2003 AMENDMENT TO JAPAN PATENT LAW

The Japan Patent Law was amended in 2003. The major changes are:
1. The Japan Patent Office (JPO) fee schedule is changed, effective from April 1, 2004;
2. The post-grant opposition system is abolished, and the invalidation trial system is changed, effective from January 1, 2004; and
3. The practices in Unity of Invention before the JPO is changed in compliance with PCT-type Unity of Invention, effective from January 1, 2004.

1. New JPO Fee System
1.1. New JPO Fee Schedule
The new JPO fee schedule is summarized in the following table.

<table>
<thead>
<tr>
<th></th>
<th>Basic fee (JPY)</th>
<th>Additional fee* (JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filing fee</td>
<td>16,000</td>
<td>0</td>
</tr>
<tr>
<td>Fee for Request for Examination</td>
<td>168,600</td>
<td>4,000</td>
</tr>
<tr>
<td>1-3rd annuities /year</td>
<td>2,600</td>
<td>200</td>
</tr>
<tr>
<td>4-6th annuities /year</td>
<td>8,100</td>
<td>600</td>
</tr>
<tr>
<td>7-9th annuities /year</td>
<td>24,300</td>
<td>1,900</td>
</tr>
<tr>
<td>10-25th annuities /year</td>
<td>81,200</td>
<td>6,400</td>
</tr>
</tbody>
</table>

*: per claim

1.2 Transition of Fee Schedule
(1) Filing fee:
The new filing fee shall be applied to applications filed on or after April 1, 2004.

(2) Fee for Request for Examination
The new fee for request for examination (hereinafter referred to as "examination fee") shall be applied to applications filed on or after April 1, 2004, while the old examination fee shall be applied to applications filed before April 1, 2004.

(3) Annuities
(A) The new fee schedule shall be applied to:
i). patents issued from applications filed on or after April 1, 2004; or
ii). patents issued from applications of which examination request is
submitted on or after April 1, 2004.

(B) The old fee schedule shall be applied to patents issued from applications filed AND of which examination request is submitted before April 1, 2004.

(4) Divisional Application
As to patents issued from divisional applications (JPL Art. 44, para. 2) or converted applications (JPL Art. 46, para. 5), actual filing dates thereof shall be basis for determining the fee schedule to be applied.

1.3. Examination Fee Refund System
Under the new fee schedule, a refund system of an examination fee is introduced. An applicant who withdraws or abandons his patent application may request a partial refund of the paid examination fee after a request for examination with an appropriate fee was submitted, so long as no substantial Office Action is issued yet. It is supposed that a half of the request for examination fee is refunded.

2. New Invalidation Trial System
The post-grant opposition system is abolished, while the invalidation trial is revised to allow any entity to demand an invalidation trial without interest. Under the new invalidation trial:
   i). the trial may be demanded at anytime;
   ii). both parties are involved in adversary system during the trial procedure; and
   iii) the demanding party may appeal against the trial decision affirming the patent at issue to the Tokyo High Court.

2.1. Recent statistics in legal dispute over a patent right
In 2001, about 440,000 patent applications were filed and 250,000 requests for examination were submitted. Among the substantially examined patent applications, 80,000 patent applications were finally rejected and about 20,000 patent applicants were appealed to the Board of Appeal before the JPO. Then, about 60 cases out of the trial rejections were appealed to the Tokyo High
Court. It is possible to appeal to the Supreme Court if the applicant is not satisfied with the decision held by the Tokyo High Court. About 110,000 patent applications in all were finally granted in 2001.

Against the granted and registered patents, about 4000 oppositions and 283 invalidation trial were demanded. 161 patentees appealed against the board revocation decision to the Tokyo High Court. Among the board decisions in the invalidation trial, 156 cases were appealed to the Tokyo High Court. As to the granted and registered patents, 220 correction trials were demanded and 10 trial decisions were appealed to the Tokyo High Court.

As to the patent infringement litigations in Japan in 2001, 153 infringement lawsuit were filed before district courts. An unsatisfied plaintiff and/or defendant may appeal to each High Court of appropriate jurisdiction and possibly to the Supreme Court.

2.2. Recent developments in the Patent Law concerning the trial system before JPO and infringement lawsuit before the Court

(1). 1993 Amendments
(a) Patented claims, specification or drawings might be corrected during an invalidation trial on the request for correction basis such that a trial for correction might not be demanded separately.
(b) A trial for invalidation of correction was abolished.
(c) Illegitimate corrections of the claims, specification, and drawings of the patent in the trial for correction might constitute the grounds for invalidation of patent.

(2). 1994 Amendments
A post-grant opposition replaced a conventional pre-grant opposition.

(3). 1998 Amendments
(a) In the invalidation trial, the gist of the ground for invalidation recited in the written demand for the trial shall not be amended.
(b) New provisions were introduced to reduce the patentee's burden of proof in proving patentee's damages in a patent infringement lawsuit.

2.3. Current Amendments in the procedure of the invalidation trial

Both demandant and demandee may have opportunities to argue more widely about patentability. Therefore, a description requirement of a trial brief has become more strict such that the demandant shall specify a fact for grounds of invalidity. However, the demandant may amend such grounds if:

1) the amendment does not delay the trial:
2) the amendment is reasonable; and
3) if the demandee agrees to the amendment;
or, alternatively, if:
1) the amendment does not delay the trial; and
4) the demandee has made a correction of the specification or drawings of
the patent.

In response to the demandant's amendments in the grounds, the
demandee still may make further correction of the claims, specification or
drawings.

2.4. Introduction of an opinion-seeking and opinion-stating system before the
Tokyo High Court

A newly introduced system enables the JPO to be involved in an
administrative court procedure brought against a trial decision made in a
invalidation trial. Therefore, the JPO may state opinion regarding the practices
of the Patent Laws and the guidelines before the JPO.

2.5. Time limits of Correction of a patent after appealing against the invalidation
trial decision

A patentee may demand a trial for correction within 90 days from his
filing date of an appeal against a decision in an invalidation trial to the Tokyo
High Court. If the patentee demands, or attempts to demand, the trial for
correction before the JPO after appealing against the invalidity decision, the
Tokyo High Court may remand the case to the JPO before the correction sought is
admitted. Thus, the patentee may correct the patent in the procedure of the
remanded invalidation trial.

2.6. Transitory measures

The amended Patent Law shall be applied basically depending on a
revocation filing date, a demand filing date, or an appealing date of the patent at
issue. (cf. Supplements Art. 2)

2.7. Amended provisions in the Patent Law

Opinion-seeking and opinion-stating system

Article 180bis:

"1. Where a lawsuit under Art. 179 proviso has been filed, the court may require
the Commissioner of the Patent Office to state an opinion regarding the
application of Patent Law or other matters necessary for the case in question."
2. Where a lawsuit under Art. 179 proviso has been filed, the Commissioner of the Patent Office may state, under the permission of the court, an opinion regarding the application of this law or other matters necessary for the case in question.

3. The Commissioner of the Patent Office may have an office personnel of the Patent Office designated by him state the opinion prescribed under the preceding two paragraphs."

Time Limits for filing a trial for correction after appealing to the Tokyo High Court against trial decision

Article 126:
"2. A correction trial cannot be demanded since a trial for patent invalidation is pending at the Patent Office until a trial decision comes to be final and concluded. However, this provision shall not apply to a period of within 90 days (excluding a period after a court decision or a ruling has been final and concluded, where a court decision for reversing the trial decision under the provision of Art. 181, para. 1 has been rendered, or a ruling for reversing a trial decision under the provision of the same Article, para. 2 has been rendered) calculated from the date when a lawsuit for canceling the decision of patent invalidation trial is filed."

Remand ex officio to the trial for invalidation

Article 181:
"2. Where an appeal against the decision of patent invalidation trial under Art. 178, para. 1 has been filed, and where the patentee has filed or intends to file a correction trial for the patent on which the lawsuit has been lodged, the court may reverse the trial decision by their ruling in order to remand the case to the Trial Procedure, if the court recognizes that the case should appropriately be reconsidered during the patent invalidation trial proceedings for invalidating the patent in question.

3. Where the court intend to decide in accordance with the preceding paragraph, the court must hear the opinion from the parties concerned.

4. The decision under para. 2 shall be effective to Trial Examiners and the other, third parties.

5. When the court's decision for reversing the trial decision or rule under para. 1, or the ruling for reversing the trial decision under para. 2 has become final and concluded, the Trial Examiners shall carry out a further trial examination and render a trial decision or ruling."

3. Unity of Invention
The previous Art. 37 for so-called Unity of Invention stipulates two or more inventions, each of which is recited in each claim, may be included in one patent application if a specified invention recited in a claim has a specific relationship with the other inventions. Since the specified invention may be recited in any one of the claims, the Examiner has to identify each claim as the specified invention. Therefore, the workload of the Examiner is too much and the scope of the Unity of Invention tends to be broad.

The amended Art. 37 stipulates that the new Unity of Invention shall be defined in the regulations such that the practices of the new Unity of Invention will be similar to those in the PCT.