2 Future Patent Attorney System (*)

In order to collect opinions on a future patent attorney system for this research study, we have conducted a domestic questionnaire survey on patent attorneys, regular member companies of Japan Intellectual Property Association (JIPA), and small and medium-sized enterprises a domestic interview survey on JIPA's regular member companies, small and medium-sized enterprises, municipal entities providing IP-related support to small and medium-sized enterprises, patent firms, professional graduate schools; and an overseas survey on the United States, the United Kingdom, France, Germany, China, South Korea, the EPO, and the OHIM. We established a committee consisting of corporate IP personnel, patent attorneys, lawyers, and people with relevant knowledge and experience. We then had the committee analyze a report with regard to the results of the questionnaire survey, the interview survey, and the overseas survey and discuss a future patent attorney system from such perspectives as the examination system, training system, scope of business, corporation system, attorney-client privilege, conflict of interest, disciplinary procedure, the mission of patent attorneys, acts of non-patent attorneys, and the partial expansion of the autonomy of patent attorneys.

Ⅰ Introduction

1 Purpose and Necessity of this Research Study

The current Patent Attorney Act has undergone many revisions, i.e., a thorough revision in 2000, a partial revision in 2002, a partial revision in 2005, and a partial revision in 2007. These revisions have expanded the scope of patent attorneys' scope of business by adding various operations related to intellectual property rights, and have increased the number of patent attorneys, simplified the subjects of the patent attorneys' examination in order to allow the entry of a wide range of people, and expanded the scope of the examination exemption system.

In particular, the latest revision of the Patent Attorney Act in 2007 has expanded the scope of business, enhanced the examination exemption system, and, in view of the increasingly competitive environment surrounding patent attorneys due to an increase in the number of patent attorneys, established two training systems to provide patent attorneys with various training opportunities. They are the practical training system and the continuous training system, which is designed to ensure maintenance of the capabilities required for patent attorneys' operations.

On the other hand, Article 6 of the Supplementary Provisions of the Act on Revision of the Patent Attorney Act in 2007 provides that "When five years have passed since the enforcement of this Act, the government shall examine the state of enforcement of the new Act and shall, if the government deems it necessary, review the provisions of the new Act and take necessary measures accordingly."

Today, almost five years have passed since the enactment of the 2007 revised Patent Attorney Act. Furthermore, the changing circumstances surrounding intellectual property in recent years have further pressed patent attorneys to act from a global perspective and to work more closely with client companies in order to take their business and management strategies into consideration, especially with clients that are small and medium-sized enterprises .

Under these circumstances, we have conducted this research study in order to prepare basic data for discussions on necessary measures such as a revision of the Patent Attorney Act. In the course of this research study, we have analyzed the current state of implementation and operation of the patent attorney system (the examination system, the training system, and the provisions concerning business (duties), and any other matters related to the patent attorney system in general) and have identified the related issues. Furthermore, we have examined what roles users expect patent attorneys to play, and had experts discuss a future patent attorney system and list potential issues.

2 Method of this Research Study

In light of the aforementioned purpose and necessity, we have conducted a domestic questionnaire survey (9,510 patent attorneys, 906

(*) This is an English translation of the summary of the FY2012 JPO-commissioned research study report on the issues related to the industrial property rights system.

regular member companies of the JIPA, and 592 small and medium-sized enterprises), a domestic interview survey (a total of 22 organizations consisting of JIPA's regular member companies, small and midsize companies, municipal entities providing IP-related support to small and midsize companies, patent (patent law) firms, and professional graduate schools), and an overseas survey (the United States, the United Kingdom, France, Germany, China, South Korea, the EPO, the OHIM), had a committee discuss a future patent attorney system and list possible issues, and compiled the findings into a report.

Ⅱ Review of the Patent Attorney System

1 Examination System

Examinees are required to take a multiple number of subjects in the short-answer examination under the patent attorney examination system; and some of the examinees passed the short-answer examination even though their test scores vary greatly from one subject to another. Meanwhile, despite the fact that there are many treaties related to industrial property rights, the scope of the examination related to this topic is unclear. The number of related treaties is expected to rise. Since the 2000 revision, the examination subject specifically on the topic of treaties has been abolished. However, there has been a call to resume discussion of this subject. Furthermore, some of the optional subjects of the essay examination are currently chosen by no one or by a very small number of examinees. There have been concerns about the fairness of oral examination. Its pass rate has been on the decline. While the 2000 and 2007 revisions have introduced a system of partial exemption of examination subjects, the system has become increasingly complicated.

Based on the results of the questionnaire survey, the interview survey, and the overseas survey, the committee discussed the introduction of a threshold system to reject examinees who do not meet the minimum test score requirement for any examination subject, transformation of the optional examination subjects of the essay examination into a short-answer examination, an increase in the number of questions contained in the short-answer examination, the introduction of a compulsory essay examination specifically on treaties, the abolishment of the oral examination and a review of the paper examination, a review of the provision concerning the exemption of examination subjects, the evaluation of practical skills, and the evaluation of foreign language skills.

2 Training System

In the practical training program for patent attorneys, while the trainees practice preparing application documents, no on-the-job training is offered. While the continuous training system provides various training programs, the patent attorney navigation system does not offer information on the type of training (lecture-based, discussions-based, and practice-based) and on the patent attorneys' activities as lecturers and authors. Nor is there any available information to confirm the effect of group training. (Patent attorneys are required to submit brief reports after participating in training programs offered by external institutions.) Under these circumstances, users cannot choose patent attorneys who have been actively trying to improve their skills. This also means that patent attorneys are not given sufficient incentive to actively improve their skills.

Based on the results of the questionnaire survey, the interview survey, and the overseas survey, the committee discussed the introduction of practical training, such as OJT programs, into the practical training system, as well as measures to deal with increasingly globalized corporate activities and a method to check each patent attorney's participation in the continuous training programs and its effects. In the discussions, committee members also presented opinions about the abolishment of the exemption system for some of the programs offered under the practical training system, the relaxation of requirements for lecturers and instructors employed by the practical training system, a review of the operation of the practical training system, the relaxation of conditions for implementing the continuous training plan, the relaxation of conditions for determining credit exchangeability under the continuous training system, measures to improve the practical skills of new patent attorneys, and the introduction of various training courses.

3 Scope of Patent Attorney's Business

(a) The scope of patent attorneys' business is specified as (a) representing others in

procedures with the Japan Patent Office pertaining to patents, utility models, designs, trademarks, PCT applications, or applications filed for international registration under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, (b) representing others in procedures with the Minister of Economy, Trade and Industry with regard to an objection or to an award pertaining to patents, utility models, designs or trademarks, and (c) giving expert opinions and handling other affairs pertaining to matters relating to the procedures specified in (a) and (b) above. (Article 4, paragraph (1) of the Patent Attorney Act (hereinafter referred to as the "Act")). The scope of patent attorneys' business does not include procedures with administrative agencies with regard to circuit layouts, breeder's right, and copyrighted works.

Furthermore, the scope of patent attorneys' business also covers the following activities with respect to patent, utility models, designs, trademarks, etc., such as (d) representing others in procedures with regard to suspending an import or export under the Customs Act (Article 4, paragraph (2) of the Act), (e) representing others in the alternative dispute-resolution procedures performed by a designated body (Article 4, paragraph (2) of the Act), (f) engaging in the business of consultation, mediation, or agency with regard to concluding contracts for selling technological secrets, or non-exclusive license contracts, or other contracts (Article 4, paragraph (3) of the Act), (g) preparing materials for procedures with foreign administrative authorities (Article 4, paragraph (3) of the Act), (h) presenting a statement, or examining matters as an assistant in IP infringement lawsuits (Article 5 of the Act), (i) acting as a counsel with regard to a lawsuit to seek revocation of a trial decision (Article 6 of the Act), and (j) acting as a joint counsel in specific infringement lawsuits (Article 6-2 of the Act). However, the scope of patent attorneys' business does not necessarily cover all of the operations concerning circuit layouts, breeder's right, and copyrighted works, and IP-related unfair competition.

Based on the results of the questionnaire survey, the interview survey, and the overseas survey, the committee examined various issues related to expanding the scope of patent attorneys' business, as proposed by the Japan Patent Attorneys Association. This includes offering IP-related consultation under the Intellectual Property Basic Act, expanding business related to the specified acts of unfair competition, representing others in procedures for filing applications to register new plant varieties, etc., representing others in procedures for registration of copyrighted works, etc., acting as a counsel in lawsuits to seek revocation of a JPO's administrative disposition, and permitting patent attorneys to act as an independent counsel.

4 Corporation System

The current Patent Attorney Act does not permit a patent attorney to establish a one-employee patent professional corporation. However, there has been a call for the introduction of a system that permits a patent attorney to establish a one-employee corporation in order to separate the assets of an individual from the assets of an office, to facilitate a future transformation into a multiple-employee corporation, or to expand the size of the office through mergers with another patent professional corporation. On the other hand, some people have pointed out that, if a one-employee corporation is permitted as a management style of a patent professional corporation, it would be problematic from the perspective of continuity of corporation.

The committee analyzed the results of the questionnaire survey and the interview survey and discussed issues that would be raised if patent attorneys were permitted to establish a one-employee patent professional corporation in view of the arguments presented in the meetings held by the Industrial Structure Council, etc., at the time of the 2000 and 2007 revisions.

5 Attorney-Client Privilege

The civil procedure of common law countries has a process called "discovery," in which it is permitted to request the disclosure of evidence, such as relevant documents owned by the parties concerned. As an exception, attorney-client privilege is given for certain types of correspondence and documents that should be kept secret for clients. However, the Japan Patent Attorneys Association has pointed out that, as far as communications between Japanese patent attorneys and their clients are concerned, it might be impossible, in the course of judicial proceedings in other countries, to refuse to disclose such communications or to prohibit others from disclosing them. On the other hand,

since there is no discovery process in Japan, the concept of attorney-client privilege does not exist. However, each patent attorney is obliged to keep secret any information obtained in the course of his/her business (Article 30 of the Patent Attorney Act), and may, like a lawyer, refuse to give testimony on any information that he/she has obtained in the course of his/her business as long as the information is expected to be kept secret (witness's right to refuse to testify, Article 197, paragraph (1), item (ii) of the Code of Civil Procedure). Patent attorneys may also refuse to submit any document containing any related matter that is not exempted from the duty of secrecy (the right to refuse to submit documents, Article 220, item (iv), (c) of said Act).

The committee analyzed the results of the questionnaire survey and discussed whether communications between attorneys and clients are protected from disclosure in the course of civil proceedings in other countries, identified the related issues, and examined issues that could be raised by introducing a provision directly specifying attorney-client privilege into the Patent Attorney Act.

6 Conflict of Interest

Article 31, item (iii) (Article 48, paragraph (1), item (iii)) of the Patent Attorney Act is a provision concerning conflicts of interest, which must be avoided by patent attorneys and patent professional corporations. Said provision specifies that a patent attorney shall not undertake any case requested by a party adverse to another case that he/she has already been entrusted to undertake. The term "another case that he/she has already been entrusted to undertake" used in Article 31, item (iii) is interpreted as referring to a case where the patent attorney confronts the adverse party, and the term "any case" is interpreted as referring not only to such a inter partes case but also to an ex parte case. However, if a patent attorney undertakes an inter partes case, that patent attorney may not continue the ex parte case that has been entrusted by the adverse party unless the client's (the adverse party's) consent is obtained. Any patent attorney who belongs to a patent professional corporation is subject to business restrictions under Article 31, item (vi) and item (vii) of said Act (Article 48, paragraph (3), item (v) and item (vi)) even in relation to cases in which he/she has not been involved. Said restrictions are stricter than those imposed on lawyers who belong to legal professional corporations.

The committee analyzed the results of the questionnaire survey and the interview survey and discussed a proposal made by the Japan Patent Attorneys Association with regard to a limit on the cases that may be regarded as a conflict of interest.

7 Disciplinary Procedure

In order to make a disciplinary disposition under the Patent Attorney Act, a specified procedure must be followed. Past cases have shown that it took a long time to complete the procedure. If a disciplinary disposition involves admonition, since such a disposition is regarded as a seriously averse disposition against patent attorneys, the procedure for submitting opinions must first be followed (Article 33, paragraph (4) of the Patent Attorney Act). On the other hand, the Disciplinary Procedure Guidelines specify that the constant insufficiency of prepaid funds shall be regarded as a dereliction of duty or a violation of the duty of due care that should be subject to an admonition. Although there are a considerable number of patent attorneys whose prepaid funds are insufficient, since it takes time to complete the procedure for issuance of admonition or publication of the fact, such patent attorneys could continue undertaking new cases, causing unexpected damage to clients, etc.

The committee analyzed, for reference purposes, the current state of dispositions made by the Japan Patent Attorneys Association and also the disciplinary dispositions of lawyers, and they discussed the disciplinary procedure.

8 Mission of Patent Attorneys

While it has a provision on the purpose (Article 1 of the Patent Attorney Act) and a provision on the duties, the current Patent Attorney Act does not have a provision on the mission. The Japan Patent Attorneys Association has proposed that it should be clearly stated that patent attorneys are experts who are authorized to monopolize and carry out under his/her name the business of "creating, protecting, and utilizing intellectual properties," as stated in the Intellectual Property Basic Act, to publicly declare heavier duties as the mission of patent attorneys, to make efforts to achieve the purpose of the Intellectual Property Basic Act, and thereby to maintain social and economic vitality.

The committee discussed the gist of this

proposal.

9 Acts of Non-patent Attorneys

In some cases, a non-patent attorney conducts patent attorney business as specified in Article 75 of the Patent Attorney Act when requested to do so by a client. Information on such a case such as the person's name may be obtained by using a search system such as PATOLIS. However, it is impossible to obtain information as to whether the non-patent attorney was remunerated for the act of representing the client. As a result, even in the case where a non-patent attorney has conducted patent attorney business, it is impossible to obtain any evidence that remuneration was paid. Regarding the procedure for filing trademark applications, the Japan Patent Attorneys Association was able to issue warnings to only about 10% of the suspected people. To solve this problem, the Japan Patent Attorneys Association has proposed removal of the term "by receiving compensation" from Article 75 of the Patent Attorney Act.

The committee discussed the gist of this proposal.

10 Partial Expansion of the Autonomy of Patent Attorneys

The Japan Patent Attorneys Association has proposed the abolishment of the right of the Minister of Economy, Trade and Industry to revoke the resolution of the general meeting the abolishment of the right of the Minister of Economy, Trade and Industry to dismiss officers, and the abolishment of the requirement for approval from the Minister of Economy, Trade and Industry to implement a plan for continuous training.

The committee discussed the gist of this proposal.

Ⅲ Results of the Overseas Survey

An overseas survey was conducted to enable a comparative study on the patent attorney systems of the United States, the United Kingdom, France, Germany, China, South Korea, and Europe (the EPO and the OHIM).

The questionnaire covered such matters as the provision specifying the patent attorney system, the scope of business of patent attorneys, the issue as to whether it is possible for patent attorneys to represent others in infringement lawsuits, the underlying provisions or judicial precedents concerning patent attorney-client privilege, the required qualifications (including whether work experience is necessary), the patent attorney examination (including the examination subjects, job knowledge (practical) examination, and oral examination), the training for new patent attorneys, the training for already-registered patent attorneys, the disclosure of information on patent attorneys, the recent change in the number of patent attorneys, the types of patent professional corporations (including one-employee corporations, the limited liability of patent attorneys), the acts of non-patent attorneys, conflicts of interest, and the plan for revising the system.

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