

# **Examinations and Trials in the Age of Intellectual Creation**

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## **Part 2**

## Chapter 1

# Examinations

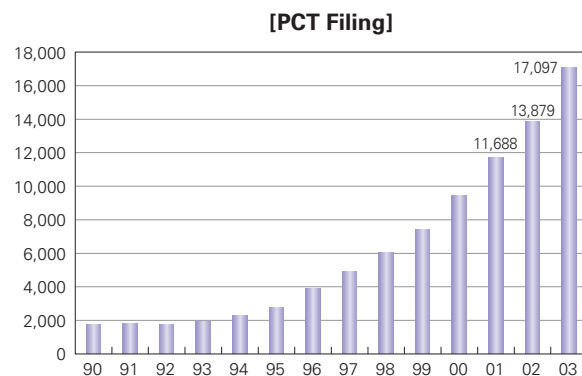
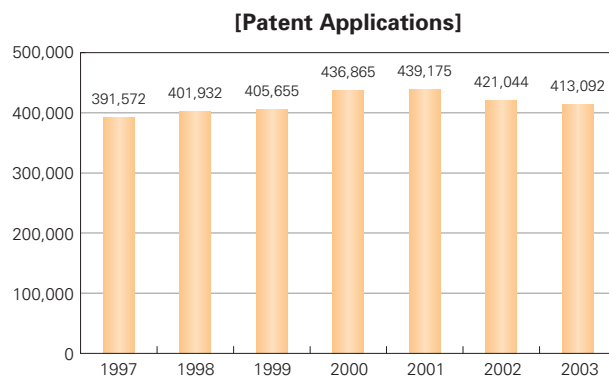
## 1. Patent Examinations

### (1) Present Status of Patent Examinations

#### (i) Trends in Filing and Request for Examination

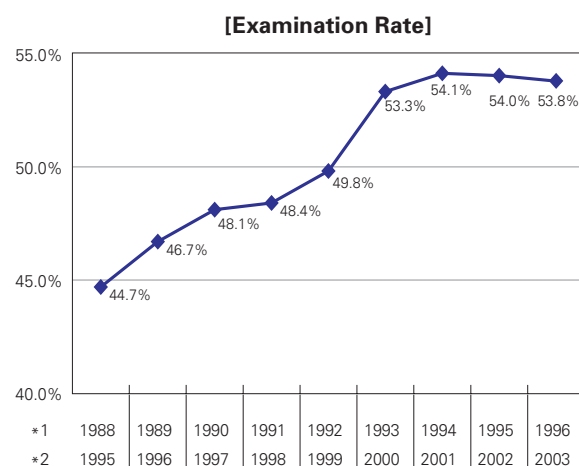
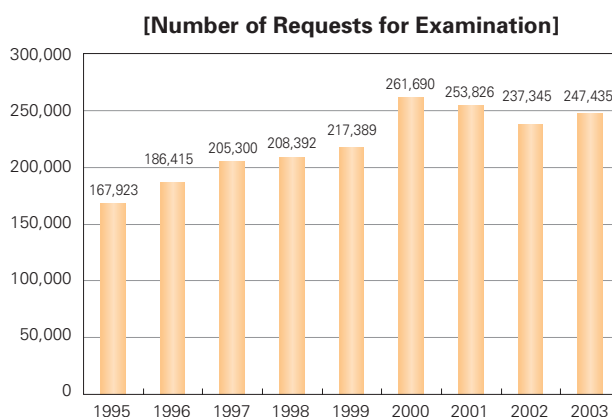
##### a. Trend in Filing

The number of patent applications in Japan increased at an annual rate of almost 3% since 1997 until 2001 and is still maintaining a high level. PCT filing to JPO in 2003 has also shown a 23% increase over the previous year and maintaining an upward tendency is expected on the back of globalization of corporate activities.



##### b. Trends in Request for Examination

The number of requests for examination in Japan increased at an annual rate of almost 4% from 1997 to 2000, and is still maintaining a high level of about 250,000 every year. This is mostly caused by the examination rate, the proportion of those application for which the period to file a request for examination expired in the a certain year, that resulted in a request for examination up to and including that year, has shown 10% increase in six years since 1988 and is still maintaining a high level of almost 54%.

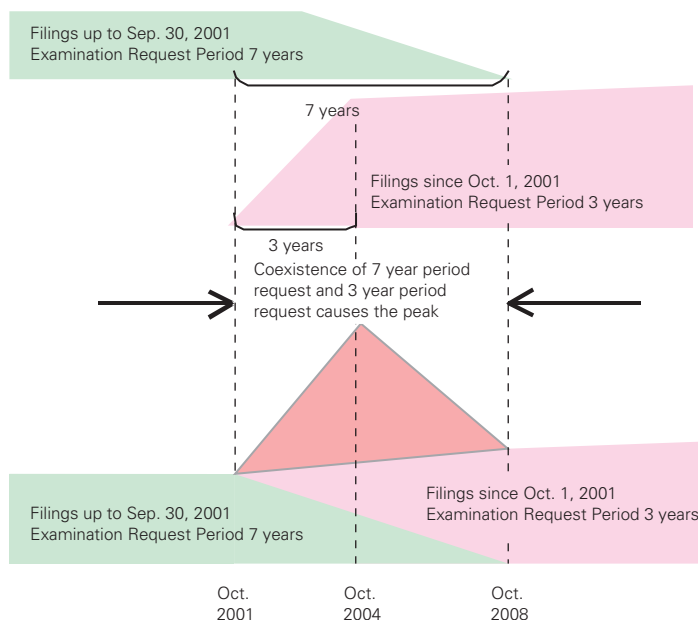


\*1: The year when the application was filed

\*2: The final year to file the request for examination

Following the amendment to the Patent Law in 1999 which shortened the period to file a request for examination from 7 to 3 years, the number of request for examination is anticipated to rapidly increase for 5 years, from 2004 to 2008.

### [Rapid Increase in the Examination Request Due to Coexistence of New and Old Examination request Systems]



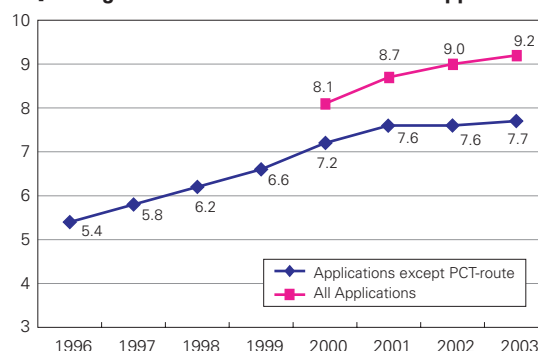
#### (ii) The Status of Patent Examination

As technical innovation progresses the contents of patent applications have become ever more difficult and complicated. Because applications tend to define a manifold patent rights based on the technology described in the specification to strategically obtain patents. The number of inventions also contained in a patent application (number of claims) has been increasing.

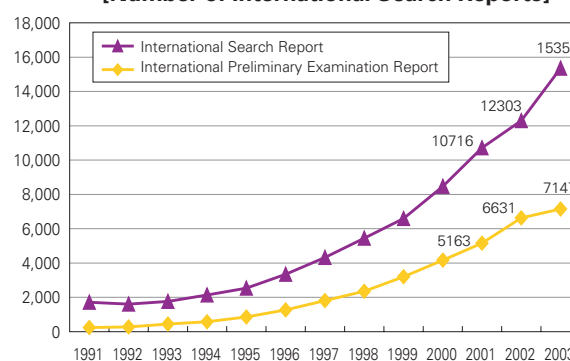
As for the international search reports and the international preliminary examination reports of PCT applications, the number of which have rapidly increased in recent years, it is necessary to deal with them in preference to other applications because the time limit of establishing reports is stipulated in the Treaty, in addition to the fact that they are an importance for business strategy of corporations. As a result, the PCT application-related workload has increased and the ratio of capability the examiners can spend on domestic applications has decreased.

The Japan Patent Office has taken drastic measures to increase examination efficiency, such as the outsourcing of prior art searches, introduction of a paperless system by information technology, and so on.

#### [Average Number of Claims in a Patent Application]



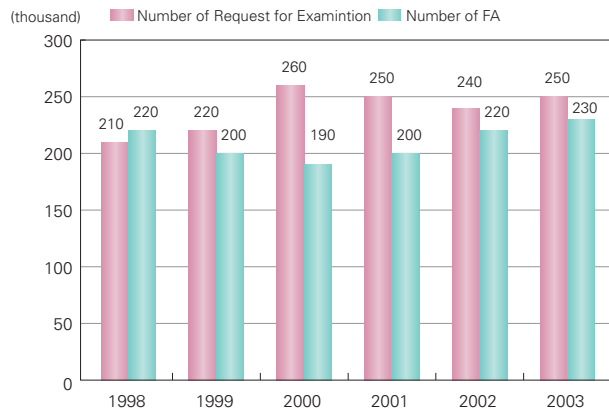
#### [Number of International Search Reports]



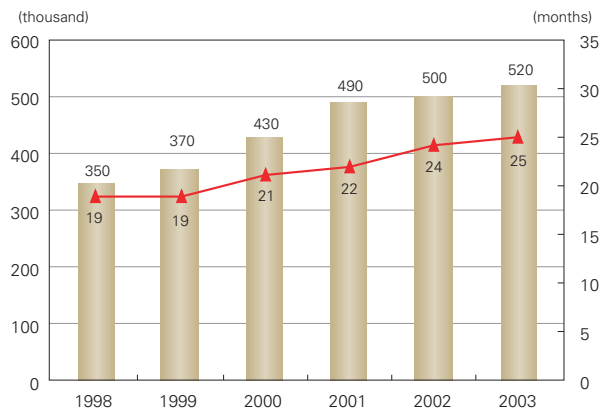
With the remarkable increase in the number of requests for examination in recent years, the imbalance between the number of requests for examination and the number of applications that can be examined is growing. For the last four years, the number of requests for examination has exceeded that of applications which can be examined by 71,000 applications (2000), 58,000 applications (2001), 22,000 applications (2002) and 21,000 applications (2003). While improvement is notable, the accumulation of the backlog has reached 520,000 applications and incurs the prolonging the period of waiting for examination.

Additionally, expected increase in request for examination for the next few years due to the result of the amendment of the Patent Law to reduce the period to file a request for examination, the backlog will increase approximately 300,000 applications, and further prolonging the period of waiting for examination is concerned.

[The number of the request for examination and the number of the applications examined (First Action)]



[The number of backlog of examinations and the period of waiting for examination]



## (2) Issues in Patent Examination

In time of advancing economic globalization, timeliness is increasingly important for corporate operation. Thus, lengthening in waiting-period for patent examination is becoming an obstacle for such activities as speedy deployment of business operation and "selectivity and concentration" in research and development that requires corporate management decisions. It is therefore conceivable that significant reduction in the examination waiting-period and acceleration of patent examination process could be achieved, and it would facilitate development of venture business and other corporate operations to a significant extent.

Acceleration of patent examination, furthermore, would allow early assessment of the effectiveness of the invention and enables the corporation to concentrate research and development funds in promising fields of endeavor. In addition to the effects on business operations, acceleration of patent examination would be transmitted examination results of JPO in a timely fashion to various convention member nations. This would significantly contribute to early and accurate realization of rights for the achievements of our nation's research and development.

It goes without saying, of course, that acceleration of patent examination process with accurate results (predictable granting of rights) is the primary requirement for them to accomplish its purpose.

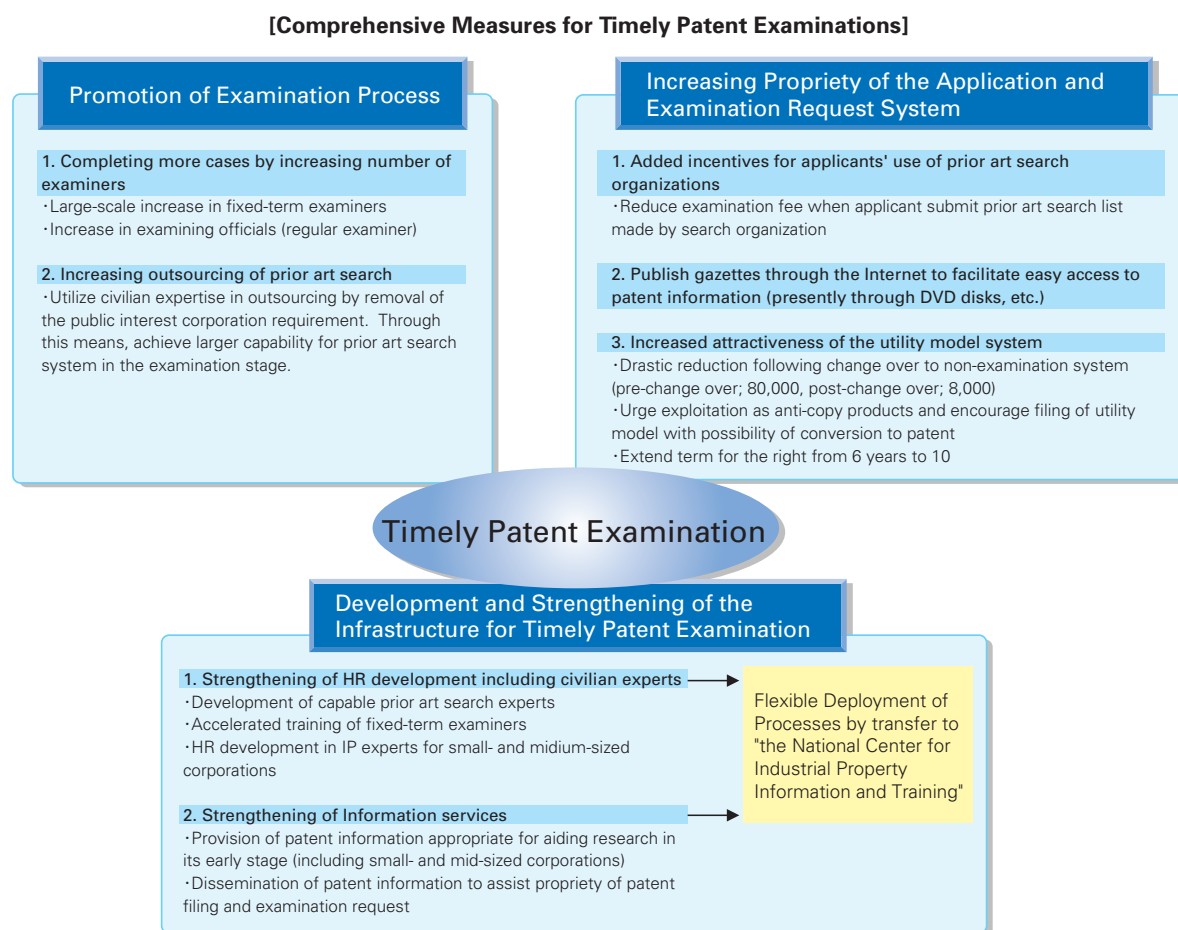
For reasons stated above, for our nation aspiring to become Intellectual Property-based Nation, it would be paramount to take the examination waiting-period infinitely close to zero, dubbed the "zero period of waiting for examination", has become one of the prime objectives. Prime Minister Koizumi, in his general policy speech of January of 2004 on the bases given above, declared his intention to pursue the notion of Intellectual Property-based Nation and to strive to achieve the "zero period of waiting for examination". Elsewhere in approving the supplementary resolution concerning "Bill for Partial Amendment of the Patent Law and other laws to Expedite Patent Examination" in both the House of Representatives and the House of the Councilors, mandate to eliminate the waiting-period for patent examinations is included. In the "IP strategic Program 2004" announced by the Strategic Council on Intellectual Property in May of this year, the final schedule for achievement of zero period of waiting for examination is clearly stated. According to the Strategic Program 2004, the waiting-period for patent examination will be maintained at the 20-month level 5 years hence (mid-term objective through 2008) and will strive to achieve the top world level of 11 months in 10 years (long-term objective through 2013).

In response to these requirements, the JPO has been taking comprehensive measures to prevent further lengthening of the waiting-period for patent examination. They include mid-term and long-term efforts to strike a balance of the number of cases in request for examination (IN) and capability to start new cases of examination (OUT) through applications of promoting appropriate request for examination (Measures for decreasing input) and of strengthening of examination start capability (Measures for increasing output). That is, as the Measures for decreasing input, review of the fee system (raising the fee to file a request for examination and reduce application charge and annual fee for patent), introduction of the system in which part of a fee to file a request for examination is refunded, solicitation of cooperation to promote appropriate request for examination through information exchange with executives of upper-ranking companies, introducing the system for disclosure of information on prior art documents, improvement of environment for prior art retrieval by applicants (Industrial Property Digital Library) and so on. As for the Measures for increasing output, enlargement of the number of the patent examiners, employment of

supplementary specialist staff, deployment of IT to enhance efficiency in the examination process, outsourcing of the prior art search process can be counted.

### (3) Patent Examination Process

In order to accomplish the "zero period of waiting for examination", the JPO must clear the so-called "bump of examinations" comprised of existing 520,000 backlogs and additional pending applications expected to number some 300,000 in the near future. The JPO must not only implement the on-going reform measures with renewed vigor, the agency must implement additional measures to accelerate the examination process. That is, needed to executing comprehensive measures, which is including establishment of even stronger organization through further increase in regular patent examiners and additional employment of 500 fixed-term examiners over the next 5 years, expanded pursuit of prior art search outsourcing (through increased participation of prior art search corporations) on the basis of recently established "Bill for Partial Amendment of the Patent Law and other laws to Expedite Patent Examination" added incentives for applicants' use of prior art search organizations (the specified registered search organization system), increased enticement toward the utility model system and development and strengthening of infrastructure to facilitate acceleration of patent examination processes (human resources development capability and strengthening of public-directed information dissemination service).



#### (i) Main measures for realization of timely and high quality patent examination

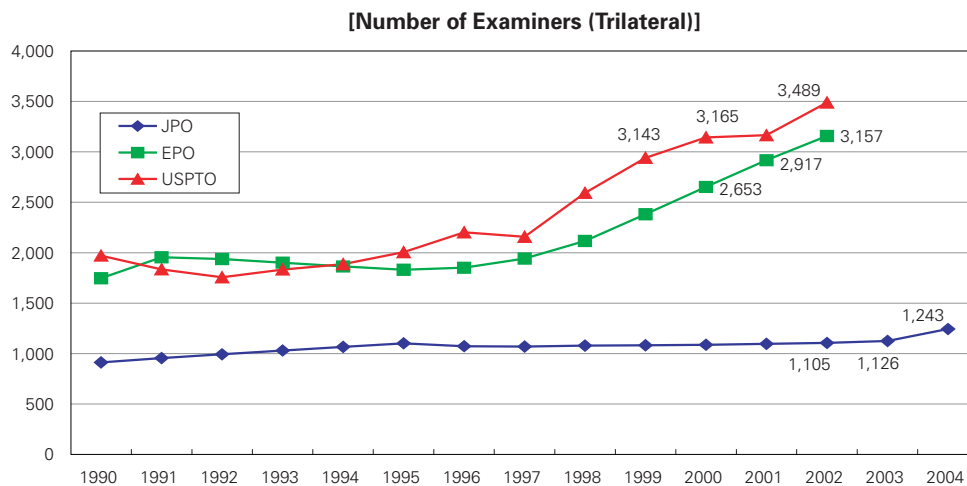
##### a. Certainty in securing regular examiners

In order to attain "zero period of waiting for patent examination" while maintaining the accuracy of examinations, it would be necessary to increase the number of regular examiners. Toward reduction of mid- and long-term imbalance between the number of cases in request for examination (IN) and capability to start new cases of examination (OUT), the JPO will secure employable number of regular examiners in time of general reduction in the number of government employees.

## b. Employment of 500 fixed-term examiners

In order to attain "zero period of waiting for patent examination", in addition to aim for mid- and long-term balancing in IN and OUT through increasing the number of regular examiners, it is equally important to completely clear the applications to fill requests for examination in waiting (backlog) expected in the near future to reach 800,000 applications.

Clearance of such a large-scale backlog of examination needs an enormous, temporary increase of examination capability. To meet this temporary requirement, the JPO has scheduled to employ specialists as fixed-term examiners at the annual rate of about 100 over the next 5 years. The JPO has employed 98 fixed-term employees in FY 2004. The JPO plans to secure about 100 fixed-term examiners annually to bolster its capability on a temporary basis.



## c. Expanding outsourcing of prior art search

Toward realization of "zero period of waiting for patent examination", the JPO must maximize the capability of regular and fixed-term examiners. For this purpose, it is equally important to make a significant increase in the volume of outsourcing of prior art search (hereinafter referred to as search outsourcing).

Under the present system, search outsourcing must be directed to designated search organizations selected out of public interest organizations.

In order to muster capable search specialists (searchers) from more extensive fields, and expand search outsourcing, it is necessary to remove other requirement that search organizations must be public interest organizations, shift from the system of designation to that of registration and increase available search organizations. And, necessary measures toward attainment of these requirements are included in "Law for Promotion of Expedient Patent Examination". The JPO hopes that, in the near future, participation of a significant number of organizations, such as private research companies, that would join the ranks of registered search organizations enables expansion of the scale of search outsourcing and causes robust competition with one another.

Since the prior art search process requires high-level of knowledge and a certain level of experience, it involves a significant amount of costs and risk that private research companies, which participate in search outsourcing business as newly registered search organization, bring up the sufficient number of experts who provide requirement level. The National Center for Industrial Property Information and Training is planning to assist effort that those organizations participate as registered search organization by providing programs of capable searcher development that is sophisticated training curriculum that includes practicum in the search process.

The mode of delivering the prior art search results reported by the search organization, moreover, has been changed from the traditional method of submitting a report in document to the JPO (Supply-type) to method of dialogue in which the searcher makes an oral presentation about search result and is given an opportunity to absorb details of search techniques from patent examiners (Dialogue type). The JPO will shift the formality of report delivery from Supply-type to Dialogue-type as advancement of efficiency and accuracy of the search outsourcing will be mandatory.

d. Instituting of Specified registered search organization system

On the basis of the Law for Promotion of Expeditious Patent Examination, instituting of specified registered search organizations system will begin in April 2005. The JPO expects that an application of this system would enable applicants to acquire high-quality search report prior to filing the request for examination which would facilitate them to schedule the request for examination by foreseeing possibility of obtaining the right, and their moves with regard to the request for examination.

e. Revision and deployment of examination guidelines to facilitate accurate right acquisition

On the basis of deliberations of the Patent System Subcommittee of the Intellectual Property Policy Committee, Industrial Structure Council, to attain patent protection with high quality and to achieve international cooperation, the JPO in 2003 announced the following modifications:

i) Revision of the examination guidelines for the "methods for treatment of the human body by surgery or therapy and diagnostic methods practiced on the human body" (August 2003)

The method to manufacture medical equipment with materials extracted from a human body, such as genetic recombinant medications and cultured skin sheets, may be eligible for a patent even if it is presumed that the materials are supposed to be returned to the same body from whom the materials were removed.

ii) Revision of examination guidelines for the "description requirements of a description and claims " (October 2003)

The Patent Law Section 36-6-1<sup>3</sup> requires that correspondence between the "claimed invention" and the "detailed description of the invention" must be substantial.

iii) Revision of examination guidelines for the "amendment of a description, claims and drawings" (October 2003)

The Patent Law Section 17-2 formerly allowed to amend only if it is directly and unambiguously derivable from the description, the claims or drawings in the initial application. However, the Section presently allows to amend if it is "a matter which is inherently presented in the description, the claims or drawings in the initial application".

iv) Creation of examination guidelines for the "requirements of unity of invention" (December 2003)

The Patent Law, Section 37 is revised that unity of invention is determined on whether or not two or more inventions in claims share the same or corresponding special technical feature in order to be in line with the PCT international search and preliminary examination guidelines.

v) Creation of the examination guidelines for the "priority" (July 2004)

The guidelines clarified that a claimed invention shall be within the scope of matters described in the first application to enjoy the effect of priority. Judgment on whether it is within the scope of matters shall be conducted like judgment of amendment: new matter.

vi) Revision of the examination guidelines for the "preparation of a registrability report of utility model" (July 2004)

In response to the opinion expressed by the Working Group on Utility Model System of the Patent System Subcommittee, Intellectual Property Policy Committee, Industrial Structure Council, the examination guidelines are reviewed to include a statement of reasons when judging lack of novelty and inventive step in preparation of a registrability report.

vii) Revision of the examination guidelines for the "Examination Procedure" (September 2004)

Because over 10 years has passed since the former guidelines were published in order to reflect various other revisions made during that time, and reviews in progress, the revised guidelines were released to clarify the preferable procedure and to describe the steps of examination chronologically along with the purpose of the system.

f. Clarification of the patent attorney in charge

In some applications, examinations and other processes, especially represented by major patent attorney offices, only the names of firm's representatives indicate and the indication of the patent attorney, who is actually processing the documents, is omitted. Moreover, when patent business operation is the representative or multiple

<sup>3</sup>Patent Law Section 36-6

The description of the scope of claim in patent application shall conform to all the following items

-The invention intended for patent shall be one described in the detailed description.

numbers of patent attorneys are representing the case, occasionally the examiners or appeal examiners have no way of knowing whom to call.

Noting this state of affair, the Working Group on Patent Strategy Program-related Issues of the Patent Systems Subcommittee, Intellectual Property Policy Committee, and Industrial Structure Council notified the JPO that the patent attorney in charge shall be noted on each document and responsibly handle the JPO request for interview questioning.

In response to the notice of the Working Group, the JPO has issued a notice through the Japan Patent Attorneys Association and other organizations that the patent attorney should be indicated in applications and demands for appeal represented by multiple numbers of patent attorneys or those represented by a patent business operation and that the patent attorney in charge should appear for the interview from April 1, 2004.

The indication of the patent attorney in charge should attained by describing "Patent attorney in charge" in "Contact" placed in either "representative" or "representative of appointment".

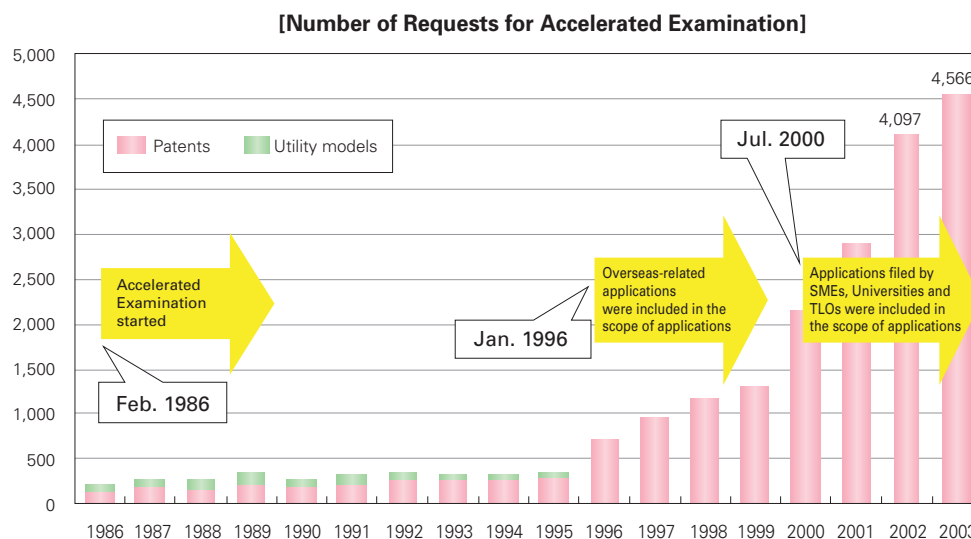
The JPO hopes that clarification of patent attorney in charge would result in better communication between the examiner, appeal examiner and patent attorneys.

## (ii) Patent examinations matched for the requirements of the applicant

In the environment in which the requirements of the applicant for patent examination are becoming diversified, the JPO has implemented the following measures to assist them in IP strategy to obtain patent rights in a strategic manner.

### a. Implementation of Accelerated Examination

The JPO conducts accelerated examination for applicants with specified objectives who are required submission of written explanation of the need of accelerating examination in order to assist early exploitation of results of research and development, global economic activities. The acceptable circumstances include exploited applications concerning inventions that have already been (or expected to be worked within next 2 years), applications filed also in a foreign patent office, and applications filed by Small and Medium Enterprises and venture enterprises with limited funding, universities, TLOs or public research institutions, social use research result produced at which is expected. Due to simplification of the procedure and publicity, the number of requests for accelerated application is increasing in recent years. since July 2004, the availability of this program has been extended to 1) the overseas-related application including PCT-related domestic applications (even if PCT applications don't enter national phase) and 2) the scope of the small and medium enterprise is wider to that specified in the "Program to Support Prior Art Search with Respect to Patent Application" (See Part 4, Chapter 2, "1. Support for Small and Medium Enterprises"). The JPO will continue to support the applicants who would like to timely processing with this program. At this moment, the average waiting period for the accelerated examination in 2003 was around 2.5 months.





b. Clarification of the Processes in simultaneous examination of PCT applications and its related domestic application

In regard to the prior domestic application, which comprises the basis for claiming priority in international application, for the purpose of assisting applicant's requirement of timely acquisition of right, the JPO has established the clear procedure to examine the domestic application and international application simultaneously and began to offer the service effectively from October 2003. By taking advantage of the simultaneous examination, the applicant is able to secure the patent right of the domestic application early and paves the way for a smooth acquisition of the patent rights in a foreign country by enabling utilization of examination results in national phase. In other words, when making request for examination in the national phase, the applicant describe request for using the result of the national phase in the PCT application, and in the case of the basic application of the priority claims, proceed to withdraw the Japan's designation. This process would allow the domestic application to be processed on the accelerated examination without applying for the accelerated examination program. In addition, applicant would be eligible for the benefit of partial refund of international search fee<sup>4</sup>.

c. Implement of Circuit Examination - Meeting Applicants and Representatives

To make opportunities to grasp the viewpoints of applicants and representatives, in addition to meeting in the JPO facility, the JPO conducts circuit examination for small and medium enterprises, universities, technology licensing organizations (TLOs), and other organizations which have fewer opportunities to exchange opinions directly with patent examiners since 1996. The JPO has implemented circuit examination in 17 prefectures to deal with totally 1,404 applications in 2003. In 2004, the JPO aims to implement circuit examination to deal with at least 1,400 applications.

d. Steadily Implement of Consolidated Examination Program for Relevant Applications

With regard to a series of applications concerning particular technologies (relevant applications), the JPO systematically identifies technical matters through technical interview and meeting, and collectively examines them. The JPO will continue with this program to assist applicant in strategic acquisition of patent rights based on the steady implementation thereof.

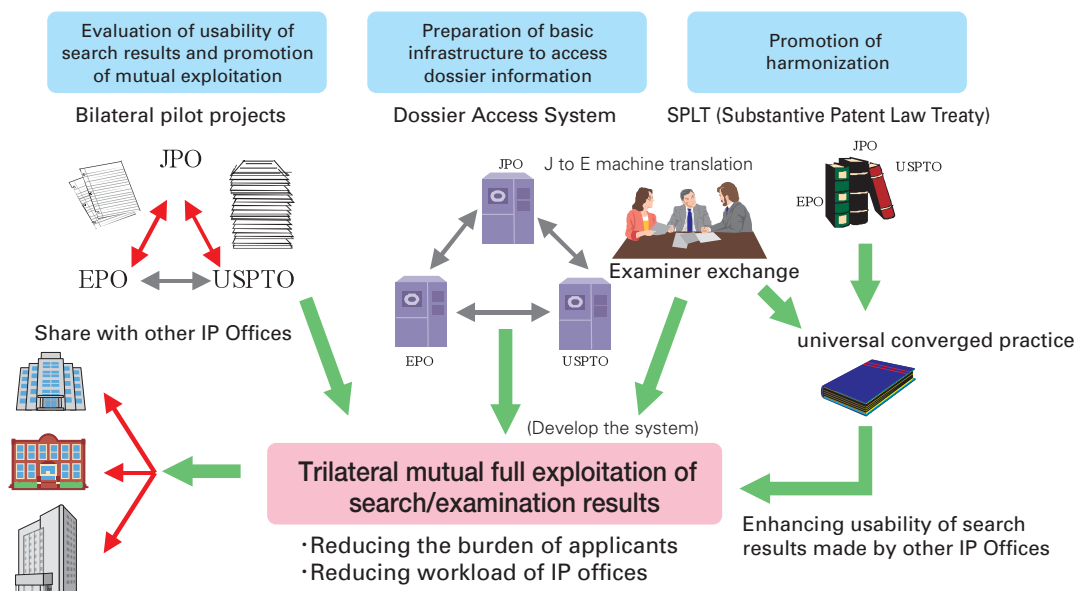
### iii) Promotion of International Cooperation in Patent Examination

In conjunction with rising public awareness in importance of patent rights and economic globalization, demand for protection of rights in a number of countries is leading to rapid increase in the number of patent applications throughout the world. How to reduce the continuously increasing backlogs is the big issue for patent offices in each nation. When one patent application is filed to multiple numbers of countries, prior art search and examination for one application would be duplicated. Among the Trilateral Offices (EPO-JPO-USPTO), number of those multiple applications counts approximately no less than 190,000 per year. Thus, how to effectively examine multiple patent applications is one of the keys in reducing the backlogs. In this light, the JPO is working with patent offices of other nations to promote the patent examination cooperation in mutual exploitation of the search/examination results.

a. Mutual exploitation Project

Based on the agreement of Commissioners of Patent offices of the Trilateral Offices (EPO-JPO-USPTO), Trilateral Offices have been conducting bilateral pilot projects to evaluate the availability of the other office's search results. In the Trilateral Conference in November 2003, the Trilateral Offices confirmed that utilization of search results of other offices would reduce the examination workload in each office. On the basis of the results of this project, the Trilateral Offices agreed to develop the Dossier Access System (see next page) that would permit referring of examination documents of the other offices. Furthermore, as a result of the analysis of mutual exploitation project, it is indicated that the sufficient search for Japanese language documents is essential in order to make an accurate determination on the novelty and inventive step and set up high quality patent rights. Trial of mutual exploitation of the search results is in progress in the specific technical fields. In the technical field of DNA/amino acid sequence, it has been confirmed that in most cases the search results obtained individually in the trilateral patent offices correspond with each other. At present, the system for exchange the search results electronically is being considered for use in such fields. In addition, for the technical fields in which chemical compound structure are used in a prior art search, an availability study of the search results is in preparation.

<sup>4</sup>Of the ¥97,000 paid as the search fee for the PCT application with the application date of January 1, 2004 or later, ¥41,000 is refundable. For details on the partial refund of the international search fee, please refer to the Website site for JPO: <[http://www.jpo.go.jp/tetuzuki\\_e/ryoukin\\_e/ryokine.htm](http://www.jpo.go.jp/tetuzuki_e/ryoukin_e/ryokine.htm)>



#### b. Development of the Dossier Access System

On the basis of the results of the mutual exploitation project, the Trilateral Offices are in the process of developing the Dossier Access System to refer to each other's examination documents so as to create an environment which enables full-scale mutual exploitation of the search/examination results. At present, technical means toward establishment of specifications and functions required for the system is under consideration. In addition, the JPO is developing Japanese to English machine translation system which translates automatically the examination documents written in Japanese into English and provides the translation results for other patent offices.

Moreover, outside of the EPO-JPO-USPTO Trilateral Offices, development of the Dossier Access System is to be considered for use among China, Korea and Japan as a result of a decision made in the Patent Office Commissioners meeting held in November 2003.

#### c. System harmonization

Harmonization of patent system is not only the major premise for development of the world patent system, but also particularly meritorious for Japan as its foreign applications are voluminous. Based on this recognition, the JPO is aggressively pursuing this issue within the WIPO. Six conferences have been held since the 4<sup>th</sup> WIPO Standing Committee on the Law of Patents (SCP) to deliberate the harmonization of substantive aspect of patent law, but the discussions are not proceeding smoothly. In order to break through this situation, the Trilateral Offices (EPO-JPO-USPTO) have presented a package proposal<sup>5</sup> in the 10<sup>th</sup> WIPO Permanent Committee on Patent Law held in May 2004, to limit the discussion to items indispensable for international cooperation in the search and the examination in an attempt to reach an early agreement. The JPO will endeavor to achieve substantive harmonization of patent laws in the future (See Part 5, Chapter 1, (2), "Activities to Develop World Patent Application System").

#### d. Examiner Exchange Program

When the Dossier Access System is developed, the international environment for mutual exploitation of search and examination results will be prepared. In order to make use of such search/ examination results accurately and effectively, it is essential to understand the practical differences in the method of prior art search and regulations and practices of examination, and thus, exchange of examiners is necessary to achieve it. At the same time, it is important to harmonize the operation of the methods of the search/ examination.

The JPO has been exchanging examiners with patent offices of EPO, UK, Germany, Sweden, Korea and other countries. Beginning April 2004, as an additional effort toward this end, a trilateral examiner exchange program has been established, which gives examiners of the Trilateral Offices (EPO-JPO-USPTO) opportunity to gather and discuss examination. The JPO will continue such efforts to facilitate mutual exploitation and harmonization of prior art search methods and examination practices.

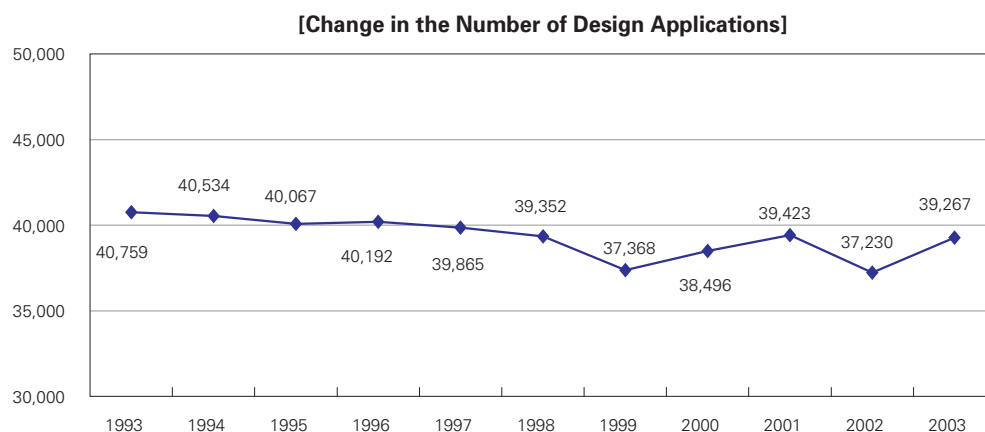
<sup>5</sup> A proposal to re-examine the definition of prior art, grace period, novelty and inventive step are included in the package as the first consideration.

## 2. Design Examinations

### (1) Trend of Design Applications

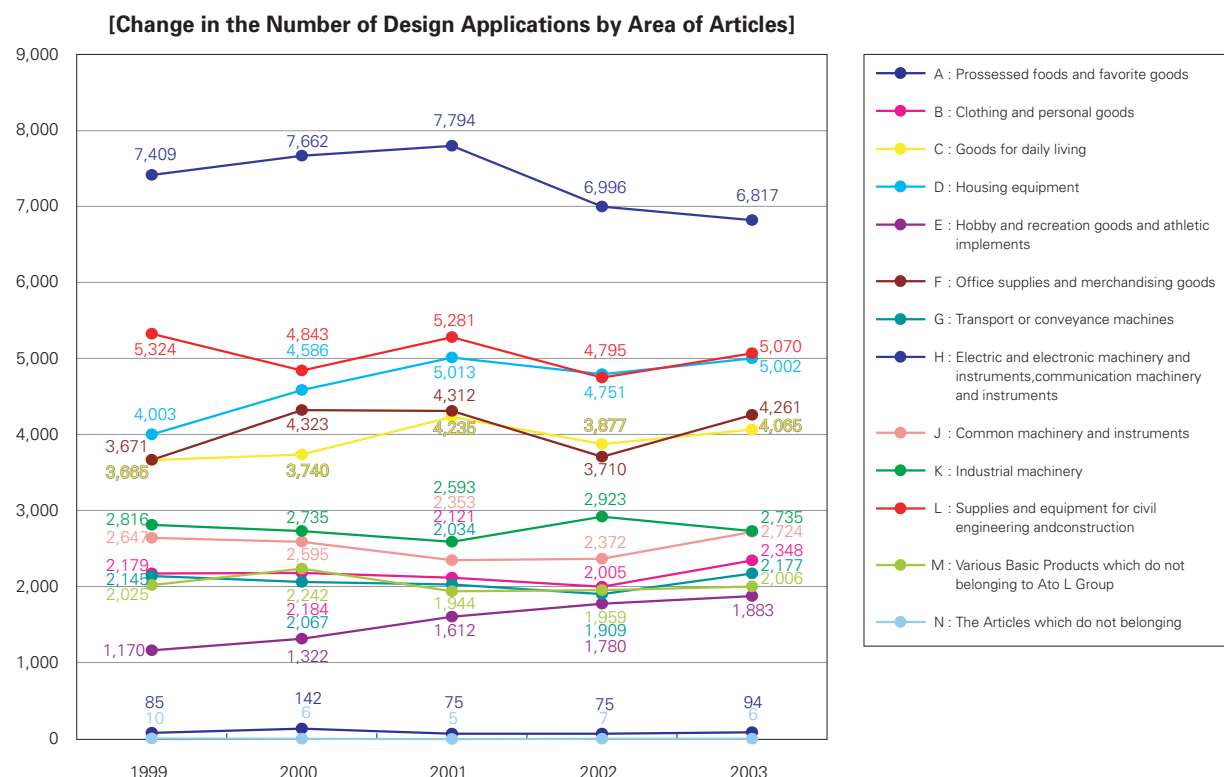
#### (i) Overview

The number of design applications has maintained stable annual rate of about 40,000 for more than a decade. The number of applications in 2003 was 39,267 and was up about 5.5%, about 2,000 cases from the 2002 figure.



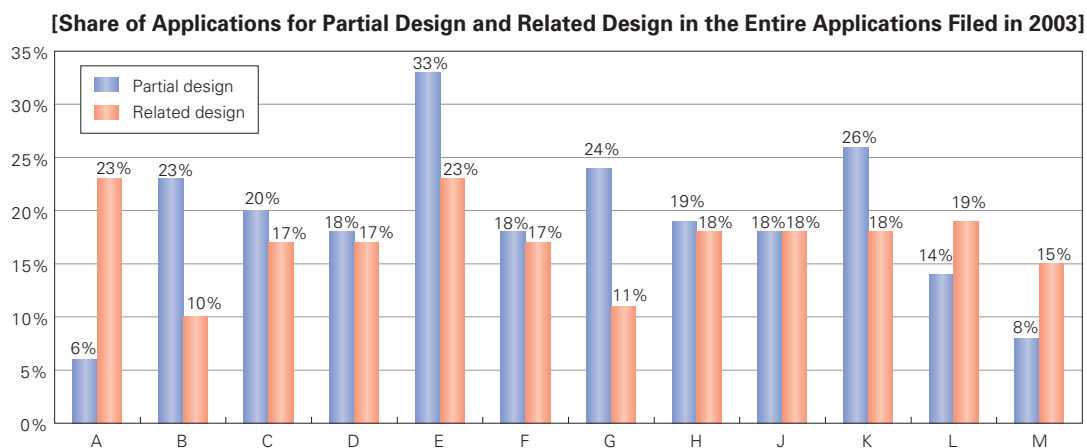
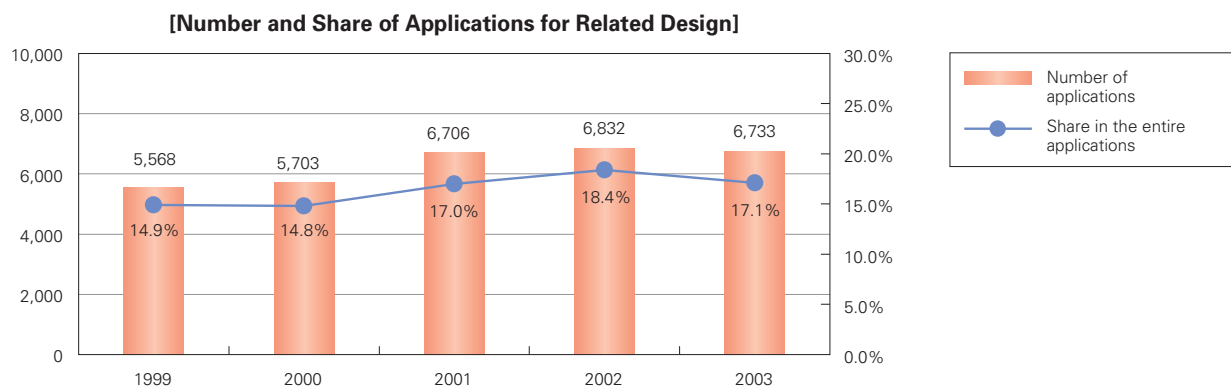
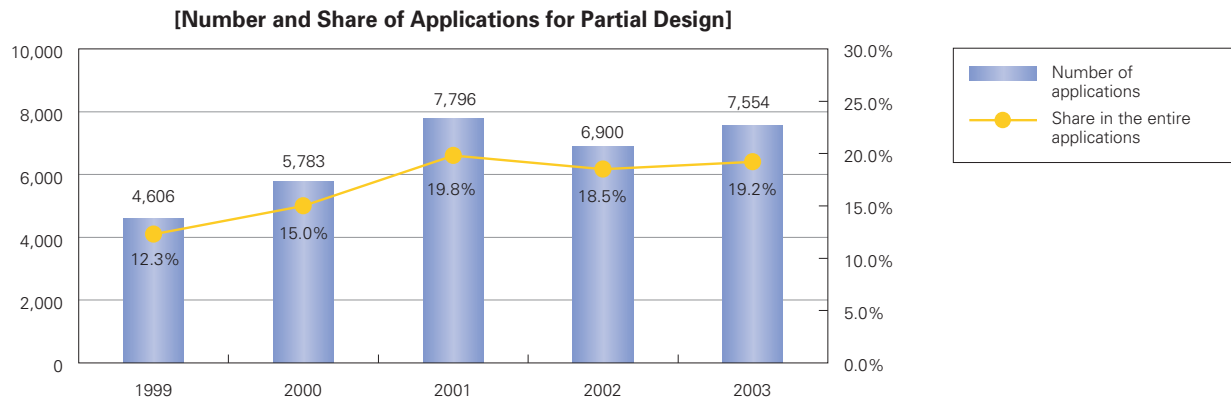
In terms of merchandise categories of design applications in 2003, the number of applications maintained a high level in all fields. The number of design applications filed in 2003 for the Japanese Design Classification H Group (Electric and electronic machinery and instruments, communication machinery and instruments), L Group (Supplies and equipment for civil engineering and construction) and D Group (Housing equipment) remain high, but the number of applications for H Group declined consecutively for the past 2 years. In any other categories, the number of applications has increased over the previous year.

The category that is showing a dramatic increase in the number of design applications in recent years is E Group (Hobby and recreation goods and athletic implements), especially those in goods for entertainment.



## (ii) Partial design application and related design application

Partial design system and related design system are unique to Japanese design registration system. These systems are exploited in all areas of articles in a stable fashion, and the number of partial design applications<sup>6</sup> is approximately 7,500, comprising about 19% of all design application and the number of the related design<sup>7</sup> applications is approximately 6,700, comprising about 17% of all design application.



## (2) The Status of Design Examination and Necessity of Expeditious and Appropriate Examination

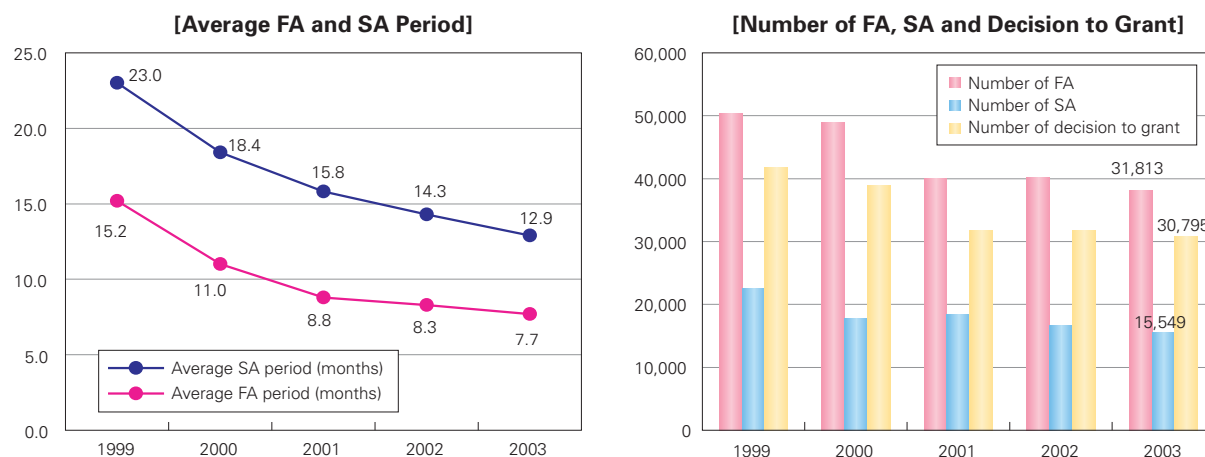
### (i) Overview of design examination

In response to increasing demand for timely protection of designs caused by shortening product cycle, robust technical innovation, heightening consumer demand for good product design, increasing inflow of dead-copy products from Asian countries, the JPO has been implementing acceleration of design examination process. The average

<sup>6</sup> Design of "a part of an article". Since the amendment of the Design Law in 1998, designs containing a part that cannot be physically separated from the entire article may be registered.

<sup>7</sup> Design that is similar to a design of a selected application (principal design) among the group of applications filed by the same applicant on the same day. The related design system enables enforcement of the design rights for designs similar to the principal design and it was introduced at the amendment of the Design Law in 1998.

period from application filing to the first notification of the result of examination (FA period) has been shortened from 15.2 months in 1999 to 7.7 months in 2003. The average period from application filing to dispatching of the decision after the first action (SA period) has also been reduced to 12.9 months by 2003.

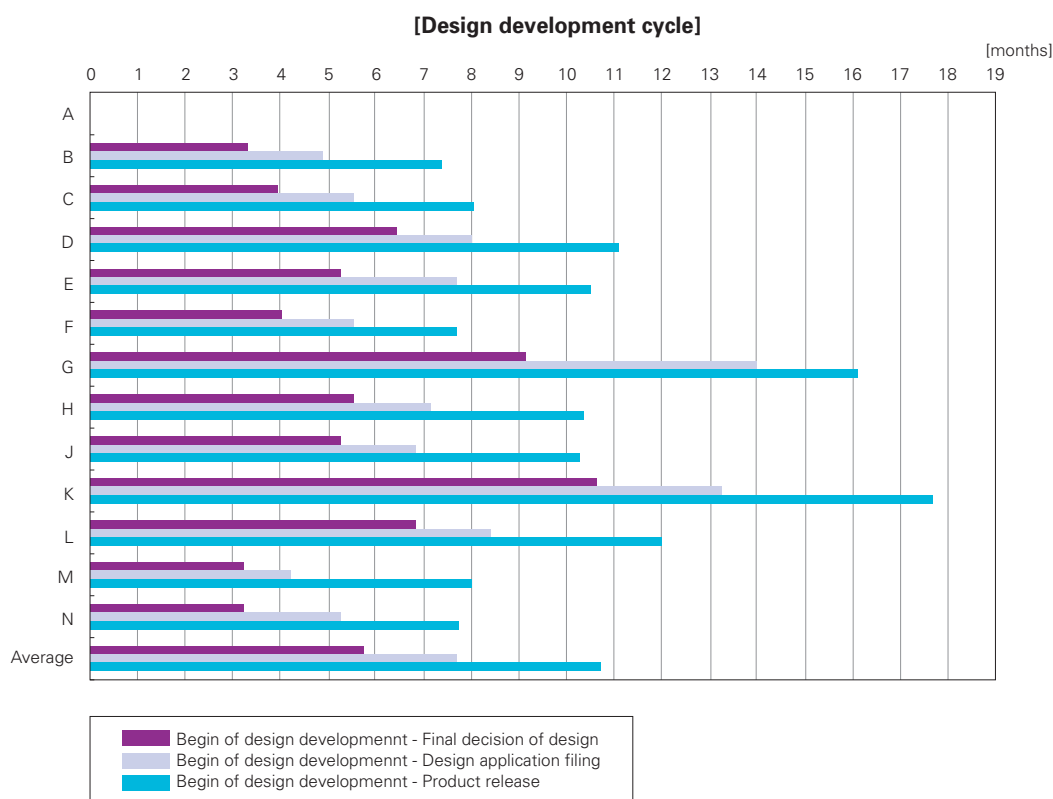


(Note) FA period: Period from the filing date to the date when the first notice of examination is dispatched

SA period: Period from the filing date to the date when the final decision following the first action is dispatched

On the other hand, as regards relation between design application filing and product development, the period from design application filing to product release, regardless of the area of the articles, is approximately 3 months. This implies that it is necessary to further shorten the FA period as the dead-copy of short-life cycle products begin to appear about 3 months after the product release.

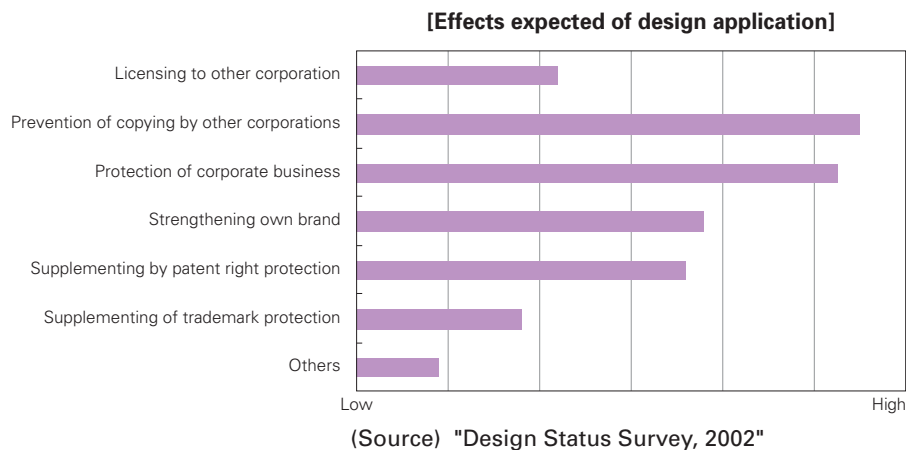
On the other hand, on relatively long-life product, the requirement is stabilization of examination period and clarification of the point of the decision in design examination.



(Source) "Design Status Survey, 2002"

(Note) Absence of data for A Group (Processed food) was that no design development was taking place in this industry.

What the users of the design registration system expect are "prevention of manufacturing of similar products" and "defense of own business" as well as "strengthening the brand power of own products", "protection of creativity that patent system cannot protect" and other benefits, indicating that expectation in exploitation of design rights is diversifying.



For reasons stated above, the JPO expects to accelerate the examination process further, and at the same time, pursue clarification of decisions involved in examination by their disclosure, responding to diversifying corporate requirements and strive to facilitate exploitation of the design system.

### (ii) Accelerated examination

For design applications that satisfy specific requirements such as working related application with urgency for granting of a design right, the examiners are expected to start examinations immediately and proceed with the examinations to complete the processing without delay.

The number of accelerated examination requests in 2003 was 75, and it was 34 cases (around 45%) that were selected as subjects for accelerated examination. For the cases selected as the subject for the accelerated examination, the first notification of examination is given within an average of 2 months from the requests for the accelerated examination.

(Reference - Subjects for accelerated examination)

The design applications that satisfy the following condition i) or ii) are the subjects for accelerated examinations.

#### i) Working Related Application with Urgency for Granting of a Design Right

Design application for a design which the applicants themselves or their licensees of the filed design are working or have prepared for working to a considerable degree, which apply to the following and which have urgency for granting of a design right.

- It is apparent that a third party is working or has prepared for working to a considerable degree the design that is the same or similar to the filed design without approval.
- The applicant has been warned on working (working preparation) of the filed design from a third party.
- The applicant has been requested permission for working of the filed design from a third party.

#### ii) Application to Foreign Countries

Design application for a design which was filed to a patent office or government agency other than the JPO.

## (3) Amendment of Design Classification

Japan became the largest exporter of industrial products in the world in 1984. In the background of manufacturing a variety of products and creation of enormous variety of industrial designs, Japanese Design Classification based on "classification divided mainly by use of the articles" was established in 1983 and started to be operated to the design examination.

Japanese Design Classification has played an important role in streamlining search process and appropriate decision in examination process by classifying design examination materials such as design applications which had

been filed after the establishment of the Japanese design registration system on the basis of article use.

Although the Japanese Design Classification has been partially amended in 1989, over 20 years has elapsed since its introduction. In that time, industrial designs have diversified as the industrial sectors have created enormous varieties of goods on the bases of a large variety of innovative technologies matched for people's life styles and life environment. Additionally, the Design Law was amended in 1998 to be adapted to such a situation. Consequently, it has been time to review the existing system of design classification.

Moreover, although the period from application filing to dispatch of the first notification of examination result (FA period) has been reduced to average 7.7 months in 2003, the field of industries manufacturing products that are easy to be copy or those manufacturing products of short-life cycle are demanding even faster examination. Thus, it is important to streamline the search process of the expanding examination materials.

Taking factors discussed above into consideration, the JPO has begun the work of amending the Japanese Design Classification in 2003, and completed the amendment process in April 2004 and the settlement work of the new Japanese Design Classification. From now on, the JPO will be in preparation for shifting from the existing classification system to the new system without confusion. The amended Japanese Design Classification will be applied to applications filed in January 2005 and thereafter.

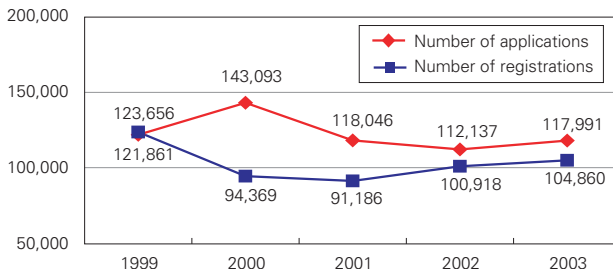
### 3. Trademark Examinations

#### (1) Trend of Trademark Applications

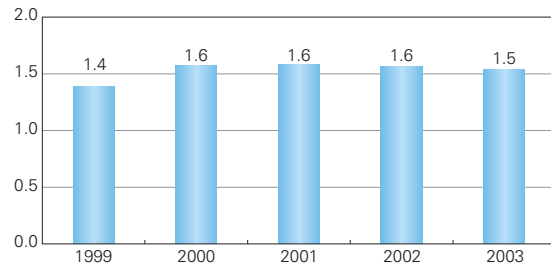
The number of trademark applications (excluded international applications for trademark registration) has declined two consecutive years following the year 2000, which recorded the maximum number in recent years. However, the number of applications in 2003 was approximately 118,000 cases with a gain of 5% from the previous year.

On the other hand, the number of trademark registrations in 2003 was about 105,000 cases with a gain of approximately 4% from the previous year.

**[Trademark Applications and Trademark Registrations]**



**[Average Number of Classes Designated per Application (multi-class rate)]**

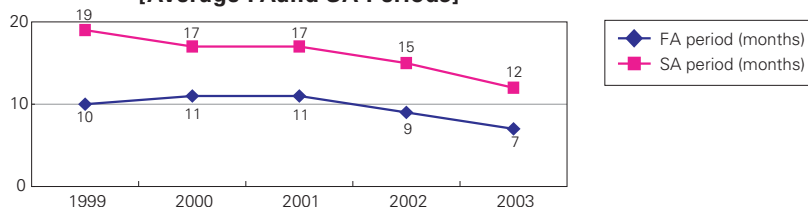


#### (2) Status of trademark Examination Process

##### (i) Examination Processing Period

The JPO has been endeavoring to steadily reduce the trademark examination processing period through promoting computerization and utilizing private organizations by outsourcing searches. In particular, the average first-action period (FA period) for 2003 was around 7 months, which is 2 months shorter than that in 2002.

**[Average FA and SA Periods]**



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

SA period: Period from the filing date to the date when the final decision following the first action is dispatched

### (3) Efforts in Trademark Examination

#### (i) Accelerated Examination

In response to the needs for accelerated 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 registering a trademark 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.

(Reference: Application subject to the accelerated examination)

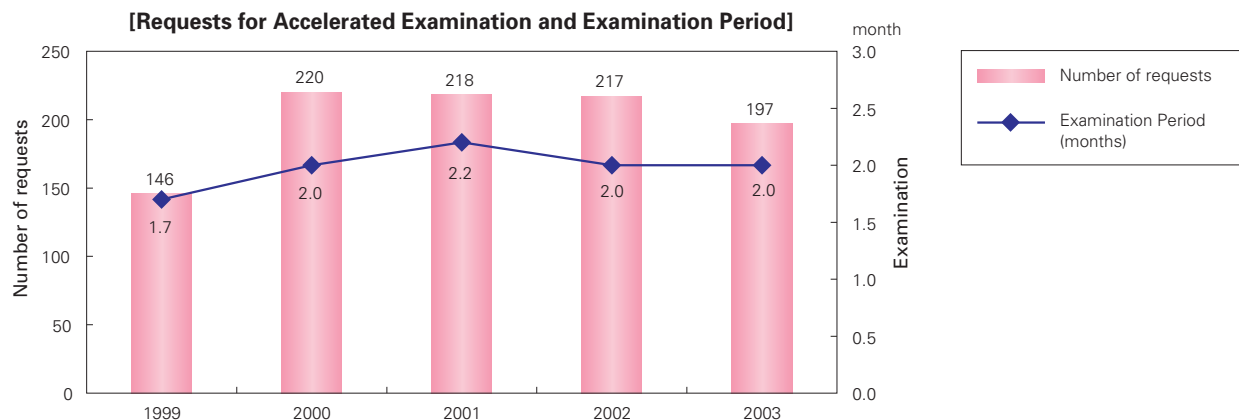
Accelerated examination shall apply to trademark applications that satisfy the following two requirements.

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 registering a trademark

Reasons for the "urgent need for registering a trademark" are followings:

- 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.
- The applicant has received a warning from a third party on the use of the trademark in the application.
- The applicant has been requested to license the trademark in the application by a third party.
- Trademark applications have also been filed with patent offices or governmental agencies other than the JPO.
- Other cases where urgency is recognized.



(Note) Examination period: Period from the date of request to the dispatch of the first notice of examination results.

#### (ii) Quality of examination

While the average FA period with regard to the trademark examination has been successfully shortened in recent years, there have been increasing needs by trademark users to maintain and improve the quality of trademark examination. In this regard, the JPO has taken the necessary measures to carry out the trademark examination properly and consistently in order to ensure the stability of trademark rights. With a view to correlating the trademark examination with the ever-changing social and economic situations, the JPO has convened a round-table conference to exchange views and opinions among experts and specialists, who have profound knowledge of "language" from the academic and cultural fields, which are related to trademarks.



## Chapter 2

# Appeals and Trials

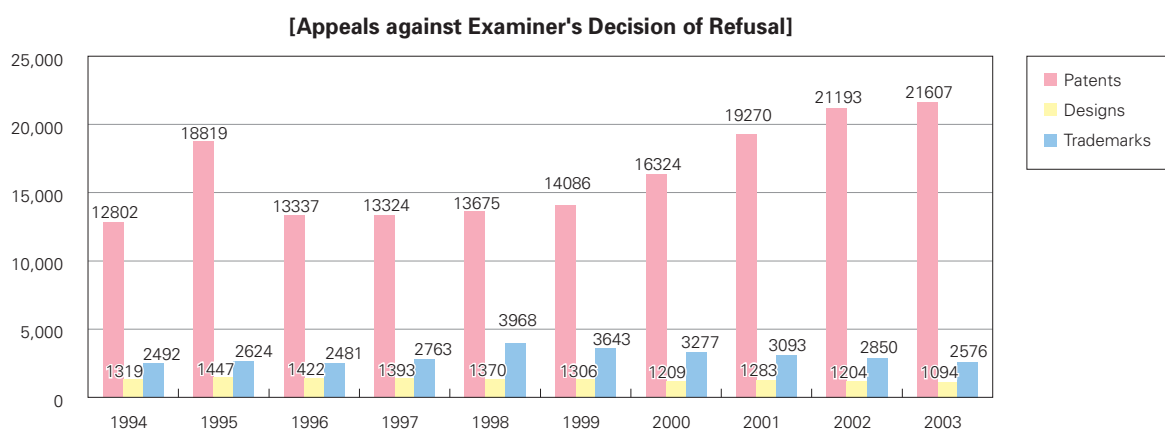
## 1. Current Conditions of Trials

### (1) Trend of Demand for Trials

The nature of the system of appeals and trials is comprised of 2 functions; namely, that of functioning as the higher court for examinations and that of resolving disputes over the effectiveness of patent and other applications. The trend of demands for trials that have the former as the major function, such as appeals against examiner's decision of refusal before the granting of the rights, is more deeply related to the trend of trials, and the trend of demands for decision that have the latter as the major function, such as the trials for invalidation after granting of the rights, is more deeply related to the trend of infringement cases and other disputes concerning the industrial property.

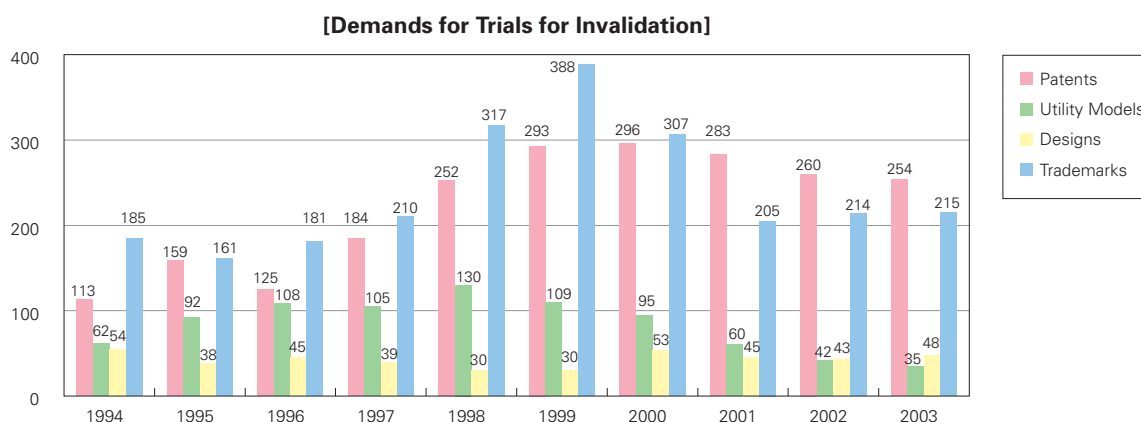
#### (i) Appeal against Examiner's Decision of Refusals

The number of appeals against examiner's decision of refusal has been stable in the past several years for the designs and slightly decreasing for trademarks, while the appeals for patents are growing at a significant rate. This is thought to be caused by the increase in refusals and refusal decision rate at the patent examinations.

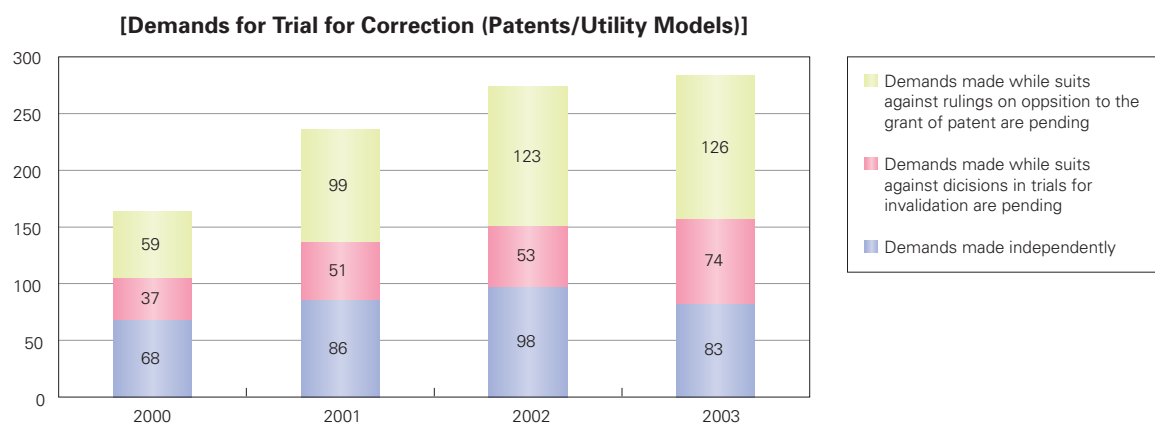


#### (ii) Trials for Invalidation and Trials for Correction

In all areas of patents, utility models, designs and trademarks, the number of trials for invalidation had shown an increasing trend since the 1990s reflecting the increase in infringement suits and other disputes over industrial property, however, the number has been declining during the past several years.

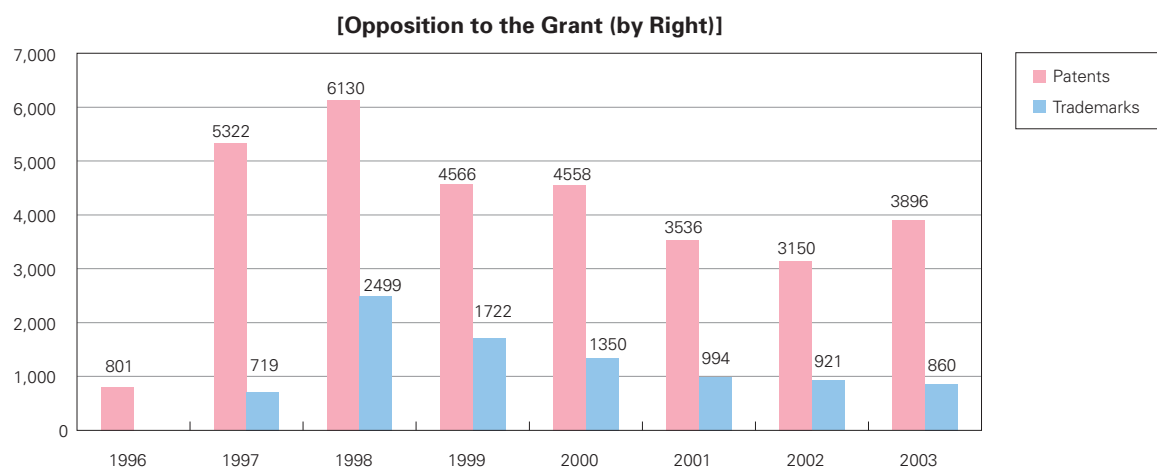


The number of demands for trials for correction for patent has been on the rapid increase for the past few years. However, a majority of the increase was request made during the suits against trial decisions and other judgments, indicating that demands for trials for correction are constantly occurring at the appeal stage.



### (iii) Opposition to Grant of Rights

The number of oppositions to grant of rights has been on the decline since it attained a peak in 1998. The trend in reduction may be said to show that appropriate examinations for stable granting of rights without subsequent invalidation are in progress. The system of opposition to the grant of a patent was rescinded in amendment of the law in 2003 and has been merged with the system of trial for invalidation that was effective on January 1, 2004.



(Note) The opposition system was revised to the post-grant opposition in January 1996 for patents and 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 proceedings began in the year following the year of revision.

## (2) Improvement of Trial Proceeding (Stricter Trial Proceeding)

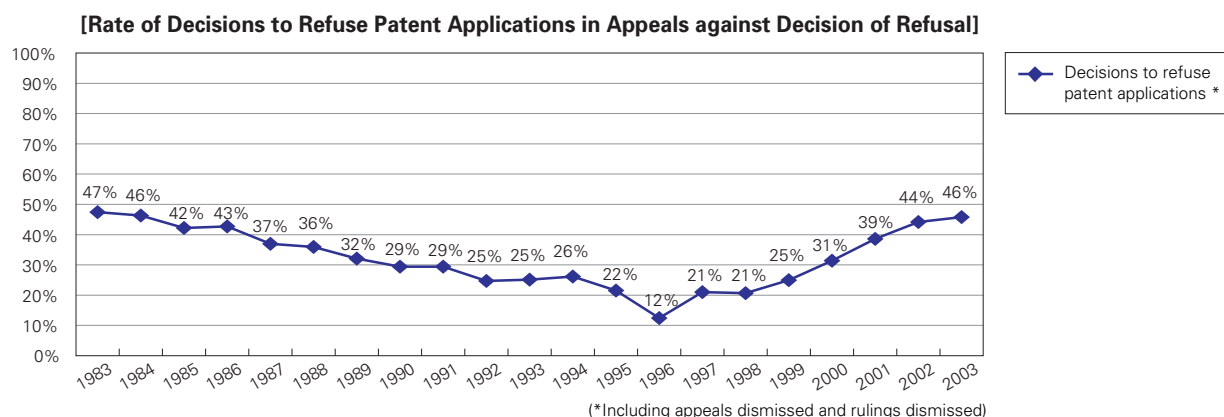
The Pro-patent policy aims to give strong protection to patent rights. For this policy to be correctly implemented, it is necessary to establish an operation system that allows granting of a patent to inventions with patentability and ensures prevention of granting of a patent to inventions lacking patentability. Reviewing the results of patent granting decisions from this standpoint, the recent trend of more exact(strict) decisions is indicated.

The breakdown of the decisions for appeals against examiner's decision of refusal shows that the ratio of the dismissals more than doubled from around 20% in 1997 to around 46% in 2003. This fact indicates that examinations and decisions are more exact and strict to allow granting of a patent to inventions with patentability and prevent granting of a patent to inventions lacking patentability and appropriate protection is provided to inventions that will contribute to development of the industry. The results of suits against trial decisions in the oppositions to grant of a patent show that the invalidation ratio of around 24% in 1999 decreased to around 17% in 2003, which

indicates that the court is supporting the more exact decisions.

Stricter requirements for granting a patent such as inventive steps have been demanded by the industries and the recent trend of the decisions may be said to respond to such demand.

As the increase of the disapprovals of demands<sup>8</sup> for the appeals against examiner's decision of refusal indicates an increase of the cases where inventions that had not been granted a patent at examinations were refused granting of a patent at the trials as well, the predictability of granting of a patent may be said to have improved.



### (3) Efforts by the Trial Department

#### (i) Efforts for more Exact Trials

One of the major missions of the Patent Office is granting of stable industrial property rights. Exact decisions are also required in the trials, and concerning the issue pertaining to exact trials, such as "exact judgment in consideration to the argument of the parties concerned", the Trial Department will continue to conduct consistent operations based on the standards, etc. including the emphasis (more strictness) on the requirement of inventive steps, improvement of the proceeding system for law suits after granting of the rights, collaboration between the Examination and Trial Departments, exploitation of technical advisors, legal advisors and other wide variety of the learned persons and improvement of the decision analysis and feedback to the judges. The Trial Department will also proactively exploit the interview proceedings and circuit trials and endeavor for further promotion of exact decisions through dialogues with the claimants, etc.

#### (ii) Efforts to Realize Speedy Appeal/Trial Examinations

The Trial Department is placing priority on the trials for invalidation and other trial cases after granting of rights because it is a demand of the society to make protection effective by setting disputes on effectiveness of patents, etc. promptly.

The Trial Department will pay attention to the trial period for the appeal against examiner's decision of refusals, etc. and execute the "comprehensive examinations" that comprehensively deliberate relevant cases of the same demandants as an effort for effective examinations. The Trial Department shall also aim for more effective exploitation of the appeal investigators and other assistants to appeal examiners.

- The Trial Department has introduced the so-called "planned examinations" in which a schedule until the delivery of the decision is determined on the basis of the agreement of the parties concerned and conducts the examinations in accordance with the schedule. This method was thoroughly introduced for the cases that are complicated and difficult to schedule among the trials for invalidation demanded after January 2003 based on the results of the trial cases conducted since July 2001.
- The Trial Department conducts the early decision system for the appeals against examiner's decision to refusal that satisfy specific requirements. The Trial Department alleviated the requirements to be the subjects for the accelerated decision, simplified the explanation on the accelerated decision for the patent and utility model cases to make it easier for the users from July 2000. From July 2004, further expansion of the range of application will be intended.

#### (iii) Improvement of Dispute Settlement Function

Priority is given to cases of trials for invalidation and trials for correction that are often related to infringement suits and other intellectual property disputes (see above item ii)).

<sup>8</sup>The rate of disapproved demands indicates the rate of demands disapproved by the decision that the demand is not established or demands that are dismissed by the decision or judgment among those decisions at appeals and trials.

The Trial Department will grasp those trials, etc. related to infringement suits through promotion of information exchange with the court and utilizes the knowledge for faster decision of infringement suit related cases.

### (iv) Improvement of the Trial Environment

The Trial Department shall aim for improvement of the administrative service by establishing the trial environment based on the information oriented trend in the trial system as the entire Patent Office is becoming increasingly information oriented.

As for the appeals against examiner's decision to refusal (including preliminary examinations), since the continuity of the procedure from the application stage is strong and the needs for consistent paperless procedures from the application stage are high both in and out of the Patent Office, the JPO has started and is operating the trial paperless system for all four laws since January 2000.

### (v) Efforts for Amended System

The JPO started operation of the new system of trial for invalidation in January 2004, in an effort to promote rationalization of disputes resolution system over validity of patent rights. Contents of the new system of trial for invalidation are integration and unification of opposition to grant of a patent and the trials for invalidation, optimization of the opportunities for corrections during the suits against trial decisions, etc. Publicity for the new system has been affected during September to November 2003 in explanatory meeting convened on a nation-wide basis to inform the people. The effort to publicize the new system of trial for invalidation will continued as well as its proper operation.

The Intellectual Property Suit Review Committee at the Legal System Renovation Promotion Headquarters reviewed the relations between the decision of invalidation at infringement suits and the trials for invalidation, in order to enable rational settlement of disputes, such as settlement of dispute in a single trial. Based on the conclusions rendered by The Intellectual Property Suit Review Committee, the "Law to Partially Amend the Court Law and other Laws" was established in June 2004. This law stipulated the settlement of new clauses, the "regulation in which the decision of an infringement lawsuit is that a right should be invalidated in the trial for invalidation, the exploitation of the right is not to be permitted (Section 104-3, etc., Patent Law)" and the "regulation to enable JPO to acquire information on insistence/verification related to validity of right of parties concerning infringement lawsuit (Section 168-5-6, etc., Patent Law). Facilitation of accelerated processing of trials for invalidation of cases involved in infringement lawsuits and strengthening of cooperative relationship with the courts will be effected in time for establishment of the said law effective April 2005.

## 2. Status of Appeals for Suits against Trial Decision

The total number of suits against trial decisions in 2003 was lower than in the previous year. However the suits against trial decisions to invalidate a patent and the suits against trial decisions to "reverse the granting of a trademark registration" increased.

The percentage of appeals for the revocation of the trial decision (appeal rate) indicate that the percentage of appeals remains virtually at the same level for appeals against an examiner's decision of refusal and for appeals against a trial decision in particular.

[Suits (CY2003)]

	Patent	Utility model (*Under Old Law)	Design	Trademark
Appeals against examiner decisions of refusals	99 (97%)	0 (0%)	8 (89%)	21 (72%)
Trials for invalidation and trials for cancellation	145 (111%)	17 (81%)	9 (100%)	54 (49%)
Oppositions to the grant patent	137 (86%) *		-	5 (167%)

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