

**Part
1**

**Trends of
Industrial Property Rights**

Trends of Industrial Property Applications and Examination and Appeals/Trials in Japan

1. Patent

- Trend toward carefully-selected patent applications and significant increase in the number of examinations conducted

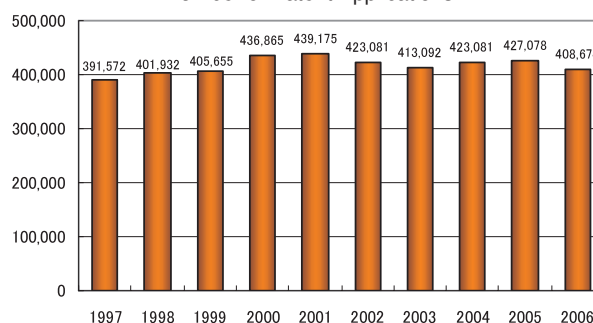
(1) Changes in the Number of Patent Applications and Requests for Examination

1) Trend toward Carefully Selected Patent Applications and Increasing PCT Applications

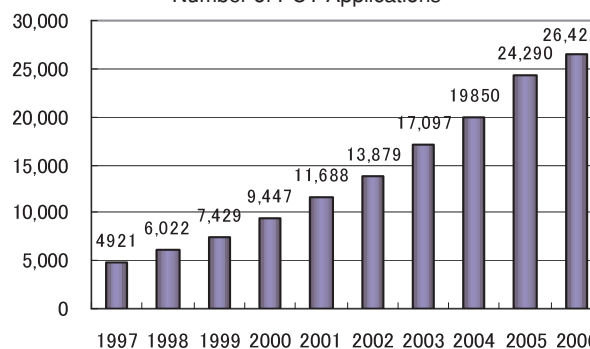
Although the annual number of patent applications filed in Japan has remained high at more than 400,000 since 1998, it declined by 4.3% from the previous year to 408,674 in 2006. One factor behind the decrease is that more and more Japanese applicants have become aware of keeping their inventions confidential as know-how, with the intention of preventing technology leakage and valuing application abroad with a global-filing strategy while carefully selecting domestic applications. (See Part 4, Chapter 1.1 for the number of patent applications filed by Japanese applicants.)

Meanwhile, due to progress in the globalization of business activities, the number of international applications filed with the JPO under the Patent Cooperation Treaty (hereinafter referred to as the "PCT applications") in 2006 was 26,422. This was an increase of 9% over the 24,290 applications filed in 2005, continuing to indicate a high growth rate. As a result, Japan came second in the world for four years in a row in terms of the number of PCT applications filed.

Number of Patent Applications



Number of PCT Applications

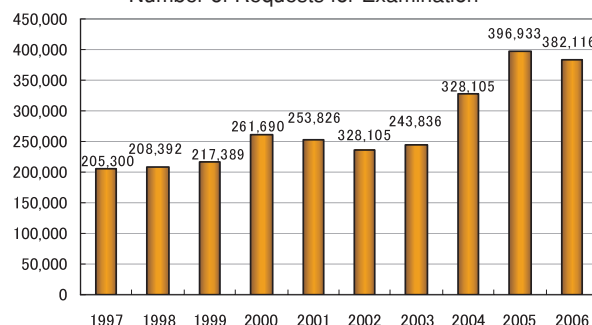


2) Surge in the Number of Requests for Examination

The number of requests for examination in Japan, which had stayed at around 250,000 until 2003, rose to 328,105 in 2004 (a 35% increase over the 2003 level), and further to 396,933 in 2005 (a 21% increase over the 2004 level), showing a slight decrease to 382,116 in 2006 (a 4% decrease over the 2005 level).

One factor behind such a surge in the number of requests for examination seen for

Number of Requests for Examination

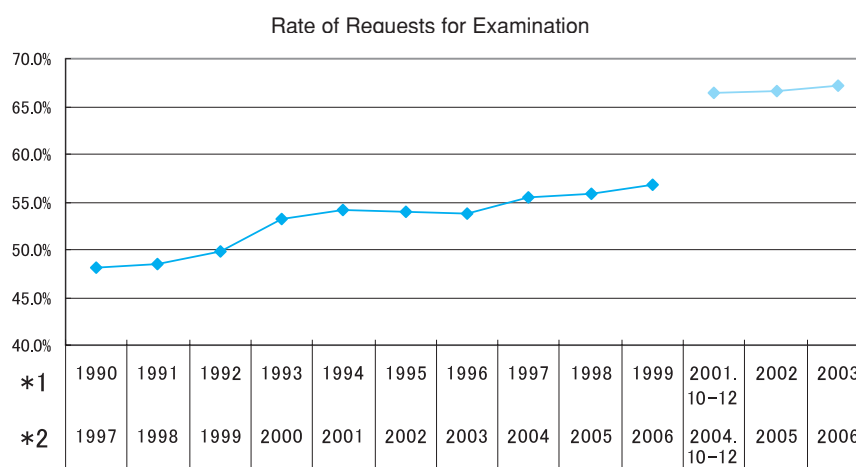
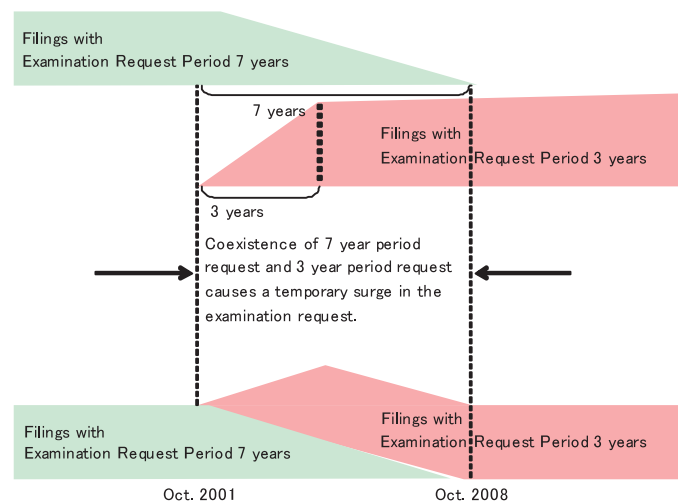


the last three years is the change of the period of requests for examination from seven years to three years for the applications filed in and after October 2001. In other words, the applications subject to a three-year request period began to reach the time limit for making the request for examination 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 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 and 2003, with a three-year request period, remained from 65% to 70%.

However, as the number of requests for examination in 2006 took a downward turn compared to that of 2005, the "bump in requests" seems to have passed its peak.



*1 : The year when the application was filed

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

Note:

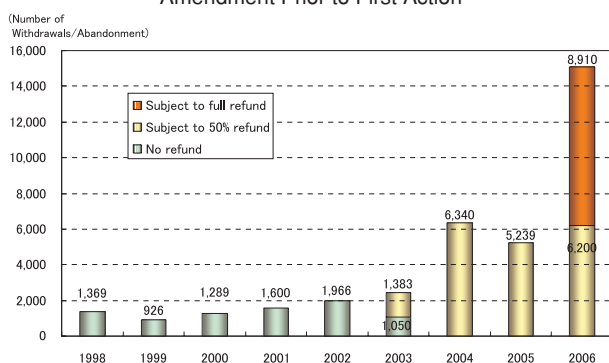
As for applications filed in and after October 2001, in order to select only the applications subject to a three-year request period, the filing date of an international application designating Japan is looked on as its international filing date. For other applications, the filing date of an international application designating Japan is regarded as on the date received by the JPO.

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 (in and after October 2003) prior to the first action after having requested an examination, and requests a refund of the examination request fee within six months from the withdrawal or abandonment, a part (50%) of the fee is refunded to the applicant. In August 9, 2006, a system of refunding the full amount of the examination request fee, which stays in effect for one year only, was introduced.

As a result, the number of withdrawals/ abandonment of applications after requesting examination and before to the first action has been increasing since August 2006, reaching 15,000 in 2006, almost three times as many as that of the previous year. The introduction of the full-refund system is considered to have provided an incentive to the applicants to reconsider the need for acquiring patent after requesting an examination.

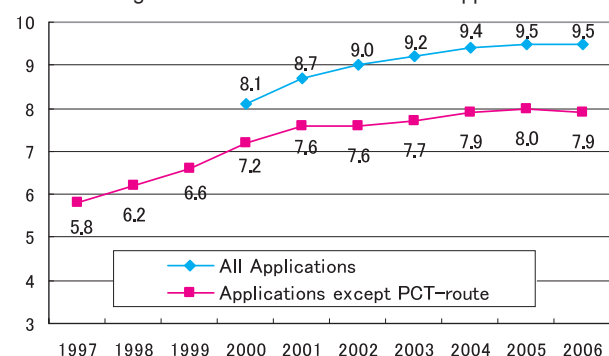
Changes in the Number of Withdrawal/ Amendment Prior to First Action



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 can also be seen 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 continued to rise over the past several years. Hereafter the examination workload per application is likely to increase further.

Average Number of Claims in a Patent Application



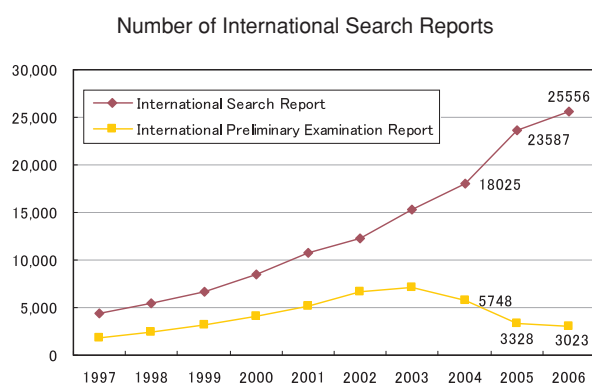
2) Increase in the Number of International Search Reports¹ of PCT Applications

In line with the increase in the number of PCT applications, as shown in (1) 1) above, the number of international search reports has increased from 23,587 in 2005 to 25,556 in 2006, increasing by 8% over the previous year. Moreover, due to the adoption of the Enhanced International Search System, where a written opinion² (similar to the one that used to be prepared at the international

¹ 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.

² 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.

preliminary examination phase) have to be prepared at the same time as the international search report, the international search workload for a single PCT application has increased. Meanwhile, since the adoption of the Enhanced International Search System in 2004, the number of international preliminary examination reports¹ has been decreasing along with a decrease in the number of demands for an international preliminary examination report.



3) Increase in the Number of First Actions and Lengthening of 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 examinations 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 gradually increased over the past several years (increasing by 36% from 215,288 in 2002 to 292,756 in 2006), showing a significant growth in 2006 by 20% from the previous year.

However, the number of requests for examination has surged mainly 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

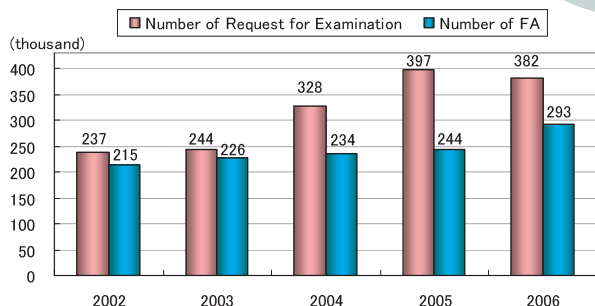
Record	2002	2003	2004	2005	2006	Year-on-year
Number of First Actions	215,288	226,420	234,109	243,548	292,756	120%
Number of Subsequent Examinations	158,721	165,564	173,830	179,760	226,815	126%
Number of International Search Reports of PCT	12,303	15,356	18,025	23,587	25,556	108%
Number of International Preliminary Examination Reports of PCT	6,631	7,147	5,748	3,328	3,023	91%
Number of Reconsiderations by Examiner before Appeal Proceedings	18,499	18,186	19,888	19,491	22,289	114%
Number of Reports of Expert Opinion on Registrability of the Utility Model	1,533	1,286	1,014	1,261	1,052	83%
Total	418,971	40,097	469,995	495,240	571,491	115%

Notes:

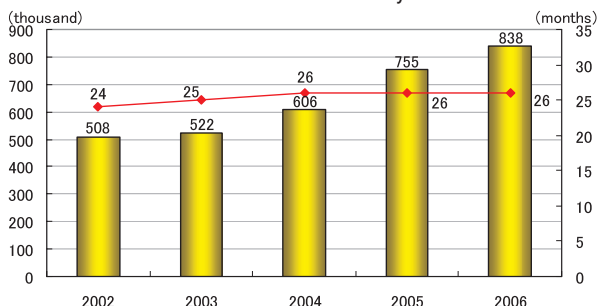
1. The "year-on-year" column is a comparison between 2006 and 2005.
2. The "number of reconsiderations by examiner before appeal proceedings" is the total number of applications patented in the procedure, reconsideration reports made to the JPO Commissioner, and notifications of reasons for refusal made in the procedure (see Part1, Chapter1, 5.(1)a for "reconsiderations by examiner before appeal proceedings").

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

Number of Requests for Examination and Number of First Actions



Number of Applications Awaiting the First Action and First Action Pendency



In line with this increase in the number of applications awaiting the first action, the first action pendency has been lengthened from 24 months in 2002 to 26 months in 2006.

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 be difficult to reduce the first action pendency. However, after 2008, in accordance with the aim of "reducing the first action pendency to 11 months by 2013,"¹ the first action pendency is expected to be shortened.

The JPO has made various efforts² to achieve expeditious and efficient patent examinations. As a result, in 2006, not only the number of first actions mentioned above, but also the number of subsequent examinations³, reached more than 120% of that in 2005. In line with an increasing number of examinations, the number of decisions to grant a patent came to almost 130,000. On the other hand, the rate of decisions to grant a patent decreased by 3.4% from 2002 to 2006.

Status of Examination

Performance	2002	2003	2004	2005	2006
Number of Decisions to Grant a Patent	109,720	111,276	112,221	111,179	129,071
Number of Decisions of Refusal	99,383	106,024	110,630	109,149	129,400
(Of which number of decisions of refusal without a dissenting response from the applicant)	55,346	60,129	62,013	61,328	68,879
Withdrawals/Abandonment After the First Action	2,430	3,050	3,930	6,266	7,915
Rate of Decisions to Grant a Patent	51.9%	50.5%	49.5%	49.1%	48.5%
Rate of Decisions of Refusal	48.1%	49.5%	50.5%	50.9%	51.5%

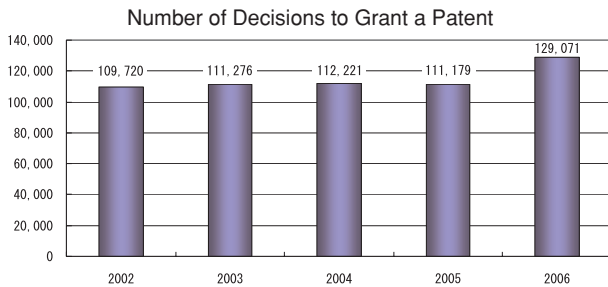
Notes:

1. "Number of decisions of refusal without a dissenting response of the applicant" is the number of decisions of refusal without a dissenting response of the applicant from the notice of reason for refusal issued by the examiner.
2. "Withdrawals/abandonment after the first action" is withdrawals/abandonment of applications after the first action.
3. "Rate of decisions to grant a patent" is the number of decisions to grant a patent divided by 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.
4. "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 decisions to grant a patent plus the number of decisions of refusal plus the number of withdrawals/abandonment after the first action.

¹ See Part 2, Chapter 1, 3.(2).

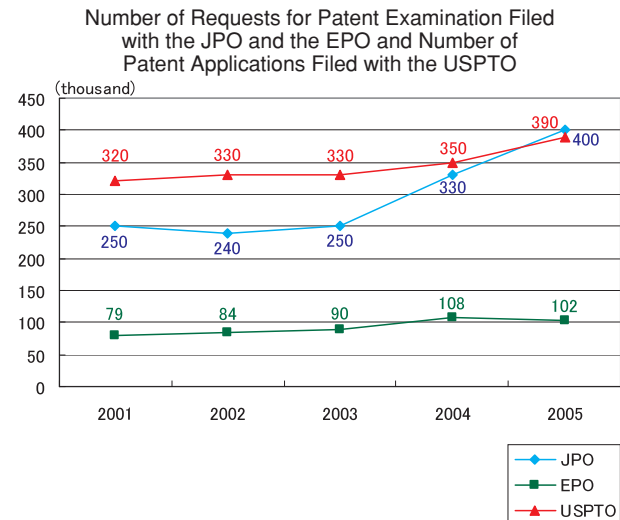
² See Part 2, Chapter 2.

³ Examinations conducted in response to a written opinion or written amendment submitted by the applicant following the first action

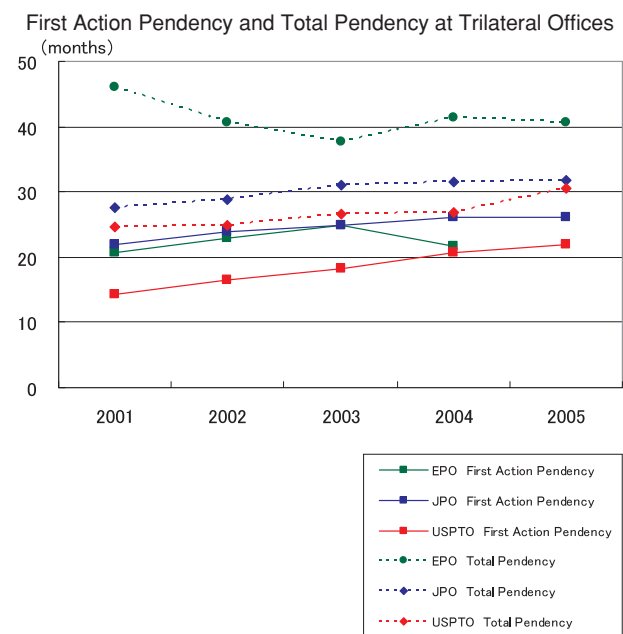


The issue of a prolongation of the first action pendency is not specific to Japan; it is also being faced by Europe and the United States. In recent years, the number of requests for examination has increased in Europe and the number of patent applications has increased in the United States. This trend 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 2,000 persons during ten years from 1996 to 2005. Specifically, the USPTO has the plan of employing more than 9,000 new examiners during eight years from 2005 to 2012, and under this plan the USPTO employed 1,218 examiners in FY2006 (from October 2005 to September 2006) (an increase of 602 from the 2005 level at the end of September 2006).

Similarly, the JPO has employed fixed-term examiners since 2004, and during ten years from 1997, it has increased the combined numbers of regular and fixed-term examiners by 398 persons.

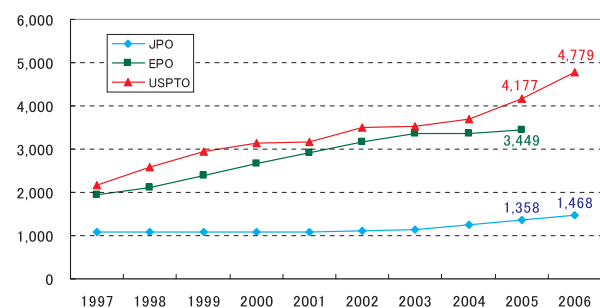


Sources:
EPO-Annual Report
USPTO-Annual Report



Source: Trilateral Statistical Report

Changes in the Number of Examiners in Trilateral Offices



Source: Trilateral Statistical Report, USPTO Performance and Accountability Report

2. Utility Model

- Steady growth seen in utility model applications after the amendment of its system

(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, including a talk on possible abolishment of the system, 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

<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 three years from the filing of the utility model application.

Number of Applications Filed under the New Utility Model System

	2000	2001	2002	2003	2004	2005	2006
New Utility Model Applications	9,550	8,778	8,587	8,155	7,983	11,386	10,965

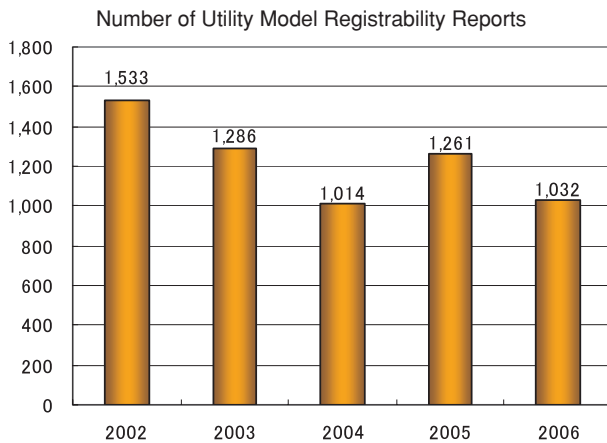
With the enforcement of the amended utility model system, the number of utility model applications came to 11,386 in 2005, increasing by about 40% from the 2004 level. Although there was a slight decrease from the 2005 level, the number of utility model

applications in 2006 exceeded 10,000. The utility model system is considered to have gained popularity as the system increased its appeal through the amendment.

Meanwhile, the number of patent applications based on utility model

registrations that were filed following the introduction of the system in April 2005 came to 88 as of April 2007.

(2) Status of Utility Model Registrability Reports



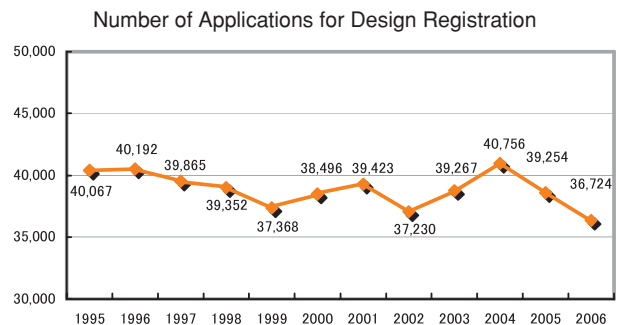
Under the new utility model system, which adopts the non-substantive examination principle, the owner of a utility model right first needs to give a warning by presenting a utility model registrability report when enforcing the right (Article 29-2 of the Utility Model Act). The registrability report 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 upon request, as material for determining the validity of the right (Articles 12 and 13 of the Utility Model Act).

3. Design

- Decreased number of applications for design registration

(1) Trends in Applications for Design Registration

The number of applications for design registration, which tends to be influenced by design development trends and product lifecycles, has shown an increase and decrease repeated on a two-to-three-year cycle for the last ten years. The number of applications for design registration in 2006 came to 36,724, a decrease by 6% from 39,254 filed in 2005.

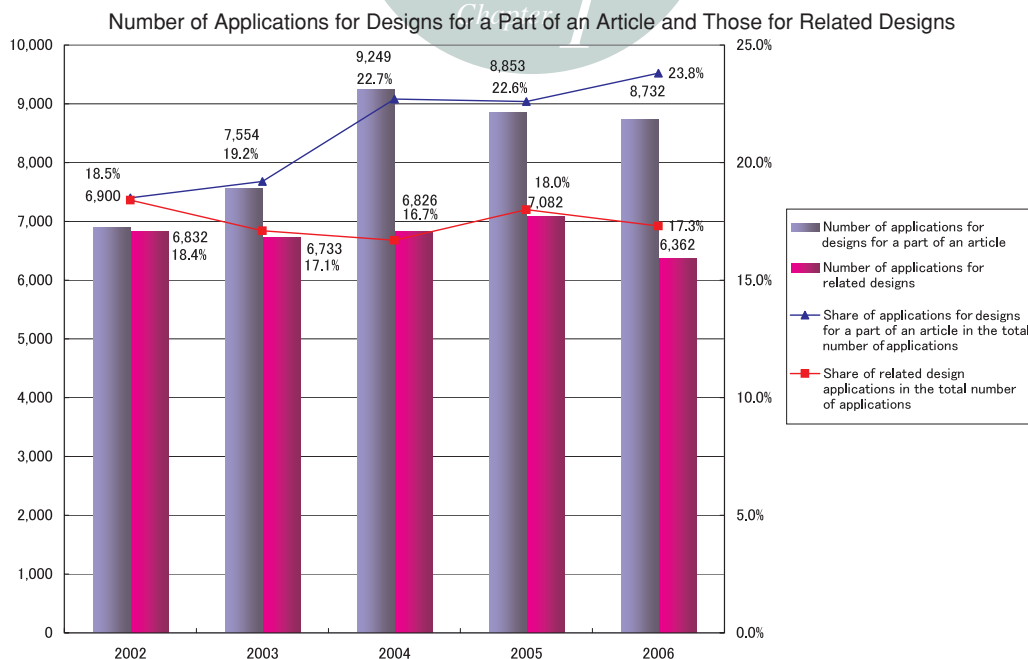


Since the introduction of the partial design system¹ in 1999, the ratio of applications for partial designs has been increasing each year, reaching about 24% of the total number of applications for design registration in 2006.

The usage ratio of the related design system², introduced in the same year, has remained at a little less than 20% of the total number of applications for design registration for the last five years.

¹ 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.

² The related design system enables enforcement of the design rights for designs similar to the principal design, and it was introduced in 1999.



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

In 2006, the number of first actions on applications for design registration fell from 39,889 in 2005 to 37,013, due to a decrease in the number of applications for design registration. While the average first action pendency for applications for design registration was at almost the same level as that of the previous year (7.1 months), the average second action pendency, which is the period from the filing date until the dispatch of the decision following the first action,

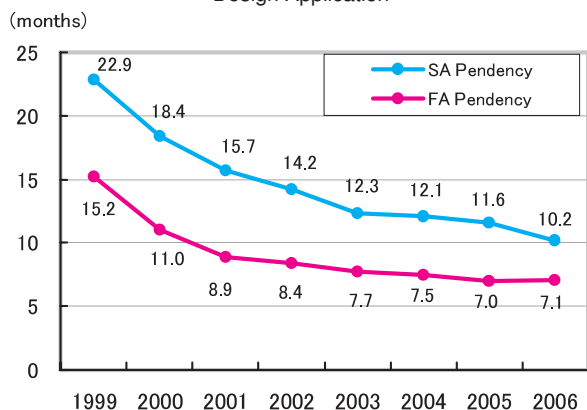
was shortened to 10.2 months in 2006.

Meanwhile, the average number of design registrations has remained at around 30,000 for the last five years.

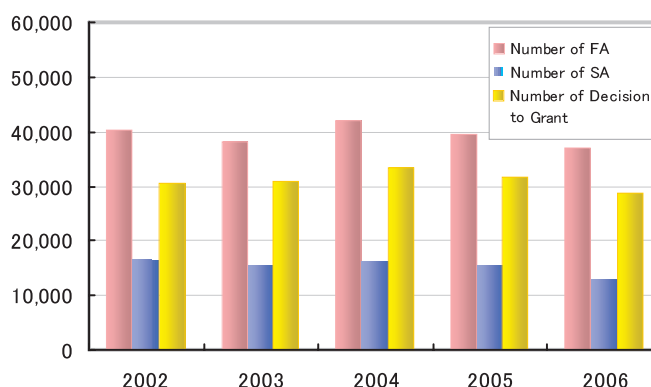
In 2006, the "accelerated examination for responding to the anti-counterfeit measures" program, introduced in April 2005, received 14 requests in 2006. The average time from the request until the first action was 0.5 months (about two weeks).

As for accelerated examination for other reasons, 53 requests were made and the average time from the request until the first action was 2.1 months.

Changes in the Average First and Second Action Pendency of Design Application



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



Notes:

1. FA(First action) pendency: Period from the filing date to the date when the first notice of examination is dispatched
2. SA(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 as the first action and those as the second action

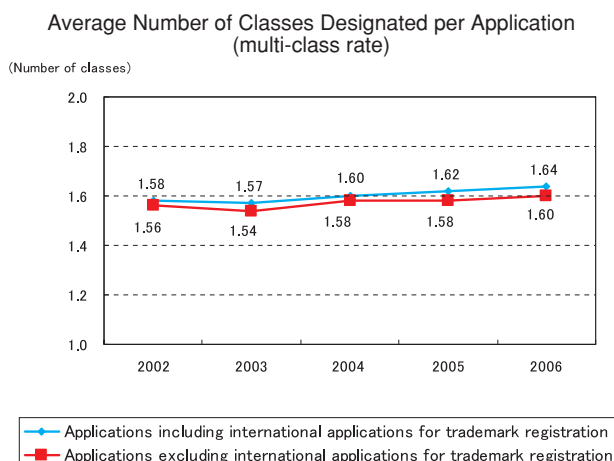
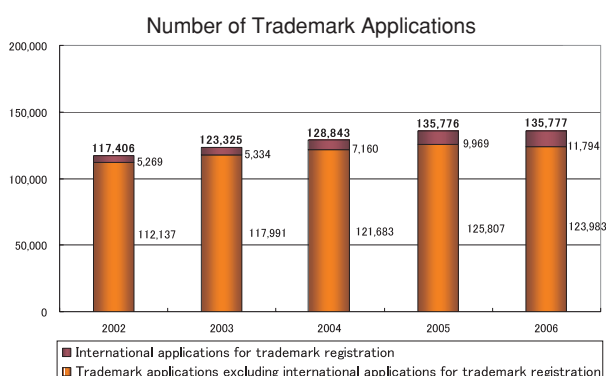
4. Trademark

- Stabilizing trends in trademark applications

(1) Trends in trademark applications

After seeing an upward trend that started in 2002, the number of trademark applications in 2006 stayed at around the same level as that in 2005, at 135,777, showing stabilizing trends. Under such circumstance, the number of trademark applications filed by foreign applicants has been on the rise, as seen in an increase in the number of international applications for trademark registration¹ (See Part 4, Chapter 3, 1. for the number of trademark applications filed by foreign applicants).

The average number of classes² per trademark application (the multiple class rate) in 2006 was 1.64, a slight increase by 0.02 from the 2005 level.



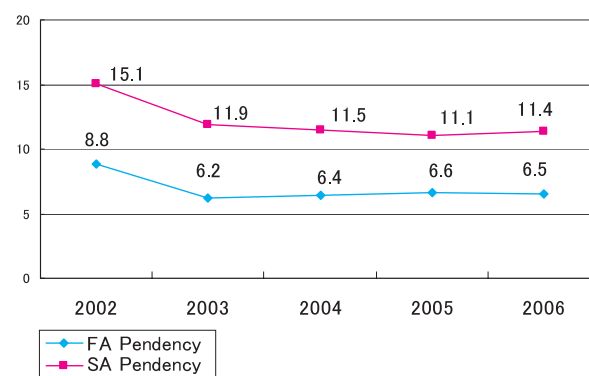
(2) Status of Trademark Examination

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.

As a result, the average first action pendency has remained at less than seven months since 2003, marking 6.5 months in 2006.

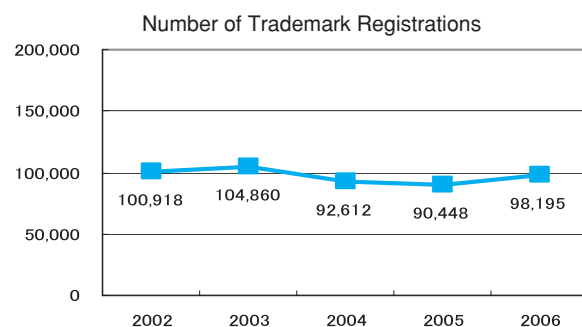
The number of trademark registrations in 2006 was 98,195, increasing by 9% over the previous year.

Average FA and SA Pendency in Trademark Examination (months)



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.



Note: Figures do not include the number of international applications for trademark registration designating the JPO.

¹ International applications under the Madrid Protocol designating the JPO (See Article 68-10 of the Trademark Act of Japan.)

² 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.

5. Appeals and Trials

- Rising appeal denial rate in appeals against an examiner's decision of refusal

(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.

a. Trends 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 out of the number of decisions of refusal, has stayed at the same level for the past several years¹, indicating that the number of appeals against an

examiner's decision of refusal is generally linked to the number of decisions of refusal. The number of appeals against an examiner's decision of refusal in 2006 increased by 15% from the 2005 level in response to an increase in the number of decisions of refusal² by patent examiners. While the number of appeals for design has been slightly declining, that for trademark showed a slight increase after experiencing declining trends for the last several years. The appeal rates with respect to designs³ and trademarks⁴ have been on a slight downward trend for the past several years.

Looking at the results of reconsideration by an examiner⁵ before appeal proceedings for patent applications in the past several years, the number of applications for which the original decision was cancelled and a decision to grant a patent was given (the number of applications patented in the reconsideration procedure) has been smaller compared to the number of applications for which the original decision was maintained (the number of reconsideration reports⁶). The Appeals Department will continue to promote an acquisition of right at the stage of examination and reconsideration by an examiner, in order to reduce the burden of both the applicant and the JPO.

¹ The recent appeal rates with respect to patents have been 21% in 2002, 20% in 2003, 21% in 2004, 21% in 2005, and 20% in 2006.

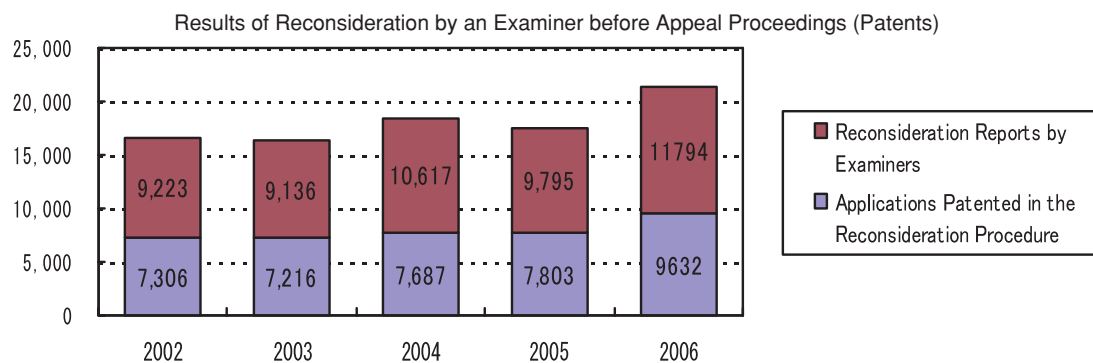
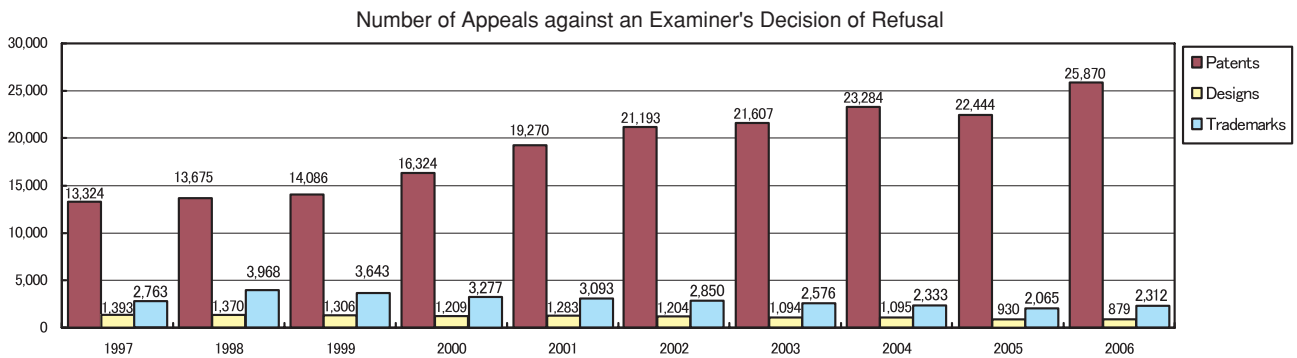
² See Part 1, Chapter 1, 1.(2)3).

³ The recent appeal rates with respect to designs have been 14% in 2002, 14% in 2003, 14% in 2004, 12% in 2005, and 11% in 2006.

⁴ The recent appeal rates with respect to trademarks have been 11% in 2002, 9% in 2003, 9% in 2004, 8% in 2005, and 8% in 2006.

⁵ 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.

⁶ In the reconsideration procedure, the examiner decides to grant a patent where he decides to cancel the decision of refusal in consideration of amendments made to the claims. If the examiner decides to maintain the decision of refusal even after the amendments, the examiner reports the results of the examination to the JPO Commissioner. After this, an appeal examination is conducted by a collegial body of appeal examiners.

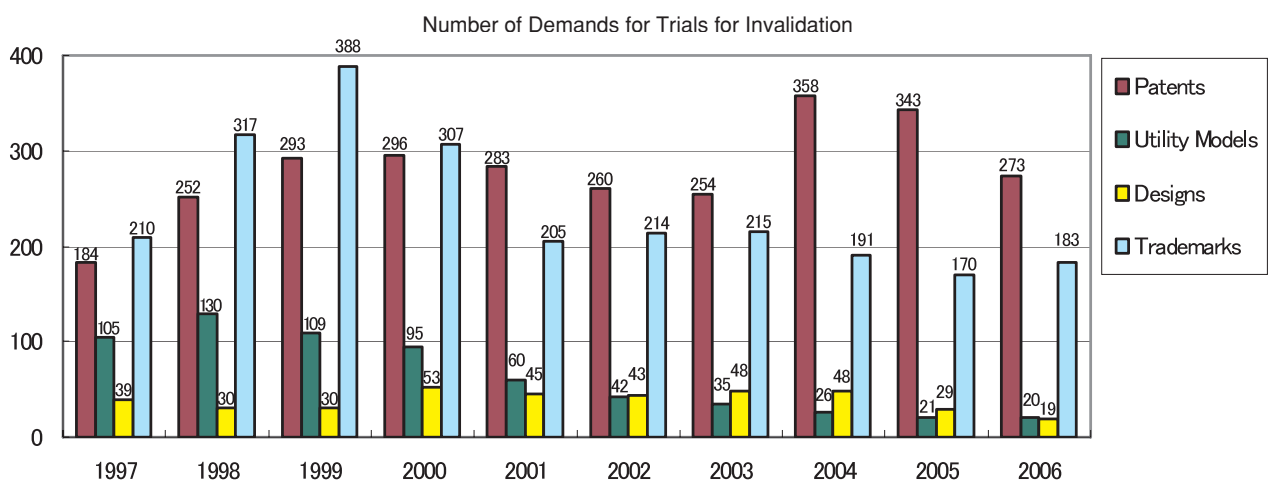


b. Trials for Invalidation of a Patent

Due to the 2003 revision of law, the system of opposition to the grant of a patent was integrated into the system of trial for invalidation of a patent. This prompted the number of demands for trials for invalidation of patents to increase in 2004, showing a

decline thereafter.

While the numbers of demands for trials for invalidation of a utility model and design registration have been on a declining trend, that for invalidation of a trademark registration has remained at the same level since 2001.



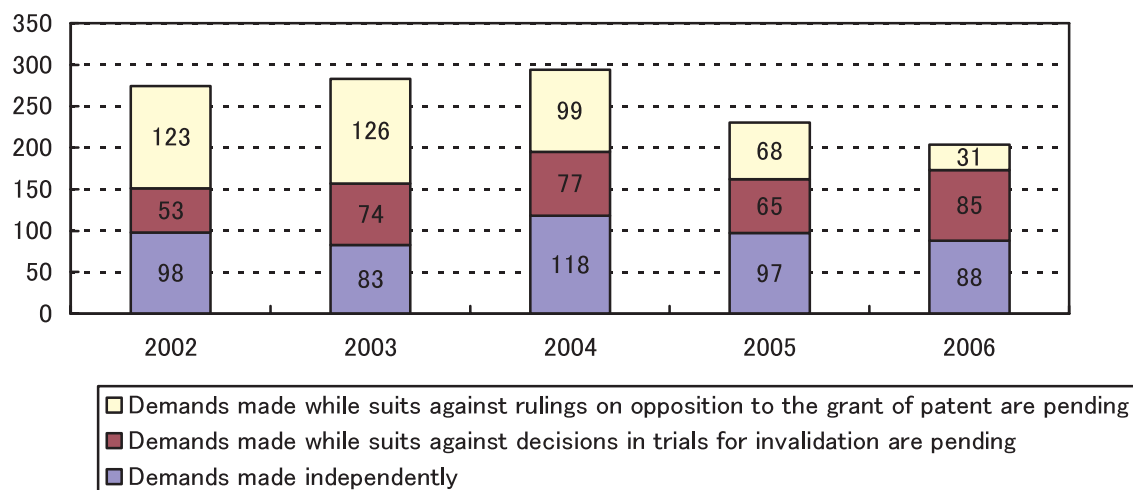
c. Decline in the Numbers of Demands for Trials for Correction of Patents and Utility Models

The numbers of demands for trials for correction of patents and utility models have been decreasing since 2005. This seems to be attributable to a decline in the number of demands filed during the pendency of lawsuits against decisions on opposition to the grant

of a patent, which account for a certain number of demands for trials for correction.

The major reason was that, with the 2003 revision of law, 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.

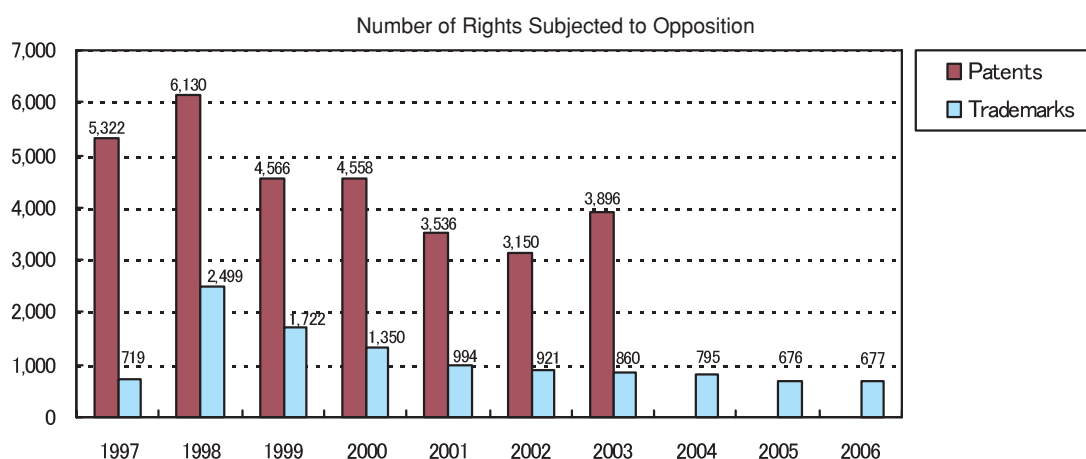
Number of Demands for Trials for Correction (Patents and Utility Models Combined)
(Number of demands)



d. Gradually Declining Oppositions to Trademark Registration

The number of oppositions to 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.



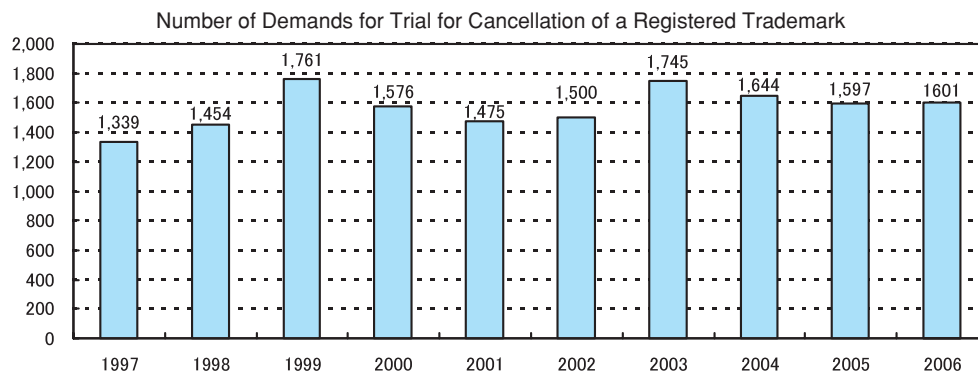
Notes:

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 to the grant of a patent was abolished with the 2003 revision 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.

e. 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

a. 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 2006 was 27 months. The average first action pendency is expected to lengthen in the future with the increase in the number of appeals against examiner's decision of refusal in line with the increase in the number of examinations conducted by the Examination Departments. Therefore, in order to shorten the appeal pendency, the Appeals Department takes various measures including use of appeal researchers, conducting questioning using the reconsideration reports¹, 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 rate²) has dramatically increased from about 21% in 1997 to about 57% in 2006. 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 2006, the average pendency in trials for invalidation was 11 months. Meanwhile, the average pendency was nine months for trials for invalidation regarding patents subjected to infringement lawsuits. Oral proceedings were actively used in about half the number of trials for invalidation of a patent/utility model in order to raise the quality of the trial examination (used in 147 cases

¹ 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.

² 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.

in 2006).

With respect to trials for correction, efforts were made for quick trial examinations because the trials were often demanded in connection with infringement lawsuits. As a result, the average trial pendency in 2006 was three months.

The processing of all oppositions that had been filed was completed in March 2006, except for those that could not be processed due to legal reasons.

b. Design

Appeal examinations against an examiner's decision of refusal have become more efficient in recent years, allowing the first action pendency to be shorter year by year. The average first action pendency in 2006 was 11 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. In 2006, the average trial pendency was nine months.

c. Trademark

Appeal examinations against an examiner's decision of refusal have become more efficient in recent years, allowing the first action pendency to be shorter year by year. The average first action pendency in 2006 was 19 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. In 2006, the average trial pendency was ten months.

The trial pendency for oppositions in 2006 was 11 months and that for trials for cancellation was seven months.

Status of Appeal and Trial Examination in 2006

	Appeals against an examiner's decision of refusal		Trials for invalidation		Trials for correction		Oppositions		Trials for cancellation	
	No. of first actions ^{*1}	Average first action pendency (months) ^{*2}	No. of cases processed ^{*3}	Average trial pendency (months) ^{*4}	No. of cases processed ^{*3}	Average trial pendency (months) ^{*4}	No. of cases processed ^{*3}	Average trial pendency (months) ^{*4}	No. of cases processed ^{*3}	Average trial pendency (months) ^{*4}
Patent/ Utility model	15,399	27	339	11	224	3	157	32		
Design	1,104	11	28	9						
Trademark	2,900	19	184	10			855	11	1,590	7

Notes:

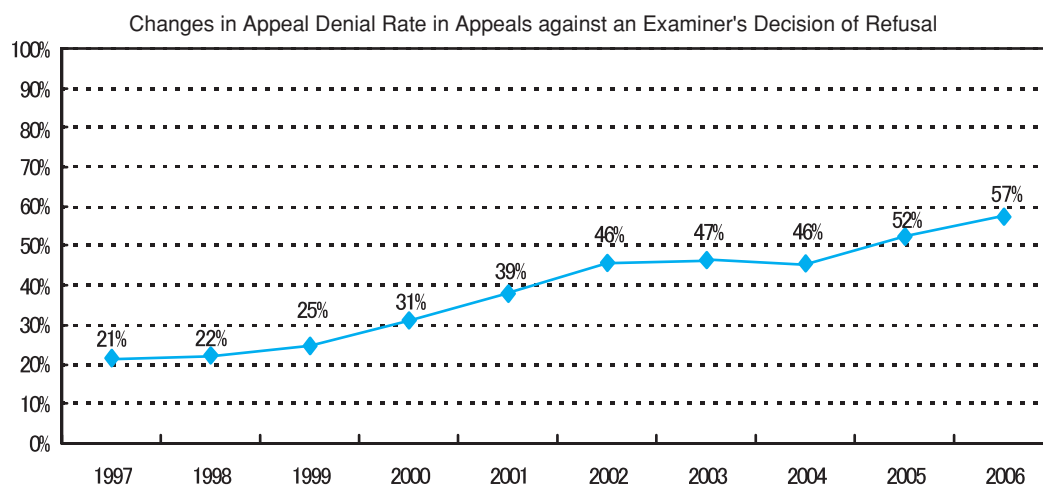
1. Number of cases in which the first examination results were notified
2. Average period from the date of appeal until the date the notification of the first examination results is dispatched
3. Including withdrawals
4. Average period from the date of demand for the trial until the date of the final disposition (decision or ruling)

Appeal and Trial Examination Results*1 in 2006

	Ex-parte appeals*2		Inter-partes trials*3		Oppositions	
	Appeal accepted	Appeal*4 denied	Appeal accepted	Appeal*4 denied	Appeal*5 accepted	Appeal*6 denied
Patent/Utility model	6,334	8,279	208	94	73	84
Design	609	540	17	9		
Trademark	2,150	715	1,337	306	160	654

Notes:

1. Only those for which final appeal/trial decision has been made
2. Appeals against an examiner's decision of refusal, appeals against an examiner's decision to dismiss amendment, and trials for correction
3. Trials for invalidation and trials for cancellation
4. Including dismissals
5. Including partial revoke
6. Including withdrawals



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

1) Trends of Actions Filed

Looking at the number of actions against the JPO Appeals Department's decisions, it is clear that the number of ex-parte appeals has increased for all the fields, compared to that in 2005.

With respect to lawsuits against ex-parte appeal decisions related to patents and utility models in 2006, the number of appeal cases in which the Appeals Department denied

the appeal was 8,279 and the number of actions filed against such decisions was 218. Although the number of actions increased from the 2005 level, the action rate¹ was down from 3.5% in 2005 to 2.6% in 2006.

Meanwhile, the number of actions filed against decisions on opposition to the grant of a patent/utility model has dropped due to a decrease in the number of oppositions processed following the abolishment of the system.

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

	Patent/Utility model		Design		Trademark	
	2005	2006	2005	2006	2005	2006
Ex-parte appeals ^{*1}	206	218	12	27	19	31
Inter-partes trials ^{*2}	189	176	12	7	52	66
Oppositions	76	33			2	7

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) Rate of Cancellation of the JPO Appeals Department's Decisions Remaining at a Low Level

Looking at the status of lawsuits against the Appeal Department's ex-parte appeal decisions related to patents and utility models, although the rate of cancellation of the decisions was up from 7.5% in 2005 to

14.2% in 2006, it still remains at a low level compared to the peak in the last ten years at 36.3% in 1999. The JPO will continue to make efforts to reduce the rate of cancellation of the decisions by further enhancing appeal/trial examinations in consideration of court decisions.

Number of Court Decisions in 2006^{*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}	139	23	21	1	14	4
Appeal decision cancellation rate	14.2%		4.5%		22.2%	
Inter-partes trials ^{*2}	76	19	2	1	32	13
Trial decision cancellation rate	20.1%		33.3%		28.9%	
Oppositions	37	4			2	0
Ruling cancellation rate	9.8%				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.