



**July 2022**

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**- News about Sonoda & Kobayashi -**

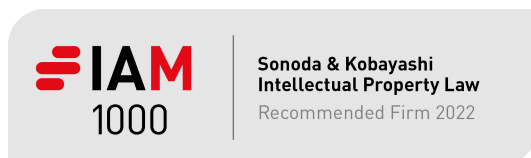
**1. Sonoda & Kobayashi ranked among IAM Patent 1000**

Sonoda & Kobayashi IP Law is happy to announce that it is ranked among the top firms in Asia for the prosecution and enforcement of IP rights and recommended by IAM Patent 1000. We are proud to be recognized for offering a unique combination of professional expertise and cosmopolitan awareness.

Furthermore, Dr. Yoshitaka Sonoda, our firm's Managing Partner, is also ranked among the top Patent Prosecutors and recommended by IAM Patent 1000.

Read the full profile by clicking the below links.

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**- JPO and CNIPA News -**

**1. JPO will relax standard for reviving expired patents, designs, trademarks, and utility models beginning next April**

Japan has long been a difficult jurisdiction to revive intellectual property which expired after the applicant/right holder failed to act in a timely manner (e.g., by failing to pay the maintenance fee for a patent in a timely fashion). The standard in Japan to revive such IP has long been that the failure to act in a timely manner must be due to a "valid reason," and the JPO's interpretation of a "valid reason" has been extremely strict. Accordingly, revival of expired IP rights has been unlikely outside of extraordinary circumstances. The JPO recently demonstrated a degree of flexibility for rights holders who were unable to act in a timely fashion due to the coronavirus pandemic (see our [July, 2020 newsletter](#)).

The JPO has announced, however, that rather than requiring demonstration of a "valid reason," a rights holder will soon be able to revive expired IP by showing the failure to act in a timely manner was "unintentional."<sup>[1]</sup> 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 may be relaxed. Filing for revival of expired IP in this manner will also require the payment of a fee (JPY 297,000 for a patent applicant/patent, JPY 25,000 for a design patent/application, JPY 50,000 for a utility model/application, and JPY 102,000 for a trademark/application<sup>[2]</sup>).

The new standard and procedure will come into effect April 1, 2023.

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

[1] The details of the procedures for restoration of rights are stipulated in the METI Ordinance, so it is necessary to confirm the METI Ordinance that will be released in the future.

[2] The restoration fee is waived in cases where the failure to pay in a timely fashion for processing is not attributable to the applicant, such as due to a disaster or infectious disease.

## **2. JPO provides revised guidelines for the collective application process to fit the business strategies of applicants**

In July 2022, the JPO revised the collective examination guidelines to make it easier for applicants to utilize. The main revisions are as follows:

1. The guidelines clarify that the business explanation meetings and examiner interviews which may take place during collective examination will be possible both in person and online (previously there was no documentation explicitly providing for this);
2. Collective examination for a group of applications will be possible as long as a group of applications contains at least 1 patent application (previously at least 2 patent applications were required);
3. Collective examination will be possible even when examination has already started for an application in the group (previously as a general principle this was not possible); and
4. In collective examination, where accelerated examination is desired for patents and designs, it will not be necessary to submit an explanation of the circumstances why accelerated examination is being requested (an explanation will still be required for trademarks; previously, an explanation was required for patents, designs, and trademarks).

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

## **3. JPO releases newly revised guide for negotiations involving standard essential patents (SEPs)**

In an effort to prevent and quickly resolve disputes over standard essential patents, the JPO has released a revised guide for negotiations involving standard essential patents (SEPs), which are patents necessary for the implementation of standards (e.g., in the field of wireless communications).

This guide was originally developed in 2018 to increase transparency and predictability

regarding license negotiations for standard essential patents. At the time when this guide was first developed in 2018, attention was focused on the preliminary ruling by the European Court of Justice in the case of Huawei v. ZTE, which provided a framework for good faith negotiations. The 2022 revision is intended to further address issues such as the scope of information to be provided by the parties at each stage of negotiations and the response period. In doing so, the guide attempts to set forth norms of good faith negotiations to be followed by rights holders and implementers to encourage early settlements and avoid unnecessary disputes.

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

#### **4. CNIPA changing scope of preliminary assessment of utility model applications: obvious lack of inventive step now in scope**

Presently, China has adopted a system of “preliminary examination & evaluation report” for new utility model applications. In this preliminary examination, the examiner may examine whether the utility model application obviously does not possess novelty according to the information obtained about the prior art or the conflicting application.

In addition, recently there has been an important adjustment to this preliminary examination system for utility model applications in China. Specifically, on the 20<sup>th</sup> of July 2022, in a reply letter from CNIPA to the recommendation No. 8842 of the 5th Session of the 13th National People's Congress, it is mentioned that “in order to further improve the quality of the granted utility model, CNIPA actively promoted the reform of the utility model examination system. In the revised draft of ‘Implementing regulations of the patent law of the People’s Republic of China’, the obvious lack of inventive step was brought into the scope of preliminary examination of utility model application; moreover, the ‘Guidelines for Patent Examination’ are amended accordingly.”.

In other words, in the examination practice for utility model applications from this point on, CNIPA’s examiners will now not only consider an obvious lack of novelty, but also an “obvious lack of inventive step”.

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

#### **5. CNIPA issues its Annual Report 2021**

On June 1, 2022, CNIPA issued its Annual Report 2021. Highlights of the report include the detailed data of different kinds of intellectual property in that year. Some of the main trends are summarized below.

In 2021, the number of newly filed invention patent applications in China stood at 1.59 million, a year-on-year increase of 5.9%.

Furthermore, 696,000 invention patents were granted in 2021, marking a year-on-year increase of 31.3%.

The number of utility model applications was 2.85 million, showing a year-on-year decrease of 2.5%. The amount of granted utility models stood at 3.12 million.

For designs, the number of design applications was 806,000, a year-on-year increase of 4.6%, while 786,000 design patents were authorized.

Looking at the trends, in 2021, China's invention patent granted rate was 55% and the number of utility model patent applications fell for the first time in eight years.

Looking at trademark applications, this reached a total of 7.74 million, and furthermore 5928 Madrid international trademark registrations were received by CNIPA.

Concerning other types of IP, 13,000 layout designs of integrated circuits were registered; 99 products were approved for geographical indication (GI) protection; 477 GI certification marks and collective trademarks were registered; and 7,677 market entities were authorized to use the special sign for geographical indications.

Finally, the report also reported on the examination pendency. In 2021, the average pendency for invention patents was reduced to 18.5 months, and the pendency for the high-value invention patents was shortened to 13.3 months. For trademarks, the average pendency for examination remained stable at 4 months.

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

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## - Latest IP News in Japan -

### **1. Hydrogen technology patents: Japan is leading, but China is closing in**

*Nikkei Asia, 13 July 2022*

On July the 13<sup>th</sup>, Nikkei Asia reported on the state of hydrogen technology patents in the world.

In particular, it quoted from recent research carried out by Tokyo-based research company Astamuse.

Hydrogen emits no CO<sub>2</sub> when burned and it is therefore often considered the ultimate clean fuel. Regarding this, Astamuse looked at the period of 2010 to 2020 and compiled a list of countries, ranking them by the competitiveness of their hydrogen technologies. The research company used patent citations, expiration dates and other data points to generate their list.

They found that Japan tops the list thanks to its strong fuel-cell patents. In particular, Toyota Motor has a lot of patent filings in this area, just like petroleum company ENEOS and industrial gases company Iwatani. Japanese companies do not only have strong core equipment, such as hydrogen compressors, but also have technological capabilities in small components, such as flow meters and gas detectors.

A total of 8 of the world's most competitive companies and organizations for hydrogen technology are from Japan, such as Toyota, Honda Motor, Nissan Motor, NGK Insulators, Panasonic and Kyocera.

Between 2011 and 2022, Japanese companies filed 34,624 hydrogen-related patents, the most of any country. And while this trend is consistent with past findings from 2001-2010, the overall filing numbers in that period were 30% higher than they were in this new 2011-2020 period.

Second after Japan were patent filings from China, followed by the U.S., South Korea, and Germany. Hydrogen technology patent filings by Chinese companies over this 10-year

period stood at 21,235, which is more than 10x the number of filings in the previous decade. The article mentions how Chinese government subsidies had led to more filings. Furthermore, China scored higher than Japan in four of the five categories: manufacturing, storage, safety controls and transportation. Japan is still leading in demonstrating new technologies, but Chinese research institutes are filing actively and their patents have quite long remaining terms too.

As part of its national strategy on hydrogen, China has set strong goals to build a hydrogen ecosystem in a number of industries by 2035. The article concludes by mentioning there is a good chance of China eventually overtaking Japan in all hydrogen-related fields.

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

## **2. Pharmaceutical giant Daiichi Sankyo drug-related patent lawsuit halted in the U.S.**

*Nihon Keizai Shinbun, 19 July 2022*

On the 19<sup>th</sup> of July, the Nihon Keizai Shinbun reported on Japanese pharmaceutical company Daiichi Sankyo's patent lawsuits in the U.S. being halted by the USPTO.

Daiichi Sankyo had filed an Inter Partes Review against an anti-cancer drug patent from a U.S. competitor Seagen. The USPTO's Patent and Trial Appeal Board has now stopped this review after Seagen filed a request for rehearing. This request came against the background of an earlier patent infringement case that Seagen filed in 2020 against one of Daiichi Sankyo's products.

In April of this year, a jury in a Texas District Court ruled in favor of Seagen. Based in part on the proceedings in the District Court, the USPTO has now granted Seagen's request and stopped the Inter Partes Review.

Daiichi Sankyo's representative meanwhile said that the company will consider all legal means to ensure the USPTO completes the review.

The subject of the dispute is an anti-cancer drug called Enhartu made by Daiichi Sankyo. The revenue from this drug is expected to strongly increase over the coming year and generate nearly 160 billion yen (some 1.14 billion USD) by 2023.

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

## **3. Dismantling wind turbines: Hitachi and Besterra reach a licensing deal**

*Nihon Keizai Shinbun, 22 July 2022*

The Nihon Keizai Shinbun reported on the 22<sup>nd</sup> of July on a new licensing deal between Japanese multinational Hitachi and Besterra, a construction company headquartered in Tokyo.

Besterra, which specializes in the dismantling of large scale power plant equipment, officially signed the licensing deal with Hitachi's subsidiary Hitachi Power Solutions. The deal revolves around the use of one of Besterra's patents for dismantling wind turbines used for sustainable electricity generation. As the demand for high performance wind power generation has grown, so has the need for dismantling the older generation of wind turbines. Under the conventional method, when dismantling wind turbines on land, a large crane is needed for the process.



Using Besterra's patent, Hitachi can now, after removal of the turbine's blades, cut the base of the turbine's tower. This will fall on a special surface meant to suppress vibration and noise and mitigate damage to the soil. Generally, it becomes possible to eliminate the use of the previously needed large cranes, consequently also reducing the need for widening roads to allow these cranes to pass in the first place, and thereby limit the costs necessary for the process.

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

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## - Latest IP News in China -

### **1. Chinese companies are driving growth of patent filing in Europe**

*China Daily, 13 July 2022*

On July 13, 2022, China Daily's Global Edition issued an article on the role of Chinese companies in leading the growth of patent filing in Europe.

The article states that the number of patent applications from China at the European Patent Office has more than quadrupled in the past 10 years, going from 3 percent of its patent applications in 2012 to 9 percent in 2021, according to its data.

Experts attribute the growth to the readiness of Chinese companies to invest strongly in research and development. Moreover, the focus by Chinese companies on innovation in the past 10 years has allowed China to represent a significant amount of the total filings in Europe. Industry experts quoted in the article believe this trend will likely continue and enhance the competitiveness of Chinese companies in the global market.

Looking back, an expert mentions that since the 1980s, Chinese investments in both state and privately funded R&D have increased. Data shows that compared to even 10 years ago Chinese expenditure on research and development has more than tripled. At the same time, the higher education sector has been strengthened leading to more university researchers and patent filings from universities.

Experts also mention that Chinese companies increase R&D spending year on year, and some, such as Huawei, even do so despite a significant fall in revenue in 2021. Furthermore, the view is also that China is benefitting from the latecomer's advantage, specifically for digital communication, where it could leapfrog over the analog communication stage. It is indeed in the sector of digital communications where Chinese companies filed many patents at the European Patent Office in 2021.

Experts cite that China can be an innovation leader, but the biggest challenge will be avoiding the "Galapagos effect", where Chinese technologies are not used outside of China. Companies would therefore need to ensure their technologies can be used and adapted internationally.

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

### **2. Chinese online store Shangpai sentenced to a punitive compensation of over 700,000 USD for breaching Huawei's trademark**

*Hangzhou intermediate people's court, 7 July 2022*

On the 7<sup>th</sup> of July, Hangzhou intermediate people's court reported on the case it handled between online store Shangpai and Huawei Technologies. The former was founded in 2009, and its main business is online digital product sales.

The latter has extensive influence in China and even in the world as a leading global provider of information and communications technology infrastructure and smart devices. Its registered trademarks "Huawei" and the corresponding visual logo are also well known.

Shangpai had actively sought connections with Huawei in order to improve the sales volume of the store. In practice, this meant that Shangpai had added the word "Huawei" to the name of mobile PTZ which was sold by its online store, and used the symbols "Huawei" and logo in the product display diagram. At the same time, Shangpai's online store displayed another proprietary symbol of Huawei, albeit with some changes to the number of petals and English characters of Huawei's trademark. In addition, the store also showed consumers false network channel sales authorization from Huawei to create an illusion that the products were related to Huawei, causing misunderstanding among customers. As Huawei believed that the above-mentioned actions by Shangpai constituted trademark infringement, they requested an order to stop the infringement and demanded punitive compensation of 5 million yuan (about 740,000 USD) for economic losses.

In court, the first instance held that the use of "Huawei" (and of the logo) by Shangpai, in the process of selling mobile PTZ in its online store, constituted an infringement of the exclusive right to use the registered trademarks owned by Huawei. Consequently, Shangpai should bear the civil liability to stop the infringement and compensate for the losses. Moreover, the first instance also held that Shangpai intentionally infringed the trademark right and the circumstances were serious, and they should therefore be liable for punitive damages. Therefore, the court fully supported Huawei's claim for compensation of 5 million yuan from Shangpai.

After the first instance judgment, neither party filed an appeal, and the judgment has taken effect.

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

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

### **1. The pitfalls of English to Japanese translation: Definite Articles and Claim Dependency**

Sonoda & Kobayashi's translation team translates roughly 1 million words of English specifications for filing in Japan each month. Translation is often considered to be a discrete task of converting a document written in one language into another document written in another language. Yet, at Sonoda & Kobayashi we believe that the best translation is only achievable through discussions between the parties concerned, so we often exchange information and opinions internally as well as with our clients.

Just like in the article in the March edition of our newsletter, the following is a topic presented at an internal discussion session. Our translators often spot potential claim dependency errors when translating the English definite article "the" into Japanese. The fundamental challenge when doing this is that the Japanese language does not have an



element equivalent to articles such as “the” or “a” in English. Whether a noun appears for the first time or has already been mentioned is not clearly expressed, and therefore often needs to be determined based on modifiers and contexts.

As a result, when trying to overcome this difference in patent claims when translating English claims into Japanese, translators often render an English definite article into the Japanese word equivalent to “said” to indicate that the noun in question has been mentioned before. At the same time care must be taken, since not all English definite articles are attached to already-mentioned words. For example, words describing the attributes of an object (length, weight, etc.) will accompany definite articles even in their first appearances but adding “said” to such instances would result in lack of antecedent basis.

Grammatical differences between the two languages can also confuse translators. In English, the order of words and phrases are often reversed when translated into Japanese. Even if a word appears first with an indefinite article in the former half of an English sentence and then appears again in the latter half with a definite article, the order would be reversed in the Japanese translation. In such cases, if an English word with a definite article is automatically translated into “said”, then the word with “said” would appear first and result in lack of antecedent basis (typically categorized as “lack of clarity” in Japanese notices of reasons for rejection).

Below we list an example of a case where the definite article, and its translation in Japanese as “said” leads to a situation where the examiner rejected a certain combinations of claims.

The examiner noted that “claim 4 recites ‘the mixture’. However, there is a lack of clarity since when claim 4 does not depend on either directly or indirectly from claim 2, there is no recitation of ‘mixture’”. The claims were as follows:

#### CLAIMS

1. An assembly comprising:
  - A;
  - B, the B being constructed of a ceramic material;
  - C; and
  - D.
2. The assembly according to claim 1, further comprising:  
the ceramic material being a mixture of aluminum oxide and silicon-carbide.
3. The assembly according to claim 1 or 2, further comprising:  
the ceramic material being silicon-nitride.
4. The assembly according to claim 2 or 3, further comprising:  
the silicon-carbide in the mixture being in a range of 18%-30% of the mixture.

The examiner’s point is then that:

Dependency of claim 4

Claim 4 → Claim 2 → Claim 1: **OK**

└──→ Claim 3 → Claim 1: **Not acceptable (Examiner rejected)**

In response, claim 3 was amended to be dependent from “2” instead of “1 or 2”, which resulted in “*The assembly according to claim 1 or 2*” → “*The assembly according to claim 2*”

Claim 4 → Claim 2 → Claim 1: **OK**

└──→ Claim 3 → Claim 2 → Claim 1: **OK**

(4→2→1 is the aspect in which B is a mixture of aluminum oxide and silicon carbide, and

the silicon carbide in the mixture constitutes 18%-30% of the mixture. If claim 4 is made dependent only from 2, the aspect further comprising silicon nitride would be excluded).

We note that this specific issue may become rarer going forward, since the recent law<sup>[1]</sup> revision no longer allows the use of multiple claims dependent from other multiple claims, such as claim 4 in the original claim set. Nevertheless, being able to successfully navigate the pitfalls surrounding the translation of English definite articles into Japanese will remain an important skill for our translators.

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[1] Please find our article on it here <https://www.lexology.com/library/detail.aspx?g=ff7d2cfd-8561-423d-b36d-e79856faf343>

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## 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.

## Contact

Shinjuku Mitsui Building, 34F  
2-1-1 Nishi-Shinjuku, Shinjuku-ku,  
Tokyo, Japan  
〒163-0434

**Main Line:** +81-3-5339-1093

[newsletter@patents.jp](mailto:newsletter@patents.jp)



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