



Discover IP Japan 2021 with WSPLA

Patent Invalidation Procedure and Practices

- a Comparison between US and JP law -

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Overview

1. Patent Invalidation Choices
2. Process and Timing for Bringing a Patent Invalidation
3. Invalidation Trial Proceeding
4. Effect of decision/judgment
5. Process after decision/judgment
6. Statistics
7. Question-and-answer session

Patent Invalidation Choices

1. Opposition (JPO)
2. Invalidation Trial (JPO)
3. Patent Invalidity Defense (Court)

Patent Invalidation Choices

- U.S. Patent & Trademark Office
 - Inter Partes Review (IPR)
 - Post Grant Review (PGR)
 - Ex Parte Reexamination *
 - Derivation (DER) *
- U.S. District Courts
 - Invalidation as defense to infringement
 - Declaratory judgment action

Patent Invalidation Choices

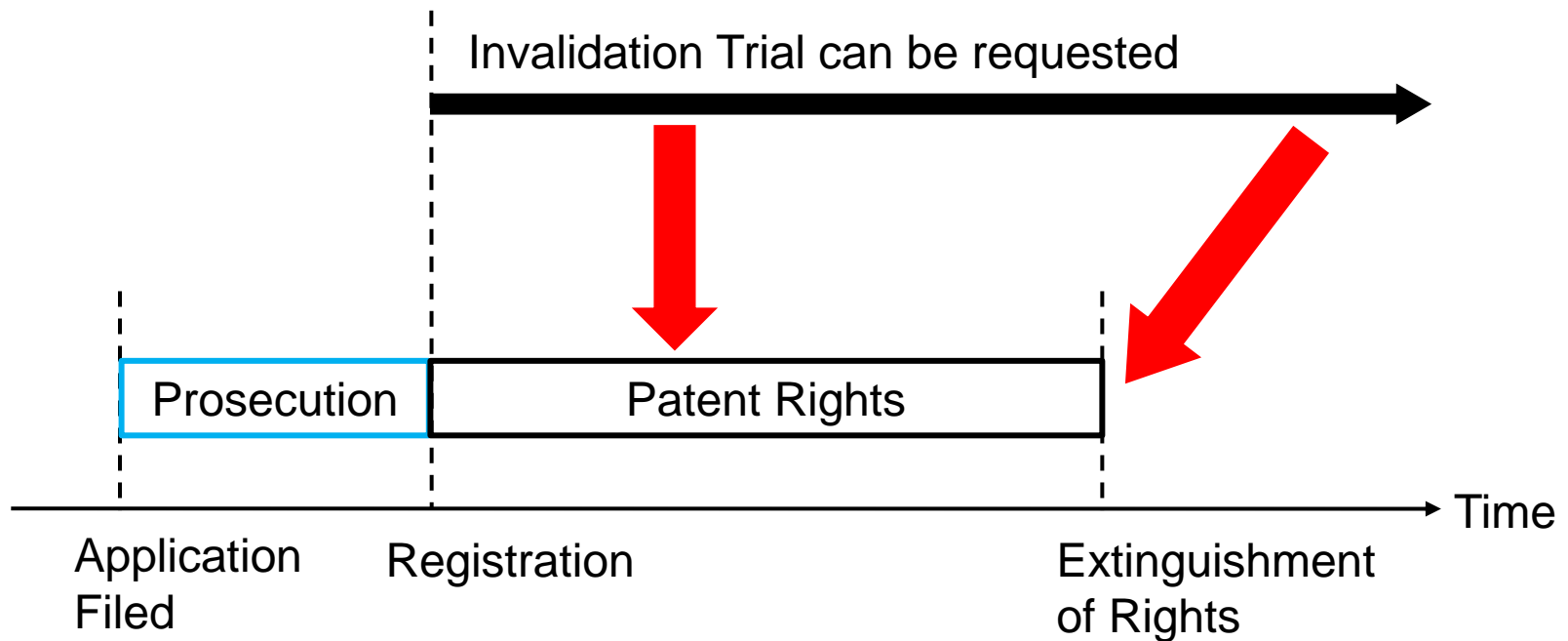
- Compare IPR with PGR

	PGR	IPR
When	Within 9 mos.	After 9 mos.
Threshold Showing	More likely than not	Reasonable likelihood of success
Grounds	101, 102, 103, 112	102, 103
Estoppel	Issues that could have been raised	Issues that could have been raised
Discovery	Yes	Yes

Process and Timing for Bringing a Patent Invalidation

Invalidation Trial

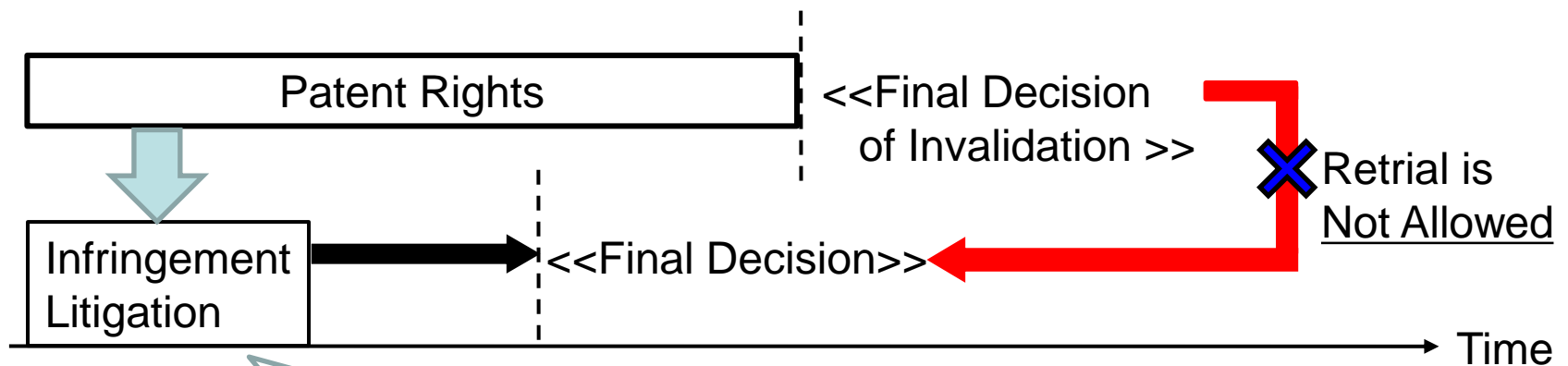
- A patent invalidation trial can be requested even after a lapse of patent rights.



Process and Timing for Bringing a Patent Invalidation

Invalidation Trial

- Once a final decision is made in an infringement litigation, a retrial based on a decision of invalidation cannot be requested (Article 104-4)



Appropriate action of alleged infringer:

- Making a plea of invalidation (104-3) (invalidity defense)
- Requesting invalidation trial before final decision is made

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

- Invalidity Defense is allowed by the Japan Patent Law

Article 104-3(1)

“Where, in litigation concerning the infringement of a patent right or an exclusive license, the said patent is recognized as one that should be invalidated by a trial for patent invalidation, the rights of the patentee or exclusive licensee may not be exercised against the adverse party.”

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

Accused party at Patent infringement lawsuit can argue

- ✓ a patent claim, which is allegedly being infringed, is invalid because it does not satisfy any of the patentability requirements,
- ✓ the patentee of the right according to the patent claim cannot exercise the right against the accused party.

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

Where court affirmed invalidity defense,

- ✓ court denies the exercise of the patent right.



Claim is dismissed.

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

Same grounds for invalidation trial can be asserted for invalidity defense,

(Grounds are stipulated in Article 123(1) of the Japan Patent Law)

- ✓ Addition of New matter
- ✓ Lack of Novelty
- ✓ Lack of Inventive step
- ✓ Violation of Descriptive requirements for Specification
- ✓ Violation of Descriptive requirements for Claims
- ✓

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

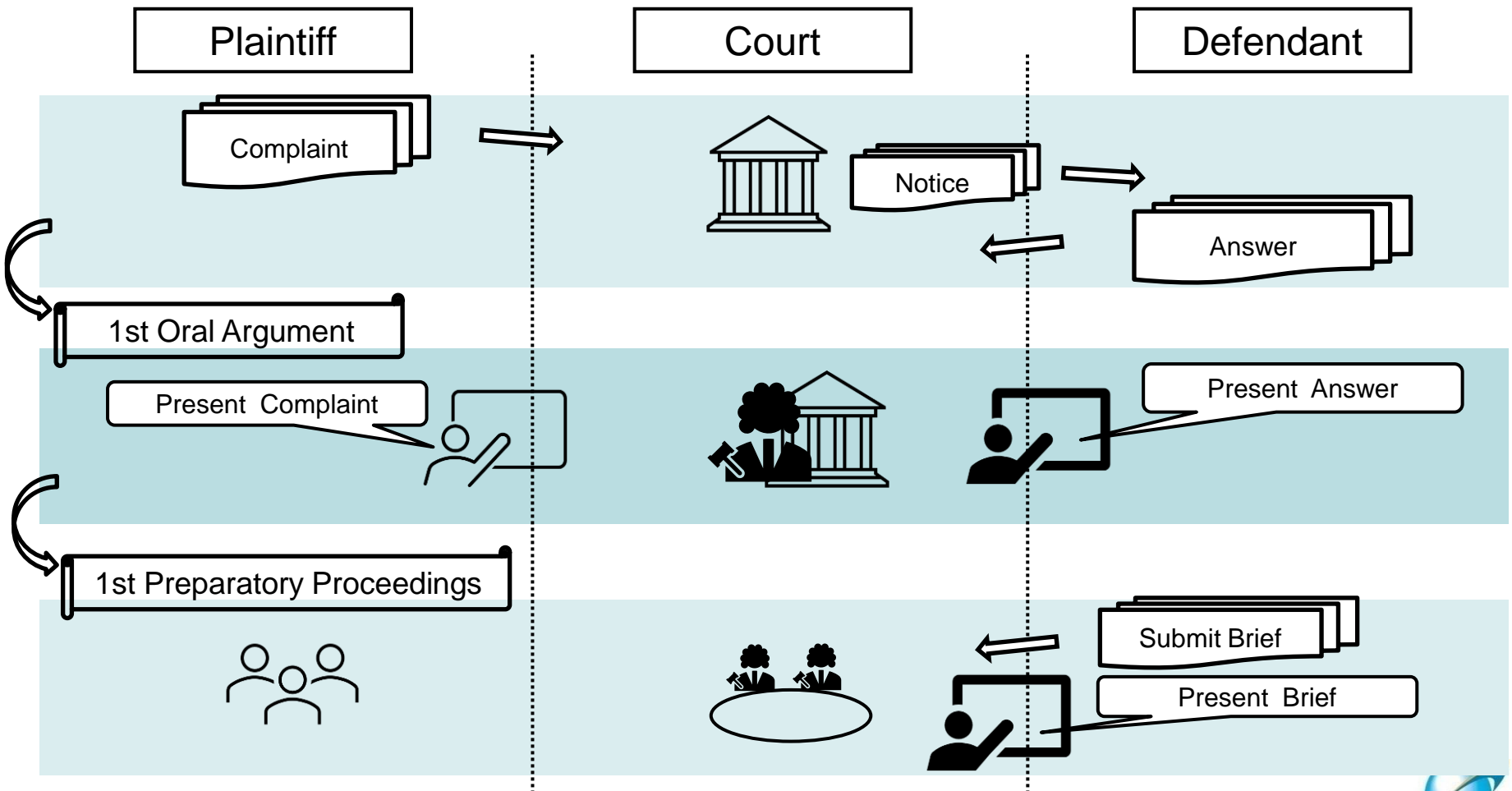
■ Timing

When invalidity can be asserted in court proceedings of a patent infringement lawsuit?

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

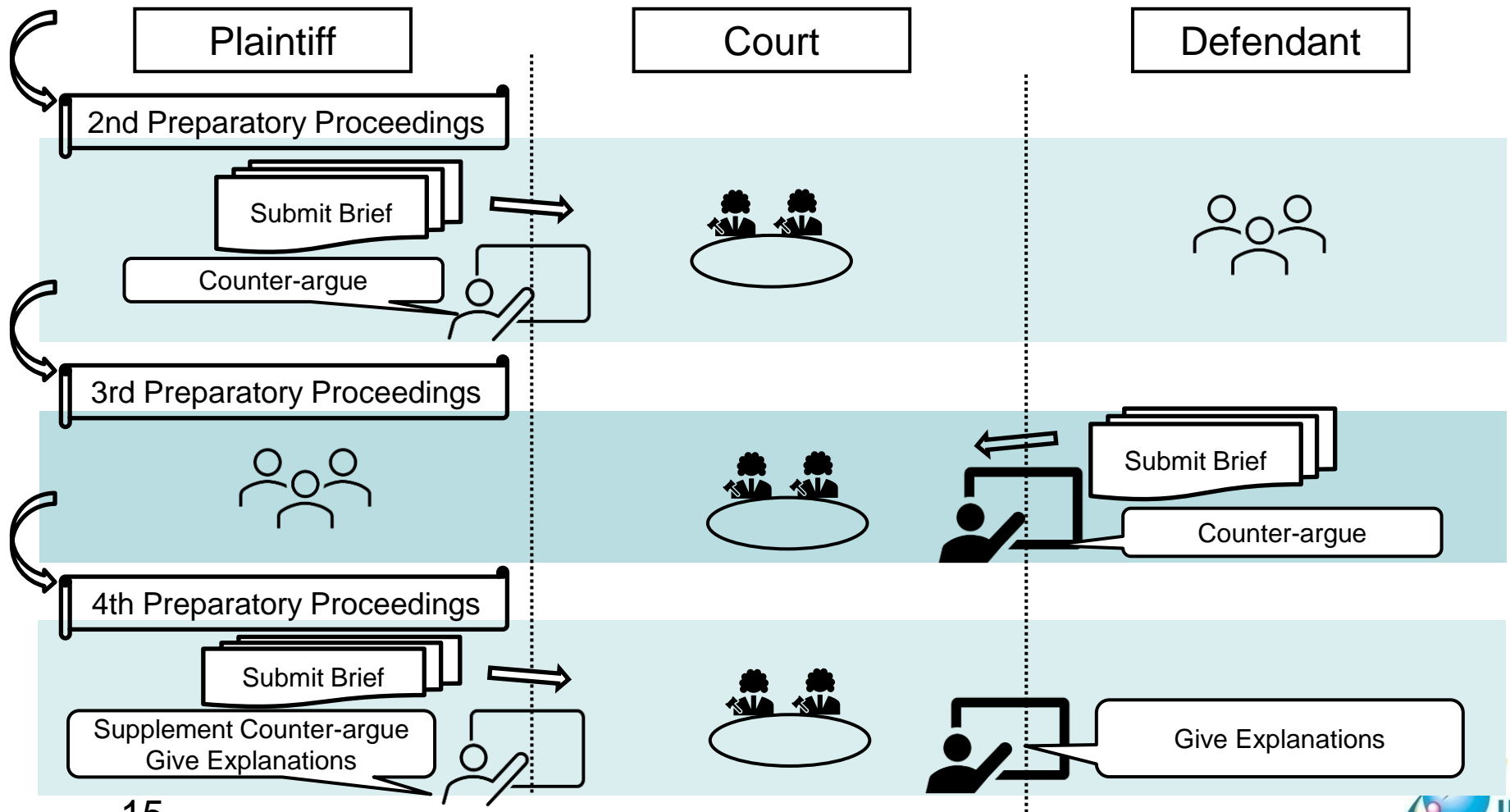
■ Patent Infringement Suit Proceedings Model (Infringement Exam Stage)



Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

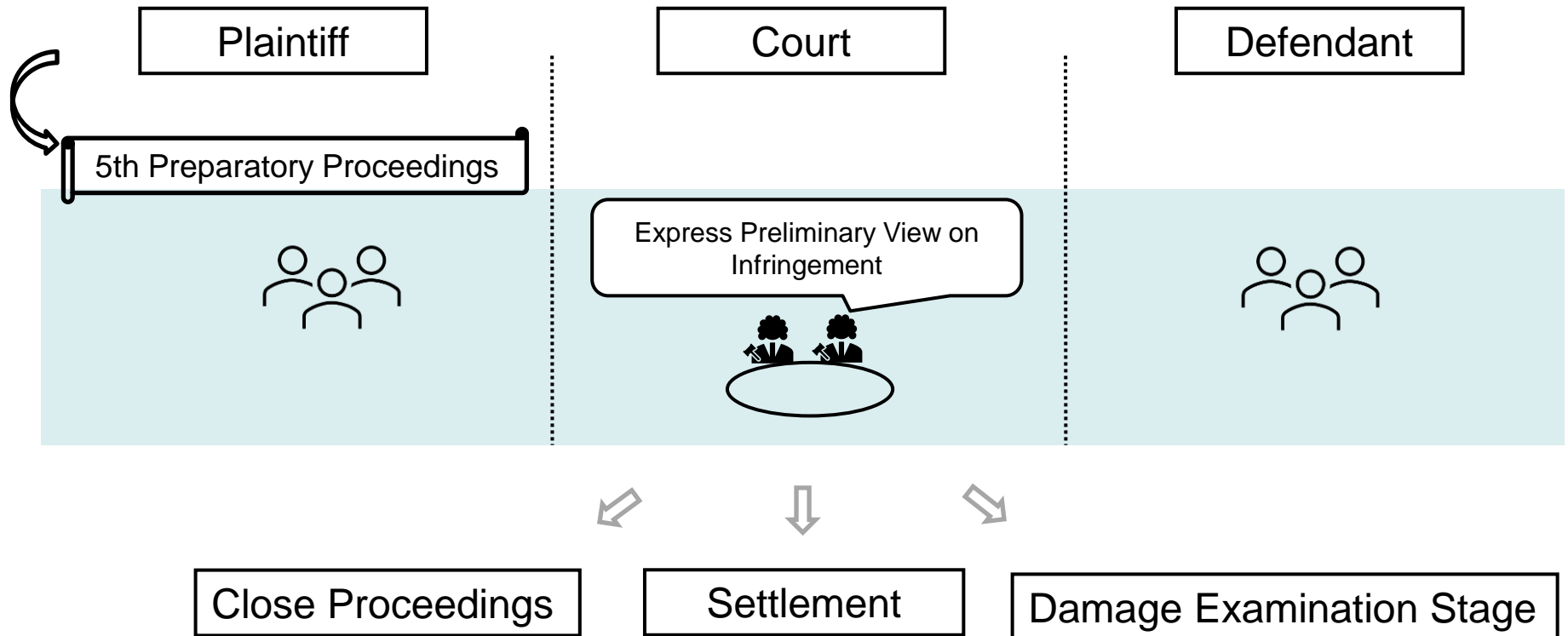
■ Patent Infringement Suit Proceedings Model (Infringement Exam Stage)



Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

■ Patent Infringement Suit Proceedings Model (Infringement Exam Stage)



Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

■ Timing

➤ Timely submission principle

[Code of Civil Procedure Art. 156]

“Allegations and evidence shall be advanced at an appropriate time depending on the status of progress of the suit.”

➤ Dismissal of allegations or evidence advanced outside appropriate time

[Code of Civil Procedure Art. 157 (1)]

“With regard to allegations or evidence that a party has advanced outside the appropriate time intentionally or by gross negligence, the court, when it finds that such allegations or evidence will delay the conclusion of the suit, may make an order of dismissal upon petition or by its own authority.”

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

- Timing
 - Timely submission principle
 - Dismissal of allegations or evidence advanced outside appropriate time
- ✓ Invalidity Defense will be dismissed, when court find that it is late.
- ✓ Judgement of “late” depends on situations.



Allegations of Invalidity Defense should be made early.

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

- Multiple Invalidity Defenses
- ✓ Unlike invalidation trial, there may be multiple allegations of Invalidity Defenses at different times.
- ✓ Another invalidity ground may be added based on different evidence.

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

- Multiple Invalidity Defenses
- ✓ Invalidity defense for the purpose of unreasonably delaying proceedings may not be allowed.

Article 104-3(2)

“Where the court considers that the materials used for an allegation or defense under the preceding paragraph are submitted for the purpose of unreasonably delaying the proceedings, the court may, upon a motion or ex officio, render a ruling to the effect that the allegation or the defense is to be dismissed.”

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

■ Countermeasure

Patentee can file Correction Trial.

➤ What can do through Correction Trial ?

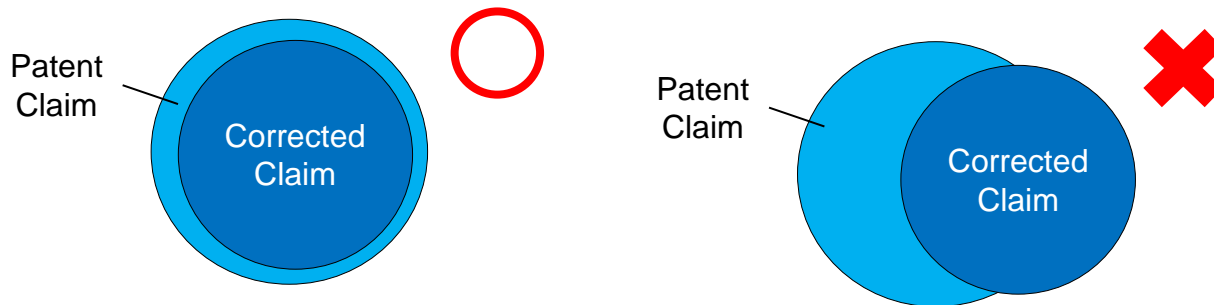
- ✓ Patentee can amend patent claims if Correction Trial is approved.

Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

■ Correction Trial

- How can patentee amend patent claim?
 - ✓ restriction of scope of patent claim
 - ✓ correction of errors or incorrect translations
 - ✓ clarification of ambiguous statement
- ↑
- ✓ Correction of description, scope of claims or drawings shall not substantially enlarge or alter scope of claims.



Process and Timing for Bringing a Patent Invalidation

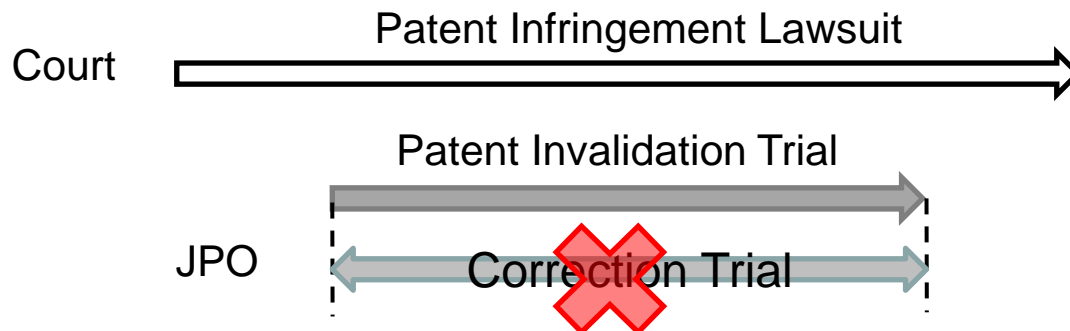
Invalidity Defense in Court

■ Restriction on Correction Trial

From the time relevant trial for patent invalidation has become pending before the JPO to the time the trial decision has become final and binding, request for trial for correction is not be allowed.



- ✓ Request for correction may be filed during invalidation trial proceedings.

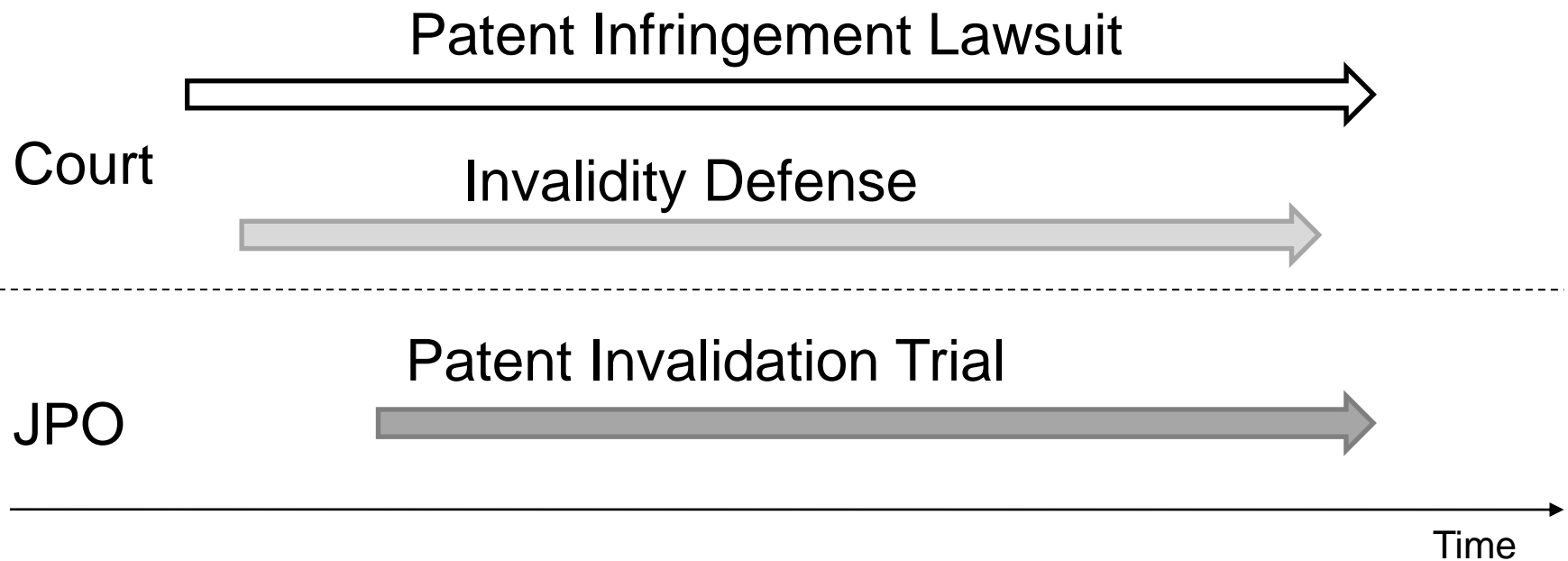


Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

■ Double Track

Invalidity defense and Invalidation trial may proceed parallel.



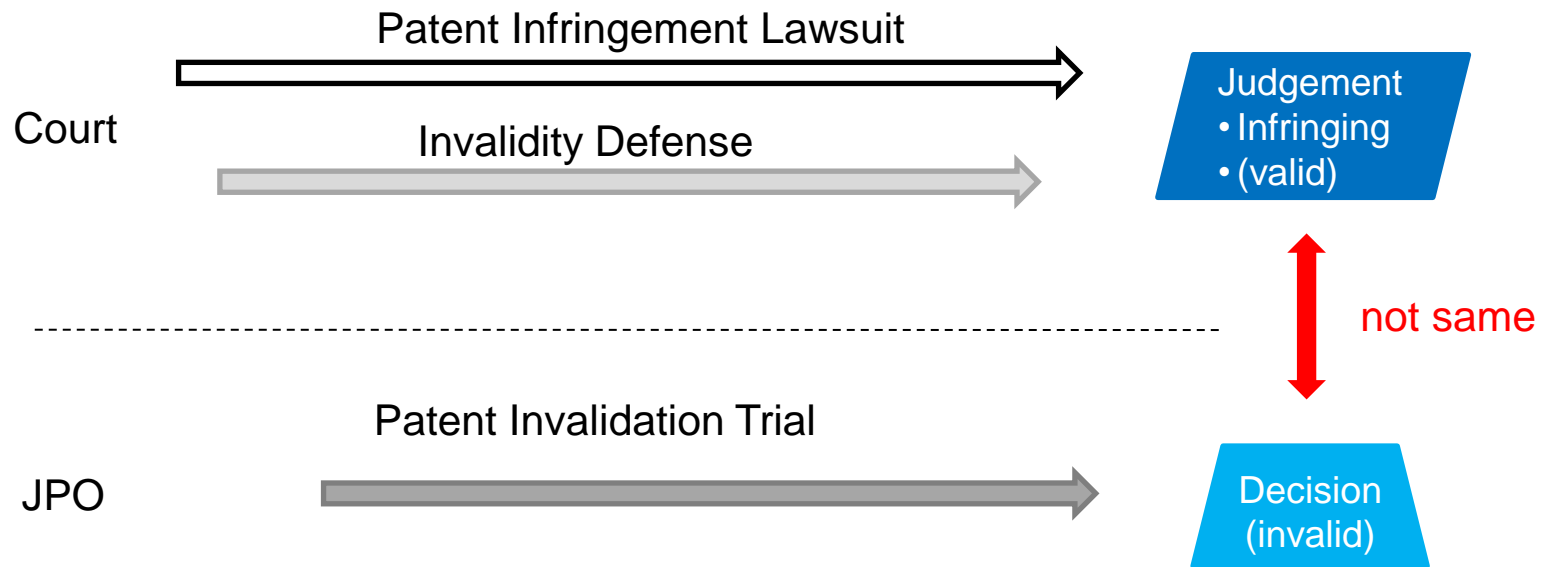
Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

■ Double Track

➤ Problem

- ✓ Possibility of contradictory judgement/decision



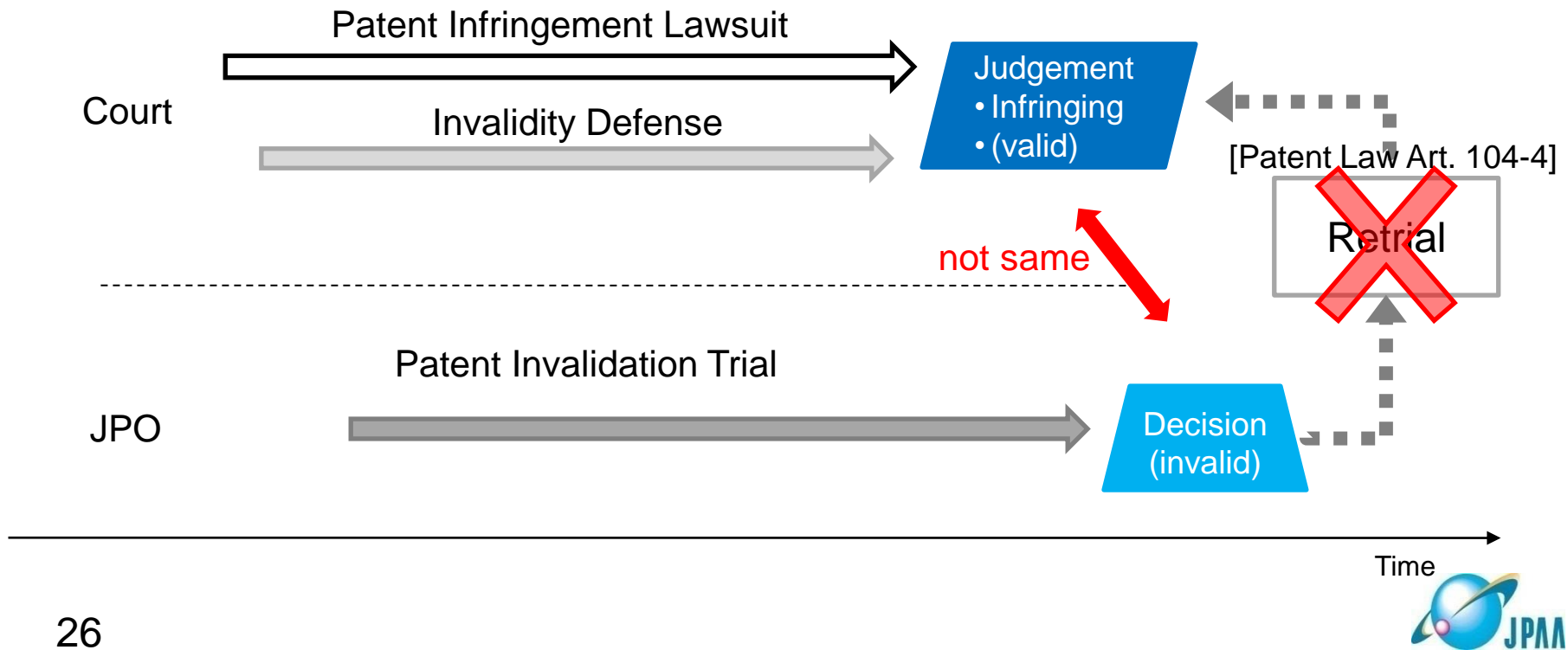
Process and Timing for Bringing a Patent Invalidation

Invalidity Defense in Court

■ Double Track

➤ Problem

- ✓ Possibility of contradictory judgement/decision



Process and Timing for Bringing a Patent Invalidation

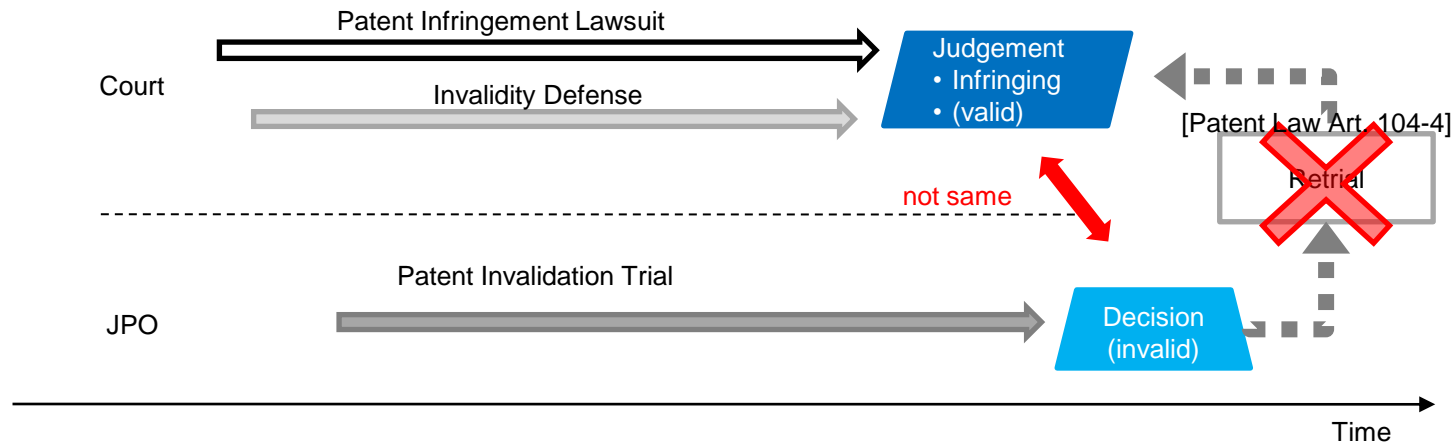
Invalidity Defense in Court

■ Double Track

➤ Patent Law Art. 104-4 says

Parties of patent infringement lawsuit, for which court has already issued its final and binding judgement, cannot requests a retrial, based on the following JPO trial decisions, which become final and binding after the court decision.

- A trial decision that invalidates patent;
- ...



Process and Timing for Bringing a Patent Invalidation

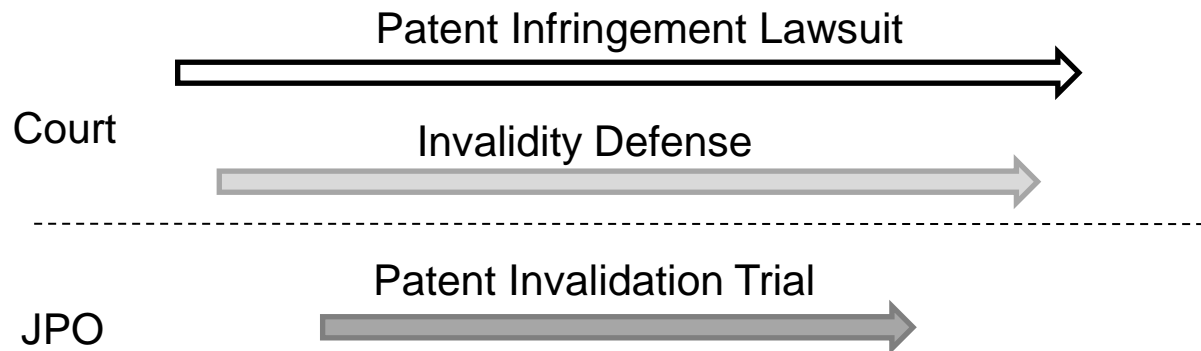
Invalidity Defense in Court

■ Double Track

[Patent Law Art. 168 (2)]

“Where an action is instituted or a motion for order of provisional seizure or order of provisional disposition is filed, the court may, if it considers it necessary, suspend the court proceedings until the trial decision becomes final and binding.”

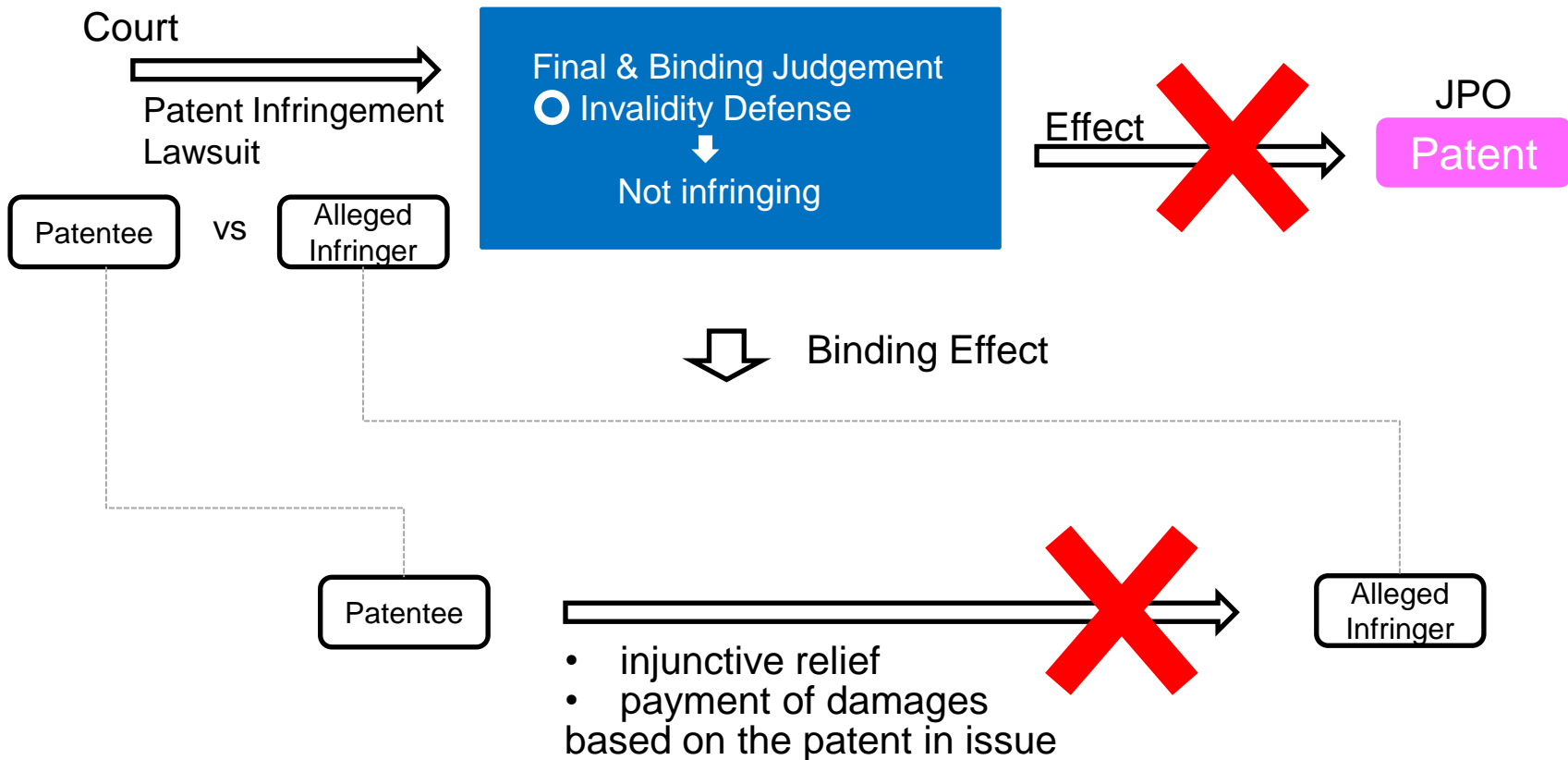
- ✓ Court may suspend court proceedings in consideration of invalidation trial.



Process and Timing for Bringing a Patent Invalidation

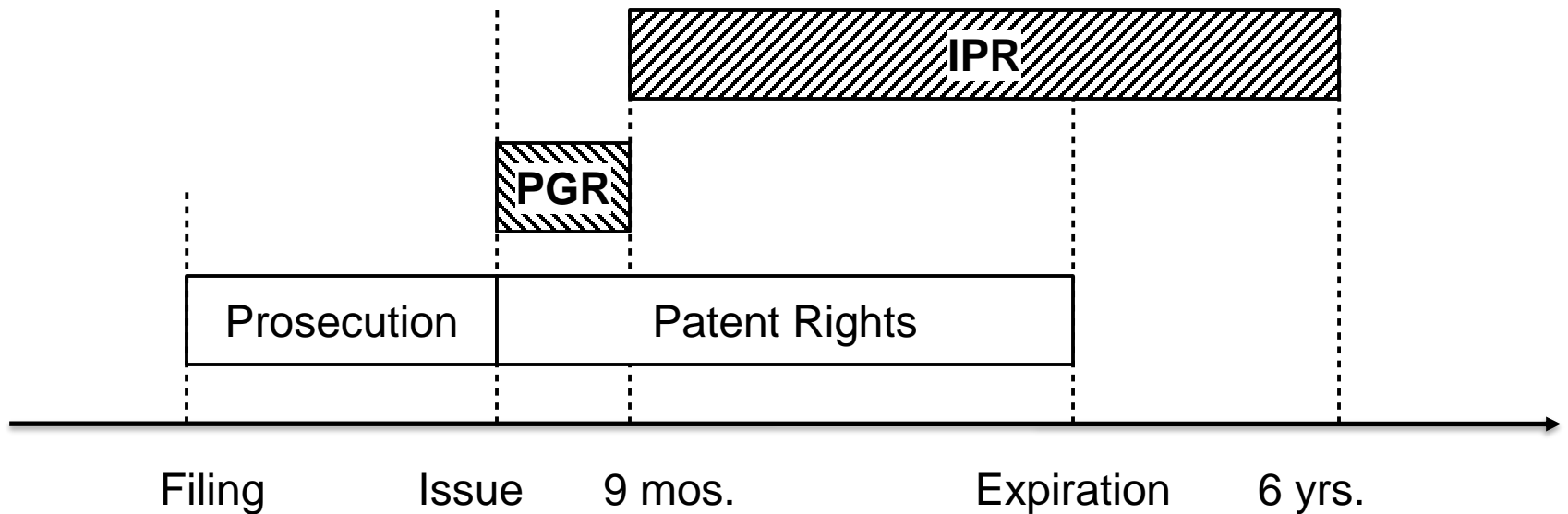
Invalidity Defense in Court

■ Effect



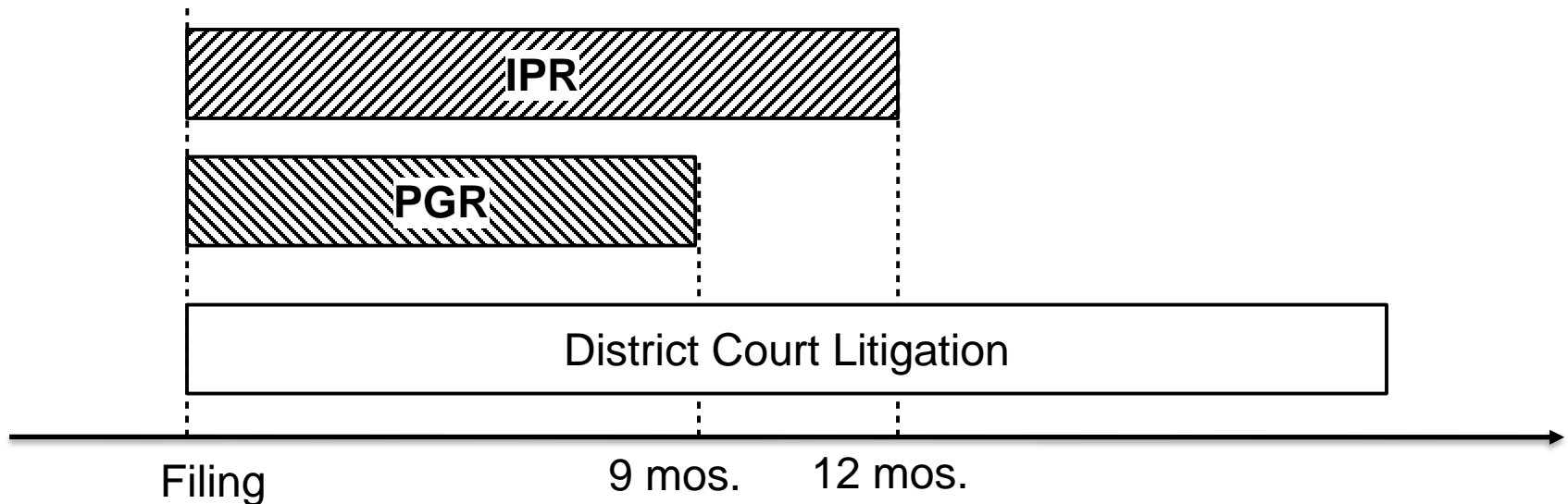
Process and Timing For Invalidations

- Timeline for Bringing IPR and PGR versus Patent Term



Process and Timing For Invalidations

- Timeline for Bringing IPR and PGR when District Court Litigation Has Been Filed by Patent Owner



- Neither IPR or PGR can be submitted if challenger brought District Court action of invalidity (DJ)



Process and Timing For Invalidations

- If an IPR or PGR is filed early in pendency of District Court litigation, the litigation is “usually” stayed pending outcome of IPR/PGR
 - Rarely stayed prior to “Initiation” of IPR/PGR
 - IPR/PGR should be case dispositive (all claims/patents)
 - Late-filed IPR/PGR could result in denial of request to stay



Process and Timing For Invalidations

- A patent is presumed valid, but its validity may be challenged in District Court
 - 35 U.S.C. § 282(b) makes invalidity a defense in any patent infringement action
- In District Court, validity may be challenged either
 - By asserting an affirmative defense to a claim of infringement, or
 - By seeking a Declaratory Judgment
- Validity may be challenged in Court on *any* grounds for patentability



Process and Timing For Invalidations

- If District Court finds asserted patent invalid, infringement claim is extinguished and the patent is terminated
 - May only apply to asserted claims
 - Patent is invalid as to All, not just challenger
- District Court may also render patent “unenforceable” rather than “invalid”
 - Equitable remedy, not statutory
 - Net effect is the same for all practical matters
 - Typically applies to entire patent (not only asserted claims)



Process and Timing For Invalidations

- In Court, invalidity is a compulsory counterclaim to a claim of infringement
 - When Plaintiff brings infringement action, Defendant must assert defense of Invalidity
 - Failure to assert Invalidity waives the right to do so for that Defendant
 - May possibly assert later in proceedings, but must show at least “good cause” to bring later
 - Timing of asserting Invalidity is usually governed by each Court’s local patent rules

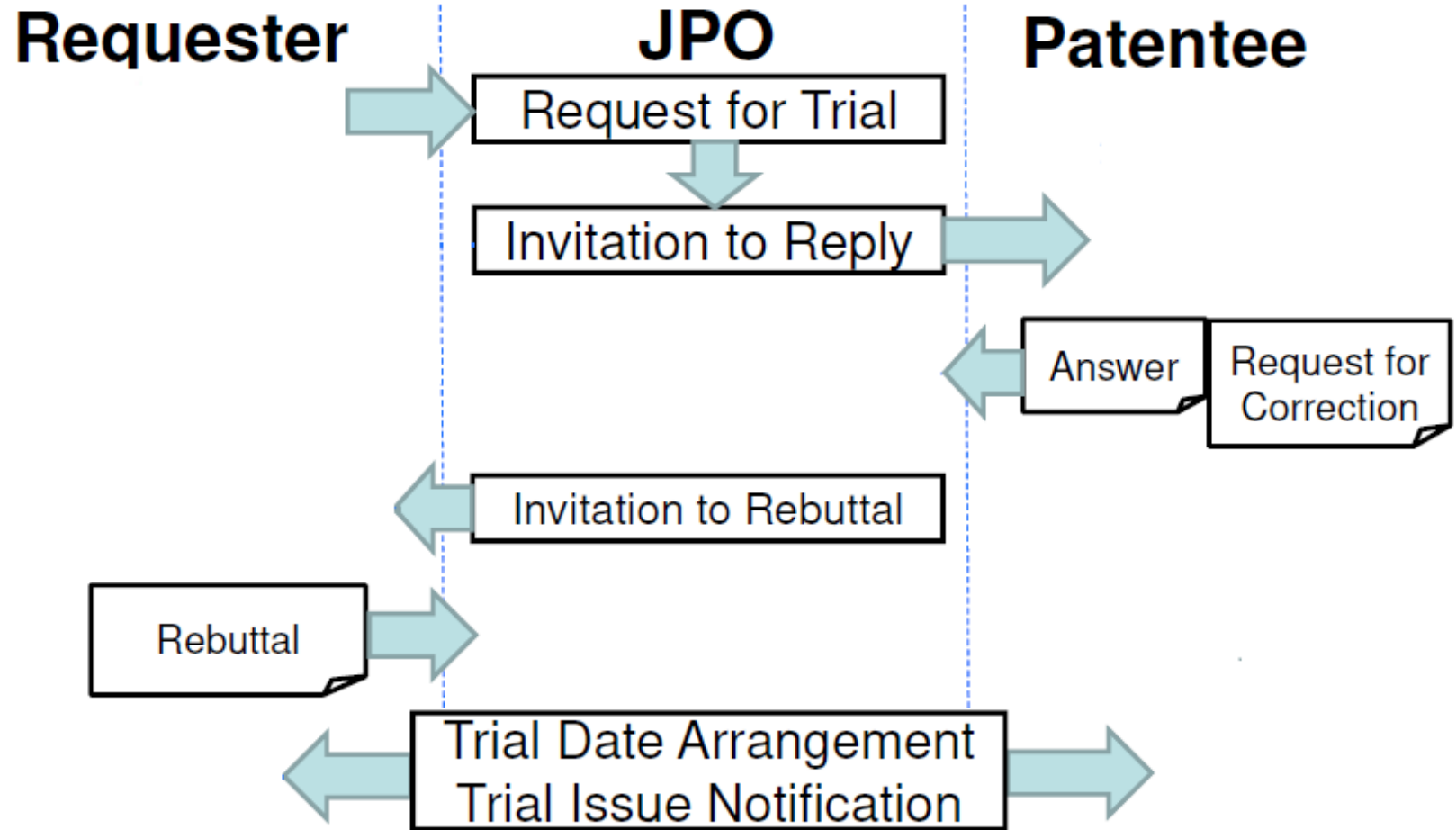
Invalidation Trial Proceeding

Invalidation Trial

Item	Requirement
When can it be brought	Anytime after registration (even after a lapse of patent rights)
Standing: Who can bring an action	Interest person
Grounds	Patentability, Ownership, Ex-post reasons

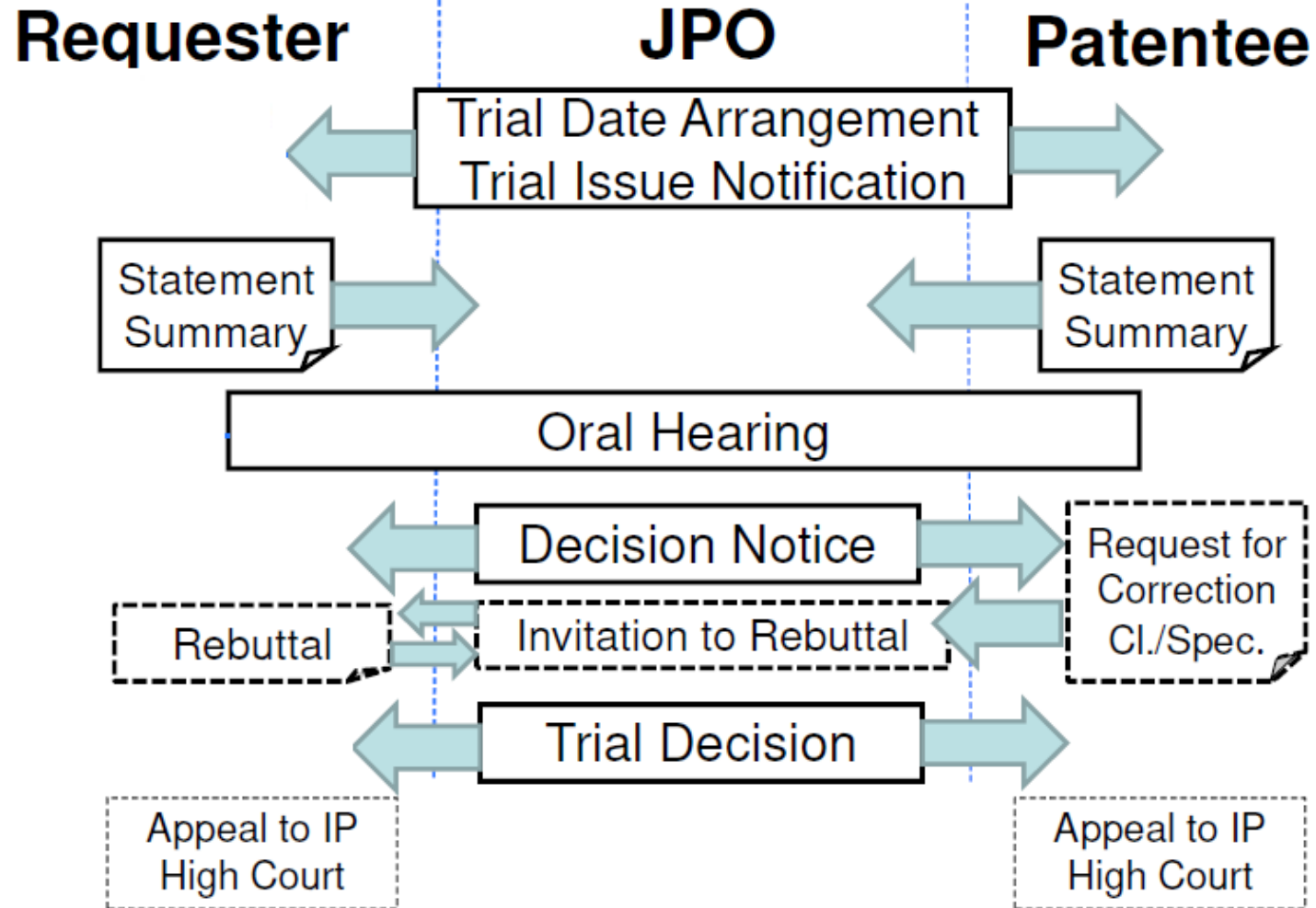
Invalidation Trial Proceeding

Invalidation Trial



Invalidation Trial Proceeding

Invalidation Trial



Invalidation Trial Proceeding

Invalidation Trial

- Chances to submit evidence:
 - at the time of filing a request for a trial
 - when a patentee filed a request for correction
- Discovery: None
- Ex officio proceedings:
 - presence or absence of reasons for invalidation
 - determination of propriety of correction

Invalidation Trial Proceeding

Invalidation Trial

<Prohibition of Double Jeopardy>

Third Party



Possible to request based on the same fact and the same evidence.

Same Requester

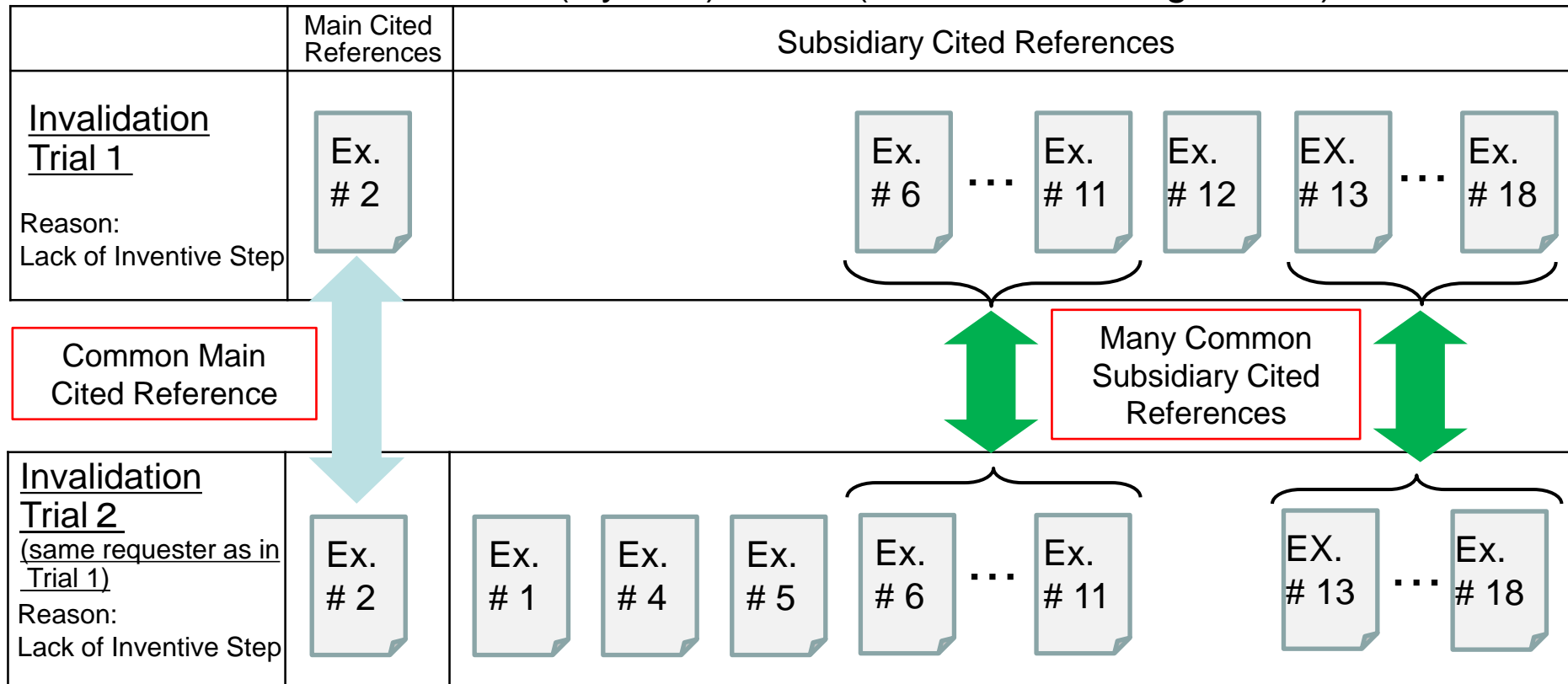


Possible to request if not based on the same fact and the same evidence.

Invalidation Trial Proceeding

Invalidation Trial

Judicial Precedent 1: 2015 (Gyo-Ke) 10260 (Decision of IP High Court)

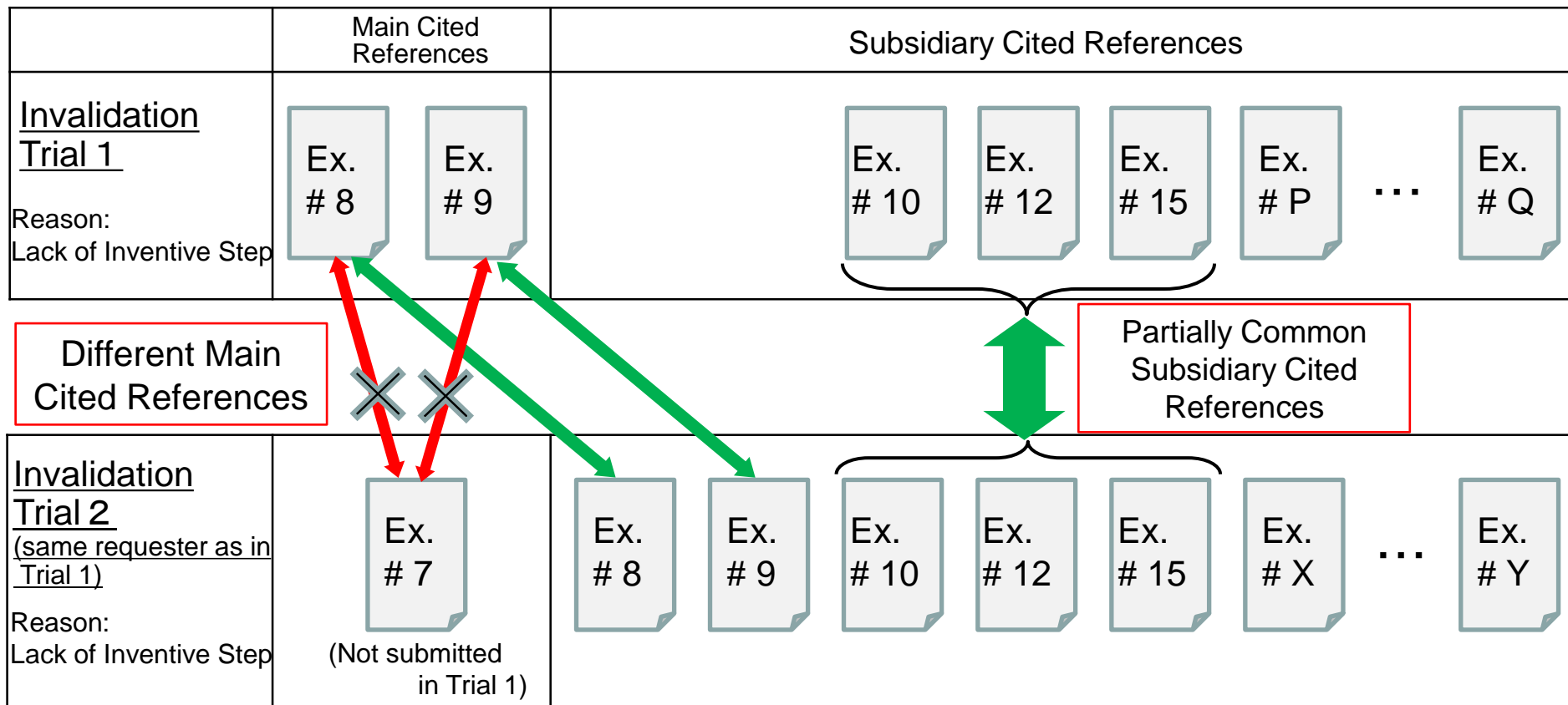


Trial 2 was not allowed due to double jeopardy.

Invalidation Trial Proceeding

Invalidation Trial

Judicial Precedent 2: 2019 (Gyo-Ke) 10077 (Decision of IP High Court)

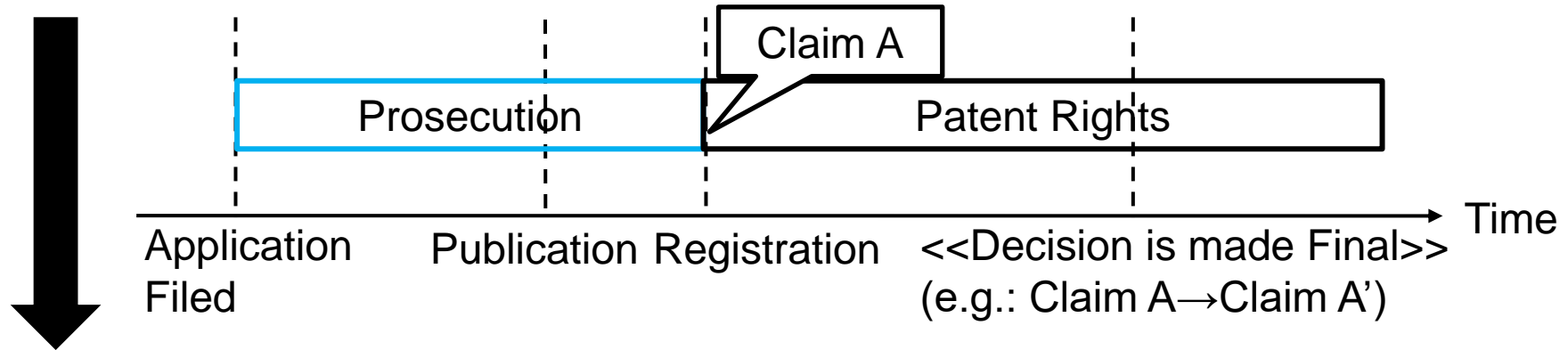


Trial 2 was allowed (double jeopardy not applied).

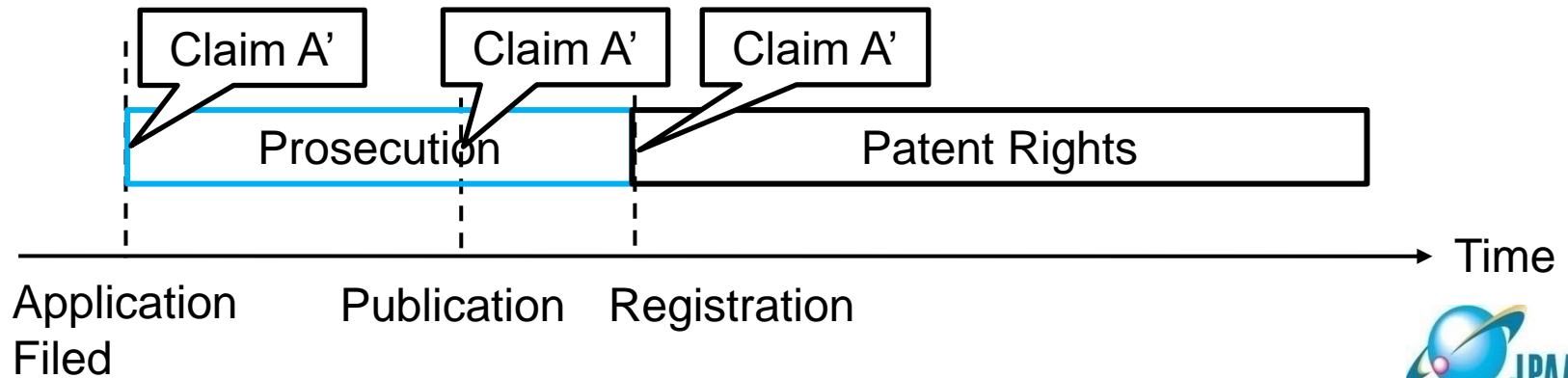
Invalidation Trial Proceeding

<Effect of Correction>

Once a trial decision that states an acceptance of the correction is made final, a correction is made final.



It is retroactively acknowledged that application, publication, and registration of patent were done with the corrected contents.



Invalidation Trial Proceeding

- Comparison of Effect

Type	Range of Effect
Trial Decision	Concerned parties and third parties
Invalidity Defense (104-3)	Concerned parties only

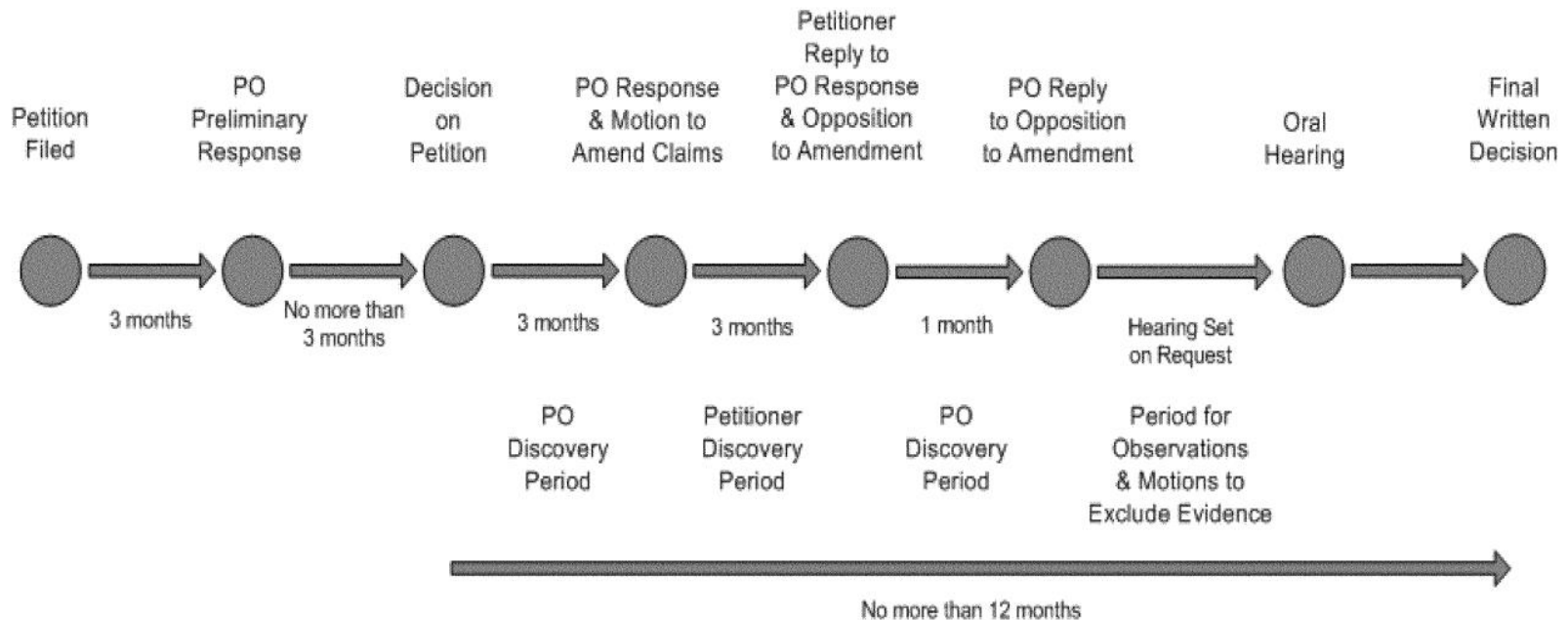


Invalidation (IPR/PGR) Proceedings

- How to bring IPR/PGR
 - Must submit petition on any grounds that “could have been brought”
- As much evidence as you can bring should be included in Petition
 - Submitting additional evidence must be done within one month of institution of trial. See 37 C.F.R. § 42.123
- Institution is “all or nothing”
 - “Partial Institutions” are no longer possible

Invalidation (IPR/PGR) Proceedings

- IPR/PGR are statutorily limited to 12 months plus one six-month extension for good cause
 - Unclear what would happen if PTAB fails to meet deadline





Invalidation (IPR/PGR) Proceedings

- Claim construction standards applied by PTAB:
 - PTAB now uses *Philips*¹ standard rather than “BRI” (Broadest Reasonable Interpretation)
Claim terms are given their ordinary and customary meaning as understood by one of ordinary skill in the art
 - PTAB will now “take into consideration” any prior claim construction ruling from District Court if timely submitted to PTAB

¹ *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005)



Invalidation (IPR/PGR) Proceedings

Amending claims to preserve validity at the PTAB

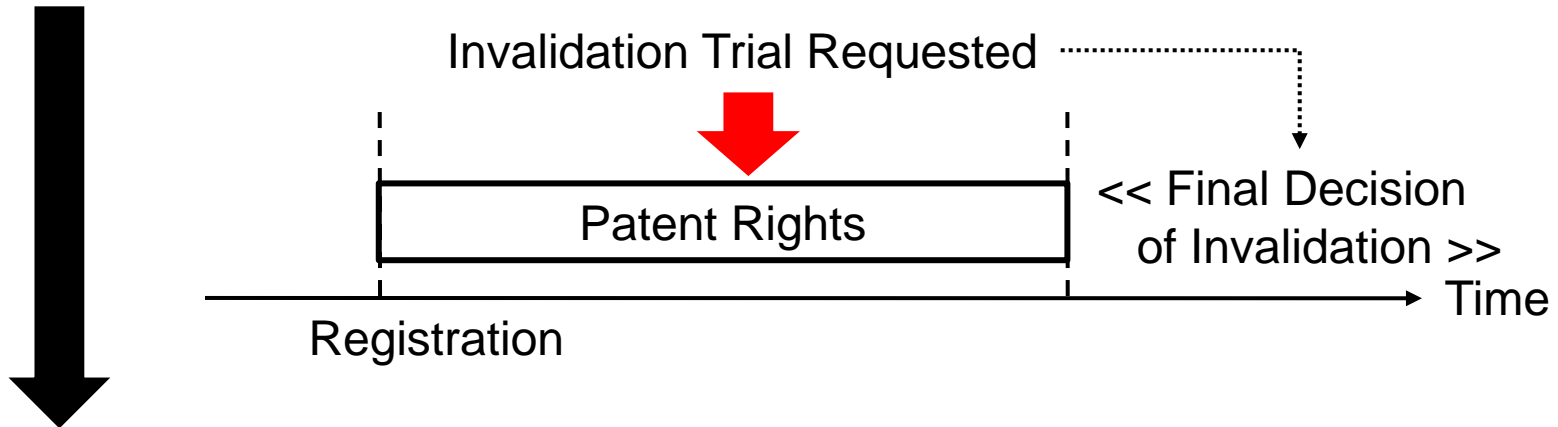
- Must demonstrate that: (1) the number of proposed claims is “reasonable,” (2) the amendment responds to a ground of unpatentability involved in the trial, (3) the proposed amendment does not enlarge the scope of the claims, and (4) the proposed amendment does not introduce new matter. *See* 35 U.S.C. § 316(d) (2019); 37 C.F.R. § 42.121.
- Amendment is not “of right”; PO bears burden of persuasion
- If successful, “Intervening Rights” will likely eliminate any prior damages that could have been awarded

Effect of decision/judgement

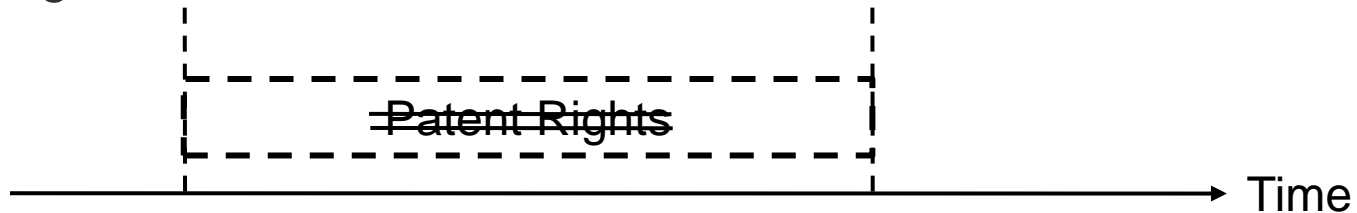
Invalidation Trial

<Effect of Decision of Invalidation (retroactive effect)>

When a trial decision to invalidate a patent is made final...



the rights to the patent is acknowledged as not having existed from the beginning



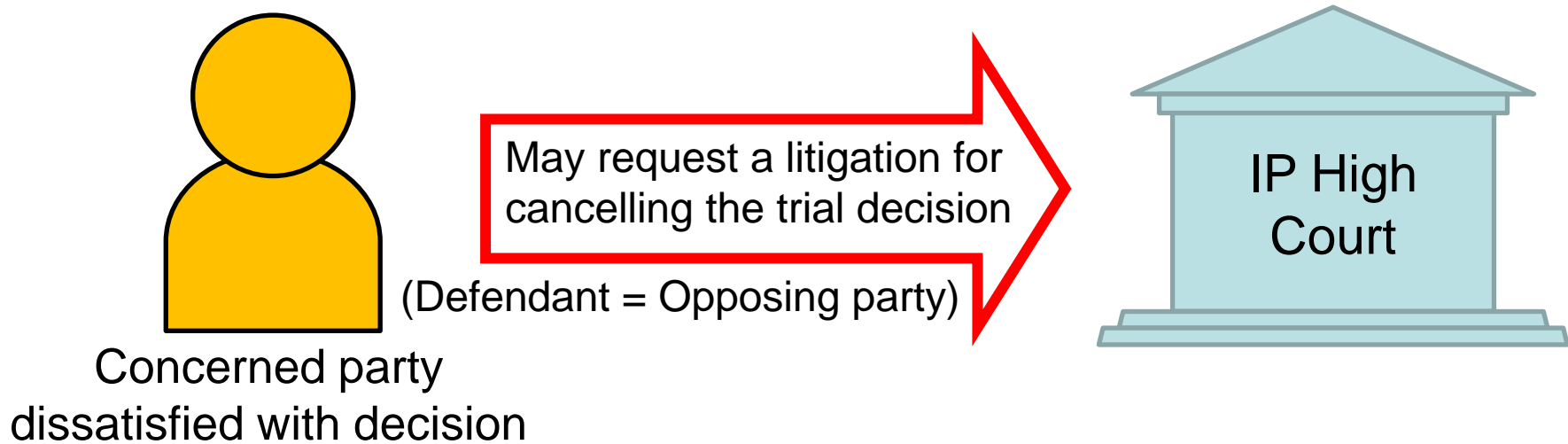
Effect of Decision/Judgment

- Adverse Patentability Decisions at PTO are Binding On District Court Litigation
 - Invalidated patent is completely unenforceable
- Favorable Patentability Decisions at PTO have Estoppel Effect on Petitioner
 - Estoppel only applies to Petitioner and those in privity with Petitioner
 - Applies for any grounds that “could have been raised” in the proceeding

Effect of Decision/Judgment

- PGR Estoppel is far greater than IPR Estoppel
 - Because PGR can be instituted on nearly any ground of patentability, nearly any ground “could have been brought” and will be estopped
 - IPR only applies to 102 and 103 art, so 112 challenges are not estopped in Court

Process after Decision/Judgement



- Reasons for Cancelling Trial Decision
 - (1) Erroneous acknowledgement of subject invention
 - (2) Erroneous acknowledgement of cited invention
 - (3) Erroneous acknowledgement of common features and differences
 - (4) Erroneous acknowledgement concerning differences
- Addition of Evidence: not allowed in principle

Process after Decision/Judgment

- Final Decisions of U.S. PTAB are appealed to Fed. Cir.
 - Decisions that are appealable
 - Finding of Invalidity
 - Finding of No-invalidity
 - Decisions that are not appealable
 - Decision whether to institute *See* 35 USC 314(d)
 - Time-Bar Requirement¹
 - Real-Party-in-Interest determinations²
- Decisions of District Court are appealed to Fed. Cir.
 - Must be a final decision

¹ *Thryv, Inc. v. Click-to-Call Technologies, LP*, 140 S. Ct. 1367, 1370,73 (2020)).

² *ESIP Series2, LLC v. Puzhen Life USA, LLC*, Case 2019-1659 (Fed. Cir. May 19, 2020)

Process after Decision/Judgment

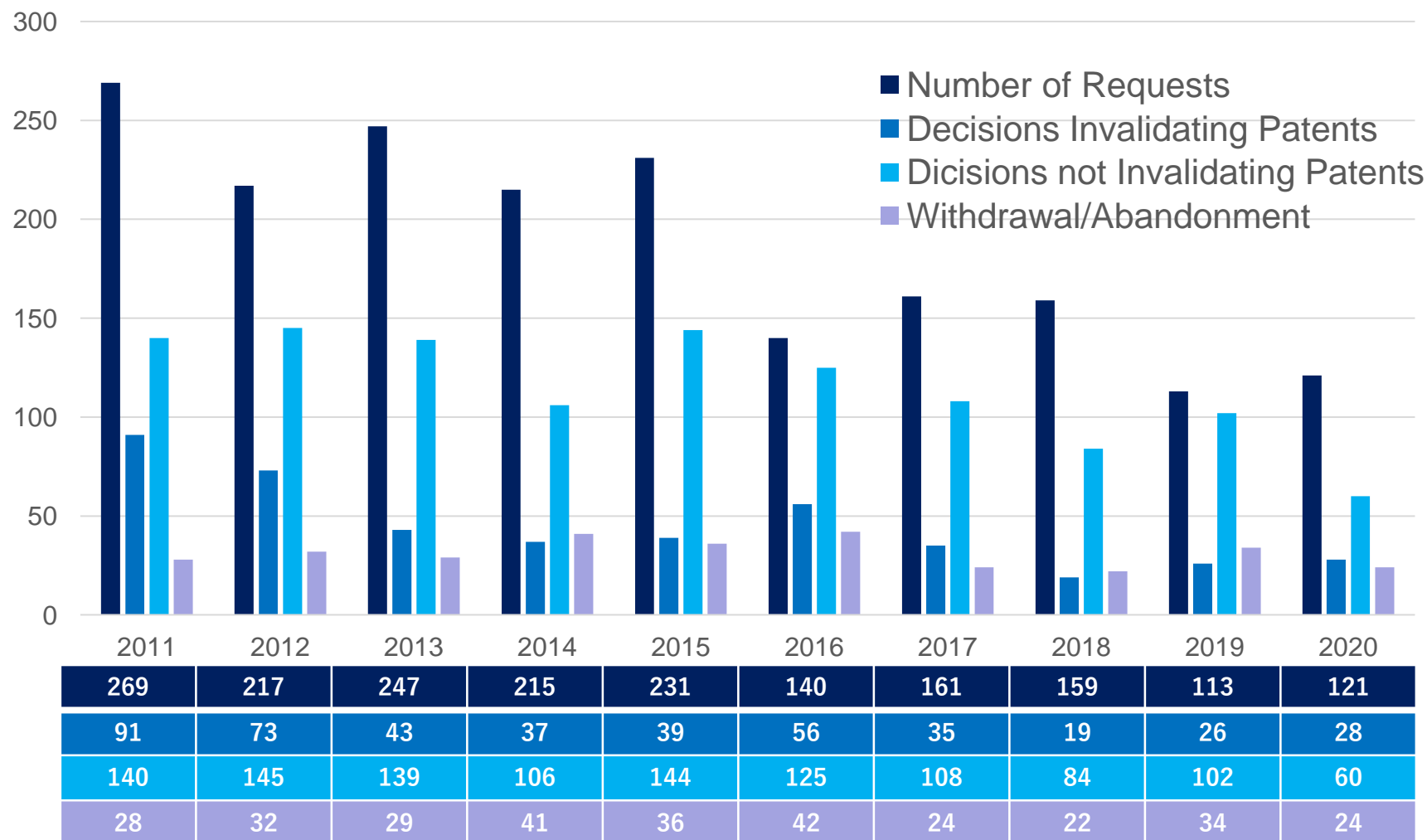
- Can a patent held invalid be reinstated?
 - Rarely done, but it may be possible
 - 35 U.S.C. ss 251(a)

*Whenever any patent is, **through error**, deemed wholly or partly inoperative or invalid ... by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director shall ... **reissue** the patent for the invention disclosed in the original patent ... for the unexpired part of the term of the original patent.*

- Overbroad claims can be an “error” in the patent
 - *In re Tanaka*, 640 F.3d 1246, 1251 (Fed. Cir. 2011)

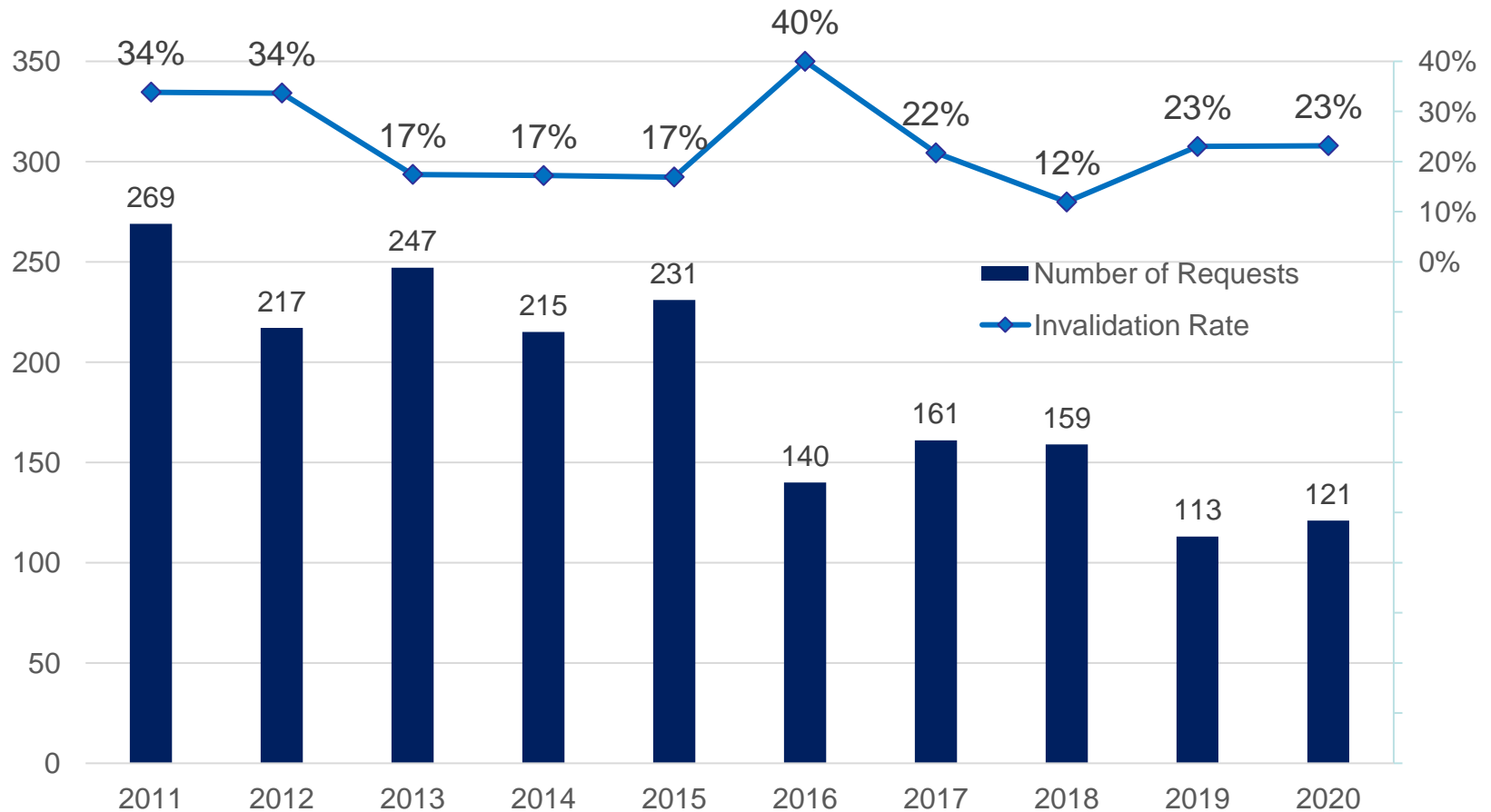
Statistics

■ The Numbers related to Patent Invalidation Trial



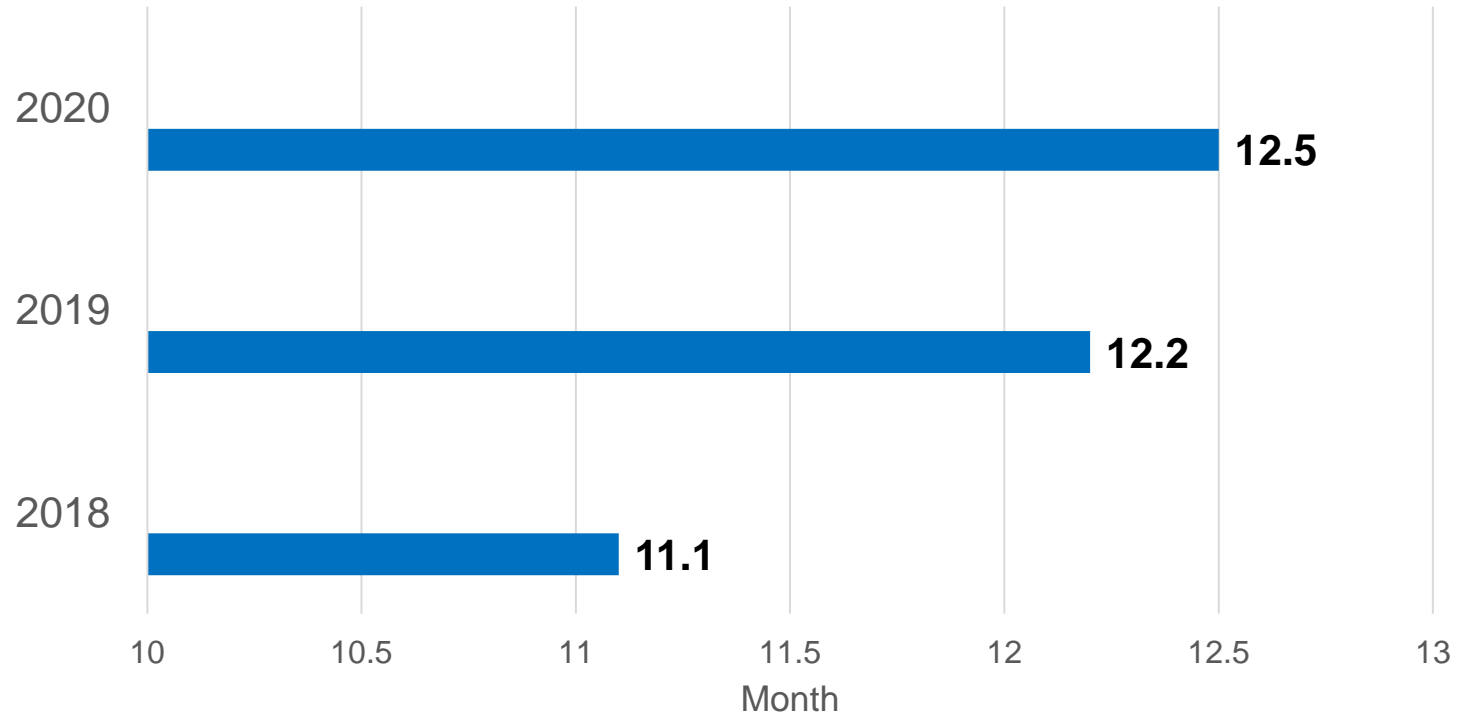
Statistics

■ Invalidation Rate in Patent Invalidation Trial



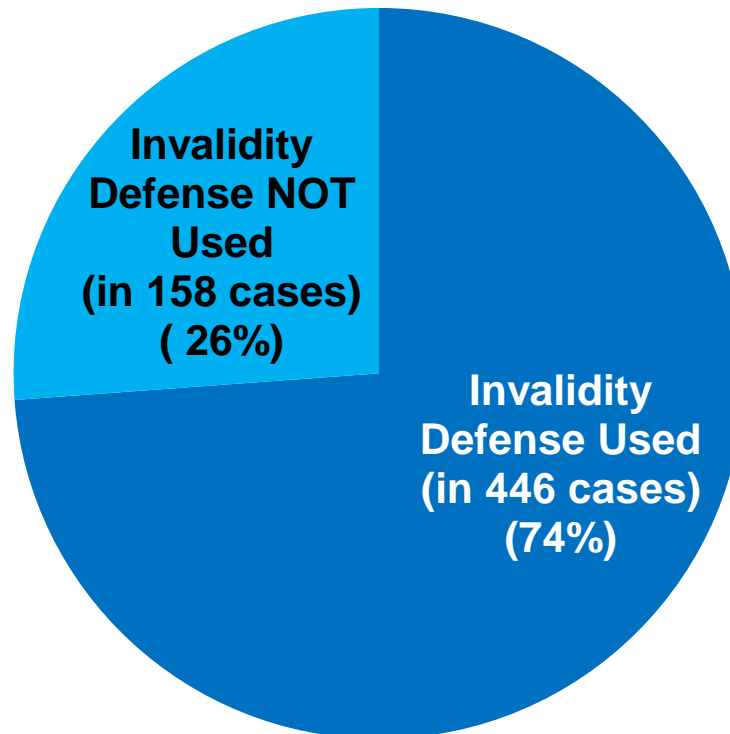
Statistics

■ Average Pendency Periods of Invalidation Trial



Statistics

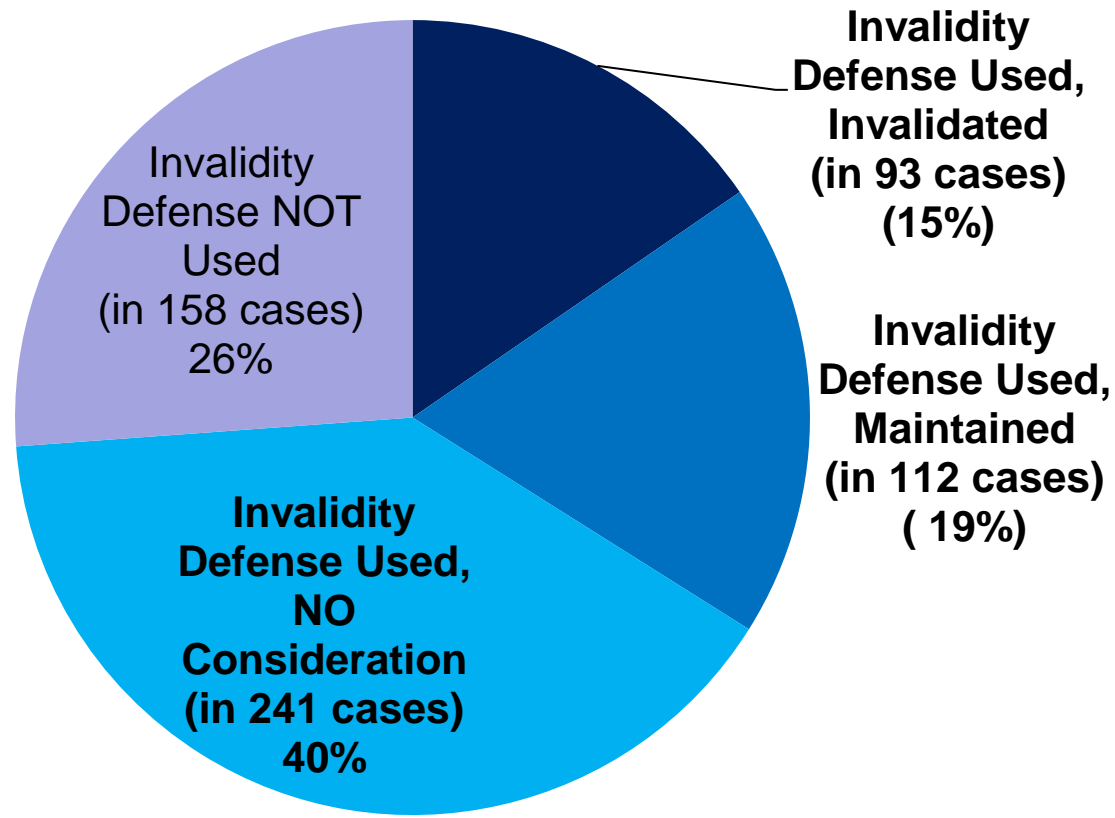
◆ Ratio of Invalidity Defense in Patent Infringement Lawsuits from 2012 to 2019



■ Invalidity Defense Used ■ Invalidity Defense NOT Used

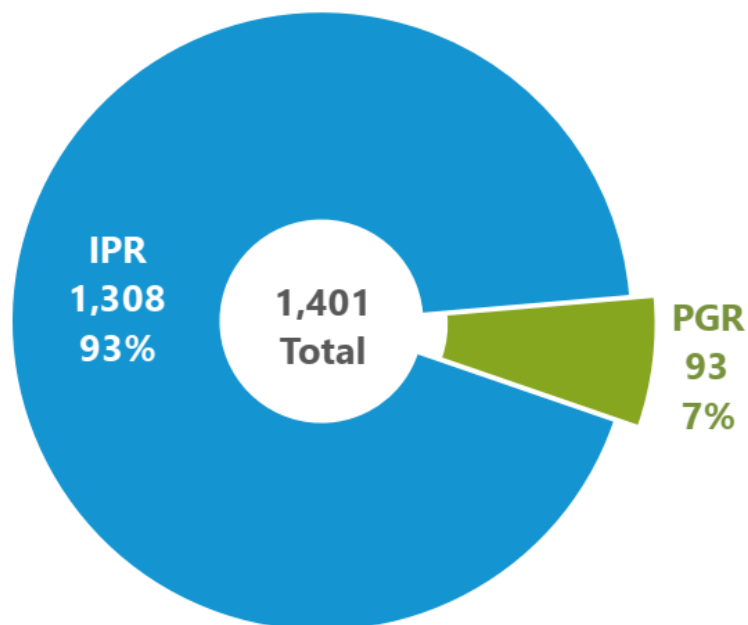
Statistics

◆ Results of Invalidity Defenses in Patent Infringement Lawsuits from 2012 to 2019





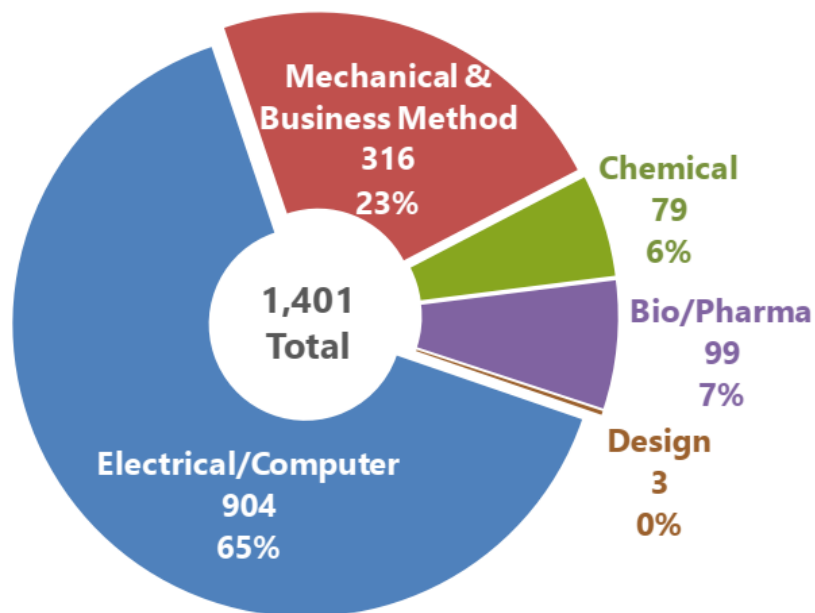
Petitions filed by trial type (FY21: Oct. 1, 2020 to Sept. 30, 2021)



Trial types include Inter Partes Review (IPR), Post Grant Review (PGR), and Covered Business Method (CBM). The Office will not consider a CBM petition filed on or after September 16, 2020.

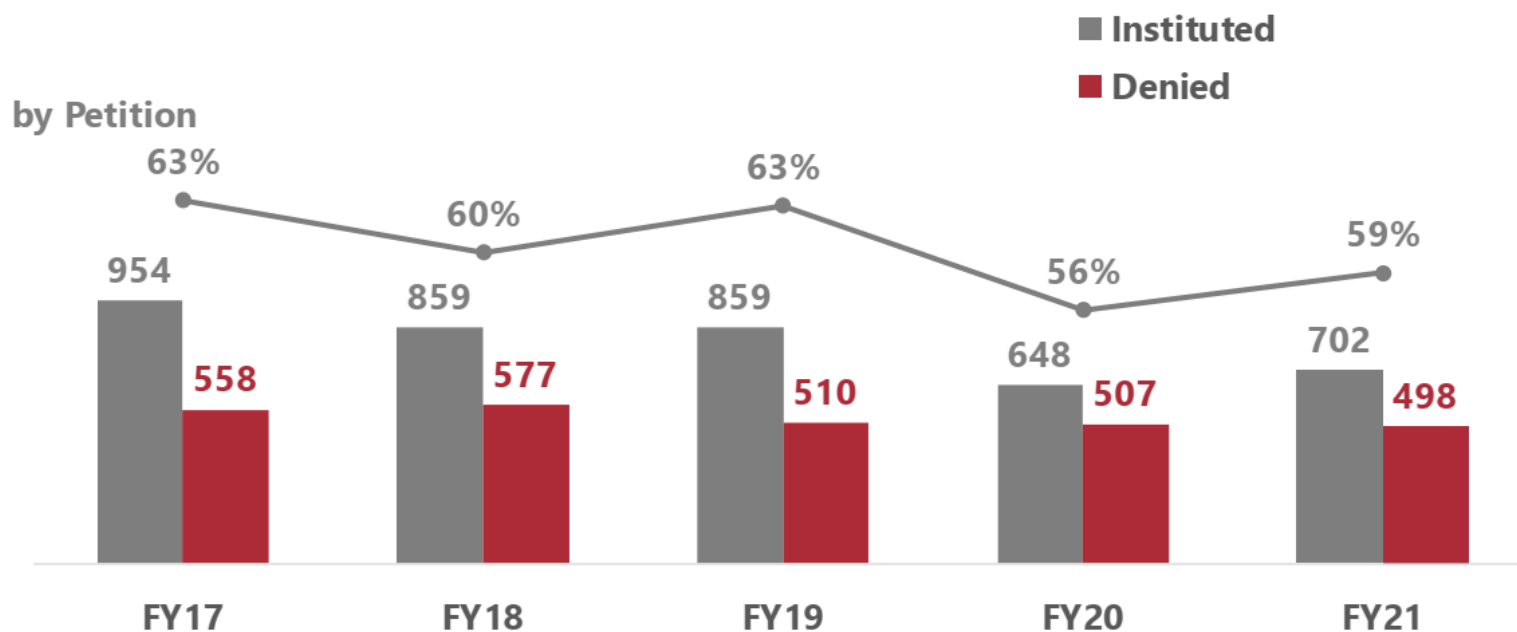


Petitions filed by technology (FY21: Oct. 1, 2020 to Sept. 30, 2021)



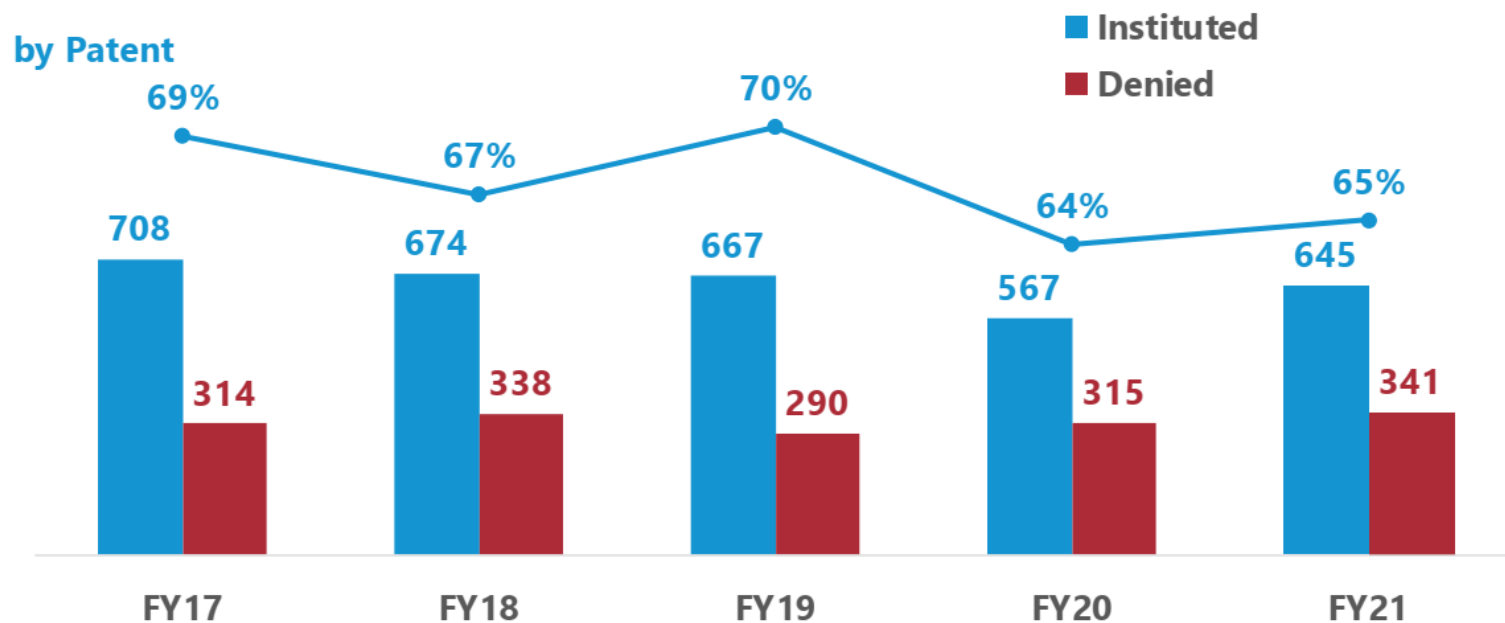


Institution rates by petition (FY17 to FY21: Oct. 1, 2016 to Sept. 30, 2021)





Institution rates by patent (FY17 to FY21: Oct. 1, 2016 to Sept. 30, 2021)

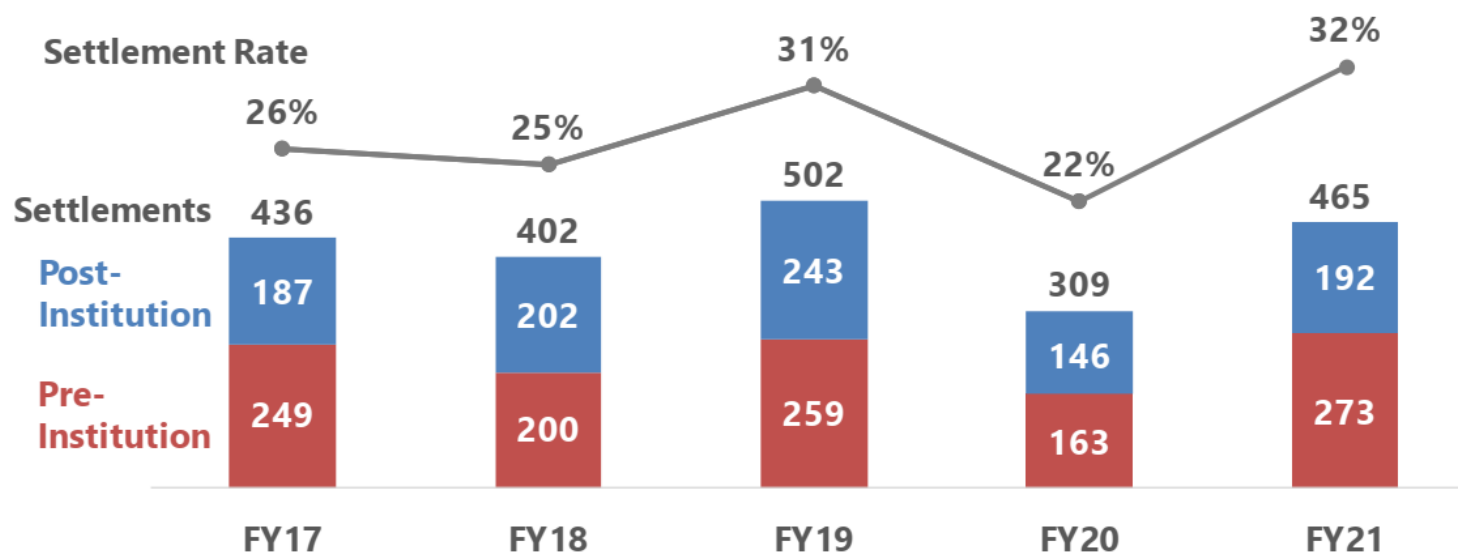


uspto



Settlements

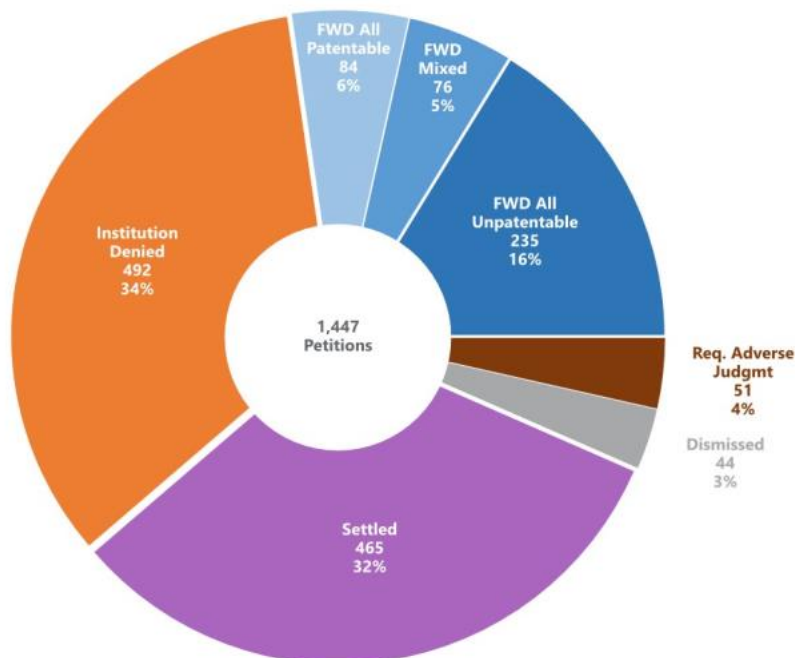
(FY17 to FY21: Oct. 1, 2016 to Sept. 30, 2021)



Settlement rate is calculated by dividing total settlements by concluded proceedings in each fiscal year (i.e., denied institution, settled, dismissed, requested adverse judgment, and final written decision), excluding joined cases.



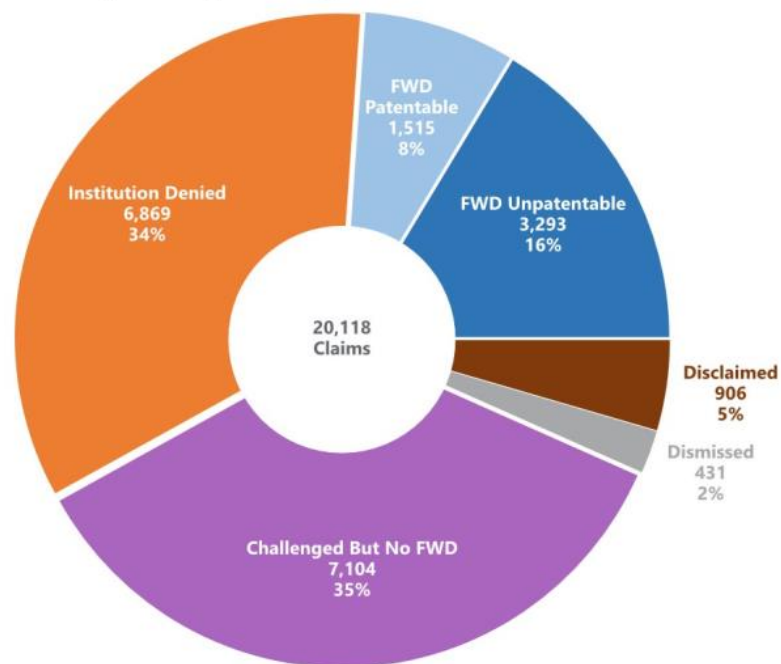
Outcomes by petition (FY21: Oct. 1, 2020 to Sept. 30, 2021)



FWD patentability or unpatentability reported with respect to the claims at issue in the FWD. Joined cases are excluded.

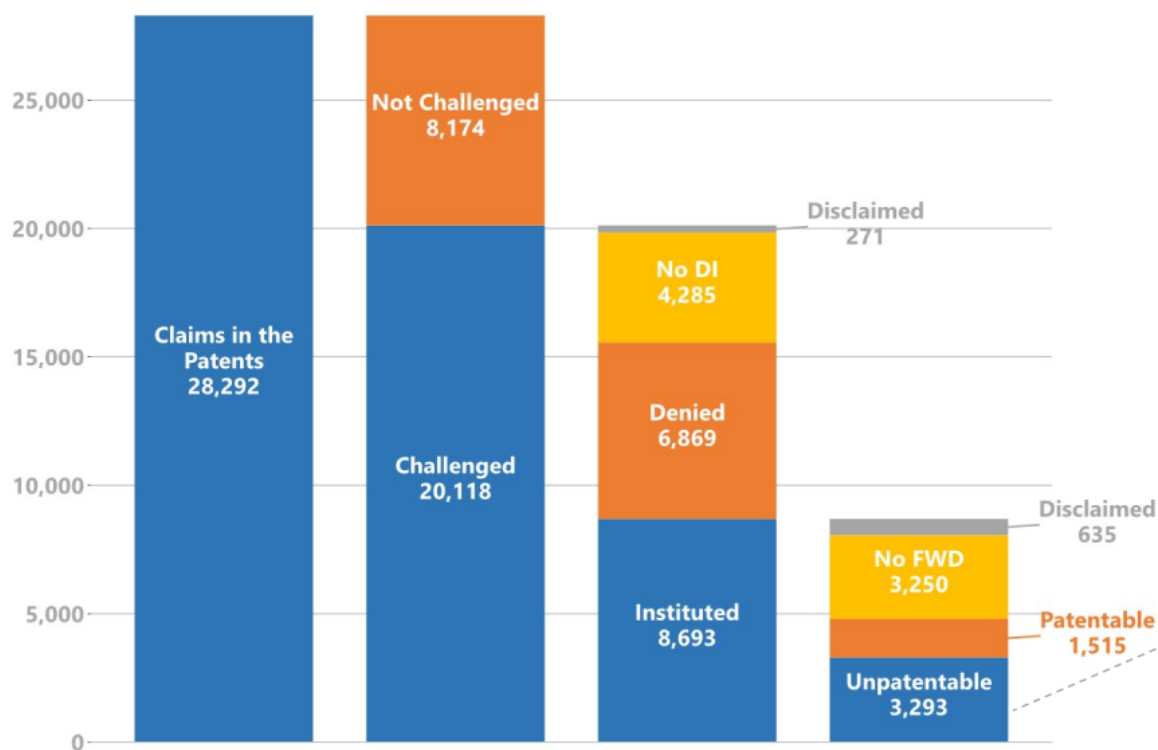


Outcomes by claim challenged (FY21: Oct. 1, 2020 to Sept. 30, 2021)





Claim outcomes (FY21: Oct. 1, 2020 to Sept. 30, 2021)



"No DI" and "No FWD" means the claim was challenged but not addressed in a DI/FWD, e.g., due to settlement.

16% of challenged claims and 38% of instituted claims were found unpatentable by a preponderance of the evidence in FY21.



Question-and-answer session

Thank you for your kind attention!



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