

# PATENT OPPOSITION SYSTEM

2014 revision to Japan's Patent Act introduces new method for challenging patent validity in an expeditious, cost-effective manner



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The 2014 revision of the Japanese Patent Act created an Opposition System to provide a simpler procedure for third parties to challenge patent validity and amended the scope of the existing Invalidation Trial System. This article provides an overview of the new Opposition System and explores the changes made to the Invalidation Trial System.

## CONVENTIONAL METHOD FOR CHALLENGING PATENT VALIDITY

Before the 2014 revision, Invalidation Trials provided the only means to challenge patent validity. Because Invalidation Trials could be requested by anyone at any time before the 2014 revision, issued patents remained in a prolonged state of validity limbo. Once Invalidation Trials began, the trials tended to place a heavy burden on the patentee and validity challenger by requiring the parties to present their case through oral proceedings.

Of course, a patent's validity could become an issue in litigation. However, Japanese courts play a limited role with respect to patent validity. If a court determines that an Invalidation Trial would invalidate the patent-in-suit, the court can dismiss the patentee's infringement claim but cannot invalidate the patent itself. The challenger would then need to take the patent-in-suit to Invalidation Trials to have it invalidated. Also, court proceedings usually take years to resolve.

Accordingly, Invalidation Trials and court proceedings did not offer the ideal avenue for parties seeking to challenge a patent in an expeditious, cost-effective manner.

## 2014 REVISION OF THE PATENT ACT

Multinational companies often seek to expand their patent portfolios by filing foreign patent applications that claim priority to a Japanese patent application. Under the pre-2014 Japanese Patent Act, these companies risked having the base Japanese patent invalidated after investing in filing for and maintaining

family and counterpart patents. Therefore, companies called for a way to verify their patents' relative strengths early on in their terms.

As a result, the revised Patent Act was established in April 2014 and put into effect on April 1, 2015. The new Opposition System is available for patents published in the Patent Gazette on or after April 1, 2015.

## FILING OF OPPOSITION

Any person may file an Opposition by submitting a Notice of Opposition to the Commissioner of Japan Patent Office ("JPO") within six months from the date the patent was published in a Patent Gazette (patents are published in Patent Gazettes a few months after the JPO registers the establishment of the patent rights). The Opposition must indicate the challenger's name and address, and therefore, cannot be filed anonymously. An Opposition costs less to file than an Invalidation Trial.

## OPPOSITION SYSTEM PROCEEDINGS

After an Opposition is filed, a copy of the Notice of Opposition is delivered to the patentee. Opposition System proceedings generally begin after the six-month filing period expires; however, the patentee may request the proceedings to begin sooner. The patentee need not file an answer or any paperwork in response to the Opposition.

Opposition System proceedings and Invalidation Trial proceedings are conducted by a panel of administrative law judges. But their similarities end there. Opposition System proceedings only involve the JPO and the patentee, and are generally decided on paper alone for the sake of simplification, mitigation of burden on the parties, and ease of use. In contrast, Invalidation Trial proceedings are adversarial in nature and involve both the patentee and challenger. Also, administrative law judges oversee oral proceedings rather than simply rely on the submitted paperwork. Given this difference, Opposition System proceedings are expected to cost significantly less than Invalidation Trial proceedings.

## NOTICE OF GROUNDS FOR REVOCATION AND SUBSEQUENT PROCEEDINGS

Under the Opposition System, if a panel finds that a patent should be revoked, it notifies the patentee of the grounds for revocation. The panel also gives the patentee an opportunity to submit a written opinion and to request correction of the specification, including the drawings and the claims, within a reasonable period. Permissible correction

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includes narrowing of the claim scope, fixing typographical errors, and clarifying ambiguous descriptions. A reasonable period ordinarily means 60 days but is extendable to 90 days for patentees residing outside of Japan.

If the patentee neither submits a written opinion nor requests correction, the panel renders a decision to revoke the patent (the "Decision to Revoke"). If the patentee submits a written opinion but does not request correction of the specification, the panel continues the proceedings without giving the challenger an opportunity to submit a written opinion. If the patentee requests correction, the challenger may submit a written opinion within a reasonable period (ordinarily 30 days but extendable to 50 days for challengers residing outside of Japan). If the panel decides that the corrections are appropriate based on the submitted written opinions, the panel uses the corrected specification for the remainder of the proceedings.

Then, if the panel concludes that the patent should be revoked, it issues a Notice of Grounds for Revocation to the patentee as a pre-notification of the Decision to Revoke. The panel again gives the patentee an

opportunity to submit a written opinion and request correction of the specification within a reasonable period (ordinarily 60 days and extendable to 90 days for patentees residing outside of Japan). If the patentee requests correction, the challenger is generally given an opportunity to submit a written opinion again.

## DECISION ON OPPOSITION

After reviewing all of the submitted written opinions and request for correction, the panel will issue either a Decision to Maintain for valid patents or a Decision to Revoke for patents whose rights should be revoked. If a patentee receives a Decision to Revoke, the patentee may file an appeal to rescind such Decision with the Intellectual Property High Court within 30 days (additional 90 days if the patentee resides outside of Japan) of the service of a copy of the Decision. In contrast, if the panel issues a Decision to Maintain, the challenger's only recourse is to file a request for an Invalidation Trial or, if the challenger is an alleged infringer, a declaratory action with a District Court, because the challenger may not file an appeal to rescind a Decision to Maintain.

## CHANGES TO INVALIDATION TRIALS

As described above, because anybody could request an Invalidation Trial at any time under the pre-2014 Japanese Patent Act, issued patents remained in a prolonged state of validity limbo. However, the newly established Opposition System, which allows any person to challenge patent validity, paved the way for a revision of the scope of the persons who can request an Invalidation Trial. As a result, the Japanese Patent Act was amended so that only an "interested party" may challenge patent validity through an Invalidation Trial.

An "interested party" is a person whose legal interests or legal status are or are likely to be directly affected by the existence of a patent right. Specifically, a person who practices, has practiced, or may practice in the future an invention that is identical to the invention claimed by the patent at issue is considered an "interested party."

Traditionally, defendants in a patent infringement lawsuit and recipients of demand letters have used the Invalidation Trial System as a countermeasure against the patentee. Such persons have the requisite interest, and therefore, may request an Invalidation Trial under the revised Japanese Patent Act as well. The 2014 revisions restricting the scope of persons who may challenge patent validity through an Invalidation Trial have no impact on these categories of potential challengers.

Accordingly, the establishment of the Opposition System has pros and cons for patentees. Patentees now have a way to assess their patents' strengths early on in the patents' life terms. At the same time, the Opposition System may in fact leave patentees in a more precarious position, as their patents will be put to the test twice—under the Opposition System and the Invalidation Trial System.

## ABOUT THE AUTHORS:

Morrison & Foerster teams Japanese lawyers and U.S. lawyers in Tokyo to develop more advanced strategies and advocacy techniques and to better involve international clients who may otherwise find it difficult to participate in the process.

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