Third Party Observations, Oppositions & Invalidation Trials of Patents in Japan

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<table>
<thead>
<tr>
<th></th>
<th>Third Party Observations</th>
<th>Oppositions</th>
<th>Invalidation Trials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fees (JPY)</strong></td>
<td></td>
<td><strong>Inexpensive</strong></td>
<td></td>
</tr>
<tr>
<td>Attorney</td>
<td>40,000〜</td>
<td>400,000〜</td>
<td>1,000,000〜</td>
</tr>
<tr>
<td>Office</td>
<td>0</td>
<td>16,500+2,400/ challenged claim</td>
<td>49,500+5,500/ challenged claim</td>
</tr>
<tr>
<td>Oral hearing</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td>Reasonable doubt of patentability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims</td>
<td>can be amended</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decisions</td>
<td>~1 year from grant</td>
<td>~9 months from request</td>
<td></td>
</tr>
<tr>
<td>Res Judicata</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
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* As of February 19, 2021
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<th>Third Party Observations</th>
<th>Oppositions</th>
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</thead>
<tbody>
<tr>
<td><strong>Who can file?</strong></td>
<td><strong>Anyone</strong></td>
<td></td>
<td>Party in interest</td>
</tr>
<tr>
<td><strong>Anonymous</strong></td>
<td>OK</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>When</strong></td>
<td>Anytime, even after Grant</td>
<td>Within 6 months from patent publication</td>
<td>When patent is enforceable</td>
</tr>
<tr>
<td><strong>Grounds</strong></td>
<td>Novelty</td>
<td>Same grounds as third party observations</td>
<td>Same grounds as oppositions</td>
</tr>
<tr>
<td></td>
<td>Inventive Step</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Double Patent</td>
<td>• Personal Ineligibility</td>
<td>• Inventorship</td>
</tr>
<tr>
<td></td>
<td>Non-Statutory Subject Matter</td>
<td>• Against Public Order</td>
<td>• Invalid correction</td>
</tr>
<tr>
<td></td>
<td>New Matter</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Claim Clarity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Enablement</td>
<td></td>
<td></td>
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</tbody>
</table>
Recently, patents are rarely invalidated.

Invalidation Rate (%): ↓ 50 -> 20

Cf. Grant Rate (%): 70’s

Source: www.jpo.go.jp/shiryou/toukei/gyosenenji/index.html
Disadvantages (Cons)
Cons: Challenges to a patent may reinforce it

- Surviving a challenge serves to prove the validity of the patent over the submitted references

- Thus, the challenge strengthens the position of the patentee
Cons: Patent owner having a pending application zealously prosecutes it

• Challenge indicates patent’s importance

• A patentee having a pending application in Japan or a foreign country may:
  - investigate competitors’ products,
  - amend the claims to cover the products,
  - accelerate the examination,
  - keep divisional applications pending, and
  - obtain more patents.
Cons: Un-submitted prior art references can be a negotiation tool for obtaining a more favorable license

• If a prior art reference invalidates a patent, then the patentee cannot exclude anyone or obtain any license fees.

• By submitting the prior art references, this bargaining chip is lost.

• The effect is larger, if there are many competitors or other competitors are larger.
Suggestions to challengers
**Cons:** It may be preferable to allow a competitor’s patent to exist

- The presence of a competitor’s patent excludes other competitors

- If there are other competitors, and a license can be obtained, then the patent benefits you.
Suggestions: Filing an opposition to carve out your products

- Carving out your products from the patent, while trying to maintain the patent for the purpose of excluding others.

Do not submit Prior Art 2

Prior Art 1

Prior Art 2

Competitor’s Products

Your Products

Claim Scope

Amendment
Suggestions: **Not** challenging the patent if many or larger competitors use the invention in the **same manner** as you do.

Exceptional Situations (ex.):

- You are likely the target of the patent, and no application is pending in countries of your business.
- You can use the invention **differently** from others.

Our suggestions depend on the specific business circumstances of each client.
Suggestions: Filing third party observation or opposition under a third party name

• Challenging party reads claims **broadly** in invalidation,
• But tries to read claims **narrowly** to avoid infringement.
• Inconsistent arguments affect the party’s credibility.

⇒ Filing third party observation or opposition under a third-party name, e.g. JP attorney.
   Inconsistent argument can be filed in the future.
   No opportunity for appeal, anyway.
Suggestions: Filing third party observation and opposition to create file wrapper estoppel

• By using a third party, claims can be read broadly.
• Patent owner’s reply creates file wrapper estoppel.
• Helpful for securing non-infringement.
Suggestions: Requesting your Japanese firms to provide “watch” services for potential oppositions

Japanese firms can routinely search for new patents of specific designated parties

Request Japanese firms to report:
1. Specification of corresponding English application
3. Information about any divisional application
4. Information about foreign pending applications
Advice to the applicants and patentees
Advice to the applicants:
Challenge indicates patent’s importance

• In Japan and foreign countries:
  - investigate competitors’ products,
  - amend the claims to cover the products,
  - accelerate the examination, as necessary,
  - keep divisional applications pending, and
  - obtain more patents for possible variations.
Advice to the applicants:
Later examined patents tend to be valid more (ex. JP v. US)

Examined in Japan (JP) first:
→ Japanese language references are discovered
→ US claims are amended, considering references in JP
  → Valid US patent
→ US English references were not considered in JP
  → Invalid JP patent

Same in vice versa, if examined in the US first.

Order of the Examination is Important
To obtain a valid patent in the US:

Leave a continuation application until foreign counterpart applications are examined.

-- or ---

Other countries  Accelerate the exams.

↓

US (continuation)  Respond to the OA considering the references cited in other countries
Advice to Patentees:
Wait until after the opposition period passes before sending warning letters

• Remaining measure is invalidation trial, which cannot be filed by a third party with no interest.

• The true party tries to avoid inconsistent arguments before the JPO and the court.
  ⇒ Harder to read claims broadly
  ⇒ More difficult to invalidate the patent.
Patent Invalidation

**Third Party**
- Invalidation Appeal
- Additional Brief
  - 50 days

**JPO Appeal Board**
- Exam. matured?
  - N
    - Exam. matured?
      - N
        - Additional Brief
        - 50 days
      - Y
        - Oral Hearing
  - Y
    - Arguments (& Amendment)
      - 90 days, 1st 50 days, others

**Patent Owner**
- Arguments (& Amendment)
  - 90 days, if noticed to decide 50 days otherwise

**Decision**
- Typically, within 9 months from Invalidation Request
- Appeal to the IP High Court

**Typically, within 9 months from Invalidation Request**