



Trilateral Statistical Report

2005 edition

PREFACE

Since the early 1980s, three key intellectual property offices in Asia, Europe and North America have combined their efforts to better understand and harmonize procedures and activities with respect to patent protection. Collaboration among the European Patent Office (EPO), the Japan Patent Office (JPO), and the United States Patent and Trademark Office (USPTO), has led to many accomplishments, especially in the area of patent statistics. The three offices, which are commonly referred to as the Trilateral Offices in the patent community, have once again jointly produced the Trilateral Statistical Report (TSR).

The TSR is an annual compilation of patent statistics that has been published since 1985. Besides promoting a better understanding of the importance of patent rights in the world, the purpose of this report is to facilitate an understanding of each office's operations and to increase general awareness about patent grant procedures. This supplements the annual reports for each of the three offices and is also partially based on statistics from the World Intellectual Property Organization (WIPO) in Geneva.

Applications for patent rights among the Trilateral Offices increased again in calendar year 2005. Together the Trilateral Offices recorded a 4.7 percent increase in patent applications compared to 2004. The USPTO experienced the highest percentage growth in 2005, with total patent application filings increasing by 9.5 percent from 2004 levels. At the EPO, patent application filings increased by 4.0 percent. Total patent application filings at the JPO increased by 0.9 percent. As expected, most filings were of domestic origin at each office, with the proportions ranging from 50 percent at the EPO to 86 percent at the JPO. In terms of fields of technologies, as defined by International Patent Classification, physics-related technologies represented the highest share at each office, and textiles and paper technologies represented the lowest. The offices granted a combined total of 320 009 patents in 2005, which is 7.8 percent below the 347 212 patents granted in 2004.

There are a variety of factors that have influenced patent filing trends in the past. These include changes to patent fees and rules. For example, the supranational systems such as the EPC and the PCT where applicants have to choose those countries for which they intend to seek patent protection, have changed by steps to a full open option system allowing applicants to delay their decisions on the targeted markets. The average numbers of designated countries per application in these systems has increased over the recent years. This led progressively to a higher level of demand for patent rights. In 2004, the last constraint on designation choices in the PCT system was lifted and, unless applicants decide otherwise, all PCT member countries are automatically designated at the outset. This gives the applicants a completely open option to obtain patent protection in many more countries. The set of countries that is chosen still tends to be restricted later on when applicants have to formalise their geographical choice by paying designation fees and/or entering the national/regional phases of the granting procedure.

Economic activity is often also cited as a key factor on patenting levels. However, interpreting worldwide patenting activity in terms of economic factors is not an exact science. Other important factors, such as political and technological considerations, also need to be considered. With this understanding in mind, a brief overview of recent economic activity follows.

Once again, the global economy expanded in 2005, and it has gained momentum. Business and consumer confidence continued to strengthen, and investment growth improved in almost all regions. According to the International Monetary Fund (IMF), world output in calendar year 2005 increased by

4.9 percent over 2004 levels. The growth rate in 2004 was also healthy at a 5.3 percent annual rate.

This calendar year (2006), global economic activity continues to remain positive¹. European countries are expected to grow more than in the recent past. Output in the Euro area should pick up to about 2.4 percent this year as compared to 1.3 percent in 2005. Growth in Asia will continue to be significant, especially in China and India where growth rates are expected to be 10.0 percent and 8.3 percent respectively, while Japan appears to be in a recovery phase although growth is more moderate there. In the United States, the economic outlook also remains positive with a growth rate of 3.4 percent expected by the end of 2006. World output is expected to increase at a rate of 5.1 percent in 2006. Overall, the economic outlook is expected to be positive despite ongoing risks, such as the surge in oil prices that may have peaked out during the summer months but can always be subject to further shocks.

There are many other factors that should be considered when examining patenting trends. In particular, measures of resources allocated to innovation-related activities and the perception of intellectual property in general are important factors. Research and development expenditures are often cited as a key measure of innovation. On a global scale, R&D expenditures have continued to trend upwards, but still at slower pace. Spending on innovation helps to fuel patenting, as intellectual property has continued to become more significant in a world with intensifying competition. Patents are increasingly being emphasized for a variety of business strategies, such as developing favorable partnerships and licensing agreements, capturing market share, and attracting new capital. With a greater emphasis on patenting, there is an expectation that demand will follow.

Strongly developing countries such as China and India record large growth rate increases in domestic patent filings. Globalization of markets and production continue to be key business trends. Countries are continuing to join the Patent Cooperation Treaty (PCT) and the European Patent Convention (EPC). This goes together with a tendency to harmonize patent laws towards common international standards and stimulates further the flow of patent applications across borders. All of these factors contribute to worldwide patent growth from year to year.

The Trilateral Offices hope that this report brings useful information to the reader. The offices will continue to improve and to refine the report to better serve expectations and objectives of the public. This report is also available on the web sites of the Trilateral Offices, as listed on the back cover, and at the [Trilateral Co-operation web site](http://www.trilateral.net/tsr/)². An additional Annex appears in the web version that gives data from the report over several additional previous years.

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¹ All economic data from the IMF World Economic Outlook Database as of September 2006.

² <http://www.trilateral.net/tsr/>