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SONODA & KOBAYASHI
INTELLECTUAL PROPERTY LAW



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Contents

- **News about Sonoda & Kobayashi**

1. Meet our Members

- **JPO News**

1. JPO releases updated Examination Handbook for Patent and Utility Model
2. For the first time, the JPO grants a Design Patent for an Image
3. JPO filing fees calculator for PCT applications where Japan is the receiving office has been updated

- **Latest IP News in Japan**

1. Japan debating new law to protect intellectual property of plant growers to stop outflow of food products
2. Japan leads global battery race in terms of global patent filings
3. NTT Docomo on 6th place in 5G patent ranking, yet finds them difficult to monetize
4. Roche and Ono sign a licensing deal for immunotherapy drug

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

1. How to file a patent in Japan. An interview from the Lawyer Monthly magazine with Sonoda & Kobayashi's Nicole Bigler

- News about Sonoda & Kobayashi -

1. Meet our members

An interview with [Osamu William Yanaka](#), Technical Translator

After experiencing the consulting, localization and ISO industries, [Osamu William Yanaka](#) joined the firm in November 2013.

Q1 : What brought you to Sonoda & Kobayashi?

I used to be in the localization industry managing localization (translation) projects of user's manuals. Sometimes I had to handle about 20 languages at a time. As I worked very closely with technical writers, I started to study English technical writing myself. After acquiring basic skills of technical writing, I gained the desire to advance further into technical writing and technical translation. That is how I was lead to apply to Sonoda & Kobayashi.

Q2: What do you enjoy about working at here?

I enjoy working with my colleagues who are highly skilled professionals, and holding study groups with them. It is also very exciting to be able to work on the most advanced technology of the time.

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

I used to be in a punk rock band in my junior high school days.

Q4: What is your most memorable moment here?

We had a wonderful party for our 20th anniversary, with all our staff gathered together. It was so nice to listen to Sonoda-san and our members when they gave their speeches. A member of the translation group designed a wonderful logo for the 20th anniversary and received a prize for it. We even had a famous magician perform a magic show. It was such a great time.

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

高度な専門性と自由闊達な雰囲気

Literal translation of this phrase would be, "high expertise and free and open atmosphere".

Sorry, this is not one word, but I think it describes our firm very well.

Q6: What is your favorite music to concentrate while working?

I like to listen to country, gospel, blues, and Jazz. American roots music makes me relax and concentrate.

JPO News

1. JPO releases updated Examination Handbook for Patent and Utility Model

The JPO announced in late September the release of an English translation of the updated Examination Handbook for Patent and Utility Model ("Examination Handbook"). The Examination Handbook serves as an important resource for practitioners in Japan, providing detailed guidance on a variety of topics in connection with the examination process.

For example, applicants may find the detailed, concrete examples regarding various issues with respect to patentability to be useful (listed on page 113).

Specific information on this topic can be found here:

https://www.jpo.go.jp/e/system/laws/rule/guideline/patent/handbook_shinsa/document/index/all_e.pdf (English)

2. For the first time, the JPO grants a Design Patent for an Image

Advances in sensor and projection technology have made it possible for devices to operate, and for the function of devices to be demonstrated, through the projection of images. As the usefulness of a product may largely be determined by its image projection function, it has been decided that an exclusive right should be available for the design of an image in order to stimulate innovation and strengthen the competitiveness of industry. Accordingly, the Design Law was amended in 2019, and since April 2020, images could be protected through design patents.

On November 9, 2020, the Ministry of Economy, Trade and Industry announced the first recordation of a design patent for an image. The applicant, Koito Manufacturing Co., Ltd., obtained design patent 1,672,383 for images displaying vehicle information projected by a vehicle.

Specific information on this topic can be found here:

<https://www.meti.go.jp/press/2020/11/20201109002/20201109002.html> (Japanese)

3. JPO filing fees calculator for PCT applications where Japan is the receiving office has been updated

Starting October 1, 2020, the JPO increased official fees for PCT applications where Japan is the receiving office. The online calculator for filing fees has been updated to reflect the new fee structure.

Specific information on this topic can be found here:

<https://www.jpo.go.jp/system/process/tesuryo/jidou-keisan/kokusai.html> (Japanese)

- Latest IP News in Japan -

1. Japan debating new law to protect intellectual property of plant growers to stop outflow of food products

Japan Times, 21 October, 2020

On the 21st of October, the Japan Times reported on a potential change in the law regarding the intellectual property of seeds and saplings.

As Japanese agricultural exports, and particularly those of fruits, have increased over the past years, many of the registered seeds and saplings have also left the country. A survey conducted in July by the Japanese Ministry of Agriculture, Forestry and Fisheries found that a significant number of domestically registered seeds and saplings are being sold without permission on Chinese and Korean-language websites. There were some 36 different product varieties such as strawberries, apples, grapes, peaches, pears and cherries. Some of these were developed by agricultural research laboratories or individuals in Japan, or registered in prefectures across the country.

The laws currently in place do not safeguard against taking the proprietary agricultural products out of the country. The main concern is that when newly developed agricultural products become popular or profitable, they would be taken elsewhere in violation of the owner's IP rights.

The government therefore is seeking a partial revision to protect new plant varieties and IP rights of Japanese growers.

The main points of debate when it comes to changing the law are as follows:

- The holder of the plant breeder's right will be able to set specific conditions for registered seeds or saplings. These could include a specification that they are for domestic use only, or only to be cultivated in a specific prefecture.
- Farmers wanting to use the seeds or seedlings of harvested materials would need to get approval from the right's holder. Presently, such a requirement does not exist.
- Offenders could get up to 10 years in prison as well as a fine of max. 10 million yen (individuals) or 300 million yen (businesses) when found guilty of selling registered agricultural products against the law.

The opposition against the proposed amendments mainly centers around the 2nd proposal. While many Japanese farmers traditionally support the ruling Liberal Democratic Party, a large number of them is upset by this measure. They state that in practice, they will have to buy new seeds every year instead of using seeds and saplings from the previous harvest. This will drive up costs and lead to higher prices.

Members of opposition parties have also voiced their doubts, stating that strengthening border controls would be more effective in preventing the products from illegally leaving the country.

They are afraid that only large corporations will benefit from this proposal as they could absorb the costs easier than smaller farmers.

The minister of agriculture has so far insisted that the amendments would only apply to newly developed products, and that therefore common seed varieties would have no restrictions on their use. However, confusion has mounted over this change and further debate in the Diet is scheduled.

<https://www.japantimes.co.jp/news/2020/10/21/national/social-issues/japan-illicit-outflow-food-products/> (English)

2. Japan leads global battery race in terms of global patent filings

Nikkei Asia, 23 September, 2020

Nikkei Asia reported on the 23rd of September on international patent filings for battery technology and the role of Japan.

A joint study by the European Patent Office and the International Energy Agency shows that in 2018 there were 2339 international patent applications on inventions related to batteries published by Japan. Number 2 in the ranking, South Korea, produced 1230 applications. Both countries were followed by the EU, China and the US respectively.

Within the top 10 applicants for the 2010 – 2018 period, there were 7 Japanese companies, among which Panasonic, Toyota and Hitachi. The number one place went to South Korea's Samsung Electronics however.

In general, battery-related innovation has grown strongly over the past 2 decades. When looking at electricity storage inventions (most of which relates to batteries), there were 7152 published inventions in 2018, compared to 1029 in the year 2000.

Lithium-ion cells play a large role in the innovation of battery cells, and made up some 45% of patent activity in this field in 2018.

While Japan is leading in this industry, it lags behind when it comes to electric vehicles, one of the primary uses of such battery cells. While China accounted for half of the global production of electric vehicles, Japan is only at 2%. The report therefore concludes that "Japan's leadership in battery technology has not yet translated into a large share of the global electric car market."

<https://asia.nikkei.com/Business/Technology/Japan-leads-battery-tech-race-with-a-third-of-global-patent-filings> (English)

3. NTT Docomo on 6th place in 5G patent ranking, yet finds them difficult to monetize

Nikkei, 20 October, 2020

NTT Docomo announced in April of this year that it has taken the 6th place in the ranking of companies holding 5G patents. The company is competing with Samsung and Qualcomm from South-Korea and the US respectively.

In terms of 5G standard patents, the top 6 companies are neck-and-neck all having a share of about 10%. At the end of June 2020, Docomo's share was 9,5% on a list that is led by Samsung Electronics with 11,9%, followed by Qualcomm at 11,6%, and Huawei at 11,3%.

5G technologies must be declared to an international mobile phone standards body. In this list, Docomo is currently 9th when it comes to patents declared as essential to the development of 5G.

Giving an example of such patents, Docomo has technologies that can combine 4G and 5G to provide a stable communication. Shinji Ogawa, Docomo's General Manager of IP, says that "from the standpoint of providing services to consumers, we can propose patents that are close to our daily lives."

However, it is unclear how Docomo can monetize its essential 5G patents. Generally, companies with many patents in this field increase revenue by selling patents and user rights for base stations and handheld devices. Yet Docomo's patents are mainly for wireless communication which are more difficult to monetize. While Docomo has earned revenue by selling licenses for its 5G patents to other companies, it finds that as licensing revenue increases, its operating revenue decreases.

In the race to 5G, in which Chinese companies such as Huawei are on the rise, it will be necessary for Docomo to create R&D synergy with NTT, which is its full owner. According to Docomo "cooperation within the group is the challenge for the future".

<https://www.nikkei.com/article/DGXMZO65232550Q0A021C2X12000/> (Japanese)

4. Roche and Ono sign a licensing deal for immunotherapy drug

Nikkei, 9 November, 2020

On the 9th of November, Nikkei reported on a licensing deal that was signed between Roche and Ono Pharmaceutical for a cancer-related drug.

The deal involves the global licensing of the anti-PD-L1 antibody from Ono Pharmaceutical to Roche. While Ono holds the patents for this antibody, Roche is using it for its immunotherapy drug "Tecentriq". The anti-PD-L1-antibody is able to block the binding of a cancer cell protein called PD-L1 to the receptors on an immune cell called PD-1.

As part of the contract, Roche will make a onetime lump sum payment to Ono Pharmaceutical but will also pay royalties according to the worldwide Sales of Tencentriq between January 2020 and December 31st 2026.

<https://www.nikkei.com/article/DGXMZO65998500Z01C20A1LKA000/> (Japanese)

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

1. How to file a patent in Japan. An interview from the Lawyer Monthly magazine with Sonoda & Kobayashi's Nicole Bigler

Below, we speak to [Nicole](#) on filing patents in Japan. She discusses the filing requirements, how appeals are often a good route if the patent is rejected and potential issues that foreign companies come across and how to avoid them.

What are the filing requirements for patents in Japan?

Since 2016, a Paris route application may be filed either in Japanese or any other language. When a Paris route application is filed in a foreign language, a Japanese translation must be filed within 16 months from the priority date, and mistakes in the translation may be rectified by Amendments (during the patent prosecution procedure) or Corrections (after the grant of a patent).

A Japanese application may be filed with a copy of the specification, drawings, and the following information:

- Priority right date and country;
- Priority application number (if assigned);
- Name and address of inventor(s);
- Name and address of assignee(s).

If the PCT route is chosen, then the PCT application filed in its original language is the basis of the examination. Mistakes in the translation may be rectified under the same conditions as described in connection with the Paris route applications filed in a foreign language. In case of a PCT application, the applicant only needs to provide the application number to its counsel in Japan, as all other information can be obtained from the PCT publication.

What issues do foreign companies run into when trying to file a patent in your jurisdiction?

International companies are often not familiar with the Japanese practice, which makes it important to have a close relationship with the local Japanese counsel so that an optimal prosecution strategy can be developed together. In practice, this is, however, not always easy due to language and communication barriers. It is, therefore, important to choose a counsel willing to communicate openly and frequently, going beyond simply providing basic services in filing and office action reporting but providing holistic support in optimising the Japanese IP strategy.

The following are two examples of aspects of the Japanese patent prosecution system where foreign applicants frequently do not get enough information or support from their local counsel:

- **Examiner Interviews**

Though examiner interviews (in person, by phone or online) have existed for a long time in the Japanese practice, most counsel are hesitant to include them into their prosecution work. Our experience and statistics have, however, shown that an applicant can substantially reduce the number of issued office actions and increase their overall patent application grant rate by including examiner interviews to their best practice in Japan.

- **Appeal against Examiners Decision to Reject and Application**

Another good example is the use or non-use of the appeal against the examiner's decision system.

International applicants are often not aware of how to benefit best from the appeal proceedings in Japan as they are not aware of the high success rate, low cost and short duration of the system.

One surprising aspect of Japanese patent prosecution is that the criteria for patentability seem to be lower if one goes further in the examination. That is, when an application is rejected by the examiner and if one files an appeal to the Board of Appeals, the success rate is 68% (as of 2019). If the Board of Appeals rejects the application, and the case is appealed to the IP High Court, the success rate is still approximately 20- 30%.

These statistics indicate that an applicant still has a chance even if their application is rejected. Approximately 75% of applications rejected by the examiner are granted either by the Board of Appeals or by the IP High Court.

Applicants might also hesitate to file an appeal fearing the cost and long pendency. Neither of this is however justified since the costs for filing an appeal are in between 3,000 – 4,000 USD, including professional and official fees. The average pendency for an appeal is 12.3 months (as of 2019).

What important points must foreign businesses operating in Japan consider when developing or managing their technology development?

- **Employee remuneration**

In April 2016, an important change to Japanese patent law was made regarding ownership of employee inventions. Under the new law, a company is permitted to establish company rules which rule that all employee inventions are owned by the employer. To benefit from this provision, it is important that companies establish rules on ownership and on

remuneration for employee inventions as early as possible because otherwise, the inventor is presumed to own the invention unless the company proves the assignment of the patent.

What further considerations must be made when acting jointly with Japanese corporations?

Crucial and, at the same time, tricky, is to keep smooth communication between the partner corporations. If a strong relationship exists with the Japanese counsel it might be a good idea to include them in the form of interpreters or as cultural bridge builders.

It is also important that the Japanese corporation has updated its employee invention rules as described above and is taking possession of employee inventions to avoid potential problems in regard to ownership of a jointly developed invention.

In the above, what issues can arise if there is a dispute about the ownership of IP between a Japanese corporation and a non-Japanese company?

Problem 1: Which country's law on IP ownership applies?

Problem 2: Which country's rule on picking the right country's law applies?

You can find the full interview on the website of Lawyer Monthly as well:

<https://www.lawyer-monthly.com/2020/08/how-to-file-a-patent-in-japan/>

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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