

Lawyers familiar with US rules on patent invalidation may find some familiar parallels, and some key differences, in the Japanese system. **Yoshinari Kishimoto** of Sughrue Mion provides a comparative guide

How to challenge patent validity

It is not uncommon for patent offices to issue defective patents. In many countries defective patents can be corrected by post-issuance reexamination procedures. In most cases, this is done not by the patent office but by the courts. Traditionally in Japan, the Japan Patent Office (JPO) had exclusive jurisdiction over patent invalidation proceedings by way of administrative oppositions and invalidity appeals. However, all that changed in April 2000, when the Japanese Supreme Court decided in *Texas Instruments v Fujitsu* that in cases where a court was hearing an infringement action, and where it concluded that it was highly likely that the patent was invalid (to the extent that the issue is fairly easy for the court to understand), the court could decline to enforce the patent, because any such enforcement would be a patent misuse.

There have been many attempts to harmonize IP systems around the world through the WTO and TRIPs, WIPO, and the US-Japan Framework Talks of the 1990s. As a result of those efforts, particularly the US-Japan Framework Talks, on January 1 1996 Japan changed its opposition regime from a pre-opposition (*kokoku*) system to a post-grant opposition system. Later, on January 1 2004, Japan discontinued the post-grant opposition system and merged it into the invalidation appeal procedure.

Reexamination in the US

The *ex parte* reexamination system became law in the US on July 1 1981. This allows either a challenger or a patent holder to seek reexamination of a patent based on patents or printed publications. Since validity determinations came under the exclusive jurisdiction of Federal courts, deciding validity issues before July 1 1981 was a very expensive and lengthy process. However, while generally less expensive than litigation, *ex parte* reexamination does not give third parties an opportunity to participate in reexamination proceedings or to appeal the USPTO decision. In response to criticism on this issue, the American Inventors Protection Act 1999 extended the reexamination process by including an *inter partes* reexamination procedure. Thereafter, the *inter partes* reexamination statute was amended to expand the scope of what qualifies for a substantial new question of patentability upon which either type of reexamination may be based. With the recent changes,

parties can initiate a reexamination on the grounds that the examiner ignored or mistakenly examined a previously cited reference. This amendment essentially overruled the Federal Circuit Court's decision in *In re Portola Packing*, which held that "reexamination as enacted was carefully limited to *new* prior art, that is, new information about pre-existing technology which may have escaped review at the time of the initial reexamination of the patent application".

The Japanese invalidation appeal

Changes to Japan's patent law relating to challenging patent validity came into force on January 1 2004. The revised law abolished the post-grant opposition system and merged it into an "invalidation appeal" procedure. The aim of the change was two-fold: to prevent problems caused by the two co-existing systems (unnecessary confusion and delay due to repeated challenges against the same patent by multiple oppositions, and later-filed invalidation appeals invoked by dissatisfied challengers); and to improve the system to meet the needs of a variety of users (for example, relaxing the time period allowed for oppositions, and expanding third party involvement). In Japan, the invalidation appeal is now the only procedure for

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challenging the validity of a patent before the JPO.

Under the new system, invalidation appeals may be instituted at any time during the life of a patent and in some cases even after it has expired. Any person may file an invalidation appeal on public interest grounds, including patentability (first to file, statutory invention, industrial applicability, novelty, and inventive steps), written description and enablement, new matter, and claims that it is contrary to treaties and public order. However, only an interested party can file an invalidation appeal on non-public interest grounds, such as lack of inventorship or joint inventorship.

Like *inter partes* reexamination in the US, the invalidation appeal proceeding in Japan is carried out before a body of JPO appeal examiners. Both the patent owner and the third party that requested the invalidation are allowed to participate at every stage of the proceedings. Once the invalidation appeal is requested, the patent owner is given an opportunity to submit a written reply and request for correction. The patent owner may request, within the designated time period under patent law, to correct the specification, claims or drawings (but cannot enlarge the scope of any claim of the patent). If a correction is made, the third party may be given the opportunity (but there is no automatic right) to submit written comments on the amended claims. A three-person panel of the Board of

Appeals and Trials will then decide the issue. Either losing party (the patentee or the requester) has the right to appeal to the Tokyo High Court. If the patent owner loses, he or she has the right to limit claims within 90 days of the Appeal Board decision.

New evidence

At the Tokyo High Court appeal stage, parties have great latitude to introduce new evidence such as newly uncovered references closer to the claimed invention. However, they cannot introduce new issues. If the invalidation appeal raises only novelty issues and the requester loses, the requester is not allowed to raise other issues, such as lack of enablement, before the Court. If there are new invalidity issues, the requester can simply file a new invalidation appeal that refers to such invalidity issues. To the extent that no *res judicata* issue is raised in the later-filed cases, there is no limit on the number of invalidation appeals that can be made against a Japanese patent.

In addition, it is always possible for parties (or the JPO on an *ex-officio* basis) to request that separate invalidation appeals are consolidated to avoid duplication of examination. Nevertheless, the invalidation appeal system could still place an unnecessary burden on a patentee plaintiff. Therefore, it may be very useful for a patentee to have several pending divisional applications so that they are able to assess their prosecution options over an important patent application.

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Getting reexamination in the US

Reexamination in the US is a means by which any issued patent may be challenged at any time during its period of enforceability, namely from the date it is

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issued until six years after the patent expires. The Patent Statute provides for two forms of reexamination: *ex parte* reexamination, in which a reexamination proceeding, requested by any person or even anonymously, is conducted solely between the patent owner and the USPTO, and *inter partes* reexamination, in which third-party requesters are allowed to participate in the validity argument at every stage of the proceeding.

Any person, including the patent owner or a third party, can file a request for *ex parte* reexamination of any claim of any enforceable patent.

The request for both *ex parte* reexamination and *inter partes* reexamination must clearly specify at least one substantial new question of patentability based on prior art patents and printed publications. The “substantial new question of patentability” generally must be one that arises under 35 USC §102(a), (b), (d) or (e), or 35 USC §103. Unlike the Japanese invalidity appeal, questions of patentability based on other grounds may not be raised. For example, it is not possible to raise questions of patentability under 35 USC §112 for lack of an enabling disclosure, fraud, or for failure to disclose the best mode for practicing the invention in an *ex parte* reexamination. Nor will questions of inventorship be considered during reexamination. However, a question of double patenting is a proper subject for reexamination.

The USPTO will initially determine whether the request even raises a substantial new question of patentability affecting any claim of a patent. Once the request for reexamination is granted, the patent owner has an opportunity to respond and prosecution begins.

Understanding the *ex parte* process

After submitting the prior art and initial statement of the “pertinence and manner of applying the cited prior art to every claim for which reexamination is requested”, the *ex parte* requester is only allowed to file a reply if the patent owner files a patent owner’s statement. Thereafter, the *ex parte* requestor has no further involvement in the *ex parte* reexamination proceeding. The patent owner alone argues the issue of patentability with the USPTO examiner. Reexamination is conducted according to the regular reexamination procedures. The patent owner can propose any claim amendments and new claims in order to distinguish the invention from the prior art, but such amendments cannot enlarge the scope of any claim of the patent. The patent owner alone may appeal to the USPTO Board of Appeals and Interferences and then, if still dissatisfied, seek review from the Court of Appeals for the Federal Circuit. The *ex parte* requestor has no such right of appeal.

Ex parte versus *inter partes*

The initial requirements for *inter partes* reexamination are similar to those for *ex parte* reexamination. The primary differences between the two types of reexamination are discussed below.

Inter partes reexamination can be instituted by anyone on the basis of patents and printed publications where the proceeding is conducted before a USPTO examiner with participation by both the patent owner and the third party. *Inter partes* reexamination is only available to patents issued from an original application filed in the US on or after November 29 1999. Both parties have a right to participate during sub-

sequent appeals to the USPTO Board of Appeals and Patent Interferences and the Court of Appeals for the Federal Circuit. Unlike *ex parte* reexamination, where it is unnecessary to reveal the identity of a third-party requester, *inter partes* reexamination requires the other party to reveal their real identity to allow the other party to determine whether or not privity exists.

The key procedural difference between *ex parte* and *inter partes* reexamination is that in *inter partes* proceedings the third party requester is entitled to file written comments addressing the issues raised by the examiner or the patent

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owner’s response to them. A further important difference is that both the patent owner and the third party requester may appeal an *inter partes* decision. If they are still dissatisfied, they may then seek review by the courts.

The third party requester is estopped by statute from trying to prove invalidity in a subsequent civil action (for example, as a defence to a lawsuit for patent infringement) based on any grounds for invalidity that were raised, or even could have been raised, during the *inter partes* reexamination proceedings.

Weighing up the two systems

There are a number of differences in the way that post-grant validity is reviewed in Japan and the US. Some of the most important of these are the initial determination of issue by a director (that a substantial new question of patentability even exists); the grounds for invalidity; the estoppel process; and *ex officio* examination.

The Japanese invalidity appeal process uses a collegial body of three or five appeal examiners who conduct the examination and to whom the requester may submit a variety of evidence other than patents or printed publications. Because of this, this author believes that the examination tends to be more accurate and impartial than the US reexamination procedure. However, Japanese invalidation appeals tend to take longer and cost more than the US reexamination procedure. Thus, Japanese invalidation appeals can enhance the reliability of an issued patent, while the US reexamination procedure can settle invalidity disputes more quickly and cheaply.

It is interesting to note that a number of US bodies, including the USPTO (as part of its 21st Century Strategic Plan) and the Federal Trade Commission (in a report published in October 2003) have recently recommended the US introduce a post-grant opposition system into its post-grant validity review process.