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**SONODA & KOBAYASHI**  
INTELLECTUAL PROPERTY LAW



## IP News Bulletin for Japan & China

**September 2024**

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**- News about Sonoda & Kobayashi -**

### **1. Sonoda & Kobayashi China Office Relocation**

We are pleased to announce that the China office of Sonoda & Kobayashi has relocated to a new address. Our updated office is now situated at Beijing Fortune Building, Suite 804-805, 5 Dong San Huan Bei Lu, Chaoyang District, Beijing 100027. We invite our clients and partners to visit us at our new location, where we continue to provide exceptional intellectual property services. For any inquiries, please reach our China office at [mailbox@china.patents.jp](mailto:mailbox@china.patents.jp).

### **2. Sonoda & Kobayashi attends CIPAC Conference in China on September 13 and 14**

On September 13 and 14, Sonoda & Kobayashi proudly participated in the China Intellectual Property Annual Conference (CIPAC) 2024. We showcased our expertise at our dedicated booth, engaging with industry professionals and sharing insights on the evolving landscape of intellectual property rights. The event provided an excellent platform for networking and discussing innovative strategies to navigate the complexities of IP in today's global market.



## - JPO and CNIPA News -

### 1. JPO publishes its Patent Administration Annual Report 2024

On the 31st of July, the JPO published the 2024 version of its Patent Administration Annual Report.

The report, in Japanese, contains information and statistics also found in the JPO's annual status report. In addition, it also contains information on the JPO's activities, such as the 2023 data of average duration of the examination process, or the time until the first Office Action.

Furthermore, there are statistics on the number of appeals and grant rate at the JPO. Further still, the report contains detailed information on filing trends by corporations, among SMEs in particular, and among universities.

Further sections list more statistical information, particular initiatives by the JPO, and details on the budget and staffing of the JPO as an organization.

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

### 2. JPO releases an updated overview of the procedures for applying for an exception to loss of novelty of an invention

On August 29th, the JPO published a revision of their documents for applicants regarding procedures for applying for an exception to the loss of novelty. They added examples and content related to areas where the JPO has received a lot of questions in recent years.

Concretely, the updated information further explains how certain documents that are used

as proof in the above procedure should be provided. The updates relate to what information should be provided for mail magazines or public sales-related publications in a particular region. Generally, the updated guidelines now better explain what information is no longer necessary.

Also updated is the information explaining that when inventions are disclosed during certain business negotiations, this does not constitute loss of novelty.

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

### **3. Strengthening Protections: China's Crackdown on Intellectual Property Violations**

In the first half of this year, procuratorates across China took significant action against intellectual property infringement, prosecuting over 8,800 individuals for related crimes. Among these, more than 1,800 cases were classified as complex and challenging, including trade secret violations and patent counterfeiting. Additionally, the procuratorate intervened proactively in over 1,000 cases of intellectual property infringement and provided support in more than 400 instances.

Since the start of the year, procuratorates have also accepted over 1,000 civil and administrative litigation supervision cases, reflecting a 2.9% year-on-year increase. Notably, 400 procuratorial suggestions for protests and retrials were issued—an impressive 6.9 times the number reported during the same period last year.

Collaborating closely with intellectual property offices and other agencies, procuratorates recommended that administrative law enforcement agencies pursue criminal charges against more than 140 individuals for intellectual property crimes. They also oversaw the filing of over 440 cases by public security authorities. In non-prosecution cases, 600 individuals received procuratorial opinions on administrative punishments, accounting for 26.2% of these cases.

These actions underscore China's commitment to intensifying its crackdown on intellectual property crimes, fostering an environment where foreign companies can confidently apply for patents in the country.

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

### **4. Key Ruling on Pharmaceutical Patent Rights: Implications for Merck and East Sunshine**

In a significant ruling, the Intellectual Property Tribunal of the Supreme People's Court has resolved the patent infringement dispute between Merck (China) Investment Co., Ltd. (MSD) and Guangdong East Sunshine Pharmaceutical Co., Ltd. This decision, documented in civil judgments No. 1062 and No. 1194 (2022), upheld the first-instance judgment and rejected Merck's appeal.

The case centered around East Sunshine's declaration to include its sitagliptin metformin tablets (III.) in the medical insurance catalog. The court determined that this declaration does not constitute an offer for sale. This ruling marks a pivotal moment in Chinese legal history, as it sets a precedent regarding the relationship between medical insurance catalog inclusion and patent rights.

The court clarified that the National Health Insurance Administration does not operate as a market entity in drug transactions. Consequently, the process of formulating and adjusting the medical insurance catalog does not involve the procurement of drugs. Given the specific institutional role of the Health Insurance Administration, its announcements only display the generic names of drugs, rather than those of the declaring companies. As a result, the public cannot ascertain the source of a drug solely from its generic name, limiting the declaring company's ability to promote its products through such announcements.

Ultimately, the ruling concluded that a company's declaration does not signify a specific intent to sell its products. Nor does it represent a preparatory expression for commercializing the drug. Therefore, the declaring enterprise cannot be seen as making a sales promise through this declaration.

This landmark decision highlights the complexities of patent rights in the pharmaceutical industry and underscores the need for clear regulations regarding drug declarations and patent protections.

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

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## - Latest IP News in Japan -

### 1. Legal Update: Nintendo Files Patent Infringement Lawsuit Against Pocket Pair for "Palworld"

*TBS News Dig, September 20, 2024*

In a significant development in the realm of intellectual property law, Nintendo, in collaboration with the Pokémon Company, has initiated legal proceedings against Pocket Pair, the developers of the game "Palworld." The lawsuit, filed in the Tokyo District Court, alleges that "Palworld" infringes on multiple patents owned by Nintendo and Pokémon.

#### **Background on the Dispute**

Released in January 2023, "Palworld" is a monster-raising game that has garnered attention for its character designs, which many fans believe bear a striking resemblance to those from the iconic Pokémon franchise. This similarity has raised concerns within the gaming community and prompted Pokémon Company to assert that it does not grant permission for any use of its intellectual property.

In response to the allegations, Nintendo has publicly reaffirmed its commitment to protecting its intellectual property rights. A spokesperson stated that the company will continue to take necessary measures to safeguard its valuable brand and related assets against any infringement.

#### **Pocket Pair's Position**

On the other hand, Pocket Pair has responded to the lawsuit by indicating that it has not yet received the formal complaint and, therefore, cannot confirm the specifics of the alleged patent violations. The company has also announced that it plans to continue the operation and distribution of "Palworld" without any planned interruptions or changes, pending

further developments in the case.

### **Implications for the Industry**

This lawsuit underscores the ongoing tensions within the gaming industry regarding intellectual property rights, particularly as it pertains to character design and game mechanics. The outcome of this case could set important precedents for how similar disputes are handled in the future, potentially impacting both developers and established franchises alike.

As this situation develops, it will be essential for industry stakeholders to monitor the legal proceedings closely, as they may offer valuable insights into best practices for protecting intellectual property in the increasingly competitive gaming landscape.

Stay tuned for more updates in our upcoming issues as we track this and other significant developments in intellectual property law.

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

## **2. Fostering Innovation Through Collaboration: Tohoku University and Panasonic Join Forces**

*CNET Japan, September 6, 2024*

In a significant move towards advancing intellectual property and innovation, Tohoku University and Panasonic Holdings have announced the establishment of a co-creation research institute. Officially launched on September 6, 2023, this initiative aims to leverage intellectual property as a foundation for developing solutions to societal challenges.

### **Bridging the Gap Between Research and Real-World Application**

The newly formed institute is located on Tohoku University's Aobayama campus and operates under the university's "Co-Creation Research Institute" framework. This collaboration emphasizes the importance of connecting academic research with practical business needs. By facilitating the exchange of ideas and knowledge, the institute seeks to create research themes that align closely with industry demands.

### **Focusing on Open Innovation**

Panasonic Holdings is committed to promoting "intellectual property-driven open innovation." This approach allows the company to harness its extensive IP portfolio while collaborating with various organizations and enterprises. The aim is not only to advance Panasonic's business objectives, but also to address broader societal issues through innovative technologies and solutions.

### **Research Areas and Future Impact**

The research initiatives will initially focus on next-generation wireless communication, with the goal of extracting ideas for standards and subsequently transforming those into intellectual property. By fostering an environment of shared knowledge and resources, the institute hopes to accelerate the transition of innovative ideas into practical applications that can benefit society at large.

### **A Long-Term Vision**

The collaboration between Tohoku University and Panasonic is set to continue until June

30, 2027. With leadership from prominent figures in both organizations, this partnership represents a strategic effort to cultivate innovation that is both impactful and aligned with societal needs.

As the landscape of intellectual property continues to evolve, this initiative stands as a testament to the power of collaboration in driving meaningful change. We look forward to seeing the outcomes of this partnership and how it may inspire similar efforts within our own community.

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

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## - Latest IP News in China -

### **1. Ministry of Industry and Information Technology: More than 190,000 effective patents for robots in China, accounting for about two-thirds of the world**

*XINHUA NET, August 22, 2024*

On August 21, the 2024 World Robot Conference opened in Beijing. China has become an important player in global robotics innovation, application expansion and industry governance, with more than 190,000 relevant valid patents, accounting for about two-thirds of the world's total.

Robotics is an important field for the deep integration of artificial intelligence technology and the real economy, promoting human society's acceleration into the intelligence era. At present, in the field of robotics, breakthroughs have been made in cutting-edge technologies such as multi-source information fusion perception and human-computer natural interaction. The pedigree of key components such as reducer, controller, and servo system is becoming more and more perfect; the performance and safety level of industrial robots, such as those used for welding and spraying, as well as service robots, such as in surgery and logistics, continue to improve.

Data shows that China has been the world's largest industrial robot market for 11 consecutive years, and the new installed capacity in the past three years accounts for more than half of the world's total. The density of robots in the manufacturing industry reached 470 per 10,000 workers, an increase of nearly 19-fold in ten years.

Service robots have achieved large-scale applications in family services, medical care and other fields; Special robots play an important role in air-sea exploration, emergency rescue and other fields. The average annual growth rate of operating income of the robot industry is about 15%.

However, industry insiders also said that China's robot industry started late, and there are still problems such as weak positive design capabilities, weak industrial foundation, and insufficient integration of industrial chain innovation chain.

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

### **2. E-Commerce Clash: SHEIN and Temu Engage in Legal Battle Over Intellectual Property Rights**

*SINA, September 1, 2024*

Chinese e-commerce platform SHEIN sued Chinese Pinduoduo Holdings (HD) in the United States on August 20, for infringement of its intellectual property rights.

Temu has also filed a lawsuit against SHEIN. The lawsuit between the two companies illustrates the intensification of intellectual property competition between China's burgeoning e-commerce platforms (ECs).

In the complaint, SHEIN pointed out that Temu had stolen SHEIN's revenue by improperly obtaining consumers by selling counterfeit goods. At the same time, it is claimed that at least one employee of Temu stole the trade secrets of SHEIN's best-selling products. SHEIN also pointed out that Temu impersonated SHEIN through advertisements and social media accounts to guide consumers to actually visit Temu's app and website.

In an interview, SHEIN said they had sufficient evidence to support their allegations against Temu involving misconduct against consumers and suppliers.

Temu's head of PR mentioned: "Despite the fact that SHEIN is facing IP lawsuits, they still seem inclined to place the blame on other companies."

Temu has many products that sell for less than \$10 to attract consumers with low prices. SHEIN also criticized Temu's business model, which deals in low-priced clothing and daily necessities. It was pointed out that Temu's practices resulted in a loss for every item sold, and relied on intellectual property infringement and the sale of counterfeit goods to reduce the losses.

SHEIN operates apparel-focused e-commerce sites in more than 150 countries around the world and is headquartered in Singapore.

Both companies have entered the United States and European markets to compete for market share in the e-commerce segment of apparel and daily necessities. In December 2023, Temu's operating company sued SHEIN for intellectual property infringement, claiming that SHEIN obtained Temu's information by improper means and competed to be the producer. The two companies had previously filed a lawsuit against each other, but the two parties later withdrew the lawsuits.

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

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

### **1. Strategic Use of Divisional Applications in Japan vs. the U.S.: Key Considerations for Patent Portfolios**

Divisional applications are a critical tool for enhancing patent portfolios in both Japan and the U.S., yet the strategic considerations for their use differ significantly between the two countries. In Japan, divisional applications provide unique opportunities for applicants to



continue prosecution while expanding patent protection, but the process comes with strict time constraints. Understanding these differences is essential for applicants seeking to maximize the value of their intellectual property in both jurisdictions.

### **Understanding Divisional Applications**

In the U.S., divisional applications are typically filed to claim distinct inventions excluded due to a restriction requirement (35 USC 121), with the filing date of the parent application preserved. U.S. applicants benefit from multiple options for continuing prosecution, including Continuation-in-Part (CIP) and Request for Continued Examination (RCE), allowing flexibility in addressing rejections and introducing new material.

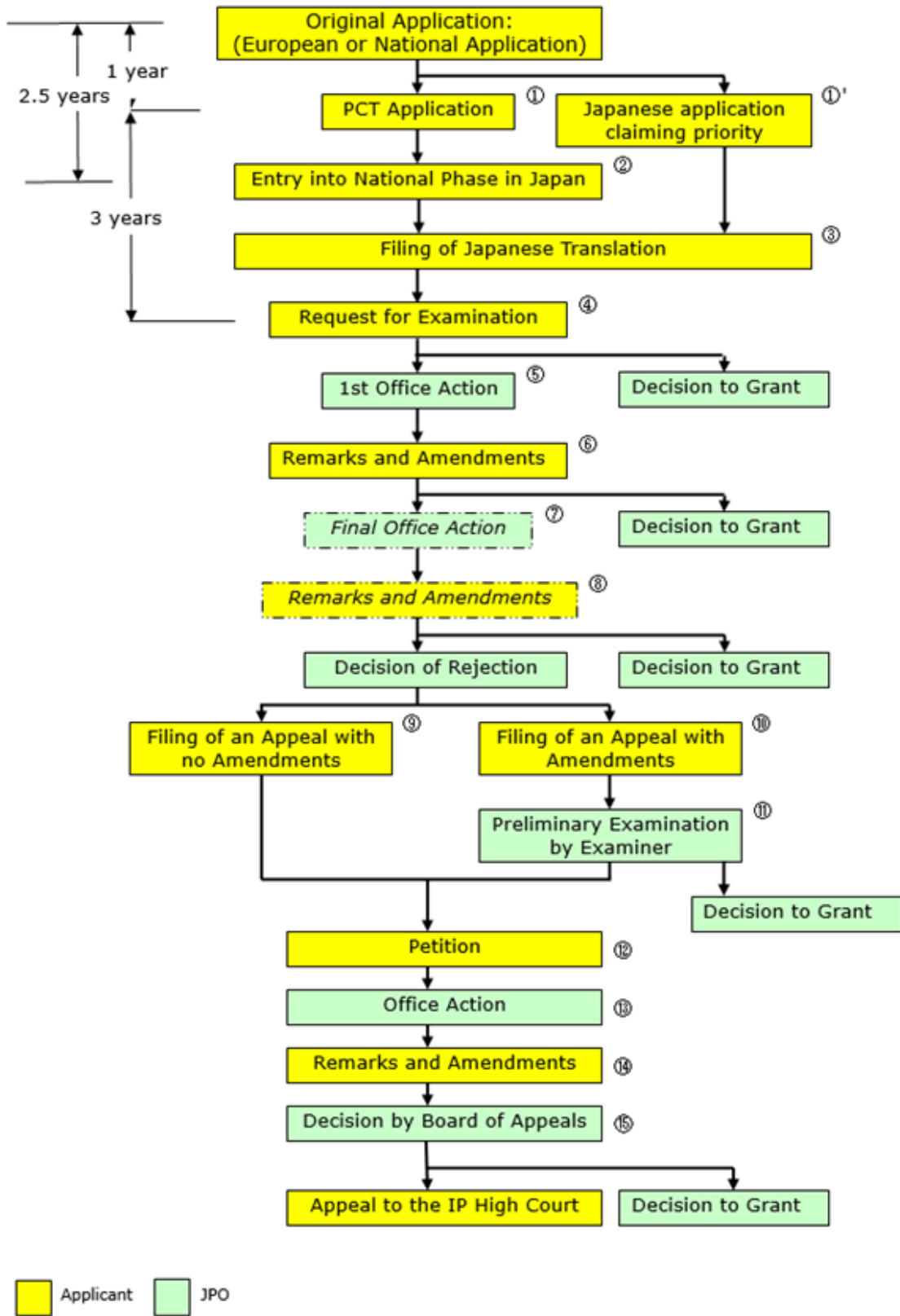
Japan, however, operates under a more restrictive framework. While a divisional application may be filed to enhance patent portfolios and extend claim scope, it must be done within specific time limits. Importantly, Japanese law does not allow for CIP filings, meaning that new matter cannot be introduced after the initial filing. As a result, applicants must carefully draft their claims to avoid double patenting, which arises when claims are identical or substantially identical to those of the parent application.

### **Key Differences in Timing and Process**

The primary distinction between the U.S. and Japan is the timing of divisional filings. In Japan, applicants must file divisional applications within a limited period, often during the response period for an Office Action or immediately after a patent grant but before registration. This contrasts with the U.S., where divisional applications may be filed at any point during the pendency of the parent application, offering greater flexibility.

Another critical consideration is that Japan allows the suspension of examination of a divisional application while the parent application is pending, enabling applicants to refine claims based on the progress of the parent case. This suspension offers a significant strategic advantage for those looking to expand their patent portfolio, but it requires foresight, as the opportunity to file a divisional application closes after the appeal stage in most cases.

**Key steps in Patent Prosecution Procedure in Japan**



A divisional application can be filed:

- at any time before receiving the first Notice of Reasons for Rejection (any time between ①' and ⑤ or between ② and ⑤);
- within the three-month period (extendable up to another three months) for filing a response to each Notice of Reasons for Rejection (either of ⑥, ⑧ or ⑭);

- at the time when an appeal is filed against the Decision of Rejection (either of ⑨ or ⑩);
- within the four-month period for filing an appeal against the Decision of Rejection (even if the appeal is not actually filed) (after the box of “Decision of Rejection” in the flowchart, even if the appeal is not actually filed); and
- within the thirty-day period after receiving the Decision of Grant in the regular examination (NOT after filing an appeal) (after the first three “Decision to Grant” boxes among the five “Decision to Grant” boxes in the flowchart).

### Strategic Considerations

When filing divisional applications in Japan, applicants should carefully weigh several factors:

- **Scope of protection:** Divisional applications allow for additional aspects of an invention to be patented, which can help build a robust patent portfolio. However, because new matter cannot be added, careful attention must be paid to the claims at the time of filing.
- **Timing:** In Japan, divisional applications must be filed within a strict timeframe, typically before the parent application is registered. Late decisions to file a divisional can lead to missed opportunities, especially since registration can happen rapidly after fee payment.
- **Double patenting:** Applicants must ensure that divisional claims do not overlap with the parent application’s claims, in order to avoid rejections. Unlike in the U.S., where obviousness-type double patenting can be addressed with a terminal disclaimer, Japan’s system does not allow such remedies.

### Case Study: Amgen vs. Sanofi

A well-known case illustrating the strategic use of divisional applications is the Amgen vs. Sanofi patent dispute in the pharmaceutical industry. Amgen effectively used divisional applications to enhance its original patent, filing multiple divisionals to claim different aspects of its invention. By filing six divisional applications, Amgen strengthened its patent portfolio and successfully enforced its rights (Japanese Patent Number: 5705288, and 5906333) against Sanofi, underscoring the power of divisional filings in complex patent litigation.

Amgen filed the infringement suit in 2017. In 2019, Sanofi appealed the judgment, but the

finding of infringement was upheld. Sanofi subsequently took the appeal to the Supreme Court, which declined to hear the case, in 2020, solidifying the conclusion of infringement.

## Conclusion

While both the U.S. and Japan offer divisional applications as a way to strengthen patent portfolios, the strategic approach to their use differs greatly. In Japan, applicants must act swiftly and strategically to take full advantage of divisional filings, ensuring that claims are carefully drafted and filed within the allotted timeframe. For companies seeking to protect their innovations in Japan, early planning and proactive communication with patent agents are essential.

By understanding these differences and leveraging divisional applications effectively, applicants can enhance their patent protection and gain a competitive edge in the global market.

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## About

SONODA & KOBAYASHI is a law firm offering dependable legal services for intellectual property. Our multinational team of about 120 experts in technology, law, languages and international communication has served companies worldwide and gained a reputation for thoroughness and reliability.

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