



Part 1

# Status Quo of Industrial Property Rights



## Chapter 1

### Current Status of Applications, Registrations, Examinations, Appeals, and Trials in and outside Japan

The environment surrounding industrial property rights (patents, utility models, designs and trademarks) is rapidly changing due to globalized business activities and the sharp increase in applications filed by emerging countries such as China. Under these circumstances, the number of applications for patents, designs, and trademarks filed by Japanese with the foreign Offices has been increasing year by year. In addition, the filing structure of industrial property rights is also changing significantly. This chapter presents the current status of applications, registrations of industrial property rights, examinations, appeals, and trials.

#### 1. Patents

In spite of the Great East Japan Earthquake, the number of patent applications filed in Japan in 2011 was 342,610, nearly the same level as that of the previous year. On the other hand, the number of international patent applications (PCT applications), which are patent applications filed with the foreign Offices, has been rapidly increasing year by year. In 2011 it was 37,974 a year-on-year increase of 20.5%. This section presents the status of applications, registrations of patents, and patent examination both in and outside Japan.

(1) Changes in the number of Patent Applications and Requests for Examinations; and Current Status of Patent Examination in Japan

1) Change in the Number of Patent Applications and PCT Applications

Although the annual number of patent applications filed in Japan had remained high, at more than 400,000, the number has been gradually decreasing since 2006, the number of patent applications sharply dropped in 2009. The total number of patent applications in 2011 was 342,610 (a year-on-year decrease of 0.6%).

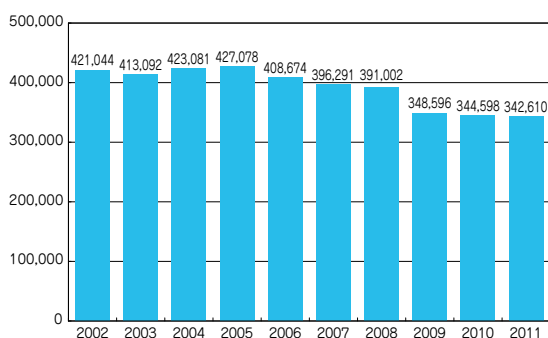
This was nearly the same as that of the previous year, despite a slight decrease in March due to the Great East Japan Earthquake (See Figure 1-1-1).

The recent economic recession is considered to be one factor behind the decrease. However, there is also another factor to consider. Applicants are becoming more selective in filing. In other words, they are changing their intellectual property strategy. Instead of filing a large number of patent applications, they are now following a new strategy, which is to file higher quality patent applications that form the basis for business development.

Meanwhile, the number of international patent applications filed under the Patent Cooperation Treaty (PCT) for which the Japan Patent Office was the receiving office in 2011, was 37,974, a 20.5% increase over the previous year. This shows a continued sharp increase year by year (See Figure 1-1-2).

This indicates that applicants are emphasizing international applications, which are supported by market globalization. This also shows that Japanese companies' intellectual property activities are now globalized.

**[Figure 1-1-1 Change in the Number of Patent Applications]**

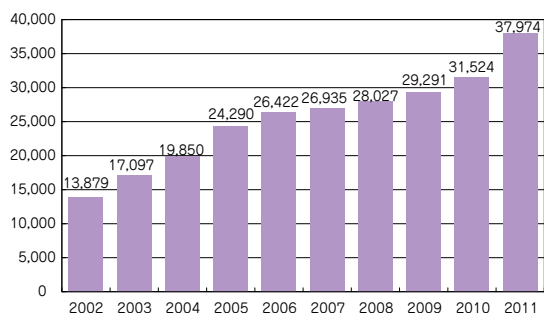


Note:

The number of patent applications includes PCT applications which entered the national phase.



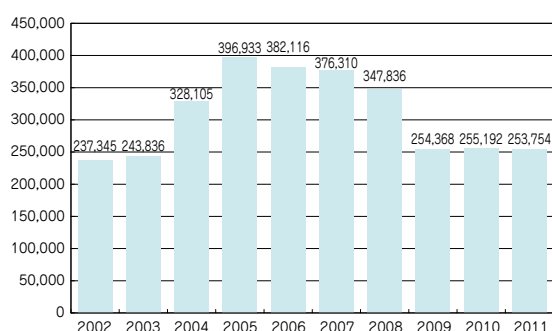
**[Figure 1-1-2 Changes in the Number of PCT Applications]**



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

The period for requesting examinations was reduced to three years from seven years in October 2001. As a result of this change, there was a temporary surge in the number of requests for examination (the so called “bump in requests”). However, the bump in requests ended at the end of September 2008 and the number of requests for examination in 2009 had decreased significantly. The number of requests for examination in 2011 was 253,754 (a year-on-year decrease of 0.6 %), nearly the same level as that in 2010 (See Figure 1-1-3).

**[Figure 1-1-3 Changes in the Number of Requests for Examination]**



Note: The number of requests for examinations made in 2009 to 2011 includes those that used the Deferral System<sup>1</sup> of Examination request fee.

<sup>1</sup> The system that allows applicants to postpone payment of the examination request fee up to one year from the date of requests for examination, if they indicate their intention of postponement in requests for examination. The system was ended with March 31, 2012.

## 3) Changes in the Number of Applications Awaiting the First Action and First Action Pendency

The workload of patent examinations has increased year by year due to following 3 reasons: (1) the complex and sophisticated content of applications, (2) the increase in the number of accumulated documents for prior art searches, and (3) the increase in the number of PCT applications for which the time limit for creating international search reports and international preliminary examination reports is set based on the treaty. In order to conduct prompt and accurate patent examinations under these circumstances, the JPO is strengthening its examination framework and improving the efficiency of its examination work by steadily implementing various measures<sup>2</sup>, including hiring about 500 fixed-term examiners and increasing the outsourcing of prior art searches.

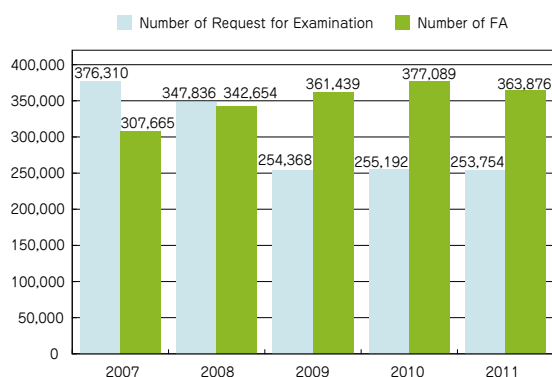
As a result of these efforts, the number of First Actions<sup>3</sup> (FAs) of national applications in 2011 remained almost the 2010 level (363,876, decrease 3.5% over the previous year) and exceeded the number of requests for examination in 2011.



<sup>2</sup> See Part 3, Chapter 2, 1. (1).

<sup>3</sup> The first examination conducted after a request for examination is filed by the applicant. FA is an abbreviation of First Action.

**[Figure 1-1-4 Changes in the Number of Requests for Examination and Number of First Actions]**

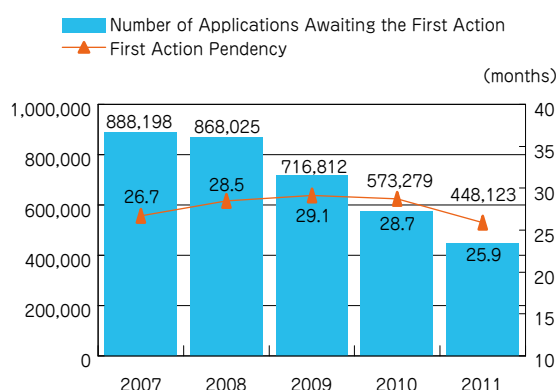


Note:

The number of requests for examination made in 2009 to 2011 includes those that used the Deferral System of Examination Request fee.

As a result, the number of the applications awaiting the First Action decreased to 448,123 (decrease 21.8% over the previous year) in 2011. First Action Pendency<sup>1</sup> saw a shortening trend for the first time in 2010, being reduced to 25.9 months in 2011 (See Figure 1-1-5).

**[Figure 1-1-5 Changes in the Number of Applications Awaiting the First Action and First Action Pendency]**



Notes:

1. The number of applications awaiting the first action does not include those for which the examination fee has not been paid under the Deferral System of Examination Request Fee.
2. The number of applications awaiting the first action is based on the figure as of the end of each year.

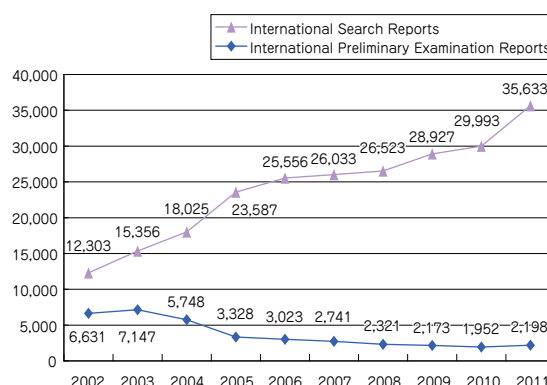
<sup>1</sup> The period from a request for examination to the first notice of the examination results is sent.

#### 4) Changes in Patent Examination Performance

In line with the increase in the number of PCT applications as shown in 1) above, the number of international search reports<sup>2</sup> created by the Japan Patent Office as an international search organization, increased from 29,993 in 2010 to 35,633 in 2011, increase 18.8% over the previous year.

On the other hand, the number of international preliminary examination reports<sup>3</sup> has been decreasing since 2004 and remains almost unchanged in recent years. This is due to the Enhanced International Search System, in which a written opinion (similar to the one that used to be prepared at the international preliminary examination phase) has to be established at the same time as the international search report, which was introduced in 2004 (See Figure 1-1-6).

**[Figure 1-1-6 Changes in the Number of Reports Created for PCT Applications]**



<sup>2</sup> A report created after a PCT application is filed and an examiner is selected at the JPO, which becomes the international search organization to search related prior arts.

<sup>3</sup> A report created by the examiner on the final examiner's judgment in the international preliminary examination.

In addition, the number of subsequent examinations<sup>1</sup> in 2011 decreased by 3 % year-on-year, while the number of reconsiderations by examiners before appeals proceedings<sup>2</sup> in 2011 decreased by 4% year-on-year (See Table 1-1-7).

In line with the increase in the number of examination, the number of decisions to grant patents increased to 220,495 in 2011 increased by 7% year-on-year (See Figure 1-1-8). The rate of decision to grant patents was 60.5% .

On the other hand, the number of decisions of refusal decreased to 138,784 in 2011 decreased by 16% year-on-year, and the rate of decisions of refusal was 39.5% (See Table 1-1-9).

**[Table 1-1-7Changes in Patent Examination Performance]**

Record	2007	2008	2009	2010	2011	Year on year
Number of First Actions	307,665	342,654	361,439	377,089	363,876	96%
Number of Subsequent Examinations	264,776	283,638	306,018	336,613	327,736	97%
Number of International Search Reports of PCT	26,033	26,523	28,927	29,993	35,633	119%
Number of International Preliminary Examination Reports of PCT	2,741	2,321	2,173	1,952	2,198	113%
Number of Reconsiderations by Examiner before Appeal Proceedings	27,432	28,478	24,131	26,707	25,739	96%
Number of Reports of Expert Opinion on Registrability of the Utility Model	1,116	880	718	717	597	83%
Total	629,763	684,494	723,406	773,071	755,779	98%

Notes:

1. The "year-on-year" column is a comparison between 2011 and 2010.
2. The "number of reconsiderations by examiners before appeal proceedings" is the total number of decisions to grant a patent in the procedure<sup>3</sup>, reconsideration reports made to the JPO Commissioner<sup>4</sup>, and notifications of reasons for refusal made in the procedure.



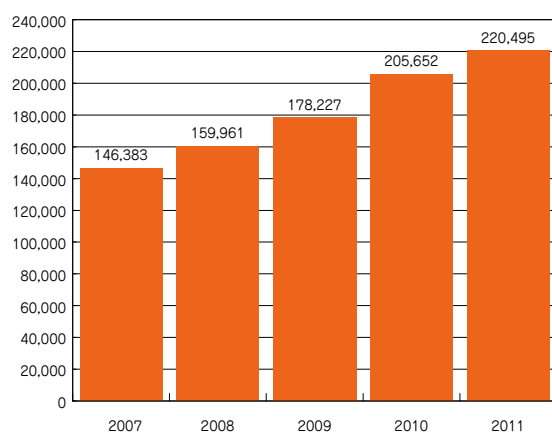
<sup>1</sup> An examination conducted upon the submission of a written opinion and a written amendment from the applicant after the first action.

<sup>2</sup> An examination conducted by the examiner based on Article 162 of the Patent Act in the case where an amendment of claims is made at the time of filing a request for an appeal against an examiner's decision of refusal.

<sup>3</sup> The number of cases in which the examiner's decision of refusal was cancelled and a decision to grant a patent was made, as a result of a reconsideration by the examiner.

<sup>4</sup> The number of cases in which the examiner's decision of refusal was upheld, as a result of the examiner re-examining.

**[Figure 1-1-8 Changes in the Number of Decisions to Grant a Patent]**

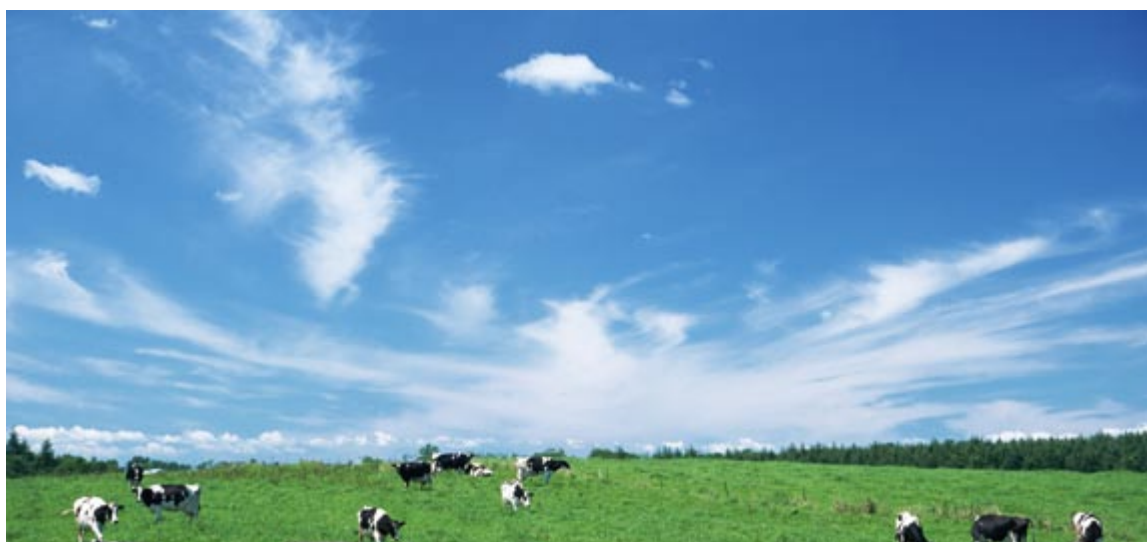


**[Table 1-1-9 Changes in Final Decision Performance]**

Performance	2007	2008	2009	2010	2011	Year-on-year
Number of Decisions to Grant a Patent	146,383	159,961	178,227	205,652	220,495	107%
Number of Decisions of Refusals	147,678	154,163	171,396	164,639	138,784	84%
(Of which number of decisions of refusal without a dissenting response from the applicant)	78,246	85,443	105,004	100,951	84,419	84%
Withdrawals/Abandonments After the First Action	5,567	4,779	5,169	4,600	5,433	118%
Rate of Decisions to Grant a Patent	48.9%	50.2%	50.2%	54.9%	60.5%	-
Rate of Decisions of Refusal	51.1%	49.8%	49.8%	45.1%	39.5%	-

Notes:

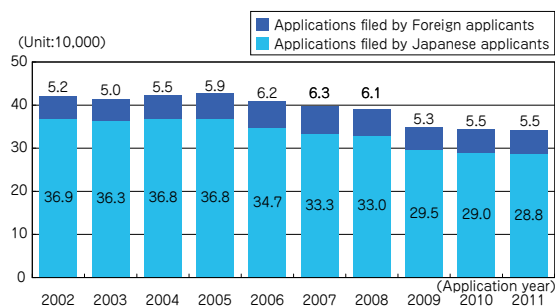
1. "Number of Decisions of Refusals without a dissenting response of the applicant" is the number of decisions of refusal without a dissenting response of the applicant from the notice of reason for refusal issued by the examiner.
2. "Withdrawals/Abandonments after the first action" is the number of applications withdrawn/abandoned after the first action.
3. "Rate of Decisions to Grant a Patent" is the number of decisions in which a patent was granted divided by (1) the number of decisions to grant a patent plus (2) the number of decisions of refusals plus (3) the number of withdrawals/abandonment after the first action.
4. "Rate of Decisions of Refusal" is the number of decisions in which a patent was not granted (refusal) plus the number of withdrawals/abandonments after the first action, divided by (1) the number of decisions to grant a patent plus (2) the number of decisions of refusal plus (3) the number of withdrawals/abandonments after the first action.



## (2) Trends of Patent Applications/Registrations in Japan

### 1) Patent Application Structure in Japan

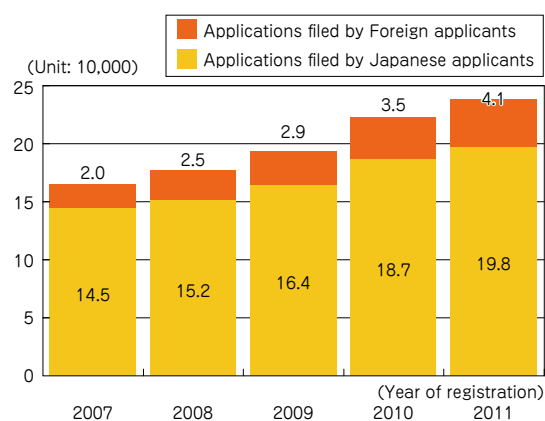
**[Figure 1-1-10 Patent Application Structure in the JPO]**



### 2) Patent Registration Structure in Japan a. JPO

The number of patent registrations at the JPO was 239,000 in 2011. The number of patent registrations filed by Japanese was 198,000, a 5% decrease compared to the percentage in 2007 (88%) (See Figure 1-1-11.) This indicates that the percentage of patent registrations filed by foreign applicants has been increasing.

**[Figure 1-1-11 Patent Registration Structure in the JPO]**

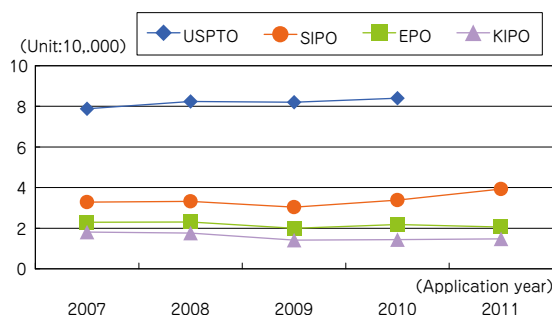




### 3) Patent Applications Filed with Major Patent Offices by Japanese Applicants

In 2011, the number of applications filed by Japanese applicants with the SIPO was 39,231 (up 15.8% over the previous year), with the EPO was 20,568 (down 5.8% year-on-year), and with the KIPO was 14,734 (up 2.7% year-on-year). In particular, the number of applications filed with the SIPO showed a significant increase (See Figure 1-1-12).

**[Figure 1-1-12 Changes in the Number of Patent Applications Filed with Major Offices by Japanese Applicants]**



	2007	2008	2009	2010	2011
USPTO	78,794	82,396	81,982	84,017	undisclosed
SIPO	32,870	33,264	30,302	33,882	39,231
EPO	22,887	23,081	19,933	21,824	20,568
KIPO	18,100	17,552	14,168	14,346	14,734
Total	152,651	156,293	146,385	154,069	-

Note:

USPTO: The number of utility patents was counted. The number of applications in 2011 was undisclosed at the time of writing this report.

Sources:

USPTO: USPTO website

EPO: EPO Annual Report

SIPO: SIPO website

KIPO: 2007-2010 KIPO website

2011: Data provided by the KIPO (provisional values)

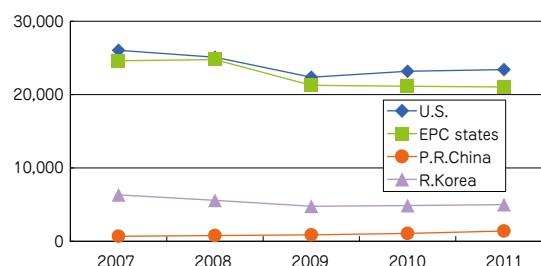
### 4) Patent Applications Filed with the JPO by Foreign Applicants

The number of patent applications filed with the JPO by foreign applicants increased to 55,030 in 2011, a 0.9% increase compared to 2010.

In 2011, the applications filed by US and European applicants accounted for 80.8% of the total number of applications filed by foreign applicants. The number of applications filed by Korean applicants has been slightly increasing, after peaking in 2009. The number accounted for 9.1% of the total number of applications filed by foreign applicants in 2011.

On the other hand, the number of applications filed by Chinese applicants in 2011 was 1,401, nearly double compared to the 2007 level. However, this number still remains low compared to the number of applications filed by US, European and Korean applicants (See Figure 1-1-13).

**[Figure 1-1-13 Changes in the Number of Applications Filed with the JPO by Foreign Applicants]**



	2007	2008	2009	2010	2011	Percentage to total (2011)
U.S.	26,026	25,112	22,367	23,183	23,414	42.5%
EPC states	24,611	24,787	21,251	21,122	21,023	38.2%
R.Korea	6,347	5,599	4,782	4,872	5,007	9.1%
P.R.China	666	772	891	1,063	1,401	2.5%
Others	5,143	4,622	3,990	4,277	4,185	7.6%
Total	62,793	60,892	53,281	54,517	55,030	

Notes:

1. EPC states stands for applicants from EPC member countries at the end of each CY.
2. The figures in the table include the number of direct applications and PCT national phase applications.

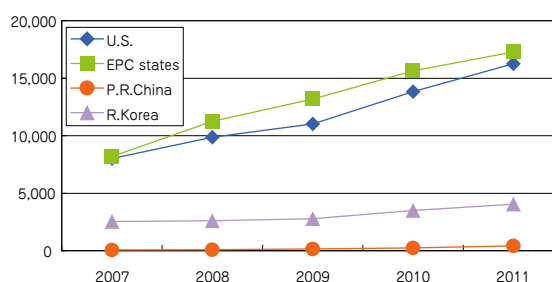
### 5) Patent Registrations in Japan by Foreign Applicants

The number of patent registrations filed in Japan by foreign applicants in 2011 increased to 40,729, up 15% over the previous year.

In 2011, registrations based on applications filed by US or European applicants accounted for 82% of the total. The registrations based on applications filed by Korean applicants accounted for 9.9% of the total, the same level as that of the previous year.

The number of registrations based on applications filed by Chinese applicants in 2011 was 416, nearly six times as many as the 2007 level (67). However, it only accounts for 1% of the total number of registrations (See Figure 1-1-14).

**[Figure 1-1-14 Changes in the Number of Registrations Filed with the JPO by Foreign Applicants]**



	2007	2008	2009	2010	2011	Percentage to total (2011)
U.S.	8,023	9,873	11,033	13,824	16,262	39.9%
EPC states	8,189	11,244	13,177	15,626	17,292	42.5%
R.Korea	2,538	2,596	2,777	3,505	4,048	9.9%
P.R.China	67	91	156	255	416	1.0%
Others	1,097	1,381	1,747	2,246	2,711	6.7%
Total	19,914	25,185	28,890	35,456	40,729	

Notes:

1. EPC states stands for applicants from EPC member countries at the end of each CY.
2. The figures in the table include the number of patent registration based on direct applications and PCT national phase applications.



## 2. Utility Models

This section presents changes in the number of applications for utility models and the Technical Report of expert opinion on registerability of utility models in Japan.

(1) Change in the Number of Applications for Utility Model Registrations and Technical Report of expert opinion on registerability of utility models

### 1) Changes in the Number of Applications for Utility Models

The number of applications for utility models registrations has been decreasing since the utility model system was changed to a non-substantive examination system in 1994. Under this situation, the amended utility model system came into force in April 2005 in order to make the system more attractive. The following is an outline of the amended utility model system: (i) extending the term of utility model rights, (ii) reducing the annual fee for utility model rights, (iii) expanding the allowable scope of corrections, and (iv) allowance of filing a patent application based on a utility model registration. After the amended utility model system went into effect, the number of applications for utility models reached a peak of 11,386 in 2005 increased by 43% from the previous year. However, the number once again has been gradually declining over the years, and it now was 7,984 in 2011.

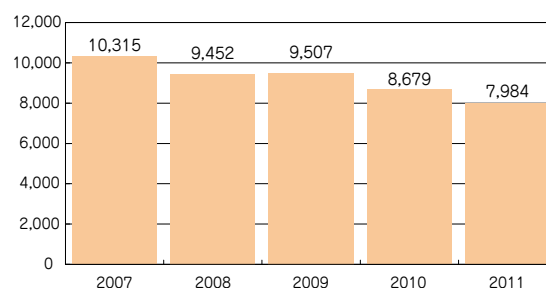
### 2) Technical Report of expert opinion on registerability of utility models

Under the new utility model system, which adopts the non-substantive examination principle, the owner of a utility model right first needs to give a warning by presenting a Technical Report of Utility Models in terms of the registerability of the utility model when enforcing the right (Article 29-2 of the Utility Model Act). The technical report is created by a JPO examiner who evaluates the novelty and inventive step of the filed device to determine the validity of any right and notifies the requester (Articles 12 and 13 of the Utility Model Act).

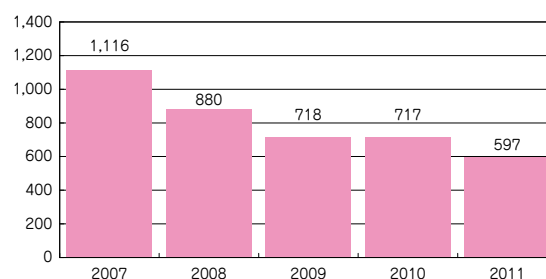
The number of Technical Reports of expert opinion on registerability of utility

models has been decreasing. It was 597 in 2011, a year-on-year decrease of 17%.

**[Figure 1-1-15 Changes in the Number of Utility Model Applications]**



**[Figure 1-1-16 Changes in the Number of Technical Reports of Expert Opinion on Registerability of Utility Models]**

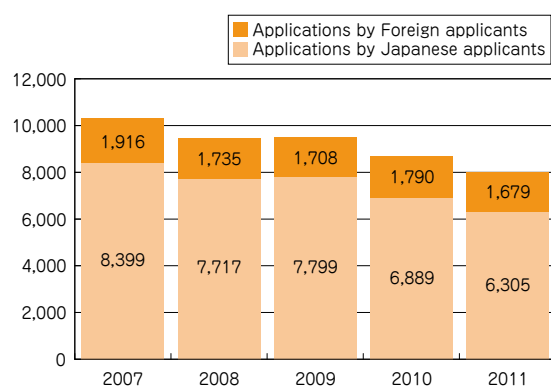


**【Table 1-1-17 Number of Applications Filed under the New Utility Model System and Technical Opinion Report on Utility Models】**

	2004	2005	2006	2007	2008	2009	2010	2011
Number of Utility Model Applications	7,983	11,386	10,965	10,315	9,452	9,507	8,679	7,984
Number of Technical Opinion Reports on Utility Models	1,061	1,261	1,032	1,116	880	718	717	597

(2) Breakdown of Applicants for Utility Model Registrations in Japan

**【Figure 1-1-18 Composition of Applicants for Utility Model Registrations in Japan】**





### 3. Designs

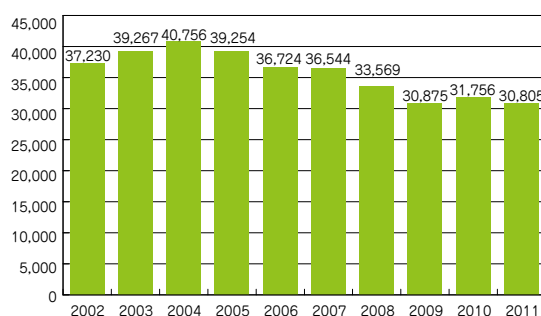
This section presents the changes in the number of design applications, the status of design examination, the trends in applications for design registration, design registration in major countries and organizations, and a comparison of design registrations among the JPO, the USPTO, the OHIM<sup>1</sup>, the SIPO and the KIPO.

#### (1) Changes in the Number of Design Applications and Status of Design Examination in Japan

##### 1) Trends in Applications for Design Registration

The number of applications after 2002 was on a downward trend, after peaking at 40,756 in 2004. In the past three years (2009~2011), it has remained almost unchanged. The reasons for the decrease in the number of applications can be attributed to the fact that more applications are filed with the foreign Offices in line with the expansion of business operations overseas by Japanese companies. In addition, applicants are more selective when it comes to domestic applications. Although the applications for design registration of televisions, personal computers, mobile phones (electric and electronic devices and communications devices) took a downward turn in 2011, the applications for design registration of passenger vehicles (transport or transporting vehicles and machinery) increased.

**[Figure 1-1-19 Changes in the Number of Applications for Design Registration]**

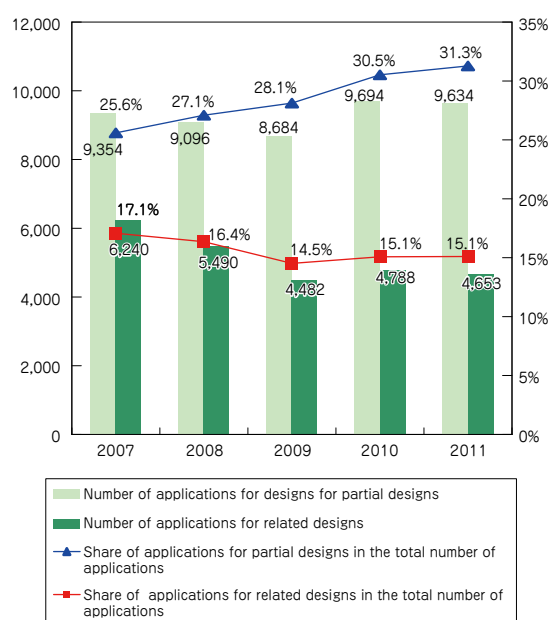


<sup>1</sup> OHIM: Office for Harmonization in the Internal Market (Trade Marks and Designs)

On the other hand, since a partial-design system<sup>2</sup> was introduced in 1999, the percentage of applications for partial designs among all applications has been increasing each year, remaining at more than 30% of all the applications since 2010.

Although the rate of applications for the related design system<sup>3</sup>, introduced at the same time, continued to decrease until 2009, it has remained at the same level as that of the previous year in 2011.

**[Figure 1-1-20 Changes in the Number and the Rate of Applications for Partial Designs and Related Designs]**



<sup>2</sup> Registering a design of a part of an article: Since the amended Design Act went into effect in 1999, it became possible to register a design, which forms a part of an article, that even cannot be physically separated from the entire article.

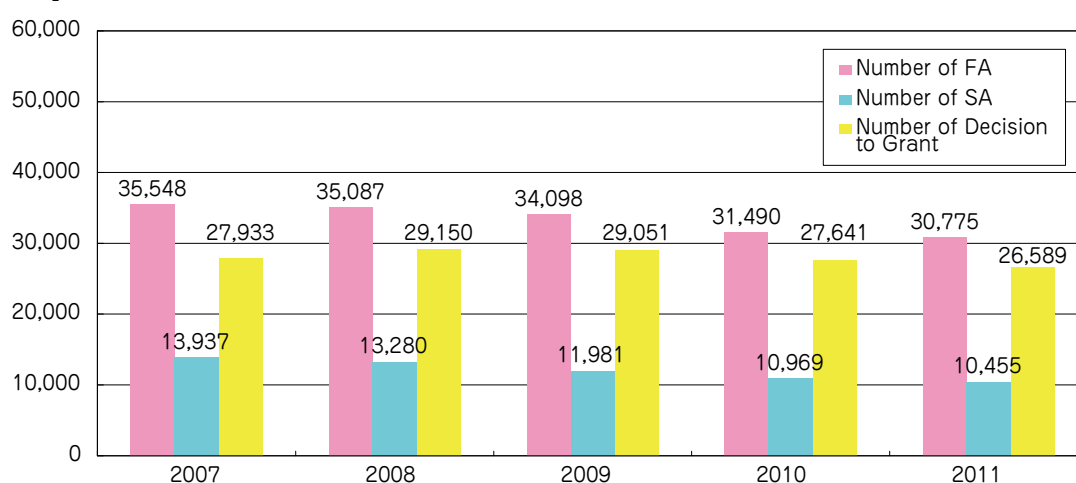
<sup>3</sup> The related design system enables a design which is similar to the principal design to be registered as a related design only when both design applications are filed by the same applicant. Design right of a related design is enforceable independently from the principal design. This system was introduced in 1999.

## 2) Status of Design Examination

In 2011, the number of first actions for design examination (the number of FA) fell from 31,490 in 2010 to 30,775. The average period of first action pendency (FA pendency period), which is the period from the filing date to the date on which the notice of first action result is sent in 2011 was 6.6 months. It remained stable compared to the number in 2010 (6.5 months).

The number of second actions (SAs), which are the examiners' decision following the first action was 10,455 in 2011. The period from the filing date to the second action (SA pendency period) was 11.6 months on average. Meanwhile, the average number of decisions to grant registration has remained at around 30,000 since 2007.

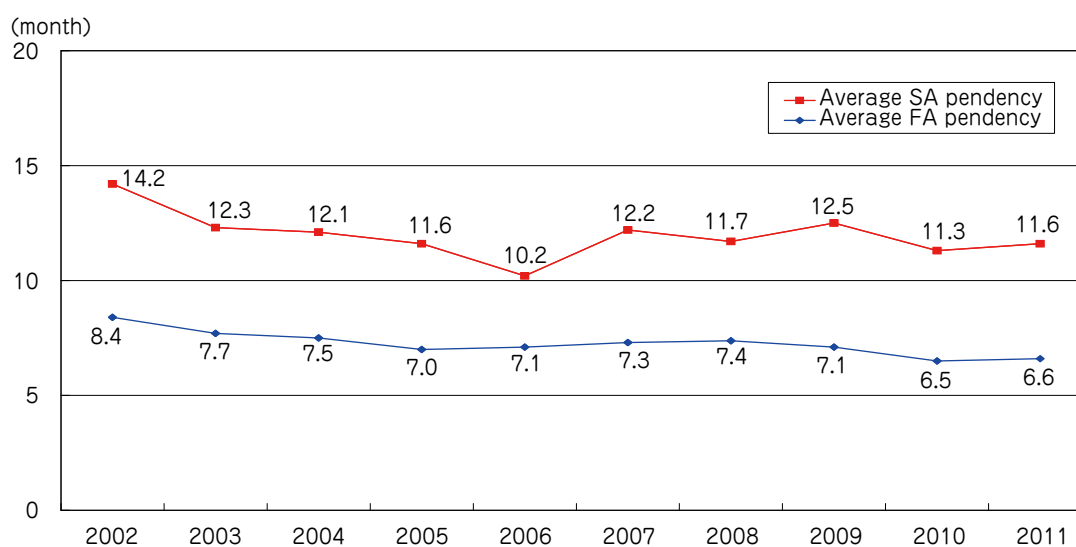
**[Figure 1-1-21 Changes in the Number of First and Second Actions and Decisions to Grant]**



Note:

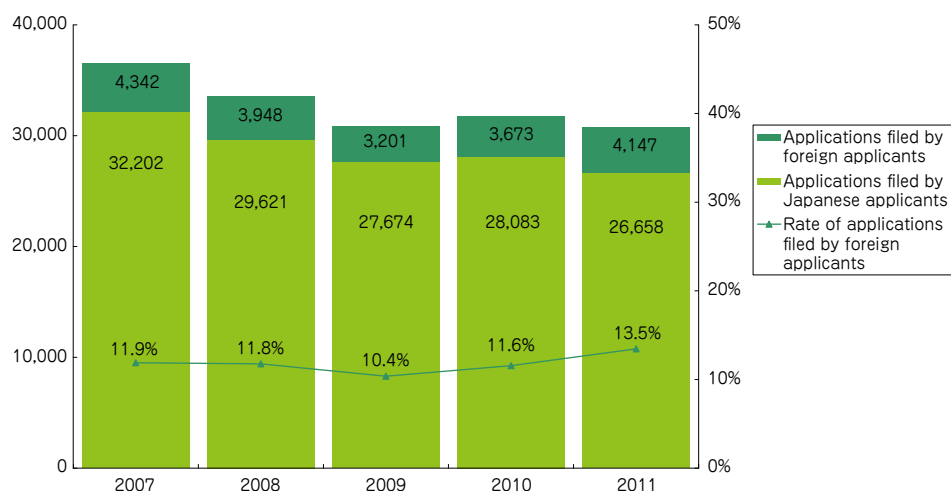
The number of decisions to grant is the total number of decisions to grant as the first action and those as the second action.

**[Figure 1-1-22 Changes in the Average First and Second Action Pendency of Design Application]**



## (2) Trends in Design Applications and Registration in Japan

**[Figure 1-1-23 Structure of Application for Design Registration in Japan]**

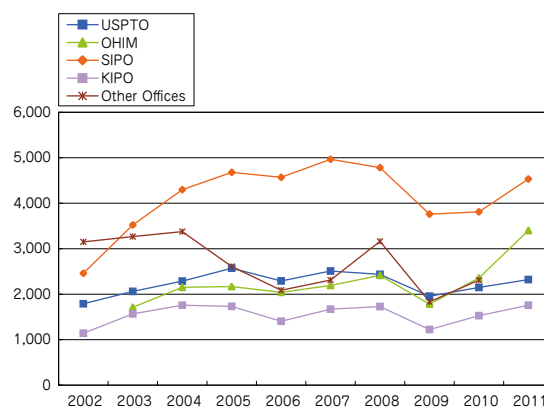


### 1) Number of Applications for Design Registration filed with the Foreign Offices by Japanese

Although the number of applications filed with the USPTO, the OHIM, the SIPO and the KIPO by Japanese applicants dropped in 2009, it started to increase again in 2010 and continued to be on an upward trend in 2011. Even though the number of applications filed with the SIPO still is the highest, the number of applications filed with the OHIM has been significantly increasing, rising about 30 % in 2011 compared to the level of the previous year.



**[Figure 1-1-24 Change in the Number of Applications for Design Registration Filed with the Foreign Offices by Japanese]**



Note:

The values of the OHIM and the KIPO refer to the number of designs filed with the OHIM and the KIPO

Sources:

USPTO: 2002 WIPO Statistics, 2003-2011 data provided by the USPTO

OHIM: OHIM website (The OHIM started to accept from 2003)

SIPO: SIPO website

KIPO: 2002-2010 KIPO website, 2011 data provided by the KIPO (provisional values)

Other Offices: Created by the JPO based on WIPO Statistics (Industrial design applications by Origin and Office (2000 to 2010))

Unit: Applications

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
USPTO	1,790	2,060	2,286	2,570	2,291	2,510	2,436	1,956	2,148	2,321
OHIM	-	1,711	2,152	2,168	2,041	2,192	2,414	1,781	2,356	3,041
SIPO	2,459	3,522	4,299	4,679	4,569	4,966	4,782	3,760	3,811	4,532
KIPO	1,140	1,566	1,757	1,732	1,404	1,671	1,728	1,222	1,528	1,757
Other Offices	3,149	3,266	3,376	2,609	2,087	2,311	3,162	1,832	2,308	-

Note:

The values of the OHIM and the KIPO refer to the number of designs filed with the OHIM and the KIPO.

Sources:

USPTO: 2002 WIPO Statistics, 2003-2011 data provided by the USPTO

OHIM: OHIM website (The OHIM started to accept from 2003)

SIPO: SIPO website

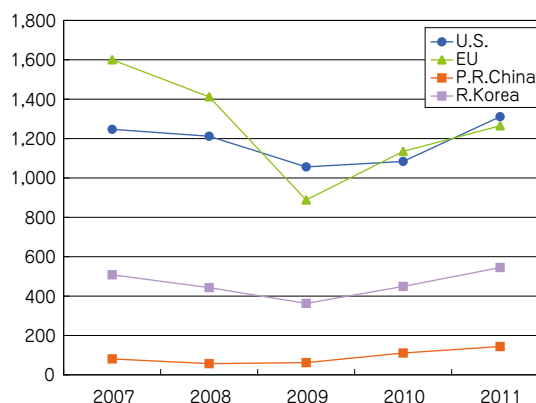
KIPO: 2002-2010 KIPO website, 2011 data provided by the KIPO (provisional values)

Other Offices: Created by the JPO based on WIPO Statistics (Industrial design applications by Origin and Office (2000 to 2010))

## 2) Number of Applications for Design Registration Filed with the JPO by Foreign Applicants

Although the number of applications for design registration filed with the JPO by US, European and Korean applicants showed a temporal decrease in 2009, it has been on an upward trend since 2010. The number of applications filed with the JPO by Chinese applicants has been gradually increasing. However, it is still at the level of 3.5 % of the total number of applications filed by foreign applicants.

**[Figure 1-1-25 Changes in the Number of Applications for Design Registration Filed with the JPO by Foreign Applicants]**



	2007	2008	2009	2010	2011	Percentage to total (2011)
U.S	1,247	1,212	1,056	1,084	1,311	31.6%
EU	1,600	1,412	888	1,135	1,265	30.5%
P.R.China	81	57	62	111	144	3.5%
R.Korea	508	443	363	449	545	13.1%
Others	906	824	832	894	882	21.3%
Total	4,342	3,948	3,201	3,673	4,147	100.0%

Note: The figures for EU are the total number of applications filed with the JPO by applicants from EU member states.





#### 4. Trademarks

This section introduces changes in the number of trademark applications, the status of trademark examination in Japan, and trends in international applications under the Madrid Protocol.

##### (1) Changes in the Number of Trademark Applications and Status of Trademark Examination in Japan

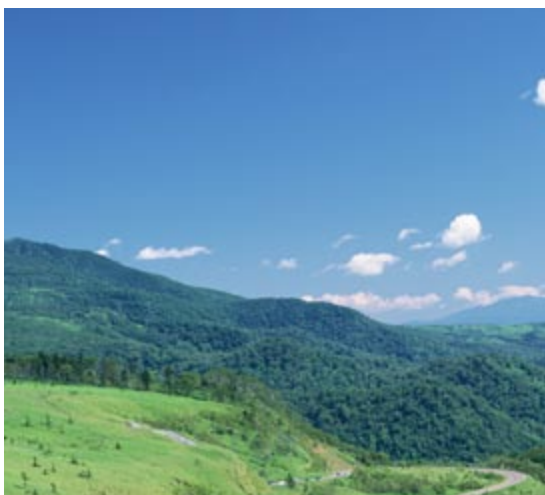
###### 1) Trends in Trademark Applications

The number of applications for trademark registration in 2011 decreased to 108,060, a year-on-year decrease of 4.8%.

Although the number of applications for international trademark registration<sup>1</sup> in 2011 increased by 14.7% over the previous year, the number of other applications for trademark registration decreased by 6.9% over the previous year.

The recent economic recession may be one of the major factors for the decrease, and another factor may be that applicants tend to select only necessary applications for trademark registration more strongly than before.

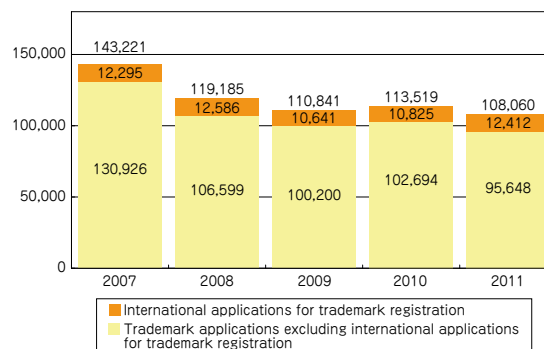
The average number of classes per trademark application<sup>2</sup> (the multiple class rates) was 1.73 in 2011, showing a slight increase over the previous year.



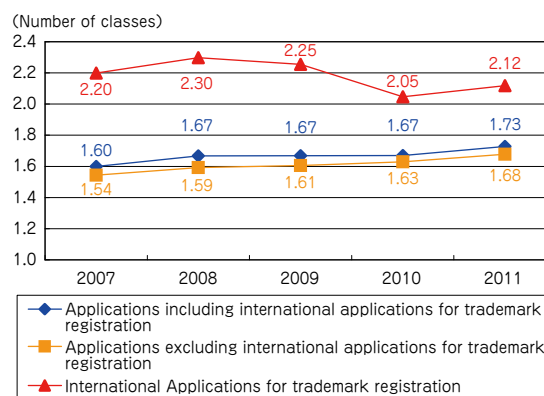
<sup>1</sup> International applications under the Madrid Protocol designating the JPO (See Article 68-9 of the trademark Act of Japan)

<sup>2</sup> When filing a trademark application, the application must designate one or more goods (services) to which the trademark should be applied and describe their corresponding classes in the request. Goods and services are classified into 45 classes.

**[Figure 1-1-26 Changes in the Number of Trademark Applications]**



**[Figure 1-1-27 Changes in the Average Number of Classes Designated per Application (multi-class rate) ]**



###### 2) Status of Trademark Examination

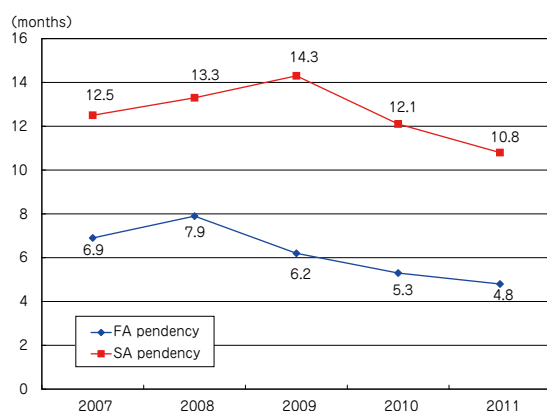
The JPO has been working to improve the efficiency of the examination process through further computerization and by using private-sector capacity<sup>3</sup>. As a result, the period from the filing date to the date of issuing the first notice of examination results (first action pendency, or FA pendency) was shortened to 4.8 months.

The period from the filing date to the date of issuing the decision following the first action (second action, or SA pendency) was shortened to 10.8 months.

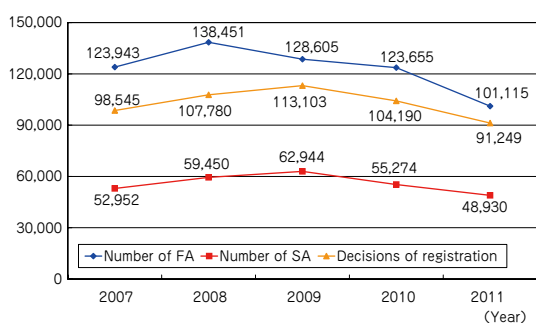
The number of trademark registrations has lingered around 100,000.

<sup>3</sup> In FY2011, preliminary searches (on distinctiveness of trademarks, unclear indication of goods and services, and similarity of figures) required for trademark examinations were conducted by the Japan Patent Information Organization (Japio). Examiners make use of these search results in trademark examinations.

**[Figure 1-1-28 Changes in the Average FA and SA Pendency in Trademark Examination]**



**[Figure 1-1-29 Changes in the Number of FA and SA and the Number of Decisions of Registration in Trademark Registrations]**



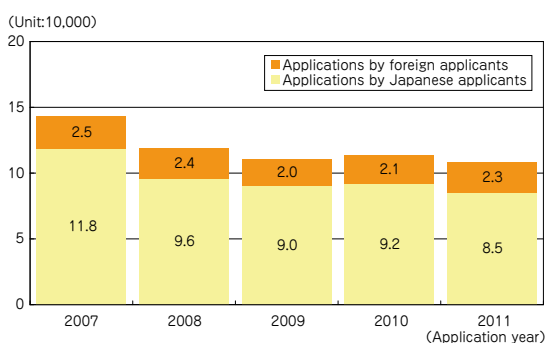
Note:

The number of decisions of registration is the total of applications for which the decision of registration has been rendered in the FA and SA.

(2) Trends in Trademark Applications and Registrations in Japan

1) Breakdown of Applications for Trademark Registration in Japan

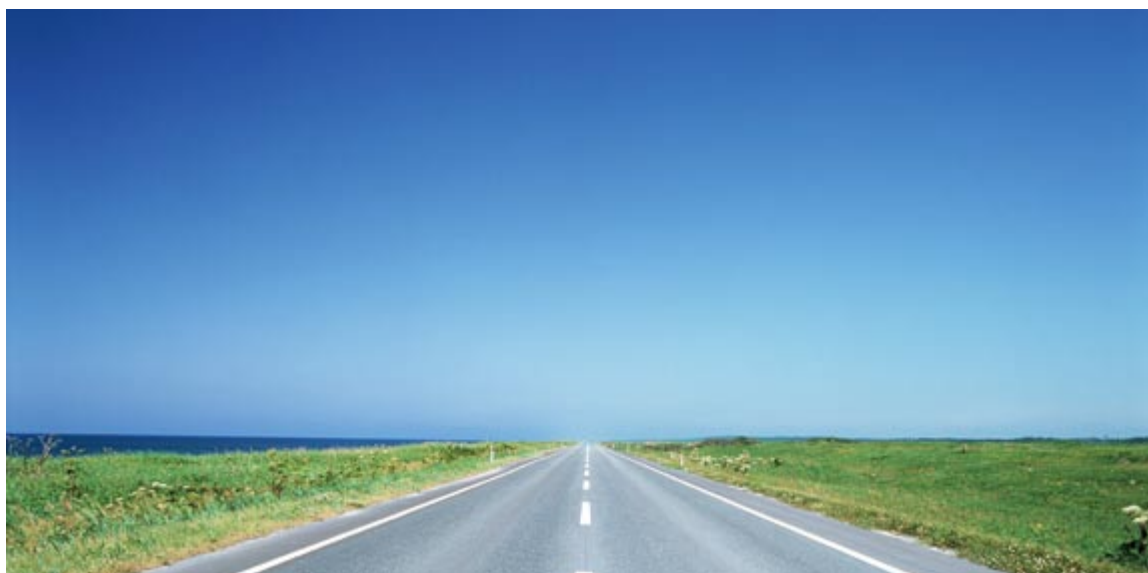
**[Figure 1-1-30 Breakdown of Trademark Applications in Japan]**



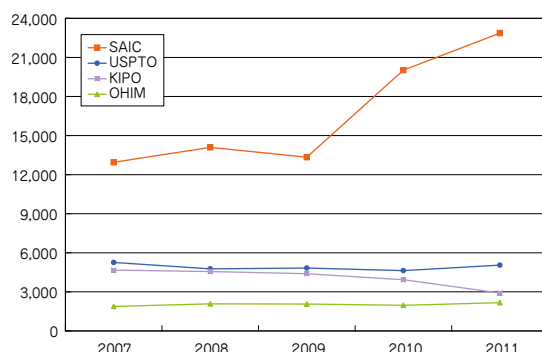
2) Number of Applications for Trademark Registration filed with the Foreign Offices by Japanese Applicants.

The number of applications for trademark registration filed with the USPTO, the OHIM and the SAIC increased by 9.1%, 9.6% and 14.2%, respectively, in 2011 over the previous year.

In particular, an increase rate of the number of applications filed with the SAIC is outstanding. This indicates that Japanese applicants are strongly interested in China.



**[Figure 1-1-31 Changes in the Number of Application for Trademark Registration Filed with the Foreign Offices by Japanese applicants]**



	2007	2008	2009	2010	2011
USPTO	5,258	4,764	4,832	4,633	5,054
OHIM	1,932	2,097	2,079	1,978	2,168
SAIC	-	14,090	13,340	20,021	22,866
KIPO	4,668	4,563	4,382	3,924	2,915

Note:

USPTO: A fiscal year refers to a period from October 1 of the previous calendar year to September 30 of the next year.

(Example) FY2011: October 1, 2010 - September 30, 2011

SAIC: The values of China in 2007 remained still undisclosed at the time of editing this report.

Sources:

SAIC: CTMO Annual Report

USPTO: USPTO Annual Report

KIPO: KIPO website (2006-2010)

Data provided by the KIPO (2011) (provisional values)

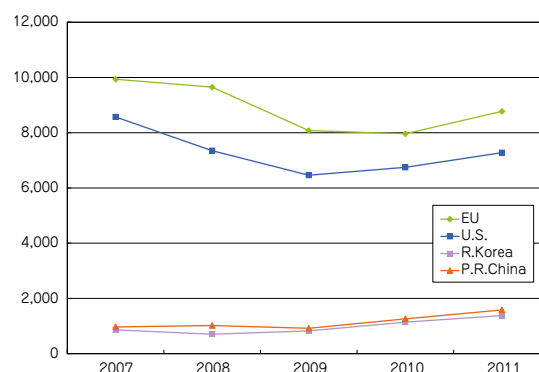
OHIM: OHIM website

### 3) Number of Applications for Trademark Registration filed with the JPO by Foreign Applicants

In 2011, the number of applications for trademark registration filed with the JPO by US, European, Chinese and Korean applicants increased by 11% from 17,108 to 19,015 over the previous year, and it has been on an upward trend as a whole.

The rate of applications filed with the JPO by Chinese applicants increased to 6.8% from 5.9% (2009).

**[Figure 1-1-32 Changes in the Number of Applications for Trademark Registration Filed with the JPO by Foreign Applicants]**



	2007	2008	2009	2010	2011	Percentage to total (2011)
U.S.	8,570 (2,093)	7,347 (1,991)	6,461 (1,767)	6,748 (1,992)	7,275 (2,320)	31.1%
EU	9,934 (6,324)	9,649 (7,662)	8,079 (6,337)	7,960 (6,005)	8,775 (6,895)	37.5%
R.Korea	862 (162)	703 (135)	822 (135)	1,141 (187)	1,381 (277)	5.9%
P.R.China	966 (688)	1,020 (712)	918 (589)	1,259 (764)	1,584 (938)	6.8%
Others	4,734 (3,003)	4,792 (2,070)	4,087 (1,802)	4,248 (1,866)	4,372 (1,980)	18.7%
Total	25,066 (12,270)	23,511 (12,570)	20,367 (10,630)	21,356 (10,814)	23,387 (12,410)	100.0%

Notes:

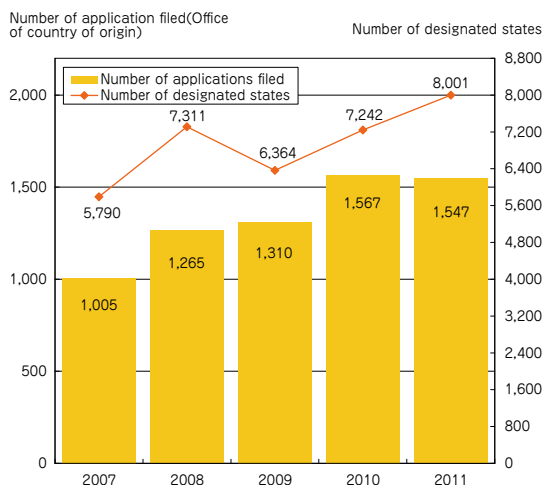
- The figures for EU are the total number of applications filed with the JPO by applicants from EU member states in Chapter 5, Applications by Country of Origin in 2010(the member states are as of March 2011).
- Figures in parentheses are the numbers of international applications for trademark registration out of the total.

#### 4) Trends of Applications for International Registration under the Madrid Protocol <sup>1</sup>

##### a. Applications filed with the Foreign Offices by Japanese Applicants (Number of International Registration Applications)

Although the number of international registration applications<sup>2</sup> filed with the foreign Offices by Japanese applicants in 2011 has remained almost unchanged over the previous year, the number of designated states increased by 10.5%.

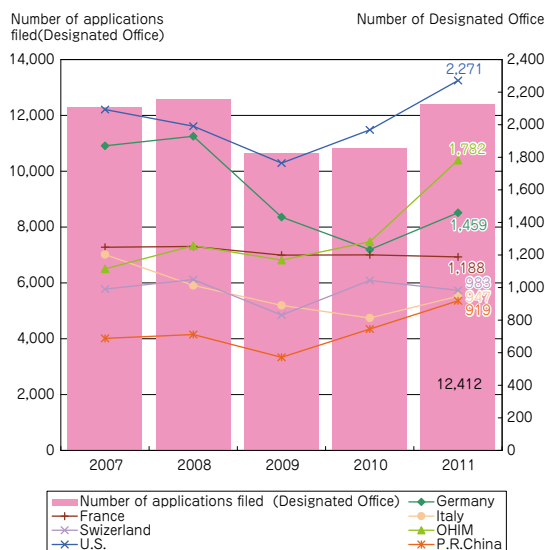
**[Figure 1-1-33 Changes in the Number of International Applications for Trademark Registration (Filed with the Foreign Offices from Japan) ]**



##### b. Applications filed with the JPO by Foreign Applicants (Number of International Applications for Trademark Registration)

The number of applications for international applications for trademark registration<sup>3</sup> filed with the JPO by foreign applicants in 2011 increased by 14.7% as a whole over the previous year. In particular, the number of applications filed by the OHIM, China and Germany increased by 39.1%, 23.4% and 18.3% respectively.

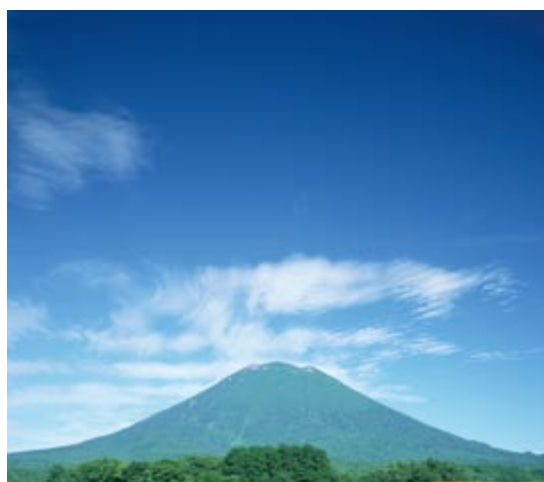
**[Figure 1-1-34 Changes in the Number of International Applications for Trademark Registration (Filed with the JPO from Foreign Countries)]**



<sup>1</sup> Outline of the international trademark application system: A request for designating an Office of contracting state (Office of designated state) for which protection is filed based on a trademark applied or registered with an Office of one of the contracting states (Office of origin) is filed for international registration with the International Bureau through the Office of origin. This application for international registration is registered internationally in the international registration list managed by the WIPO International Bureau, and it is protected in the designated state unless the Office of designated state notifies reasons for refusal within one year or 18 months in accordance with each country's declaration (18 months in the case of Japan) based on a designated notice sent from the WIPO International Bureau.

<sup>2</sup> International applications filed with the JPO as a national Office (See Article 68-2 of the Trademark Act).

<sup>3</sup> International applications filed with the JPO as a designated Office by foreign applicants (See Article 68-9 of the Trademark Act).





## 5. Appeals and Trials

The system of appeals and trials has two functions. One is to examine applications as the upper instance and the other is to settle disputes on the validity of patents. The trends of the former (appeals against an examiner's decision of refusal whose main function is the role as the upper instance) are closely related to the trends of examination in the Examination Department. In addition, the trends of the latter (post-grant trials including invalidation trials whose main function is to settle disputes) are closely related to the trends of infringement lawsuits. This section introduces the current status of appeals and trials and the situation of lawsuits against appeal/trial decisions.

### (1) Status of Appeals and Trials

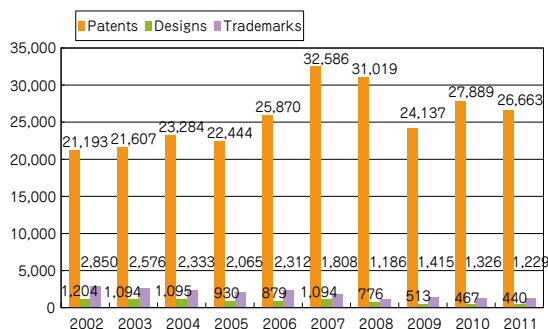
#### 1) Trends in Requests for Appeals and Trials

##### a. Trends in Appeals against an Examiner's Decision of Refusal

The number of appeals against an examiner's decision of refusal<sup>1</sup> for patents has been gradually decreasing after peaking in 2007, and it decreased by 4.4% to 26,663 in 2011 from the previous year.

The numbers of appeals against an examiner's decision of refusal for designs and trademarks were 440 and 1,229, respectively, which showed a decrease by 5.8% and 7.3% over the previous year (See Figure 1-1-35).

**[Figure 1-1-35 Changes in the Number of Appeals against an Examiner's Decision of Refusal]**

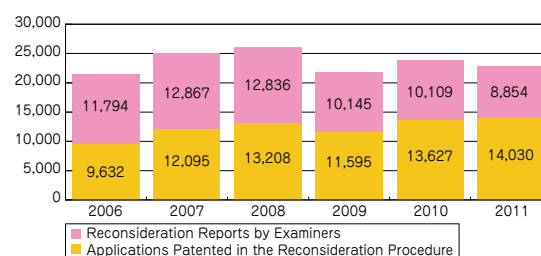


<sup>1</sup> Appeals requested to the JPO in opposition to the decision of refusal made by a patent examiner.

Looking at the results of reconsiderations by examiners before appeal proceedings<sup>2</sup> for patents in the past several years, the rate of applications for which the original decision of refusal was cancelled and a decision to grant a patent was given (the number of application patented in the procedure of reconsiderations by examiners before appeal proceedings) has been increasing.

The number of application patented in the procedure of reconsiderations by examiners before appeal proceedings has exceeded the number of applications for which the original decision of refusal was maintained (the number of reconsideration reports made to the JPO Commissioner in the procedure of reconsiderations by examiners before appeal proceedings<sup>3</sup>) since 2008 (See Figure 1-1-36).

**[Figure 1-1-36 Changes in Results of Reconsideration by an Examiner before Appeal Proceedings (Patents) ]**



<sup>2</sup> An examiner examines an application whose claims have been amended at the time of filing a request for an appeal against the examiner's decision of refusal based on the provision of Article 162 of the Patent Act. This examination is called "reconsideration by an examiner before appeal proceedings."

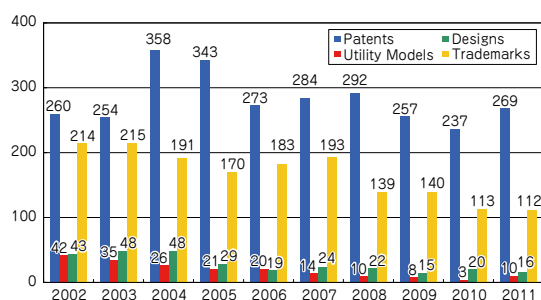
<sup>3</sup> In the case where the examiner determines that the decision of refusal can be maintained even after the amendment is made in reconsideration by the examiner before appeal proceedings, the result shall be reported to the JPO Commissioner. This report is called "reconsideration report." Then, a board of appeals conducts proceedings.

### b. Trends in Invalidation Trials

Due to the 2003 revision of law, the patent opposition system<sup>1</sup> was integrated into the invalidation trial system. This caused the number of demands for patent invalidation trials<sup>2</sup> to increase temporarily from 2004 to 2005. The number has been less than 300 since 2006.

The number of demands for invalidation trials for utility models increased in 2011 in spite of a downward trend in recent years. While the number of demands for invalidation trials for designs has been lingering around 20 in the recent several years, the number of demands for invalidation trials for trademarks has been gradually decreasing (See Figure 1-1-37).

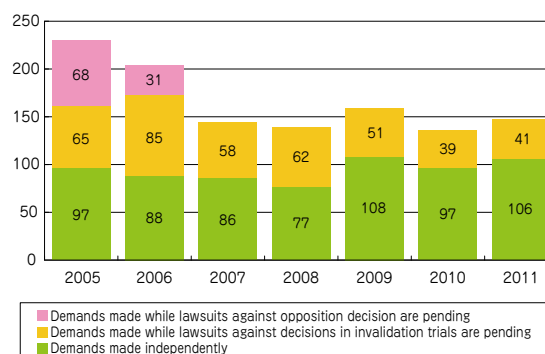
**[Figure 1-1-37 Changes in the Number of Demands for Trials for Invalidation]**



### c. Trends in Limitation/Correction Trials (Patent and Utility Model)

The opposition system was abolished due to the 2003 revision of law. As a result, the number of lawsuits against decisions on opposition was decreased. This led to a decline in the number of demands filed during the pendency of lawsuits against decisions on opposition to a patent, which accounted for a certain percentage of demands for limitation/correction trials<sup>3</sup>. After a period of falling decline because of this situation, the number of demands for limitation/correction trials of patents and utility models has remained around 150 for the last 5 years (See Figure 1-1-38).

**[Figure 1-1-38 Changes in the Number of Demands for Limitation/Correction Trials (Patents and Utility Models Combined) ]**



Note:

Total number of patents and former utility models



<sup>1</sup> A system which permits the cancellation of a patent only within a certain period after the registration of the patent right.

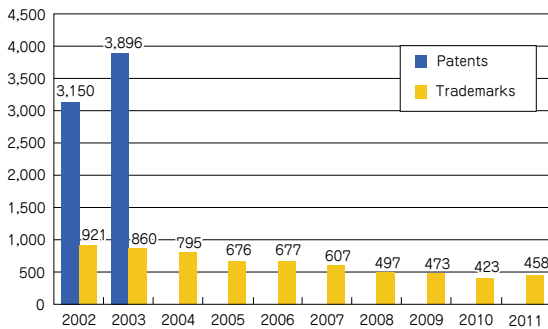
<sup>2</sup> Trials requested to the JPO for the invalidation of already-registered patents, utility models, designs and trademarks.

<sup>3</sup> Trials for limiting / correcting the description, claims or drawings on their own after patentees acquire the rights.

d. Trends in Oppositions

The number of oppositions to trademark registrations<sup>1</sup> has been gradually declining, but it increased in 2011 (See Figure 1-1-39).

**[Figure 1-1-39 Changes in the Number of Rights Subjected to Opposition]**

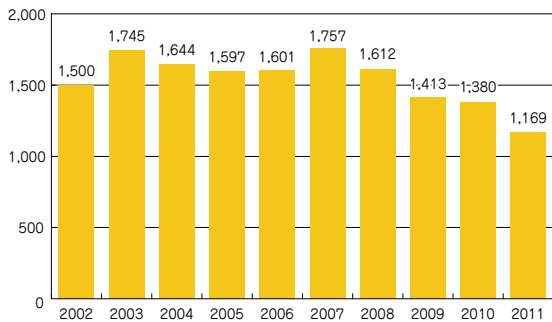


Note:  
The system of opposition to patent was abolished by the 2003 revision of law, and was integrated into the invalidation trial system on January 1, 2004.

e. Trends in Cancellation Trials of Trademark Registrations

The number of demands for cancellation trials of trademark registrations<sup>2</sup> has been declining since 2007 (See Figure 1-1-40).

**[Figure 1-1-40 Changes in the Number of Demands for Cancellation Trials of Trademark Registrations]**



<sup>1</sup> A system which permits the cancellation of a trademark right for a certain period after it has been registered.

<sup>2</sup> Trials for cancelling a trademark where an owner of that trademark right has not used the trademark for more than 3 consecutive years.

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

### a. Patents and Utility Models

The average first action pendency for appeals against an examiner's decision of refusal in 2011 was 20.1 months (See Table 1-1-41).

Looking at the appeal examination results of appeals against an examiner's decision of refusal related to patent applications, the percentage of decisions that sustained the appeal (appeal success rate<sup>1</sup>) has been on an upward trend in the past several years, and it was 54% in 2011 (See Table 1-1-42 and Figure 1-1-43).

With regard to invalidation trials, trial examinations are conducted on a preferential basis in order to contribute to early settlement of disputes over rights. In 2011, the average period for proceedings was 8.7 months (See Table 1-1-41). Oral proceedings<sup>2</sup> have been actively used in the invalidation trials of patents/utility models in order to raise the quality of the trial examination process. As a result, the number of oral proceedings conducted was 204 in 2011.

With regard to limitation/correction trials, efforts were made to speed up those trials on a preferential basis because the trials were often demanded in connection with infringement lawsuits. As a result, the average period for proceedings in 2011 was 1.9 months (See Table 1-1-41).

### b. Design

The appeal examination process against an examiner's decision of refusal went smoothly. The average first action pendency in 2011 was 6.8 months.

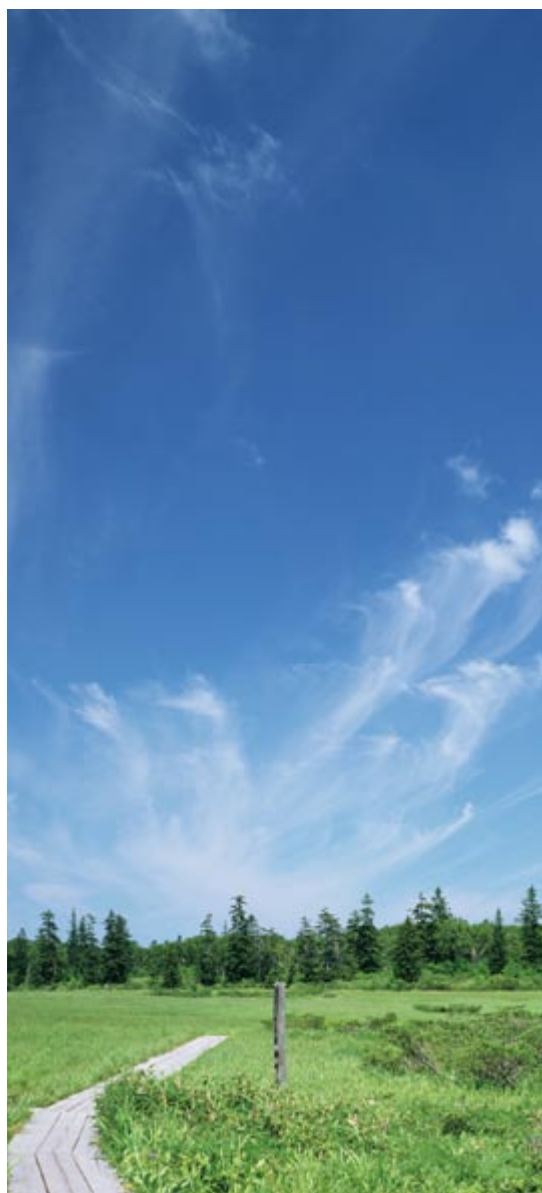
With regard to invalidation trials of design registrations, trial examinations were conducted on a preferential basis in order to contribute to early settlement of disputes over rights. In 2011, the average period for proceedings was 8.3 months (See Table 1-1-41).

### c. Trademark

The appeal examination process against an examiner's decision of refusal has become more efficient in recent years. The average first action pendency in 2011 was 8.7 months.

With regard to invalidation trials of trademark registrations, trial examinations were conducted on a preferential basis in order to contribute to early settlement of disputes over rights. In 2011, the average period for proceedings was 8.3 months.

The average period for proceedings for oppositions in 2011 was 7.9 months and that for cancellation trials was 5.8 months (See Table 1-1-41).



<sup>1</sup> The appeal success rate indicates the percentage of the Appeals Department decided that the appeal is approved to the total number of its decisions and rulings.

<sup>2</sup> In this system, the board of appeals conducts questioning orally so that the party concerned is encouraged to establish his appeal appropriately and points in issue are arranged.



【Table 1-1-41 Status of Appeal and Trial Examination Processing in 2011】

	Appeals against an examiner's decision of refusal		Invalidation trial		Limitation / Correction trials		Oppositions		Cancellation trials	
	No. of first actions *1	Average first action pendency (months) *2	No. of cases processed *3	Average trial pendency (months) *4	No. of cases processed *3	Average trial pendency (months) *4	No. of cases processed *3	Average trial pendency (months) *4	No. of cases processed *3	Average trial pendency (months) *4
Patent/ Utility model	16,064	20.1	267	8.7	145	1.9				
Design	431	6.8	17	8.3						
Trademark	1,432	8.7	104	8.3			521	7.9	1,272	5.8

Notes:

\*1. Number of cases in which the first examination results were notified

\*2. Average period from the date of appeal until the date the notification of the first examination results indispatched

\*3. Includes withdrawals

\*4. Average period from the date of demand for the trial until the date of the final disposition(decision or ruling)

【Table1-1-42 Appeal and Trial Examination Results in 2011\*1】

	Ex-parte appeals*2		Inter-partes trials*3		Oppositions	
	Appeal accepted	Appeal denied*4	Appeal accepted	Appeal denied*4	Appeal accepted*5	Appeal denied*6
Patent/Utility model	8,867	7,509	95	143		
Design	277	149	11	4		
Trademark	1,037	465	1,049	212	66	421

Notes:

\*1. Only those for which final appeal/trial decision has been made

\*2. Appeals against an examiner's decision of refusal, appeals against an examiner's decision to dismiss an amendment, and limitation/correction trials

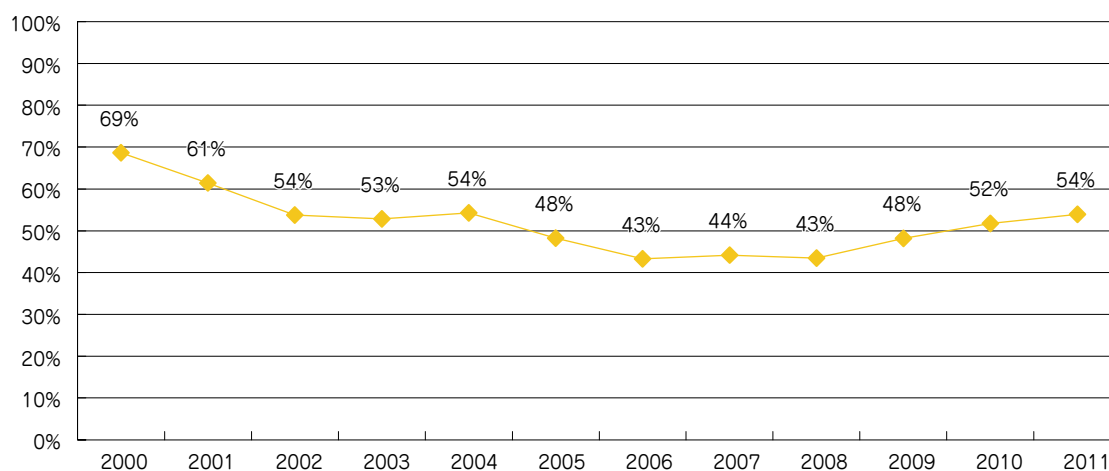
\*3. Invalidation trials and cancellation trials

\*4. Includes dismissals

\*5. Includes partial revoke

\*6. Includes dismissals

【Figure 1-1-43 Changes in Appeal Success Rate in Appeals against an Examiner's Decision of Refusal (Patent)】



Note:

The appeal success rate is the number of acceptances, divided by the total number of acceptances and the number of denials (including dismissals).

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

### 1) Trends of Lawsuits

Looking at the number of lawsuits against the JPO Appeals Department's decisions<sup>1</sup> in 2011, the number of ex-parte appeals increased in the field of patent, design and trademark, compared to 2010. With regard to lawsuits against ex-parte appeal decisions related to patents in 2011, the number of lawsuits for which the Appeals Department decided to deny their appeals was 7,509 and the number of lawsuits filed against such decisions was 195. The lawsuit-filed rate<sup>2</sup> was 2.6%, which shows an increase compared with 2.3% in the previous year (See Table 1-1-42 and Table 1-1-44).

The number of inter-partes trials in 2011 remained almost unchanged in all fields of industrial property rights, compared to 2010 (See Table 1-1-44).

### 2) Trends in the Number of Court Decisions

Looking at the number of court decisions of lawsuits against the JPO Appeals Department's decisions in 2011, the number of claims denied for patents increased over the previous year in the case of both ex-parte appeals and inter-partes trials, while that for design remained almost unchanged and that for trademark decreased over the previous year (See Table 1-1-45).

**【Table1-1-44 Number of Actions in 2011 (2010 figures in parentheses)】**

	Patent/Utility model	Design	Trademark
Ex-parte appeals*1	195(179)	5(1)	34(24)
Inter-partes trials*2	158(153)	2(2)	47(50)
Oppositions	0(0)		4(0)

Notes:

\*1. Appeals against an examiner's decision of refusal, appeals against an examiner's ruling to dismiss amendment, and limitation / correction trials

\*2. Invalidation trials and cancellation trials

**【Table 1-1-45 Number of Court Decisions in 2011 (2010 figures in parentheses)】**

	Patent/Utility model		Design		Trademark	
	Claim dismissed	Appeal Dept.'s decision cancelled	Claim dismissed	Appeal Dept.'s decision cancelled	Claim dismissed	Appeal Dept.'s decision cancelled
Ex-parte appeals*1	106(99)	27(28)	2(1)	1(0)	9(14)	12(5)
Inter-partes trials*2	75(68)	26(25)	3(2)	0(0)	22(44)	5(19)
Oppositions	0(0)	0(2)			0(2)	0(3)

Notes:

\*1. Appeals against an examiner's decision of refusal, appeals against an examiner's ruling to dismiss amendment, and limitation / correction trials

\*2. Invalidation trials and cancellation trials

<sup>1</sup> A lawsuit filed to the IP High Court for cancellation of a trial decision of the JPO by a person who is dissatisfied with the trial decision.

<sup>2</sup> A percentage of appeal decisions and rulings for lawsuits that have been filed in relation to the total number of appeal decisions and rulings.

