

8 Procedures for Proceedings in Inter Partes Trials

Based on the provisions of Article 104-3 of the Patent Act, which was introduced in April 2005, the defense of patent invalidation has been judged in patent infringement suits. In response to this situation, the Japan Patent Office has included trial cases that are filed while the infringement suit is pending into the subjects that are to be judged at an early stage, contributing to the prompt solution of conflicts.

On the other hand, key measures of the “2009 Plan for the Promotion of Intellectual Property” stipulated to “examine in order to obtain a definitive conclusion within fiscal year 2010 with respect to countermeasures for issues pertaining to the ‘double track.’” In discussing on this issue, it is necessary to research and review more prompt and accurate procedures for proceedings in inter partes trials.

Based on this context, for this research and study, oral interviews were conducted with companies and their agents, statistics and analyses pertaining to relationship between inter partes trials and lawsuits were gathered, and research was done into prompt and accurate procedures for proceedings in inter partes trials that improve the degree of satisfaction of the system’s users, in order to identify their needs in inter partes trials (trials for invalidation).

I Introduction

1 Background and purpose of this research

Based on the provisions of Article 104-3 of the Patent Act, which was introduced in April 2005, whether a patent in question is found to be invalid by a patent invalidation trial (or defense of patent invalidation) has been judged in a lawsuit pertaining to infringement of patent rights (hereinafter referred to as “patent infringement suit” in this report). In response to this situation, the Japan Patent Office has included trial cases that are filed while the infringement suit is pending into subjects to be judged at an early stage, promoted the enhancement and streamlining of proceedings in inter partes trials (trials for patent invalidation), and contributed to the prompt and appropriate solution of conflicts.

On the other hand, with regard to conflict settlement schemes for judging the validity of a patent, the “key measures” of the “2009 Plan for the Promotion of Intellectual Property” stipulated to “examine in order to obtain a definitive conclusion within fiscal year 2010 with respect to countermeasures for issues pertaining to the ‘double track,’ which means that a suit can be brought against the validity of a patent by both a trial for patent invalidation and a patent infringement suit.”

With regard to the “double track,” in cases where a patent infringement suit and an inter partes trial are conducted in parallel, efforts have been made to have inter partes trials by the Patent Office, which is a government agency specialized in technology, lead a prompt and accurate conclusion in order to make use of the

conclusions at the proceedings for the infringement suit. However, when discussing the ideal way to use the system in FY2010, it was necessary to conduct sufficient research and review this fiscal year in order to find the way to establish procedures for proceedings in order to have more prompt and accurate inter partes trials than under the current system.

Moreover, with regard to the oral proceedings of inter partes trials, it has become an important duty for the chief trial examiner who presides over trial cases to proceed with the proceedings in a way that ensures both parties are satisfied the chief trial examiner’s procedures for the proceedings (direction of the proceedings).

Based on this background, it was necessary to perform an immediate review of prompt and accurate procedures for the proceedings in inter partes trials for raising sufficiency of the system’s users. The present research study is conducted for the purpose of gathering basic materials for the review.

2 Research Study Method

(1) Research, analysis, and review

In order to identify users’ needs concerning procedures for proceedings in inter partes trials in Japan, oral interviews were conducted with 20 users in total, including law firms, patent attorney firms, and companies with experience of inter partes trials and the results were organized and summarized as the results of the oral interviews in Japan.

An investigation of publications was conducted and summarized with regard to outlines for procedures in intellectual property

suits in Japanese courts, inter partes trials pertaining to patents in major overseas countries, and trial systems pertaining to patent invalidation.

In addition, in order to identify the relationship between trials for patent invalidation and judicial decisions, with regard to the data from trials for patent invalidation that were filed in the past five years, the existence of relative judgments or the context of each trial were analyzed and the term from filing of the relative judicial decisions to the filing of trials for patent invalidation are also analyzed. The results of the analysis were summarized as objective data.

With regard to the form of trial decisions in trials for patent invalidation, the use rate of the terms and expressions that are used with the same definition was reviewed in 50 cases that were chosen randomly from the bulletin of decisions in trials for patent invalidation, and the results were summarized as objective data.

(2) Analysis and summary

Based on the results obtained from the various surveys, analyses, and reviews as stated in (1) above, the procedures for proceedings in inter partes trials in Japan were analyzed and the results of the analysis were comprehensively summarized.

With regard to the oral interviews in Japan, a wide variety of opinions were gathered depending on the status and experience of the respondents. Some questions received common and similar opinions from many respondents; while different opinions were allowed for specific cases. Based on these trends, this research study attempted to take into account a wide range of opinions as comprehensively as possible. Opinions that were common or similar to a comparatively large number of respondents and that were considered to be important to examine for establishing a future system are extensively cited and reviewed.

In this regard, when summarizing the opinions of respondents, attorneys who are familiar with the Patent Act and the Code of Civil Procedure were asked to join in this operation in order to analyze them from fair and broader perspectives.

With regard to the part pertaining to the oral interviews in Japan, please note that attorneys, patent attorneys, and persons who hold both licenses are treated as “agents” and, as stated in (1) above, the sample number is 20 (16 agents and 4 companies).

II Imperative Functions of Inter Partes Trials

1 Analysis of objective data

According to the objective data, it was found, among cases where trials for patent invalidation were filed, that no patent infringement suit was filed or that trials for patent invalidation were filed prior to the patent infringement suit in a considerable percentage of cases (approximately 75 percent). This means that the objective data supports the fact that trials for patent invalidation are widely used in categories other than those in which trials for patent invalidation are used as a defense in response to the filing of a patent infringement suit (trials for patent invalidation that are highly related to the patent infringement suit). It is necessary to note this point.

On the other hand, within the range of this survey, the objective data did not show significant characteristics by field or significant changes or transitions by time as to the relationship between trials for patent invalidation and patent infringement suits.

2 Analysis of the results of the oral interviews in Japan

The results of the oral interviews in Japan do not completely conform to the objective data of 1. above.

According to the results of the oral interviews with agents, there were many answers stating that trials for patent invalidation are often used as a means of defense in cases where a patent infringement suit has been filed.

However, it is possible to understand that this results show that a company consults with an agent often in cases related to patent infringement suits and the results are not necessarily contradicting with the results in 1. above.

This was also found in the responses concerning the experiences of persons in charge in companies that there are many trials for patent invalidation that do not always have a relationship with patent infringement suits (on the whole, when compared with the responses of agents, in the results of the oral interviews with companies, the responses tend to be that there are many trials for patent invalidation that do not always have a relationship with patent infringement suits).

Moreover, in the results of the oral

interviews with agents, there were also responses stating that there are opportunities to use trials for patent invalidation in addition to patent infringement suits, or that a value is given to the significance that trials for patent invalidation exist for other reasons in addition to a defense in patent infringement suits.

Multiple responses noted that there are cases where trials for patent invalidation are used in order to proceed advantageously in licensing negotiations. And there are also responses stating that, in cases where conflicts over patents have occurred in foreign countries, trials for patent invalidation may be filed against Japanese patents corresponding to the foreign patents in question from a strategic perspective (some responses said that there are cases where trials for patent invalidation are used for the purpose of making Japanese patents fall into the same range as the foreign patents in question).

In addition to the abovementioned responses, some noted cases where trials for patent invalidation were used to invalidate a patent that had become an obstacle when entering a market; cases where trials for patent invalidation were used for the purpose of restricting the claims of another company's patent in order to avoid a situation where a company's product is within the technical scope of another company's patent; and cases where trials for patent invalidation were used in order to clarify claims on the patent in question and to dispel questions over whether a company's own product infringes another company's patent in cases where their own products were likely to be in the technical scope of another company's patent, due to a lack of clarity in the claim.

As stated above, according to the results of the oral interviews in Japan, it is found that users do not file patent infringement suits or have high demand for filing trials for patent invalidation prior to the suits.

Differences by field or industry were not clarified; provided, however, some responses referred to the point that it is valued for invalidating patents completely more than for the purpose of negotiation in the chemical field, and other responses noted that there are many cases of filing trials for patent invalidation alone without filing a patent infringement suit in the field of pharmaceuticals and medical equipment and therefore that field has a particularity as compared with other fields:

3 Imperative functions of inter partes trials

When discussing the imperative functions of trials for patent invalidation or discussing the establishment of a future system of trials for patent invalidation, it is necessary to review issues of the "double track" as they are seen and by taking sufficiently into account the relationship with patent infringement suits.

On the other hand, in a high percentage of cases, a patent infringement suit is not filed or a trial for patent invalidation is filed prior to the suit, and users are aware of the unique significance of the existence of trials for patent invalidation. Therefore, it is highly necessary to deepen the analysis of those functions unique to trials for patent invalidation.

Consequently, when considering the imperative functions of trials for patent invalidation and discussing the establishment of an individual system, as mentioned below, we must consider also whether patent infringement suits and systems in countries conform to the significance of the system or to the significance of a function that is unique to trials for patent invalidation, while respecting the results of the comparison of patent infringement suits and systems in said countries and of various oral interviews.

III Well-Organized Proceedings

1 Necessity of well-organized proceedings

According to the results of the oral interviews in Japan, the demand for well-organized proceedings is found to be high with regard to certain cases, such as cases requiring adjustment with a patent infringement suit.

As for opinions against well-organized proceedings, many of them concern the point of whether the burdens required for preparation are greater since document preparation time is shorter than the current status, or that rigid well-organized proceedings will not result in a one-time solution. On the other hand, as to trials for patent invalidation, the opinion that well-organized proceedings are not necessary is limited based on the tendency of the overall responses.

As mentioned above, the majority of the opinions considered well-organized proceedings themselves favorably. Therefore, with regard to certain cases, there is considered to be a demand

for introducing well-organized proceedings proactively in order to accelerate proceedings and to secure the predictability of procedures.

2 Typical cases where well-organized proceedings are desired

It cannot be denied that the amount of acceleration in well-organized proceedings or regular proceedings that is desired by the parties may vary by case.

In this regard, one of the cases for which well-organized proceedings are particularly desired (or expected), and which is referred to in the results of the oral interviews in Japan, is the case where a patent infringement suit is also under procedure. And another is a case where a foreign company is a party or where a conflict in a foreign country is also under procedure.

3 Typical cases where preparatory procedure is desired

According to the results of the oral interviews in Japan, both positive and negative opinions were obtained with regard to preparatory procedures for reducing the burden of oral proceedings. However, depending on the specific cases, there are many opinions stating that the preparatory procedure is effective.

Therefore, it is considered that the necessity of preparatory procedure shall not be judged uniformly, but be judged by individual and concrete cases.

Based on these findings, the cases where a preparatory procedure is desired (or expected) in particular are those cases with complicated and multiple issues and cases where technical understanding is difficult or important.

4 Categorization of well-organized proceedings method

With regard to the existence and method of well-organized proceedings and preparatory procedures, it is preferable to have a choice based on the parties' intentions depending on the content and characteristics of the individual and concrete cases.

Meanwhile, with regard to the method of well-organized proceedings, it is likely to be pointed out that the responses of the Patent Office become inconsistent in cases where the method of well-organized proceedings is established by each panel of a trial without having

clear standards or models.

Therefore, there is room for examination of whether it is possible to propose a method of well-organized proceedings that is to some extent categorized.

In this regard, since the subject of proceedings for litigation rescinding a trial decision on patent invalidation is limited to the trial decision on patent invalidation, the procedure has been categorized to a considerable extent. And the point that the subject of the proceedings is targeted to an extent applies to trials for patent invalidation to some extent.

Therefore, it is considered that the categories of the schedules of proceedings in a trial procedure can be of some help in examining well-organized proceedings for a trial for patent invalidation. For example, two methods, Method A and Method B, are presented as models of a litigation rescinding a trial decision on patent invalidation at the Intellectual Property High Court (currently, the method is limited to Method A).

In this respect, the "oral argument," among procedures for litigation rescinding the trial decision on patent invalidation at the Intellectual Property High Court, is generally a procedure to confirm the documents that have been submitted. Therefore, reference procedures as closer to preparatory procedures and oral proceedings in trials for patent invalidation are "preparatory proceedings."

The following two categories are considered to be typical methods of well-organized proceedings in a trial for patent invalidation: (1) a category where preparatory procedures and oral proceedings are each scheduled respectively one time, which corresponds to Method A (in which preparatory proceedings are scheduled to be held twice); and (2) a category that has no preparatory procedures, but is scheduled to hold oral proceedings only once, which corresponds to Method B (in which only preparatory proceedings are only scheduled once).

In order to fulfill proceedings and gain satisfaction from users, the abovementioned methods (1) or (2), in which a panel of a trial is scheduled to have an opportunity to hear opinions directly from parties, should be the principle. On the other hand, it cannot be denied that some cases may be satisfied only with documentary proceedings depending on the content of the case (the following is considered to be a typical case: a case where a written answer is not submitted). Therefore, it is necessary to consider a third

method category that has no preparatory procedures or oral proceedings, but concludes proceedings only through documentary proceedings.

In addition, according to the results of the oral interviews in Japan, there were many responses stating that holding oral proceedings once is sufficient in principle. Therefore, the abovementioned categories (1) through (3) are sufficient as basic categories and it is acceptable to hold hearings twice or more depending on the content of each case.

With regard to well-organized proceedings in trials for patent invalidation, the “Scheduling Manual of Trails for Patent Invalidation (for judges)” has been established. The manual presents several patterns of proceedings by the category of examination, such as the “Schedule of Proceedings for Complicated Cases.” Then, as future issue, consideration should be given to segmenting and publicizing the existing models that are presented in the “Scheduling Manual of Trails for Patent Invalidation (for judges)” by the abovementioned categories (1) through (3) based on the analysis stated before.

5 Notes for the operation of well-organized proceedings

(1) Establishment of flexible schedules for cases

In the results of the oral interviews in Japan, there was a request to present a flexible schedule for proceedings by taking into consideration the special circumstances of each case.

There is the opinion that sufficient time is necessary for the preparation of documents, particularly for cases in which a foreign company becomes one of parties. Another opinion states that especially long meeting times are necessary for cases where an intervener(s) exists. Also, an opinion notes that it is necessary to have specially sufficient preparation time for cases that require observations, etc. of experiments against the allegations of the other party.

Therefore, when operating with a schedule of proceedings, it is necessary to present the schedule of proceedings flexibly in consideration of the parties’ attributes, the existence of interveners, the volume and content of predicted counterarguments, and other special circumstances. When establishing a schedule, it should be noted that the schedule will reflect the intentions of the parties to their satisfaction, for example by making opportunities for hearing of

the other party’s opinions, etc.

(2) Flexible rescheduling in response to irregular cases

In the results of the oral interviews in Japan, there was a concern that in cases where a schedule of proceedings is presented, if it is followed rigidly, it will not result in one-time solution.

In concrete terms, some responses suggested requiring a flexible response if any irregular circumstances arise.

Therefore, in order to respond to the concern that it will not result in one-time solution as much as possible, when following a schedule of proceedings, it is necessary to follow it flexibly, including by changing the schedule, in cases where any irregular circumstances occur, in particular, where new evidence or claims arise that were not presented when establishing the schedule of proceedings, making it necessary to prepare new counterarguments against them, etc.

(3) Reducing the time required for administrative processing by the Patent Office

According to the results of the oral interviews in Japan, there were responses that basically stated their satisfaction with the speed of proceedings, while there were also requests to shorten the time necessary for the Patent Office’s administrative processing. Therefore, these points should be improved.

IV Direction of Proceedings

1 Ex officio principle

(1) Typical cases where the ex officio principle (collecting publicly known examples) is desired

According to the results of the oral interviews in Japan, expectations were seen for the ex officio principle.

One is the case where the ex officio principle is executed by collecting publicly-known publications from the standpoint of providing assistance in cases where, because the applicant is a small or medium sized enterprise, etc., its capability to collect various kinds of materials, including foreign publicly-known publications, is insufficient and apparent evidence was overlooked. The other case is where the ex officio principle is executed complementarily by collecting publicly-known publications in cases where claims

are expected to be brought up again (or are in the process of being repeated) since the discussions on patent validity have not been carried out thoroughly.

(2) Notes on the ex officio principle (collecting publicly known examples)

There are some concerns over executing the ex officio principle concerning the collection of publicly-known publications.

In particular, from the perspective of gaining the satisfaction of the parties, in cases where the ex officio principle is executed by collecting publicly-known publications, it is necessary to provide a demandee sufficient time for counterargument, or sometimes to provide the opportunity for further discussion (for example, second opportunity to engage in oral proceedings).

In fact, in the results of the oral interviews in Japan, there were many opinions stating that sufficient time for counterargument or additional opportunities for discussion should be provided in cases of executing the ex officio principle.

Moreover, as noted in the results of the oral interviews in Japan, it is preferable to execute the ex officio principle at an early stage of the procedures (at least, before oral proceedings). In particular, in cases of collecting publicly-known publications that may drastically change the direction of allegations (or change major examples) by their own authority, it is important to execute the ex officio principle by collecting publicly known references at an early stage in order to avoid disrupting the stability of procedures.

2 Disclosure of conviction

(1) Typical cases where disclosure of conviction is desired

According to the results of the oral interviews in Japan, pros and cons were found, and requests for disclosure of conviction vary by respondent.

As shown in the results of the oral interview with agents, a trial for patent invalidation is not a system for settlements. Disclosure of conviction in a trial for patent invalidation is thus not necessarily the same as the disclosure of conviction by judges in a patent infringement suit.

We should then examine where the disclosure of conviction in a trial for patent invalidation becomes necessary, with a different approach than the method or functional theory of

disclosure of conviction by judges in a patent infringement suit, in light of the uniqueness of procedures in trials for patent invalidation and the expectations of users concerning them.

In this regard, as a case where disclosure of conviction is particularly desired (or expected), one of desirable way to have a disclosure of conviction is considered to be the disclosure of conviction that organizes issues in order to solve acknowledgement conflicts between hearing examiners and parties (in particular, misunderstandings on technical understandings or issues), as it is found in the results of the oral interviews in Japan. Another desirable way for disclosure of conviction is to have the disclosure of conviction in order to provide opportunities for counterarguments before granting a trial decision that is different from the issues. Moreover, in cases where the conviction is changed again after the disclosure of conviction, a further desirable way for disclosure of conviction is to have it in order to provide opportunities for counterarguments.

(2) Notes on disclosure of conviction

In the results of the oral interviews in Japan, several requests related to the method of operating disclosure of conviction were presented. An operation is desired to narrow the issues by disclosing convictions at each stage of the procedures and provides time for counterarguments after the disclosure of conviction. With regard to the timing of the disclosure of conviction, it is preferable to disclose convictions at the earliest stage possible (before oral proceedings).

(3) Notes for the operation of issue memos

According to the results of the oral interviews in Japan, the previous presentation concerning matters for a trial panel (presentation of issue memos) was generally accepted favorably.

On the other hand, the results presented several requests concerning the method for performing disclosure of conviction. It is preferable to perform the disclosure of conviction in order to improve the frequency of sending issue memos above the current status and to perform it in order for the content of the issue memos to become relevant.

In connection with the way to perform the disclosure of conviction, it is preferable to do it by presenting the conviction by means of issue memos.

3 Other (overall direction of proceedings)

As included in the results of the oral interviews in Japan, requests for an overall direction of proceedings extend over a broad range. One of the desires is to improve the communication system between parties and the Patent Office. Another desire is to have the chief trial examiner provide appropriate direction based on the conditions on time limits and the opportunity to submit documents.

V Oral Proceedings

1 Necessity of oral proceedings

In the results of the oral interviews in Japan, there were many responses to confirm the necessity of oral proceedings in general terms.

A case that was pointed out in the results of the oral interviews in Japan as a case where oral proceedings are not necessary was the case where oral proceedings were held formally in a simple case, etc.

On the other hand, a case that was stated to be preferable (or expected) to holding oral proceedings was the case where a patent infringement suit is under procedure at the same time.

With regard to the judgment as to whether oral proceedings are to be held or not, there is an opinion that wishes to include the intentions of the parties. Therefore, it is considered, for example, that there is a room for examination with regard to establishing a schedule of proceedings based on the responses of parties to the necessity of oral proceedings at the beginning of procedures.

2 Notes for reducing the burden from the preparation of oral proceedings

According to the results of the oral interviews in Japan, there were opinions that the burden from the preparation of oral proceedings was both large and small.

With regard to the use of issue memos, hearings on unclear matters, and the implementation of preparatory procedures, there were many opinions that they contributed to reducing the burden from the preparation of oral proceedings on the whole, although opinions on their necessity are different in each case.

It is desirable to clarify first of all where the emphasis is placed in oral proceedings and

whether technical explanations are (or possibly should be) necessary as measures to reduce the burden from the preparation of oral proceedings.

3 Notes for the procedure of oral proceedings

According to the results of the oral interviews in Japan, some specific requests on the procedures of oral proceedings are presented. First, it is preferable to specify a standard form for oral proceedings to some extent. Moreover, in cases where a foreign company is one of the parties, the due date for the submission of documents before oral proceedings should be considered. The issues should be organized proactively at or immediately before oral proceedings. In addition, there were opinions to request that the chief trial examiner prohibit irregular statements, or to request specification of the end of oral hearings. Therefore, the procedures of oral proceedings should be controlled appropriately by the chief trial examiner.

In cases where multiple trials are under procedure at the same time, appropriate direction, such as the consolidation of the trials, etc., should be provided depending on each case.

4 Notes for the form of written statements

In the results of the oral interviews in Japan, some specific requests on the form of written statements were presented. In particular, with regard to important matters, etc. related to issues, they should be stated in the written statements as much as possible.

Moreover, it is also preferred that the content of written statements can be confirmed by making copies or using projectors, etc. These points should also be considered.

VI Form of Trial Decision of Trials for Patent Invalidation

1 Ideographs and words used in trial decisions

According to the objective data, it is found that inconsistent expressions are seen in a trial decision. For example, with regard to “expression pertaining to publications,” expressions for “publications,” “cited examples,” or “cited documents” were stated without particular distinction. Apparent misuses were detected, for

example that because the validity of a right for which an examiner's decision has been made is challenged in a trial for patent invalidation, it should be stated as "in the present court," but it is stated as "in the present application." Moreover, there are statements that are not based on the booklet of examples of ideographs and words for public documents.

In this regard, in the results of the oral interviews in Japan, there are opinions that point out inconsistencies between judgments or the fact that ideographs and words in trial decisions are not inconsistent.

Therefore, based on the objective data and the results of the oral interviews, with regard to ideographs and words in trial decisions in the future, the following improvements are desired: (i) amending apparent misdescriptions; (ii) considering descriptions in accordance with the booklet of examples of ideographs and words for public documents; (iii) facilitating uniform ideographs and words among trial decisions, etc.

2 Content of trial decisions

In the results of the oral interviews in Japan, the following specific requests on the content of trial decisions are presented.

First, a considerable number of opinions stated that a summary of the parties' allegations is essential for understanding the content of trial decisions, but statements on that point were insufficient. Therefore, the parties' allegations shall be summarized to the extent necessary and sufficient in a trial decision.

Moreover, there were many opinions indicating that there were insufficient statements of the thinking process. Therefore, the thinking process should be stated to the extent necessary and sufficient in a way that conforms to the parties' allegations.

Another opinion complains that only one judgment is stated for multiple grounds for invalidation. From the perspective of the parties' satisfaction, it is desirable to indicate judgments on all of the grounds for invalidation to the extent possible.

VII Ideal Defense of Counterarguments (Particularly Regarding the Introduction of Foreign System)

In the results of the oral interviews in Japan, there were some opinions indicating the need to

refer to a preliminary claim which is used in a re-examination in the United States or in filing objections with EPO (European Patent Office), etc. when considering the establishment of a system of trials for patent invalidation.

In particular, the preliminary claim that is used when filing objections, etc. with EPO attracts a lot of attention since it is closely related to issues associated with the restriction of opportunity and the frequency of amendment. In this regard, there were many opinions that agree with the introduction of the preliminary claim in the results of the oral interviews in Japan.

In the results of the oral interviews in Japan, specific requests were presented even in cases of introducing preliminary claims that are used in filing objections with EPO.

When introducing preliminary claims to be used for filing objections with EPO, the number of amendment proposals should be restricted.

Moreover, consideration was given as to whether the system should restrict the timing of amendments (on the other hand, there are opinions stating that a system to restrict the timing of amendments is not necessary).

Whether it is possible to establish or operate a system to enhance opportunities for a demandee's counterarguments in lieu of accepting the preliminary claim system should be the subject of exhaustive discussions.

In addition to the abovementioned, there are opinions that expect the establishment of a system that does not allow requesting a trial for amendment after filing an action in lieu of accepting the preliminary claim system (it is notable that there are opinions against this opinion).

(Researcher: Akira YASUTAKE)