

Global Patent Prosecution

September 2018



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[A Survey of Third Party Observation Systems](#)

Third party observations can be a cost-effective way of introducing prior art or arguments related to patentability of a published patent application. The September 2018 issue of Sterne Kessler's Global Patent Prosecution Newsletter includes information on third party observations in the U.S., Europe, China, Japan and for PCT applications, and discusses the pros and cons of these submissions.

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THIRD PARTY SUBMISSIONS IN THE U.S.: WHAT YOU NEED TO KNOW

By: [Lori M. Brandes, Ph.D.](#) and [Paul A. Calvo, Ph.D.](#)

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THIRD PARTY OBSERVATIONS IN EUROPE, CHINA, JAPAN, AND FOR THE PCT - TO FILE OR NOT TO FILE?

By: [Lori M. Brandes, Ph.D.](#) and [Paul A. Calvo, Ph.D.](#)

Both the European Patent Office (EPO) and the Japanese Patent Office (JPO) accept a third party observation regarding validity of a patent application. In February 2012, it was announced that third party observations could be filed for Patent Cooperation Treaty (PCT) applications as well. And while the timing may be different for these jurisdictions, the goal and content of these submissions remain consistent. Care must be taken however because while there are advantages with these submissions, the disadvantages may outweigh them in some cases.

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The America Invents Act provides an expanded process for a third party to submit prior art to the examiner concerning any U.S. patent application. The new process is aimed to encourage the public to submit relevant art as a way to improve patent quality. However, third party submissions are not widely used in practice. This result could be due to a lack of familiarity with the process or reluctance to file a third party submission due to the potential risks to the submitter. This article provides an overview of the third party submission process and the latest developments that should be considered when weighing the benefits and limitations of filing a third party submission.

The Process

- Third party submissions must be filed before (1) the later of (i) six months after the date of publication or (ii) the date of a first Office Action on the merits rejecting any claims, or (2) before the date of a notice of allowance, if earlier.
- The regular undiscounted fee to file a third party submission is \$180 for every 10 references or fraction thereof. There is no fee if the first submission by a third party in an application lists three or fewer references.
- A reference submitted in a third party submission must be accompanied by a concise statement of the relevance of the reference. This can be done, for example, by pointing out relevant pages or lines of the reference where the relevant issues are located and providing a focused description of the importance of the reference to draw the examiner's attention to the issues. The concise statement can be presented in narrative or claim chart form, but cannot propose rejections or include arguments against patentability.
- A party can file a third party submission for any non-provisional utility, design or plant

application or for any continuing application. Third party submissions cannot be filed for a provisional application, issued patent, reissue application or reexamination proceeding. Also, a third party submission can be filed anonymously.

The Pros and Cons

- The low cost and ability to file anonymously make third party submissions a potentially attractive tool for challenging applications.
- The third party has no participation in the examination process after the submission is filed. The examiner can ignore the submitted references or the patent applicant can overcome a rejection based on the submitted references, making the resulting patent harder to invalidate. Alternatively, a third party submission can force the applicant to make admissions about the prior art or claim amendments which can be favorable to a third party submitter wishing to avoid infringement.
- There is no statutory estoppel that prevents a third party submitter from using the same references and arguments in other proceedings. However, in *Cultec v. StormTech* (IPR2017-00777), the Patent Trial and Appeal Board (PTAB) denied institution of *inter partes* review because the same prior art was previously presented to the examiner in a third party submission. In particular, the PTAB relied on the fact that the third party submission was signed by the examiner and indicated that all documents listed in the submission were considered. Additionally, the PTAB noted that the claim charts submitted with the *inter partes* review petition were merely an expanded version of the claim chart submitted with the third party submission. Therefore, submission of a reference in a third party submission can preclude its consideration in a later *inter partes* review proceeding.

What Else is New?

- According to the U.S. Patent and Trademark Office, 6,090 third party submissions were properly filed between September 16, 2012 and February 15, 2018.
- The majority of these submissions were filed against applications in the following fields: chemical and materials engineering (24%), mechanical engineering, manufacturing and products (17%), and biotechnology and organic chemistry (16%).
- From September 16, 2012 to February 15, 2018, 23,765 documents were submitted in proper third party submissions, with 31% of those documents being non-patent literature, 27% being patents, 24% being published US applications, and 18% being foreign references.

Although third party submissions are not often filed and can be a risk to the submitter, recent statistics and case law are a reminder that third party submissions are still alive in the U.S. and remain a key consideration for a comprehensive patent challenge strategy.

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Both the European Patent Office (EPO) and the Japanese Patent Office (JPO) accept a third party observation regarding validity of a patent application. In February 2012, it was announced that third party observations could be filed for Patent Cooperation Treaty (PCT) applications as well. And while the timing may be different for these jurisdictions, the goal and content of these submissions remain consistent. Care must be taken however because while there are advantages with these submissions, the disadvantages may outweigh them in some cases.

Europe

Following publication of the European patent application under Article 93, any person may present observations concerning the patentability of the invention. An attractive feature in some cases is that third party observations can be filed anonymously. Although lack of novelty and/or inventive step are the most common observations, third party observations may also be directed to clarity (Art. 84), sufficiency of disclosure (Art. 83), patentability (Art. 52(2) and (3), 53 or 57), and unallowable amendments (Art. 76(1), 123(2) and 123(3)).^[1] Observations must be filed in either English, French, or German and contain a statement of the grounds on which they are based.

Following submission, the party that files the observations is effectively removed from any proceedings regarding the observations, meaning the EPO does not inform them of any further action it takes in response to the submission. Observations are communicated to the Applicant/Patentee and they have the opportunity to comment on the submission, but the submitting party is not provided any specific notice.

Once substantiated by the EPO, they will generally issue an office action within three months of

receipt by the examining division.

China and Japan

The State Intellectual Property Office (SIPO) in China and the JPO accept third party observations by any party. In Japan, a third party can submit at any time after a patent application or an application for utility model registration is filed, even after a decision is made to grant a patent or utility model registration. However, in China, third party observations (also known as public observations) are only allowed for invention patent applications. The SIPO is also stricter with their requirements for the third party observations.

With respect to the reasons for refusal or invalidation, the JPO accepts observations related to the following provisions:[\[2\]](#)

- Article 17bis, Paragraph 3 (Addition of New Matter);
- Body Text of Article 29, Paragraph 1 (Patentable Subject Matter or Lack of Industrial Applicability);
- Article 29, Paragraph 1 (Lack of Novelty);
- Article 29, Paragraph 2 (Lack of Inventive Step);
- Article 29bis (Secret Prior Art);
- Article 39, Paragraphs 1 to 4 (Prior Application / Double Patenting);
- Article 36, Paragraph 4, Item 1 (Violation of Enablement Requirement);
- Article 36, Paragraph 6, Items 1 to 3 (Violation of Description Requirement for Claims);
- and
- Article 36bis, Paragraph 2 (Addition of New Matter as to the Original Text).

With respect to the submission to the JPO, it must be filed in writing, and supporting evidence, such as copies of publications or certifying documents (such as experimental reports), may be submitted.

In China, there is no criteria for the submission. And while the third party can act anonymously, the Chinese examiner will not respond to any submission of prior art, but may take it into account during substantive examination.

PCT applications

Third party observations are also allowable, through ePCT, for published PCT applications. Any third party (even anonymously) may submit only one observation any time after the date of publication and before expiration of 28 months from the priority date, provided the application is not withdrawn or considered withdrawn.[\[3\]](#) Following submission, the patent applicant is notified and provided the opportunity to comment on the observations at any time up to expiration of 30 months from the priority date. To the extent that the observations are received by any competent International Searching Authority and/or the International Preliminary Examining Authority in time to be taken into account in preparing their respective reports, any prior art referred to in the observations will be considered, provided that either a copy of the prior art is included, or it is otherwise immediately available to the examiner. The observations will also be transmitted to the designated Offices promptly after the expiration of 30 months from the priority date. The designated Offices are, however, not obliged to take them into account during national processing.

Advantages/Disadvantages

As mentioned in the companion article, third party observations are a cost-effective opportunity for any third party to submit relevant art or arguments (often anonymously) to an examining

jurisdiction. In Europe, a pre-grant third party observation may be the only opportunity to raise objections with respect to clarity and unity. Since these submissions bring prior art to the attention of the patent applicant, the applicant must inform any foreign jurisdiction of the existence of that art in any jurisdiction where there is a duty to disclose relevant art.

On the flip side, the third party submitter has no participation in the examination process once the submission is filed. If the examiner ignores the submitted references or the patent applicant can overcome a rejection based on the submitted references, the resulting patent may actually be harder to invalidate. Therefore, the pros and cons of each submission must be weighed before moving forward.

[1] https://www.epo.org/law-practice/legal-texts/html/guidelines/e/e_vi_3.htm

[2] https://www.jpo.go.jp/tetuzuki_e/t_tokkyo_e/outline.htm

[3] http://www.wipo.int/pct/en/faqs/third_party_observations.html

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