The title is set against a background of a Japanese flag (white with a red circle) overlaid on a blue-tinted circuit board. The text is white and reads: "Report Details Success of Japan's New Patent Opposition System".

Report Details Success of Japan's New Patent Opposition System

IN SHORT

The Situation: Japan's new patent opposition system was introduced in 2015, and it runs concurrently with the country's previously existing patent invalidation system.

The Result: According to a recently published report, the opposition system has been well received and frequently utilized, and it has resulted in a reduction of invalid and low-quality patents.

Looking Ahead: Businesses should consider both opposition and invalidation actions when their products in the Japanese market may be affected by third-party patents.

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In April 2015, Japan started using a new opposition system that allows challenges to the validity of newly issued patents at the Japan Patent Office ("JPO").

This opposition system operates in parallel with the JPO's existing invalidation system. The key differences between the two procedures are: (i) a request for an opposition must be filed within six months of the patent's publication; (ii) anyone, and not just an interested party, can file an opposition; (iii) oppositions do not have an oral hearing and are usually faster and cheaper; and (iv) the opposing party cannot appeal an adverse decision of validity to the IP High Court.

The JPO recently published a [detailed report](#) containing the latest statistics on the use and outcomes of the new opposition system.

The Number of Oppositions

From April 2015 through June 2017, 2,240 oppositions were filed (the JPO counts multiple filings against the same patent as one filing). For the first six months of 2017, slightly more than 100 new oppositions were filed each month. The total number of filings in 2016, when oppositions could be filed throughout the year for the first time, was 1,214. In 2017, the number for the first half was 659, which is slightly more than for 2016 on an annualized basis.

By comparison, the number of patent invalidation trials in 2016 decreased to 140, from 230 in 2015 (a drop of 90 cases or approximately 40 percent), after the number had remained over 200 for each year from 2006 to 2015 (see page 6 of [here](#)). It is therefore reasonable to infer that the new opposition system caused a 30 percent to 40 percent decline in the number of invalidation trials. Furthermore, because the total number of oppositions filed in 2016 (1,214) is more than five times greater than the annual number of invalidation trials from 2006 to 2015 (over 200), it is clear that the new opposition system also created more incentive and opportunities to challenge the validity of patents to a significant number of persons who otherwise would not have tried to invalidate (or narrow the claims of) a patent.

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The Length of Time to a Decision

The average time to a decision for an opposition in 2016 was 5.8 months, and 10.5 months for an invalidation trial (see page 4 of [here](#)). According to the JPO, this notably shorter duration may be due to the large proportion of decisions in which the patent was maintained without any amendment to the claims, which tend to be decided more quickly.

Success Rate for Challengers

In 2015, 352 oppositions filed reached a conclusion. Of those, 44—or 12.5 percent—resulted in revocation of all or some of the challenged claims of the patent. 159—or 45.2 percent—resulted in the patent being maintained but only after the claims underwent an amendment. Consequently, for oppositions filed in 2015, the challenger succeeded in revoking or narrowing one or more claims in 57.7 percent of the cases.

The success rate for challengers decreased for oppositions filed in 2016. Of the 857 that reached a conclusion, 72—or 8.4 percent—resulted in revocation of all or some of the challenged claims, and 359—or 41.9 percent—resulted in the patent being maintained after claim amendment. The challenger succeeded in revoking or narrowing one or more claims in 50.3 percent of the cases. For oppositions filed so far in 2017, 85.5 percent are still pending, but their success rate should be closer to that of 2016.

By comparison, in [invalidation trials](#), 39 of 183 trials (21.3 percent) for 2015, and 56 of 181 trials (30.9 percent) for 2016 resulted in invalidation of one or more claims. These rates do not factor in cases in which the parties settled before a decision, and the JPO's statistics for invalidation trials do not provide the number of cases in which the claims were narrowed. Thus it is difficult to make a direct comparison, but it can be seen that the revocation rate in oppositions is less than the percentage of instances in which entire claims were found invalid in an invalidation trial. However, if we factor in the number of oppositions in which the claims were narrowed, the success rate for oppositions become the same or even better than for invalidation trials.

Number of Decisions for First Two Calendar Years

Year	Total	Revoked*	Maintained (Corrected)**	Maintained (Not Corrected)***	Withdrawn or Dismissed
2015	352 (100 percent)	44 (12.5 percent)	159 (45.2 percent)	145 (41.2 percent)	4 (1.2 percent)
2016	857 (100 percent)	72 (8.4 percent)	359 (41.9 percent)	403 (47.0 percent)	23 (2.6 percent)

*Revoked all of some of challenged claims; **Maintained challenged claims with correction;

***Maintained challenged claims without correction

Looking at the numbers in the aggregate, it is evident that the new opposition system has more than doubled the number of issued patents that get invalidated or narrowed in scope. Thus the new opposition system has helped reduce the number of invalid or low-quality patents.

Variations Among Industrial Sectors

The JPO Report also provides breakdowns according to the International Patent Classification ("IPC") of the opposed patents. Chemical and metallurgical patents have been opposed the most by far, followed by patents classified in the "Human Necessities" sector, "Performing Operations; Transporting" sector, "Electricity" sector, and "Physics" sector.

TWO KEY TAKEAWAYS

1. According to the JPO's statistics, the new opposition system has gotten off to a robust start with significant level of

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usage. It does not seem to be particularly pro-opponent or pro-patentee.

2. Business operators should consider patent oppositions along with patent invalidation trials as options for invalidating or narrowing patents that may affect their interests.



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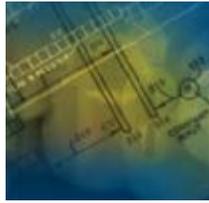


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