

Principles of advance patent registration could enormously benefit a high tech nation like Japan.

Despite S&P500 registering new high Tokyo stock market remain in the doldrums

TSE is now ex dividend rights and despite NY S&P 500 renewing its 2001 high volume was a meager 1.2 billion Yen and the market slackened in the afternoon session.

Honda low emission diesel engine development news and today's announced unification of patent registration system is not only positive for related companies but also for the whole Japanese economy. This should have strongly impacted stock prices. The fact market did not respond shows underlying investor's unwillingness to invest.

There are numerous reasons for equity investors to hold back: previous April's high led margin settlements, new growth markets dullness and current large IPOs like Nomura Real Estate and (5019) Idemitsu Kosan, oil money flow stopgap (due to Ramadan), US funds fiscal year end selling (for tax purposes), confirmation of Abe cabinet members, US mid year election, NIKKEI 225 four to eight years cycle expected October's low. However looking at long term in a logical view, equities expected return is far larger than cash or fixed return type savings. Japanese companies are increasingly buying back shares and expanding dividends, therefore I do believe that the shift toward equities will resume.

Those are short term problems impeding long term buying. The easiest factor to figure out is whether or not US slowdown will turn into a full recession. There is also the inherent risk related to hedge funds who registered substantial losses with the commodities markets lead which led to further selling creating a vicious cycle.

As I earlier mentioned some foreign investors consider Japan (or by default the Nikkei 225) as a single cyclical play and Japanese equities were bought 'en masse' alongside commodities. At current stage we are still in the midst of the correction phase. There are 1701 TSE 1st section listed stocks, on a 6 month basis out of that 1400 stocks have gone down. By today probably this number has gone up to 1500. The bunch of stocks going up is clearly limited to the 100 or so large international blue chips. The **decline/advance ratio** which is THE indicator to gauge market level has gone down to **75, 5 %** by today from 120 % 3 weeks before (overbought level). On the 22nd of September it had already broken 89 %. Regarding stock market cycles: mid term cycle low (cycle

started on the 14th of June 4 months ago) is approaching fast. In theory timing is next week or the following. In case this mid term cycle low materializes then the October low repeat pattern which occurred every year from August 1974 will continue. Looking at previous examples there is always a very strong rebound after, registering the low point. Based on current downtrend this does mean an excellent chance to buy.

Who owns intellectual property rights controls worldwide economy

Looking back at human history nations that gained hegemony combining technology and military might expanded their own territory and swallowed neighboring countries. Usually sciences and arts know-how then increase to a superpower's level. However looking at nowadays situation it remains questionable whether the sheer size of the country is determinant. A good example is current US fight against terrorism. Its military might is useless. Rather US existence itself as a superpower makes it an ideal target for terrorism attacks. For fast expanding China too, there are inland populations who do not benefit at all from taxes and public services. I personally do not understand where China's heading as China hold up the ideal of economic growth and state party principles.

Anyway for Chinese companies this changes nothing to scale merit and market share importance therefore by all means this silliness to insist on keeping management & administration at hand appears ridiculous. On one side goods produced by industries easily reach any boundaries. Industries themselves are globalized. In the end what is decisive is the service rendered to people, the contribution to people's search of happiness. For that purpose companies have to accumulate and improve necessary technologies and management skills. In the past economy barometer was food production capacity or precious metals detention volume although nowadays US \$ denominated growth rates and other economic indicators take precedence. In addition economy's substance has changed a lot. More than products value 'can do' production capacities massive background has taken the lead. Intellectual assets like copyright, brandname, patents which can be easily traded are becoming the main topic of interest. Since 1999 patents applications surged to 1million 200000. Within that figure Japan is far ahead with patents kept constant at 450,000 far above US 300,000 nor to mention developing countries. The patent application standard prioritizing filing timing has just been standardized, I believe this is extremely good news for Japanese companies.

US adopted the forward invention timing over patent filing application. However this process takes time until patent approval and companies unaware of the patent pending

may be later requested to pay royalties which is very inconvenient. The inherent risk for companies is important and as this has led to heavy damages for US companies too, US will also probably change its course on the subject.

Advantages are even larger for Japanese companies that were caught in patent infringement cases and had to pay heavy damages. Further there is a huge latent know-how in Japan which has not been filed for patent. The tide is long term and will turn in favor of a high tech countries like Japan at first.