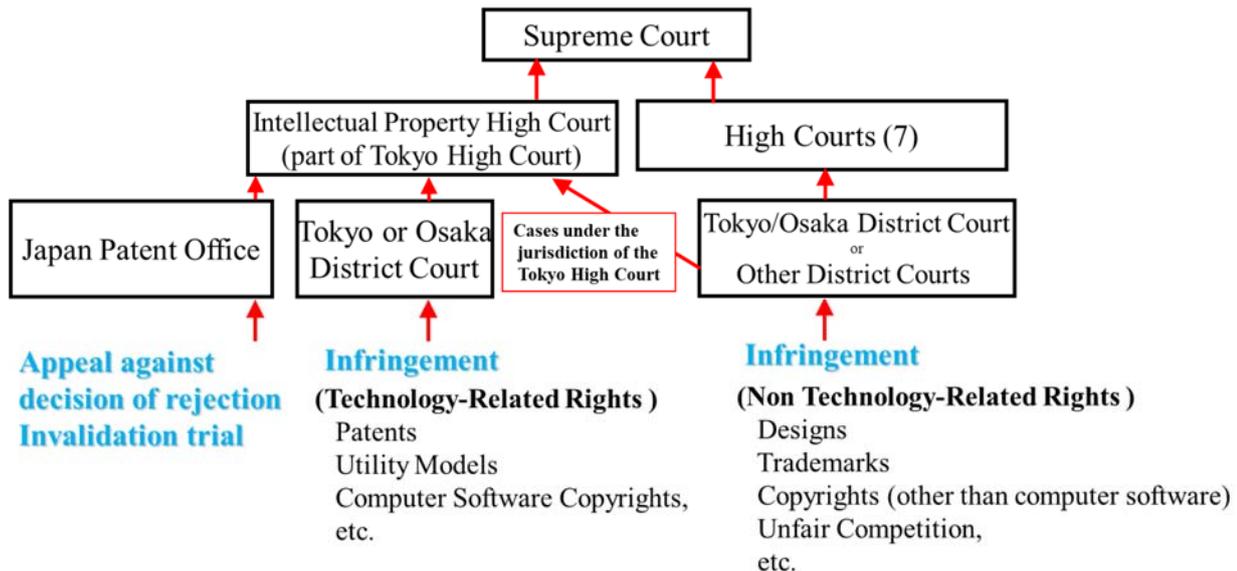


## OVERVIEW OF PATENT INFRINGEMENT LITIGATION IN JAPAN

### ❖ JUDICIAL PROCESS FOR IP LITIGATION

Under the Japanese court system, a right holder can file a suit against anyone at a District Court with competent jurisdiction asserting the party infringes its right (First instance). If infringement litigation is related to a patent, utility model, or a copyright to computer software, the lawsuit should be filed at the Tokyo or Osaka District Court. If the (partially or totally) defeated party does not accept the judgment of the first instance, the party may file an appeal to the High Courts (Second instance). If the (partially or totally) defeated party does not accept the decision of the second instance, the party may file a final appeal to the Supreme Court (Third instance) under strict limited terms. The Supreme Court is the highest and final court that handles appeals against judgments rendered by the High Courts. However, the Supreme Court does not engage in fact-finding, but only handles legal matters on the premises of facts found by the High Court. A suit for canceling a panel decision of the Japan Patent Office may be brought up at IP High Court if the defeated party does not accept the JPO's panel decision.



### ❖ COURT JUDGES

#### Tokyo District Court and Osaka District Court

- A bench shall be sat by three judges, except
- Preliminary injunction cases are judged by either a single judge or a bench.

Membership of Bench	one chief judge with 20 to 30 years judicial experience
	one judge with 10 to 20 years judicial experience
	one judge with 5 to 10 years judicial experience

#### IP High Court

- The bench shall be sat by, in principle, three judges, except
- A Grand Bench composed of five judges, among whom four shall be chief judges of four divisions, handles important cases

Formation of Panel	All judges have more than 10 years experience and many of those have more than 20 years experience. Most of the judges did not major in mathematics and science.
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## OVERVIEW OF PATENT INFRINGEMENT LITIGATION IN JAPAN

### Investigators

For better understanding of the contentious technology and for facilitating the court decision, investigators, most of whom come from the JPO, explain technical details to the judges at the Tokyo District Court, the Osaka District Court, and the IP High Court.

### Experts

Depending on complexity of contentious cases, particularly, when advanced or niche technology is involved, technical experts may be appointed (e.g. professors, ex-employees of corporations, or the like).

## ❖ DURATION OF PROCEEDINGS

### District Courts

District Courts have split the proceedings into two stages:

- First Stage: one year  
Judging whether the accused product falls within the technical scope of patentee's invention or not; and validity of the patentee's patent right
- Second Stage: 6-12 months  
Assessing the amount of damages

When the court concludes invalidity of the patentee's patent right or the accused product as not falling within the technical scope of the patentee's invention in the first stage, the court makes judgment without proceeding to the second stage. Such a conclusion is disclosed by the judge orally. Formal judgement will be declared two or three months later, with written judgment issued promptly after.

Otherwise, judgement will be declared after completion of the second stage.

### IP High Court

Procedures at the IP High Court generally take three months to one year. It will be longer when the High Court does not uphold the judgment by the District Court.

### Notes

- The court may suspend the proceedings until a decision of invalidation trial on the patent at issue by the JPO panel.
- A case tends to be prolonged when the party is an overseas company (in some cases, it takes three years to examine possible infringement and validity of the patent right in the first stage).

## ❖ COURT FEE AT DISTRICT COURTS

Depends on the amount of compensation requested

Court Fee Example:

Requested Compensation	Court Fee
100,000,000 JPY (1,000,000 US\$)	320,000 JPY (3,200 US\$)
1,000,000,000 JPY (10,000,000 US\$)	3,020,000 JPY (30,200 US\$)

(1USD=approx. 100 JPY)

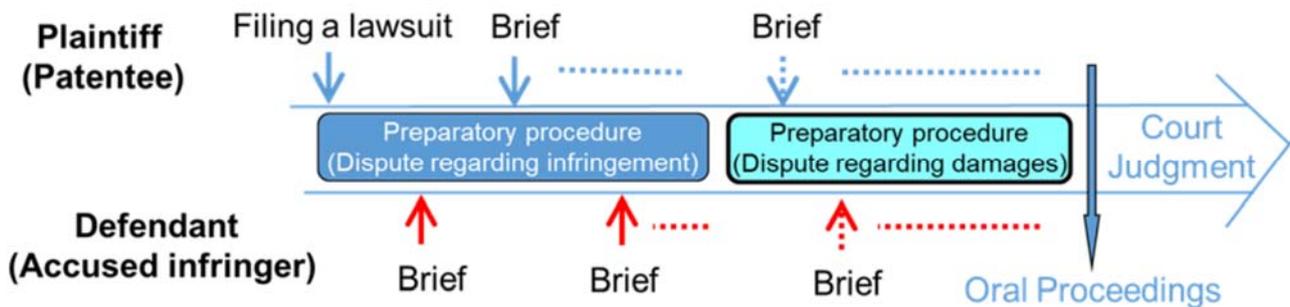
## OVERVIEW OF PATENT INFRINGEMENT LITIGATION IN JAPAN

### ❖ SUBJECT OF TRIAL

- Whether the accused products fall within the technical scope of patentee's invention or not
- Whether the patentee's allegedly infringed patent, is valid or not
- How much damages have been caused by practice of the accused products in case that infringement and validation are found as a result of a) and b).

### ❖ COURT PROCEDURES OF PATENT INFRINGEMENT LITIGATION

Court procedures of patent infringement litigation are shown as below. There are typical procedures while some cases may have other stages or involve other procedures.



#### Detection of Infringement

Upon detection of an infringement of patent or other intellectual, you should record the infringement in a video clip or a photo immediately. (Notarization is not mandated, but non-falsification and a record of time and date should be made verifiable by time stamps or other means.) One of the infringing products should be kept if accessible.

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#### Warning and Negotiation

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#### Filing an Infringement Suit

Plaintiff files a complaint and presents evidence to the court to bring a suit.

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Once the complaint is filed at the court, the complaint and evidence are delivered to the defendant. In response to the complaint, the defendant files written answers.

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#### First Trial

Content of complaint and answer are confirmed and further procedures are scheduled

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## OVERVIEW OF PATENT INFRINGEMENT LITIGATION IN JAPAN



### Trials or Preparatory Proceedings

Generally, after the first trial, both parties shall appear in the court once in a month or two. Appearance by an attorney is acceptable. In this procedure, both parties alternately or simultaneously submit briefs to assert and rebut while they submit written or other evidence to establish one's own assertion.

- Briefs submitted by both parties are so important that it is not too much to say that most of the judgement could be weighed by contents of the briefs.
- Parties and witnesses may be allowed to appear for examination. However, as long as inventorship is not an issue, such examination is rarely conducted in patent infringement litigation.
- For technically complicated cases, technical explanatory meetings with oral (and visual) presentations may be held.

#### Evidence

- Each party presents any amount of evidence in the court.
- Unlawfully collected evidence is not always excluded, depending on importance in the case and the extent of unlawfulness.
- Discovery process such as that in the U.S. may not be allowed.



### Settlement

When both parties make a compromise and agree to solve the dispute, the dispute could come to a settlement. In most of the cases, settlement is suggested by the court when the first stage is over.



### Conclusion of Trial and Judgement

When all trials are concluded, the court will set the date of the judgment. The judgement will be delivered to the parties as a "Written Judgement".

#### Request for Trial for Invalidation

Although it used to be common practice for defendants to counter-file an invalidation trial before JPO when a patent infringement litigation was filed against themselves, it becomes less common in recent years. This situation could reflect the fact that the number of cases which are invalidated by the JPO has been greatly decreasing these days (The ratio of invalidity to patent applications at the JPO is only about 20%).

## ❖ WHAT CAN BE ORDERED BY JUDGEMENT OF PATENT INFRINGEMENT LITIGATION?

- Injunction: cessation of infringement such as production and distribution
- Destruction: destruction of stock, semi-finished products and molds used only for subject production
- Compensation for Damage (monetary damages) caused by infringement, and Refund of Unjust Enrichments (if claim compensation for damages has been prescribed).
- Reputation restoration measures, e.g., apology advertisement, could be ordered in an exceptional situation such as if the patentee's reputation has been harmed due to patent infringement.

## OVERVIEW OF PATENT INFRINGEMENT LITIGATION IN JAPAN

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### ❖ ASSESSMENT OF DAMAGES

Below are three methods for calculating the amount of compensation for damages:

- 1) Lost profit (marginal profit) of patentee calculated based on sales volume of an infringer (Japanese Patent Act, Article 102, Section 1)
- 2) Profit (marginal profit) which the infringer has gained by infringement (Japanese Patent Act, Article 102, Section 2)
- 3) Amount equivalent to license fee (Japanese Patent Act, Article 102, Section 3)

The methods 1) or 2) and 3) are incompatible in court practice.

The method 2) is adopted in most cases. The profit is calculated by patentee's arguing the amount of which the defendant might sell and gain a profit (or industry standard profit rate) of defendant followed by defendant's counterargument. In some cases, a certified public accountant is appointed by court to conduct expert appraisal. However, patentees are not always required to provide rigid proof, but the court tends to put more burden of proof on defendants.

### ❖ THE PRESCRIPTION OF CLAIMS FOR DAMAGES AND FOR REFUND OF UNJUST ENRICHMENT

(Until 31st March, 2020)

The claim for damages for torts shall be prescribed when it has not been enforced for three years from the time when the patentee recognizes the damage and the infringer, or it will be extinguished due to passing of the exclusion period if the patentee has not enforced the right for twenty years from the time of infringement. The claim for refund of unjust enrichment shall be prescribed by passage of ten years since infringement.