



# Part 1 ——— Current Status of





**Intellectual Property Rights** —



## Chapter 1

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

The landscape surrounding intellectual property rights is rapidly changing due to several factors such as the increase worldwide in the number of patent applications being filed, more globalized business activities, and market growth in emerging countries such as China. Under these circumstances, filings for intellectual property rights in Japan are also changing significantly. This chapter presents the current status of applications, registrations of intellectual property rights, examinations, appeals and trials both in and outside Japan.

#### 1. Patents

The number of patent applications filed in Japan in 2012 was 342,796, nearly the same level as that of the previous year. On the other hand, the number of international patent applications (PCT international applications)<sup>1</sup>, which are patent applications filed with foreign Offices, has been rapidly increasing year by year. In 2012 it was 42,787, a year-on-year increase of 12.7%. This section presents the current statistics on applications, registrations of patents, and patent examination both in and outside Japan.



<sup>1</sup> PCT international application: An international application filed based on the Patent Cooperation Treaty (PCT). Under this system, when one request for application is submitted in accordance with the Treaty, it has the same effect as simultaneous filings with all PCT contracting parties.

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

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

Although the annual number of patent applications filed in Japan had remained high, at more than 400,000, the number has been gradually decreasing since 2006, with the number of patent applications sharply dropping in 2009. The total number of patent applications in 2012 was 342,796. This was nearly the same level as that of the previous year (342,610) (See Figure 1-1-1).

The recent economic recession is considered to be one factor behind the decrease. However, there is also another factor to consider. Applicants are becoming more selective in filing. In other words, they are changing their intellectual property strategy.

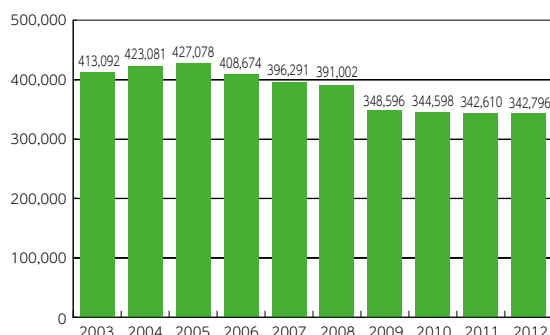
Instead of filing a large number of patent applications, they are now following a new strategy, which is to file higher quality patent applications that form the basis for business development<sup>2</sup>.

Meanwhile, the number of international patent applications filed under the Patent Cooperation Treaty (PCT international applications) for which the Japan Patent Office was the receiving office in 2012, was 42,787, a 12.7% increase over the previous year. This shows a continued sharp increase year by year (See Figure 1-1-2).

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

<sup>2</sup> See Part 2, Chapter 1, 1.(2) for the change in the number of patent applications by category of business

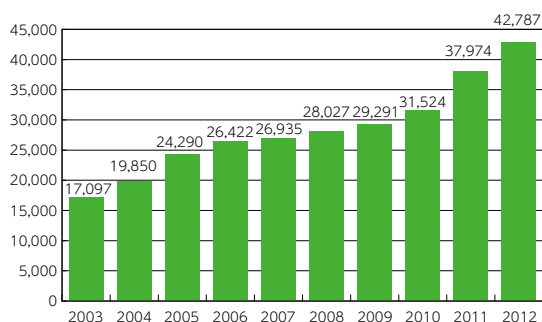
**[Figure 1-1-1 Change in the Number of Patent Applications]**



Note:

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

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



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

In October 2001, the period during which applicants could request examinations was reduced to three years from seven years. As a result of this change, there was a temporary surge in the number of requests for examination (the so called “bump in requests” ). However, the bump in requests ended at the end of September 2008 and the number of requests for examination in 2009 had decreased significantly. The number of requests for examination in 2012 was 245,004 (a year-on year decrease of 3.4%), nearly the same level as that in 2011 (See Figure 1-1-3).

## 3) Timely Examination

The workload involving patent examinations has increased year by year due to the following three reasons: (1) the

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

As a result of these efforts, the number of First Actions (FAs)<sup>2</sup> of national applications in 2012 remained almost at the 2011 level (369,679, increase 1.6% over the previous year), exceeding the number of requests for examination (See Figure 1-1-4) and the number of applications awaiting the First Action in 2012 (319,247).

Based on the above results, First Action Pendency<sup>3</sup> is steadily being reduced, to 16.1 months as of the end of FY2012 (See Figure 1-1-5). In other countries including the United States, there is a movement that will require Offices to not only shorten first action pendency but also reduce the time it takes applicants to be granted rights. This is a great challenge for Japan. (See Figure 1-1-6).



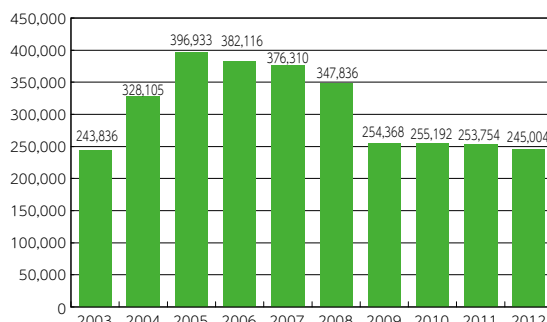
<sup>1</sup> See Part 3, Chapter 2, 1. (1).

<sup>2</sup> The first examination conducted after a request for examination is filed by the applicant. FA is an abbreviation of First Action.

<sup>3</sup> The period from the time a request for examination is made, up to when the first notice of examination results is sent.



【Figure 1-1-3 Changes in the Number of Requests for Examination】

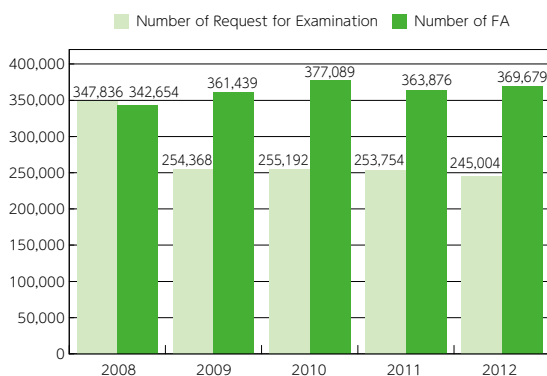


Note:

The number of requests for examinations made between 2009 and 2012 includes those that used the Deferral System<sup>1</sup> for Examination Request Fee.

Source: Statistics and Appendixes Chapter 1, 1.

【Figure 1-1-4 Changes in the Number of Requests for Examination and Number of First Actions】

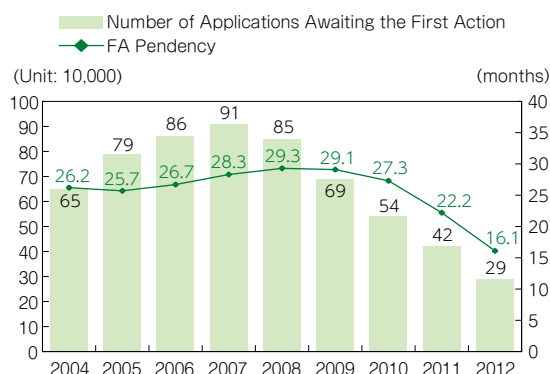


Note:

The number of requests for examination made in 2009 to 2012 includes those that used the Deferral System for Examination Request Fee.

Source: Statistics and Appendixes Chapter 1, 1.

【Figure 1-1-5 Changes in the Number of Applications Awaiting the First Action and First Action Pendency】



Notes:

1. The number of applications awaiting the first action does not include those for which examination fees were not paid because the applicants requested to use the Deferral System for Examination Request Fee.
2. The number of applications awaiting the first action is based on the figure as of the end of each year.

【Figure 1-1-6 Average “Period of Time for Applicants to Acquire Rights” at the IP Five Offices in 2011】

KIPO	22.8 months
SIPO	22.9 months
USPTO	33.8 months→ 20 months (target for CY2017)
JPO	34.0 months
EPO	40.5 months



<sup>1</sup> This is a system that allowed applicants to postpone payment of their examination request fees up to one year from the date they requested for examination, as long as they notified the JPO to that effect.. The system ended on March 31, 2012.

#### 4) Changes in Patent Examination Performance

In line with the increase in the number of PCT international applications as shown in 1) above, the number of international search reports<sup>1</sup> created by the Japan Patent Office as an international search organization, increased from 35,633 in 2011 to 40,529 in 2012, up 13.7% over the previous year.

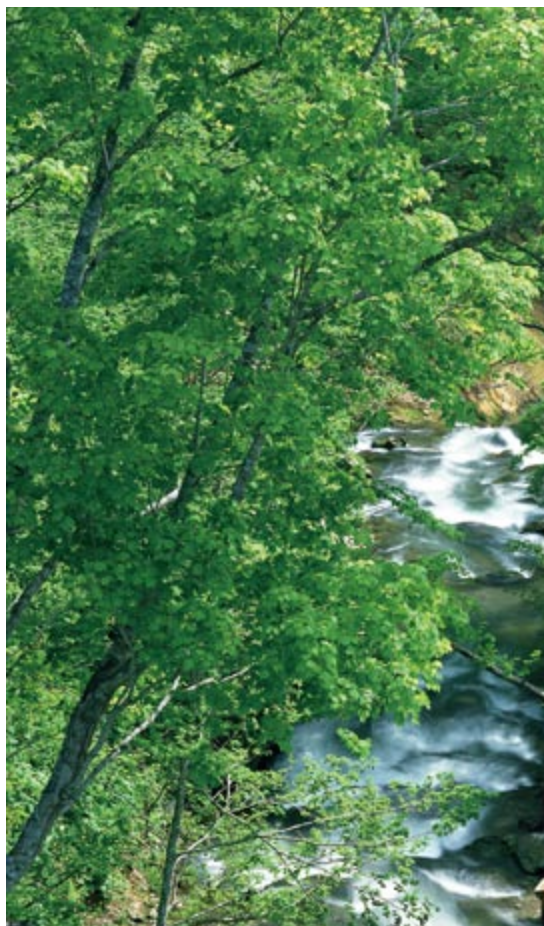
On the other hand, the number of international preliminary examination reports<sup>2</sup> has been decreasing since 2004 and remains almost unchanged in recent years. This is due to the Enhanced International Search System<sup>3</sup>, which was introduced in 2004 (See Figure 1-1-7), in which a written opinion (similar to the one that used to be prepared at the international preliminary examination phase) has to be established at the same time as the international search report.

In addition, the number of subsequent examinations<sup>4</sup> in 2012 increased by 3% year-on-year, while the number of reconsiderations by examiners before appeal proceedings<sup>5</sup> in 2012 decreased by 7% year-on-year (See Table 1-1-8).

In line with the increase in the number of examinations, the number of decisions to

grant patents increased to 254,502 in 2012, up 15% year-on-year (See Figure 1-1-9). The rate of decisions granting patents continued to increase, reaching 66.8%. On the other hand, the number of decisions of refusal decreased to 120,896 in 2012, a drop of 13% year-on-year; and the percentage of final decisions of refusal was 33.2% (See Table 1-1-10).

**[Figure 1-1-7 Changes in the Number of Reports Created for PCT Applications]**



<sup>1</sup> A report created after a PCT application is filed and an examiner is selected at the JPO, which becomes the international search organization to search related prior arts.

<sup>2</sup> Reports created by examiners on the final examiners' decisions on the international preliminary examinations conducted for the purpose of showing preliminary and non-binding opinions on novelty, inventive step and industrial applicability of inventions described in the claims. These are prepared when applicants request them.

<sup>3</sup> A system in which an International Searching Authority creates a written opinion as to whether the invention described in the claim is recognized to have novelty or inventive step (the invention is not obvious) and whether it is recognized to be industrially applicable at the time when the international search report is created.

<sup>4</sup> An examination conducted upon the submission of a written opinion and a written amendment from the applicant after the first action.

<sup>5</sup> An examination conducted by the examiner based on Article 162 of the Patent Act in the case an amendment of claims is made at the request for an appeal against an examiner's decision of refusal.



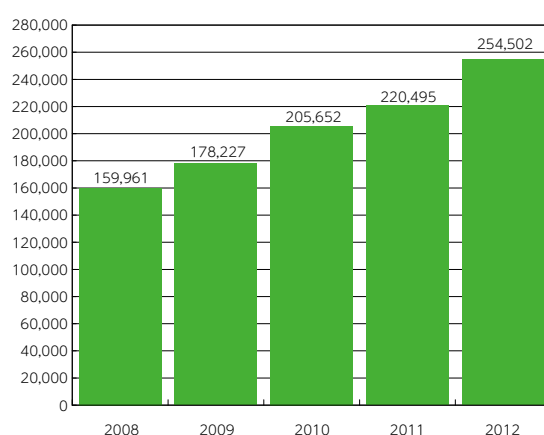
【Table 1-1-8 Changes in Patent Examination Performance】

Record	2008	2009	2010	2011	2012	Year-on-year
Number of First Actions	342,654	361,439	377,089	363,876	369,679	102%
Number of Subsequent Examinations	283,638	306,018	336,613	327,736	338,738	103%
Number of International Search Reports of PCT	26,523	28,927	29,993	35,633	40,529	114%
Number of International Preliminary Examination Reports of PCT	2,321	2,173	1,952	2,198	2,702	123%
Number of Reconsiderations by Examiner before Appeal Proceedings	28,478	24,131	26,707	25,739	23,851	93%
Total	683,614	722,688	772,354	755,182	775,499	103%

Notes:

1. The “year-on-year” column is a comparison between 2012 and 2011.
2. The “number of reconsiderations by examiners before appeal proceedings” is the total number of decisions to grant patents during the procedure<sup>1</sup>, reconsideration reports made to the JPO Commissioner<sup>2</sup>, and notifications of reasons for refusal made in the procedure.

【Figure 1-1-9 Changes in the Number of Decisions to Grant a Patent】



<sup>1</sup> The number of cases in which the examiner’s decision of refusal was cancelled and a decision to grant a patent was made, as a result of reconsiderations by examiners.

<sup>2</sup> The number of cases in which the examiner’s decision of refusal was upheld, as a result of reconsiderations by examiners.



[Table 1-1-10 Changes in Final Decision Performance]

Performance	2008	2009	2010	2011	2012	Year-on-year
Number of Decisions to Grant a Patent	159,961	178,227	205,652	220,495	254,502	115%
Number of Decisions of Refusals	154,163	171,396	164,639	138,784	120,896	87%
(Of which number of decisions of refusal without a dissenting response from the applicant)	85,443	105,004	100,951	84,419	70,297	83%
Withdrawals/Abandonments After the First Action	4,779	5,169	4,600	5,433	5,566	102%
Rate of Decisions to Grant a Patent	50.2%	50.2%	54.9%	60.5%	66.8%	—
Rate of Decisions of Refusal	49.8%	49.8%	45.1%	39.5%	33.2%	—

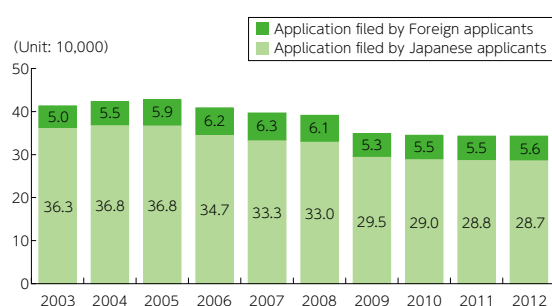
Notes:

1. "The number of decisions of refusal for cases in which applicants did not respond" is the number of decisions of refusal decided because the applicants did not respond, from the time they received their notices of reason for refusal issued by the examiners.
2. "Withdrawals/Abandonments after the first action" is the number of applications withdrawn/abandoned after the first action.
3. "Rate of Decisions to Grant a Patent" is the number of decisions in which a patent was granted divided by (1) the number of decisions to grant a patent plus (2) the number of decisions of refusals plus (3) the number of withdrawals/abandonment after the first action.
4. "Rate of Decisions of Refusal" is the number of decisions in which a patent was not granted (refusal) plus the number of withdrawals/abandonments after the first action, divided by (1) the number of decisions to grant a patent plus (2) the number of decisions of refusal plus (3) the number of withdrawals/abandonments after the first action.

## (2) Trends of Patent Applications/Registrations in the JPO

### 1) Patent Application Structure in Japan

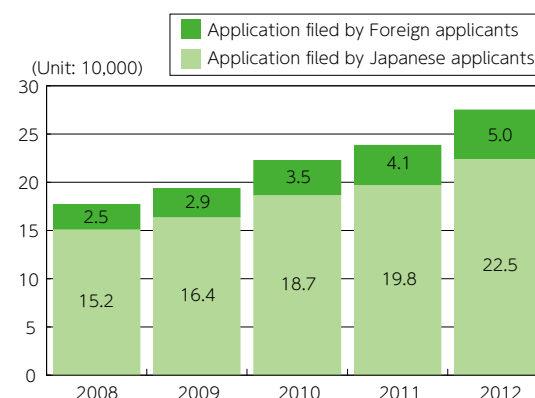
[Figure 1-1-11 Breakdown of Patent Applications in the JPO]



### 2) Patent Registration Structure in Japan

The number of patent registrations at the JPO was 275,000 in 2012. The number of patent registrations filed by Japanese was 225,000, a 4% decrease compared to the percentage in 2008 (86%) (See Figure 1-1-12) This indicates that the percentage of patent registrations filed by foreign applicants has been increasing.

[Figure 1-1-12 Patent Registration Structure in the JPO]

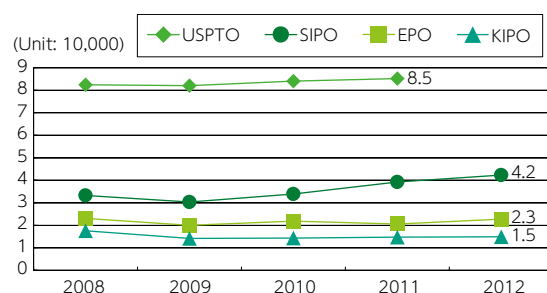


### 3) Patent Applications Filed with Major Patent Offices by Japanese Applicants

In 2012, the number of applications filed by Japanese applicants with the SIPO was 42,278 (up 7.8% over the previous year); with the EPO, it was 22,700 (up 10.4% year-on-year); and with the KIPO, it was 14,889 (up 1.1% year-on-year). The number of applications filed with the EPO declined in 2011, but increased in 2012 (See Figure 1-1-13).



【Figure 1-1-13 Changes in the Number of Patent Applications Filed with Major Offices by Japanese Applicants】



	2008	2009	2010	2011	2012
USPTO	82,396	81,982	84,017	85,184	undisclosed
SIPO	33,264	30,302	33,882	39,231	42,278
EPO	23,081	19,933	21,824	20,568	22,700
KIPO	17,552	14,168	14,346	14,734	14,889
Total	156,293	146,385	154,069	159,717	—

Note:

USPTO: The number of utility patents was counted. The number of applications in 2012 was undisclosed at the time of writing this report.

Sources:

USPTO: USPTO website

EPO: EPO Annual Report

SIPO: SIPO website

KIPO: 2007~2011 KIPO website

2012: Data provided by the KIPO (provisional values)

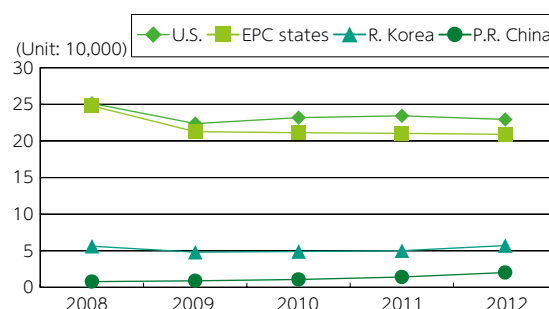
#### 4) Patent Applications Filed with the JPO by Foreign Applicants

The number of patent applications filed with the JPO by foreign applicants increased to 55,783 in 2012, remaining almost unchanged year-on-year.

In 2012, applications filed by US and European applicants accounted for 79.0% of the total number of applications filed by foreign applicants. The number of applications filed by Korean applicants has been slightly increasing, as in the previous year. The number accounted for 10.0% of the total number of applications filed by foreign applicants in 2012.

On the other hand, the number of applications filed by Chinese applicants in 2012 was 2,022, a 4.4% increase compared to 2011. However, this number still remains low compared to the number of applications filed by US, European and Korean applicants (See Figure 1-1-14).

【Figure 1-1-14 Changes in the Number of Applications Filed with the JPO by Foreign Applicants】



	2008	2009	2010	2011	2012	Percentage to total (2012)
U.S.	25,112	22,367	23,183	23,414	22,922	41.1%
EPC states	24,787	21,251	21,122	21,023	20,899	37.5%
R. Korea	5,599	4,782	4,872	5,007	5,708	10.2%
P.R. China	772	891	1,063	1,401	2,022	3.6%
Others	4,622	3,990	4,277	4,185	4,232	7.6%
Total	60,892	53,281	54,517	54,517	55,783	

Notes:

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

#### 5) Patent Registrations in Japan Held by Foreigners

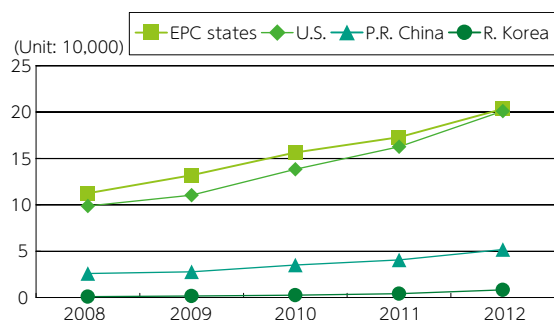
The number of patent registrations in Japan held by foreigners in 2012 increased to 49,874, up 22% over the previous year.

In 2012, registrations based on applications filed by US and European applicants accounted for 81% of the total. The number of registrations based on applications filed by Korean applicants was 5,165 and this accounted for 10.0% of the total.

The number of registrations based on applications filed by Chinese applicants in 2012 was 822, nearly two times as many as the 2011 level. However, Chinese registrations still only account for 2% of the total number of registrations (See Figure 1-1-15).



**[Figure 1-1-15 Changes in the Number of Registrations Filed with the JPO by Foreign Applicants]**



	2008	2009	2010	2011	2012	Percentage to total (2012)
U.S.	11,244	13,177	15,626	17,292	20,329	40.8%
EPC states	9,873	11,033	13,824	16,262	20,103	40.3%
R. Korea	2,596	2,777	3,505	4,048	5,165	10.4%
P.R. China	91	156	255	416	822	1.6%
Others	1,381	1,747	2,254	2,711	3,455	6.9%
Total	25,185	15,713	19,838	23,437	49,874	

Notes:

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

## 2. Utility Models

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

### (1) Change in the Number of Applications for Utility Model Registrations and Technical Reports of Expert Opinion on Registrability of Utility Models

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

The number of applications for utility model registrations has been decreasing since the utility model system was changed to a non-substantive examination system in 1994. Due to this situation, the utility model system was amended and the new system came into force in April 2005 in order to make the system more attractive. The following is an outline of the provisions that were amended in the utility model system:

- (i) extending the term of utility model rights,

- (ii) reducing the annual fee for utility model rights,
- (iii) expanding the allowable scope of corrections, and
- (iv) allowing the filing of a patent application based on a utility model registration.

After the amended utility model system went into effect, the number of applications for utility models reached a peak of 11,386 in 2005, an increase of 43% from the previous year. However, the number once again has been gradually declining over the years, and it now was 8,112 in 2012.

#### 2) Technical Reports of expert opinion on registrability of utility models

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

The number of Technical Reports of expert opinion on registrability of utility models has been decreasing. It was 568 in 2012, a year-on-year decrease of 5%.

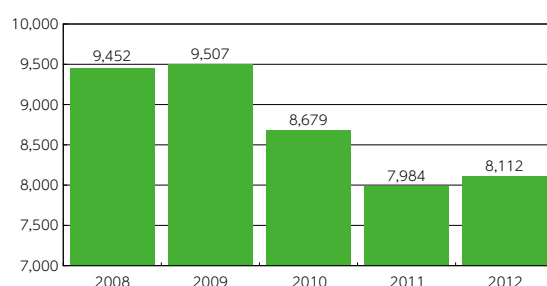




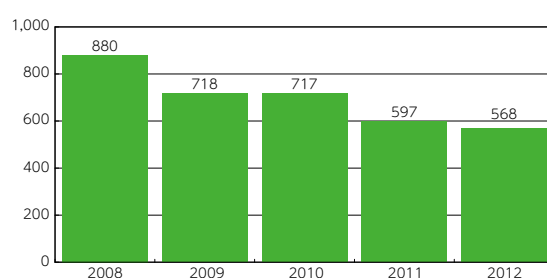
**[Table 1-1-16 Number of Applications Filed under the New Utility Model System and Technical Opinion Reports on Utility Models]**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Number of Utility Model Applications	7,983	11,386	10,965	10,315	9,452	9,507	8,679	7,984	8,112
Number of Technical Opinion Reports on Utility Models	1,061	1,261	1,032	1,116	880	718	717	597	568

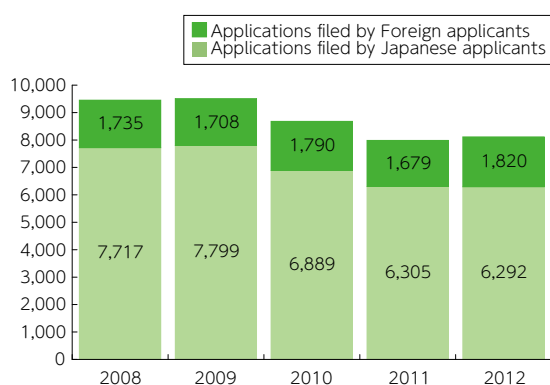
**[Figure 1-1-17 Changes in the Number of Utility Model Applications]**



**[Figure 1-1-18 Changes in the Number of Technical Reports of Expert Opinion on Registrability of Utility Models]**



**[Figure 1-1-19 Structure of Utility Model Applications in Japan]**



### 3. Designs

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

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

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

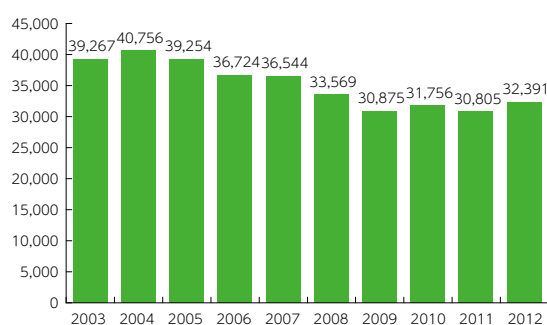
The number of applications in the past ten years was on a downward trend, after peaking at 40,756 in 2004. In the past four years (2009 - 2012), it has remained almost unchanged. The reasons for the decrease in the number of applications after 2004 can be attributed to the fact that more applications are being filed with foreign offices in line with Japanese companies expanding their business operations overseas. In addition, applicants are more selective when it comes to filing applications in Japan. Although applications to register designs for clothes and personal items took a downward turn in 2012, applications to register designs for electric/electronic information I/O devices (electric and electronic devices; and communications devices) increased. On the other hand, since a partial-design system<sup>1</sup> was introduced in

<sup>1</sup> Registering a design of a part of an article: Since the amended Design Act went into effect in 1999, it became possible to register a design, which forms a part of an article, that cannot even be physically separated from the entire article.

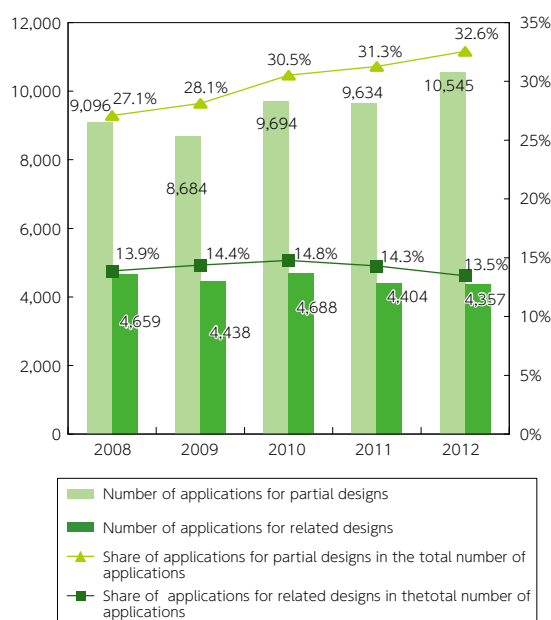


1999, the percentage of applications to register partial designs has been increasing each year, remaining at more than 30% of all the applications since 2010. The percentage of applications to register related designs<sup>1</sup>, based on a system introduced at the same time, has remained almost unchanged at around 15% of the total number of applications.

**[Figure 1-1-20 Changes in the Number of Applications for Design Registration]**



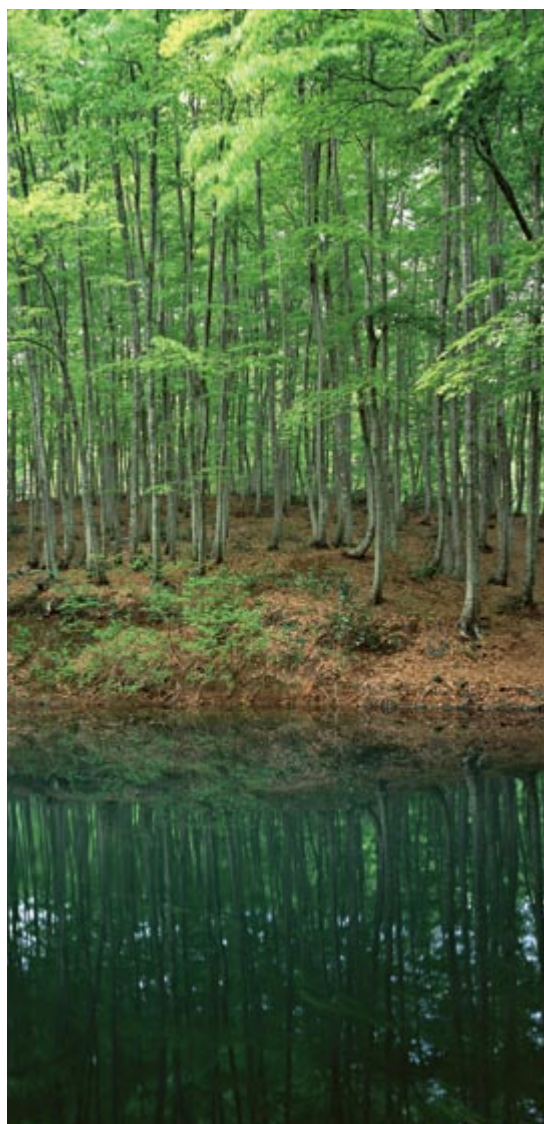
**[Figure 1-1-21 Changes in the Number and the Rate of Applications for Partial Designs and Related Designs]**



<sup>1</sup> The related design system enables a design which is similar to the principal design to be registered as a related design only when both design applications are filed by the same applicant. Related-design rights are enforceable independently from the principal design. This system was introduced in 1999.

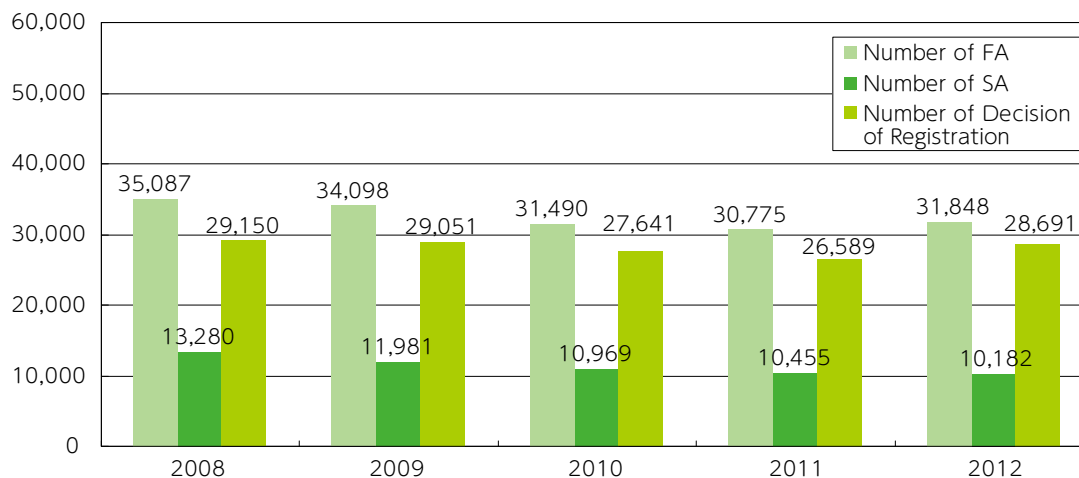
## 2) Status of Design Examination

In 2012, the number of first actions (FAs) for design examination increased from 30,775 in 2011 to 31,848. The average period of first action pendency in 2012 was 6.3 months. First action pendency means the period of time starting from the date on which the applicant files the application up to the date on which the notice of first action is sent. The number of second actions (SAs), which are the examiners' decisions following the first action was 10,182 in 2012. The period from the filing date to the second action (SA pendency period) was 11.2 months on average. Meanwhile, the average number of decisions to grant registrations has remained at around 30,000 since 2008.





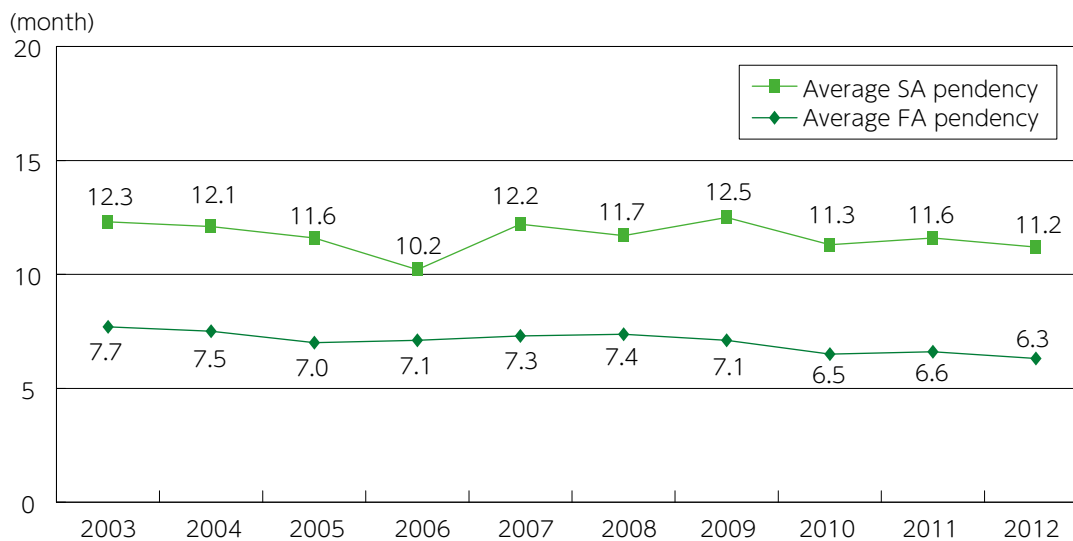
**[Figure 1-1-22 Changes in the Number of First and Second Actions and Decisions of Registration]**



Note:

The number of decisions to grant is the total number of decisions to grant based on the first actions and second actions.

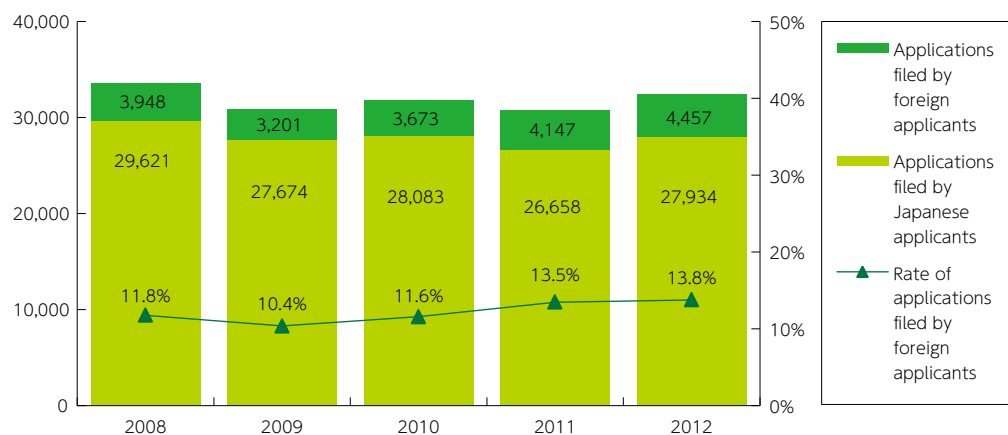
**[Figure 1-1-23 Changes in the Average First and Second Action Pendencies for Design Applications]**





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

[Figure 1-1-24 Structure of Application for Design Registration in Japan]

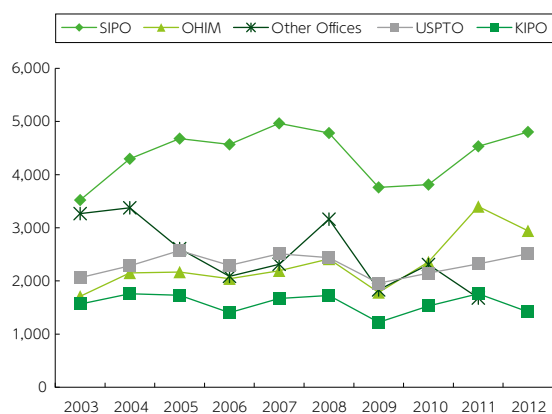


### 1) Number of Applications filed by Japanese for Design Registrations with Foreign Offices

Although the number of applications filed by Japanese with the USPTO, the OHIM, the SIPO and the KIPO dropped in 2009, it started to increase again in 2010.

However, the number of applications filed with the OHIM and the KIPO dropped again in 2012. The number of applications filed with the USPTO and the SIPO has still been increasing. The number of applications filed with the SIPO is significantly increasing, rising about 6.0% year-on-year in 2012.

[Figure 1-1-25 Change in the Number of Applications Filed by Japanese for Design Registrations with Foreign Offices]



Unit: Applications

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
USPTO	2,060	2,286	2,570	2,291	2,510	2,436	1,956	2,148	2,321	2,512
OHIM	1,711	2,152	2,168	2,041	2,192	2,414	1,781	2,356	3,401	2,942
SIPO	3,522	4,299	4,679	4,569	4,966	4,782	3,760	3,811	4,532	4,805
KIPO	1,566	1,757	1,732	1,404	1,671	1,728	1,222	1,528	1,757	1,421
Other Offices	3,266	3,376	2,609	2,087	2,311	3,162	1,832	2,308	1,679	-

#### Note:

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

#### Sources:

USPTO: 2003 - 2012 data provided by the USPTO

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

SIPO: SIPO website

KIPO: 2003 - 2012 KIPO website

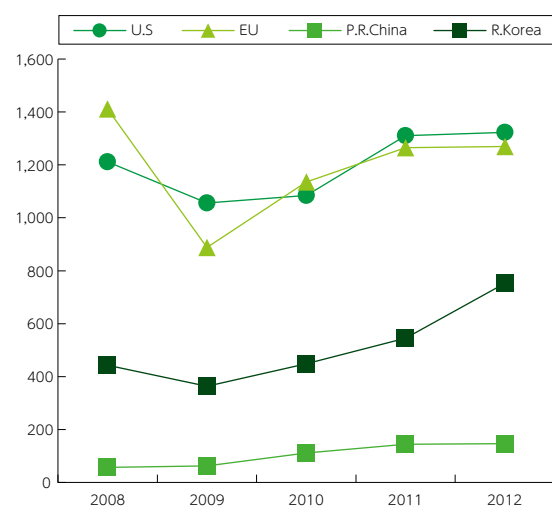
Other Offices: Created by the JPO based on WIPO Statistics (World Intellectual Property Indicators 2012 Edition)



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

In 2012, the number of applications for design registrations filed with the JPO by US, European and Korean applicants was almost the same as that in 2011. On the other hand, the number of applications for design registration filed with the JPO by Korean applicants has been on an upward trend since 2009.

**[Figure 1-1-26 Changes in the Number of Applications Filed by Foreign Applicants for Design Registrations with the JPO]**



Unit: Applications

	2008	2009	2010	2011	2012	Percentage to total (2012)
U.S.	1,212	1,056	1,084	1,311	1,323	29.7%
EU	1,412	888	1,135	1,265	1,269	28.5%
P.R.China	57	62	111	144	146	3.3%
R.Korea	443	363	449	545	753	16.9%
Others	824	832	894	882	967	21.7%
Total	3,948	3,201	3,673	4,147	4,458	100.0%

Note:

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

## 4. Trademarks

This section shows the changes in the number of applications for trademark registrations; the current status of trademark examination in Japan; trends in applications for trademark registrations;

registrations in major countries and organizations; comparison of trademark registrations in Japan, the U.S., EU, China and Korea; and trends in international applications under the Madrid Protocol.

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

#### 1) Trends in Trademark Applications

The number of applications filed to register trademarks in 2012 increased to 119,010, a year-on-year increase of 10.1%. Although the number of applications for international trademark registrations<sup>1</sup> in 2011 decreased by 5.0% over the previous year, the number of applications for other trademark registrations increased significantly by 12.1% over the previous year. The factor for this increase may be attributable to the trend in applicants to acquire rights in accordance with the new classifications of goods and services based on the Examination Guidelines for Similar Goods and Services (enacted on January 1, 2012) corresponding to the International Classification 10th Edition which was amended for the first time in nearly five years. The average number of classes per application for trademark registrations<sup>2</sup> (multiple class rates) was 1.75 in 2012, showing a gradual increase since 2010.

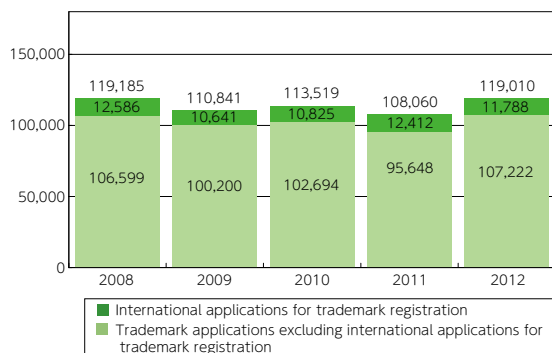


<sup>1</sup> International applications under the Madrid Protocol designating the JPO (See Article 68-9 of the trademark Act of Japan)

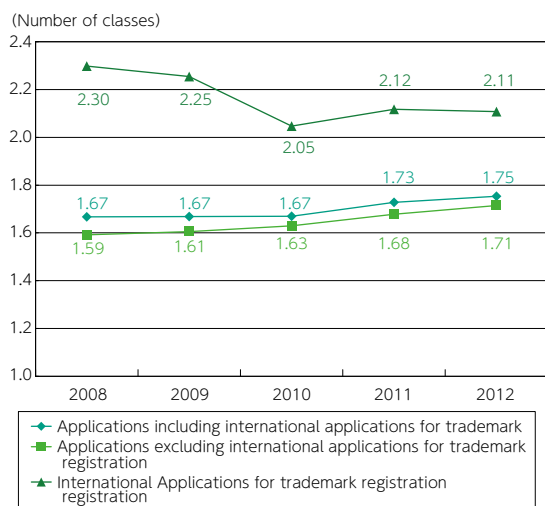
<sup>2</sup> When applicants file applications to register trademarks, the applications must designate one or more goods (services) to which the trademarks should be applied and describe their corresponding classes in the requests. Goods and services are classified into 45 classes.



**[Figure 1-1-27 Changes in the Number of Trademark Applications]**



**[Figure 1-1-28 Changes in the Average Number of Classes Designated per Application]**

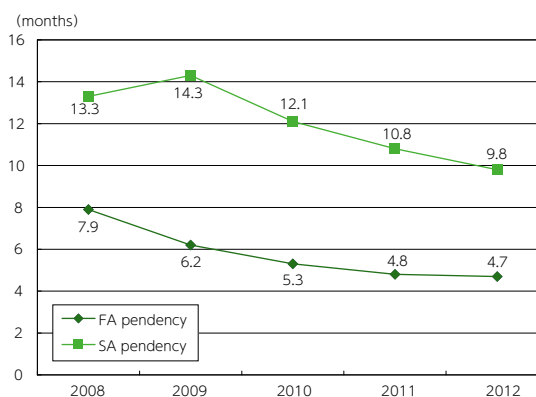


## 2) Status of Trademark Examination

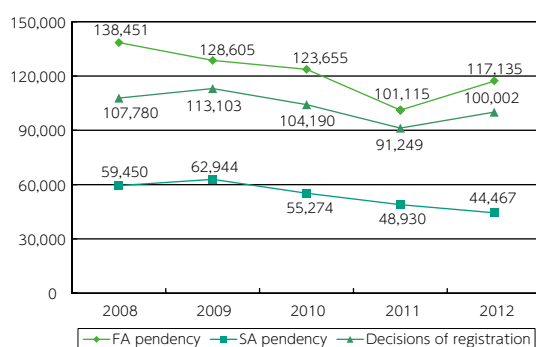
The JPO has been working to improve the efficiency of the examination process through enhancing computerization and outsourcing work to the private-sector<sup>1</sup>. As a result, in 2012, the period from the filing date to the date of issuing the first notice of examination results, i.e., the first action (FA) pendency, was 4.7 months. The period from the filing date to the date when the next decision, after that of the first action, was issued, i.e., the

second action (SA) pendency, was to 9.8 months. The number of trademark registrations has remained the same, around 100,000.

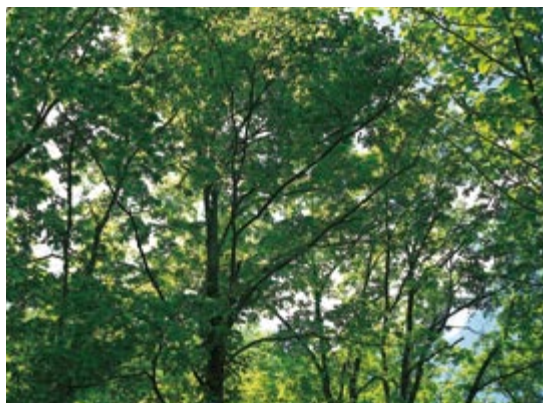
**[Figure 1-1-29 Changes in the Average FA and SA Pendency in Trademark Examination]**



**[Figure 1-1-30 Changes in the Number of FAs and SAs; and the Number of Decisions to Register Trademark]**



The number of decisions to register trademarks refers to the total of applications for which decisions to register trademarks were given in either the FA or SA.



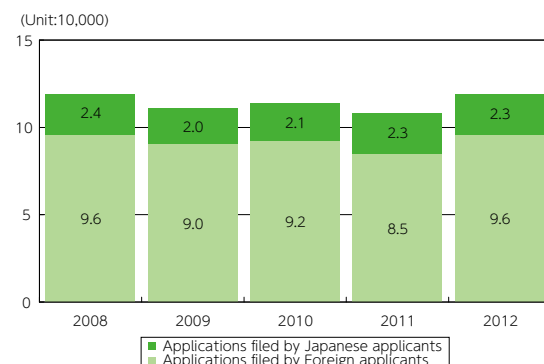
<sup>1</sup> In FY2012, preliminary searches on distinctiveness of trademarks, unclear indication of goods and services, and similarity of figures, which are required for trademark examinations, were conducted by the Japan Patent Information Organization (Japio). Examiners make use of these search results in trademark examinations.



## (2) Trends in Trademark Applications and Registrations in Japan

### 1) Breakdown of Trademark Applications for Trademark Registration in Japan

【Figure 1-1-31 Breakdown of Trademark Applications in Japan】

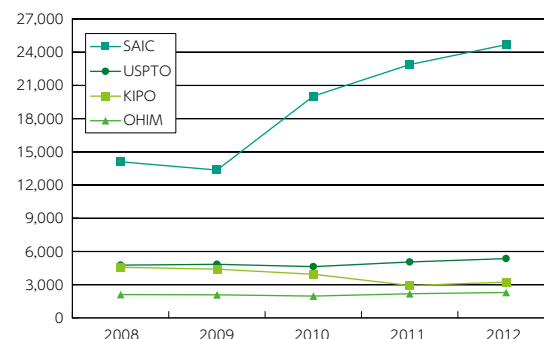


### 2) Number of Applications for Trademark Registrations filed with the Foreign Offices by Japanese Applicants

The number of applications for trademark registrations filed in 2012 with the USPTO, the OHIM, the SIPO and the KIPO by Japanese applicants increased by 6.0%, 5.5%, 7.9% and 10.6% year-on-year, respectively. This indicates a robust trend in the filing of applications with the foreign offices.



【Figure 1-1-32 Changes in the Number of Applications Filed by Japanese for Trademark Registrations with Foreign Offices】



	2008	2009	2010	2011	2012
USPTO	4,764	4,832	4,633	5,054	5,358
OHIM	2,100	2,082	1,979	2,181	2,302
SAIC	14,090	13,340	20,021	22,866	24,676
KIPO	4,563	4,397	3,936	2,927	3,236

Note:

USPTO: Since the USPTO does not publish the number of applications, the figures given here refer to the number of application classes. The figures for each year are on an annual basis counted from October in the previous year to September in the year indicated.

(Example) FY2012: October, 2011 - September, 2012

SAIC: Since the SAIC does not publish the number of applications, the figures given here refer to the number of application classes.

KIPO: The figures do not include the number of applications for international registrations under the Madrid Protocol.

Sources:

USPTO: USPTO Annual Report

OHIM: OHIM website

SAIC: CTMO Annual Report

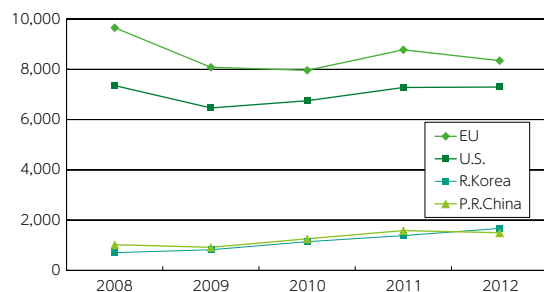
KIPO: KIPO Annual Report (2007 - 2011)

Data provided by the KIPO (2012) (provisional values)

### 3) Number of Applications Filed by Foreign Applicants for Trademark Registrations with the JPO

In 2012, the number of applications filed by foreign applicants for trademark registration with the JPO increased by 0.3% year-on-year, to 23,463. The number of applications filed by Chinese applicants and EU applicants decreased by 5.4% and 5.0%, respectively, while that filed by Korean applicants increased by 21.0%. As a result, the number of applications for trademark registrations filed with the JPO by Korean applicants surpassed that filed with the JPO by Chinese applicants.

**[Figure 1-1-33 Changes in the Number of Applications Filed by Foreign Applicants for Trademark Registrations with the JPO]**



	2008	2009	2010	2011	2012	Percentage to total (2012)
U.S.	7,347 (1,991)	6,461 (1,767)	6,748 (1,992)	7,275 (2,320)	7,294 (2,379)	31.1%
EU	9,649 (7,662)	8,079 (6,337)	7,960 (6,005)	8,775 (6,895)	8,340 (6,442)	35.5%
P.R.China	1,020 (712)	918 (589)	1,259 (764)	1,584 (938)	1,498 (779)	6.4%
R.Korea	703 (135)	822 (135)	1,141 (187)	1,381 (277)	1,671 (312)	7.1%
Others	4,792 (2,070)	4,087 (1,802)	4,248 (1,866)	4,372 (1,980)	4,660 (1,861)	19.9%
Total	23,511 (12,570)	20,367 (10,630)	21,356 (10,814)	23,387 (12,410)	23,463 (11,773)	100.0%

Notes:

- The figures for the EU are the total number of applications filed with the JPO by applicants from EU member states in Chapter 4, 2.(1) Applications by Country of Origin in 2010 (the member states are as of March 2012).
- Figures in parentheses are the numbers of international applications for trademark registration under the Madrid Protocol out of the total.

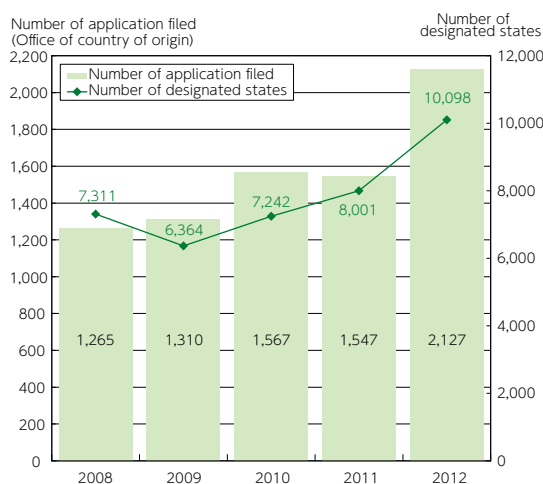
#### 4) Trends in Application Filings for International Registrations under the Madrid Protocol<sup>1</sup>

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

<sup>1</sup> Outline of the international trademark application system under the Madrid Protocol: Based on a trademark applied for or registered with an Office of one of the Contracting Parties (Office of origin), a request for designating an Office/Offices of Contracting Party (designated Office) for which protection is sought is filed for international registration with the WIPO International Bureau (IB) through the Office of origin. This application for international registration is registered in the International Register managed by the IB. The IB sends the notification of an extension to the designated Contracting Party to the designated Office. The international registration is protected in the designated Contracting Party unless the designated Office notifies reasons for refusal within one year or 18 months by declaration (18 months in the case of Japan).

The number of international applications filed by Japanese in 2012 to register<sup>2</sup> trademarks with foreign Offices increased 37.5%. And the number of designated states increased by 26.2% over that of the previous year.

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



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

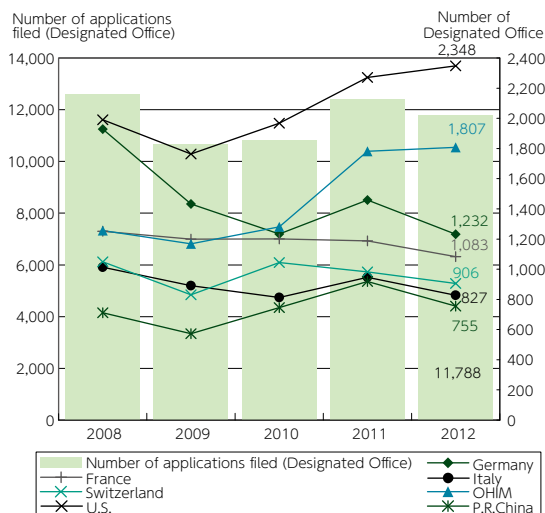
The number of applications by foreign applicants in 2012 for international applications for trademark registrations<sup>3</sup> decreased 5.0% year-on-year. Although the number of applications filed by applicants in the United States and the OHIM increased by 3.4% and 1.4%, respectively, the number of applications filed by China, Germany and Italy decreased significantly by 17.8%, 15.6% and 12.7%, respectively.

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

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



**[Figure 1-1-35 Changes in the Number of International Applications for Trademark Registrations (Filed with the JPO from Foreign Countries)]**



## 5. Trials and Appeals

The system of trials and appeals has two roles. One is to examine applications in order to give the higher valid judgment, and the other is to settle disputes as soon as possible. The trends in requests for appeals against examiners' decisions of refusal, of which the main function is to give the higher valid judgment, are closely related to the trends of examination in the Examination Department. In addition, the trends in requests for trials for invalidation, of which their main function is to determine the validity of rights with the aim of settling disputes as soon as possible, are closely related to the trends in disputes over industrial property rights such as infringement lawsuits.

### (1) Status of Trials and Appeals

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

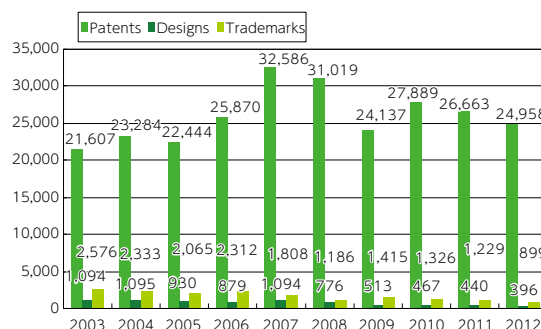
##### a. Trends in Appeals against Examiners' Decisions of Refusal<sup>1</sup>

The number of appeals against examiners' decisions of refusal for patents has been gradually decreasing, after peaking in 2007. The number decreased by 6.4%

year-on-year to 24,958.

The number of appeals against examiners' decisions of refusal for designs was 396; and that for trademarks was 899, showing a decrease by 10.0% and 26.9%, respectively, over the previous year (See Figure 1-1-36).

**[Figure 1-1-36 Changes in the Number of Appeals against an Examiner's Decision of Refusal]**



In looking at the results over the past several years in terms of reconsiderations by examiners before appeal proceedings<sup>2</sup> for patents begin, we find that the percentage of applications for which the original decisions of refusal were cancelled and changed to decisions to grant patents has been increasing. This means that the number of patents granted based on reconsiderations by examiners before appeal proceedings take place is growing.

The number of patents granted based on reconsiderations by examiners before appeal proceedings took place has exceeded the number of applications for which the original decision of refusal was not changed. In other words, the number of reconsideration reports<sup>3</sup> made to the JPO

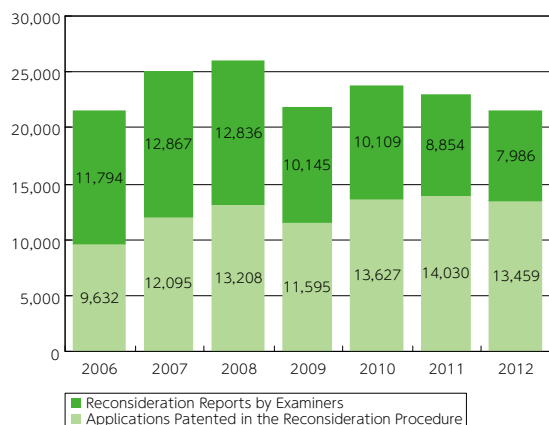
<sup>2</sup> Examiners examine applications whose claims have been amended at the time of filing requests for appeals against the examiners' decisions of refusal based on the provision of Article 162 of the Patent Act. These examinations are called "reconsiderations by examiners before appeal proceedings."

<sup>3</sup> When examiners determine that decisions of refusal are to remain unchanged, even after amendments are made based on reconsiderations by the examiners before appeal proceedings, the results are to be reported to the JPO Commissioner as "reconsideration reports." Then, a panel conducts proceedings.

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

Commissioner based on reconsiderations by examiners before appeal proceedings has increased since 2008 (See Figure 1-1-37).

**[Figure 1-1-37 Changes in Results of Reconsiderations by Examiners before Appeal Proceedings (Patents)]**

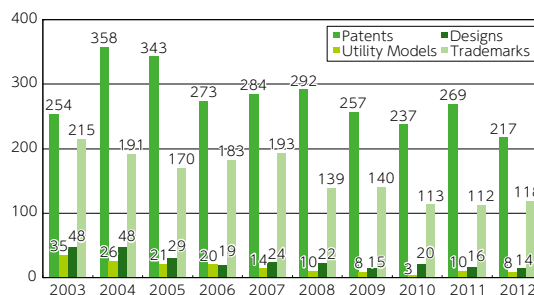


#### b. Trends in Trials for Invalidation<sup>1</sup>

Due to the revision to the law in 2003, the patent opposition system<sup>2</sup> was integrated into the system of trials for invalidation. This caused the number of requests for trials for patent invalidation to increase temporarily from 2004 to 2005. The number has been less than 300 since 2006, but it decreased in 2012.

The number of requests for trials for invalidation for utility models has been on a downward trend since 2005, and recently, it has been around 10. While the number of requests for trials for invalidation for designs has been around 20 in the past several years, the number of requests for trials for invalidation for trademarks has been slightly less than 120 since 2010 (See Figure 1-1-38).

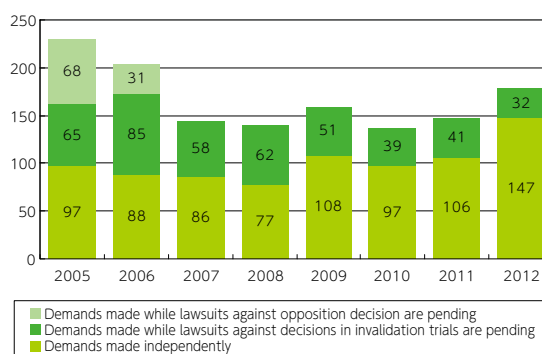
**[Figure 1-1-38 Changes in the Number of Requests for Trials for Invalidation]**



#### c. Trends in Requests for Trials for Corrections<sup>3</sup> (Patent and Utility Model (examined))

The opposition system was abolished in line with the legal revision that was made in 2003. As a result, the number of lawsuits against decisions on oppositions decreased, leading to a decline in the number of requests filed during the pendency of lawsuits against decisions on oppositions to patents, which accounted for a certain percentage of the requests for trials for corrections. Due to this situation, the number of requests for trials for corrections of patents and utility models had continued on a downward trend. However, a slight increase has been seen in the past three years (See Figure 1-1-39).

**[Figure 1-1-39 Changes in the Number of Requests for Trials for Corrections\*1]**



Note:

\*1 Total number of patents and utility models (examined)

<sup>1</sup> Trials and Appeals requested to the JPO for the invalidation of already registered patents, utility models, designs and trademarks.

<sup>2</sup> A system that permits a patent to be cancelled within a limited time after the patent right has been registered.

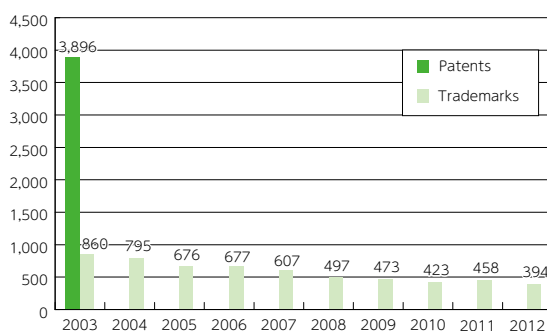
<sup>3</sup> Trials for correcting the description, claims or drawings on their own after patentees acquire the rights.



#### d. Trends in Oppositions<sup>1</sup>

The number of oppositions to trademark registrations has stayed around 450 a year from 2009 to 2011, but it decreased to 394 in 2012 (See Figure 1-1-40).

**[Figure 1-1-40 Changes in the Number of Patent and Trademark Rights Subject to Oppositions]**



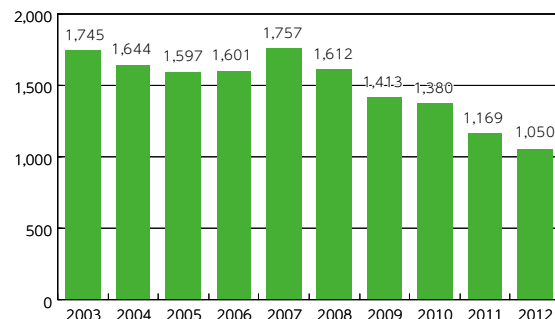
Note:

The system enabling persons to file oppositions to patents was abolished with the revision made to the law in 2003. That system was integrated into the invalidation trial system on January 1, 2004.

#### e. Trends in Trials for rescission of trademark registrations

The number of requests for trials for rescission of trademark registrations<sup>2</sup> has been declining since 2007 (See Figure 1-1-41).

**[Figure 1-1-41 Changes in the Number of Requests for Trademark Cancellation Trials]**



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

<sup>2</sup> Trials for rescinding trademarks when the owners of the trademark right have not used the trademarks for more than 3 consecutive years

## 2) Trends in Examinations Conducted by the JPO Trial and Appeal Department

### a. Patents and Utility Models

The average first action pendency for appeals against examiners' decisions of refusal in 2012 was 16.2 months (See Table 1-1-42).

Looking at the results of appeals against examiners' decisions of refusal for patent applications, the percentage of decisions in which appeals (appeal success rate<sup>3</sup>) were sustained has been dropping in the past several years. It was 56% in 2012 (See Table 1-1-43 and Figure 1-1-44).

Examinations involving trials for invalidation are conducted on a priority basis in order to settle disputes over rights as soon as possible, depending on the circumstances. In 2012, the average period for proceedings was 8.2 months (See Table 1-1-42). Oral proceedings<sup>4</sup> have been used more frequently in invalidation trials for patents and utility models in order to raise the quality of the trial examination process. As a result, the number of oral proceedings conducted in 2012 was 235.

Efforts were made to speed up trials for corrections on a priority basis because applicants often request to have trials in connection with infringement lawsuits. As a result, the average period for proceedings in 2012 was 2.1 months (See Table 1-1-42).



<sup>3</sup> The appeal success rate means the percentage of cases in which the Trials and Appeals Department decided that the appeal is sustained, in relation to the total number of decisions and rulings.

<sup>4</sup> In this system, the panel conducts questioning orally so that the parties concerned are encouraged to establish their appeals appropriately and their points in issue are well organized.

[Table 1-1-42 Current Status of Trial and Appeal Examination Processing in 2012]

	Appeals against an examiner's decision of refusal		Invalidation trials		Limitation/Correction trials		Oppositions		Cancellation trials	
	No. of first actions*1	Average first action pendency (months)*2	No. of final dispositions *3	Average trial pendency (months)*4	No. of final dispositions *3	Average trial pendency (months)*4	No. of final dispositions *3	Average trial pendency (months)*4	*No. of final dispositions *3*	Average trial pendency (months)*4
Patent/ Utility model	14,549	16.2	254	8.2	166	2.1				
Design	390	6.7	21	9.8						
Trademark	1,368	7.4	136	8.6			420	6.6	1,134	6.0

Notes:

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

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

\*3. Includes withdrawals and abandonments ,but does not include advanced notices of trial decisions in trials for patent invalidations

\*4. Average period of time from the date on which the trial was requested up until the date of the final disposition (decision or ruling). (However, in case an advance notice of a trial decision is issued in trial for patent invalidation, the period will be up until the date on which the notice is issued)

[Table 1-1-43 Trial and Appeal Results in 2012\*1]

	Ex-parte appeals*2		Inter-partes trials*3		Oppositions	
	Appeal accepted	Appeal denied*4	Appeal accepted	Appeal denied*4	Appeal accepted*5	Appeal denied*6
Patent/Utility model	8,629	6705	75	147		
Design	272	150	11	7		
Trademark	1,207	279	918	239	63	317

Notes:

\*1. Numbers are only for cases in which final trial/appeal decisions have been made

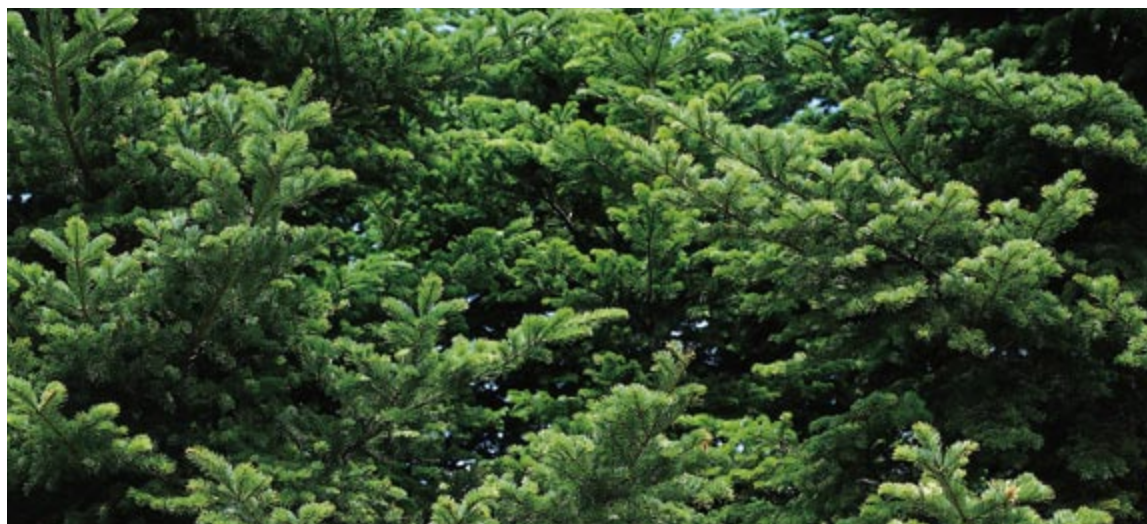
\*2. Appeals against examiners' decisions of refusal, appeals against examiners' rulings to dismiss amendments, and trials for correction

\*3. Trials for invalidation and trials for cancellation

\*4. Includes dismissals

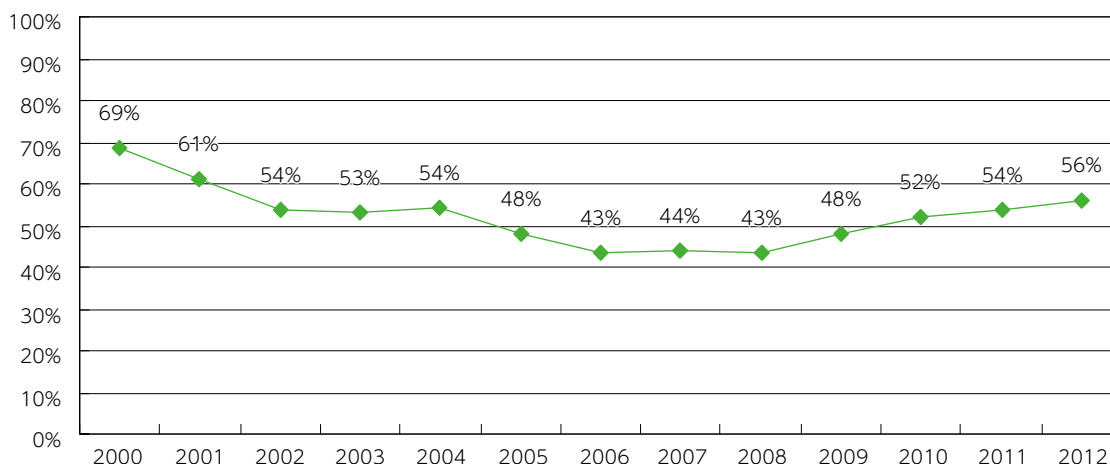
\*5. Includes partial revocations

\*6. Includes dismissals





**[Figure 1-1-44 Changes in the Appeal Success Rate in Appeals against Examiners' Decisions of Refusal (Patents)]**



Note:

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

#### b. Design

The appeal/trial process against examiners' decisions of refusal is on target, with the average first action pendency in 2012 at 6.7 months.

With regard to trials for invalidations of design registrations, trials were conducted on a priority basis in order to settle disputes over rights as soon as possible. In 2012, the average period for proceedings was 9.8 months (See Table 1-1-42).

#### c. Trademarks

The appeal process against examiners' decisions of refusal has become more efficient in recent years. The average first action pendency in 2012 was 7.4 months.

With regard to trials for invalidations trademark registrations, trials were conducted on a priority basis in order to settle disputes over rights as quickly as possible. In 2012, the average period for proceedings was 8.6 months.

The average period for proceedings for oppositions in 2012 was 6.6 months and that for cancellation trials was 6.0 months (See Table 1-1-42).

#### (2) Lawsuits against the JPO Trials and Appeals Department's Decisions

##### 1) Trends in the Number of Lawsuits

Looking at the number of lawsuits filed against the JPO Trials and Appeals Department's decisions<sup>1</sup> in 2012, we found that the number of ex-parte appeals decreased for patents and trademarks, but increased for designs, compared to the figures for 2011. With regard to lawsuits against ex-parte appeal decisions for patents in 2012, the number of lawsuits that the Trials and Appeals Department decided to deny appeals to was 6,705 and the number of lawsuits filed against these decisions was 175. The lawsuit-filed rate<sup>2</sup> was 2.6%, which is the same rate as that of the previous year (See Table 1-1-43 and Table 1-1-45).

The number of inter-parties trials in 2012 increased in all fields of industrial property rights, compared to that in 2011 (See Table 1-1-45).

<sup>1</sup> A lawsuit filed to the IP High Court to reverse an appeal/trial decision made by the JPO, by a person who is dissatisfied with the appeal/trial decision.

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

**[Table 1-1-45 Number of Actions in 2012\*1]**

	Patent/Utility model	Design	Trademark
Ex-parte appeals*1	175(196)	16(5)	14(34)
Inter-partes trials*2	167(162)	6(2)	71(47)
Oppositions			6(4)

Notes:

\*1. The figures for 2011 are in parentheses.

\*2. Appeals against examiners' decisions of refusal, appeals against examiners' rulings to dismiss amendments, and trials for corrections

\*3. Trials for invalidations and trials for cancellations

## 2) Trends in the Number of Court Decisions

Looking at the number of court decisions against the JPO Trials and Appeals Department's decisions in 2012, we found that the number of claims denied increased over that of the previous year in the case of

ex-parte appeals, in all fields of industrial property rights, while the number of inter-parties trials for patents and designs remained almost unchanged while that for trademarks increased year-on-year (See Table 1-1-46).

**[Table 1-1-46 Number of Court Decisions in 2012\*1 \*2]**

	Patent/Utility model		Design		Trademark	
	Claim dismissed	Appeal Dept.'s decision cancelled	Claim dismissed	Appeal Dept.'s decision cancelled	Claim dismissed	Appeal Dept.'s decision cancelled
Ex-parte appeals*2	115(106)	37(27)	9(2)	7(1)	13(9)	7(12)
Inter-partes trials*3	74(75)	31(26)	0(3)	0(0)	33(22)	19(5)
Oppositions					6(0)	1(0)

Notes:

\*1. The figures for 2011 are in parentheses.

\*2. This does not include decisions to reverse appeal/trial decisions specified in Article 181, Paragraph 2 of the Patent Act and rulings to reverse appeal/trial decisions that have been confirmed as corrected during lawsuits.

\*3. Appeals against an examiners' decisions of refusal, appeals against examiners' rulings to dismiss amendments, and trials for corrections

\*4. Trials for invalidations and trials for cancellations

