

Chapter 2

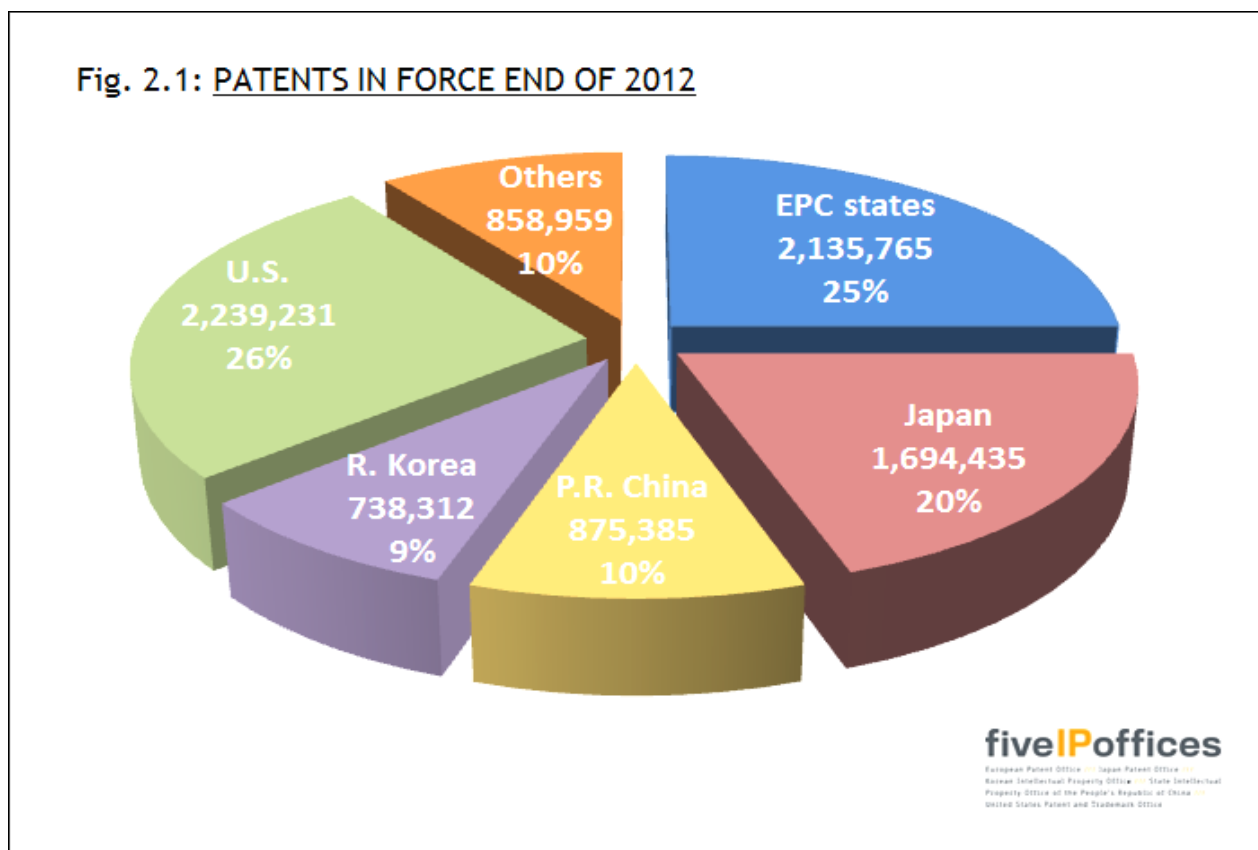
THE IP5 OFFICES

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

As the world sees economic barriers between nations fade away, innovators want their intellectual creations to be protected concurrently in multiple major markets. It is believed that more than 200,000 patent applications for the same inventions are filed each year in two or more of the IP5 Offices, contributing to increasing backlogs. To address this issue, the IP5 Offices are working together to reduce, to the maximum extent possible, the duplication of work which takes place at each office for these patent applications.

Patents are used to protect inventions, and their counts have been recognized throughout the world as a measure of innovative activity. The following figure shows the numbers of patents in force worldwide at the end of 2012. The data are based on the most recent worldwide patent information available from the WIPO Statistics Database⁷.

Fig. 2.1 shows the number of patents in force by bloc in 2012.



At the end of 2012, 90 percent of the 8.5 million patents were in-force in one of the IP5 Offices jurisdictions. This demonstrates the prominent role that is played by the IP5 Offices.

⁷ www.wipo.int/ipstats/en/statistics/patents/. Data for patents in force for 2012 are missing for some countries in the WIPO Statistics Database. Where available, the most recent previous year's data were substituted for missing 2012 data.

EUROPEAN PATENT OFFICE

Member states

The EPO is the central patent granting authority for Europe, providing patent protection in up to 40 European countries on the basis of a single patent application and a unitary grant procedure. This represents a market of more than 617 million people.

At the end of 2013, the 38 members of the underlying European Patent Organization were:

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

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

Bosnia-Herzegovina and Montenegro

The EPO has so-called validation agreements, allowing the protection of a European patent beyond the borders of the organization. In 2013, a first agreement with Morocco was signed which is expected to enter into force in 2015 and a new agreement was signed with Moldova. Discussions with some other countries are also taking place.

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

The mission of the EPO is to support innovation, competitiveness, and economic growth across Europe through a commitment to high quality and efficient services delivered. Its main task is to grant European patents according to the EPC states. Moreover, under the PCT the EPO acts as a receiving office as well as a searching and examining authority. A further task is to perform, on the behalf of patent offices of several member states (Belgium, Cyprus, France, Greece, Italy, Lithuania, Luxembourg, Malta, Monaco, the Netherlands, San Marino, Turkey) state of the art searches for the purpose of national procedures. The EPO plays a major role in the patent information area, developing tools, and databases.

Highlights of 2013

On 1st January, the Cooperative Patent Classification (CPC), jointly developed by the EPO and the USPTO, became the reference classification system of these two offices, replacing ECLA of the EPO and USPC of the USPTO. Over the course of the year, the IP offices of P.R. China, R. Korea, Russia, and Brazil as well as several EPO states' offices agreed to classify their documents using the CPC. In total, 15 IP offices are classifying or have indicated that they will classify into the CPC, with many more using it for search.

Following the adoption of the EU regulations on the unitary patent protection in December 2012, an international treaty on a unified patent court was signed by 25 EU member states in

February 2013. The unified patent court will enter into operation after at least 13 ratifications by EU member states including France, Germany, and United Kingdom.

2013 marked the 40th anniversary of the signing of the European Patent Convention (EPC), leading to the creation of the EPO. Over 400 European and international guests attended the anniversary event on 17th October at the EPO headquarters in Munich. To mark the occasion, an EPO sponsored book by historian Professor Pascal Griset of Paris-Sorbonne University was published, entitled "*The European patent - a European success story for innovation*".

Grant Procedure

Activities associated with search, examination, opposition or appeals are all performed by EPO staff. The EPO issues a search report with written opinion on patentability for first filings within 5 months from filing (5.4 months for second filings). The decision to grant or refuse a patent is taken by a board of three examiners. In Table 2.1, production figures for filings, applications, searches, examinations, oppositions and appeals in the European procedure are given for the years 2012 and 2013. There was a further increase in demand in 2013 as represented by the overall number of patent filings.

In 2013, the number of completed searches as well as the number of final actions in examination at the EPO increased by more than 4 percent to about 213,300 searches and 126,900 examinations, including the PCT international work. This development is also reflected in a higher number of published granted patents. About 2,190 decisions in appeal were completed by the EPO boards of appeal in 2013.

The EPO fast track procedure, Program for Accelerated Prosecution of European Patent Applications (PACE), can be requested without any additional fee and is open for any field of technology. PACE is now used for almost 10 percent of the patent applications every year. In 2013, the number of PACE requests increased by 21 percent to 20,300 requests (7,650 searches, 12,650 examinations).

Patent Information

The EPO's patent database, Espacenet, is free to use and remains the most comprehensive collection of patent literature. As a result of co-operation with patent offices worldwide, full-text patent collections in languages such as Chinese, Japanese, Korean, and Russian are being added to Espacenet, bringing the total number of documents in this database to 88 million by the end of 2013.

In order to improve understanding of patent documents, in 2013, the full suite of languages in a tool called Patent Translate was completed a year ahead of schedule. Users can now translate the full text of patents in Espacenet between English and 31 other languages (covering all EPO member states languages, as well as Chinese, Japanese, Korean, and Russian). Translation from and into French or German is also available for EPO member states languages. 15,000 - 20,000 translations are made on a daily basis.

The EPO search platform, EPOQUE, was significantly enhanced during 2013, with many improvements to efficiency and performance, helping further to lead examiners to the most relevant documents. These advances are now shared with 44 patent offices around the world, where EPOQUE is being used by some 17,000 patent specialists.

Table 2.1: EPO PRODUCTION INFORMATION

EPO PRODUCTION FIGURES	2012	2013	Change	% Change
Patent filings (Euro-direct & PCT international phase)	258,473	265,690	7,217	2.8%
Patent applications (Euro-direct & Euro-PCT regional phase)	148,494	147,869	-625	-0.4%
Searches carried out				
European (including PCT supplementary)	103,601	105,432	1,831	1.8%
PCT international	76,825	82,220	5,395	7.0%
On behalf of national Offices and other	23,899	25,624	1,725	7.2%
Total production search	204,325	213,276	8,951	4.4%
Examination - Opposition (final actions)				
European examination	111,860	116,820	4,960	4.4%
PCT Chapter II	7,995	7,863	-132	-1.7
Oppositions	2,021	2,176	155	7.7%
Total final actions examination-opposition	121,876	126,859	5,115	4.5%
European patents granted	65,657	66,712	1,055	1.6%
Appeals settled				
Technical appeals	2,029	2,137	108	5.3%
Other appeals	42	50	8	19.0%
Total decisions	2,071	2,187	116	5.6%

International and European Cooperation

The EPO continues to be engaged in different types of cooperation programs both inside and outside Europe: including the European Patent Network (EPN), IP5, and bilateral agreements.

In September 2013, an agreement was reached amongst the offices for an IP5 Patent Prosecution Highway (PPH) pilot. This project will enable users with a positive patentability opinion from one office to request accelerated treatment at all or some of the other four, while at the same time those offices share their own results on equivalent cases.

The EPO provides supports to patent offices in Europe through cooperative activities within the EPN. This entered a new cycle with the launch of the EPN Co-operation Roadmap 2012-2015, focusing on three main areas: information technology, training and patent awareness via patent information.

Economic Impact of Patenting

A joint study conducted by the EPO and OHIM on the economic impact of IP rights in the EU was presented in September 2013. The study underlines the higher performances of IP intensive industries and the positive influence on employment, foreign trade and GDP.

Set up in 2012, the Economic and Scientific Advisory Board (ESAB) published a report on its workshop on effects of patent thickets in 2013. During 2013, the ESAB conducted research work on the economic effects of the unitary patent and of the Unified Patent Court. It also initiated research on the possible economic impact of a grace period should it be introduced in Europe.

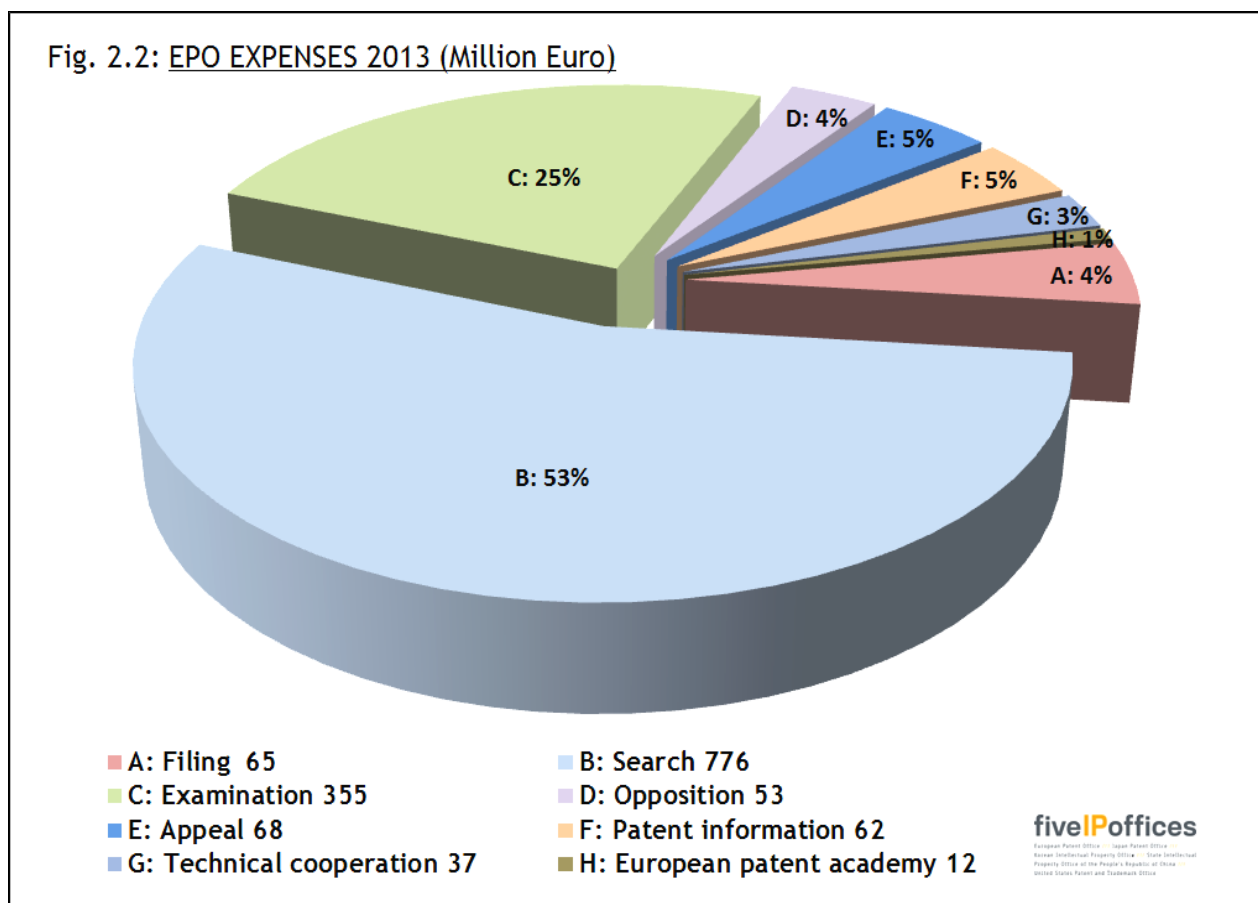
EPO Budget

The EPO is financially autonomous and does not receive any subsidies from the Contracting States of the Organization. Expenses are therefore mainly covered by revenue from fees paid by applicants and patentees. In 2013, the EPO budget amounted to 2.0 billion EURO.

Fees related to the patent grant process, such as the filing, search, examination, and appeal fees as well as renewal fees for European patent applications (i.e. before grant) are paid to the EPO directly. 50 percent of the renewal fees for European patents (i.e. after grant) are kept by the Contracting States of the Organization where the European patent is validated after the central grant process.

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

Fig. 2.2 shows EPO expenses⁸ under the International Finance Reporting Standards (IFRS) by category in 2013.



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

⁸ The EPO uses the word “expenses” in accordance with the IFRS reporting approach.

EPO Staff

At the end of 2013, the EPO staff totalled about 6,800 employees from 32 different European countries. 179 examiners were recruited during the year. The total number of search, examination, and opposition examiners reached a record figure of 4,107. Boards of appeal members increased to 165. Staff complement in other areas was reduced.

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

More information

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

JAPAN PATENT OFFICE

Efforts Related to Patents

The JPO has made various efforts to achieve its long-term objective outlined in the Intellectual Property Strategic Program 2004 formulated by the Intellectual Property Strategy Headquarters in 2004, which is to reduce First Action (FA) pendency⁹ to 11 months by the end of FY¹⁰ 2013. These efforts include the following.

1. Efforts to Speed up Patent Examination

Methods to Expedite Patent Examination.

1) Ensuring the Necessary Number of Examiners

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

Table 2.2: JPO NUMBER OF PATENT EXAMINERS

Examiners	FY 2012	FY 2013	Change	% Change
Regular	1,223 (+ 2)	1,211 (-12)	-12	-1.0%
Fixed-term	490	490	0	-
Total	1,713 (+ 2)	1,701 (-12)	-12	-0.7%

2) Increasing and Enhancing Outsourcing of Prior Art Document Searches

The number of prior art searches outsourced in FY 2013 decreased by 2.5 percent year-on-year, to 233,000. Dialogue-based¹¹ outsourcing, that is much more efficient than paper-based¹² outsourcing, accounted for 94 percent (220,000) of the total. (The figures in FY 2012 were 92 percent and 219,000 searches respectively.) This shows an increase in dialogue-based outsourcing to the private sector. Although the number of outsourced prior art searches decreased, it is expected that examination efficiency will further improve through the JPO making use of dialogue-based outsourcing.

2. Efforts to Obtain Stable Rights

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

⁹ The period from the time a request for examination is made, up to when the first notice of examination results is sent.

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

¹¹ In "dialogue-based" outsourcing, patent examiners receive not only written reports on the prior art search results from the searchers but also oral reports by the searchers based on the written reports. This is done in order to raise the understanding of the examiners on the details of the inventions and prior art documents.

¹² In "paper-based" outsourcing, the results of prior art document searches are reported to applicants through written or "paper-based" search reports.

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

1) Efforts for International Work Sharing

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

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

The second benefit is accelerated examination. For example, in the JPO the annual average first action pendency was about 14.1 months in 2013, while the examination pendency of PPH applications, from the acceptance of the PPH request up to the commencement of the examination was about 2 months in 2013.

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

2) JP-Fast Information Release Strategy (JP-FIRST)

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

3. Future Directions and Specific Efforts for Japan's Intellectual Property Policy

While efforts were being made to address issues for the intellectual property policy specified in the Japan Revitalization Strategy and the Basic Policy Concerning Intellectual Property Policy that the Japanese Cabinet decided to adopt in June 2013, the Intellectual Property

Committee of the Industrial Structure Council reflected on changes in the external environments of both Japanese companies and intellectual property systems to discuss initiatives that need to be further advanced and prioritized in responding to issues concerning intellectual property.

Based on what was compiled by the committee, it was decided that by FY 2023, "*the examination period required for granting patent rights*¹³" would be shortened to 14 months, and the average amount of time for the FA will be shortened to less than 10 months. Furthermore, it was also decided that in order to further improve examination quality, a panel composed of external experts would be established by FY 2014 to review the progress of the implementation efforts, and the organization of the JPO's quality management policy. Based on these goals, the JPO will achieve an IP system that is the fastest and highest quality in the world.

In Table 2.3, production figures for applications, examination, grants, appeals or trials, and PCT activities in the Japanese procedure are given for the years 2012 and 2013.

Table 2.3: JPO PRODUCTION INFORMATION

JPO PRODUCTION FIGURES	2012	2013	Change	% Change
Applications filed (by Origin of Application)				
Domestic	287,013	271,731	-15,282	-5.3%
Foreign	55,783	56,705	922	1.7%
Total	342,796	328,436	-14,360	-4.2%
Applications filed (by Types of Application)				
Divisional Applications ¹⁴	26,854	28,463	1,609	6.0%
Converted Applications ¹⁵	96	108	12	12.5%
Regular Applications	315,846	299,865	-15,981	-5.1%
Total	342,796	328,436	-14,360	-4.2%
Examination				
Requests	245,004	240,188	-4,816	-2.0%
First actions	369,679	356,179	-13,500	-3.7%
Final actions	380,964	372,680	-8,284	-2.2%
Grants				
Domestic	224,917	225,571	654	0.3%
Foreign	49,874	51,508	1,634	3.3%
Total	274,791	277,079	2,288	0.8%
Appeals/Trials				
Demand for Appeal against refusal	24,958	24,644	-314	-1.3%
Demand for Trial for invalidation	217	247	30	13.8%
PCT activities				
International searches	40,529	42,377	1,848	4.6%
International preliminary examinations	2,702	2,509	-193	-7.1%

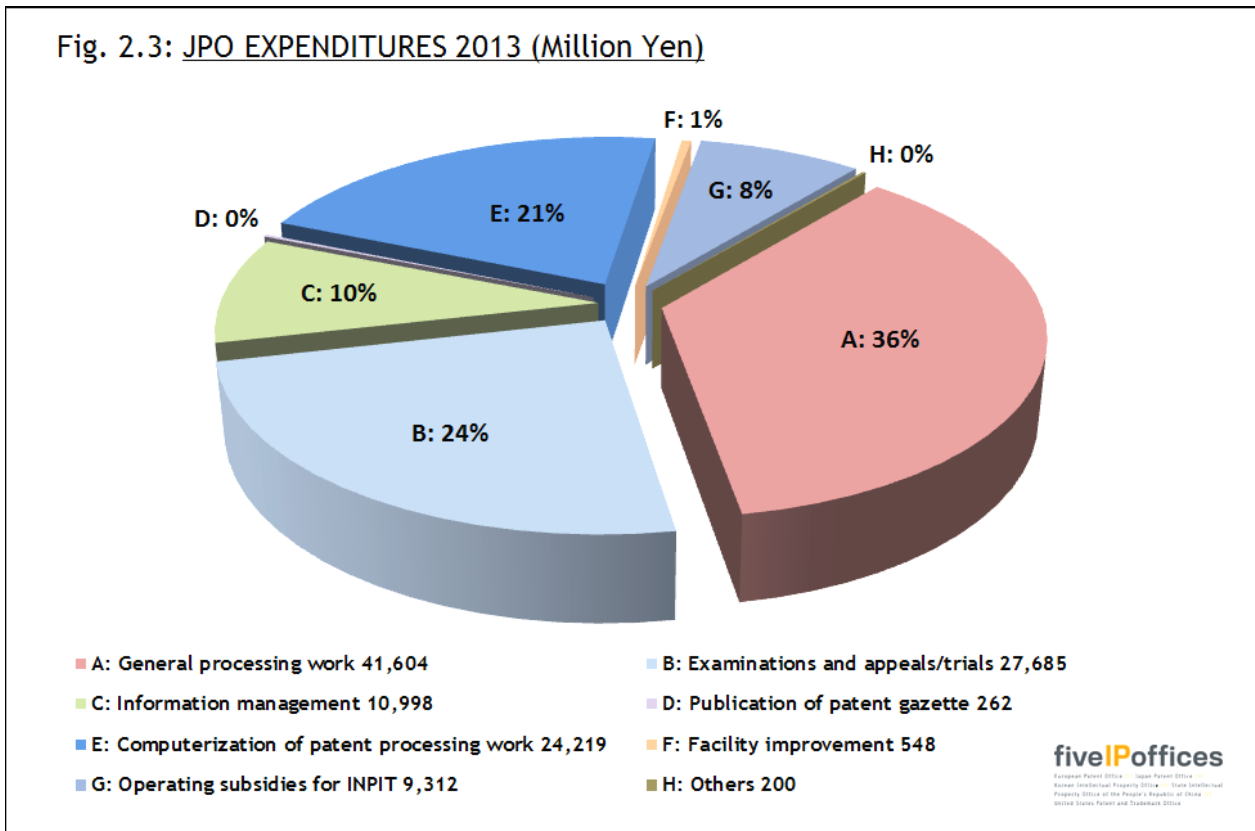
¹³ "*The examination period required for granting patent rights*" excludes such cases where the JPO requests an applicant to respond to the second notification of reasons for refusal and other actions by submitting an amendment and other documents within a period stipulated under the law (Article 17-2 and 50 of the Patent Act etc.).

¹⁴ Divisional application(s) is/are one or more new patent application(s) which is/are filed by dividing a part of the patent application that includes two or more inventions under certain conditions.

¹⁵ A converted application is an application which is filed by mutually converting a form of application among patent, utility model, and design applications under certain conditions.

JPO Budget

Fig. 2.3 shows JPO expenditures by category in 2013.



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

JPO Staff Composition

As of the end of FY 2013, the total number of staff at the JPO was 2,852. This includes 490 fixed-term patent examiners.

Examiners:	Patent / Utility model:	1,701
	Design:	51
	Trademark:	146
Appeal examiners:		387
General staff:		567
Total:		2,852

More information

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

KOREAN INTELLECTUAL PROPERTY OFFICE

Mission Statement

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

To contribute to technological innovation and industrial development by facilitating the creation commercialization and utilization of intellectual property and by strengthening the protection of intellectual property.

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

Statistical Overview of 2013

The number of patent applications increased by 8.3 percent in 2013, to 204,589. PCT applications increased by 4.8 percent in 2013 to 12,438.

The number of first actions on patent applications decreased by 11.4 percent to 181,871 in 2013 compared to the previous year. The average first action pendency calculated from the point of request for examination to the time of first action was 13.2 months for patent and utility models.

The number of International Search Reports (ISR) of international patent applications under the PCT increased by 15.1 percent from 2012 to 34,431 in 2013. The number of PCT International Preliminary Reports on Patentability (IPRP) increased by 4.0 percent from 2012 to 263 in 2013.

In Table 2.4, production figures for applications, examination, grants, and PCT activities are given for the years 2012 and 2013.

Examination Service

1) Organizational Restructuring

On September 9, 2013, the KIPO carried out the largest organizational restructuring in our history for effectively accommodating convergence technologies (a combination of technologies from more than one technical area), enhancing IP protection, and providing better public access to IP information.

Patent examination, our primary area of expertise, now places a greater focus on convergence technologies, allowing us to take advantage of trends in cutting-edge technology.

The Patent Examination Policy Bureau was established to efficiently handle convergence technologies and develop examination policies. Examination on technologies related to Korean industries (both primary and emerging) was also reorganized into various technological fields within Patent Examination Bureaus 1, 2, and 3. Additionally, the International Cooperation and Customer Support Bureau were restructured with the Intellectual Property Protection & International Cooperation Bureau to enhance IPR enforcement and promote appreciation. On the other side, the newly established Intellectual Property Investigation Division is now fully responsible for monitoring and enforcing IP rights against counterfeit goods.

Table 2.4: KIPO PRODUCTION INFORMATION

KIPO PRODUCTION FIGURES	2012	2013	Change	% Change
Applications filed				
Domestic	148,136	159,978	11,842	8.0%
Foreign	40,779	44,611	3,832	9.4%
Total	188,915	204,589	15,674	8.3%
Applications filed (by Types of Application)				
Divisional Applications ¹⁶	6,435	6,885	450	7.0%
Converted Applications ¹⁷	81	67	-14	-17.3%
Regular Applications	182,399	197,637	15,238	8.4%
Total	188,915	204,589	15,674	8.3%
Examination				
Requests	155,566	164,844	9,278	6.0%
First actions	163,246	181,871	18,625	11.4%
Final actions	163,912	179,794	15,882	9.7%
Grants				
Domestic	84,061	95,667	11,606	13.8%
Foreign	29,406	31,663	2,257	7.7%
Total	113,467	127,330	13,863	12.2%
Applications in appeal	10,039	8,111	-1,928	-19.2%
PCT activities				
International searches	29,919	34,431	4,512	15.1%
International preliminary examinations	253	263	10	4.0%

The Information Policy Bureau was restructured with the Information and Customer Support Bureau to improve upon a wide range of customer services, including applications and registrations submitted through KIPOnet, our information system. The Information Utilization Division was established to distribute IP information and lay a foundation for developing the IP information service industry (both mid and long-term) to allow more efficient public access.

2) Reducing examination pendency

Early acquisition of IPRs is of equal importance to examination quality. That is, the KIPO sets targets for the pendency of patents, utility models, trademarks, and designs at the start of each year and undertook various measures to reach those targets.

Average first action pendency for 2013 was 13.2 months for patents and utility models, 7.7 months for trademarks, and 7.4 months for designs. Compared with 2012, pendency was reduced by 1.6 months for patents and utility models, 1.2 months for trademarks, and 1.4

¹⁶ A divisional application is filed to divide a patent application (known as the parent application) into two or more applications.

¹⁷ A patent applicant may convert an application for utility model registration to a patent application within the scope of matters stated in the description or drawing initially attached to the patent application.

months for designs. Our 2014 target goals are 11.7 months for patents and utility models and 6.5 months for trademarks and designs. Since IPR applications and requests for international searches under the PCT are steadily increasing, the KIPO is in the process of recruiting additional examiners.

Improvement of quality

The use of examination quality control for maintaining fairness and objectivity helps us to offer thoroughly reliable examination results. Examination review is mainly conducted by the staff of the Examination Quality Assurance Division, which is directly supervised by the deputy commissioner.

In 2013, the KIPO reviewed examinations of 3,469 patents and utility models, 4,453 trademarks and designs, and 1,932 PCT reports to evaluate the efficiency of the overall examination process, as well as decisions on substantive requirements. As a result, the examination error rate was 1.0 percent for patents and utility models, 0.2 percent for trademarks and designs, and 0.8 percent for the PCT. In addition to the above, examination review on 2,278 patents and utility models, as well as 1,348 trademarks and designs, was carried out under the supervision of directors from each examination bureau.

In 2013, the KIPO underwent reviews regularly on examination quality and took monthly samples of examinations in order to assure accuracy and provide feedback to each examination bureau.

International Cooperation

1) Bilateral cooperation

The KIPO expanded the number of countries involved with the Patent Prosecution Highway (PPH) and the PCT-PPH (Patent Cooperation Treaty-Patent Prosecution Highway). In 2013, the KIPO established PPH with Singapore and Hungary, as well as PPH and PCT-PPH with Austria. By the end of 2013, the KIPO had established PPHs with a total of 14 countries, and PCT-PPHs with 4 countries. Agreements were also made to execute PPHs with Sweden, Israel, Portugal, and Spain beginning in 2014.

In 2014, the KIPO plans to expand PPH to over 20 countries and PCT-PPH to over 16 countries, primarily through the Global PPH, which will involve 13 countries, and the IP5 PPH.

In addition, the IP offices of Korea, China, and Japan held the 13th Policy Dialogue Meeting. It was held in Sapporo, Japan, in November of 2013 and served to draw up measures for more effectively responding to increasing workloads. IPR user groups took part in the meeting and worked to enhance communication and information exchange with our key stakeholders.

2) IT-related bilateral cooperation

From 2011 to 2012, as a key role of the IP5 Machine Translation Project, the KIPO successfully completed the error checking and quality evaluations of the IP5 Machine Translation Project. Three of the patent offices reached an appropriate quality level for possible utilization in prior art searches which was the initial target of the Machine Translation Project in 2008. Furthermore, the KIPO proposed measures to integrate and link the machine translation services of each office into an IP5 web-based service. The KIPO continues to strive to improve the quality and convenience of the IP5's machine translation services.

In addition, the KIPO completed development on the Korean version of the One Portal Dossier (OPD) in 2013, providing examiners with simultaneous access to examination status updates from the various IP5 Offices. Pilot tests were carried out among the IP5 Offices from April to June of 2013, and our local version of the OPD was opened to all IP5 offices at the end of August.

IP Office Automation System

In 1999, the KIPO launched KIPOnet, an internet-based e-filing and work processing platform for the filing, receipt, examination, registration, trial, and publication of applications for patents, utility models, trademarks, and design rights. Continual improvements to this system have led to the updated version called KIPOnet III.

Work on KIPOnet III commenced in 2009 with the goal of using an environment for smart application and examination. The new platform was launched in January 2012 and completed in June 2013. In 2012, the KIPO developed strategies for PCT, trials, and international trademarks (Madrid). New additions include a Server-Based Cloud (SBC) platform to enhance security. In 2013, the KIPO fully implemented an official certificate system to prevent identity theft, expanded our automatic payment banking options, and simplified the process for issuing certifying documents to provide them instantly issuable upon request. In addition, fees can now be paid in foreign currencies - a first for any Korean governmental institution - and the application fee for the PCT can now also be paid in Swiss francs (CHF).

Providing Comprehensive IP Support to Small and Medium-Sized Enterprises (SMEs)

As of 2013, the KIPO has been managing, in cooperation with local governments, 31 regional IP centers nationwide as strategic hubs for the development of regional IPs. The centers continuously execute various joint projects - such as the provision of IP information services, comprehensive IPR consultation, IPR field training, and the sharing of IP expertise - in collaboration with regional organizations.

In 2013, the centers responded to 6,990 requests for patent information, provided 3,428 brand consultations, and gave 2,558 design consultations. They also held 20 promotional events for increasing the number of regional inventions.

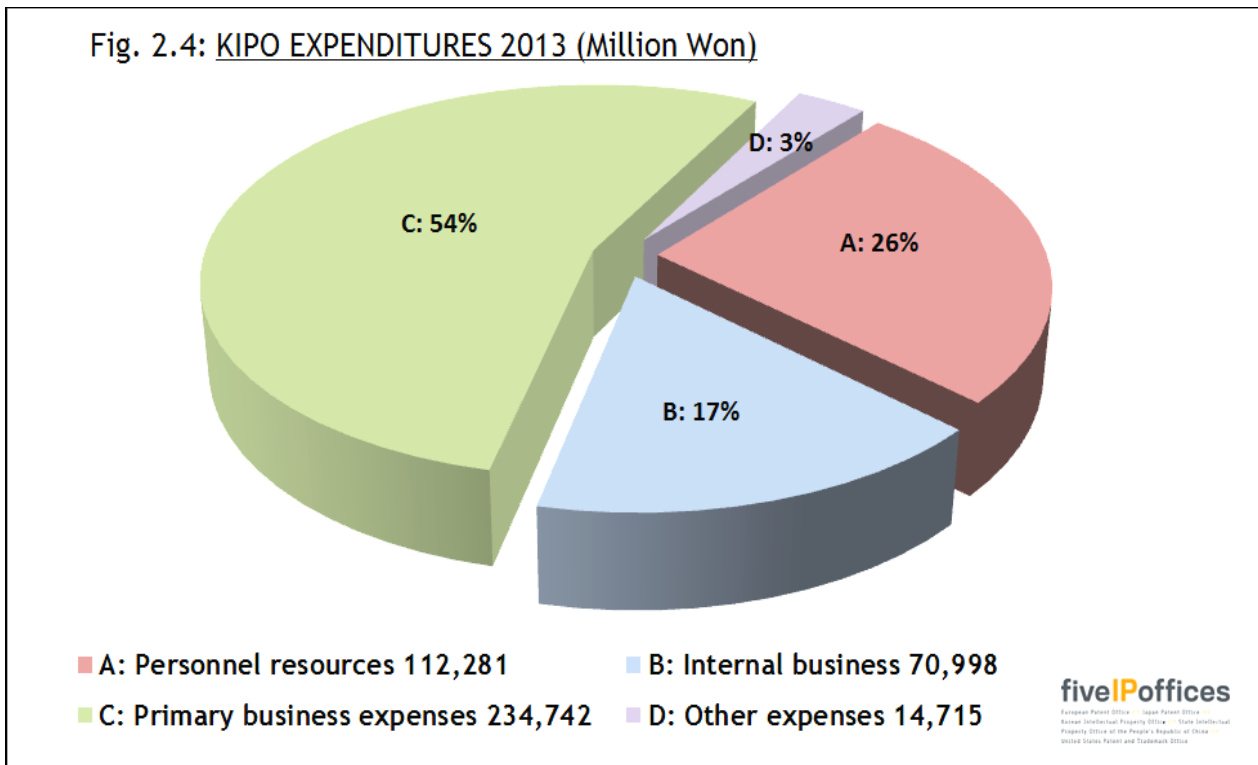
The KIPO outreached to SMEs to provide 286 training courses (for a total of 4,676 trainees) customized to their needs. The KIPO also expanded the IP expertise sharing project nationwide, with 80 experts participating in 118 events.

Our IP centers have installed a thorough IPR support infrastructure for providing one-stop services and promoting the creation and utilization of regional IPRs, thereby contributing to regional economic vitalization. In the future, the centers plan to draw support to specific regions by closely cooperating with local governments.

KIPO Budget

In 2013, the KIPO had total expenditures of 432,736 million won. 54 percent of those expenditures were allocated to operating expenses, 26 percent to personnel resources, 17 percent to inside business to other expenses.

Fig. 2.4 shows KIPO expenditures by category in 2013.



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

KIPO Staff Composition

At the end of 2013, the KIPO had a total staff 1,568. The breakdown is as follows.

Examiners	
Patents and Utility Model	812
Designs and Trademarks	160
Appeal examiners	99
Other staff	497
Total	1,568

More information

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

STATE INTELLECTUAL PROPERTY OFFICE OF THE P.R. CHINA

Organizational Structure and Personnel

The SIPO has seven functional departments, a supervision department, a retired personnel department, and subsidiaries as the Patent Office, the Patent Reexamination Board, public institutions, and social organizations. In total, the SIPO has 11,306 full-time employees.

The Patent Office, an organization under the SIPO with 16 departments and one affiliated enterprise, is mainly responsible for receiving and examining patent applications, granting patents and handling other administrative matters entrusted by the SIPO. It has a staff of 3,058 currently, among which 2,058 employees are examiners for invention patents, 251 employees are for utility models and designs, 280 employees are for preliminary examination and work-flow management. Moreover, 265 employees work in support departments (i.e. patent documentation, automation, examination affairs administration) and 265 employees are responsible for general administration. The seven Patent Examination Cooperation Centers, including three newly founded centers located in Hubei, Tianjin, and Sichuan province, as institutions affiliated to the Patent Office, share the responsibility of patent examination, among which the Beijing Center was founded in 2001 and has 3,031 employees at present, the Jiangsu Center was founded in 2011 and has 1,326 employees, the Guangdong Center was founded in 2011 and has 1,139 employees, and the Henan Center was founded in 2012 and has 233 employee. The Hubei, Tianjin, and Sichuan center were all founded in 2013 and have 113, 1, and 1 staff members respectively. The China Patent Technology Exploitation Enterprises, as the mere enterprise under the Patent Office, has 458 employees.

The Patent Reexamination Board, affiliated directly with the SIPO, has a staff of 232, and is responsible for processing requests for patent reexamination and invalidation of patent rights.

Patent Examination Status

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

Patent Applications Received in 2013

In 2013, the SIPO received 2,377,061 applications for the three kinds of patents representing an increase of 16 percent compared with the previous year. 825,316 applications were for invention patents, an increase of 26 percent compared with the year before, 892,362 for utility model patents, an increase of 21 percent, and 659,563 for design patents, almost as the same as the previous year.

Patents Granted in 2013

In 2013, the SIPO granted 1,313,000 patents reflecting an increase of 5 percent compared with the previous year. Of these 207,688 were for invention patents, decreased by 4 percent compared to the previous year, 692,845 for utility model patents which had an increase of 21 percent, and 412,467 for design patents, decreased by 12 percent.

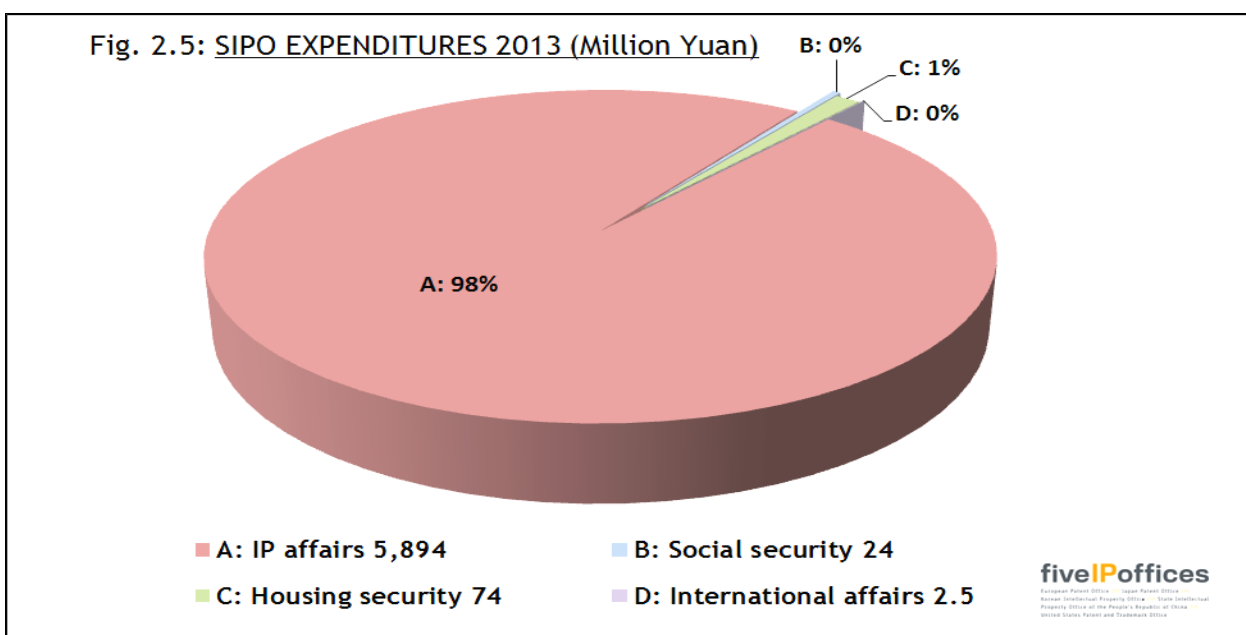
In Table 2.5, production figures for applications, examination, grants, reexamination and invalidation, PCT activities are given for the years 2012 and 2013.

Table 2.5: SIPO PRODUCTION INFORMATION

SIPO PRODUCTION FIGURES	2012	2013	Change	% Change
Applications filed				
Domestic	535,313	704,936	169,623	31.7%
Foreign	117,464	120,200	2,736	2.3%
Total	652,777	825,136	172,359	26.4%
Examination				
First actions	338,407	407,478	69,071	20.4%
Final actions	344,541	355,051	10,510	3.1%
Grants				
Domestic	143,847	143,535	-312	-0.2%
Foreign	73,258	64,153	-9,105	-12.4%
Total	217,105	207,688	-9,417	-4.3%
Reexamination and invalidation				
Reexamination requests	17,320	18,829	1,509	8.7%
Invalidation requests	2,941	2,930	-11	-0.4%
PCT activities				
International searches	18,025	20,374	2,349	13.0%
International preliminary examinations	436	383	-53	-12.2%

SIPO Budget

Fig. 2.5 shows SIPO expenditures by category in 2013¹⁸.



¹⁸ For more detailed SIPO expenditure data in the Chinese language, please refer to SIPO website at <http://211.157.104.86:8080/ogic/view/govinfo!detail.jhtml?id=1746>.

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

SIPO Staff Composition

At the end of 2013, the SIPO had a total staff of 11,306. The breakdown is as follows.

SIPO Functional Department	94
Patent Office: Examiners:	
Invention	2,010
Utility Model & Design	251
Preliminary Examination and Flow Management	280
Supporting Departments	265
General Administration	252
Total	3,058
Patent Reexamination Board	232
Other Subordinate Unit under the Office	7,922
Total	11,306

More information

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

UNITED STATES PATENT AND TRADEMARK OFFICE

Mission Statement

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

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

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

USPTO provides valued products and services to its customers in exchange for fees that are appropriated to fund its operations. The powers and duties of the USPTO are vested in the Under Secretary of Commerce for Intellectual Property and Director of the USPTO, who consults with public stakeholders through the Patent Public Advisory Committee and the Trademark Public Advisory Committee. The USPTO operates with two major business lines, Patents and Trademarks.

On March 14, 2014 the USPTO published its vision for the next few years in the *2014-2018 Strategic Plan*. The USPTO worked diligently to achieve the goals of the previous *Strategic Plan*; the new *2014-2018 Strategic Plan* raises the bar. Progress to date has placed the USPTO on the right path to success - patent pendency and inventory are trending downward, the transition to the next generation information technology systems is well under way, global collaboration is advancing, sustainable funding is on the horizon, and the USPTO is fulfilling its commitments to a 21st century diverse workforce. The *2014-2018 Strategic Plan* outlines a focused, specific set of goals and strategies that must be taken to reach these goals.

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

Agency News

FY¹⁹ 2013 was another banner year for the USPTO. The USPTO decreased the unexamined patent application backlog, lowered patent pendency and was named number one out of 300 agency subcomponents in the employee-survey based report, *2013 Best Places to Work in the Federal Government*.

At the end of FY 2013, the Agency decreased the unexamined patent application backlog to 584,998 from its zenith in 2009. This constitutes a 31 percent reduction. Total pendency for patent applications was reduced to 29.1 months and first action pendency was reduced to 18.2 months, much lower than the previous year. These noteworthy results were accomplished alongside the completion of the implementation of the Leahy-Smith America Invents Act, a

¹⁹ USPTO's fiscal year 2013: October 1, 2012 through September 30, 2013.

sweeping overhaul of America's patent system. In March 2013, the USPTO implemented the first-inventor-to-file provision of the Leahy-Smith America Invents Act. That provision further harmonizes patent operations with patent offices around the world, and includes safeguards to ensure that only an original inventor or their assignee may be awarded a patent.

As part of the USPTO's effort to modernize the U.S. patent system, the Agency implemented a Nationwide Workforce Program that directly expands the employment candidate pool, minimizes real estate costs associated with workforce expansion, and expands the national presence of the USPTO for enhanced interaction with the IP community. Along with the headquarters in Alexandria, Virginia, the USPTO continues to operate in the Detroit, Michigan satellite office, has opened a permanent office space in Denver, Colorado, and is currently operating in temporary spaces in Silicon Valley, California and Dallas, Texas.

In keeping with the Obama Administration's commitments to "*Transparency, Participation, and Collaboration*", the USPTO has expanded access to patent and trademark data through the www.data.gov and patents.reedtech.com web-sites, providing the public with no-cost access to bulk text and image data collections of current and retrospective patent and trademark data.

International Cooperation and Work-sharing

It has also been a year of exciting progress on the international front, as the USPTO works with offices around the world to build a more robust and efficient international IP system. The USPTO and EPO formally launched the Cooperative Patent Classification (CPC) in January 2013. In June 2013, KIPO reached agreement with the USPTO to work on identifying technology areas to begin classifying Korean patent applications into the CPC.

The PPH continues to be a successful work sharing vehicle, delivering prosecution advantages to both users and IP offices. The USPTO continues to expand the program by partnering with new offices and conducting stakeholder outreach (the USPTO currently has PPH agreements with 26 other IP offices). As of the end of FY 2013, the USPTO has received over 20,000 applications within the PPH program since its inception, with over 6,500 of these coming in FY 2013. The USPTO is receiving approximately 550 requests per month, a 22 percent increase over the previous fiscal year.

The USPTO, through the Global Intellectual Property Academy (GIPA), provides IP educational opportunities to U.S. and foreign government officials, domestic SMEs, universities, and the public. The GIPA provides expertise on administration, protection, and enforcement in all areas of domestic and international IP. In FY 2013, the GIPA conducted 114 training programs for foreign government officials, reaching an audience of 7,078 foreign government officials from over 135 countries. The GIPA is using technology to make training programs more efficient and to expand the reach of those programs. In addition, the GIPA hosts distance-learning modules on its web site. Those modules, which are available in seven different languages, have received nearly 40,000 hits since they were first posted on the site in 2010.

Table 2.6 includes production figures for application filings, PCT searches and examinations, first actions, grants, applications in appeal and interference, and patent cases in litigation for the years 2012 and 2013.

Table 2.6: USPTO PRODUCTION INFORMATION

USPTO PRODUCTION FIGURES	2012	2013	Change	% Change
Applications filed				
Utility (patents for invention) ²⁰	542,815	571,612	28,797	5.3%
Domestic	268,782	287,831	19,049	7.1%
Foreign	274,033	283,781	9,748	3.6%
Plant	1,149	1,406	257	22.4%
Reissue	1,231	1,065	-166	-13.5%
Total Utility, Plant, Reissue	545,195	574,083	28,888	5.3%
Design	32,799	36,034	3,235	9.9%
Provisional	163,415	179,202	15,787	9.7%
Total	741,409	789,319	47,910	6.5%
Requests for Continued Examination (RCEs) ²¹	162,136	168,983	6,847	4.2%
PCT Chapter I Searches	52,484	57,885	5,401	10.3%
PCT Chapter II Examination	1,385	1,300	-85	-6.1%
First actions (includes utility, plant, and reissue applications)	550,363	594,257	43,894	8.0%
Grants (total)	253,155	277,835	24,680	9.7%
U.S. residents	121,026	133,593	12,567	10.4%
Foreign	132,129	144,242	12,113	9.2%
Japan	50,677	51,919	1,242	2.5%
EPC states	38,195	43,450	5,255	13.8%
R. Korea	13,233	14,548	1,315	9.9%
P.R. China	4,637	5,928	1,291	27.8%
Others	25,387	28,397	3,010	11.9%
Applications in appeal and interference proceedings (includes utility, plant, and reissue applications)				
Ex Parte Cases Received	13,093	9,481	-3,612	-27.6%
Ex Parte Cases Disposed	7,608	10,865	3,257	42.8%
Inter Partes Cases Declared	142	209	67	47.2%
Inter Partes Cases Disposed	95	175	80	84.2%
Patent Cases in Litigation (includes utility, plant, and reissue applications)				
Cases filed	174	176	2	1.1%
Cases disposed	157	121	-36	-22.9%
Pending cases (end of calendar year)	216	267	51	23.6%

²⁰ Unless otherwise noted, the USPTO statistics presented elsewhere in this report are limited to utility patent applications and grants.

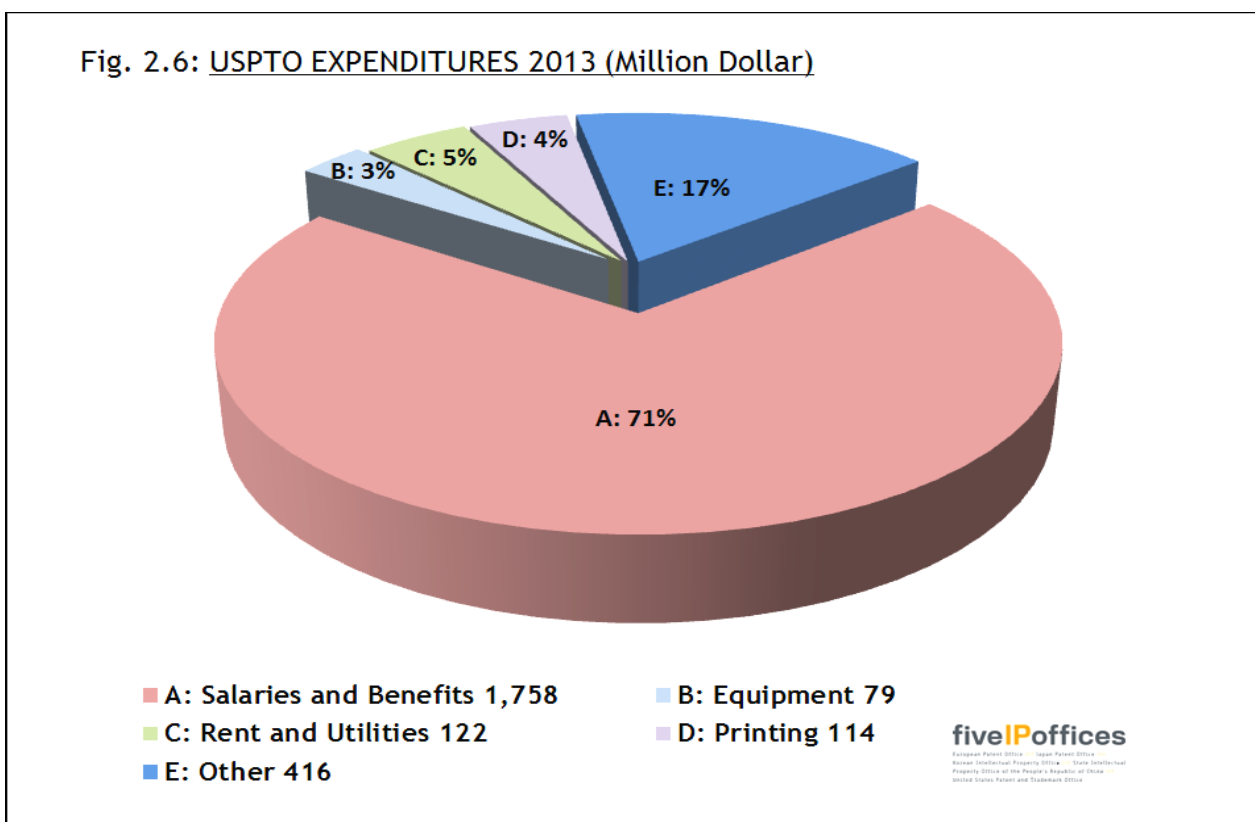
²¹ A Request for Continued Examination is a USPTO procedure under which an applicant may obtain continued examination of an application by filing a submission and paying a specified fee, even if the application is under a final rejection, appeal, or a notice of allowance.

USPTO Budget

The USPTO utilizes an activity-based information methodology to allocate resources and costs that support programs and activities within each of the three strategic goals. In FY 2013, USPTO expenditures totalled \$2,489.3 million. Agency-wide, 15 percent of expenditures were allocated to IT security and associated IT costs.

Goal 1 - Optimize Patent Quality and Timeliness	\$2,231.4 million
Goal 2 - Optimize Trademark Quality and Timeliness	\$ 211.5 million
Goal 3 - Provide Domestic and Global Leadership to Improve IP Policy, Protection and Enforcement Worldwide	\$ 46.4 million

Fig. 2.6 shows USPTO expenditures by category in 2013.



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

USPTO Staff Composition

At the end of FY 2013, the USPTO work force was composed of 11,773 federal employees. Included in this number are 7,928 Utility, Plant, and Reissue patent examiner staff and 123 Design examiners; 409 Trademark examiner attorney staff, and 3,313 managerial, administrative and technical support staff.

More Information

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