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Contents

• **News about Sonoda & Kobayashi**

1. Internal news
2. Meet our Members

• **JPO News**

1. JPO releases 2019 Trademark Updates
2. PCT Filing Fees Where Japan is the Receiving Office are set to Increase
3. JPO Releases Collection of Cases from its Intellectual Property Acceleration Program for Startups

• **Latest IP News in Japan**

1. Honda using AI to manage its IP
2. Number of patent applications in Japan decreased due to the corona virus
3. Dramatic increase in applications for AI-related inventions
4. Guidelines in autumn to protect IP of smaller and mid-sized companies in Japan
5. Kyocera licenses osteoarthritis therapy from Australian company

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

1. The JPO's 2017 AI action plan, and the 2020 update

- News about Sonoda & Kobayashi -

1. Internal News

Sonoda & Kobayashi during the COVID-19 pandemic

Over the past months, Japan, as the rest of the world, has had to deal with the consequences of the COVID-19 pandemic. While the state of emergency in Japan was lifted towards the end of May, the infection rate in Japan started to increase again in July and August. Fortunately, as of

late, the number of cases has been on the decline and some of the restrictions are being lifted.

At Sonoda & Kobayashi, we continue to help our clients as usual while taking precautions to prevent possible infections. In practice, this means that our staff is encouraged to work from the office a maximum of 2 days per week, and work at home for the remainder of the week. Due to widespread travel restrictions worldwide, we are currently also not able to go on business trips to see our clients. We nevertheless continue to be at your service and would be happy to arrange meetings through our digital infrastructure.

2. Meet our Members

An interview with [Tomonori Mori, Ph.D.](#), Patent Attorney

Profile:

[Tomonori Mori](#) taught polymer chemistry and organic synthetic chemistry with a basis in carbohydrate chemistry during his years in academia, research, and business. He joined Sonoda & Kobayashi in 2014 and has since been active as a patent attorney in the Chemistry, Biotechnology & Pharmaceuticals department.

Q1 : What brought you to Sonoda & Kobayashi?

I applied to Sonoda & Kobayashi after passing the patent attorney examination and becoming a patent attorney.

Q2: What do you enjoy about working here?

We are able to work responsibly, to work freely, and are free to express our opinion to one another. It is also a job that allows me to make the most of my specialty.

Q3: Tell us one thing about yourself many people do not know?

I have been interested in Japanese history since I was a child.

Q4: What is your most memorable moment here?

The first time I visited a customer at their office. I was very nervous.

Q5: Pick a Japanese word to describe the office and explain why.

「ワークライフバランス」 “Work-life balance”. *In our office, every person is able to work in a way that best suits them. Because of this, I came to understand the meaning of “work-life balance”.*

I used to focus on my work and didn't really think about my own life.

JPO News

1. JPO releases 2019 Trademark Updates

The JPO announced in September the release of the English version of the 2019 Trademark Updates, which provides comprehensive information on the status of trademark filings in Japan. In recent years, the number of trademark applications filed in Japan has been increasing every year and has reached a high of around 190,000. This in turn has caused an increase in the amount of time it takes for a first action to be issued (7.7 months in 2017).

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

<https://www.jpo.go.jp/resources/report/sonota-info/document/panhu/panhu29.pdf> (English)

2. Starting in October, PCT Filing Fees Where Japan is the Receiving Office are set to Increase

Starting October 1, 2020, the JPO will increase official fees for PCT applications where Japan is the receiving office. The minimum filing fee (for up to the first 30 pages) will increase from 143,200 yen to 152,100 yen.

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

https://www.jpo.go.jp/system/patent/pct/tesuryo/pct_tesuukaitei.html (PCT) (Japanese)

3. JPO Release Collection of Cases from its Intellectual Property Acceleration Program for Startups

Since financial year 2018, the JPO has been running a program for startups called IPAS (Intellectual Property Acceleration Program for Startups), which allocates mentoring teams consisting of business and IP experts to work with 25 startups to develop IP strategies in their first two years of business. The booklet released by the JPO presents case studies arising from the first two years of the mentorship program.

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

<https://www.jpo.go.jp/support/startup/document/index/jireishu-e.pdf> (English)

- Latest IP News in Japan -

1. Honda using AI to manage its IP

Nikkei, August 4, 2020

In early August Nikkei reported on a recent change in Honda's intellectual property strategy.

The company will start using artificial intelligence (AI) to reduce the amount of time spent on maintaining existing patents, and under the slogan of "standardization", will also determine what inventions are suitable for open innovation. Having AI choose the technologies to embark upon for open innovation is also being considered. One such result of Honda's new strategy was the announcement of a new desk chair that utilizes the antiallergen and antivirus-material developed by Honda for minicar seats and licensed to a third party.

Honda's worldwide portfolio counts over 50,000 patents, with numbers particularly increasing in emerging economies in which Honda is expanding its business. Maintaining all these patents costs several billion yen per year according to Honda's general manager of the intellectual property and standardization division Mr. Hirokazu Bessho . Additionally, the company has to check some 4 times per year which patents need to be renewed.

Honda first started to use AI in managing its patents in 2019. They found that an AI matched a human's judgement on whether a patent was necessary or not at a rate of 85%. As such, they have been able to reduce the areas requiring human judgement significantly.

Whether patents can be selected for open innovation depends on competition and cooperation in the relevant field. In the field of self-driving cars, a core-part of Honda's business where it is engaged in heavy competition, it is difficult to engage in collaboration with other parties through open innovation. However, for patents when this is not the case, the aim is to standardize them and release them to outside parties so that they may lead to useful technologies for society.

While in the past it was reluctant, it seems the company has reached a point where patent licensing could cover the costs of several billion yen per year in patent maintenance costs.

<https://www.nikkei.com/article/DGXMZO62132740R30C20A7000000/> (Japanese)

2. Number of patent applications in Japan decreased due to the corona virus

NHK, July 23, 2020

NHK reported at the end of June that the number of patent applications filed in Japan continues to decline. This widens the gap with the US and

China where the number of filings are already recovering from the effects of the coronavirus.

The JPO has conducted research showing that from January to May, patent applications in Japan were below the numbers from last year, with a 5% drop in May.

For the U.S. on the other hand, applications fell in March and April, but rose again by 0.1% in May, recovering to the same level as the previous year. In China, after a drop in February, application numbers turned positive from March onward and rose by as much as 23.4% in May.

In response to a survey done by the JPO, many Japanese companies in the field of machinery or chemistry said that they are expecting a decrease in applications in the future. Naoto Kuji, executive director of the Japan Intellectual Property Association, said in a comment on this that during the Lehman shock, Japanese companies' business performance deteriorated and their R&D capabilities declined, and the same phenomenon will probably occur with the coronavirus crisis. According to him, there needs to be a change of mindset so that each company shares its technology and intellectual property to increase its overall competitiveness.

<https://www3.nhk.or.jp/news/html/20200723/k10012529621000.html> (Japanese)

3. Dramatic increase in applications for AI-related inventions

METI, July 27, 2020

The Japanese Ministry of Economy, Trade and Industry (METI) reported on July 27 about a dramatic increase in applications for AI-related inventions.

Earlier findings by the JPO in July 2019 already showed in 2017, a significant increase in applications for such inventions had taken place. The latest figures show that in 2018, this trend continued.

- 1) The amount of domestic patent applications for AI-related inventions was about 4,700 in 2018, which is an increase of about 54% from the previous year. All in all, this shows a dramatic increase since the year 2014 backed by the impact of the third AI boom.
- 2) Recent AI-related inventions often use machine learning as their main technology. In 2018 more than half of the domestic patent applications on AI-related invention refer to deep learning, marking a growing significance of this topic since 2014.
- 3) Concerning the field of application, in 2018 AI was most often applied to inventions in the field of image processing, information retrieval/recommendation, and business methods or medical diagnoses. In the field of medical diagnoses and control/robotics the number of applications has been growing recently.
- 4) The number of applications for AI-core technologies filed in Japan, the U.S., the EPO, China and the Republic of Korea are all increasing. For the U.S. and China specifically so.
- 5) Of the AI-core technologies, those applications focusing on neural networks have been on the rise. The ratios of those applications related to deep learning have been increasing too, particularly in the U.S. and Japan.

https://www.meti.go.jp/english/press/2020/0727_001.html (English)

<https://xtech.nikkei.com/atcl/nxt/news/18/08434/> (Japanese)

4. Guidelines in autumn to protect IP of smaller and mid-sized companies in Japan

Sankeibiz, August 14, 2020

On August 14th, Sankeibiz reported that the Japanese government is set to propose guidelines in autumn in order to protect the intellectual property and technologies of small and medium-sized enterprises (SMEs). The goal of the guidelines is to prevent large corporations from acquiring and using the IP of these smaller companies in an unfair way. The government plans on including support measures, which focus on ensuring that lawyers and patent attorneys properly evaluate intellectual property to prevent disadvantageous contracts.

The guidelines are developed in the context of a number of larger companies that want to do business with SMEs that have strong technological and development capabilities.

The government would like to create an environment for fair trade and cooperation between them.

From 2017 onwards, Japan's Agency for Small and Mid-Sized Enterprises spent some 3 years researching SMEs in numerous regions and over 12,000 of their transactions with larger companies were examined.

They found several issues such as know-how being stolen by larger companies during company visits, and companies improperly obtaining IP protection without permission after joint development. There are also many unilateral contracts in which only the large companies retain the IP rights after joint development.

Fearing that business between the parties could be stopped and being in a weaker position, SMEs generally find it difficult deal with such actions of larger companies.

The guidelines will include specific measures to resolve issues such as the lack of experts to help SMEs run their businesses from an IP-perspective and to help them recognize the importance of protecting IP. The Japanese government will also create support measures to make it easier to use lawyers and other professionals and will furthermore provide budgetary support.

<https://www.sankeibiz.jp/macro/news/200814/mca2008140500006-n1.htm> (Japanese)

5. Kyocera Licenses osteoarthritis therapy from Australian company

Bioworld, August 14, 2020

The Australian firm Regeneus and Japanese Kyocera cooperation reached a licensing deal for Regeneus' mesenchymal stem cell and secretome therapy called Progenza for osteoarthritis of the knee.

Under this deal Regeneus will receive some \$19 million in up-front and milestone payments and also obtain double digit royalties on sales. Moreover, Regeneus retains rights to negotiate licenses with other partners for additional indications both inside and outside of Japan.

As one of the largest producers of artificial joints in Japan, Kyocera will be in charge of product development, manufacturing and regulatory activities in Japan.

Regeneus' CEO Leo Lee said that with regenerative medicine and some other types of cell therapies, the demand for joint replacements will be delayed or even shrink. With this partnership then, Kyocera can continue their business in the orthopedics sector and leverage the relationships with physicians.

Progenza OA already completed a phase I study in 2018 that met all safety and efficacy endpoints. It is now on Japan's fast track, the Sakigake pathway that was specifically created for Japan-first licensing strategies. It enables conditional approval for new cell therapies after confirming both safety and probable efficacy. As this is a lower clinical bar and provides earlier access to patients, many companies wanting to get to the market quicker head to Japan first. Moreover, as the Japanese reimbursement structure rewards innovation, there is a lot of expertise in manufacturing.

<https://www.bioworld.com/articles/496691-aussie-stem-cell-company-regeneus-out-licenses-progenza-to-kyocera-for-japan-market> (English)

1. The JPO's 2017 AI action plan, and the 2020 update

As the use of AI technology is increasing worldwide, culminating in a veritable "AI boom" in patent applications, the Japanese Patent Office (JPO) itself is also pioneering the use of AI for its own operations. Already in March 2017, the JPO published its action plan on the use of AI within the JPO. Now some three years after this publication, we review the action plan and present the changes implemented by the 2020 update of the plan.

Objectives of the action plan

The stated objectives of the action plan are to make the JPO's operations more efficient and sophisticated through examining the possibility of using AI, while coordinating with foreign patent offices. In the future they also want to improve services for users and change the way their employees are working.

Method of selecting appropriate operations

In order to determine which operations were suitable for the application of AI, the action plan states that before publication, the JPO had been making an inventory of its 892 operations. These operations were analyzed in terms of uniformity and workload to select the operations that should be considered for the application of AI technology .

Out of the 892 operations, some 670 of them did not require any judgement or thinking and were therefore unsuitable for the application of AI.

For the remaining 222 operations the JPO examined the workload, the frequency of work and the mental load of the operation on the staff. In the end, some 15 operations remained.

Results of the first selection process

In the end, the JPO selected 15 operations out of the 892. It then started to examine them to see whether they can solve business problems as well as whether there suitable from the point of view of existing AI technology. In this stage the JPO made use of the expert opinions of universities and independent administrative agencies. As a result of the review, the 15 operations fell apart in 3 categories:

Those 6 operations to which AI can be applied, the 4 operations to which AI can partially be applied, but not to all elements, and the 5 operations to which AI cannot yet be applied at all because the appropriate AI technology does not exist yet.

Full AI application with current level of technology

Answering questions by telephone and e-mail

Converting paper applications to electronic (text) format

Confirming presence of stamps (Japanese alternative for signatures) on applications

Confirming the use of registered trademarks in applications

Quality audit (checking for errors in prepared documents)

Search for prior graphic trademarks

Partial AI application with current level of technology

Assigning a patent classification

Prior art search for patents

Assigning a classification for designs

Investigating unclearly designated goods and services

No possibility to apply AI at this stage

Understanding and recognizing the contents of an invention

Determining whether to approve a patent (preparation of notice of reasons for refusal)

Prior design search

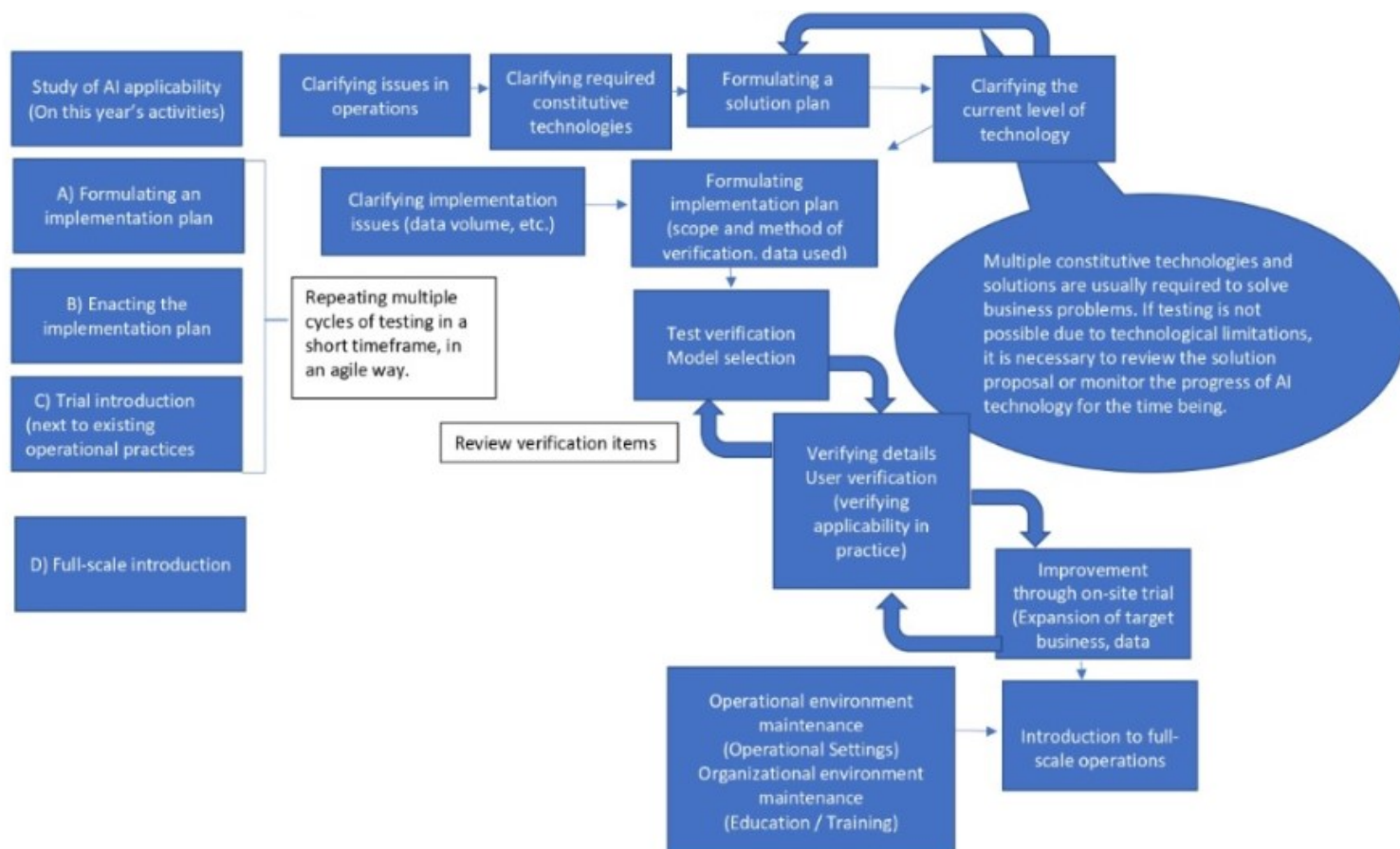
Determining whether to approve a design

Examining trademarks

First trials and lessons

As a last step the JPO decided to run a trial and demonstrate the use of AI technology on answering questions by telephone and providing support in assigning classifications. On the basis of these trials, the JPO summarized their lessons learned in the following figure on the page below.

Basic structure of the process for the full-scale of introduction of AI technology



Original Implementation plan

On the basis of the above figures, and the individual conclusions for each selected operation, the JPO drafted an implementation plan. Pursuant to the plan, in the year 2020, full-scale implementation of AI technologies was to begin in 3 different areas:

Answering questions by phone, converting paper applications to electronic (text) format, and investigating designated goods and services.

In that same year, it was planning the trial introduction phase for 4 other areas:

Confirming presence of stamps (Japanese alternative for signatures) on applications, confirming the use of registered trademarks, quality audit, and search for prior graphic trademarks.

For these operations, the AI technology would be fully implemented in either 2021 or 2020.

In 4 other areas, the JPO would evaluate whether to continue trying to introduce AI technology after evaluating the accuracy and cost-effectiveness a bit more. These are:

Prior art search for patents, assigning a classification for designs, prior design search, and assigning a patent classification.

Finally, for the 4 remaining areas, the JPO will monitor the development of AI technology to see whether in the future application of AI to these operations would be possible:

Understanding and recognizing the contents of an invention, determining whether to approve a patent, determining whether to approve a design, and examining trademarks.

2020 update

In July 2020, the JPO reported briefly on the progress of the implementation of the plan.

Importantly, on the basis of the results in the trial introduction phase and the verification of technical accuracy in 2019, the JPO has decided to stop the use of AI technology for responding to phone calls and for prior design search.

Also new is the creation of a phase of continued agile development, where there is a step-by-step release of the system, continuous improvement of functions, and review of how duties are to be performed. The operations subject to this agile development are the assignment of patent classifications, several steps of the prior art search for patents as well as the search for prior graphical trademarks and the investigation of

designated goods and services.

Seeing that these categories of operations originally had different implementation plans, we can see that for some this is an effective delay in implementation, whereas for others, such as the prior art search, this represents a step forward. Concerning the other operations, the update did not provide any specific information on their implementation.

Sonoda & Kobayashi IP Law

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

https://www.jpo.go.jp/system/laws/sesaku/ai_action_plan/ai_action_plan-fy2020.html

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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