

TRILATERAL
STATISTICAL
REPORT

2006 EDITION

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Preface

Since the early 1980s, three key intellectual property (IP) 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, an annual compilation of patent statistics, is released annually. In addition to 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. In order to do this, the report discusses background activities at each Office, reviews worldwide patenting activities and then describes the patent related work at the Offices in detail. The TSR supplements annual reports for each of the three Offices and is also partially based on statistics from the International Bureau of the World Intellectual Property Organization (WIPO) in Geneva.

Applications for patent rights among the Trilateral Offices once again increased in calendar year 2006. Together the Trilateral Offices recorded a 2.5 percent increase in patent applications compared to 2005. The USPTO experienced the highest percentage growth in 2006, with total patent application filings increasing by 9.0 percent from 2005 levels. At the EPO, patent application filings increased by 5.0 percent. Total patent application filings at the JPO decreased by 4.3 percent. JPO had the highest proportion of domestic filings, at almost 84.9 percent. The proportion of domestic filings at EPO was 48.5 percent and USPTO was 52.1 percent. In terms of fields of technologies, as defined by International Patent Classification (IPC), 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 377,950 patents in 2006, which is over 18.1 percent more than the 320,005 patents granted in 2005.

There are a variety of factors that have influenced patent filing trends in the past. These include changes to patent rules and fees. For example, the supranational systems such as the European Patent Convention (EPC) and the Patent Cooperation Treaty (PCT) where applicants have to choose those countries for which they intend to seek patent protection, have changed the 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. The set of countries that is chosen still tends to be restricted later on when applicants have to formalize their geographical choice by paying designation fees as the application enters the national/regional phases of the granting procedure. In this edition of the report, the description of worldwide patenting activities in Chapter 3 has been refocused to emphasize counts of PCT applications as they enter the national/regional phase.

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.

According to the International Monetary Fund (IMF), world output in calendar year 2006 expanded vigorously, growing by 5.4 percent over 2005 levels¹. This calendar year (2007), global economic activity continues to remain positive and world output is expected to increase by 4.9 percent in 2007. In fact, the IMF sees global economic risks as having declined in the last year and the continuation of strong global growth as the most likely scenario.

The IMF finds many worldwide signs of global economic health. Although the U.S. economy has slowed noticeably over the past year, the outlook remains positive. The Euro area is experiencing its fastest growth in six years, Japan's expansion has momentum, and emerging market and developing countries, most notably China and India, continue to enjoy remarkable growth. Overall, in the last five years, 2003 to 2007, the global economy is achieving its fastest pace of sustained growth since the early 1970s. This continuing world growth has benefited stock prices in most world markets, which have now experienced a long period of net appreciation. While this may continue for some time into the future, the markets may become more cautious. As 2007 progresses some structural issues are concerning investors, including problems in the U.S. housing market and the fact that prices may depend to some extent on relatively low exchange rates for both the Chinese and Japanese currencies.

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 IP in general are important factors. Research and development (R&D) expenditures are often cited as a key measure of innovation. On a global scale, R&D expenditures have continued to trend upwards, but at a slower pace since 2002. According to the Organization for Economic Cooperation and Development (OECD), its member countries' R&D expenditures amounted to 2.26 percent of Gross Domestic Product². Spending on innovation helps to increase the stock of knowledge, which fuels patenting. As IP continues to become more significant in a highly competitive global market, patents are increasingly being emphasized for a variety of business strategies, such as developing favorable partnerships and licensing agreements, capturing market share, developing markets to trade patent rights and attracting capital for other new ventures. With a greater emphasis on patenting, there is an expectation that demand will follow, especially from countries with rapidly expanding economies.

Strongly developing countries such as China and Republic of Korea record large growth rate increases in domestic patent filings. Globalization of markets and production continue to be key business trends. There is a continuing worldwide tendency to harmonize patent laws towards common international standards and stimulate further the flow of patent applications across borders. All of these factors contribute to worldwide patent growth from year-to-year.

¹ All economic data from the IMF World Economic Outlook Database as of April 2007.

² OECD member countries include the U.S., Japan and many European countries. A complete list of countries is available at http://www.oecd.org/pages/0,3417,en_36734052_36761800_1_1_1_1_1,00.html.

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 Trilateral Co-operation web site³. Material can be freely reproduced in other publications but we request that this should be together with a reference to the title and web site location of the report. An additional annex appears in the web version that give a glossary of patent related terms, and there is also a file that contains underlying statistical data comparable to that used in the report over several previous years.

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³ <http://www.trilateral.net/tsr/>