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The 'Endless Loop' of Japanese Patent Prosecution

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Patent prosecution in any patent system has its normal course of delays. In significant cases, especially when broad claims are being prosecuted, even more time may be required until a resolution of the patent issues is reached. However, within the Japanese Patent System peculiarities within the law make such delays indefinite, resulting in an “endless loop” of prosecution without any resolution. Furthermore, such unreasonable delays may be perpetuated by the subjective evaluations of perhaps a single examiner.

These indefinite delays are not only inherently unfair to the applicant, but prolong the issuance of the patent so that the public is not in a position to properly evaluate what patent rights may be granted.

Without exaggeration, many of these disputes go on throughout the life of the patent, and in many cases persist even after the expiration date of the patent. Since patent enforcement under the Japanese law can take place for past infringement even subsequent to the termination date of the patent, the public is at risk that these dispute resolutions, which may only be resolved after the termination of the patent, may yet result in admission of validity of a patent or correction thereof, only to permit enforcement many years after such patent rights should have been clarified.

Procedures in JPO Resulting in Prosecution Delays

The prosecution process within the JPO is to first have an examiner review the invention, and provide search and examination through issuance of official actions. Generally, the examiner will examine the claims for novelty (Section 29, subsection 1), inventive step (Section 29, subsection 2), first to file (Section 29-2 and 39), indefiniteness (Section 36, subsection 5 and 6.2), and adequate support (Section 36, subsection 4.1 and 6.1).

While most patent cases are resolved through prosecution with the examiner, where a person has received the examiner's decision that his/her application is to be refused and if the applicant is dissatisfied, he may request an appeal trial against the examiner's refusal. Such appeal trial is conducted by the Board of Trial Examiners, which consists of three or five Trial Examiners, although it is very rare that the Board consists of five (Section 136, subsection 1).

One of them serves as the Trial Examiner in Chief, and he essentially controls and directs the process within the appeal trial. During the appeal trial, the Board reviews the examiner's decision. If they conclude that the examiner was in error, they will revoke the examiner's decision and, although they can remand it back to the examiner (Section 160, subsection 1), they usually will just grant the patent (Section 159, subsection 3 and section 51).

During the course of the appeal trial, the Trial Examiners are allowed to find a new reason and/or new prior art to reject the patent application other than those stipulated in the decision of the examiner (Section 150, subsection 1 and Section 153, subsection 1). In such case, the Board has to notify the new reason and/or prior art to the applicant and allow the applicant to make counter-arguments against that reason and/or prior art before issuance of the decision of the Board (Section 159, subsection 2 and Section 50). Accordingly, by way of example, although the examiner may have only rejected the claim based upon certain sections, such as lack of novelty, the Board of Trial Examiners can reject those claims for other reasons, such as indefiniteness, lack of support, etc.

If the Trial Examiners agree with the examiner's decision, then the rejection remains. At that point, if the applicant is still dissatisfied with the decision, he has the right to file an appeal to the IP High Court.

The IP High Court reviews the Trial Examiner's decision and will either agree with the decision or revoke it. To the extent that they agree with the decision of non-patentability, such decision remains and no patent will be granted. If they revoke the Trial Examiner's decision, they must remand the case back to the Board of Trial Examiners for further prosecution.

The Board of Trial Examiners also has jurisdiction on other patent reviews. Specifically, they handle Trials for Correction. Such a Trial for Correction can be brought to them after a patent issues and can occur at any time a patent owner desires. A Trial for Correction can also take place during the course of the actual prosecution of a case that is under appeal at the IP High Court level. Should such a Trial for Correction be refused by the Trial Examiners, that case will likewise be available for appeal before the IP High Court.

The Board of Trial Examiners at the appeal level also handles patent Invalidation Trials brought by third parties. Prior to the amended patent law of 2003, they also handled oppositions, but those have been abolished and consolidated within the current patent Invalidation Trial system.

While, on its face, this procedure appears to be a standard patent review process that would exist in any patent system, inherently, because of essentially two specific deficiencies in the Japanese Patent Laws, there can be unacceptable delays in obtaining any final resolution within this procedure. The two deficiencies that seriously prejudice the applicant's ability to clarify his patent rights and obtain patent protection are as follows:

- “Piecemeal Prosecution” – there is no requirement under the Japanese Patent Law to provide a complete examination at the time of a rejection.
- There is no requirement under the Japanese Patent Law to have a finality of decision.

Each of these deficiencies will now be examined.

‘Piecemeal Prosecution’ – No Requirement For Complete Examination Within the Japanese Patent System

There is no requirement within the Japanese Patent Law that a final decision should include all reasons for rejection. As a result, so

long as there is a rejection of one claim, the patent can be rejected. Accordingly, a final refusal can include only rejections related to one claim, although there may be many other claims, including many other independent claims within the same application. As a result, when a final refusal is received, it may only address one claim.

It may therefore be necessary to go up through the entire appeal procedure, through the Board of Trial Examiners and even the IP High Court, only to have that decision on that one claim revoked. However, that will not bring finality, since it will then be remanded back for further examination of any of the other claims.

In this way, the JPO has the ability of "Piecemeal Prosecution" in rejecting claim after claim, and requiring the applicant to go up through the appeal trial and possibly the IP High Court, only to have it remanded for further examination of other claims. This process can provide for almost indefinite delays in the resolution of any patent on an invention.

Not only can this process be used in piecemeal rejection with respect to one claim versus another claim, it can also be used for piecemeal rejection in connection with a single claim itself. For example, a final refusal can be issued in connection with a particular claim for lack of novelty. It is not required that the final refusal address other issues, such as lack of inventive step or even indefiniteness.

The applicant will then be forced to take an appeal through the Trial Examiner level, and perhaps even the IP High Court level, to get that decision revoked. It is then remanded back for further examination. Such examination may then address the same claim for further issues, such as obviousness. In fact, such further rejection and refusal can provide a rejection of obviousness over the same reference that was previously cited only for lack of novelty.

Such further refusal will only require the applicant to again take this procedure back up through the trial appeal level and perhaps the IP High Court level to have this further rejection revoked. Once again, it can be remanded, and thereafter even that same claim can be further rejected based upon other sections such as indefiniteness, lack of support, etc. Additionally, a further search can be carried out, and now the same claim can be rejected on the same basis as before, *i.e.*, lack of novelty or lack of inventive step, this time based on a different reference.

The applicant is prejudiced in that no finality of any decisive issues with respect to the patent will ever be reached, since a new reference can always be found, even if not more material than a previous one that was already cited.

Although the Japanese law does not require complete rejections on all claims during a refusal, the Japanese guidelines ("Examination Guidelines for Patent and Utility Model in Japan" prepared by the JPO) with respect to the patent examination by examiners within the JPO do recommend that each reason for refusal of each claim should be clarified in a notification of reasons for refusal. In cases where there is a reason for rejection, such as indefiniteness or insufficiency of support, etc., for a certain claim, the Guideline stipulates that the examiner is able to dispense with examination of novelty and inventive step, provided that lack of examination on novelty and inventive step for the claim should be indicated in the notification of reasons for refusal. However, when the patent examiner makes a decision that a patent application is to be refused, he should refer to all the claims which have reasons for refusal.

While such a Guideline suggests that examiners address all of the claims, it does not ever suggest that the examiner must address all

rejections with respect to all the claims in his final refusal, and does not suggest that he apply all material references. He can use only one reference now, and later it is possible that the Board of Trial Examiners may cite other references against the same claims.

Additionally, although these guidelines may be directed to examiners, they are clearly not directed to the appeal trial level. On the contrary, with respect to the appeal level, the Tokyo High Court held on January 31, 2002, in Case No. Gyo-ke 385/2000, that Section 49 of the Japanese Patent Law rules that when one of the claims of one patent application may not be patented, the whole patent application shall be refused. This means that the Trial Examiners need not examine all of the refused claims. The same ruling has been applied in the following cases:

- IP High Court on December 22, 2005, Case No. Gyo-ke 10078/2005;
- IP High Court on July 19, 2005, Case No. Gyo-ke 10122/2005;
- Tokyo High Court on January 20, 2005, Case No. Gyo-ke 57/2004;
- Tokyo High Court on October 25, 2004, Case No Gyo-ke 589/2003;
- Tokyo High Court on October 8, 2003, Case No. Gyo-ke 131/2002;
- Tokyo High Court on February 13, 2003, Case No. Gyo-ke 105/2001;
- Tokyo High Court on March 28, 2002, Case No. Gyo-ke 180/2000; and
- Tokyo High Court on February 28, 2002, Case No Gyo-ke 530/1999.

At the Board of Trial Examiners level on appeal, the Board are free to apply "Piecemeal Prosecution". They need only address one claim at a time, and furthermore, even with respect to that one claim, need only address selective rejections such as novelty without necessarily addressing inventive step. Furthermore, they can use only one reference and after remand again reject using another reference.

No Finality of Decision

A second deficiency which results in delays in the final resolution of patent issues relates to the inability of the IP High Court to either grant a patent themselves or to instruct the JPO to grant such a patent.

Under the current Japanese Patent Law, all the IP High Court can do is to sustain or revoke the Board of Trial Examiners decision. However, they cannot grant the patent themselves and cannot even instruct the patent office to grant such patent.

It is appreciated that in the Japanese system, it is the administrative agencies that are given the authority to implement certain actions such as granting a patent. Similarly, by way of example, in determining the boundaries of land in connection with land ownership, it is the administrative agency that actually has to register the particular borders and determine the extent of the border rights. Nevertheless, judges can decide on these borders and then instruct the administrative agency to issue the right ownership registrations in accordance with their decision.

Similarly, while it may be desirable that the Japanese Patent Office be the only agency to issue patents, it would be consistent to permit the IP High Court to instruct the JPO to grant a patent in accordance with an IP High Court decision. This would give them

not only the current passive role of accepting or revoking a Trial Examiner's decision, but also give them the ultimate determination in making a decision on what should be patented.

To some extent, the IP High Court already has this role in connection with infringement litigation. The IP High Court may enforce a patent which the Court finds valid and award damages or injunctive relief, even after the Board of Trial Examiners of the JPO has decided that the patent was invalid, as long as such decision of the Board has not yet been finalized. Additionally, while historically it was the Tokyo High Court that addressed patent issues, currently there is a separate IP High Court that has been established to address IP matters.

Accordingly, any changes in the law which will address patents need not be universal for all other administrative agencies. Laws can be specific in connection with the IP High Court and will not necessarily affect the other administrative agencies, which are handled by the Tokyo High Court. Therefore, a change in the law could be made to permit the IP High Court to instruct the granting of a patent to the JPO administrative agency, without affecting other administrative agencies handled by the Tokyo High Court.

The Resulting 'Endless Loop'

As a result of these two situations in the Japanese Patent Law, once the applicant has reached the Board of Trial Examiners, he is in an "endless loop" situation. The Board of Trial Examiners can reject a claim "piecemeal". The applicant can then appeal that claim rejection at the IP High Court, which can revoke the decision. It is then remanded back to the Board of Trial Examiners, giving them the right to reject that same claim on other grounds or reject other claims that were not previously addressed, and continue to provide further refusals, one at a time.

The Japanese Patent Law does provide that the Board of Trial Examiners must accept as binding the decision of the IP High Court (Section 33, subsection 1 of the Law on Suits against the Government, Law No. 139 of 1962). The binding effect covers the determination of facts and legal decisions which support the conclusion of the judgment. Thus, the Trial Examiners of the resumed trial examination shall make a second decision in accordance with the conclusion and the grounds of the judgment of the IP High Court (the Supreme Court of Japan on April 28, 1992, Minshu No. 46, Vol. 4, Page 245). However, the Trial Examiners may make the same conclusion as the first one with different reasons (the Tokyo High Court on April 26, 1989, Case No Gyo-ke 235/1985).

The Board of Trial Examiners are, accordingly, not precluded from now rejecting the same claim on a different basis or on a different reference. For example, if previously the Board of Examiners rejected claim 1 on reference A, and if the IP High Court revokes that decision, the case is sent back to the Board of Trial Examiners. That Board can now reject that same claim citing a new reference B. Furthermore, if that previous rejection only addressed the novelty issue of that claim with respect to reference A, they can now reject that same claim under reference A for lack of inventive step.

All of this would not be held to be contrary to the binding decision of the IP High Court, which revoked their previous refusal. Additionally, the Board of Trial Examiners need only reject one claim. After the IP High Court revokes that decision, that is no obstacle in their now rejecting another claim. As a result, the applicant winds up in an "endless loop"

between the "piecemeal" rejections provided by the Board of Trial Examiners and the revocation of those rejections by the IP High Court and remand to the Board of Trial Examiners for further action.

When the court decision revokes a trial decision, the case is remanded back to the Trial Examiners for further trial examination (section 181, subsection 5). During such procedure of the resumed trial examination, the JPO procedures are that the same Trial Examiners who previously examined the case would again be designated for further resumption of the examination, in the absence of those examiners having been relocated. The JPO has indicated that as these Trial Examiners who previously examined the case understand the technical content of the invention, it provides for effective treatment of the case. However, it also provides more of a prejudicial review of the case. Furthermore, often the same Chief Trial Examiner will therefore handle all related cases and thereby provide continued rejections on not only one case, but on a whole group of cases, all related to the same subject matter and the same applicant.

This "endless loop" has been recognized by the Japanese Supreme Court. In a statement by Supreme Court Justice Sonobe, he remarked: "A patent invalidation trial and an action against the trial decision could go on forever when both parties make new allegations during the procedure of the resumed trial examination." (Supreme Court of Japan on April 28, 1992, Minshu No. 46, Vol. 4, Page 245)

This "endless loop" could be severed by forcing a final refusal to include all of the reasons for rejection, address all of the claims, and apply all pertinent references. In connection with the examiners level at the JPO, this would require enforcing and further clarifying the existing guidelines. It would also be effectively providing the same Guidelines to the Board of Trial Examiners. As the Board of Trial Examiners typically only handles significant cases, with basic claims, it is even more critical for the Board of Trial Examiners to follow these Guidelines in order to provide definitive results, both for the applicant as well as for the public, in an expedited manner without unreasonable and endless delays.

Comparison With United States Patent System

The United States has a similar patent prosecution hierarchy. Specifically, the Examiner initially reviews the claims. If the applicant is not satisfied with the final decision of the Examiner, he can go up to the Board of Appeals. Following the Board of Appeals, should the applicant still not be satisfied, he has the right to appeal to the Court of Appeals for the Federal Circuit (CAFC).

However, under the United States system, "Piecemeal Prosecution" is not permitted. On the Examiner's level, each pending claim must be mentioned in each Office Action (MPEP§707.07(i)). In making a final decision, the Examiner is required to repeat or state all grounds of rejection that are considered applicable to all of the claims in the application (37 C.F.R. §1.113; MPEP§706.07).

The instructions to Examiners are that they must ordinarily reject each claim on all valid grounds available, avoiding, however, undue multiple citation of references. However, Piecemeal Examination is to be avoided as much as possible. While an Examiner is not called upon to cite all references that may be available, he should cite all of the best references (37 C.F.R. §1.104(c)).

Accordingly, once the Examiner does his “job”, all of the rejections on all of the claims with all of the best references should be included. In most cases the Examiners do not only reject on one reference, but where multiple references are considered significant they will recite such rejections, both for novelty and obviousness, for all such significant references. Likewise, the Board of Appeals must address all issues raised on each appealed claim. They can affirm or reverse each decision of the Examiner on these claims. They can also remand the proceedings for a further examination back to the Examiner (37 C.F.R. §41.77).

If the Board decides to remand a case back to the Examiner, they must specifically indicate the reason for such remand. For example, they may feel that the pertinence of the reference has not been made clear and they may request the Examiner to provide further explanation (37 C.F.R. §41.50 (a) (1); MPEP§1211.01). If the Board believes that the most pertinent art has not been cited, or if they believe a particular amendment has been not adequately addressed by the Examiner, they can likewise remand the case to the Examiner for further consideration (MPEP§1211.02, 1211.03 and 1211.04).

The purpose of the review by the Board of Appeals is to address all of the issues that are before them on appeal and provide a complete record in this one review. The entire purpose is to avoid “Piecemeal Prosecution” so that they will address all of the issues until they feel that the record has been complete and they can provide adequate decisions on every issue that has been addressed on appeal.

In this regard, the Board may include an explicit statement of how a claim on appeal may be amended to overcome a specific rejection. They may also ask the applicant to additionally brief any particular matter on which the Board feels it needs assistance in reaching a reasoned decision. Should the Board have any knowledge of any grounds, not involved in the appeal, for rejecting any pending claim, it may include in its opinion such statement to that effect, with its reason for making such rejection. However, in that case it must either reopen the prosecution back at the Examiner level or request a new hearing.

However, by the time the Board of Appeals gives their final decision, it should address everything raised within the appeal procedure so that the applicant knows each and every issue on every one of the claims that may still be open.

If the Board of Appeals reverses the Examiner’s rejection entirely, this case goes back to the Examiner for immediate action. If the reversal indicates that the application is in condition for immediate allowance, the Examiner has an obligation to allow such case. The guidelines in the MPEP are specific that the Examiner should never regard a reversal as a challenge to make a new search to uncover other and better references. This is particularly so where the application has meanwhile been transmitted or assigned to an Examiner other than the one who gave the initial rejection leading to the appeal. The second Examiner should give full faith and credit to the prior Examiner’s search (MPEP§1214.04).

In rare situations, where the Examiner may have specific knowledge of any particular reason for non-patentability after he was reversed, he must then submit the matter to the Director of his Technical Section and obtain authorization in order to reopen prosecution (37 C.F.R. 1.198; MPEP 10002.02(c) and 1214.07). Should there be any appeal to the CAFC, and if the CAFC decision indicates that one or more claims are allowed, so long as

there are no other formal matters that must be attended to, the Examiner must pass the application to issue forthwith on the allowed claims (MPEP§2287). While the CAFC cannot directly grant a patent, their decision must govern any further proceedings in the case within the Patent Office (35 U.S.C. §144).

The CAFC does have the option of remanding the case where they believe that issues were not adequately addressed, in which case the Examiner must take up the case for appropriate action on the matters that have been brought up by the CAFC. Accordingly, U.S. Patent Office practice specifically is geared to avoid “Piecemeal Prosecution”. The requirements are that the Examiner give a full rejection on every one of the claims, on every one of the reasons, and on as many of the best references as he believes are appropriate. Likewise, the Board of Appeals must address every issue that is appealed to them. If they remand a case for specific reasons, thereafter the case comes back to them, and they cannot issue a final decision until the record is complete, all of the issues have been argued, and they addresses all of the items appealed before them.

Likewise, the CAFC receives the complete record and has the opportunity to review all of the issues. To the extent they make a determination of patentability of any of the claims, the matter is sent back to the Patent Office with a directive authorizing the Director of the Patent Office to issue such a patent.

Recommendations

While the “endless loop” of patent prosecution does not frequently occur within the Japanese Patent Office, it does occur in important cases, where broad claims are trying to be obtained, and especially where it is significant technology. Such “endless loop” prosecution permits a Trial Examiner to impose his own views on any particular invention and impede the ability to get adequate patent protection.

Such “mischief” can lead to suspicion of external pressure being placed on examiners. It permits the Japanese Patent Office to make final decisions rather than rely upon the more independent court system to make final decisions on granting of patents.

It is believed that two changes would be required to prevent this “endless loop” of prosecution from persisting within the Japanese Patent System. Although the guidelines in the JPO address examiners and encourage examiners to avoid “Piecemeal Prosecution”, a similar directive should also be given to the Board of Trial Examiners. At present, they have the ultimate power to control this “endless loop” without any restrictions being placed upon them.

Trial Examiners should be advised to provide their final decisions addressing every one of the claims, on every one of the issues of rejection, and every one of the best references that they believe are applicable. This will give the IP High Court a chance to review the entire record rather than simply address “piecemeal” issues.

Furthermore, once the IP High Court has the entire record before it for review, it should be within the Court’s power that, upon finding the entire Board of Trial Examiner decision subject to revocation, the Court should be able to direct the Patent Office to grant the patent in accordance with their decision. The Japanese Patent Office should not be given a “second bite” once the independent IP High Court has reviewed the entire record and made a determination that the decision should be revoked and the patent should be granted.

