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SONODA & KOBAYASHI
INTELLECTUAL PROPERTY LAW

May 2024

Contents

- **Latest IP News in China**

1. Netlist wins $445m against Micron over patent infringement lawsuit
2. German Court imposes sales ban on Lenovo and Motorola mobile devices over US patent dispute

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

1. Non-Disclosure System under the Economic Security Promotion Act dated November 17, 2023

- News about Sonoda & Kobayashi -

1. Sonoda & Kobayashi invites you to its webinar on Trademarks in the Metaverse on June 20 in collaboration with EU-Japan Centre for Industrial Cooperation and EUIPO

On Thursday June 20th at 5 pm JST/10 am CET, in collaboration with the EU-Japan Centre for Industrial Cooperation and the EUIPO, Sonoda & Kobayashi will host a webinar on Trademarks in the Metaverse.

Along with the acceleration in technological development, an interactive digital space, known as the metaverse, is rapidly taking shape. With people expected to spend more time in such spaces, goods and services that are offered in the physical world also are finding their way to the digital space. In this context, our webinar aims to discuss the use of trademarks in the metaverse, exploring when and how trademark law is applicable. The webinar will focus on bringing both a Japanese and EU-perspective to the table, presenting what classes and goods are appropriate for goods and services in the metaverse, and when applying for a trademark in these classes would make sense in the first place.

Join us for an engaging session that bridges the gap between traditional trademark principles and the evolving digital landscape.

If you are interested in learning more, please register here.

2. Sonoda & Kobayashi invites you to its webinar on "Using Divisionals Effectively in Japan" on July 23

On Tuesday the 23rd of July at 3 pm PDT/5 pm CST/6 pm EST, Sonoda & Kobayashi will hold a webinar on “Using Divisionals Effectively in Japan.” Yasuhide Nishimura, former Chief Trial Examiner at the Japan Patent Office and current Japanese patent attorney, and Sukanya Hummel, U.S. attorney in the International Affairs Department, will help you understand divisionals and the methods and cautions in obtaining patents that are secretly attracting attention in Japan today.

If you are interested in learning more, please register here.

- JPO and CNIPA News -

1. JPO releases report analysing strength of Japanese companies in 5 technological fields

In April 2024, the JPO released the results of its survey on patent application trends by technological field.

The JPO made a report on 5 different technological fields for which it is expecting markets to be newly created, or to expand. In the report, the JPO analyses the strengths and challenges for Japan based on patent data.

In this year's report it examined the fields of solid-state batteries, quantum computing technologies, Passive ZEH/ZEB, drones, and healthcare informatics.

In summary, the JPO found that Japan takes a leading position internationally when it comes to solid-state battery technologies. For quantum computing technologies, applications from Japan, Europe and China are increasing and competition is intensifying. Several Japanese applicants are active in the fields of Passive ZEH/ZEB, drones, and healthcare informatics.

Further information can be found here. (Japanese)

2. JPO committee publishes study on how inventions using AI should be protected under patent law

In April 2024, a research committee from the JPO published their study on how inventions

created by, using, and employing, artificial intelligence should be protected under patent law.

The study compiles discussions by an expert committee, which were based on a survey of publicly available information, as well as questionnaires and hearings conducted in Japan and abroad.

The study concludes that at this point in time, the influence of AI on the creation process of inventions necessitates no immediate change in Japan's patent law.

However, as technological progress in this area is swift, close monitoring is necessary, and ways to protect inventions should be considered as necessary.

Further information can be found here. (Japanese)

3. CNIPA releases the "2023 Status of Intellectual Property Protection in China"

The "2023 Status of Intellectual Property Protection in China" introduced the progress and effectiveness of China's intellectual property protection in 2023 from certain aspects.

1. 462,200 first-instance civil cases of intellectual property rights accepted by courts across the country.
2. 7,049 appeals against intellectual property infringement accepted by Procuratorates across the country.
3. 40,000 cases of infringement of intellectual property rights and the production and sale of counterfeit and shoddy goods filed by public security organs across the country.

By the end of 2023, the number of invention patents in China was 4,990,600, a year-on-year increase of 18.5%. The number of valid registered trademarks in China was 46,146,400, a year-on-year increase of 8.1%. The total number of copyright registrations was 8,923,900, a year-on-year increase of 40.46%. A total of 2,508 geographical indication products have been approved for protection. In 2023, 14,278 applications for new varieties of agricultural plants were accepted, a year-on-year increase of 27.5%, 1,906 applications for rights to new varieties of forest and grass plants were accepted, and 915 were authorized.

Further information can be found here. (Chinese)

4. CNIPA strictly implements the examination of inventive step of utility models and design patents

The revisions to the Detailed Rules for the Implementation of the Patent Law and Examination Guidelines, which came into effect from Jan 20, 2024. They stipulated several steps to improve the quality of utility models and designs. For instance, the inventive step criteria for examinations would be stricter.

In April, the CNIPA released the main statistical data regarding intellectual property from January to March 2024. Compared to the January-March 2023 period, the number of invention patents granted increased by 54.69% year-on-year, utility models decreased by 30.19% year-on-year, and designs decreased by 20.36% year-on-year.

As of the end of March 2024, the effective number of invention patents in China is 5.187 million. Among them, the effective number of domestic invention patents (excluding Hong Kong, Macao and Taiwan) is 4.206 million. The effective number of utility model patents was 12.208 million. The number of effective design patents was 3.275 million.

From January to March, the CNIPA accepted 15,100 PCT international patent applications. Among them, 13,800 were submitted by domestic applicants.

From January to February, a total of 309 international design applications were filed by Chinese applicants, and from January to March, a total of 575 international applications for published designs were from China.

We believe that the grant rate of utility models and designs will continue to decrease.

Further information can be found here. (Chinese)

- Latest IP News in Japan -

1. AI vs. Patent Law: Tokyo Court Upholds Human Inventor Requirement

The Japan Times, May 17, 2024

On the 17th of May, The Japan Times reported on a recent ruling by a Tokyo court against granting patents to inventions produced by artificial intelligence ("AI").

This ruling against granting patent rights to AI raised questions about whether AI can ever be considered an inventor. The decision emerged from a global legal case initiated by Ryan Abbott, a law and health science professor, who sought patents for devices created by an AI system named DABUS. Developed by Stephen Thaler, DABUS autonomously generates inventions.

Japan's Patent Office rejected the application, asserting that patents are exclusive to human inventors according to domestic law. Despite the plaintiff's attempt to challenge this decision in court, the Tokyo District Court upheld the rejection, emphasizing that patents are limited to human-made inventions as defined by existing laws. However, the presiding judge acknowledged the need for legislative consideration regarding AI-generated inventions due to the evolving role of AI in society.

While South Africa has granted patents for DABUS' creations, the United Kingdom, Europe, and the United States are navigating legal processes with varying outcomes regarding patent rights for AI-generated inventions.

Further information can be found here. (English)

2. Japan Dominates All-Solid-State Battery Patents, Trails in Quantum Computing

The Japan News, April 29, 2024

On the 23rd of May, The Japan News reported on recent data showing Japan leading

worldwide in all-solid-state battery patents, but trailing behind the United States in quantum computing patents.

The Japan Patent Office ("JPO") has released data indicating that Japanese companies are at the forefront of global patent applications for all-solid-state batteries, constituting a substantial 48.6% share of total filings. Alongside this achievement, Japan has secured third position globally in patent applications related to quantum computing.

Within the realm of all-solid-state batteries, notable Japanese conglomerates such as Panasonic Holdings Corp. and Toyota Motor Corp. emerge as leaders, spearheading research and development efforts in this technology. Their pioneering work not only reinforces Japan's position as a hub of technological innovation but also underscores the nation's commitment to addressing pressing environmental challenges through sustainable energy solutions.

Conversely, while Japan excels in the realm of battery technology, the United States asserts dominance in the field of quantum computing patents, with tech giant IBM Corp. leading the charge.

Additionally, the JPO's report highlights China's ascendancy in patent applications for drone-related technologies, with a commanding 42.7% share of filings from 2017 to 2021. This underscores China's concerted efforts to establish itself as a global leader in emerging technologies, leveraging advancements in unmanned aerial systems for applications ranging from surveillance to logistics.

Further information can be found here. (English)

- Latest IP News in China -

1. Netlist wins $445m against Micron over patent infringement lawsuit

Bloomberg Law, May 24, 2024

On May 24th, Bloomberg Law reported that Micron Technology has been ordered to pay $445 million in damages to Netlist Inc. after a U.S. jury in Texas found that Micron wilfully infringed on two of Netlist's patents related to memory-module technology for high-performance computing. The jury's decision could potentially lead to an increase in the awarded damages, as wilful infringement allows for the possibility of tripling the compensation amount.

This verdict marks a significant legal victory for Netlist, which has previously secured a $303 million judgment against Samsung in a similar patent dispute. Netlist's successful defence of its patents highlights its aggressive stance on protecting its intellectual property rights.

Micron had contested the allegations, arguing that the patents were invalid. A U.S. Patent and Trademark Office tribunal invalidated one of the patents in April, which might reduce the financial impact of the verdict. However, the overall consequences for Micron, including potential appeals and the impact on its market strategy, remain to be seen.

Further information can be found here. (English)

2. German Court imposes sales ban on Lenovo and Motorola mobile devices over US patent dispute

South China Morning Post, May 13, 2024

On May 13th, the South China Morning Post reported that Lenovo and its subsidiary Motorola are facing a sales ban on their mobile devices in Germany due to a patent dispute with the US firm InterDigital. The Munich I District Court ruled that Lenovo infringed on InterDigital's patents related to Wireless Wide Area Network (WWAN) technology, which is essential for mobile internet connectivity in devices supporting 4G and 5G networks. As a result, Lenovo and Motorola are prohibited from selling, offering, or importing any WWAN-enabled devices, including smartphones, tablets, and laptops, in Germany.

This ruling follows InterDigital's claim that Lenovo did not comply with fair, reasonable, and non-discriminatory (FRAND) licensing terms for the patented technology. The court's decision could have significant implications for Lenovo's operations in Germany, potentially leading to product shortages and affecting German consumers once existing stock is depleted. Lenovo plans to appeal the decision, arguing that InterDigital's licensing terms are not fair.

This case highlights ongoing global tensions over patent licensing, particularly in the tech industry, where standard-essential patents play a critical role in mobile communications technology.

Further information can be found here. (English)

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

1. Non-Disclosure System under the Economic Security Promotion Act dated November 17, 2023

Yoshitaka Sonoda, Ph.D. (Co-founder, Managing Partner, Patent Attorney)

1.Patent Non-Disclosure System

The Economic Security Promotion Act[1] (the “Act”) provides that, if a patent application includes an invention created in Japan and which belongs to a technology area specified by a Cabinet Order[2], the patent application must go through a “Primary Review” by the Commissioner of the JPO and the “Security Review” by the Prime Minister. If the patent application receives a “security designation” as a result of the Security Review (the patent application and the invention which received security designation are herein called the “designated application “ and the “designated invention”, respectively), publication of the application and a decision to grant/reject the application are suspended, and withdrawal of the application, practice and disclosure of the invention without permission, and filing of a foreign patent application, are prohibited. However, the examination procedure at the JPO (including the request for examination, OAs, and amendments) proceeds as usual.

The technology areas specified by a Cabinet Order include those which relate to national

security and industrial development in particular fields. For the latter, only inventions which relate to national defense, created by the government or national organization, or created with the financial support of the government, are subject to the Security Review.

The technology areas relating to national security are 1) camouflage or shielding of aircrafts; 2) drone or autonomous control of weapons; 3) guided weapons; 4) ballistics of projectiles; 5) weapons employing an electromagnetic launcher; 6) new attack/defense technology such as laser or electromagnetic pulse bullets; 7) defense against aircrafts and guided missiles; 8) technologies relating to attack/defense of submarines; 9) location detection using sonic waves for weapons; 20) isotope separation of uranium/plutonium; 21) reprocessing of used nuclear fuels; 22) deuterium water, 23) nuclear explosives; 24) compounds for gas shells; and 25) ammunition spreading gases.
The technology areas relating to industrial development in particular fields are 10) scramjet engines; 11) solid fuel rocket engines; 12) submarines; 13) submarine drones; 14) location detection using sonic waves relating to submarines; 15) thermal protection etc., of spacecrafts; 16) observation or detection of space crafts; 17) semiconductor photosensitive elements using quantum dots or a superlattice structure; 18) protection of computers by anti-tamper housing; and 19) communication jamming.

2. Procedures of Primary and Security Reviews[3]

2.1 Primary Review

Patent applications filed at the JPO are subject to the Primary Review to determine whether the application is to be subjected to the Security Review. The Primary Review is supposed to be completed within 3 months from the filing date of the application.
If a judgment is made in the Primary Review that the application is *not* subject to the Security Review, the prohibition on filing a foreign patent application is lifted[4].

2.2 Start of Security Review

Security Review starts when a patent application is transferred from the JPO to the Prime Minister. The applicant may also request a Judgment by the JPO regarding Eligibility for Foreign Filing (“Request for Judgment”) by its own volition[5].

2.3 Term for Security Review

Security Review is supposed to be completed before the expiration of 10 months from the filing date of the patent application. The prohibition on foreign filing is automatically lifted if a security designation is not received within the above-described 10 months.

2.4 Procedure

The Prime Minister may request the applicant to submit additional materials, such as the information relevant to the influence of the invention to the industry, how the information relating to the invention is managed, etc. during the Security Review.
Before placing a “security designation”, the Prime Minister notifies the applicant that the invention will be designated under “security designation” and provides an opportunity to decide whether to maintain the application or withdraw it. If the applicant decides to

maintain the application, disclosure of the invention is prohibited, and the applicant is requested to submit a report as to how the security of the information regarding the invention is managed. If the application is withdrawn, the Security Review and patent examination are aborted, but the prohibition on filing a patent application abroad is maintained.

"Security designation" will be announced to the applicant with detailed information as to which invention (among those described in the application) is designated.

2.5 Effects of Security Designation[6]

If a patent application is designated under Security Designation:
1) Practice of the invention is restricted (the permission of the Prime Minister must be obtained before practicing the invention);
2) Disclosure of the invention is restricted (but permitted if there is a legitimate reason e.g. if sharing the information is necessary and appropriate for the business, etc.);
3) An obligation is imposed on the applicant to maintain confidentiality of the information regarding the designated invention;
4) A patent application in a foreign country is prohibited; and
5) The patent applicant can demand compensation for the loss caused by the designation (such as R&D expenses which could have been recovered and lost profit which could have been made if the application had not been designated) as long as there is actual loss caused by the designation.

3.Hypothetical Questions and Answers

1) Is it mandatory to first file in Japan, and under what circumstances?

No.[7] Permission for filing a patent application outside Japan must be obtained in advance for the patent applications which are subject to the Security Review, regardless of whether a patent application is filed in Japan or not.

If a patent application is filed in Japan, the Security Review is performed automatically as long as the patent application discloses an invention as described above, and whether or not a foreign filing is permitted will be determined without a specific request by the applicant.

If the applicant wants to file a foreign patent application without filing a Japanese patent application, applicant must file a Request for Judgment by the JPO regarding eligibility for filing abroad ("Request for Judgment") should there be a doubt as to whether or not the application falls in the aforementioned categories.

2) Fees involved in seeking permission for foreign filing (official fees and your fees)

The official fee for the Request for Judgment is 25,000 JPY (approximately €150) and our service fee will also be 25,000 JPY (approximately €150) to make a total of 50,000 JPY (approximately €300). However, our service fee may be subject to changes when the actual workload for the procedure becomes clear.

3) Time required to obtain permission for foreign filing (either by filing in Japan or

requesting for foreign filing license)

If a Japanese patent application is filed for an invention created in Japan and which may be subject to Security Review, application in foreign countries becomes possible when:

1. A decision by the JPO that the application is not subject to Security Review is received. (the decision will be notified only upon request) --- 3 months or less from the filing date;
2. More than three months have passed without a decision that the application has been transferred for Security Review;
3. The application has been transferred for Security Review, and

a. A decision of Security Review is made *not* to make the application an object of Security Designation --- 10 months or less from the filing date;
b. 10 months have passed without a notice of Security Designation;
c. Previously made Security Designation is released.

If no Japanese patent application is filed for the invention which may fall in one of the above-described 25 categories, application in foreign countries becomes possible when the above-described Request for Judgment is filed at the JPO and if:

1. The JPO decides that the application is *not* an object of Security Review; or
2. The patent application is transferred for further review by the Prime Minister who then decides to exclude the application from Security Review.

4) Documents required for seeking permission for foreign filing

1. Title of the invention,
2. Simple explanation of the drawings, and
3. Detailed explanation of the invention in Japanese or English must be submitted when requesting the judgment by the JPO without filing a patent application.

5) What are the restrictions posed on designated patent applications?

The restrictions include:

1. Patent application cannot be withdrawn during the time the invention is designated.
2. Permission from the prime minister is necessary to practice the invention.
3. The information regarding the designated invention must be kept confidential unless there is a valid reason.
4. The applicant must take effective measures to prevent leakage of the information regarding the designated invention.
5. Permission from the prime minister is necessary before sharing the information regarding the designated invention with a business partner.
6. Patent application in a foreign country is prohibited.

6) What is required to maintain confidentiality of the information regarding the designated invention?

The patent applicant and their business partner must take the measures regarding the organization, the personnel, the physical properties, and technical properties, provided by a Cabinet order.

(a) an information manager (responsible for the security of information) must be assigned;

(b) the responsibilities and duties of the information manager must be clearly specified;

(c) the information manager must maintain a record on the period of security designation, the name of the information manager, the status of permission for practice, and other information necessary to properly manage the information regarding designated inventions;

(d) the designated invention must be handled as a trade secret (meaning the trade secret prescribed in Article 2, Paragraph 6 of the Unfair Competition Prevention Act);

(e) regulations regarding the appropriate management must be formulated and implemented, and their operation must be evaluated and improved; and

(f), (g) and (h) omitted here.

7) What happens if a patent application is filed outside Japan in violation of the relevant provisions?

If a patent application is filed outside Japan before the prohibition on foreign patent application is lifted, imprisonment of up to 1 year and/or financial penalty of up to 500,000 JPY may be imposed.

If a patent application is filed outside Japan despite having Security Designation status, imprisonment of up to 2 years and/or financial penalty of up to 1 million JPY.
Furthermore, if a patent application is filed outside Japan during the Security Review, despite having Security Designation status, the Japanese patent application may be dismissed.

8) Is there any difference between the permission to file a patent application abroad obtainable by filing a Japanese patent application and submitting a Request for Judgment?

Yes, there is a difference. Permission to file a patent application abroad is obtainable for a broader range of inventions by filing a Japanese patent application than by submitting a Request for Judgment.

A Japanese patent application goes through the Primary Review and the Security Review, which provides a definitive conclusion as to whether or not the application includes a designated invention for which foreign patent application is prohibited. A foreign patent application is allowed for non-designated inventions.

In contrast, if a Request for Judgment is filed, the prime minister decides whether or not it is clear that the disclosure will not influence national security. In view of this difference, the decision to be made in response to a Request for Judgment is more conservative, that is, it tends, when compared to the Security Review, not to allow foreign applications.

[1] The background and purpose of the Act are described in detail in "The Principles for the Prevention of Information Leakage regarding the Inventions Relevant to the State's and Nation's Security" (Cabinet Decision on April 28, 2023) and "Outline of the Economic Security Promotion Act" which are referred to as necessary in the present note.
https://www.cao.go.jp/keizai_anzen_hosho/doc/kihonshishin4.pdf
https://www.japaneselawtranslation.go.jp/outline/75/905R403.pdf
[2] https://elaws.e-gov.go.jp/document?lawid=335CO00000000016
[3] "System for Non-disclosure of Patent Applications" by the JPO summarizes the examination flow of the patent non-disclosure system.
https://www.jpo.go.jp/e/system/patent/shutugan/patent_applications.html
[4] Foreign filing is prohibited as long as the application includes an invention which falls under the technological areas specified by a Cabinet Order, regardless of whether a Japanese patent application is filed or not. A decision by the Commissioner of the JPO that the application is not subject to Security Review nullifies this restriction.
[5] Filing of a foreign patent application is prohibited when the Preliminary Examination is requested, and lifted if the decision is made by the Commissioner of JPO or the Prime Minister that the application is not an object of Security Review.
[6] If a patent application is not designated under Security Designation as a result of Security Review, the prohibition of foreign filing applied thus far is lifted.
[7] "System for non-disclosure of patent applications" published by the JPO explains that filing first in Japan is an obligation for the inventions falling within the specified technology fields.
https://www.jpo.go.jp/e/system/patent/shutugan/patent_applications.html#:~:text=On%20May%201%2C%202024%2C%20the,invention%20that%2C%20if%20made%20known
However, it does not seem appropriate to call it an obligation to file first in Japan because, under the Act, first filing abroad is allowed if the invention is not designated under security designation and prohibited if the invention is designated regardless of whether a Japanese patent application is filed first (The Act, Article 79) https://www.japaneselawtranslation.go.jp/outline/75/905R403.pdf

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

Tokyo:
Shinjuku Mitsui Building, 34F
2-1-1 Nishi-Shinjuku, Shinjuku-ku,
Tokyo, Japan
〒163-0434
Main Line: +81-3-5339-1093
newsletter@patents.jp

Beijing:
Times Fortune World Tower 2,
Room 2926, No.1 Hangfeng Road,
Fengtai District, Beijing 100070,
China

Main Line: +86-10-5365-6966