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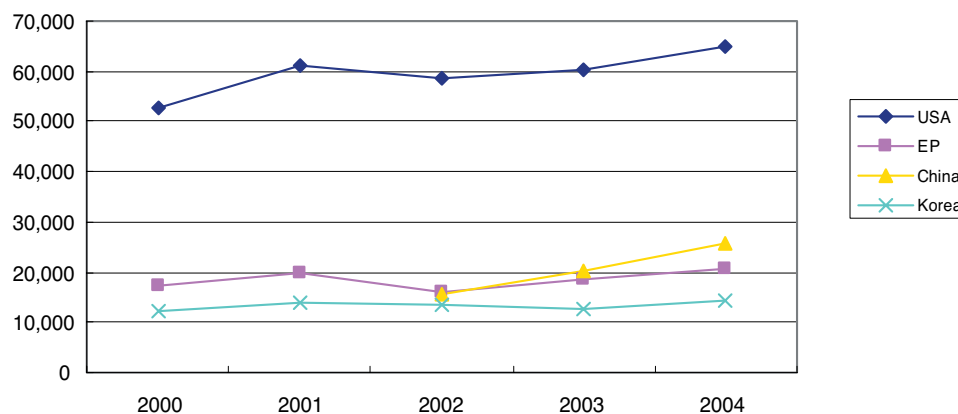
International Trends and Efforts Relating to Patents

1 International Trends of Patent Applications

(1) Applications Filed with Foreign Offices by Japanese Applicants

The number of patent applications filed in major countries/organizations (United States, China, South Korea and the EPO) by Japanese applicants in 2004 increased by 12% in total from the previous year. Applications filed in the United States still account for the most. However, looking at applications filed in China, the number thereof rapidly increased by 65% to 25,542 in 2004, up from 15,511 in 2002, and it has exceeded the number of applications filed with the EPO since 2003. This indicates Japanese companies' recent trend to attach more importance to China.

[Number of Applications Filed with Foreign Offices (major countries) by Japanese Applicants]



	2000	2001	2002	2003	2004
USA	52,891	61,238	58,739	60,350	64,812
EP	17,124	19,845	15,912	18,534	20,584
China	-	-	15,511	20,092	25,542
Korea	12,256	14,082	13,299	12,632	14,226
Total	-	-	103,461	111,608	125,164

Sources:

US - USPTO website:

http://www.uspto.gov/web/offices/ac/ido/oeip/taf/appl_yr.htm

EPO - EPO, "Annual Report":

http://www.european-patent-office.org/eipo/an_rep/index.htm

China - SIPO website: <http://www.sipo.gov.cn/sipo/sjzx>

South Korea - KIPO, "Annual Report": <http://www.kipo.go.kr/eng/index.html>

Notes: For the United States, only utility patents are included in the figures.

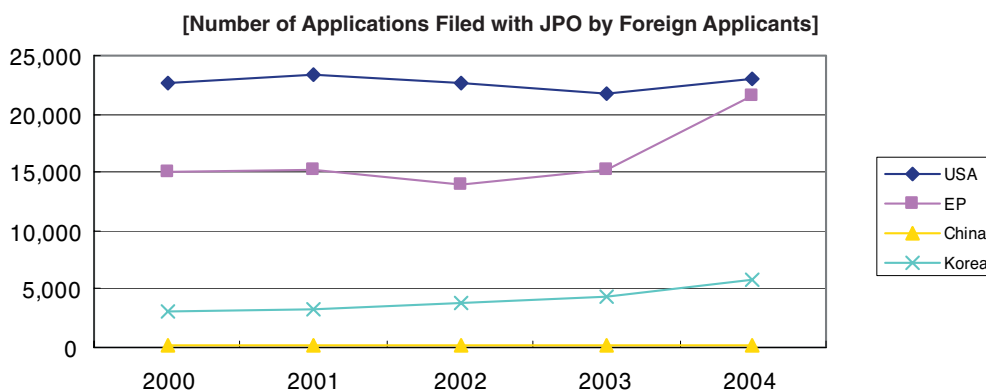
For the number of applications filed in Europe, only those filed with the EPO are included in the figures, and those filed with the patent offices of individual contracting states to the EPC are not included.

(2) Applications Filed with the JPO by Foreign Applicants

The number of patent applications filed with the JPO by foreign applicants in 2004 increased by 9% to 54,665 in 2004, up from 50,381 in 2003.

Applications filed by U.S. and European applicants accounted for about 81% of the total. The number of applications filed by South Korean applicants rapidly increased by 93% to 5,781, up from 2,993 in 2000.

On the other hand, the number of applications filed by Chinese applicants fell far short of the figures for the United States, Europe, and South Korea, although it increased by 118% to 255 in 2004, up from 117 in 2000.



	2000	2001	2002	2003	2004	Percentage to total (2004)
USA	22,665	23,386	22,714	21,682	22,995	42.1%
EP	14,958	15,224	13,938	15,284	21,522	39.4%
China	117	143	151	204	255	0.5%
Korea	2,993	3,309	3,811	4,403	5,781	10.6%
Others	8,768	10,346	10,972	11,508	4,112	7.5%
Total	49,501	52,408	51,586	53,081	54,665	100.0%

Note: Figures for Europe cover the 30 countries that were contracting states to the EPC as of the end of 2004.

International Trends and Efforts Relating to Patents

2 Cooperation among the Trilateral Offices

The Trilateral Offices (JPO, USPTO, EPO), which cover over 80% of the total number of PCT applications filed, conduct cooperative activities to resolve common issues. These activities started in 1983, and 2006 marks the 24th year since the start of the activities.

The 23rd Trilateral Conference was held in Munich, Germany from November 14 to 18, 2005. In addition, the Trilateral Technical Meeting was held in Tokyo from May 22 to 24, 2006, where the following issues were discussed.

(1) Cooperation in Examination through Mutual Exploitation

- Patent Prosecution Highway¹

The JPO and the USPTO have come to implement the Patent Prosecution Highway as the pilot program for one year from July 2006, in advance of the full implementation thereof. Therefore, the offices jointly published a press release to declare the start of the pilot program.

Regarding future implementation by the Trilateral Offices, the EPO also expressed its intention to give positive consideration based on the results of the pilot program between the JPO and the USPTO.

-New Route

This is a plan to establish a timeframe, which enables the second office to utilize the results of examinations by the first office (office in applicant's own country), as a system, (1) by regarding filing of domestic applications as equivalent to filing of applications in other contracting states if a declaration to use new route is submitted to the first office and (2) by granting applicants a moratorium (of up to 30 months from the priority date) to consider whether they should enter into the examination procedure (by submitting a translation of the application) at the second office after having obtained search and examination results from the first office.

Based on the opinions of the Trilateral Offices, the JPO proposed an amendment in which the period before the first examination by the first office and other matters were amended. The Trilateral Offices decided to continue discussion on the new route.

-Patent Prosecution Tri-Way

Regarding the USPTO's proposal, which aims to enable the Trilateral Offices to mutually complement documents in the language in which they are strong by searching applications common to these offices almost simultaneously in accordance with the will of the applicant, the Trilateral Offices have carried out discussions from the perspective of provision of an option to applicants who seek high-quality searches and reduction of the Trilateral Offices' workload. The offices agreed to continue discussions on this issue.

- Trilateral Examiner Exchange

The Trilateral Offices evaluated the outcome of the three Trilateral Examiner Exchange held in the past, and confirmed that they would continue to hold meetings in the future.

- Trilateral Document Access

The Trilateral Document Access(TDA) is a system for mutual reference of dossiers among the offices (file wrappers including documents submitted by applicants and notifications of reasons for refusal etc.).

At this meeting, the Trilateral Offices agreed on the guidelines to provide the TDA specification to patent offices other than the Trilateral Offices.

In addition, the Trilateral Offices held discussions on the TDA specifications of the Reference kit (designed to provide examiners with a notification of reasons for refusal, a list of citations, and citations themselves as a set etc.) based on the draft for discussion prepared by the JPO. Consequently, the offices agreed to have the TDA specifications completed by the Trilateral Conference to be held in November 2006, and the EPO was assigned to prepare draft technical specifications by the middle of June.

Moreover, the Trilateral Offices decided to share information on the actual use of the Dossier Access

¹ See Part 2, Chapter 2, 2. (4) 2).

System in order to make the system more useful for the examiners.

- TRINet

In this project, discussion has been held on the establishment and operation of a network designed to exchange dossiers among the Trilateral Offices. At this meeting, the Trilateral Offices agreed to conduct cost-effectiveness analyses at an ad hoc taskforce for expanding the function and scale of the TRINet in the future.

-Non-patent Literature

This is a project relating to access to and handling of non-patent literature used during examinations.

With the aim of enabling easy access to non-patent literature cited by other offices, the Trilateral Offices agreed to carry forward the consideration of the non-patent literature issue in a comprehensive manner at the Non-Patent Literature Working Group.

-Biotechnology

The Trilateral Offices has been holding discussions on trend research, standardization of data formats, exchange of information on search tools and preparation of search guidebooks and exchange of search results in order to realize the appropriate processing and examination procedures for applications which include DNA/amino-acid sequences.

The results of discussion at the Biotechnology Working Group held in advance were reported at this meeting.

(2) Efforts to Reduce Procedural Burden on Applicants

-Standardization of Application Format

At the Trilateral Conference in 2005, the Trilateral Offices agreed to discuss the standardization of application format in response to a request made by the Industry Trilateral.

This was the 1st meeting of the Technical Working Group on the Formal Aspects of Patent Applications, the Trilateral Offices and the WIPO held discussions along the lines of the working document prepared by the JPO taking into consideration the report from the Industry Trilateral, and have specified agreeable issues and issues to be discussed further.

In addition, the Trilateral Offices agreed to hold the 2nd meeting in September 2006 and agreed on a roadmap that aimed to reach agreement on the standardized application format at the Trilateral Conference to be held in November 2006.

- Exchange of Priority Documents

This is a project for the mutual exchange of priority documents in the electronic form among the offices. After realization of electronic exchange, the JPO will directly send priority documents to foreign patent offices on behalf of applicants, which will significantly reduce Japanese applicants' burden in regards to submission procedures and costs.

This system has already been inaugurated between the EPO and the JPO, while the EPO and the USPTO have already agreed to launch the system by the end of 2006. At this meeting, technical and operational issues were organized toward the development of an electronic exchange system between the JPO and the USPTO. Moreover, discussion was held on a consensus document, which is to be ratified by the JPO and the USPTO at the Trilateral Conference in November 2006 in advance of the start of electronic exchange between these offices, based on a draft prepared by the USPTO.

Furthermore, the WIPO proposed a plan of digital library that will make it possible to exchange priority documents with patent offices other than the Trilateral Offices.

- Efforts to Reduce Procedural Burden Relating to the Duty of Information Disclosure

With the aim of alleviating the burden of the duty to file an information disclosure statement (IDS) in the United States and increasing availability of the results of search and examinations conducted by examiners, the Trilateral Offices have been examining the guidelines for offices' importing of dossiers from other offices and integrating them into their own dossier collections in addition to viewing dossiers under the Dossier Access System.

International Trends and Efforts Relating to Patents

At the Trilateral Conference in 2005, the Trilateral Offices adopted guidelines which limit prosecution documents which can be imported to only for kinds of documents, including documents as filed. The offices have since been deliberating on the extension of the scope of documents which can be imported.

-Electronic Filing System

In this project, the Trilateral Offices have been discussing and examining the desirable electronic filing system in the future from the international perspective.

At this meeting, the JPO pointed out problems inherent in the procedure for changing the electronic PCT application standard (Annex F) and gained understanding thereof from the EPO, the USPTO and the WIPO. The USPTO was assigned to prepare an improvement plan in regards to this agenda. In addition, the JPO proposed a plan to introduce paragraph based amendments instead of current amendment by way of replacement of pages in terms of PCT electronic filing (XML), and the Trilateral Offices and the WIPO agreed to introduce it.

(3) Efforts to Harmonize Systems and Operations

- Comparative Study on Examination Practices

The JPO explained that preparing of high quality patent applications leads to enhance the examination quality.

To support preparation of patent applications, the JPO proposed the launch of a new project in which comparative study would be conducted on examination practices related to description requirements and inventive step/unobviousness requirements at the Trilateral Offices by using hypothetical cases and the results of the study would be disseminated to applicants and attorneys.

(4) Other Efforts

- Cooperation for Developing Countries

In this project, the Trilateral Offices have an exchange of information on their efforts in cooperation for developing countries. In addition, at this meeting, the Trilateral Offices considered the creation of a database of traditional knowledge, and agreed to hold further discussion on what each office can do.

-Machine Translation

With respect to Japanese-English machine translation used in the JPO system (AIPN: Advanced Industrial Property Network¹) that enables the examiners of other offices to use information on Japanese dossiers translated in English, the Trilateral Offices confirmed that the EPO and the USPTO would continue to provide the JPO with feedback and other forms of cooperation in order to improve the accuracy of English translation, with the aim of establishing and improving the machine translation system. In addition, the EPO informed that it would start machine translation services (EMTP) in English and other European languages, including French and German, by the end of 2006.

-Data Exchange among the Trilateral Offices

With respect to policy regarding use of data exchanged among the Trilateral Offices, the offices agreed to renew a list of data available for provision. In addition, the JPO agreed to provide the EPO with FI/F term data relating to utility models.

-Dissemination of Patent Information

The Trilateral Offices exchanged information on their measures to disseminate patent information. Since the EPO announced that it would develop a Japanese interface for epoline, the JPO agreed to provide cooperation in translation. In addition, the Trilateral Offices agreed to continue considerations on the format for status reports on patent information in the future.

-Publicity Activities

At the Trilateral Conference in 2005, the Trilateral Offices agreed to jointly participate in fairs and events in order to effectively publicize the outcome of their cooperative activities. The offices conducted a review of the Hannover Fair (the largest industrial trade fair in Europe) held in Germany, in which they

¹ See Part 4, Chapter 4, 2. (3) 2).

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jointly participated in April 2006, based on the said agreement, and confirmed the significance of joint participation. In addition, the offices made sure that they would jointly participate in the AIPLA Annual Meeting scheduled to be held in the United States in October 2006 and the Patent Information Fair scheduled to be held in Japan in November 2006.

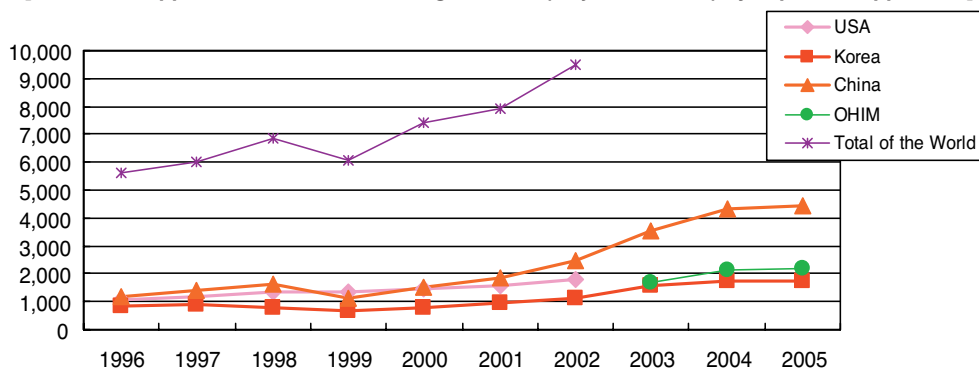
International Trends and Efforts Relating to Designs

1 International Trends of Design Applications

(1) Applications Filed with Foreign Offices by Japanese Applicants

The number of applications for design registration filed with foreign offices by Japanese applicants has recently been on the increase, reaching 9,521 in total in 2002. In recent years, there has also been an increase in the number of applications filed in the United States, South Korea and China. In particular, the number of applications filed in China has remarkably increased.

[Number of Applications Filed with Foreign Offices (major countries) by Japanese Applicants]



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
China	1,177	1,400	1,650	1,148	1,501	1,837	2,459	3,522	4,299	4,437
OHIM	-	-	-	-	-	-	-	1,711	2,152	2,168
Korea	836	875	810	680	812	981	1,131	1,558	1,746	1,718
USA	1,072	1,189	1,364	1,362	1,466	1,568	1,790	-	-	-
Total of the World	5,613	6,012	6,865	6,080	7,402	7,920	9,521	-	-	-

Notes:

- For the United States, the month in which measurement commences is October.
- In South Korea, the non-substantive examination system is adopted for specific fields (class B1 (clothes, etc.), class C1 (bedding, curtains, etc.), class F3 (office papers, papers for advertising, transfer papers, etc.), class F4 (wrapping papers, labels, packaging containers, etc.), and class M1 (fabrics, wallpapers, plastic fabrics, etc.).
- Under the Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, applicants may include several designs in one application if the designs fall into the same class under the International Classification for Industrial Designs. Figures indicate the number of designs.

Sources:

Figures from 1996 to 2002 are based on the WIPO Statistics.

Figures for China from 2003 to 2005 are based on the SIPO Annual Report.

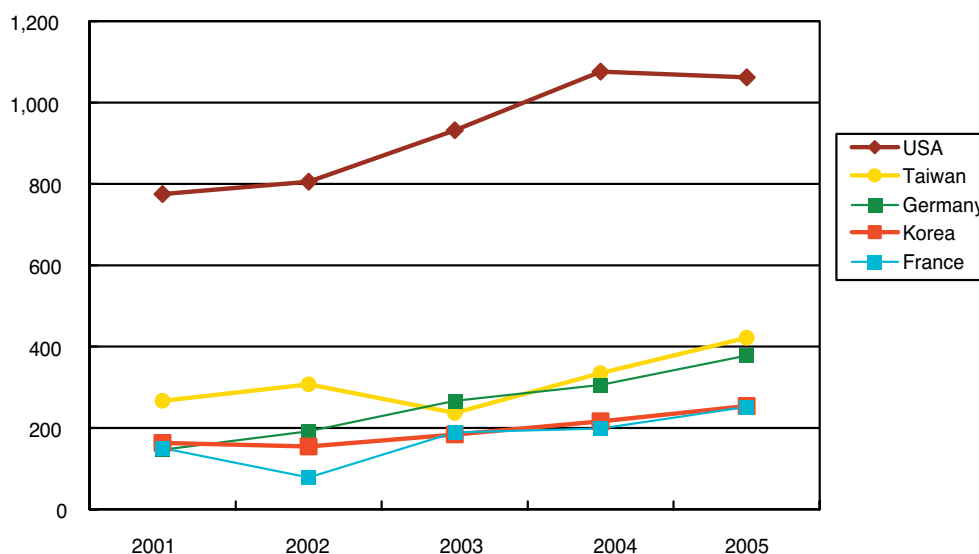
Figures for the OHIM from 2003 to 2005 are based on the OHIM website.

Figures for South Korea from 2003 to 2005 are based on the KIPO Annual Report.

(2) Applications Filed with the JPO by Foreign Applicants

The number of applications for design registration filed with the JPO by foreign applicants has recently been on the increase, reaching 3,508 in total in 2005. Generally, countries adopting the substantive examination principle top the list, with the highest-ranked country being the United States.

[Number of Applications Filed with the JPO by Foreign Applicants (top five countries)]



	2001	2002	2003	2004	2005	Percentage to total (2005)
USA	775	805	932	1,076	1,062	30.3%
Taiwan	267	307	237	335	422	12.0%
Germany	146	192	267	306	378	10.8%
Korea	163	154	184	216	254	7.2%
France	150	78	189	199	252	7.2%
Others	746	813	972	1,128	1,140	32.5%
Total	2,247	2,349	2,781	3,260	3,508	100.0%

Notes:

- For the United States, the month in which measurement commences is October.
- In South Korea, the non-substantive examination system is adopted for specific fields (class B1 (clothes, etc.), class C1 (bedding, curtains, etc.), class F3 (office papers, papers for advertising, transfer papers, etc.), class F4 (wrapping papers, labels, packaging containers, etc.), and class M1 (fabrics, wallpapers, plastic fabrics, etc.).

International Trends and Efforts Relating to Designs

2 Examiners' Meetings in Cooperation with Foreign Intellectual Property Offices

(1) JPO-KIPO Industrial Design Examiners' Meeting

With the aim of achieving a mutual understanding of the design registration systems in Japan and South Korea and exchanging information regarding examination methods, etc., the JPO-KIPO Industrial Design Examiners' Meeting has been held once every year since its first meeting in 2001. In 2005, the 5th JPO-KIPO Industrial Design Examiners' Meeting was held in Japan, and participants exchanged information on the current state of design registration systems and examination information databases in the JPO and the KIPO as well as trends in the revision of design law and design classification. In addition, participants had an exchange of opinions to further increase mutual understanding between the JPO and the KIPO. For example, a case study was conducted on examination practices, including the determination of similarity in design examination. The JPO and the KIPO will continue to strengthen cooperation with each other through opportunities like this.

(2) JPO-SIPO Meeting on Appeals and Trials (Design)

At the 11th Commissioners' Meeting between the JPO and the SIPO in November 2004, the commissioners agreed to start holding meetings between the Appeals Department of the JPO and the Patent Reexamination Board of SIPO (counterpart to the Appeals Department of the JPO) from the design field in order to strengthen interaction between examiners at the JPO and the SIPO and enhance effectiveness thereof. The first JPO-SIPO Meeting on Appeals and Trials (Design) was held in Japan in August 2005 with the aim of achieving a mutual understanding. The participants had an exchange of information regarding the examination/appeal and trial systems and the operations thereof in both countries mainly in the design field, thereby increased their understanding of differences between the systems and operations of the two offices. The JPO and the SIPO will continue to further strengthen cooperation through opportunities like this.

(3) JPO-OHIM Design Examiners' Meeting

On April 1, 2003, the Office for Harmonization in the Internal Market (OHIM) started design registration operations based on the Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs. Thereby, a single design system, in which granted rights are effective in the entire community area, was established in the EC.

In response to this movement, the JPO and the OHIM held the first JPO-OHIM Design Examiners' Meeting in November 2003 and the second JPO-OHIM Design Examiners' Meeting in November 2005 to exchange information. Through these meetings, the offices obtained a better mutual understanding of operations of the design systems in the JPO and the OHIM.

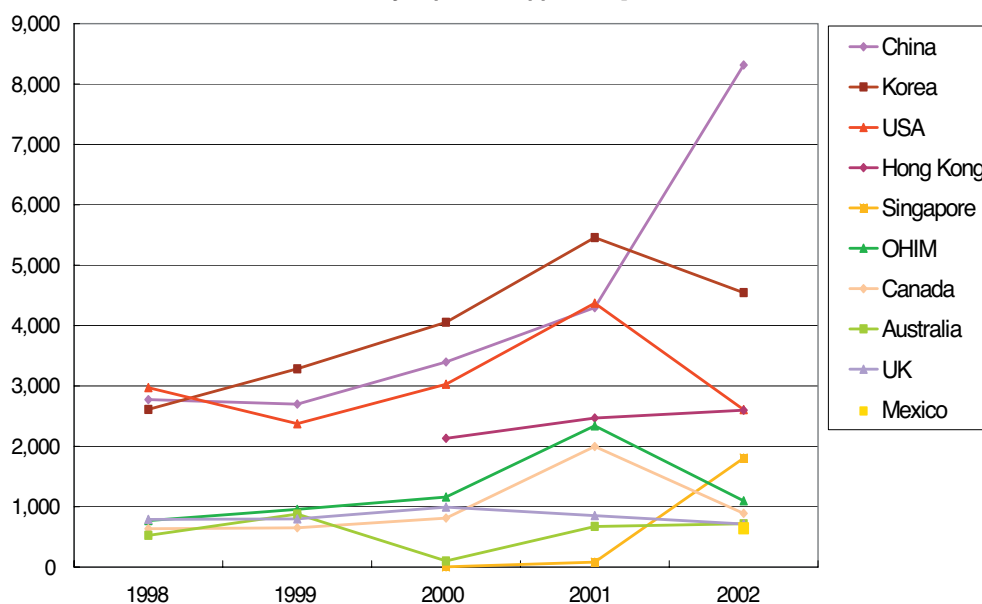
International Trends and Efforts Relating to Trademarks

1 International Trends of Trademark Applications

(1) Applications Filed with Foreign Offices by Japanese Applicants

The total number of applications for trademark registration filed with foreign countries by Japanese applicants in 2002 was almost the same as that in 2001. However, applications filed in China almost doubled from 4,296 in 2001 to 8,314 in 2002.

[Number of Applications Filed with Foreign Offices (Major Countries/Regions) by Japanese Applicants]



	1998	1999	2000	2001	2002
China	2,773	2,698	3,395	4,296	8,314
Korea	2,611	3,284	4,052	5,455	4,543
USA	2,971	2,374	3,027	4,370	2,607
Hong Kong	-	-	2,131	2,469	2,598
Singapore	-	-	4	82	1,805
OHIM	769	955	1,161	2,333	1,098
Canada	634	650	810	1,996	890
Australia	526	878	101	674	716
UK	788	798	995	853	715
Mexico	-	-	-	-	640
Total	20,233	21,427	27,025	31,949	31,084

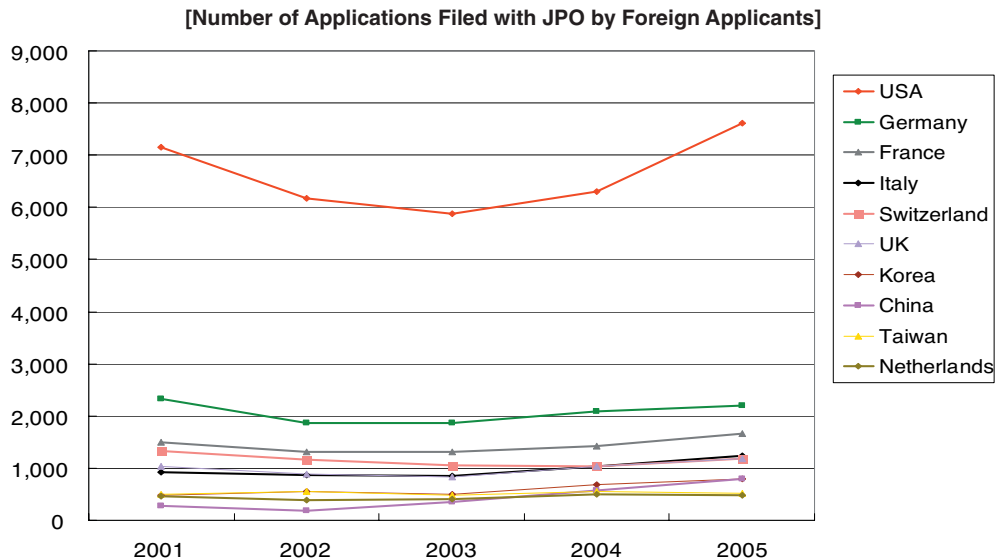
Sources: WIPO Statistics, OHIM Statistics (1998-2001)

International Trends and Efforts Relating to Trademarks

(2) Applications Filed with the JPO by Foreign Applicants

The number of applications for trademark registration filed with the JPO by foreign applicants increased by 17% to 21,761 in 2005, up from 18,573 in 2004.

Applications filed by U.S. applicants accounted for 35% of the total, and many applications were also filed by applicants from European countries. As for Asian countries, 798, 792 and 511 applications were filed by applicants from South Korea, China and Taiwan respectively. These two countries and one region account for 74% of applications filed by applicants from Asian countries.

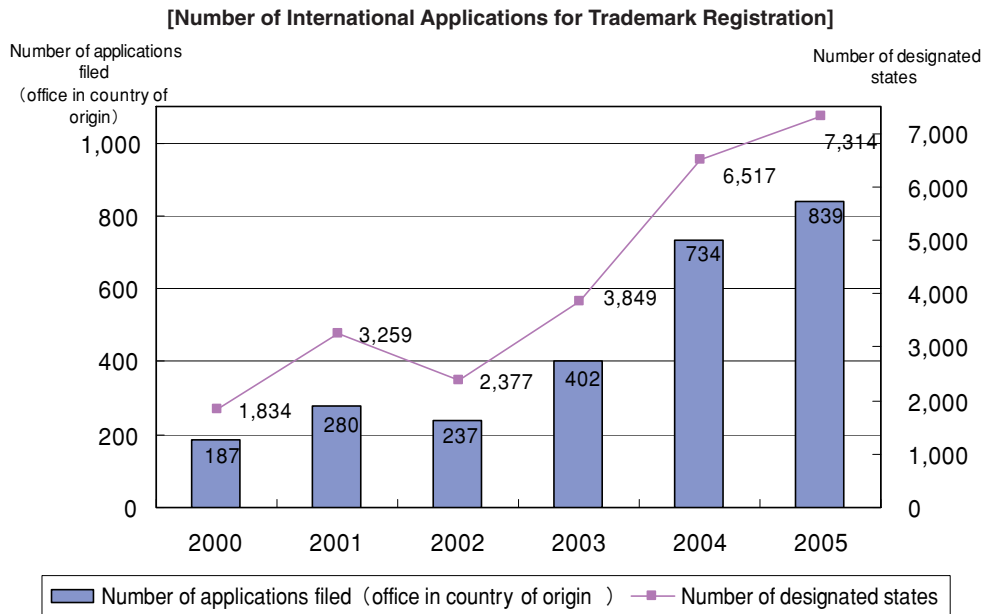


	2001	2002	2003	2004	2005	Percentage (2005)%
USA	7,158	6,172	5,874	6,294	7,623	35.0
Germany	2,329	1,875	1,869	2,086	2,191	10.1
France	1,488	1,304	1,318	1,417	1,659	7.6
Italy	915	864	846	1,034	1,240	5.7
Switzerland	1,334	1,169	1,057	1,035	1,191	5.5
UK	1,031	888	825	1,041	1,189	5.5
Korea	483	555	501	675	798	3.7
China	285	190	356	573	792	3.6
Taiwan	504	549	477	561	511	2.3
Netherlands	453	393	404	508	483	2.2
Others	3,120	2,802	2,841	3,349	4,084	18.8
Total	19,100	16,761	16,368	18,573	21,761	100.0

(3) Trends of International Trademark Applications under the Madrid Protocol

1) International Applications for Trademark Registration (filed with foreign offices by Japanese applicants)

In addition to the accession of South Korea, the United States, and other countries to the Madrid Protocol in 2003, the EC also joined it in 2004, which resulted in a sharp increase of 83% over the previous year in the number of applications. The number has remained on an increasing trend in 2005. Major designated states are China, the United States and South Korea according to annual findings.

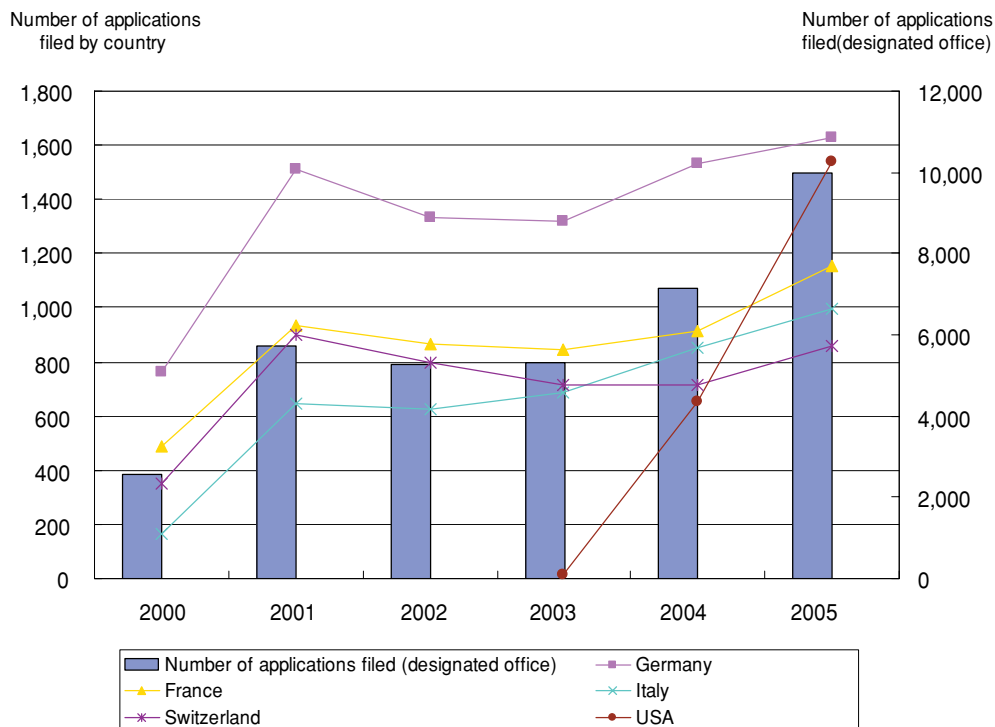


2) International Applications for Trademark Registration (filed with the JPO by foreign applicants)

Although the number of applications had remained at the same level until 2003, it has been on the increase since 2004. The number of applications increased by 39% to 9,969 in 2005, up from 7,160 in 2004, showing an unprecedented increase. In the past, major countries of origin that chose Japan as a designated state were Germany, France, Italy, and Switzerland. However, the number of applications originating from the United States has also been increasing sufficiently rapidly to catch up to these aforementioned major countries. In 2005, the United States made a jump into second place, behind Germany.

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[Number of International Applications for Trademark Registration]



Note: The United States joined the Madrid Protocol in November 2003.

2 Trilateral Cooperation in the Trademark Field

The First Trademark Trilateral Cooperation Meeting was held in Arlington in the United States, in May 2001 with the aim of improving trademark registration systems and the operations thereof through exchange of information and opinions on related matters between the three offices of Japan, the United States and Europe (JPO, USPTO and OHIM). The meeting has been held once every year since then.

At the fourth meeting held in Alexandria in the United States, in May 2004, the three offices informed each other of new developments and exchanged opinions and information relating to computerization and the Madrid Protocol. In addition, the following results were obtained through discussion on the projects which the offices had addressed since the second meeting. Firstly, regarding the Trilateral Identification Manual Project, the offices agreed on about 7,000 acceptable identifications of goods and services (in English; for all classes). In December 2004, a list of acceptable identifications of goods and services (the Trilateral list) was posted on the JPO website. Furthermore, with respect to IT issues, the offices agreed to hold further discussions on the launch of the Trademark Trilateral Website in preparation for the next meeting, and also exchanged information on the standard for the data exchange of trademark information.

International Efforts to Protect Intellectual Property

1 Cooperation with Asian Countries

With the economic growth and globalization of corporate activities in China and other Asian countries, economic interdependence between Japan and the Asian countries has become increasingly strong. In circumstances in which Japanese companies have become more dependent on overseas markets on the whole, Asia has become especially important. Asian countries make up of an important region, which brings significant business opportunities to Japanese companies in the form of production bases and sales markets.

The level of protection of intellectual property rights in Asian countries, however, is not high enough compared to advanced countries such as European countries and the United States. As the obligation to implement the TRIPS Agreement has become effective since January 2000, the minimum legal system has been established in the Asian countries. However, the underpinnings of the operation system remain fragile, and delays in examinations and floods of counterfeit products are seen on a daily basis. In addition, there is growing concern that patent infringement cases involving Japanese companies will increase as a result of development of industrial technologies in countries such as China and South Korea. It is essential to improve the level of protection of intellectual property rights in Asian countries and reduce the costs incurred in the acquisition and exercise of rights in order to maintain economic growth in Asia and enable Japanese companies to take full advantage of business opportunities in Asia.

Based on this standpoint, the JPO has been promoting vigorous cooperative activities with intellectual property offices in Asian countries. The JPO endeavors to effectively exploit multilateral, bilateral and other various frameworks to request the introduction of new systems and the reinforcement of operations of existing systems with the aim of improving the level of the protection of intellectual property rights in the Asian countries. In addition, the JPO also provides support for human resources development and computerization in order to assist in the establishment of the systems required to achieve these goals. It is necessary to continue to actively promote the strengthening of cooperation with the intellectual property offices in Asian countries as it also contribute to enhancing the Japan's presence in multilateral frameworks and other frameworks of several countries.

(1) Promotion of conclusion of Economic Partnership Agreement (EPA) and Free Trade Agreement (FTA)

In recent years, Japan has been actively promoting the conclusion of Economic Partnership Agreements (EPAs) and Free Trade Agreements (FTAs), mainly with Asian countries, in anticipation of realizing the economic integration in Asia. As part of such a movement, the JPO has been conducting negotiations while including the field of intellectual property in the range of Economic Partnership Agreements. In the field of intellectual property, Japan has been promoting negotiations for the purpose of ensuring sufficient protection of intellectual property, increasing the transparency of systems and strengthening enforcement of intellectual property rights, taking into consideration the conditions of other parties, including trade relations with Japan and the status of the system to protect intellectual property.

The Japan-Singapore EPA (Agreement between Japan and the Republic of Singapore for a New-Age Economic Partnership), the first EPA of Japan, came into force in November 2002. This agreement contains a chapter on intellectual property, which provides: 1) applicants who have applied for a patent for the same invention to Japan and Singapore may acquire a patent in Singapore through a simple procedure and at a reasonable fee, if they submit the information on the patent examination results in Japan, and their English translation to the Intellectual Property Office of Singapore (effective as of August 2002), and 2) the SurfIP, intellectual property information search portal of the Intellectual Property Office of Singapore, and the database of the Industrial Property Digital Library (IPDL) of the JPO, will be linked.

In addition, the Japan-Mexico EPA (Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership), which became effective in April 2005, provides in a chapter on "trade in goods" that the countries shall mutually protect geographical indications for spirits as referred to in the TRIPS Agreement. In the Joint Statement on the occasion of the signing of the said agreement, the leaders confirmed that the governments of both countries would take necessary actions to eradicate counterfeit and pirated products infringing intellectual property rights and that the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks contributed to effective and global protection of trademarks. In addition, the Mexican government reaffirmed its

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willingness to undertake every effort to ratify the protocol.

Moreover, based on an agreement reached at the Japan-Malaysia Summit Meeting in December 2003, Japan started negotiations with Malaysia for the conclusion of the Japan-Malaysia EPA (Agreement between the Government of Japan and the Government of Malaysia for an Economic Partnership) in January 2004. As a result of six rounds of formal negotiations thereafter and vigorous discussions between the two countries through intellectual property expert meetings, the prime ministers of the two countries signed the Japan-Malaysia EPA in December 2005, and the agreement became effective in July 2006. This agreement sets out that both parties shall establish a system of publication of unexamined patent applications, thereby ensuring that applications be published 18 months after the filing date. The agreement also stipulates that both parties shall establish a preferential examination/accelerated examination systems to expedite the patent examination process. Moreover, in terms of designs, the agreement contains a provision adding designs published via the Internet before the filing date to the information which could deny novelty. In regards to trademarks, it contains a provision protecting trademarks well-known in other countries to prevent trademark counterfeiting.

In addition to these agreements, negotiations for an EPA with Thailand and the Philippines have already reached an overall consensus.

Furthermore, Japan is now conducting negotiations for an EPA with the ASEAN bloc as well as with South Korea, Indonesia, Chile and Brunei Darussalam.

(2) Efforts by the Intellectual Property Rights Experts Group (IPEG) within the Framework of the Asia-Pacific Economic Cooperation (APEC)

APEC, consisting of 21 countries and regions in the Asia-Pacific region, is a regional forum aiming for the liberation and facilitation of trade and investment as well as economic and technical cooperation. At the APEC Economic Leaders' Meeting in Osaka held in 1995, intellectual property rights were adopted as one of the 15 priority areas concerning the liberation and facilitation of trade and investment, and the IPEG was established as an expert forum specializing in the area. The IPEG carries out activities in accordance with the new Collective Action Plan (CAP) formulated in 2001 in response to the full implementation of the TRIPS Agreement, in order to promote the liberation and facilitation of trade and investment.

As for specific activities, the IPEG holds seminars and symposia sponsored jointly by the public and private sectors, in addition to periodic meetings that are usually held twice every year. In the 22nd IPEG Meeting held in February 2006, the JPO introduced the Patent Prosecution Highway and also made a presentation of Japan's human resources development assistance for APEC economies in the field of intellectual property. In addition, Japan requested that all members report their efforts made in line with the guidelines endorsed at the 17th APEC Ministerial Meeting as called for in the APEC Anti-Counterfeiting and Piracy Initiative, in November 2005.

2 Cooperation in Developing Countries

Improvement of the trade and investment environment in developing countries through reinforcement of protection of intellectual property will not only reduce business costs for Japanese enterprises engaged in businesses in those countries but also contribute to continuous growth of the world economy through the development of developing countries themselves with the increase of direct investments. The JPO has thus provided vigorous support for the education of human resources and information technology to reinforce protection of intellectual property in developing countries mostly in Asia.

With the obligation to execute the TRIPS Agreement having become effective for developing countries as of January 2000, a minimum of improvements seem to have been made to the legal systems in the developing countries. However, it is important to extend assistance to developing countries focusing on further improvements to their legal systems as well as operation systems which remain fragile. Because the levels of protection of intellectual property and the conditions of trade and investment by Japan are significantly different for each developing country, it is essential to draw detailed plans that meet the conditions of each country.

(1) Cooperation in the Development of Human Resources

1) Dispatch of experts

The JPO dispatches experts and seminar instructors specialized in various areas of intellectual property rights to developing countries through WIPO Funds-in-Trust/Japan¹ and Japan International Cooperation Agency (JICA). The dispatched experts mainly provide on-site instructions regarding examination practices, computerization, and so forth.

2) Acceptance of trainees

The JPO has accepted a total of 2,287 government and civilian trainees from 42 countries and 1 economy in the Asia-Pacific Region during the period from April 1996 to March 2006. The JPO is also supporting activities of the alumni associations of the trainees, which significantly contribute to the structuring of human networks between Japan and developing countries.

3) Acceptance of long-term trainees (Intellectual Property Fellowship)

The JPO invites those who are taking or who will be taking leadership in the field of intellectual property in the developing countries to Japan for six months as part of the WIPO Funds-in-Trust/Japan operations to offer an opportunity for self-initiated studies on intellectual property. The JPO accepted one long-term fellow from China (SIPO) and Vietnam in FY 2005. The JPO also accepts long-term fellow for six months independently and accepted one trainee from China (SIPO) and Thailand respectively in FY 2005.

4) Forums, Symposiums, etc.

The achievements of the major meetings managed by the WIPO Funds-in-Trust/Japan are as follows:

- WIPO Asia and the Pacific Regional Symposium

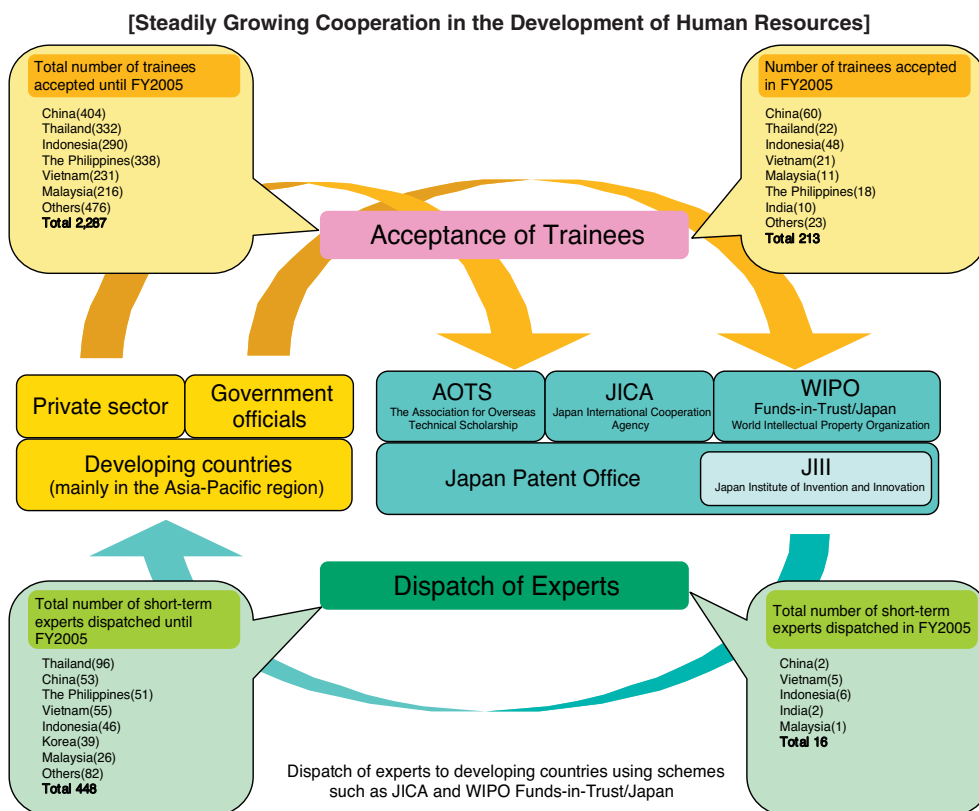
The symposium in September 2005 was held in Kuala Lumpur (Malaysia) to discuss the theme of "Enforcement of Intellectual Property Rights", and 25 countries participated in the workshop.

- WIPO High Level Forum on Intellectual Property Policy and Strategy

The forum in January 2006 was held in Tokyo (Japan) to discuss the theme of "Intellectual Property Systems for Economic Development", with the participation of Senior IP Policy-makers from intellectual property offices of 40 countries.

¹ Since 1987, the Japanese Government has been providing voluntary contributions to the WIPO. "WIPO Funds-in-Trust/Japan" was established with these voluntary funds and it is used to finance various projects every year for WIPO member countries in the Economic and Social Commission for Asia and Pacific (ESCAP), such as the holding of Intellectual Property (IP) office conferences or symposiums, acceptance of trainees and Intellectual Property Rights (IPR) research students, dispatch of JPO officers and support for automation and modernization of IP Offices.

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(2) Cooperation in Information Technology

In Indonesia, under a JICA development study scheme, the JPO have been supporting the system development on the intellectual property rights administration through the utilization of communication technology in the Directorate General of Intellectual Property Rights (DGIPR) since June 2005. The JPO has been dispatched 3 short-term experts.

The JPO dispatched long-term experts through the JICA technical cooperation project scheme to the Intellectual Property Office of the Philippines from May 1999 to May 2003 (4 years). This project aimed to structure the administrative procedures through human resources development.

Since November 2004, the JPO has been carried out the follow-up cooperation for the above project scheduled by March, 2007, and has been dispatched short-term experts.

The JPO was engaged in the structuring of the administrative processing system with the same scheme from April 2000 to June 2004 (4 years and 3 months) for the National Office of Intellectual Property in Vietnam (NOIP). Based on the results, the JPO has been cooperating in building search systems, electronic filing systems and information systems as of January 2005, for which the JPO dispatched 2 long-term experts for the development of human resources.

In Malaysia, under a JICA development study scheme, the JPO dispatched the study teams and assisted in establishing a design application processing system and support the Intellectual Property Corporation of Malaysia (MyIPO) in enhancing further modernization of industrial property administrative procedures from July 2002 to February 2005.

(3) Cooperation in the Examination Process

1) Provision of Results of Design Examinations

In order to support the acceleration of the substantive examination process for design applications in developing countries, the JPO offers cooperation by providing the results of examinations of design applications filed in Japan (only for registered applications) to the patent office of the country subject to cooperation with respect to applications for design registration that were filed both in Japan and the corresponding country (Department of Intellectual Property of Thailand: started in January 2002; National Office of Intellectual Property of Vietnam: started in September 2002).

2) Establishment of an Advanced Industrial Property Network (AIPN)

AIPN refers to a system for providing examination-related information in Japan to the intellectual property offices overseas. It aims to reduce the duplication of workload at intellectual property offices overseas through effective utilization of the results of examinations of corresponding patent applications in Japan and to expedite the acquisition of rights at these offices. The JPO has been making efforts to disseminate the AIPN in order to promote cooperation in patent examination with other countries adopting the substantive examination principle.

Specifically, the JPO established a system that enables examiners at intellectual property offices overseas to obtain examination documents information on legal status, information on cited documents, information relating to the examination of post-grant claims, and patent family information relating to corresponding Japanese patents through the Internet, and has been providing such information to the examiners. As of April 2006, the AIPN was available to 23 countries/organizations.

3 Measures against Counterfeiting

(1) Damages caused by Counterfeiting and Countermeasures in the Industrial World

In recent years, the damage caused by the counterfeiting in foreign markets has become increasingly severe. In the East Asian region, in particular, which includes China, Taiwan, and South Korea, large numbers of products imitating those produced by Japanese companies have been manufactured, due to the insufficient protection of intellectual property rights and the development of industrial technology. Furthermore, in the midst of economic globalization, counterfeits manufactured mainly in those Asian countries/regions have entered the markets in the entire Asia including Japan, Europe and North America, resulting in further increases in the damage caused by counterfeiting.

The flood of counterfeits has had a negative impact on Japanese companies, causing a loss of foreign markets, deterioration of brand image, and increase in the number of problems concerning product liability. To deal with this negative impact, it has been necessary for Japanese companies to actively take measures against counterfeits when undertaking business abroad.

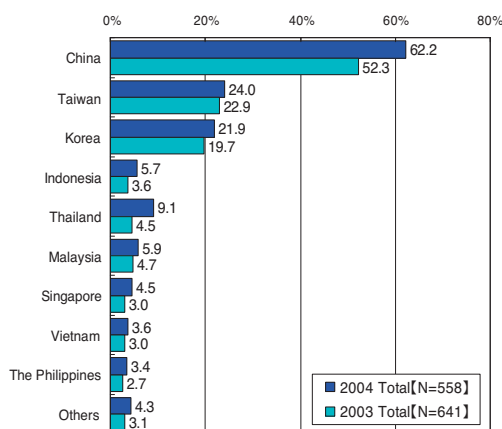
Some Japanese companies and industrial groups have been taking active anti-counterfeiting measures. For example, some organizations, after independently conducting vigorous investigative activities to identify the manufacturers and distribution channels of counterfeits, have been requesting local regulatory authorities to crack down on counterfeiters. However, such measures require persistent effort, and in many cases, sufficient measures cannot be taken due to personnel and financial constraints. It is also undeniable that there is a limit to the ability of individual companies and industrial groups to negotiate with local governments and regulatory authorities.

Under these circumstances, the International Intellectual Property Protection Forum (IIPPF)¹ was established in April 2002 to promote cross-industry cooperation to reinforce anti-counterfeiting measures in collaboration with the Japanese government. The following projects have been undertaken by the IIPPF: (1) Submission of requests to governments of countries where IPR infringement has been serious to reinforce anti-counterfeiting measures, (2) Information exchange and survey research, and (3) Human resource development in countries where IPR infringement has been serious."

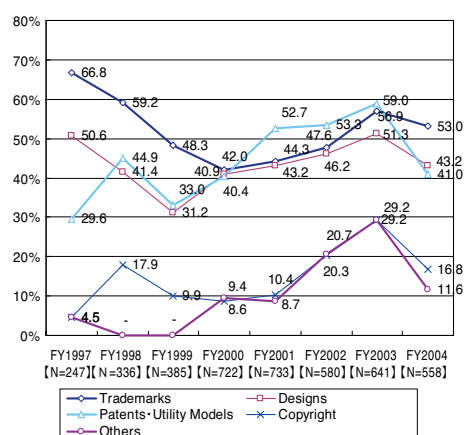
¹ As of October 2006, 188 companies and groups (84 groups and 104 companies) participated in the forum.

International Efforts to Protect Intellectual Property

[Table 1 Asian Countries/Regions where Counterfeit Products are Manufactured (Multiple Responses)]



[Table 2 Transitions in the Types of Rights infringed through Counterfeiting (Multiple Responses)]



Source: JPO, FY 2004 Survey Report on Losses Caused by Counterfeiting

Notes:

- In FY2004, of the 558 companies which were damaged by counterfeiting, 62.2% responded that the counterfeits had been manufactured in China (multiple responses), followed by Taiwan (24.0%) and South Korea (21.9%). (Table 1)
- In FY2004, the largest group of companies damaged by counterfeiting reported infringement of their trademarks, accounting for 53.0%, followed by design infringement and patents/utility model infringement (over 40%, respectively). (Table 2)

(2) JPO Efforts to Stop Counterfeiting

In light of the increasing seriousness of counterfeiting overseas, the JPO has been taking various measures.

1) Collaboration with Industry

The JPO supports industry through strengthening of the collaboration with the International Intellectual Property Protection Forum.

The collaborative efforts of the International Intellectual Protection Forum and the government have resulted in public-private joint missions being dispatched, four times thus far, to the central and local governments of China to request the strengthening of anti-counterfeiting measures. In addition to requests for the development of legal systems and the improvement of their operations, the third and fourth missions offered cooperation through seminars and trainings about efficient and effective enforcement.

During the period of the fourth public-private joint mission dispatched in June 2006, the Commissioner of the SIPO proposed the holding of a joint symposium between Japan and China on the revision of Chinese patent law. Following this proposal, the joint symposium was held in Japan in September 2006.

2) Approaches toward Governments of Countries/Regions where Counterfeiting is Serious

The JPO has been requesting that the governments of countries and regions where the damage caused by counterfeiting is serious, including China, Taiwan and South Korea, reinforce their countries' measures against counterfeits through bilateral meetings, such as meetings between the heads of two patent offices.

In addition, the JPO emphasizes the importance of reinforcing anti-counterfeiting measures through multilateral meetings such as the WTO, APEC, OECD, G8 and WIPO, as well as through cooperative efforts with the United States and advanced countries in Europe. At the G8 Summit in Gleneagles in 2005, Prime Minister Junichiro Koizumi advocated that an international agreement be created to prevent the proliferation of IPR infringement. The ministries and agencies concerned are now holding joint discussions to create an agreement to prevent the proliferation of counterfeiting and piracy.

3) Support for Countries/Regions where Counterfeiting is Serious

In order to improve the effectiveness of enforcement in the countries and regions where serious

damage is caused by counterfeiting, the JPO has been providing the appropriate training to the local authorities concerned, including customs, police, and the courts. The JPO conducts training on an annual basis in Japan for the officials of these regulatory authorities in Asian countries and holds seminars in the countries of these officials as well.

4) Collection and Provision of Information

In order to understand the situation surrounding the damages suffered by Japanese companies overseas, the JPO conducts an annual survey and publishes the results in the "Survey Report on Losses Caused by Counterfeiting." In addition, the JPO also provides "Manuals on Measures against Counterfeits," which contain useful information regarding anti-counterfeiting measures in the countries and regions where counterfeiting frequently occurs, and "Collections of Case Examples / Court Precedents of Intellectual Property Right Infringements," which contains actual cases, court precedents relating to IPR infringement, and informative comments. Furthermore, the JPO holds seminars inside and outside of Japan for Japanese companies in order to provide them with the information necessary to take measures against counterfeits.

5) Consultation Services

The JPO offers consultation services regarding measures to take against counterfeiting and strives to provide the information necessary to take such measures.

6) Cooperation with National Regulatory Authorities / Countermeasures at the Border

With the aim of preventing the manufacturing and distribution of counterfeits within Japan, the JPO cooperates with Japanese law enforcement authorities by (1) answering inquiries about infringement cases from such authorities and (2) providing training Japanese customs officials.

7) Raising Consumer Awareness

The JPO organizes "Anti-Counterfeiting Campaign", through the utilization of posters, magazine advertising, Internet banner advertising and booklets, to increase the public awareness of the importance of intellectual property rights with the aim of preventing the distribution of counterfeits and pirated products. In this campaign, the JPO informs the public that the sale of counterfeits and pirated products is illegal and that the purchase of counterfeit products may abet criminal activities.



Poster for "Anti-Counterfeiting Campaign"

The slogan for the campaign is "No counterfeiting! No pirated goods! No buying and no selling. This crime can be prevented through your voluntary effort."