SONODA & KOBAYASHI
INTELLECTUAL PROPERTY LAW

September 2023

Contents

- News about Sonoda & Kobayashi -

1. Sonoda & Kobayashi receives award from The Patent Lawyer Magazine

Sonoda & Kobayashi has been featured in The Patent Lawyer Magazine Law Firm Rankings 2023 in the September/October 2023 issue and ranked in the Top 10 Patent Firms and IP Practices in Japan. An article by Ms. Debora Cheng (International Affairs Department, New Zealand Lawyer) regarding the suspension of examination for divisional applications is featured in this issue and has been included in the Insights section at the end of this newsletter.

The Patent Lawyer September/October 2023 digital edition can be accessed here.

2. Sonoda & Kobayashi attended the Super IP Expo 2023

Sonoda & Kobayashi attended the Super IP Expo 2023, the largest fully online IP event in Japan with over 2,000 attendees. Pitches and chat sessions were held at the virtual booth and an online seminar was hosted by Ms. Yanhui Wang (Chinese Patent Attorney, Partner) and Ms. Yoko Nagatomo (Translation Department Manager). We would like to thank everyone who visited us during this online event.

2. Sonoda & Kobayashi attended the 2023 Patent Information Fair & Conference at Tokyo Big Sight

Sonoda & Kobayashi attended the 2023 Patent Information Fair & Conference, a three-day event held at Tokyo Big Sight, with over 9000 attendees. A patent information analysis service event was held at the booth, and a seminar titled “Challenges and Solutions in Chinese Applications - Focusing on Translation Quality” was also hosted. The speakers at the seminar included Ms. Mai Sekine (Patent Attorney), Ms. Yoko Nagatomo (Translation Department Manager), Ms. Yanhui Wang (Chinese Patent Attorney, Partner), and Mr. Xudong Ma (International Affairs). We extend our thanks to those who interacted with us during this event.

- JPO and CNIPA News -

1. JPO to further strengthen the structure of its AI examination support team

On the 21st of September, an announcement was made that the JPO would further strengthen its support team for AI examination support.

Since the 1st of January 2021, the JPO has added roles such as AI officers and management staff to its team. This team is tasked with the overall improvement of the examination environment for AI-related inventions. It provides consultation to examiners outside of the team to realise efficient and high-quality examinations. As the expectation is that AI will be applied to a wider range of fields than ever before, it is necessary to create an examination system that can support examination of AI-related inventions in all those fields.

It has been announced that starting on the 1st of October the JPO will increase the number of AI officers from roughly 10 to around 40 people. Up until now, one AI officer was assigned to each of the examination offices where AI technology has been most frequently used; however, from October onwards, all examination offices will have an AI officer assigned to them, thereby strengthening the

structure of the AI examination support team.

The accumulated knowledge of consultations with the AI officers will be shared and organized by the support team, and a system for publishing useful information pertaining to examination cases on AI-related inventions will be established. These example examination cases will allow applicants to understand the examination in Japan of AI-related inventions in an easy-to-follow way.

Further information can be found here. (Japanese)

2. JPO reports on trends in design application registrations after Japan's 2019 revision of its design law

On the 8th of September 2023, the JPO published a report on Trends in Design Registration Applications for New Protected Subjects under the Amended Design Law.

This amended law came into effect on the 1st of April 2020 and allowed for the protection of designs for images, architectural structures, and interiors. The system of related designs was simultaneously expanded.

Please find below the data presented by the JPO. The numbers are totals starting from the moment the law was changed until the 4th of September 2023.

	Image designs	Architectural structures	Interiors
Number of applications	4706	1301	885
Number of registrations	3081	869	553

Number of related design applications

Related design applications filed before publication of the principal design	11186
Related design applications filed after publication of the principal design	2715

Further information can be found here. (Japanese)

3. The Director General of CNIPA delivered a speech at the 12th China Intellectual Property Annual Conference

On the 19th of September, Shen Changyu, Director General of CNIPA, said that in the next step, CNIPA will focus on promoting the following work.

1. Strengthen the protection of the intellectual property system, and the acceleration of the revision of the implementation rules of the Patent Law, accelerate the revision of the Trademark Law and its implementation regulations, and the regulations on the protection of integrated circuit layout designs, continue to promote the unified legislation of geographical indications, establish intellectual property protection rules for new fields and new formats such as big data, artificial intelligence, and gene technology, and work on improving its role in guaranteeing the stimulation of innovation of the intellectual property system in stimulating innovation.

2. Optimise the innovation environment and business environment, comprehensively strengthen intellectual property protection, increase the supply of intellectual property public services, equally protect the intellectual property rights of all types of entities in accordance with the law, help create a first-class business environment, and promote the construction of a unified national market.

3. Promote high-level scientific and technological self-reliance, improve the research mechanism of key core technologies supported by intellectual property rights, promote the deep integration of patent chain with industrial chain, innovation chain, capital chain and talent chain, and help solve the bottleneck technical issues.

4. Promote the innovation and development of the real economy, vigorously promote the transformation and application of intellectual property rights, actively develop an innovative economy supported by patents, a brand economy supported by trademarks and a characteristic economy supported by geographical indications and help build a modern industrial system.

5. Promote high-level opening-up, strengthen international cooperation on intellectual property protection, fully participate in global governance of intellectual property, continue to deepen the new pattern of multilateral, peripheral, small multilateral and bilateral "quadrilateral linkage and coordinated promotion" of intellectual property international cooperation, and promote scientific, technological, and cultural exchanges with intellectual property cooperation.

Further information can be found here. (Chinese)

4. CNIPA announces progress on open licensing of patents

On September 11th, the Beijing Government released the "Beijing Implementation Plan for Promoting Future Industrial Innovation and Development."

Pharmaceutical health and a new generation of information technology are supporting Beijing's industrial development. On this basis, nearly half of the future industries targeted by the Plan will come from the information and health fields. Facing the future needs of information communication and advanced computing, the city will focus on the development of general artificial intelligence, sixth-generation mobile communications (6G), metaverse, quantum information, optoelectronics and other sub-industries in the Haidan, Chaoyang, Shijingshan, and Tongzhou Economic Development Zones and other regions.

Among them, for 6G, which has attracted much attention, the city will carry out research on key core technologies such as 6G network architecture, build a network and application integration test platform, and prospectively explore and layout typical application scenarios. In terms of the metaverse industry, it will focus on breakthroughs in cutting-edge underlying technologies such as high-performance computing power chips and virtual reality operating systems, and promote the innovative application of key metaverse technologies in smart cities, film and television entertainment, digital creativity, and other fields.

Facing the future life health and medical needs, the city will focus on the development of gene technology, cell therapy and regenerative medicine, brain science and brain-computer interface, synthetic biology, and other sub-industries in the Haidan, Chaoyang, Shijingshan, and Tongzhou Economic Development Zones and other regions. Among them, in terms of gene technologies of public interest, we will support advanced gene diagnosis and treatment technologies and drugs to carry out clinical trials and application promotion in the fields of disease risk screening, prevention and targeted therapy.

Further information can be found here. (Chinese)

- Latest IP News in Japan -

1. PayPay guards financial technology by filing for patents early and often

Nikkei Asia, August 12th, 2023

On the 12th of August, Nikkei Asia reported that PayPay Corporation, known in Japan for its payment app PayPay, had filed for more patents in 2021 than Japan's top three banks combined.

PayPay is the largest Japanese mobile payment app in Japan, with many functions such as sending money and making purchases via QR codes. Many of the patents PayPay files for relates to its app – for example the function of automatically rotating a smartphone display so a store clerk can confirm payment amounts. In 2021 alone, PayPay filed for 90 patents, while MUFG Bank, Sumitomo Mitsui Banking Corporation, and Mizuho Bank only filed for a combined total of 36 in the same year. While these are growing numbers for Japan, they are much lower than the numbers seen in a country such as the United States, where in 2021, Bank of America filed for 168 patents and JPMorgan Chase filed for 86. PayPay has continued to keep its filing numbers high in Japan, and filed for 88 patents in 2022.

In July 2023, PayPay announced a patent filing for a function to allow users to make payments even when not connected to the internet. PayPay has shown more frequent filing patterns and often files for patents as it develops new technologies, differing from larger banks in Japan that tend to file for only key technologies, such as the use of artificial intelligence to detect fraud with respect to ATM withdrawals. However, these larger banks have also had increased filing numbers in recent years due to the increasing popularity of

web-based financial services. In comparison, U.S. banks tend to acquire patents more actively, generally related to AI and blockchain technology.

Startups and newer companies are also beginning to recognise the power of patents as weapons. More companies make it a point to acquire a patent pre-emptively, so as to prevent bad faith actors from acquiring one and suing for infringement.

Further information can be found here. (English)

2. Patent application numbers stable in Japan despite increasing costs

Nikkei Asia, September 2nd, 2023

On the 2nd of September, Nikkei Asia reported on the steady number of patent applications despite increasing costs due to the decline in the value of the yen. According to the article, many Japanese companies still find it essential to secure rights and protect their business in major markets such as Europe, the United States, and China.

Many companies were quoted stating that even if fees were to increase, they would not hold back on filing. These companies value overseas markets and want to expand profits overseas. Some small and medium-sized companies are even able to take advantage of an application fee reduction system.

However, it is not only Japanese companies who are enthusiastic about maintaining their number of patent applications; other countries such as China and Korea are also continuing to maintain, if not increase, filings year after year.

Further information summarizing the history of patent filings in Japan can be found here. (Japanese)

- Latest IP News in China -

1. Leading Chinese chip designers form RISC-V patent alliance with the goal of semiconductor self-sufficiency in China

South China Morning Post, August 29th, 2023

On August 29, the South China Morning Post reported that a group of prominent Chinese chip design firms have formed a patent protection alliance to support RISC-V, an open-source chip architecture. This move is part of China's strategy to achieve semiconductor self-sufficiency, reducing dependence on foreign tech giants. The alliance, consisting of nine chip companies, including Alibaba Group's T-Head, VeriSilicon Holdings, Nuclei System Technology, and Baidu-backed chip maker StarFive, aims to share patents, avoid suing each other over patent infringements, and license their technologies collectively. Their goal is to foster a healthy open-source chip ecosystem and promote the rapid development of RISC-V technologies.

RISC-V is an open-standard instruction set architecture that allows chip developers to customize their designs, and is the fifth generation of cooperative projects by researchers at the University of California, Berkeley, making it a valuable alternative to the prominent chip design architecture controlled by the duopoly of US-based Intel and UK-based Arm. Intel's x86 is the most popular chip design architecture for personal computers and servers, whereas Arm's mobile chips are predominantly found in smartphones and tablets. Arm, currently owned by Japan's SoftBank, will go public in what is anticipated to be the largest initial public offering of 2023.

China is keen on RISC-V as it offers faster time-to-market and lower development costs compared to proprietary alternatives. Shanghai has also been a focal point for RISC-V development, with the city providing financial incentives to encourage its growth in the local chip industry.

The alliance's formation draws lessons from past disputes, such as the one between Microsoft and the Linux Foundation in the early 2000s, and aims to address potential challenges from established chip giants. This move aligns with China's broader goal of achieving technological self-sufficiency and reducing reliance on foreign technology standards.

Further information can be found here. (English)

2. Free public access to 100 AI patents from Alibaba's Damo Academy encouraging tech innovation in China

South China Morning Post, August 12th, 2023

The South China Morning Post reported on August 12th that Alibaba's research arm, Damo Academy, is granting open access to 100 of its proprietary technology patents for the first time.

Established in 2017, Damo Academy has 16 laboratories covering areas ranging from AI and autonomous driving to quantum computing and semiconductor research and development, and is part of Alibaba's broader strategy to expand its global influence in AI.

The 100 public access patents cover various AI application scenarios, including image processing, video technology and 3D visualization, 3 innovations in precision cancer treatment, traffic signal perception for intelligent traffic management, and copyright infringement detection for e-commerce platforms. The goal is to provide smaller businesses, especially SMEs, with affordable access to advanced AI technology amidst rapid technological advancements. These patents will also be listed in a national patent registry published by Intellectual Property Exchange Centre in eastern Zhejiang province, where Alibaba's headquarters are located.

This initiative aligns with China's efforts to boost AI development, particularly as US export and investment restrictions on advanced technology increase. China currently leads the world in AI patent applications, accounting for 62% of the global total between 2018 and 2022. Damo Academy plans to release more patents in the future to promote an "open and collaborative AI technology ecosystem."

Further information can be found here. (English)

3. Panasonic sues Xiaomi and Oppo over 4G smartphone technology patent infringement

South China Morning Post, August 10th, 2023

On August 10, the South China Morning Post reported that the Japanese electronics giant Panasonic has filed patent lawsuits against Chinese smartphone makers Xiaomi and Oppo in both China and Europe over 4G technology disputes. The legal battles revolve around patents essential for implementing industry standards. Panasonic claims to have successfully reached licensing agreements with other smartphone companies, but failed to do so with Xiaomi and Oppo despite years of negotiations.

These lawsuits will occur concurrently in China, Germany, the UK, and the Unified Patent Court of the European Union. Chinese smartphone manufacturers have been dealing with various patent disputes globally, with some leading to their withdrawal from key European markets. Oppo, for example, faced a patent infringement lawsuit in Germany by Nokia, resulting in a ban on selling certain OnePlus and self-branded handsets. A regional court in Mannheim had found that Oppo's use of certain 4G and 5G technologies infringed on Nokia's patents. Vivo, a sister company of Oppo, also halted sales in Germany in May after a similar ruling in favour of Nokia over 4G patents. Prior to this, Vivo had also withdrawn plans in October to enter the Dutch market after Nokia raised a similar lawsuit there.

Xiaomi is also embroiled in an intellectual property dispute with Huawei over various patents. Despite these legal challenges, both Xiaomi and Oppo remain significant players in the global smartphone market. In Q2, Xiaomi was the world's third-largest smartphone seller with a 12% global market share, trailing Samsung Electronics and Apple according to Counterpoint Research, while Oppo held the fourth position with a 10% market share, albeit facing challenges in western Europe.

Further information can be found here. (English)

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

1.Suspension of examination for divisional applications in Japan while parent is under appeal

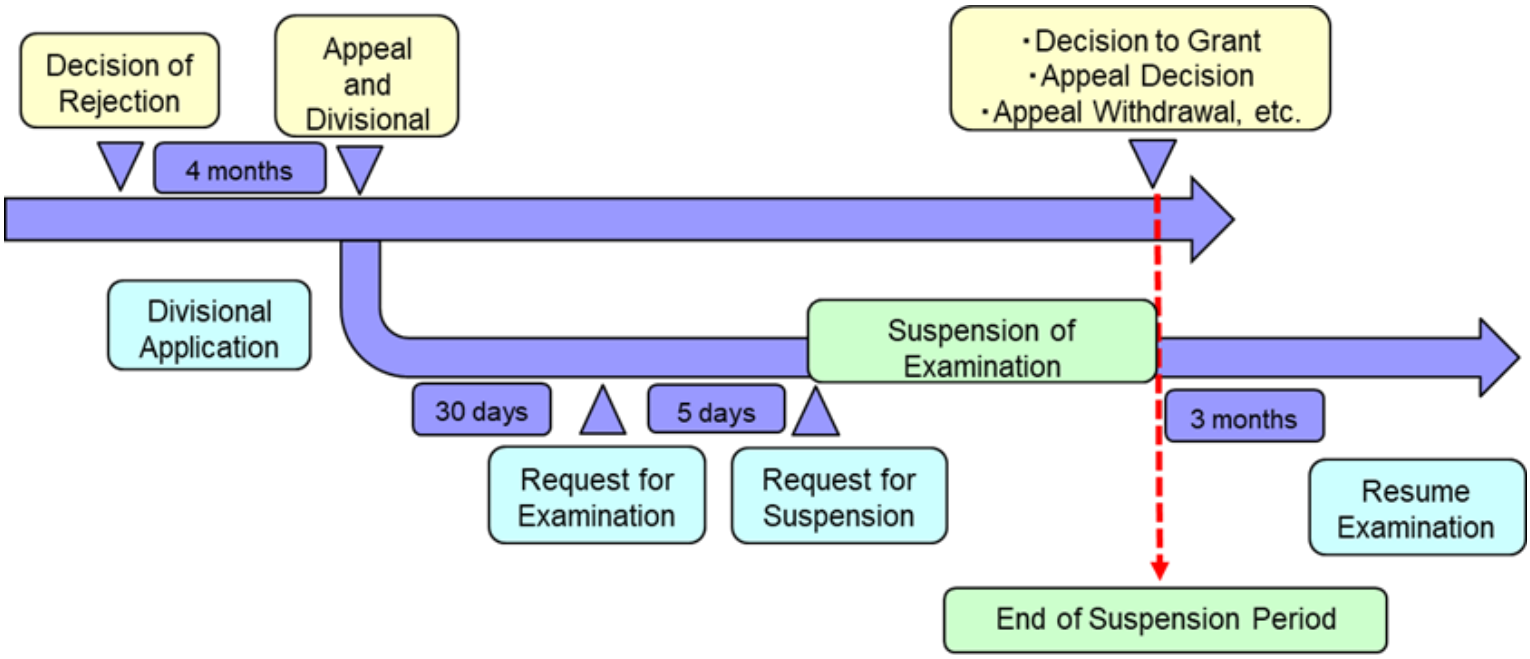
Debora Cheng (International Affairs Department, New Zealand Lawyer)

The concept of a divisional application within the Japanese patent system is partially akin to that found in other legal jurisdictions, e.g., trademark and design. Article 44 of the Patent Act outlines the procedure for dividing patent applications, allowing applicants to create new patent applications from portions of an original application containing multiple inventions. When a division occurs, the new application is retroactively considered to have been filed at the same time as the original application. This divisional application mechanism is designed to offer maximum legal protection for inventions within patent applications that lack unity, in line with the overarching purpose of the patent system—to grant exclusive rights for a set duration in exchange for public disclosure.

Notably, the strategic utilization of divisional applications in Japan offers several advantages. In cases where an original application is rejected, including instances of a "Decision of Rejection" or Final Office Action, the disputed inventions can remain in the original application and be contested via written opinions or amendments. Simultaneously, inventions unaffected by the grounds for rejection can be separately filed in a divisional application.

Another advantage to divisional applications, also found in other jurisdictions, is the ability to secure a retroactive effect, where the divisional application is treated as though it were filed concurrently with the original application. Failure to attain the retroactive effect due to an improper division[1] results in the application being treated as if filed on the divisional's actual filing date, depriving it of the benefits associated with the original filing date.

New Practice: Suspension of Examination for Divisional Applications



Timeline of the suspension of examination for a divisional application.

Beginning April 1, 2023, the Japan Patent Office (JPO) introduced a new practice pertaining to divisional patent applications, allowing for applicants to suspend examination of a divisional patent application while the parent (original) application remains under appeal. This suspension remains in effect until three months following the conclusion of a pre-appeal re-examination or an appeal examination pertaining to the parent application. Importantly, this new practice applies solely to divisional applications for which a Request for Examination is submitted on or after April 1, 2023.

In the realm of Japanese patent practice, since there is no guarantee under the Patent Act that an opportunity for filing a divisional application is obtained during an appeal, then in many cases the final opportunity to file a divisional application is the same period in which an appeal can be filed against the decision of rejection for a parent application by the Examiner[2]. As such, it is common for applicants considering an appeal to simultaneously consider the filing of a divisional application as a precautionary measure to mitigate risk. However, as both the divisional and parent applications are processed concurrently by the JPO, there is a possibility wherein a first Office Action is issued for the divisional application *before* the outcome of the appeal for the parent application is revealed. This forces applicants to address the divisional application's Office Action without the benefit of knowing the result of the parent application's appeal. This predicament is less than optimal, as most applicants prefer to handle the two cases sequentially, where they wait on results from the parent application first and modify or withdraw the divisional application based on those results.

Under the new practice introduced by the JPO, applicants can request the suspension of substantial examination for a divisional patent application. This option becomes available when the divisional application is filed after the issuance of a Decision of Rejection concerning the parent application. This suspension of examination falls under the provisions of Patent Law Article 54, Paragraph 1. The suspension remains in effect until three months after the conclusion of a pre-appeal re-examination or appeal examination relating to the parent application.

Criteria for Eligibility and Procedural Steps

Several criteria govern the eligibility of patent applications for the new practice of suspension:

1. The subject applications must be divisional applications filed after the issuance of a Decision of Rejection by the Examiner in relation to the parent application.
2. An Appeal must have been filed against the rejection imposed on the parent application.
3. The parent application must be pending preliminary examination or undergoing appeal examination by the Board of Appeals.
4. Waiting for the outcome of preliminary examination, or examination by the Board of Appeals, should be deemed suitable.

To request suspension, the following procedural steps are required:

1. Submission of a petition outlining the circumstances necessitating the suspension of examination in line with Article 54, Paragraph 1 of the Japanese Patent Law.
2. Provision of a statement in a specified format, explaining the circumstances leading to the request for suspension of examination as per Article 54, Paragraph 1 of the Japanese Patent Law.

Both procedures 1 and 2 described above must be carried out within five working days from the filing of the request for examination for the divisional application. Note that the request for suspension incurs no JPO official fees.

Following the Request for Suspension

Once the request for suspension of examination is made and accepted, the examination of the divisional application will be suspended until three months after the below-mentioned scenarios 1 or 2, as long as the appeal is not dismissed or withdrawn:

1. A Decision to Grant is issued for the parent application based on the preliminary examination.
2. The first Appeal Decision is issued concerning the appeal.

It is crucial to note that retracting a Request for Suspension of Examination is not permitted.

Strategic Implications and Considerations

The new practice of suspending examination for divisional applications introduces several advantages and disadvantages, influencing the strategies adopted by applicants:

Advantages:

1. Informed Decision-Making: Applicants gain the ability to tailor their divisional application based on the outcome of the parent application's rejection appeal, thus devising a more efficient and effective overall strategy.
2. Enhanced Examination Efficiency: The divisional application's examination can be conducted with greater efficiency, as the examiner can take the results of the parent application's re-examination or appeal into account. As such, this potentially reduces the burden of examination on the applicant’s side.

Moreover, applying for the suspension of a divisional patent application can be useful in maximizing time for amending divisional applications for certain filing strategies, including:

- When industrial standards are under discussion but yet to be finalized, keeping a divisional application pending until finalization of standards allows for subsequent adjustments to claims.
- For pharmaceutical inventions where the authority acknowledges the effectiveness of the same compound/molecule for different indications one by one, keeping a patent with the first indication pending until the subsequent indications are authorized allows amendments to be made to target the authorized indications through divisional applications.

Disadvantages:

Delayed Rights Acquisition: The suspension approach precludes the early acquisition of rights for the divisional application.

Waiting Period: Despite substantially determining the divisional application's claims, the applicant must wait for the outcome of the parent application.
Cost: The official fee for examination of a divisional application must be paid before the appeal result is issued. As the fee is calculated based on the number of claims, it is recommended to reduce the number of claims to one, which can be later increased after the result of the appeal is revealed, so long as the amendment is submitted before the first Office Action is issued.

Conclusion

The introduction of the option to suspend examination for divisional applications in Japan marks a significant improvement in the patent filing system. By offering the option to defer examination until the resolution of a parent application's appeal, this practice allows for greater examination efficiency as well as enabling applicants to make more informed decisions and devise more efficient filing strategies.

This article was published concurrently in The Patent Lawyer Magazine September/October 2023.

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[1] An improper division is, for example, when the division is made at an inappropriate time, or when the divisional application introduces new matter that is not present in the original application.
[2] On the other hand, if an Office Action is issued during a pre-appeal reexamination or an appeal examination, a divisional application can be filed in the response period.

About

SONODA & KOBAYASHI is a law firm offering dependable legal services for intellectual property. Our multinational team of about 100 experts in technology, law, languages and international communication has served companies worldwide and gained a reputation for thoroughness and reliability.

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