
Gearing up to becoming an IP nation

The Japanese government's ambition to achieve economic growth through the development of intellectual property puts a lot of pressure on the country's IP office

Politicians are often criticized for failing to comprehend the importance of intellectual property in the development of their nation's economy, but this is not the case in Japan. In February 2002 Junichiro Koizumi, the then prime minister, spoke of the importance of intellectual property for his country and later declared that Japan would become a nation built on intellectual property. The Japanese government last year adopted a plan called the "Economic Growth Policy Outline" which seeks to achieve a new economic growth that overcomes the continual decline in population. The policy relies, among other things, on promoting creativity through the use of intellectual property among small and medium-sized enterprises. The Japanese government wants to create an environment that fuels the "intellectual creation cycle" – that is, the cycle of creation, protection and exploitation of intellectual property.

The Japan Patent Office (JPO) has a key role in the development and implementation of this plan. Firstly, it is involved in drafting IP policies and reviewing the IP system. Even if the plan mainly stresses the importance of patents to the national economy, Fumihiro Hayakawa, deputy director of the JPO International Affairs Division, explains that reforms to the trademark legislation have also taken place. For instance, the JPO was involved in the revision of the Trademark Act which led to the introduction last year of a new type of mark in Japan – regionally based collective trademarks comprising the name of a region and the name of a product and/or service.

The JPO also initiated an amendment to the Trademark Act that came into force on April 1 2007, whereby trademarks used by retail traders or wholesalers will be protected as service marks (previously, retailing and wholesaling were not considered a service under the Trademark Act). Hayakawa sees this as an important change. "It had become necessary to comply with international harmonization, but also, it is of direct interest and benefit to our users."

Another recent legislative development has been the strengthening of the measures against counterfeiting. Now not only the importation, but also the exportation of counterfeit goods is regarded as a criminal activity that carries a penalty of up to 10

years' imprisonment and a fine of up to ¥10 million (\$83,000).

Secondly, the JPO remains at the centre of IP policy, thanks to its traditional role as the examining and granting authority for industrial property rights.

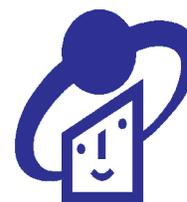
Dealing with fluctuating filing numbers

The economic plan forecast an increase in the number of IP rights applications. In preparation for this possibility, the JPO recruited over 360 examiners across all its departments between 2002 and 2006. "Recruiting more examiners for all IP rights seemed necessary not only in order to face the future increase in application numbers, but was also a necessary measure to help speed up all proceedings," Hayakawa explains. The Patent Department has been the main beneficiary of this recruitment policy with over 300 new examiners joining its ranks over the period (to a total of 1,468). But Fumio Enomoto, the assistant director of the International Affairs Division, feels that the Trademark Division has fared well too, with 18 new trademark examiners recruited since 1996. "In fact the numbers have been going up again since 2003, mainly thanks to the rise in the number of international applications," Enomoto says. "But we feel that the Trademark Department should be ready for a sustained increase in the number of applications and to respond to our users' demand for more efficient and reliable procedures."

The problem the JPO has is one shared by most of its counterparts across the globe: it is difficult to predict from one year to the next how much work examiners will have to do. "We have to find flexible solutions that enable us to cope in any situation," Enomoto says. The JPO's approach is to try and recruit experienced examiners on a temporary basis, but also to involve the private sector in trademark searches. Since 1991 a private company has been entrusted with the preparatory searches for trademark examination, such as searches for the meaning of words used in the applied-for trademarks and prior figurative trademarks. This frees up time for JPO examiners to focus on the substantive examination. However, because there is some time difference between the searches conducted by the contractor and those undertaken at the JPO, JPO examiners still have to check prior trademarks past a certain date. "The impact of outsourcing part of the trademark examination process is still limited," Kazuyuki Takano, specialist for trademark planning in the Trademark Division, concedes, "but it is something we want to develop further as we believe there is more mileage in this model. And it is an original solution – I am not aware of any other trademark office elsewhere in the world outsourcing any part of its examination process."

The JPO headquarters





Right
JPO logo

Considering new types of mark – with caution

What may come as a surprise is the fate of unconventional marks in Japan – a country that otherwise seems to lead the way as far as the promotion of intellectual property is concerned. In essence, unconventional marks are not registrable in Japan. Enomoto and Takano explain that while the Trademark Act was amended in 1996 (with effect from April 1 1997) to accept three-dimensional marks, the JPO does not yet accept other types of unconventional mark. There seems to be two main obstacles to the JPO's embracing new types of mark:

- First, the Japanese Trademark Act currently requires that marks be visual – a requirement that comes on top of the written description requested in most countries – making 'feel' marks impossible to contemplate for the time being without a reform of the law.
- Second, and maybe more fundamentally, Enomoto and Takano are unconvinced by the argument that there is a real need to consider unconventional marks. "A discussion about unconventional mark registration within the Trademark System Sub-committee of the Japanese Intellectual Property Policy Committee in 2004 suggested that it was uncertain whether users actually wanted to register marks consisting of a colour, a smell or a sound," Takano comments. "We believe that the issue requires additional consideration. I cannot give you any indication of the progress of the discussion regarding the acceptance of unconventional marks. The future of the discussion is still unclear at this time."

The top 20 corporate trademark filers

	Company names	2001	2002	2003	2004	2005
1	Kao Corporation	519	535	459	529	1,054
2	Meiji Seika Kaisha Ltd	282	444	548	488	590
3	Rohto Pharmaceutical Co Ltd	195	296	286	392	565
4	Shiseido Company Limited	477	497	548	576	481
5	Kose Corporation	525	574	382	391	478
6	NEC Corporation	461	421	422	376	420
7	Tomy Company Ltd	269	323	316	278	383
8	Japan Post	0	118	297	124	350
9	Ezaki Glico Co Ltd	586	522	360	414	335
10	Kanebo Ltd	950	823	804	288	302
11	Fujitsu Limited	342	746	460	507	293
12	Kuraray Co Ltd	461	390	181	226	273
13	Matsushita Electric Industrial Co Ltd	279	330	346	380	267
14	Namco Bandai Games Inc	245	220	249	214	246
15	Lion Corporation	606	381	182	130	241
16	Toyobo Co Ltd	185	212	193	315	223
17	Takara Company Ltd	181	223	300	361	213
18	World Co Ltd	179	175	84	136	212
19	Kanebo Cosmetics Inc	7	12	96	566	211
20	Hoyu Co Ltd	98	83	126	136	209
20	Nippon Menard Cosmetic Co Ltd	1	4	6	88	209

Source: Japan Patent Office

The Japanese system

Takano points out that the Japanese trademark system is distinctive in other ways that are directly relevant to its users – in particular foreign applicants:

- It is a first-to-file system so it is registration, rather than use, that warrants protection.
- Opposition is possible only after registration is granted. This system was introduced on April 1 1997.
- Defensive trademarks can be registered in respect of goods or services other than those designated in the application filed for a famous trademark. There is no use requirement in respect of defensive registrations – if a third party uses a mark that is identical to the famous mark for goods or services designated in the defensive registration, that use is considered an infringement of the basic trademark right.
- Regionally based collective trademarks can be registered for the protection of regional brands.

Oppositions are examined by the JPO's Appeals Department, which is independent from the respective IP right departments. The Appeals Department also handles requests for invalidation, cancellation and correction of registered rights, as well as appeals against examiners' decisions of refusal. Decisions of the Appeals Department can be appealed to the IP High Court, a specialized division of the Tokyo High Court established on April 1 2005.

The number of actions filed against decisions of the JPO's Appeals Department in 2005 increased overall compared to 2004, but that number has actually gone down for trademark decisions and the IP High Court reversed fewer decisions of the Appeals Department in 2005 than it did in 2004. Also, the number of appeals against trademark examiners' decisions decreased between 2004 and 2005. Takano attributes these encouraging figures to the improving quality of Trademark Department's and Appeals Department's decisions. "I believe this is the result of investing time and money in training examiners, who now issue better quality decisions."

Fighting a battle against time

The JPO is under pressure from users to reduce its delays between application and grant – a pressure compounded by the government's objective to speed up all application processes. "We are fully aware of the importance of cutting down the time it takes for a trademark application to be processed," Enomoto says, "and significant progress has been made over the past 10 years." Thus, the 'first action period' – the period from the filing date to the date of dispatch of the first notice of examination – has decreased from 22 months in 1996 to 6.6 months in 2005. In parallel, the second action period (ie, the period from the filing date to the date of dispatch of the final decision following the first action) has been reduced from 16.5 months in 2001 to 11.1 months in 2005. (Figures for the substantive examination period alone are not available.) This can be attributed in large part to the Trademark Department's effort to promote paperless processing, in particular electronic trademark filing. Since January 2000 trademark applicants have been able to use an integrated services digital network which permits voice, data, text, graphics, music, video and other source material to be transmitted over existing telephone wires. And since October 2005, trademark applications have been accepted via the Internet, bringing to 83% the proportion of trademark applications filed electronically in 2006.

Since 2000 the JPO has also been operating a paperless appeal system in *ex parte* proceedings for patents, utility models, designs and trademarks in response to a strong demand from all stakeholders.

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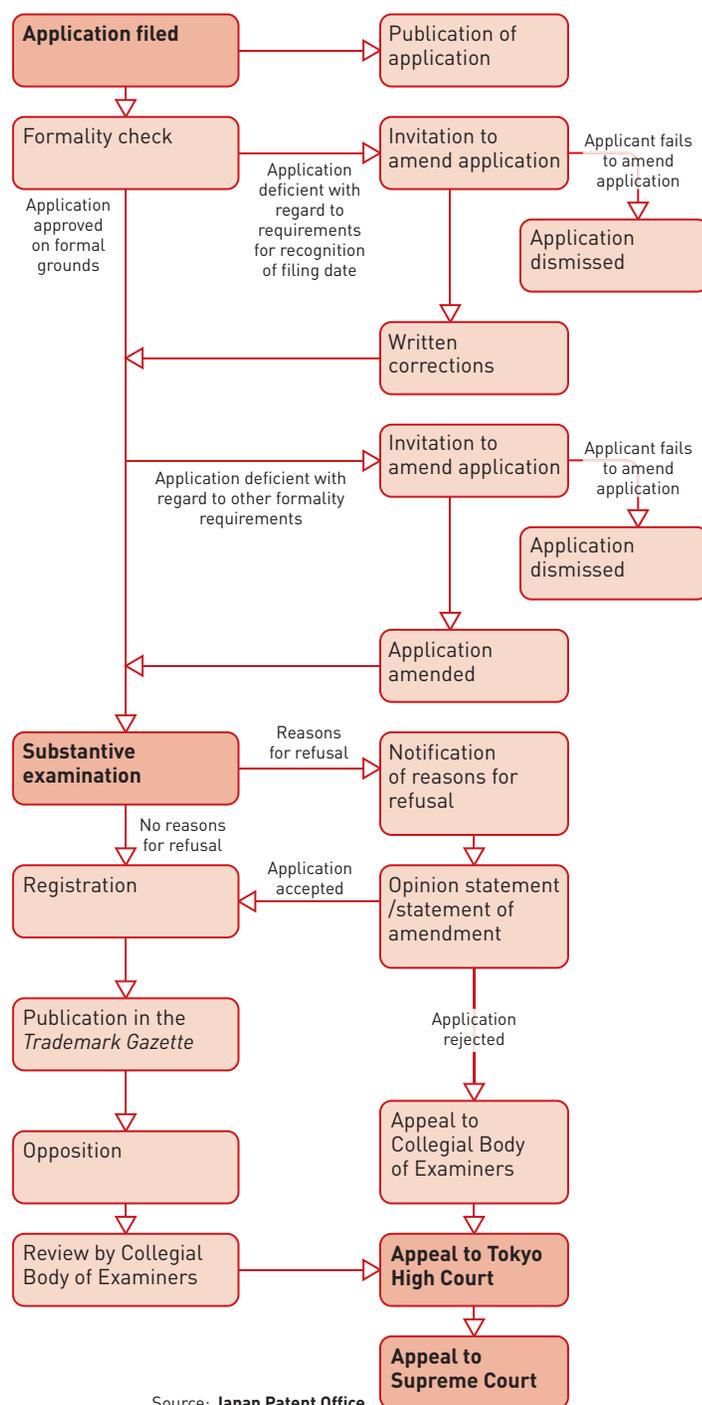
It is currently planning a paperless application for *inter partes* proceedings. “Our ambition is to turn the JPO into a paperless office,” Hayakawa comments. “There is still some way to go, but we’re putting a lot of effort and resources into reaching this goal.”

The JPO also offers an accelerated examination process, for which the length of the first action period has decreased from two months in 2003 to 42 days in 2005. However, the procedure is available only if the applicant or its licensee has already started to use the mark (or has made preparations to use the mark to a significant degree) and there is an urgent need to register the mark – for instance, if a third party has also started using a mark that is identical to the mark in question in respect identical or similar goods. “This procedure was introduced in response to the need to offer solutions against counterfeiting and infringement,” explains Enomoto. “The number of such applications is still low but is rising steadily – from 218 in 2001 to 365 in 2005.”

Other proceedings have been speeded up: an appeal against an examiner’s decision to refuse a trademark application took on average 23 months in 2005 compared to 27 months in 2003, and an application to invalidate or cancel a registered mark took seven months in 2005 instead of nine in 2003. However, opposition proceedings went from an average of 10 months in 2003 to 15 months in 2005. “This was only temporary and due mainly to our clearing the backlog of oppositions,” Hayakawa explains. “We generally endeavour to shorten proceedings by managing carefully our time from request for opposition for the future.”

Plans for the future

The JPO’s achievements over the past few years are not limited to improved processes – it is also heavily involved in the promotion of intellectual property at all levels. For instance, it has set up public-private organizations working as IP strategy headquarters in each of



Source: Japan Patent Office

the nine regional bureaux of economy, trade and industry.

However, its efforts for the future will still focus on making the process of protecting IP rights easier, quicker and more reliable. “In the context of advancing economic globalization, it is extremely important to enable applicants to obtain IP rights promptly,” Hayakawa says. For the trademark department, this means that efforts will go towards the expansion of the outsourcing model for prior trademark examinations; the hiring of experienced examiners as temporary staff; and the advancement of office automation. [WTR](#)