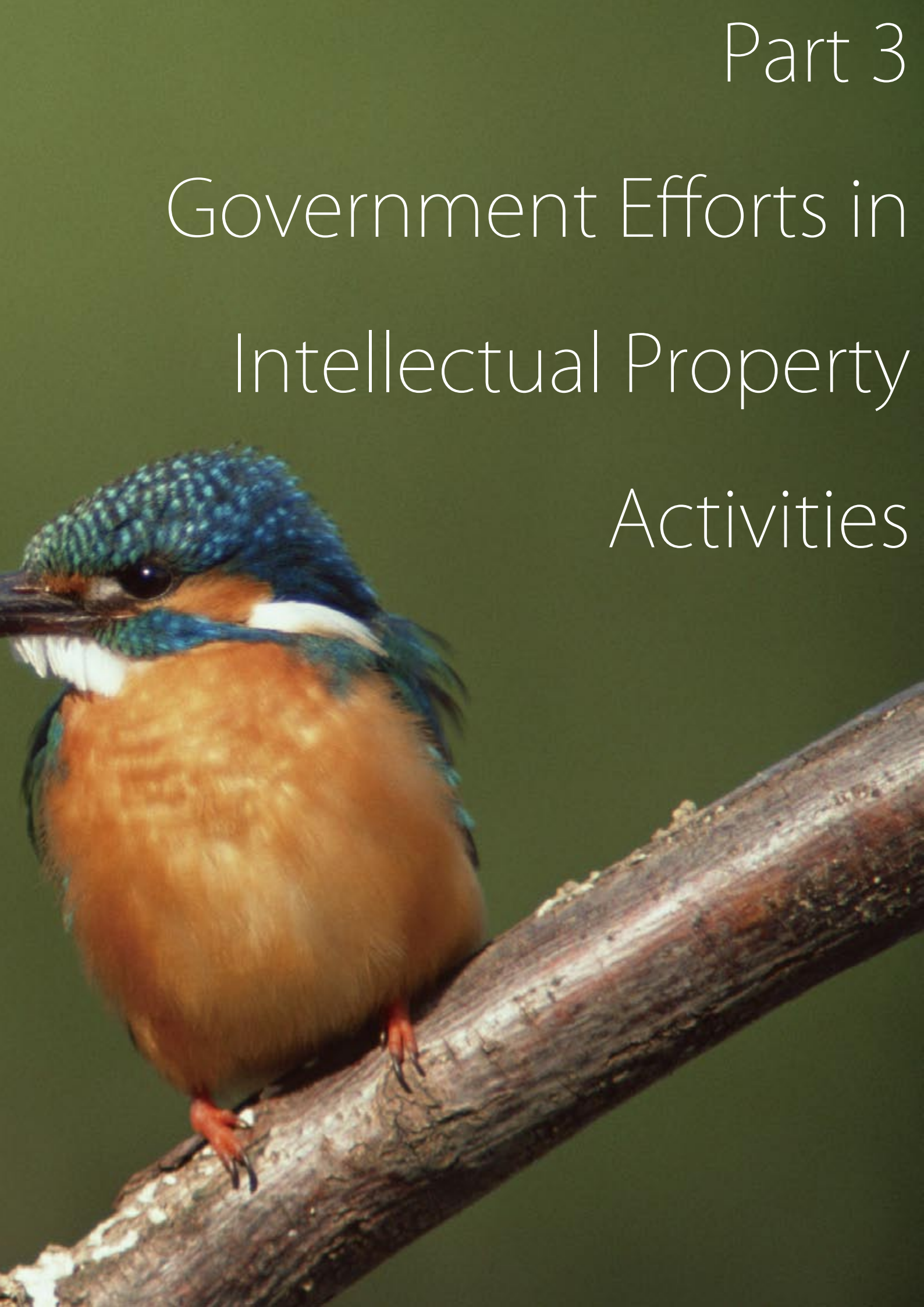
Part 3

Government Efforts in Intellectual Property Activities



Chapter 1

Efforts Undertaken for Intellectual Property

1. Current Status of Intellectual Property Strategies in Recent Years

Recently, due to advances in globalization and the remarkable development of emerging countries, the competition over markets has become more intense not only among companies but also countries. Under this circumstance, in order for Japanese companies to win against the competition and to actively expand business overseas, a high-added value strategy taking advantage of Japanese technologies and attractive designs and brands is required. In addition, it is necessary to advance the development of an environment in which each company can strategically utilize its intellectual property in the global market.

Based on this, the "Strategies to Revitalize Japan" that were forged by the Cabinet on August 5, 2011, mentions the importance of promoting international IP strategies as a means to support companies in expanding their businesses overseas[1].

In addition, the Intellectual Property Strategic Program 2012 established by the Intellectual Property Strategy Headquarters, headed by the Prime Minister, states the two comprehensive intellectual property strategies that contribute to strengthen international competitiveness of Japan in the global network era: 1) enhancing strategies to create comprehensive intellectual property innovation; and 2) enhancing comprehensive strategies to develop content that will revitalize Japan.

Bearing these facts in mind, the JPO is working to provide a much more user-friendly IP System for a wide range of entities such as SMEs and universities, while appropriately responding to the changes in the environment surrounding the IP System.

As part of these efforts, the Patent Act was revised focusing on the (i) enhancement of protection of license agreements; (ii) appropriate protection of achievements of joint research/joint development activities; (iii) improvement of usability for users; and (iv) review of the appeal system for expeditious and efficient solution of conflicts. The revised Act came into force on April 1, 2012. Moreover, as for the design system, the Design System Subcommittee of the Intellectual Property Policy Committee of the Industrial Structure Council, has been deliberating as to Japan's accession to the Geneva Act of the Hague Agreement, an international registration system of designs. It is also considering expanding the range of design-rights protection[2], aiming to support companies in expanding their businesses overseas. Furthermore, as for the trademark system, the Trademark System Subcommittee of the Intellectual Property Policy Committee of the Industrial Structure Council, has been deliberating whether to introduce a new trademark system.

1 "Strategies to Revitalize Japan (August 5, 2011)," p.9 (support for marketing and expanding business in overseas markets)
http://www.npu.go.jp/policy/policy04/index.html

2 See Part 3, Chapter 3, 2(3).

2. Provision of Useful Information to Formulate Intellectual Property Strategies

(1) Provision of Industrial Property Information

1) Industrial Property Digital Library (IPDL)

In March 1999, the JPO launched the IPDL, which provides industrial property information free of charge via the Internet in order to develop an environment in which industrial property information is used more widely and easily. Later, the INPIT took over management of the IPDL in October 2004, and the IPDL is currently accessible on the INPIT website.

The IPDL contains 84 million gazettes on patents, utility models, designs and trademarks published since the end of the 19th century; as well as gazettes published in other countries, allowing users to search related information such as the status of examinations, registrations and trials by document number, classification and key words.

New services and functions are added to the IPDL every year to improve usability and enhance services for users. For example, the IPDL introduced the following new features in May 2011:

(i) Each document of design and trademark gazettes is provided in a PDF format.

(ii) Each keyword of patent/utility search results is highlighted in a different color on the text display screen.

(iii) Search-results lists are displayed together with images of drawings (thumbnails) in the design search service.

The server was renovated in December 2011, shortening the response time in the IPDL. In March 2012, the search and inquiry service of Japanese abstracts of Chinese utility models (by machine translation) was added to the IPDL.

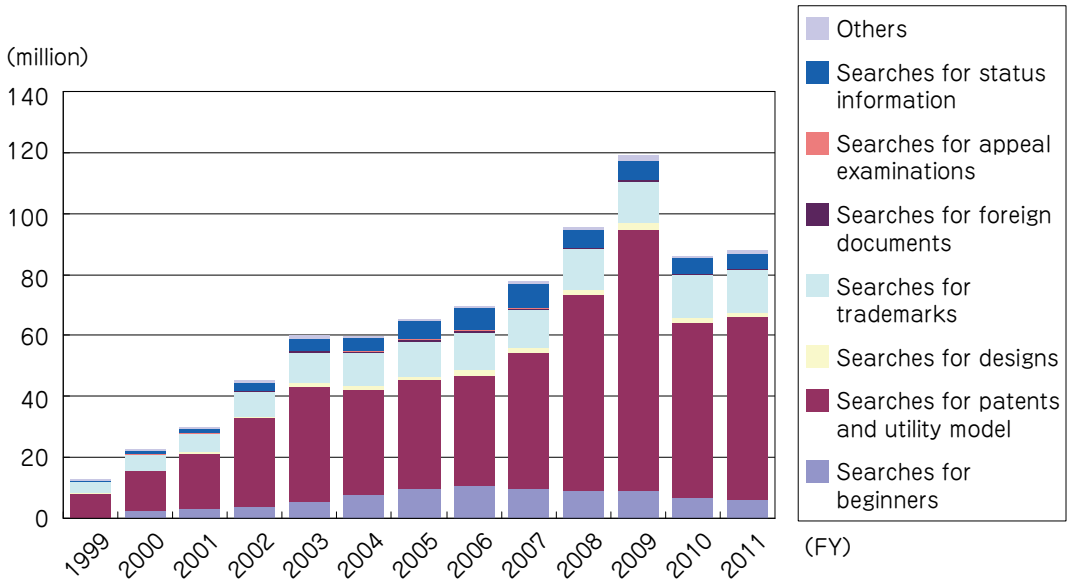
While the annual number of searches was about 12.7 million immediately after the launch of the IPDL (FY1999), the number of users has increased in line with the subsequent upgrading of services. In FY2011, the annual number of searches reached about 87.75 million (240,000 searches on average per day). However, strengthened protection against robot access, in order to ensure the usability of the service, is considered to be one of the major factors behind the drop in the number of searches in FY2010.

It is expected that the creation, protection and utilization of intellectual property will further progress in line with the increase in use of industrial property information via the IPDL.

The INPIT installed search devices in its first official gazette reference room[1] that also serves as a retrieval system for patent examiners, making them available for public use in January 2007. This allows users to search patent documents inside and outside Japan, excluding undisclosed data, at a comfortable speed.

1 JPO Building 2F

【Figure 3-1-1 Changes in the Number of Annual Searches in the IPDL】



2) Exchanging and Making Use of Industrial Property Right Information with Foreign IP Offices and International Organizations

The JPO regularly exchanges industrial property information and gazettes based on a trilateral agreement with the Trilateral Offices (JPO, USPTO and EPO) and on a bilateral basis with other foreign IP offices (SIPO and KIPO). The exchanged data on industrial property information is used for searching examination sources and prior arts in the JPO, with a part of this information being disclosed to the public through the IPDL and other means. The JPO creates Japanese abstracts data of foreign publications in Japanese from the exchanged data for use inside and outside the JPO.

In addition, the JPO regularly provides foreign IP Offices and international organizations with industrial property information so that patent applications filed with the JPO can be properly regarded as prior arts in other countries.

3) Creating and Providing Standardized Data and JPO-format data

In order to meet the diverse needs for Industrial property information, it is necessary not only to improve the IPDL, but also create an environment in which private industrial property information service providers[1] (hereinafter referred to as "private information service providers") can provide high value-added services. To achieve this goal, the JPO has reviewed its conditions for disseminating data it owns and is working on establishing a means by which users can easily access and use industrial property information. Currently, the JPO provides various items of information, such as examination legal status, that has been converted and processed into a generally accessible format, such as XML, which is referred to hereinafter as "Standardized Data", in a batch at marginal costs[2]. Patent Abstracts of Japan (PAJ) and various data created such as Japanese abstracts of US patent documents are also provided in batches at marginal costs.

These measures encourage private information service providers to enhance high-value-added services and diversify their use such as by building in-house databases in private companies and universities.

1 There are more than 200 small and large private information-service providers in Japan.
2 This refers to additional expenses that are incurred for data reproduction, empty storage media, and delivery of media. It does not include the costs for data creation and maintenance.

- Creating and Providing Standardized Data

The above-mentioned Creating and Providing standardized data started when the IPDL service started in March 1999. The work to create the organized and standardized data was transferred to the INPIT in October 2004.

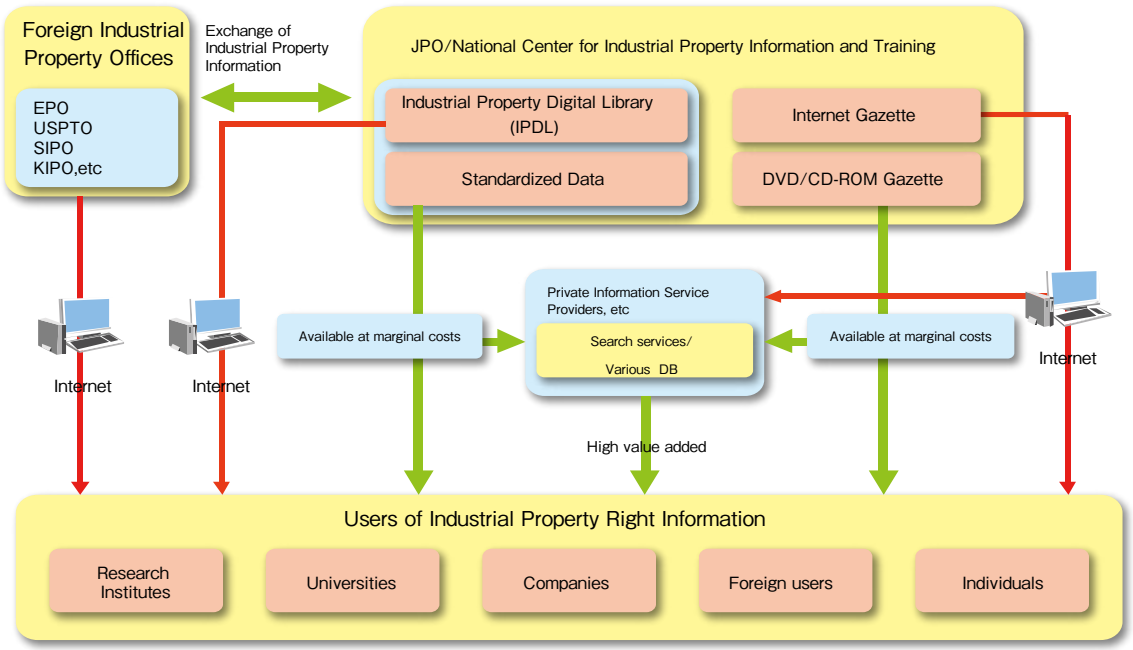
- Creating and Providing Japanese Abstracts Data

The JPO creates abstracts data of US patent documents, US publications of patent applications, and EP publications of patent applications, which cover a wide range of technical content in Japanese, using that data as examination sources when conducting patent examinations. Such data are widely available to the public through the IPDL. In addition, the JPO has started to provide Japanese abstracts data translated from Chinese utility models using machine translation since March 2012.

- Creating and Providing Patent Abstracts of Japan (PAJ)

In order for the publication of unexamined patent applications that have been filed with the JPO to be at least used properly as minimum documentation[1] in PCT international searches and international preliminary examinations, as well as prior art documentation in examinations at foreign IP offices, the JPO provides English abstracts of publications of patent applications and provides them to foreign IP offices such as PCT International Searching Authorities and International Preliminary Examining Authorities.

【Figure 3-1-2 Flow of Information on Industrial Property】



1 The minimum documentation should be searched in all cases where the International Searching Authority (ISA) creates an International Search Report (ISR) (PCT Minimum Documentation, see Paragraph 15.01 of PCT International Searches and International Preliminary Examination Guidelines).

(2) Patent Search Portal Site

To support applicants by enabling them to conduct appropriate and effective prior arts document searches, the JPO has implemented various measures, including the following, as part of improving its infrastructure to ensure even expeditious patent examination: development of the IPDL, explanatory meetings for applicants, search expert seminars, public use of retrieval system for examiners, and creation of the Patent Search Guidebook.

The JPO has also interviewed widely with applicants to obtain opinions on its policy of providing information about methods for conducting prior art searches. In these opinions, there have been some requests to increase the usability of the "Patent Search Guidebook," which gives search methods for JPO examiners, and to support prior art searches by applicants through providing relevant information in an integrated and comprehensible way. Based on these opinions and requests, the JPO established its new portal, the "Patent Search Portal Site[1]" on the JPO website on a provisional basis in March 2009. In response to the comments it received thereafter, the JPO launched an official portal site in June 2010. In July 2011, the layout of this Portal Site was changed to coordinate all pages so as to improve usability.

1 http://www.jpo.go.jp/torikumi/searchportal/htdocs/search-portal/top.html

Chapter 2

Efforts Related to Patents

The JPO has made various efforts for achieving its long-term target that is reducing first action (FA) pendency to 11 months by 2013, as indicated in the "Intellectual Property Strategic Program 2004" formulated by the Intellectual Property Strategy Headquarters in 2004.

The environment surrounding the JPO has greatly changed since that time and accordingly the needs for patent examinations have changed. In particular, issues that the JPO needs to deal with in the future have arisen such as the increase in international applications associated with globalized business activities, the decreasing proportion of Japanese patent documents in patent documents in the world, associated with the increase in applications filed by emerging countries, and continuing active discussions about formulating a common patent classification based mainly on the Japanese classification system (File Index (FI)) and the European classification system (ECLA). The needs of users for expedite patent examination and ensuring stable rights worldwide have been growing greater by year.

This Chapter introduces various efforts about expediting patent examination for achieving long-term target of reducing FA pendency to 11 months by 2013, efforts to ensure that applicants can acquire stable patent rights, efforts for international work sharing to deal with overlap applications associated with globalization, and specific efforts to achieve future patent strategies.

1. Efforts for Speed Up Patent Examination

The time periods of requesting for examination was shortened from 7 years to 3 years in October 2001. Therefore, the number of requests for examination increased temporarily to a large extent and the first action pendency was prolonged. Amid increasing concern about the prolonged first action pendency, the "Intellectual Property Strategic Program 2004" formulated by the Intellectual Property Strategy Headquarters in 2004 indicated first action pendency of 11 months by 2013 as a long-term target. The JPO has undertaken various efforts such as increasing the outsourcing of prior art document searches, increasing examiners to about 500 fixed-term examiners, and promoting a "paperless plan", all under the aim of accelerating examinations.

As a result, the number of patent backlogs decreased to 448,123 as of the end of 2011, and the first action pendency was also shortened to 25.9 months as of the end of 2011[1].

On the other hand, the JPO has offered "accelerated examination" and "super accelerated examination" in order to meet the needs of applicants for acquiring their rights early. These needs include early utilization of their R&D achievements and strategies for registering their rights based on a global perspective.

This section introduces efforts for expediting examination and meeting applicant needs for early registration of rights.

1 See Part 1, Chapter 1, 1(1)3.

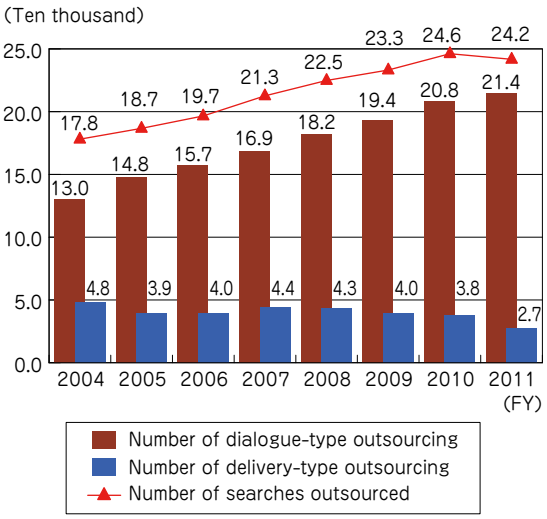
(1) Methods to Expedite Patent Examination

1) Increasing and Enhancing Outsourcing of Prior Art Document Searches

The number of prior art document searches outsourced in FY2011 decreased by 1.6% to 242 thousand, of which dialogue-style outsourcing[1] with a high level of examination efficiency accounted for 89%, or 214 thousand searches. (The figures in FY2010 were 85% and 208 thousand searches, respectively.), this shows an increase in dialogue-style outsourcing to private sectors and an improvement in efficiency.

Although the number of prior art document searches outsourced decreased due to the decrease in the number of patent backlogs, the number of dialogue-type outsourcing has been increasing. It is expected that examination efficiency will further improve by the JPO making use of dialogue-type outsourcing.

【Figure 3-2-1 Changes in the number of outsourced prior searches】



Note:
"Report submitting style" outsourcing is an outsourcing method in which the results of prior art document searches are reported by the submission of search reports.

The number of registered search organizations in charge of prior art searches is nine as of April 1, 2012. For the purpose of further increasing the number of registered search organizations, the JPO has been speaking with prospective organizations and publicizing the search-organization system.

Among the existing organizations, Techno Search, Inc. has started operations in field 17 (living related machinery) and field 19 (nursing, medical treatment and service apparatus). Advanced Intellectual Property Research Institute Co., Ltd. works in field 1 (measurement) and field 22 (metal and electrochemistry). Pasona Group Inc. works in field 7 (natural resources), field 27 (organic chemistry), field 28 (polymer) and field 34 (transmission systems). Koga Research Institute Inc. works in field 21 (metal processing). Mirai Intellectual Property and Technology Research Institute Co., Ltd. (renamed from Samurai Network Co., Ltd. in April 2012) have worked in field 32 (interface) and 33 (data processing) since April 2011 , and Technology Transfer Service Corp. has started working in field 24 (medical treatment). Advanced Intellectual Property Research Institute Co., Ltd. works in field 2 (nanophysics). Pasona Group Inc. has worked in field 2 (nanophysics) and field 37 (video equipment) since October 2011. This means that in FY2011, the total of six registered search organizations started operations in 15 fields.

In addition, with the aim of expanding the range of technical fields that can be outsourced, Techno Search, Inc. was also registered in field 16 (textile wrapping machinery) in October 2011; Technology Transfer Service Corp. in field 31 (e-commerce) in December 2011; Pasona Group Inc. in field 6 (business machinery), field 9 (living environments), field 14 (production machinery), field 19 (nursing, medical treatment and service apparatus), field 20 (inorganic chemistry), field 23 (semiconductor device) and field 32 (interface) in January 2012; and Koga Research Institute Inc. in field 37 (video equipment) in January 2012.

1 "Dialogue-style outsourcing" is an outsourcing method in which the patent examiner receives a report on the prior art search result from the searcher, together with an oral presentation by the searcher based on the report in order to raise the understanding of the examiner on the details of the invention and prior art documents.

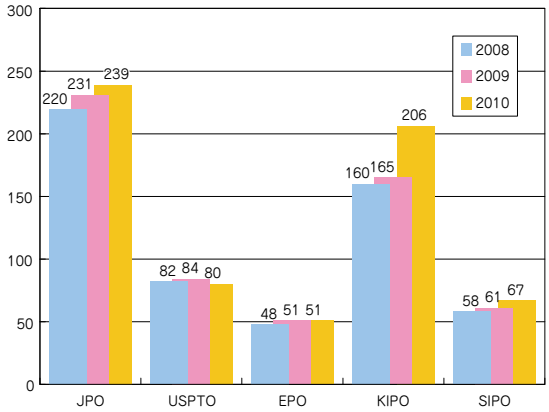
2) Ensuring for the Necessary Number of Examiners

Ahead of offices in other countries, the JPO introduced a paperless system for handling patent procedures, from the filing of an application to the decision making by examiners, and was the world's first office to outsource prior art document searches to private sector organizations (as mentioned above). As a result, the examination efficiency in the JPO has already been enhanced to a considerable degree, as seen in the fact that the number of applications examined per examiner at the JPO is about 3.0 times as much as that of the USPTO, and about 4.7 times as much as that of the EPO.

While the JPO is working to raise the efficiency of the examination process, it still will need to increase the number of patent examiners so as to greatly enhance its examination capability in terms of examination. The JPO has significantly increased the number of examiners by hiring around 490 fixed-term examiners in five years, from FY2004 to FY2008. Moreover, since FY2009, the fixed-term examiners who completed the five-year term were re-hired to maintain the JPO's examination capabilities.

With regard to the increase in examiners, the JPO needs to maintain and enhance its examination capabilities by continually ensuring that it has the necessary number of examiners in FY2012 and onwards, and be capable of promptly grant stable rights in response to users' needs.

【Figure 3-2-2 Number of Applications Examined per Examiner】



Note:
Number of applications examined is equal to the number of first actions (the number of search reports in the case of the EPO) plus the number of international search reports.
Source:
Four Office Statistical Report

【Table 3-2-3 Increase in the Number of Patent Examiners】

FY	2007	2008	2009	2010	2011	2012
Regular examiners	1,175(+1)	1,190(+15)	1,202(+12)	1,213(+11)	1,221(+8)	1,223(+2)
Fixed-term examiners	392(+98)	490(+98)	490	490	490	490
Total	1,567(+99)	1,680(+113)	1,692(+12)	1,703(+11)	1,711(+8)	1,713(+2)

Note:
The numbers in the brackets indicate the increase and decrease from a previous year.

(2) Accelerated Examination System/Super Accelerated Examination System

1) Accelerated Examination System

The JPO has implemented the accelerated examination system that makes it possible for faster examinations to be conducted, based on certain requirements.

This system targets (a) applications relating to inventions that have already been put into practice or are planned to be put into practice within two years (working-related applications), (b) applications which have foreign patent families (internationally filed applications), (c) applications filed by SMEs and venture businesses, or (d) applications filed by universities/TLOs and public research institutions which are expected to contribute their results to society. The system also targets applications involving environmental technologies (green-related applications), which became eligible for accelerated examination under a pilot program. In addition, applications filed by companies and persons affected by the Great East Japan Earthquake (earthquake disaster recovery applications) have been added to the types of applications eligible for accelerated examination since August 2011. This was done to support the recovery from the disaster so that technologies necessary for business activities may be protected and utilized in an expeditious manner.

In 2011, the average first action pendency for applications under the accelerated examination system was about 2 months, much shorter than the average for ordinary applications. The number of applications filed using this system has been increasing year by year. The number was 12,170 in 2011.

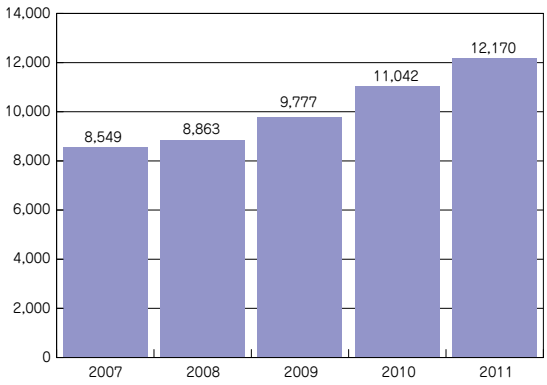
2) Super Accelerated Examination System

The JPO introduced the Super Accelerated Examination System on a pilot basis, under which applications are examined more quickly than under the conventional accelerated system. This system targets more important applications, which meet both the requirements for "working- related applications" and the requirements for "internationally filed applications".

The basic outline of the super accelerated examination system is that the first action is finished within one month from the time the petition is made for super accelerated examination (within two months in principle for DO applications[1]), and a subsequent examination[2] is also finished within one month from the submission of the written opinion/amendment. In addition, this system requires applicants to file online[3] and submit written opinions and written amendments in response to written notices of reasons for refusal within 30 days (or two months for overseas residents) from the date that notice was sent. This system, compared with the conventional accelerated examination system, reduces the period of time applicants receive final decisions.

There were 361 petitions for super accelerated examination in 2011.

【Figure 3-2-4 Change in the Number of Applications Filed under the Accelerated Examination System】



1 Applications which entered the national phase after being filed as international applications.

2 An examination conducted upon the submission of a written opinion or amendment by the applicant after the first action.

3 The applicant needs to take care of procedures online within 4 weeks after applying for super accelerated examination.

2. Efforts to Obtain Stable Rights

In order for companies to safely utilize their own intellectual property rights in the global market and to perform business activities, it is essential that patent rights be granted as stable and valid patent rights all over the world. Stable rights, to be valid in the world, require that there are no reasons anywhere for invalidation, that a clear line between other rights is set, and that the rights are not unnecessarily restrictive.

Therefore, it is important to deepen understanding of many factors such as technologies subject to examinations and related technical fields. In addition, it is important to conduct accurate prior art document searches including national and overseas documents, and implement quality control of patent examinations in a way that the results notified to applicants are based on high-quality examination procedures. In addition, it is necessary to review the examination standards, etc. where necessary in response to the opinions of users and the results of appeals/trials and judgments from the viewpoint of international system harmonization.

Furthermore, in order to promote stable intellectual property activities by applicants, it is also important to implement efforts that meet the diverse needs of users, such as support that multilaterally ensures efficient and secure acquisition of rights associated with intellectual property strategies of the applicants and support of endeavoring to make communication with the examiner as easy as possible during the examination procedures.

This section introduces efforts to ensure quality control and revise examination standards so that stable rights can be acquired. It also reports on efforts for supporting the acquisition of rights associated with the intellectual property strategies of the applicant.

(1) Efforts in Response to Users' Needs

1) Interview Examinations System

The JPO has established an interview examinations system which is used in order to ensure good communication between the examiner and the applicant or the attorney. This system, as a result, increases the efficiency of the examination procedure. (There were 4,636 interview examinations conducted in 2011.)

For SMEs, venture businesses, universities and TLOs in rural areas, the JPO has implemented circuit interview examinations. These examinations refer to examinations conducted by examiners who visit specified interview sites located nationwide in rural areas, meet applicants directly and consult with them about their applications and the technical content. In 2011, the JPO conducted a total of 886 circuit interview examinations. Moreover, the JPO has conducted video-interview examinations using a teleconferencing system installed in the Patent Offices at each Bureau of Economy, Trade and Industry.

2) Estimated Period for Initiating Patent Examination

In order to enable applicants and their attorneys to strategically manage their applications, the JPO has provided them an estimated period when the examination process for their applications is predicted to be completed. This applies to applications for which examinations have not yet started (except for applications which have not yet been published.). This system is referred to as the "estimated period for initiating patent examination" on the JPO's website.

By providing this estimated period, the JPO aims to promote discussions on the necessity of rights preservation by applicants and assist applicants in using the accelerated examination system, interview examination system, and refund of request for examination system[1], as needed.

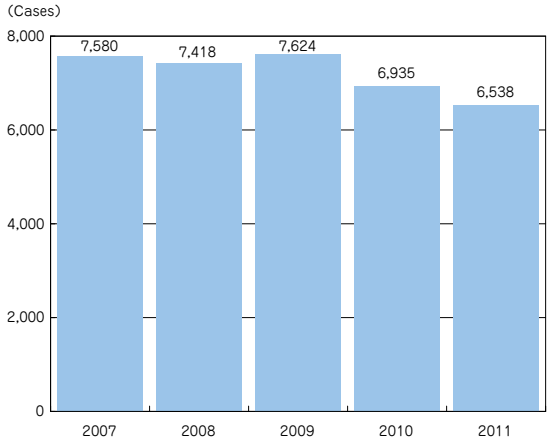
This system has been expanded so that third parties can also inquire the estimated period, enabling them to contribute to the use of the information submission system.

1 A system to refund the half of the paid annual fees for examination request by withdrawing or abandoning an application before the JPO starts to examine it and filing a request for refund within six months from the withdrawal or abandonment.

3) Submission of Information by Third Parties

The information submission system accepts useful information in the examination process. For example, this includes information on inventions, which are related to the subject patent applications, showing that they do not have novelty or inventive steps, or that the inventions do not fulfill the description requirement (Ordinance for Enforcement of the Patent Act Article 13-2). In 2011, 6,538 cases information submitted.

【Figure 3-2-5 Number of Cases When Information Was Submitted】



4) Examination in Accordance with Intellectual Property Strategies of Applicants

In recent years, business models have diversified due to globalization of business activities. In addition, the intellectual property strategies of companies have become more business-oriented. In view of these circumstances, the JPO is considering whether to examine applications en masse, which are necessary for business. Grasping the background and technical content of the businesses based on technical explanations and interviews will deal with applications based on intellectual property strategies.

(2) Efforts to Maintain and Improve the Quality of Patent Examination

1) Trends in the Quality of Patent Examination

Ensuring the accuracy of patent examination is an essential requirement for preventing unnecessary ex-post disputes and unnecessary competition in terms of applications. It is also essential for maintaining a sound patent system. In fact, recent social demand for speeding up the patent examination process, as well as for maintaining and improving the quality of patent examinations, is becoming very strong.

Various discussions have been advanced to utilize results of prior art searches and examinations conducted by other Offices for the purpose of promoting international work sharing. It is a common issue at each Office to improve the framework and procedures for achieving such high-quality patent examination. The method of assessing what degree of contribution international research reports created by the Trilateral Offices play in deliberations on the migration of national phase in each country and national phase examination as well as the standards for assessing the quality of patent examinations have been discussed at the Trilateral Conference (the JPO, USPTO and EPO) and the Meeting of IP five offices (SIPO and KIPO in addition to the Trilateral Offices).

In addition, with regard to PCT applications, Chapter 21 of "the PCT International Search and Preliminary Examination Guidelines (hereinafter referred to as "the PCT Guidelines") includes a provision on its framework for ensuring quality. It requires all International Searching Authorities and International Preliminary Examination Authorities, including the JPO, to implement high-quality international searches and preliminary examinations by establishing a "quality management system," which includes monitoring and measuring the compatibility of the system with the PCT Guidelines, continually improving upon this, and customer survey. The method of maintaining and improving the quality of patent examinations conducted by each International Search Authority and International Preliminary

Examination Authority has been continually discussed at the Meeting of International Authorities under PCT (PCT/MIA) and the PCT working group with the aim of improving the quality of international searches and international preliminary examinations.

2) Efforts Concerning Examination Guidelines

From September 2010 to June 2011, the fifth to seventh meetings of the Expert Committee on Examination Standard supervised by the Patent System Subcommittee under the Intellectual Property Policy Committee of the Industrial Structure Council were held to deliberate the requirements for description and claims[1]. Based on the results of the deliberation, the examination guidelines were revised in line with the basic principles that (i) the description of the examination guidelines where explanation is insufficient is supplemented and clarified in order to prevent overly strict determinations and correct variations among the examiners' determinations and (ii) the mismatch among requirements caused by the revisions made to the examination guidelines for the requirements for description and claims at different times is corrected. The revised examination guidelines were publicized at the end of September 2011[2].

Moreover, in April 2011, the Supreme Court decisions on applications for registrations to extend the term of patent rights[3] were made and the final appeal of the JPO was dismissed. As a result, the examination guidelines for Patent Term Extension did not match with the Supreme Court judgment in some parts. In order to appropriately examine applications that already filed under the current laws, it was necessary to review the practice as soon as possible. For this reason, from August to October 2011[4]the sixth and seventh meetings of the Working Group on the Patent Term Extension System supervised by the Patent System Subcommittee under the Intellectual Property Policy Committee of the Industrial Structure Council were held to deliberate on the Patent Term Extension System. At the meetings it was decided that the examining applications for registering an extension should be revised in a way that such does not contradict the Supreme Court decision. And furthermore, it was decided that consistent explanations must be given in all cases. Based on the results of the deliberation, the examination guidelines for Patent Term Extension were revised to ensure that the examiner shall interpret the meaning of "the working of the patented invention" taking into account the matters defining the patented invention to decide whether obtaining the disposition designated by Cabinet Order was necessary to ensure the working of a patented invention in the examination of applications for registration of extensions. The revised examination guidelines were publicized in December 2011[5].

3) Ensuring Quality of Patent Examination

In order to fulfill quality requirements for patent examinations from users such as applicants, it is important for the Art Units conducting examinations to uphold quality control activities[6] to achieving the quality required by users.

The JPO has been engaged in maintaining a quality control system at its Art Units by revising the examination guidelines and enhancing the search system. In addition, the Quality Management Office was established in response to the Advanced Measures for Accelerating Reform toward Innovation Plan in Patent Examination 2007 in April 2007. Furthermore, the JPO established the Quality Audit Section in April 2010 to further improve the system.

1 The minutes, etc. are publicized on the JPO website. http://www.jpo.go.jp/shiryou/toushin/shingikai/shinsakijyun_menu.htm

2 See http://www.jpo.go.jp/torikumi/t_torikumi/kisaiyoken_shinsa_kaitei.htm for the outline of the revision.

3 2009 (Gyo-hi) 324-326 (the original document is 2008 (Gyo-ke) 10458-10460)

4 The minutes, etc. are publicized on the JPO website. http://www.jpo.go.jp/shiryou/toushin/shingikai/encyo_seido_wg_menu.htm

5 See http://www.jpo.go.jp/torikumi/t_torikumi/tokkyoken_encyo_kaitei.htm for the outline of the revision.

6 ISO9000, an international specification of quality management, defines "quality control" as "part of quality management focused on fulfilling quality requirements."

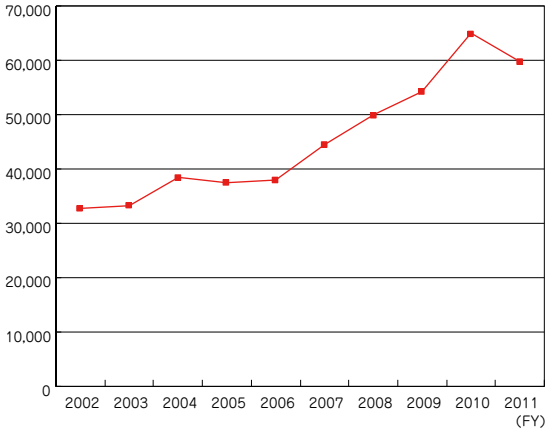
Under this quality management system, the JPO has maintained and improved the quality of patent examinations through a) quality control performed on a regular basis at each Art Unit, b) collection and utilization of information related to quality, and c) external efforts aiming at examinations that comply with the laws, regulations and examination guidelines that ensure uniform decisions by examiners. This requires implementing necessary and sufficient searches, and conducting highly-satisfactory examinations based on smooth communications with the applicant.

a. Quality Control at Art Units

Each Art Unit, where applications of each technical field are examined, works to achieve quality control in terms of conducting proper examinations of individual cases based on the Examination Guidelines that are applied by all examiners. This is done by having several examiners consult with each other and having directors check the content, etc.

In particular, consultations between examiners have been regularly held in recent years, and in FY2011, over 60,000 consultations were conducted.

【Figure 3-2-6 Changes in the number of consultations being conducted among examiners】



b. Collection and Utilization of Quality Related Information

In the JPO, third parties review the ex-post analysis of the examination results of individual cases, gather user reviews, and analyze related statistical information. In addition, the results of the analyses are utilized to improve the quality of examinations. Feedback is given to the Art Units as a means of supporting quality control at each Art Unit.

Internal reviews are made to check whether the cases conform with laws and guidelines, whether each examiner makes a decision in a unified manner, whether the examinations were done efficiently by taking into consideration whether there was a smooth line of communication between the applicant/patent attorney and the examiner, and whether an international search report and an international preliminary examination report was available to and used by the applicant and the Designated office, etc.

In FY 2011, there were 144 internal reviews, 120 PCT cases, and 4,800 formal matters[1] of written notices of reasons for refusal. Moreover, user reviews were gathered and analyses were made of the reviews. These and PCT cases were examined in collaboration with related departments and feedback on the results of the analyses was used to decide measures to ensure quality, with the results advised to users.

c. External Efforts

The JPO has been regularly holding meetings to enable the Examination Standards Office, Quality Management Office and users can exchange opinions. At these meetings, the JPO explains the outline of its efforts to maintain and improve the quality of the patent examination processes such as utilizing user reviews and calling for cooperation in providing opinions and requests on the patent examination processes. The information obtained is used to ensure quality control of patent examinations by the Art Units and to further enhance the quality control system.

1 A check of matters which can be determined only by the content of description of written notification of reasons for refusal such as error in the ground article of reasons for refusal.

3. Efforts for International Work Sharing

Following the global increase in the patent applications amidst the ongoing globalization of economic and business activities, and the increasing importance of intellectual property along with such globalization, the number of duplicate applications, i.e., the same invention being filed in multiple offices, is increasing. In line with this, the examination workload at each office has been increasing. Under this situation, the JPO is promoting work sharing of patent examinations with various IP offices, using the framework of international cooperation to improve the accuracy and efficiency of examinations worldwide under the aim of creating an environment where applicants can tightly protect their intellectual property worldwide.

The principle of work sharing is for each IP office to use the results of searches and examinations released by other offices. Doing so makes it possible to raise the efficiency of examinations and to give more credibility to the examination results by considering the validity of the searches and examination results of other offices. Utilizing the valid parts can eliminate duplicate work, while each office searches and examines the invalid parts.

Thus, it is important for each office to release the search and examination results at an early stage so that other IP offices can make use of it at the most appropriate level, in order to ensure that bi-directional work sharing at various levels truly functions as designed. The JPO's efforts on these issues are as follows (articles (1) and (2)).

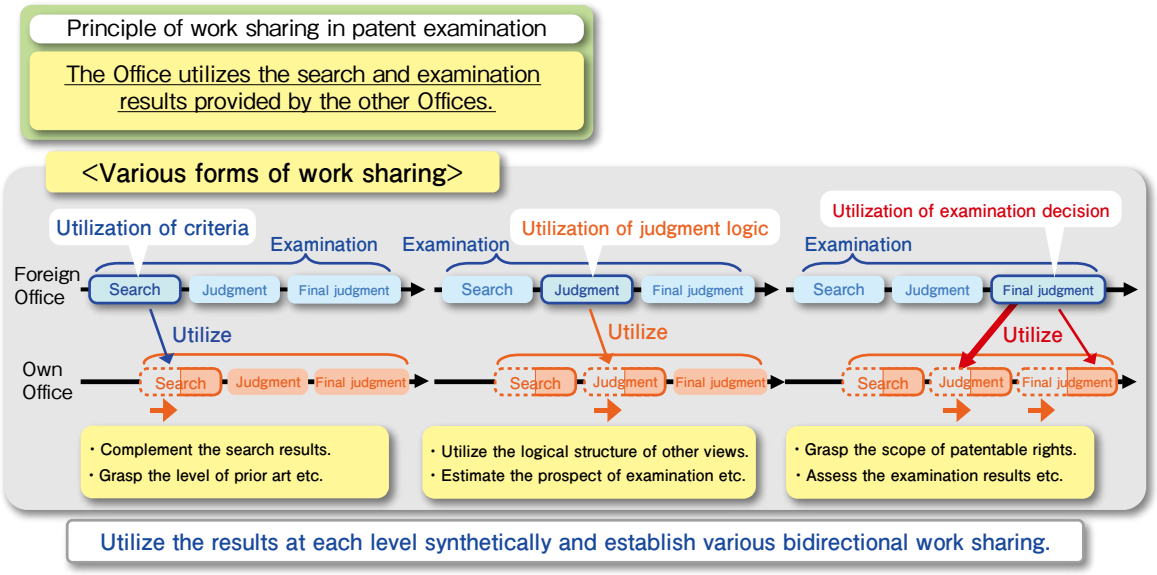
(1) Patent Prosecution Highway (PPH)

The Patent Prosecution Highway (PPH) is a framework set up to allow an application that was determined to be patentable in the Office of First Filing (the office with which the applicant first filed the patent application), to be given an accelerated examination under simplified procedures in the Office of Second Filing.

By enabling all the offices to make use of search and examination results of other offices applicants can acquire efficient, stable and strong patent rights in multiple countries and regions.

Moreover, the above-mentioned framework was expanded, and a pilot program for the Patent Prosecution Highway (PCT-PPH) was launched in January 29, 2010, which allows accelerated examination with simplified procedures at the national phase of PCT applications for applications determined to be patentable in the written opinion at the

【Figure 3-2-7 Concept of work sharing in patent examination】



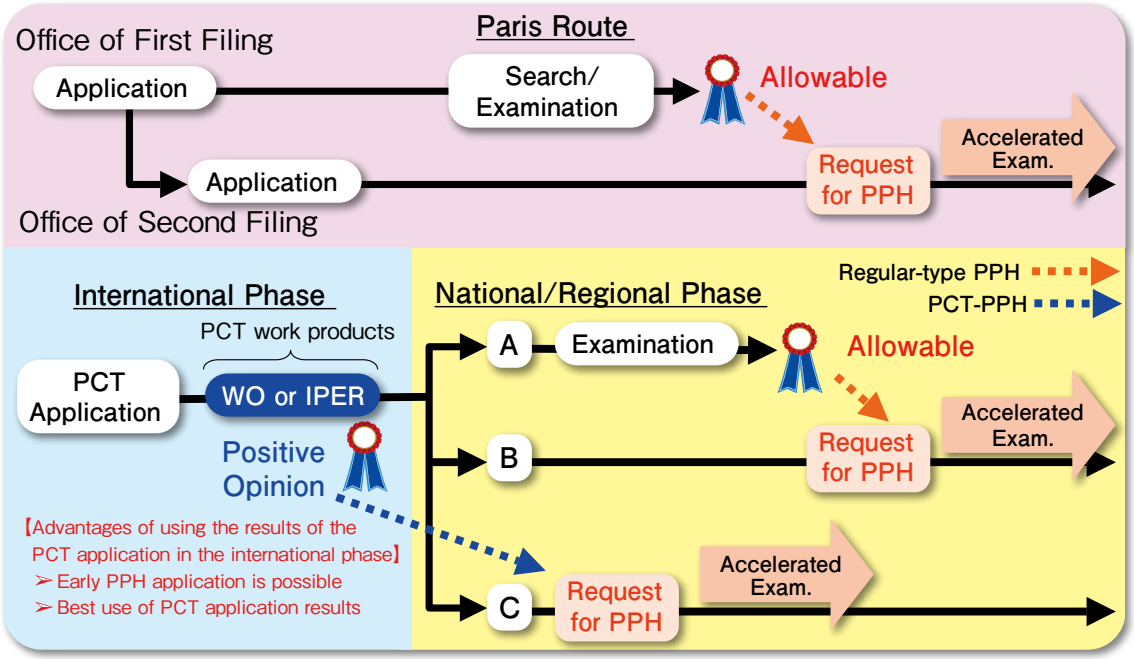
international phase of PCT applications, or in the international preliminary examination report.

In addition, on July 15, 2011, the PPH MOTTAINAI program started. It is a pilot program for the Patent Prosecution Highway that has fewer requirements. This program allows a patent application filed under the PPH based on the examination results issued by any participating country which determined that the application is patentable regardless of which office among eight it was first filed with (Japan, the United States, the United Kingdom, Canada, Australia, Finland, Russia and Spain). The EPO has participated in this pilot program since January 29, 2012.

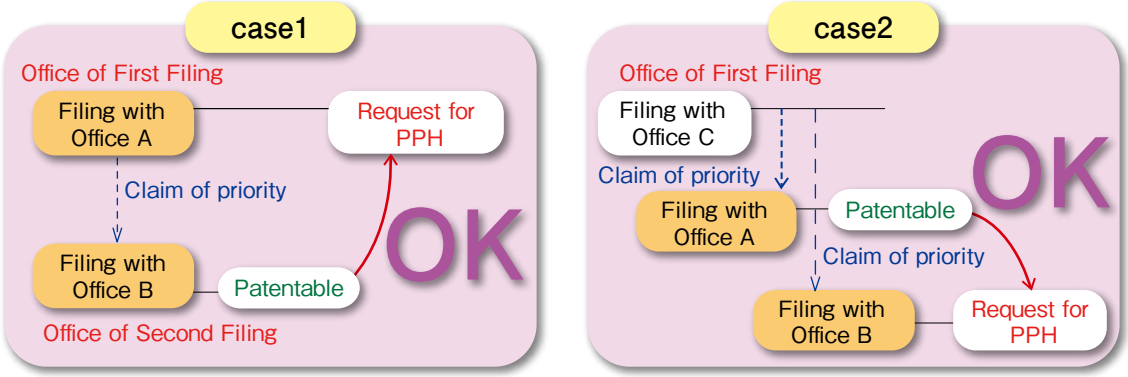
An applicant using the PPH can receive three major benefits.

The first benefit is improved patent quality. The grant rate of applications from the USPTO to the JPO is usually 44.8%, while the grant rate of applications using the PPH is as high as 72.4% (2011). The foreseeability of acquisition of a patent becomes higher for the applicant and it is possible to acquire a more stable right, as examiners in the JPO and the USPTO examine the application based on the same claims in principle.

【Figure 3-2-8 Outline of the Patent Prosecution Highway : Regular-type PPH(above) and PCT-PPH】



【Figure 3-2-9 Cases in which the Request for PPH is Allowed under the PPH MOTTAINAI program】



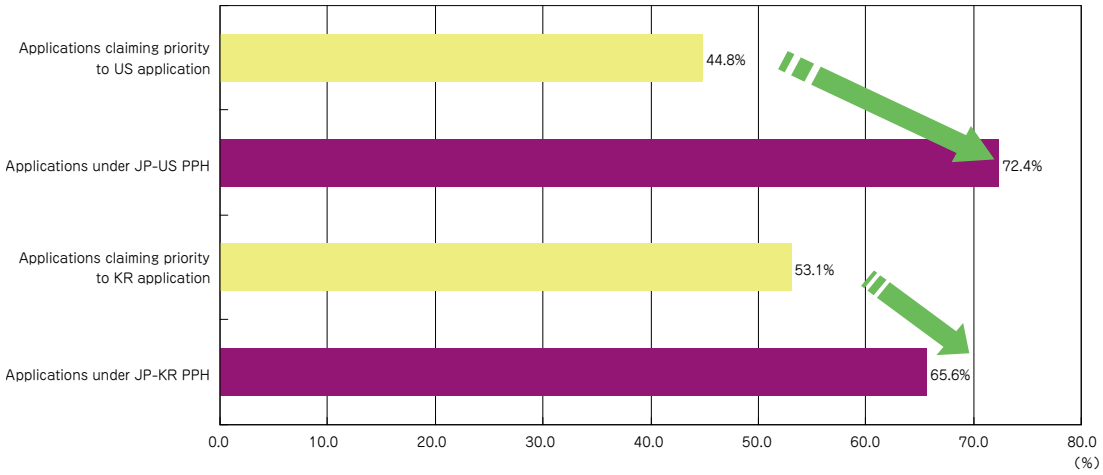
The second benefit is accelerated examinations. For example, in the JPO, the average first action pendency from the filing of an application up to the commencement of examination, was about 25.9 months in 2011, while the examination pendency of PPH applications, from the acceptance of the PPH request up to the commencement of the examination, was about 1.7 months in 2011.

In addition, the average pendency, from the commencement of examination to the final decision, is usually about 10.4 months for applications filed preferentially in the USPTO to the JPO, while that of applications using the PPH is about 5.5 months (2011).

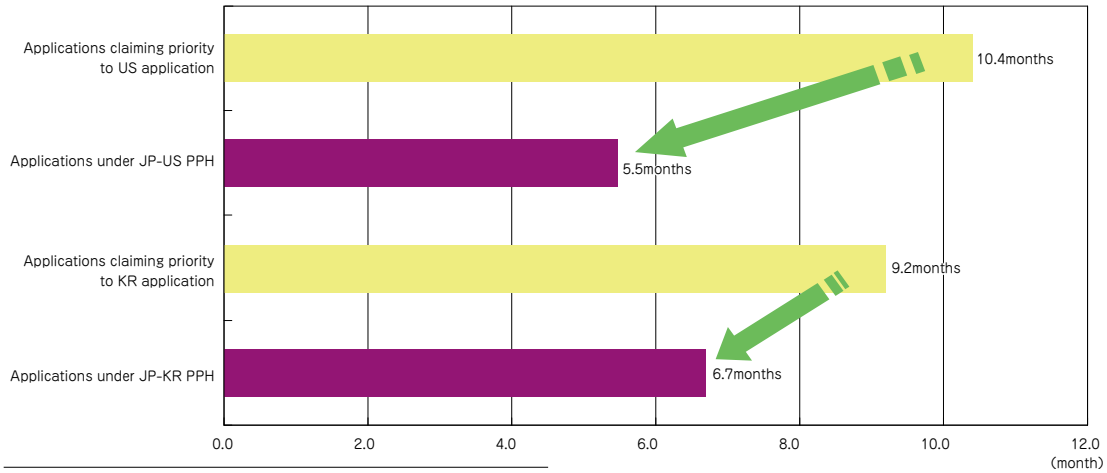
The third benefit is reduced costs to acquire rights. It can be assumed that once a reason for refusal has already been sent by one office, it is not necessary for all the other offices to send notifications. As a result, volume of correspondence between the examiner and the applicant is less, thereby reducing the cost. This enables the applicants to save the costs when acquiring patents, so they can invest the amount saved in additional R&D activities.

On the other hand, examiners can examine applications using the examination results of other offices so that it is possible for them to reduce their workload and make more efficient use of their time by examining other applications. This contributes to overall expeditious examination.

【Figure 3-2-10 Benefits of using PPH (Grant Rate at the JPO) (2011)】



【Figure 3-2-11 Benefits of using PPH (Average pendency from FA[1] to final decision at the JPO) (2011)】



1 The first examination to be conducted after the examination request by the applicant.

(2) JP-FIRST (JP-Fast Information Release Strategy)

As described above, the principle of patent examination work sharing is for each office to utilize the search and examination results released by other offices. However, due to the prolonged first action pendency in the JPO, examination results for applications in which the Office of First Filing is the JPO, could not be provided before examinations were initiated in the Office of Second Filing. As a result, the results of the Office of First Filing could not be used for the examination decision in the Office of Second Filing

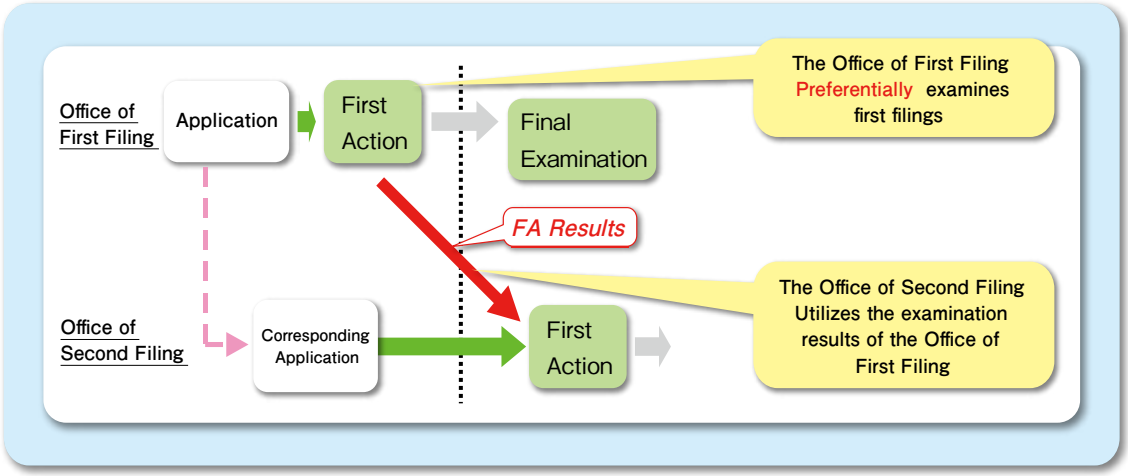
Due to this circumstance, the JP-FIRST was implemented in April 2008 in order to solve the above problem, taking into consideration the patent system of the JPO. This includes an examination request system that has a period of three years, and a framework to conduct international searches for PCT applications.

JP-FIRST is a framework in which:

- The JPO prioritizes examinations of patent applications for which examinations have been requested within two years from the filing date among patent applications which are eligible for priority under the Paris Convention[1] (PCT applications are not subject to JP-FIRST).
- The JPO conducts the examination in principle within six months from the later date of either the examination request date or the publication date, and no later than 30 months after the filing date.

This ensures that the examination results of the first action by the JPO are utilized in the examination in the Office of Second Filing. In 2011, examination results for 7,109 applications have been released abroad earlier through this program. This is expected to enable Japanese applicants to acquire appropriate patent rights in foreign offices. Providing the results of the first action by the JPO earlier alleviates the amount of examination workload at all offices overall, So promoting the utilization of these results in foreign offices is important.

【Figure 3-2-12 Outline of JP-FIRST】



1 In the case where an applicant who filed the application at a country of the Union of the Paris Convention (country of first filing) intends to file the content described in application documents of the patent application at another country of the Union of the Paris Convention (county of second filing), he or she claims the right to handle the judgment on novelty, inventive step, etc. in the same way as that made in the filing date at the country of first filing only when the period from the first filing date to the second filing date is less than 12 months.

4. Reviewing the Patent Systems

In 2011, the Patent Act was partially amended to strengthen protection for license agreements, to provide inventors with proper protection for their inventions made as a result of joint research and joint developments, and to improve user convenience. The amendment focuses on 1) Review of the perfection system for non-exclusive licenses, etc. 2) Establishment of remedial measures against misappropriated applications, and 3) Reviewing the provision for exceptions to lack of novelty of inventions.

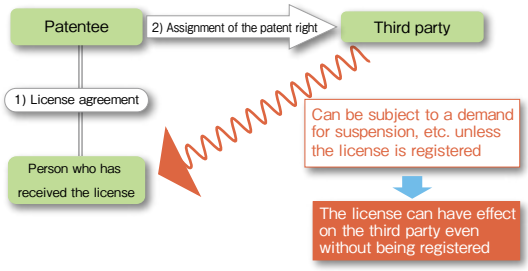
(1) Review of the Perfection System for Non-exclusive Licenses, etc.

Under the conventional system, registration with the JPO is required for a non-exclusive licensee to assert license rights against third parties. Therefore, a non-exclusive licensee who fails to register the non-exclusive license would risk receiving claims for an injunction and damages from third parties such as the assignee of the patent. However, the registration system for non-exclusive licenses is rarely used because of procedural burdens, etc.

On the other hand, in recent years, it has become increasingly impractical to develop and manufacture one product by using internal technologies only due to the participation in open innovation projects and the advancement and diversification of technology.

In order to provide non-exclusive licensees with proper protection and to ensure the stability and continuity of corporate business activities, an amendment was made to introduce a new system(automatic perfection system), which allows non-exclusive licensees to assert their license rights against third parties without registration. At the same time, a similar system was introduced for provisional non-exclusive licenses, i.e., licenses granted based on pending patent application.

【Figure 3-2-13 Introduction of the Automatic Perfection System】



(2) Establishment of Remedial Measures against Misappropriated Applications

Recently, it has become a widespread practice for companies, universities, etc., to jointly develop technologies and products. As a result, misappropriated applications or violations of the obligation of joint application procedure (hereinafter "misappropriation, etc.") are more likely to occur.

Under the conventional system, any true right holder who suffers the filling of a misappropriated application may request a trial for invalidation of the patent right granted in response to the misappropriated application and have the patent invalidated. However, the remedies available for the true right holder are insufficient because of the absence of systems that allow the true right holder to retrieve the patent right.

Therefore, it has been specified that, if a patent is granted in response to a misappropriated application, etc., the true right holder may, based on the right to obtain a patent, demand that the patentee who has obtained the patent right by filing a misappropriated application return the patent right.

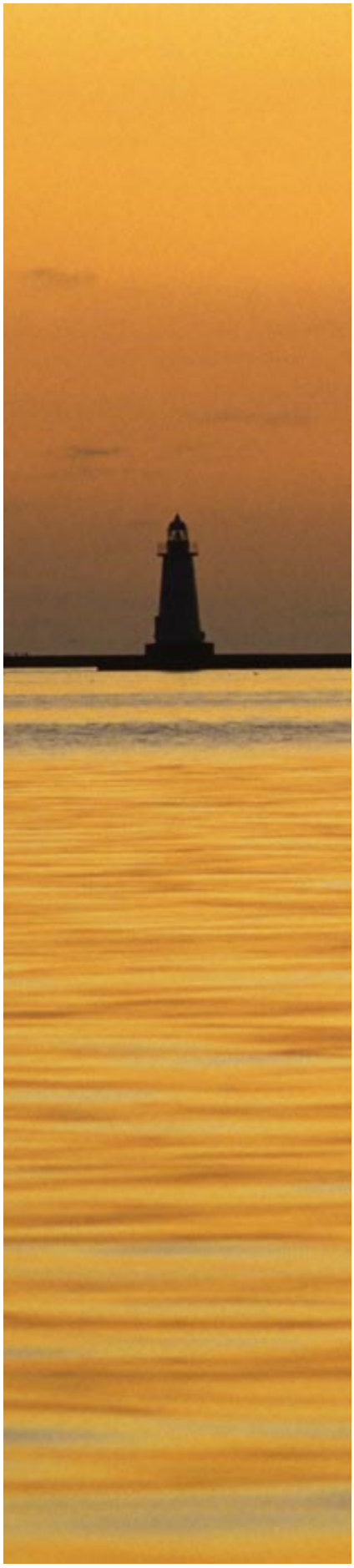
Moreover, it has been specified that, if a patent right is transferred to the true right holder, in order to prevent the exercise of rights by the true right holder from being prohibited for the reason of misappropriation, misappropriation would no longer constitute a reason for invalidation, etc.

(3) Reviewing the Provision for Exceptions to Lack of Novelty of Inventions.

The Patent Act has stipulated that an invention published before any application has been filed for that invention shall be exceptionally handled as one that has not lost novelty, if certain requirements are met.

However, the provision limited applicable inventions to those which have become publicly known based on tests, presentations in printed publications, presentations through electronic telecommunication lines, presentations in writing at a study meeting held by an academic group designated by Commissioner of the JPO, and exhibitions designated by Commissioner of the JPO,etc. So, this limitation made it impossible to sufficiently deal with diversification of publication formats.

As a result, it was decided to expand the scope of the exception to lack of novelty of inventions, and to include inventions that have become publicly known as a result of an act of the person having the right to obtain a patent. This fully covers inventions that have become publicly known regardless of the format of publication.



5. Initiatives to Achieve Future Patent Strategies

The international environment surrounding intellectual property is drastically changing because of economic globalization and the expansion of emerging markets such as Asia. Japanese companies expand their intellectual property strategies on a global basis. Under such a situation, the number of applications filed by Japanese to foreign offices has greatly increased. In addition, the regions where the applicants filing tendency have changed, from the Trilateral Offices (the JPO, EPO and USPTO) to the five offices, namely the Trilateral Offices plus the KIPO and the SIPO.

And with China becoming the second largest economic power, surpassing Japan, the number of lawsuits in China has been rapidly increasing along with the outstanding increase of number of patent applications. There are concerns that intellectual property disputes will become even more heated in the future.

In view of these circumstances, the JPO formulated and publicized the "International Intellectual Property Strategies[1]" in July 2011 with the aim of improving the international IP infrastructure so that Japanese companies can smoothly conduct businesses all over the world.

The International Intellectual Property Strategies consist of (i) direction of patent strategies, (ii) direction of design and brand strategies and (iii) support for companies that conduct businesses worldwide. The Strategies' goals are to advocate establishing stable rights in Japan, which will be accepted worldwide; and creating an environment in which those rights are acquired in an expeditious manner in other countries.

This section introduces specific measures addressed by the JPO for the purpose of achieving these patent strategies.

(1) Working toward International Patent System Harmonization

1) Creating International Patent Networks

a. Expanding and Developing the PPH

After the launch in July 2006 of the pilot program of the world's first PPH[2] between the JPO and the USPTO, the number of applications filed under the PPH has steadily increased.

A high number of cases have been recorded under the PPH programs implemented between Japan and the United States and between Japan and South Korea. As of the end of December 2011, 4,703 requests to the USPTO and 1,438 requests to the JPO have been filed under the US-JP PPH, while 1,025 requests to the KIPO and 160 requests to the JPO have been filed under the KR-JP PPH.

The JPO supports applicants to acquire stable and expeditious rights abroad and also endeavors to increase the number of countries and regions with which it has PPH agreements in order to improve the quality of examination and alleviate the examination workload by utilizing the examination results of each office.

a) Increasing PPH Countries and Regions

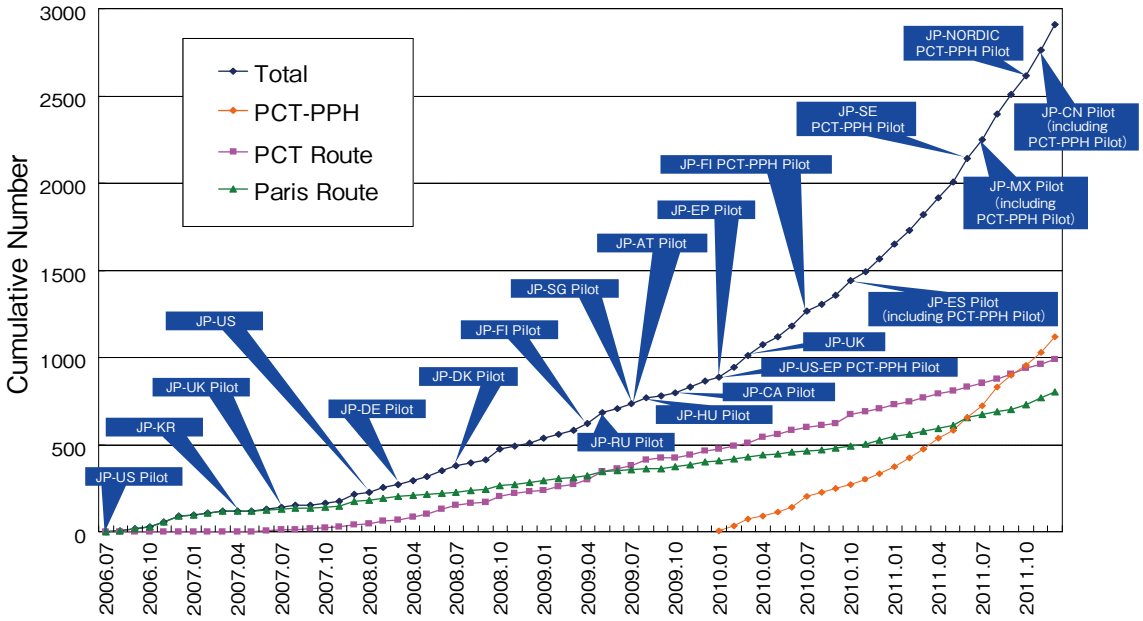
As of the end of May 2012, Japan is conducting either full or pilot PPH programs. It has full PPH programs with 21 countries and regions (the United States, the Republic of Korea, the United Kingdom, Germany, Denmark, Finland, Russia, Austria, Singapore, Hungary, Canada, the EPO, Spain, Mexico, China, Norway, Iceland, Israel, the Philippines, Portugal and Taiwan).

In addition, as of the end of May 2012, the JPO is conducting full or pilot PCT-PPH programs with 13 countries and regions (the United States, the EPO, Finland, Spain, Sweden, Mexico, Denmark, the Nordic Patent Office, China, Norway, Iceland, the Philippines, Portugal).

1 Sources distributed at the 16th Intellectual Property Policy Subcommittee, Industrial Structure Council http://www.jpo.go.jp/shiryou/toushin/shingikai/pdf/tizai_bukai_16_paper/siryou_01.pdf

2 See Part 3, Chapter 2, 3.(1).

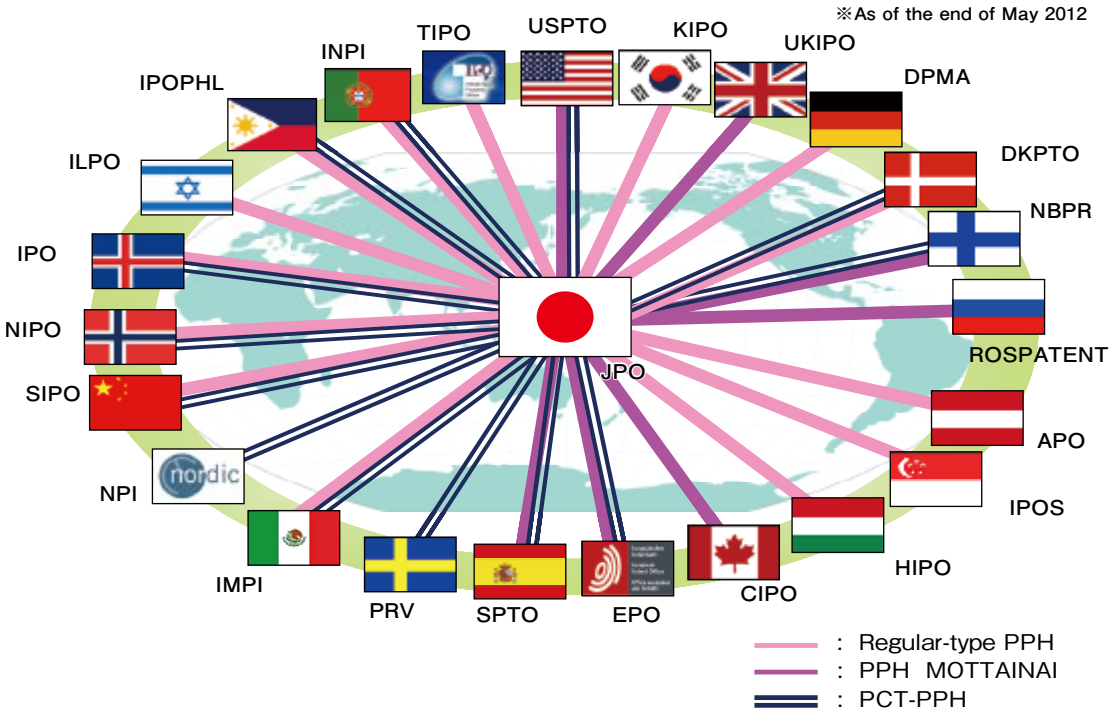
【Figure 3-2-14 Number of applications for the PPH (at the time of December 2011)】



As of the end of May 2012, the JPO is also conducting a pilot PPH MOTTAINAI program with 7 countries and regions (the United States, the United Kingdom, Canada, Finland, Russia, Spain and the EPO), which are countries with which the JPO has conducted full or pilot PPH programs.

It is anticipated that the Japanese applicants can expeditiously acquire more patents, as more applications become subject to the PPH programs.

【Figure 3-2-15 Network of the PPH between the JPO and other offices】



The number of countries and regions with which the JPO implements the PPH program and the PCT-PPH program is increasing every year[1].

Particularly, the importance of China has increased in terms of intellectual property. However, patent applications subject to accelerated examination were limited to those contributing to national and public interests in China. Thus, users who desire to acquire patent rights expeditiously in China and protect their own technologies have requested the JPO to introduce the Japan-China PPH. The balance between quality and quantity of examinations is a serious issue in patent offices like the SIPO where the number of applications filed is rapidly increasing. It is expected that the patent applications filed under the PPH would alleviate the procedural work related to examinations and improve the accuracy of examinations.

1 Since April 2011, the JPO has newly started the PPH program with Mexico, China, Norway, Iceland, Israel, the Philippines, Portugal and Taiwan and the PCT-PPH with Sweden, Mexico, Denmark, the Nordic Patent Office, China, Norway, Iceland, the Philippines and Portugal.

November 2011:
18th JPO-SIPO Commissioner Meeting (photo at the time of agreement)
Left: SIPO Commissioner Tian, Right: JPO Commissioner Iwai (photo provided by the SIPO)

To that end, in November 2011 the JPO started the world's first PPH and the PCT-PPH with the SIPO, working under a pilot basis. The use of the PPH is expected to protect technologies of Japanese companies with high-quality patent rights in China in an expeditious manner and lead to their smooth business expansion in China. By the end of April 2012, a total of 190 requests to the SIPO and 10 requests to the JPO have been filed.

Moreover, in March 2012, the JPO started the PPH and the PCT-PPH under a pilot-program basis with the Philippines, which is next to Singapore among the ASEAN-member countries in terms of achieving remarkable economic development in recent years.

b) Easing and Standardizing the Requirements for PPH Applications

The JPO has implemented the PPH MOTTAINAI program with seven countries and regions. This patent prosecution highway pilot program eases the application requirements.

The PPH programs are conducted under bilateral agreements so there is a problem with Office of Second Filing having different requirements for the PPH, even though the PPH applies to applications filed with the JPO. Due this situation, many users are asking to have the requirements for the PPH standardized.

Thus, the first Plurilateral Patent Prosecution Highway Commissioner Meeting and the Working-Level Meeting were held in February 2009. Since then, subsequent meetings have been held, with the fourth Working-Level Meeting held in Germany in October 2011. Represented at that meeting were IP offices and organizations from 19 countries and regions.

At the fourth Working-Level Meeting, the participants agreed to share information on the number of applications filed under the PPH MOTTAINAI program and discussed designing a plurilateral PPH framework with unified requirements. In addition, the members raised awareness of the need to reduce documents submitted by applicants under the PPH program and harmonize the PPH practices of each office. Moreover, the participants agreed to advance activities that increase PPH applications from users.

b. International Examiner Exchange Program

In order to promote work sharing in the area of patent examination, it is important that each office builds its credibility in terms of searches and examinations and harmonizes the quality of examinations to a greater degree so as to enhance the understanding of the search DB/tools for prior arts, and to harmonize the patent classification. In recent years, the number of opportunities for the JPO to utilize the examination results of other offices and for examiners of other offices to refer to the examination results of the JPO has been increasing due to the implementation of the PPH among several countries and regions and due to the network being built between the JPO and other offices. In this regard, the role of the international examiner exchange program is becoming more important because the program allows examiners to interact directly.

In FY2011, the JPO implemented bilateral examiner exchange programs with the EPO, sending 8 persons and accepting 6 persons; the DPMA, sending 4 persons;, the KIPO, sending 2 persons and accepting 2 persons; the SIPO, sending 4 persons and accepting 4 persons; ROSPATENT, sending 2 persons; TIPO, sending 4 persons and accepting

4 persons; and CGPDTM, sending 2 persons. Under the program, examiners can conduct research on the search/examination circumstances and the examination system. The JPO also started a bilateral examiner exchange program with the Patent Office of Spain (SPTO, sending 2 persons) and the Swedish Patent and Registration Office (PRV, sending 2 persons), which are offices that the JPO recently started PPH pilot programs with in FY2010 and FY2011, respectively. In addition, the JPO sent four examiners to the Five Office Examiner Workshop in which examiners from the JPO, EPO, USPTO, SIPO and KIPO identified each other's search/examination methods and shared the best practices.

(2) Establishing Stable Rights Valid in Worldwide

1) Creating an Examination System in Response to Globalization

a. Enhancing Quality Control

The JPO has conducted internal checks, targeting cases in which documents such as written notices of reasons for refusal had been sent by 13 Quality Management Committee members. As a result, it has become clear that cases requiring improvement regularly appear as a certain percentage. It is necessary, therefore, to introduce a system to conduct internal checks and modifications (in-process type sample checks) before notifications are sent.

The internal check is to confirm, from the point of independent parties, whether or not current quality control by the Art Units is fully in effect. It is necessary to confirm the current status of prior art searches is included in each technical field.

In the future, the JPO will introduce an in-process type sample check on a pilot basis under the assumption that persons in charge of checks implement prior art searches again when necessary, as a means of determining the future direction of better internal-check systems.

In addition, all Art Units have been holding consultations with the participation of several examiners as part of their regular quality control activities[1]. The JPO works to harmonize the standards examiners use to make decisions in regard to the same technical fields by including certain viewpoints such as the appropriateness of decisions and the appropriateness of prior art searches. Then examiners hold consultations on those viewpoints. Also, the JPO strives to enhance quality control at the Art Units by collecting and analyzing the consultation results and considering the future course of consultations designed to ensure quality control.

Furthermore, the range of collecting user evaluations will be expanded to reflect the degree of satisfaction and the needs of users more accurately.

1 See Part 3, Chapter 2, 2.(2)3),a.

Chapter 3

Efforts Related to Designs

In Japan, the design registration system has been revised several times in order to improve the capabilities of design development of Japan and take measures against design imitation since the enactment of the Design Act 1959. In contrast the number of applications for design registration filed in Japan in the last decade has been decreasing, after peaking in 2004. One reason is that Japanese companies, which file about 90% of national applications, tend to be more selective in filing applications for design registration. In recent years, their strategies are looking more toward a global market. In order for the companies conducting global business activities to prevent damage caused by design imitation, effectively promote Japanese brands through designs, and thus ensure competitiveness on a global basis, it is important to consolidate an infrastructure that promotes international protection of designs. Japanese companies have been increasing their needs for Japan to become a member of the Geneva Act of the Hague Agreement, Concerning the International Registration of Industrial Designs (hereinafter "the Geneva Act of the Hague Agreement").

Moreover, with the development of information communication technology, the importance of screen image designs has been increasing as a way to appeal competitiveness of products. Along with the work towards possible accession to the Geneva Act of the Hague Agreement, it is also necessary to deliberate about the enhancement of protection of screen image designs under the Design Act with the aim of supporting further proper protection of these designs from imitation and the acquisition of international markets in this important field where further development in the near future is expected.

1. Efforts for Accessing to the International Agreements concerning Design

There is increasing demand from Japanese companies for Japan to accede to the Geneva Act of the Hague Agreement, an international registration system, which allows applicants to protect their designs in contracting states with simple procedures and reasonable fees. In response to such demand, the 15th Design System Subcommittee of the Intellectual Property Policy Committee of the Industrial Structure Council (held in January 2012) agreed to continue looking into the matter, aiming toward acceding to the agreement on condition that a number of issues that arise in acceding to the agreement are to be solved.

(1) Deliberations on Japan's Accession Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs

1) Deliberations on Japan's Acceding to the Agreement

The "Intellectual Property Strategic Plan 2011" states that the JPO shall deliberate and reach a conclusion in FY2012 on whether Japan will accede to the Hague Agreement. Based on that, the 15th Design System Subcommittee confirmed to continue to deliberate on Japan's accession to the agreement, on condition that several issues including legal issues that arise in acceding to the agreement are to be resolved.

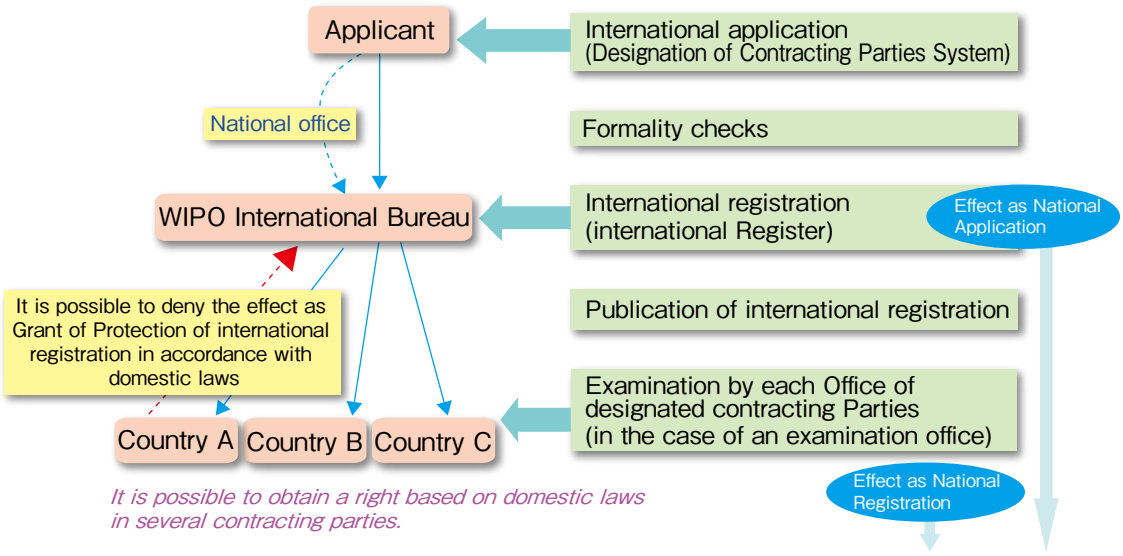
In FY2012, in cooperation with related ministries and agencies including the Ministry of Foreign Affairs of Japan, deliberation on specific systemic issues, especially conformity with the agreement is to be furthered and the conclusion about accession is to be reached.

(2) The Locarno Agreement concerning the International Classification for Industrial Design

1) Issues and Responses surrounding Japan's Accession to the Locarno Agreement

The international classification for industrial designs is positioned as a general tool for organizing information, and as such, it is a rough classification system. Since the international design classification is too rough

【Figure 3-3-1 Basic Concept of The Geneva Act of the Hague Agreement】



to search prior designs and conduct substantive examination effectively and properly, Japan uses a more detailed Japanese classification system for industrial designs. However, if Japan becomes a member of the Geneva Act of the Hague Agreement, Japanese applicants will have more opportunities for using the international classification for industrial designs. Also, from the point of views considering international harmonization and improving usability when searching design rights at different countries, Japan needs to deliberate whether to become a member of the Locarno Agreement and use an international classification system for industrial designs.

2) Deliberations on Japan's Accession to the Locarno Agreement

The 15th Design System Subcommittee held in January 2012, decided to continue deliberating the accession to the Locarno Agreement as one of the various issues linked to Japan's accession to the Geneva Act of the Hague Agreement, aiming forward the Locarno Agreement at the same time as the accession to the Geneva Act of the Hague Agreement and to obtain the conclusion in FY2012.

【Table 3-3-2 Comparison of the Number of Classifications of Japanese Classifications for Industrial Designs and International Classifications for Industrial Designs】

Classification	Hierarchy (meaning of hierarchy)		Number
Japanese Classification for Industrial Designs	Group	(refers to field of articles)	13
	Main class	(refers to group of articles)	77
	Sub class	(refers to articles)	3,193
	Articles included		41,500
International Classification for Industrial Designs	Class	(refers to field of articles)	32
	Subclass	(refers to articles)	219
	List of articles		7,024

2. Reviewing the Design Systems

The 13th Design System Subcommittee, Industrial Structure Council, held in February 2011 determined to make a legal amendment to reduce the annual fees for design registrations in later years based on the idea of appropriately ensuring the protection of long-life designs. In addition, the subcommittee also confirmed the necessity to make the design registration system more attractive for developing Japanese industries by means of reviewing the system itself and its operations along with the actual condition of design creation and utilization, and the need for protection. In response to this demand, the Design Examination Guidelines were revised in FY2011 and a comprehensive review of the design registration system has started.

(1) Reduction of Annual Fee for Design Registration

In recent years, Japanese companies attach importance to long-life designs, since designs are one of the means enabling companies to remain competitive in the market. However, the annual fee for design registration, which has increased over time, has invited a situation in which companies are forced to reduce their investments for creating and protecting new designs strengthening protection of valuation of designs, and maintaining their rights. In addition, Japan's initial annual fee for design registration is relatively reasonable compared to the fee structures of other countries. However, the registration costs in later years are very high.

Therefore, Article 42 of the Design Act was amended to appropriately protect long-life designs by reducing the annual design-registration fee for the 11th year to 20th year by 50%, which was high compared to that of other countries, setting it at 16,900 yen, which is the same amount as the 4th year to the 10th year.

【Table 3-3-3 Amendment of Annual Fee for Design Registration (effective April 1, 2012)】

	Before the amendment	After the amendment
1st to 3rd year	8,500 yen every year	8,500 yen every year
4th to 10th year	16,900 yen every year	**16,900 yen every year**
11th to 20th year	33,800 yen every year	

(2) Revision of the Deign Examination Guidelines

At the 13th Design System Subcommittee held in February 2011, opinions were given on user-friendly systems that appeal to users who expect their designs to be protected. Also, opinions were made about protecting screen designs; and reviewing Design Examination Guidelines, examination practices, and the Design Act. As a result of the deliberations at the 5th and 6th Design Examination Standard Working Group held in March and May 2011 in response to the Subcommittee, the examination guidelines concerning "the requirements for submission of drawings of designs for a part of an article" and "the requirements for registration of screen designs" were revised, and examination operations based on the new examination guidelines began in August 1, 2011.

1) Review of the Requirements for Submission of Drawings of Designs for a Part of an Article

a. The Review

For an application requesting a design registration of a part of an article, the revised design examination guidelines makes it possible for the applicant to omit drawings that have no effect in terms of identifying the design under the specific conditions. Therefore, the revised guidelines enable applicants to reduce the number of drawings that need to be submitted.

2) Clarification of the Registration Requirements for Screen Designs

a. Clarification of Registration Requirements

In response to the demands for protecting screen designs appropriately, the concepts of registration requirements for screen design were revised.

These revisions make it clear that an image displayed, i.e., the "displayed image" that

is necessary for fulfilling the function of an article will be considered to be the one construing "design", as provided for in Article 2, Paragraph 1 of the Design Act. In addition, in the case when "the image" before the change and one after the change are (i) determined to be images for the same function of an article and (ii) a morphological relevancy is found between the two images before and after the change, "the image" shall be recognized as one design including several images.

(3) Discussions of Review of the Design System

1) Background on the Review of the Design System

When companies engage in global business activities, it is becoming important for them to transmit and disseminate information through designs while preventing damage caused by counterfeiting, in order for them to remain competitive internationally. With applicants migrating to international applications due to an increasing need for rights holders to acquire design rights internationally, the necessity for international harmonization of design systems has increased in line with supporting Japanese companies to expand overseas.

Under such a situation, the "intellectual Property Strategic Program 2011" gave the JPO an instruction to deliberate on whether to accede to the Hague Agreement Concerning the International Registration of Industrial Designs and to expand the scope of designs to be protected under the Design Act, including 3D digital designs. The JPO will reach a conclusion during FY 2012.

3. Provision of Design-related Information

The JPO strives to provide even better information on design examination such as information about the criteria used to make decisions in design examination, in addition to announcing the design examination schedule, providing information on similar and related designs, and publicizing designs for the purpose of improving usability.

(1) Clarification of the Details in Determining Design Examinations

In order to respond to demands made by design registration users in terms of clarifying the criteria used in determining examinations," the JPO has been working to clarify the details by conducting practice or trial examinations so as to describe the additional reasons for judgment of similarity between applied designs and cited designs in the notice of reasons for refusal (based on Article 9(1) (prior application) of the Design Act) from October 2004. Since FY2007, as another practice, the JPO further expanded the scope of notices of reasons for refusal, in which the reasons for the refusals are described. It started to provide notices of reasons for refusal based on Article 3(1) (iii) of the Design Act (novelty).

In addition to the above-mentioned trial examinations, since FY2011, the JPO has further expanded the scope of notices of reasons for refusal, in which reasons for the refusals are described. The JPO started to notify reasons for refusal (based on Article 9(2) and Article 10(1) of the Design Act) in order to clarify examination decisions by describing the characteristics of applied designs, common points, and differences with cited designs or other applied designs, giving reasons for the final decisions.

(2) Publication of Design Examination Schedules

The JPO has made available "the Design Examination Schedule"[1] on its website so that anyone can view it and file their design applications.

1 http://www.jpo.go.jp/torikumi/t_torikumi/pdf/isyou_schedule_j.pdf

The Design Examination Schedule displays estimated examination schedules for applications for design registrations that are filed on particular dates. It is updated every quarter year by adding information on finalized examinations.

The Design Examination provides applicants a rough indication of the date when they can receive examination results for their applications for design registrations allowing the applicants to utilize the information for their business activities.

(3) Provision of Similar/Related Design Information

In order to provide useful information to determine similarity of designs, on March 27, 2006, the "similar/related design information service" was launched in the IPDL, through which a user can easily search the relationship between a principal design and a similar or related design.

The service allows users to refer to cases, which are registered as either similar designs or related designs, in the relevant field of the Japanese Design Classification. The service helps users understand the standards for determining the results, such as what sort of designs are judgment of similarity when examined.

(4) Publication of Publicly Known Design Sources

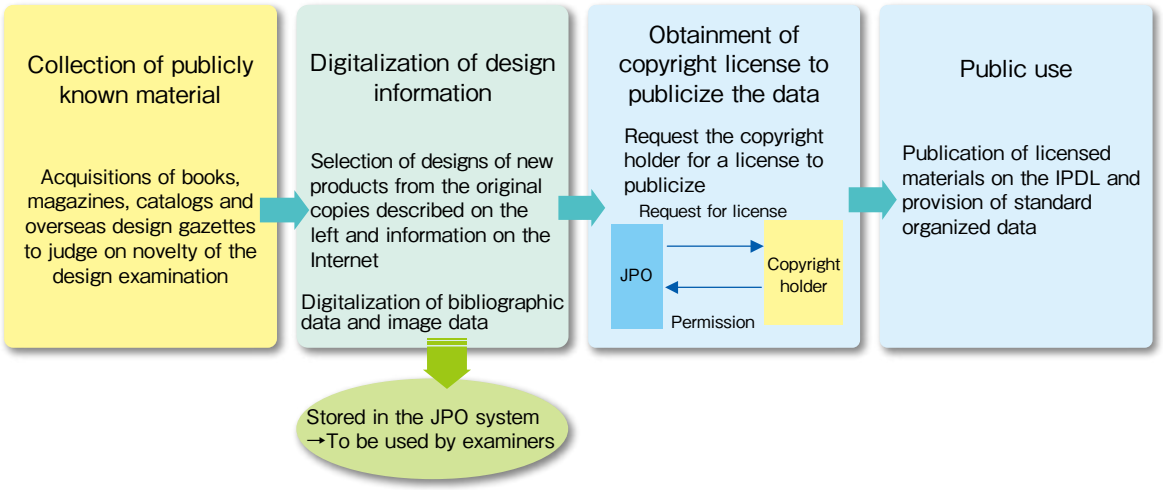
For the purpose of determining novelty and creativity in the design examination process, the JPO has collected and selected designs of new products from national and international books, magazines, catalogs and the Internet, digitalizing the bibliographic data, photos, and figures of those products so they can be used as major examination sources.

Companies can use published, publicly known design data to develop their own designs as well as conduct prior design searches and design right searches, which can contribute to their developing further creative and value-added designs in Japan.

For that purpose, the JPO started a program in FY2007 to obtain copyright licenses for the publicly known design data to be publicized by the JPO. Once licensed, the publicly known design data will be made available through the IPDL, etc.

In March 2006, the "publicly known design inquiry service" was launched in the IPDL to allow users to view the bibliographic data and images of publicly known designs, based on publicly known data serial numbers. Since October 2009, the JPO has been providing the "publicly known design source text search service", which allows users to make searches based on the names of articles and the Japanese design classifications.

【Figure 3-3-4 Outline of Collection and Publication of Publicly Known Design Materials】



4. Accelerated Examination Based on Applicants' Needs

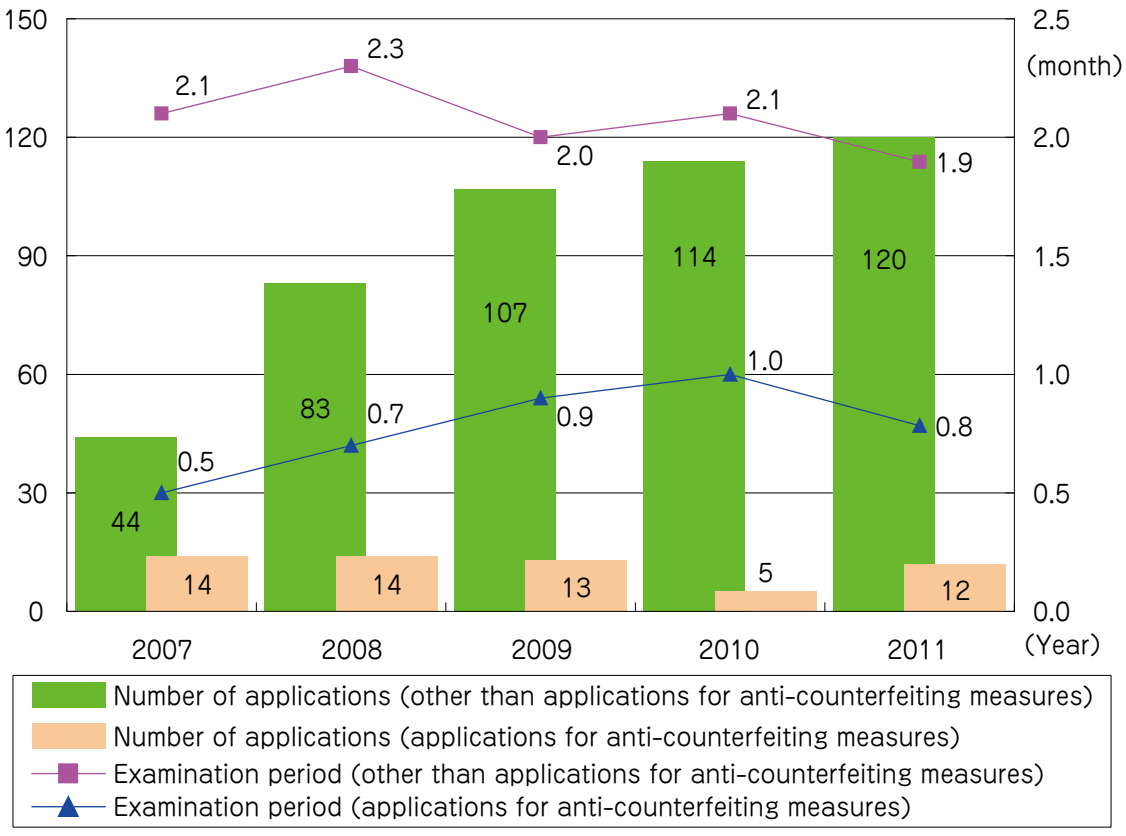
An accelerated examination system for applications for design registration was introduced on December 15, 1987. Under this system, accelerated design examinations are conducted for: 1) work-related applications for design registrations that urgently need to be registered so that their designs can soon be put to use, and 2) applications for design registrations, which have designs that have also been filed overseas, a needing urgent examination results.

An accelerated examination system designed to respond to anti-counterfeiting measures was introduced in April 2005, in order to combat counterfeiting at an early stage for design rights in cases when counterfeit products are being sold.

Under this system, if counterfeiting is known to be occurring, the first notice of examination results, i.e., the first action, will be made within one month from the request for accelerated examination, as long as no issues have been found in the application.

Twelve requests were made for accelerated examinations due to counterfeiting in 2011, and the average period from the time the request was made until the notice of first action was sent was 0.8 months. In addition, 120 other requests for accelerated examination for other reasons were made, with the average period of time from when the request was made up to the time the notice of first action was sent, was 1.9 months.

【Figure 3-3-5 Changes in the Number of Requests for Accelerated Examination and Examination Period】



Chapter 4

Efforts Related to Trademarks

The JPO is working on the revision of the Trademark Act, review of the examination guidelines, and deliberation on the expansion of trademarks to be protected, aiming to tightly protect trademarks as well as improve trademark usability in line with social, economic and international circumstances. In addition, the JPO has introduced an accelerated examination system to respond to user needs to expeditiously acquire rights; and has set up the regionally based collective trademark system to protect regional brands through the established trademark system.

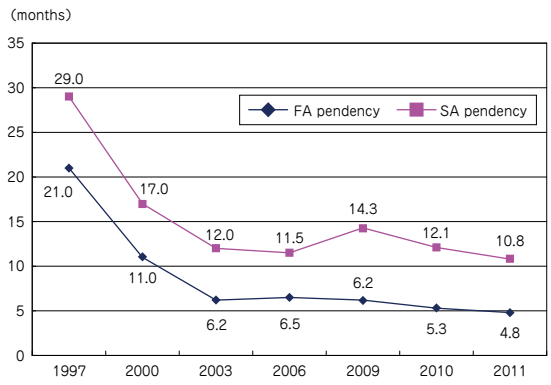
This chapter gives an outline of these efforts.

1. Reviewing the Trademark Systems

(1) Abolition of Provision on Refusal of a Trademark Application within One Year from the Date of the Extinguishment of Another Person's Trademark Right

The product-life cycle, from bringing products into the market, up to their growth, maturation, and decline, is becoming shorter in recent years due to the rapid speed of technological innovation and increasing diversification of market needs. Therefore, there is an increasing need for applicants to acquire trademark rights as quickly as possible.

【Figure 3-4-1 Changes in the Average FA and SA Pendency in Trademark Examination】



In order to satisfy such needs, the JPO has shortened the pendency period. On the other hand, the provision of Article 4(1)(xiii) of the Trademark Act before it was amended in 2011 used to prescribe that, for one year after a trademark has expired, a trademark identical or similar to the expired trademark could not be registered. This prolonged the process of acquiring rights.

The JPO, from a viewpoint of satisfying user needs to expeditiously acquire rights, abolished this provision by revising the Act in 2011. Now, trademarks can be registered without the need for applicants to wait one year. The revised Act came into force on April 1, 2012.

Abolishing this provision opened the way for cases regarding (i) extinction of trademark rights due to conclusion of decision to revoke a registration and conclusion of decision of invalidation in trial for invalidation of trademark registration, decision of registration to be made promptly after the decision and conclusion of the trial decision is rendered, and (ii) abandonment of trademark rights, decision of registration to be made promptly after the registration of establishment of the abandonment. However, in the case where the term of the trademark expires, the trademark is not necessarily extinguished, as it may be renewed retroactively at the time it expired Therefore, the JPO decided to check whether or not there are applications filed for trademark renewals after the trademark right has expired, so as to avoid erroneous registrations of subsequent trademarks that are identical or similar to the already registered earlier trademarks, after they have been expired or abolished. The JPO clarified this aspect in the examination guidelines. As for the prevention of confusion of source of goods/services after the expiration of trademark rights the provision provided for in the past, it has been decided that registration will not be approved when there is a risk of causing confusion of source after expiration of rights, through other grounds for un-registrability with the purpose of preventing confusion, specifically by applying the provision of Article 4 (1) (xv).

(2) Amendment of Appendix of the Enforcement Ordinance of the Trademark Act and Amendment of the Examination Guidelines for Similar Goods and Services

1) Amendment of Appendix of the Enforcement Ordinance of the Trademark Act

At the 21st Nice International Classification Expert Meeting (November 2010) held at the WIPO, it was decided to amend the international classification for the 10th edition in accordance with the "Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks". In response to this decision, the JPO amended the Appendix of the Enforcement Ordinance of the Trademark Act, which deals with goods or services belonging to the classification of goods and services (Ordinance METI No.66 of 2011, promulgated on December 5, 2011, in effect January 1, 2012).

The major revisions are as follows.

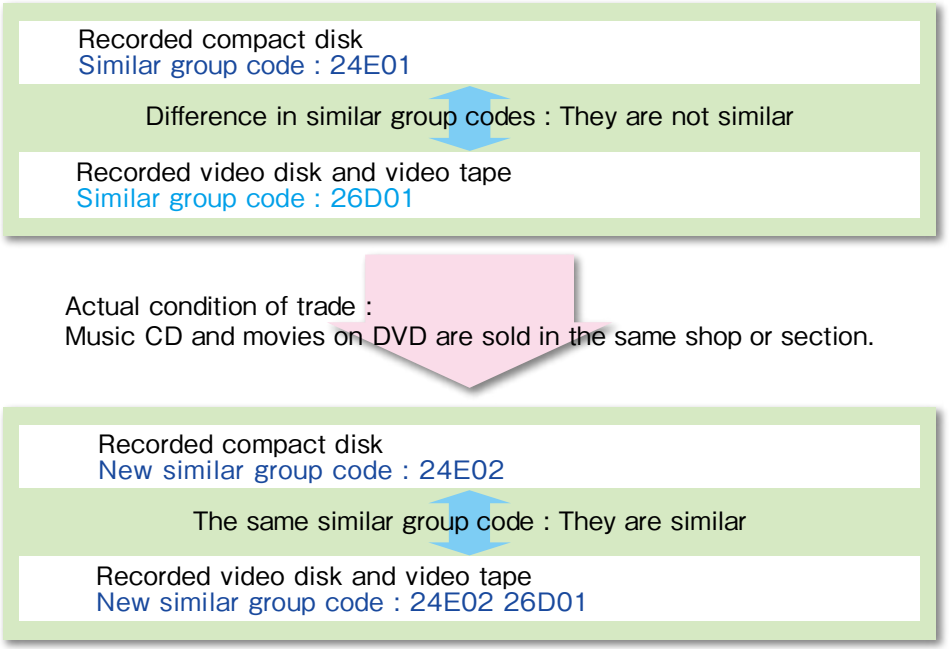
- "Vending machine" which used to be classified as Class 9 before is now classified as Class 7.
- "Incontinence diaper," "paper baby diaper" and "cloth baby diaper", which used to be classified as Class 5, Class 16 and Class 25, respectively, because of their raw material and use, are now Class 5, regardless of their raw material and use. The description of the product items have been changed to "diaper."
- "Supplement" is now classified as a product of Class 5 regardless of its major raw material.

2) Reviewing the similarity between goods and services

The JPO reviewed the degree of similarity between some goods and services, in response to requests made in the report "Future Course of the Trademark System" in which the conventional examination guidelines for goods and services be changed so as to align with the current circumstances of economy and trade (this report was written by the Intellectual Property Policy Subcommittee in February 2006).

The similar group codes (grouping of goods and services predicted to be similar to each other) were changed for some of goods and services (new similar group codes were made and allocated to corresponding goods and services accordingly).

【Figure 3-4-2 Example of Changing a Similar Group Code】



3) Amendment of the "Examination Guidelines for Similar Goods and Services"

In addition to amending the Enforcement Ordinance of the Trademark Act mentioned in 1) and reviewing the relation of similarity between goods and services in 2), the examination guidelines for similar goods and services[1] were amended in response to revisions made to kanji characters designated for standard usage.

1 Examination standards for similar goods and services (compatible to international classification edition 10) http://www.jpo.go.jp/cgi/link.cgi?url=/shiryou/kijun/kijun2/ruiji_kijun10.htm

2. Implementation of Accelerated Examination Based on Applicant Needs

(1) Accelerated Examination for Trademarks

In response to the needs for accelerated examination of applications that are involved in counterfeiting and infringement cases, and to respond to the globalization of economic activities, the accelerated examination system for trademark was introduced in September 1997. Upon requests by the applicants, this system enables applications to be given preferential treatment, i.e., accelerated examination, if certain requirements are met.

(2) Expansion of the Scope of Accelerated Examination for Trademarks

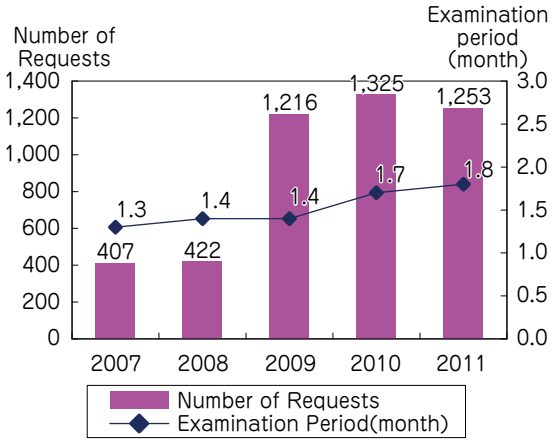
The applications subject to the accelerated examination system used to target only applications for which an applicant or a licensee has already used the filed trademark with regard to the designated goods/services, or has significantly prepared to use it, and there is an urgent need for the trademark to be registered. In order to expand the further use and respond to the demands for early acquisition of a registration, the scope of applications subject to accelerated examination was expanded in February 2009 to include applications that only designate goods/services the applicant or licensee has already used or has significantly prepared for use for the trademark.

In considering the advancement of intellectual property, the JPO thought that it was necessary reconstruct the disaster areas damaged by the Great East Japan Earthquake, deciding to temporarily expand the scope of accelerated examination to companies in the affected areas[1].

(3) Trends of Accelerated Examination for Trademarks

In 2011, 1,253 requests were filed for accelerated examination, with the average period, from the time applications were submitted up to the time initial notices of examination results were sent, was 1.8 months.

【Figure 3-4-3 Changes in the Number of Requests for Accelerated Examination and Examination Period】



1 See the featured topic in the beginning for accelerated examination in support of disaster recovery.

3. Efforts Involving Regionally Based Collective Trademarks

(1) Introduction of the Regionally Based Collective Trademark System

The Trademark Act was amended in 2005 in order to provide appropriate protection for regional or geographical brands in which the region or geographical name and the goods or service names are combined into a trademark right. The regionally based collective trademark system was introduced in April 2006. This system is aimed at stimulating local economies, through active use of this system by local trade associations.

This system speeds up the registration process for trademarks in which the region name and the goods or service names are combined into a trademark right. It eliminates third parties from taking advantage of the trademark and is expected to provide an incentive for business operators conducting regional branding activities to register their trademarks. It also has the benefit of stimulating the economy of the region. Therefore, by companies or collective operatives effectively utilizing the regionally based collective trademark system, and by fully managing the brand, the regional brand from the initial stage can begin to acquire national eminence.

(2) Applications and Registrations for Regionally Based Collective Trademark

1) Statistics of Applications

Having started accepting applications for regionally based collective trademarks on April 1, 2006, the JPO has accepted 1,013 applications as of the end of March 2012. Looking at the number of applications by field, agricultural products were dominant, followed by industrial products, processed food (including confectioneries and noodles), and others such as alcohol and even hot springs.

The number of applications accepted by region are as follows: 44 from Hokkaido, 79 from Tohoku, 94 from Kanto, 70 from Koshin-etsu, 72 from Hokuriku, 127 from Tokai, 273 from Kinki, 58 from Chugoku, 38 from Shikoku, 113 from Kyushu, 38 from Okinawa and 7 from outside Japan.

2) Status of Registrations

By the end of March 2012, the JPO had granted 500 collective-trademark rights; the first regionally-based collective trademark registered was "Takko Ninniku (garlic)" of Aomori prefecture and the 500th trademark was "Sendai Ichigo (strawberry)", registered in April 2012.

【Table 3-4-4 List of Applications by Product】

Agricultural (primary) products	Processed food	Confectioneries	Noodles
482	120	32	37
Liquors	Industrial products	Hot springs	Others
20	248	49	25

【Table 3-4-5 List of Registrations by Product】

Agricultural (primary) products	Processed food	Confectioneries	Noodles
178	53	9	9
Liquors	Industrial products	Hot springs	Others
12	189	41	9

(3) Publicity Activities for the Regionally Based Collective Trademark Systems

As an effort to publicize the regionally based collective trademark system, the JPO since 2005 has been holding seminars nationwide to explain the system and examination practices. With the aim of publicizing and promoting the use of the system, it also distributed an easy-to-understand pamphlet[1] on filing procedures and registration requirements for regionally based collective trademarks.

In addition, in order to further expand the use of the regionally based collective trademark system, in October 2011, the JPO published a booklet entitled, Regionally Based

1 http://www.jpo.go.jp/torikumi/t_torikumi/t_panfu_tiiki.htm

Collective Trademark 2011[1]" , listing the goods and services that had been registered as of the end of June 2011 for the then 478 trademarks.

【Figure 3-4-6 Regionally based collective trademark system pamphlet and regionally based collective trademark 2011】

(4) Brand Strategy of the Regionally Based Collective Trademark

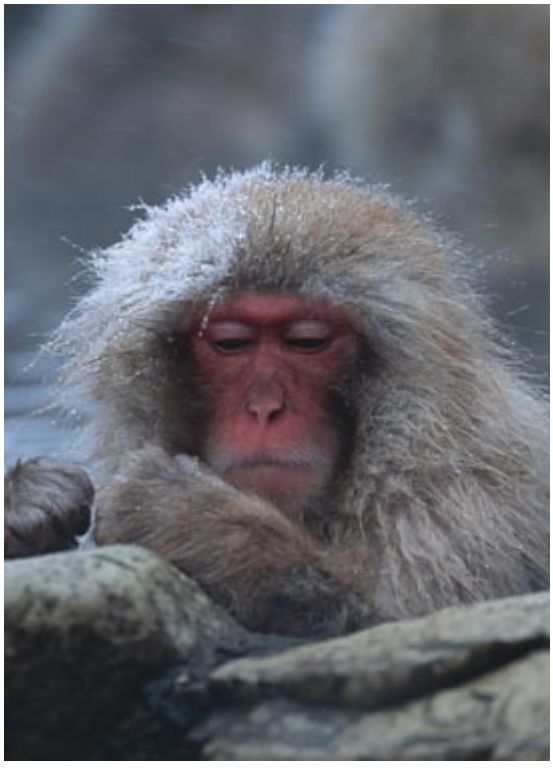
Even if the right of a regionally based collective trademark is acquired, there are some cases where the right is not effectively utilized. Although there are various reasons for that, the major reason is that the regionally based collective trademark had been filed without having sufficient discussions on the regional brand strategy, in many cases.

In filing a regionally based collective trademark, it is desirable for not only concerned parties but also various organizations and associations involved in economic stimulation to first discuss together the details in full and the meaning of filing the regionally based collective trademark, as a part of a regional brand strategy.

Furthermore, even after the regionally based collective trademark has been registered, the various regional parties concerned need to confirm the concept of the regional brand strategy and continue to hold discussions.

In addition, in order to nurture the regional brand with the aim of stimulating the local economy, it is important that the brand acquire and maintain trust and reliability as a brand. Thus, it is essential that the regionally based collective trademarks and the quality of the respective goods and services be maintained and managed. It is desirable to forge a structure under which the regionally based collective trademarks and the regional brands can be managed in an integrated way. To be more specific, assigning personnel in charge and establishing organizations, such as committees and councils, are effective ways to achieve this[2].

As a specific way of managing these regionally based collective trademarks, it is advisable to set standards to manage the use of the trademarks and uphold the standards of quality of the goods and services, thoroughly following the standards set. Another effective means to promote the brand is to distribute seals, stickers, posters, etc. advertising that the regionally based collective trademark has been registered.



1 http://www.jpo.go.jp/torikumi/t_torikumi/tiikibrand.htm

2 FY2008 Trademark Status Report, "Status Report on Filing Strategy for Regionally based Collective Trademarks" http://www.jpo.go.jp/shiryou/isyou_syouhyou-houkoku.htm

Chapter 5

Efforts Related to Appeals and Trials

Appeals and Trials have a role as upper instance and as procedure contributing quick settlement of disputes, which is to improve the quality, efficiency, and expeditiousness of proceedings. To this end, the Appeals Department implements the following multidimensional measures.

1. Efforts to Improve the Quality of Proceedings

The JPO is further improving the quality of proceedings by actively communicating with the party concerned, ascertaining and analyzing the trend in courts. The JPO shares its experiences of directing proceedings in appeals and trials, which are considered to be reviews of examiners' decisions. The JPO strives to further rationalize the operations by actively utilizing the knowledge of industries and external experts.

(1) Improving the Contents of Proceedings

The following three measures are implemented in appeals and trials to improve the quality of the proceedings.

1) Communication with the parties concerned

The JPO conducts oral proceedings in principle in order to accurately understand and sort out issues, and raise the satisfaction level of the parties concerned in invalidation trials. Oral proceedings are held between the board of appeals and the parties concerned in order to draw out the allegations of the parties concerned, which cannot be expressed in writing, and to sort out the conflicting issues.

Furthermore, in appeals against examiners' decisions of refusal, the JPO has been issuing the so-called "examiner's reconsideration report before appeal proceeding" [1] since FY2005 as a measure for inviting the appellant to give his/her opinion on the report written by the original examiner[2]. Since FY2008, all cases for which such reconsideration reports have been made are in principle subject to being issued. Moreover, interview in appeals examinations are utilized as a measure for ensuring smooth communications between the appellant and the appeals examiner, and for improving the quality of the proceedings.

2) Analysis of the Trends of Courts

The JPO analyzes court decisions against lawsuits against appeal/trial decisions and court decisions as to the effectiveness of rights in infringement lawsuits for the purpose of executing accurate examinations. In addition, in invalidation trials, the JPO is further improving the quality of examinations by obtaining evidences related to claims of invalidation submitted in infringement lawsuits by exchanging information exchange with the courts and parties concerned, utilizing such information for the examinations.

3) Sharing of Experiences of Directing Proceedings

With the aim of utilizing the experiences of chief appeals examiners who have abundant experience in proceedings for invalidation trials and oral proceedings, the JPO is improving the quality of proceedings by inviting them to participate on the board of appeals across their respective fields and have them share their knowledge in how to direct proceedings in difficult, special cases.

1 The procedure for providing the demandant with an opportunity for submitting counterarguments by notifying him/her of the opinions of the examiner in the reconsideration by examiner before appeal proceedings. This allows the board of appeals to conduct proceedings taking into account the counterarguments of the demandant against the opinions of the examiner, thereby further improving the quality of proceedings. At the same time, it becomes possible to check the will of the demandant to continue proceedings based on reconsideration by examiner before appeal proceedings. This has contributed to the improvement of processing efficiency.

2 The examiner who made a decision of refusal subject to request for the appeal against an examiner's decision of refusal.

(2) Further Rationalization of Operations

In further rationalizing its systemic operations, the JPO has initiated the following two measures for the purpose of utilizing knowledge of industries and external experts.

1) Working-level Study Group on Appeals

Since FY2006, the JPO has held the "Inventive Step Meeting" consisting of IP personnel in companies, patent attorneys, lawyers and appeal examiners every year to deliberate on the methods of determining trial decisions and court decisions involving novelty and the inventive step studying individual cases. The results of deliberations obtained have been summarized as reports and made available to the public on the JPO website[1] with the aim of raising public awareness. The name was changed to the "Patentability Meeting" from FY2008 and the description requirements for claims have been added to the agenda of deliberations in FY2008. In addition, the completion of inventions involving computer softwares has also been added as an agenda item since FY2009; with requirements for amendments and corrections and the requirements for divisions having been added as agenda items since FY2010.

The name was again changed to the "Working-level Study Group on Appeals" in FY2011 with a view to further improving upon the work done so far. The subjects of discussion have also grown to include not only patents but also designs and trademarks. In addition to deliberating individual cases, the Group also discusses the entire appeals system and not just each legal sector. In particular, a future course of oral proceedings was discussed.

Outline of FY2011 Working-level Study Group on Appeals

(Session Meeting by field (deliberations on individual cases))

Number of meetings held: 18

Number of cases deliberated: 18

Members: Total 56

IP personnel: 21

Lawyers: 7

Patent attorneys: 17

Appeal examiners: 11

(Working-level Session Meeting on Appeals (whole system))

Number of meetings held: 2

Members: Total 13

IP personnel: 3

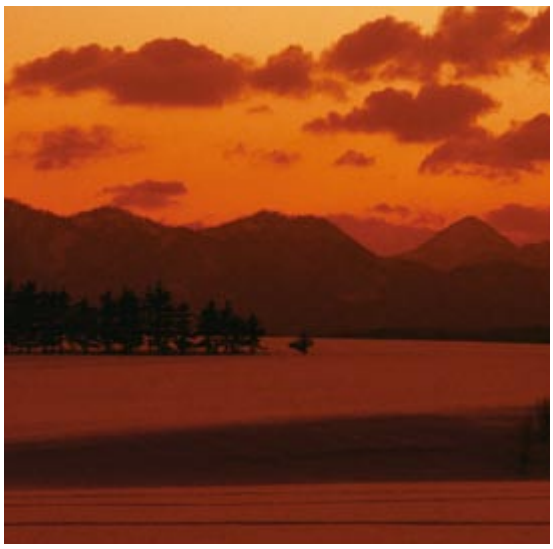
Lawyers: 3

Patent attorneys: 5

Appeal examiners: 2

2) Legal Advisors of the Appeals Department

In addition to undertaking the initiatives already mentioned, since the end of FY2007, the JPO has recruited experienced former judges and academic experts in the IP field as legal advisors of the Appeals Department. They provide advice on complicated judicial issues and serve as instructors for training. In addition, the Legal Advisors Meeting of the Appeals Department is held to give direction to the future role and operations of the appeals and trial system, so that the Appeals Department will act more effectively.



1 Working-level Study Group on Appeals (former Patentability Conference) Report http://www.jpo.go.jp/shiryou/toushin/kenkyukai/sinposei_kentoukai.htm

2. Efforts for Expeditious Proceedings

The JPO has been doing the following for inter-partes trials and ex-parte appeals to ensure expeditious proceedings from the viewpoints of dispute-settlement and acquisition of rights early on.

(1) Expeditious Resolutions of Disputes: Post-grant Trials

The JPO gives preference in examining post-grant trials, such as invalidation trials, over pre-grant appeals, such as appeals against examiners' decisions of refusal, in order to quickly resolve disputes over the validity of industrial property rights.

The Proceedings Improvement Committee consisting of users was established in 2009. The JPO reflects advices given by the committee members on efforts to ensure expeditious and fruitful proceedings for invalidation trials.

In addition, in FY2010, a "Notice of Proceedings Matters[1]" was established. It shows proceeding matters on the oral proceedings in advance. So it enables the parties concerned to make allegations and proofs thoroughly at the oral proceedings, and then improve the contents of proceedings and shorten the period for proceeding.

As a result of these efforts, in 2011, the average period for proceedings of invalidation trials was about 9 months for patents, and about 8 months for designs and trademarks.

(2) Expeditious Acquisition of Rights: Pre-grant Appeals

In the case of pre-grant appeals, such as appeals against an examiner's decision of refusal, the JPO conducts efficient examination process by confirming the appellant's intention of maintaining the appeal proceeding through the "questioning of examiner's reconsideration report" mentioned in above 1 (1) 1) and also by implementing "proceeding in a batch" approach, which involves plural related appeals of the same appellant.

With regard to appeals against an examiner's decision of refusal that satisfy specific requirements[2], the JPO implements an accelerated proceeding system in which it conducts the proceedings preferentially upon request. The number of requests for accelerated appeals examination in FY2011 was 190 for patents, 10 for designs, and 7 for trademarks. With regard to patents, the JPO accomplished the mark of FY2011 to send decisions within 10 months at the end of FY2011.

1 A Notice of Proceedings Matters is provided by the panel to the parties concerned to the oral proceedings for the purpose of informing such parties of the matters expected to be examined at the oral proceedings prior to the date of such proceedings and urging such parties to arrange for the preparation, etc. of a written summary of the statement for oral proceedings based on said matters, thereby contributing to the smooth conduct of oral proceedings and the collection of necessary sources for making decisions.

2 With regard to patents, appeals against an examiner's decision of refusal for applications that satisfy any of the following requirements are subject to this system: 1) Working-related applications whose appellant has already commercialized the invention, 2) Internationally-filed applications filed also in a foreign patent office, 3) The appellant is either an SME, individual, university, TLO or a public research institution, 4) A person who is not the appellant (third party) has used the invention for business purposes after laying open the patent application of the proceeding case, 5) Patent applications for green inventions (inventions which have an effect such as energy saving and CO2 reduction). Appeals against an examiner's decision of refusal which satisfy the same requirements for accelerated examination are subject to this system for designs and trademarks. In addition, applications whose demandants were affected by the Great East Japan Earthquake are subject to accelerated appeal examination based on earthquake-related relief.

3. Efforts for Utilizing and Operating a Highly Efficient System

Some applications that can be registered with appropriate claims and amendments are not registered in the examination phase but are transferred to the appeals against an examiner's decision of refusal. Or there are instances when appeals against an examiner's decision of refusal are filed against inventions that are not obviously patentable. These situations are not only demerits for the applicants but also lead to disadvantages for everyone in the system.

Therefore, the Appeals Department aims at highly-efficient utilization and operation of the system through the following measures:

(1) Examinations with High Foreseeability

In order to ensure that there is a sharp distinction between applicants requesting and not requesting appeals examinations, it is important that the credibility and the foreseeability of the results of appeals examinations be enhanced. The Appeals Department is unifying the determination of proceedings by analyzing legal judgments against appeals/trial decisions, sharing those results, and conducting examinations based on those results.

(2) Unifying Judgment Standards for Examinations and Appeals Examinations

The JPO works to unify the judgment standards for examinations and appeals examinations based on appropriate feedback on the results of the appeals examinations conducted in the Appeals Department. This is given to the Examination Department and discussed at the meeting to exchange opinions with the Examination Department. This makes it possible for an invention for which the decision of refusal could not be upheld in the appeals examination, to be patented by the end of the examination phase or at least by the end of the examiner's reconsideration before appeals proceedings begin.

(3) Strict Appeal Procedures

In order for applicants to obtain rights as often as possible at the examination phase, or at least at the time of reconsiderations by examiners before appeal proceedings, or confirm the decision of refusal at the examination phase,it is necessary to have a system in place that allows the applicant to make adequate counterarguments and amendments before the appeals trial at the latest.

Thus, based on the initiatives described in (1) and (2) above, in the case where an applicant has not made adequate counterarguments and amendments before the appeal trial begins, the Appeals Department imposes strict rules on the appeals examination, such as imposing restrictions on the applicant's opportunity to make amendments at the appeals phase, aiming to assure fairness in appeal examinations.

The JPO is working to reduce the workload of the applicant and utilize and operate an efficient system through such practices.

4. Reviewing the Appeals/Trial Systems and Related Systems

When the Patent Act was amended in 2011, the appeals system was changed in regard to 1) Prohibition on filing a request for a correction trial after filing a lawsuit against a trial decision, 2) Restriction on assertions in retrials of court judgments in patent infringement lawsuits 3) Development of provisions on the scope of a JPO trial decision that has become final and binding etc., and 4) Abolition of the effect, on third parties, of a final and binding trial decision in a patent invalidation trial.

(1) Prohibition on Filing a Request for a Correction Trial after Filing a Lawsuit against a Trial Decision

Under the past system, a patentee was allowed to file a request for a correction trial to alter the scope of the disputed patent after filing a lawsuit against a trial decision. In such a case, the IP High Court was allowed to return the case to the JPO without making any substantive determination. This kind of round trip between the IP High Court and the JPO without any substantive determination caused inefficiencies and prevented disputes from being settled quickly. Therefore, based on the amended Law, a patentee is prohibited from filing a request for a correction trial after filing a lawsuit against a trial decision. On the other hand, the procedures to correct a patent after filing a lawsuit against a trial decision have the advantage that the patentee is able to correct the patent based on the panel's determination on the validity and scope of the patent. Therefore, in order to maintain this advantage, under the new system, the panel discloses its determination to the parties in advance when the time is ripe for a trial decision to invalidate the patent in question ("advance notice of a trial decision") and the patentee is given an opportunity to correct the patent in response to the advance notice. (See Figure "Prohibition of Filing a Request for a Correction Trial after Filing a Lawsuit against a Trial Decision").

(2) Restriction on Assertions in Retrials of Court Judgments in Patent Infringement Lawsuits

Under the former system, in the event that after a court judgment in a patent infringement lawsuit or a compensation claim lawsuit became final and binding, a JPO trial decision to invalidate or correct the patent, which is inconsistent with the court judgment, becomes final and binding, there was a possibility that the said court judgment may be rescinded through retrial on the grounds that "administrative disposition, based on which the judgment ... was made, has been modified by a subsequent ... administrative disposition[1]". It was pointed out, however, that since the parties of a patent infringement lawsuit are given the opportunity and authority to thoroughly make arguments on the validity and scope of the patent under Article 104-3 of the Patent Act, the said retrial possibility would rehash the settled dispute and thus hinder the function of patent infringement lawsuits and the stability of corporate management.

Therefore, the new system restricts retrials (including lawsuits for damages or for return of unjust enrichment against the obligee of an order of provisional disposition order or an order of provisional seizure) by stipulating that the parties of a patent infringement lawsuit are not able to assert in retrials that a subsequent JPO trial decision to invalidate the patent, etc., has become final and binding, after a judgment in the patent infringement lawsuit, etc., had become final and binding.

1 Article 338(1)(viii) of the Code of Civil Procedure

(3) Development of Provisions on the Scope of a JPO Trial Decision that has become Final and Binding, etc.

The pre-amended Patent Act had no express provision on whether a JPO trial decision, becomes final and binding in each trial case or each claim. Therefore, in light of recent court precedents, the amended Patent Act has provisions to clarify the scope of a JPO trial decision that becomes final and binding in cases where a request for the trial was filed for each claim.

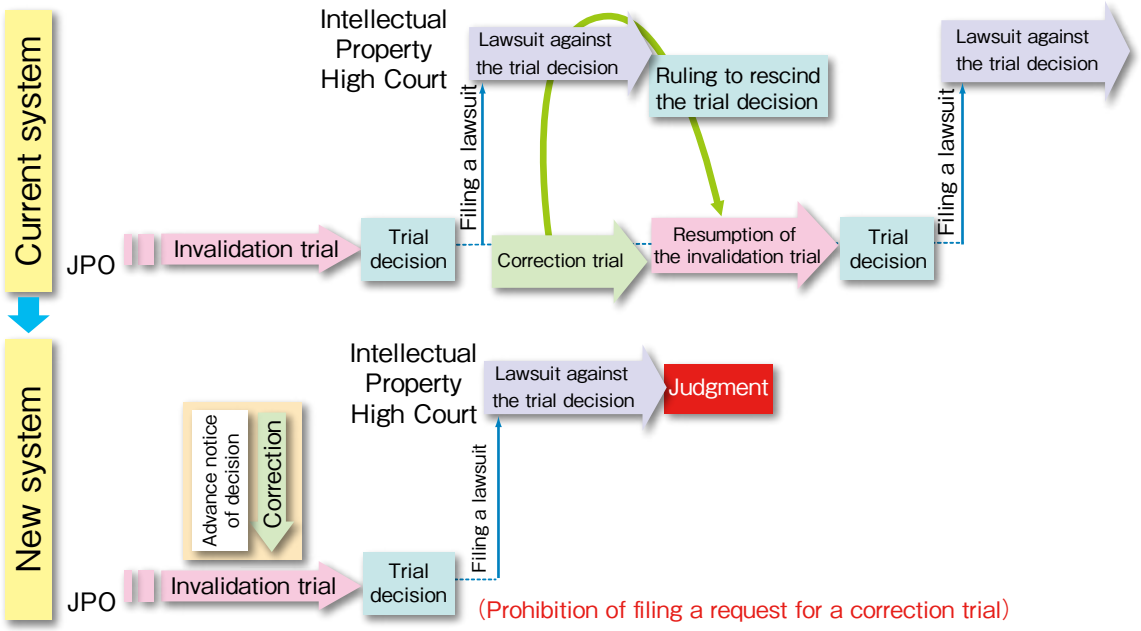
Moreover, there are provisions clarifying that a request for correction in a patent invalidation trial or a request for a correction trial may be filed for each claim (or for each group of claims).

(4) Abolition of the Effect, on Third Parties, of a Final and Binding Trial Decision in a Patent Invalidation Trial

The conventional pre-amended Patent Act provided that when a final and binding trial decision, which was rendered in a trial for patent invalidation or a trial for invalidation of the registration of extension of the duration of a patent, has been registered, no one may file a request for another trial based on the same facts and evidences as the previous trial. However, even if the request for another trial is filed based on the same facts and evidences, there is a possibility that the conclusion would be changed depending on the different claimant's proficiency of arguments and proof, and therefore, there is no legitimate reason to make the trial decision have effect on third parties who have had no opportunity to make arguments in the trial.

Consequently, the amended Patent Act abolishes the effect that the trial decision had on third parties in a patent invalidation trials, etc.

【Figure 3-5-1 Prohibition of Filing a Request for a Correction Trial after Filing a Lawsuit against a Trial Decision】



Chapter 6

Efforts to Enhance the Use of Information Technology

In this chapter concerning the efforts to enhance the use of information technology as an infrastructure for the JPO's duties, the efforts made by the JPO so far, future system development, and efforts of global computerization are introduced.

1. Efforts to Enhance the Use of IT by the JPO

(1) Introduction of the JPO's Systems

The JPO, ahead of other countries, formulated the "Paperless Project" in 1984. The Paperless Project computerizes overall patent administration, creating a database. The JPO has introduced various systems such as the world's first electronic filing system in 1990[1], which makes use of information technology.

JPO's system has been continuously improved in order to succeed in offering efficient and improved examination processing in response to the increased volume of examinations and administrative work due to more advanced and complicated technologies, increased volume of examination documents, and restrictions on hiring in line with the administrative and financial reforms in the scientific and technological powerhouse that is Japan. So far the system has played a vital role in establishing Japan as a leading country in terms of e-government, and supporting patent administration as a fundamental work platform.

1) Electronic Filing System

After the JPO introduced the electronic filing system to handle applications for patents and utility models (using a dedicated terminal) in December 1990, it approved electronic filing through personal computers in April 1998 and started to accept electronic applications for designs, trademarks, ex-parte appeals procedures, and procedures in the national phase of PCT applications in January 2000, and PCT applications in April 2004.

In addition, in October 2005, the JPO started to accept electronic applications 24 hours a day, 365 days a year, and began internet filing for patents, utility models, designs, trademarks, appeals, PCT applications in the national phase, as well as conventional electronic filings via ISDN lines. The JPO started accepting electronic filing for PCT applications via the Internet in January 2007. In the Internet filing system, certification through the electronic certification system based on commercial registration (for corporations) and certification through the electronic certificate of the Public Certification Service for individuals or some public certificate offices (for personal users) have been used. In January 2010, a government office certificate of the Government Public Key Infrastructure (GPKI) and a business certificate of the local government public key infrastructure (LGPKI) became available so that government offices and local government are able to file applications.

Moreover, in April 2010, filing via ISDN lines ended in response to the drop in ISDN subscribers and the increased use of the Internet. As a result, electronic filings migrated to Internet filings in order to solve redundancy in terms of the amount of investments needed to maintain two different electronic filing systems. This at the same time provide enhanced services that take advantage of large-capacity, high-speed communications systems.

1 The KIPO introduced the electronic filing system in 1999 and the EPO and the USPTO introduced it in 2000.

The Japanese government set a target of promoting the use of the electronic filing system in the "New Plan for Online Use" (August 2011). In such circumstance, the various efforts made by the JPO since the introduction of the electronic filing system have borne fruit, and the electronic filing rate has been high, for example in 2011, it was 97.8% for patents/utility models, 92.3% for designs, 81.7% for trademarks, 99.2% for ex-parte appeals, 99.8% for PCT applications in the national phase, and 92.9% for PCT applications.

2) Administrative System

The administrative system is roughly divided into the "administrative processing system" that handles electronic-based administrative procedures of file wrappers, from applications for patents, utility models, designs, and trademarks, to publications of applications in the gazette and the "peripheral examination assistance system" for substantive examinations.

Among the administrative processing systems of file wrappers, those involving patents and utility models started to operate in 1990, as the said electronic filing system. This system consists of a filing system that receives application data/receipts online, a formality check system that conducts formality checks both automatically and manually, an original record management system that stores and manages application data, and a management system that assigns classifications for publicizing applications and checks improper summaries, etc. This system has been improved as necessary. For example, a main-frame computer was replaced with a server and the system was migrated from the batch processing system to the serial processing system.

The peripheral examination assistance system supports examiner's duties by managing cases subject to examination, draft and final decisions, and by approving and supporting examinations. This system started to operate in July 1993 for patents/utility models and in January 2000 for designs and trademarks. At the beginning, the peripheral examination assistance system was operated by a dedicated work station. However, it became possible for the system to operate on personal computers to improve efficiency in July 2001, and it also became possible for the search system mentioned below to operate on personal computers in March 2005 to achieve an all-in-one system. The system is strengthened by collaborating with the peripheral examination assistance system and the search system.

3) Search System

Search duties of gazettes are necessary in order to conduct patent, trademark, and design substantive examination duties at the JPO. The F-term search system is used for patents and allows searches by search keys such as F terms, FI, and free words assigned to examination Sources such as gazettes according to technical characteristics, names of the applicants or inventors, titles of the inventions, and full text. In March 2010, the search function by the IPC 8th edition and the search function of patent gazettes by the KIPO and SIPO were also made possible. Moreover, the following search systems have been used: for the examination of designs, a design search system that enables searches using D terms that segment the design classification by multiple points of view; for the examination of trademarks, a phonetic search system, a character string search, a figure trademark examination system that searches by classification (figure term, Vienna classification (since April 2004)) and similar group code, and the construction of the well-known/famous trademarks database and search system. In the appeals/trial duties, the search system for already decided cases has been used for duties, and enables searches using J terms and texts assigned to digitize official gazettes of trial decisions and judgments.

(2) Development of Systems for the Future at the JPO

1) Construction of the JPO Comprehensive Information System

As mentioned in the section above, the JPO has actively promoted computerization, achieving efficient processing, and prompt and accurate examinations and proceedings. On the other hand, in order to ensure simple and efficient administration, the government summarized the "e-Government Building Program", which was decided at the Chief Information Officer (CIO) Council in July 2003, and revised in June 2004.

Based on the plan, the JPO formulated the "Plan for Optimization of JPO Operations and Systems" (hereinafter referred to as the "Optimization Plan") in October 2004 to optimize its operations and entire system. After that, the JPO conducted a review of the plan details and schedules, revising them in August 2005. It started the system's designing process from December 2006. The plan was further revised in October 2008 in order to respond changes surrounding the system and changes in IP such as the globalization of IP and the diversification of users' needs. The revised plan is a whole new system consisting of the "JPO administrative information system", the "JPO new search system" and the "JPO new comprehensive information system" that help the JPO to operate and administer examinations and appeals/trials. It was also upgraded in October 2009 due to further technical advances.

In June 2010, the "Investigative Committee on the JPO's Information System" was set up and an investigative report was compiled in August 2010.

Based on the indication in the investigative report, the JPO presented the specifications etc. to the vendors expected to bid for the system, and asked them as program developers for opinions.

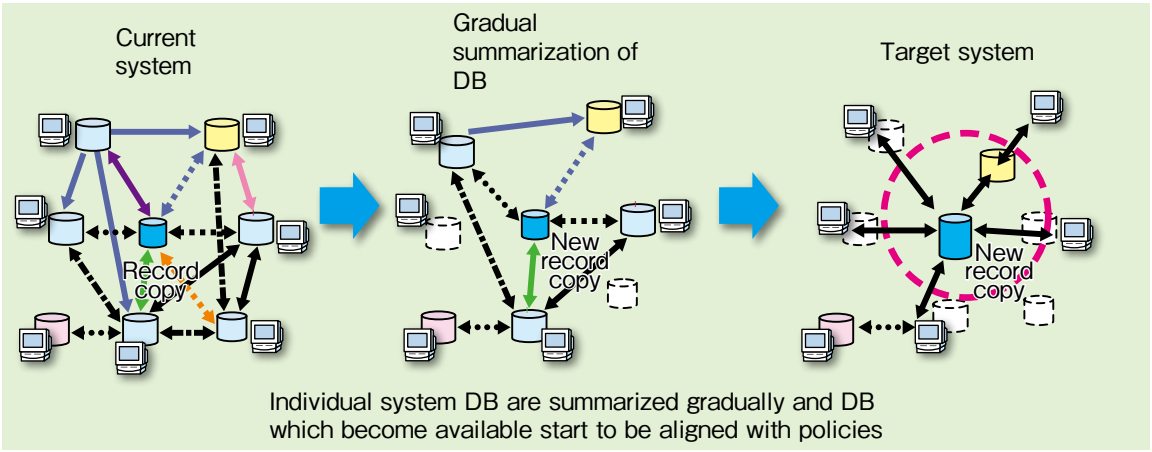
In September 2011, as almost one year had passed since the investigative report was announced, the "Technological Verification Committee on the JPO's Information System" verified the efforts for the development of the operations infrastructure system, the progress of the project etc. from a technological viewpoint to make a proposal for the the shape of implementing the project concering the JPO's future information systems.

In January 2012, the Committee submitted a "technological verification report" and the JPO decided to discontinue the current projects and formulate a new system development project based on the report.

2) JPO's Future System Development

The "Technological Verification Report" submitted in January 2012 points out that the JPO should earnestly examine adopting the way of renovating JPO's Information System step by step, after fully scrutinizing its advantages and disadvantages. The JPO, will formulate and implement a system development project to develop the new

【Figure 3-6-1 Basic Concept of Gradual Renovation】



information system that JPO can realize timely high priority policies with, after examining system development ways involving the way of renovating the information system step by step

2. Efforts Involving Global Computerization

This section introduces the work that the JPO has done to standardize international information formats in the field of intellectual property rights, outlining the cooperative efforts for utilizing information and technology (IT).

(1) International Efforts to Standardize Information Formats in the Field of Intellectual Property Rights

It is necessary for the information formats used at each IP office to comply with international standardization from the following points of view. They are efficient and unified in distributing and exchanging information electronically with other countries. The search systems provide information on various industrial property rights.

1) International Standardization of Electronic Filing Format for Patents and Utility Models

The electronic filing format for patents which is prescribed as Annex F of the PCT administrative instructions has been used not only for PCT electronic applications but also national electronic applications at the JPO and the EPO.

However, the JPO developed an electronic filing system conforming to XML and started to accept XML applications as of July 2003 because XML was adopted as the document format for PCT electronic filings.

In addition, the Trilateral Offices (JPO, EPO and USPTO) agreed on a common application format (CAF) in November 2007. In 2008, the Trilateral Offices suggested a revision of the XML definition of descriptions provided in Annex F of the PCT administrative instructions based on the common application format. The suggestion was agreed. As a result, the JPO has started to accept online applications using the common application format since January 2009, ahead of other countries. Moreover, the JPO has made efforts for spreading the XML format at an international level by modifying XML creation software provided for national applications and PCT applications in Japan to operate in an English setting, therefore providing the general

public with the software free of cost since April 2009.

The JPO has worked to increase the number of patent offices that adopt the CAF. In January 2012, in revising the agreement of the Trilateral Offices on the CAF, the Five Patent Offices agreed on the CAF Definitions, positioning them as technical specifications for adopting the CAF at the Five Patent Offices and other Offices on a working level. ,

The WIPO is also striving to standardize the WIPO Standards, taking into account the trends of major countries. The WIPO Standards are utilized in various types of electronic information on intellectual property.

The number of WIPO Standards is increasing year by year. The WIPO Standard ST.96 related to XML that is commonly applicable to patent, utility model, design, trademark documents was adopted at the Committee on second WIPO Standard in May 2012, except for some annexed documents.

【Table 3-6-2 Outline of WIPO standards・Number of standard】

Explanation	Number of standard
Standards of a Nature, common to Information and Documentation	4
Examples: ST.3: Two-letter codes for the representation of states, other entities and organizations ST.96: Processing of industrial property information using XML	
Standards relating to Patent Information and Documentation	40
Examples: ST.9: Bibliographic data on and relating to patents and SPCs ST.36: Processing of patent information using XML	
Standards relating to Trademark Information and Documentation	6
Examples: ST.60: Bibliographic data relating to marks ST.66: Processing of trademark information using XML	
Standards relating to Industrial Design Information and Documentation	3
Examples: ST.80: Bibliographic data relating to industrial designs ST.86: Processing of industrial design information using XML	

2) Standards for Data Exchange through the Trilateral Network

The Trilateral network has been used to exchange priority documents online among the Trilateral Offices and share the examination information (Dossier information) among offices, etc. In the beginning, the frame relay network was used as a communication line, but a system which defines various services in XML for use was adopted in 2003, when the network was changed to the Internet. In November 2005, the Trilateral Offices agreed to adopt a format called Trilateral Document Access (TDA), which allows users to view examination information of other offices. The importance of TDA has been elevated as a standard for exchanging data among the Trilateral Offices by revising it to conform to priority document exchange and to the WIPO Digital Access Service (DAS)[1] in March 2008. Moreover, at the Trilateral Offices meeting held in November 2010, it was agreed to carry out a study with the aim of using the most suitable networking with the intention of having secure exchange open to all IPOs in the future. Discussions are still being held on this matter.

1 A framework to exchange priority documents online worldwide through the WIPO International Bureau

(2) Promotion of International Cooperation Utilizing IT

1) Priority Document Exchange

The JPO is advancing an online, mutual-exchange project for priority documents among offices, in cooperation with patent offices in other countries. Under this project, the Office of First Filing, instead of the applicant, sends priority documents directly to offices of other countries. This system significantly alleviates the workload placed on applicants and lowers their cost-burden in terms of submitting documents. It also reduces the workload at offices too, in terms of issuing priority documents to applicants. This initiatve started between the JPO and the EPO in January 1999, between the JPO and the KIPO in July 2001, and between the JPO and the USPTO in July 2007.

Moreover, in cases when priority documents that are issued by an office with which the JPO does not exchange priority documents online are held by an office with which the JPO does exchange priority documents online, it became possible since 2009 for the office to acquire the priority documents. As a result, this makes it easier on applicants who are planning to use priority certificates issued by offices with which the JPO does not exchange priority documents online.

Furthermore, in addition to the efforts of the Trilateral Offices and the KIPO, the WIPO General Assembly in 2006 agreed to establish DAS. The online exchange of priority documents using DAS started in 2009. In response, the JPO set up the framework to use this service in April 2009 before other countries. In addition, the number of participating countries in this system has increased year by year. The use of such system started in the United States, the Republic of Korea, the United Kingdom, Spain, Australia, Finland, Sweden, Denmark and China. From January 2010, it became possible to request the WIPO International Bureau to obtain the priority documents of PCT applications by using DAS.

The WIPO DAS Working Group held in July 2011 agreed to expand DAS to designs and trademarks. The Group also agreed with a suggestion submitted by Japan to improve the usability of DAS.

2) Foreign File Wrapper Reference

In order to respond to the globalization of IP activities, it is necessary for IP offices to cooperate in the examination process by mutually using examination results or prior art search results. Under such circumstances, the JPO has worked to create a system that can be used to obtain examination information owned by other offices, in order to set up a framework in which examiners are able to refer to search/examination results and information on the history of offices in other countries by using IT. Based on a suggestion made by the JPO, the Trilateral Offices created the Dossier Access System that provides examiners at each office with examination information from other offices through the Trilateral Network in 2006. In 2007, the JPO started to share the examination information by using this system with the KIPO. If the examination information is in Japanese, it will be translated into English by machine translation and provided to each office. Almost five years have passed since the system came into operation, For example, in FY2011 examiners at the JPO have accessed the other offices to view the examination results of about 400,000 documents. Having this type of infrastructure enabling cooperation on examination results improves the efficiency, quality, and predictability of patents worldwide

The JPO translates information on search/examination results in Japan into English by machine translation and provides 56 patent offices with the information (as of March 2012) through the AIPN using the Internet. It is expected that, for example, when the PPH is used, reference to the examination history of applications filed in the JPO during the examination process at foreign patent offices improves examination efficiency and quality of examination at those offices. It is also enables Japanese applicants to acquire rights and conduct smooth economic activities.

In addition, the JPO leads discussions toward establishing the One Portal Dossier that collectively displays the examination information of related applications at each office in the IP Five Office Foundation Project formulated in the IP5 Head Meeting held in October 2008. One objective is to enable common access to search and examination results.. In March, the IP five Offices largely agreed to work toward establishing a system in an open network environment. Currently, preparations are being made to launch the system in 2013

3) Advanced Search Environment

In the examination process for patent and other rights, "absolute novelty" is adopted as a standard for judging the novelty in almost all major countries. Therefore, it is necessary to investigate documents not only in terms of one's own country but also terms of the global framework. To achieve this, it is necessary to create a platform enabling advanced search that contributes to international work sharing by advancing examination cooperation, collaborating on document databases, and utilizing search tools owned by other offices.

In order to solve this issue, discussions have been held in the above-mentioned IP Five Office Foundation Project. For example, discussions are being held on a common search and examination tool* based on a pilot project to examine the search tools owned by each office. The Project plans to efficiently utilize the results. Also, project members talked about a tool for a common document database**, discussing the types of documents commonly accessible to each office.

*A project enabling examiners in all offices to establish a common examination and search tool that can search similar results.

**A project to develop a common database tool that examiners at all offices can use to access the same scope of document databases.

4) Efforts for Supporting Developing Countries

In developing countries such as Asian countries which are getting more important for Japan as growing markets and manufacturing bases, it is essential not only to confront problems in counterfeiting and piracy but also to build infrastructures that protect IP. In addition to the cooperation of human resource development and examination, the JPO has been focusing on building an intra-office database, a tool to provide IP information such as the IPDL, and a system of e-filing Southeast Asian countries that have strong economic and cultural ties with Japan (cooperation for informatization).

Furthermore, for the purpose of modernizing the IP offices in developing countries, the JPO sends specialists to assist in building their information infrastructures.