# Part 1

## Activities in the Patent Administration to Become an Intellectual Property Based Nation


# Efforts at the JPO

## 1. "Amended of the Patent Law" in 2003

The JPO has amended the patent related fees, reviewed the system for the payment of patent related fees and other charges, rationalized the system for oppositions and suits against appeal/trial decisions with the aim to rationalize the allotment of expenses arising from application for patents, etc. in order to respond to the demand for prompt and precise dispute settlements, and promoted international harmonization of the patent system.

### (1) Process of Law Amendment

The Dispute Settlement Subcommittee and Patent System Subcommittee were established under the Intellectual Property Policy Committee, Industrial Structure Council to review and achieve the "renovation of the structure for applications and examination requests", "simplification of appeals and trials system", etc. stipulated in the Intellectual Property Policy Outline. The report "For Prompt and Rational Settlement of Disputes on Industrial Property" compiled by the Dispute Settlement Subcommittee and the "Interim Report: Patent System for Optimal Patent Examinations" compiled by the Patent System Subcommittee were presented and approved at the Intellectual Property Policy Committee, Industrial Structure Council in February 2003.

Based on these reports, the "Bill for Amendment of the Patent Law" was introduced to the Diet Session after the decision by the cabinet on February 28, 2003. After the questions and answers and adoption at the Economy and Industry Committee of the House of Representatives on April 23, the bill was passed at the plenary session on April 24. After the questions and answers and adoption at the Economy and Industry Committee of the House of Councilors on May 15, the bill was passed and enacted at the plenary session on May 16.

### (2) Outline of Amendments

#### (i) Renovation of the System for Applications and Examination Requests

**a. Amendment of patent related fees (Patent Law Section 107-1, Section 195-2, etc.)**

The patent related fees were amended with the objectives to correct the imbalance in allotment of the cost among the applicants and to promote appropriate applications and examination requests. The handling fee for an application was reduced from the current 21,000 yen to 16,000 yen, the level that will allow easy applications in order to promote inventions and applications and the level that will not exceed the actual cost required for examinations. The handling fee for an examination request was doubled to reach the level of the actual cost for the examination, e.g. the fee of approximately 100,000 yen for an average application (assuming the number of claims is 7.6 was raised to around 200,000 yen. The patent fee was set at the level that can ensure the necessary expense in the operations of the industrial property system after aggregating with other handling fees. Specifically, it was decided to maintain the traditional cumulative structure that set the fee for the early stage of the right maintenance with little probability of enjoyment of profit by exploitation of the invention and to further reduce the patent fee in the early stage of the right preservation period, e.g. around 80% reduction from the 1st to the 3rd year, around 60% reduction from the 4th to the 6th year and around 40% reduction from the 7th to 9th year, and the fee for the 10th year onward will remain at the current level. After the above amendments, the total cost from filing an application to preservation of the right per average application (assuming the number of claims is 7.6 and the right preservation period is 9 year) was reduced by around 100,000 yen.

**[Patent Related Fees after Enactment of the Amended Laws]** (Yen)

| | Application Fee | Request for Examination Fee | Annual Fee |
|---|---|---|---|
| Cost for applications after the enactment date | 16,000 | 168,600(4,000) | 1st～ 3rd 2,600 (200)<br>4～ 6th 8,100 (600)<br>7～ 9th 24,300 (1,900)<br>10～25th 81,200 (6,400) |
| Cost for examination request after the enactment date | 21,000 | 84,300(2,000) | 1st～ 3rd 2,600 (200)<br>4～ 6th 8,100 (600)<br>7～ 9th 24,300 (1,900)<br>10～25th 81,200 (6,400) |
| Cost for applications before the enactment date | 21,000 | 84,300(2,000) | 1st～ 3rd 13,000 (1,100)<br>4～ 6th 20,300 (1,600)<br>7～ 9th 40,600 (3,200)<br>10～25th 81,200 (6,400) |

(Note) The figures inside the parentheses are the amount to be paid per claim.

b. Introduction of examination request fee refund system (Patent Law Section 195-9 and -10)

The JPO introduced a system in which when an applicant abandons or withdraws an application of a patent that has lost the necessity to acquire the rights for the applicant before the examination start, the part of the examination request handling fee stipulated by an ordinance shall be refunded after the request for the refund by the applicant who has paid the examination request handling fee within six months after the relinquishment or withdrawal.

c. Review on reduction of and exemption from the patent fee and examination request handling fee for the shared patent or the right to have a patent granted (Patent Law Section 107-3, Section 195-6, etc.)

The JPO has allowed reduction of and exemption from the patent fee and examination request handling fee at the ratio of the share and the rate upon payment of the patent fee and examination request handling fee when a person who is eligible for the reduction of and exemption from the patent fee, etc. is included in the joint applicants for shared patent or the rights to have a patent granted. The same amendment was made to the registration fee and handling fee for utility model technique request in the Utility model Law.

d. Amendment of the Law to Strengthen Industrial Technical Ability, etc. in relation to the reduction of and exemption from the patent fee, etc. (the Law to Strengthen Industrial Technical Ability Section 16 and Law for Promoting University-Industry Technology Transfer[1] Sections 12 and 13)

The JPO abolished the provision on the reduction of and exemption from the patent fee, etc. stipulated in the Patent Law, etc. concerning the patents for independent administrative agencies whose major business is testing, research, etc., and added a provision on reduction of the patent fee, etc. to the Law to Strengthen Industrial Technical Ability in view of industrial technology reinforcement. The JPO also amended the provision on the reduction of and exemption from the patent fee, etc. Law for Promoting University-Industry Technology Transfer for the Technology License Office (TLO) that handles the rights for the national universities and independent administrative agencies to conform with the amendment on the reduction of and exemption from the patent fee, etc. for the national universities and independent administrative agencies.

## (ii) Dispute Settlement System Renovation

a. Integration and unification of the opposition appeal system and the trials for invalidation system (Patent Law Chapter 5 Section 123-2, etc.)

The JPO made the amendment to delete the provision related to opposition appeal system among the systems in which the Patent Office judges the effectiveness after granting a patent, and to allow any persons to appeal for trials for invalidation that has been limited to the persons with interests (it is clearly provided that persons with interests alone may make the appeal for certain claim reasons). The similar amendment for expansion of the qualification for demandants was made to the Utility model Law and the Design Law.

[1]A law that stipulates promotion of transfer of the research results at universities, etc. to civilian business enterprises

b.Limitation to the trials for correction during the suits against trial decision and introduction of refer-back system for suits against trial decision (Patent Law Section 126, Section 181, Section 134-2 and Section 134-3, etc.)

The JPO made an amendment to limit the period to demand a trial for correction during a suit against trial decision, and to enable the court to refer back the appeal to the Patent Office and have the patent holder to make the correction demand during the trial for invalidation when the court deems it appropriate under certain requirements.

c.Exceptional approval for additional reasons and evidences in the demand for a trial for invalidation (Patent Law Section 131, Section 131-2, etc.)

It has been decided to allow correction that changes the purport of the reasons for the demand for trials for invalidation under certain requirements. It has also been decided to clearly define the description format for the reasons for the appeal in order to prevent submission of the demand for appeal with insufficient description of the reason at the demand, and failure to comply with the appeal format will be denied after a prescribed procedure. The same amendment was made for the Utility model Law and the Design Law.

d.Introduction of opinion invitation system and opinion statement system at suits against trial decision at trials for invalidation (Patent Law Section 180-2)

A system was established in which the Chief of the Patent Office can state an opinion at the motion by the Patent Office or the court when the argument concerns the interpretation of the laws or operation standard of the Patent Office or when the professional knowledge is required for complete trial at a trial for invalidation. The same system was established for the Utility model Law, Design Law and Trademark Law.

### (iii) International Harmonization

a.International harmonization for the provision in the Patent Law Section 37

Concerning the Patent Law Section 37 that allows a patent application for more than one inventions in a single application form, it has been decided to stipulate a provision that only requires the "technical relationship" as the requirement to satisfy the unity of invention in order to be in harmonization with the international patent system and legal systems of other nations, and the specific requirements were commissioned to the ministerial order. The same amendment was made to the Utility model Law.

b.Simplification of international patent application procedure (International Application Law[2] Section 2, Section 3, etc.)

In conformity with the amendments of rules based on the Patent Cooperation Treaty, the provision on the appointed (selected) nation that had been required to specify at the international application and international preliminary examination requests has been deleted and the limitation for the period in which the international preliminary examination may be requested has been prescribed. A provision stating that international applications may be made to the JPO if the applicants include at least one Japanese national was clearly stipulated in the law.

### (iv) Effective Date of the Amended Laws

The amended laws shall become effective on January 1, 2004. However, the amendments concerning the application and examination request system renovation shall become effective on April 1, 2004.

[2]A law that stipulates international applications, etc. in compliance with the Patent Cooperation Treaty

## 2. Intellectual Property Policy Committee, Industrial Structure Council

### (1) Process

The Dispute Settlement Subcommittee, Patent System Subcommittee, etc. have been established under the Intellectual Property Policy Committee, Industrial Structure Council in order to make specific reviews on the "simplification of the trial system", "renovation of the application and examination request system", etc. demanded in the Intellectual Property Policy Outline.

The Dispute Settlement Subcommittee has studied renovation of the examination system since May 2002, and after six deliberations, the Subcommittee compiled the "Toward Prompt and Rational Settlement of Disputes concerning Industrial Property" at the meeting in October 2002.

The Patent System Subcommittee studied the renovation of the application and examination request system and compiled the "Interim report: Patent System for Optimal Patent Examinations" in February 2003. Furthermore, the Medical Treatment Working Group was established under the Patent System Subcommittee in October 2002 in order to clearly define the treatment of the regenerative medicine related techniques in the Patent Law, and the Working Group compiled the "Handing of Medical Treatment in the Patent Law" in April 2003. The Subcommittee plans to deliberate "Desirable Employee's Service Invention System", "Desirable Utility model System", etc. (As for the Utility model System, the Utility model System Working Group established in July 2003 is to study).

The Trademark System Subcommittee was established in June 2003 to study the desirable trademark system in accordance with the viewpoint of the brand strategy.

### (2) Dispute Settlement Subcommittee

#### (i) Integration and Unity of the Oppositions and Trial for Invalidation

There had been the opposition appeal system and trials for invalidation system as the means to judge the effectiveness of patents, but their integration and unity has been discussed with the objectives to avoid problems caused by the coexistence of the two systems, including excessive offense to important patents by multiple appeals and redundant review procedure, etc. at the Patent Office in which the trials for invalidation are requested after an unsuccessful opposition appeal, and to respond to the current opposition appeal system and trials for invalidation including enlargement of the involvement limit of the demandants and reduction of the expense for the right holders.

It has been pointed out that the provisions should be made for the principle of examination of evidence by ex officio, limitless appeal period, more relaxed conditions for demandants, etc. and the integration should comprehensively contain the functions and needs of the current opposition appeal system and should be based on the current trials for invalidation system.

#### (ii) Optimizing Opportunities for Offence and Defense at new Trials for Invalidation

It was pointed out that while the ban on additions of a new reason, evidence, etc. for invalidation should be maintained as a general rule, exceptions should be made only for those issues to which addition of a reason, evidence, etc. should be allowed. Specifically, the opinion stated that it would be appropriate to review the possibility of approval for addition when a new evidence, etc. that could not be presented at the time of the plea for a trial due to special circumstances. Another opinion stated that appropriate defense opportunity (opportunity to request correction of a patent) should be ensured accordingly.

It was also indicated that reviews should be made on the measures (disapproval of the petition before the opportunity of the patent holder to defend) to make the demandants present sufficient reasons and evidences at the time of the demand for the trial.

### (iii) Involvement of the Patent Office at Suit Against Trial Decision in the New Trials for Invalidation

It was pointed out that since the parties of the suit against trial decision in the new trials for invalidation system are the trial demandant and the patent holder as practiced in the current trials for invalidation system, the opinion invitation and opinion statement system should be established so that the Patent Office can be involved in the suits in order to solve the issues in which the law interpretation of the Patent Office is the point of the argument, issues in which the annulment reason for authority search is the point of the argument, etc..

### (iv) Desirable Correction of Patent Under Suit Against Trial Decision

Since a patent correction trial can be demanded any time after institution of the suit against trial decision, the catch-ball phenomenon, in which the issue goes back and forth between the court and the Patent Office when the change of the range of a patent is established by correction of the patent and the decision is automatically invalidated.

This phenomenon is causing problems such as wasting the trial as the correction trial is demanded at the last stage of the suit against trial decision and the trial is irrationally separated because deliberation of whether correction should be made or not with the involvement of both parties at the re-trials for invalidation is suspended until the invalidation decision is made after the decision to allow correction is given.

The following amendments a to c were proposed on the opportunities to correct a patent in the suit against trial decision in the new trials for invalidation system in order to solve those problems.

○The period in which a demand to correct a patent after the decision at the new trials for invalidation shall be limited to a certain period after the institution of the suit against trial decision.

○The court should be able to refer back the issue to the Patent Office when it deems it appropriate to deliberate the legality of a correction and the effectiveness of the corrected patent in the trials for invalidation proceedings even before the final correction approval decision.

○In the above refer-back event, the Patent Office should deliberate the legality of the correction and the effectiveness of the patent in the referred-back trials for invalidation.

### (v) Relationship Between Infringement Suits and Trials

It has been pointed out that reviews should continue on the difference between the decisions on the infringement suits and trials and reduction of the expense for the parties who attend both the infringement suit and trial in conformity with the principle of the Intellectual Property Policy Outline.

## (3) Patent System Subcommittee

### (i) Amendment of the Fees

The review on the patent related fee system was discussed as part of the policy concerning the "renovation of application and examination request system" indicated in the Intellectual Property Policy Outline. It has been decided to consider the actual expenses for various procedures more precisely in view of the "correction of imbalance in allotment of cost among applicants" and "optimization of examination request activities" as a basic direction, and it was concluded to be desirable that the application handling fee and the patent fee should be reduced, the examination request handling fee should be raised and the total cost from application to preservation of the right per application should be reduced.

It was also pointed out that since during the transition period from the current fee system to the new fee system the raise of the examination request handling fee comes before the reduction of the patent fee, some measures must be taken for the patents to which the current examination request handling fee applies and it is necessary to expand the reduction measure for small and medium enterprises and to strengthen support for the prior art search.

It was also indicated that a system should be introduced to allow partial refund of the examination request handling fee for the applications to which the acquisition of the right becomes unnecessary during the period from the request for an application examination until the first notice, etc. by the examiner (examination waiting period) and the application was withdrawn in view of reduction of the expense for the applicants.

### (ii) Medical Treatment Working Group

The Medical Treatment Working Group established under the Patent System Subcommittee had intensively discussed to clarify how to handle with technologies medical treatment to regenerative, etc. in view of the Patent Law. The Group reached an agreement on the basic approach that the patent examination standards should be amended in order to grant a patent for methods of producing medicines and medical equipment made from materials, which were extracted from human bodies under prerequisite condition of returning them to the same person. Upon this agreement, the Patent System Subcommittee compiled it into a report named the "Handling of Medicine Treatment in the Patent Law" in June 2003.

### (iii) Employee Inventions

Ever since the Tokyo High Court ruled[3] at the optical pickup device case instituted in 2001 that if the amount of the remuneration which an employer had paid is less than an adequate amount, the employee may demand the adequate remuneration ex post facto, there has been a marked trend to demand monetary remuneration from the profit created by the inventions of inventors. Under these circumstances, there have been an increasing number of disputes for the "adequate remuneration" between employers and employees in accordance with the provision in the Patent Law Section 35.

Under these circumstances and in compliance with the "Intellectual Property Policy Outline" formulated in July 2002, the Patent System Subcommittee has reported and announced the result of an investigation about the status of companies, awareness among employees, and the current systems and situations of other countries regarding employee inventions. The Subcommittee plans to discuss the improvement of employee-invention system intensively, based on the aforementioned result of investigation with the target to propose a bill to amend the provision on the employee-invention (Patent Law Section 35) to the ordinary session of the Diet in 2004.

[3]Tokyo High Court decision on May 22, 2001, p. 23, decision No. 1753, 1999 "NE" No. 3208. The decision at the appeal against the decision in the lower court for the case where an employee who had made a service invention of an optical pickup device demanded the "appropriate compensation" to the employer who had the right on the invention succeeded to an affiliate. This decision by the High Court was sustained by the Supreme Court (decision at the 3rd Petty Court on April 22, 2003, (received) No. 1256)

Chapter 2

# Efforts in the Entire Government

## 1. Intellectual Property Strategy Headquarters

### (1) Process

The "Basic Law on Intellectual Property" (Law No.122, 2002) that stipulates the basic plans for the intellectual property policy was enacted at the extraordinary Diet session in 2002 (155th session) in compliance with the Intellectual Property Policy Outline, and the "Intellectual Property Strategy Headquarters" (Director General: Prime Minister was established) in the cabinet on March 1, 2003 based on this Law with the objective to intensively and schematically promote the policies on the creation, protection and exploitation of intellectual property. After four months of vigorous deliberations since the first meeting held on March 19, 2003, the "Intellectual Property strategic program" was adopted at the 5th meeting on July 8, and the policies for intellectual property strategy are to be intensively and schematically executed.

### (2) Intellectual Property Strategic Program[4]

The Intellectual Property Strategic Program has three policies of "Developing special measures on intellectual property that are not constrained by the conventional framework", "Establishing the world's best IP system", " Carrying out reforms rapidly and in a timely manner" and was contrived as a national strategy compiling the future measures to make Japan an "Intellectual Property-Based Nation".

**Policy for Making Japan "an Intellectual Property-based Nation"**

1. Developing special measures on intellectual property that are not constrained by the conventional framework
2. Establishing the World's best IP system
3. Carrying out reforms rapidly and in a timely manner

**Points to Be Considered**

1. Support for SMEs and venture companies
2. Regional development
3. Improvement of administrative and judicial services
4. Significance of Competition Policy and Attaching Importance to Freedom of Expression

**Implementation**

1. Efforts by the ministry or agency
   Follow-up on the progress by the Intellectual Property Strategy Headquarters
2. Establishment of Task Forces
3. Mini-town meetings
   To be held nationwide after autumn 2003

**Establishment of Task Forces**

- Task Forces on issues desirable way of providing patent of medical treatment
  To investigate and review to investigate and review the issues concerning desirable way of providing patent protection of medical treatment in accordance with the operation conditions of the new examination standard since summer 2003
- Task Forces on media content business
  To investigate and review the issues to boost media content business
- Task Forces on IP enforcement
  To investigate and review the issues concerning measures against counterfeiting and pirated copies, human resource development, promotion of intellectual property right acquisition, legal system and enforcement

## Structure of the Intellectual Property Strategic Program

### Chapter 1 Creation

- **Promoting the Creation of Intellectual Property at PROs**
  - ・Promoting R&D focused on the creation of intellectual property
  - ・Exploiting intellectual property through evaluation
  - ・Intellectual property rights are owned by individual organizations
  - ・Increasing funds for intellectual property at PROs
  - ・Establishing PROs Intellectual Property Headquarters and Developing Technology Licensing Organizations(TLOs)
  - ・Abolishing or Amending the Provision Regarding Employee's Inventions under the Patent Law

### Chapter 2 Protection

**Strengthening the Protection of Intellectual Property**

- Enacting the Law for the Promotion of Expeditious Patent Examination (tentative)
- Researching the desirable way of providing patent protection of medical treatment
- Aiming to establish an Intellectual Property High Court
- Promoting efforts to establish a global patent system

**Measures Against Counterfeits and Pirated Copies**

- Strengthening measures in overseas markets
- Reinforcing the border and domestic regulations
  - ・Disclosure of information of the importer
  - ・System that allows prompt determination based on the claims of the parties involved
- Reinforcing the frameworks in the public and private sectors

### Chapter 3 Intellectual Property Exploitation

- **Support for the Strategic Exploitation of Intellectual Property**
  - ・Utilizing Trust Systems
- **Support for International Standardization Activities**
  - ・Reinforcing strategic international standardization activities through industry-academic-government cooperation
  - ・Supporting Patent Pools Contributing to Technical Standards
- **Development of Environments for Intellectual Property Exploitation**
  - ・Stimulating SMEs

### Chapter 4 The Dramatic Expansion of Content Business

- **Creating attractive contents**
  - ・Development of future producers and creators
  - ・Diversifying financing means by utilizing the product funds and trust
  - ・Establishment of the environment including improvement of the "Japan brand"
- **Protecting of contents while taking the "Intellectual Creation Cycle" into account**
  - ・Technical protection (development, diffusion and standardization of technologies such as digital rights management (DRM))
  - ・Legal protection (review of right of lending of books)
- **Promoting distribution**
  - ・Supporting entry into overseas markets and exploitation of contents for new distribution channels including Internet
  - ・Developing systems for the distribution including establishment of a database and development of business models
  - ・Ensuring proper transactions and carrying out structural reforms in the content industry

### Chapter 5 Developing Human Resources and Improving Public Awareness

- **Development of human resources related to intellectual property**
  - ・Dramatically increasing the number and raising the quality of attorneys at law and patent agents
- **Promoting intellectual property education, research and training**
  - ・Promoting intellectual property education in all levels of education, including law schools, professional schools of management of technology and professional schools specializing in intellectual property
  - ・Improving the intellectual property education for adult, such as establishing an evening law school
- **Increasing public awareness of intellectual property**
  - ・Reinforcement of awareness activities on intellectual property

[4] For the Intellectual Property Promotion Project, see the website of the Prime Minister's Office. (http://www.kantei.go.jp/foreign/policy/titeki2/kettei/030708f_e.html)