, for the system that allowed users to shake their smartphones in order to exchange account details, since September of 2017. Future Eye had argued that LINE infringed on this patent and requested damages of 300 million JPY (27.6 million dollars). It claimed that the infringement of this patent had allowed LINE to expand its userbase and earn over 150 billion yen in advertising fees.

LINE for its part argued that the patent for the technology should be invalidated, as the invention was easy to make.

In its judgement, the court ruled that LINE had indeed infringed upon Future Eye's patent, though it stated that the impact of the technology on the LINE's revenues was limited.

Therefore, Line Corp was instructed to pay 14 million yen (128,500 dollars) in damages.

In reaction, Future Eye said that the amount of damages was too low, given the huge profit Line was claimed to have made using the feature. Line, on the other hand, said the issue had been "resolved amicably" and vowed to "continue protecting intellectual property and improve our services."

Click [here](#) for details.

#### **4. Japan's first insurance for infringement of 3<sup>rd</sup> party IP launched**

*Hokenshijo times, May 5, 2021*

On the 5<sup>th</sup> of May, the Hokenshijo Times reported upon a new type of insurance in Japan that was announced by Sompo Japan Insurance just a few days before.

It concerns an insurance product that would compensate the policy holder for the legal liability that arises out of infringement of a 3<sup>rd</sup> party's intellectual property right.

An amendment to Japanese patent law in 2020 states that an amount equivalent to the licensing fees is now a factor in determining the amount of damages for infringement. As a result, it is feared that the total amount of damages awarded will increase.

Responding to such legal changes, businesses seek to avoid IP related risks. The insurance product in turn caters to such demands.

Click [here](#) for details. (in Japanese)

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### **- IP Law Updates in Japan : Insights from Sonoda & Kobayashi -**

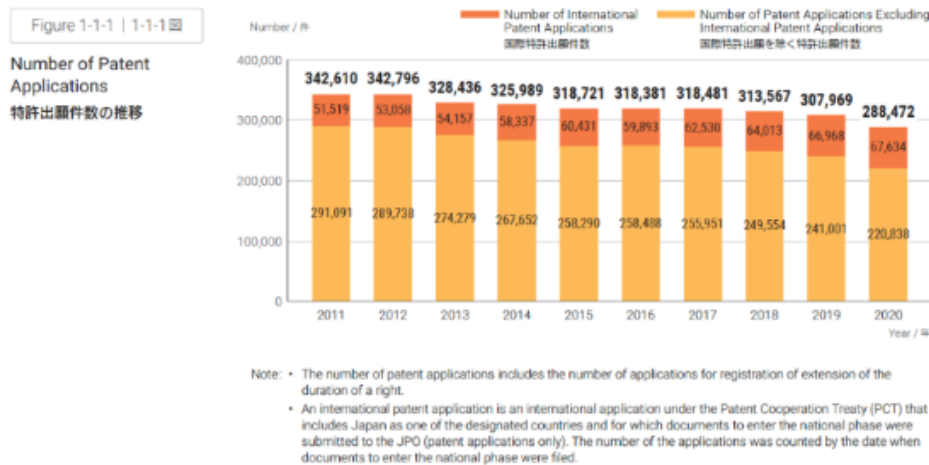
#### **1. Statistical overview of JPO Status Report 2021**

Every year, the Japan Patent Office releases a thorough report, the "[JPO Status Report](#)", on recent intellectual property developments and trends in Japan and an overview of global intellectual property trends across the IP5 Offices.

This report is based around several segments which include reports on IP trends and examinations, trials and appeals, and international initiatives, but also JPO support measures and recent law amendments. We hereby outline the principal takeaways from this report.

## 1. Key figures in IP Protection in Japan

### A. Newly filed patent applications in Japan continue to drop.



Patent applications filed at the JPO decreased for the third time in a row, which symbolizes the crystallization of a trend which started back in 2001.

According to the JPO Status Report 2021, patent applications filed in Japan dropped by 6.3%, from 307,969 newly filed applications in 2019 to 288,472 newly filed applications in 2020. This trend originates from a decline in the number of patent applications filed by domestic Japanese applicants for over a decade. This constant decrease may be justified by the shift in IP strategy from a quantitative focus towards a qualitative one, as well as revision of budget allocation in the context of accelerated globalization.

### B. Slight increase in international patent applications in Japan.

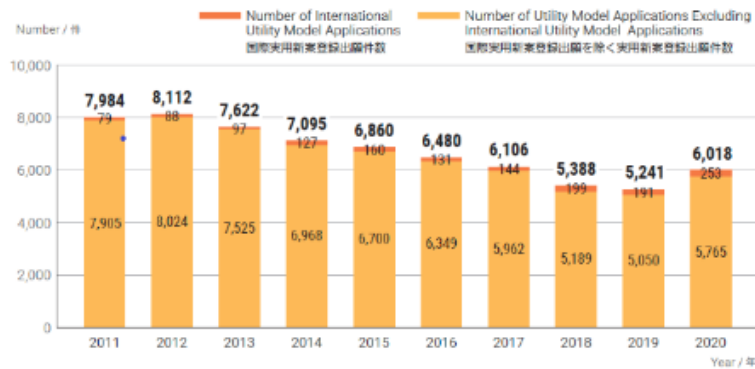
While domestic applications continue to shrink, conversely the number of international patent applications newly filed at the JPO continues to grow. According to the JPO Status Report 2021, international patent applications filed in Japan showed a slight increase of 1%, from 66,968 filed applications in 2019 to 67,634 filed applications in 2020. This marks a continuation of a ten-year-plus trend of increasing numbers of filed patent applications in Japan by international corporations. As for the origin of PCT applications, the majority of cases are filed by Japanese companies (26,963 applications) followed by companies from the U.S. (14,656 applications) and companies from China (5,330 applications). Nevertheless, China and the U.S. outperform Japan in reference to top ranking countries with most filed PCT applications in 2020. In fact, China holds first place in PCT filings since 2019 with [68,720](#) PCT applications filed last year while [56,982](#) PCT applications were filed at the USPTO and 49,314 PCT applications in Japan in the same year. Despite benefitting from a general increase in globally filed applications, the Japan Patent Office diversified measures to both attract a wider community of applicants and facilitate the IP protection experience in Japan for non-Japanese entities. Among such measures can be found the shortening of prosecution time, patent cost reductions, and the supply of English materials.

### C. Newly filed Utility Model applications in Japan unexpectedly increased.



Figure 1-1-11 | 1-1-11 図

Number of Utility Model Applications  
実用新案登録出願件数の推移



Note: • An international utility model application is an international application under the Patent Cooperation Treaty (PCT) that includes Japan as one of the designated countries and for which documents to enter the national phase were submitted to the JPO (utility model applications only). The number of the applications were counted by the date when documents to enter the national phase were filed.

After seven years of gradual decline and growing unpopularity, the number of newly filed utility models in Japan increased by 14.8%, from 5,241 newly filed utility model applications in 2019 to 6,018 in 2020. Two explanations can be given to justify this sudden increase: in view of the present tight economic situation, some applicants decided to opt for utility models. Indeed, utility models are a strategic choice for companies with the desire to save costs or get fast IP rights protection. One must remain cautious, as utility models also have disadvantages such as vulnerability to invalidation due to the lack of examination. Another possibility can be that Chinese applicants who are filing a big number of utility model applications in China increased their applications in Japan. The vast majority of utility model applications originates from Japanese companies (73%) followed by Chinese (13%) as well as Taiwanese companies (10%).

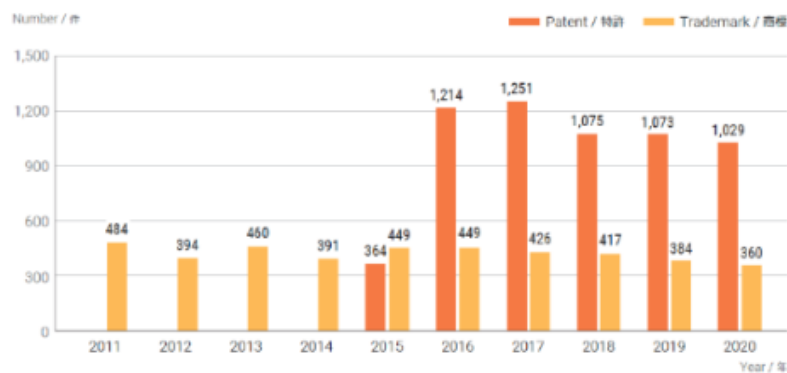
## 2. Key trends in IPR Enforcement in Japan

A. The number of opposition proceedings in Japan remains stable with around 1,000 cases every year.

After being suspended in 2003 to conserve a single system for invalidation patents, the Japan Patent Office (JPO) reintroduced Patent Opposition Proceedings in 2015 to any third party interested in revoking a patent within 6 months following its publication. This measure was in line with the idea that invalidation proceedings were sufficient. However, from 2003 to 2015, the number of filed nullity actions remained below expectations even well after the abolition of the opposition system. The stable number of nullity action proceedings in Japan may be explained by the fact that the use of a straw man is not allowed (which is allowed under opposition proceedings) and that the incurred costs for filing a nullity action are higher than those of opposition proceedings.

Figure 1-1-33 | 1-1-33 図

Number of Oppositions (based on the number of rights opposed)  
異議申立件数 (権利単位) の推移



Note: • The system of opposition to grant of patent entered into force on April 1, 2015.

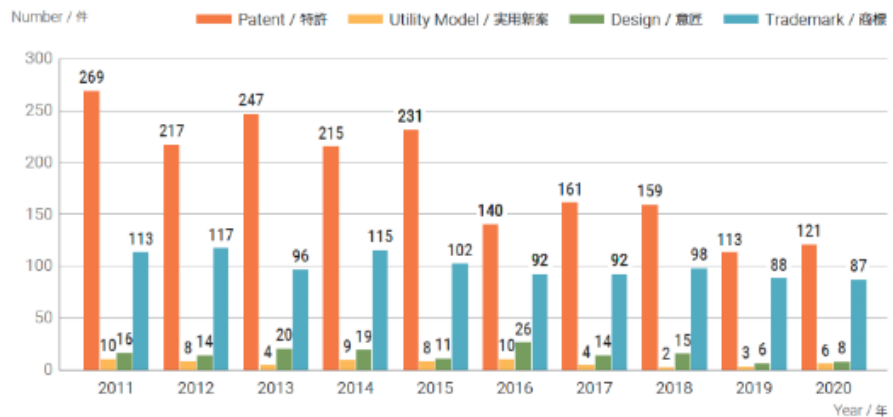
備考: • 特許の異議申立制度は、2015年4月1日開始。

Five years after the reintroduction of oppositions, the number of filed oppositions has stabilized at around 1,000 cases per year. We can observe that the number of oppositions filed has substantially dropped compared to that under the old system, which saw an average of 4,450 cases filed per year. The reason for this is believed to be a surprisingly low success rate of oppositions: in recent years, [below 10%](#) of opposed patents ended up being invalidated after opposition proceedings were concluded.

B. The number of filed nullity actions slightly increased.

Figure 1-1-30 | 1-1-30図

Number of Requests for Trial for Invalidation  
無効審判請求件数の推移



A slight increase can be noticed in the number of newly filed Nullity Actions at the Japan Patent Office. Despite this small change, a general decreasing trend has been observed over the last couple of years. Indeed, 121 cases were filed at the JPO in 2020, in contrast to 269 cases in 2011, which corresponds to a 55% drop. The reintroduction of the Opposition system, bringing a new way to invalidate a patent without identity disclosure, combined with a deterioration of success rate in nullity actions proceedings, play a significant role in this overall trend. However the success rate of nullity actions was higher than ten years ago with [61.5%](#) of disputed patents partly revoked in 2005 in contrast to [23.0%](#) in 2019. As a result, given the high cost of invalidation proceedings, plaintiffs may be more reluctant to commit to a significant investment due to the uncertainty of the outcome.

### 3. Overview of IP Trends at the IP5 Offices

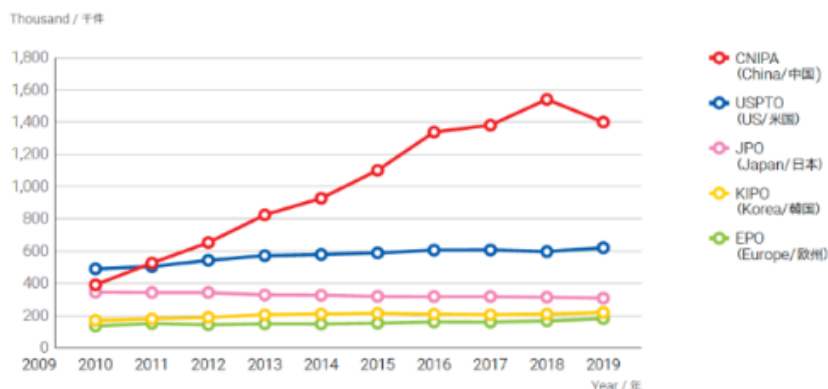
A. The number of newly filed patent applications worldwide has stabilized.

After over a decade of structural growth, the number of patent applications filed worldwide has stabilized at around 3,200,000 applications per year. The number of newly filed patent applications worldwide has skyrocketed by 61.4% in nine years; 1,997,000 newly filed applications worldwide in 2010 and 3,224,000 in 2019. While the need to protect innovations has gained prominence among corporations worldwide, the explosion of filed patent applications in China also plays a significant role in the observed trend. Indeed, patent applications filed at the CNIPA grew by 72.0% in less than ten years; from 391,000 newly filed applications in 2010 to 1,401,000 newly filed applications in 2019. The trend however seems to be reversed from 2019.



Figure 1-2-2 | 1-2-2図

Number of Patent Applications Filed with the IP5 Offices  
五庁 (IP5) の特許出願件数の推移



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
◆ CNIPA / 中国国家知識産権局	391	526	653	825	928	1,102	1,339	1,382	1,542	1,401
◆ USPTO / 米国特許商標庁	490	504	543	572	579	589	606	607	597	621
◆ JPO / 日本国特許庁	345	343	343	328	326	319	318	318	314	308
◆ KIPO / 韓国特許庁	170	179	189	205	210	214	209	205	210	219
◆ EPO / 欧州特許庁	135	151	143	149	148	153	160	159	167	181

Source: • This figure was prepared by the JPO based on the WIPO Intellectual Property Statistics for EPO, KIPO, CNIPA, and USPTO.

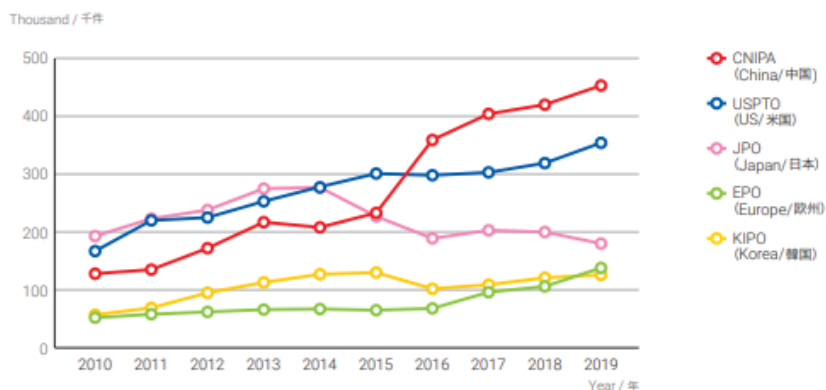
資料: • EPO, KIPO, CNIPA, USPTO: WIPO Intellectual Property Statisticsを基に特許庁作成

B. The number of registered patents worldwide continues to increase.

Similarly, the portion of registered patents continues to grow worldwide. The number of granted applications worldwide soared by 64.0% in nine years; 915,000 newly granted applications worldwide in 2010 and 1,501,000 in 2019. This significant rise can be explained by the easing of patent requirements by Patent Offices as well as the increase in assistance to applicants through simplified proceedings. As an example, the number of registered patents has increased by 253% from 2010 to 2019 at the CNIPA, by 165.4% at the EPO, by 121.1% at the KIPO and by 112% at the USPTO during the same period.

Figure 1-2-5 | 1-2-5図

Number of Patent Registrations in the IP5 Offices  
IP5の特許登録件数の推移



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
◆ CNIPA / 中国国家知識産権局	128	135	172	217	208	233	359	404	420	453
◆ USPTO / 米国特許商標庁	167	220	225	253	278	301	298	303	319	354
◆ JPO / 日本国特許庁	193	223	238	275	277	227	189	203	200	180
◆ EPO / 欧州特許庁	52	58	62	66	67	65	68	96	106	138
◆ KIPO / 韓国特許庁	57	69	95	113	127	130	102	109	121	126

Source: • This figure was prepared by the JPO based on the WIPO Intellectual Property Statistics for EPO, KIPO, CNIPA, and USPTO.

資料: • EPO, KIPO, CNIPA, USPTO: WIPO Intellectual Property Statisticsを基に特許庁作成

Click [here](#) for the full report.

## About

SONODA & KOBAYASHI is a law firm offering dependable legal services for intellectual property. Our multinational team of about 90 experts in technology, law, languages and international communication has served companies worldwide and gained a reputation for thoroughness and reliability.

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