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SONODA & KOBAYASHI
INTELLECTUAL PROPERTY LAW



February 2024

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- News about Sonoda & Kobayashi -

1. Sonoda & Kobayashi invites you to its webinar on Chinese patent law updates on February 29th

On **Thursday the 29th of February at 10PM JST / 2PM CET / 8AM EST**, Sonoda & Kobayashi is organizing a webinar on the **“News about China’s Patent Term Extension, Open Permissions System, and more! Points to note on the revised Implementing Regulations of the Patent Law of China.”**

Mr. Ma, Chinese patent attorney at Sonoda & Kobayashi Beijing IP Group, will help you understand the recent changes to patent law in one of the largest IP jurisdictions in the world. If you are interested in learning more, please register [here](#).

SONODA & KOBAYASHI
INTELLECTUAL PROPERTY GROUP

CHINESE IP LAW

WEBINAR

News about China’s Patent Term Extension,
Open Permissions System, and more!
Points to note on the revised
Implementing Regulations of the Patent Law of China.

THURSDAY, 29
FEBRUARY 2024

10PM JST
2PM CET
8AM EST

REGISTER AT:
tinyurl.com/sonodawebinar2024

- JPO and CNIPA News -

1. JPO published an English language guide to obtaining a design right in Japan

On January 15th, 2024, the Japan Patent Organisation published a new English language

guide.

Intended for applicants in Japan, it is particularly meant for those that may understand the rules regarding design rights in their own country but are not necessarily familiar with the Japanese system.

The guide introduces the Japanese design system, explains recent changes in laws and regulations, and clarifies points in the application process where foreign applicants are more prone to make mistakes. The 25-page long guide uses many practical examples, images and flowcharts to provide insight into the design system in Japan.

Specific information on this topic can be found [here](#). (Japanese)

The guide can be found [here](#). (English)

2. JPO releases case studies of newly eligible registered designs following the expansion of designs eligible for protection under design law

On January 15th, the JPO updated its figures on filing trends of designs falling under the new design law. In April 2020, Japan's amended design law began to allow design applications for protecting images, buildings and interior decorations. Additionally, it expanded on the already existing related-design system.

Since then, the JPO has periodically been reporting the filing trends for these newly allowed design rights.

The below table, compiled by Sonoda & Kobayashi using past data, includes the new data released in January 2024, as well as the previous data from May 2023 and November 2022.

	Images	Buildings	Interior decorations
No. of applications , November 2022	3366	925	676
No. of applications , May 2023	4241	1165	807
No. of applications , January 2024	5226	1447	975
No. of registrations , November 2022	1817	538	336
No. of registrations , May 2023	2499	766	441
No. of registrations , January 2024	3577	979	630

Specific information on this topic can be found [here](#). (Japanese)

3. CNIPA passes Regulations for the Implementation of the Patent Law

The CNIPA issued the revised Detailed Rules for the Implementation of the Patent Law of the People's Republic of China

On December 21, 2023, the CNIPA announced the revised Detailed Rules for the Implementation of the Patent Law of the People's Republic of China, which came into force from January 20, 2024.

Some of the amendments are as follows:

1. On the refinement of the principle of good faith and credibility

Article 20 of the revised Patent Law introduces the principle of good faith, which states that "the application for patents and the exercise of patent rights shall follow the principle of good faith. The abuse of patent rights shall not harm public interests or the legitimate rights and interests of others.". Legislators hope to use this provision to combat non-standard patent applications or abuse of patent rights. On this basis, the " Detailed Rules for the Implementation of the Patent Law " make more specific provisions, requiring patent applicants to "submit various types of patent applications based on real invention and creation activities and not engage in fraud" (Article 11 of the "Detailed Rules"), and "patent holders shall not make open license statements or obtain patent annual fee reductions during the implementation period of the open license by providing false materials, concealing facts, and other means" (Article 88 of the "Detailed Rules").

At the same time, the "Detailed Rules" stipulate the administrative responsibility for the above-mentioned illegal acts: "The department responsible for patent law enforcement at or above the county level shall give a warning and may impose a fine of up to 100000 yuan." (Article 100 of the "Detailed Rules").

2. Examination of utility model and design patent applications that clearly lack inventive step

Article 50 of the revised " Detailed Rules for the Implementation of the Patent Law " further adds the provisions on whether a utility model or design patent application is obviously lacking inventive step and whether a utility model or design patent application obviously does not conform to the principle that "the design for which the patent right is granted shall be significantly different from the existing design or the combination of features of the existing design on the basis of the obvious lack of novelty in the existing examination".

3. The establishment of a " deferred examination"

Paragraph 2 of Article 56 of the revised "Detailed Rules for the Implementation of the Patent Law" provides that "the applicant may file a request for deferred examination of a patent application". So far, the deferred examination has been clearly stipulated in the detailed rules for the implementation of the Patent Law. With the implementation of the new Regulations, applicants can file a request for deferred examination for three types of patent applications: invention, utility model and design. An invention patent can be deferred for 1, 2 or 3 years. A utility model can be deferred for 1 year. A design patent can be deferred for up to 36 months.

4. Regarding partial designs

Articles 30 and 31 of the revised "Detailed Rules for the Implementation of the Patent Law" stipulate the requirements for the filing of drawings or photographs of a design application, as well as the requirements for a brief description. First of all, the applicant applying for a partial design patent should still submit a view of the overall product, and indicate the content of the part to be protected by combining dotted lines and solid lines. Secondly, for partial designs that do not use a combination of dashed and solid lines to indicate the content of protection, the applicant should specify the part for which protection is sought in the brief description.

5. Regarding domestic priority of design patents

The Patent Law stipulates the filing time (within six months from the date of the first filing of a patent application in China) and the time for filing a copy (within three months after the filing of the application). Article 35 of the revised "Detailed Rules for the Implementation of the Patent Law" stipulates that an earlier application for the domestic priority of a design may be either a design application or an invention or utility model application. When the earlier application is a design application, the earlier application is deemed to be withdrawn from the date on which the later application is filed. However, if the earlier application is an invention or utility model application, the earlier invention or utility model application will not be considered withdrawn because of the later application for a design.

6. Regarding Patent Term Compensation System

A new chapter "Patent Term Compensation System" has been added to the revised "Detailed Rules for the Implementation of the Patent Law", which provides specific and detailed provisions.

Patent term compensation can be divided into PTA (Patent Term Adjustment) and PTE (Patent Term Extension). Each system has its own characteristics:

Firstly, the applicable objects are different. The former applies to various invention patents, while the latter only applies to "new drug related invention patents that have obtained marketing permits", and is limited to "new drug product patents, preparation method patents, and pharmaceutical use patents that comply with regulations". Secondly, the applicable situations are different. The former is about "unreasonable delays in the authorization process of invention patents", while the latter is about "time occupied by the review and approval of new drug marketing". Thirdly, the request conditions are different. The former shall be submitted to the CNIPA within 3 months from the date of publication of the grant of patent rights, while the latter shall be submitted to the CNIPA within 3 months from the date of obtaining the marketing license for the new drug in China. Fourth, there are different compensation methods. The compensation period for the former is calculated based on the actual number of days of unreasonable delay in the authorization process of the invention patent, excluding "reasonable delay". The compensation period for the latter is determined by subtracting 5 years from the number of days between the patent application date and the date when the new drug is granted market authorization in China, in accordance with Article 42 (3) of the Patent Law.

Further information can be found [here](#), [here](#), and [here](#). (Chinese)

4. 921,000 invention patents were authorized in China in 2023

It was learned from the CNIPA that the quality and efficiency of intellectual property examination continued to improve, and the level of innovation in subjects continued to increase.

In 2023, a total of 921,000 invention patents, 2,090,000 utility models, 638,000 designs, 4,383,000 registered trademarks, and 11,300 registered integrated circuit layout designs were authorized in China. Also, 13 geographical indication products were identified, 5,842 business entities were approved to use special geographical indication indications, and 201 collective trademarks and certification trademarks were approved to be registered with geographical indications. Applications for international registration of patents, designs and trademarks were filed through the PCT, Hague and Madrid systems, 73,812, 1,166 (in the previous 11 months of 2023) and 6,196 respectively, ranking among the top in the world.

Further information can be found [here](#). (Chinese)

- Latest IP News in Japan -

1. China's rise in bendable solar panel patents overcomes Japan's reign

Nikkei Asia, November 29th, 2023

On the 29th of November, Nikkei Asia reported on how China has rapidly caught up with Japan in patent filings for next-generation bendable perovskite solar cells.

Japan has been the global leader in total patent filings for perovskite panels over the past 20 years. But since 2020, China and South Korea have surpassed Japan in yearly applications. In 2021, China submitted 70 applications, South Korea submitted 39, and Japan submitted only 19. Perovskite panels, known for their flexibility and ability to be placed in unconventional locations, are considered a potential game-changer for expanding solar power generation.

The data reveals that China is also dominating in academic papers related to perovskite solar cells. If the current pace continues, China is likely to achieve superiority in this field. Additionally, Chinese battery leader Contemporary Amperex Technology is already in seventh place in total applications.

Japanese companies, including Panasonic Holdings, Sekisui Chemical, and Toshiba, are also among the top 10 in patent applications. Panasonic plans to bring its perovskite solar cell technology to the market by 2028, emphasizing light-to-electricity conversion rates. Sekisui Chemical focuses on durability, while Toshiba aims to commercialize large perovskite panels around fiscal 2025.

The global market for perovskite solar cells is projected to reach 1 trillion yen (\$6.74 billion) in 2035, up from 32 billion yen in the previous year. Challenges include a potential

dip in power conversion efficiency with larger panels and issues related to lasting power due to moisture absorption and cell degradation. Development of new sealants is crucial to addressing these challenges. It seems that if China continues to dominate this field, it might be best for Japan to collaborate with other countries in its efforts regarding solar panels.

Further information can be found [here](#). (English)

2. New guidelines to safeguard cutting-edge technologies in Japan for national security

NHK, December 19th, 2023

On the 19th of December, NHK reported on new guidelines to safeguard cutting-edge technology in order to strengthen economic security.

The Japanese government has introduced new guidelines under the Economic Security Promotion Act, allowing companies with proprietary technology to keep patent applications private for certain cutting-edge technologies related to national security. This move aims to prevent the disclosure of sensitive information in fields such as radar-evading aircraft and unmanned aerial vehicles. Designated companies must implement measures to safeguard their inventions, including limiting the number of people who share information about invented technologies to the minimum necessary, restricting access to areas where information is managed, and designating a person in charge to promote countermeasures.

Starting May 1, patent applications will be assessed for potential non-disclosure, and compensation will be provided for any losses incurred. Minister of Economic Security Takaichi emphasized the importance of preventing information leaks and highlighted the publication of comprehensive guidelines to manage invention information effectively.

Further information can be found [here](#). (Japanese)

- Latest IP News in China -

1. Continued patent disputes in China for Nokia despite agreement with Honor

Reuters, January 5th, 2024

Reuters reported on January 5th, 2024, that Finnish telecom equipment manufacturer Nokia recently announced a significant development by signing a 5G patent agreement with Honor, one of China's leading smartphone makers. However, amidst this positive news, Nokia is entangled in ongoing legal disputes with other Chinese companies, namely Oppo and Vivo, regarding the utilization of 4G and 5G patents, a conflict that has persisted since 2021.

Nokia, once a dominant force as the world's number one mobile phone maker, boasts a substantial patent portfolio encompassing key technologies crucial for phone manufacturing. Notably, the revenue generated through licensing these patents accounted for 39% of Nokia's operating profit in 2022.

The agreement with Honor, a former subsidiary of Huawei Technologies and recently subject to U.S. sanctions, is described by Nokia as an "amicable" arrangement. However, this positive development follows a setback in China where a local court sided with Oppo, who were demanding lower royalty rates for Nokia's technologies, as reported by the South China Morning Post.

Susanna Martikainen, Nokia's Chief Licensing Officer, highlighted the significance of the Honor deal, marking the fourth major litigation-free smartphone agreement Nokia has secured in the past year. Wenyu Zhou, Head of Global Intellectual Property at Honor, emphasized the company's respect for intellectual property rights, emphasizing the importance of a reasonable value for intellectual property in the mobile industry's development.

In response to the Chinese court ruling, Oppo stated that it provides clear guidelines for 5G standard essential patent royalty rates, suggesting broader implications for similar cases in the global communications industry.

Nokia recently announced its inability to meet financial targets for 2023, citing challenges in recognizing revenue from license renewal discussions expected to extend into 2024. The company has prioritized protecting the value of its patent portfolio overachieving specific timelines for resolution.

Throughout the first three quarters of 2023, licensing income constituted over half of Nokia's operating profit, a critical revenue stream, as sales in network infrastructure and mobile networks faced a decline. Oppo and Vivo, both owned by Chinese BBK Electronics, are key players in the smartphone market, while Huawei sold Honor in 2020.

Despite the challenges, Honor secured the top position in handset shipments in China during the third quarter, according to research firm Canalys, further highlighting the complex dynamics within the competitive landscape of the smartphone industry.

Further information can be found [here](#). (English)

2. Xiaomi and Huawei dispute over foldable phone patent as competitors increase

South China Morning Post, December 13th, 2023

On December 13th, 2023, South China Morning Post reported that Xiaomi and Huawei are in a public dispute over a foldable phone patent, reflecting heightened competition in China's smartphone market. Last Saturday, Huawei's Richard Yu accused unnamed competitors of appropriating their intellectual property, specifically citing Xiaomi's "keel hinge" design as a copy of Huawei's hinge used in its Mate X3, X4, and X5 models.

Xiaomi promptly refuted Yu's claims, stating that their three-element hinge was patented before Huawei's two-track design was approved. The controversy arises amid increasing competition in the foldable phone market, which is projected to grow substantially by 2027, despite currently representing only 1% of smartphone shipments.

Since Samsung's introduction of the Galaxy Fold in 2019, various companies including

Motorola, Xiaomi, Huawei, and Oppo have entered the foldable phone market. Google joined in with its Pixel Fold, priced at \$1,799. Efforts are ongoing to minimize the screen crease, with Xiaomi and Vivo employing innovative hinge designs, and Samsung introducing a teardrop-shaped hinge in its latest Galaxy Z Fold 5.

Huawei's Mate X5, featuring advanced technology despite US tech sanctions, sold out upon release in September. The dispute underscores the significance of intellectual property in the fiercely competitive smartphone industry.

Further information can be found [here](#). (English)

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

1. Relaxation of rules for reviving expired IP rights in Japan

Debora Cheng (New Zealand Lawyer, International Affairs Department)

From April 1st, 2023, Japan introduced significant changes to its restoration of rights procedures, particularly concerning the expiration of procedural periods. These modifications aim to streamline processes, reduce burdens on applicants, and enhance predictability in applications.

Understanding the Changes

Previously, the standard in Japan to revive lapsed IP rights required that the failure to act in a timely manner must be due to a "valid reason," and the JPO's interpretation of this "valid reason" has been extremely strict. Accordingly, revival of expired IP rights has been unlikely outside of extraordinary circumstances. The JPO has announced, however, that rather than requiring the demonstration of a "valid reason," a right(s?) holder will soon be able to revive expired IP by showing that the failure to act in a timely manner was "unintentional." The language of this proposed standard is similar to that used in the United States (see 35 USC § 27), which suggests that the standard for revival has been relaxed.

Why the Change?

Japan's restoration rates for lapsed rights have been notably lower (10-20%) compared to other countries (over 90%). Japan's stringent requirements, particularly in documentary evidence submission, posed challenges for applicants. To enhance approval rates, ease applicant burdens, and enhance application predictability, the requirements have been relaxed.

Areas Affected by the Relaxation

The areas that are impacted by these relaxed requirements include:

- Translation of Foreign-Language Applications (Patent Law)
- Translation of International Patent Applications (Patent Law, Utility Model Law)
- Priority Claims and Paris Convention Priority Claims (Patent Law, Utility Model Law, Design Law)
- Request for Patent Application Examination (Patent Law)

- Restoration of Patent Rights via Additional Payment (Patent Law, Utility Model Law, Design Law)
- Relaxation of Requirements for Trademark Rights Restoration (Trademark Law)
- Special Provisions for Patent Administrators for Overseas Residents (Patent Law, Utility Model Law)

Time Limit for Submitting Restoration Statements:

Applicants must submit a statement of reasons for recovery within two months after the expiration of the time limit for the procedure. A one-year period (six months for trademarks) follows for completing the procedure.

Procedures for Restoration

Applicants need to submit a Statement of Reasons for Restoration along with relevant documents explaining the reasons for the lapse. Additionally, they may request exemption from restoration fees if they can prove that it was not their responsibility that the procedure could not be completed within the period.

Restoration Fees

Filing for revival of expired IP in this manner will also require the payment of a fee (JPY 212,100 for a patent applicant/patent, JPY 24,500 for a design patent/application, JPY 21,800 for a utility model/application, and JPY 86,400 for a trademark/application). However, applicants may be exempt from fees if non-responsibility grounds can be proven with supporting documents within two months of the procedure.

Notable Exemptions and Cases

Certain situations may not qualify for restoration, particularly those deemed as wilful failure to comply. Examples include internal policy changes post-expiration, delayed payments, and business decisions based on financial circumstances.

Impact of COVID-19

Special provisions address cases affected by the COVID-19 pandemic, providing relief and flexibility in procedures.

Changes in International Applications

Japan has also relaxed requirements for international applications under the Patent Cooperation Treaty, allowing for unintentional lapses.

Final Considerations

While these changes aim to facilitate procedures, applicants must adhere to guidelines diligently. Relief may not be guaranteed in all cases, especially those involving deliberate delays or non-compliance.

In conclusion, Japan's relaxation of requirements for restoration of rights marks a significant shift towards a more accessible and flexible system, benefiting applicants seeking to navigate patent, utility model, design, and trademark procedures with greater ease and efficiency. These adjustments not only simplify processes but also contribute to Japan's broader goal of fostering innovation and protecting intellectual property rights in an increasingly globalized world.

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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