

# **Part 1**

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## **Trends of Industrial Property Rights**

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Government Support for  
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Statistical Data

# Trends of Industrial Property Applications and Examination in Japan

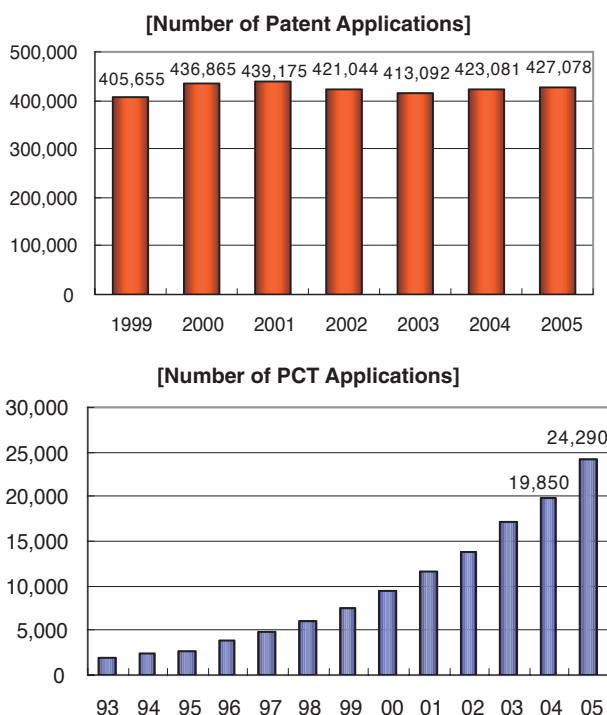
## 1 Patent

### (1) Changes in the Number of Patent Applications and Requests for Examination

#### 1) Stable Number of Patent Applications and Increasing PCT Applications

The annual number of patent applications filed in Japan<sup>1</sup> has remained high at more than 400,000 since 1998.

Meanwhile, due to progress in the globalization of business activities, the number of international applications filed to the JPO under the Patent Cooperation Treaty (hereinafter referred to as the "PCT applications") in 2005 was 24,290. This was an increase of more than 22% over the 19,850 applications filed in 2004, continuing to indicate a high growth rate. As a result, Japan came second in the world for 3 years in a row in terms of the number of PCT applications filed.

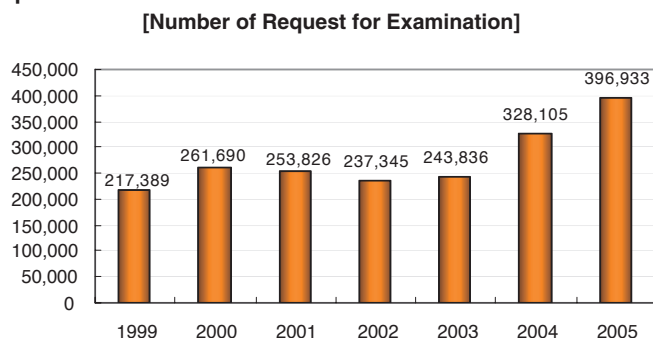


#### 2) Surge in the Number of Requests for Examination

The number of requests for examination in Japan, which had stayed at around 250,000 until 2003, rose to about 330,000 in 2004 (a 35% increase over the 2003 level), and further to about 400,000 in 2005 (a 21% increase over the 2004 level).

One factor behind such a surge in the number of

requests for examination is the change to the period of requests for examination from 7 years to 3 years for the applications filed in and after October 2001. In other words, the applications subject to a three-year request period began to reach the time limit for making the request for examination from October 2004 onward, and the requests for examination for these applications were concentrated on the final year of the period. This dramatically increased the number of requests for examination, and together with the requests for examination filed for applications subject to a seven-year request period, gave rise to a temporary surge, or "bump," in the number of requests for examination (this phenomenon is



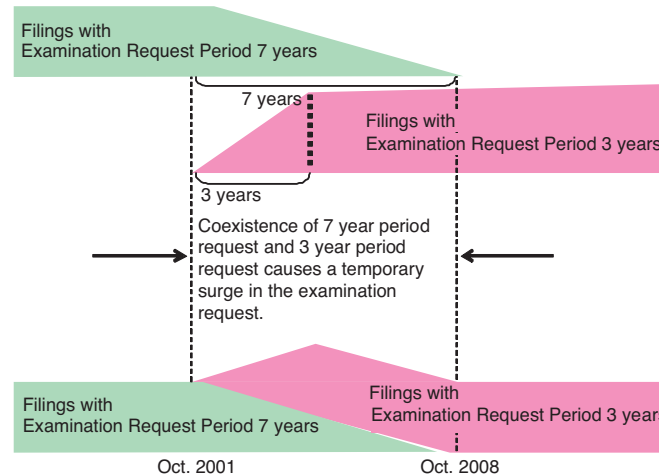
<sup>1</sup> The number includes Japan-designating PCT applications that have entered the national phase.

## Part1 Trends of Industrial Property Rights

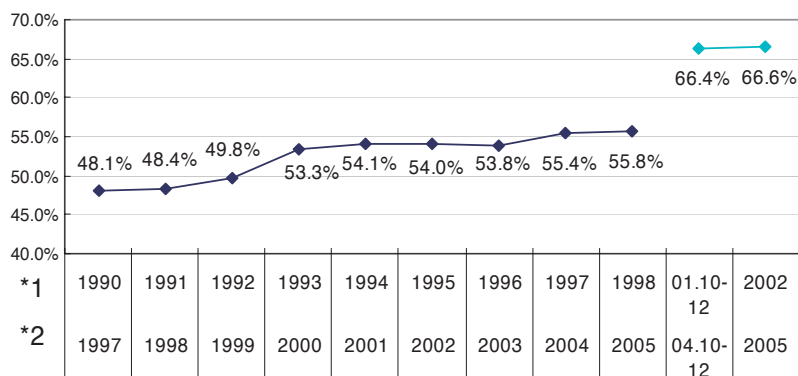
expected to continue until 2008).

Another factor is the increase in the rate of requests for examination. While the rate of requests for examination for applications with a seven-year request period had shifted between 50% and 60%, the rate for the applications filed in 2002, with a three-year request period, was extremely high at more than 66%.

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



### [Rate of Requests for Examination]



\*1: The year when the application was filed

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

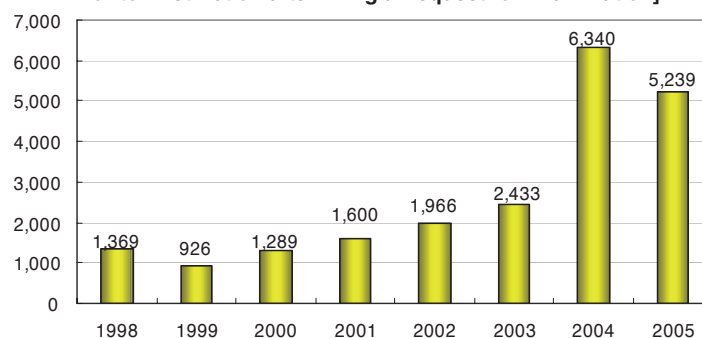
(Notes)

1. The year of filing for international applications filed under the Patent Cooperation Treaty (PCT) in and after October 2001 is based on the international filing date instead of the date of entry into the national phase.
2. The data for applications filed in Oct.-Dec. 2001 and 2002 are provisional.

### 3) Surge in the Number of Withdrawals/Abandonment Prior to the First Action after Having Requested Examination

In April 2004, a new system of refunding the examination request fee went into effect. Under the new system, if an applicant withdraws or abandons the application prior to the first action after having requested an examination, and requests a refund of the examination request fee within 6 months from

#### [Change in the Number of Withdrawals/Abandonment Prior to First Action after Filing a Request for Examination]



# Trends of Industrial Property Applications and Examination in Japan

the withdrawal or abandonment, a part (50%) of the fee is refunded to the applicant.

As a result, the number of withdrawals/abandonment of applications after requesting examination and prior to the first action, which had previously been around 1,000 to 2,000, came to exceed 5,000 in and after 2004 when this new system was introduced. The introduction of the system is considered to have provided an incentive to the applicants to review whether they truly need to patent their inventions even after requesting an examination.

In August 9, 2006, a system was introduced to refund the full amount of the examination request fee for applications that are withdrawn or abandoned prior to the first action. This system, which stays in effect for one year only, is expected to further encourage applicants to reconsider the need for acquiring patents after making the request for examination.

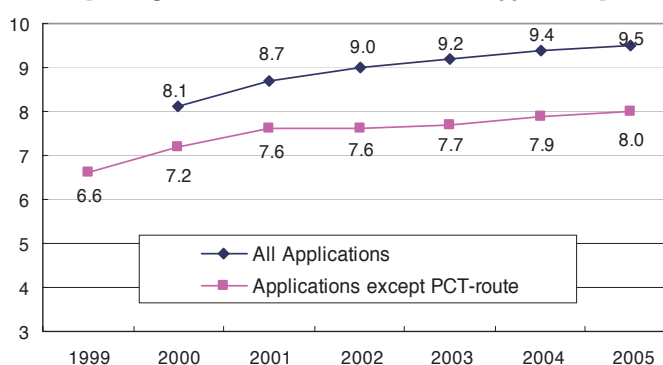
## (2) Status of Patent Examination

### 1) National Patent Applications Becoming More Complex and Advanced in Content

The content of patent applications is becoming more complex and advanced in line with the innovative progress in technology, centering on such cutting-edge fields as nanotechnology and biotechnology. The same trend is also observed in mature technology fields, as manufacturers are enhancing their added values in order to

differentiate their products from rival products. Since applicants try to acquire several patents for their technology so as to secure broad and strong rights in such a situation, the number of inventions (claims) per application has continued to rise over the past several years, causing an increase in the burden of examinations each year.

[Average Number of Claims in a Patent Application]

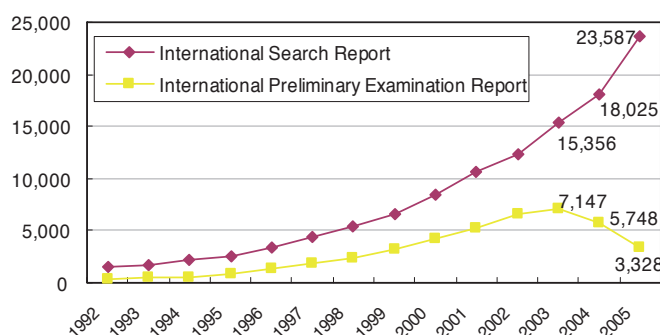


### 2) Increase in the Number of International Search Reports<sup>1</sup> of PCT Applications

As the business activities of Japanese companies have become more globalized, applicants have intensified their efforts in recent years to obtain rights for their inventions not only in Japan, but also overseas. To reflect this trend, the number of PCT applications has continued to indicate a high growth rate since 1994. In line with

such an increase in the number of PCT applications, the number of international search reports has also rapidly increased from 15,356 in 2003 to 18,025 in 2004, and further to 23,587 in 2005, increasing by 31% over the previous year. Moreover, due to the adoption of the Enhanced International Search System, where a written opinion<sup>2</sup> (similar to the one that used to be prepared at the international preliminary examination phase) is prepared at the same time as the international search report, the international search workload for a single PCT application has increased. Meanwhile, with the adoption

[Number of International Search Reports]



<sup>1</sup> When a PCT application is filed and the Japan Patent Office (JPO) is selected as the international searching authority, an examiner searches relevant prior art and creates an international search report.

<sup>2</sup> Where a demand for international preliminary examination is made for a PCT application after the creation of the international search report, if the invention is found not to meet the prescribed requirements (novelty, inventive step, and industrial applicability) before creating the international preliminary examination report, the applicant is notified of the examiner's opinion through this written opinion.

of the Enhanced International Search System, the number of international preliminary examination reports<sup>1</sup> decreased.

### 3) Increase in the Number of First Actions and Longer First Action Pendency

As mentioned above, the patent examination burden has increased every year due to (1) the more complex and sophisticated content of applications, (2) the increase in the number of international search reports to be prepared within the time limit set by the treaty, and (3) the increase in the examination workload per PCT application with the introduction of the Enhanced International Search System. In order to conduct timely and high quality patent examination under these circumstances, the Japan Patent Office (JPO) is strengthening its examination framework and improving the efficiency of its examination work by steadily implementing various measures, including hiring fixed-term examiners and increasing the outsourcing of prior art searches. As a result, the annual number of first actions has gradually increased over the past several years (increasing by 24% from 196,000 in 2001 to 244,000 in 2005).

However, the number of requests for examination has surged partly due to the impact of the "bump in requests," constantly exceeding the number of first actions. Therefore, the number of applications awaiting the first action has also been increasing, particularly from 2004 onward, which corresponds to the "bump in requests."

[Changes in Record on Examinations]

Record	2001	2002	2003	2004	2005	Year-on-year
Number of First Actions	196,288	215,288	226,420	234,109	243,548	104%
Number of Subsequent Examinations <sup>2</sup>	149,693	158,721	165,564	173,830	179,760	103%
Number of International Search Reports of PCT	10,716	12,303	15,356	18,025	23,587	131%
Number of Written Opinions by ISA	-	-	-	13,777	23,582	171%
Number of Written Opinions by IPEA	4,669	5,996	6,138	3,604	683	19%
Number of International Preliminary Examination Reports of PCT	5,163	6,631	7,147	5,748	3,328	58%
Number of Reconsiderations by Examiner before Appeal Proceedings <sup>3</sup>	18,663	18,499	18,186	19,888	19,491	98%
Number of Reports of Expert Opinion on Registerability of the Utility Model	1,337	1,533	1,286	1,014	1,261	124%
Total	386,657	418,971	440,097	469,995	495,240	105%

Notes:

1. The "year-on-year" column is a comparison between 2005 and 2004.
2. The "number of reconsiderations by examiner before appeal proceedings" is the total number of applications patented in the procedure, reconsideration reports made to the JPO Commissioner, and applications refused in the procedure.

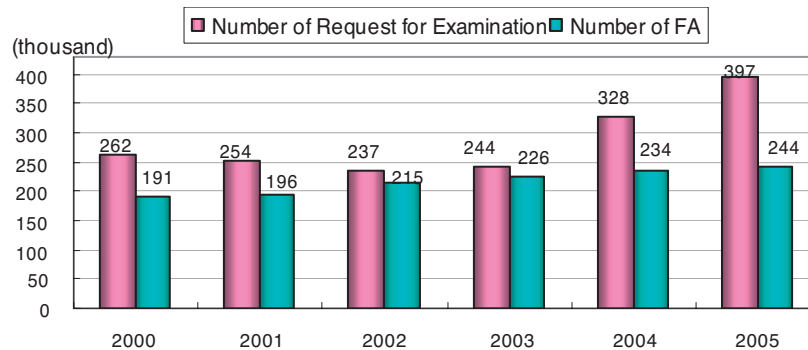
1 The examiner creates an international preliminary examination report to indicate his/her final decision in the international preliminary examination.

2 When the applicant submits a written argument or a written amendment in response to the reason for refusal, the examiner conducts an examination once again in this subsequent examination process.

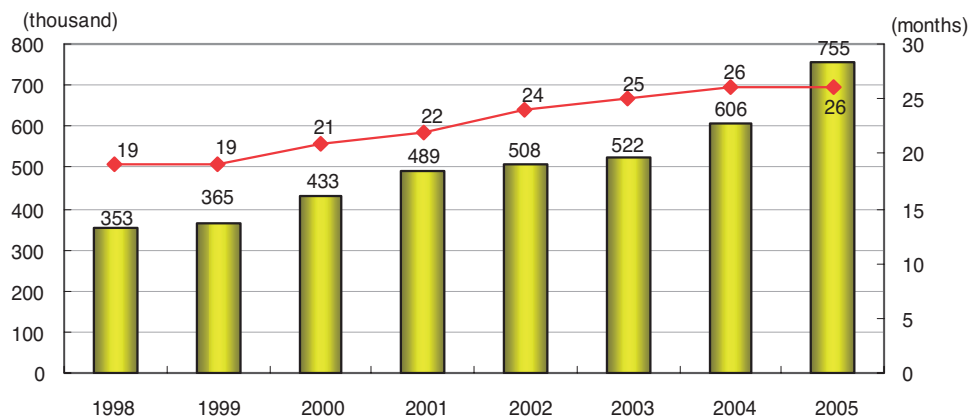
3 If the scope of claims or other parts of the specification or drawings have been amended within 30 days of an appeal against a decision of refusal, the examiner first examines the amendment pursuant to Article 162 of the Patent Act. This procedure is called "reconsideration by examiner before appeal proceedings."

# Trends of Industrial Property Applications and Examination in Japan

[The Number of the Request for Examination and the Number of the Applications Examined (First Action)]



[The Number of Backlog of Examinations and First Action Pendency]



In line with such increase in the number of applications awaiting the first action, the first action pendency has become longer, from 22 months in 2001 to 26 months in 2005. Additionally, the "bump in requests" is expected to continue until 2008, and the number of applications awaiting the first action is likely to increase further. Therefore, until the "bump" period is over, it would not be avoidable for the first action pendency to become even slightly longer.

[Status of Examination]

Performance	2001	2002	2003	2004	2005
Number of Decisions to Grant a Patent	107,581	109,720	111,276	112,221	111,179
Number of Decisions of Refusal	82,540	99,383	106,024	110,630	109,149
Withdrawals/Abandonment After the First Action <sup>1</sup>	2,483	2,430	3,050	3,930	6,266
Rate of Decisions to Grant a Patent	55.9%	51.9%	50.5%	49.5%	49.1%
Rate of Decisions of Refusal	44.1%	48.1%	49.5%	50.5%	50.9%

Notes:

- "Withdrawals/abandonment after the first action" is withdrawals/abandonment of applications after the start of the first examination
- "Number of final decisions" is the number of decisions to grant a patent plus the number of decisions of refusal plus the number of withdrawals/abandonment after the first action.
- "Rate of decisions to grant a patent" is the number of decisions to grant a patent divided by the number of final decisions.
- "Rate of decisions of refusal" is the number of decisions of refusal plus the number of withdrawals/abandonment after the first action, divided by the number of final decisions.
- "Number of decisions to grant a patent" does not include the number of decisions to grant a patent in the procedure of reconsideration by an examiner before the appeal proceedings.
- The figures are classified based on the date of dispatch of the relevant notice or document.

<sup>1</sup> The first action is the first notice of the examination results given by the examiner.

## Part1 Trends of Industrial Property Rights

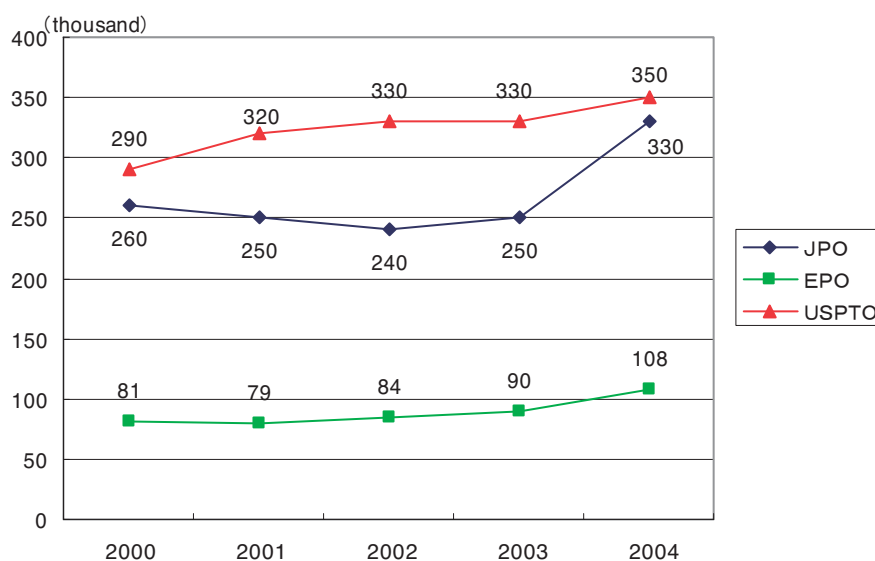
The prolongation of the first action pendency is not an issue specific to Japan, but an issue also facing Europe and the United States.

In recent years, the number of requests for examination has increased in Europe and the number of patent applications has increased in the United States. This trend has caused an increase in the patent examination workload and a prolongation of both the first action pendency and the total pendency.

In response to this situation, the European Patent Office (EPO) and the United States Patent and Trademark Office (USPTO) have dramatically increased the number of examiners, with both offices increasing the number of examiners by about 1,500 persons during the 10 years from 1995 to 2004.

Similarly, the JPO has hired more fixed-term examiners since 2004, and during the 10 years from 1995, it has increased the number of the regular and fixed-term examiners combined by about 140 persons.

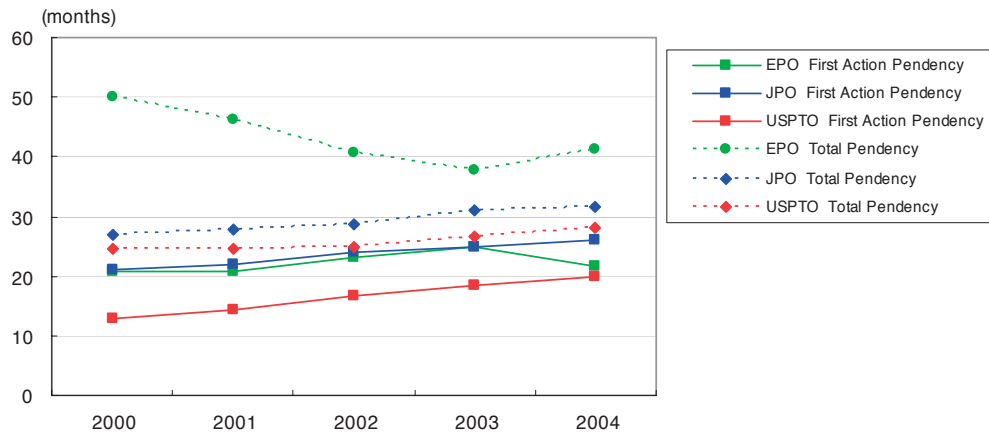
**[Number of Requests for Patent Examination Filed with the JPO and EPO and Number of Patent Applications Filed with the USPTO]**



Sources: EPO - Annual Report  
USPTO - Annual Report  
JPO - Annual Report, Part 1, Chapter 1, 1. (1) 2)

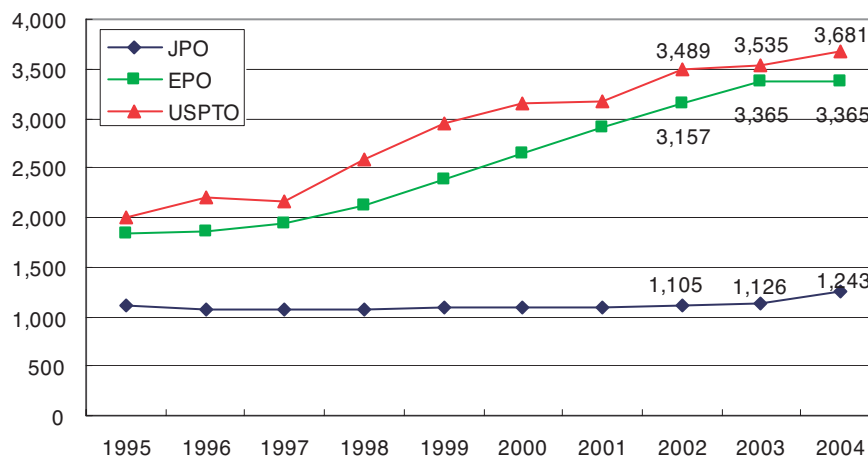
# Trends of Industrial Property Applications and Examination in Japan

[First Action Pendency and Total Pendency at Trilateral Offices]



Source: Trilateral Statistical Report

[Changes in the Number of Examiners in Trilateral Offices]



Source: Trilateral Statistical Report



### 2 Utility Model

#### (1) Increasing the Appeal of the Utility Model System through Amendment of the System

The number of utility model applications has decreased since the 1994 shift to the new utility model system, which adopts the non-substantive examination principle. The number declined below 10,000 in 2000, and has continued to fall. In such a situation, a discussion was held in January 2004 on the significance and idea of the new utility model system at the Utility Model System Working Group in the Patent System Subcommittee, Intellectual Property Policy Committee, Industrial Structure Council, JPO. The Working Group concluded that the new utility model system should be maintained to meet the demand to protect technology that requires early exploitation, and that efforts should be made to increase the appeal of the system. In response, the utility model system was amended at the ordinary session of the Diet in 2004 as part of the Act to Expedite Patent Examination, and the amended utility model system entered into force in April 2005.

##### <Outline of the Amended Utility Model System>

- Extension of the term of utility model right (Article 15 of the Utility Model Act)

The term was extended from "six years from the filing" to "ten years from the filing."

- Reduction in the annual fee for utility model right (Article 31 of the Utility Model Act)

- Expansion of the allowable scope of correction (Article 14-2 of the Utility Model Act)

Before the amendment, only deletions of claims were allowed. However, it is now possible to make corrections for the following purposes only once:

- (i) narrowing the scope of claims of a utility model;
- (ii) correcting errors in the description; and
- (iii) clarifying an ambiguous description.

- Ability to file a patent application based on a utility model registration (Article 46-2 of the Patent Act)

Even after a utility model right has been registered, it is now possible to file a patent application based on the utility model registration within 3 years from the filing of the utility model application.

[Number of Applications Filed under the New Utility Model System]

	1999	2000	2001	2002	2003	2004	2005
New Utility Model Applications	10,178	9,550	8,778	8,587	8,155	7,983	11,386

With the enforcement of the amended utility model system, the number of utility model applications came to 11,386 in 2005, increasing by about 43% over 7,983 applications filed in 2004. The utility model system is considered to have gained popularity as the system increased its appeal through the amendment.

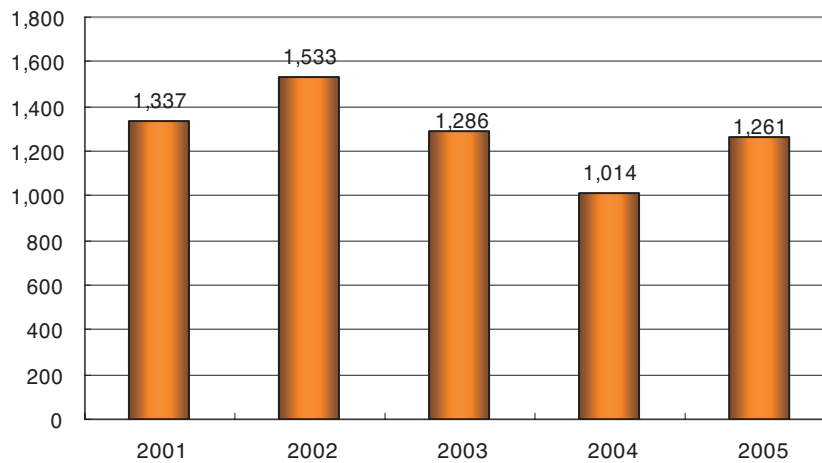
Meanwhile, 20 patent applications were filed based on utility model registrations during the one year from the introduction of the system in April 2005.

# Trends of Industrial Property Applications and Examination in Japan

## (2) Status of Utility Model Registrability Reports

Under the new utility model system, which adopts the non-substantive examination principle, the owner of a utility model right first needs to give a warning by presenting a utility model registrability report when enforcing the right (Article 29-2 of the Utility Model Act). The registrability report is a report that a JPO examiner creates by evaluating the novelty and inventive step of the filed device based on the relevant prior art documents. It is provided to anyone who requests it, as material for determining the validity of the right (Articles 12 and 13 of the Utility Model Act).

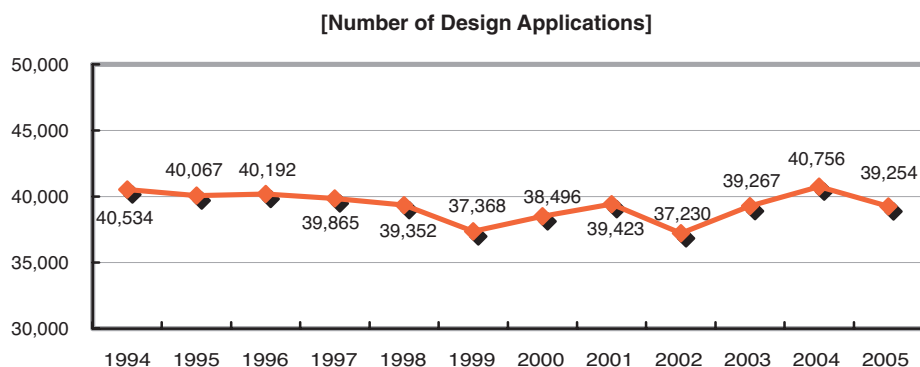
[Number of Utility Model Registrability Reports]



### 3 Design

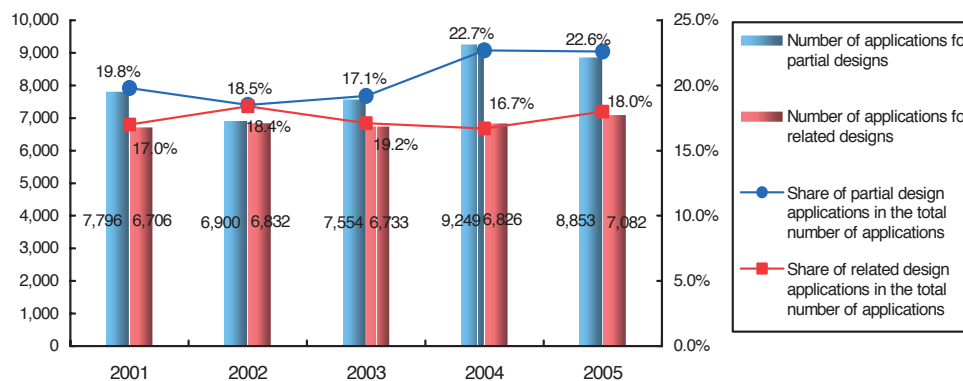
#### (1) Status of Designs: Stable Number of Design Applications and Increasing Applications for Partial Designs<sup>1</sup>

The number of design applications has been stable, staying at around 40,000 in recent years. However, the number of applications was 39,254 in 2005, showing a decline from the previous year (40,756 applications).



Recently, the partial design system has gained popularity. In 2005, applications for partial designs accounted for 23% of the total design applications. On the other hand, the related design<sup>2</sup> system has been used in a stable manner. In 2005, applications for related designs accounted for 18% of the total design applications.

**[Number and Share of Applications for Partial Designs and Those for Related Designs]**



<sup>1</sup> Design of a part of an article. Since the amended Design Act entered into force in 1999, it became possible to register designs of a part that cannot be physically separated from the entire article.

<sup>2</sup> The related design system enables enforcement of the design rights for designs similar to the principal design, and it was introduced in 1999 along with the partial design system.

# Trends of Industrial Property Applications and Examination in Japan

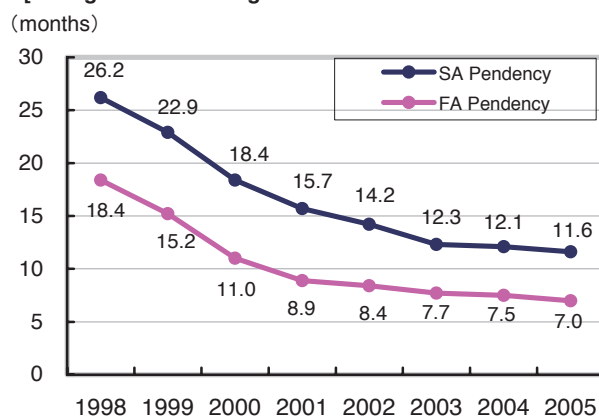
## (2) Status of Design Examination and Accelerated Examination for Responding to Anti-counterfeit Measures

In 2005, the number of first actions on design applications was 39,889 and the average first action pendency for design applications was about 7 months. The average second action pendency, which is the period from the filing date until the dispatch of the decision following the first action, was shortened to 11.6 months in 2005.

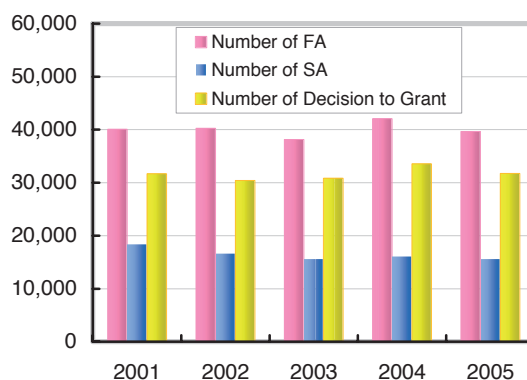
Additionally, while making efforts to conduct stable design examinations in order to meet the specific and detailed needs of design system users, the JPO introduced an "accelerated examination for responding to anti-counterfeit measures" in April 1, 2005. This was a measure to allow design system users to promptly deal with counterfeits in Asian countries and minimize the damages, which is the design system users' greatest concern.

In 2005, the average time required from requesting accelerated examination until the first action was 2 months. In cases where the accelerated examination was requested on the basis of detecting counterfeits, the average time from the request until the first action was 0.7 months (about 3 weeks).

[Changes in the Average First and Second Action Pendency]



[Changes in the Number of First Actions, Second Actions, and Registrations]



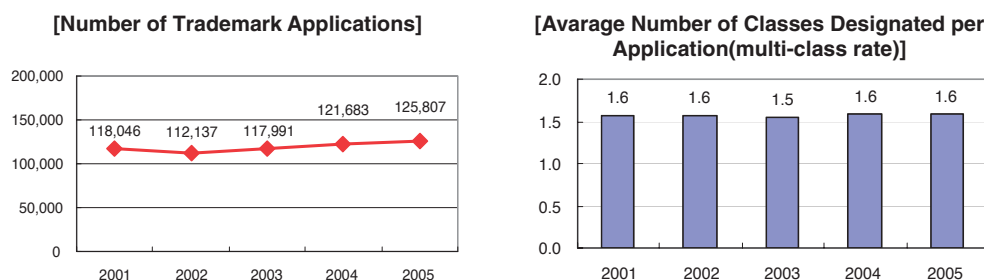
Notes:

1. First action pendency: Period from the filing date to the date when the first notice of examination is dispatched.
2. Second action pendency: Period from the filing date to the date when the decision following the first action is dispatched.
3. The number of registrations is the total number of decisions of registration issued in the first action and those issued in the second action.

## 4 Trademark

### (1) Status of Trademarks: Stable Number of Trademark Applications

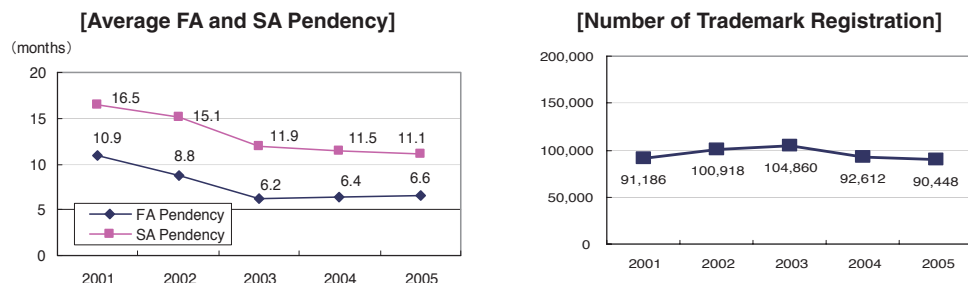
The number of trademark applications (excluding international applications for trademark registration) has been increasing for the third consecutive year since 2002. In 2005, the number of applications was about 126,000, increasing by 3% over about 122,000 applications filed in 2004. The average number of classes<sup>1</sup> per trademark application (the multiple class rate) in 2005 was 1.6 classes, which is the same level as usual.



### (2) Status of Trademark Examination

Efforts are being made to shorten the trademark examination period by improving examination efficiency through further automation of the examination process and use of private sector capacity. In 2005, the number of first actions was about 123,000 and the average first action pendency was about 7 months.

The number of registrations in 2005 was about 90,000, declining by 2% from about 93,000 registrations made in 2004.



Notes:

1. FA Pendency: Period from the filing date to the date when the first notice of examination is dispatched.
2. SA Pendency: Period from the filing date to the date when the decision following the first action is dispatched.

<sup>1</sup> When filing a trademark application, the applicant must designate one or two or more goods (services) to which the trademark should be applied, and describe their corresponding classes in the request. Goods and services are classified into 45 classes.

## 1 Status of Appeals and Trials

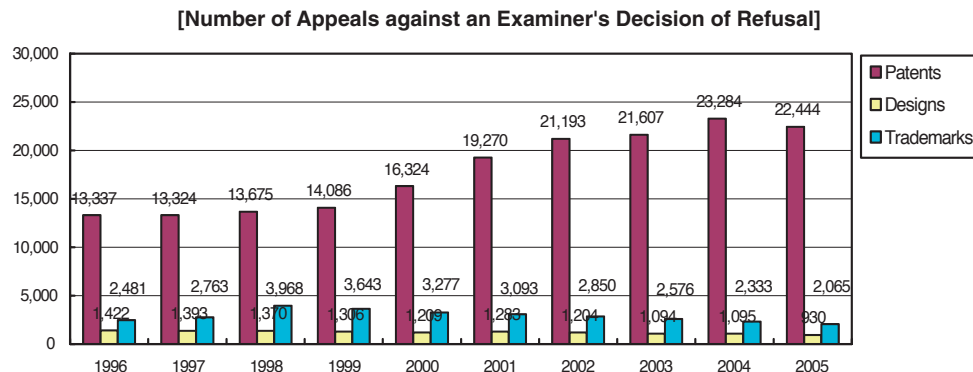
### (1) Trends in Appeals and Requests for Trials

The system of appeals and trials has two functions. One is to review the examiner's decision and the other is to settle disputes on the validity of patents or other industrial property rights. The trends of the former pre-grant appeals (including appeals against an examiner's decision of refusal) are closely related to the trends of examination, while the trends of the latter post-grant trials (including invalidation trials) are closely related to the trends of disputes concerning industrial property rights, such as infringement lawsuits.

#### 1) Increase in Appeals against an Examiner's Decision of Refusal

The number of appeals against an examiner's decision of refusal for patent applications has been increasing. However, the appeal rate, which is the percentage of the number of appeals to the number of decisions of refusal, has stayed at the same level for the past several years,<sup>1</sup> indicating that the number of appeals against an examiner's decision of refusal is generally linked to the number of decisions of refusal. The numbers of appeals against an examiner's decision of refusal for design and trademark applications have been slightly declining.

Looking at the results of reconsideration by an examiner before appeal proceedings<sup>2</sup> for patent applications in the past several years, the number of applications for which the original decision is cancelled and a decision to grant a patent is given (the number of applications patented in the reconsideration procedure) has been smaller compared to the number of reconsideration reports<sup>3</sup> made to the JPO Commissioner (the number of reconsideration reports), and the ratio between the two has stayed the same. The Appeals Department is making an effort to promote an acquisition of right at the stage of reconsideration by an examiner, in order to reduce the burden of both the applicant and the JPO. In the future, the percentage of applications that are patented in the reconsideration procedure is expected to increase with applicants making appropriate amendment at the time of appeal.

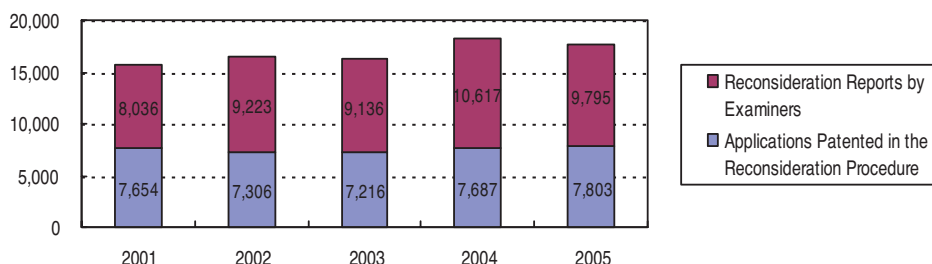


<sup>1</sup> The recent appeal rates have been 23% in 2001, 21% in 2002, 20% in 2003, 21% in 2004, and 21% in 2005.

<sup>2</sup> If the scope of claims or other parts of the specification or drawings have been amended within 30 days of an appeal against a decision of refusal, the examiner first examines the amendment pursuant to Article 162 of the Patent Act. This procedure is called reconsideration by an examiner before appeal proceedings.

<sup>3</sup> In the reconsideration procedure, unless the examiner cancels the decision of refusal and gives a decision to grant a patent, the examiner reports the results of the examination to the JPO Commissioner without giving any decision on the appeal. After this, an appeal examination is conducted by a collegial body of appeal examiners.

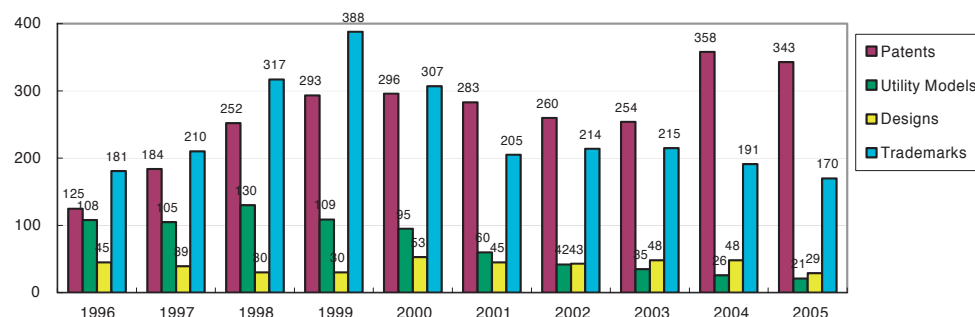
[Results of Reconsideration by an Examiner before Appeal Proceedings (Patents)]



### 2) Increase in the Number of Trials for Invalidation of a Patent after Revision of the System

For all industrial property rights, the number of demands for trials for invalidation turned to a decline for several years after peaking in 1999. However, with the integration of the system of opposition to the grant of a patent into the system of trial for invalidation of a patent, the number of demands for trials for invalidation of a patent started to increase in 2004.

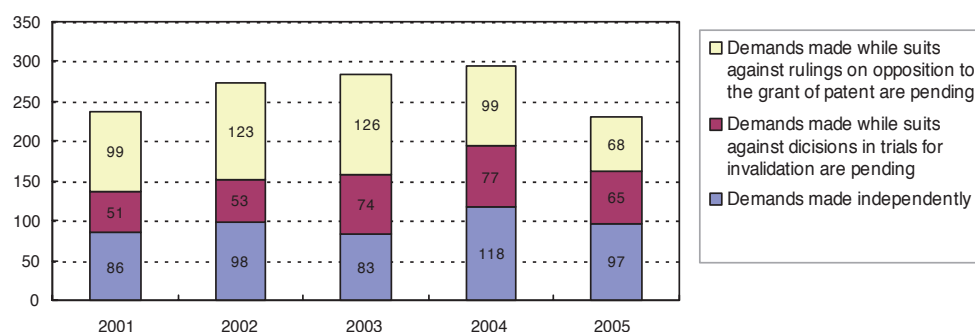
[Number of Demands for Trials for Invalidation]



### 3) Decline in the Numbers of Demands for Trials for Correction of Patents and Utility Models

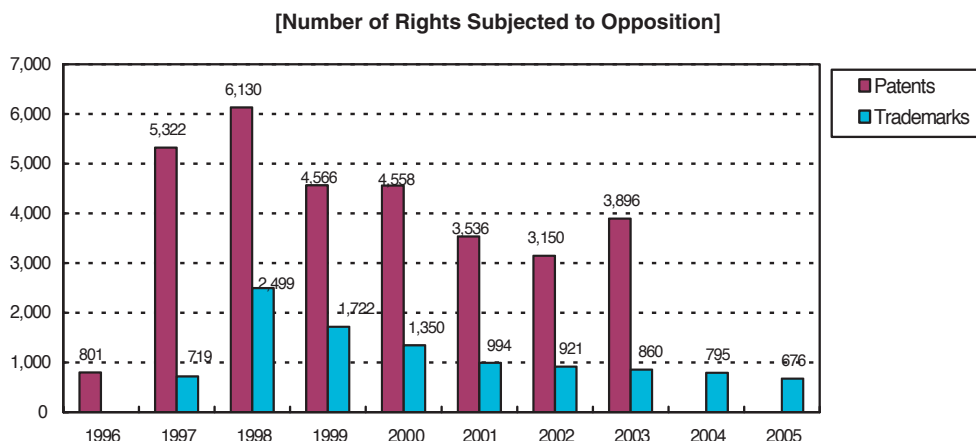
The numbers of demands for trials for correction of patents and utility models have been increasing in recent years, but in 2005, the numbers declined by 20% from the previous year. This seems to be attributable to a decline in the number of demands filed during the pendency of lawsuits against the JPO Appeals Department's trial decisions, which account for most of the demands for trials for correction. The major reasons were that, with the 2003 amendment of law, restrictions were placed on demanding a trial for correction at the time of a lawsuit against the JPO Appeals Department's decision, and due to abolishment of the system of opposition to the grant of a patent, there was a decrease in the number of lawsuits against decisions on opposition to the grant of a patent.

[Number of Demands for Trials for Correction (Patents and Utility Models Combined)]



#### 4) Gradually Declining Oppositions to the Grant of a Trademark Registration

The number of oppositions to the grant of a trademark registration has been gradually declining after peaking in 1998. Such a decline in oppositions suggests improvement in the quality of examinations, allowing trademarks to be registered in a stable manner without being cancelled ex post facto.

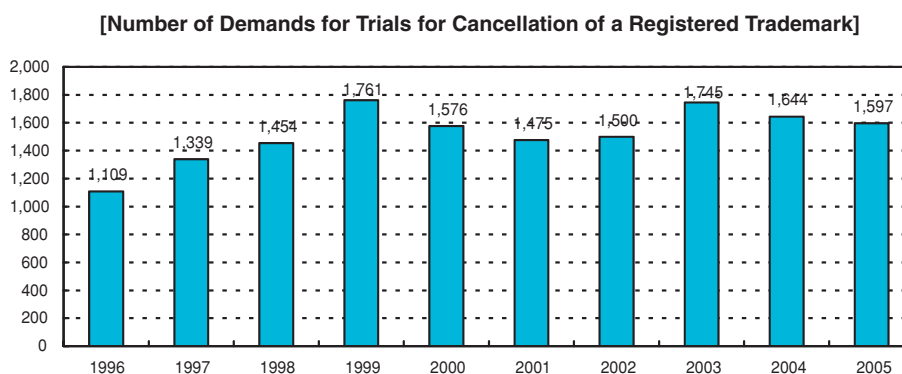


Notes:

1. There was a shift from a pre-grant to a post-grant opposition system in January 1996 for patents and in April 1997 for trademarks.
2. The system of opposition for the grant of a patent was abolished with the 2003 amendment of law and was integrated into the system of trial for invalidation on January 1, 2004.
3. Due to reasons including the timing of publication of official gazettes and the opposition periods, the post-grant oppositions came to be filed in full-fledge from the end of the year of transition, and trial examinations on post-grant oppositions started in the year following the year of transition.

#### 5) Changes in the Number of Demands for Trials for Cancellation of a Registered Trademark

The number of demands for trials for cancellation of a registered trademark has stayed at the same level.



#### (2) Trends of Examination by the JPO Appeals Department

In order to promote sound competition by protecting industrial property rights and achieve industrial development as well as stronger industrial competitiveness, it is necessary to establish stable industrial property rights. From this viewpoint, the JPO Appeals Department makes efforts to conduct strict and adequate examination with the aim of giving decisions that are trusted by the appellant and parties to the trial as well as upheld by judges in the lawsuits against its decisions.



### 1) Patent and Utility Model

While the number of appeals against an examiner's decision of refusal has been increasing in recent years, the average first action pendency in 2005 was 28 months. The average first action pendency is expected to lengthen in the future with the increase in the number of the Appeals Department's inventory. Therefore, in order to shorten the appeal pendency, the Appeals Department takes various measures including use of outside experts, conducting questioning using the reconsideration reports,<sup>1</sup> and implementing a consolidated appeal examination of related cases.

Looking at the appeal examination results related to patent applications, the quality and strictness of examination have evidently increased over the past several years. Among the decisions in appeals against an examiner's decision of refusal, the percentage of decisions that denied the appeal (appeal denial rate)<sup>2</sup> has dramatically increased from about 21% in 1997 to about 52% in 2005. This suggests that the quality of examination and appeal examination has been improved and inventions are protected appropriately from the viewpoint of ensuring that patents are properly granted to patentable inventions and patents are not granted to unpatentable inventions. Also, the increase in the appeal denial rate in appeals against an examiner's decision of refusal indicates an increase in cases where inventions that were not patented in the examination phase were also not patented in the appeal phase. Thus, it can be said that the foreseeability of patent acquisitions has improved.

With regard to trials for invalidation, trial examinations are conducted on a preferential basis in order to contribute to early settlement of disputes over rights. In 2005, the average pendency in trials for invalidation was 10 months. Meanwhile, the average pendency was 7.5 months for trials for invalidation regarding patents subjected to infringement lawsuits. Oral proceedings were actively used in trials for invalidation in order to raise the quality of the trial examination (used in 187 cases in 2005).

With respect to trials for correction, efforts were made for quick trial examinations because the trials were often co-pending with infringement lawsuits. As a result, the average trial pendency was 4 months.

The opposition system was abolished on January 1, 2004. The processing of all oppositions that had been filed by the end of 2003 was completed in March 2006, except for those that cannot be processed due to legal reasons.

### 2) Design

The number of appeals against an examiner's decision of refusal has been slightly declining in recent years, and the average first action pendency in 2005 was 13 months.

With regard to trials for invalidation, trial examinations are conducted on a preferential basis in order to contribute to early settlement of disputes over rights, similar to the case of patents and utility models. In 2005, the average trial pendency was 10 months.

### 3) Trademark

The number of appeals against an examiner's decision of refusal has been slightly declining in recent years, and the average first action pendency in 2005 was 23 months.

With regard to trials for invalidation, trial examinations are conducted on a preferential basis in order to contribute to early settlement of disputes over rights, similar to the case of patents and utility models. In 2005, the average trial pendency was 12 months.

The trial pendency for oppositions in 2005 was 15 months and that for trials for cancellation was 7 months.

<sup>1</sup> Through the questioning procedure, the appellant is notified of the opinion the examiner has formed in the reconsideration procedure, and is given the opportunity to produce a counterargument. This allows the collegial body of appeal examiners to conduct an examination by also taking into account the appellant's counterargument to the examiner's opinion, and at the same time, confirm the appellant's intention to continue with the appeal proceedings after receiving the reconsideration results. Consequently, the system contributes to further raising the quality of appeal examinations and improving the processing efficiency of the entire JPO.

<sup>2</sup> The appeal denial rate indicates the percentage of the Appeals Department's decisions holding the appeal invalid and decisions/rulings to dismiss the appeal to the total number of its decisions and rulings.

[Status of Appeal and Trial Examination Processing in 2005]

	Appeals against an examiner's decision of refusal		Trials for invalidation		Trials for correction		Oppositions		Trials for cancellation	
	No. of first actions	Average first action pendency (months)	No. of cases processed	Average trial pendency (months)	No. of cases processed	Average trial pendency (months)	No. of cases processed	Average trial pendency (months)	No. of cases processed	Average trial pendency (months)
Patent/ Utility model	11,736	28	408	10	263	4	1,566	22		
Design	1,158	13	45	10						
Trademark	3,047	23	148	12			839	15	1,538	7

Notes:

1. No. of first actions: number of cases in which the first examination results from the date of appeal were notified
2. Average first action pendency: average period from the date of appeal until the date the notification of the first examination results is dispatched
3. Average trial pendency: average period from the date of demand for the trial until the date of the final disposition (decision or ruling)
4. No. of cases processed: including withdrawals

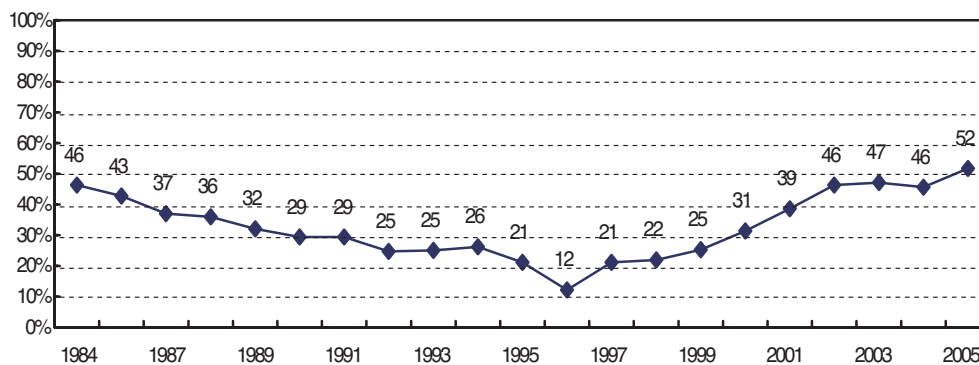
[Appeal and Trial Examination Results in 2005]

	Ex-parte appeals* <sup>1</sup>		Inter-partes trials* <sup>2</sup>		Oppositions	
	Appeal accepted	Appeal denied* <sup>3</sup>	Demand for trial accepted	Demand for trial denied* <sup>3</sup>	Ruling to revoke* <sup>4</sup>	Ruling to maintain* <sup>5</sup>
Patent/ Utility model	5,487	5,868	224	127	602	960
Design	583	589	20	22		
Trademark	2,243	906	1,275	263	172	615

Notes:

- \*1: Appeals against an examiner's decision of refusal, appeals against an examiner's decision to dismiss amendment, and trials for correction
- \*2: Trials for invalidation and trials for cancellation
- \*3: Including dismissals
- \*4: Including partial revoke
- \*5: Including withdrawals

[Changes in Appeal Denial Rate in Appeals against an Examiner's Decision of Refusal]



## 2 Status of Actions against the JPO Appeals Department's Decisions

### (1) Increase in the Number of Actions Filed

The number of actions against the JPO Appeals Department's decisions in 2005 increased overall compared to the previous year. This was largely attributable to an increase in the number of actions filed against ex-parte appeal decisions and inter-partes trial decisions related to patents, and against inter-partes trial decisions related to designs.

With respect to lawsuits against ex-parte appeal decisions related to patents and utility models in 2005, the number of appeal cases in which the Appeals Department denied the appeal was 5,868 and the number of actions filed against such decisions was 206, with the action rate<sup>1</sup> being about 4%.

[Number of Actions]

	Patent/Utility model		Design		Trademark	
	2004	2005	2004	2005	2004	2005
Ex-parte appeals*1	154	206	11	12	22	19
Inter-partes trials*2	140	189	1	12	69	52
Oppositions	105	76			2	2

Notes:

\*1: Appeals against an examiner's decision of refusal, appeals against an examiner's decision to dismiss amendment, and trials for correction

\*2: Trials for invalidation and trials for cancellation

### (2) Decline in the Rate of Cancellation of the JPO Appeals Department's Decisions

Looking at the status of lawsuits against the Appeal Department's ex-parte appeal decisions related to patents and utility models, the rate of cancellation of the decisions, which had been about 36% in 1999, declined to about 8% in 2005. It can be said that the improved quality of the Appeals Department's examination is expressed in the results of the lawsuits against the department's appeal decisions.

[Number of Court Decisions in 2005]\*3

	Patent/Utility model		Design		Trademark	
	Claim dismissed	Appeal Department's decision cancelled	Claim dismissed	Appeal Department's decision cancelled	Claim dismissed	Appeal Department's decision cancelled
Ex-parte appeals*1	136	11	6	0	15	2
Appeal decision cancellation rate	7.5%		0.0%		11.8%	
Inter-partes trials*2	66	19	9	0	26	10
Trial decision cancellation rate	22.4%		0.0%		27.8%	
Oppositions	53	11			1	0
Ruling cancellation rate	17.5%				0.0%	

Notes:

\*1: Appeals against an examiner's decision of refusal, appeals against an examiner's decision to dismiss amendment, and trials for correction

\*2: Trials for invalidation and trials for cancellation

\*3: Excluding the court ruling to cancel the Appeal Department's decision pursuant to Article 181(2) of the Patent Act and the court decision that due to a correction becoming final and conclusive during the pendency of the case.

<sup>1</sup> The proportion of appeal decisions and rulings against which an action has been filed to the total number of appeal decisions and rulings