

**Part
2**

**Government Efforts
in Intellectual Property
Activities**

Efforts for Overall Intellectual Property

1. Current Status of Intellectual Property Strategies

With ongoing globalization of the economy, Japan is under intensified international competition. In order for Japan to further achieve sustained economic growth under such circumstance, it is important to "promote innovation," and intellectual property strategies hold the key.

In February 2002, the then Prime Minister Junichiro Koizumi announced, in his policy speech, a national goal of making Japan an intellectual property-based nation. Since then, with the aim of achieving the goal, all government ministries and agencies have been making intense and expeditious efforts. In July 2002, the Intellectual Property Policy Outline was formulated, and in December of that year, the basic concept of activation of an intellectual creation cycle was established in accordance with the Intellectual Property Basic Act. In March 2003, the Intellectual Property Policy Headquarters, headed by the former Prime Minister Junichiro Koizumi, was established, and in July 2003, the Strategic Program for the Creation, Protection and Exploitation of Intellectual Property (Intellectual Property Strategic Program) was adopted. Following the yearly reviews, the Intellectual Property Strategic Program 2007 was adopted on May 31, 2007. Furthermore, the Economic Growth Policy

Outline, adopted on July 6, 2006 by the Council for Comprehensive Financial and Economic Reform, includes a goal of "promotion of expeditious and global patent acquisition and enhanced protection of intellectual property," thus regarding expeditious and efficient patent examination as a goal to be achieved by the whole government.

In order to achieve these national strategies, the Ministry of Economy, Trade and Industry (METI), which plays a central role in intellectual property measures, is giving its total efforts to promoting the measures encompassing all areas. In response to one of the Abe Cabinet's most important policy issues "promotion of innovation," METI established the "Headquarters for Expeditious and Efficient Patent Examination," headed by Minister Amari, on January 25, 2007, where they formulated the "Advanced Measures for Accelerating Reform toward Innovation Plan in Patent Examination 2007" (hereinafter referred to as the "AMARI¹ Plan 2007"). (The details of the plan will be described below².)

Following the AMARI Plan 2007 and seeking cooperation from industry, METI will make further efforts to achieve expeditious and efficient patent examination and concentrate its energies on enhancing and strengthening intellectual property measures, without relaxing its firm attitude toward reform.

¹ Advanced Measures for Accelerating Reform toward Innovation Plan in Patent Examination

² See Part 2, Chapter 2, 2.

2. Intellectual Property Strategic Program 2007

(1) Review by the Intellectual Property Strategy Headquarters

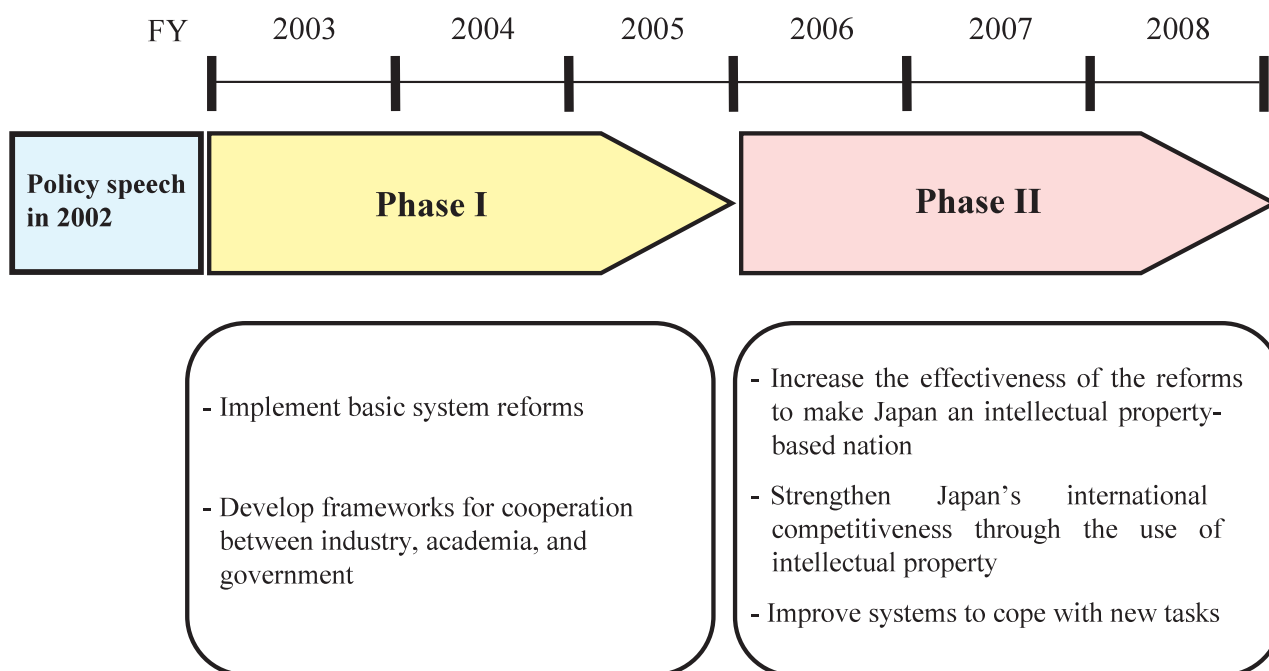
The Intellectual Property Strategic Program is adopted by the Intellectual Property Policy Headquarters, headed by the Prime Minister. The Headquarters, comprised of all the cabinet members, including the Prime Minister and experts, have been making efforts to make Japan an intellectual property-based nation.

(2) Developments in Intellectual Property Strategies

Since the then Prime Minister Junichiro Koizumi's policy speech in February 2002, with the aim of achieving an intellectual

property-based nation, the government has implemented measures in rapid succession, as seen in the establishment of the Strategic Council on Intellectual Property, the formulation of the Intellectual Property Policy Outline, the enactment of the Intellectual Property Basic Act, and the establishment of the Intellectual Property Policy Headquarters.

In the three-year period from 2003, Phase I, the government improved various systems and frameworks. In the following three-year period from 2006, Phase II, the government, with the aim of achieving the most advanced intellectual property-based nation in the world, is addressing new tasks while producing material results from the reforms developed in the first term.



In February 2006, with the objective of making Japan the most advanced intellectual property-based nation in the world, the Intellectual Property Policy Headquarters adopted the Status Regarding the Enforcement of the Intellectual Property Basic Act and Future Policy, which includes the following seven priority issues for Phase II.

- i) Implement intellectual property policy on a global scale.
- ii) Extend intellectual property policy to local areas and support SMEs and venture companies.
- iii) Encourage the creation of intellectual property at universities and public-research institutes, and promote industry-academia cooperation.
- iv) Reform the structure of the patent application system and ensure expeditious patent examination.
- v) Develop the content industry.
- vi) Promote the Japan Brand.
- vii) Develop human resources relating to intellectual property.

(3) Intellectual Property Strategic Program 2007

In the Intellectual Property Strategic Program 2007, the primary emphasis is placed on bringing about more concrete results by properly operating the intellectual property-related systems and infrastructure reformed so far, while taking measures to cope with new tasks in a timely manner.

The major points of the Intellectual Property Strategic Program 2007 are as follows.

- 1) Creation of Intellectual Property
- 2) Global Patent and Expeditious Patent Examination
- 3) Strengthening Measures Against Counterfeits and Pirated Copies
- 4) Enhancing International Standardization Activities
- 5) Supporting SMEs and Local Areas
- 6) Efforts to Create Culture
- 7) Conveying Japan's Appeal to the World
- 8) Developing IP Human Resources

1) Creation of Intellectual Property

An intellectual creation cycle begins with the creation of intellectual property. The goal of making Japan an "intellectual property-based nation" cannot be achieved without a mechanism for producing creative and innovative R&D assets and for supplying those assets to society by way of innovation. Therefore, based on cooperation among the ministries and agencies concerned, the Government of Japan (hereinafter referred to as "GOJ") will formulate intellectual property strategies targeting individual fields where special consideration is required in dealing with intellectual property issues, including the priority fields designated in the Science and Technology Basic Plan. This shall be done by reviewing the current status and problems regarding the creation, protection and exploitation of intellectual property in these fields as well as measures to be taken to overcome such problems, while taking into consideration the situation of owners and users of intellectual property and other relevant parties. In order to encourage strategic implementation of R&D through the effective use of patent information, the GOJ will widely distribute the patent-information-search software and the user guide among universities, etc., free of charge. This software is designed to

facilitate use and upgrading. The GOJ will also arrange for researchers to have opportunities to publicize and share their upgraded versions of the search software so as to promote wide use of the improved software.

2) Global Patent and Expeditious Patent Examination

With the aim of achieving the end goal of completely eliminating the first action pendency, the GOJ will first strive to achieve the medium-term goal of reducing the first action pendency to 29 months by 2008, when the pendency is expected to become the longest, and then to 11 months by 2013.

Regarding the Patent Prosecution Highway (PPH), in addition to the United States, South Korea and the United Kingdom, with which Japan has already launched or agreed to the operation of a PPH, the GOJ will also approach other countries for participation with the aim of networking PPHs, and will promote the mutual use of search and examination results between patent offices through PPHs. Furthermore, in order to reduce procedural burdens in international filing, with respect to the standard format of patent descriptions upon which the trilateral patent offices have agreed, the GOJ will make necessary efforts to revise the Patent Cooperation Treaty (PCT) rules to be consistent with the standard format and to disseminate the standard format to other countries. The GOJ will also put the format to use in Japan at an early date.

3) Strengthening Measures Against Counterfeits and Pirated Copies

The number of Japanese companies damaged by counterfeits and pirated copies has been increasing in terms of wide-ranging types of

businesses. Counterfeits and pirated copies distort fair competition among companies and cheat right holders out of potential profits, thereby undermining incentive to create new intellectual property. Furthermore, they decrease consumer trust in corporate brands and hinder consumer benefits by damaging the health and safety of consumers.

With regard to the Treaty on the Non-proliferation of Counterfeit and Pirated Goods (tentative name), which was advocated by Japan, the GOJ will continue its efforts to accelerate the movement toward achieving early adoption of the treaty. Furthermore, in order to cope with the illegal distribution of bootlegged movies (e.g., movies recorded without permission at theaters during showing) and relevant issues, the public and private sectors will cooperate in strengthening measures against such distribution, including thorough publication of the "Act on the Prevention of Illegal Recording of Movies," which was enacted at the ordinary session of the Diet in 2007, self-help efforts of movie business operators to prevent illegal recording of movies, and regulations of violations.

4) Enhancing International Standardization Activities

The Intellectual Property Policy Headquarters decided the International Standardization Comprehensive Strategy at the Task Force on Intellectual Creation Cycle on December 6, 2006. In response to this, the GOJ will encourage industrial circles to formulate and publicize their own action plans, focusing on international standardization activities according to the characteristics of relevant industries, and to implement such plans step by step. Furthermore, from the viewpoint of promoting

nationwide research activities and international standardization activities in a unified manner, the GOJ will strategically allocate research funds to the technical fields where Japanese industry is expected to expand, through the acquisition of international standards. Moreover, the GOJ will establish the International Standardization School (tentative name), aiming to impart abundant and diverse knowledge and know-how from those with experience in this field to those in the next generation, and to foster human resources capable of acting as leaders for international standardization activities.

5) Supporting SMEs and Local Areas

Some industrial property rights retained by companies and public research institutes lack a clear purpose of retention. If such industrial property rights can be effectively utilized, that will help to vitalize local entities and SMEs. From this standpoint, the GOJ will encourage companies, etc. to take inventory and reevaluate their industrial property rights from the perspective of efficient management of intellectual property. The GOJ will also actively encourage companies to disclose, on their websites or the Patent Licensing Database accessible via the National Center for Industrial Property Information and Training (hereinafter referred to as "INPIT") website, their patents and other industrial property that they are willing to license or sell.

Also from FY2007, the GOJ will publicize, on the Promotion Policy for Patent Licensing page on the INPIT website, the list of websites where these licensable patents, etc. are disclosed, so that persons who intend to utilize licensable patents, etc. will be able to easily access relevant information.

The age of real competition of knowledge has come, along with progress in digitization and globalization. However, in the content field, Japan has not yet adapted to the speedy changes taking place on a global scale, failing to enable individuals engaged in this field to fully exert their potentials. From now on, it is necessary to accelerate creative activities and business developments from a long-term and future-oriented perspective, with the aim of strengthening the international competitiveness of the Japanese content industry and encouraging Japanese-content creators to expand their arena worldwide.

Therefore, the GOJ will consider new legal systems and contract rules as well as international frameworks regarding desirable ways of utilizing digital content and protecting copyrights in response to the trends of digitization and networking. The GOJ will develop necessary legal systems for the distribution of most advanced digital content within the next two years, with the aim of benefiting creators and energizing their creative activities. Furthermore, the GOJ will make various efforts to promote the world-class Japan brand, such as drastically enhancing Japanese Fashion Week in Tokyo.

7) Conveying Japan's Appeal to the World

The GOJ will hold the Japan International Contents Festival where various content industries, such as games, anime, manga, music, broadcasting and film, will gather together and hold events. Through the festival, the GOJ will collaborate with other content-related industries such as tourism, fashion and food to convey Japan's appeal as a whole to the rest of the world. In order to boost exportation of Japanese content, the

GOJ will upgrade exhibitions and international symposia targeting business people and the media, and enhance the festival's function as a content market. Also, during the period of the Tokyo International Film Festival, the GOJ will provide support for various film-related events such as film festivals and symposia to be held intensively in local areas.

8) Developing IP Human Resources

The most important element in making Japan an intellectual property-based nation is the development of human resources that create, protect and exploit intellectual property. To this end, in January 2006, the GOJ formulated the Comprehensive Strategy for the Development of Human Resources Related to Intellectual Property. In FY2007, the GOJ will continue to implement the Comprehensive Strategy for the Development of Human Resources Related to Intellectual Property in order to further increase the number of intellectual property experts as well to advance and broaden their skills, advance the intellectual property exploitation skills of human resources who create or manage intellectual property, and improve the public awareness of intellectual property. In addition, the GOJ will encourage universities and companies to implement the strategy as well.

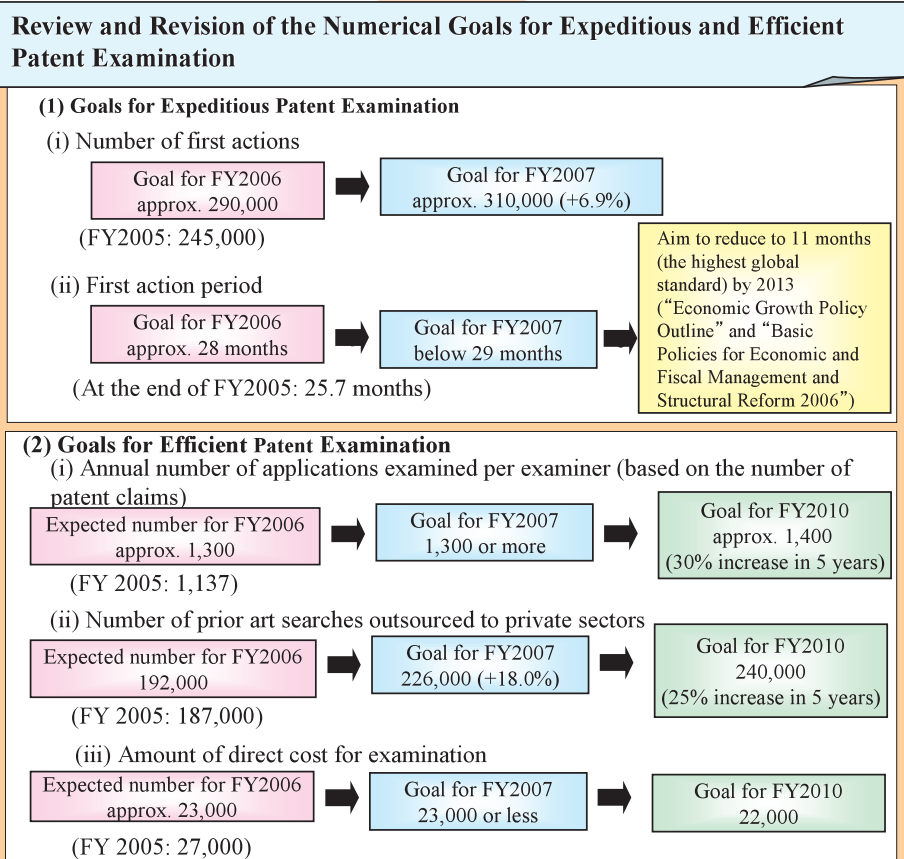
With the aim of building an international network among training institutes, the GOJ will, from FY2007, actively participate in international meetings of training institutes. In particular, in Asia, the GOJ will take the lead in building a network of training institutes, thus providing information on Japan's initiatives in the field of development of human resources related to intellectual property.

3. Advanced Measures for Accelerating Reform toward Innovation Plan in Patent Examination 2007 (AMARI Plan 2007)

(1) Formulation of the AMARI Plan 2007

To enhance the international competitiveness of Japanese industry amidst economic globalization, it is a critical task to develop an environment that enables early acquisition of intellectual property rights. On becoming aware of this, on December 25, 2005, the JPO and METI established the Headquarters for Expeditious and Efficient Patent Examination (hereinafter referred to as the "Headquarters"), headed by the Minister of Economy, Trade and Industry. The Headquarters reviewed and revised the numerical goals set by the Action Plan for Expeditious and Efficient Patent Examination formulated in January 17, 2006, and also upgraded the priority measures for expeditious and efficient patent examination set by the Advanced Measures for Accelerating Reform toward Innovation Plan in Patent Examination formulated on October 19, 2006. By including the revised goals and new measures, the Headquarters formulated and released an upgraded version of the AMARI Plan, entitled 2007 Advanced Measures for Accelerating Reform toward Innovation (AMARI) Plan in Patent Examination (AMARI Plan 2007). This Plan comprises of the following four priority measures: 1) Promotion of Global-Scale Acquisition of IPR and Higher Level of IP Protection, 2) Further Efforts toward Expeditious and Efficient Patent Examination, 3) Promotion of Strategic IP Management by Companies, and 4) Support for Local Regions and SMEs in IP Utilization.

(2) Numerical Goals Set by the AMARI Plan 2007



(3) AMARI Plan 2007 Priority Measures in Four Areas

a. Promotion of Global-Scale Acquisition of IPR and Higher Level of IP Protection

〈Cooperation with foreign patent offices〉

- Launch the Korea-JPO PPH; full implementation of the US-Japan PPH based on the results of the PPH pilot program; draw an early conclusion on the implementation of PPH with patent offices for other countries, such as Europe (EPO), the United Kingdom, Germany, Canada and Australia.
- Provide cooperation with developing countries in Asia (e.g., Indonesia, Brunei and Vietnam) through negotiations on economic partnership agreements (EPA) in developing IP systems.
- Aim to reach an agreement at a ministerial-level meeting concerning the "APEC Cooperative Initiative on Patent Procedure."

〈Promotion of international patent harmonization〉

- Conduct a pilot program from a practical perspective regarding the Standard Format of patent application in the Trilateral Offices, with the aim of the coming into use of the Standard Format, following the revision of PCT regulations.
- Conduct reviews and draw a conclusion to achieve early accession to the Patent Law Treaty that harmonizes the patent procedures of each country, and adopt a simplified procedure.
- Aim to formulate an agreement at the Group B+ meeting on the first package provisions of the Substantive Patent Law Treaty, which includes the integration to "First-to-File" principle.

〈Enhancement of measures to combat counterfeiting in Asia〉

- Aim to achieve early adoption of the International Legal Framework on Preventing

Proliferation of Counterfeits and Pirated Goods (tentative name).

- Advance measures against counterfeiting in EPAs with developed countries (e.g., Australia and Switzerland).
- Expand the Government and Private-sector Joint Missions against Counterfeiting (in addition to China, dispatch missions to the ASEAN countries).
- Raise public awareness of the counterfeiting and piracy problems; strengthen support for companies to carry out anti-counterfeiting measures.

b. Further Efforts toward Expeditious and Efficient Patent Examination

- Secure a necessary number of examiners through the appointment of new fixed-term examiners.
- Increase the number of prior art searches outsourced to the private sector; attain a new entry of registered search organizations.
- Strengthen the quality management system by establishing a "Quality Management Office."
- Build an academic non-patent literature database focusing on four fields of important technology (e.g., optical discs).

c. Promotion of Strategic IP Management by Companies

- Hold constant meetings for high-level opinion exchanges between the JPO Commissioner and top executives of private businesses.
- Formulate and publicize the "Case Examples for Strategic Invention Management" (tentative name), based on the opinion of the Intellectual Property Policy Committee of the Industrial Structure Council.
- Hold the Patent Strategy Conference, where the Minister and experts in the private

sector exchange opinions.

- Give Awards to companies conducting outstanding intellectual property management activities; publish the "Companies Utilizing Intellectual Property 2007" (tentative name).
- Provide information contributing to intellectual property strategy formulation at companies through the "Japan Patent Office Annual Report 2007" and "Portal Site for Patent Strategy" (tentative name).
- In order to achieve the reform of application/request for examination structure, 1) increase the percentage of applications abroad to 30%, 2) increase the rate of patent grants by 20% through enhanced prior art search, and 3) encourage private businesses to have integrated management systems.
- Improve the functioning of the Intellectual Property Digital Library (IPDL). Start operation of the search system for patent gazette data that enables searching both patent and literature information in an integrated manner.
- Increase the fixed number of participants for training held at the INPIT using the same search terminals as those used by examiners.

d. Support for Local Regions and SMEs in IP Utilization

- Strengthen the activities of the Regional Intellectual Property Headquarters according to the goals for activities (output) and goals for results (outcome).
- Further enhance the prior art search program for SMEs.
- Improve and strengthen Regional IP Advisory Counters as helpful consultation contacts in local areas.
- Drastically strengthen the measures to diffuse support programs for SMEs.

Efforts Related to Patents

1. Action Plan for Expeditious and Efficient Patent Examinations

(1) Concrete Measures

Amid globalization of the economy and intensification of international competition of industries, enabling early acquisition of industrial property rights, especially patent rights that are the source of industrial activities, will strengthen the international competitiveness of Japanese companies through promotion of technological development by improving R&D efficiency and eliminating redundant R&D, as well as through facilitation of early commercialization of patented creative inventions.

Based on this recognition, in order to surely achieve the mid-to-long-term goal of "reducing the first action pendency to less than 30 months by 2008 and to 11 months by 2013," the Headquarters for Expeditious and Efficient Patent Examination, headed by the Minister of Economy, Trade and Industry, formulated the "Action Plan for Expeditious and Efficient Patent Examination (hereinafter referred to as "Action Plan")" in January 2006.

This Action Plan set out concrete measures in the following four major areas: efforts by the examination authority; efforts by industrial sector; support of efforts by industry and patent attorneys (and their associations); and consideration to SMEs. Among these various measures, the "efforts by the examination authority" for patent examination included measures from the view

point of the following: 1) increase in the examination capacity, 2) increase in volume and efficiency improvement of the outsourcing of prior art searches to the private sector, and 3) improvement of examination-related operations. The major accomplishments for these measures are as follows.

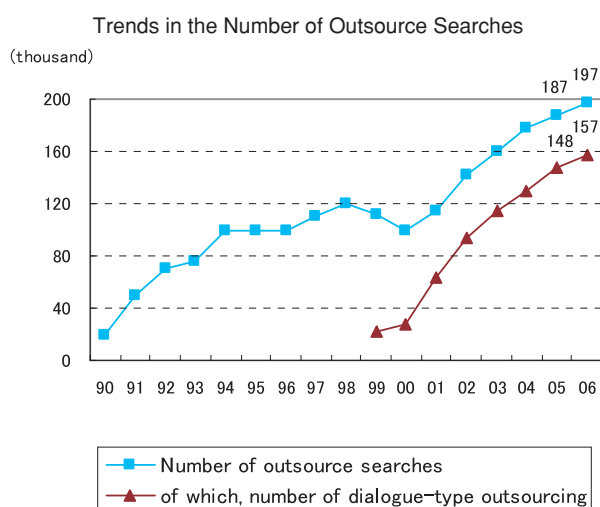
1) Increase in the examination capacity

Having strived to increase the examination capacity, the JPO in FY2007 successfully recruited 99 new patent examiners, including 98 fixed-term examiners, with an accumulated increase of 441 patent examiners, including 392 fixed-term examiners, during the period from 2004 to 2007. Starting from 2006, aiming for a more efficient and expeditious training program for examiners and assistant examiners, the JPO rationalized and accelerated the program by changing the contents to e-learning and practical training, and integrating similar subjects. As a result, the training hours for assistant examiners was reduced from 340 hours to 250 hours. The JPO also diversified working hours so that each examiner can choose his or her working hours, thereby improving efficiency. Accordingly, the JPO extended the operating hours of the examination system.

2) Increase in volume and efficiency improvement of the outsourcing of prior art searches to the private sector

As a result of the efforts having been made to promote scale expansion and efficiency, the number of prior art searches

outsourced to private sectors increased by 5.3% from FY2006 to 197,000, of which the dialog-type outsourcing with high efficiency increased by 6.1% from FY2006 to 157,000. This increase is mainly due to the recruitment of searchers in the registered search organizations. In FY2006, 229 company researchers were newly employed at the three registered search organizations. Furthermore, for the purpose of the further expansion of the number of search organizations, the JPO also strived to publicize the registered search organization system in FY2006, by holding explanatory meetings on the system. As a result, the number of registered search organizations came to a total of four, with one new entrant of a private business in July 2006.



functional improvement of the examination system, the JPO enhanced the text search function in FY2006, and added a new function to facilitate allocation of applications subject to examination. In FY2006, it also established the Dossier Access System to allow examiners to access examination documents of the KIPO.

(2) Goals for Expeditious Patent Examinations

With the aim of achieving the above-mentioned mid-to-long-term goal, as a part of "goals for expedition patent examinations," the Action Plan included the following short-term goals regarding the number of examination and first action pendency: 1) increase the number of first actions in FY2006 to about 290,000, and 2) keep the first action pendency in FY2006 to about 28 months.

In FY2006, the goals set under the Action Plan were attained, with the number of first actions being about 296,000, and the first action pendency being about 27 months.

3) Improvement of examination-related operations

With the aim of mutual exploitation of search/examination results with foreign patent offices, the JPO launched the PPH pilot program with the USPTO in July 2006, and also started the PPH with the KIPO in April 2007, thus making great progress in reducing the international workload. (See Part 2, Chapter 2, 2. (5) 1) for the details of the Patent Prosecution Highway.) Regarding the

2. Specific Efforts for Patent Examination Set by the Advanced Measures for Accelerating Reform toward Innovation Plan in Patent Examination 2007 (AMARI Plan 2007)

The Advanced Measures for Accelerating Reform toward Innovation Plan in Patent Examination 2007 (AMARI Plan 2007), formulated in January 2007, set a priority goal of "further efforts toward expeditious and efficient patent examination," which included the following measures from the viewpoint of "further efforts toward expeditious and efficient patent examination" and "maintenance and improvement of the quality of patent examination."

(1) Further Efforts Toward Expeditious and Efficient Patent Examination

1) Securing a necessary number of examiners through employing new fixed-term examiners

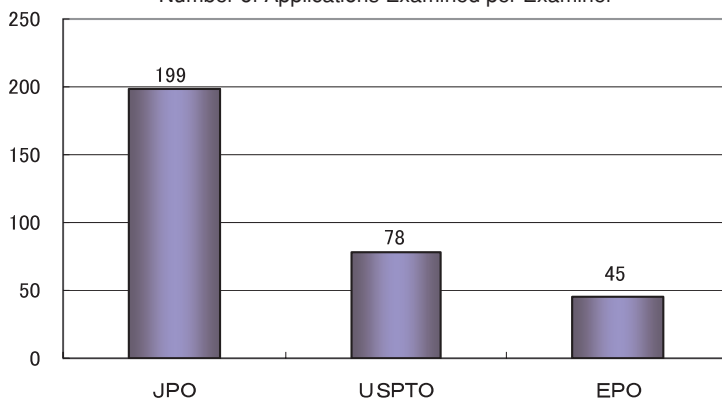
The JPO has established, ahead of other countries, a paperless system for all

procedures, from the filing of an application to the examiner's decision, thereby enabling active promotion of the world's first outsourcing of prior art searches to private sectors. As a result, it has enhanced efficiency to a considerable degree, as seen in the JPO's performance level in the number of patent examinations processed, which is 2.6 times that in the USPTO and 4.4 times that in the EPO. While the JPO will inevitably continue to promote efficiency, it will be necessary to increase the number of patent examiners in order to greatly enhance its examination capability. Although this is not easy under the current government's policy of decreasing the number of public officers, the JPO achieved recruitment as stated above in FY2007. It will continue to strive to secure the necessary number of examiners and fixed-term examiners in FY2008. The JPO has recruited fixed-term examiners since FY2004 in accordance with the plan. The next year, FY2008, will be the final year of the five-year plan in accordance with which the JPO has recruited fixed-term examiners since FY2004.

Increase in the Number of Patent Examiners

FY	2004	2005	2006	2007
Regular examiners	1145 (+19)	1162 (+17)	1174 (+12)	1175 (+1)
Fixed-term examiners	98 (+98)	196 (+98)	294 (+98)	392 (+98)
Total	1243 (+117)	1358 (+115)	1468 (+110)	1567 (+99)

Number of Applications Examined per Examiner



Note : Number of applications examined is equal to the number of first actions plus the number of international search reports.

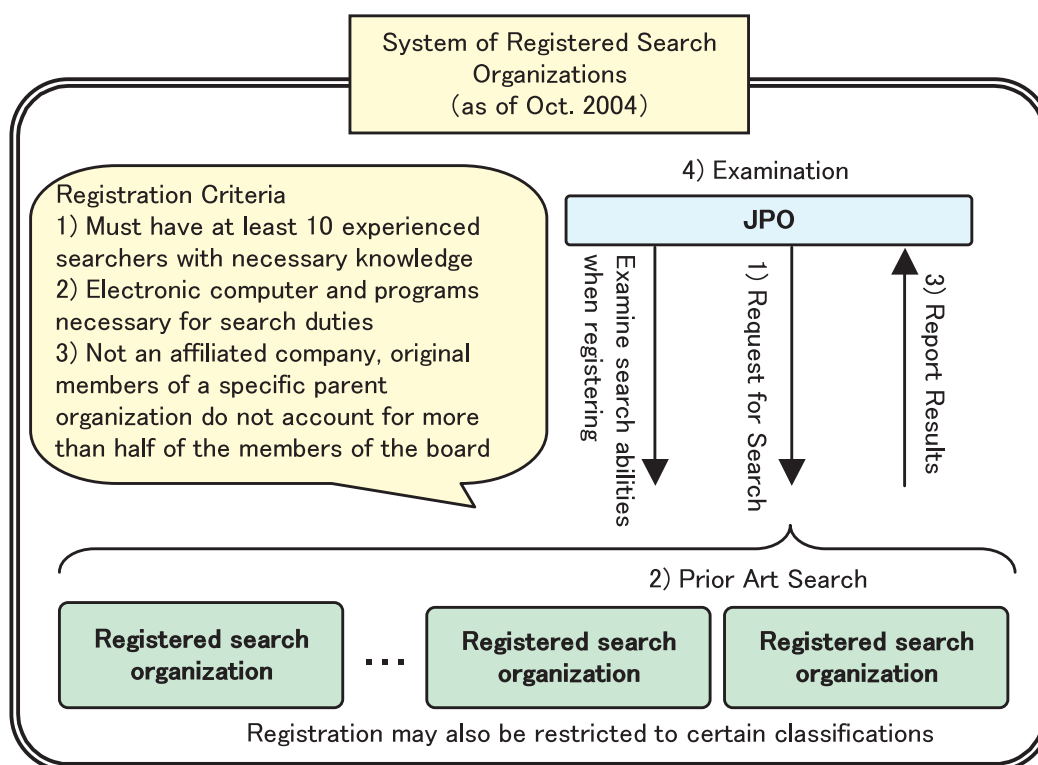
Sources: Calculated from the Trilateral Statistical Report and the respective offices' annual reports. Data for USPTO and EPO are based on the calendar year 2005 data. Data for JPO are based on the fiscal year 2005 data.

2) Increase in outsourcing of prior art searches to private sectors

The JPO will continue to expand the number of prior art searches outsourced to private sectors in FY2007. Aiming to increase the number by 14.7% from FY2006 to 226,000*, of which the dialog-type outsourcing with high efficiency aimed to increase by 17.8% from FY2006 to 185,000*, the JPO will further promote scale expansion and efficiency. The JPO will also try to increase the number of

registered search organizations by adding at least one new entrant in FY2007 to the four organizations currently registered (one new entrant added in June 2007). Furthermore, for the purpose of the continuous expansion of the number of search organizations, the JPO will continue to provide information regarding the registered search organization system and detailed procedures for the new entry.

*Based on the government budget for FY2007



(2) Maintenance and Improvement of the Quality of Patent Examination

1) Quality management system for patent examination

In the course of promoting expeditious patent examination, one of the necessary requirements for maintaining the sound examination system is to secure examination accuracy, which prevents unnecessary ex-post disputes and unnecessary competition over filing of applications. There is, in fact, strong demand in society for maintaining the quality of examination as well as promoting expeditious examination. This is detailed in the Strategic Program for Intellectual Property 2006, which specifies "achieving expeditious and accurate patent examination at the highest global standard," aiming for such patent examination to balance both quality and quantity. The action plan also emphasizes the following: "even in the course of expanding the number of examinations processed, not to lower the quality of patent examination which the JPO has long strived to maintain."

For the purpose of maintaining and improving the quality of examination, the JPO will continue to make various efforts, such as checks of examinations by the administrative level for examination of individual cases, consultations between examiners, and feedback by the Appeals Department. The "Quality Management Office," established in the Patent Examination Department in April 2007, will strive to maintain and improve the quality of examination, using the quality management method applicable to all technical fields.

2) Further Increase in the Accuracy of Prior Art Searches

In order to carry out highly detailed

searches for prior art literature and accurate examinations even in the field of new technologies for which the increasing number of applications have been filed amidst accelerating technological innovations, it is necessary to conduct wide-ranging prior art searches, including academic documents, such as theses and technical magazines. In FY2007, the JPO will improve the search database for information on the latest technology, such as optical discs and flat panel displays, thereby further increasing the accuracy of prior art searches.

(3) Revision of the Examination Guidelines Under the Revision to Laws (April 2007)

Based on the revision to the Patent Act in 2006 (enforced on April 1, 2007), the Strategic Program for Intellectual Property 2006, and the "Advanced Measures for Accelerating Reform toward Innovation (AMARI) Plan in Patent Examination," the following examination guidelines were revised.

1) The examination guideline "Requirements for Division of Applications" (Revised)

Due to the revision to Article 44 (1) of the Patent Act enabling division of applications within a certain period (thirty days) after the decision of a patent grant or the decision of refusal, the examination guideline was revised to add the description of requirements for divisional application filed after the decision of a patent grant or the decision of refusal.

2) The examination guideline "Notice of Article 50-2" (New)

The examination guideline concerning notice under Article 50-2 of the Patent Act was made due to the introduction of provision of Article 50-2 of the Patent Act,

stipulating the requirement to send a notice under Article 50-2 of the Patent Act along with the notice of reasons for refusal when previously notified reasons for refusal to the related application are found in the present application.

3) The examination guideline "Requirements for Unity of Invention" (Revised)

The examination guideline was revised due to the introduction of provision of Article 17-2 (4) of the Patent Act, in order to clarify the scope of invention for examination for cases where the invention described at the top of the claims does not have a special technical feature.

4) The examination guideline "Amendment to Change the Special Technical Feature of Invention" (New)

Due to the introduction of provision of Article 17-2 (4) of the Patent Act restricting the amendment of claims to the scope that meets the requirements of unity of invention with the invention examined before the amendment, the examination guideline regarding the restriction on amendment was made.

5) The examination guideline "Application in Foreign Language"

The examination guideline was revised due to the revision of the Article 36-2 (2) of the Patent Act extending the time limit for submitting the translation of the application in foreign language document application from two months to one year and two months.

6) Revision of the examination guideline "method for conducting examinations"

The examination guideline was revised

based on the Strategic Program for Intellectual Property 2006, and the "Advanced Measures for Accelerating Reform toward Innovation (AMARI) Plan in Patent Examination" to clarify that prior art search and examination outcome of foreign patent offices should be effectively used.

(4) Efforts to Conduct Patent Examinations that Meet the Needs of Applicants

Due to the diversified needs of applicants, such as securing multifaceted patent rights according to products, obtaining patents at an early stage, or taking a strategy based on a global perspective to obtain patents, the JPO has implemented the following measures in conducting patent examinations to support the IP strategy of applicants.

1) Promotion of use of the accelerated examination system

In an effort to help applicants promote creative technical development, and utilize R&D results at an early stage, the JPO conducts accelerated examinations in response to the submission of the "explanation of circumstances," with respect to applications relating to inventions that have already been put into practice (or planned to be put into practice within two years), those also filed in foreign countries, those filed by SMEs and venture businesses that lack in funds, and those filed by universities/TLOs, and public research institutes that are expected to return their fruits to society.

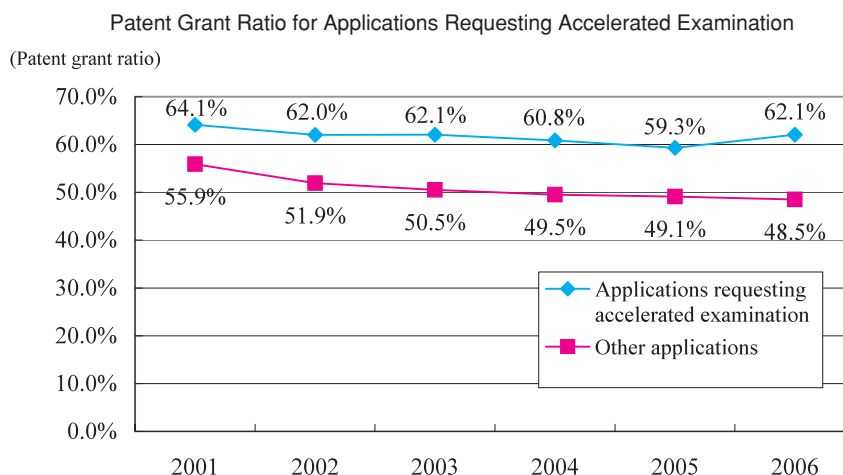
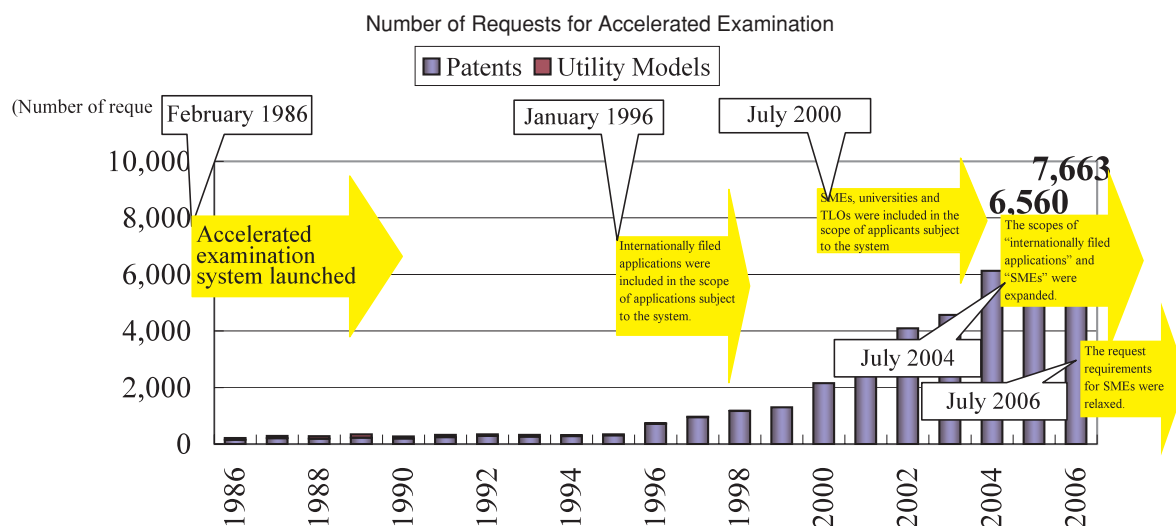
The JPO has been striving to improve the convenience of the system through the following: expanding the scope of applications subject to "internationally filed

applications" and the scope of "SMEs"¹ in 2004; reducing the burden of prior art search in the case of requests filed by SME applicants, and revising the guideline² to review the requirements for prior art search in the case of joint applications filed together with a large-scale business, in July 2006. As a result of these efforts, the number of requests for accelerated examination has been increasing every year.

In 2006, the average first action pendency for applications using the accelerated examination system was about 2.3 months from the request, much shorter compared to the average for other applications. Applications

using the system also maintained a higher patent grant ratio than other applications by more than 10%. This seems to be attributable to the fact that applicants carefully selected their applications as the inventions are supposed to be put into practice and the system requires applicants to conduct prior art search before filing a request.

The JPO will continue to promote the use of the system by further improving convenience and will respond adequately to applications needing early acquisition of rights.



¹ The scope of applications subject to "internationally filed applications" was expanded to include the corresponding national applications of PCT applications in the international phase. The scope of SMEs was expanded to the same extent as the scope of SMEs subject to the "Patent Prior Art Search Support System."

² The guidelines were revised so that the system does not necessarily require SMEs to conduct prior art searches for disclosure of information on prior art, but only requires SMEs to fill out prior art documents they know when filing a request. This is also applicable in the case of joint applications filed along with a large-scale business if certain requirements are satisfied.

2) Promotion of examination by visits and interviews in rural areas

Since FY1996, so as to have a sufficient grasp of the opinions of applicants and their representatives, the JPO, in addition to interviews held in its office, has implemented examination by visits, in which examiners visit applicants, particularly SMEs, venture businesses, universities and TLOs in rural areas, who do not really have the opportunity to have an interview with such examiners, in order to conduct examination. In FY2006, under the aim of conducting examination by visit for all of the applications for which the request has been made, the JPO has attained the goal regarding 1,652 cases.

3) Steady implementation of consolidated examinations for relevant applications

The JPO has implemented consolidated examinations for relevant applications, where, with a systematic grasp of the art through interviews and descriptions of the art, the examiner examines a technically closely related group of patent applications collectively and simultaneously. By appropriately reviewing consolidated examinations for relevant applications so it will further reflect needs, the JPO will continue to support applicants for the strategic acquisition of patent right.

(5) Promotion of international cooperation on patent examination

With growing awareness of the importance of patents and ongoing globalization of economy, the acquisition of right in many countries has become increasingly important. As a result, the number of applications has seen a sharp rise on a global basis because applications with the same contents are filed in multiple countries and regions. Each patent office considers it one of the major issues how to deal with the

increasing number of applications waiting for the first action.

Where applications for the same invention are filed in multiple countries, each patent office will conduct a prior art search and examination with respect to the same contents of those patent applications. With the number of overlapping applications in each office reaching about 230,000 per year, the JPO, the EPO and the USPTO are facing the common issue of how to examine those applications effectively.

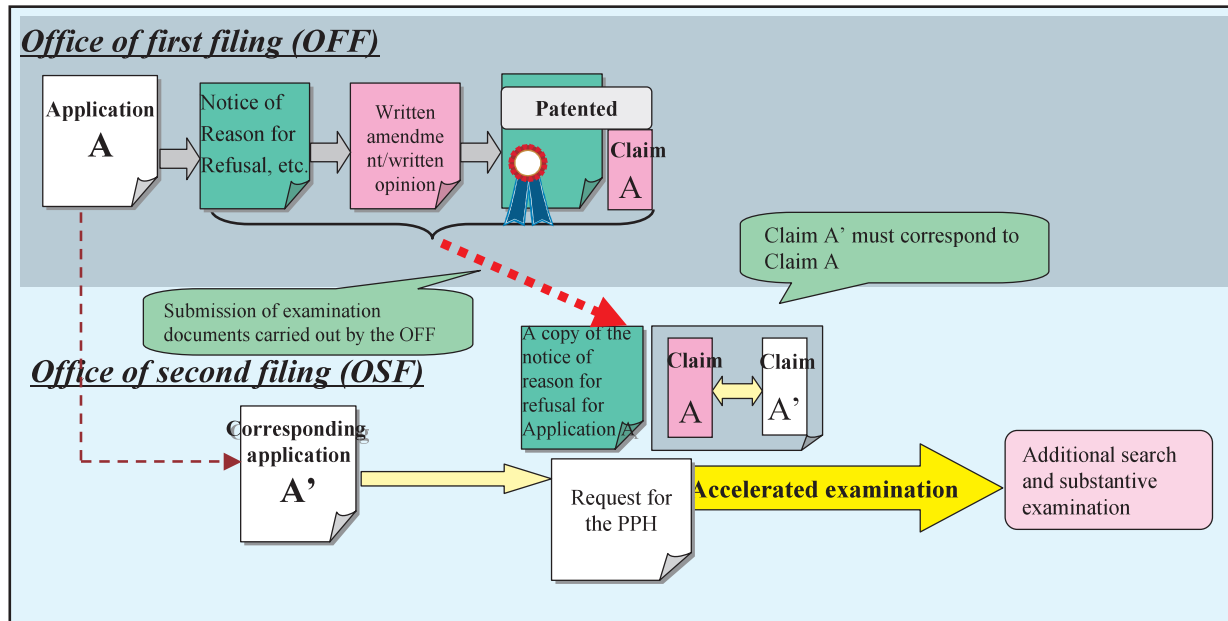
Against such background, aiming for granting more stable rights and reducing examination workload, the JPO, in cooperation with other offices, is promoting examination cooperation for mutual exploitation of prior art search and examination results carried out by other offices.

Furthermore, from the perspective of helping applicants to foresee the right-acquisition possibilities in each country, as well as promoting each office's mutual exploitation of search/ examination results, the JPO considers it important to make efforts for the harmonization of patent systems and practices.

1) Patent Prosecution Highway

Patent Prosecution Highway (PPH) will allow, on request by the applicant, accelerated examination in a foreign patent office with simplified procedures with respect to the application whose claims are determined to be patentable in the patent office of his/her country.

PPH aims to facilitate applicants' early acquisition of rights overseas, as well as to promote the mutual exploitation of prior art search and examination results carried out by other offices so as to improve the quality of examination and reduce the workload of each patent office.



a. Patent Prosecution Highway Pilot Program between the JPO and USPTO

To qualify for accelerated examination, the USPTO will impose strict requirements on applicants, such as not allowing them to make a request other than at the time of filing of an application, requiring the applicant to submit various examination support documents, and not allowing extension of the one month period for response. However PPH is an exception to these strict requirements and accordingly enables applicants to qualify for accelerated examination with relaxed requirements.

The JPO and USPTO launched PPH ahead of other countries. Since the start of the PPH Pilot Program in July 2006, more than 120 requests and 72 requests have been filed with the JPO and the USPTO, respectively (as of the end of April 2007). The first action for these applications is made in two months from the request on average, thereby supporting applicants to acquire a right at an early stage.

In response to the requests from applicants, PCT applications, which were not

subject to the PPH pilot program at the time of its launch, will be included in the scope thereof starting from May 18, 2007.

b. Patent Prosecution Highway between the JPO and KIPO

Following the launch with the USPTO, the JPO started PPH with the KIPO in April 2007. Based on the results of the Pilot Program between the JPO and USPTO, PPH between the JPO and KIPO started with PCT applications included in the scope.

c. Further expansion of Patent Prosecution Highway

The JPO and UK Intellectual Property Office (UKIPO) have agreed on the launch of the PPH pilot program from July 2007.

In order to support applicants for an early acquisition of rights in major countries, the JPO will, through discussions with other countries, promote an increase of the number of countries with which it will start PPH.

The JPO will lead international discussions, aiming to accelerate the introduction of PPH between third-party

countries and promote a move toward a global network of bilateral PPHs that interconnects many countries across the world.

2) Efforts for further mutual exploitation of search/examination results

a. Development of the Dossier Access System

The Dossier Access System allows examiners online access to examination-related information (e.g., documents submitted by applicants and notices of reason for refusal) of the other offices. The respective Trilateral Offices (JPO, EPO and USPTO) launched the operation of the Dossier Access System by October 2004 to allow the other offices to view their dossiers via the Internet. The next-generation Dossier Access System was also made available in 2006, which enables the Trilateral Offices, through their own dedicated networks, to access examination documents of the other offices more easily, improving the accessibility of the JPO to examination documents of the EPO and USPTO.

The Dossier Access System was made available between the JPO and KIPO in April 2007. This made it easier for the JPO and KIPO to access each other's examination documents.

The expansion of the Dossier Access System network, with the Trilateral Offices (JPO, EPO and USPTO) placed at the center, will allow for mutual access to examination documents of the other offices, which will promote the mutual exploitation of search/examination results on a global basis, contributing to granting more stable rights and reducing workload of each patent office.

b. Utilization of prior art search / examination results of foreign offices

In order to utilize prior art search/examination results of foreign patent offices

to the maximum extent possible, the JPO formulated, for the use of examiners, the "Guidelines Concerning the Use of Prior Art Search/Examination Results of Foreign Patent Offices" in March 2007. By utilizing the guidelines, the JPO will promote reduction of examination workload and improvement of examination quality.

3) Examiner Exchange Program

The systems and practices of patent examination of each office also differ depending on the technical fields. In order to promote the mutual exploitation of prior art search/examination results, it will be important to further mutual understanding of these differences according to the technical fields, as well as to improve the level of prior art search and examination by sharing the best practice with the other offices, while building mutual trust among examiners of each office.

The launch of PPHs with other countries and the development of networks between each office have brought an increasing number of opportunities where the JPO uses the examination results of the other offices, and inversely, examiners of the other offices access those of the JPO. By making effective use of these opportunities, aiming to mutually reduce examination workload and improve examination quality, the JPO considers it important to deepen understanding of examination practices of each other through examiner exchange program, so as to be familiarized with points of concern in using the other offices' results, as well as to raise awareness of examiners of the other offices about the utility of the JPO's search/examination results.

Based on this standpoint, the JPO has been promoting the holding of an examiner

exchange program in which patent offices mutually dispatch their examiners to the other patent offices. In 2006, the JPO held such an exchange with the EPO (sent: 17; accepted: 15), the German Patent and Trade Mark Office (sent: 4; accepted: 4), the UK Intellectual Property Office (sent: 2) and the KIPO (sent: 2; accepted: 2). In 2004, the first Trilateral Examiner Exchange was started, where examiners from the Trilateral Offices gathered and discussed the matters concerning patent examination.

in April and November 2005, where law-related discussions concerning the above four issues are under way on a full-scale.

4) Movement toward global patent system

Although the issues related to substantive patent law harmonization toward the conclusion of the Substantive Patent Law have been discussed in eight sessions since the fourth session of the Standing Committee on the Law of Patents in November 2000, the discussion is proceeding with difficulty with a confrontation between developed countries and developing countries. The SCP informal consultation organized by WIPO in February 2005 proposed that the four issues related to prior art (definition of prior art, grace period, novelty and inventive step) be dealt with by the SCP, and two issues on genetic resources be dealt with by the Intergovernmental Committee (IGC) dealing with genetic resources and traditional knowledge. However, no agreement was reached at the 11th session of the SCP in June 2005. At the SCP informal consultation in April 2006, the work plan of the 12th SCP session was not agreed upon, which even postponed the 12th session.

On the other hand, the meeting of developed countries (Group B+ meeting), the first session of which was held in the United States in February 2005, was held in March, September and November 2006 following those

Efforts Related to Design

1. Clarification of the Details of the Determination in Design Examinations

(1) Amendments to the Examination Guidelines for Designs

In response to strong demands from design-system users to clarify examination standards, and the suggestions stated in the report "Desirable Design System" by the Intellectual Property Policy Committee of the Industrial Structure Council, the determination of similarity in the Examination Guidelines for Designs was amended, with the aim of clarifying the JPO's determination procedures in design examination.

The amendments made clear the "determiner," "determination procedures of similarity of designs," "recognition of appearances and recognition of common appearances and different points," and "individual evaluation of common appearances and different points," with a view to further clarify the details of the determination in design examinations.

This amended Examination Guidelines for Designs was published on March 22, 2007 and entered into force on April 1, 2007.

(2) Addition of the Reason for Determination to the Notifications of Reasons for Refusal

In order to respond to strong demands from design-system users to clarify the details of the determination in design

examinations, the JPO has been striving for clarification of examination details by conducting a trial practice to additionally describe the brief reason for determination made in the similarity examination between the design in the application and the cited design to the "notification of reasons for refusal based on Article 9(1) (prior application) of the Design Act" from October 2005.

In FY2007, as other trial practice, the JPO started to notify of reasons for refusal based on Article 3(1)(iii) of the Design Act (novelty) in order to clarify examination details by stating the reason for determination of similarity.

2. Provision of Design-Related Information

(1) Publication of Design Examination Schedules

The JPO has made available the Design Examination Schedule on its website so that private businesses can consult it for planning to develop their products.

The Design Examination Schedule provides applicants with a rough indication of date to receive examination results for their applications for design registration, allowing private businesses to utilize the information for the purpose of their business activities.

This Table indicates examination

schedules for applications for design registration at Japanese design classifications, and is updated every quarter year by adding information on finalized examinations.

(2) Provision of Similar Design Information

In order to provide useful information regarding the determination of similarity of designs, on March 27, 2006, the JPO launched the "similar design information" service in the Industrial Property Digital Library (hereinafter referred to as "IPDL"), by which a user can easily search the relationship between a principal design and similar or related designs.

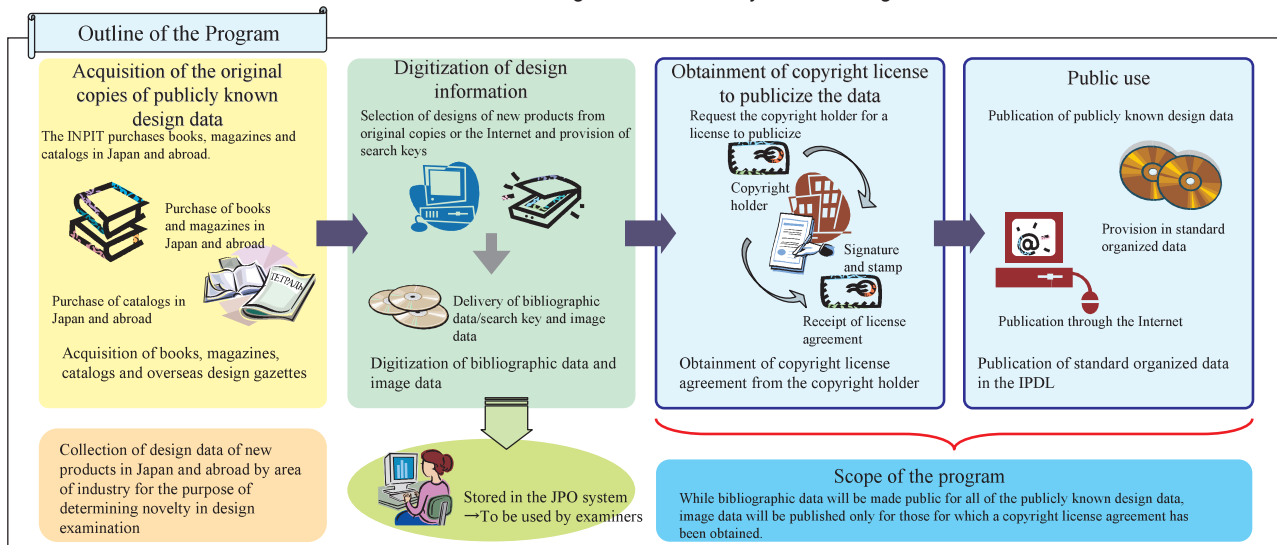
The service allows users to refer, cases registered as a similar design or a related design by Japanese Design Classification. This service helps users grasp the determination standards, such as what sort of designs are considered similar in examination.

For the purpose of determining novelty and creativity in design examination, the Design Division of the JPO has collected and selected designs of new products from books, magazines, catalogs and the Internet, and digitized bibliographic data and photos or figures of those products.

Publication of the publicly known design data allows private businesses to utilize it for design development as well as for prior design search and design right search, which is expected to promote creation of further creative and value-added designs in Japan.

In March 2006, the JPO launched the "publicly known design inquiry" service in the IPDL to allow users to view, based on serial number, the bibliographic data and images of publicly known designs collected from the Internet. In FY2007, the JPO started a program to obtain copyright licenses for all of the publicly known design data to be digitized by the JPO. Once licensed, the data will be made available through the IPDL, etc.

Outline of the Publication Program of the Publicly Known Design Database



3. Accelerated Examination for anti-counterfeiting measures

The accelerated examination system for designs was introduced on December 15, 1987. Under this system, accelerated design examination is conducted for 1) an application with an urgent need for registering the design and 2) an application that is also being filed overseas.

However, with the increasing importance of design rights as a countermeasure against counterfeiting in recent years, the "accelerated examination system for responding to anti-counterfeiting measures" was introduced in April 2005.

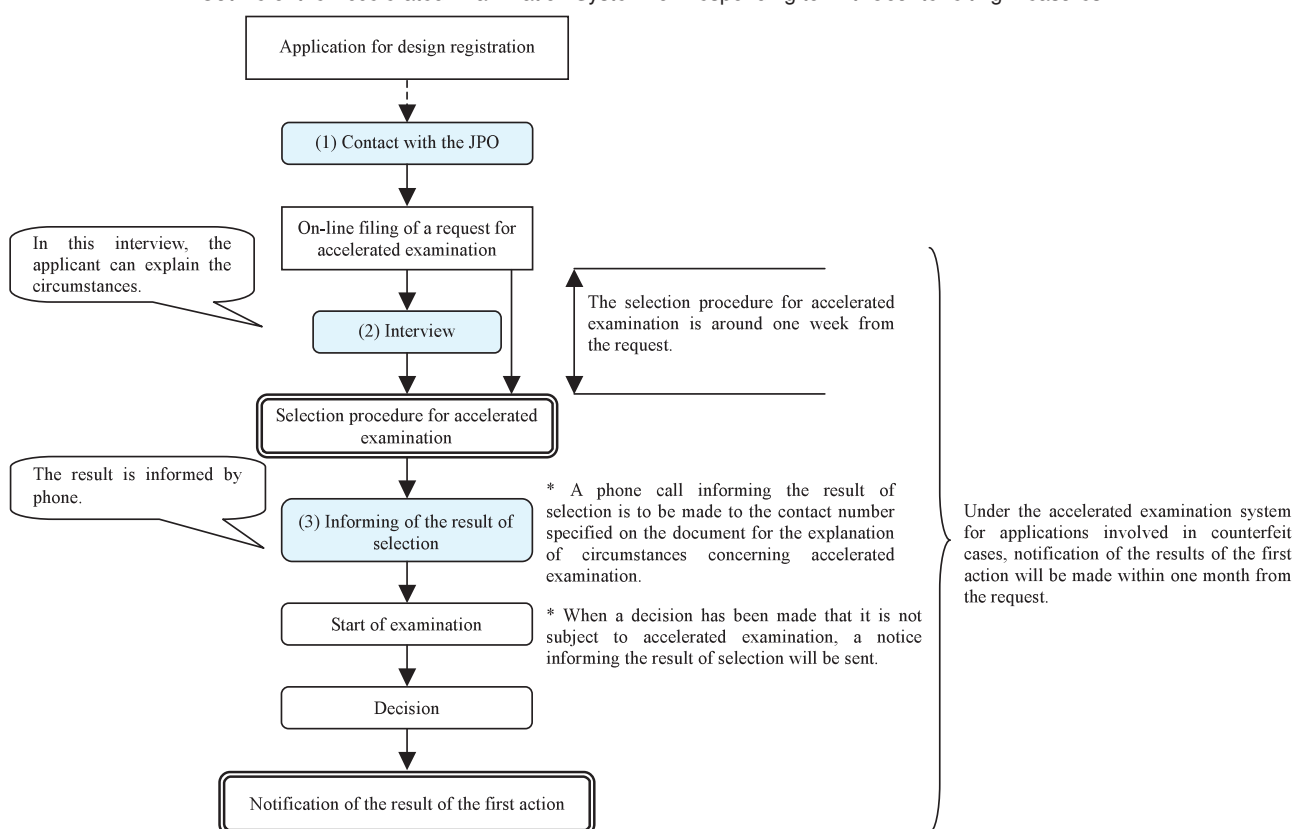
Under this system, if counterfeiting occurs, notification of the results of the

first action will be made within one month from the request for accelerated examination, as long as no deficiency has been found in the application.

〈Applications subject to the accelerated examination system for responding to anti-counterfeiting measures〉

A design application is deemed to be subject to this tem if it is an application for exploited design (exploited by the applicant) with an urgent need for registering the design, and a third party is apparently using or is making preparations to a significant degree to use, without the consent of the applicant or a licensee, a design identical or similar to the design in the application.

Outline of the Accelerated Examination System for Responding to Anti-Counterfeiting Measures



4. Amendment made to the Japanese Design Classification in accordance with the Revised Design Act

The revised Design Act that came into force on April 1, 2007 expanded the scope of protection to designs in a graphic image on a screen for the operation of the article and designs in a graphic image on a screen separated from the article. According to the revision of the Design Act, the number of applications for design registration including a graphic image on a screen is expected to rise. As the Japanese Design

Classification, however, was not intended for designs in a graphic image on a screen, it was amended so as to enable efficient and accurate design examination and prior design search.

The previous Japanese design classification that came into effect on January 1, 2005, was amended. Design classes for graphic images on a screen, were newly established by adding the letter "W" to the end of each minor class, instead of changing the whole construction of the Japanese design classification. Applications for graphic image on a screen filed on or after April 1, 2007 have been provided with one of these classes.

Outline of the Revised Japanese Design Classification that came into effect on April 1, 2007

Current classification that came into effect on January 1, 2005

A	5—	12345	ABC
Group code	Main class	Minor class	D-term
1 alphabet	1 digit number (0-9)	5 digit number (0-9)	less than 3 alphabets

New classification to be come into effect on April 1, 2007

A	5—	12345	W Classification code for screen design Code for designs that include a graphic image 1 alphabet "W" Class for designs that include a graphic image 1 alphabet "W" Either "W," which is the code for designs that include a graphic image, or "D-term" is provided.	ABC D-term less than 3 alphabets
Group code	Main class	Minor class		
1 alphabet	1 digit number (0-9)	5 digit number (0-9)		

- Neither the main class nor the minor class of the current Japanese design classification shall be changed.
- Either "W" which is the code for designs that include a graphic image, or "D-term" is provided.
- When the code "W" and "D-term" are both applicable, the code "W" is to be provided in preference to "D-term."
- The code "W" can be provided to all of the current Japanese design classification.

Efforts Related to Trademarks

1. Implementation of Accelerated Examination Based on Applicant Needs

In response to the needs for accelerated examination of applications that are involved in counterfeiting and infringement cases and to the globalization of economic activities, the JPO has implemented an accelerated examination system in which the examination process is accelerated when there is an urgent need to register a trademark, such as in cases where the applicant has already started to use or has made preparations for using the trademark in an application and a third party is using the trademark without the applicant's consent.

While the number of requests in 2006 came to 455, up 25% from 365 in 2005, the period from the request to the date when the notification of the first examination result is dispatched in 2006 was reduced from 1.4 months in 2005 to 1.3 months.

〈Reference: Applications subject to the accelerated examination〉

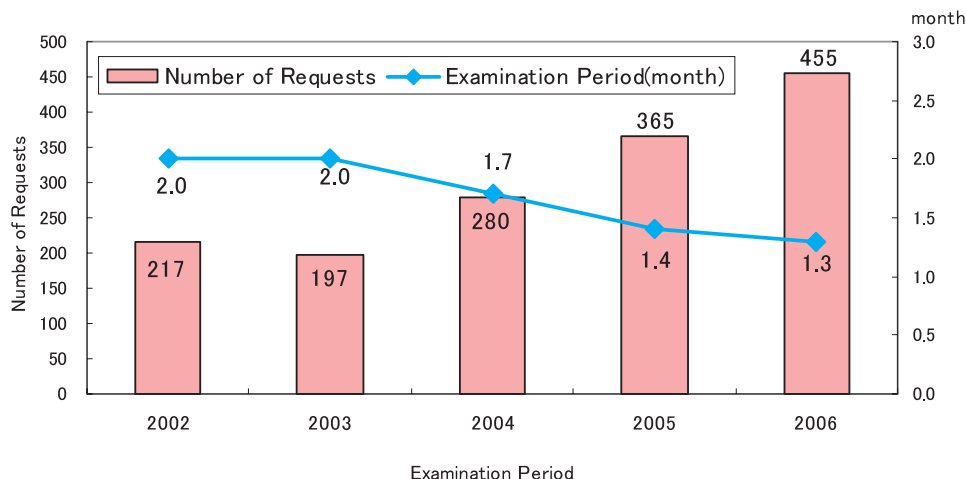
The accelerated examination applies to trademark applications that satisfy the following two requirements:

- (i) The applicant himself/herself or a licensee has already started to use the trademark in the application or made preparations for using it to a significant degree for the designated goods or services (or some of the designated goods or services).
- (ii) There is an "urgent need for registering the trademark."

The "urgent need for registering a trademark" refers to any of the following situations:

- A third party is apparently using or is making significant preparations to use, without the consent of the applicant or a licensee, a mark identical or similar to the trademark in question in respect to goods or services identical or

Requests for Accelerated Examination and Examination Period



- similar to those of the applicant or the licensee using or making preparations to use the trademark.
- The applicant has received a warning from a third party in regards to the use of the trademark in the application.
 - A third party has sought a license for the trademark in the application.
 - Trademark applications have also been filed with patent offices or intergovernmental agencies other than the JPO.

2. Efforts Related to Regionally-Based Collective Trademarks

(1) Background

In recent years, there have been active moves nationwide to develop regional brands that differentiate local specialty products from those of other regions, as part of regional development efforts. These regional brands often attach trademarks that combine the region name and the product name, such as adding the name of the production area or the sale area of the local specialty product.

Under the Trademark Act before revision, a trademark that combines a region's name and a product name, excluding those that have become famous nationwide or those combined with figures, could not be registered due to a lack of distinctiveness and not being fit to be monopolized by a specific party.

(2) Amended Trademark Act (the regionally-based collective trademark system)

In order to provide thorough protection for regional brands that combine the region

name and the product name, the Trademark Act was partially amended in 2005, and the regionally-based collective trademark system was introduced in April 2006.

This system supports regional efforts to stimulate local economies. It is hoped that local trade associations that plan to make use of regional brands will actively use this system and engage in regional development.

The regionally-based collective trademark system allows a trademark consisting solely of a region name and a product name to be registered as a regionally-based collective trademark. This applies if the trademark has become known to a certain extent as a mark used by a member of an association, such as a business cooperative or an agricultural cooperative, through being applied to products that are closely related to the region (e.g., the production area) by the association.

This system will (i) allow a trademark that combines a region name and a product name to be registered more quickly and eliminate free riding of the mark; and (ii) provide an incentive for business operators intending to conduct regional branding activities to register their trademarks, and lead to invigorating the region.

(3) Status of Applications and Registrations for Regionally-Based Collective Trademark

1) Status of applications

Having started accepting applications for regionally-based collective trademarks on April 1, 2006, the JPO has accepted 721 applications as of the end of May 2007. Looking at the number of applications by field, agricultural products accounted for 48% of the total, followed by industrial products at 26%, processed food (including

confectioneries and noodles) at 20%, and others including liquors and hot springs.

By region, 31 from Hokkaido, 50 from Tohoku, 63 from Kanto, 48 from Koshinetsu, 57 from Hokuriku, 83 from Tokai, 224 from Kinki, 39 from Chugoku, 24 from Shikoku, 69 from Kyushu, 30 from Okinawa, and three from overseas.

2) Status of Registrations

On October 27, 2006, the JPO dispatched notifications of its decision to grant registration with respect to 52 applications out of 374 applications filed in April. Having conducted examination adequately since then, the JPO has dispatched notifications of its decision to grant registration with respect to 218 applications by the end of May 2007.

(4) Publicity Activities for the Regionally-Based Collective Trademark System

1) Explanatory meetings

As an effort to publicize the regionally-based collective trademark system, the JPO held explanatory meetings to outline the legal revision at 21 locations nationwide from June to July 2005. Having established concrete examination guidelines for regionally-based collective trademarks, the JPO held explanatory meetings on the guidelines at 49 locations nationwide from January to March 2006 and explanatory meetings on the regionally-based collective trademark system at 47 locations nationwide from January to March 2007.

In the autumn of 2005, with the aim of publicizing and promoting the use of the system, it also created 50,000 copies of an easy-to-understand pamphlet on filing procedures and registration requirements for regionally-based collective trademarks, and distributed them at explanatory meetings and

at related organizations. In 2006, the JPO created 45,000 copies of an pamphlet containing examination practices and distributed them to related organizations.

2) Regional Brand Festival

The JPO held a Regional Brand Festival from April 2 to 27, 2007 as a part of the promotion activities for the regional collective trademark system. During the festival, 169 panels of registered regionally-based collective trademarks and 50 relevant products were exhibited at the lobby of the METI Main Building and Annex Building. The JPO also held a memorial keynote lecture and a memorial reception on April 18, 2007.

3. Efforts Related to Trademark System for Retail and Wholesale Services

(1) Background

In line with the growth of the distribution industry in recent years, retail businesses, which provide high value-added services by bringing together a wide variety of goods and their unique sales forms to sell those products, has been making remarkable progress.

For example, department stores, convenience stores and supermarkets provide benefits to customers by bringing together through their own distribution system the products demanded by customers. Mail-order businesses using catalogs and the Internet allow customers to select products via a highly convenient system, and provide a variety of benefits to customers when purchasing products. Specialized stores, which bring together specific products, are

also conducting service activities, such as improving convenience by expanding the range of goods so as to give customers a wider selection of products.

These services activities, however, were not deemed as "services" under the Trademark Act, because they were considered incidental services to the sale of goods and payments are not made directly to the services but made indirectly by passing on the prices to the prices of goods sold.

Therefore, when a retailer or a wholesaler sought protection under the Trademark Act for the trademark it used, it was only able to acquire a trademark right by the designating goods it traded, and thus the trademark was only protected as a trademark for goods. In the case of handling a wide range of goods, it would have to register a lot of fields, which required a great burden of expenses.

Trademarks used in a mode where a specific relevance with individual goods is difficult to recognize were not within the scope of protection under the Trademark Act, such as indicating a company emblem on shopping carts that customers use in its stores, indicating a company emblem on the caps, uniforms and name tags of its shop clerks who provide customer services, and providing services wearing those uniforms.

(2) Revised Trademark Act (Trademark System for Retail and Wholesale Services)

For the purpose of solving these problems, in June 2006, the Trademark Act was partially revised so as to properly protect a trademark that is used to indicate the source of service activities by a retailer or a wholesaler, and the trademark system for retail and wholesale services entered into force on April 1, 2007.

With this revision, a trademark used in respect of comprehensive service activities for the benefit of customers provided in retail and/or wholesale services has fallen within the scope of protection under the Trademark Act as a trademark for services.

A trademark used by a retailer or a wholesaler on its price tags and inserts was within the scope of protection if the trademark was registered in respect of its traded goods. With the introduction of the trademark system for retail and wholesale services, in addition to the use of a trademark on price tags and inserts that was within the scope of protection of a trademark for goods, a trademark indicated on shopping carts, shopping baskets and shop clerks' uniforms has comprehensively become within the scope of protection.

In the case of registering as a trademark for retail services, the system allows a retailer or a wholesaler that trades a wide variety of goods to acquire a trademark right by designating services belonging to one field (Services in Class 35), which will accordingly reduce the cost of right acquisition.

(3) Publicity Activities for the Trademark System for Retail and Wholesale Services

As an effort to publicize the trademark system for retail and wholesale services, the JPO held 20 explanatory meetings to outline the legal revision at 19 locations nationwide from July to August 2006. It also held explanatory meetings on the trademark system for retail and wholesale services at 47 locations nationwide from January to March 2007.

In December 2006, the JPO created 335,000 copies of a pamphlet outlining the trademark system for retail and wholesale services, and

distributed them at retail and wholesale service-related bodies and explanatory meetings. In March 2007, with the aim of helping a wider range of retail and wholesale service-related bodies understand the system, it also created and distributed copies of a pamphlet intended for retailers and wholesalers comprising of an easy-to-understand introduction of the system and questions and answers.

As a part of these publicity activities, the JPO started providing a consultation service regarding the system at the inquiry counter that was established in January 2007 in its Trademark Division, and at the special inquiry counters that were established in March 2007 in the patent office of each Regional Bureau of Economy, Trade and Industry, the INPIT, and 47 nationwide branches of Japan Institute of Invention and Innovation. The JPO also provides explanations on the system at explanatory meetings hosted by each Regional Bureau of Economy, Trade and Industry.

Efforts Related to Appeals and Trials

1. Efforts to Improve the Quality of Appeal/Trial Examination

One of the major missions of the JPO is to grant stable industrial property rights. Since precise examination is required in the appeal/trial proceedings, the JPO makes efforts to further improve the quality of appeal/trial examination by reviewing the court judgments in lawsuits against the JPO Appeals Department's decisions and those related to the validity of rights in infringement lawsuits, and giving consideration to the evidentiary materials stating the demandant's argument of invalidity of the right in infringement lawsuits, which are acquired by exchanging information with courts.

The JPO also ensures better communications with the demandants through active use of appeal/trial examination by interviews, and actively conducts oral proceedings and appeal examination by visit¹ in order to raise credibility of the party concerned in a trial for invalidation, sort out the issues in an expeditious way, and conduct accurate proceedings.

With the aim of improving the quality of appeal/trial examination and clarifying determination standards with regard to the inventive step of an invention, the JPO, with participants from industries, conducted a case study on the inventive step, and published the results thereof. The JPO, in cooperation with industries, will continue to conduct case studies.

2. Efforts to Reform the Structure of Appeals and Demands for Trials

It is urgent for the Appeals Department to respond to the expected increase in the number of appeals and demands for trials in accordance with the increase in the number of applications examined. Through the following efforts, the Appeals Department intends to reduce the number of appeals filed, the number of trials demanded, and the number of cases transferred from the Examination Department, and to maintain timely and high-quality appeals and trials.

(1) Appeal/Trial Examination Compliant with the Judgments of the Intellectual Property High Court

In order to increase the credibility of appeals and trials and the foreseeability of the results of the appeal or trial, the Appeals Department will aim to conduct stricter and higher-quality appeal/trial examination based on court rulings relating to patentability, such as the level of inventive step required, in lawsuits against the JPO Appeals Department's decisions.

(2) Strict Appeal/Trial Procedures

In order to reduce the number of cases subject to appeal/trial examinations, there is an urgent need to establish practices that would fix the granting of rights or the issuing of refusals as much as possible at the examination phase. With regards to patentable inventions, it is important to

¹ See Part 3, Chapter 1, 1. (4) 2).

make them patented through adequate counterarguments and amendments by the phase of reconsideration by the examiner before appeal proceedings. Thus, in order to encourage applicants to make adequate counterarguments and amendments at the examination phase, the JPO imposes strict rules on the appeal and trial proceeding, such as imposing restrictions on the applicant's opportunity to make amendments at the appeal phase, and aims to achieve fair and productive appeal/trial examinations. As a result, the appeal denial rate¹ for decisions in appeals against examiners' decisions of refusal has been increasing since 2005.

Such practices would promote the granting of rights for patentable inventions at the examination phase, reducing both the burden and costs to the applicants and the JPO.

(3) Publicity of Appeal/Trial Examination Policy

The JPO aims to reduce the number of unnecessary appeals/demands for trials by using explanatory meetings to inform users such as appellants/trial demandants of the appeal/trial examination policy of the Appeal Department, and publicizing the results of the study on inventive step and court decisions in specific technical fields.

3. Measures for Realization of Timely Trials

The JPO preferentially examines post-grant trials, such as trials for invalidation, as there is a social demand to ensure the effectiveness of the protection by quickly settling disputes over the validity of patents, etc.

The JPO will also aim to achieve efficient appeal/trial examinations in pre-grant appeals and trials, such as appeals against examiner's decision of refusal, by paying attention to the appeal/trial pendency and implementing a "consolidated appeal examination" of related cases of the same appellant. The JPO will further utilize personnel that support appeal examiners, such as appeal researchers.

With regard to appeals against examiner's decision of refusal that satisfy specific requirements², the JPO implements an accelerated appeal examination system in which it conducts the appeal examination of the case in an accelerated manner upon request. In 2006, 233 requests were made for patents, five requests for designs and eight requests for trademarks.

¹ See Part 1, Chapter 1, 5. (1) 2).

² With regard to patents, appeals against the examiner's decision relating to patent applications that satisfy any of the following requirements are subject to accelerated appeal examination: (i) an application for an invention that is already being exploited by the appellant; (ii) an application that is also being filed overseas; (iii) an application filed by an SME, individual, university, TLO or public research institution; or (iv) an application for an invention that has been commercially exploited by a party other than the appellant (a third party) during the period after the laying open of the application and before the appeal decision.

4. Promotion of a Paperless Appeal/Trial Environment

With regards to appeals against examiners' decisions of refusal (including reconsiderations by an examiner before appeal proceedings), the JPO has launched and has been operating a paperless appeal system for all four industrial property laws since January 2000 in response to a strong demand from both in and outside the JPO. It also conducts operations related to drafting and approval in a paperless form for inter-partes trials.

In response to the Plan for Optimization of JPO Operations and Systems formulated in October 2004, the JPO will support the aspects of the plan related to the computer system, including the sharing of information between examination and appeals/trials and information exchanges with courts, thus achieving further improvement of the appeal/trial process and promoting paperless operations for inter-partes trials.

5. Efforts in Line with Amendments of the System

The JPO started the operation of a new system of trial for invalidation in January 2004, in an effort to streamline the dispute settlement system for disputes over the validity of patent rights. The features of the new system of invalidation trials include the integration and unification of oppositions and trials for invalidation, and the optimization of the opportunities for corrections during lawsuits against the JPO Appeals Department's decisions.

In addition, amended provisions on

infringement lawsuits relating to patents, etc. (Article 168(5) and (6) of the Patent Act) entered into force in April 2005. Specifically, in a patent infringement lawsuit, if it has been recognized that the patent should be invalidated through a trial for invalidation, the enforcement of the patent will be restricted. If a document stating such a method of challenge or defense has been submitted, the court must notify the JPO Commissioner, and the JPO Commissioner may demand that the court send a copy of the necessary documents from the litigation records, in order to prevent differences in determinations between the court's infringement lawsuit and the JPO's invalidation trial.

The JPO will continue to publicize these amended practices to existing and potential appellants and trial demandants in an effort to achieve precise operation of the system.

Starting from July 2006, as for correction trials demanded during the pendency of suits to cancel the decision of invalidation trial, concerning those demanded while an infringement case is tried, the JPO made amendments to the guidelines so as to invite demandants of an invalidation trial to give opinions during the correction trial proceedings. The JPO will continue to keep in mind the purpose of the amended system, while introducing the new guidelines, such as to allow invalidation trial cases demanded in parallel with an infringement suit for accelerated examination.

Law Revision in 2007

1. Revision to the Patent Attorney Act

The Patent Attorney Act was partially revised with the aim of achieving the following goals.

- To make efforts to improve the quality of patent attorneys as well as enlarge the number of patent attorneys, amid the growing importance of the role of patent attorneys who support the strategic IP right acquisition and utilization in increasing the competitiveness of Japanese industries.
- To clarify their responsibility as professionals in order to further increase the public trust in the patent attorney system, taking into consideration the recent social issues on professions.
- To expand the scope of their service to meet the diversifying needs for professional services related to IP rights, as attorneys are expected to respond accurately as professionals.

(1) Process of the Law Revision

The Institute of Intellectual Property (IIP) created the "Ideal Framework for the Future Patent Attorney System" committee and held discussions in FY2005 and FY2006 in accordance with Article 13 of the Supplementary Provision of the Patent Attorney Act, which underwent a complete revision in 2000, that stipulates conduction of review of the law five years after its enforcement. Further, from April 2006 the

Patent Attorney System Subcommittee was established under the Intellectual Property Policy Committee of the Industrial Structure Council. Based on the discussions held in IIP, the Subcommittee held six meetings to review the Patent Attorney System and compiled the report "Direction of the Revision of the Patent Attorney System" in December 2006. The report was submitted to the Intellectual Property Policy Committee of the Industrial Structure Council in January 2007 and was given approval.

"The Bill for Partial Amendments to the Patent Attorney Act" was drafted based on the above-mentioned report etc. and, upon the decision by the Cabinet on March 9, 2007, was submitted to the 166th ordinary Diet session on the same day. On June 12, 2007, the bill was passed and established and was promulgated on June 20, 2007.

(2) Result of the Reviews by the Intellectual Property Policy Committee of the Industrial Structure Council - Patent Attorney System Subcommittee

○ Training Program for Patent Attorneys

It would be appropriate to conduct a continuous professional training program for the registered patent attorneys and a mandatory training program for new patent attorneys taking into consideration the following indications that patent attorneys who fail to devote themselves to their studies and who engage in inappropriate behavior have adverse effects on the applicants and the JPO's examination, and due

to the increase in the number of successful examinees of patent attorneys, it is becoming more difficult for them to acquire practical capability.

○ Patent Attorney Examination System

It would be appropriate to adopt a partial exemption system for the short-answer form examination for people who received a certain number of credits for subjects on industrial property rights and earned a master's degree (in profession), because it is possible that capable people who specialized in intellectual property rights or law are losing the opportunity to play an active role as patent attorneys. In addition, it would also be appropriate to adopt the exemption system to exempt the successful examinees of the short-answer form examination taking the next examination and the system of acceptance by each subject for the essay examination, taking into account the indications that, the burden of examinees are relatively increased in taking the next examination when they pass part of the subjects since there is no provision that exempt the subject.

○ The Role of Disciplinary Action against Patent Attorneys

There are indications that it is difficult to carry out strict and appropriate disciplinary action by the administrative government agency and punishment by the Japan Patent Attorneys Association, because there is no clearly defined standard for both of them. It would be appropriate to define "cases where one has intentionally or due to gross negligence conducted inappropriate practice" in order to clarify the interpretation of the law and to establish a new disciplinary punishment of "prohibition

of accepting new business" so that effective disciplinary punishment can be carried out while protecting the procedures of the client. It is also appropriate to make a provision that violation of business-suspension order by an administrative government agency will be subject to criminal punishment.

○ Assistants at Patent Attorney Offices

Since some patent attorneys let their assistants perform practical business as representatives and it is believed to be impeding expeditious and smooth examination, therefore, it would be appropriate to review the way assistants were handled in the JPO in the past, and develop the guidelines, as well as make provisions that prohibit name-lending in the Patent Attorney Act.

○ Services Stipulated in the Patent Attorney Act

(Related services for international applications, specified unfair competition, power of sole legal representation for specified infringement suit, power of representation of both importers and exporters in border measures.)

The revised law will clearly specify it as patent attorneys' service to prepare the translation or draft documents when Japanese applicants file an application with a foreign patent office through certified persons abroad or to act as an intermediary for introducing certified persons abroad. Furthermore, it would be appropriate to consider expanding the scope of patent attorneys' service related to "specified unfair competition" in relation to the Unfair Competition Prevention Act, so as to include the act of misleading the public regarding the place of origin (Article 2-1 (xiii) of the Unfair Competition

Prevention Act), act of making false allegation injurious to business competitor (Article 2-1 (xiv) of the Unfair Competition Prevention Act), and act of using a trademark by an agent without the consent of an owner (Article 2-1 (xv) of the Unfair Competition Prevention Act), with a view to effectively utilize patent attorney's professional knowledge on industrial property in those areas.

○ Proper Ways of Disclosing Information on Patent Attorneys

It is necessary to obligate patent attorneys to periodically report their information required by the users in choosing patent attorneys such as performance as a patent attorney, field of expertise, and record of training course participation to the Japan Patent Attorney Association. In this case, it is necessary to clearly stipulate the obligation of the information disclosure and the items to be disclosed by law or regulation.

○ Patent Profession Corporation System

It would be appropriate to clearly define the roles of the employees in the Patent Profession Corporation System and adopt the system of designating employees to be in charge in response to requests of adopting the system where, only the particular employee would bear unlimited liability if the client designates a employee for the specific case. There are requests to introduce the one-man corporation system in order to promote the separation of office assets and individual assets and facilitate the transfer to several employee corporations or expanding the scale of office through mergers with other patent law firms in the future. However, it is still premature to

introduce the one-man corporation system based on the purpose of establishment of the Patent Profession Corporation System which is to provide continued services to clients.

○ System of Compulsory Entry to the Japan Patent Attorneys Association

It would be appropriate to maintain the system of compulsory entry to the Japan Patent Attorneys Association provided that the appropriateness of patent attorney's practice is guaranteed by the system on the condition that it does not lead to non-competitive practices.

○ Division of the Intellectual Property Department

In recent years, increasing number of companies spin-off their intellectual department into a separate company and put the IPR of the parent company and group businesses under integrated management as part of the measures taken to promote the efficiency. Taking the situation into account, it is necessary to clearly define the interpretation of the Patent Attorney Act for cases where a patent attorney is employed by an intellectual property management company and cases where a patent attorney is not employed, after sorting out the definition of both cases.

○ Provision on Conflict of Interest

Consider a situation where a patent attorney has continuously accepted to act as an agent for proceedings for both applicants A and B, and applicant B demands a trial for invalidation against applicant A. When applicant A asks the same patent attorney to act as an agent for this trial and he accepts, it would be appropriate to regard, in the same way as the interpretation in the

past, that this patent attorney is not allowed to continue to act as an agent for applicant B, which was accepted prior to this trial, unless there is approval from the applicant A. It is difficult to uniformly prohibit conflict of interest involving a case without confrontation between parties by law.

Therefore, it would be necessary to review the Patent Attorneys Ethics Guideline, clarify the view of the Japan Patent Attorneys Association, and to obtain consent of the party concerned in order to avoid conflicts. In addition, it is also necessary to take such measures as enforcing strict observance of the confidentiality obligation even for cases where consent of the party concerned has been obtained.

(3) Outline of the revision

The following measures were taken from the perspective of improving the quality of patent attorneys, clarifying their responsibilities, and meeting the variety of needs as an IP expert.

1) Improvement of the quality of patent attorneys, expanding the range of human resource, and clarification of the responsibility

a. Maintenance and improvement of the quality of patent attorneys

- A practical training system will be introduced for people intending to become registered as a patent attorney, in order to secure their capability in practice, such as the ability to prepare actual application documents. (Related to Article 16-2 to 16-5 of the Patent Attorney Act)
- The revised law obliges registered patent attorneys to take periodical training concerning the latest laws and

technological trends. (Related to Article 31-2 of the Patent Attorney Act)

b. Securing diverse human resource by expanding the range of the examinees

- The partial exemption of subjects of the patent attorney examination will be introduced for people who have finished IP-related graduate schools or who have already passed some subjects of the patent attorney examination. (Related to Article 11 of the Patent Attorney Act)

* Exemption system for those with master's degrees in intellectual property from graduate schools

Those who have finished IP-related graduate programs and acquired credit for subjects established by departmental regulations will be exempt from taking the examination for "Statutes and Treaties regarding Intellectual Property Rights" of the short-form answer examination, within two years after finishing the graduate program.

* Exemption system for those who passed certain subjects

- Those who passed the short-form answer examination:

Exemption of the examination subject within two years after passing the examination subject

- Those who passed the essay examination (mandatory subject):

Exemption of the examination subject within two years after passing the examination subject

- Those who passed the essay examination (selective subject):

Exemption of the examination subject after passing the examination subject

c. Clarifying the responsibility of a patent attorney whose qualification allows them exclusive business (Related to Article 31-3 and Article 32 of the Patent Attorney Act)

- The revised law sets out new kinds of disciplinary action and defines the reasons thereof, as well as prohibits their name-lending.

2) Responding to the diversifying needs as an IP expert

a. The revised law expanded the scope of patent attorneys' service, so as to allow them to respond to the diversifying needs for their professional knowledge.

- The scope of patent attorneys' services that are related to "specified unfair competition" will include the following acts of unfair competition to expand the field for which patent attorneys can utilize their knowledge (Related to Article 2-4 of the Patent Attorney Act).

- Act of misleading the public as to the place of origin (Article 2-1 (xiii) of the Unfair Competition Prevention Act)

Acts of misrepresenting information on goods in a manner that is likely to mislead the public regarding the place of origin, quality, manufacturing process, use or quantity of such goods (limited to those related to trademarks)

- Act of making false allegation injurious to business competitor (Article 2-1 (xiv) of the Unfair Competition Prevention Act)

Acts of telling other people a false allegation that is injurious to the business reputation of another person in a competitive relationship (limited to those related to industrial property and right of layout-designs of integrated circuits)

- Act of using a trademark by an agent

without the consent of an owner (Article 2-1 (xv) of the Unfair Competition Prevention Act)

Acts by an agent of the owner of a foreign trademark right, using the trademark in respect of goods without a legitimate reason and the consent of the owner of such right

- The revised law added the representation of both importers and exporters in procedures for the suspension of import and export IP infringing products at the border to the scope of patent attorneys' service. (Related to Article 4-2 (1) of the Patent Attorney Act)

- The revised law clearly specified it as patent attorneys' service to support drafting documents when filing international patent applications. (Related to Article 4-3 of the Patent Attorney Act)

b. The revised law introduced a system where only the designated employees in the specific case would take unlimited liability with the aim of promoting the use of the Patent Profession Corporation System, which can provide integrated service to users. (Related to Article 47-2 to Article 47-5 of the Patent Attorney Act)

c. The revised law will make the government or the Japan Patent Attorneys Association's information concerning patent attorneys available to the public and promote provision of the above information by patent attorneys themselves in order to help users make better choices on patent attorneys. (Related to Article 77-2 of the Patent Attorney Act)

3) Date of Enforcement of the Revised Law

The revised law will enter into force on April 1, 2008. However, the examination exemption system mentioned in 1) b) above and the practice training system mentioned in 1) a) above will enter into force on January 1, 2008 and October 1, 2008, respectively.

4) Transitional Measures for the Revised Law

○ Those already qualified as a patent attorney at the time of enforcement of regulations related to the practical training system mentioned in 1) a) above shall be deemed as qualified as patent attorney under Article 7 of the revised law.

○ Regarding the regulations related to the patent attorney examination mentioned in 1) b) above, exemption of the next written examination of the patent attorney examination for those who have passed the written examination in 2007 shall be given according to the previous law.

○ The examination exemption for those who have already passed some subjects of the patent attorney examination, mentioned in 1) b) above, shall be applied to those who passed the short-form answer examination and those who scored equivalent to the passing score for the mandatory subject or the selective subject in the essay examination, conducted on or after January 1, 2008.

○ The exemption of the short-form answer examination for those who have finished IP-related graduate schools, mentioned in 1) b) above, shall be applied to those who proceeded to the IP-related graduate school course on or after January 1, 2008.

○ With regard to the application of penal provisions to acts committed prior to the enforcement of the revised law, the provisions then in force shall remain applicable.

○ Five years after the enforcement of the revised law, a review shall be conducted on the provisions of the new law and necessary measures will be taken based on the results of the review if it is deemed necessary taking into consideration the status of the implementation of the new law.