



Outline of Patent Infringement Litigation in Japan

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Today's Topics

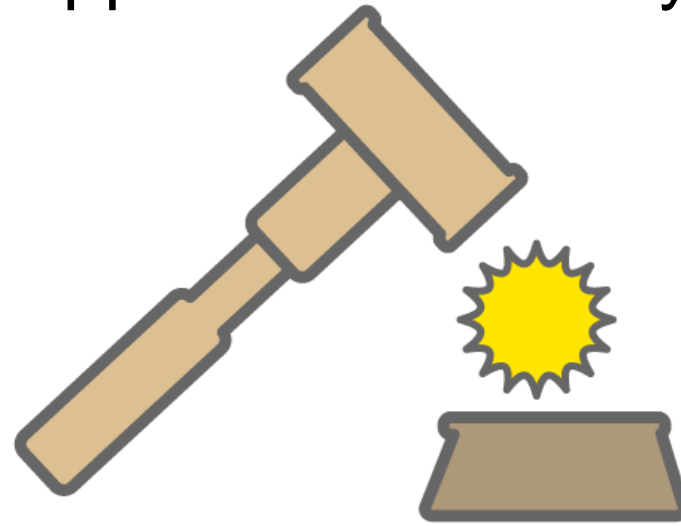
- Judicial System
- Regular Action and Preliminary Injunction
- Filing Complaint
- Procedure after Filing Complaint
- (i) Infringement and (ii) Damage Calculation Stage
- Settlement
- Final Judgment
- Appeal
- Protection of Trade Secret

Japanese Judicial System

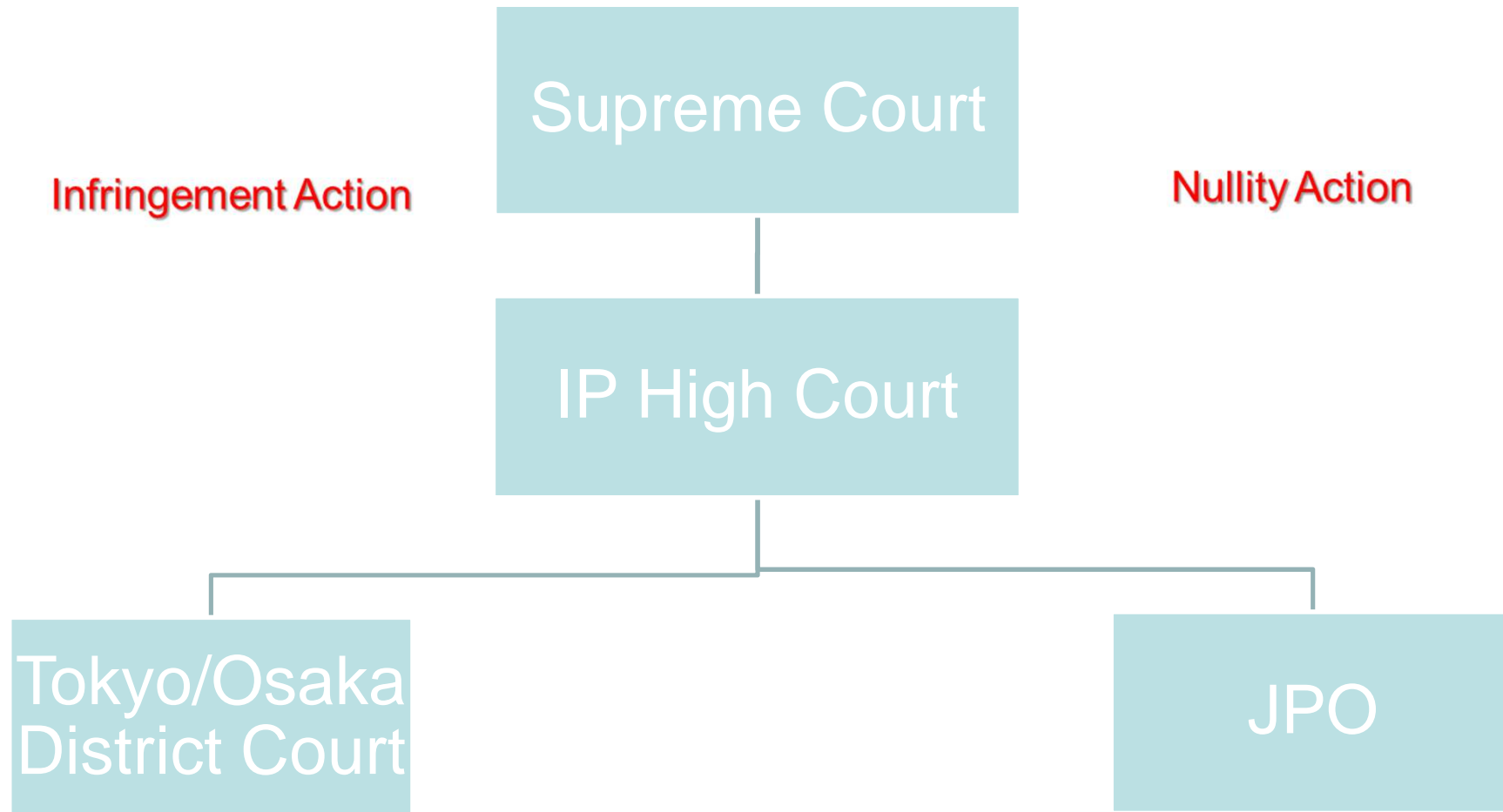
- *First Instance* District Court
 - Tokyo/Osaka DC have exclusive jurisdiction on patent infringement cases
- *Second Instance* IP High Court
- *Final Instance* Supreme Court
 - Constitutional Issues
 - Inconsistency with past SC case laws.
 - Important legal issues

Japanese Judicial System

- **Civil Code** Country
- **No** harsh discovery
- **No** jury system in civil procedure
 - Both Fact finding and application of law by professional judges.



Japanese Judicial System



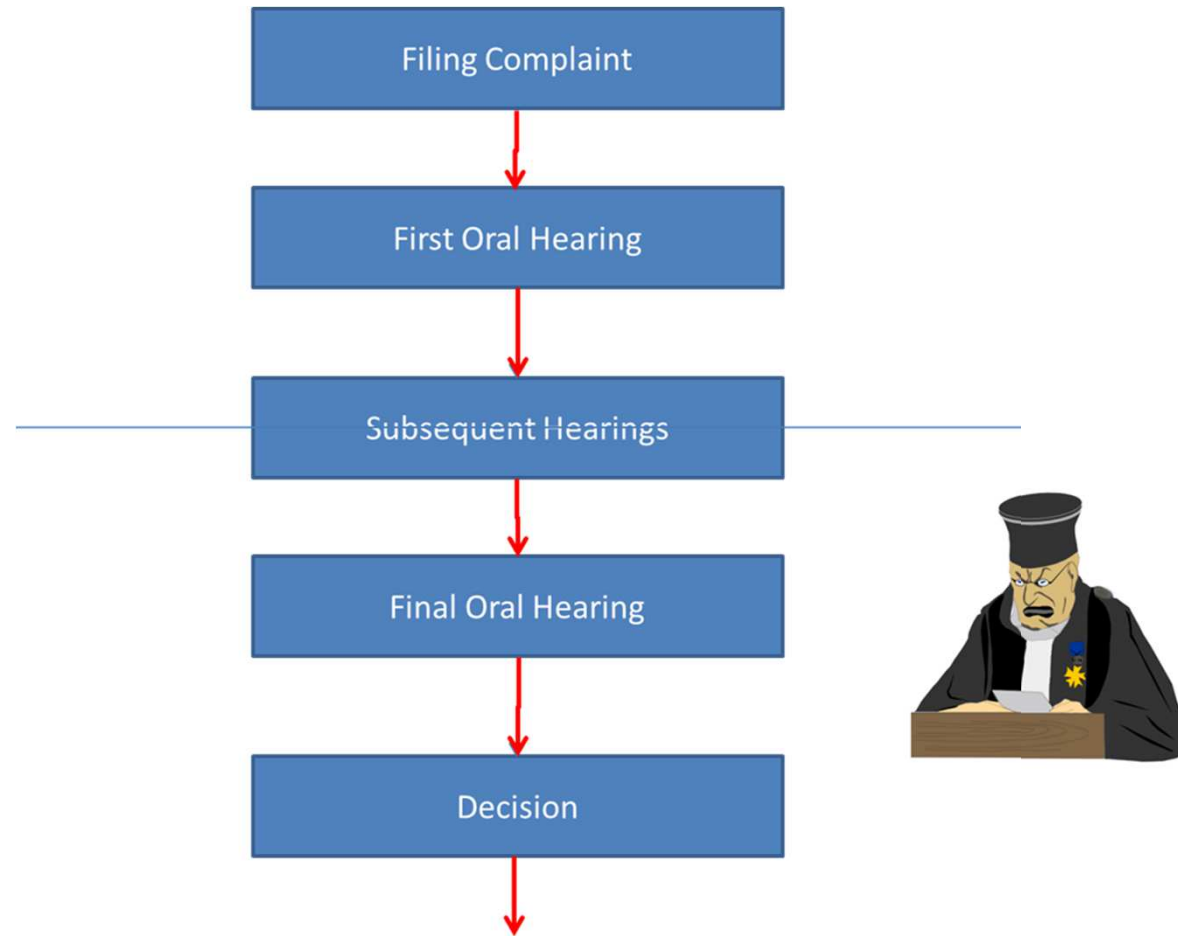
Regular Action

- Injunction and Compensation for damages
- Effective and enforceable after judgment becomes non-appealable
- No need for bond
- A panel of three(3) judges

Preliminary Action

- Injunction only
- Effective and enforceable upon decision
- Bond required
- Single judge

Overview of First Instance



Preparing Complaint

- Need to specify:
 - Name and Features of D's product/method
 - Comparison between claim elements and D's product/method
 - D's acts
 - Use, sale, offer to sale, manufacture, import, export??

Preparing Complaint

- Need to produce basic evidence
 - *Patent Registry*
 - *Specification*
 - *Brochure of D's products*
 - *Experimental report*

Procedure After Filing Complaint

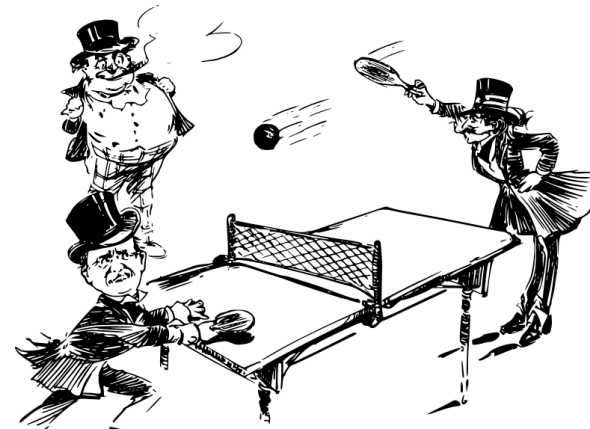
- Service to D and production of written Answer from D
 - Admission and Denial of P's argument
 - Specify D's defense
 - ***Non-infringement***
 - ***Invalidity***
 - ***License***
 - ***Patent exhaustion***
 - ***Prior-user right etc.,***

Procedure After Filing Complaint

- First hearing (*Koutou-Benron*)
 - Open to the public
 - Formalistic
 - Substantial argument usually in subsequent hearings.

Procedure After Filing Complaint

- Subsequent hearings (*Benron-Junbi*)
 - Several times, once in every one or two month
 - Private
 - Exchange of brief and written evidence
 - Live testimony of expert ***seldom held***



Separation of Infringement and Damage Stage

- First Stage
 - Focus on ***Infringement*** and ***Validity***
- Second Stage
 - Focus on ***Damage Calculation***



Infringement Stage

- Direct Infringement (Article 68)
- Indirect Infringement (Article 101)
 - Goods *exclusively used* for the manufacture of the products
 - Products *indispensable for solving problems*

Infringement Stage

- Literal Infringement
 - All elements of claim(s) must be satisfied
- Doctrine of Equivalent
 - 1998 Supreme Court case set forth 5 requirements to find infringement under DOE

Technical Presentation Session

- End of Infringement Stage....
- In the presence of 3 or less Technical Advisors, together with judges
- Presenting summary of each party's arguments.
- Not always limited to pure "Technical Issues"

“Double Track”

- Defendant can challenge validity of patent **both** at (i) District Court (infringement litigation) and (ii) JPO (nullity action).
- If decisions by DC and JPO are inconsistent, IP HC is expected to reach a unified decision as appeal board.

Damage Calculation Stage

- After Court finds infringement of valid right
- Special Provision to calculate damages
 - Article 102(1)
 - $(P's \text{ profits}) \times (\text{number of } D's \text{ products assigned})$
 - Article 102(2)
 - D's profits basis
 - Article 102(3):
 - Reasonable royalty basis



Damage Calculation Stage

- Recent cases where court awarded large damages

- ***H2 Blocker patent infringement case in 1998*** Tokyo DC

- Btw foreign pharma(P) and domestic company(D).
- 2.6 billion Japanese Yen as damages

- ***Apparatus w/ ultrasonic motor and vibration detector patent case in 2013***

Tokyo DC

- Btw Nikon (P) and SIGMA (D)
- 1.6 billion Japanese Yen as damages



Settlement

- Court attempts to settle before rendering final judgment
- From 2011 to 2013, about **40%** of cases ended by settlement between the parties.
 - **More than Half** of settlements in favor of Plaintiff !!



Final Judgement by the Court

- When settlement attempts fails...
- Usually within two(2) months from the date of the final hearing
- Temporary Enforcement Order
- Publicly available at the Court's website
 - Need to restrict access by public through restriction order to protect trade secret.

Appeal to IP High Court

- Appealable to IP High Court
- Appeal shall be made within **two (2) weeks from the day of the service** of judgement.
 - Additional period for foreign corporations.
- Within 50 days from the appeal, Appellant has to produce a brief containing grounds for appeal.

Protection of Trade Secrets

- Public's access to court record(Civil Procedure Code Art. 91)
- Restriction of third party's access to court record(Civil Procedure Code Art. 92)
 - Most convenient
- Secrecy Order (Patent Act 105-4)
 - Similar to Protective Order in U.S.

Last but not least...

- ***Fairness***
- ***Speed***
- ***Reasonable*** Attorney's fee
- Still one of the ***largest markets*** in the world

