9 Research and Study on Professional Services for Intellectual Property Rights

In entering the 21st century, the so-called Era of Wisdom, customers' needs for professional services for intellectual property (IP) rights are expected to become more complex and diversified. With this in mind, we conducted a survey into IP services of law firms and patent attorney (patent agent) firms of the United States and European countries and patent attorney (patent agent) systems in these countries, as well as an investigation into the present situations of professional services for intellectual property in Japan and Japanese industries' needs for these services.

In order to meet needs that may arise in the future, it is necessary to make quantitative expansion of the patent attorney population- they are the persons who serve as the backbone for professional services for IP rights - through drastic reforms in the patent attorney examination system. It is also advisable that services patent attorneys are allowed to perform should not be limited only to ones related to the four Laws of Industrial Property, but extended to include ones related to the Unfair Competition Prevention Law, the Copyright Law and other laws which have substantial relation to their services.

The scope of the services patent attorneys (patent agents) perform is basically the same in all of the investigated countries, excluding Japan, which is the only country that prohibits a corporation from providing patent attorney services and only Germany has a mandatory three years training system for those who are qualified to be patent attorneys.

I Professional Services for IP Rights in the 21st Century

1 Introduction

In this "Era of wisdom" where a substantial added value is created from information services and knowledge, it is important to recognize a newly developed technology as its developer's own intellectual property (IP) that has the possibility of bringing about new economic value, to utilize intellectual property (IP) rights for the technology to recover development costs and secure a healthy profit, and to use the technology and profits derived therefrom as an asset to produce another new technology (new creation). In other words, it is necessary to maintain smooth operation of the Cycle of Intellectual Creation, which is comprised of creations of IP, establishment of IP rights and utilization of IP rights.

Although Japan has already made some effort to promote this Cycle of Intellectual Creation under its pro-patent policy which includes the recent revision of the Patent Law for strengthening damage compensation to achieve "speedy, strong and broad protection" for IP rights, and improvement of the patent distribution environment by encouraging technology transfer (patent licensing) from universities and research institutes to industries, in the future, higher priority should be attached to efforts for:

(i) Establishing markets that promote IP rights distribution

(ii) Building higher quality and stronger professional services for IP rights (improvement of human infrastructures), and

(iii) Realizing a more prompt and readily available dispute resolving system.

This study was conducted with the aim of finding appropriate measures for "building higher quality and stronger professional services for IP rights (improvement of human infrastructures)" and "realizing a more prompt and readily available dispute resolving system"

2 Building Higher Quality and Stronger Professional Services for IP Rights

(1) Quantitative Expansion of Professional Services for IP Rights

① Examination and Training of Patent Attorneys

In order to meet future needs for professional services for IP rights, it is essential to make drastic reform in the national examination for qualifying patent attorneys so that quantitative expansion of the patent attorney population can become possible. Basically a simpler and more adequate structure of the examination should be built in order to lighten excessive burdens on examinees. From the viewpoint of securing the minimal knowledge necessary for a patent attorney regarding IP rights, application procedure and utilization of IP right, and also of maintaining a standard for the qualification of patent attorneys comparable to international standards, the examination needs to have a lineup of exam subjects which can properly

evaluate each examinee's knowledge of technology and law in a well-balanced manner. At the same time, appropriate measures should be taken for securing transparency of the examinations, including public announcement of qualifying standards.

Regarding this matter, some people have pointed out the possibility of quality deterioration of patent attorneys that may be caused by their substantial increase and argued that it is necessary to strengthen training for patent attorneys, including the introduction of compulsory one. In discussion of this matter, however, more efforts should be firstly concentrated on supporting and giving more favorable conditions to patent attorneys' voluntary training initiatives including the voluntary training courses sponsored by the Japan Patent Attorneys Association (JPAA) and promoting open and voluntary training networks among patent attorneys. Further measures for strengthening training for patent attorneys (including compulsory training program) should be discussed only after such efforts are satisfactorily exercised. It is also important for discussion about this matter to consider clients' needs and the possible consequences of the above mentioned examination reform adequately.

② Expectation for Judicial Reform - The Need for Enabling More Persons Who Have Engineering or Other Technological Backgrounds to Obtain Qualifications for Legal Profession

The growing importance of intellectual property in corporate strategies is expected to increase the need for lawyers with technical knowledge and backgrounds more and more also in Japan. Concerning the currently performed Judicial Reform where reform in the National Bar Examination is one of the hottest topics and is widely discussed by involving not only lawyers and competent authorities but also academics, it is strongly recommended that the reforms should be performed in a manner that will allow people of various educational backgrounds to more easily obtain the qualifications of legal profession.

In addition to this, although trainees at the Industrial Property Training Institute are now limited only to examiners, appeal examiners, etc. of the Patent Office (JPO), it is recommend to use this Institute to train a more wide range of talented people, for example, by holding a joint training course participated in by not only examiners and appeal examiners of JPO but also by other IP related professionals such as patent attorneys, attorneys-at-law and court judges.

(2) Desired Deregulation Regarding the Scope of Service Patent Attorneys Are Allowed to Practice and Competition Restrictions Imposed on Them

① Scope of Service Patent Attorneys are Allowed to Practice

Currently in Japan, while attorneys-at- law are generally allowed to practice a wide range of legal services, other qualified legal professions are only allowed to practice services for which they are qualified. Such professions are qualified for by passing national examinations for each profession and this can be said to be a reasonable system designed to ensure that the quality of legal service clients can receive is always above a certain level. In the midst of growing and diversified demands for legal services in the IP field, however, strong requests are now arising mainly from industries for the introduction of competition in the field of professional legal services and for a new system where provision of various legal services can be sought from a professional who belongs to one of these restricted legal professions based at the client's own risk (or self-responsibility).

As for the scope of service, the Patent Attorney Law now allows patent attorneys to practice only application-related services under the four industrial property laws (the Patent Law, the Utility Model Law, the Design Law and the Trademark Law). However, considering the fact that patent attorneys are requested to provide various legal services to meet cleients' needs as specialists who have both technical and legal backgrounds, ordinary representative services for making contracts (including negotiations on contracts, drafting of contracts and consultation) and other services that patent attorney are already providing in actual practice should be explicitly allowed in the Patent Attorney Law as services which can be practiced under the title of patent attorney. It is also advisable that their scope of service should not be strictly limited only to services related to the industrial property laws but also extended to include other actually related areas such as the Unfair Competition Prevention Law, the Copyright Law, the Seeds and Seedling Law and the Law Concerning the Circuit Layout of Semiconductor Integrated Circuits.

Clients' demands are also arising for patent attorneys' involvement in representation service in contract making for dispute settlement, alternative dispute resolution procedures (including arbitration, conciliation and compromise) or infringement actions, and various discussions have already been made for this matter as mentioned in the later part of this report.

As for patent attorneys' representation in contract making for dispute settlement, there is a negative opinion that since fair practices have

not yet been established regarding IP related disputes, and in view of the present situation and the extent of patent attorneys' participation in general legal service, the true needs of cleients and patent attorneys' short training on the civil substantive law (knowledge of this area is not necessary to pass the patent attorney examination), allowing this type of representation to patent attorneys could cause an adverse material effect, and expansion of patent attorneys' services should thus be limited to sending a warning letter and industrial property related legal consultation, evaluation and intermediation service for business dealings.

These discussions have been made on the assumption that the question of whether or not a patent attorney could be allowed to represent his client in contract making for dispute settlement can be considered to be substantially the same question as whether or not a patent attorney could be allowed to represent his client in a talk for compromise which is recognized as a means of alternative dispute resolution (ADR), because contracts for dispute settlement have in most cases been made after the negotiation and consequent compromise of disputing parties. It is worth pointing out here, however, that even if representation service in contract making for dispute settlement and the other above mentioned services are included in the scope of services patent attorneys are allowed to practice under the Patent Attorney Law, these services will not become a patent attorney's exclusive services.

② Management of Patent Attorney's Offices

Considering the need for a corporation that can provide various professional services in a continued manner, it is recommendable at this stage to allow establishment of patent service corporations (provisional name) as corporations that have the same form as auditing corporations.

Preparation for realizing the socalled "general law and economic and related service offices" seems also necessary. Although it can be virtually formed by the cooperation and tie-up of private offices under the current law, when considering the possibility that in the middle and long term Japanese professional services will be forced to compete with the US and European large-scale offices which are staffed with many members in various professions and can meet all kinds of needs of companies worldwide, it is necessary to prepare to introduce a system in which professionals with different qualifications are allowed to establish a general service office and can take part in the management of such an office on an equal footing.

For realization of the so-called "general law and economic and related service offices," it can be a possible choice to relax the proposed conditions for establishing a patent service corporation into that only requiring more than half of its members should be patent attorneys, and thereby to enable participation of other qualified persons such as attorney-at-law and certified public accountant. It is necessary to allow participation by other qualified professionals including attorneys-at-law as partners of patent service corporations in order that all revenue and cost for various professional services will not be settled separately in patent service corporations - in other words, in order to realization of general service offices in a real sense.

For that purpose, it is desirable to initiate more serious efforts for the realization of a framework for enabling such a form of cooperation among qualified professionals as soon as possible, in addition to the current efforts for realizing patent service corporations.

As for the issue of whether the establishment of regional offices can be allowed to patent service corporations or not, although some critics argue that to allow the regional offices may trigger a large corporation's monopoly of the IP service market and may cause disadvantages to small firms, it should be allowed because such regional offices can provide professional services to local medium-sized companies and venture businesses in a more flexible manner and may help to correct regional maldistribution of patent attorneys and to promote networking between Tokyo and other areas.

For the viewpoint that a patent attorney's services should be provided nationwide, regional offices must be staffed with at least one full-time patent attorney.

As mentioned above, as long as our discussions for favorable forms of future patent attorney offices keep its basis on the current form of patent attorney offices, it can be said that auditing corporation-style patent service corporations will be enough at this stage. However, if some patent attorney offices or patent service corporations will become larger beyond a certain scale in the future, there is a possibility that form of patent service corporation cannot meet all the needs that may arise. Further discussion is needed, for example, on whether or not participation of management specialists (such as persons having MBA degrees) should be allowed, whether a limited liability partnership system should be introduced to patent service corporations, and even for whether or not new categories of patent attorney office or patent service corporation should be

introduced. Of course, such discussions should be made in line with discussions for other fields of professional services.

③ Restrictions on Advertisements and the Standard Fee Schedule

Generally speaking, advertising is an important means of competition to spur the demand of consumers for goods or services that are provided. At the same time, it is an important source of information for consumers in choosing proper goods and services they really need. From this viewpoint and because it is useful for good choice by potential clients, in principle, advertisement by patent attorneys should not be prohibited and restrictions on patent attorney's advertising should be limited to the minimum extent, for example, restrictions regarding false or extravagant advertisements. For this purpose, standards on publication and disclosure of information should be established in a concrete manner.

Regarding the provision of information to potential clients, it is also necessary to build a fair and appropriate information offering mechanism in the JPAA in addition to information provided by each patent attorney.

Although the Standard Fee Schedule provided by the JPAA has a certain informative function as a guideline that can be use for fee estimation by potential clients, there is a fear that the Fee Schedule may be used as a fixed standard for patent attorney fees. It is necessary to take appropriate measures to preclude such an improper use of the Fee Schedule.

(3) Enhancement of Patent Attorney's Autonomy

Without being affiliated with the Japan Patent Attorneys Association (JPAA), a person who is qualified as a patent attorney cannot practice services that are allowed only for patent attorneys. Considering the fact that the qualification for a patent attorney is a license to provide the service patent attorneys are exclusively granted by the National Government, it cannot be denied that supervision of patent attorneys should be performed by the Government rather than by an association of qualified people. From the viewpoint of demands for lean and efficient government, however, supervision by the latter is the more favorable way. This is supposed to be the reason why the Government has commissioned the JPAA with the task of patent attorney registration.

There are pros and cons regarding this compulsory joining system.

[opinions favoring the system]

- Guidance and supervision by the JPAA, a self-governing organization, is necessary to maintain the dignity of the profession and keep patent attorneys' service proper.
- In order to heighten the quality of patent attorneys, the training system and information given by the JPAA are indispensable.

[opinions questioning the system]

- The compulsory joining system hinders free competition among patent attorneys.
- Affiliation with a professional association is not mandated to patent attorneys (patent agents) in foreign counties such as the U.S., U.K. and South Korea.

For the time being, we should admit the fact that the current system has both merits and demerits, as noted above, and then try to correct the demerits and make the most of the merits to enhance the positive functions the patent attorney system will play. More specifically, we need a drastic revision of anti-competitive elements in the codes and practices of the JPAA, which is pointed out as a negative factor of the current system, and at the same time, appropriate measures such as the introduction of ombudsmen or outside auditors should be taken to avoid the possible arbitrary management of the Association.

Although discussion in the above paragraph is based on the premise that the compulsory joining system will continue to exist, it is also necessary to review constantly whether this system should be continued or not, based on relevant factors such as increase of patent attorneys, and the trend of other countries and other professions.

Furthermore, considering the fact that the JPAA has played and does play a supervising role of maintaining the dignity of the profession and heightening the quality of patent attorneys, and that such a role will be needed more in the future due to the diversification and internationalization of client's needs, quantitative expansion of the profession and expanded scope of their service, the supervision function should be delegated to the JPAA as much as possible while the Government will maintain its ultimate responsibility for supervision of patent attorneys. It is also necessary to review the regulations of the JPAA closely, to revise the regulations so that only truly necessary matters will be included, and, thereby, to distinguish matters to be reported to the competent minister from matters which need the minister's prior approval in order to minimize the Government's prior intervention to activities of the profession.

[This report is a summary of the report that was published as of March 31 of this year. On April 26, new Patent Attorney Law that reflect most of the above mentioned suggestions was passed by the National Diet.]

3 For Realizing a More Prompt and Readily Available Dispute Resolving System

(1) Upgrading and Strengthening of the Court System in Response to an Increase of IP Related Disputes

In recent years, ever active efforts have been made for meeting with today's various needs in IP related actions. However, in order to meet the new situation that is expected to arise in the future, for example, the quantitative increase of IP related cases that will be caused by the expansion of IP markets and the emergence of court cases involving the most advanced technologies such as biotechnology and financial engineering, further efforts should be made for both the quantitative and qualitative expansion of the intellectual property division of courts, active training of judges for IP related cases and more utilization of technical experts.

(2) Need to Increase Lawyers who Can Deal with IP Related Cases; Need for a Clear Definition of the Roles Patent Attorneys Are Allowed to Play in Court Proceedings

Among clients of professional services for IP rights, there is a strong demand for the increase of legal specialists who specialize in intellectual property and can effectively represent parties in IP infringement actions.

Regarding a patent attorney's participation in court proceedings for infringement cases, the Patent Attorney Law only stipulates that a patent attorney can make statements before court accompanied by the litigant or the lawyers who represent the litigant (Art. 9.1), and does not make clear about what kind of activity they can perform in court proceedings. As a result of this, although patent attorneys are, in fact, engaged in most of the preparatory works for court proceedings (including preparation of preparatory pleadings), sometimes they are not allowed to participate in procedures such as compromise or examination of witnesses and the decision for this matter seems to differ from one court to another court. Regarding the scope of activity patent attorneys are allowed to perform before courts, some people argue that Art 9.1 of the Patent Attorney Law envisages almost the same concept as an assistant's role provided in the Code of Civil Procedure and that there is no need for a new provision to confirm the scope of activity patent attorneys are allowed to perform before courts. However, to improve the current situation, it seems that more clear statutory provisions for this matter should be introduced in a manner that it will not cause any restriction to presiding power of judges and any adverse effect to procedures carried out under the Code of Civil Procedure.

(3) Subjects of Future Investigation - Should Power to Represent in Infringement Actions Be Granted to Patent Attorneys ?-

Infringement actions are the final means of resolution for IP related disputes. Currently, patent attorneys are participating in about 70% of infringement actions under the right to make statements provided by the Patent Attorney Law and, in not a few cases, they are not only making statements regarding technical matters and the scope of right before courts, but also cooperate with lawyers (who represent litigants before courts) in the examination of evidence and preparation of preparatory pleadings and even in negotiation for compromise.

Based on these facts, there is a suggestion that the power to represent in infringement actions should be granted to patent attorneys. Regarding this matter, although various opinions are submitted including both affirmative and negative ones, a consensus is roughly achieved in a basic direction that persons who pass appropriate examinations, finish necessary training and are controlled by strict professional ethics and disciplinary rules deserve to be granted the power to represent in court actions. However, as to whether or not all patent attorneys should be granted the power to represent, it is the majority opinion that further study is necessary.

II Patent Attorney (Patent Agent) System of Foreign Countries

1. Object of Survey

In order to find a desirable form of and the environment for professional services for IP rights in Japan, patent attorney (patent agent) systems of the U.S., U.K., France, Germany and the EU was surveyed and its findings were used as reference for our discussion.

2. Findings of the Survey

(1) Patent Attorney System in the U.S.

(i) Legal Structure of Law Firms

① Outline

Because each state has own state law in the U.S., structure of law firms also differs by state. In this survey, we focused on the patent attorney system of the State of New York, because New York has played a leading role in this field. Also, our survey was focused on the management structure of law firms because most patent agents in US are patent attorneys(*1) and they are working at law firms.

(a) Professional Corporation (P.C.)

In the U.S., the status of corporation (artificial person) could not been obtained by professional persons including lawyers, doctors, accountants, because, in the case of these professions, individual responsibilities are considered particularly important, and only a form of partnership - which requires unlimited liability for each partner - was available for these professions.

But movements emerged seeking the revision of state laws to allow them to establish professional corporations or professional associations so that a lawyer who has no fault can be exempt from unlimited liability for a other lawyer's fault made in the course of business, and also to seek revision of the federal law to treat professional corporations or professional associations in the same way as other corporations are treated for the purpose of federal tax, and at last, professional persons became allowed to establish professional corporations or professional associations.

In the case of professional corporations, each member is exempt from unlimited liability for other member's fault made in the course of business and is also exempt from the corporation's general debts. Although professional corporations are requested to pay corporate income tax under federal law, they can escape from double taxation by taking appropriate measures, for example, by submitting an application or by distributing corporate profits as bonuses for members in order to decrease the amount of corporate profit to the non-taxable level. Corporation's contributions to member's pension funds and welfare fund are also treated as deductible items.

(b) Limited Liability Company (L.L.C.)

This form of law firm can enjoy both tax advantage, which is allowed for partnerships under the federal income tax law, and exemption of members from unlimited liability, which is allowed under state laws. This form of incorporation was originally introduced for small and medium-size companies.

Just like P.C.s, L.L.C.'s members are only required limited liability for other member lawyers' faults made in the course of business and general debts of the company, but unlike P. C.s., L.L.C.s are not required to pay corporate income tax because federal income tax law gives L.L.C.s the same status as partnerships for taxation purposes. Because agreements among L.L.C. members are recognized to take priority over regulations of the company law, investors can manage L.L.C. in a freer manner than ordinary corporations can do. Due to these advantages, this form of corporation is regarded as the best form for qualified professional's offices including law firms and accounting firms.

(c) Limited Liability Partnership (L.L.P.)

Limited liability partnerships are regarded as one form of partnership under federal income tax law and are allowed to enjoy limited liability status by state laws. This form of business entity was introduced under the partnership law in the 1990's when law firms and accountant firms had become increasingly large in scale, and lawsuits seeking damages for fault made in the course of business had increased year by year. Such a situation prompted existing partnership law firms and accounting firms to ask the Government to permit them to establish a new form of professional service office so that they could enjoy limited liability status without abandoning the existing partnership structure. L. L.P.'s members will not be required to take any personal liability that is caused by another person's tort act including fault or illegal act, unless such an act is not done by the L.L.P. itself or the person who is directly controlled by the member. Therefore, a member's responsibility for tort liability caused by another member's acts is limited to the amount of investment to the LLP.

Usually, when a law firm wants to change its legal structure, the firm has to dissolve the existing organization first, and then it can establish a new firm in the structure it prefers. In the course of such a change of a firm's structure, the firm has to pay the applicable tax for capital returned to investors at the time of dissolution. When a law firm established as a partnership wants to be a L.L.P. to enjoy the limited liability status, however, they are not required to pay the tax for the return of capital because a L.L.P. can be registered without the above-mentioned usual process.

② Approval, registration and conditions of establishment

In order to establish one of these forms of office, within 30 days after submitting the certificate of incorporation to the Department of State or registering at the Department of State, one should submit the certificate of incorporation or the certificate of registration to the Licensing Authority. In case of L.L.P.s, it is furthermore required to meet the following conditions:

- There is no special partner (limited partner).
- Notice of registration should be published in two newspapers over six weeks, at least once a week. This publication must be made within 120 days from the date of

(*1) Professionals who have licenses of both lawyer and patent agent.

establishment.
- A document to the effect that all members of the L.L.P. are qualified for the business that the L.L.P. was allowed to practice should be submitted to the authority every five years after establishment.

③ Limitation for investors

[P.C.& L.L.C.]

Investors are limited to qualified lawyers who belong to the company, or belonged to it before or will belong to it within 30 days after the date of issue of stocks.

[L.L.P.]

All partners are qualified persons who belong to the partnership, belonged to it before, or will belong to it within 30 days.

④ Limitations to business

[P.C.& L.L.C.]

Any business not stipulated in the object of incorporation is prohibited to conduct.

[L.L.P.]

Any professional business other than businesses allowed by the applicable law is prohibited to conduct.

⑤ Comparisons with ordinary corporations

[P.C. & L.L.C.]

- P.C. and L.L.C. authorized to practice law can perform their business within the scope of the applicable law and the regulation set by state courts (as a regulatory authority).
- Regulations that competent authorities set for each profession's individual practitioners are also applied to P.C. and L.L.C.
- To transfer voting stock to a person who is not a shareholder of the P.C. or L.L.C. is prohibited.
- P.C. and L.L.C. are prohibited to conduct a business that is not specified in the objects of incorporation.
- A document to the effect that all staff members of the organization are qualified to the business that the P.C. was allowed to practice should be submitted to the authority every three years after establishment. (applicable only to P.C.).

[L.L.P.]

Being a partnership, they are free to decide inner matters by partner's agreements beyond the constraint of the state corporate law.

(ii)Proportion of Each Form of Law Firms

In all law firms established in the U.S., Professional Corporation (P.C.) ranks first (56%) in number of offices, followed by Limited Liability Partnership (L.L.P.) (36%) and Limited Liability Company (L.L.C.) (8%).

When analyzing by number of lawyers at each form of law offices, P.C. accounts for 85.2% in the category of one lawyer office, which means the form of P.C. is dominant in this category. As the number of lawyers in offices increases, law firms tend to choose the form of L. L.P., which accounts for 94.7% in the category of a firm with more than 100 lawyers.

(iii)Representation by Patent Attorneys for both Plaintiff and Defendant in a Lawsuit

According to the Article 1.7 of the Model Rules of Professional Conduct of the American Bar Association (ABA), independent lawyers are prohibited to represent both parties in a suit.

In addition, the Article 1.10 of the ABA's Model Rules specifies this rule is applicable to other lawyers in the same law firm.

Therefore, a lawyer who belongs to a law firm cannot represent his client in court when another lawyer of the same firm is representing the plaintiff or the defendant in that case. Even the two lawyers worked at different branch offices of the same law firm, courts will regard them as two lawyer of the same law firm.(*2)

(iv)General Law Firms

① Joint management by patent attorneys and persons with other qualification

In New York State, it is prohibited by the Lawyer's Code of Professional Responsibility for a lawyer to form a partnership with those with different qualifications (New York The Lawyer' s Code of Professional Responsibility DR3-103 (1999)).

Patent attorneys are those who hold both qualifications as a lawyer and as a patent agent who can practice before the U.S. Patent and Trademark Office (PTO). Therefore they cannot form a partnership with anyone who is not a lawyer, but they can jointly manage a firm with lawyers with no other qualification, or lawyers with CPA license or other qualification.

However, recently some states, including Washington D.C., have allowed lawyers to form a partnership with other professionals who are not qualified as lawyer.

Law firms that are jointly managed by patent attorneys and lawyers also holding other qualifications have increased in number, year by year.

② Employment of patent attorneys or patent agents by non-qualified persons or person with other qualification

It is possible for patent attorneys and patent agents to be employed by non-qualified persons or persons with other qualifications. There is no regulation prohibiting such employment. Therefore, they are often employed by other lawyers, companies, universities, and government agencies. It is estimated that about

(*2) 2 See Davis Polk decision

40% of patent agents are now employed by non-qualified persons or persons with other qualifications.

But, there is a regulation about activities allowed for those who are employed by non-qualified persons or other qualified persons.

For example, although patent attorneys employed by companies can represent their companies or thier employer both before court and before the PTO and patent agents employed by companies can represent their companies or their employer before the PTO, but companies are prohibited to provide the services of patent attorneys or patent agents with other persons for profit earning purpose.

(v)Scope of Service Allowed for Patent Agents

① Content of service

The PTO's regulation specifies that patent agents can carry out proceedings before the PTO (37 CFR 10.10(a)).

② Activities related to infringement actions

As patent agents are not granted any specific power except representation before the PTO, they are not permitted to provide any service related to proceedings before courts including that for infringement actions. But they are allowed to represent their clients in appeal procedures before the PTO.

③ Service of related legal area: arbitration, conciliation, copyright law etc.

Patent agents are allowed to represent in arbitration and conciliation, but they are not permitted to provide any service related to the copyright law unless they are also qualified as lawyers.

(vi) Examination and Training (for Patent Agents)

① Examination: its publication and availability

The content of qualifying examination is made public every year. So, exam questions are obtainable.

② Training after acquiring the qualification: mandatory training and voluntary training

There is no mandatory or voluntary training system.

(2) Patent Agent System In the U.K.

(i)Legal Structure of Patent Agent Offices

① Outline

It is possible to establish and operate a law firm as a limited company. Representation by such a company before the Patent Office is also possible.

② Approval, registration and conditions of establishment

It is not necessary to get approval of establishment from or registration to the authorities.

③ Limitation for investors

Each director must be at least one of patent agent and registered trade mark agent. At least one-quarter of the directors must be patent agents if they describe themselves as "Patent Agents" or "Patent Attorneys". But there are no restrictions if they does not describe themselves as "Patent Agents" or "Patent Attorneys".

④ Limitation to business

There is no limitation to business of a company.

⑤ Comparisons with ordinary company

It is possible to establish a patent agent office in the same form as a company limited by shares, but there is no specific provision in the law.

(ii)Proportion of Each Form of Patent Agent Offices

Apparently almost all the offices are private offices or partnerships, and patent agent offices incorporated as a company, if ever, are only a few.

(iii)Representation by Patent Agents for both Plaintiff and Defendant in a Lawsuit

Without approvals by both parties, it is prohibited by regulations of the Chartered Institute of Patent Agents (CIPA).

(iv)General Law Firms

① Joint management by patent agents and persons with other qualification

Patent agents can employ solicitors, accountants, and any other persons. But, as mentioned above, they cannot enter to describe themselves as "Patent Agents" or "Patent Attorneys" unless each director be at least one of patent agent and registered trade mark agent and that at least one-quarter of the directors be patent agents.

A patent agent can also form a partnership only with other patent agents and registered trade mark agents. At present, six offices operate in this form of partnership.

② Employment of patent agents by non-qualified persons or person with other qualification

Unless carrying on business under any name or other description which contain the words "Patent Agent" or "Registered Trade Mark Agent," there is no restriction about non-qualified persons or persons with other qualifications employing patent agents and trade mark agents. However, there is no statutory provision that explicitly allows such a type of employment.

At present, about 20 patent agents, among all of 1,800 patent agents, are employed by non-qualified persons or persons with other qualifications

(v)Scope of Service Allowed for Patent Agents

① Content of service

(a) Patent Agents

- Filing and prosecution of patent, trademark

and registered design applications and opposition to and invalidation of granted rights
- To appear for clients in The Patents Court (which is a branch of The High Court established to hear Appeals from decisions of The Patent Office), relating only to patents.
- To appear for clients in The Patents County Court, in respect of patent infringement and other patent-related litigation.
- To give opinions on the likely outcome of litigation, the validity of patents and of trade mark and design registration.

* At the moment, Patent Agents cannot appear for clients in The High Court. For this they must instruct a Solicitor and Barrister, or a Solicitor Advocate. Soon, Patent Agents will acquire the right to conduct litigation in The High Court (ie to instruct a Barrister to appear in Court without using a Solicitor) but they will not be allowed to appear in Court before a judge.

(b) Trade Mark Agents
- Filing and prosecution of trademark and registered design applications.
- No rights to appear for clients in any courts, including The Patents County Court.

② Activities related to infringement actions

Patent Agents have the right to appear and argue in The Patents Courts, relating only to patents, as mentioned above. They also have the right to appear and argue in the Patents County Court, in respect of patent and registered design actions

③ Service in related legal area: arbitration, mediation, copyright law etc

They can provide services in related legal area, including arbitration, mediation and copyrights. Service related to negotiations to make a contract and consultation service are also possible.

(vi)Other Qualification relating to Intellectual Property (in addition to Patent Agents)

In addition to Patent Agents, Barristers and Solicitors can practice intellectual property related services.

① Barristers
- Barristers have an almost exclusive right to audience in the High Court, Court of Appeal and House of Lords.
- They also have the right to represent their clients in proceedings before the Patent Office and the Community Trade Mark Office.

② Solicitors
- The greater part of intellectual property legal work except for arguing matters in courts, and the filing and prosecution of patent, trade mark and registered design applications.
- To give authoritative opinions on the likely outcome of the intellectual property litigations and to have conduct of and do the greater majority of the legal work in preparing cases for trial.
- To instruct Barristers to appear in court, and also attend court with Barristers.
- To draft settlement agreements, licenses, security agreements and all other manner of documents relating to intellectual property
- To perform due diligence exercises for transactions, and to engage in the correspondence with other parties which normally precedes the start of litigation, and settlement correspondence.
- Solicitors with a special advocacy qualification, who are called Solicitor Advocates, have the right to appear and argue in the higher courts. Ordinary Solicitors without this qualification have the right to appear and argue in the Patents County Court.

(vii)Examination and Training

① Examination: its publication and availability

The content of the examinations is made public every year by the Joint Examination Board. The exam questions are obtainable.

② Training after acquiring the qualification: mandatory training and voluntary training

In past, there used to be training period when the CIPA and the Institute of Trade Mark Agents set their own examinations. But, no training period is held now.

(3) Patent Attorney System in France

(i)Legal Structure of Patent Attorney Offices

① Outline

In France, the following forms are allowed:

<Associations without legal entity>
- Individual practitioner
- Incorporated associations (societe civile)
- Incorporated professional associations (societe civile professionelle)
- partnership associations (societe participation)

<Corporations or organizations with legal entity>
- Corporations established under L.422-3 and organizations established under L.422.7 of the Intellectual Property Code
- Liberal profession civil corporations (societe d'exercice liberal): This type of corporation can be established as either a limited company or a stock corporation.
- Corporations established under the Commercial Code: This type of corporation can be established as either a limited company or a stock corporation.
- Economic cooperation groups (groupments d'interet economique (GIE))

② Approval, registration and conditions of establishment

(a) Corporations established under L.422-3 of the Intellectual Property Code

This is a category for corporations that had already been engaged in patent attorney activities before the 1990 amendment of the Intellectual Property Code and had satisfied certain specified requirement. This type of corporation is required to meet the following requirements:

- The chairman of the administrative board, the directers general, the members of the board, the sole directer general and the manager or managers, as also the majority of members of the administrative board or the supervisory board, be qualified as industrial property attorneys.
- The acceptance of any new partner be subject to prior approval, as appropriate, of the administrative board, the supervisory board or of the manager or managers.

(b) Organizations established under L.422-7 of Intellectual Property Code

Corporations in this category can be established as a form of professional companies based on Civil Code or other form of corporations, provided in case of the latter, the following requirement should be satisfied:

- The chairman of the administrative board, the directors general, the members of the board, the sole directer general and the manager or managers, as also the majority of members of the administrative board or the supervisory board, be qualified as industrial property attorneys.
- The industrial property attorneys hold more than one half of the capital and of the voting rights.
- The acceptance of any new partner be subject to prior approval, as appropriate, of the administrative board, the supervisory board or of the manager or managers.
- Where the profession of industrial property attorney is exercised by a corporation, the corporation is to be entered, in addition to entry of the attorneys as natural persons, in a special section of the list provided for in Article L.422-1 of intellectual property code.

③ Limitation for investors

More than 50% of voting rights of the corporation must be held by investors who are also Industrial property attorneys. (L.422-7(b) of the Intellectual Property Code)

④ Limitation to Business

There is no limitation to business applicable only to corporations. In cases of an individual practitioner, a practitioner can carry out the whole practices allowed to industrial property attorneys if and when he has passed the qualifying examination for both patent attorney and trademark attorney. If, however, a practitioner has passed only one of the two examinations, the service he can practice will be limited to ones he has passed for. In case of corporations, more than one people have passed each of the examinations, and so the corporation can cover the whole fields of industrial property.

⑤ Comparisons with ordinary company

In France, a patent attorney office can be incorporated as a commercial corporation (including stock corporation and limited company), but in this case, prior approval by administrative board, supervisory board or managers is necessary for accepting a new managing partner (L.422-7(c) of the Intellectual Property Code).

Patent agttorney offices established as corporation are also governed by regulations for ordinary commercial corporations, except regulations regarding conditions for staff members to become a director (in case of a ordinary corporation, there are certain limitations) and regulations regarding directors' remuneration (in case of a ordinary corporation, there are certain limitations).

(ii) Proportion of Each Form of Patent attorney Offices

As of September 1, 1999, legal status of law firms which have a patent attorney or patent attorneys are as follows:

[Legal Status and the Number of Law Firms]

Stock corporation (SA): 40
Limited company (SARL): 38
Profession civil corporation (SCP): 8
Civil corporation (SC): 22
Limited liability liberal profession corporation (SELARL): 6
Anonymous liberal profession corporation (SELAFA)(*): 1
Limited private company (EURL): 1
Individual practitioner: 55

* SELAFA is anonymous stock corporation and this form of incorporation is permitted for only lawyers and patent attorneys.

(iii) Representation by Patent Attorneys for both Plaintiff and Defendant in a Lawsuit

In France, there is no system to appeal the Patent Office's decision to court, and persons who cannot satisfy the Patent Office's decision to grant a patent will directly bring a suit for invalidation of the patent. However, patent attorneys are not allowed to participate in any suit, and legal service for invalidation actions are provided by lawyers. Lawyers are prohibited

to represent both parties in the same action.
(iv)General Law Firms
① Joint management by patent attorneys and persons with other qualification

Under article 24.2 and 28.2 of the Rules of Industrial Property Attorney Association, patent attorneys are permitted to form a groupments d' interet economique (GIE) jointly with other patent attorney or a person in similar profession (such as lawyers), provided that regulation for that profession does not prohibit professionals to form a GIE with a patent attorney.

At GIE, each member can work together for common interest, while keeping independence of each member. GIE can established with more than one individual or corporate members for a certain period. To establish a GIE, capital is not necessarily required, but publication is required. GIE is managed by one or more directors and must have a general meeting upon the request of more than 1/4 of its members. Decisions are made by majority vote. Matters like the number of votes and profit distribution are decided by the agreement.

② Employment of industrial property attorneys by non-qualified persons or person with other qualification

A patent attorney can be employed by other patent attorney but cannot be employed by non-qualified person or a person with other qualifications only. (L.422-6 of the Intellectual Property Code)

(v) Scope of Service Allowed for Patent Attorneys

① Content of service

A patent attorney is a profession who receives a reward by commercially providing consultation, assistance and representation with his clients in obtaining, maintaining, utilizing or protecting their industrial property rights and neighboring rights and all the related services. (L.411-1 of the Intellectual Property Code)

② Activities related to infringement actions

A patent attorney cannot represent his client before courts. Only a lawyer can be an official representative of litigants before courts. In actual actions, patent attorneys provide lawyer with assistance, but there is no formal system to allow such assistant.

③ Service in related legal area: arbitration, mediation, copyright law etc

Patent attorneys are allowed to provide legal consultations and draft a contract for his client. Therefore, they are considered to be able to provide services related to arbitration, mediation and copyright in not an official manner, though they cannot represent their clients before court.

(vi)Other Qualification relating to Intellectual Property (in addition to industrial property attorney)

There is no qualification system which have relation to intellectual property other than industrial property attorney. However, lawyers can provide services of Industrial property attorneys.

(vii)Examination and Training

① Examination: its publication and availability

Copies of the excellent answers for each of examinations are sold.

② Training after acquiring the qualification: mandatory training and voluntary training

Three years of training under qualified patent attorneys for their specialized fields is required before the examination. There is not any training after being qualified.

(4) Patent Attorney System in Germany

(i)Legal Structure of Patent Attorney Offices

① Outline

It is possible to establish a patent attorney office as a limited company. At present, some offices are run in such a form.

② Approval, registration and conditions of establishment

It is necessary to register in the district court (Amtsgericht) and to get an approval (Zulassung) from the Director-General of the Patent Office after being consulted with the German Institute of Patent Attorneys (Art.52g of the Patent Attorney Law). To establish a patent attorney office as a limited company, the following three requirement under Art.52d of the Patent Attorney Law must be met:

- Requirements regarding objects of the company (Art.52c), the limitation to employees (Art.52e) and the limitation to directors (Art.52f) must be satisfied.
- The company must not be in a state of bankruptcy (Vermögensverfall).
- A certificate of business negligence insurance exists, or a provisional insurance contract (vorläufige Deckungszusage) is submitted.
- The company must report the name of at least one patent attorney who will act as limited partner and the word of "Patent Attorney Corporation (Patentanwalts-gesellchaft)" should be included in its corporate name. (Art. 52k of the Patent Attorney Law)

③ Limitation for investors

The staff members of patent attorney offices established as limited company are limited to

- members of the German Institute of Patent Attorneys
- lawyers, or
- patent attorneys in EU or EEA countries who meet requirements of Art.52a-3-1 and Art. 154a of the Patent Attorney Law.

(Art. 52e.1 of the Patent Attorneys Law)

More than 50% of equity and voting rights should be owned by staff members who are also patent attorneys. (Art. 52e.3 of the Patent Attorney Law)

④ Limitations to business

A limited company which aims at providing advice regarding legal matters of intellectual property to and represent clients under Art.3.2 and 3.3 of the Patent Attorney Law, can practice as a patent attorney company, but cannot participate in the association for a joint business (Art. 52.2 of the Patent Attorney Law).

⑤ Comparisons with ordinary company

It is possible to form a patent attorney office as the same kind of corporation as ordinary company, but there is not any specified rule.

(ii) Proportion of Each Form of Patent Attorney Offices

As of September 1999, five are limited companies and 21 are partnership.

(iii) Representation by Patent Attorneys for both Plaintiff and Defendant in a Lawsuit

Representing both parties in a suit is prohibited (Art. 39a of the Patent Attorney Law, Art.4 of the Patent Attorneys Professional Rules (Berufsordrung der Patentanwalte), Art. 356 of the Penal Code).

(iv) General Law Firms

① Joint management by patent attorneys and persons with other qualification

It is possible for patent attorneys to manage a corporation jointly with lawyers, licensed tax accountants, tax agents, certified public accountants and accountants. Such corporation can be established in any form of association, limited company, or partnership under Civil Code (Art. 52a of the Patent Attorney Law, Art. 16.4 of the Patent Attorneys Profession Rules).

The reason why partners in joint management are limited to the above is that patent attorneys, who are responsible for part of administration of justice and are subject to duty of confidentiality, are considered to be a special profession that needs such a special consideration.

② Employment of patent attorneys by non-qualified persons or person . with other qualification

Only patent attorney corporations can employ patent attorneys. Patent attorneys employed by corporations except patent attorney corporation are allowed to work only as mere employees or assistant patent attorneys (Patentassessor). Purpose of this rule is to secure the independence of patent attorneys. (Art. 41a of the Patent Attorney Law, Art.14 of the Patent Attorneys Profession Rule No.14)

Since January 1, 1999, many employed patentassessor have been allowed to practice as independent patentanwalt and they are now practicing as independent patentanwalt while working as employed patentassessor. The content of services of they provide appears to be the same as ones of ordinary patent attorneys.

(v) Scope of Service Allowed for Patent Attorneys

① Content of service

In principle, a patent attorney can advise and represent the third party in obtaining, maintaining, defending and appealing industrial property rights (patent, utility model, design and trademark). (Art. 3.2.1-3.2.4 and Art. 3.3.1-3.3.3 of the Patent Attorney Law).

② Activities related to infringement actions

- In proceedings before the Patent and Trademark Office and the Federal Patent Court, patent attorneys can represent their clients regarding matters related to the above mentioned services (Art. 3.2.3 of the Patent Attorney Law)
- Before federal courts, patent attorneys can represent their clients in appeal against the Patent and Trademark Office's decision and suits for seeking compulsory license (Art. 3.2. 3 of the Patent Attorney Law)

However, they can only serve as assistants to lawyers in infringement actions or appeal cases from lower court to federal courts (Art. 4.1 and of the Patent Attorneys Law, Art. 102 of the Patent Law, Art. 78.1 of the Code of Civil Procedure).

③ Service in related legal area: arbitration, mediation, copyright law etc

Regarding rights in circuit layout of semiconductor, new varieties of plants and computer programs, patent attorneys can provide advice and assistance to or represent third parties regarding matters in obtaining, maintaining, and defending such rights.

They can also represent others in arbitration courts.

(vi) Other Qualification relating to Intellectual Property (in Addition to Patent Attorneys)

IP related qualification other than patent attorney includes assistant patent attorney (Patentassessor). Unlike patent attorneys, they cannot provide consultation as independent practioners (Art.3 of the Patent Attorney Law, Atr.1.1 and 3.1 of the Legal Consultant Law). Their activities include:

- to give advice to and to represent their own employers, from the position of employees
- to give advice to and to represent third party in special cases specified in Art. 155 of the Patent Attorney Law
- to appear in court only for their employers, or to appear in court for the third parties in special cases specified in Art. 155 of the

Patent Attorney Law

Also, lawyers can do carry out all kinds of patent attorney's services. (Art.3 of Lawyers Law).

(vii)Examination and Training

① Examination: its publication and availability

The content of the examinations is not made public.

② Training after acquiring the qualification: mandatory training and voluntary training

Three-year-training is required as follows:

- Two years and two months under patent attorney or assistant patent attorney
- Two months at the Patent and Trade Mark Office
- Six months at the Federal Patent Court

(5) Patent Attorney System in EU

(i)Legal Structure of Patent Attorney Offices

There is no provision in EPC (European Patent Convention) regarding structure or operation of patent attorney offices that can practice before EPO. Therefore, whether patent attorney offices can be established as corporation is acceptable or not depends on the domestic law of each member countries.

(ii)Representation by Patent Attorneys for both Plaintiff and Defendant in a Lawsuit

In principle, European patent attorneys cannot represent both parties. European patent attorney is the qualification that allow only to representing before EPO, and other job allowed for European patent attorneys varies between countries they belong and governed by domestic law of each country.

(iii)General Law Firms

① Joint management by patent attorneys and persons with other qualification

There is no provision in EPC on joint management by patent attorneys and persons with other qualification. Whether joint management by patent attorneys and other qualified persons is allowed or not varies among countries depending based on their domestic law.

② Employment of patent attorneys by non-qualified persons or person with other qualification

There is also no provision in EPC.

Many of European patent attorneys work for patent departments of corporations. Also, they usually have patent attorney qualification in their country. Therefore, activities of European patent attorneys working for a corporation are considered to be almost the same ones as in their own countries

(iv)Scope of service allowed for patent attorneys

① Content of service

European patent attorney's activities are limited to ones related to patent application to EPO. Whether other services including consultation, professional opinion, negotiation, drafting license agreements, are allowed or not depends on domestic law of each member country.

② Activities related to infringement actions

Representation in a lawsuit is prohibited except when domestic law permits the European patent attorney to represent.

③ Service in related legal area: arbitration, mediation, copyright law etc

European patent attorney can not practice services in related legal area such as arbitration, mediation and copyright law except when domestic law permits the European patent attorney to deal it.

(v)Examination and Training

① Examination: its publication and availability

The content of the examinations is made public. Exam questions are obtainable.

② Training after acquiring the qualification: mandatory training and voluntary training

Three-year- training under European patent attorneys is required. In addition to this, EPO, universities and private companies provide various voluntary training opportunities.

III A Survey on Patent Attorneys System in Japan

1. Purpose of the Questionnaire Survey

In order to make a basic material for discussion of the desirable direction and environment for professional services for IP right, including patent attorney, in 21st century, users' needs and actual situations of patent attorney's activities were surveyed by means of questionnaire.

In this survey, member companies of JIPA (Japan Intellectual Property Association) and patent attorneys are surveyed.

2. Findings of the Survey

Among patent attorneys, 57.6% (respondents: n=1,623) have experience of license negotiation, and more than 90% have experience of giving "consultation and advices" service regarding other legal areas than four industrial property laws, such as Unfair Competition Prevention Law and Copyright Law.

On the other hand, 12.5% of companies (respondents: n=506) have experience to ask patent attorneys to negotiate licenses. Also, not a few companies have experience of consulting with patent attorneys about matters relating Unfair Competition Prevention Law (43.6%, n= 424) and Copyright Law (32.3%, n= 313).

Answers for question about expectation to professional services for IP rights in future includes "technical guidance by technical consultants" and "legal advice on a management strategy including matters related to neighboring areas of industrial property laws."

(Researcher: Masashi Ohyama)