

Suing in Japan and Issues in International Litigation

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**Extraterritorial Enforcement of
Private Intellectual Property Rights**

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Presentation Overview

- **The Japanese Patent Litigation System**
 - Compared with the U.S. system
- **Limited Discovery and Broad Privilege**
- **Jurisdiction of Patent Cases - Centralization of Patent Cases**
- **Doctrine of Equivalents – S Ct. February 26, 1998**
- **Prosecution History Estoppel**

Presentation Overview, cont'd

- Means plus function claim – more reliable than in the U.S.?
- Invalidity is a Defense – S Ct. April 11, 2000 and an amendment to the law effective since April 1, 2005
- Invalidation Trial and Post-grant changes (Procedures before the JPO)
- Procedural Options – Preliminary injunction, Customs procedure etc.

Japanese Patent Litigation System

- compared with the U.S. system

■ Differences from the American System

- No Jury Trial
- Limited Discovery & Broad Privilege
- No Punitive Damages
- More Reasonable Legal Fees
- *De Novo* Appellate Review of Facts

■ Similarities to the American System

- DOE & PHE
- Patent invalidity is a defense.
- Bifurcation (infringement/calculation of damage)
- Centralization of Patent Cases

Limited Discovery

- Courts may order parties to produce documents.

Art. 223 of the Code of Civil Procedure

- However, courts do not like to issue document production orders.
 - Courts encourage parties to produce relevant documents voluntarily.
 - Without issuing order, courts seem to believe that they can decide the issue fairly by drawing adverse inference from non-submission.
 - Document production orders are appealable.

Broad Privilege

- Parties can refuse to produce documents against the court's production order if the document:
 - (i) was created in the course of professional activities (including Bengoshi and Benrishi) (→ similar to U.S. A-C privilege);
 - (ii) contains a technical or business secret; or
 - (iii) was created for self-use or internal use only.

Art. 220(iv) and Art. 197-1(ii) and (iii)

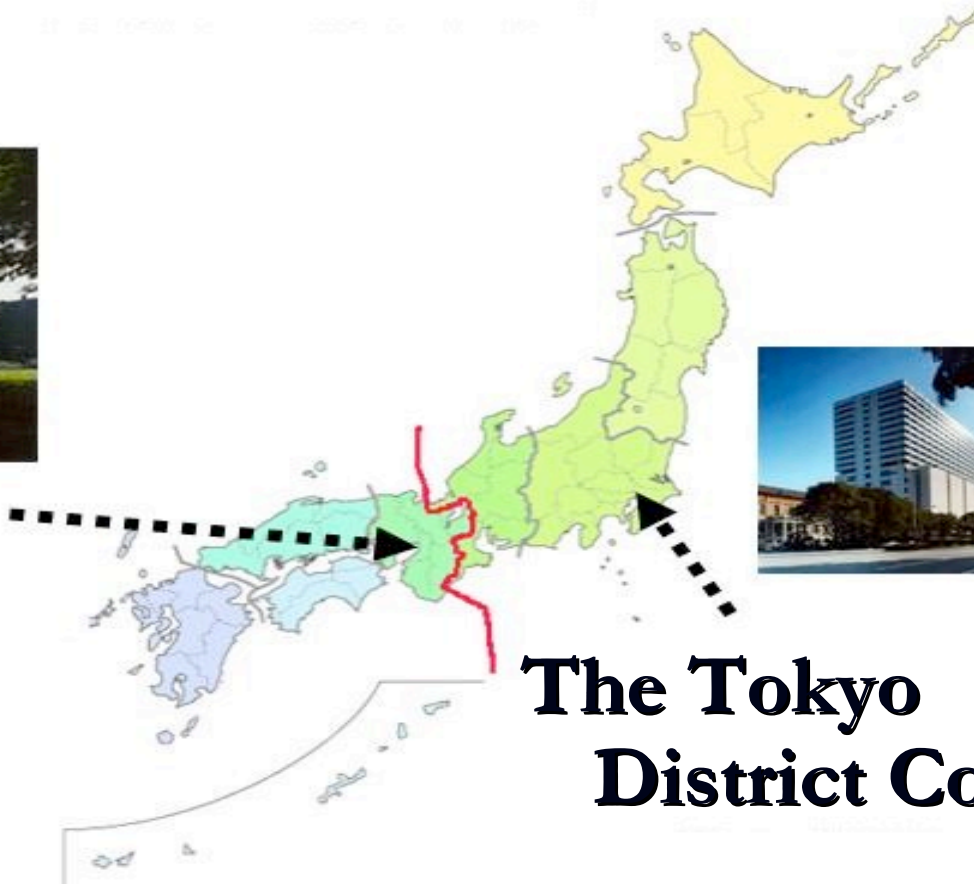
Centralization of Patent Cases



The Osaka District Court



The Tokyo District Court



Centralization of Patent Cases, cont'd

- The first instance:
 - Cases occurring in Eastern Japan:
 - → The Tokyo District Court (“TDC”), exclusively.
 - Cases occurring in Western Japan:
 - → The Osaka District Court (“ODC”), exclusively.
- The appellate level
 - → The IP High Ct., exclusively.
- The final appellate level
 - → The Supreme Ct. of Japan, exclusively.

Jurisdiction of IP Cases in Japan

Types of Cases		1st Instance	<i>Koso</i> Appeal	<i>Jokoku</i> Appeal
-Patent Infringement -Utility Model Rights Infringement -Software Copyright Infringement	N/A	TDC or ODC - Exclusive Jurisdiction	The IP High Ct.	The Supreme Ct.
-Other Copyright Infringement -TM Infringement -Unfair Competition (including Trade Secret)	N/A	District courts having jurisdiction under the Civil Procedure Law (plus TDC or ODC)	The Corresponding High Ct.	
- Suit Regarding Validity of Patent and TM	JPO	The IP High Ct.	N/A	

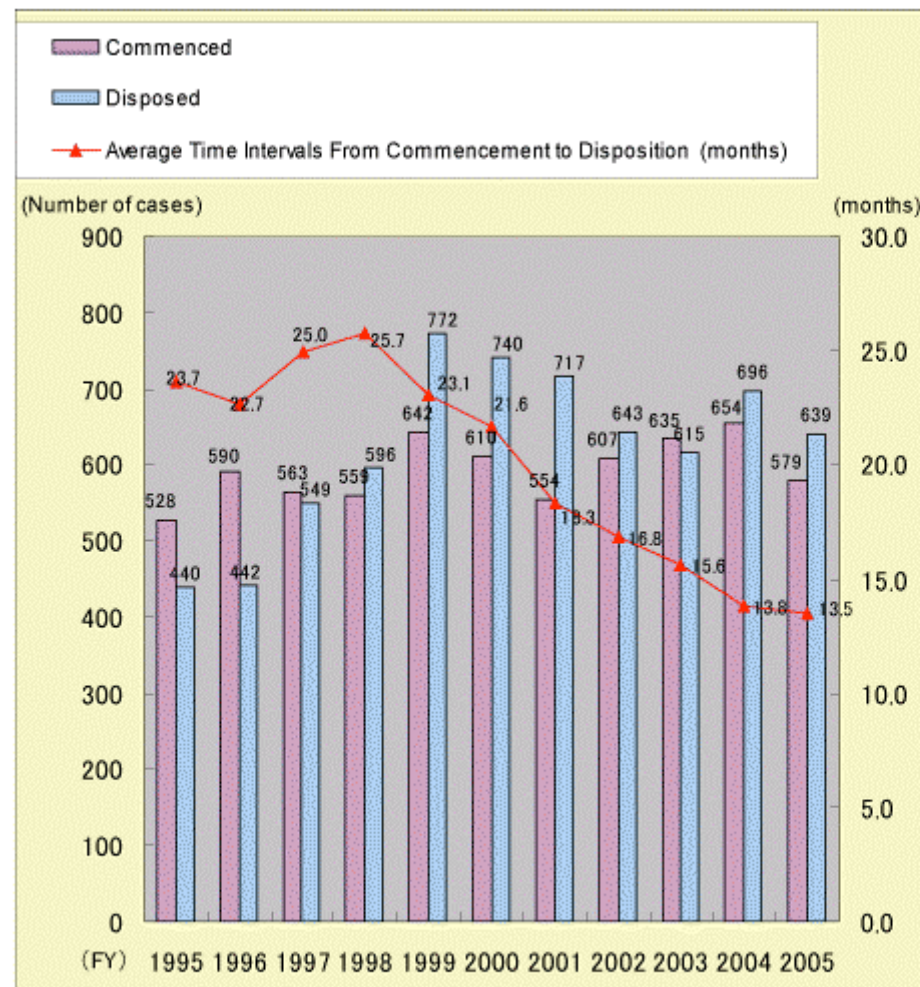
Japanese IP Judicial Human Resources

- Tokyo and Osaka District Courts
 - 6 divisions specialized in IP only.
 - 22 judges, having no technical background, but specialized in IP only.
 - research officials (former JPO examiners, “*Chosa-kan*”)
- The IP High Court
 - 19 judges, having no technical background, but specialized in IP only.
 - research officials (former JPO examiners, “*Chosa-kan*”)
 - expert commissioner hired from academia and private sectors (“*Senmon-iin*”)

Speed of Adjudication (District Courts)

Number of IP Cases commenced and disposed, and Average Time Intervals From Commencement to Disposition (Courts of First Instance: All District Courts)

Cited from the website of the IP High Court
<http://www.ip.courts.go.jp>

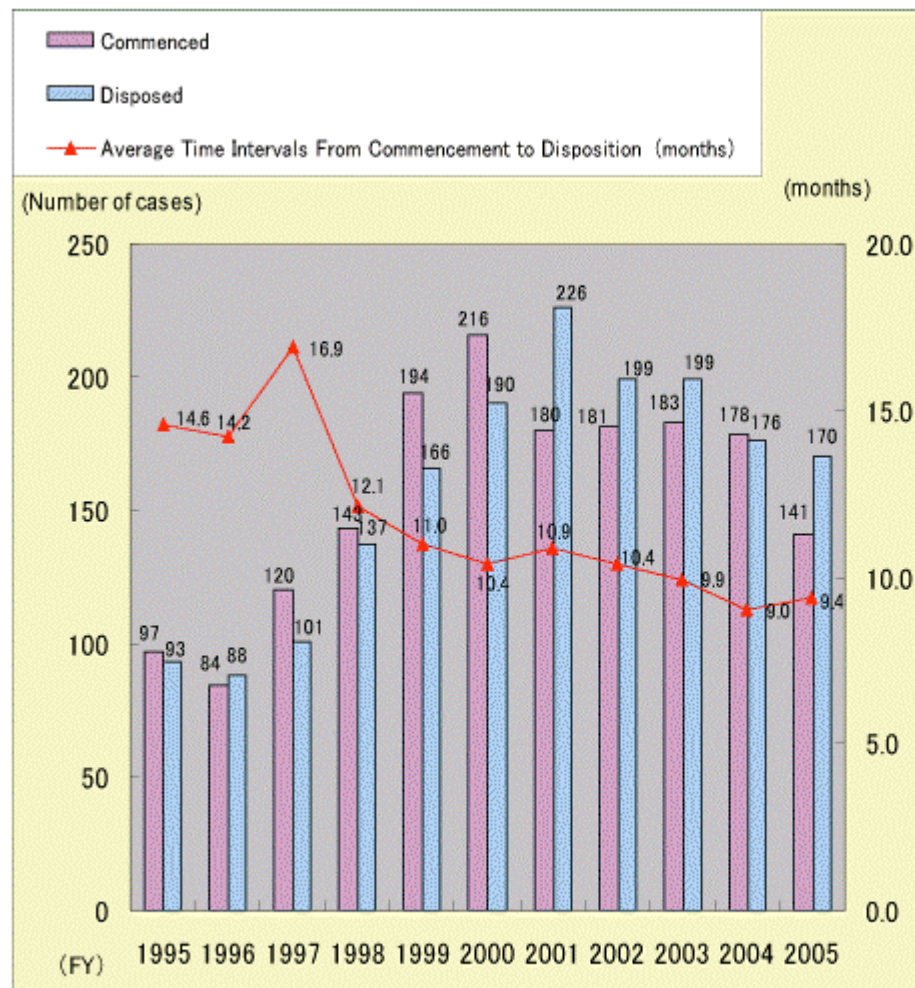


Above figures are reported by the Administrative Bureau of Supreme Court of Japan.

Speed of Adjudication (High Courts)

Number of IP Cases commenced and disposed, and Average Time Intervals From Commencement to Disposition (All High Courts)

Cited from the website of the IP High Court
<http://www.ip.courts.go.jp>



Above figures are reported by the Administrative Bureau of Supreme Court of Japan.

Procedural Flow (1)

Plaintiff files Complaint



Service of Process



Defendant files Answer



First Court Hearing

Complaint should include a claim chart.

Complaint and a summon is served to Defendant by a court a few weeks after filing.

Answer needs to be filed a week before a court hearing.

First court hearing is held a few weeks after service of process

Procedural Flow (2)



Several sessions of court hearing are held once every six weeks and each party exchanges briefs and evidences regarding infringement and validity

Expert opinion is often filed as an affidavit, but examination as a live witness is rare.

Defendant is required to present all defenses in an early stage.

Defendant often files an invalidation trial before JPO in addition to arguing invalidity as a defense before a court. Usually, a panel of judges does not stay a court proceeding but prefers to see JPO decision before its rendering judgment

Procedural Flow (3)



Panel of Judges may make oral comments on the merit of the case and possibility of settlement



If a panel of judges finds that the valid patent is infringed, then it instruct both parties to argue and prove the amount of damages.

Damages can be calculated by either of the following:

(i) reasonable royalty;

(ii) profits gained by an infringer; or

(iii) profit a patentee could have gained (patentee's profit per unit multiplied by the number of infringing products sold)

(Provided, if the patentee itself does not exploit the invention, only the above (i) is available.)

Procedural Flow (4)



Judgment is rendered.



Appeal can be made within 14 days of receipt of judgment. (30 days may be added for a foreign party.)

Under Japanese law, permanent injunction is automatically ordered if a valid patent is found to be infringed.

In many cases, both of (i) a case appealed from a district court and (ii) a case for revocation of JPO decision on invalidation trial are simultaneously examined and judged by the same panel of judges in the IP High Court .

Doctrine of Equivalents

- S Ct. Feb. 26, 1998 (“Ball Spline Case”)
- Five requirements held by the Supreme Ct.
 - (1) the differing elements are not the essential elements in the patented invention;
 - (2) even if the differing elements are interchanged by elements of the [accused embodiment], the object of the patented invention can be achieved and the same effects can be obtained;

Doctrine of Equivalents, cont'd

- (3) by interchanging as above, a person of ordinary skill in the art to which the invention pertains [the “artisan”] could have easily achieved the [accused embodiment];
- (4) the corresponding product and the like are not the same as the known art at the time of application for patent or could not have been easily conceived by an artisan at the time of application for patent; and
- (5) there are not any special circumstances such that the [accused embodiment is] intentionally excluded from the scope of the claim during patent prosecution.

http://www.softic.or.jp/en/cases/Tsubakimoto_v_THK.

Doctrine of Equivalents, cont'd

- Very tough to convince the court to find a DOE infringement.
 - Very few cases finding DOE since the Ball Spline case.
- Trend: the majority of the decisions dismiss DOE claim for lack of requirement (1), i.e, the courts found the differing elements are the essential elements in the patented invention.
- How to decide if it is essential?
 - S Ct. was silent.
 - Lower courts: Compare to the prior art, close connection with the effect of invention.

Prosecution History Estoppel

- Prosecution History is considered in two situations:
 - (a) Claim construction
 - Often times used to limit the scope of the invention.
 - (b) Defendant's argument against DOE
 - Requirement (5) of the DOE:
 - “there are not any special circumstances such that the [accused embodiment is] intentionally excluded from the scope of the claim during patent prosecution.”
 - → Prosecution history may bar the court from applying DOE for lack of requirement (5).

Means plus function claim

– more reliable than in the U.S.?

■ Patentability

- A claim including functional language is patentable.

■ The scope of protection

- No statute like 35 USC §112-6 which limits a means to structures, materials or acts indicated in the specification and their equivalents.
- The majority's view: protection extends to products/process that can be practiced by the person of ordinary skill based on the description in the specification.

Patent Invalidity as Defense

■ *Fujitsu v. TI* Case

- If a court finds a clear reason for invalidation of a patent, a claim for injunction, damages, or other claims based on such patent are not allowed as abuse of rights.

Fujitsu v. TI, the Supreme Court (April 11, 2000)

- The JPO still retains the ultimate power to decide the validity of patents.
 - Courts cannot invalidate patents.

The Amendment to the Law Regarding Patent Invalidation Effective Since April 1, 2005

- The “Clear” requirement has been abolished.
- The courts can dismiss patentee’s claim because of invalidity of the patent, where there is simply a reason for invalidation – need not be “clear.”

Japanese Patent Law, Art. 104ter.

Recent Tendency of Invalidity Defense

- As to “Invalidity Defense,” around 35 judgments were rendered in Tokyo/Osaka District Courts and Intellectual Property High Court every year after enactment of amendment to the law regarding patent invalidity.
- Among judgments during 2005 to 2007, when the “Invalidity Defense” is raised, patentee won in less than 10 cases; therefore, “Invalidity Defense” seems to be a big hurdle for patentees.
- However, it should be noted that settlement, which has not been disclosed for the public, may have been achieved when the court found a valid patent was infringed.

Invalidation Trial

(cf. Re-examination under U.S. law)

Invalidation Trial before the JPO

- Must be filed with the JPO.
 - A patentee cannot file it.
 - Inter-partes procedure.
 - No trial in the sense of “trial” in the U.S.
 - Takes approximately 1 to 2 years for the JPO trial board to issue a decision.
- The JPO’s decision can be appealed to the IP High Court, whose review takes approximately 1 year on average.
- Cf. Opposition – abolished as of January 1, 2004.

Two procedures for Post-grant changes

- Trial for Correction:
 - A patentee can file it any time, unless an Invalidity Action is pending before the JPO. Where revocation action on JPO decision is filed in the IP High court, Trial for Correction can be filed only within 90 days after filing.
 - Ex-parte procedure.
- Request for Correction:
 - A patentee may initiate this action during the pendency of an Invalidity Action before the JPO filed by other party.
 - Inter-partes.

Reasons for Post-grant changes

- Either Trial for Correction or Request for Correction will be permitted, if there is any one of the following reasons:
 - Limiting a claim or claims;
 - Correction of errors in the description or of incorrect translation; and
 - Clarification of an ambiguous description.
- Arts. 126-1 and 134 bis.
- No broadening correction
 - Different from reissue under 35 U.S.C. 251
 - Effect of correction is retroactive

Procedural Options

Procedural Options for Plaintiff

- Preliminary Injunction Action

- Speedy
- Cheap to file, but will be required to post bond for injunction.
- Non-public
- Free withdrawal (No consent needed)

Procedural Options for Plaintiff Customs Procedure (1)

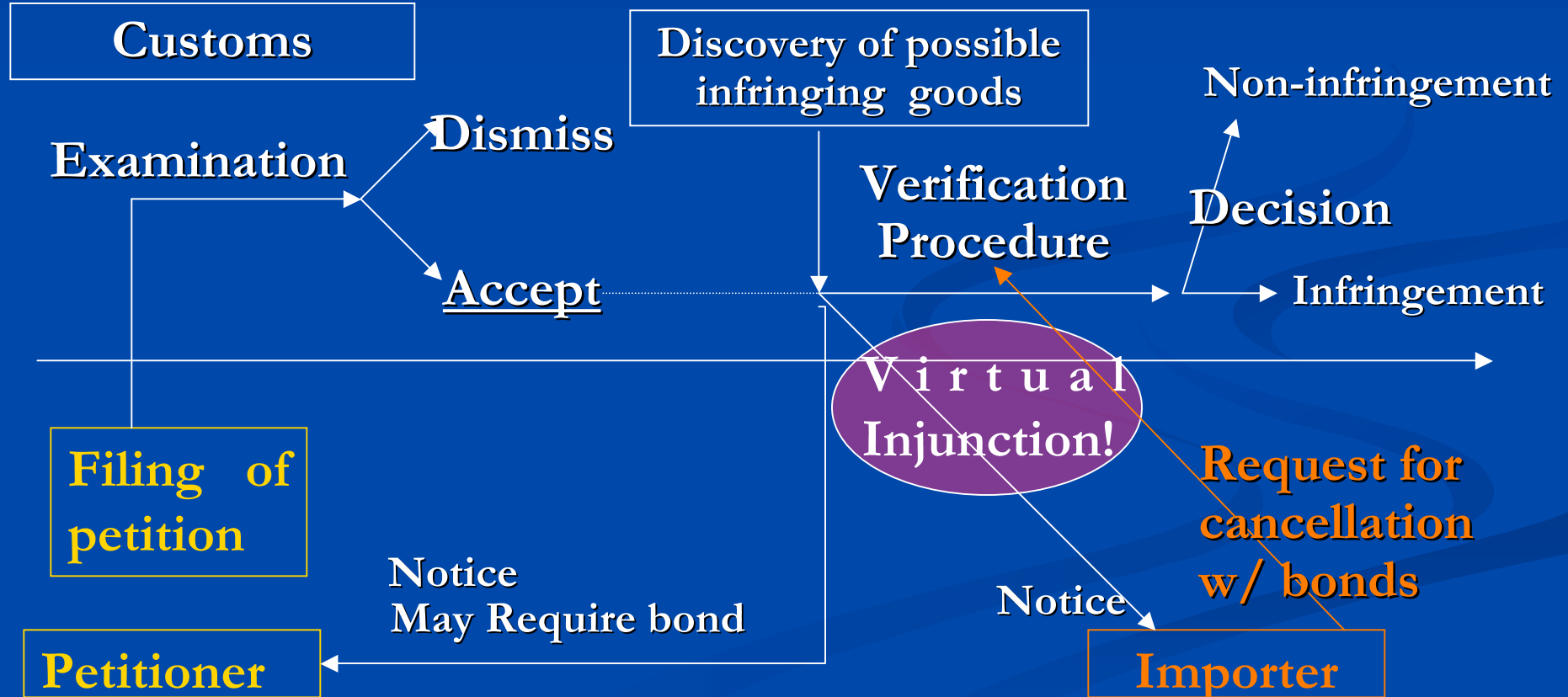
- A patentee can seek injunction against importation of patent infringing goods by filing a petition with Customs Office.
- The petition will be dismissed if the Customs examiner considers there is no *prima facie* evidence.

Customs Procedure (2)

- Whether Customs accepts a petition is the first hurdle.
- Once a petition is accepted, the petitioner (i.e., patentee) can get a virtual injunctive effect, because suspected goods cannot pass Customs unless Customs's verification procedure ends in favor of the importer.
 - The petitioner may be required to put bonds.

Customs Procedure (3)

- Once a petition is accepted, virtual injunction effect!



Customs Procedure (4)

- **Importer's action for the suspected goods to pass Customs:**
 - An importer may file a request for cancellation of the verification procedure with compulsory bonds.
- Upon the request of the petitioner, the examiner of Customs will consult the JPO for opinion as to whether the suspected goods fall under the scope of the patent.

Customs Procedure (5)

- Strengths for patentees:
 - May be able to give importers an impact very quickly because of the virtual injunction.
 - → *Fujitsu v. Samsung* Case: importation suspended about 6 weeks after the filing of the petition.
 - Validity does not seem to be examined under the relevant laws.

Procedural Options for Defendants

- DJ Action Based on Patent Invalidity (1)

■ Prior to *Fujitsu v. TI* Case

- The legal ground of defendant's DJ action in patent litigation was limited to non-infringement.

- Now you can file a DJ action based solely on invalidity of the patent.

DJ Action Based on Patent Invalidity (2)

- Strengths of the DJ Action- Compared with Invalidation Action Before the JPO
- This DJ Action might be faster than invalidity action before the JPO.



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