



Part 4

Future Directions and Concrete Measures for Japan's IP Policies





While efforts were being made to address issues for the intellectual property policy specified in the Japan Revitalization Strategy and the Basic Policy Concerning Intellectual Property Policy that the Japanese Cabinet decided to adopt in June 2013, the Intellectual Property Committee of the Industrial Structure Council reflected on changes in the external environments of both Japanese companies and intellectual property systems to discuss initiatives that need to be further advanced and prioritized in responding to issues concerning intellectual property. Then, the committee set three directions for the JPO to pursue, determining what initiatives it should implement in the future. The committee also compiled specific policy issues based on these directions.

Furthermore, based on what was compiled by the committee, it was decided that by FY 2023, the average amount of time needed for applicants to acquire patent rights¹ would be shortened to 14 months or less, and the average amount of time for the First Action will be shortened to less than 10 months. Furthermore, it was also decided that in order to further improve examination quality, a panel composed of external experts would be established by early FY2014 to review the progress of the implementation efforts, and the organization of the JPO's quality management policy. Based on these goals, the Japan Patent Office will realize an IP system with the world's fastest and best qualified procedures.

In addition, a JPO Business and Management Plan will be prepared to further put the committee's discussions into action, so that the JPO can systematically implement administrative affairs for intellectual property. The JPO will publicly announce specific initiatives that will cover the five years between FY2014 and FY2018.

Introduced here are specific issues for the future intellectual property policy and efforts to respond to these issues, mainly based on the

items that the Intellectual Property Committee adopted, and which became the basis for these efforts.

1. Basic Principles for the IP Policies

In order to respond to Japanese companies' needs and make Japan the world's most excellent intellectual property-based nation, the Japanese Cabinet decided to adopt the Japan Revitalization Strategy and the Basic Policy Concerning Intellectual Property Policy in June 2013.

The Japan Revitalization Strategy mainly includes the following five items related to intellectual property.

- Achieving speedy/high quality examination comparable in the world
- Supporting protection/acquisition of rights on a global scale including emerging countries
- Reviewing the employee invention system in order not to impede companies from activities on the global scale
- Supporting global intellectual property strategies of SMEs
- Expanding the scope of entities eligible to register regional collective trademarks

In addition, the Basic Policy Concerning Intellectual Property Policy includes the following four pillars.

- Building up a global intellectual property system to enhancing industrial competitiveness
- Supporting enhancing intellectual property management by SMEs and venture companies
- Improving the environment for adjusting to the digital network society
- Strengthening software aspects focusing on the content industry

Then, in FY2013, while issues for intellectual property policy specified in the Japan Revitalization Strategy and the Basic Policy Concerning Intellectual Property Policy were being addressed, the Intellectual Property Committee of the Industrial Structure Council discussed how to further advance and prioritize such efforts.

¹ The "average amount of time applicants need to acquire patent rights" does not include cases when the JPO requests additional information and actions from applicants as a result of applicants having amended their applications during the period of time allowed under Japan's patent system.

2. The Direction of IP Policies in the Future

The Intellectual Property Committee of the Industrial Structure Council proposed three directions that the JPO should pursue as its future initiatives. These directions are: (1) to support the global acquisition and utilization of rights by Japanese companies, (2) to enhance support for SMEs and local companies, and (3) to improve the environment that enables the promotion of innovation (including thorough implementation of open/closed strategies).

(1) The JPO will support the global acquisition and utilization of rights by Japanese companies.

The first direction is to support the global acquisition and utilization of rights by Japanese companies. In order to achieve this, the JPO will aim at creating a system in which the JPO's high quality examination results are trusted by IP Offices in the world, and by acquiring a patent in Japan, patent rights for the corresponding scope of rights acquired in Japan can be expeditiously acquired with minimum examination process in IP Offices abroad. System harmonization with other countries needs to be advanced, including Japan's ratification of the Patent Law Treaty, accession to the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs, and becoming a contract partner in other international agreements. Hence, in order to create such a system, the JPO will also review Japan's systems themselves, as required. Furthermore, in terms of its direct support to users so as to enable them to acquire intellectual property rights abroad, and direct support to combat against counterfeit products, the JPO will provide sufficient information on foreign IP systems and practices, working to combat against counterfeit products. This will enable applicants to acquire and use intellectual property rights worldwide.

(2) The JPO will enhance support for SMEs and local companies

Next, the second direction is to enhance support for SMEs and local companies. In order to achieve this, the JPO will enhance the support system by experts such as patent attorneys and

lawyers to provide consultations on acquisition of rights, examination procedures, or utilization of rights to SMEs, individual business owners, local companies, and universities and entities in Japan, whose IP policies and strategies have not been adequately established or run. Furthermore, in order to broadly promote innovation in our country, the JPO will study the best fee system for filing patents, designs and trademarks. In addition, the JPO will promote the effective use of the regional collective trademarks, which contribute to revitalizing local communities.

(3) The JPO will improve the environment that enables the promotion of innovation (including thorough implementation of open/closed strategies)

Finally, the third direction is to improve the environment that enables the promotion of innovation (including thorough implementation of open/closed strategies). The JPO will build world-class services regarding information on intellectual property. It will assist in the technical developments and design strategies of companies and other business entities. In addition, the need for open/closed strategies has increased and as a result, it is expected that there will be more cases in which it would be appropriate to protect technology as trade secrets rather than as patents. Taking note of the increase in global business activities, which rely on trade secrets, the necessity to prevent technology leaks to other countries, the JPO will further strengthen the protection of their trade secrets. The JPO will also grasp the issues resulting from SEPs, etc., and study the necessity of measures.

3. Concrete Issues and Measures

The Intellectual Property Committee of the Industrial Structure Council compiled specific policy issues based on the above-mentioned three directions that the JPO must pursue. Among them, 21 are classified as specific actions to be taken immediately; 11 are classified as legislative and practical measures to be taken immediately; and 7 are classified as measures to be achieved based on international frameworks. In this section, the specific issues will be described one by one.



(I) Specific actions to be taken immediately

1) "The world's fastest and the highest quality" IP system

a. Achieving "the world's fastest and highest quality" examinations

The JPO has aimed at shortening the time between the request for examination and the First Action to 11 months, which is under a year. In the future, the JPO should improve the necessary system for examiners, focusing on reducing not only "the pendency" for the First Action but also on accelerating the granting of rights. Specifically, by FY 2023, the JPO has set a goal to shorten the average amount of time it takes applicants to acquire patent rights to 14 months, and the average amount of time for the First Actions to be issued to 10 months.

The JPO should also consider providing finely-tuned services responding to user needs regarding the time of starting examination

In addition, the JPO should make efforts to provide the world's highest quality patent examination results. In particular, the JPO should grant patents that (i) demonstrate legal stability, and which thereby, are not invalidated afterward both inside and outside Japan; (ii) have a scope of claims commensurating with the concerned inventions' art and levels of disclosure; and (iii) provide value that is trusted and industrially useful globally. These rights are based on examination processes in which examiners (i) fully understand the technology in the applications, (ii) conduct prior arts searches for domestic and foreign documents as needed, and (iii) make appropriate decisions on requirements for patentability. In order to clarify the fact that the JPO grants aforementioned patent rights which are robust, broad and valuable in Japan and abroad, the JPO established a "quality policy"¹ that outlines the fundamental principles to maintain and improve the quality of patent examinations. It was released in April 2014.² Based on these principles, the JPO should review the patent examination guidelines, enhance interviews in the examination process, and expand the scope of prior art search for foreign

documents. Moreover, based on the idea of improving the efficiency of prior art searches, the JPO should consider introducing an advanced search system and redevelop the patent classification in light of international harmonization.

In order to further improve examination quality, the JPO will establish a new panel composed of external experts in early FY2014. The panel will review the status and framework for implementing quality management system in the JPO.

In order to set up and strengthen the examination system needed at the JPO, it has obtained a budget in FY2014 to staff 100 fixed term examiners and carry out other measures.

b. Promoting collective examinations of patents, designs and trademarks in accordance with the business strategies of companies

The system of "collective examinations" which collectively examines patents, designs and trademarks of the same product so as to comply with companies' business strategies, launched in April 2013, will be reviewed as follows in order to promote its use. The system was established to enable companies to comprehensively acquire IP rights utilized in their businesses. The review will take the results of the past collective examinations into account and review the cases eligible for the system as well as the requirements for eligible applicants.

c. Increasing the number of countries for which the JPO issues ISRs for PCT international applications in English

Japanese companies conducting business globally are expanding the number of overseas technical development bases such as in emerging countries. It is necessary to appropriately protect the results of the technical developments created in these bases, as patents.

Therefore, the JPO should aim at expanding its jurisdiction in issuing International Search Reports (ISRs) as an International Searching Authority for PCT international applications filed in English with foreign IP offices, in particular those in Asia, upon applicants' requests.

¹ See Part 4, Column 3

² Please refer to a JPO website at http://www.jpo.go.jp/seido_e/s_gaiyou_e/pdf/patent_policy/policy.pdf

2) The JPO will create a further user-friendly environment for data searches (Expand the available data for searches as well as enhance the search environment of designs)

a. Creation of an environment for searching Chinese and Korean documents in Japanese

From the perspective of supporting Japanese companies to prioritize their R&D activities and efficiently acquire rights for the technical results, the JPO will accelerate the development of an information system that enables Chinese and Korean documents to be viewed in highly accurate Japanese translations as well as enable full-text search of these documents. At present, Chinese and Korean documents account for about the half of the patent applications in the world and there are documents that include cutting-edge technologies.

The documents that the system will translate and search are published unexamined patent applications, patent gazettes, and utility model gazettes from both China and Korea. The JPO plans to launch the system in January 2015, which is designed to store documents published during the past ten years and continue to store more documents after they have been released. In particular, the JPO aims to enable Japanese translations of Chinese documents to be searched and retrieved one month after they have been published.

The system will use machine translation to translate Chinese and Korean documents into Japanese. Specifically, in order to improve the accuracy of machine translation of Chinese documents, the system will make effective use of a Chinese-Japanese bilingual dictionary that was created in the past. The system will be accessible through the Internet. In FY2014, the JPO will develop and test the system, working to enable machine translation and the storage of past documents to be possible by January 2015.

b. Achievement of the world's best services in providing IP rights information

The Industrial Property Digital Library (IPDL) will be renewed into a new information resource aiming at providing the world's best services that exceed similar services offered abroad, such as those provided by the World

Intellectual Property Organization (WIPO) and the European Patent Office (EPO), while taking heed of the division of roles between the public and private sectors.. Specifically, the JPO will undertake the following initiatives.

(i) Enhancing the service to provide bulk information on intellectual property rights

The JPO will efficiently provide bulk information owned by it via the Internet from the viewpoint of creating a better environment where this service is provided by private information providers. Moreover, the JPO will positively make its own data available unless there is any specific problem.

(ii) Realizing a new Internet search/inquiry service

The government has the responsibility for providing the wide general public including business operators and universities with information in a prompt manner. A new Internet search/inquiry service provides basic information on national and international intellectual property rights which is publicized in gazettes, etc. together with other standard functions taking into account the status of information provision of other Offices, in order to promote the dissemination of information to individuals and SMEs that have any difficulty in accessing such information particularly in terms of costs.

In addition, the JPO will strive to speed up information provision and improve user interface based on the function of linking different services in the process of realizing this service. The JPO will look for a possibility of this new service provided by other Offices and cooperating with research institutes for the purpose of introducing this new service as early and efficient as possible.

c. Enhancing collection and provision of information on IP systems in other countries by the JPO

Based on users' needs, the JPO will increase the number of countries listed on the "Global IP Data Bank" mainly for countries in East Asia, the ASEAN Regions, and BRICS and



enhance the available information. The Data Bank is a database that enables search of information on IP systems and practices, including filing procedures, legal practices, trial decisions, court decisions, statistical information, etc. in emerging countries.

d. Further improvement of "patent application technical trends surveys" and enhancement of provision of their information

In order to contribute to prioritizing of R&D activities and the patent strategies in Japanese companies, patent documents from emerging countries such as China will be surveyed and the trends in various companies in foreign countries will be analyzed and included in the "patent application technical trends surveys". In addition, the analyses will be enhanced as well as the dissemination of the survey results will be strengthened mainly to corporate management including SMEs and the industry groups by utilizing knowledge in and outside of the JPO for evaluation.

e. Enhancing the provision of IP information

In order for Japanese companies to be active in the global market based by utilizing technologies and products for which they acquired IP rights in Japan, it is important that the Japan's intellectual property right's system, including its operations and examination practices, gains trust in the international IP community to enhance its international presence. To this end, it is essential to effectively communicate information about the JPO's systems, its various policies, and supporting measures, which is expected to be one of the instrumental methods.

With this in mind, the JPO renewed its website in March 2014 to further strengthen its ability to provide information online. It was sophisticatedly designed so that users can easily and immediately understand recent activities at the JPO. The JPO also newly created navigation icons for different types of users so that various users such as small and medium-sized enterprises, individuals, universities, and research institutes can easily access useful information depending on their specific needs.

The JPO will further enhance its English

websites, more elaborately explaining its system, examination practices, and initiatives, in order to strengthen its ability to provide information to the world.



Website in Japanese



Website in English

3) Support for creation, protection and utilization of intellectual property by SMEs

a. Strengthening the help desk function with expert consultations

Starting in FY2014, the JPO will staff IP experts such as patent attorneys and lawyers at IP Comprehensive Support Counters that were established in 47 prefectures, in order to promptly respond to requests for professional assistance. In addition to such effect, experts at the counters can also give professional assistance on IP strategy such as whether they should protect their intellectual properties as patents or keep them as trade secrets. through these

supports, the JPO is establishing a system to respond to inquiries covering all areas of intellectual property.

In addition to assisting SMEs, that are interested in knowing the strengths of their technologies and brands, face-to-face at the Counters, we will start sending intellectual property advisers (former business people with technical capabilities, etc.) to SMEs, etc.

b. Support for SMEs conducting business globally to acquire IP rights and take countermeasures against counterfeits

In cooperation with prefectural governments, the JPO has been providing region-by-region subsidies to help SMEs to file applications to foreign patent offices. Since 2008, when the system was created, the number of regions where such subsidies are being granted has been increasing. Nevertheless, the number of regions where such subsidies were granted in FY2013 is 40. The problem is that there are regions where such subsidies have not been granted yet. In order to solve the problem, the JPO through JETRO will implement a nationwide system that is designed to grant subsidies especially for companies intending to expand their businesses globally. This will be provided in tandem with other services offered to assist the overseas expansion of Japanese companies.

Furthermore, in support of SMEs that are being damaged financially by counterfeit products, JETRO initiated a project in FY 2005 to subsidize a part of the costs incurred by these enterprises to hire local firms to investigate manufacturing plants producing counterfeit products and the distribution routes of such products. Following the investigation of counterfeits, however, victim SMEs must take specific actions such as warning, suing and law enforcement against manufacturers producing the counterfeits, based on the result of investigations to stop counterfeiting effectively. However, because of the prohibitive costs involved with conducting these activities, actions to take countermeasures against counterfeit products are not advancing at a satisfactory pace. Therefore, the JPO in FY2014 decided to begin subsidizing the costs for preparing and sending warning letters to the manufacturers of counterfeits, and requesting law enforcement

agencies to investigate such manufacturers in order to enhance legal actions overseas against such infringements.

4) Consideration of the fee schedule at the time of acquiring intellectual property

In order to facilitate SMEs, etc. to acquire rights, and also to promote innovation by Japanese companies, the new reduction/exemption systems in the “Industrial Competitiveness Enhancement Act” will be disseminated at an early date. Moreover, the fee schedule at the time of acquiring patent, design and trademark rights will be examined based on the prospect of medium- and long-term patent revenues and expenditures, etc. In considering the new fee schedule, the JPO will pay attention to the potential affect that the changes to the new fee schedule will have on filing activities.

5) Promotion of the effective use of intellectual property

a. Promotion of measures that include intellectual property in corporate management

The practice of filing patent applications for technical ideas is still not widespread in Japan. For example, the ratio of applications filed by all small and medium-sized enterprises and individuals in Japan is less than half of that in the U.S., i.e., 12% in Japan and 25% in the U.S. As a way of strengthening the support given to such small and medium-sized enterprises, sole proprietors, regions and universities to manage their intellectual property, the JPO believes it is necessary to have experts offer advice.

As one of the approaches to raise the utilization of intellectual property and support intellectual property management, by grasping and “visualizing” intangible assets including patent rights, intellectual asset management, which makes effective use of the intangible assets in business activities inside and outside of the company, will be promoted. In particular, measures that strengthen cooperation between the government and experts such as local governments, financial institutions, SME management consultants, patent attorneys and lawyers will be created; which will promote a positive growth cycle that leads to proper evaluation of intellectual property and financing.



b. Promoting the effective use of intellectual property to accelerate innovation

In order to make patent and other rights available so that SMEs, large companies and colleges/universities can license technologies that they created and enable these technologies to be commercialized, the JPO, in cooperation with local governments, will support activities that match intellectual property to businesses, promoting the effective use of IP rights by third parties. In particular, activities for strengthening cooperation with local financial institutions, enhancing IP rights, and follow up activity for commercialization will be enhanced.

c. Provision of support to R&D projects, etc.

For the purpose of contributing to the promotion of innovation in Japan, the INPIT has been sending Intellectual Property Producers, who are experts with practical experience in IP in private companies in order to support the formulation of strategies and IP management of R&D projects. This was done with a view toward the utilization of achievements, from the earliest stages of researches conducted under the R&D projects, giving consideration to the utilization of IP. As a result, R&D consortiums and universities to which public funds have been invested may be expected to create innovative research achievements and improve their international competitiveness.

6) Review of legal system designed to facilitate the use of intellectual property

The Japanese Cabinet has approved the Japan Revitalization Strategy and the Basic Policy Concerning Intellectual Property Policy in June 2013, and has set a goal to make Japan the strongest intellectual-property-based nation in the world in the next 10 years.

Developing institutional and human resources that further create, protect and utilize intellectual property is essential to steadily achieve this goal. Therefore, the Intellectual Property Committee of the Industrial Structure Council deliberated vigorously, deciding the future directions for intellectual property policies at its February meeting. The Japanese Cabinet on March 11, 2014 approved a bill establishing the Act for Revising the Patent Act and Others,

of which the main points are based on the future policy directions as shown in Paragraphs a. to g. below. The Act was submitted to the 186th ordinary session of the Diet.¹

a. Creating a New Patent Opposition System

After the former patent opposition system was abolished in 2003, the number of requests for patent invalidation trials temporarily increased. However, because of the heavy workload and high costs involved with patent invalidation trials, the annual number of requests has not been increasing very much, and in recent years, has dropped to the level that existed before the former opposition system was abolished. On the other hand, because Japanese companies have been developing their business operations overseas, the number of PCT applications has doubled in the last 10 years. The need to have stable patents granted earlier in Japan has emerged mainly from Japanese companies that are planning to acquire and use intellectual property rights overseas, largely based on their made-in-Japan art.

Based on the above, the Patent System Subcommittee under the Intellectual Property Policy Committee² of the Industrial Structure Council deliberated and compiled a report called Towards Accelerated Establishment of Very Stable Rights and Improved Usability. The Committee found it appropriate to create a patent opposition system that would enable stable patent rights to be granted earlier. The Committee approved the report in September 2013, and made it one of the priorities in its own report dated February 2014.

b. Expanding Scope of Relief Measures

While there are many procedures defined in the current Patent Act, some procedures do not stipulate any relief measures for applicants when disasters or other extenuating circumstances occur.

¹ The bill was enacted. The House of Councilors passed it on April 2, 2014, and the House of Representatives passed it on April 25.

² The Ministry of Economy, Trade and Industry reviewed the Industrial Structure Council's organizational structure in July 2013, and renamed the former Intellectual Property Policy Committee to the Intellectual Property Committee.

When the Great East Japan Earthquake occurred, the Japanese government introduced relief measures for everyone affected, without exception, defining the extended periods of time during which applicants could conduct filing procedures. This was done in accordance with the Act on Special Measures concerning Preservation of Rights and Interests of Victims of Specified Disasters (Act No. 85 of 1996) that was enacted at the time to deal with procedures defined in the Patent Act and other acts. Reflecting on this experience, the JPO deemed it necessary to improve legal systems so that the JPO could provide relief measures faster when disasters and extenuating circumstances occur, irrespective of whether applicants are in Japan or abroad. In improving these measures, it is necessary to refer to the Patent Law Treaty and the laws and systems in other countries.

To this end, the Patent System Subcommittee under the Intellectual Property Policy Committee¹ of the Industrial Structure Council deliberated on the subject mentioned above, and compiled a report called “Towards Accelerated Establishment of Very Stable Rights and Improved Usability” in February 2013. The report found it appropriate to develop comprehensive relief measures in order: (1) to stipulate relief measures for the failure to comply with the period of priority right and request for examination in accordance with the Patent Law Treaty and allow applicants extra time to claim priority and request for examination, and (2) to extend the normal deadlines by which applicants need to pay patent fees, in the event disasters or extenuating circumstances occur. The Intellectual Property Committee of the Industrial Structure Council approved the report in September 2013, and made it one of the priorities in its own report dated February 2014.

c. Efforts to Become a Contracting Party to the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs²

Japan is not yet a contracting party to the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs (the “Geneva Act”), which is designed to enable applicants to file applications to multiple countries at one time. However, Japanese companies have expressed their need for Japan to accede to the Geneva Act because an increasing number of Japan's trade and investment partner countries are becoming contracting parties. As a result, many Japanese companies have found significance of Japan's accession to the Geneva Act in order to reduce their cost burden when filing applications to register their designs globally with the aim of developing their businesses overseas based on their products with good designs.

Keeping this background in mind, the Design System Subcommittee under the Intellectual Property Policy Committee³ of the Industrial Structure Council deliberated on the subject, and compiled a report in January 2014 called Support for Japanese Companies to Expand Their Businesses Overseas by Protecting Rights on Creative Designs⁴. The report found it appropriate for Japan to accede to the Geneva Act, and it would have to revise the Design Act and other laws so as to align with the Geneva Act. The Intellectual Property Committee of the Industrial Structure Council approved the report in February 2014, and made it one of the priorities in its own report.

² See Part 2, Chapter 2, 1, (1)

³ The Ministry of Economy, Trade and Industry reviewed the Industrial Structure Council's organizational structure in July 2013, and renamed the former Intellectual Property Policy Committee to the Intellectual Property Committee.

⁴ The Ministry of Economy, Trade and Industry reviewed the Industrial Structure Council's organizational structure in July 2013, and renamed the former Intellectual Property Policy Committee to the Intellectual Property Committee. Therefore, the subcommittee was the Design System Subcommittee under the Intellectual Property Committee of the Industrial Structure Council when the report was compiled.

¹ The Ministry of Economy, Trade and Industry reviewed the Industrial Structure Council's organizational structure in July 2013, and renamed the former Intellectual Property Policy Committee to the Intellectual Property Committee.

d. Utilizing Regional Brands to Revitalize Local Communities; and Expanding Scope of Entities Eligible for Registration of the Regional Collective Trademarks

In order to revitalize local communities and help them promote and utilize their regional brands, which support the development of local industries, the Japanese government introduced a Regional Collective Trademark System in 2006. Since then, more than 550 regional brands have been registered and given protection.

Figure 4-1 Examples of Well-known Regional Brands



“Shodoshima Olive Oil” produced in Shodoshima, Kagawa Prefecture (courtesy of the non-profit Shodoshima Olive Association)

The current Regional Collective Trademark System imposes restrictions on the types of entities that are eligible for registration of the regional collective trademarks, limiting them to business cooperative associations. Nevertheless, many commerce and industry associations, chambers of commerce and industry, and specified non-profit corporations, which currently are not eligible for registration of the regional collective trademarks, have been promoting regional brands and helping revitalize their local communities.

Based on this, the Trademark System Subcommittee under the Intellectual Property Policy Committee¹ of the Industrial Structure

Council deliberated on the subject and compiled a report in February 2013 called Trademark Policy to Protect Non-traditional Trademarks and for Other Measures. The report found it appropriate to add commerce and industry associations, chambers of commerce and industry, and specified non-profit corporations to entities eligible for registration of the regional collective trademarks. The Intellectual Property Committee of the Industrial Structure Council approved the report in September 2013 and made it one of the priorities in its own report dated February 2014.

e. Introduction of the protection of Non-traditional trademarks such as “color” and “sound”

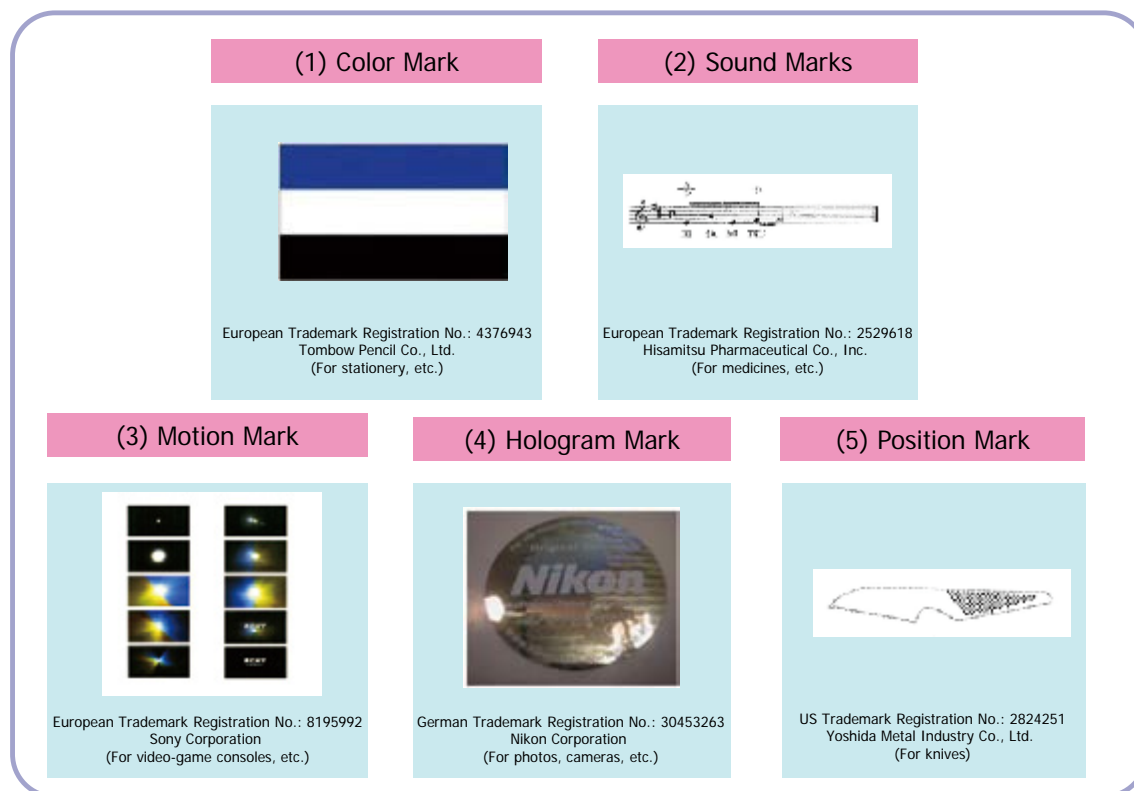
Companies’ brand strategies have diversified in recent years, and a company uses colors, sounds and other effects to differentiate its goods and services from those of others. However, until now, Japan’s Trademark Act has never provided protection for such trademarks. On the other hand, there are countries that have already developed legal systems to protect such trademarks, and Japanese companies are preparing to acquire rights for these kinds of trademarks in such foreign countries. Therefore, Japanese companies have the same need in Japan and requested trademark protection for non-traditional trademarks.

Based on this circumstance, the Trademark System Subcommittee under the Intellectual Property Policy Committee² of the Industrial Structure Council deliberated on the subject, and compiled a report in February 2013 called Trademark Policy to Protect Non-traditional Trademarks and for Other Measures. The report found it appropriate for Japan to introduce the protection of trademarks using colors, sounds and other effects, which were not given protection under the current Japanese Trademark Act. The Intellectual Property Committee of the Industrial Structure Council approved the report in September 2013, and made it one of the priorities in its own report dated February 2014.

¹ The Ministry of Economy, Trade and Industry reviewed the Industrial Structure Council’s organizational structure in July 2013, and renamed the former Intellectual Property Policy Committee to the Intellectual Property Committee.

² The Ministry of Economy, Trade and Industry reviewed the Industrial Structure Council’s organizational structure in July 2013, and renamed the former Intellectual Property Policy Committee to the Intellectual Property Committee.

Figure 4-2 Non-traditional trademarks (Examples of Japanese Companies' Registration in Foreign Countries)



f. Review of the Patent Attorney System for improving quality of experts

In order to make Japan the strongest intellectual-property-based nation in the world, patent attorneys must be allowed to provide a high level of services so as to greatly assist with the intellectual property strategies of individual companies and business entities.

Based this, the Patent Attorney System Subcommittee under the Intellectual Property Policy Committee¹ of the Industrial Structure Council deliberated on the subject, and compiled a report in February 2013 called the Direction for Reviewing the Patent Attorney System. The report found it appropriate to expand the scope of services that patent attorneys can provide, such as clarifying the mission of patent attorneys who act as specialists in the intellectual property field. The report also found it necessary for

patent attorneys to be able provide consulting services during the early concept stages of inventions. The Intellectual Property Committee of the Industrial Structure Council approved the report in February 2014, and made it one of the priorities in its own report.

g. Others

The number of PCT international applications with the JPO has doubled in the last 10 years because Japanese companies' activities have been expanding overseas. In order to strongly support such companies' activities, it is necessary to make filing PCT international applications more useful for such companies.

Based on the above, the Patent System Subcommittee under the Intellectual Property Policy Committee of the Industrial Structure Council deliberated on the subject and compiled a report in February 2013 called Towards Accelerating the Establishment of Very Stable Rights and Improved Usability. The report found it appropriate for Japan to include a provision that will enable applicants to pay all the fees for

¹ The Ministry of Economy, Trade and Industry reviewed the Industrial Structure Council's organizational structure in July 2013, and renamed the former Intellectual Property Policy Committee to the Intellectual Property Committee.



filing PCT international applications with the JPO in the same way as domestic fees. The Intellectual Property Committee of the Industrial Structure Council approved the report in September 2013.

7) Fostering human resources working on intellectual property

In order to promote management strategies of Japanese companies based on patent strategies, fostering human resources working on intellectual property will be accelerated by holding practical training programs through discussions and case studies in which intellectual property played an important role in the management strategies of domestic and foreign companies. These courses are designed for corporate executives including top management and managers of corporate planning departments, etc. Especially for SMEs, visiting lectures will be held in various places in cooperation with economic organizations. The "discontinuance" of the "elective courses" including the "Basic Law on Intellectual Property" is currently under discussion by the government, as part of the review on the National Bar Examination system. Accordingly, training of judicial officers (judges, lawyers), who bear the effective use and the dispute resolution function on intellectual property, will be properly handled based on suggestions that necessary measures should be taken paying attention to the state of the discussion, in order to prevent the decline of business capability of judicial officers and the functional decline of the judicial system of Japan.

(2) Legislative and practical measures to be taken immediately

1) Strengthening protection of trade secrets and improving the consultation system

When taking into consideration the internationalization of businesses and the prevention of technology leakage, the further strengthening of trade-secret protection is necessary. With this understanding in mind, the JPO will build a system to enable the public and private sectors to collaborate and advance the embodiment of the contents of measures that should be carried out by both the public and private sectors at an early date in order to raise

awareness and collect the broad needs of the industrial sector. The JPO will also advance research regarding trade secret protection systems and to court rulings in major countries. Based on the results of the surveys and industry needs, the JPO will focus on the main issues and deepen discussions on trade secret protection. In addition, the JPO will review existing frameworks such as the Lawyers IP Network that formulates the structure to conduct consultations for SMEs on not only the acquisition of IP rights but also management of trade secrets at the "IP Comprehensive Support Counters."

2) Study on expanding the protection of graphic image designs¹

The Design System Subcommittee under the Intellectual Property Policy Committee² of the Industrial Structure Council deliberated on how to expand the protection given to graphic image designs, and compiled compiling a report in January 2014 called Support for Japanese Companies to Expand Their Businesses Overseas by Protecting Rights on Creative Designs³. The report proposes the following as a future agenda items.

- Immediately start preparing a system for searching registered designs, which utilizes image matching techniques, aiming to provide the services during FY2015.
- Based on the assumption that the service of above-mentioned system is introduced as planned, to have the Working Group on the Design Examination Standards deliberate on specific subjects with an eye on the possibility of revising the examination standards to expand the scope of design protection given to graphic image designs.

¹ See Part 2, Chapter 2.1, (2)

² The Ministry of Economy, Trade and Industry reviewed the Industrial Structure Council's organizational structure in July 2013, and renamed the former Intellectual Property Policy Committee to the Intellectual Property Committee.

³ The Ministry of Economy, Trade and Industry reviewed the Industrial Structure Council's organizational structure in July 2013, and renamed the former Intellectual Property Policy Committee to the Intellectual Property Committee. Therefore, the subcommittee was the Design System Subcommittee under the Intellectual Property Committee of the Industrial Structure Council when the report was compiled.

- To have the Design System Subcommittee further deliberate on how the design protection system should be, based on the results of the Working Group. Along with this, to define provisions stipulating the usage and infringements, presumptions of negligence, etc. so as to organize how to respond to actions of end users, providers, and other entities.
- Based on the assumption that the accuracy of such a system will be improved, to further discuss how the design protection system should be over the medium and long term, mainly focusing on issues described in the report and based on the progress of deliberations, user needs, and international consistency.

The Intellectual Property Committee of the Industrial Structure Council approved the report in February 2014 and made it one of the priorities in its own report.

3) Review of the employees' invention system for strengthening the industrial competitiveness of Japanese companies

Japanese companies are major players in terms of innovation because they account for about 70% of domestic research and development investments. Under Japan's current system, if company employees make inventions while on the job in Japan, the employees and not the companies have the rights to obtain patents for their inventions. Therefore, some people point out that the current employee invention system in Japan creates a management risk in terms of inhibiting the global activities of Japanese companies.

Under this circumstance, the Intellectual Property Strategic Program 2013¹, the Japan Revitalization Strategy², and other Japanese government reports mention revising the employee invention system. As a result, the government decided to deliberate on revising the system.

The JPO established its Research and Study Committee on the Employee Invention System, which has held a total of 14 meetings since July 2013 when it first met. The committee studied how foreign countries actually administer their employee invention systems and thought of issues with the related legal systems. For example, the committee investigated how the employee invention systems of various countries function and conducted a survey by sending out questionnaires to companies and researchers.

A report that the Intellectual Property Committee of the Industrial Structure Council compiled in February 2014 requested that the current schedule to summarize issues by mid-2014 and reach a conclusion during fiscal year 2014, i.e., the Intellectual Property Promotion Plan 2013 work schedule, will be moved forward in order to start deliberations at the Patent System Subcommittee in early 2014 and accelerate discussions. To respond to this request by the report, the Patent System Subcommittee has been discussing how the employee invention system should be designed since in March 2014 (As of March 2014).

4) Deliberations on acceding to the Patent Law Treaty (PLT) that reduces procedural workload on users

The Patent Law Treaty (PLT) is an international treaty designed to harmonize patent application procedures that differ from country to country. Its aim is to reduce users' workload and lessen requirements in terms of deadlines, making procedures more user-friendly.

Japan revised its law in 2011 in order to allow applicants to reinstate their rights, when they can prove "due care required by the circumstances having been taken" for their failing to meet payment deadlines for patent fees and surcharges, aligning it with Article 12 of the PLT. In addition, a bill was prepared to revise the law so as to introduce further relief measures in accordance with the regulations stipulated in the PLT. This was based on a report called "Towards Accelerating the Establishment of Very Stable Rights and Improved Usability" written by the Patent System Subcommittee under the Intellectual Property Policy

¹ http://www.kantei.go.jp/jp/singi/titeki2/kettei/chizaikeikaku2013_e.pdf (dated June 25, 2013)

² http://www.kantei.go.jp/jp/singi/keizaisaisei/pdf/en_saikou_jpn_hon.pdf (dated June 14, 2013)



Committee¹ of the Industrial Structure Council. The Japanese Cabinet on March 11, 2014 decided to adopt the bill and submitted it to the 186th ordinary session of the Diet.²

International harmonization in terms of patent procedures is also further advancing. For example, the U.S. acceded to the PLT in December 2013, following some European countries. In order to promote this movement further, since it would be desirable for Japan also to accede to the treaty at an early point, the JPO plans to have the Patent System Subcommittee start discussions on the specific items of the domestic law that will need to be revised in order for Japan to accede to the treaty.

5) Deliberations on measures to prevent the technology leakage due to information on patents being disclosed, such as the system for publishing patent applications

In recent years, such as concealing the patent information, there is a demand opposite to the current patent system. In such a situation, the JPO will investigate the current status of Japan's patent application system, working to prevent companies from leaking information on their technology. It will study specific measures to improve Japan's patent application procedures, taking note of how Japan's system for requesting patent examination and how other countries operate their systems in terms of secret patents.

6) Support for searching already disclosed technical documents, etc.

Currently, SMEs may have difficulties in searching technical documents and data already published because they lack sufficient funds or don't have the needed human resources. In helping SMEs search prior art documents, the JPO is currently giving advice to SMEs on how to search the IPDL at IP Comprehensive Support Counters. However, many SMEs are requesting the JPO to enhance their search service of intellectual property rights, as well as requesting

to support their prior art searches using research companies.

In responding to such requests, the JPO will conduct a thorough study to identify the most user-friendly service for providing information on intellectual property. In addition, the JPO will make use of specified registered search organizations to search technical information that can be used to develop SMEs' businesses worldwide, while taking into consideration the necessity of, priorities for, and cost effectiveness of such organizations.

7) Investigation into the actual status of dispute resolutions of patents, etc. in Japan

In order to deliberate the appropriate state of patent rights and design rights, from the perspective of determining whether the system of patent rights, etc. is capable of demonstrating sufficient stability and achieving appropriate effectiveness in Japan, the JPO in cooperation with related ministries, agencies, and institutions will investigate and analyze at an early date the overall situation on the occurrences of patent disputes, etc., in order to resolve them. In addition, the JPO will accelerate deliberations on the appropriate state of exercise of rights by NPEs and exercise of rights of SEPs by taking into account the impact on innovation, discussions held in foreign countries such as the discussion on international negotiations and court decisions in Japan. The necessity of improving the system will also be discussed in the deliberations.

8) Strengthening the function designed to analyze the correlation between patent information and economy

In order to broadly integrate IP policy and economic policies, the correlation between IP information including patents, designs, and trademarks and the economy will be analyzed in cooperation with external economists. At the same time, the JPO will foster internal experts who will analyze the economic effects of patent information.

¹ The Industrial Structure Council's organizational structure was reviewed in July 2013, and the "Intellectual Property Policy Committee" was renamed to the "Intellectual Property Committee."

² See Part 4, 3, (1), 6), b. "Expanding Scope of Relief Measures"

9) Deliberations on ways for honoring, and giving rewards for activities that promote grass-roots innovation

In cooperation with the related institutions, the JPO in FY2014 will study various existing award programs designed to publicly honor engineers and researchers who developed outstanding technologies and designs. After that, it will study how to publicly honor or reward such inventions and creations in the future.

10) Deliberations on issues involving patent rights shared by multiple rights holders

In the research report titled “Research and Study Report on Handling Patents in joint research” ,compiled in 2009,reported that “Article 73 of the Patent Law is not necessarily an inhibiting factor on joint research in terms of the consent of non-exclusive licenses to third parties.” However, based on several suggestions such as user needs, changes to social conditions, and some voices which are saying that an effective use of results of joint research is indeed inhibited, further discussions will be conducted for promoting the effective use of results of joint research.

11) Fostering IP human resources

In order to promote distribution of intellectual property, human resource development will be conducted for developing human resources' skills capable of discerning the connection between technical demand and supply in such as local financial institutions, SME support agencies, local governments

(3) Measures to be achieved based on international frameworks

1) Japan's system, practices, and dissemination of examination results

a. Improving the practices of the Patent Prosecution Highway (PPH)

In order to improve user-friendliness for Japanese companies that are expanding their business globally acquire rights at an early stage in various countries, the JPO, through bilateral and multilateral negotiations, will advance efforts to standardize PPH procedures. The efforts include standardizing required documents and requirements for PPH applications such as the

allowance of machine translations of required documents.

b. Sharing information on examinations among the IP Offices and provision of the information to the public

Information will be shared on applications and the status of examination, namely, dossier information, among the IP5 Offices (in Japan, US, Europe, China and Korea), and other IP Offices in both advanced nations and emerging nations. At the same time, efforts will be made to provide a service that enables the public to view such information in one location. To begin with, an IT system enabling provision of the JPO's dossier information will be developed in FY2014.

c. Further spreading Japan's examination methods to emerging countries

Markets in emerging nations in Asia such as China, ASEAN member countries, and India are expected to become more important to Japanese companies in the future. Currently, markets in emerging nations in Asia are gaining prominence, and the number of patent applications filed from Japan to such emerging nations is increasing.

In order to enable Japanese companies to conduct strategic business activities and gain competitive advantages in emerging nations in Asia, it necessary to create a framework in those countries that will allow Japanese companies to acquire intellectual property rights in the same way as they do in Japan. However, some companies have expressed concerns about the current state of development of intellectual property systems in many emerging nations in Asia. For example, some point out that legal systems and examination systems in emerging nations are not fully developed.

Therefore, working in close cooperation with the WIPO and other organizations that support emerging nations in Asia, the JPO will support the development of intellectual-property infrastructures such common platforms that enable information sharing. This will be achieved by the ASEAN-Japan Heads of Intellectual Property Offices Meeting and other various meetings resolving issues that the JPO has with providing information on its examination results

and examination methods.

Furthermore, the JPO will gradually conduct short-term and long-term examiner exchange programs with the emerging countries in Asia which in the past have been conducted mainly with the developed countries and enhance training programs designed to develop IP human resources which have produced many leaders of IP offices in emerging countries in Asia, to further spread its examination methods to the emerging countries.

Figure 4-3 Patent Applications Filed from Japan to ASEAN Countries

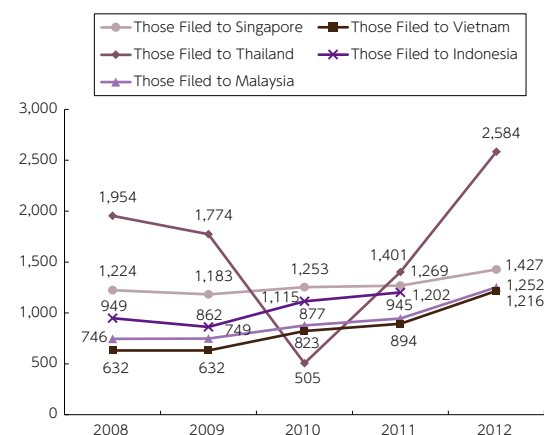
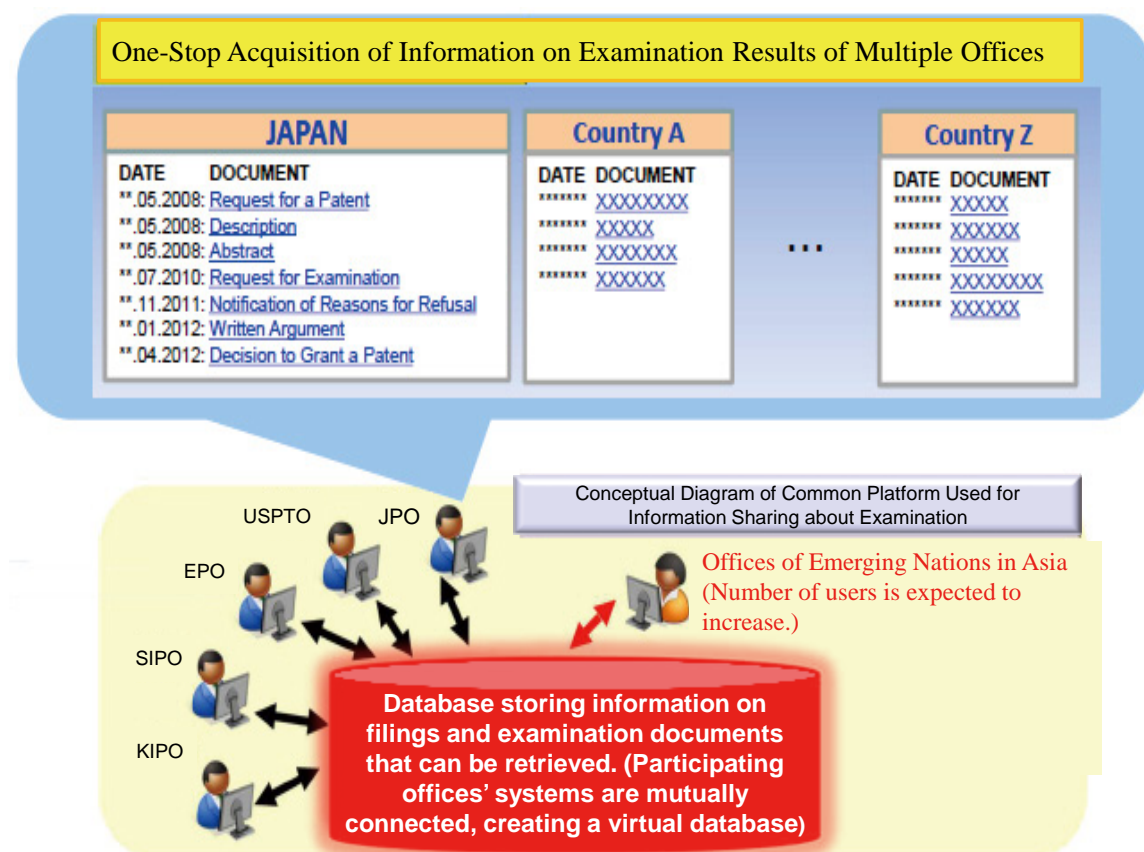


Figure 4-4 Conceptual Diagram of Common Platform Used for Information Sharing



2) Global harmonization of the IP systems which serve as the basis

The JPO will work to advance the global harmonization of intellectual property systems that serve as the foundations to the IP field.

a. Improvement of the Patent Cooperation Treaty (PCT¹) system (Improving the quality of search results etc. at the international phase)

By involving other IP Offices in developed countries through the Meeting of the IP5 Heads of Offices and various bilateral meetings, the JPO will aim at improving the International Search Reports (ISRs) issued by International Searching Authorities (ISAs) and the practices that make maximum use of search and examination results in each country at an early date at the forum of the WIPO.

b. Measures to enable Japanese companies to file applications under the same procedures in each country

With the aim of standardizing filing procedures for designs, the JPO will proactively participate in discussions on the Design Law Treaty (DLT) at the WIPO. The industries in Japan are greatly concerned with these discussions. Furthermore, the JPO will pay attention to the users' feedback and lead discussions at various forums such as the Meeting of the IP5 Heads of Offices. By listening to users' feedback, the JPO will advance discussions on patent system harmonization, which include the issue of the grace period² a significant issue for users at universities and

research institutions.

c. Promoting trade-secret protection among Japan, China and Korea

In view of the agreement reached in the Meeting of the Heads of the IP Offices of Japan, China, and Korea, the Offices will start exchanging opinions and research by experts on each country's practices as well as advance cooperation on effective state of trade-secret protection by taking user needs into consideration.

d. Addressing the issues of current IP systems existing in foreign countries

It has been pointed out that in some emerging nations such as China and India, people are having difficulties acquiring patent rights within their appropriate technical scopes due to the following issues: (1) strict examination practices conducted in these countries, (2) abuse of rights that are registered without undergoing examination, and (3) problems associated with establishing compulsory licenses and protecting data. Such circumstances strongly affect the interests of Japanese companies. Therefore, the JPO will strengthen its activities in support of these emerging nations, such as further collaborating with related organizations in Japan and developed countries, working together with high-ranking officials so that emerging nations will introduce systems making it possible to extend the duration of patent rights, protect data, and operate appropriate systems for dealing with intellectual property rights.

Column 3

About JPO's Quality Policy on Patent Examination

In April 2014, the JPO released its "Quality Policy on Patent Examination" that the JPO established with the aim to further improve the quality of its patent examination.³

This Quality Policy outlines the

fundamental principles of quality management. Based on the recognition that globally reliable patents of high quality are important for supporting smooth business expansion worldwide and promoting innovation, the JPO is dedicated to achieve patent examination of the fastest and utmost quality in the world by maintaining and improving the quality of patent examination in accordance with the Quality Policy.

¹ "PCT" is an acronym of the "Patent Cooperation Treaty."

² the period of time granted for an invention that has already been disclosed before filing a patent application, without the invention losing its novelty

³ JPO website at http://www.jpo.go.jp/seido_e/s_gaiyou_e/pdf/patent_policy/policy.pdf