

IP Support Services for SMEs in Japan

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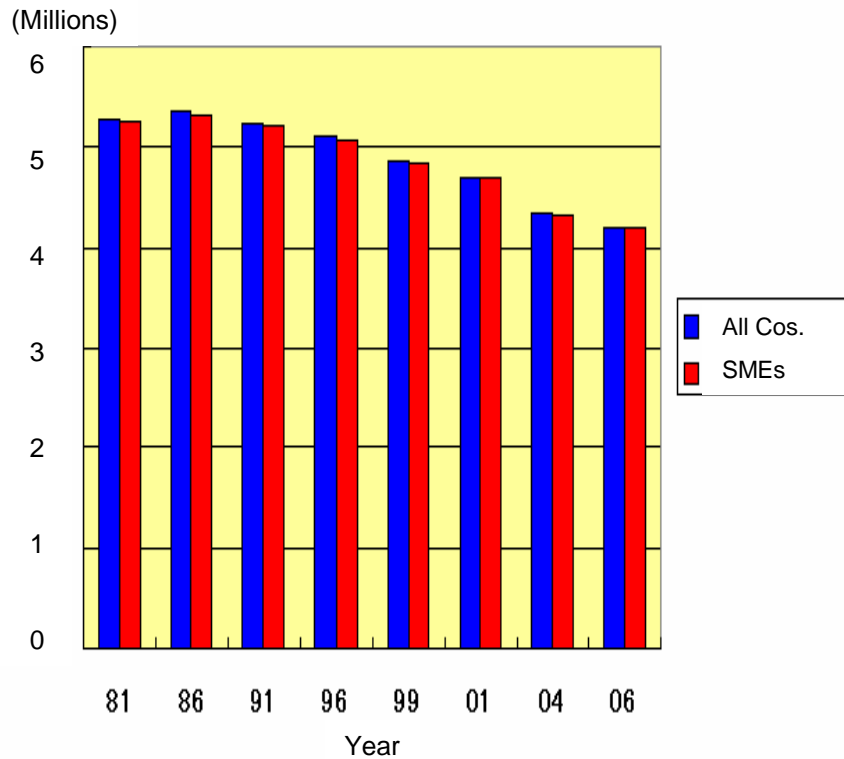
1. Present Status of SMEs
2. Support for IP Acquisitions
3. Support for IP Utilization
4. Consultations for Users

Present Status of SMEs

Present Status of SMEs 1

- Number of SMEs approx. 4.2 million, over 99% of all companies in Japan
- Percentage of patent applications by SMEs steady at 10-12% of the annual total

Recent Changes in Number of Companies

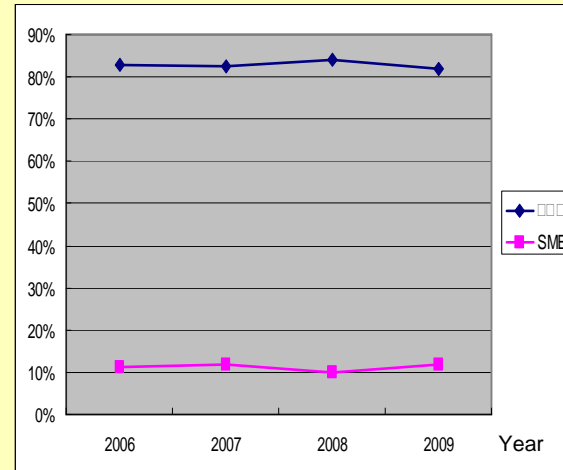


Data: Based on 'the SME White Paper 2006', Ministry of Internal Affairs.

Definition of small and medium-sized enterprises (SMEs)

In the manufacturing sector, companies with capital below JPY300 million and less than 300 regular employees.

Patent Application (%)



The rate of annual patent applications by SMEs is steady at 10-12% (30-40 thousand cases/yr). SME percentage of the annual total of applicants is 48-57% (12-14 thousand applicants/yr). Note: While utility model applications by large enterprises constitute less than 10% of the annual total, apps. by SMEs are approx. 40-50% (3-4 thousand cases/yr). SME percentage of applicants is approximately 50% (2.5-3.0 thousand applicants/yr).

Reference: Foreign Patent Applications Filed by SMEs

- Annual total: Approx. 7,500 (PCT applications 2,500; Paris Convention priority 5,000)

Note: Reasons for filing foreign applications .Dec. '07 Survey.

Anti-counterfeiting (66%); Market penetration (56%); Competitor countermeasures (38%); and Licensing (32%)

Compared with large enterprises, utilization rate of patents by SMEs is higher.

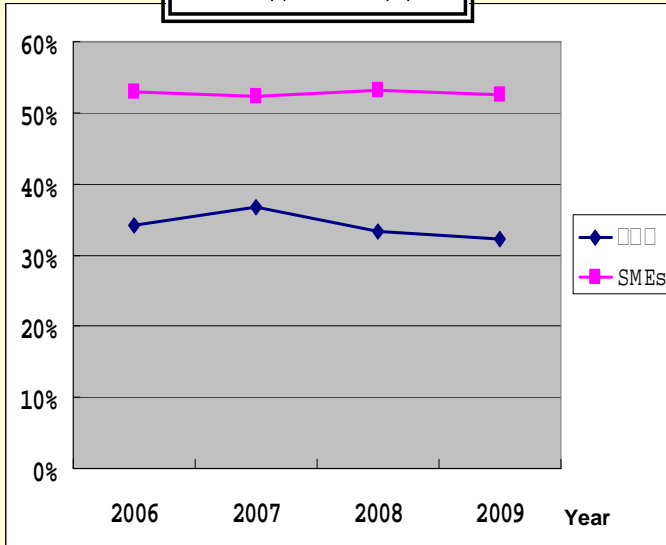
The number of patent applications by SMEs is low since SMEs thoroughly select applications. When SMEs obtain application rights, they tend to exploit them effectively.

Rate of Patent Utilization by SMEs	Rate of Patent Utilization by Large Enterprises
.....

Source: Based on the 'FY2007 Survey of IP Activities', 2008, Japan Patent Office.

Note: Utilization is the sum of 'Self-Utilization' and 'Other-Utilization of the Domestic Utilization'.

TM Application (%)



SME percentage of the annual total trademark applications is steady at 52-53% (48-62 thousand cases/yr).

Note: A large number of trademark applications are filed by very small enterprises so it is uncertain whether the majority of enterprises are SMEs.

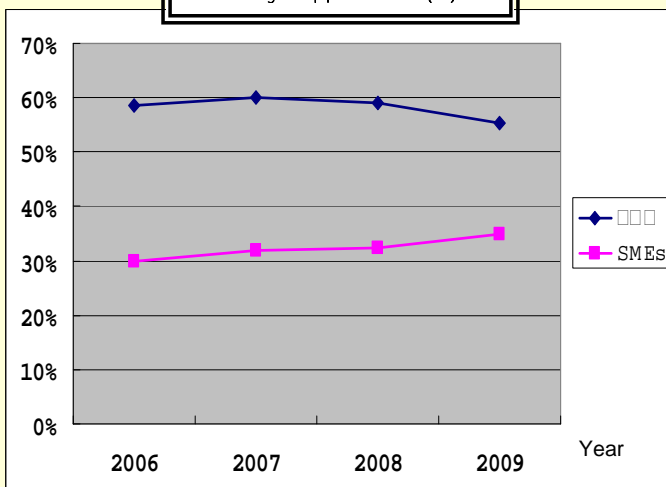
SME percentage out of the total number of applicants is annually 65-70% (21-26 thousand cases/yr).

Regional Collective TM (Regional Brands)

- Started in April 2006. **467 registered TMs** as of Jan 11, 2011.
- Responses are nationwide.

Hokkaido	Tohoku	Kanto
..
Joshinetsu	Hokuriku	Tokai
..
Kansai	Chugoku	Shikoku
..
Kyushu	Okinawa	Other
..

Design Application (%)



SME percentage of annual total design applications is steady at 30-35% (10-12 thousand cases/yr).

SME percentage out of the total number of applicants is annually 50-58% (3.1-3.2 thousand cases/yr).

Note

Regional Disparity in Applications

Applications for all types of IP are concentrated in urban areas.

.Breakdown of Applications in Top 5 Prefectures .

.Patents: approx. 85%

.Design/TM: approx. 69 - 73%

Regional Disparity in IP Experts

Number of Patent Attorneys

.Approx. 60% in Tokyo

.5 or less in 15 out of 47 prefectures

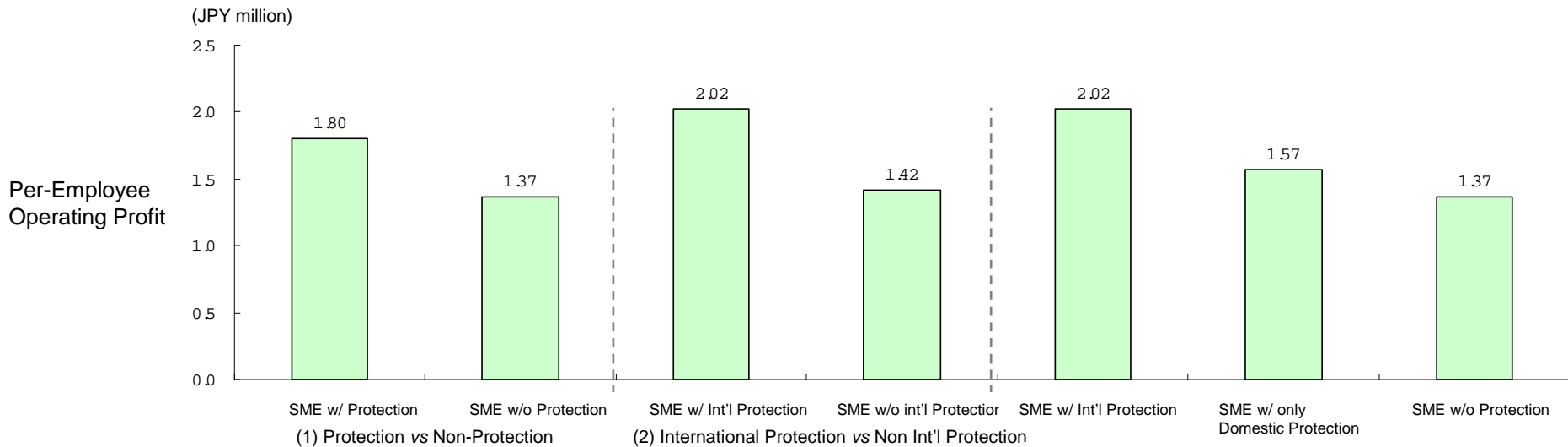
Relationship between Corporate Performance and IP Activities by SMEs

▶ **Per-employee operating profit** for Japanese SMEs that possess patents **are greater** than those without patents.

	Per-Employee Profit (In thousands of JP Yen)
SMEs that possess Overseas Patents	JPY2,020/employee
SMEs that possess Patents	JPY1,800/employee
SMEs w/o Patents	JPY1,370/employee

• **SMEs that developed their own patented products through independent R&D activities tend to achieve higher operating profits. Further, protection that includes overseas rights prevents patent infringement and contributes to even higher profit margin for SMEs.**

Relationship among Patent Types in Per-Employee Profits



Source: Based on 'IP Activities Survey 2007', Japan Patent Office, 2008.

Notes: 1. A protected SME is an SME with all or some internationally and/or domestically patented products. 2. A non-protected SME is an SME without any patented products. 3. An internationally patented SME is an SME with all or some internationally patented products. 4. An internationally non-patented SME is an SME with all or some domestically patented products and without any internationally patented products. 5. The statistics used in this analysis are the combined statistics of SMEs and manufacturers.

Effect of Acquisition of IP Property Rights on SMEs

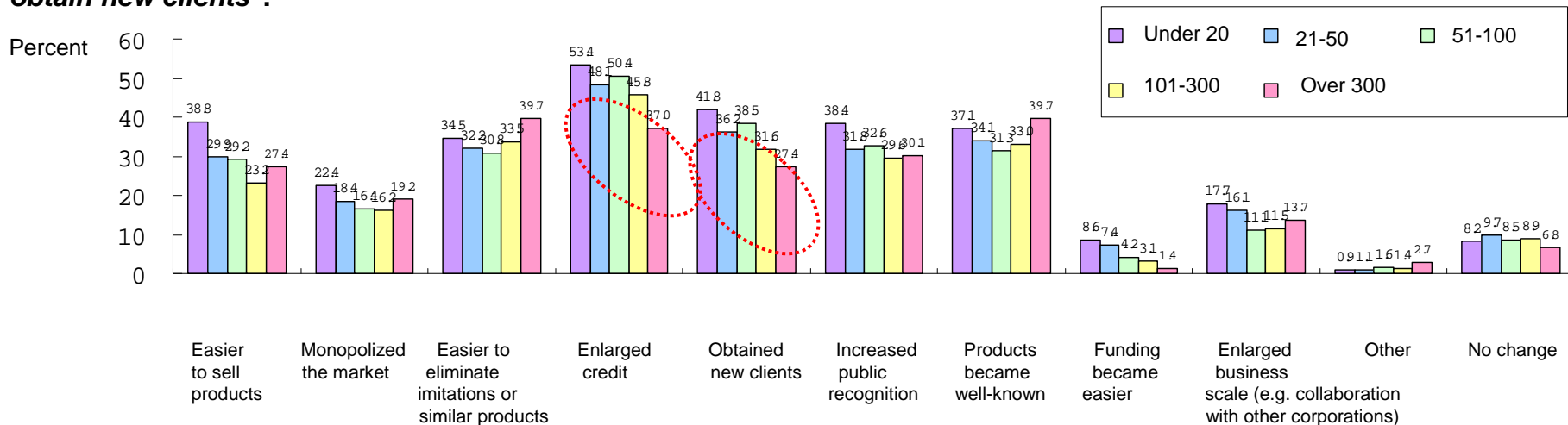
□ Benefits of Acquisition of Patent Rights for SMEs

- Reliability was raised.
- Won new clients.
- Product became well known.
- Public recognition of company increased.
- Employee morale increased.
- Customs was able to confiscate imitations.
- Succeeded to sell products (technology) to big companies.
- Loan became easier to obtain.
- Grants-in-aid were awarded.
- Was able to hire promising personnel. etc.

. Active patent acquisitions increase SME recognition and assist in expanding sales. This effect is particularly apparent in venture firms that are involved in IP activities from an early stage.

Effects of IP Acquisition for Hit Products

The smaller the scale of operations, the higher the proportion of SMEs feeling “credibility was increased” and “it became easier to obtain new clients”.



Source: 'Questionnaire Survey Relative to Market Penetration and IP strategy', Mitsubishi UFJ Research & Consulting, KK, Dec 2008.

Notes: 1. 'Hit product' was defined as 'new technology, product or service developed which contributed significantly to one's organization within the past ten years.'

2. Percentile figure may exceed 100 due to multiple responses.

Awareness of Intellectual Property (IP in general) by SMEs

❑ SMEs have various concerns about IP and their expectations for official assistance are diversified.

Concerns about IP

- (1) SMEs think IP is “difficult to understand” and “irrelevant” for them. What lies at the base of their perception is the high initial hurdle.
- (2) Even those with the intention to address IP have the following concerns:

.Due to lack of professional / technical knowledge.

Do not know:

- .How to patent their inventions.
- .How to search prior art invented by other companies.
- .How to fill out application documents.
- .How to find a good specialist such as a patent attorney.

.Due to lack of personnel / funds.

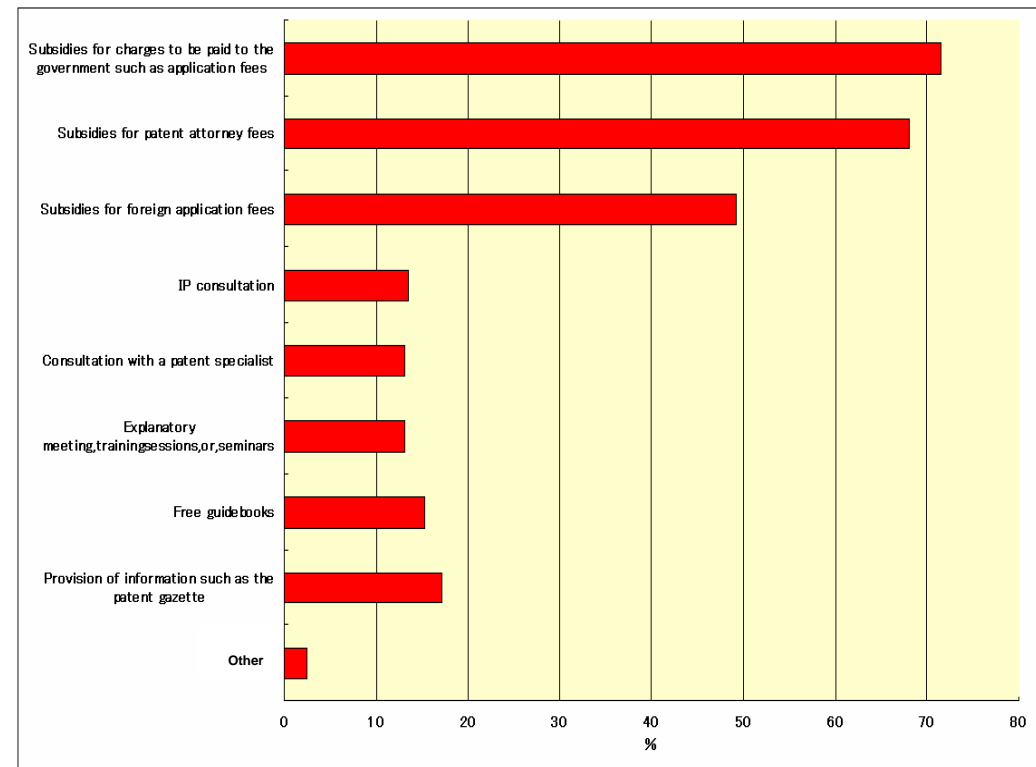
- Expenses for patent application such as patent attorney's fees are expensive.
- Not having the knowledge to establish office regulations on employee inventions.
- Do not know how to deal with warning letters.

.Due to lack of awareness of IP.

- Do not know the methods of educating management and employees.
- Do not know how to prevent leakage of technical information on joint R&D and clients.

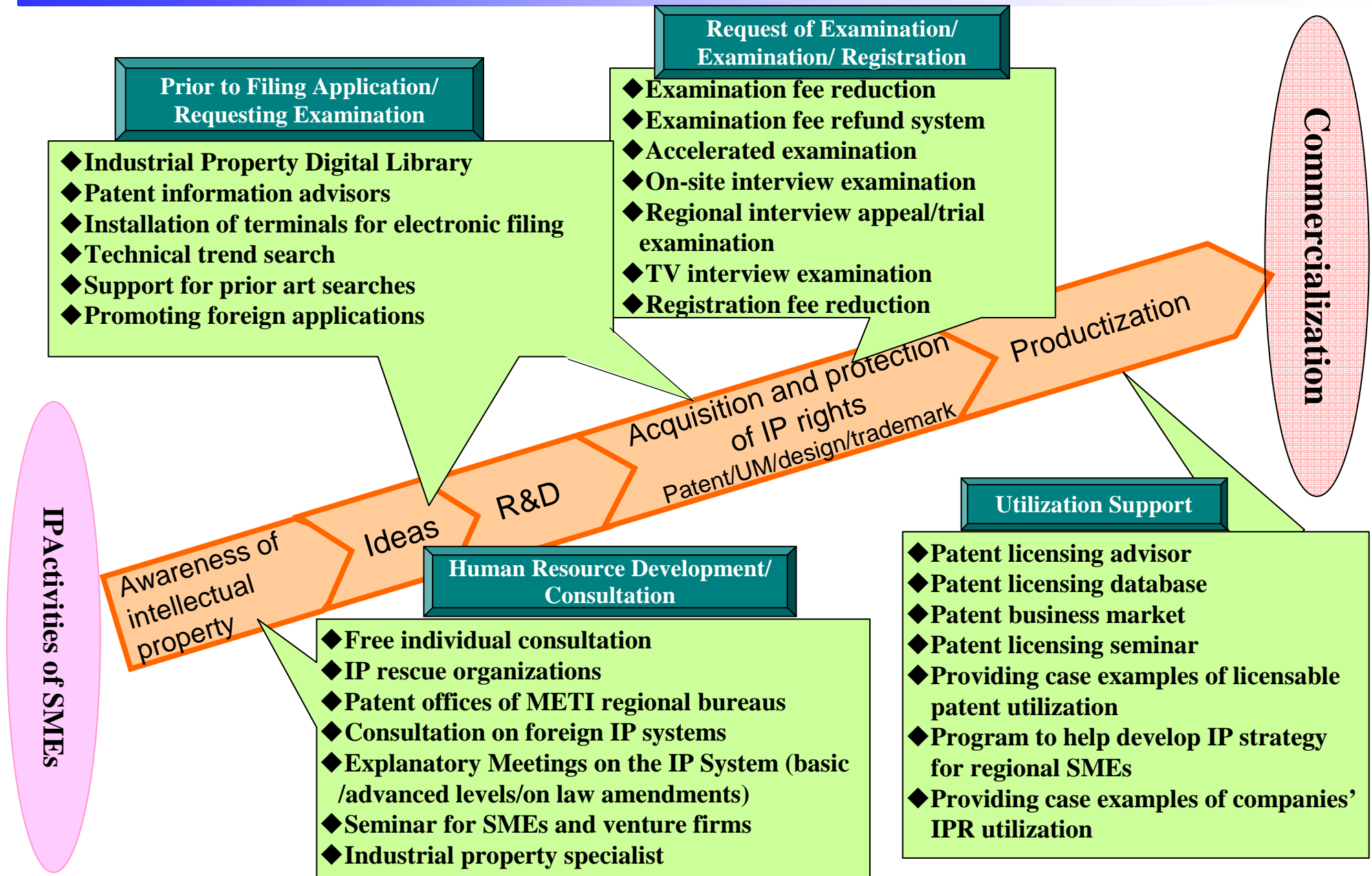
Expectations for Official Assistance

(According to replies from 620 SMEs for a survey conducted in Dec. 2009.)



Support for IP Acquisitions

Current Intellectual Property-related Assistance to SMEs



Main Support for SMEs

Reduction of Fees

Reduction of IP related fees for SMEs

Prior Art Search Support

Support of prior art search for SMEs provided free of charge

Accelerated Examination

Easing of the requirements of accelerated examination for SMEs provided free of charge

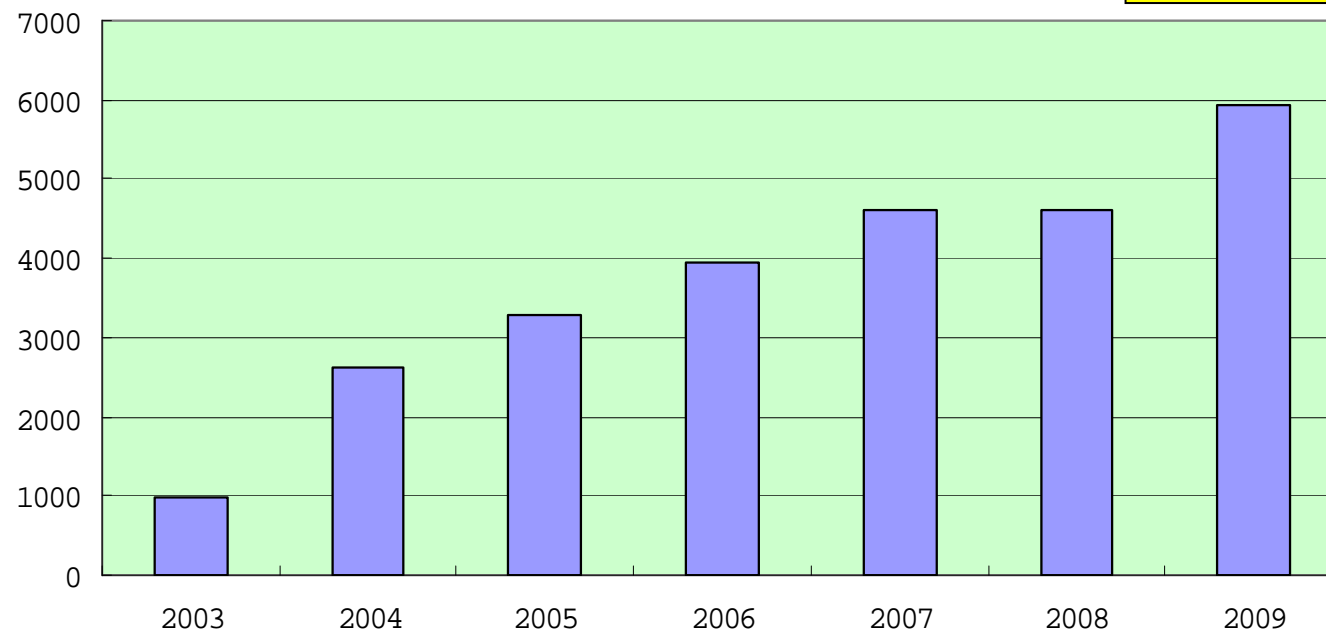
Improving Strategic Use of IP by SMEs

Fee Reduction Measures (including patent fees)

- Measures to reduce patent related fees including patent fees are available at the JPO. Reduction of examination request fees as well as patent fees are available for poorly funded SMEs, SMEs specializing in R&D, and manufacturing SMEs
- With relaxation of requirements and simplified procedures to promote the use of this program, its usage has been on the rise

Usage of the Fee Reduction Program

Usage of the fee reduction program has increased dramatically since its introduction

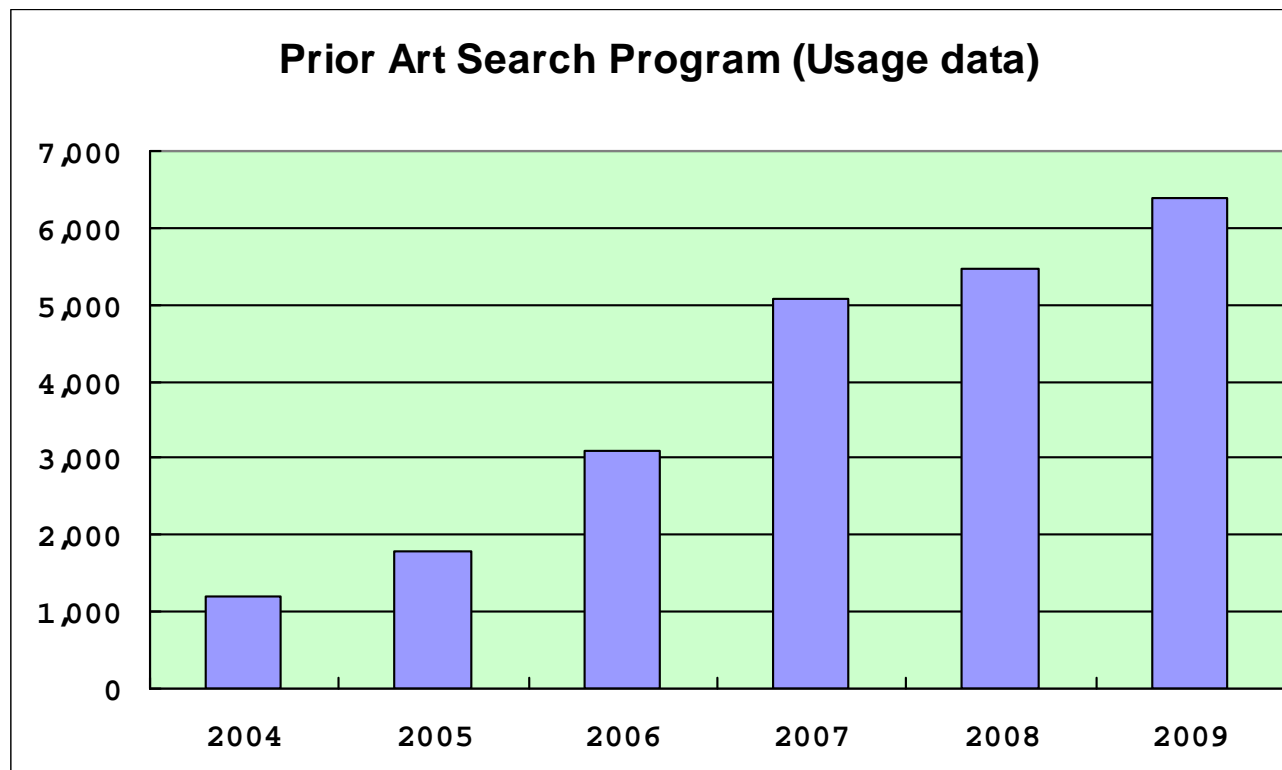


Support of Free Prior Art Searches

➤ At the request of applicants, private research agencies conduct prior art searches free of charge.

This program offers information necessary for SMEs in making a decision on whether to make a request for examination of their application.

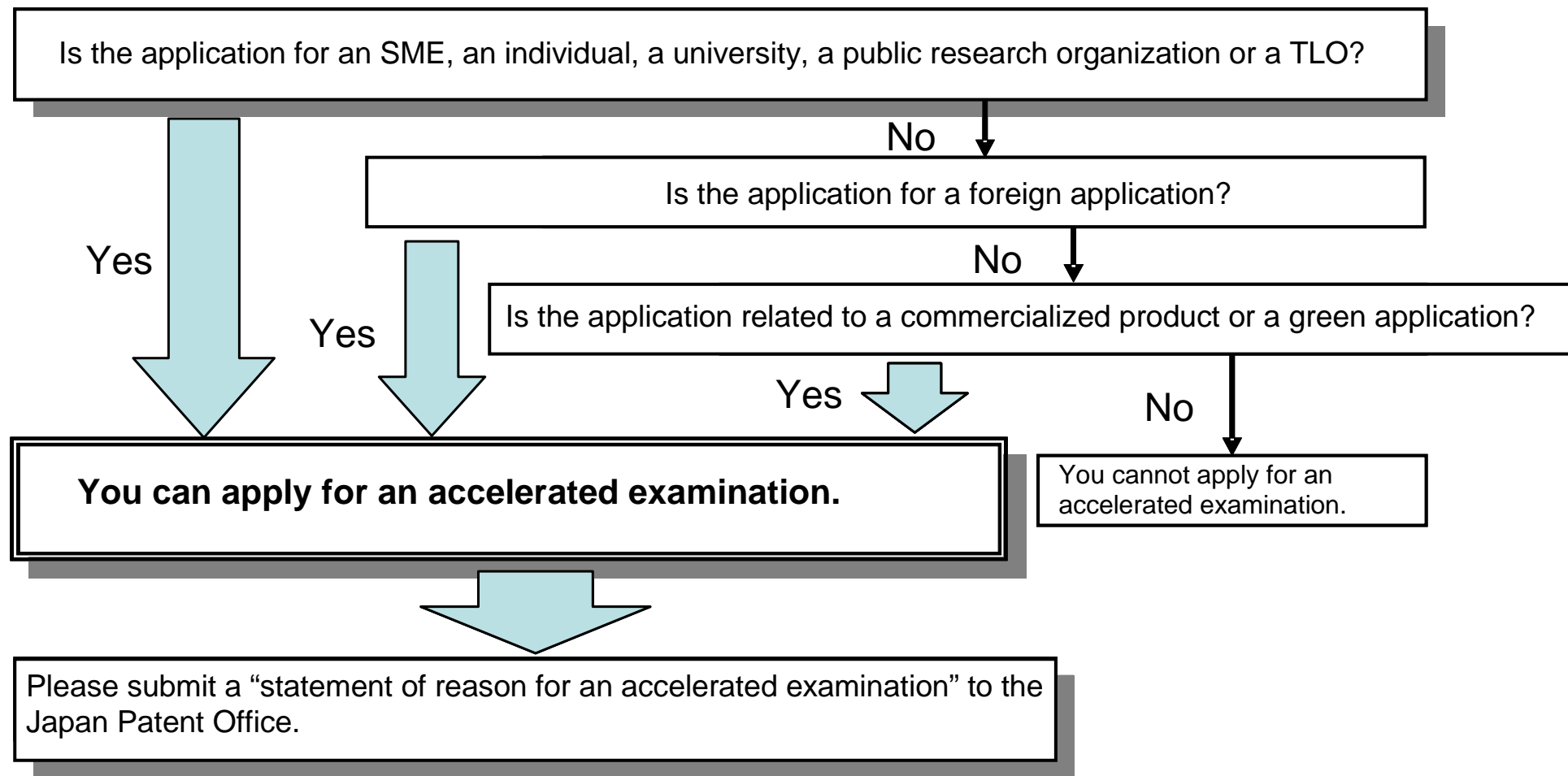
- SMEs can save examination request fees for patent applications that are unlikely to become patents.
- JPO can eliminate useless examinations of applications that lack novelty and inventive step, thus contribute to speedier and more appropriate examination processing.



Accelerated Examination System

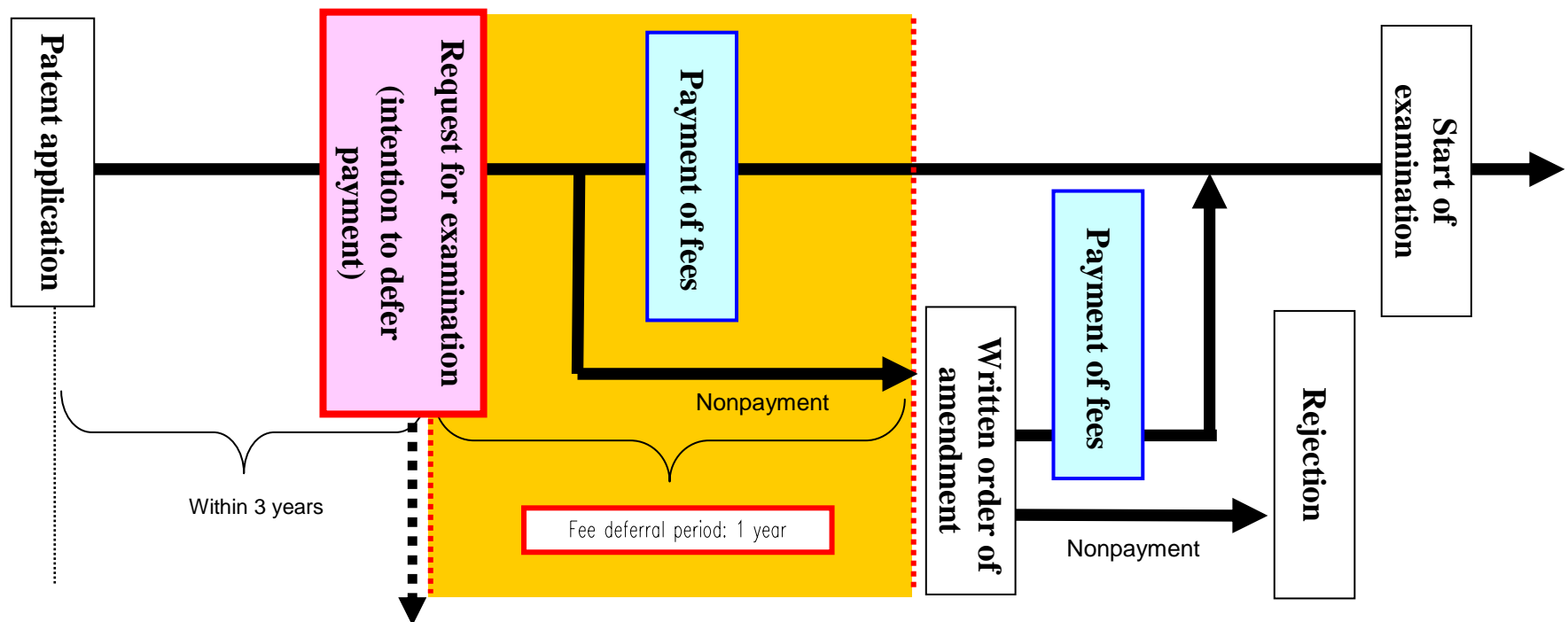
➤ An easy-to-use system for SMEs wishing to promptly obtain patents

Time required for issue of the notification of the first examination result: **2.0** months from the application for accelerated examination (normally 29 months)



Deferred Payment System of Examination Request Fees

In response to the recent recession, we introduced an emergency measure to reduce the financial burden on companies etc. where applicants can **defer the payment of examination request fees** limited to **one year** from the submission date of the examination request, for requests submitted on and after April 1, 2009.



Applicants who request an accelerated examination pay for examination request fees.

Applicants submit an “amendment of proceedings” within the fee deferral period or the period designated by the written order of amendment and pay the examination request fees.

Applications are deemed to have withdrawn their application after the period of request for examination has elapsed.

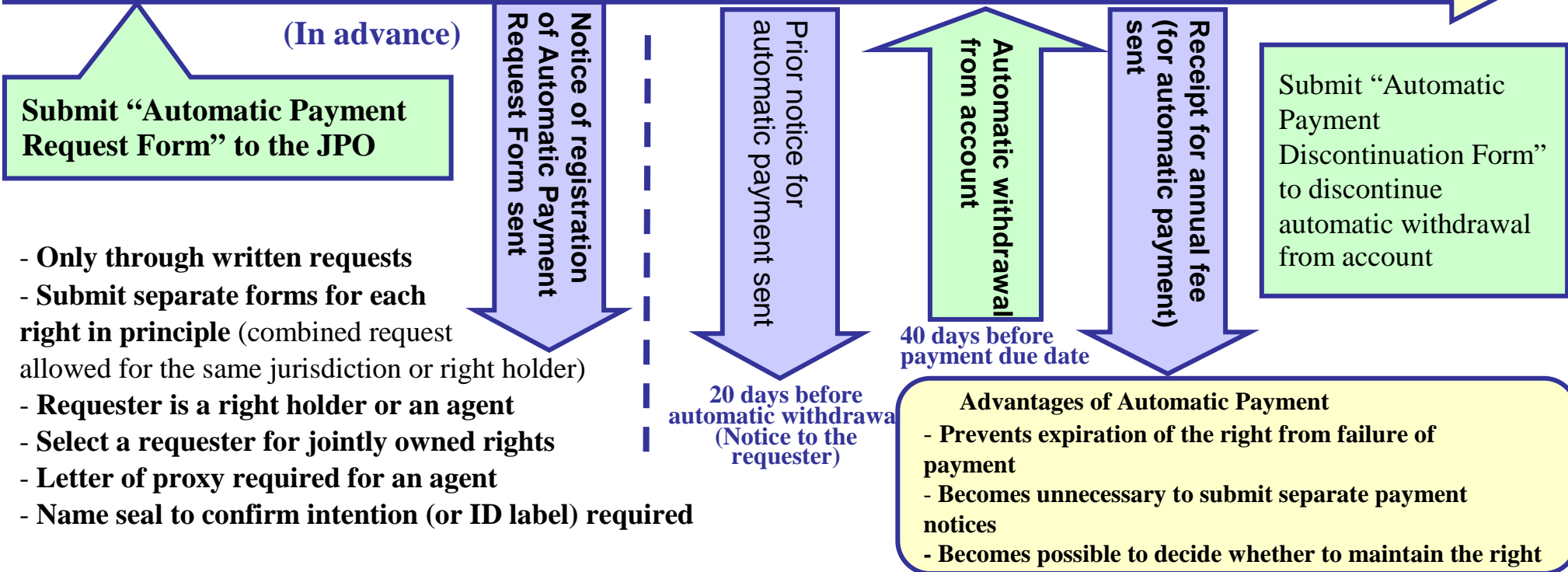
Automatic Payment System of Patent Fees etc. (JPO deposit/bank account)

Fees Covered by the Automatic Payment System

- For Patent Fee/Utility Model Registration Fee from the 4th year onwards and Design Registration Fee from the 2nd year onwards
- * The system does not apply to fee for registering establishment of rights or fee related to trademark rights.
- * The system does not apply to the following patent fees:
 - (a) For patent rights which are jointly owned with the state and the quotas agreed upon
 - (b) For the 4th to the 6th year in which reduction and exemption measures are applied
 - (c) For a tax exempt corporation which deferred payment of patent fee and has not paid the patent fee for the 1st to the 3rd year
 - (d) For renewal of registration for the period of duration

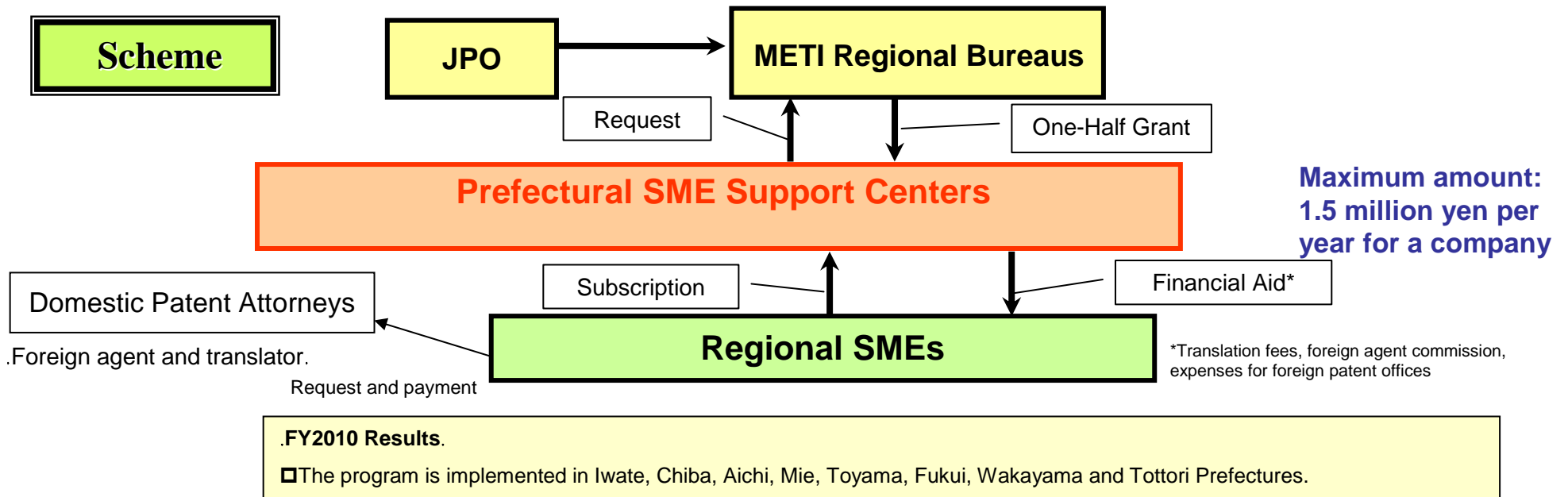
Patent fees are withdrawn from accounts on a yearly basis

Patent fees are automatically withdrawn from JPO deposit account or bank account by prior request



Grants for Foreign Applications

- It is crucial to accelerate innovation by encouraging SMEs' foreign applications.
- Making the most of Prefectural SME Support Centers will make it possible to take full advantage of regional characteristics, appropriately judge business potentials, and promote regional policy making.

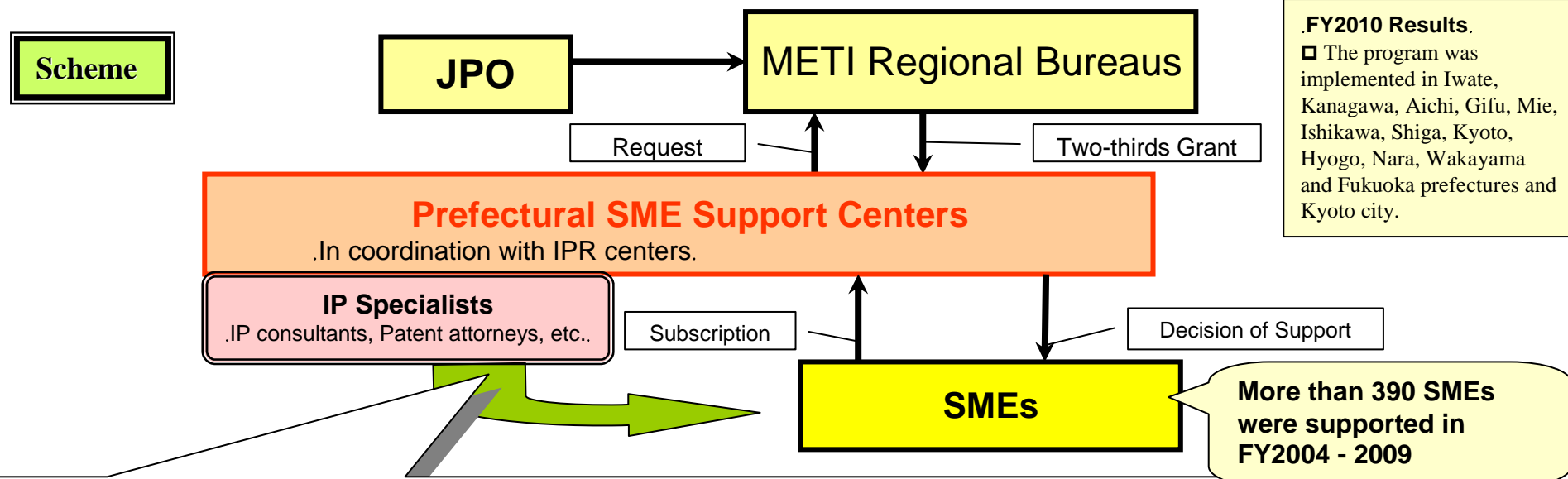


To provide efficient and effective assistance to SMEs, this program is focused on the following viewpoints:

- Selecting patent applications that have a high chance of being patented overseas (pre-screening investigation)**
A support system that conducts technology evaluation (prior art search) and market evaluation by setting up a panel of experts
- The status of foreign applications is confirmed in an ex-post report (ex-post follow-up)

SME IP Strategy Support Program

In order to promote the strategic utilization of regional SMEs' intellectual properties, we support the following program implemented by the SME Support Centers located in each prefecture.



.Details of support by IP specialists dispatched.

1. Support for Patent Analysis

- .Patent map creation (depending on the intended use, patent data is collected, processed and analyzed, and made into charts and tables for easy use by users.
- .Citation analyses.relationship between cited and citation patents.
- .Support for utilization of the patent licensing support chart

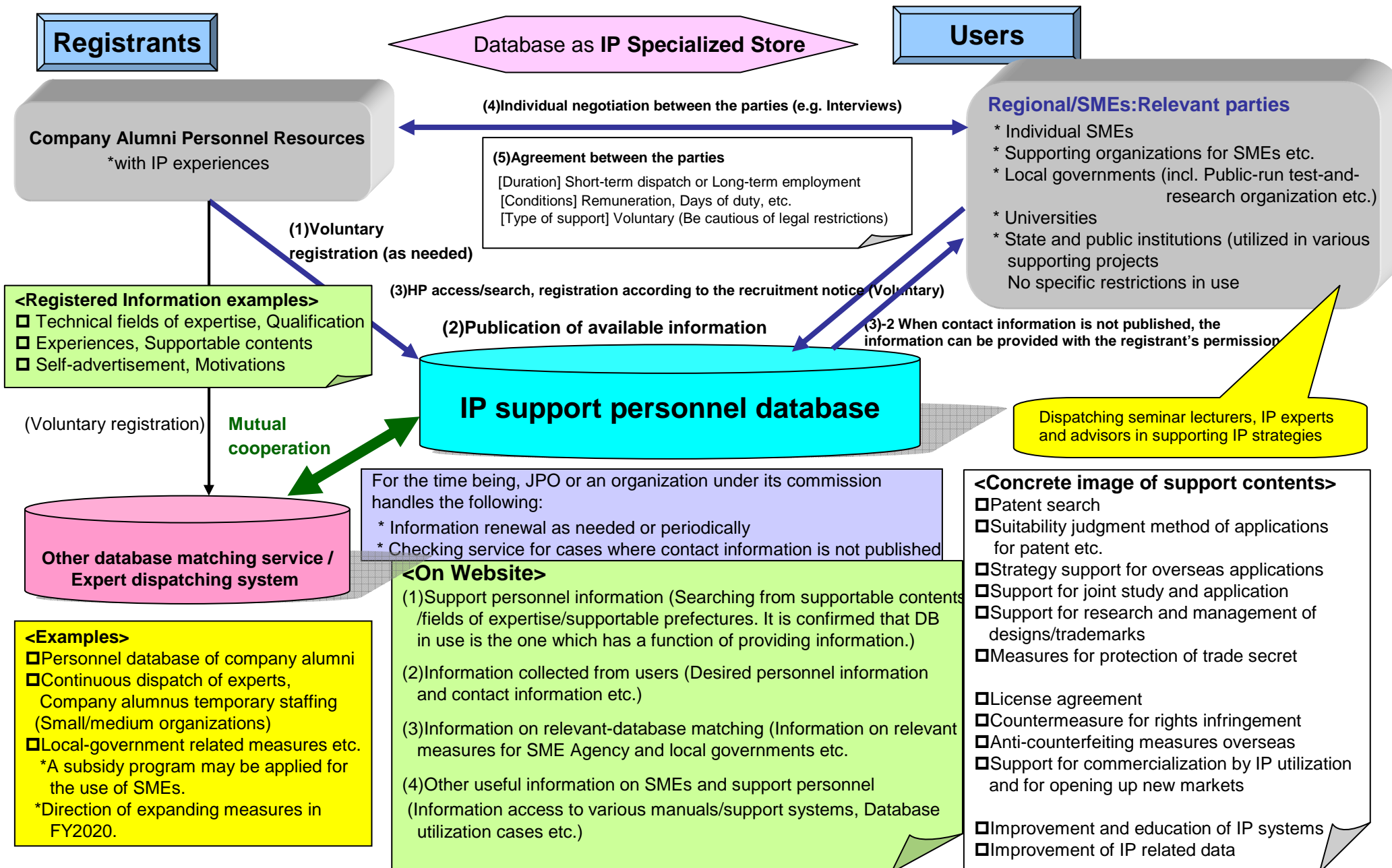
2. Patent Strategy Formulation

- .R&D strategy formulation.review and formulation of R&D plans based on market trends and comparison with the patents of other companies.
- .IP strategy formulation.comparison of profit and cost, the trend of overseas market trends and review of company's manufacturing, market development and sales capabilities, and know-how on IP protection)

3. Support for Patent Evaluation for Business Purposes

- .Support for business plan formulation and for financing based on the evaluation of patents

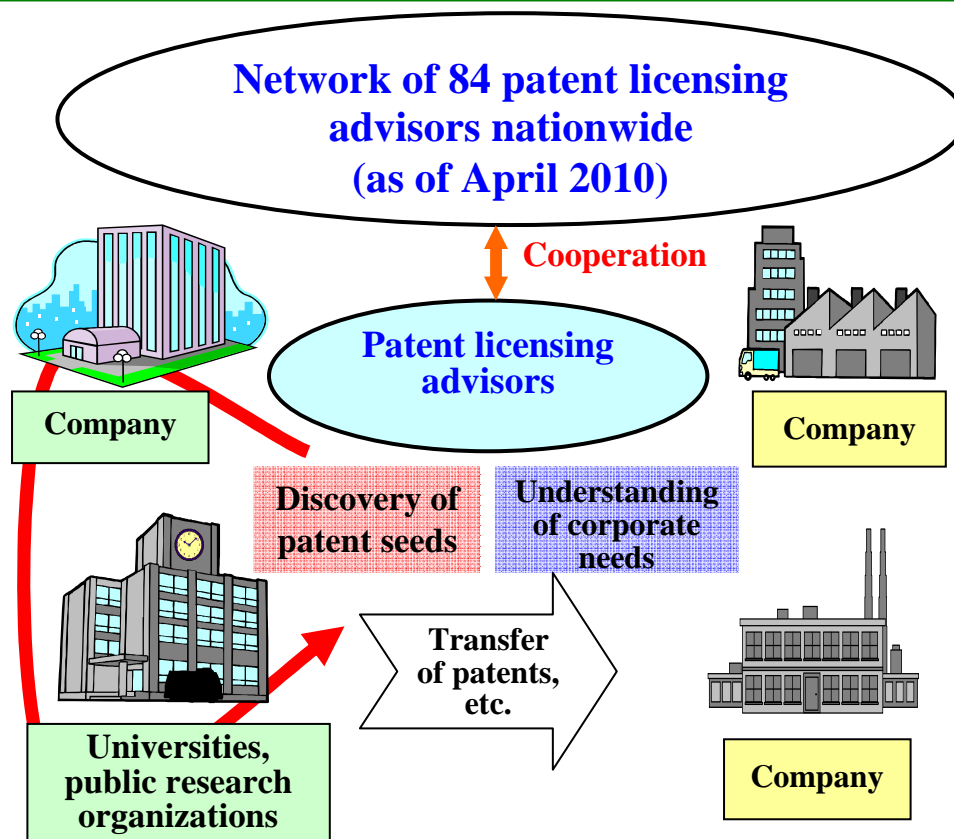
IP Support Personnel Database for Regional/SMEs



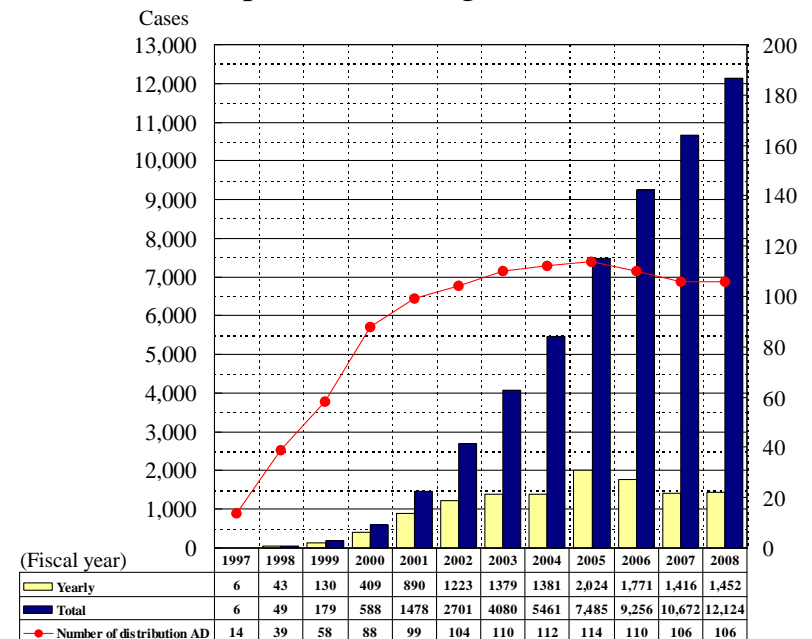
Support for IP Utilization

Promotion of Patent Licensing

- Promotion of patent licensing in the interest of activating new product/business development by SMEs and venture enterprises through the smooth transfer of open patents owned by universities, research institutions and companies
- Implementation of mediation support by dispatching patent licensing advisors to prefectural offices and TLOs nationwide
- Storing transferable patents in databases and offering them over the Internet (approx. 45,000 pieces)



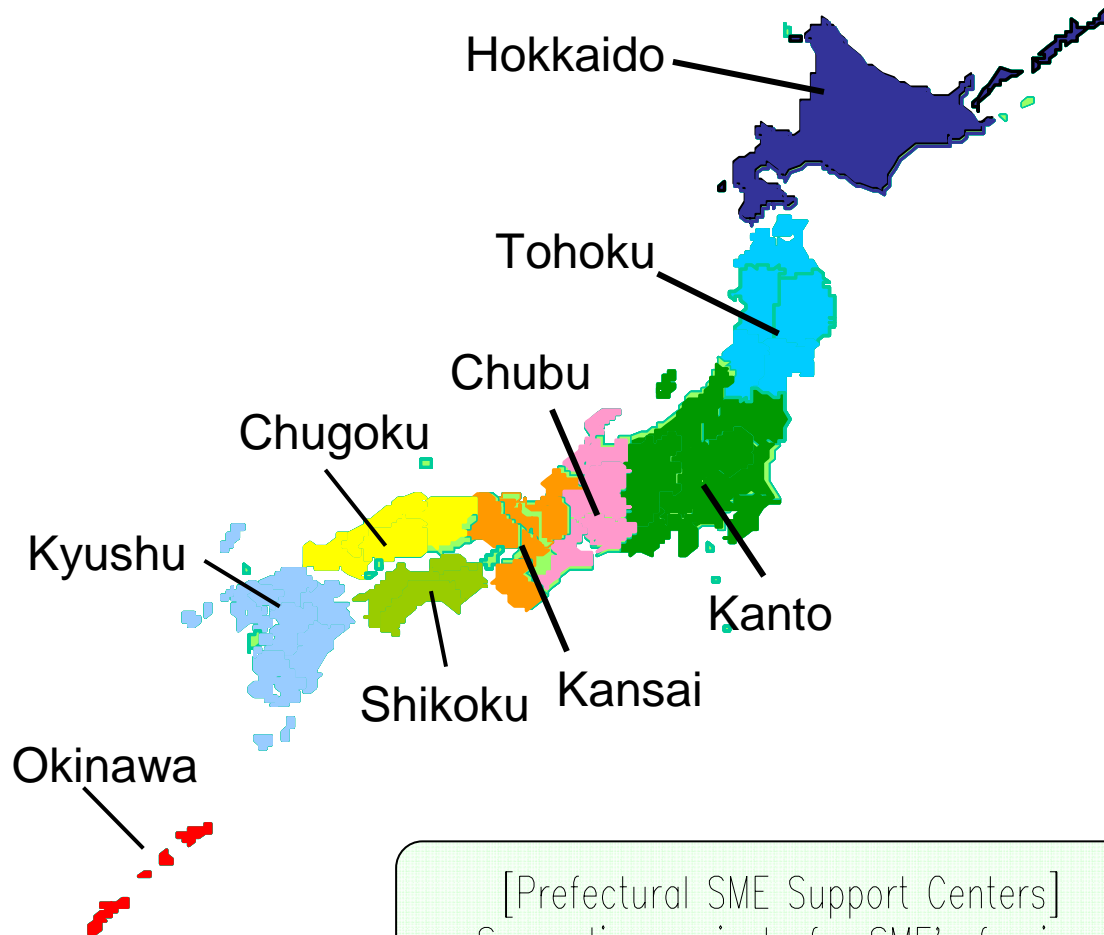
[Trend in the number of cases of agreement signing via patent licensing advisors]



Source: National Center for Industrial Property Information and Training Homepage

Consultations for Users

Regional Support Framework



[Prefectural SME Support Centers]
*Supporting projects for SME's foreign application

[Regional Headquarters for IP Strategy]

*Regional IP strategy promotion program

[Regional Patent Office]

*Comprehensive IPR-related support

*Promotion and raising awareness on the IPR system

*Provision of IP support

[Regional Reference Room]

*Installation of shared terminals for internet applications

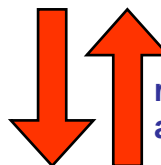
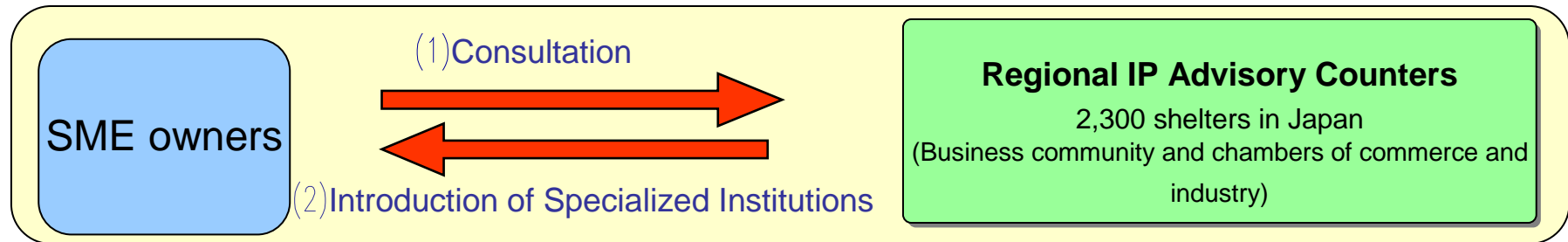
*Access to the IPDL using a dedicated line

Regional IP Advisory Counters

□ In July 2006, **“Regional IP Advisory Counters,” IP inquiry counters for SMEs**, were set up at Business Community and the Chambers of Commerce and Industry across Japan.

Inquiry Counters: Offer counseling on IP or refer you to support institutions.

Seminars: Local-needs oriented seminars or IP consultations with IP specialists are held.



(3) **Specialist consultations that respond to your problems are available.**

Support (specialized) institutions

Commercial/Industrial Associations: Regional organization comprised of businessmen; interested in local development of their industry and regional economy, and active in a variety of projects irrespective of the field of their business operations (in about 2,000 municipalities).
Chambers of Commerce: Aiming for expansion and improvement of local commercial and industrial businesses comprised of local business men; membership organization of public economic benefits (in about 400 cities).

- .JPO .Bureaus of Economy, Trade and Industry .National Center for Industrial Property Information and Training
- .Organization for Small & Medium Enterprise and Regional Innovation.SME and Venture Total Support Center.
- .Prefecture SME Support Centers .Japan Institute of Invention and Innovation .Japan Federation of Bar Associations
- .JETRO .Japan Patent Attorneys Association .Intellectual Property Rights Centers and others

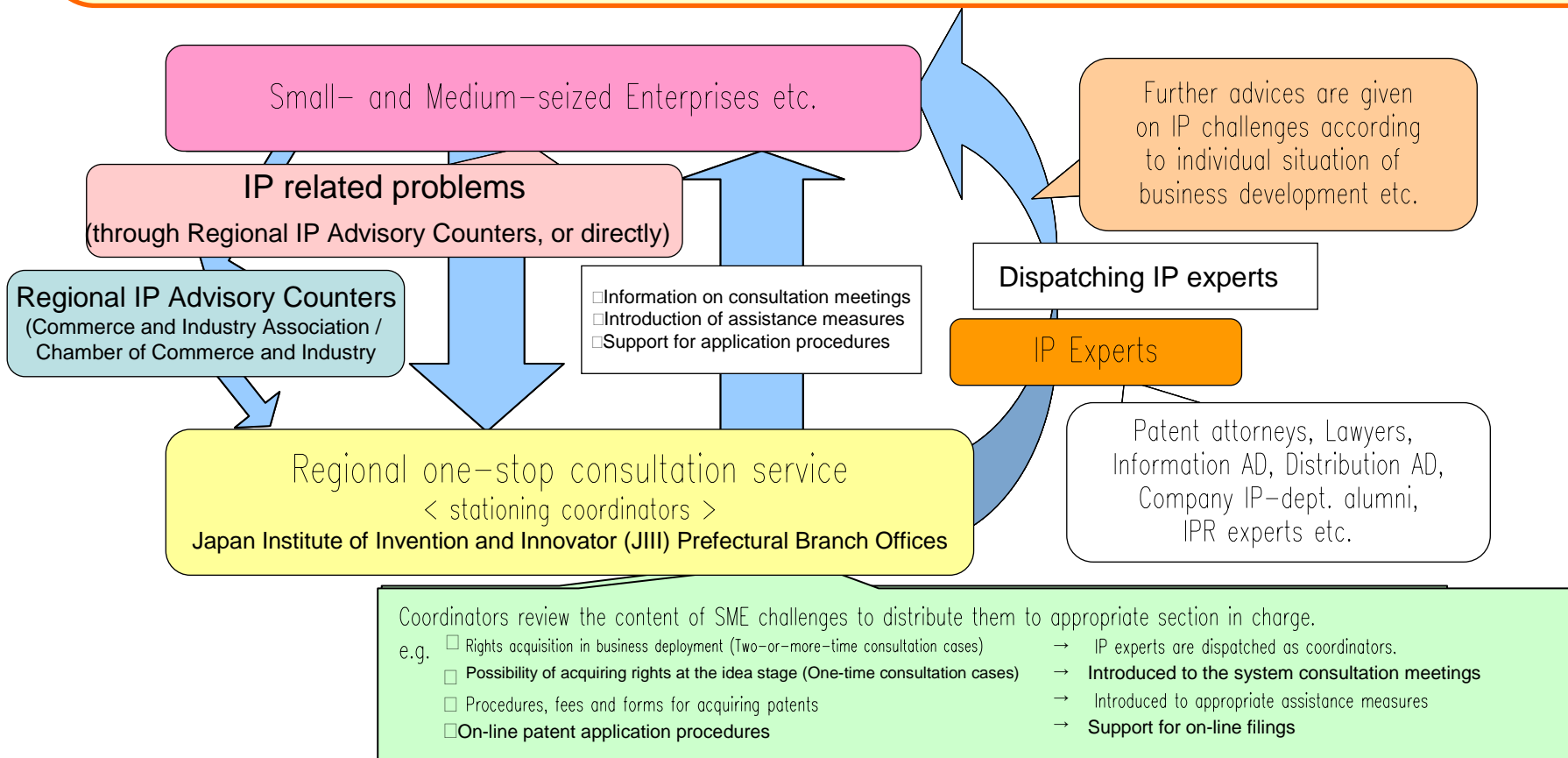
Popular consultation topics:

- (1) Patenting inventions and ideas; and
- (2) Patenting trademarks and brands

Problem Solving Consultation Services

Service Description.

1. Establishing an unified contact aiming at cooperation with assistance organizations for regional SMEs
2. Stationing coordinators who are able to appropriately make decisions and take actions for SME problems and challenges by precisely understanding and acknowledging them
3. Dispatching IP experts directly to SMEs where technical training is conducted
4. Conducting consultation meetings where IP experts are involved in individual guidance/advice consultations
5. Explaining IP assistance measures and details on related procedures for SMEs to be able to use
6. Supporting users in making applications for patents etc. (including Internet application procedures)

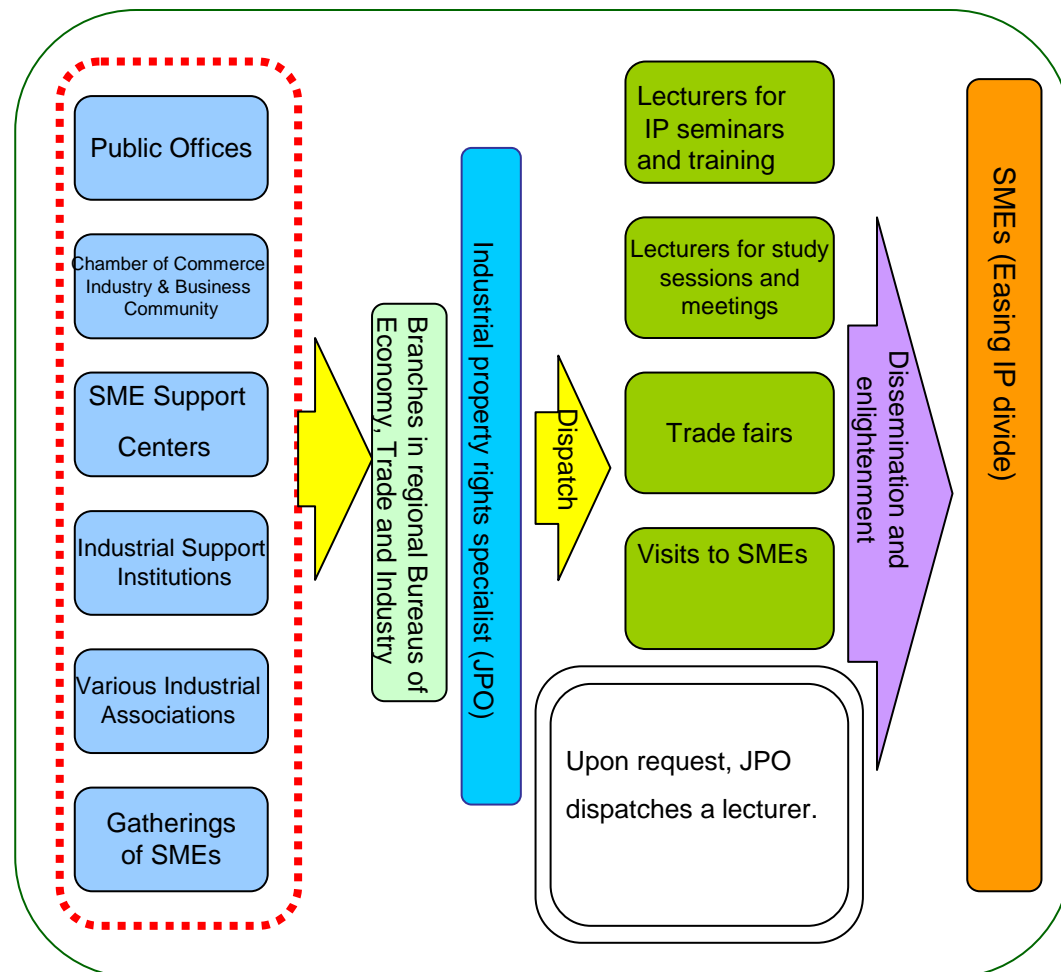


Industrial Property Rights Specialists

In April 2005, the JPO appointed industrial property rights officials as specialists for IP-related assistance for SMEs, offering various kinds of support services in the IP field.

Free Support Services

- ✓ Lecturers for IP system and related support measure seminars, study meetings, and training hosted by IP-related institutions
- ✓ Introducing IP-related support measures at trade fairs
- ✓ Lecturers for study sessions and meetings attended by SME owners
- ✓ Visiting SMEs and introducing IP-related support programs to them



Thank you for your attention.