

Chapter 2

Examination and Appeal/Trial in the Age of Intellectual Creation

1 Patent Examination

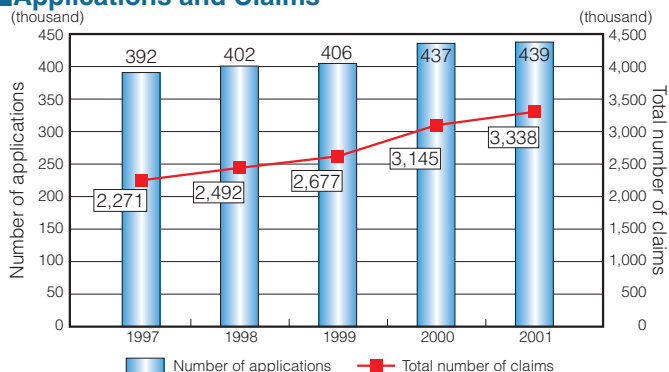
1. Patent Examination

(i) Rapid Increase in Examination Workload

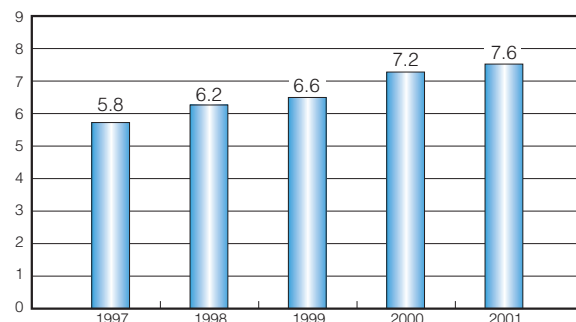
Recently the number of patent applications has been increasing. In 2001, the number increased by 0.5% over the previous year to 439,175, reaching a historical high in Japan. Along with the increase in the number of applications, the total number of claims per application increased by 6.1% over the previous year to 3,338,000, showing a considerably higher growth rate than that of the number of applications.

Such rapid increase in the number of patent applications, which reflects a worldwide trend called the "patent explosion" has also been seen at the United States Patent and Trademark Office (USPTO), which experienced an increase of 11.2% over the previous year to 326,081 (2001), and at the European Patent Office (EPO), which experienced an increase of 9.3% over the previous year to 110,025 (2001).

■ Applications and Claims



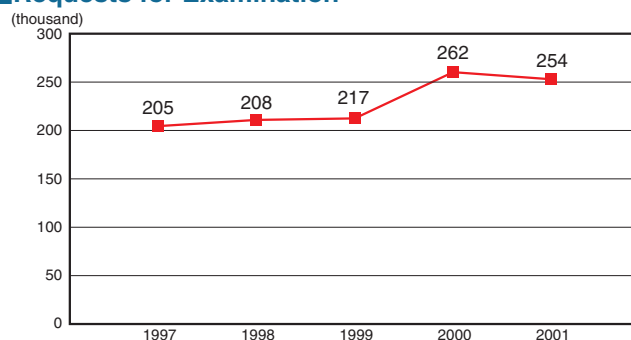
■ Claims per Application



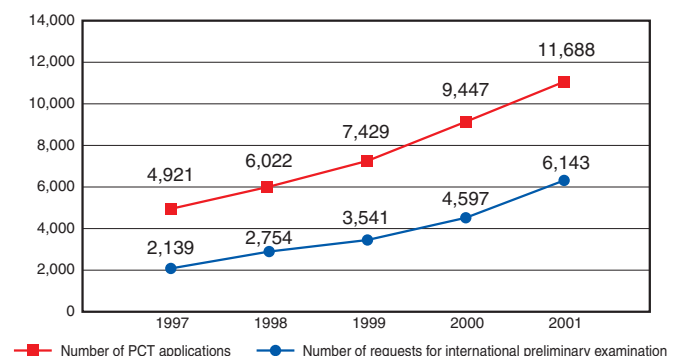
The number of requests for examination reached 261,690 in 2000 and 253,826 in 2001, showing a sharp increase over the late 1990s. Such increase may not only be due to the increase in the number of applications but also to the increase of requests that were filed by applicants who had no choice but to file early as a preventive measure. In the new examination system, which came into effect on October 1, 2001, the examination request period was shortened from 7 to 3 years.

Furthermore, the number of Patent Cooperation Treaty (PCT) applications filed with the JPO, for which examiners prepare international search reports and international preliminary examination reports, as well as the number of requests for international preliminary examination considerably increased respectively by 23.7% over the previous year to 11,688 and by 33.6% over the previous year to 6,143 in 2001.

■ Requests for Examination



■ PCT Applications and Requests for International Preliminary Examination



With the numbers of requests for examination, PCT applications and requests for international preliminary examination rapidly increasing and the subject matter claimed in the applications becoming increasingly sophisticated, the JPO is implementing comprehensive measures to increase the number of examiners, enhance the outsourcing of prior art searches and promote the Paperless Project.

■ Actual Examination Results (patent + utility model under the old law) by Calendar Year

Actual results	2000	2001	Year-on-year increase
Number of first examinations	192,244	196,416	102%
Number of subsequent examinations	145,279	149,693	103%
Number of international search reports	8,468	10,716	127%
Number of written opinions	3,300	4,669	141%
Number of international preliminary examination reports	4,162	5,163	124%
Number of reconsiderations before appeal	12,604	18,663	148%
Number of reports of expert opinion on registrability of the utility model	1,822	1,337	73%
Total	367,879	386,657	105%

(Note) "Number of first examinations" includes the number of first examinations of applications for registration of an extension of the term of patents for medical products, etc.

However, the number of requests for examination and the number of PCT applications increased at a higher rate than the number of applications actually examined, expanding the gap between the number of requests for examination and the number of applications examined and resulting in a longer examination period.

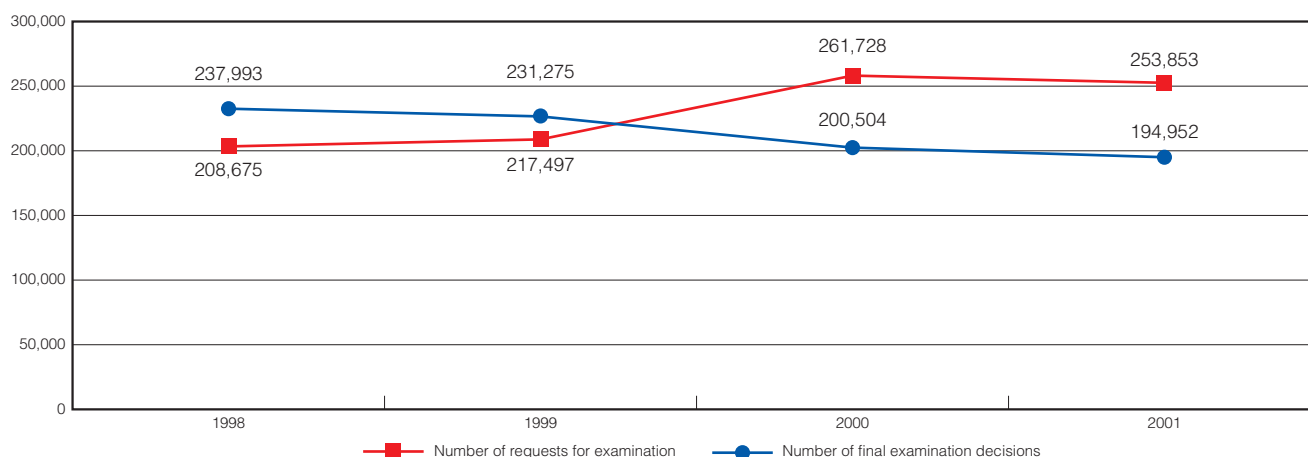
■ Longer Examination Period

	1999	2000	2001
Number of unexamined applications	370,000	430,000	480,000
Examination waiting period	19 months	21 months	22 months
Examination completion period	26 months	27 months	28 months

(Note) "Examination waiting period" refers to the period between the filing of a request for examination and the commencement of examination.
"Examination-completion period" refers to the period of time between the filing of a request for examination and the final decision such as a decision to grant a patent or decision of refusal, including the period of time for response by the applicant to the results of the first or subsequent examinations

The gap between the number of applications examined and the number of requests for examination, also seen at the USPTO and EPO, is the reason for the hiring of more examiners.

■ Examination at the JPO



Source: The number of final examination decisions made at the JPO is for patent and utility model applications

(ii) Increase in the Importance of Patents and Demands for Qualitative Improvement

In Japan, where becoming a science and technology-oriented nation is a national goal, more and more patent applications are filed for important technologies to support the creation of new businesses and products and to secure international competitiveness. Furthermore patent infringement lawsuits and amounts of damages are also increasing. Examples are: ¥3 billion in an October 1998 Tokyo District Court decision (patent infringement lawsuit concerning a medical product (H2 blocker); plaintiff: Smith Kline & French Laboratories, Ltd.; defendant: Fujimoto Pharmaceutical Corp.); ¥8.4 billion in a march 2002 Tokyo District Court decision (patent infringement lawsuit concerning a pachinko-slot machine; plaintiff: Aruze Corp.; defendant: NET Co., Ltd., Sammy Corp.). The value of patent rights is rapidly increasing.

In this situation, if patent rights, in particular those for technology with a high economic value or with a great impact on business management, are invalidated or the scope of the right is changed, patentees and other parties concerned would be adversely effected when conducting businesses or exercising these rights. In light of this, patent examination results should be stable as to not be revoked later in trials for invalidation or infringement lawsuits.

Upon granting a patent right, industries at home and abroad expect the JPO to examine applications giving due consideration to the requirements for patentability such as novelty and inventive step in order to promote innovative technological development, prevent excessive competition in applications, and avoid inhibiting fair exploitation of and management by third parties.

According to the Present Situation of Intellectual Property Rights in the Manufacturing Industry and Efforts Made by Enterprises (October 2001, Manufacturing Industry Bureau, Ministry of Economy, Trade and Industry), which details the present situation of intellectual property rights confronting the Japanese manufacturing industry and highlights the concerns of enterprises, the recent shortening of the examination period has been welcomed. However, it quotes industry as stating that, "since the beginning of efforts to promote examination ... some industries and enterprises have complained that, in some technical fields, applications that would not have been granted patents in the past are now being granted patents". Further problems resulting from the shortened examination period are enumerated, and the wish is expressed that the requirements for inventive steps be rendered more stringent.

Furthermore, in the "Study Report on Patents in New Fields from the Viewpoint of Competition Policy" (June 2002, Japan Fair Trade Commission), a strong request for precise examination is presented in the statement "under the pro-patent policy aiming at protecting 'strong and broad' rights, it is necessary to increase the quality of patent examination with respect to the requirements for patentability such as novelty and inventive step and the requirements for written description (the scope of claims)."

In response to such demands from industry, the JPO is making efforts (mentioned later) and implementing strict examination with respect to the requirements for patentability such as novelty and inventive step and the requirements for written description. The rate of decision of refusal has increased by 9.5 percent in the last three years.

■ Patent Examination by Calendar Year

Year	Number of decisions to grant patents	Number of decisions of refusal	Number of applications withdrawn or abandoned	Number of final decisions	Rate of decision of grant	Rate of decision of refusal
1998	129,443	66,355	3,610	199,408	64.9%	35.1%
1999	135,412	73,331	3,603	212,346	63.8%	36.2%
2000	116,279	75,347	4,034	195,660	59.4%	40.6%
2001	107,581	82,540	4,083	194,204	55.4%	44.6%

Note 1: Number of final decisions = Number of decisions to grant patents + number of decisions of refusal + number of applications withdrawn or abandoned

Note 2: Rate of decision of grant = Number of decisions to grant patents / number of final decisions

(iii) Diverse User Needs for Prompt Examination

Timely and high quality examination is a duty of patent administration based on the substantive examination principle. It is important that administration ensure the high quality and timeliness of examination.

Above all, early patent granting is required for production technology in technical fields undergoing rapid change in terms of technological innovation and model changes as well as for industrially feasible technology of small and medium-sized enterprises (SMEs) and venture enterprises that need to quickly recoup their R&D investment. On the other hand, there is the view that, as with drug inventions that can be marketed only after clinical tests and subsequent approval examinations, effective protection will be assured by setting the scope of each right based on confirmed technological trends and industrial trends. Under these circumstances, the need for promptness is actually diversified.

2. Efforts to respond to Contemporary Needs in Examination

(1) Efforts to respond to the Increasing Examination Workload

(i) Increasing the number of examiners and utilizing functions in the private sector

In order to respond to the rapid increase in the examination workload, the JPO makes efforts to improve the examination system by continuously increasing the number of examiners and outsourcing prior art searches, which are preliminary searches necessary for examiners to judge patentability, as well as the assignment of IPC to the Industrial Property Cooperation Center, a search agency designated under the Law Concerning Special Provisions for Procedures on Industrial Property Rights.

More specifically, schemes for outsourcing prior art searches (search contracts) are divided into the supply type and the interactive type. Today, the JPO is shifting emphasis from the supply-type to the interactive-type so that search contracts will contribute to increasing efficiency in examination procedures.

(A) Interactive-type Search Contracts

The searcher reports the prior art search results to the examiner in a personal interview, and in response to the report, the examiner directly gives instructions or advice to and asks questions of the searcher. The purpose of this type of contract is to encourage examiners to understand the contents of patent applications and prior art documents more efficiently.

(B) Supply-type Search Contracts

The searcher supplies a report of the prior art search results to the examiner who takes the report into account in examination. The purpose of this type of contract is to increase efficiency in examination.

In addition to such measures outsourcing searches, with the objective of reducing examiner workload and promoting patent examination, the JPO employs research officials who have detailed knowledge of specific technology as well as advanced expertise and experience in the patent system and practices. These research officials are assigned to carry out searches for examination of patent applications and organize points of issue in preliminary written opinions.

(ii) Introducing the System for Disclosure of Information on Prior art Documents

The system for disclosure of information on prior art documents came into force on September 1, 2002. In this system, if a person desiring a patent knows, at the time of filing of a patent application, any prior art related to the invention for which a patent is sought, the detailed description of the invention shall contain the name of a publication in which the prior art is described and any other information on prior art documents. The purpose of this system is to clarify the technical significance and the technical contribution of the invention in comparison with the prior art that the applicant acknowledges, and to improve the examination procedures. Along with the introduction of this new system, the JPO has prepared and published new examination guidelines on requirements for disclosure of information on prior art documents. By making this system known to the public and promoting its steady implementation, the JPO will make efforts to ensure more prompt and precise examination.

(iii) Examiner Exchange

In order to promote the sharing of results of prior art search and examination for patents, it is important to improve the mutual understanding among examiners of various patent Offices with respect to prior art search and examination as well as foster mutual confidence. Toward this end, the JPO exchanges examiners with the

EPO and other patent Offices such as the United Kingdom, Germany and the Republic of Korea.

(2) Efforts in response to User Needs for Examination

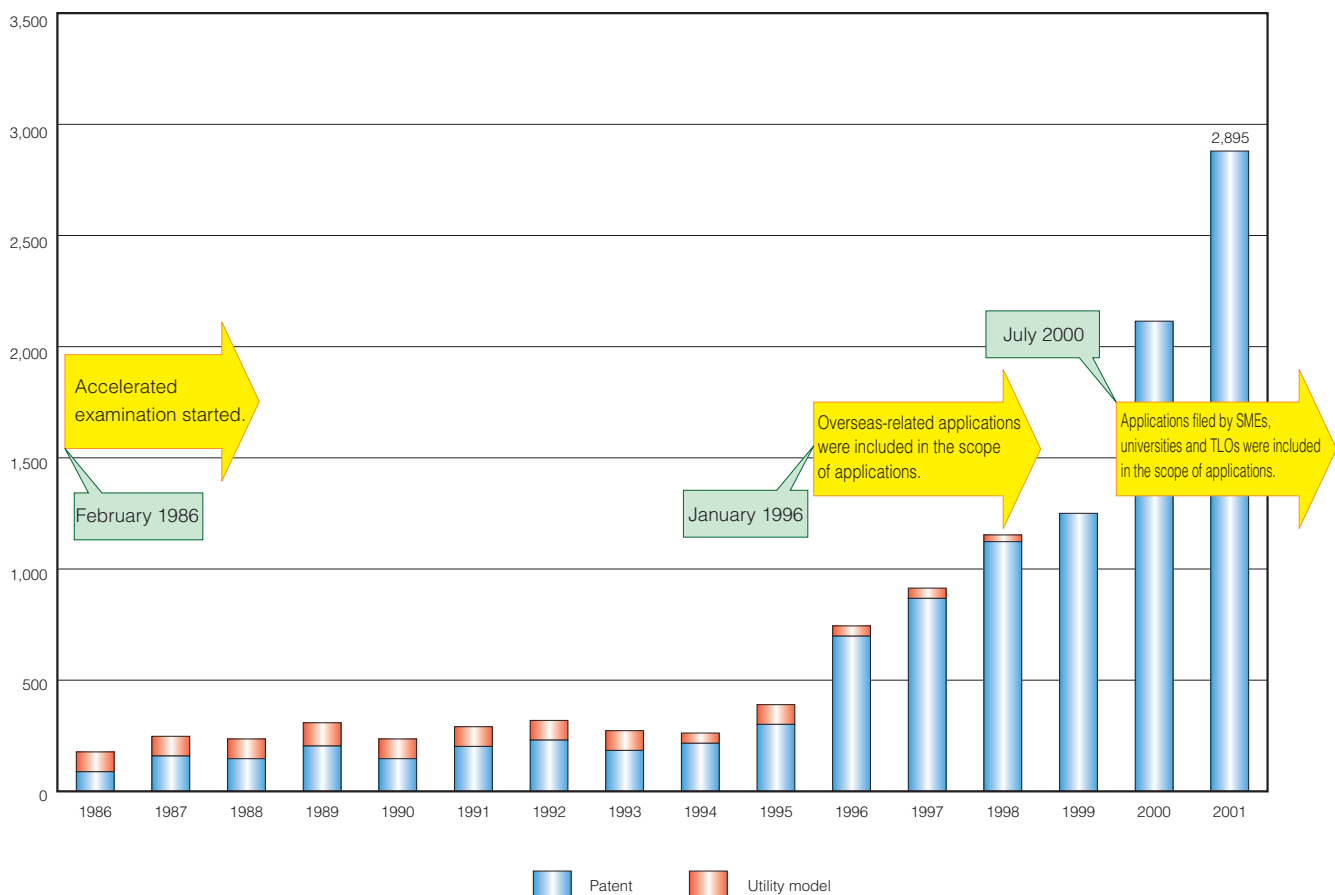
As mentioned above, with diverse needs for promptness in examination but limited examination resources, such as the number of examiners, the JPO is taking the following measures to preferentially examine, if requested, applications that require early granting.

(i) Drastic Enhancement of the Accelerated Examination System

For the purpose of allowing early use of R&D results and supporting global economic activity, the JPO adopts an accelerated examination system to respond more adequately to applicant needs for early acquisition of rights. In this system, the JPO has been accepting requests for examination on working-related applications concerning inventions that have already been or are expected to be worked and overseas-related applications filed not only with the JPO but also with foreign patent Offices.

Since July 2000, in order to ensure increased market competitiveness of SMEs and venture enterprises with limited financial means and more effective social use of research results produced at universities and public research institutes, the JPO has applied the accelerated examination system to applications filed by universities, public research institutes, SMEs and venture enterprises, in addition to working-related applications and overseas-related applications. Accordingly, the procedures were significantly simplified. Recently, the number of requests for accelerated examination has been increasing as a result of repeated expansion of the scope of applications falling under this system, simplification of procedures, and increased awareness and use of the system. In 2001 the average examination period was 3.2 months from the date of request for accelerated examination.

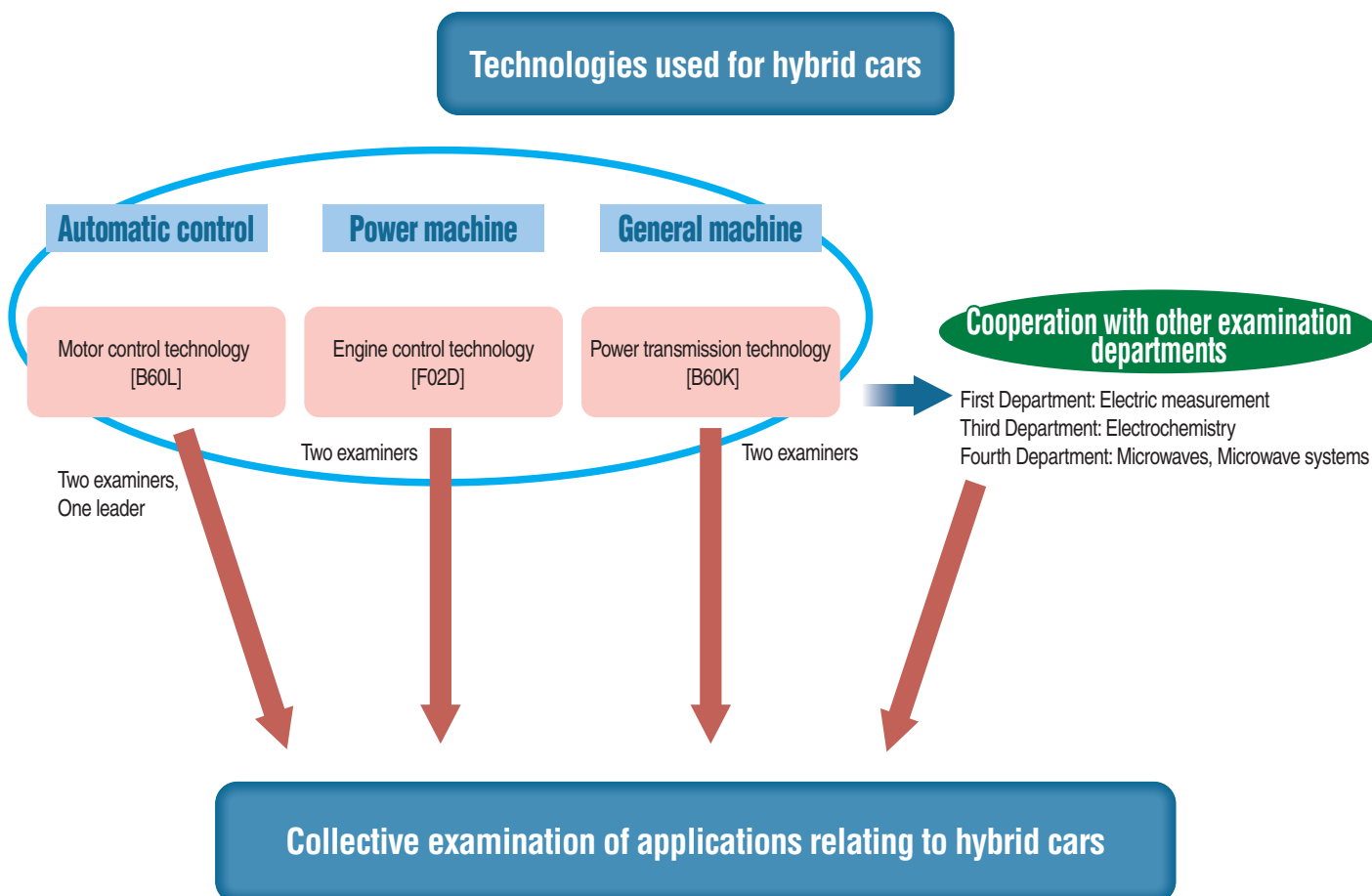
■ Reform of the Accelerated Examination System and the Number of Requests



(ii) Promotion of Consolidated Examination of Related Applications

With respect to a group of technically relevant applications, such as a group of applications concerning composite technology, a group of applications concerning the same product, and a series of applications concerning inventions made by the same inventors, the JPO systematically identifies technical matters of such related applications in a group and collectively examines them. Under unified examination standards, the JPO is thereby promoting flexible examination precisely and in response to needs. The JPO tries to understand applicant needs concerning advanced technology, such as whether the application concerns to the company's core-competencies.

■ Example of Consolidated Examination of Relevant Applications (hybrid cars)



(iii) Promotion of Examination through Interviews with Applicants and Attorneys

In order to fully and properly understand the opinions of applicants and attorneys, since FY 1996 the JPO has been implementing the circuit examination system in which examiners visit areas to interview SMEs and venture companies where there is less opportunity to meet examiners, in addition to conventional interviews at the JPO building. In FY 2001, the JPO implemented circuit examination 52 times in 17 prefectures in total and dealt with 891 applications. In 2002, the JPO aims to implement circuit examination to deal with a total of 1,000 applications.

(3) Efforts for Precise Examination to Establishing Stable Rights

(i) Revision of the Examination Guidelines

It had been pointed out that excessive responsibilities of proof were imposed on examiners when determining the involvement of inventive step. In light of such opinion and recent court decisions, the Examination Guidelines were revised in December 2000 to enable examiners to more flexibly and elastically determine inventive step. In addition, the standards concerning the requirements for written description in the specification were clarified to properly respond to diverse expressions of various inventions.

(ii) Sufficient Protection of Inventions in Cutting-edge Fields

For the purpose of securing international competitiveness of Japanese industry, it is necessary to carry out examination more promptly and precisely with respect to inventions in cutting-edge technology fields, such as life science technology and information technology (IT). Under such circumstances, the JPO is making efforts to improve the Examination Guidelines and collect related examples.

(A) Life Science-related Inventions

(a) Gene-related Inventions

From 1997 to 1998, the USPTO relaxed its standards by granting patents to inventions related to DNA fragments (ESTs) with unknown functions, resulting in a complete inconsistency in the handling of such inventions among the Trilateral Offices. Under this situation, at the JPO's suggestion, a comparative study was conducted on the patentability of DNA fragments in hypothetical cases at the Trilateral Offices. At the Trilateral Meeting held in November 1998, it was confirmed that the patent specification for any gene-related invention should disclose the functions of the genes. In light of the results of the comparative study, the JPO published "Examples of Examinations of Gene-related Inventions" in October 1999. This publication provides specific judgments on the requirements of enablement and inventive step of inventions related to DNA (fragments and complete lengths) and SNPs (single nucleotide polymorphisms causing individual differences).

(b) Comparative Study on the Patentability of Reach-through Claims¹

Along with the progress of methods for developing new medicines, patent applications that claim an unspecified number of chemicals while only disclosing the screening method thereof are increasing. If a patent is granted to chemicals though nothing but the screening method thereof is disclosed in the patent application, the effect of patent would extend to candidates for medicines. In June 2000, the JPO published "Examples of Examination of Inventions in the Chemical Field", which started that patents should not be granted to chemicals where nothing but the screening method thereof was disclosed. Later, at the technical meeting of the Trilateral Offices held in May 2001, it was agreed that a comparative study on the patentability of such "reach-through claims" be carried out, and the results of the study were reported to the Trilateral Meeting held in November 2001. According to the Trilateral Report, as a result of the comparative study that was carried out by taking examples with respect to the requirements of industrial applicability, enablement, and clarity, it was confirmed that the Trilateral Offices determined in the same manner whether all these requirements were met.

(c) Protein Structure-related Inventions

Drastic achievements have recently been made in the analysis of human genes under international projects. Currently, as post-genome research, new approaches are being taken for the development of medicines (genome medicines), by applying information processing technology to information on protein structures produced based on gene information. On the other hand, the handling of inventions relating to new technologies such as those that exist in the border area between biotechnology and computer software technology, conventionally not closely related has yet to be clearly defined. At the technical meeting of Trilateral Offices held in May 2002, the JPO proposed carrying out a comparative study on how to handle protein structure-related inventions in examination practice, and an agreement was made on this proposal. Based on the results of the comparative study, the JPO will prepare and publish examples of examinations presenting specific examination results by the end of fiscal year 2002.

(B) Information Technology (IT)-related Inventions

Along with the spread of personal computers and progress in the development of social infrastructures such as the Internet, a considerable number of patent applications have been filed with respect to inventions relating to business methods that utilize general-purpose computers and existing networks (hereinafter called "business-related inventions"). Under such circumstances, there have been calls to clarify what requirements should be met to obtain patents for such inventions as well as to improve the predictability of obtaining patents. Furthermore, due to the spread of networks, the distribution of computer programs has shifted from

¹Reach-through claims are claims including not only inventions that are already disclosed but also inventions that will be made based on the disclosed inventions.

transactions using recording media such as CD-ROMs to transactions via networks. Accordingly, proper protection for such computer programs has been required in response to such change in the distribution form.

In light of this, in order to clarify the handling such business-related inventions, which draw high social attention, and to properly protect computer programs distributed on networks, the JPO published the revised "Examination Guidelines for Computer Software-Related Inventions" in December 2000. The main points of the revised guidelines are as follows:

- Computer programs not recorded on media shall also be treated as inventions of products
- Creation of software shall fall under inventions provided in the Patent Law if hardware and software are used as a unit to concretely realize an idea
- By presenting sufficient examples on the determination of inventive step in business-related inventions, inventions which can easily be conceived by those who have knowledge in both the individual business field and the computer technology field shall not be deemed to involve inventive steps.

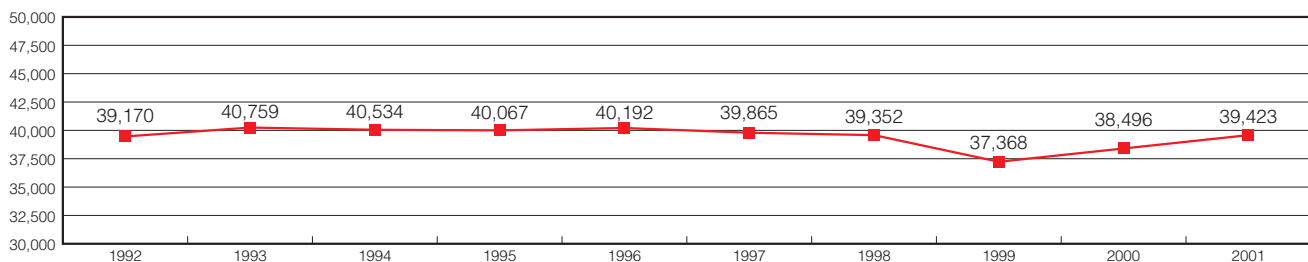
Furthermore, the Patent Law was amended in April 2002, to specifically provide that computer programs be treated as inventions of products.

2 Design Examination

1. Design Application Trends

Recently the number of design applications filed annually has remained slightly under 40,000. There has, however, been a slight increase since the revised Design Law came into effect in 1999. In 2001, the number of design applications was 39,423, up 2.4% from the previous year (the number in 2000 was 38,496, up 2.2% from the previous year.)

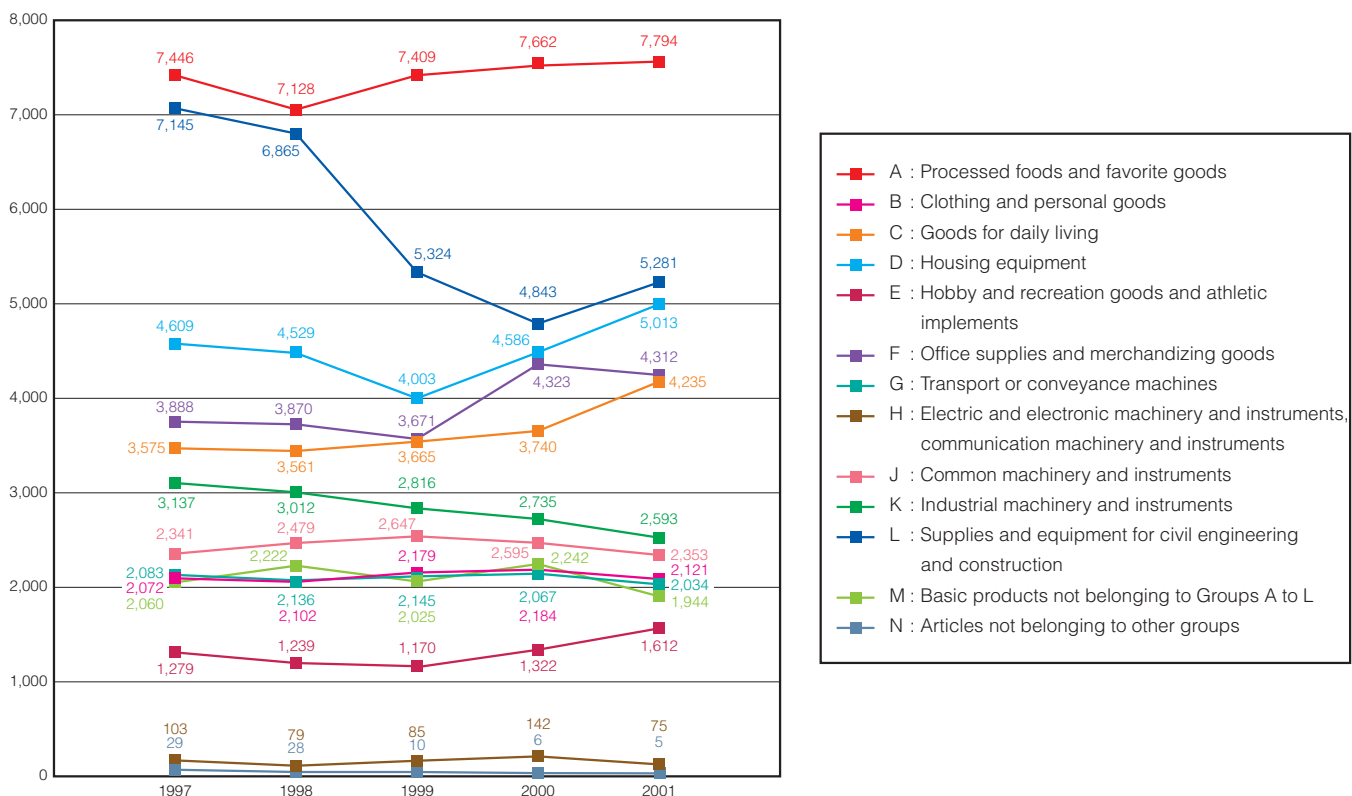
■ Design Applications



In terms of the number of design applications by design field, the number of applications in Group H (Electric and Electronic Machinery and Instruments, Communication Machinery and Instruments), Group L (Supplies and Equipment for Civil Engineering and Construction), and Group D (Housing Equipment) is still large.

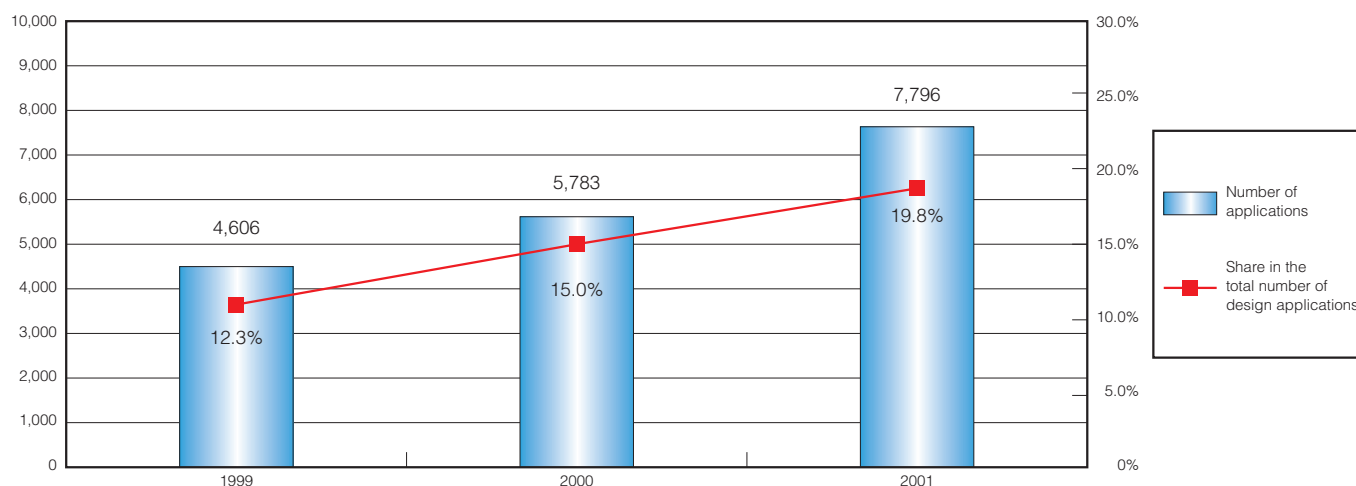
The number of applications in Group H, Group D, Group C (Goods for Daily Living), and Group E (Hobby/Recreation Goods, and Athletic Implements) continued their increase in 2001. Additionally, the number in Group L, which had been decreasing in recent years, showed signs of recovery. On the other hand, the number in Group K (Industrial Machinery and Instruments) and Group J (Common Machinery and Instruments) slightly decreased.

■ Design Applications by Design Field

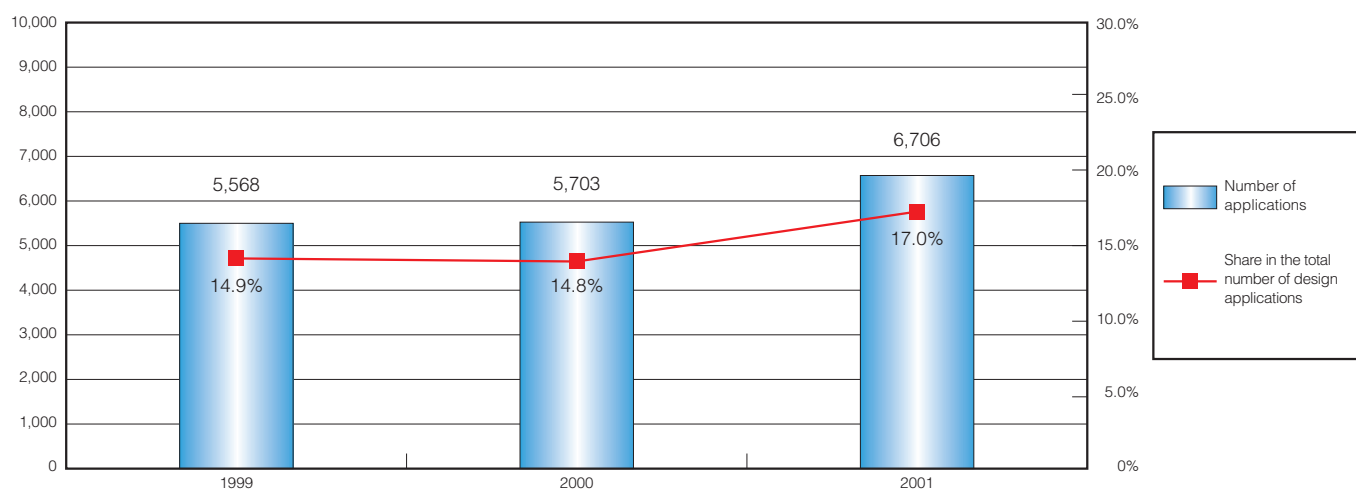


The number of applications for partial designs and for related designs, both of which began to be accepted in 1999, has been increasing every year. The number of applications for partial designs reached 7,796 in 2001, accounting for about 20% of the total number of design applications (In 2000, the number was 5,783, accounting for about 15% of the total). By design field, the share of partial designs was the largest with 27.5% (1,178 applications) in Group F (Office Supplies and Merchandizing Goods). The share of related designs was the largest with 23.0% (1,214 applications) in Group L (Supplies and Equipment for Civil Engineering and Construction).

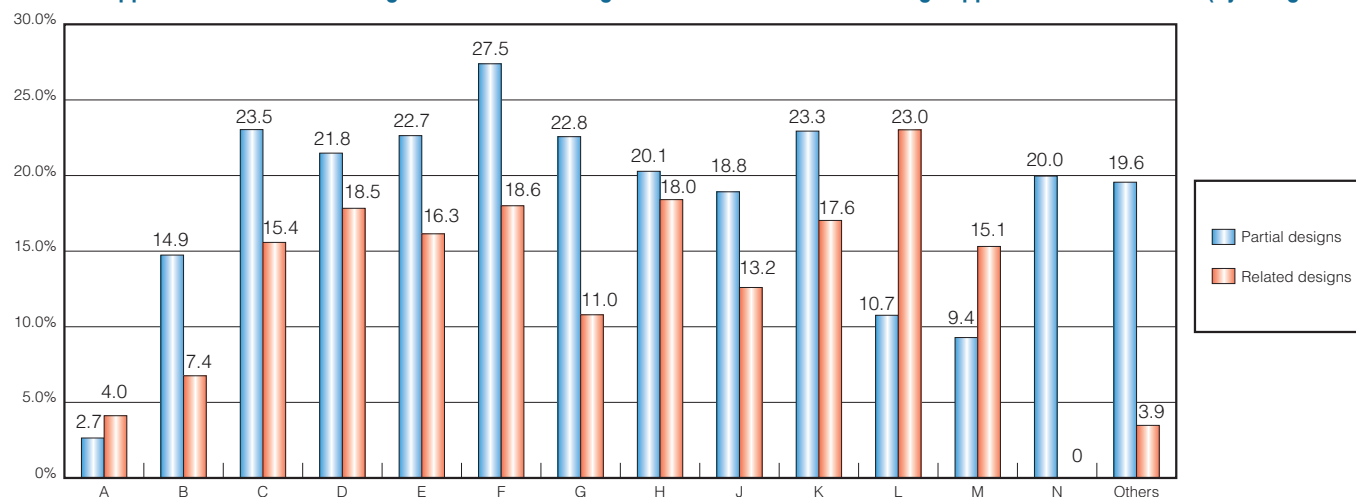
■ Number and Share of Applications for Partial Designs



■ Number and Share of Applications for Related Designs



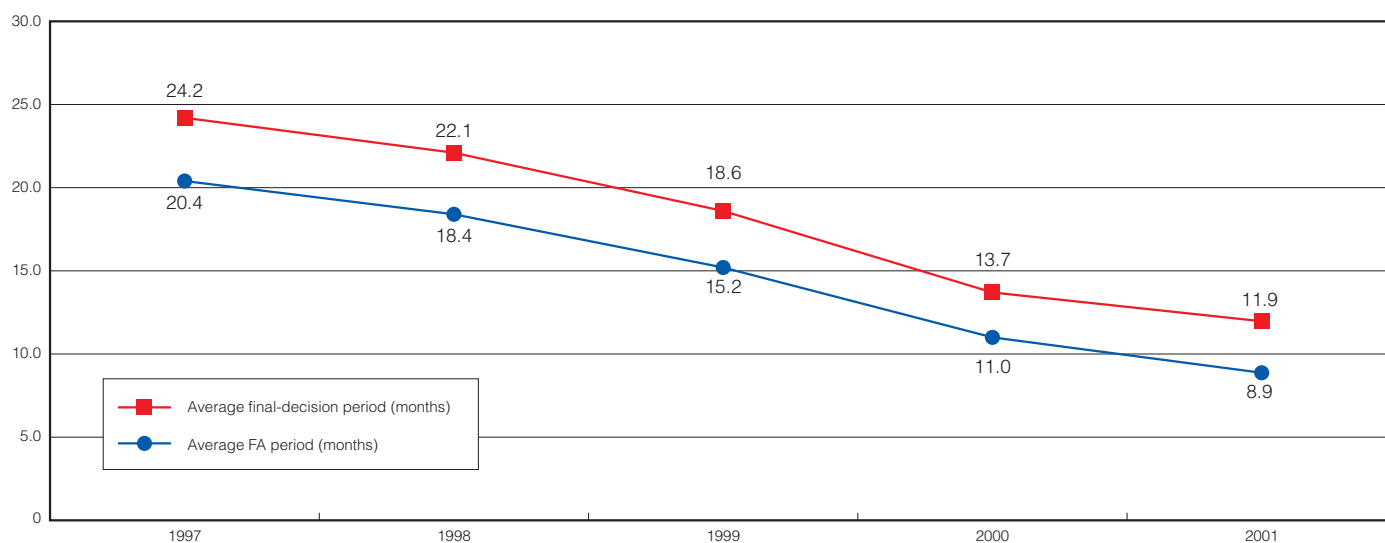
■ Share of Applications for Partial Designs and Related Designs in the Total Number of Design applications filed in 2001 (by design field)



2. Design Examination

In design examination, the JPO made efforts to increase efficiency in examination procedures by introducing the biannual examination system¹ and utilizing document researchers. As a result, the JPO has successfully reduced the examination period. In 2001, the average first action period (FA period) was reduced to 8.9 months and the average final-decision period (period from application filing to final decision) was reduced to 11.9 months. At present, the JPO strictly controls the examination schedule with the goal of establishing a design right within a year from the filing of the application with respect to all applications without defects (DR1 Project).

■ Average FA period and Final-Decision Period



3. Accelerated Examination

In 2001, requests for accelerated examination were filed for 44 design applications, of which 27 applications were selected for accelerated examination (61.4%). For these selected applications, the average first action period was 2.7 months from the request for accelerated examination.

4. Examination Guidelines for Designs

The Examination Guidelines for Designs were revised to include operational guidelines in accordance with the amendments to the Design Law in 1998 and 1999. The revised guidelines were published in February 2002.

In order to deal with increasing design applications for image designs regarding machine operation screens that are filed as partial designs, the JPO prepared Guidelines on Treatment of Delineation of Liquid Crystal Screens, etc. (partial designs applicable version) and published them together with the Examination Guidelines for Designs mentioned above.

¹In design examination two or more applications relating to a specific design field (e.g. motorcycles) that are filed during a certain period of time are collectively examined (batch examination and examination on applications in the same design field is carried out twice a year). Accordingly, it is called the biannual examination system.

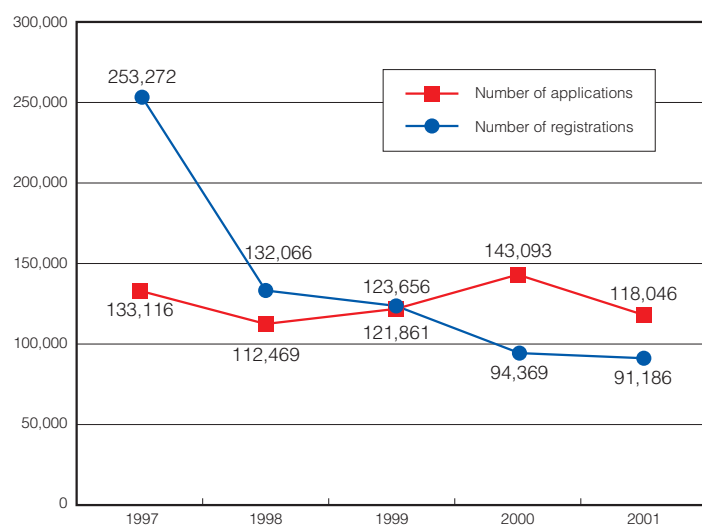
3 Trademark Examination

1. Trademark Application Trends

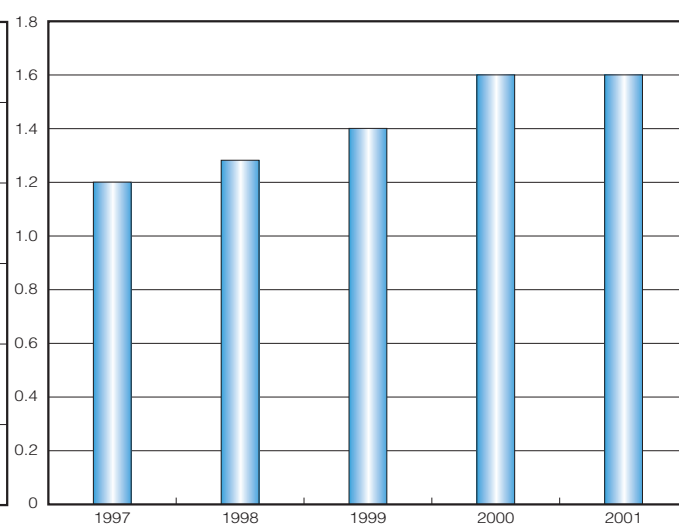
The number of trademark applications decreased in 1998, started to increase in 1999 and reached 143,093 in 2000, an increase of 17% over the previous year. In 2001, the number decreased by about 18% over the previous year to 118,046.

On the other hand, the number of trademark registrations has been gradually decreasing due to an increase in the average number of classes designated per application resulting from introduction of the multi-class application system in April 1997.

■ Trademark Applications and Trademark Registrations



■ Average Number of Classes Designated per Application (multi-class rate)



2. International Trademark Application Trends

(i) Applications for International Registration (filed from Japan to overseas)

In 2001, both the number of applications for international registration and the number of designated countries increased. In 2002, the number of applications was 20 per month and the number of designated countries was about 180 per month. China and European countries were most frequently designated, with some applications designating all Member countries without exception.

■ Number of Applications for International Registration per Month

Number of applications per month	1	2	3	4	5	6	7	8	9	10	11	12	Total
Number of applications in 2002	14	17	17	15	18	32	18	20					151
Number of designated countries	122	268	198	90	172	207	174	194					1,425
Number of applications in 2001	15	24	23	16	27	25	35	30	14	21	22	28	280
Number of designated countries	175	348	359	200	253	239	295	382	207	360	279	162	3,259
Number of applications in 2000	—	—	12	14	14	27	19	16	19	21	23	22	187
Number of designated countries	—	—	122	95	73	277	118	177	217	206	176	373	1,834

(ii) Applications for international trademark registration (filed from overseas to) Japan.

The number of applications increased in 2001 then decreased to about 430 per month in 2002. Applications were filed mainly from Germany, France, Switzerland and Italy.

■ Applications for international trademark registration per month

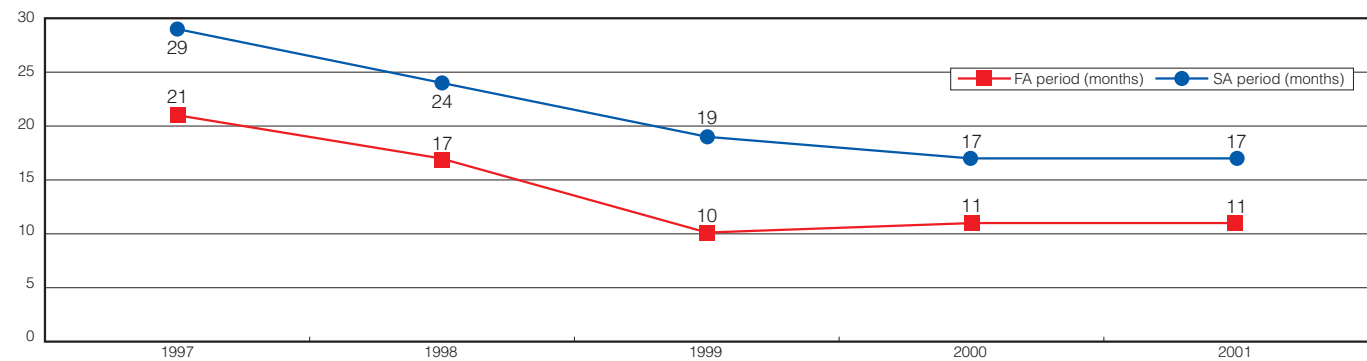
Number of applications per month	1	2	3	4	5	6	7	8	9	10	11	12	Total
2002	422	440	431	393	487	402	411	445					3,431
2001	287	458	597	465	469	352	547	696	388	375	569	506	5,709
2000	—	—	0	62	127	280	210	364	357	363	384	428	2,575

3. Trademark Examination

The first action period (hereinafter called "FA period") in trademark examination was 21 months at the end of 1997. Due to measures taken to reduce the examination period, the FA period was reduced to 10 months at the end of 1999.

Subsequently, despite the increase in the number of applications in 1999 and 2000, the FA period remained at 11 months at the end of 2001.

■ Average FA and SA Periods



(Note) FA period: Period from the filing date to the date when the first notice of examination results is dispatched
SA period: Period from the date of first action to the date when the second notice of examination results is dispatched

4. Accelerated Examination

In response to the needs for early examination of applications which are involved in counterfeit and infringement cases and along with the globalization of economic activities, the JPO implements the accelerated examination system in which the examination process is accelerated when there is an urgent need for granting a right because the applicant has already started to use or has made preparation for using the trademark in the application and a third party uses the trademark without the applicant's consent.

Accelerated examination shall apply to trademark applications that satisfy the following two requirements.

(A) The applicant himself/herself or licensee has already started to use the trademark in the application or made preparation for using it to a significant degree for the designated goods or services (or some goods or services thereof)

(B) There is an urgent need for granting a right because

(a) It is obvious that a third party uses or has made preparation to a significant degree for using, without the consent of the applicant or licensee, the trademark in the application or a trademark that is similar to it, in respect of the designated goods or services for which the applicant or licensee uses or has made preparation for using the trademark or goods or services similar to those

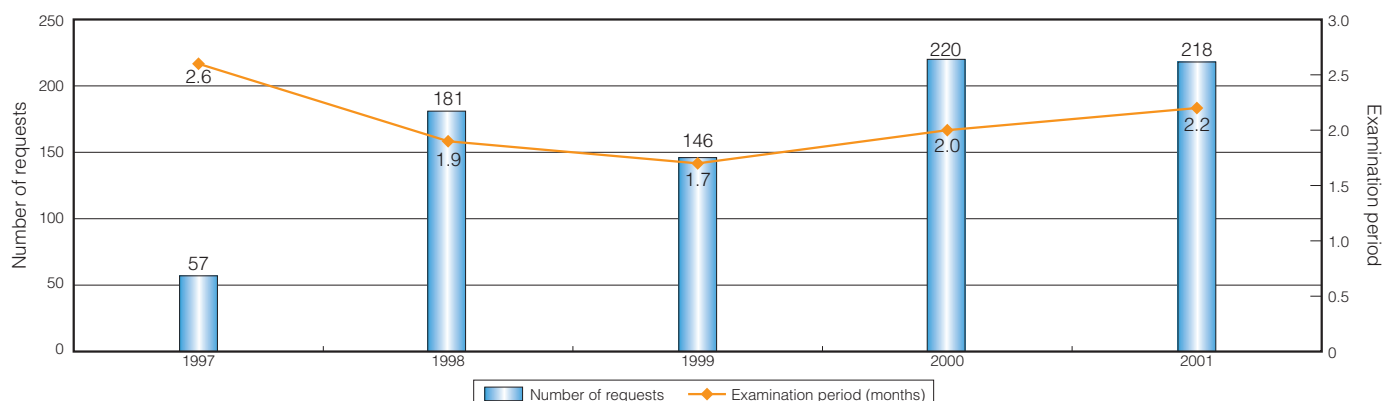
(b) The applicant has received a warning from a third party on the use of the trademark in the application

(c) The applicant has been requested to license the trademark in the application by a third party

(d) Trademark applications have also been filed with patent Offices or governmental agencies other than the JPO

(e) Other cases where urgency is recognized.

■ Requests for Accelerated Examination and the Examination Period



(Note) Examination period: Period from the date of request to the date when the first notice of examination results was dispatched

5. Examination Guidelines for Trademarks

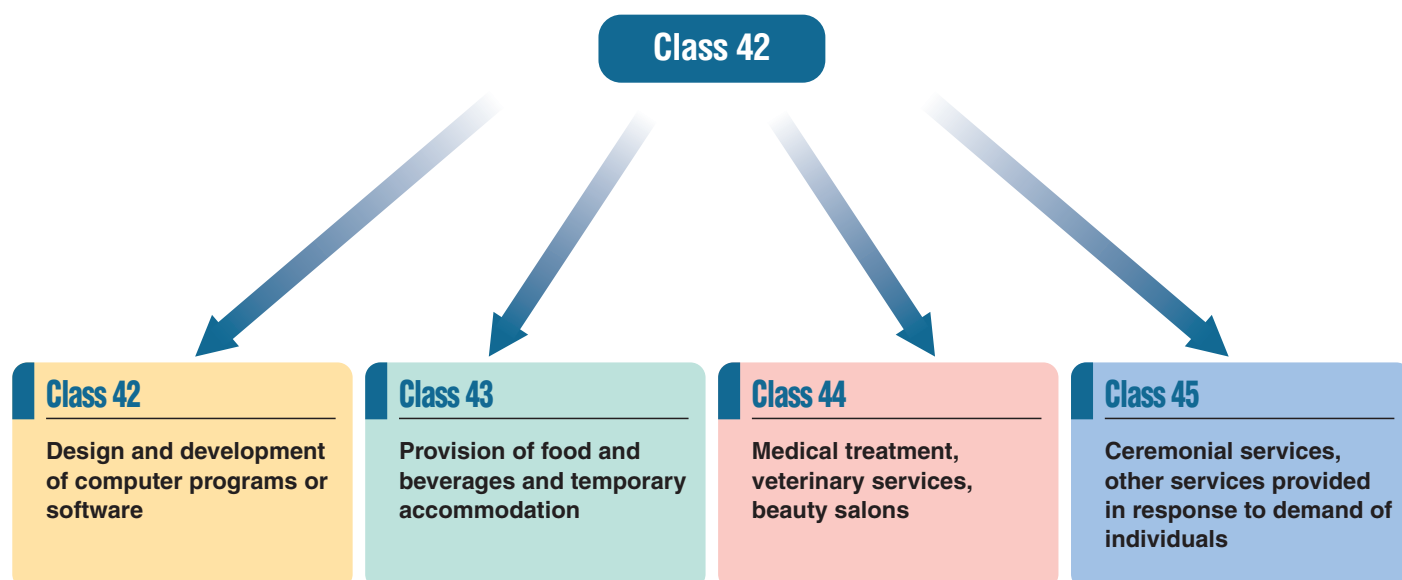
[Revision to the Examination Guidelines for Similar Goods or Services]

On January 1, 2002, the Eighth Edition of the International Classification under the "Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks" entered into force. Along with this, the First Attached Table of the Trademark Law Enforcement Order and the Attached Table of the Regulations under the Trademark Law, both of which stipulate classifications for goods and services and goods and services assigned thereto, were revised and put into force on the same day.

Accordingly, the JPO revised the Examination Guidelines for Similar Goods or Services which stipulate goods or services deemed to be similar.

The major revisions are as follows:

- (i) Services assigned to Class 42 were divided into four new classes (Class 42-45) (see the figure below).
- (ii) Part of the goods or services in each class was revised (goods or services added, changed or deleted). e.g. Computer programs and electronic publications were clearly included in Class 9 (Including programs and publications both downloaded or stored in recording media)
- (iii) Indications and description orders of goods and services are amended.



4 Appeal/Trial

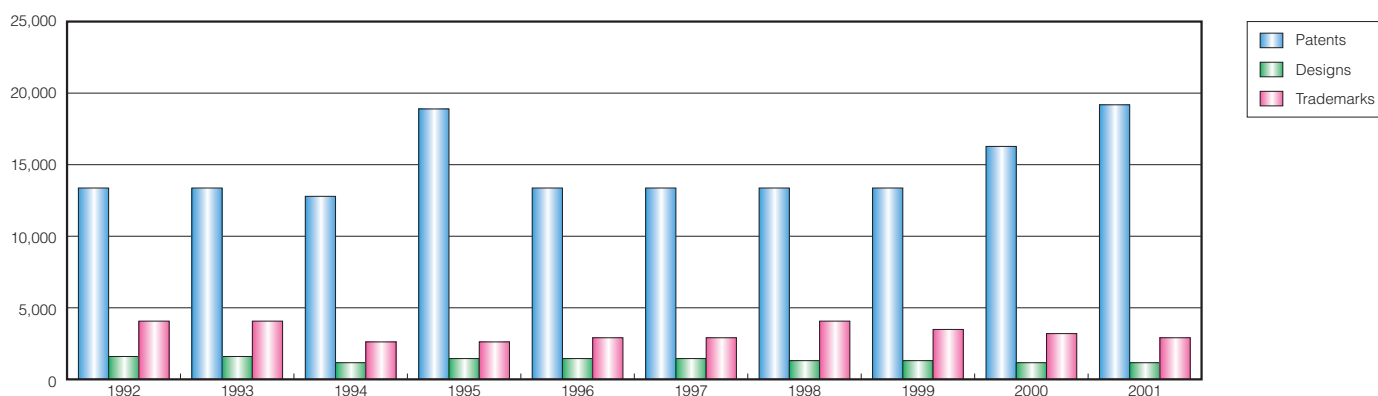
1. Demands for Appeal/Trial

The JPO appeal/trial system has two functions: to serve as superior instance of examination and to settle disputes over the validity of industrial property including patents. The trend of demand for ex parte trials such as appeals against examiner's decisions of refusal, which mainly perform the former function, is closely related to the examination trend while the trend of demand for inter partes trials such as trials for invalidation, which mainly perform the latter function, is closely related to the trend in disputes over industrial property rights including infringement actions.

(i) Appeals against Examiner Decisions of Refusal

The number of appeals against decisions of refusal has remained steady for designs and has been slightly decreasing for trademarks. The number for patents has been significantly increasing. Such increase is due to the increase in the number and rate of decisions of refusal in patent examination.

■ Appeals against Examiner Decisions of Refusal

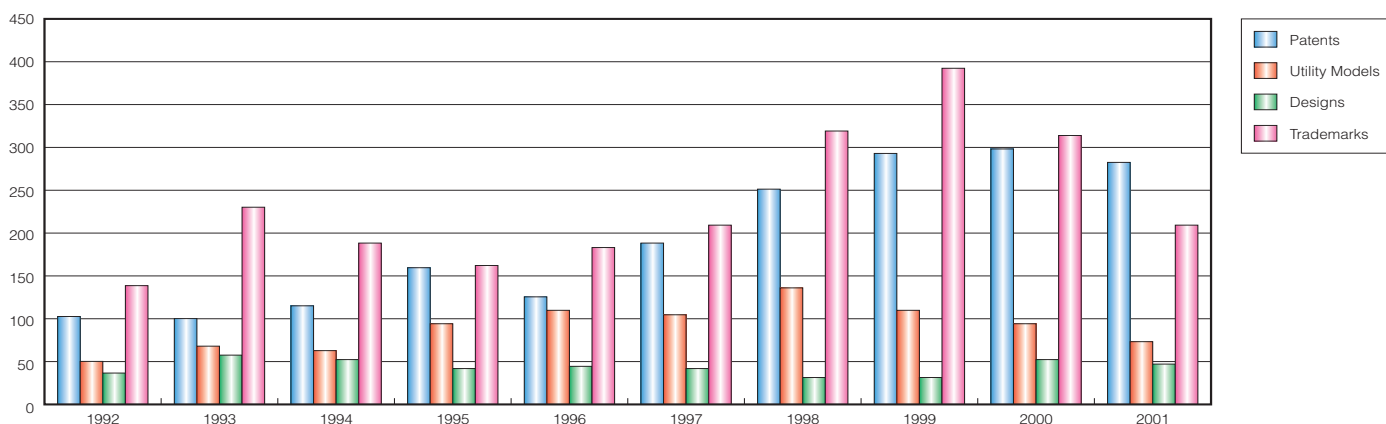


(ii) Trials for Invalidation and Correction

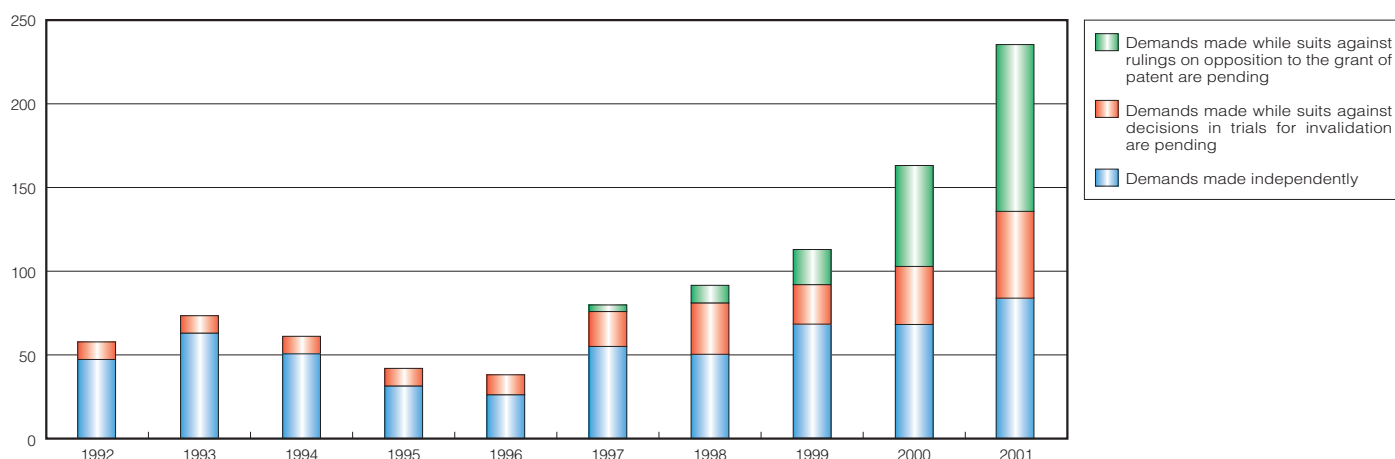
In all fields of patents, utility models, designs and trademarks, the number of demands for trial for invalidation increased during the 1990s due to the increase in disputes over industrial property rights including infringement actions (see Part I, Chapter 7 [1] 1). However, this trend has been decreasing in recent years.

On the other hand, the number of demands for trials for correction regarding patents has been rapidly increasing in these years. Most of the increased demands were filed while appeals against trial decisions or rulings on opposition were pending, which indicates that it has become ordinary for trials for correction to be demanded after suits against trial decisions have been filed.

■ Demands for Trials for Invalidation



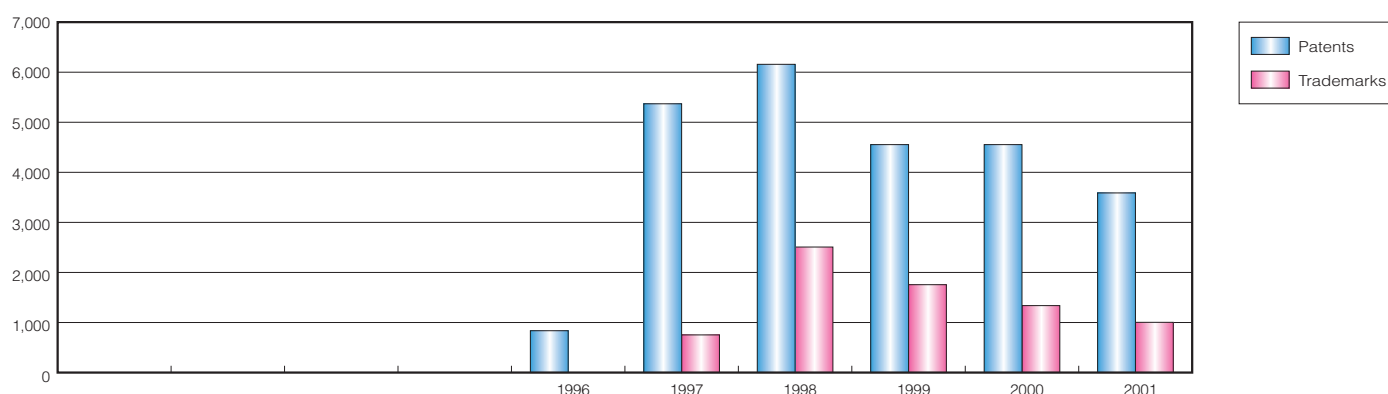
■ Demands for Trials for Correction (Patents/Utility models)



(iii) Oppositions

The number of oppositions has been gradually decreasing after reaching a peak in 1998, which indicates that proper examination is carried out to grant stable rights.

■ Oppositions to the Grant (by right)



Note: The opposition system was revised to the post-grant opposition system in January 1996 for patents and in April 1997 for trademarks. Due to the publication of Gazettes and the time limit for filing oppositions, oppositions started to be filed on a full-fledged scale in the current system after the end of the year of revision and the proceedings for these oppositions began in the year following the year of revision.

2. Improvement of Trial Proceedings (stricter trial proceedings)

As exemplified by the Intellectual Property Policy Outline, increasing attention is being paid to pro-patent policy in Japan.

The purpose of pro-patent policy is to provide strong protection to patent rights. In order to properly implement such policy, it is necessary to appropriately grant patents to patentable inventions and establish a system of operation that surely prevents unpatentable inventions from being patented.

Analysis of the results of trial proceedings concerning patents from this point of view indicates that trial proceedings have become stricter in recent years.

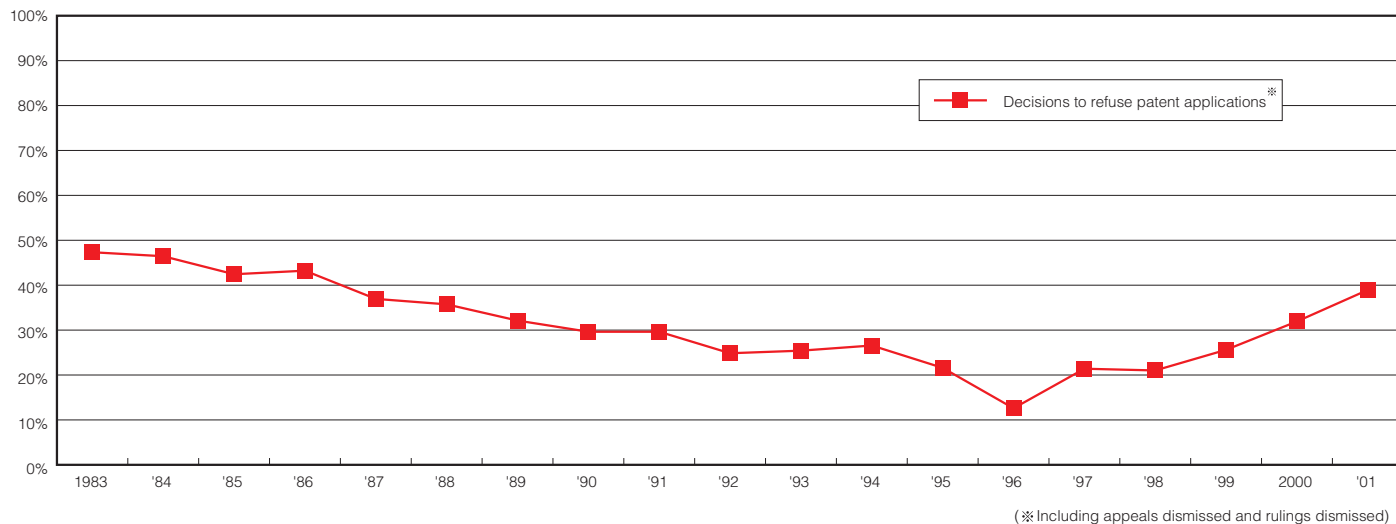
Among all decisions on appeals, for example, the rate of decisions to refuse patent applications nearly doubled, increasing from about 20% in 1997 to about 40% in 2001. Such tendency is also seen for decisions on trials for invalidation and rulings on oppositions to the grant of a patent. This indicates that appropriate measures have been taken to improve trial proceedings for the purpose of ensuring proper examination and trial proceedings so that patentable inventions are properly patented and unpatentable inventions are not patented, and proper protection is provided to inventions that will contribute to industrial development. As for suits against appeal decisions, the rate of revocation of appeal decisions decreased from about 24% in 1999 to about 19% in 2001, which indicates that the improvement of trial proceedings is supported in court procedures.

Industry has always requested stricter the requirements for patentability, such as inventive step. The recent trend of stricter trial procedures seems to respond to such requests.

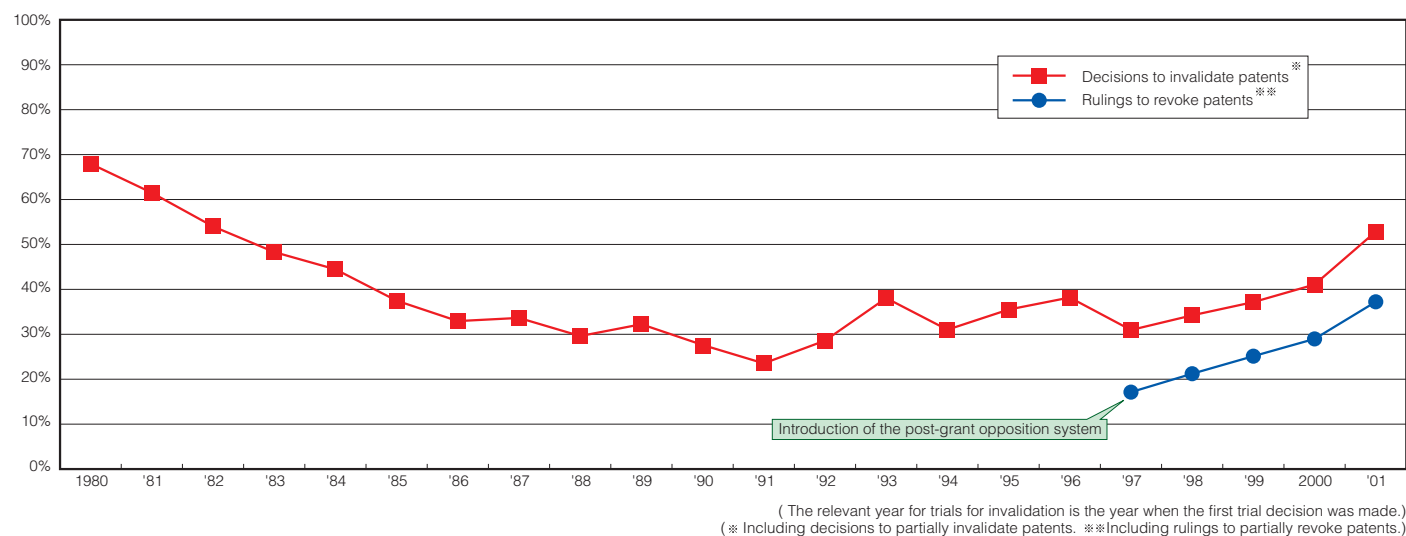
The increase of the rate of decisions to refuse patent applications in all appeals against examiner decisions

of refusal¹ reflects an increase in inventions judged to be unpatentable in examination procedures still not being patented in trial procedures, which indicates that the predictability of patent obtainment has been increasing.

■ Rate of Decisions to Refuse Patent Applications in Appeals against Decision of Refusal



■ Rate of Decisions to Invalidate and Rulings to Revoke Patents



¹The rate of decision to refuse patent applications indicates the ratio of decisions to refuse applications and decisions to dismiss appeals under trial decisions or rulings for all trial decisions or rulings.

3. Filing of Suits against Appeal/Trial Decisions

In 2001, the number of suits filed against appeal/trial decisions decreased for trademarks while it increased for patents and designs. In particular, suits against trial decisions to invalidate patents and suits against rulings to revoke patents significantly increased.

■ Suits (2001)

	Patents	Utility models (*Under Old Law)	Designs	Trademarks
Appeals against examiner decisions of refusal	60 (97%)	1 (100%)*	18 (129%)	34 (71%)
Trials for invalidations and trials for cancellation	156 (152%)	39 (103%)*	11 (100%)	60 (91%)
Oppositions to the grant of patent	161 (152%)		—	15 (84%)

Note: Total number of suits concerning patents and utility models (Figures in parentheses are year-on-year rates.)

The ratio of trial decisions/rulings against which suits were filed to all trial decisions/rulings (rate of suit) remained almost the same from 2000 to 2001 for suits against decisions in trials for invalidation of patents while it increased during the same period for suits against rulings on oppositions to grant of patents.

Analysis of this trend indicates a close relationship between suits against trial decisions/rulings and trials for invalidation. As mentioned in [4]1(ii)(P.23), more trials for correction of patents were demanded while suits against trial decisions were pending. Such significant increase was caused by the fact that applicants were not allowed to demand trials for correction when invalidation trials and oppositions were pending at the JPO, while they were allowed to demand trials for correction after suits against relevant trial decisions/rulings on oppositions were filed. It seems that for these reasons more suits are being filed, in particular against rulings on oppositions, for the primary purpose of obtaining the opportunity to demand a trial for correction.

4. Efforts by the Appeals Department

(i) Efforts to Improve Trial Proceedings

One of the JPO's primary missions is to grant stable industrial property rights, and accordingly, precise proceedings are required for appeal/trial procedures. In order to achieve improvement of trial proceedings to ensure precise judgment based on arguments of the parties concerned, the JPO will continue to take measures to operate trial proceedings in a uniform manner under the examination guidelines and for the purpose of emphasizing the requirement of inventive steps (stricter judgement on requirements), improve the inter partes trial systems, enhance the connection between examination and appeals/trials, utilize opinions of a wide range of experts including technical advisers and legal advisers, improve training programs, and promote the analysis of court decisions and their feedback to trial examiners.

By continuing these measures, the JPO is expected to share the understanding of determination standards on the patentability of inventions with trial demandants, so as to decrease trial cases concerning unpatentable inventions.

(ii) Efforts to Ensure Prompt Trial Proceedings

Considering that society requests provision of effective protection by promptly settling disputes over the validity of patent rights, the JPO gives preference to procedures for inter partes trials and oppositions. As such requests have not specifically changed, the JPO will continue to preferentially carry out procedures for inter partes trials and oppositions while paying attention to the proceeding period for ex parte appeals/trials. The JPO will also make efforts to increase trial research officials and assistants for trial examiners.

(A) Since July 2001, the JPO has experimentally introduced the planned proceedings by which the JPO prepares a schedule for notification of appeal/trial decision and carries out trial proceedings accordingly. The JPO will decide the best way to introduce this system on a full-fledged scale based on review of experimental implementation by the end of 2002.

(B) The JPO implements the accelerated appeal examination system by carrying out accelerated examination, upon request, for appeals against decisions of refusal that satisfy certain requirements. In July 2000, the JPO made the system more accessible by relaxing the requirements for accelerated appeal examination and

simplifying the description. Furthermore, the JPO aims to carry out prompt proceedings for trials concerning applications that were preferentially examined in the examination process.

(iii) Efforts to Improve the Dispute Settlement Functions

The JPO carries out trial proceedings preferentially for inter partes trials, which are often related to disputes over intellectual property rights such as infringement actions (see (ii) above).

More specifically, the JPO will identify and promptly examine trials that are related to infringement actions by promoting information exchange with courts, and consider measures to realize prompter processing of these cases related to infringement actions.

(iv) Efforts to Improve the Environment for Trials

In the midst of complete computerization of patent administration, the JPO will take measures to improve administrative services by improving the environment for processing trials in accordance with computerization and to make the best use of the trial system.

In the system of appeal against examiner decisions of refusal (including reconsideration by examiner before appeal), procedures are carried over from the stage of the filing of applications and there is a high need inside and outside the JPO for consistent paperless procedures starting from the filing of applications. In light of this, the JPO started to operate the paperless systems for appeals under the four laws in January 2000, along with the promotion of paperless system for design and trademark applications.

(v) Efforts to Amend Systems

The Specific Action Plan of the Intellectual Property Policy Outline provides that in order to simplify and streamline the appeal/trial system and enhance the functions of the system, the GOJ will consider the relationship between the opposition system and the system of trial for invalidation, the concept of the system of trial for correction, and the relationship between appeals/trials and lawsuits against appeal/trial decisions, and submit necessary bills to the ordinary session of the Diet in 2003. Also, the Dispute Settlement Subcommittee has been established in the Industrial Property Policy Committee of the Industrial Structure Council to discuss this issue.

The Action Plan also provides that in order to ensure reasonable dispute settlement, the GOJ will consider ideal court procedures from a variety of viewpoints including measures to achieve dispute settlement in single proceedings, focusing on the relationship between invalidation judgements in infringement lawsuits and decisions in trials for invalidation, and draw a conclusion by the end of FY 2004.

(vi) International Efforts

In March 2002, the second International Trial Examiners Conference was held with trial examiners, scholars and patent attorneys specializing in intellectual property from Japan, Europe, the United States, China and the Republic of Korea in attendance. At the Conference, participants reported present situations and problems of trial systems in individual countries (regions), and discussed various issues such as prompt processing of trials, utilization of interview and oral proceedings, and the relationship between trials and infringement lawsuits.

5 Amendments to the Patent Attorneys (Benrishi) Law

1. Objects of the Amendments

In Japan, the number of infringement lawsuits concerning intellectual property rights has nearly doubled in the last ten years (311 in 1991 to 610 in 2000), and it is expected to continue increasing. On the other hand, the number of attorneys at law specializing in intellectual property is less than 300¹, causing a difficulty to provide sufficient services compared with the United States, where there are about 20,000 patent attorneys². Under such circumstances, there are a strong requests from users including industry for the improvement and reinforcement of dispute settlement services by increasing the quality and quantity of attorneys with high expertise.

In light of such a situation, the issue of whether the right of representation for infringement proceedings should be given to patent attorneys (Benrishi) was discussed at a meeting of the Industrial Property Council held in December 1999. At the meeting, while suggesting overall amendment of the Patent Attorneys (Benrishi) Law, the Council considered it necessary to review this issue in the framework of judicial reform and entrusted the issue to the Judicial Reform Council. From the perspective of reinforcing comprehensive responses to intellectual property right cases and utilizing specialists in related laws, the Judicial Reform Council discussed this issue and stated in its recommendations published in June 2001 that the right of representation for infringement proceedings concerning patent rights, etc. should be given to patent attorneys (Benrishi) after taking highly reliable measures to secure their ability.

Based on the above recommendations and for the purpose of improving and speeding up court procedures for lawsuits concerning infringements of intellectual property rights, etc. the law for partial amendment to the Patent Attorneys (Benrishi) Law was promulgated on April 17, 2002. The amendment stipulates that the right of representation for infringement proceedings concerning patent rights, etc. should be given to patent attorneys (Benrishi) who have expertise regarding intellectual property rights.

■ History of the Patent Attorney (Benrishi) System

Old Patent Attorneys (Benrishi) Law

Patent attorneys (Benrishi) should be mainly engaged in services for filing applications for industrial property rights by proxy.

Overall amendment in 2000

- Patent attorneys (Benrishi) were also allowed to provide services for alternative dispute resolution (ADR).
- Intermediary/agency businesses and consultation services for intellectual property contracts were clearly defined.
- The ban on Patent attorneys (Benrishi) incorporating their offices and establishing more than one office (branch) was lifted.
- Drastic changes were made to The Patent attorney examination.

Legal amendment in 2002

- The right of representation for infringement proceedings concerning Patent rights, etc. was given to Patent attorneys (Benrishi).

¹There were 293 attorneys at law who are also registered as benrishi in Japan at the end of June 2002.

²There were 20,369 patent attorney in the United States as of June 10, 2002.