National IP Strategies for Innovation
-Experiences of Japan-

Japan Patent Office
August 27, 2014
Outline

- JPO’s Experiences for the Past Decade
- Changes in Environment Surrounding Intellectual Property
- Latest IP Strategies and JPO’s efforts
The Government of Japan has made a concerted effort to realize an “intellectual property based nation” since the political address made by Prime Minister in 2002.

Policy Statement by Prime Minister KOIZUMI

February 2002

Strategic Council on Intellectual Property
March 2002

Intellectual Property Policy Outlines
July 2002

Basic Law of Intellectual Property
November 2002

Intellectual Property Strategy Headquarters
March 2003

Intellectual Property Strategic Program 2003
July 2003

Intellectual Property Strategic Program 2004

Intellectual Property Strategic Program 2005

Intellectual Property Strategic Program 2011

Intellectual Property Strategic Program 2012

Basic Policy Concerning Intellectual Property Policy
June 2013

Intellectual Property Strategic Program 2013

Intellectual Property Strategic Program 2014
Realizing an IP-based Nation which increases additional value of products and services based on IP, and thereby vitalizes its economy and society.
Expeditious and Timely Examinations

【Number of Patent Examiners】

【Number of Applications Examined per Examiner】

【Regular Examiners】 【Fixed-term Examiners】

【Japan】

【USPTO】

【EPO】
Expeditious and Timely Examinations

【Number of Outsourced Prior Searches】

(thousand) 300
250
200
150
100
50
0

2006 2007 2008 2009 2010 2011 2012 2013

Number of Paper-type Number of Dialog-type
Expeditious and Timely Examinations

Target: First Action within less than 11 months by the end of March 2014

Achieved

【Number of Requests for Examination and First Action】

【First Action Pendency】

FA11
Changes in the Number of Patent Applications

【Number of Patent Applications Filed by Japanese Applicants to JPO】
Increase in Global Applications

PCT Applications Filed in Japan

Global Application Rates of Japanese, U.S., and European Applicants
Supportive Measures for SMEs and Universities

Financial Support in Domestic Filing

Fee Reduction/Exemption for Individual and SMEs

- Based on the Patent Act:
  Exemption or 50% reduction, for individuals or companies determined by taking into account of their financial resources
  - Exemption/Reduction from annual patent fees
  - Exemption/Reduction from examination request fees
- Based on the Industrial Technology Enhancement Act & the Act on Enhancement of SMEs’ Core Manufacturing Technology:
  50% reduction for R&D-oriented SMEs
  - Reduction from annual patent fees
  - Reduction from examination request fees

Fee Reduction for Universities and TLOs

- Based on the TLO Act & the Law on Special Measures for Industrial Revitalization:
  50% reduction, for authorized and approved TLOs
  - Reduction from annual patent fees
  - Reduction from examination request fees
- Based on the Industrial Technology Enhancement Act:
  50% reduction, for universities and university researchers
  - Reduction from annual patent fees
  - Reduction from examination request fees
**Supportive Measures for SMEs and Universities**

**Financial Support in Filing Abroad**

**Subsidization for SMEs filing foreign applications**

Ratio of subsidization: No higher than 50%

Amount of subsidization:

- Limit per company: 3 million yen (for multiple cases)
- Limit per case: 1.5 million yen for patents;
  - 0.6 million yen for UM, designs and TM

Costs eligible for subsidization: filing fees, local agent fees, translation fees

【Number of Granting Subsidies】

![Graph showing the number of granting subsidies from 2008 to 2013](image-url)
Supportive Measures for SMEs and Universities

【Number of Domestic Applications Filed by SMEs】

【Number of PCT Applications Filed by SMEs】

Number of SMEs

Number of applications

- Number of SMEs that filed for the first time
- Number of applications filed by SMEs
Globalization of Companies’ Activities

【Share of GDP】

1991
2.5 billion dollars

Developing Countries 48%
Other Developed Countries 46%
Japan 6%

2011
7.9 billion dollars

Developing Countries 54%
Other Developed Countries 41%
Japan 5%

2018 (prediction)
11.6 billion dollars

【Ratio of JP Companies’ Activities Abroad】

1991
2.5 billion dollars

Other Developed Countries 31%
Japan 10%

2011
7.9 billion dollars

Other Developed Countries...

2018 (prediction)
11.6 billion dollars

Other Developed Countries 42%
Japan 5%

Ratio of employees abroad
Ratio of production abroad
Technology Trade Balance

【Changes in the Value of Technology Trade in Selected Countries】

Value of technology export

Value of technology import

(trillion yen)

Closed IP Strategy

- Globalizing World Economy
- Rapid Changes in Market Needs
- Shortening of Product Life Cycle
- Further Sophistication and Complication of Technologies

IP Strategy for Open Innovation *How to utilize IP is a key.*

【Basic framework of Open/Closed Strategy】

Specifying core areas

Closed

- Keep the own technical know-how confidential
- Monopoly of IP
  - Exclusive use
  - Violation of IPRs -> Injunction

Open

- Allow others to use the own technologies
  - Standardization
  - De facto Standardization
  - Fixed fee license
  - Cross-license

Patent is needed.

Patent is needed.
The Acceleration of the Global Innovation Cycle

- Necessary to strategically *utilize* IP in the global market.
- Accelerate the global innovation cycle by feeding back revenues generated by utilization of IP to Japan and reinvesting them into innovation activities.

The acceleration of innovation in Japan

(1) **Establishment of IPR and accumulation of relevant knowhow**

Focusing on business development, secure intellectual property rights and materialize their protection through the accumulation of knowhow.

(2) **Utilization of IP through licensing**

Strategic licensing activities will enable a swift international development in new industries and may generate license revenues.

(3) **Aggressive enforcement against infringing goods**

Conduct necessary enforcement against infringing goods to prevent a decrease in market share of regular goods or to gain reasonable license revenue.

Reinvestment into research and development

Global development of business

Increase of technology trade surplus
Multiple Protection of Tablet by IPRs

Trademark
- Product Name, Brand Name, Logo Mark
- Icon
- Sound, Movement, Hologram

Design
- Operation Screen Design
- Design of Appearance
- GUI
- Web Design

Patent
- Tablet Information Terminal
- Touchscreen Technology

Trademark
- Product Name, Brand Name, Logo Mark
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- Sound, Movement, Hologram

Design
- Operation Screen Design
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Patent
- Tablet Information Terminal
- Touchscreen Technology
Abenomics & the Three-Arrow Policies:

Arrow 1: Expansive monetary policy; Arrow 2: Flexible fiscal policy; Arrow 3: **New growth strategy → Japan Revitalization Strategy** (Cabinet Decision, June 14, 2013)

“By improving/enhancing examination systems such as using fixed-term examiners, the government will strive to make the period of waiting for examination be **11 months** by the end of this fiscal year and make the subsequent time necessary for grant of rights be **36 months or shorter** by the end of FY2015. The government will start **collective examination**, which is a system to examine various technologies, etc. as a whole, from this fiscal year. “

“The government will improve dispatching of human resources to **emerging countries in Asia** and acceptance of trainee and also expand scope of application of **Patent Prosecution Highways** (the system for early examination of patent application that is patented in other countries). Furthermore, the government will finalize a draft concerning the review of the industrial design protection system corresponding to **the Hague Agreement** within this fiscal year, and subsequently submit the relevant bills to the Diet in a swift manner, in order to make protection of product design, etc. easier on the international scale. The government will establish a system to provide the private sector **Chinese patent documents** translated into Japanese within six months after **Japan Patent Office receives the data by the end of FY2015.”
Abenomics & the Three Arrow Policies:

- Arrow 1: Expansive monetary policy
- Arrow 2: Flexible fiscal policy
- Arrow 3: New growth strategy \(\rightarrow\) Japan Revitalization Strategy (Cabinet Decision, June 14, 2013)

“In order to reduce managerial risk associated with global business activities of companies in the world, the government will review the system such as to make a patent right for an employee invention belong to the company or to leave attribution of a patent right for an employee invention to the determination by contract between the employer and the employee, and summarize issues by the middle of next year then to reach conclusion.”

“The government will support the global intellectual property strategies of small and medium-sized enterprises (exemption from or reduction of cost concerning patent application, etc.).”
National IP Strategy for the Next Decade

Basic Policy Concerning Intellectual Property Policy (2013)

Measures based on Four Pillars

**Building up a global intellectual system for enhancing industrial competitiveness**

- It is necessary to make Japan’s intellectual property system attractive to companies in Japan and overseas so as to make it a highly unifying force internationally that can attract users and innovation investment.
- The Government of Japan will implement measures necessary to improve and enhance the examination system at the Japan Patent Office, which is the foundation of Japan’s intellectual property system.
- With regard to enhancing the functions of industry-academia-government collaboration, the Government of Japan will advance efforts including joint research involving universities and the like and SMEs and venture companies, and technology transfers of knowledge from universities and like to SMEs and venture companies.

**Supporting enhancing intellectual property management by SMEs and venture companies**

- The free reduction system will be reviewed to become more user-friendly for SMEs and venture companies, and to contribute to facilitating innovation.
- In order to deal with various management issues of SMEs and venture companies in a detailed and comprehensive manner, the Government of Japan will enhance the function of consultation services at the comprehensive IP support portal so that it can deal with issues related to global expansion, copyrights, and preventing unfair competition.

**Improving the environment for adjusting to the digital network society**

**Strengthening soft power focusing on the content industry**
New Target: Total Pendency down to less than 14 months by the end of FY2023.

【Comparison between previous goal and new target】

Request for examination  First Action  Granting Patent Rights
FY 2013  11 months  
FY 2023  10 months

【Period from Request to Granting in Major IPOs in 2012】

<table>
<thead>
<tr>
<th>Organization</th>
<th>Time (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USPTO</td>
<td>31.7M</td>
</tr>
<tr>
<td>JPO</td>
<td>29.6M</td>
</tr>
<tr>
<td>EPO</td>
<td>36.2M</td>
</tr>
</tbody>
</table>
Collective Examination: meeting business needs

Collective examination of IP portfolio
- can cover a group of applications in a wide range of technological fields by a team of examiners.
- can create practical IP portfolio including patents, designs, and trademarks.
- can confer IP rights in time to launch new businesses.

In line with corporate business activities, examiners will collaboratively conduct examinations.

IP networks to be used for effectively expanding global business activities
(building an IP portfolio)
Merits of PPH: High Speed, High Quality, Cost Saving

• **High Speed:**
  
  Reduced pendency at the office of second filing (OSF)
  
  → Expeditious examination

• **High Quality:**

  High grant rate at the OSF
  
  → High predictability of examination results at the OSF

• **Cost Saving:**

  Reduction in Number of Office Actions
Evolution of Patent Prosecution Highways (PPH)

Bilateral PPH Network

Global PPH

(From January 6, 2014)
Examination

JPO’s examination results help emerging countries without enough examination capacity conduct timely and appropriate patent examination.

Challenges emerging countries are facing regarding IP administration:
- Delay in examination
- Examination quality

Utilization by Foreign IPOs of Examination Results of JPO:

A. High quality examination / ISR
B. Timely Granting of Rights / Issue of ISR
C. Widely sharing of examination results / ISR through PPH or PCT framework
Fee Reduction based on Industrial Competitiveness Enhancement Act

Targets

1. Small-sized business proprietors (less than 20 employees (less than 5 employees in the case of commerce or service industry)
2. Sole proprietors whose business has not completed 10 years since its start-up
3. Small-sized corporation (less than 20 employees (less than 5 employees in the case of commerce or service industry)
4. Corporations whose capital is less than 300 million yen which have not completed 10 years since its start-up.

Content of Reduction Measures

Domestic Filing
- National examination fees >> One-third
- Annual patent fees (for the first to the tenth year) >> One-third

International Filing
- Search fee and Dispatch fee >> One-third
- Preliminary examination fee >> One-third
IP Comprehensive Support Counter

SMEs

- We want to properly protect R&D results.
- We need to learn about support measures for IP.
- We want to deal with counterfeits overseas as our products are counterfeited.
- We want to learn about local brand protection.
- We want to effectively acquire a patent based on our business model.

Consultation

The staff of the Support Counter solves the problem at the counter

Support

- Recognizing the importance of IP through explanations on systems.
- Giving advice on whether it is better to acquire a right or to manage know-how.
- Introducing support measures for IP.
- Outline of overseas IP systems
- Explaining the Regional Collective Trademark System
- Providing support by an external expert team.

Support is provided in cooperation with IP experts and cooperating organizations to consultations which require more expertise

IP experts
- Lawyers
- Patent attorneys
- SME management consultants
- Company’s retired employees

Cooperating Organizations
- SME support organizations
- Universities, Research institutes
- Overseas operation support organizations

Role as the IP department of SME

Support by direct visit

Lawyers
- Patent attorneys
- SME management consultants
- Company’s retired employees
Role of University in R&D

【Research Funding】
Whole R&D Funding of Japan
1.73 billion yen

University
20% (約3.5兆円)

【Number of Researchers】
Whole Researcher of Japan
840 thousands people

University
37% (310 thousands)

【Share of Total number of Papers】
US 27%
China 12%
Japan 7%
UK 7%
Germany 8%
France 6%
Others 33%

【Share of Total Number of Citations】
US 47%
China 9%
Germany 12%
Japan 8%
France 8%
Others 16%
Academic-Industrial Collaboration

【Number of Joint Research between Universities and Private Companies】

【Number of IPRs belong to Universities】

【Licensing of IPRs from Universities】
Project for University Network IP Advisor

Sending of University Network Intellectual Property Advisors

JPO/INPIT

Interuniversity network

Collaboration of universities by region and field

A University

B University

C University

D University

Sending

● Support for establishment of intellectual property management system at universities
  Advisors are stationed at an administrative university or a priority support university

● Support for intellectual property activities of interuniversity network

● Support for human resource development for persons in charge of universities (OJT, joint trainings)

● Dissemination and awareness-raising of intellectual property

New entrant

Project for University Network IP Advisor
Outline of Intellectual Property Producer Project

**Initial stage**
- Conducting research

**Promotion stage**
- Forming IP group

**Final period**
- Checking principles for IP management and exploitation
- Development of business

**Achievement of project**
The JPO launched Patent Licensing Promotion Projects in 1997, which were taken over by the National Center for Industrial Property Information and Training (INPIT).

The INPIT ended the projects as of the end of March 2011 as the project led to a certain level of outcome in improving the environment to vitalize the patent licensing market.

**Dispach of Patent Licensing Advisors (Ended in FY2010)**

<table>
<thead>
<tr>
<th>Kinds of contracts</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>License agreement</td>
<td>4,750</td>
</tr>
<tr>
<td>Patent assignment agreement</td>
<td>813</td>
</tr>
<tr>
<td>Confidentiality agreement</td>
<td>4,021</td>
</tr>
<tr>
<td>Option agreement</td>
<td>1,207</td>
</tr>
<tr>
<td>Joint R&amp;D agreement</td>
<td>1,176</td>
</tr>
<tr>
<td>Technical guidance agreement</td>
<td>824</td>
</tr>
<tr>
<td>Supply agreement for partial product</td>
<td>101</td>
</tr>
<tr>
<td>Others</td>
<td>1,807</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,699</strong></td>
</tr>
</tbody>
</table>
IP Business Matching Activities


Open Exchange Meetings
Individual Interviews
Follow-up Services

Local Government, etc.

Free participation

Provide matching opportunities

Licensable /transferable patents, etc.

Small and Medium Enterprises, etc.

Large Corporations, Universities, etc.

Small and Medium Enterprises Support Institutions, Experts

Cooperation

Cooperation

Comprehensive Support Service Counter for IP

As a consultation counter concerning IP, we support IP utilization and new business development activities of regional small and medium enterprises by providing a one-stop service in collaboration with various experts and support institutions, etc.

We provide consultations on IP strategy and licensing contracts that utilize patents open to the technology market. <Free of charge>

Apart from the staff person in charge of your case, patent attorneys and lawyers will also be involved.
1. Revision of the Patent Law
- Establishing a quick and simplified post-grant review system
- Streamlining administrative procedures in accordance with the Patent Law Treaty

2. Revision of the Design Law
- Acceding to the Geneva Act of the Hague Agreement
- Reconsidering protection scope of GUI (Graphic User Interface) designs

3. Revision of the Trademark Law
- Introducing a broader definition of trademarks eligible for protection:
  → Protection of new types of trademarks such as colors and sounds
- Widening the availability of regional collective trademarks

4. Revision of the Patent Attorney Law
- Redefining the missions of patent attorneys
- Building up consulting capacities to effectively assist SMEs
Initiative by Government

- Timely and high quality Examination
- Establishment of Global IP Infrastructure
- Support for SMEs of IP Management

Initiative by Industry

- Acquisition of IPRs
- IP Exploitation (Licensing)
- Enforcement against Counterfeit Products

Wrap-up

Improvement of IP Infrastructure

Acceleration of Innovation Cycle
Thank you for your kind attention!

JPO Homepage
http://www.jpo.go.jp/index.htm