

Chapter 2

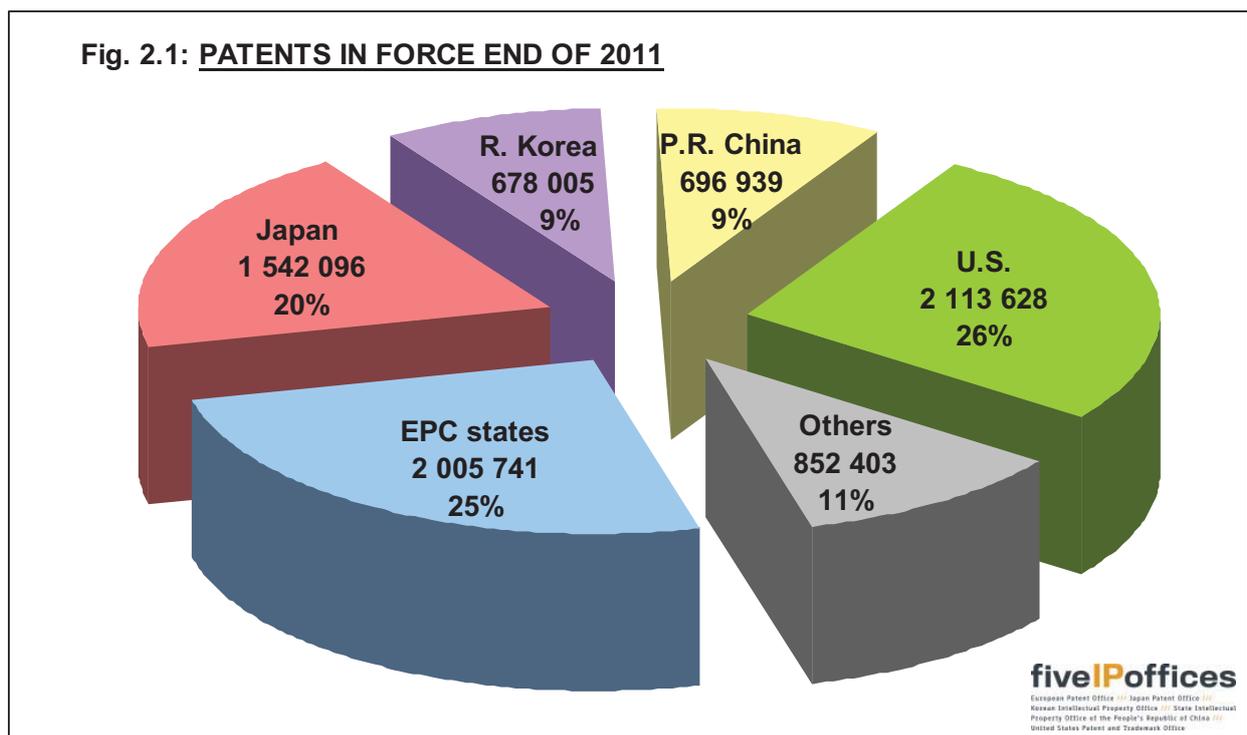
THE IP5 OFFICES

The IP5 is the name given to the group made of the five largest intellectual property offices in the world (EPO, JPO, KIPO, SIPO and USPTO). The IP5 structure has been established to contribute to improving the efficiency of the examination process for patents worldwide.

As the world sees economic barriers between nations fade away, innovators want their intellectual creations to be protected concurrently in multiple major markets. An estimated 250 000 patent applications for the same inventions are filed each year in two or more of the IP5 Offices, contributing to increasing backlogs. To address this issue, the IP5 Offices are working together to reduce, to the maximum extent possible, the duplication of work which takes place at each office for these patent applications.

Patents are used to protect inventions, and their counts have been recognised throughout the world as a measure of innovative activity. The following figure shows the prominent role played by the IP5 Offices in terms of the worldwide number of patents in force at the end of 2011. The data are based on the most recent worldwide patent information available from the WIPO Statistics Database⁹.

Fig. 2.1 shows the number of patents in force by bloc in 2011.



At the end of 2011, 89 percent of the 7.9 million patents in force were valid in one of the IP5 Offices jurisdictions.

⁹ <http://www.wipo.int/ipstats/en/statistics/patents/>. Data for patents in force for 2011 are missing for some countries in the WIPO data. Where available, the most recent previous year's data were substituted for missing 2011 data.

EUROPEAN PATENT OFFICE

Member states

The EPO is the central patent granting authority for Europe, providing patent protection in up to 40 European countries on the basis of a single patent application and a unitary grant procedure. This represents a market of more than 610 million people.

At the end of 2012, the 38 members of the underlying European Patent Organisation were:

Albania	Austria	Belgium	Bulgaria	Croatia
Cyprus	Czech Republic	Denmark	Greece	Estonia
Finland	France	Germany	Hungary	Iceland
Ireland	Italy	Latvia	Liechtenstein	Lithuania
Luxemburg	Malta	Monaco	Fyr of Macedonia	Netherlands
Norway	Poland	Portugal	Romania	San Marino
Slovakia	Slovenia	Spain	Serbia	Sweden
Switzerland	Turkey	United Kingdom		

Two other states have agreements with the EPO to allow applicants to request an extension of European patents to their territory:

Bosnia-Herzegovina and Montenegro

The EPO has so-called validation agreements, allowing the protection of a European patent beyond the borders of the Organisation. A first agreement was signed with Morocco that will soon come into force. Discussions with other countries are on their way.

The national patent offices of all the above states also examine patents. After granting, an EPO patent can become a bundle of national patents in all states that were designated at grant.

The mission of the EPO is to support innovation, competitiveness, and economic growth across Europe through a commitment to high quality and efficient services delivered under the EPC. Its main task is to grant European patents according to the EPC. Moreover, under the PCT the EPO acts as a receiving office as well as a searching and examining authority. A further task is to perform, on the behalf of patent offices of several member states - including France, Italy, the Netherlands and Belgium - state of the art searches for the purpose of national procedures. The EPO is also major actor in the patent information area, developing tools and data bases.

Highlights of 2012

The EPO was again voted as the office delivering highest quality products and services, according to the 2012 Annual IP Executive Benchmarking Survey that was conducted jointly by Intellectual Asset Management magazine and Thomson Reuters.

At the end of 2012, the EPO and USPTO jointly introduced the Cooperative Patent Classification scheme (CPC) for patent documents. This is based on the European Classification (ECLA) and incorporates best practice from the USPTO, such as a detailed classification scheme for business methods. The system is the result of partnership between the EPO and the USPTO in their joint effort to develop a common, internationally compatible classification system for technical documents, in particular patent publications, which will be used by both offices in the patent granting process. The CPC entered into force on 1 January 2013.

On 11 December 2012 the European Parliament voted positively on the EU Council's proposals for two draft EU regulations on a unitary patent for Europe. The first draft regulation concerns unitary patent protection, and the second sets out the translation arrangements for such protection. With this decision, 25 EU member states have embarked on enhanced co-operation with a view to creating unitary patent protection for their territories. The Agreement on a Unified Patent Court was signed by 25 EU Member States. It will need to be ratified by at least 13 states (including France, Germany and United Kingdom) to enter into force.

The Regulation on the unitary patent provides that the participating Member States will entrust the EPO with new tasks such as, receiving requests for unitary effect, registering unitary effect, publishing translations during the transitional period, maintaining a new "Register for unitary patent protection", collecting annual fees for unitary patents and distributing part of the annual fees to the participating Member States. These new tasks will be carried out by the EPO on the basis of the internal rules of the EPO.

Grant Procedure

All EPO activities dealing with search, examination, opposition or appeals are performed internally and not outsourced. The decision to grant or refuse a patent is taken by a board of three examiners. In Table 2.1, production figures for search (European, PCT and national searches), for examination (European and PCT Chapter II), for opposition and for appeal in the European procedure are given for the years 2011 and 2012. There was a further increase in demand in 2012 as represented by the overall number of patent filings.

Table 2.1: EPO PRODUCTION INFORMATION

EPO PRODUCTION FIGURES	2011	2012	Change	% Change
Patent filings (Euro-direct & PCT international phase)	244 934	257 960	13 026	+ 5.3%
Searches carried out				
European (including PCT supplementary)	104 638	103 601	- 1 037	- 1.0%
PCT international	75 274	76 825	1 551	+ 2.1%
On behalf of national offices and other	26 227	23 899	- 2 328	- 8.9%
Total production search	206 139	204 325	- 1 814	- 0.9%
Examination - Opposition (final actions)				
European examination	110 331	111 860	1 529	+ 1.4%
PCT Chapter II	7 529	7 995	466	+ 6.2%
Oppositions	2234	2 021	- 213	- 9.5%
Total final actions examination-opposition	120 094	121 876	1 732	+ 1.5%
European patents granted	62 112	65 687	3 575	+ 5.8%
Appeals settled				
Technical appeals	1 874	2 027	153	+ 8.2%
Other appeals	49	42	- 7	- 14.3%
Total decisions	1923	2 069	146	+ 7.6%

Status: May 2013

In 2012, the number of completed searches remained fairly stable at about 204 300 while the number of final actions in examination at the EPO, including the PCT work, increased by 1.5 percent to about 121 900. This change reflects a higher number of published granted patents

and a slight increase in the number of withdrawals by applicants. The EPO issues a search report with written opinion on patentability for first filings within 6 months. About 2 070 decisions in appeal were completed by the EPO boards of appeal in 2012. On average in 2012, a patent granted by the EPO designated 26 countries at the time of grant (23 in 2011).

The EPO fast track procedure, Program for Accelerated Prosecution of European Patent Applications (PACE), can be required without any additional fee and is open for any field of technology. PACE is requested for 7 to 8 percent of the patent applications every year. In 2012, the EPO received 16 800 PACE requests (6 400 searches, 10 300 examinations).

Patent Information

The EPO is a producer of patent information products and services. It has established databases that are available not only for internal use, but also for dissemination by national offices. The EPO maintains a comprehensive collection of patent-related literature, making available more than 600 million records containing about 83 million patent documents, within 145 specialised databases. The main public database Espacenet is freely accessible 24 hours a day. Efforts have been made for improvement of these databases by focusing on machine translation of patents in order to reduce language barriers, as well as by improving the electronic search tools used by EPO examiners and by more than 45 patent offices world-wide, in particular for its search engine called EPOQUE.

The automatic translation system, Patent Translate, developed in partnership with Google Inc., was launched early 2012 and has since been further expanded to include Chinese, Japanese and further European languages. The service currently offers on-the-fly-translation from and into English for 22 languages. It is accessible on the EPO's free online patent database, Espacenet.

International and European Cooperation

The EPO continues to be engaged in different types of cooperation programs in and outside Europe: including IP5, Trilateral Cooperation and bilateral agreements.

The EPO provides supports to patent offices in Europe through cooperative activities within the European Patent Network. The EPN entered a new cycle with the launch of the EPN Cooperation Roadmap 2012-2015, focusing on three main areas: information technology; training; patent awareness and patent information. The European Patent Academy has a very active role.

The EPO has a long experience in cooperative activities with many patent offices. In 2012, the JPO, the USPTO and the EPO celebrated the 30th anniversary of the Trilateral Cooperation. In 2012, agreements were signed with Russia on the automatic translation, with Brazil on enhanced cooperation. Memoranda of Understanding were signed with OECD, and WIPO to reinforce cooperation with these organisations.

EPO Budget

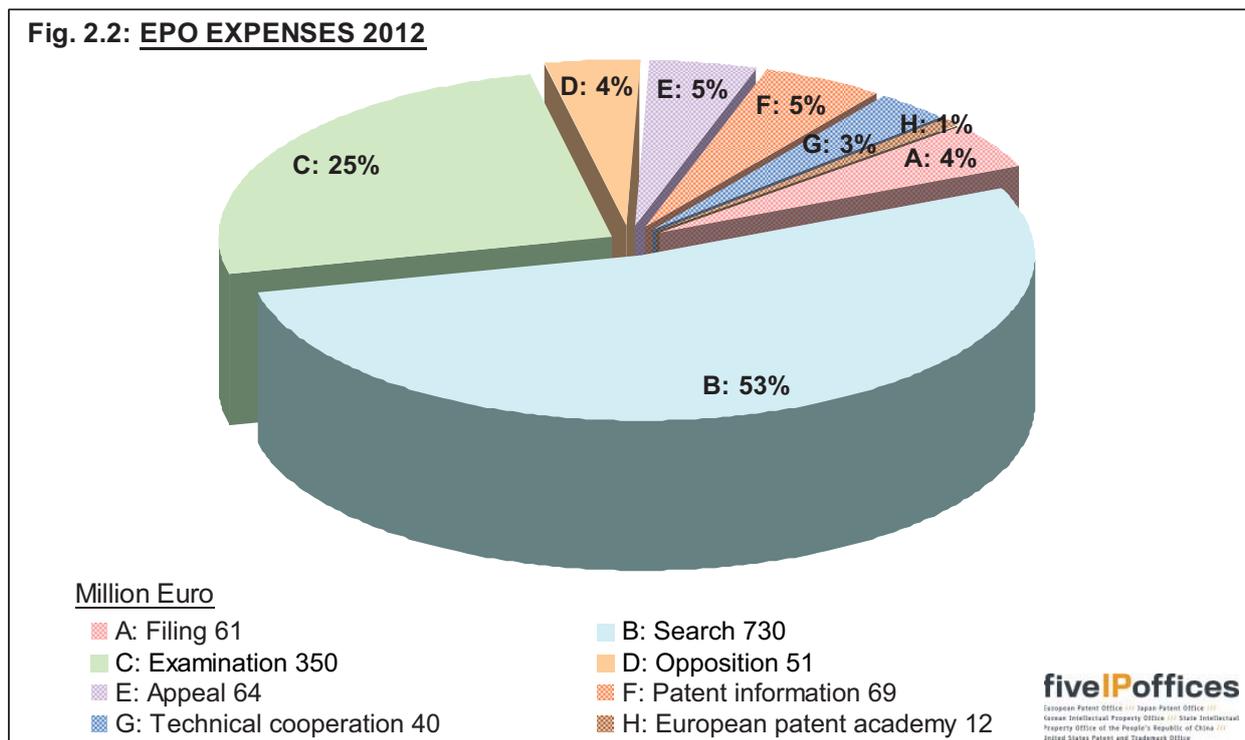
The EPO is financially autonomous and does not receive any subsidies from the contracting states of the Organisation. Expenses are to be covered entirely out of revenue obtained mainly from patent fees paid by applicants and patentees. In 2012, the EPO budget amounted to 1.823 billion EURO.

Fees related to the patent grant process, such as the filing, search, examination, and appeal fees as well as renewal fees for European patent applications (i.e. before grant) are paid to

the EPO directly. 50 percent of the renewal fees for European patents (i.e. after grant) is kept by the Contracting States of the Organisation where the European patent is validated after the central grant process.

On the expenses side, in addition to salaries and allowances that are often supported by a patent office, the EPO, as the office of an international organisation, also finances other social staff expenses such as pensions, sickness, long-term care as well as education costs for the children of the employees. The EPO is responsible for a community of more than 21 000 persons (mostly active staff, pensioners and family members).

Fig. 2.2 shows EPO expenses under the International Finance Reporting Standards (IFRS) by category in 2012.



A description of the items in Fig. 2.2 can be found in Annex 1.

EPO Staff

At the end of 2012, the EPO staff totalled about 7 000 employees from 32 different European countries. During the year, 102 examiners were recruited. The total number of search, examination and opposition examiners reached a record figure of 3 987. Boards of appeal staff increased to 163. Staff complement in other areas was reduced.

Examiners are trained three years following their recruitment before being considered as fully productive. The staff work in the three official languages of the EPO (English, German, French) in their daily work.

More information

Further information can be found on the EPO's Homepage:
www.epo.org

JAPAN PATENT OFFICE

Development of Intellectual Property Policy

Recently, due to advances in globalisation and the remarkable development of emerging countries, the competition over markets has become more intense not only among companies but also countries. Under this circumstance, in order for Japanese companies to win against the competition and to actively expand business overseas, a high-added value strategy taking advantage of Japanese technologies and attractive designs and brands is required. In addition, it is necessary to advance the development of an environment in which each company can strategically utilise its intellectual property in the global market.

Based on this, the “*Strategies to Revitalise Japan*” that were forged by the Cabinet on 5 August 2011, mentions the importance of promoting international IP strategies as a means to support companies in expanding their businesses overseas.

In addition, the Intellectual Property Strategic Program 2012 established by the Intellectual Property Strategy Headquarters, headed by the Prime Minister, states the two comprehensive intellectual property strategies that contribute to strengthen international competitiveness of Japan in the global network era: 1) enhancing strategies to create comprehensive intellectual property innovation; and 2) enhancing comprehensive strategies to develop content that will revitalise Japan.

Efforts Related to Patents

The JPO has made various efforts for achieving its long-term target for reducing first action pendency to 11 months by FY 2013¹⁰, as indicated in the “Intellectual Property Strategic Program 2004” formulated by the Intellectual Property Strategy Headquarters in 2004. These efforts include the following.

1. Efforts to Speed Up Patent Examination

Methods to Expedite Patent Examination

1) Ensuring the Necessary Number of Examiners

While the JPO is working to raise the efficiency of the examination process, it still will need to increase the number of patent examiners so as to greatly enhance its examination capability in terms of examination. The JPO has significantly increased the number of examiners by hiring around 490 fixed-term examiners in five years, from FY 2004 to FY 2008. Moreover, since FY 2009, the fixed-term examiners who completed the five-year term were re-hired to maintain the JPO’s examination capabilities.

Table 2.2: JPO NUMBER OF PATENT EXAMINERS

Examiners	FY 2011	FY 2012	Change	% Change
Regular	1 221 (+ 8)	1 223 (+ 2)	2	0 %
Fixed-term	490	490	0	--
Total	1 711 (+ 8)	1 713 (+ 2)	2	0%

¹⁰ The fiscal year (FY) begins in April at the JPO.

2) Increasing and Enhancing Outsourcing of Prior Art Document Searches

The number of prior art document searches outsourced in FY 2012 decreased by 1.2 percent to 239 000 due to the decrease in the number of patent backlogs, of which dialogue-type¹¹ outsourcing, with a high level of examination efficiency, was done in comparison with paper-type¹² outsourcing, which accounted for 92 percent, or 219 000 searches (the figures in FY 2011 were 89 percent and 214 000 searches, respectively). This shows an increase in dialogue-type outsourcing to the private sector and an improvement in efficiency. It is expected that examination efficiency will further improve through the JPO making use of dialogue-type outsourcing.

2. Efforts to Obtain Stable Rights

In order for companies to safely utilise their own intellectual property rights in the global market and to perform business activities, it is essential that the patent rights granted are stable and valid all over the world. Stable rights, to be valid in the world, require that there are no reasons anywhere for invalidation, that a clear line between other rights is set, and that the rights are not unnecessarily restrictive.

Therefore, it is important to deepen understanding of many factors such as technologies subject to examinations and related technical fields. In addition, it is important to conduct accurate prior art document searches including national and overseas documents, and implement quality control of patent examinations in a way that the results notified to applicants are based on high-quality examination procedures. In addition, it is necessary to review the examination standards, etc. where necessary in response to the opinions of users and the results of appeals/trials and judgments from the viewpoint of international system harmonisation.

a. Efforts for International Work Sharing

Following the global increase in the patent applications amidst the ongoing globalisation of economic and business activities, and the increasing importance of intellectual property along with such globalisation, the number of duplicate applications, i.e., the same invention being filed in multiple offices is increasing. In line with this increase, the examination workload at each office has also been increasing. Under this situation, the JPO is promoting work-sharing of patent examinations with various IP offices, using the framework of the Patent Prosecution Highway (PPH), to improve the accuracy and efficiency of examinations worldwide. The aim is to create an environment where applicants can tightly protect their intellectual property worldwide. Applicants can obtain considerable benefits from this program.

The first benefit is improved patent quality. Under PPH, since examiners in the office of earlier examination (OEE) and the office of later examination (OLE) examine the application based on the same claims in principle, it is more foreseeable for the applicant, to acquire a patent from both offices. This makes it possible to acquire a more stable right and the grant rate becomes higher in comparison with the number of patent applications as well.

The second benefit is accelerated examination. For example, in the JPO the average first action pendency was about 20.1 months in 2012, while the examination pendency of PPH

¹¹ "Dialogue-type" outsourcing is a way of outsourcing by which the patent examiner receives a report on the prior art search result from the searcher, not only in writing but together with an oral presentation by the searcher based on the report. This is done in order to raise the understanding of the examiner on the details of the invention and prior art documents.

¹² "Paper-type" outsourcing is a way of outsourcing by which the results of prior art document searches are reported by only providing applicants paper-based search reports.

applications, from the acceptance of the PPH request up to the commencement of the examination was about 1.8 months in 2012.

The third benefit is reduced costs to acquire rights. It can be assumed that once a reason for refusal has already been sent by one office, it is not necessary for all the other offices to send notifications. As a result, average number of office Actions would be less rather than the ordinal patent applications, thereby reducing the cost. This enables the applicants to save costs when acquiring patents, allowing more investments to be made in additional R&D activities.

b. JP-Fast Information Release Strategy (JP-FIRST)

The JPO began implementing JP-FIRST in 2008, taking account of the patent system of the JPO. The JP-FIRST allows the Office of Second Filing (OSF) to make more use of examination results of the JPO, the Office of First Filing (OFF). This strategy is expected to enable Japanese applicants to acquire appropriate patent rights in foreign offices. Providing the results of the first action by the JPO earlier alleviates the amount of examination workload at all offices overall. Therefore, promoting the utilisation of these results in foreign offices is important.

3. Initiatives to Achieve Future Patent Strategies

The international landscape surrounding intellectual property is drastically changing because of economic globalisation and the expansion of emerging markets such as those in Asia. Japanese companies are expanding their intellectual property strategies on a global basis. Under such a situation, the number of applications filed by Japanese applicants to foreign offices has greatly increased. In addition, the regions where Japanese applicants file have changed, from the Trilateral Offices (the JPO, EPO and USPTO) to the IP5 Offices, namely the Trilateral Offices plus the KIPO and the SIPO.

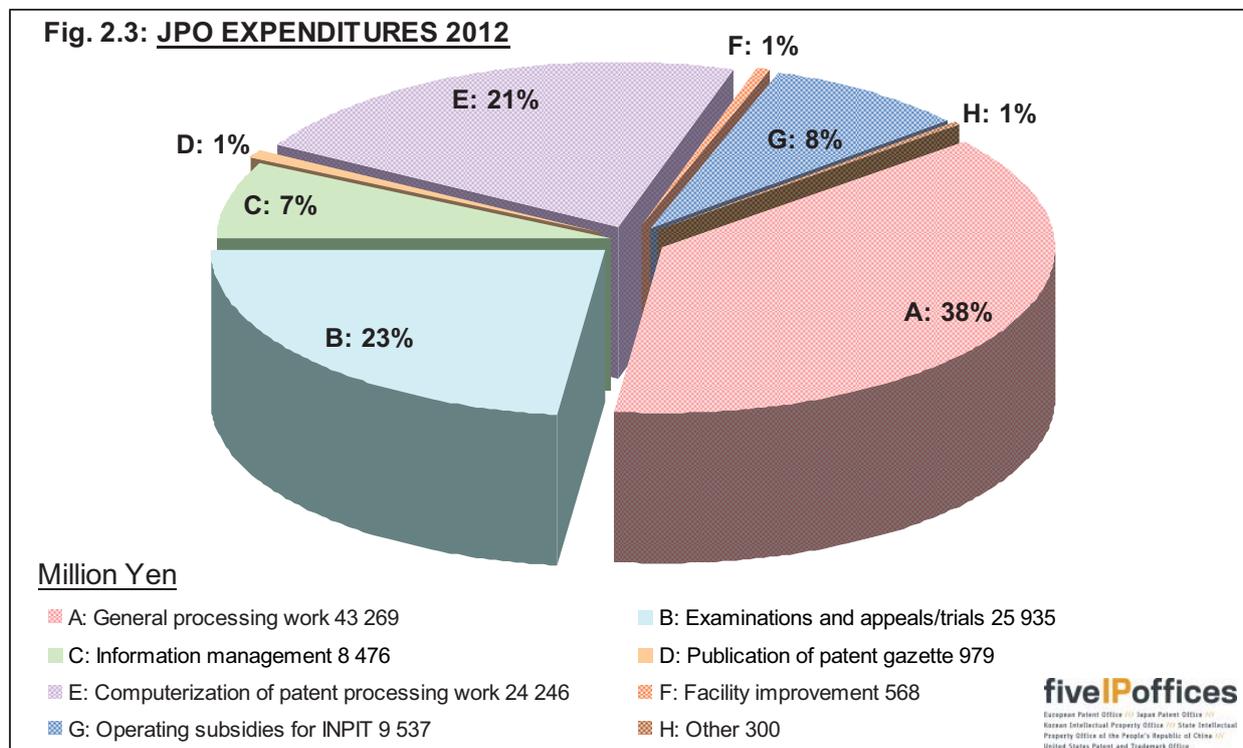
In view of these circumstances, the JPO has made various efforts for the purpose of creating a patent strategy that allows stable rights valid worldwide to be established in Japan and allows rights to be obtained accordingly in an expeditious manner in other countries so that Japanese companies can smoothly conduct businesses all over the world.

Table 2.3: JPO PRODUCTION INFORMATION

JPO PRODUCTION FIGURES	2011	2012	Change	% Change
Applications filed				
Domestic	287 580	287 013	- 567	- 0.2%
Foreign	55 030	55 783	753	+ 1.4%
Total	342 610	342 796	186	+ 0.1%
Examination				
Requests	253 754	245 004	- 8 750	- 3.4%
First actions	363 876	369 679	5 803	+ 1.6%
Final actions	364 712	380 964	16 252	+ 4.5%
Grants				
Domestic	197 594	224 917	27 323	+ 13.8%
Foreign	40 729	49 874	9 145	+ 22.5%
Total	283 323	274 791	36 468	+ 15.3%
Appeals/Trials				
Demand for Appeal against refusal	26 663	24 958	- 1 705	- 6.4%
Demand for Trial for invalidation	269	217	- 52	- 19.3%
PCT activities				
International searches	35 633	40 529	4 896	+ 13.7%
International preliminary examinations	2 198	2 702	504	+ 22.9%

JPO Budget

Fig. 2.3 shows JPO expenditures by category in 2012.



A description of the items in Fig. 2.3 can be found in Annex 1.

JPO Staff Composition

As of the end of FY 2012, the total number of staff at the JPO was 2 880. This includes 490 fixed-term patent examiners.

Examiners:	Patent / Utility model:	1 713
	Design:	51
	Trademark:	147
Appeal examiners:		387
General staff:		582
Total:		2 880

More information

Further information can be found on the JPO's Homepage:
www.jpo.go.jp

KOREAN INTELLECTUAL PROPERTY OFFICE

Mission Statement

KIPO is the government agency in charge of IP matters in R. Korea. Its mission statement is as follows:

To contribute to technological innovation and industrial development by facilitating the creation, commercialisation and utilisation of intellectual property and by strengthening the protection of intellectual property.

KIPO strives to fulfil its mission by implementing diverse policies focused on timely, high-quality examinations.

Statistical Overview of 2012

The number of patent applications increased by 5.6 percent in 2012, to 188 915. PCT applications increased by 14.0 percent in 2012 to 11 869.

The number of first actions on patent applications decreased by 6.3 percent to 163 246 in 2012 compared to the previous year. The average first action pendency calculated from the point of request for examination to the time of first action was 14.8 months for patent and utility models.

The number of international search reports of international patent applications under the PCT increased by 29.2 percent from 2011 to 29 919 in 2012. PCT international preliminary examination reports increased by 12.9 percent from 2011, to 253.

International Cooperation

KIPO expanded the number of countries for Patent Prosecution Highway (PPH) and PCT-PPH. It has implemented PPH with eleven countries. In March 2012, the PPH with P.R. China went into effect, and Mexico was added in July 2012. The other nine countries are Japan, the United States, Denmark, the United Kingdom, Canada, Russia, Finland, Germany and Spain. It also executed PCT-PPH with P.R. China and Japan in March and July 2012, respectively, increasing the number of countries to three (including the United States).

As for the IT-related cooperation between the IP5 Offices, of the ten foundation projects of the IP5, six are dedicated to automation. As lead office for the machine translation project, KIPO successfully completed the error checking project for IP5 machine translations in 2011. In 2012, KIPO implemented a Korean to English (K2E) machine translation improvement project to reflect the results of the error checking. The office also evaluated the machine translation quality of three Asian patent offices with the participation of European and U.S. examiners in the second half of 2012. Through KIPO's evaluations, it confirmed that all three Asian patent offices reached the "quality for possible utilisation in prior art search" set as a target for the mutual machine translation project in 2008.

In addition, KIPO successfully completed the development of the One Portal Dossier in December 2012, providing examiners with immediate access to all information on examination progression at the IP5 Offices. KIPO plans to open the dossier during the second half of 2013 after running tests among the offices from April to June 2013.

As the mutual cooperation among the IP5 Offices has become materialised since 2009, the IP5 Offices are making efforts to harmonise the examination standards and build trust among the

offices in terms of examination results through comparison on similarities and differences in examination practices, cross-participation in examination training courses, and hosting of joint examiner workshops.

In addition, patent examination experts in R. Korea, P.R. China and Japan have created a working group to strengthen the cooperation of those three offices. The expert group collectively reviewed differences in examination standards and actual examination practices by comparing the assessment results of inventiveness among the three offices in 2011 and of novelty in 2012 on hypothetical cases from the offices, in order to establish the foundation of the utilisation of the examination results among the offices.

IP Office Automation System

In 1999, KIPO launched the KIPOnet system, an internet-based e-filing and work processing system for the filing and receipt, examination, registration, trial, and publication of applications for patent, utility model, design, and trademark rights. The constant improvement of this system has led to the development of the 3rd generation KIPOnet (KIPOnet III) beginning in 2009. The subsequent version to the original version of 2009 was released on 1 January 2012 and reflected the amendments of the Patent, Trademark and Industrial Design Protection Acts in order to cope with the international harmonisation and simplification of Intellectual Property Rights (IPR) and the R. Korea-U.S. Free Trade Agreement. It provided a more simplified e-filing software suite and Easy-Web filing system, both of which support an automated search function for similar prior patents of each application.

In 2012, a series of improvements were made in services of the PCT system, trials, the Madrid system for international trademark filings, and Patent Road (e-filing portal).

As for Patent Road, which went through a complete overhaul in January 2013, KIPO, for the first time as a government organisation, introduced a system for applicants to pay their fees in foreign currency of Swiss Francs (CHF) for PCT application fees. Also, the office implemented the online authentication certificate system so that only the certificate can be used for user authentication. KIPO expects to complete the building of an international patent system as well as a trial and international trademark system to finally launch the third generation KIPOnet in June 2013.

Providing Comprehensive IP Support to SMEs

To provide support for IP creation by small and medium-sized enterprises (SME), KIPO has established 31 regional IP centres nationwide where patent, brand, and design experts provide consultations on various IP issues. In addition, KIPO provided 201 sessions of IPR training for 4 157 people to foster IP manpower in SMEs in 2012. KIPO plans to continue these efforts throughout 2013.

IP Policies

In 2008, KIPO's IPR examination policy underwent a paradigm shift. The focus shifted from high-speed examinations to a customer-oriented approach to examination and trial systems.

1) Customized three-track patent examination and Super-accelerated examinations for green technology

Through the customized three-track patent and utility model examination system that we have executed since October 2008, patent clients can freely select from accelerated, regular,

and customer-deferred examination and use the system according to their patent strategies. If clients request a speedy evaluation, they can get examination services within about three to five months from their request. If clients request a customer-deferred examination, they can get examination services within three months from the desired examination grace period (possible selection between 24 months from the examination request date to five years from the date of application).

Meanwhile, since the introduction of the super-accelerated examination system for green technologies in October 2009, we have provided faster examination results (within a month of request) than regular preferential examinations for newly researched and developed technologies (greenhouse gas reducing technology, technology enhancing energy use efficiency, etc.) according to the state strategy of “low carbon, green growth.”

2) Three-track patent trial system

In KIPO’s former preferential patent trial system, some types of cases took priority over general cases. However, in November 2008, KIPO adopted a patent trial system with three separate tracks: a regular track, an accelerated track, and a super-accelerated track. The super-accelerated trial proceeds as follows: after both parties have applied for a super-accelerated trial, an oral hearing is held within a month of the deadline for submitting a written reply, and a trial decision is made within two months of the oral hearing. Thus, the parties are informed of the trial decision within four months of requesting the trial. An accelerated trial generally takes six months, and a regular trial takes about nine months.

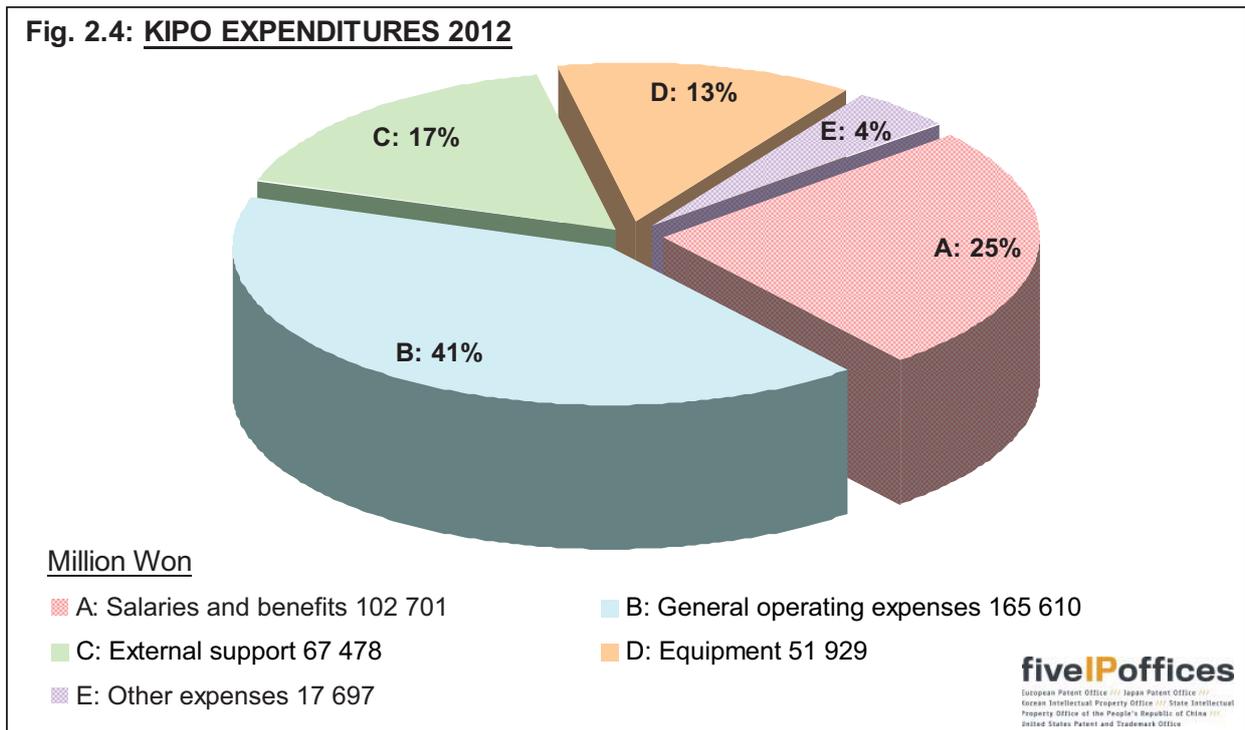
Table 2.4: KIPO PRODUCTION INFORMATION

KIPO PRODUCTION FIGURES	2011	2012	Change	% Change
Applications filed				
Domestic	138 034	148 136	10 102	+ 7.3%
Foreign	40 890	40 779	- 111	- 0.3%
Total	178 924	188 915	9 991	+ 5.6%
Examination				
Requests	149 987	155 566	5 579	+ 3.7%
First actions	174 283	163 246	- 11 037	- 6.3%
Final actions	151 184	163 912	12 728	+ 8.4%
Grants				
Domestic	72 258	84 061	11 803	+ 16.3%
Foreign	22 462	29 406	6 944	+ 30.9%
Total	94 720	113 467	18 747	+ 19.8%
Applications in appeal	9 664	10 039	375	+ 3.9%
PCT activities				
International searches	23 166	29 919	6 753	+ 29.2%
International preliminary examinations	224	253	29	+ 12.9%

KIPO’s Budget

In 2012, KIPO had total expenditures of 405 415 million won. 25 percent of those expenditures were allocated to salaries and benefits, 41 percent to general operating expenses, 17 percent to external support, 13 percent to equipment, and 4 percent to other expenses.

Fig. 2.4 shows KIPO expenditures by category in 2012.



A description of the items in Fig. 2.4 can be found in Annex 1.

KIPO Staff Composition

At the end of 2012, KIPO had a total staff 1 579. The breakdown is as follows.

Examiners	
Patents and Utility Model	813
Designs and Trademarks	145
Appeal examiners	99
Other staff	522
Total	1 579

More information

Further information can be found on KIPO's Homepage:
www.kipo.go.kr

STATE INTELLECTUAL PROPERTY OFFICE OF THE P.R. CHINA

Organisational Structure and Personnel

The SIPO has seven functional departments, a supervision department, a retired personnel department, and subsidiaries as the Patent Office, the Patent Re-examination Board, some public institutions and social organisations. In total, the SIPO has 9 755 full-time employees.

The Patent Office, an organisation under the SIPO with 16 departments and one affiliated enterprise, is mainly responsible for receiving and examining patent applications, granting patents and handling other administrative matters entrusted by the SIPO. It has a staff of 3 140 at present, among which 2 058 employees are examiners for invention patents, 260 employees are for utility models and designs, 295 employees are for preliminary examination and work-flow management. Moreover, 303 employees work in support departments (i.e. patent documentation, automation, examination affairs administration) and 224 employees are responsible for general administration. The four Patent Examination Cooperation Centres, as institutions affiliated to the Patent Office, share the responsibility of patent examination, among which the Beijing Centre was founded in 2001 and has 3 051 employees at present, the Jiangsu Centre was founded in 2011 and has 676 employees, the Guangdong Centre was founded in 2011 and has 635 employees, and the Henan Centre was founded in 2012 and has 1 employee. The China Patent Technology Exploitation Enterprises, as the mere enterprise under the Patent Office, has 457 employees.

The Patent Re-examination Board, affiliated directly with the SIPO, has a staff of 262, and is responsible for processing requests for patent re-examination and invalidation of patent rights.

Patent Examination Status

In accordance with the Patent Law of the People's Republic of China, the SIPO is the authority to receive and examine applications for invention, utility model and design patents and to grant patent rights in compliance with the Patent Law. The mechanism of earlier publication and request for substantive examination applies when processing invention patent applications, while the duration of patent rights for invention is 20 years, counted from the date of filing. The preliminary examination mechanism applies when processing utility model and design applications, while the duration of patent rights for utility models and designs is 10 years respectively, counted from the date of filing.

Patent Applications Received in 2012

In 2012, the SIPO received 2 050 649 applications for the three kinds of patents representing an increase of 26 percent compared with the previous year. 652 777 applications were for invention patents, an increase of 24 percent compared with the year before, 740 290 for utility model patents, an increase of 26 percent, and 657 582 for design patents, an increase of 26 percent.

Patents Granted in 2012

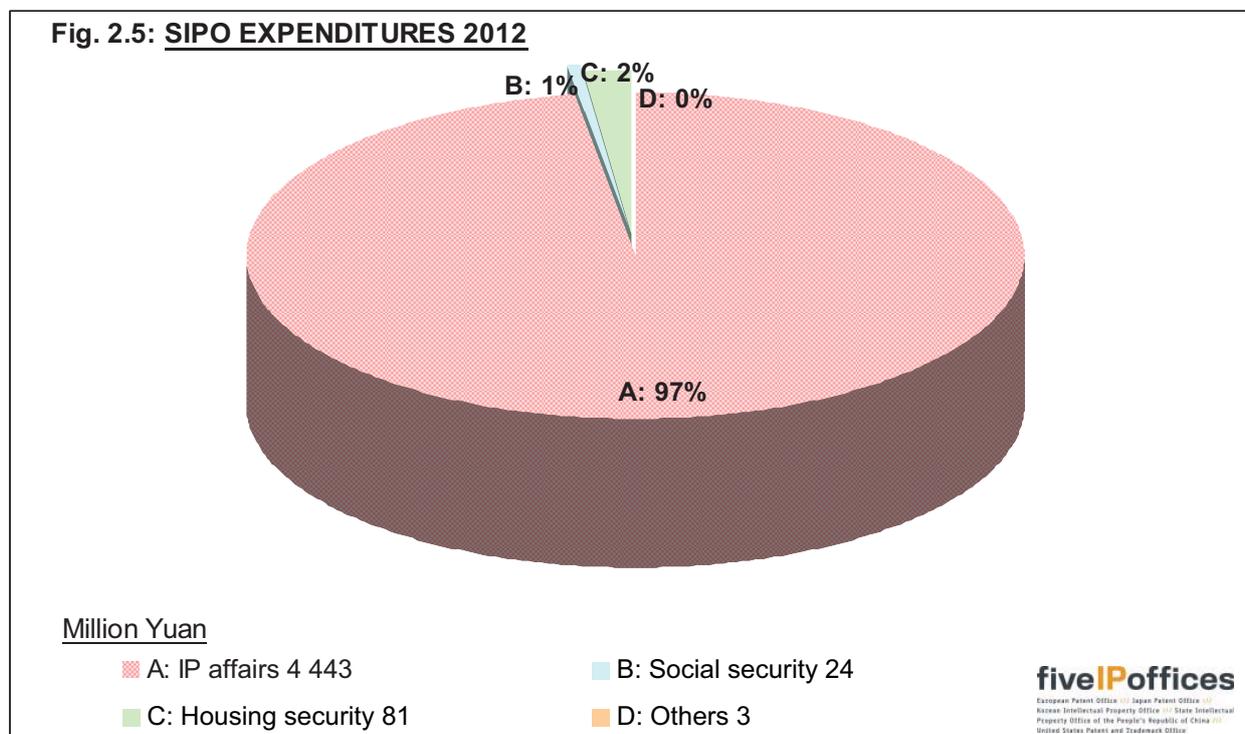
In 2012, the SIPO granted 1 255 138 patents reflecting an increase of 31 percent compared with the previous year. Of these 217 105 were for invention patents, an increase of 26 percent compared to the year before, 571 175 for utility model patents, 466 858 for design patents, increasing by 40 percent and 23 percent respectively.

Table 2.5: SIPO PRODUCTION INFORMATION

SIPO PRODUCTION FIGURES	2011	2012	Change	% Change
Applications filed				
Domestic	415 829	535 313	119 484	+ 28.7%
Foreign	110 583	117 464	6 881	+ 6.2%
Total	526 412	652 777	126 365	+ 24.0%
Examination				
Requests	292 157	338 407	46 250	+ 15.8%
First actions	271 202	344 541	73 339	+ 27.0%
Final actions				
Grants				
Domestic	112 347	143 847	31 500	+ 28.0%
Foreign	59 766	73 258	13 492	+ 22.6%
Total	172 113	217 105	44 992	+ 26.1%
Re-examination and invalidation				
Re-examination requests	12 850	17 238	4 388	+34.8%
Invalidation requests	566	602	36	+ 6.4%
PCT activities				
International searches	14 553	18 025	3 472	+ 23.9%
International preliminary examinations	325	436	111	+ 34.2%

SIPO Budget

Fig. 2.5 shows SIPO expenditures by category in 2012.



A description of the items in Fig. 2.5 can be found in Annex 1.

SIPO Staff Composition

At the end of 2012, the SIPO had a total staff of 9 755. The breakdown is as follows.

SIPO Functional Department	93
Patent Office: Examiners:	
Invention	2 058
Utility Model & Design	260
Preliminary Examination and Flow Management	295
Supporting Departments	303
General Administration	224
Total	3 140
Patent Re-Examination Board	262
Other Subordinate Unites Under the Office	6 260
Total	9 755

More information

Further information can be found on the SIPO's Homepage:
www.sipo.gov.cn

UNITED STATES PATENT AND TRADEMARK OFFICE

Mission Statement

The mission of the United States Patent and Trademark Office is:

Fostering innovation, competitiveness and economic growth, domestically and abroad by delivering high quality and timely examination of patent and trademark applications, guiding domestic and international intellectual property policy, and delivering intellectual property information and education worldwide, with a highly skilled, diverse workforce.

The USPTO is pivotal to the success of innovators. In fulfilling the mandate of Article 1, Section 8, Clause 8, of the U.S. Constitution, “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries” the USPTO is on the cutting edge of the United States’ technological progress and achievement.

As an agency of the U.S. Department of Commerce, the primary services provided by the USPTO are examining patent and trademark applications and disseminating patent and trademark information. The USPTO provides valued products and services to its customers in exchange for fees that are appropriated to fund its operations. The powers and duties of the USPTO are vested in the Under Secretary of Commerce for Intellectual Property and Director of the USPTO, who consults with the Patent Public Advisory Committee and the Trademark Public Advisory Committee. The USPTO operates with two major business lines, Patents and Trademarks.

USPTO Strategic Plan

In FY¹³ 2010, the USPTO issued its *2010-2015 Strategic Plan*, which recognizes that innovation has become the principal driver of our modern economy by stimulating economic growth and creating high-paying jobs. The *Plan* communicates the USPTO’s priorities and directions, and serves as the foundation for programmatic and management functions. The *Plan* is designed to strengthen the capacity of the USPTO, to improve the quality of patents and trademarks that are issued, as well as to shorten the time it takes to obtain a patent. The *Plan* outlines a focused, specific set of goals and the steps that must be taken to reach those goals.

- Goal 1: Optimize Patent Quality and Timeliness.
- Goal 2: Optimize Trademark Quality and Timeliness.
- Goal 3: Provide Domestic and Global Leadership to Improve IP Policy, Protection and Enforcement Worldwide.
- Management Goal: Achieve Organizational Excellence.

Agency News

On 16 September 2011, President Obama signed into law (P.L. 112-29) the Leahy-Smith America Invents Act (AIA). Since its enactment the USPTO has worked diligently to implement the AIA’s statutory requirements to improve patent quality, reduce the backlog of patent applications, reduce domestic and global patenting costs for U.S. companies, provide greater certainty in patent rights, and offer effective alternatives to costly and complex litigation.

¹³ The fiscal year (FY) begins in October at the USPTO.

Some of the key provisions of the AIA include:

- Transitioning the U.S. to a first-inventor-to-file system.
- Providing an enhanced grace period for inventors to safeguard patent rights against disclosures made by the inventors one year or less before the effective filing date, which allows inventors to engage in crucial negotiations with potential buyers or investors without fear of losing their right to a patent.
- Consistent with international norms, the definition of prior art now includes non-printed disclosures, including oral disclosures, made available to the public anywhere in the world.
- Providing prior art effect to U.S. patent applications as of their foreign priority dates, thus eliminating the *Hilmer* doctrine.
- Eliminating the requirement for inventors to set forth the best mode to carry out the invention as a defense in infringement actions or in post grant review.
- Providing a 75 percent discount for patent fees to all applicants that qualify as micro entities.

The changes created by the AIA help the U.S. to better align with international norms, which provides a renewed opportunity to harmonize the international patent system and facilitate office cooperation through worksharing with other patent offices.

Section 10 of the AIA also authorizes the Director of the USPTO to set or adjust by rule all patent and trademark fees established, authorized, or charged under Title 35 of the U.S. Code and the Trademark Act of 1946 (15 U.S.C. § 1051 et seq.), respectively. When fees are set, the aggregate revenue from the patent fees may only recover the aggregate estimated cost of the patent operations, including administrative costs to the USPTO. Likewise, the aggregate revenue from the trademark fees may only recover the aggregate estimated cost of the trademark operations, also including administrative costs to the USPTO. In FY 2012, the USPTO introduced a proposed re-structure of certain patent fees and engaged in a comprehensive collaborative exchange with stakeholders and the public towards publishing a final fee structure in FY 2013.

International Cooperation and Work-sharing

Alongside the AIA reforms, the USPTO continues to promote international cooperation by emphasizing work sharing among patent offices as a key to efficient management of office workloads, reduction of backlogs and pendency, and improvement of the international patent system. The USPTO's primary work sharing vehicle - the PPH - has proven to be a major success, producing significant efficiency gains in terms of higher allowance rates, fewer office actions per disposal, and substantially lower percentages of appeals and continuation applications for applications making use of this vehicle. This translates into measurable cost savings for applicants, and provides them with additional flexibility when developing their IP strategy.

The USPTO is currently partnering with 24 other patent offices around the world on the PPH allowing applicants to fast-track examination in one office after a finding by another office that one or more corresponding claims are allowable. In FY 2012, more than 5 000 requests were filed in the USPTO, a 43 percent growth from the prior year. These work-sharing programs reduce re-work, increase collaboration, and provide consistency between IP offices. In FY 2012, the USPTO expanded work-sharing efforts with new partnerships with other IP offices and published preliminary research showing PPH partnerships have a beneficial impact on efficiency and quality.

The USPTO furthers IP policy goals through training foreign officials, providing domestic and international educational outreach, launching strategic cooperation projects between national

IP offices, deploying IP Attachés to critical regions of the world, and advising on the IP aspects of U.S. trade efforts. The USPTO, through the Global IP Academy (GIPA), provides expertise on administration, protection, and enforcement in all areas of domestic and international IP. In FY 2012, the GIPA conducted 140 training programs for foreign government officials, reaching an audience of more than 9 000 foreign government officials from 130 countries.

Patent Quality and Timeliness

Amidst AIA changes, the USPTO surpassed patent pendency, quality, and backlog targets in FY 2012. The USPTO exceeded the patent quality target by more than 50 percent, reduced first action pendency to 21.9 and total pendency to 32.4 months while at the same time reducing the backlog of unexamined applications to 608 283, the lowest level in several years despite significant increases in filings last year and this year.

At the end of FY 2011 the USPTO introduced an additional patent filing option "Track One" which prioritizes applications to reach final disposition in just 12 months. Since the program's inception through FY 2012 nearly 6 000 Track One patent applications have been received with an average pendency to final disposition of 5.8 months.

Table 2.6: USPTO PRODUCTION INFORMATION

USPTO PRODUCTION FIGURES	2011	2012	Change	% Change
Applications filed				
Utility (patents for invention) ¹⁴	503 582	542 815	39 233	+ 7.8%
Plant	1 139	1 149	10	+ 0.9%
Reissue	1 151	1 231	80	+ 7.0%
<i>Total Utility, Plant, Reissue</i>	<i>505 872</i>	<i>545 195</i>	<i>39 323</i>	<i>+ 7.8%</i>
Design	30 467	32 799	2 332	+ 7.7%
Provisional	153 630	163 415	9 785	+ 6.4%
Total	689 969	741 409	51 440	+ 7.5%
PCT Chapter I Searches	50 037	52 484	2 447	+ 4.9%
PCT Chapter II Examination	1 448	1 385	- 63	- 4.4%
First actions (includes utility, plant, and reissue applications)	579 088	550 363	- 28 725	- 5.0%
Grants (total)	224 505	253 155	28 650	+ 12.8%
U.S. residents	108 622	121 026	12 404	+ 11.4%
Foreign	115 883	132 129	16 246	+ 14.0%
Japan	46 139	50 677	4 538	+ 9.8%
EPC states	32 761	38 198	5 437	+ 16.6%
R. Korea	12 262	13 233	971	+ 7.9%
P.R. China	3 174	4 637	1 463	+ 46.1%
Others	21 547	25 384	3 837	+ 17.8%
Applications in appeal and interference proceedings (includes utility, plant, and reissue applications)				
Ex Parte Cases Received	13 365	13 093	- 272	- 2.0%
Ex Parte Cases Disposed	7 861	7 608	- 253	- 3.2%
Inter Partes Cases Declared	73	142	69	+ 94.5%
Inter Partes Cases Disposed	54	95	41	+ 75.9%
Patent Cases in Litigation (includes utility, plant, and reissue applications)				
Cases filed	136	174	38	+ 27.9%
Cases disposed	111	157	46	+ 41.4%
Pending cases (end of calendar year)	197	216	19	+ 9.6%

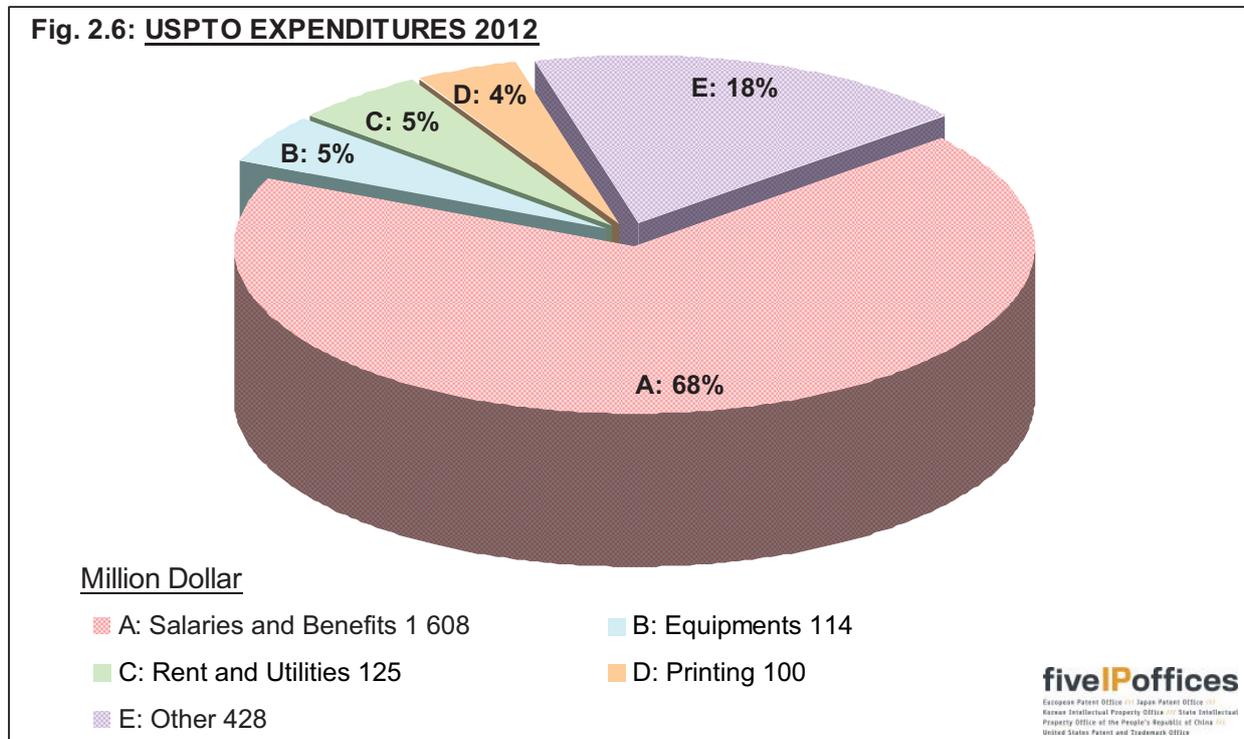
USPTO Budget

The USPTO utilizes an activity based information methodology to allocate resources and costs that support programs and activities within each of the three strategic goals. In FY 2012, USPTO expenditures totalled \$2 374.8 million. Agency-wide, 12 percent of expenditures was allocated to IT security and associated IT costs.

¹⁴ Unless otherwise noted, the USPTO statistics presented elsewhere in this report are limited to utility patent applications and grants.

Goal 1 - Optimize Patent Quality and Timeliness	\$2 112.8 million
Goal 2 - Optimize Trademark Quality and Timeliness	\$ 216.9 million
Goal 3 - Provide Domestic and Global Leadership to Improve IP Policy, Protection and Enforcement Worldwide	\$ 45.1 million

Fig. 2.6 shows USPTO expenditures by category in 2012.



A description of the items in Fig. 2.6 can be found in Annex 1.

USPTO Staff Composition

At the end of FY 2012, the USPTO work force was composed of 11 531 federal employees. Included in this number are 7 831 Utility, Plant, and Reissue patent examiner staff and 104 Design examiners; 386 Trademark examiner attorney staff, and 3 210 managerial, administrative and technical support staff.

More Information

Further information can be found on the USPTO's Homepage:
www.uspto.gov