

Intellectual Property High Court of Japan

Japan Patent Office

Asia-Pacific Industrial Property Center, JIPII

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INTRODUCTION

This textbook outlines the background to the establishment of the Intellectual Property High Court (generally called the “IP High Court”) and illustrates proceedings under the IP High Court involving IP specialists with a focus on cases in the major categories.

The author was involved in IP lawsuits over the years since he assumed office as a judge at a special branch of the Tokyo High Court, the predecessor of the IP High Court in January 2003. After the IP High Court started in April 2005, he was in charge of IP lawsuits as the presiding judge in its Fourth Division until May 2007, and thereafter in charge of IP lawsuits as the presiding judge in the First Division as well as responsible for improving the IP court environment and public relations as Chief Judge of the IP High Court until he retired at retirement age. Since retirement he has been practicing as an attorney-at-law in IP litigation brought before the IP High Court. This textbook intends to provide practical knowledge based on the author’s experience and expertise.

This textbook describes the author’s professional observations of how court proceedings have been handled, not only by his judicial body but also by other judicial bodies, and they will, as a matter of course, sometimes be different from the opinions and views officially published by the IP High Court in some respects. This is particularly true because the court administration has two different aspects as a judicial body carrying out trial methods in unilateral agreement, and with each judge carrying out trial methods independently, not bound by the opinions of the rest of the judicial body. Note that the opinions and views contained in this textbook are presented from the author’s personal viewpoint.

For information, the IP High Court provides updated information on its website regarding IP lawsuits brought mainly before the IP High Court.

It will give the author great pleasure if this textbook provides a better understanding of and inspires interest in the IP High Court and IP lawsuits, thereby contributing to further advancement in the field of IP lawsuits and cultural/industrial development of intellectual property rights.

February 2013
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I. History of the Intellectual Property High Court

Japan's first specialized court

The Intellectual Property High Court (hereinafter, the "IP High Court") was the first specialized court established in Japan to specialize in only one field. The IP High Court was established on April 1, 2005 in accordance with the Law for the Establishment of the IP High Court (enacted on June 18, 2004) and started judicial services on the day of enactment. Although the Patent Act, the Code of Civil Procedures and other related laws have been drastically amended since then, there have been no amendments made to the law governing the system of the IP High Court. To date, the IP High Court system has been effectively and smoothly in place as "the center of IP lawsuits" in Japan.¹

However, the IP High Court is not outside the range of procedural law, including the Code of Civil Procedure, the Administrative Case Litigation Act, the Court Act and so forth, or outside the judicature of the Supreme Court. The avenue for lodging appeals against judgments and decisions of the IP High Court is through the Supreme Court. Also its judicatory power, including the personnel affairs of IP High Court judges, belongs to the line of the Supreme Court to the Tokyo High Court.

Characteristics of IP High Court cases

The IP High Court is the court of second instance in civil lawsuits for infringement of patent rights, trademark rights, design rights, copyright, etc., and the court of first instance exclusively hearing administrative lawsuits against appeal/trial decisions made by the Japan Patent Office (JPO) relating to patents, trademarks, design and so forth. (Except for patent right infringements, second-instance IP infringement cases may be heard by the Osaka High Court, the Nagoya High Court and other high courts as well as the IP High Court.) The respective IP laws stipulate substantial and severe criminal penalties against willful infringers of IP rights. For example, there are actually criminal trials hearing cases of violation of the Patent Act, the Copyright Act, etc. Yet these criminal cases are not heard in the IP High Court.²

¹ For the Law for the Establishment of the IP High Court and the objective/purpose and implementation of the new system, see the paper "Outline of the Intellectual Property High Court of Japan," AIPPI Journal, May 2005 by Professor SHINOHARA Katsumi (first Chief Judge of the IP High Court, currently Visiting Professor at Keio University).

The term "the center of IP lawsuits" is referred to by Justice SONOH Takashi (then concurrently Director of the Civil Affairs Bureau and the Administrative Affairs Bureau of the Supreme Court) in relating his recollections of those days.

² Many people ask why the IP High Court does not hear criminal cases of IP right infringement. This is probably because a typical case in this area is a dead copy offense so that there is not much argument in terms of interpretation of law. By the way, a matter of indirect infringement is the major issue in a civil action of patent right or copyright infringement. Although the provisions on this

In practice, however, the categorization of cases brought before the IP High Court is not necessarily rigid, but is flexible in some respects. For example, a case of infringement of publicity rights, which was not categorized as an IP case in the past likely because it is a right arising from moral grounds, has come under the category of IP cases before the IP High Court since 2009. (This is not as a result of an amendment to the law, but is in accordance with the revision of the rules on the allocation of judicial cases of the Tokyo High Court, including the IP High Court.)

In addition, taxation lawsuits in connection with the assignment of IP rights (lawsuits for revocation of a taxation disposition) used to be heard by an administrative case division of the Tokyo District Court in consideration of the administrative lawsuit nature of the case, for example, and no appeals from these cases were handled by the division of the Tokyo High Court specializing in IP. Now, however, the IP High Court may hear a case if IP specialist knowledge is required to resolve the issue in dispute (see Article 2(i) of the Law for the Establishment of the IP High Court).³

By contrast, there are no lawsuits for revoking a decision through a hearing by the Fair Trade Commission heard by the IP High Court, probably because there have been no cases actually requiring IP specialist knowledge regarding the contents of an FTC decision.

Relationship between the IP High Court and the Tokyo High Court

According to Article 2 of the Law for the Establishment of the IP High Court, the IP High Court is defined as a special branch of the Tokyo High Court. This “special” aspect can be interpreted to mean that it is under the Tokyo High Court (an ordinary branch) on the one hand, and is independent of the Tokyo High Court on the other hand. Article 6 of the Code of Civil Procedure stipulates that the Tokyo High Court has exclusive jurisdiction over second-instance civil cases of patent right infringement. In addition, Article 178 of the Patent Act provides that the Tokyo High Court has exclusive jurisdiction over actions against appeal/trial decisions concerning patents, trademarks, etc. In the context of the Code of Civil Procedure, as well as the Patent Act, there is no

matter apply to criminal penalties, its modality and scope must pose a challenging question of law. In addition, for a violation of the Copyright Act, see the Supreme Court Judgment of April 4, 1995 (reporter Keishu, Vol.49, No.4, p.563; Hanrei Times Issue 877, p.180).

³ For example, the IP High Court hears an appeal filed by the plaintiff against the Tokyo District Court judgment which dismisses the plaintiff’s action for cancellation of taxation in an administrative cases with the issue that the copyright on computer software managing the customer’s transactions is attributed to the parent company or its subsidiary, over which the administrative division of the Tokyo District Court upheld the said taxation as lawful on the grounds that the copyright was attributed to the parent company at the base time of the taxation, and the price of assignment by the parent company to the subsidiary falls under the “kifu-kin” category. The plaintiff appealed this on the grounds that the case must be heard by the IP High Court as an IP case. The IP High Court Judgment of May 25, 2010 (published on the Supreme Court of Japan website) on Appeal Case of Action for Cancellation of Corrective Corporation Taxation (Gyo-Ko No.10001 of 2009) quashes the first-instance judgment, and cancels the taxation on the grounds that the first-instance judgment makes a misinterpretation and misapplication of the law.

mention of the IP High Court. It is Article 2 of the Law for the Establishment of the IP High Court that sets forth rules over the matter of whether a particular IP case is heard by the Tokyo High Court (a Civil Division) or the IP High Court. This matter is specifically stipulated under the Rules on the Administration of Judicial Affairs of the Tokyo High Court (Civil Division, Criminal Division and the IP High Court as a whole). Pursuant to the Tokyo High Court Rules on the Administration of Judicial Affairs, IP cases are heard by the IP High Court.

Consequently, if a patent infringement case is by mistake allocated to and judged by a Civil Division of the Tokyo High Court, it is not brought into question in terms of exclusive jurisdiction under the Code of Civil Procedure, even though it gives rise to a violation of the rules on the allocation of judicial cases. If the Osaka High Court hears and adjudicates a patent right infringement case adjudicated by the Tokyo District Court, however, it gives rise to a contravention of exclusive jurisdiction. It is unlikely to be brought into question as the type of case to be disposed by a judgment, but it might be brought into dispute as the type of case to be disposed by a decision. In terms of interpretation of the law as well as in practice, for example, appeals against decisions in patent right infringement cases heard by the Osaka District Court, such as an action for an order to produce documents, an order to maintain secrecy, and so on, are brought before the IP High Court, while it is not necessarily clear in interpretation/practice for some types of appeals such as an action for a challenge to the judge in charge of a patent right infringement case heard by the Osaka District Court.

On the other hand, the head of the judicature of the IP High Court is the “Chief Judge” under the law (see Article 3 and Article 4 of the Law for the Establishment of the IP High Court), and the IP High Court has a system of judicial conference, which is convened every month in practice⁴ to discuss the judicial administration of IP lawsuits, formulate action policies for various committees and receive committee reports, and share information and opinions for the continuing improvement of judicial administration.

The IP High Court has received a large number of foreign practitioners, academics and visitors from Asia and Australia, as well as Europe and the USA, to participate in conferences, lectures and workshops, depending on the situation, which has contributed to facilitating the proceeding of IP cases in a due and efficient manner. These events have been organized independently by the IP High Court under the guidance of the Administrative Affairs Bureau of the Supreme

⁴ The judicial conference of the Tokyo High Court is normally convened twice a year. The judges of the IP High Court attend the conference as a matter of course.

Court in terms of judicature. It is quite reasonable to understand that the IP High Court is practically independent of the Tokyo High Court in this respect.

Relationship between Patent Right Infringement Lawsuits and Lawsuits against Appeal/Trial Decisions Under Japanese Jurisdiction

Like the current German law, Japan had a clear distinction for many years after WWII between a) civil proceedings to determine infringement/non infringement of a patent right and awarding the amount of damages, if applicable; and 2) a JPO appeal/trial to determine the validity/invalidity of the patent in question and subsequent suit for cancellation of the appeal/trial decision.

However, a Supreme Court precedent dating back around ten years (the so-called “Kilby Patent Case Judgment” of April 11, 2000) and the legislation affirming the said precedent (Section 104-3 of the Patent Act, which came into effect on April 1, 2005) allow the defendant to argue that the plaintiff must be precluded from exercising the plaintiff’s patent on the grounds that the plaintiff’s patent is invalid in a patent right infringement lawsuit. It is necessary to note that even if the relevant patent is judged invalid and the patentee’s action for an injunction to stop the alleged infringement, etc. is dismissed by the judgment, it does not necessarily follow that upon the judgment becoming final, the said patent will become invalid extensively related to a third party.⁵

In addition to challenging the validity of a patent right in an infringement lawsuit, the defendant may file a demand for an invalidation trial with the JPO as before. In such a case, the patentee may appeal the JPO’s decision for invalidation to the IP High Court (the court of first instance). In the case of the JPO’s appeal/trial decision to turn down a demand for invalidation of a patent, the demandant for an invalidation trial may file a lawsuit for cancellation of the appeal/trial decision.

Consequently, unlike a district court, the IP High Court hears the second instance of a patent right infringement lawsuit, while at the same time hearing a lawsuit for cancellation of the appeal/trial decision with regard to the patent right as the court of first instance. When both the infringement lawsuit and the lawsuit for cancellation of the appeal/trial decision regarding the same patent right are brought before the IP High Court, there are arrangements in the assignment of judicial cases

⁵ Under the Code of Civil Procedure, the ruling of invalidity in a patent right infringement lawsuit is indicated not in the main text, but in the reason for a judgment. This differs from a demand for an invalidation trial (indicated as the conclusion, or scope becomes *res judicata*). For this reason, there is no guarantee of the same ruling issued if the same patent right in dispute between the same parties is heard in different cases (the subject matter under the Code of Civil Procedure) (see Article 114(1) of the Code of Civil Procedure).

wherein the same judicial panel (consisting of three judges) hears both cases in order to avoid conflicting judgments.⁶

II. Judges Administering the IP High Court and Specialist Staff

1. IP High Court Judges

This section explains what type of judge presides in the IP High Court, how the IP High Court judges conduct proceedings, and how specialist staff members assist judges in the proceedings, focusing on patent litigation. First, here is an overview of the background of the IP High Court judges.

The IP High Court has four divisions with a total of 18 judges. The Second and Third Divisions are composed of five judges each, among whom one acts as the presiding judge while two of the remaining act as associate judges. As a rule, a judicial panel consists of three judges. Except for cases that are to be heard by a grand judicial panel, as discussed later, it is unusual for a panel to consist of four or more judges unless the law requires it in extreme situations (see Article 78 of the Court Act).

The Supreme Court of Japan consists of the Grand Bench and three Petty Benches (the latter of which is composed of four or five justices). One of the fifteen justices is designated as the Chief Justice of the Supreme Court, and the remaining fourteen are assigned to three Petty Benches (the Chief Justice is formally assigned to a particular petty bench, but is seldom involved in hearing cases there). The office of the presiding Justice of each petty bench is served by each justice in rotation (unlike the Federal Court of Justice of Germany (BGH), and the pre-WWII Supreme Court of Japan). The conclusion in a judgment is decided by a majority, and a dissenting opinion may be indicated in the judgment. This Supreme Court system was modeled on the American system after the war.

In the IP High Court system, by contrast, a particular judge specified under the judicature always acts as the presiding judge. Unless the presiding judge is not able to conduct proceedings due to illness, etc., other associate judges never hear a case in this capacity.

Associate judges serve as head judges equally in rotation, study cases in detail from time to time, assist the presiding judge in managing the proceedings, take minutes of the proceedings for the court in session (called “Discussion Notes” for internal use) in

Third Chief Judge Nakano of the IP High Court writes: “It would cause inconvenience to the litigants and the institutions concerned if closely related lawsuits are heard separately by different judicial panels, and the respective judgments arrive at different conclusions. In order to avoid such confusion and inconvenience, the IP High Court exercising judicature independently over the assignment of judicial cases and so forth under Article 4 of the Law for Establishing the IP High Court needs to establish and comply with the rules of assignment of judicial cases so that related lawsuits can be heard by the same judicial panel. (“Retrospection of the Five Years of the IP High Court and its Prospect,” *Law and Technology* (No.50, 2011/1), p.32)

preparing the deliberation presided over by the presiding judge and the closing of oral arguments, and then draft the judgment.

From 2004 to around 2006, there were a great number of pending cases while new cases were accepted. Draft judgments were sent one after another to the presiding judge for finalization, which resulted in a long backlog under the single presiding judge in every division. For a time, the associate judge next to the presiding judge (the first on the list of associate judges) acted as the substitute presiding judge on a regular basis to the specified extent. As the number of newly accepted cases then began to level off, the substitute presiding judge system is utilized only for exceptional cases as initially defined.

Under the Japanese judicial system, the reason for and conclusion of a judgment by a judicial panel are decided by a majority. No dissenting opinion is disclosed, while the discussion held by the judicial panel remains confidential and is never published even with an ex-post timing, except in the case of the Supreme Court. The same is true for a grand panel composed of five judges as discussed below. This system is a tradition deriving from German and French law that our country adopted before the war.

Extensive Staffing of IP Divisions Transformed into the IP High Court

Chronologically, in terms of the change in the number of divisions and the number of associate judges, the Intellectual Property Division was first established in the Tokyo High Court as a division specializing in IP cases in 1950, which evolved into a structure with two divisions in 1958, and then with three divisions in 1958. Amidst the IP boom around 2000, a rising number of new cases flooded into the court, which led to the establishment of a 4th Division specializing in IP cases in April 2002.⁷ In April 2004, it was inevitable to increase the number of judges to 18 in the total of four IP divisions although it had not yet been officially decided to establish an IP High Court.

In April 2005, the IP High Court started with the same organization composed of four divisions and 18 judges (including Chief Judge Katsumi Shinohara). In fact, when the IP High Court started, human resources were secured as mentioned above, and no measures were taken to increase the prescribed number of judges. (Since more external affairs work was expected to arise after the start of the IP High Court, a secretariat was established in accordance with Article 5 of the Law for the

⁷ The history of the IP Division under the Tokyo High Court is discussed in detail in Katsumi Shinohara, "An Overview of the IP High Court," NBL804-25.

Establishment of the IP High Court to add several court clerks and court secretaries.)

When the IP High Court began, the post of Chief Judge was also introduced under Article 3(2), Article 4(1) and (2) of the Law for the Establishment of the IP High Court. The Chief Judge is responsible for supervising judicatory administration, as well as trials, as the presiding judge of the 1st Division. The 1st Division consists of the Chief Judge and two associate judges, which is fewer than other divisions, which have four associate judges. Two associate judges of the 1st Division have the same workload as the four associate judges of the other divisions, meaning that the Chief Judge as the presiding judge has a workload/case load that is half that for the presiding judges of the 2nd to 4th divisions. If a case is heard by a grand panel, the Chief Judge is, without exception, required to act as the presiding judge. An overview of the grand panel proceedings is given under a different section.

Technical Background of IP High Court Judges

In the course of discussions for establishing the IP High Court, a variety of expectations were voiced for the IP High Court. For example, concern existed with regard to the level of expertise that was required for a judge hearing IP cases. Rather abruptly, some proposed to introduce technical members into judicial office, as in the German model. In short, patent lawsuits accounting for the core part of IP lawsuits require judges to accurately understand the patented invention of interest, as well as related technology in depth and width. Consequently, JPO examiners and appeal examiners have taken undergraduate/graduate courses in science and engineering, while the JPO provides training programs and OJT for new examiners.

Throughout almost their entire careers, examiners/appeal examiners have opportunities to cultivate the expertise necessary for patent examinations/appeal trials. As far as it is the IP High Court's job to determine if examinations and appeal/trial decisions made by those examiners/appeal examiners are right or not, it is reasonable to expect that the IP High Court judges should have expertise comparable to—or preferably surpassing—examiners/appeal examiners in the field of interest. However, the Court Act and other laws only require the IP High Court judges to possess the qualifications for judicial office. In this context, the need for technical-member judges has been discussed in some circles.

Indeed, the duties of ruling on the validity/nullity of a patent right (examiner's decision), as well as determining the technical scope of a patent right once ruled

valid and finding any grounds for invalidation of the subject-matter patent, surely require a judge to have an accurate and precise understanding regarding wide-ranging issues, from the technical contribution/significance of the patented invention in comparison with the infringing product, to the prior art cited in determining any grounds for invalidation of a patent and the underlying state of the art. It would be difficult to imagine that a judge with a purely legal background would possess the ability to understand such advanced technology.

Among the Bar professions in Japan, legal apprentices who wish to become a judge tend to pass the bar examination at a relatively younger age compared to those who wish to become an attorney-at-law. For this reason, only a minority of judges graduate from faculties other than law, particularly from branches of science and technology. Those experienced in other occupations are exceptional. Under the Japanese educational system, the majority of judges in charge of IP lawsuits specialized in law at university and law school, but did not study science and technology except for the mathematics and science in their high school curriculum. Indeed, around 10% of judges of the IP High Court and the IP divisions of the district courts (e.g. one to three judges of the IP High Court) studied law after completing their major in S&T, or changed their major or specialty from S&T to law. This percentage is significantly higher than non-IP civil divisions and criminal divisions, but it does not mean that judges from a technical background are systematically assigned to IP lawsuits.

In Japan, it is quite common for judges with no technical background to be assigned to IP lawsuits. Moreover, the judicature has been rather passive when it comes to the development/training of judges specializing in IP. Even if it is true that newcomer judges are never assigned to an IP division (as occurs in Germany), it is not the case that a judge who has accumulated experience in IP lawsuits under an IP division remains in office as an IP specialist.⁸ A judge with the longest experience in an IP division is on a career path that will result in being assigned to an IP division of the Tokyo District Court, transferred to a local court to hear general civil/criminal cases, and then back to the jurisdiction in Tokyo, for assignment to an IP division of the Tokyo District Court or the IP High Court. This type of career

⁸ In Germany, judges with years of experience as specified in law is assigned as an IP specialist if they desire. Once that path is chosen, such a strong commitment is required that they cannot return to the office of general civil affairs. Furthermore, as IP lawsuits are divided between technical (patent) and non-technical cases, the German situation is highly specialized.

Note that the German judicature, including judiciary personnel affairs, is not administered across the land, whereas Japan has only two divisions specializing in IP, one in the Tokyo District Court and one in the Osaka District Court, and the judiciary personnel affairs administration is nationwide. A judge is typically transferred between a major municipal jurisdiction and a local municipal jurisdiction on a three-year term; even after being assigned to the Tokyo or Osaka District Court IP division, it is actually unlikely for a judge to remain in the same division.

management is only occasional, and does not help develop specialist IP judges. Rather, the current personnel management policy is based on a way of thinking that says that judges learn to be successful by hearing different cases in general civil lawsuits and IP lawsuits. Although this way of thinking does not contribute to specialization in IP lawsuits, it is an acceptable approach in terms of personnel administration and the career development of judges.

This poses the question of whether a judge without a technical background can understand advanced technology, or determine both the technical scope and the validity/nullity of a patent right. This challenge has been met through individual judges' commitment and dedication to their judicial duties, as well as interaction between senior judges experienced in proceedings and junior judges knowledgeable and well-informed about the latest theories and technology working together on a specific case, and activities of research officials and technical advisors who assist these judges.

2. Judicial Research Officials of the IP High Court

The Japanese court system has various types of judicial research officials defined by law. The Supreme Court has judicial research officials (Article 57(1) of the Court Act) who, by order of the Supreme Court Justice, conduct legal research on the general and specific matters of a case and assist in drafting a judgment or a counterproposal, which is a system often compared to a "Law Clerk" under US law. Each family court has judicial research officials (Article 61-2 of the Act) who conduct research in psychology and other fields from an expert's viewpoint, and provide useful input for juvenile and family affairs proceedings. Judicial research officials assigned to an IP lawsuit provide the judges with a variety of technical support. In addition, the 2003 revision of the law invests them with the independent powers and responsibility prescribed in the Code of Civil Procedure. In practice, however, there is no marked difference in their duties before and after the revision.

Eleven research officials are assigned as full-time public employees to the IP High Court, seven to the Tokyo District Court, and three to the Osaka District Court. The majority are appointed from among those with years of experience working as JPO examiners/appeal examiners.⁹ Patent attorneys are also appointed as research

⁹ In the case of appointment from among JPO examiners/appeal examiners, the JPO recommends having more candidates than the number of appointments in order of merit with a letter of reference, which is screened on paper by the Supreme Court (the General Secretariat-Administrative Affairs Bureau is in charge), and is decided by taking the IP High Court's opinion into account. As the duties of a research official cover a far more extensive range than the specific field they are in charge of under the JPO, they are on a challenging secondment. They are fortunate to have opportunities to learn, particularly from thorough discussion with the head judge about specific cases, and to return to the JPO office with a rich harvest from their service as a research official. This explains why there are so many applicants.

officials after screening by CVs and interviews,¹⁰ although the numbers are low. Usually, research officials return to their offices under the JPO, or to their patent attorney practice after approximately three years in the service of the court. Their posts/treatment after they return to the JPO suggests that they are then normally put onto a career track.

Duties of Research Officials

Article 92-8 of the Code of Civil Procedure allows a research official to ask questions of the parties, or urge them to produce proof at a session for an oral argument or a preparatory oral argument (the same Article (i)); to ask questions directly to either a witness, the party him/herself, or an expert witness at a session for an hearing of evidence (the same Article (ii)); and to give an explanation based on expert knowledge at a session for an amicable settlement (the same Article (iii)).

Article 92-8 (iv) provides for a research official to state opinions on the case to a judge. This provision reflects conventional internal practice. Although the main paragraph of the Article refers to a research official as “conducting research in connection with a hearing and trial of a case concerning intellectual property,” no JPO examiner/appeal examiner in charge of trademark, design or other non-technical affairs has been appointed as a research official to date. There is no case reported in which a judge has assigned a research official to conduct research on a non-technical case.¹¹

The most important duty of a research official is to give explanations verbally or in writing to a judge. At the request of the judge, the research official is allowed to explain in a comprehensible manner the technical details of the relevant patent right and the cited invention, the related art and the state of the art, etc., either verbally or in writing, with the use of drawings—thereby disclosing the research official’s understanding, view and conclusion (opinion) regarding the case, on occasions deemed necessary other than sessions for an oral argument and for a preparatory oral argument (that is, even if the plaintiff and the defendant are not present in person before the judge). Under the law, the research official may state his/her opinion and ask questions to the parties at sessions for an oral argument, for a preparatory oral argument, for an examination of a witness and so on, in front of the parties. In practice,

¹⁰ It is customary for the Chief Judge of the IP High Court to be the interviewer for this purpose. Appointing a patent attorney as a research official is based on a recommendation by the Japan Patent Attorneys Association (JPAA). Customarily, the JPAA recommends more candidates than the number of appointments.

¹¹ In the past, after a series of trademark lawsuits against an appeal/trial decision where the judiciary ruling in the appeal/trial decision was found to be in conflict with the JPO examination standards, research was conducted through the research official to inquire if the JPO was reviewing the examination standards internally and so on (an actual case when the author was in service with the IP High Court).

however, the research official's explanation and opinion disclosed in front of the parties are of no material significance. In the author's experience, there is no actual case in which the research official states his/her opinion in the form of an "opinion" directed to the parties on the date of a court in session (in fact, the research official's opinion is disclosed through asking questions in the same way as the technical advisor on the date of a court in session).

The research official's explanation and opinion are, as described above, usually disclosed mainly to the judges, mostly to the head judge, depending on the progress of the proceedings. In the case of the IP High Court, a "Research Report," which is a self-contained document, is produced almost as a routine for a lawsuit against an appeal/trial decision in particular. This document, if produced, is not required by law to be disclosed to the parties.¹² The rationale behind this way of thinking is that the research official was present in court for the oral argument, etc. with the attendance of the parties, and disclosed his/her explanation and opinion, where necessary, from which the parties could have derived the gist of the researcher's explanation and opinion, leaving no need to disclose the research report.

From this retired judge's perspective, a research official rarely speaks during oral arguments at an ordinary session, and if s/he does do so, the comments are too fragmentary for the parties to guess what explanation and what conclusion the research official is suggesting to the judge even if they wanted to.

It is a matter of more concern that there is no opportunity available to test the validity of the research official's explanation by challenging whether it proves to be objectively free from the kind of mistakes that an expert would easily recognize. However, the weight of the research official's explanation in the final conclusion has not been much in dispute or called for disclosure by attorneys-at-law and patent attorneys.

3. Court Clerks

As in ordinary civil and criminal proceedings, court clerks are assigned under the IP High Court, and are not required to be selected from among court clerks well experienced in IP lawsuits. Court clerks of the IP High Court are responsible for formally inspecting the judgment prior to pronouncing omissions in the judicial ruling, logical deviations and so on, although they have no substantial involvement

¹² Patent Attorney UMEDA Yukihide (who used to work as a judicial research official for three years from 2003; Executive Chief Appeals Examiner at the time of writing) discusses the actual situation of research reports by research officials of the IP High Court in detail in "*Chizai-Kosai Chosakan no Chosa-Hokokusho*," *Tokugikon* (available on the website; Tokugikon 2007.1.30 no.244), pp.127-244. Since the duties of a research official and procedures for research reports are not necessarily publicized, the explanation in the text relies largely on the literature published by authors with experience as Chief of the Research Officials Office.

in drafting the judgment. Therefore, if a court clerk with no experience in IP lawsuits is assigned to an IP case, there are special supervisory arrangements to allow, for example, the inexperienced court clerk to be teamed with an experienced one. As a caveat for court clerks assigned to IP lawsuits, special care must be taken with difficult terminology, confusing homonyms, and frequent restrictions on the perusal/photocopying of case records. (Any part of a judgment pronounced that may not be published must be subject to the same restrictions on the website.) For example, within days of a judgment being pronounced, the whole case is uploaded onto the website as a rule. In preparing to upload the judgment, the court clerk needs to use caution as a professional in case the party fails to file a request to restrict access to the judgment. The four Divisions have two court clerks each (one of whom is the chief court clerk). In addition, court clerks are assigned to the general administration section attached to the secretariat for administrative duties.

4. Technical Advisors

Since the technical advisor system is a new system unique to Japan, a separate section is dedicated to explaining the system in detail.

III. Technical Advisors

1. Introduction of the Technical Advisory System

Introduction of the Technical Advisory System into medical malpractice lawsuits and construction defect lawsuits

The Technical Advisory System was introduced in accordance with the 2003 revision of the Code of Civil Procedure (Article 92-2 through 92-7 of the Code of Civil Procedure, Article 34-2 through Article 34-6 of the Rules of Civil Procedure). This is part of the judicial system reforms that were implemented in sequence, and designed to allow citizens to participate in lawsuits. The system has two implications in the area of IP litigation. It had been pointed out that the judicial research official system was not sufficient for purely legal judges at the IP High Court and the Tokyo/Osaka District Court IP divisions to handle the pioneering technologies of the times. As a solution, the Technical Advisory System was built as a different system from technical advisory systems in other areas.¹³ The system is worthy of close attention in terms of the number of appointments of technical advisors, the level of vested authority, and the frequency and extent of employment of technical advisors in IP lawsuits.

¹³ IP technical advisors are specifically stipulated in Article 57(1), (2) as well as in the Code of Criminal Procedure as mentioned in the text.

Although there is no restriction stipulated by law on the type of cases and proceedings that are eligible for the Technical Advisory System, the System is practically employed in medical malpractice litigation, construction defect litigation, and patent litigation for which technical advisors are appointed by field of specialty.

Comparison with the Technical Advisory System for Medical Malpractice Litigation and Construction Defect Litigation

Civil litigation covers a number of specialty fields, whose cases involve specialists across a broad range of science and engineering, but not those in the social sciences or liberal arts. In the case of technical advisors for medical malpractice and construction defect lawsuits, unlike IP cases, since a significant number of cases in these categories are brought before local courts, whether situated in a metropolis or the seat of the prefectural government, many judges of civil affairs have opportunities to hear these cases, although local courts do not have a division specializing in these areas. By contrast, patent cases are brought exclusively before the High Court and the Tokyo/Osaka District Court divisions specialized in IP. All technical advisors are assigned to the IP High Court, and they are all together under the management of the IP High Court in cooperation with the Administrative Affairs Bureau of the Supreme Court, while training programs are implemented uniformly by these two organizations.

There is something in common between a medical malpractice technical advisor and a patent technical advisor in terms of the nature of their duties. For example, when a particular case requires knowledge/understanding of the technical details of the alleged medical malpractice, the effects and side effects of medication administered and so on, the medical practice/medicine needs to be explained, not only in scholarly terms, but also from the perspective of a specialist engaged in the same profession, that is, a person skilled in the art, with regard to the appropriateness of the medical judgment. Without such technical knowledge/understanding, the judge cannot organize claims to define the issue in dispute, nor arrive at a decision on whichever party's claim is allowed/disallowed. To help with this process, a technical advisor needs to be involved. Deciding on whether or not the responsible medical doctor was able to foresee such negative consequences as a medical accident, namely, whether or not the doctor was negligent on the one hand, and deciding on whether a person skilled in the art could have conceived the subject invention in a patent lawsuit against an invalidation of the subject patent right on the other hand, are both a matter of legal evaluation of value on a common evaluation basis.

In medical malpractice cases, the medical industry is critical of judicial judgments allowing negligence: a judgment holding a medical doctor liable for negligence through *ex post facto* determination over the issue is too severe for the medical doctor. In patent cases, the industry has unanimously criticized the judicial determination over the inventive step requirement, namely the validity/invalidity of a patent in 2003 to 2004 before the mixture of views started to be expressed recently. The patent attorney circle is still critical of the judicial decision: the court determines whether or not the inventive step requirement is satisfied by employing an *ex post facto* analytical method which involves hindsight bias. Strangely, a critical stance against the judicial judgment in patent litigation is in line with that in medical malpractice litigation.

Although it is common in both cases for the proceedings to require the involvement of technical advisors, patent right infringement litigation has developed similarly to or differently from medical malpractice litigation. In a medical malpractice lawsuit, since the proceedings are structured in order to reproduce the past fact, statements by the medical doctor and the patient/deceased family are indispensable as proof, which usually requires conducting a witness examination. In a patent right infringement lawsuit, the claim(s) of a patent right are examined in light of the interpretation of specifications, and the technical scope of the alleged product is usually treated as physical evidence. The determination over the validity of a patent does not aim at reproducing the past fact related to the invention of the subject patent, but employs an approach that finds whether it could have been easily conceived from the invention deemed latest in an *ex post-facto* timeframe under specified rigorous requirements (Article 29(2) of the Patent Act; whether it is called “an *ex post facto* analytical approach” or not is a matter of terminology). Consequently, except for the specified type of case in which an application is filed by a person who is not the inventor and has not succeeded to the right to obtain a patent, awarding damages and so on, it is general practice to rely exclusively on the published literature without the need to examine witnesses.

Partly because of this practice, it is rare to hear a witness even if a civil lawsuit is filed regarding a patent right infringement in Japan. To the author’s knowledge, it is not the case in a court in Japan that a number of expert witnesses are heard directly before a judge and jury, like in an American court.¹⁴ Against the background of a paper-based hearing in Japan, the ambitious implementation of a technical briefing in the course of IP proceedings has contributed to a major reform.

¹⁴ Even in Japan, it is general practice that the party retains professors and other experts to produce written expert opinion in favor of one’s case, such as knowledge, theory, empirical rule and so on.

2. The number of technical advisors in the IP High Court and degree of involvement in proceedings

Approximately 200 technical advisors are available for regular assignment under the IP High Court as well as the Tokyo/Osaka District Court IP divisions (the number of assignments was 138 in 2004, the first year after the Technical Advisory System was introduced). For information, the IP High Court has 18 judges, assigning three judges including the presiding judge per patent case except for grand panel cases, which is basically the same as in the district court. Unless otherwise justified with reason, one research official is assigned to each case. By contrast, the number of technical advisors is prescribed to be more than one under the law (see Article 92-5(1) of the Code of Civil Procedure), and the system is implemented on the principle that three technical advisors are concurrently involved in one case,¹⁵ which assumes the situation that technical advisors give different explanations, hold arguments or discussions, or complement each other's expertise (detailed later).

3. The role of technical advisors: To provide “explanations” rather than “opinions”

Under the law, a technical advisor is not supposed to state an opinion of a conclusive nature in a lawsuit. Concerning the technical content of a case, the advisor's role is to pose a question or suggest alternatives with regard to the reasoning and grounds presented by the parties, and to help clarify/organize the issues. Under this system, the technical advice is not given the weight that would impact the conclusion of a case.¹⁶

Upon the launch of the IP High Court, there were several pillars to be built. One was to secure the staffing, including judges appropriate to IP cases. Even if the required number of brilliant judges specialized in IP were secured, those judges could hardly be expected to be equipped with sufficient knowledge and understanding of state-of-the-art technologies across the broad spectrum of IP cases, especially patent cases. In this respect, there is no marked difference even for research officials assisting judges in IP cases as far as technical background is concerned. To fill this gap, it became urgent to

¹⁵ In the author's experience, it is not unusual to have more than three technical advisors involved in a case, and as many as five advisors in some cases.

¹⁶ One of the duties of judicial research officials is to “state their opinion about a case to the judge” under Article 92-8(iv) of the Code of Civil Procedure, whereas the duty of a technical advisor is defined as “providing explanation based on professional knowledge” in Article 92-2(1) and (3) of the same Code. From the text of the Article, we can read the distinct intention of the legislator for research officials to “state opinions” and technical advisors to “provide explanation based on professional knowledge.”

have a pool of specialists as varied as possible leading the forefront of S&T fields, for assignment as technical advisors, as well as to hear/try patent cases with the involvement of those technical advisors.

Necessity of ad-hoc assignment of technical advisors

From the beginning, much effort was invested in securing a possible maximum number of technical advisors. Once the new system was put into practice, the difficulty of pinpointing technical advice on a specific case came to light. The system faced the need to appoint ad-hoc technical advisors on a case-by-case basis. For each appointment, the court would communicate closely with the Supreme Court (the Administrative Affairs Bureau for authorization of the appointment) in order to make an ad-hoc assignment so that the designated date of a session for the case did not need to be changed as a rule. In the course of such case-by-case appointments, as a matter of course, deciding “which professor or which researcher would be suitable?” became a matter of urgency. In fact, what worked the best in locating the specialist most active in the field of interest and most qualified for the task turned out to be the recommendation of the technical advisor already assigned to that case. The recommendation was very resourceful: I’m not a specialist in that subject. Professor A of University B is more knowledgeable, although he is younger.

4. Composition of Technical Advisors by Occupation, by Age, and by Field

This section discusses the composition of technical advisors by occupation, age, and field in reference to the data as of July 1, 2012 (available on the website: “The Technical Advisory System in Intellectual Property Right Lawsuits).

By occupation, professors account for 63.5%, public-sector researchers for 12.5%, private-sector researchers for 7.5%, and patent attorneys for 16.5%. Besides field-to-field differences, occupational differences also exist—more or less in terms of criteria and reasoning methods for determining whether or not the subject-matter patented invention involves an inventive step, the underlying state-of-the-art, etc. To ensure impartiality, it is the grand rule that not one but three technical advisors are to be assigned.¹⁷ It is believed to be preferable that a group of technical advisors represent more than one occupation. The members usually include academics and patent attorneys. Age is another factor that leads to differences in the way of thinking.

¹⁷ The concept of three technical advisors per case was suggested by the author and put into practice at the start of the technical advisory system. The three-strong technical advice was a factor contributing to the start-up, development and establishment of the system.

Next, the population of technical advisors is distributed extensively in the 50s, 60s and 70s. For the benefit of diversified opinions, it is also important to consider the composition of technical advisors by age group in some cases. In a lawsuit against an appeal/trial decision for invalidation, unlike a lawsuit against an appeal/trial decision for a grant, it is not unusual for a patent right challenged as invalid to be an invention pertaining to the application filed nearly 20 years ago. In such a case, the state-of-the-art from those days is brought into the issue. Obviously, it is not appropriate to assign younger academics who lead today's technology. It is necessary to appoint academics of an age familiar with the state-of-the-art from that time frame.

By major categorization into three fields (chemistry, mechanical engineering, and electrical engineering), chemists account for the largest (35%) of the population. In terms of actual involvement, as well as in terms of observations, technical advisors are most frequently involved in chemistry cases. Less than 30% of mechanical cases involve technical advisors. Since mechanical cases account for substantially over 50% of patent cases, the degree of involvement of technical advisors in mechanical cases is relatively lower than in chemical cases. This can be explained by the few number of cases in which technical advice is definitely necessary, because judges can understand a patent application quite well in mechanical cases by reading them without technical assistance. However, it is important to note that in some mechanical cases, the impact of the recognized problem to be solved with the invention on inventive step, the criterion for determining an inventive step, etc. are brought into the issue. For example, concerning the subject invention which is apparently technically simple but must allow for inventive step (typically true for high-tech manufacturing devices), if the judicial decision involves a value judgment of the patentability of the invention, an experienced professor knowledgeable about both mechanical engineering and the Patent Act, and/or a patent attorney with long years of practice in filing patent applications, are assigned as technical advisors. It is not appointment by occupation, and it is open to differences in ways of thinking among individual judges and technical advisors. An explanation based on professional knowledge and practical experience, when presented in depth, helps the judge have a better understanding of and take more interest in the problem to be solved.

5. Utilization of the Technical Advisory System

This section briefly shows to what extent the Technical Advisory System has been utilized quantitatively. Since the system has been mainly used in lawsuits against appeal/trial decisions under the IP High Court, as far as the statistics for the IP High Court are concerned, approximately 500 cases combining both lawsuits against patent

appeal/trial decisions and appeals of patent infringement lawsuits are commenced and disposed of by this court every year. By estimate, patent lawsuits account for 70-80% of the total (approximately 400 cases), of which 10% (around 50 cases) involve technical advice in the proceedings from deliberation to judgment.

By type of session involving technical advice, the majority involve pre-oral argument, followed by oral argument.¹⁸ The author would like to explain why technical advice is employed at a pre-oral argument session of a lawsuit. As shown above, patent litigation in Japan mostly consists of presenting arguments and entering documentary evidence (the hearing of documentary proof), whereas an examination of a witness/expert witness is rarely conducted. The typical proceedings of a patent lawsuit against an appeal/trial decision are as follows: two or three pre-oral argument sessions are convened by the head judge, and a technical briefing (with the participation of technical advisors, if any) is held on the date of completion of the pre-oral argument. Upon completion of the pre-oral argument, the date for a first oral argument is designated within two months or so, and at the first oral argument session, after complementary argument and proof is presented, both parties follow a formal procedure such as “the result of the pre-oral argument has been stated”, where the oral argument is concluded within minutes.¹⁹ The judgment is pronounced one or two weeks later at the earliest, and one or two months at the latest. In other words, a lawsuit against an appeal/trial decision regarding a patent has substantive discussion only on the date when the pre-oral argument is completed: namely, at the last session of a pre-oral argument when a technical briefing is held.

In this typical case, technical advisors are supposed to be involved in in the formalities of the oral argument procedure (the last session of pre-oral argument), but in fact the pre-oral argument has been completed by that time (indeed, reference material to be used for a technical briefing could be produced as additional evidence). A technical briefing held with technical advisors attending allows each party to give a performance. In short, regarding the predetermined issue in dispute, the parties explain technical details related to the issue and its underlying technical background, by demonstrating with the real machine/product, giving a PowerPoint presentation, or

¹⁸ In this case, the date for the oral argument is typically that of the so-called round table courtroom. While in office, the author made it a practice to hold a technical briefing at a grand panel session whenever possible, but otherwise held a briefing session in the usual courtroom designed for a *Saibanin* trial with seats for jurors, in addition to three seats for judges that accommodated three technical advisors and one research official.

¹⁹ While in office, the author received many foreign guests at the IP High Court, and invited them to observe a court in session. Since this brief procedure (taking one or two minutes) was often commented on as strange, the author invited them to a technical briefing, which was declined because it would usually take one to two hours.

showing moving images if applicable based on the already-produced case and evidence within an allocated time.

In preparation for the briefing session, the technical advisor studies briefs (entirely or partially) and key documentary evidence is sent by mail weeks prior to the date. After the parties' technical presentations (about 30 minutes for each, though this varies from case to case), the technical advisor explains the key point of the case based on what one understands from each party's presentation, poses doubts and questions to the relevant party, and if necessary, gives an explanation.

6. Other Procedures Involving a Technical Advisor: Involvement of Technical Advice in the Examination of Evidence

Besides the above-described procedure involving technical advice, there is a procedure for technical advisors to participate in the proceedings from an earlier stage to identify the issue in dispute. Along with the progress of a case, the technical advisor attends every session to assist the judge in organizing and identifying the issue in the capacity of specialist, and is employed in patent right infringement lawsuits under the district court (hardly ever employed by the IP High Court). In any form, this type of involvement of the technical advisor is stipulated as a procedure in Article 92-2(1) of the Code of Civil Procedure.

In addition, Article 92-2(2) provides a procedure for involving the technical advisor in the hearing of evidence. In other words, when the court finds it necessary in the process of conducting the hearing of evidence to clarify the matters related to the suit or the gist of the result of the hearing of evidence, it may, after hearing the opinions of the parties, by an order, have a technical advisor participate in the proceedings so as to hear his/her explanation based on expert knowledge at a session for the hearing of evidence. This provision assumes that examinations of witnesses and the party are routinely conducted in a patent lawsuit, but even after the law was revised, a witness examination in a patent lawsuit is just as exceptional as before. Moreover, there has been no actual need for the technical advisor to participate in the hearing of evidence, or to give an explanation based on the expertise.

The second half of the same subparagraph provides the following: In order to have a technical advisor give an explanation at a session for examination of a witness or a party him/herself or at a session for examination of an expert witness, the presiding judge, with the consent of the party, may permit the technical advisor to ask questions directly of the witness, the party him/herself or the expert witness with regard to the matters necessary for clarifying the facts and the issues in dispute, or the key findings

from the hearing of evidence. This type of hearing of evidence has seldom been conducted, with no actual case yet seeming to exist whereby the technical advisor attends the oral argument session and puts questions directly to a witness.

Technical Advisory System and Expert Witness System

The same subparagraph also sets out “the interrogation of an expert witness”. In fact, it is quite common to produce a report on an experiment conducted by the party or a report on an experiment conducted by a research institute attached to a private-sector business or a public research institute commissioned by the party in a Japanese civil lawsuit. These are all treated as documentary evidence. In addition, the party retains the authority in the field at a level comparable to the technical advisor to provide a written personal opinion, which is also treated as documentary evidence. It is also permissible, by a ruling, for the court to conduct expert testimony upon a motion by the party and at the expense of the party. Once the Technical Advisory System was introduced, since the specialist knowledge necessary for a particular case is usually provided through this system, such expert opinion is not frequently sought. Under this system, the assigned technical advisor may be furnished with a report in writing on the result of an experiment conducted under given conditions at the cost of the Court, if the party’s consent and cooperation are obtained. To the author’s knowledge, however, there has been no actual case to date to this effect. The current system requires the technical advisor to give an explanation based on his/her specialist knowledge, relying on evidential material collected by the party as a given reference.

Other Procedures Involving the Technical Advisor

In addition to the above-mentioned procedures, the technical advisor may take part in an amicable settlement in session. Article 92-2(3) of the Code of Civil Procedure provides for the following: When mediating for an amicable settlement, the Court may involve the technical advisor in the procedure to give an explanation based on specialist knowledge at a session for hearing evidence, if deemed necessary, with the party’s consent, by a decision, in order to hear an explanation based on specialist knowledge at a session where both parties can attend.

In practice, however, there has been no actual case involving the technical advisor at a session for an amicable settlement. The provision might have been laid down simply to complete the statutory text. The same Article provides that “after hearing the party’s opinion,” the technical advisor may take part in an oral argument session and in a session of pre-oral argument under paragraph 1, as well as in a session of hearing

evidence under paragraph 2, whereas paragraph 3 requires the technical advisor to take part in a session for an amicable settlement “with the party’s consent.” When it comes to implementing the statutory procedure, in practice it is up to the intentions of the parties to allow the involvement of the technical advisor. Unless otherwise required by the circumstances, it is assumed that the procedure is not implemented.

Moreover, concerning the participation of the technical advisor in a scheduling conference, the Rules of Civil Proceeding stipulates: In cases where the order set out in paragraph (1) of Article 92-2 (Participation of Technical Advisor) of the Code has been issued, the presiding judge may have a technical advisor give an explanation orally at a scheduling conference. “A scheduling conference” literally means the date of a conference to coordinate the schedule of proceedings. On that date, the parties each specify arguments/proof, and the result of the conference is binding upon the parties, but is not a mandate for the presiding judge to have a technical advisor to explain at a scheduling conference. To the author’s knowledge, there has been no actual example of a technical advisor giving an explanation at a scheduling conference for an IP lawsuit, but it is possible for a technical advisor to be invited to attend a scheduling conference on the same date to give an explanation when it is difficult for some reason to convene an oral argument session or a pre-oral argument session on a different date.

In addition, although there has been no actual case reported, if the device in question needs to be inspected but is not mobile, a scheduling conference is held on site where the technical advisor provides an explanation, as long as there is no choice but to visit the site.

7. Statutory Rules on the Involvement of the Technical Advisor and Implementation of the Technical Advisory System: Technical advisor gives an “explanation” “at a session”

As discussed above, according to the Code of Civil Procedure and the Rules of Civil Procedure, any remark to be made by a technical advisor at a session is required to be an “explanation.” In the author’s experience, however, communications regarding the assignment of a technical advisor issued by the court and court clerks referred to “words” uttered by attorneys for the parties and technical advisors (candidate) as “your opinion,” “your view” and so on. At a round-table conference, a judge asked for a technical advisor’s “questions,” “opinion” and so on in front of the parties. In the letter of the law, “your opinion” is not within the range of the technical advisor’s duties. In practice, however, it is not necessarily viewed as strange.

Practically, remarks by a technical advisor are put in the form of a question in many cases. It is rather exceptional to use the term “opinion,” but quite a few remarks are placed as “opinions” in essence. With marked individual differences among technical advisors, some advisors deliver a “conclusion” or “opinion” straightforwardly in front of the parties at a session, while others put nothing but pure questions and never express the slightest hint of a personal opinion. Usually, however, in response to a party trying to lead to an advantageous conclusion through fallacious reasoning, a technical advisor puts questions that imply that there is a leap in logic or that the grounds for reasoning contain a flaw. Typically, many technical advisors disclose part of the core opinion. As a rule, three technical advisors are assigned to one case, and it is rare for all of them to be oriented in the same direction. Rather, they show disparities in quite a few cases (as discussed later).

Treatment Concerning Explanation by a Technical Advisor Outside the Session

In cases where the presiding judge has requested a technical advisor to give an explanation outside the session, “if the matter on which the explanation was requested is important for clarifying the matters related to the suit, the court clerk shall notify both parties of the said matter. If a technical advisor has submitted a document stating an explanation outside the session, the court clerk shall send a copy thereof to both parties.” (Article 34-3, the Rules of Civil Procedure)

While in office, the author experimented in requesting a technical advisor to give an explanation in writing with the consent and cooperation of the parties concerned. This was in a lawsuit based on an appeal of a JPO appeal/trial decision. When the author (the presiding judge) and the head judge conducted the final pre-oral argument session, the participating technical advisor gave an explanation and opinion (as close as a definite opinion) in front of both parties to conclude the pre-oral argument procedure. Later, the attorney for the plaintiff produced a written argument against the technical advisor’s explanation and opinion. Normally the court would ask the technical advisor to appear and to give an explanation again. In this case, as an exception, the court requested the technical advisor to produce a written explanation, sent it to the plaintiff, and advised the plaintiff to produce an argument in writing.²⁰ It was an experiment that the author tried out at the early stages of the Technical Advisory System being put in

²⁰ This case involving the technical advisor was just after the start of the Technical Advisory System. In those days, the author started to work on a blueprint for a basic policy on the implementation of the system. At first, the author hadn’t formed the concept of having the parties’ technical briefings before the technical advisor’s briefing. It was the first experience for the parties, and they must have been confused.

place, and there are some points for the author to critically reflect upon in this experiment.

To the author's knowledge, the procedure for the court to request the technical advisor to give an explanation outside the session was followed by the Tokyo District Court during the proceedings of a patent right infringement lawsuit in the early stages of the system. The procedure did not seem to be easily applicable. The burden of defining how to instruct the technical advisor about the case and the issue, and how to draft a document with a list of matters for explanation, rests upon the court. Also, there is a risk of not foreseeing what "explanation" the technical advisor will give.

Explanation by the Technical Advisor, and Granting Opportunities for a Statement of Opinion by the Parties

Concerning the explanation given by the technical advisor at the session or in writing, the parties are guaranteed opportunities to state their opinions against the explanation (Article 34-5, the Rules of Civil Procedure). The provision stipulates a guarantee, which is to be taken for granted, but the history of management of civil litigation in Japan teaches us that a procedure guaranteed according to the law is always accompanied by a negative aspect.

At an oral argument session (including a pre-oral argument session), which is not a procedure for amicable settlement, the alternate interview procedure is still employed today. The judicial body interviews the parties alternately in quite a few cases. Before switching to the alternate interview procedure, the judge in charge obtains the consent of both parties. Even if both parties' consent is not obtained, as long as no objection is raised, such consent is assumed or constructed. This procedure makes no exception of patent right infringement litigation. Rather, since the disclosure/non-disclosure of secrecy is often brought into question in a patent right infringement lawsuit, the alternate interview procedure is preferred. In Japan, the alternate interview procedure is conveniently used in social life; it is part of our culture, so to speak. Indeed, even in the capacity of technical advisor, people feel more comfortable about confiding the core issue to the judges, and not making it out clearly in front of a party with conflicting interests. This mindset is normal for Japanese people in order to avoid direct confrontation, which is not an acceptable custom on the part of the court responsible for a fair trial for people. By various means, we advised technical advisors to discuss the core and the issue of the case in the presence of both parties, and not to talk about the issue of the case when the parties were not present. It occasionally happens that after the closing of a session, the technical advisor submits documents and materials regarding

the matters discussed at the session (usually related to the core and issue of the case) as the product of further inquiry and study.²¹

In fact, a judge does not know how other judges conduct proceedings. The author himself did not study how other judges conducted proceedings, even though there were many opportunities for discussion, and rarely observed technical briefings conducted by other judges (except when the author gave foreign guests a guided tour).

The author's way of conducting proceedings is explained thusly: It is a basic style for a technical advisor to give an explanation in the form of questions, and to include his/her own opinion in the explanation or in the premise of the explanation. The simplest example of a question including the advisor's opinion is: "Regarding that point, unlike what the plaintiff claims, it is possible to think such and such... What do you think?" "What are the grounds for that point?" and so on. When the technical advisor's question clearly indicates his/her idea or thought, whether it mentions his/her opinion or not, it helps the respondent party to form an argument or explanation specifically. In other words, the party is granted the opportunity to state their opinion formally and substantially, as mentioned above. When the author recognized the technical advisor's remark, not in the style of a question, as substantial, the author made it a rule to suggest to the parties: "Do you have any comment on what the technical advisor has explained?" Basically, the author allowed 90 minutes in total for a technical briefing involving a technical advisor (which sometimes took 120 minutes).

Objection Entered by the Party (Case Study)

I will next introduce a pre-oral argument session for a case presided over by the author, a technical briefing with technical advisors participating was conducted by the head judge alone because the author was engaged in a different case on that date. Concerning one technical advisor's remark, the attorney for one party entered a written objection with the court after the pre-oral argument session but before the date scheduled for the closing of oral argument: "The participating advisor made remarks based on the present timeframe although the base time for determination of an inventive step must be the time of filing the subject-matter application, against which we raise an objection." In consideration of the possibility of the technical advisor giving an "explanation in writing" if deemed necessary, the author communicated through the court clerk with the attorney to inquire what measure the attorney sought for. The

²¹ How to treat such a case is a difficult question. The judicial body usually thanked the relevant technical advisor politely, adding "for our reference" and kept the material separately from the case record. We didn't treat such material as a case record. It was at the discretion of the head judge whether the head judge read it or not. If it is important as reference material, a photocopy of the material is provided to the parties to give opportunities for explanation or production of evidence.

attorney responded that his intention was to let the judges correctly understand the matter pointed out in the written objection and he did not seek any particular corrective measure.

It is not difficult to imagine: the technical advisor abruptly asserts a conclusion, one party is frozen, put at a disadvantage by the explanation given by the technical advisor, the other party bursts out arguing, and the list goes on. For the lawyers/patent attorneys representing the parties, it is helpful to deal with the situation calmly, realizing that the mere assertion of a conclusion has no material impact on the judge, and taking no particular action. However, for the parties and their employees, it is natural that they should worry that the technical advisor's unfavorable explanation might have a decisive impact on the judicial ruling. At a preparatory meeting for a technical briefing between the judges and the technical advisors, the author asked the technical advisors to refrain from declaring a conclusion without explaining the grounds for it (the opposite style would be welcome) at a coming technical briefing.

Styles of explanation by the technical advisor at a technical briefing session are summarized below, with reference to the different approaches shown by other judges, followed by the author's personal opinion.

(1) A style that relies on the letter of the law stipulating the participation of technical advisors, as publicized. At the beginning of the technical briefing, the technical advisor gives a comprehensive and general explanation not only about the subject-matter patented invention but also about the technical background and related technology, or social background. This style is useful at a district court level when organizing claims and arguments in an infringement lawsuit. It is necessary for the court to draft and send a list of questions (including an outline of the case) to all of the parties before the session. It is a clear-cut and transparent procedure but the workload is heavy for the court as well as for technical advisors. The heavier workload makes the system far from useful for the court.

(2) A style combining the preceding (1) and the following (3). After technical briefings by the parties, the court allows some time for the technical advisor to provide a comprehensive "explanation."²²

(3) A style whereby the technical advisor attends a technical briefing by the parties, and ask questions to the relevant party, or to the other party if necessary, regarding their

²² An "explanation" in this context does not mean a summarization of the explanations by the parties (their explanations given with a focus on the issue in dispute must contradict each other). The technical advisor here is supposed to give a different explanation from the parties' explanation, either by supporting the explanation given by one party or by providing a third-party explanation different from both. This is simply based on the author's imagination because he has no experience in using the technical advisor in this way. Regarding such "explanation" by the technical advisor, the parties are guaranteed an opportunity to state their opinions. In that sense, it is a challenging task for the technical advisor.

line of reasoning, to see if there is a leap in logic or whether the grounds for reasoning have a flaw, as mentioned above.

To give a thought to the style of asking questions (3), many patterns are assumed to take place in actual settings. The party's explanation has a leap in logic or is not clear. A complementary explanation is necessary based on the laws of natural science. It needs to be substantiated by the reference literature. It is necessary to specify what "detailed description of the invention" in the specification of the subject-matter patent gives the grounds for the explanation, or whether any grounds are found in the claim(s) other than the detailed description. Or whether the grounds for the explanation are weak or missing, or omitted as self-evident or based on preconceived ideas, or avoided on purpose knowing it is a weak point, etc.

For these reasons, the technical advisor specifies these points with reasons, asks the relevant party to comment in some detail and derives further explanations from the parties about the points of interest. Unlike the witness examination, it is permissible to take a break in order to discuss how to answer the technical advisor's question. In place of the main presenter (it is often the case that the attorney for the litigant gives an explanation rather than the person representing the litigant company), a pinch hitter (the technical employee in charge in many cases) is allowed to answer the question. Of course, the relevant party may challenge the contents of the explanation by the technical advisor (there is no guarantee of this, or of being permitted a rebuttal, because it is a matter to be decided at the discretion of the presiding judge or the head judge by weighing the significance in relation to the issue in dispute).

The author expects that the technical advisor's "explanation" will be permitted to contain "opinions" to a significant extent. Provided that, to ensure procedural transparency, the explanation should be provided with sufficient reason and the reason must be based on the documentary evidence entered into the case file, published literature, or corresponding materials, and if not, it has no impact on the judicial conclusion to the case. In addition, it is understood that the parties may enter argument/rebuttal evidence at the session or later. Currently, however, it is still not referred to as an "argument", but rather a "presentation".

Preparatory Meeting with the Technical Advisor Just Before the Session

Almost ten years have passed since the Technical Advisory System started, producing a stream of technical advisors experienced in participating in cases. Technical advisors are secured through recommendations by academic societies, patent attorneys' associations, and other public-sector organizations. For the purpose of managing the

organization, it is implicitly agreed that those on the list are to be replaced every two or four years (the term of office is two years). As a result, the percentage of experienced technical advisors on the list is not expected to rise under the current system, unfortunately. For this reason, it is not unusual for an assigned technical advisor to participate in a particular case for the first time. In order to work with technical advisors, it is necessary for the court to explain about the Technical Advisory System and the rules on their participation every time from scratch. That is why the court normally arranges a preparatory meeting just before the session.

The primary need for a preparatory meeting just before the session comes from the simple worry about whether the assigned technical advisors will reliably come to the court on the date scheduled for the session. Technical advisors are part-time public officials, a significant percentage of whom have never been to the court before. For the purpose of confirming their appearance, they are asked to arrive at the IP High Court Clerk Office no later than 30 minutes before the appointed time. Technical advisors come from all over the country. Most live or work in Tokyo and surrounding areas, but a number of technical advisors come all the way from Tohoku, Kyushu and even further areas. In order to be punctual, some technical advisors arrive at the court one or two hours before the appointed time. On one occasion, while taking care of these early comers, the court took it as a good opportunity to have an informal talk on a variety of topics covering the latest industrial/social developments and news in the area of IP rights. The author joined in the talk, and as it went on, the case itself came up in the course of time.

When all three technical advisors are assembled, after providing general information about the purpose of the Technical Advisory System and specific advice about the rules on the manner/style of giving an explanation with bad or unsuccessful examples, the judge in charge usually gives a briefing on matters that the technical advisor is requested to explain in connection with the issue of the case, according to the questions asked. They are basically advised, for example, “You are free to speak. If we find it not right, the judge will intervene. In that case, you must comply with the judicial direction for the proceedings.”

At the preparatory meeting, the judicial briefing covers objective matters such as an outline of the case, the time of filing the application, what is and is not in dispute, and so on. It is not unusual for a technical advisor to suggest that the real issue lies in a fact other than that identified by the judges and the parties. The suggestion comes to the central topic at the meeting, which is acceptable to the author as a rule. A detailed explanation about each party’s case on the issue is to be left to the respective technical

presentation by the parties. In any case, the judge does not lead the conclusion in a particular direction.

Not infrequently, however, the technical advisors talk with each other about the case, and the topic of the issue in dispute sometimes comes up. Mostly, however, whether intentionally or unintentionally, they talk a lot about topics that have nothing to do with the issue in dispute. More than once, the author came across a situation where the issue in dispute was the topic of conversation. Technical advisor A (an academic) said “I’ve read the specification for the first time. It is a completely incomprehensible document. I can’t understand such and such a description in the specification at all.” Technical advisor B (an academic or patent attorney) then advised how to read parts of the document.

Most interactions between the technical advisors are at a stage before an opinion is formed. In the author’s experience, none of the technical advisors appear to have already formed their own opinions (conclusions) before the technical briefing, which should be done first and foremost.

Review Meeting with Technical Advisors after the Session

After the session is over, some technical advisors leave the round table courtroom and go home. Others come back to pick up their bags in the court-clerk office. Many technical advisors from far-away areas return to the court office, either to pick up baggage or to pass time before their train/airplane departure. Before leaving the office, the author had short talks with them in the room for the amicable settlement procedures or with the Chief Judge (after assuming that office). Often, the events of the technical briefing would come up in conversation. Most of the time, the technical advisors themselves started a discussion on a subject other than the issue of the case.

When the case comes to a conclusion with a judgment, etc., it is customary for the head judge to send a transcript of the judgment with a letter of acknowledgement to the assigned technical advisors.

Propriety and the Way to Enter the Technical Advisor’s Explanation as Evidence

Under the current law governing technical advisors, according to the interpretation of the Code of Civil Procedure, there is no room for doubt in the fact that the explanation given by the technical advisor at the session cannot be treated as evidence as such and it does not represent the entire import of the oral argument. (The same applies to explanations in writing, but a written explanation may be attached to a record of the session by mutual consent, and duly entered as evidence in the case where the

party produces it as fresh documentary evidence; the foregoing is limited to oral explanation as the usual procedure.) The same is true for the party (the attorney)'s statement of their opinion in response to the technical advisor.²³ Accordingly, the judge is not allowed to construct a free determination as a basis for making a judgment, from the explanation given by the technical advisor. If the judge uses the technical advisor's explanation as a basis for the judicial decision, it is illegal as the fact-finding is not based on the entire import of the oral argument and the result of the hearing of evidence.

Incidentally, in cases where the judge, upon the motion of one party, causes the technical advisor's explanation to be entered into the record with the consent of (or no objection from) the other party, it constitutes part of the oral argument (an obvious fact in a courtroom) so that it can be used as a basis for a judgment. This way of treating the technical advisor's explanation in the procedure involving technical advice has been established in practice in construction defect litigation.

The Technical Advisory System has greatly contributed to facilitating judicial hearings and rulings in patent litigation. Even compared to foreign jurisdictions where the expert witness system has been a drag on speedy proceedings, we are proud to say that the Technical Advisory System is an unrivalled management system of specialized litigation. The best feature of the system is that the technical advisor's explanation is not entered into the record, and is therefore not used as reference material for the litigation.

Compared to the American way of hearing an expert witness, the Japanese system employs an opposite technique, with the technical advisor asking questions and the litigants answering them. Foreign judicial visitors, when observing the technical briefing in session, often comment on why the parties fail to put cross-questions such as in a cross-examination. Due to this difference, the Japanese system is not easily understandable for foreign guests. Although it is an unrivalled and unique system, the author is suggesting that one item on the agenda in future reform could be to consider how the system would work internationally.

8. Paying the Costs of the Technical Advisory System and the Skills Brush-Up Course for Technical Advisors

Technical advisors are part-time public officials. They are paid compensation and actual traveling expenses to cover fees including their appearance at oral argument sessions. This amount is substantial if you add in the travel expenses for technical

²³ Documents and images (including image data) used by the parties in technical presentations are treated in the same way. It is customary that no document, obviously not to be produced as evidence, is bound even in the so-called File 3 (it remains in the hands of the judge or the other party). By contrast, any document intended to be used as a claim or evidence must be compiled in the prescribed format for entry.

advisors from far-away areas, as well as for the three technical advisors assigned per case advisor. It is not the parties who pay these costs, but the national treasury first and last. Even the defeated party is not responsible for the costs incurred in providing technical advisors. This is because the technical advisor, standing on the judicial side, plays a role in assisting the judges with their technical knowledge in the course of making a judicial determination. They are not supposed to give an explanation in their capacity of technical advisor at the request or according to the intention of, or in the interests of, either party.

As mentioned above, technical advisors serve two years in office. Some are reappointed, but a significant percentage of the population is replaced every two or four years, depending on the management policy of the affiliated organization. Partly for this reason, the IP High Court has organized a seminar/workshop for the practice of giving technical advice in IP litigation on a regular basis, where all members get together to learn, through case studies, how to participate properly in proceedings.

According to an announcement on the website of the Intellectual Property High Court, 73 technical advisors from the mechanical and electrical fields actively participated in a study group held on November 8, 2012, which focused on the reasons for the Intellectual Property High Court decisions in two particular cases in the machinery and electrical fields: “An Internal Combustion Engine with a Pressure Wave Supercharger” case (Intellectual Property High Court decision of September 8, 2011), and the “Methods of Multiple Subscriber Data Exchange, Communication Systems, Bus Systems, Memory Components, and Computer Programs” case (Intellectual Property High Court decision of September 8, 2011).

IV. IP Litigation in Japan

1. Lawsuit against an Appeal/Trial Decision under the IP High Court

(See the IP High Court website: the Number of Intellectual Property Appeal Cases Commenced and Disposed of, and Average Time Intervals from Commencement to Disposition)

According to the JPO Annual Report 2012 “Statistical Trends in Intellectual Property,” etc., patent applications in Japan remained at a high level, exceeding 400,000, for several years beginning around the year 2000. The number started to decline in 2006, falling slightly below 400,000 in 2007. Since then, it has continued to decline, hitting bottom recently at between 300,000 and 400,000 due to the increase in international patent applications (under PCT). The fluctuation in the number of applications has a ripple effect on the series of actions ranging from the

decision for a rejection/refusal, the appeal against the said decision through an appeal/trial decision upholding the said decision to the lawsuit against the said appeal/trial decision brought before the IP High Court. This avenue starts with an appeal against the JPO appeal/trial decision to reject/refuse a patent application, namely, filing a lawsuit against the JPO during the prosecution. Another avenue to a lawsuit against an appeal/trial decision before the IP High Court is a trial for invalidation of a patent under the JPO. Specifically, after the prosecution, a private person may demand a trial to invalidate the patent against a private person holding the patent right.

In the aggregate of these two avenues, the number of new cases peaked at 636 in 2002, remaining at around the 500 mark for several years after that. The number dropped suddenly by more than 100 in 2004, however, and has leveled off to between 400 and 500 in recent years, while slightly fluctuating from year to year. For information, the average hearing time over the last decade has shortened drastically by three months, from well over 12 months in peak years for new cases after 2001 to 9.4 months in 2005, which was coincidentally the year when the IP High Court was established. Since then, it has shortened little by little to 7.2 months in 2010, but slightly rebounded to 7.7 months in 2011. The statistics show the drastic expedition of proceedings in lawsuits against an appeal/trial decision. It is said that it is impossible to speed up proceedings or to shorten the time for a hearing any further, as the limit has been reached. Now, there is no call for any further speed-up from patent attorneys representing clients in lawsuits against appeals/trial decisions, lawyers or industries. Rather, there are requests for improvements in the quality of proceedings, elaborating on the reasons for the judgment, especially, as well as the grounds of rejecting the party's argument.

2. The Number of Patent Cases Commenced and the Average Time Intervals from Commencement to Disposition in the Last Decade

The average time for proceedings under district courts of first instance in relation to the number of cases commenced

In Japan, civil lawsuits concerning IP rights are categorized into the following types of cases: (1) patent rights, (2) utility model rights, (3) design rights, (4) trademark rights, (5) copyrights, (6) Anti-Unfair Competition Act cases, (7) Commercial Code cases and so forth.

In the aggregate of the disposed cases in all of these categories, the national average time for proceedings under district courts (of the first instance) is tracked

chronologically below (reporter: *Hoso-Jiho* vol. 54, no.12, p.29, p.35; *Hoso-Jiho* vol.64, no.10, p.59, p.64):

The average time interval for cases where hearings had commenced (the number of filings in parentheses) was 29.6 months (413) in 1992 and 31.9 months (470) in 1993, which fell below 20 months to 18.3 months (470) in 2001. It decreased successively to 15.6 months in 2003, and was shortened to 13.5 months (579) in 2005, when the IP High Court was begun. Thereafter, there has been no marked decrease from this level, which seems to be the limit. In any case, it is worth noting that the average time has shortened to less than half in about 20 years.

As has already been discussed, one of the main drives in shortening the time for proceedings is obviously the 2003 revision of the law, wherein patent right lawsuits come under the exclusive jurisdiction of the Tokyo District Court, and specialist judges are appointed to hear cases with the assistance of specialist staff.

Appeals in IP Infringement Litigation before the IP High Court

This section shows the average time interval for hearing new/closed IP civil cases under the IP High Court.

As mentioned above regarding civil lawsuits regarding IP rights, (1) patent right infringement cases and (2) utility model right cases come under the exclusive jurisdiction of the IP High Court, whereas (3) design right cases, (4) trademark right cases, (5) copyright cases, (6) Anti-Unfair Competition cases, and (7) Commercial Code cases, etc. are also brought before other High Courts.

The average time for appeal proceedings at the IP High Court was first 9.7 months (102 filings) in 2001. This followed a trend wherein the time period became longer in the relevant period, and following year in proportion to an increase in the number of new cases and vice versa, until it leveled off at 8.5 months (104 filings) in 2010, and 7.5 months (90 filings) in 2011. We must admit that the average time for the IP High Court proceedings is significantly longer compared to cases under the civil divisions of the Tokyo High Court, and general civil cases under other High Courts. However, the proceedings must take longer as it is difficult to conclude a trial after one session. (It is typical of general appeal proceedings to conclude the trial on the first date of the oral argument).

Specifically, the national average time for first-instance proceedings of infringement lawsuits regarding patent and other IP rights for all district courts was 25 months in 1997, which was shortened by almost half to 13 months by the year 2009. The national average time for second-instance proceedings of IP right

infringement litigation for the eight High Courts decreased from 17 months in 1997 by almost half to 9 months in 2007. For the IP High Court (or the IP Division of the Tokyo High Court before the IP High Court was established five years ago), the same index shows a drastic reduction from 18 months in 1997 by more than half to around 8 months in 2007 and later.

As shown above, the average time for IP case proceedings has been shortened to almost half over the last 10 years, which is particularly notable for the IP High Court. Also, the time for general civil case proceedings has also been steadily reduced in Japan. Objectively speaking, the measure for speedy proceedings was introduced for civil litigation about 25 years ago, and immediately took effect in general civil cases, whereas the measure was implemented later for patent right infringement lawsuits, producing results in the last decade.²⁴

In his personal view, the author attributes the following factors to the successful speed-up of IP proceedings in Japan, although others may have different opinions:

- (1) The number of judges specializing in IP cases has increased in number, and those IP specialist judges have dedicated themselves to learning specialist knowledge and putting their learning into practice.
- (2) The Judiciary Research Official System has improved, successfully securing a pool of excellent human resources, for example, as well as attracting JPO examiners and patent attorneys to the respectable post of judiciary research officials. The Technical Advisory System has also been useful to improve the office environment of judges, enhance judicial technical understanding as the basis of a determining the issue, and to help judges to have better outlook on the direction of a case at earlier stage.
- (3) Partially overlapping with factor (1), with an increasing number of younger talented judges seeking to specialize in IP litigation due to the so-called IP boom, a large number of excellent judges capable of handling IP lawsuits has been secured.
- (4) Likewise, the population of younger talented lawyers and patent attorneys has increased, while numerous large law firms have entered the area of IP lawsuits, and patent firms that seldom used to be involved in litigation have become interested in investing within activities in this area.

The IP Boom and the Exercise of Patent Rights

In Japan, IP proceedings have been expedited as described above, and litigation

²⁴ The author was in charge of general civil litigation for about ten years from 1990, and in this capacity, worked to expedite civil proceedings. The author endeavored to facilitate IP proceedings since assuming office as judge specializing in IP litigation in 2003.

costs including lawyer's fees are reasonable by international standards. Against this background, there have been expectations for an increasing number of users of IP lawsuits. The court has prepared its line-up to cope with the increasing needs for IP proceedings.

Yet IP proceedings in Japan have not seen sufficient growth in the number of new cases. Moreover, some people have started to blame the quality of the judiciary proceedings and judgments for the quantitative sluggishness, which is of grave concern to the court.

V. The Slow Growth and Prospects for Patent Right Infringement

1. Data on Patent and Other IP Rights Infringement Cases Commences

This section discusses the availability of the civil litigation avenue for IP, with a focus on patent rights.²⁵ Relatively long-term statistics on the filing of patents and IP right infringement cases are analyzed in rough comparison with international trends. For utility model rights, approximately 180,000 applications were filed in 1981, although the trend in the number of utility model applications went on to become lower than the number of patent applications, beginning a decline in 1987 until the 1993 revision switched the system to non-substantive examination. In 2002, the number of utility model applications fell below 10,000, whereas the number of patent applications exceeded 400,000. Correspondingly, the number of utility model infringement cases commenced decreased dramatically around 2003, registering single figures in 2008 and afterwards. Now there are virtually no new utility model infringement lawsuits filed with the court. In order to capture the long-term trend in patent right infringement cases begun, however, it is necessary to have an overview based on an aggregate of patent right and utility model right infringement lawsuits.

The table below summarizes the trends in patent right and utility model right infringement lawsuits in terms of the number of new cases filed.²⁶

²⁵ This section discusses patent right infringement lawsuits as representative of IP right infringement lawsuits. In fact, however, trademark infringement litigation and Anti-Unfair Competitive Act litigation also accounts for a major part of the decrease. As it is not easy to capture the trend in copyright infringement litigation which varies from year to year, it seems appropriate not to mention it in this section.

²⁶ For convenience, a civil action relating to a patent right is referred to as a "patent right infringement lawsuit." Actually, lawsuits concerning patent rights include an action for registering the transfer of a patent, an action for payment of a license fee on a patent right, an action for compensation for an employee's invention and so on in small numbers. Except for a temporary peak period when numerous actions for compensation for an employee's invention were filed in succession, these actions are estimated at less than ten cases a year, and are not taken into account hereafter.

Year (Jan to Dec)	Patent	Utility Model	Subtotal	IP Grand Total
1990	140	58	198	379
1992	98	51	149	413
1994	106	98	204	497
1996	157	77	234	590
1997	166	70	236	563
1998	156	58	214	559
February 24: Supreme Court Judgment affirming the doctrine of equivalents				
2000	176	59	235	610
April 11: Supreme Court Judgment on the Kilby Case				
2001	153	34	187	554
2002	165	38	203	607
March 19: Presiding Judge MIMURA of the Tokyo District Court delivered a judgment awarding damages of over 7.4 billion for infringement of a patent right.				
April 1: The Tokyo High Court added a division specializing in IP, beginning a four-division structure in this field.				
2003	189	27	216	635
2004	217	35	252	654
The number of judges in the Tokyo High Court IP division increased from 16 to 18.				
2005	196	13	209	579
April 1: The IP High Court begun.				
September 20: Grand panel judgment on the <i>Ichitaro</i> Case				
November 11: Grand panel judgment on the Manufacturing of Polarizing Film Case				
2006	139	16	155	589
June 26: Presiding Judge SHINOHARA delivered a new judicial opinion on the criterion for an inventive step in the paper detector case.				
December: Presiding Judge IIMURA assumed office.				
January 31: Grand panel judgment on the Action for Injunctive Relief against the Sale of Recycled Ink Tank Products				
2007	156	12	168	496
May: Chief Judge TSUKAHARA succeeded Chief Judge SHINOHARA.				
2008	147	3	150	497
May 30: Grand panel judgment on the “Excluding Claims” case				
2009	174	1	175	527

January 28: Presiding Judge IIMURA rendered an epoch-making judgment on the criterion for an inventive step in the Circuit Connecting Member Case.				
2010	122	9	131	631
August: Chief Judge NAKANO assumed office.				
2011	207	7	216	518
2012	unknown			
January 27: Grand panel judgment on the Product-by-Process Claim Case				
March: Chief Judge IIMURA assumed office.				

2. Decrease in Number of Patent Infringement Cases and Invalidation Ruling Trend During Last Decade

In Japan, actions for injunctive relief against, and for damages from, the infringing party filed by virtue of the exercise of a patent right began increasing around 1990 and flourished for several years from 1996 to 2005. In terms of the total number of patent right infringement cases commenced under the district courts of first instance in Japan, there were 157 cases (234 cases including 77 utility model right cases) in 1996, and 217 cases (252 cases including 35 utility model right cases) in 2004. After this time, numbers continued to rise (although they decreased to 196 cases in 2005). One symbolic event of the decade in this regard was when Presiding Judge MIMURA Ryoichi of the Tokyo District Court pronounced a judgment in favor of a patentee in a patent right infringement lawsuit on March 19, 2002, ordering payment of damages amounting to over 7.4 billion yen. This case was covered not only by local, but also by international media. This lawsuit followed a course whereby the court of appeals determined the plaintiff's patent to be invalid,²⁷ quashing the first-instance judgment, and issued a conclusion that went completely against the patentee.

The number of patent right infringement cases that commenced in 2006 showed a substantial downward trend to 139 cases, however (155 cases including 16 utility model right cases), since which time it has leveled off at around 150 cases. (Soon afterward, the number of utility model right cases fell to single figures.)

Cause of Decline in Patent Right Infringement Litigation and Frequent

²⁷ Separately from the court avenue, the defendant requested a trial for invalidation under the JPO. The JPO appeal/trial decision invalidated the patent, against which an appeal was filed with the Tokyo High Court (the IP specialist division). The judgment dismissed the appeal on February 21, 2005, and when the judgment became final, the appeal/trial decision became final as well. This case, where the patentee won in the court of first instance but then lost the case in the court of appeal by reason of patent invalidation, is symbolically illustrative of the momentum and failure of patent right infringement lawsuits in those days.

Invalidation Rulings

A number of different analytical findings and opinions have been published with respect to the factors that have caused patent right infringement litigation to decline. Some Japanese and American lawyers/patent attorneys specializing in patent litigation point out that the decrease in the number reflected a higher percentage of the judicial rulings for invalidation of a patent from around 2000. The prevailing criticism was that the judicial criterion for an inventive step was too strict. As it relies on a close analysis of conclusions, with reasons for the judgments published on the court website, this criticism is regarded as one of the influential views that explain the declining number of patent right infringement cases.

Symbolically and timely in this context, the very first grand-panel judgment of the IP High Court (the so-called “Ichitaro Case”) was pronounced on September 30, 2005.²⁸ In those days, the court received significant criticism from the circle of patent attorneys and the corporate field that the judicial criterion for the inventive step was too strict, particularly that applied by the High Court. At that time, the author was the presiding judge in the Fourth Division of the IP High Court, and was involved in the judgment upon this case as associate judge. The first-instance judgment upheld the plaintiff’s case for patent right infringement and rejected the defendant’s case for invalidity, allowing the plaintiff’s claim for injunctive relief.

On the other hand, during the appeal proceedings, the defendant produced a different cited invention as new grounds for invalidation, which was accepted by the IP High Court to invalidate the plaintiff’s patent. In the judgment, the IP High Court revoked the first-instance judgment and dismissed the plaintiff’s claim. This judgment had a major impact on society in many ways. When the plaintiff, Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) won the case in the court of first instance, Japan was generally expected to make a further leap into a “pro-patent” wave. After all, the plaintiff’s case might have been interpreted as a mega-business exercising a “trivial” right against a local small company to interfere in the general public’s daily use of word-processing software. It is reported that the plaintiff’s case met with opposition from some quarters of the younger generation.

Public opinion on the exercise of rights found in this case largely rests in the Japanese sense of entitlement, mindset and culture. In any case, after losing the case, Matsushita Electric retreated from an aggressive policy to exercise its patent rights for a while, and seldom appeared in court as the plaintiff. It can be said that the

²⁸ The IP High Court grand panel judgment of September 30, 2005 (Case 2005(ne) No.10040). The first-instance judgment in the Tokyo District Court Case 2004 (wa) No. 16732 was handed down on February 1, 2005, and hit the headlines in the evening papers that same day.

court had considerable influence not only on Matsushita Electric, but also on IP policies in many businesses.²⁹

Matsushita Electric's stance of avoiding the filing of a lawsuit had implications on other companies. Beginning around this time, patent right infringement litigation was far from flourishing and was experiencing a downturn. When the IP High Court was established, the stagnant state of patent right infringement litigation caused critical concern. Even patent attorneys and other corporate representatives could be heard to comment that the IP High Court continued to invalidate one patent after another since its establishment. The IP boom had entered a period of winter.

On the other hand, the author, in office under the IP High Court, was directly or indirectly exposed to such comments, and found it necessary to try and resolve such a serious misunderstanding. Subsequently, the IP High Court took a basic stance to make the utmost effort in this regard through measures such as choosing patent right-friendly cases as candidate cases for grand panels.

Judicial Approach to Determine Inventive Step

Not only the author, but also many judges, do not agree 100% with the above-described analysis of the cause of the decline in patent right infringement litigation. Still, however, we must admit that the extraordinarily high percentage of judicial invalidation of patents in patent right infringement lawsuits is one of the discouraging factors when it comes to filing such lawsuits.

After a patent right exercised by the plaintiff becomes invalidated, many judges must have fulfilled their judicial duties to hear their cases and make determinations on the issue with great care lest a valid patent right should be declared invalid by mistake. At least for the author, regarding cases where the district court judgment is in favor of the patentee based on the validity of a patent, the author's approach was for the high court to respect the first-instance conclusion in the first place, as long as the cited invention is the same, and to uphold the first-instance judgment unless any obvious mistake existed. Indeed, the author often encountered cases where a new cited example was presented, which was very similar to the plaintiff's patented invention, and the validity of the latter could not be maintained in relation to the newly-cited invention. It must be inevitable for any impartial judge to encounter this issue.

The problem is that even though the first-instance judgment validates the

²⁹ To the author's knowledge through follow-up, Matsushita Electric has continued with R&D and patent applications, continuing to make frequent appearances in court as the plaintiff in the arena of patent right infringement litigation.

plaintiff's patent in relation to the relevant cited invention, if the plaintiff's patented invention cannot be found to be an advanced invention at all, its patentability may be granted in relation to the relevant cited example. In the future, however (at the high court level for a district court judge, and after the judgment becomes final for a high court judge), when an appropriate new cited example is presented, it is very likely that the patentability cannot be maintained. (The author was able to arrive at a specific idea for a more appropriate cited invention than the cited invention presented by the defendant in a few cases.) As a matter of course, the judge takes time to persuade the parties into an amicable settlement—but it is not easy to succeed because the plaintiff winning the case in the court of first instance is not willing to accept an amount of settlement lower than the damages awarded by the first-instance judgment. In such a case, what crosses the mind of the judge adjudicating in the second instance is this: even if the court allows the damages claimed by the plaintiff and passes judgment in the plaintiff's favor, which becomes final in due course, the defendant will never be satisfied. The unsatisfied defendant must repeatedly resort to trials for invalidation of the patent in question under the JPO until s/he ends up (1) coming across a cited invention that invalidates the patent, or (2) coming across a judge with more latitude in invalidating the patent in comparison with a new cited invention that is extremely similar to, but not identical with, the cited invention already compared in the judiciary determination (2) is more likely to happen in practice, rather than in theory). In the case of (1) or (2), the invalidity constitutes a ground for a re-trial, resulting in the revocation of the judgment awarding damages. If such a precedent becomes frequent, I fear that patent right infringement litigation in Japan will move from an inactive period and enter a glacial period. This fear overwhelmed many judges in charge of IP cases.

This judicial fear finally came to be resolved with the 2011 revision of the law (which came into force in April 2012). The fear lasted for years, however, until very recently. The author had no choice but to take a prudent approach in upholding the first-instance judgment in a patent right infringement lawsuit, as long as that likelihood could not be ruled out. Other judges likely had more or less the same concern.

“The Same Technical Field Doctrine to Negate the Inventive Step” Employed by the Court of Japan

In addition to the US TSM test, Japan has employed the “same technical field doctrine”, which the IP specialist division in the Tokyo High Court (the predecessor

of the IP High Court) began using around 2000 as a tool to negate the inventive step. In short, the doctrine is a method to negate the inventive step by reasoning as follows: when publicly known art A and B fall in the same technical field, an invention consisting of a combination of A and B lacks an inventive step because it is easily arrived at even if the invention has passed the TSM test. The criticism that the judicial criterion for an inventive step was too strict centered on the excessive applicability of the doctrine without further reasoning: in other words, that “the same technical field” requirement was ambiguous, and the concept of “technical field” in particular was applied as extensively as possible for two similar technologies.

This method originally arose naturally from the practice of the examination/appeal trial in the JPO, which was affirmed by the IP specialist division of the Tokyo High Court (the predecessor of the IP High Court in its judgments). The same technical field doctrine determines that any invention is easily arrived at because suggestions and motivations always exist as long as they involve the combination of technologies in the same field (provided that if the prior art teaches away from the claimed combination, the principle is applied to affirm that the invention involves an inventive step).

KSR Judgment of the Supreme Court of the United States

Coincidentally, the Supreme Court of the United States revoked the judgment of the United States Court of Appeals for the Federal Circuit, which determined the inventive step without sufficient reasoning on April 30, 2007. As the backdrop to the Federal Circuit judgment, criticism might exist that the judicial determination for an inventive step (“unobviousness”) was too lenient, which was opposite to the Japanese situation. Regarding the invention in the KSR case, there was no objection among the Japanese judges in charge of IP to finding it lacking in an inventive step, because the problem to be solved was easy to identify. It was, rather, a well-known problem, and the electronic technology applied in solving the problem was both well-known and highly general-purpose. The author is also of the opinion that there are no doubts over negating the inventive step in this case according to the Japanese standard.

In consequence, the logic presented in the US Supreme Court precedent on the KSR case did not have a direct impact on patent litigation in Japan, although the author was personally interested in the background to the KSR case. It seemed a turning point for the US to steer toward radically invalidating a patent from the principle of upholding

its validity. In other words, together with the US Supreme Court judgment on the eBay case pronounced in May a year before (2006), the said KSR judgment changed its pivot foot from respect for a party entitled to exercise a patent right to regard for a party subject to the exercise of a patent right.

3. International Comparison of the Number of Patent Right Infringement Lawsuits

As discussed above, the US put an end to the long tradition of upholding the validity of a patent in principle, showed a strict stance in judging patentability, and shifted its pivot from protecting a patentee to paying regard to a business subject to the exercise of a patent right. Nevertheless, the number of patent right infringement lawsuits commenced throughout the US has been steadily increasing. According to statistics compiled by the Administrative Office of the United States Court, the number of filed applications was registered at 1,617 in 1994, 2,112 in 1997, 3,075 in 2004, 3,301 in 2010 and 4,015 in 2011, although it fell significantly below 3,000 following 2006 (the year when the Supreme Court pronounced the eBay judgment) at 2,830 filings in 2008 and 2009, and 2,896 filings in 2007 (the year when the KSR judgment was pronounced). The number of new cases has been on the increase, free from any impact from the eBay or the KSR judgment ([HTTP://WWW.uscourts.gov/Statistics/JudicialBusiness.aspx](http://www.uscourts.gov/Statistics/JudicialBusiness.aspx)).

On the other hand, the avenue of patent right infringement litigation has not been much utilized in Japan. Although it is cheaper to file a lawsuit/enter an appearance even including lawyers' fees, and the proceedings have been expedited as mentioned before, the annual total of patent right infringement lawsuits filed has remained at a level as low as 150 cases (207 new cases were entered in 2011, which is not a significant increase from the low 122 cases in the previous year).

Based on information obtained directly from several sources including German IP judges and IP lawyers the number of patent right lawsuits filed every year in Germany is roughly estimated at 1,000 cases.

Due to differences in the legal system, statistical processing and so on, it is difficult to accurately compare these three countries by the number of patent applications. It is estimated, however, based on the statistics of international application under PCT that the USA and Japan are at a comparable level of 300,000 to 400,000, whereas the German figure is one-half or one-third of this.

The comparison shows that Japan is one-twentieth of the USA in terms of the number of patent infringement filings, whereas it is at the same level as the USA in

terms of the number of patent applications. Compared to Germany, Japan has three times the number of patent applications, but one-seventh the number of patent infringement filings. In terms of the ratio of the number of lawsuit filings to the number of patent applications, Japan is one twentieth compared with Germany, in comparison with the USA. The reason for filing a patent application is to declare an intention to obtain the exclusive/sole status entitled to the relevant technology under a patent right (to take measures to cease and desist if a product falling under the scope of the relevant patent right is manufactured and put on the market, namely, to be equipped with a kind of weapon for business competitiveness), which should be universally true for Japan, the USA and Germany. As mere conjecture, it can hardly be said that a Japanese company is less likely to manufacture and market a product infringing a patent right owned by another company compared to American and German corporations. The figures and calculations cited by the author may be incorrect in some parts, but they should not contain an error the magnitude of ten or twenty times.

One of the national character traits of Japanese people is the avoidance of open antagonism. Even if there is a conflict of interest, people are patient and tolerant enough to resolve virtually all conflicts through negotiation with wisdom. Indeed, this fact is hardly compatible with the function of the patent system. Conflicts can be resolved through negotiation to some extent, but this can hardly be believed as an explanation for the above-mentioned error exceeding 20 times.³⁰

Within the social context of a marked small number of filings of patent right infringement lawsuits, something stood in the way of parties filing a lawsuit even if they wanted to, partly because the court undeniably issued a great number of rulings for patent invalidation.

A judicial solution to this dilemma was to refrain as far as possible from an easy ruling to invalidate the very patent that the JPO examiner had granted. The court, especially the IP High Court, directed necessary and sufficient efforts to addressing this challenging issue beginning around 2007. In the belief that it was an important task for the IP High Court to solve this problem, Justice SHINOHARA Katsumi, first Chief Judge of the IP High Court, and the author, second Chief Judge of the IP High Court, dedicated their utmost efforts. As a result an increase was achieved with respect to the percentage of rulings to revoke an appeal/trial decision, rising from the one-digit range (a few percent) to the two-digit range (above 10%). Admittedly however, this came short of drastically reviewing the judicial criterion for an

³⁰ The USA and Germany have a huge number of filings of general civil actions. While accurate statistics are not available in the USA, there is no doubt that this is a nation of lawsuits. In that sense, the figure may reach 10 or 20 times higher not only for patent litigation, but also for general civil litigation in Japan.

inventive step.

Under such circumstances, Justice IIMURA Toshiaki took office at the end of 2006 as presiding judge in the Third Division of the IP High Court. Upon assuming office, Justice IIMURA revoked numerous consecutive the appeal/trial decisions denying the inventive, thereby challenging the JPO examiners/appeal examiners to accept and determine that subject-matter invention meets the criterion for an inventive step unless the prior art reveals suggestions. The judicial opinion was most vividly indicated in the Judgment of January 28, 2009 (IP High Court Case No. 2008 (Gyo-Ke)10096: the Circuit Connecting Member Case). Justice IIMURA delivered the opinion of the Court as follows:

“In order to determine that a person with ordinary skill in the art could have easily conceived of the relevant invention, it is insufficient, in the course of reviewing the prior art, to presume that such person would have made an attempt by which s/he could reach the characteristics of the invention, but it requires the existence of suggestions that s/he must have made such an attempt with the intention of reaching the characteristics of the invention.”

In all honesty, the author was shocked to read the judgment immediately after it was pronounced, due to its presumption of “would have made an attempt by which s/he could reach the characteristics of the invention” is insufficient, but “it requires the existence of suggestions that s/he must have made such an attempt with the intention of reaching the characteristics of the invention.” The author understood that the finding pushed the boundaries of the wording for the inventive step criterion toward “from could to should” far beyond “from could to would” (since the key wording was conventionally thought to be “could” in light of the provisions of the law, some advocated the use of “would” instead of “could”). As a judge, the author understood that such standard as “must have made such an attempt *as a matter of course*”(author’s italics) was rejected by the US court in the KSR case, meaning that it was not right for the court to judge the case according to that standard. If the IP High Court were to make such a judgment, once an appeal were to be filed with the Supreme Court of Japan, and the IP High Court judgment quashed by the Supreme Court as in the Supreme Court of the USA, this would have grave consequences for patent infringement litigation in Japan. Indeed, it would be pushed from “wintertime” to an “ice age.” In fear of such consequences, the author was most afraid of a situation in which the IP High Court would judge on a case where the IP High Court is internally divided into opposite opinions about whether the invention involves an inventive step or not, with technical details easy to

understand.

At that time, having strived for a long time to show with a grand-panel judgment that the judicial criterion for an inventive step did not apply at too strict of a level in practice, the author did not have the courage to issue a grand-panel judgment in the “should” wording. The author served three years and three months as Chief Judge of the IP High Court, but the wish to issue a grand-panel judgment declaring the judicial criterion for an inventive step as the biggest issue disappeared with Justice IIMURA’s judgment on the Circuit Connecting Member Case.

Following the judgment in this case, Presiding Judge TAKIZAWA Takaomi and Chief Judge NAKANO joined Presiding Judge IIMURA in relaxing the criterion for an inventive step, which gained momentum in 2009 and 2010. The JPO Appeals Department followed suit with their appeal/trial decisions, and by 2010 and 2011, the JPO Examination Departments began to follow the same direction in examining patent applications. As a result, the percentage of decisions to grant patents fell significantly below 50% before 2007, but recovered to 50% in 2009, rose 5 percentage points to 55% in 2010, and reached as high as 60% in 2011—signifying a remarkable increase. Additional topics of contention have also arisen, such as whether or not description requirements should be relaxed in connection with grounds for invalidation, or reasons for refusal/rejection. In regard to this question, Justice IIMURA’s judgments show the court opinion that the JPO’s description requirements are too strict. The JPO’s response does not necessarily agree with the judicial finding. A final answer to the question has not yet been found.

Therefore, the hot topic no longer exists wherein the criteria for an inventive step among the judiciary and JPO are viewed as too strict. Since the criteria for an inventive step is not a fixed one by its very nature, it is expected that the court and the JPO will maintain a healthy interaction to make the criteria more suitable by accumulating experience through particular cases.

In any case, we have witnessed the end to the sequence of events invalidating patents according to the JPO criterion for an inventive step based on the same technical field doctrine.

Invalidation of a patent after the judgment granting the claim becomes final

After a judgment finding r infringement of a patent right and ordering payment of damages becomes final in a patent right infringement lawsuit, the JPO appeal/trial decision invalidating the patent right is rendered and becomes final. In

such cases, the matter of whether or not the final judgment is revoked has been discussed since a bill to revise the Patent Act was introduced in 2003. In the beginning, there were slight hopes that this would not be a cause for a retrial by interpretation. It gradually became generally accepted, however, that it was difficult to interpret the law to preclude it from causes for a retrial. After all, it turned out to be a matter of legislation. On the judicial front, the overwhelming opinion was that a legal system must be designed whereby even after an appeal/trial decision for invalidation becomes final, with the subject-matter patent right becoming final following a final judgment, the effect of the final judgment ordering payment of damages—not to mention the portion of the judgment granting injunctive relief—must remain intact, regardless of whatever theoretical basis lies in law.

In fact, this question exists in any nation where the validity of the patent right could be put into dispute in a patent right infringement lawsuit. The same is true for the USA. (Because a final judgment is regarded as absolute in the USA, people have sometimes raised questions on this subject. As long as there is no specific precedent, this might be brought into question in the future).

As a measure to encourage the filing of a patent right infringement lawsuit, the author used to believe that it was sufficient to effectuate a revision of the law in a way that keeps the existing effect of the final judgment intact. Thereby, it would be sufficient for the judge to determine whether or not the plaintiff's patent is valid in relation to the defendant's cited invention in a patent right infringement lawsuit. This relieves the judge from the fear that his/her judgment might be revoked in a retrial upholding a claim based on a different cited invention in the future. Free from such fear, the judge is able to promptly arrive at an unwavering conclusion, determining the validity of the patent without unnecessary worry, which has the side effect of speeding up the proceedings in infringement litigation. On the other hand, the defendant must argue the invalidity of the patent with proof in the course of the infringement lawsuit. Unless s/he succeeds in proving the argument, the defendant loses the case. Once the judgment becomes final, it means curtains for everything, leaving no chance of a retrial. Surely, the defendant will exert all his/her strength to win the case in the course of the infringement lawsuit.

The said idea of legislation represented the final proposal of the Industrial Structure Council, which was expected to be passed successfully. According to some sources, when an official of the Ministry of Economy, Trade and Industry presented the draft bill to the Ministry of Justice, it was pointed out as problematic to make a law negating the effect of an administrative disposition entirely or

partially without exception. It was then changed into “cannot be entered as a cause for a retrial against a final judgment,” similar to Section 104-3 of the Patent Act, and it passed the Diet as it was without any deliberation.

In short, the 2011 revision of the law did not render all those fears groundless. The proposed revision by the Industrial Structure Council was changed in composition from allowing for an exception in cases where an appeal/trial decision for invalidation of a patent, upon becoming final, does not exert a retrospective effect on the final judgment to disallowing an appeal/trial decision for invalidation, upon becoming final, to be entered as a cause for a retrial. It was modified to make no reference to the matter of entering it as a cause for opposing an action. Judging from the progress of deliberation and drafting of the bill at the council, a final appeal/trial decision for invalidation cannot be a cause for opposing an action, either. In this respect, as a general principle, it cannot be denied that the language allows it to be a cause for opposing an action. It is to be regretted that the revision to the law left a cause for trouble in the future.

4. Will Patent Right Infringement Litigation Flourish Some Day?

As discussed, all barriers—namely, unreasonable attacks with an appeal/trial decision for invalidation—standing in the way of the patentee filing a patent right infringement lawsuit were basically removed. The author does not recommend filing a lawsuit for no purpose, but for the sound development of industry in Japan, it is not unnatural at all to have 500 filings for patent right infringement litigation a year, which is several times the current level.

VI. Recent Developments in the Doctrine of Equivalents in the IP High

Court

1. Chaos Caused by the Supreme Court Judgment Pro the Doctrine of Equivalents

The Supreme Court Judgment Pro the Doctrine of Equivalents and the Judgment on the Hollow Golf Club Head Case

In Japan, the Supreme Court issued a precedent judgment approving the doctrine of equivalents on February 24, 1998. Burdened by the First Requirement and the Fifth Requirement for Equivalency, as explained below, this judgment turned out not so much a pro-doctrine precedent as an official declaration that the doctrine may not apply to the patentee’s case for infringement under the doctrine of

equivalents in principle.

Only recently, judgments for infringement have been gradually pronounced, mainly by the IP High Court, in favor of the patentee under the doctrine of equivalents. The first move was made by the judgment of June 29, 2009 upon the hollow golf club head case pronounced by the IIMURA court.³¹ The first-instance Tokyo District Court judgment rejected the plaintiff's case for infringement under the doctrine of equivalents by holding that the patent was "different in terms of the technical essence of the feature."³² The IIMURA court's judgment (interlocutory) disapproved the first-instance decision to reject the plaintiff's claim, holding that the alleged product constituted infringement under the doctrine of equivalents. Its final judgment was issued a year later, against which a motion to enter an appeal was filed, but rejected by the Supreme Court, rendering final and conclusive the IP High Court judgment determining infringement under the doctrine of equivalents. This judgment was in the news at that time, and was reported in many study groups' workshops, with some reviews also published.

Contrary to the expectation that courts other than the IP High Court would follow suit with a judgment allowing claims for infringement under the doctrine of equivalents, none occurred for some time. While the author was in charge of patent right infringement litigation as a presiding judge in the IP High Court, no such case for an infringement under the doctrine of equivalents was unfortunately brought into his own docket. The number of patent right infringement appeals commenced under the IP High Court is 50-odd cases a year, around 15 cases of which are allocated to a division (about a half to the First Division under the Chief Judge of the IP High Court). Moreover, most cases in favor of the patentee close with an amicable settlement in the first-instance proceedings, leaving a small number of cases brought to appeal proceedings under the IP High Court. In short, the IP High Court as a whole rarely encountered the type of case that allowed a claim for infringement under the doctrine of equivalents.³³

After retiring from judicial office in August 2010, the author started to engage in patent right infringement litigation in various ways in the capacity of

³¹ The IP High Court judgment of June 29, 2009 was an interlocutory decision, and the final judgment was pronounced on May 27, 2010 (Case No. 2009 (Gyo-Ke)10006). A motion for entry of an appeal was filed, but rejected by the Supreme Court in the beginning of 2011. The information about the judgment is available in English on the TANI & ABE, p.c. website ←accessible since the author has been counsel for this patent law office.

³² Tokyo District Court Judgment of December 9, 2008 (Case No. 2007(Wa)28614).

³³ Note that the IP High Court Judgment of March 31, 2010 (Case No. 2009(Ne)10033) simply rejects the claim for infringement under the doctrine of equivalents on the grounds of non-fulfillment of the Fifth Requirement: "intentional exclusion," the second major grounds for rejection.

attorney-at-law. From his practice, the author feels that many potential allegations of infringement under the doctrine of equivalents at the district court level do not see the light after all. This is probably because a plaintiff-to-be claiming infringement under the doctrine of equivalents chooses not to file a lawsuit for fear that entering the doctrine of equivalents might be taken as acknowledging that they have been defeated, or that such a case, even if filed, will close with an amicable settlement to the patentee's disadvantage.

Doctrine of Equivalents Stands in the Way of Patent Right Infringement Litigation

The number of patent right infringement lawsuits filed nationwide is as few as 150 cases/year. Why is this number so significantly small? Some point out that the percentage of victories for the right holder (usually the plaintiff) in patent right infringement lawsuits in Japan is unusually low in terms of judgments. Indeed, the percentage allowing the plaintiff's claim, even partially, is 20-30% at the district court level over the last decade. Many Japanese judges explain this percentage through an analysis saying that the defendant is more likely to choose the avenue of amicable settlement if there is a good prospect of the plaintiff winning the case. As a result, many cases come up with an amicable settlement in favor of the plaintiff.³⁴ It seems impossible in the first place to compare two countries with different judicial systems in terms of the foreseeability of adjudication: Japan, where a professional judge specializing in law decides on a patent right infringement lawsuit on the one hand; and the USA, where the jury decides even in cases requiring an understanding of technical details such as in patent right infringement lawsuits. In any case, we must admit that the percentage of wins for rights holder in Japanese patent right infringement litigation is too low, given the large margin of error.

As a factor responsible for the low percentage, it is pointed out that affirmative defense for a patent invalidation has been frequently employed since the Supreme Court Judgment on the Kilby Patent Case. In this regard, as already discussed, the relaxation of the judicial criterion for an inventive step basically put an end to the problem of the IP High Court and other courts, arbitrarily invalidating the patent. In fact, there is also another factor that we must consider responsible, which is the claim for infringement under the doctrine of equivalents.

³⁴ Although the date is rather old, the analysis of Justice ICHIKAWA shows the percentage of amicable settlements in patent right infringement litigation is 34%, of which 54% accounts for amicable settlements in favor of the plaintiff (reporter: *Kinyu-Shoji Hanrei* No.1236, p.18).

Why is claiming infringement under the doctrine of equivalents cited as a factor in discouraging the filing of a patent right infringement lawsuit? Because many judges take a negative stance when it comes to the ruling for the patentee's claim for infringement under the doctrine of equivalents, they also misinterpret the claim for infringement under the doctrine of equivalents, and the resulting logic is to reject the idea. Until very recently, the reality is that district courts scrupulously restrain themselves from employing the claim for infringement under the doctrine of equivalents even if the party tries to present it. Conventionally, once the argument on literal infringement comes to an end in a patent right infringement lawsuit, even if the attorney for the plaintiff strongly believes that "in order to prove substantial infringement, the literal infringement approach is weak and we need to enter the doctrine of equivalents," they have no choice but to enter literal infringement to win the case as the right holder. It used to be an implicit understanding that it would ruin all efforts if a party revealed to the judge "We want to claim infringement under the doctrine of equivalents." In other words, a claim for infringement under the doctrine of equivalents meant a de facto indication to give up winning the case by virtue of literal infringement—namely, a step toward the patentee's defeat. That was the existing atmosphere of the times.

2. Japan's First Supreme Court Judgment Pro the Doctrine of Equivalent Pronounced in 1987

The idea of alleging infringement under the doctrine of equivalents has a short history in Japan. The earliest citation dates back half a century. This section sheds light on the Supreme Court Judgment of May 29, 1987 as the earliest court case. This precedent judgment helps understand the background to the first case involving a claim for infringement under the doctrine of equivalents brought under the Supreme Court.

This is known as the log peeling machine case. A lawsuit was filed for infringement of a utility model right on log position adjustment technology held by the plaintiff. Both the first-instance and the second-instance judgment applied the doctrine of equivalents, and allowed the plaintiff's claim by ruling that the defendant's product fell within the scope of the utility model right held by the plaintiff. The defendant lodged an appeal with the Supreme Court, and although the author was not directly in charge of the inquiry for the appeal to the Supreme Court, the research official in charge of this case raised the following question:

"Claiming infringement under the doctrine of equivalents is a crucial and

difficult issue in patent right infringement litigation. Discussion has just started, and is too premature for the Supreme Court to decide on it. In the USA and Germany, which are technologically advanced countries, the doctrine of equivalents is generally held. It is inevitable that the court of Japan will sooner or later adopt claims for infringement under the doctrine of equivalents. But it is too early to introduce this principle to Japan. If we discuss this matter in the current environment, it is likely to lead to a Supreme Court precedent judgment rejecting the claim for infringement under the doctrine of equivalents, which will be a cause of trouble in the future. In particular, in consideration of Justice Toshiaki MAKINO, the leader in patent right infringement litigation in Japan and many influential practitioners voicing a strong objection to claims for infringement under the doctrine of equivalents, I don't believe that the discussion has matured. Now that Japan has been put on the list of technologically advanced nations, our country will eventually adopt claims for infringement under the doctrine of equivalents. But it is too premature and too venturesome for the Supreme Court to close the discussion by straightforwardly issuing a precedent judgment pro claims for infringement under the doctrine of equivalents.

Since this appeal case had no difficulty in finding the plaintiff's claim well-grounded by applying the claim for infringement under the doctrine of equivalents, the judgment simply dismissed the appeal without specifically indicating its opinion on the claim for infringement under the doctrine of equivalents. The reason for the judgment is this: In light of the facts determined lawfully by the second-instance court, this court can uphold the conclusion of the second-instance ruling that the appellant's act of manufacturing, selling and distributing the equipment (i) described in the second-instance judgment constitutes infringement of the subject-matter utility model right held by the appellee. The appellant's argument cannot be accepted" (textual). Since the nature of the case has no room for literal infringement (the text of the judgment is the type of finding "the conclusion is upheld," but there is no wording to replace the reasons for the first-instance judgment with its own"), as long as it maintains the second-instance judgment determining infringement, even if it does not specifically indicate the ruling for the claim for infringement under the doctrine of equivalents, this judgment was the very first Supreme Court judgment allowing infringement under the doctrine of equivalents. Objectively, and to the best of the author's knowledge, there was no room to suspect that the Supreme Court justices in charge might have overlooked the issue of infringement under the doctrine of equivalents in issuing a

judgment on the appeal.³⁵

Professor HONMA reviews that it is an easy element to amend after filing the application. If the Supreme Court had inquired into this point more thoroughly, it should have quashed the second-instance judgment and remanded the case (see Footnote 6) in reference to Professor MAIKINO Toshiaki's "A Basic Approach to Determination of the Technical Scope" (*Saiban-Jitsumu Taikei* Vol.9: Industrial Property Rights, p. 105).

3. Pronouncement of the Supreme Court Judgment of February 24, 1998: The Controversy Posed by the Supreme Court's Precedent Judgment

Subsequently, on February 24, 1998, the Supreme Court issued a judgment to quash the second-instance judgment of the Tokyo High Court, applied the claim for infringement under the doctrine of equivalents and allowing the claim for damages, discussed the principle in general, showed the so-called Five Requirements for Equivalency used to determine infringement under the doctrine of equivalents, and remanded the case to the high court in order to re-hear the case in light of the said tests.³⁶ This Supreme Court judgment is a precedent that accepts the claim of infringement under the doctrine of equivalents as a general legal theory, but contrary to its intent, the precedent judgment ironically led patent right infringement litigation in Japan far in the direction of dismissing claims of infringement under the doctrine of equivalents. According to the second-instance judgment, as well as the reviews of the Supreme Court judgment, this case—whereby the Supreme Court judgment delivered the opinion of the court opinion in light of the theory—should have disapproved the application of infringement under the doctrine of equivalents, judging from the facts involved in the case. This is true judging from the keystone of the Supreme Court judgment. After the case was remanded to the Tokyo High Court, the plaintiff dropped the suit and the case came to a close.

Retrospectively, it was not a wise choice for the Supreme Court to render a precedent judgment with an immature theory that turns down the claim of infringement under the doctrine of equivalents in a case that automatically precluded the application of infringement under the doctrine of equivalent. As the appeal was lodged with the Supreme Court before the enactment of the new Code of Civil

³⁵ As this judgment became known to people concerned, a number of papers have been published (HONMA Takashi, "The Recent Supreme Court Judgment Approving the Application of the Doctrine of Equivalents-The Supreme Court/Second Petty Bench Judgment of May 29, 1987", *Jurist* Vol.903, p.85, 1988).

³⁶ The Supreme Court Judgment of February 24, 1998. The Research Institute of Economy, Trade and Industry, "The Doctrine of Equivalents in Patent Litigation," p. 163.

Procedure, it is understandable that the Supreme Court could not make a choice from among many because there was no system to reject the entry of appeals. They could have found alternatives, however, such as rendering a precedent judgment on an ad-hoc basis, or not referring to the requirements other than the one at issue (the First Requirement in particular). This Supreme Court judgment served as a prelude to the tragedy that beset claims for infringement under the doctrine of equivalents, and to the stagnation of the patent right infringement litigation system in Japan which lasted over ten years since then.

First Requirement: Essential Portion

The Supreme Court set out the so-called Five Requirements for Equivalency to determine infringement under the doctrine of equivalents. Aside from balancing the burden of proof, these tests are ultimately requirements for determining infringement under the doctrine of equivalents. Let's discuss the First Requirement in relation to the mindset of Japanese judges. For the part of the infringing product that is different from the subject products within the constitution stated in the scope of claim(s), the First Requirement holds that this part is not the essential part of the patented invention. In this respect, the Tokyo District Court adjudications (e.g. the opinion of Justice NISHIDA Yoshiaki³⁷) took the lead in delivering the judicial opinion that "the essential part" means the characteristic feature(s) indicated in the constitution of claim(s) and the description of a specification, which immediately turned out to be a practical and prevailing opinion. According to his approach, the essential part is a feature that makes the invention patentable and is indicated literally in the statements of the patent claim(s), which is a clear definition and a convenient tool for practitioners. However, the term "essential" usually refers to the core part of an invention, and implies what lies at the core and cannot be seen from the surface. As long as this point is an extension of the interpretation of claim(s), it seems that we may not interpret claim(s) based on what does not appear on the surface.

Commentary on the Precedent Judgment by Research Official MIMURA

On the other hand, former Research Official MIMURA Ryoichi explains that the essential part ("Teil" in German) means the essential idea ("Gedanke" in German) or the technical idea of the patented invention. This is not necessarily

³⁷ NISHIDA Yoshiaki, "Shingai-sosho ni okeru kinto no hori", *Shin-Saiban Jitsumu Taikei 4 Chiteki-Zaisan Kankei Soshoho*, edited by MAKINO & IIMURA, p.182

expressed literally in the statements of the claim(s) or the description in the specification, but must be inquired into based on an understanding of the claim(s) and specification as a whole.³⁸

By the way, the Supreme Court precedent judgment refers to the essential part in the text: if a particular constituent element of the patented invention and the corresponding element of the infringing product are different, it requires that the difference is not the essential part of the patented invention. According to this text, that which is different between the two represents the essential part. In light of the language of the text, NISHIDA's definition is fit to interpret the requirement. However, NISHIDA's approach boils down to the grand rule that claim(s) must be interpreted based on the description, whether literal infringement or infringement under the doctrine of equivalents, without showing theoretical grounds. On the other hand, MIMURA's approach and its supporting theory are derived from construing a rationale that claims infringement under the doctrine of equivalents.

Since this textbook does not intend to make a detailed comparison of these opinions, the point is that MIMURA's approach is more relevant in practice as well as in theory, although it is not necessarily consistent with the Supreme Court decision. In any case, this matter is an *obiter dictum*, not essential to the decision, and therefore not legally binding as a precedent.

As easily imagined from the preceding discussion, the said Supreme Court precedent judgment instantly led to the frequent application of the First Requirement in Japan. At the same time, the plaintiff's claim for infringement under the doctrine of equivalents was rarely accepted in patent right infringement lawsuits. Until very recently, the plaintiff's allegation of infringement under the doctrine of equivalents was the last resort, otherwise an acknowledgement of having been defeated, as mentioned above.

In either case, however, it would cause the winning party inconvenience if the judge in charge, finding infringement under the doctrine of equivalents, pronounces a judgment which collides head-on with the language of the Supreme Court precedent judgment, resulting in the defeated party appealing to the Supreme Court or filing a motion to enter an appeal with the Supreme Court. For this reason, it is unavoidable for the judge in charge to work on skillfully interpreting "the essential part," or defining it in a narrow sense so as to match the language of the First Requirement in the Supreme Court precedent judgment on a case-by-case basis

³⁸ To simplify the discussion, this classification represents two typical ideas that are poles apart. It has been highly controversial, with a variety of grounds presented in theories and judgments.

when s/he is of a mind to determine infringement under the doctrine of equivalents. Through judicial efforts with such a tough choice, direct “literal infringement” of Supreme Court precedent judgments has been avoided.³⁹

Although the real reason is not known, many Japanese judges seem to be of the mindset that they basically do not want to approve claims for infringement under the doctrine of equivalents. Since the decision on the First Requirement in the Supreme Court precedent judgment is not a provision laid down in law, a judge ought not to rely solely on the literal construction of legal language and text in order to interpret the decision. Rather, it might make more sense to the judge to put the weight on the consistency of statements of claim(s) and descriptions in a specification without giving rational and substantive grounds. The legal concept behind the doctrine of equivalents is that in cases where a claim is literally interpreted, which results in unfairness and injustice, it is a mandate for the process of the interpretation to inquire into the intention, purpose and substances of the technical idea of the patented invention, independently of the specific descriptions.

With regard to the First Requirement, the Supreme Court precedent judgment does not indicate any opinion. In such a case, as suggested in the commentary by former research official MIMURA who was involved in drafting the Supreme Court judgment, the essential part must mean “the essential idea or the technical idea of the patented invention.” When the infringing product is a product of a different invention with a different technical idea, it does not constitute infringement under the doctrine of equivalents. After all, therefore, “this part is not the essential part of the patented invention” means “the infringing product does not involve a different technical idea.”

4 The High Court Judgments Pro the Doctrine of Equivalents after the Supreme Court Precedent Judgment

The above-discussed Supreme Court precedent judgment marked a second chapter in the tragic history of claims for infringement under the doctrine of equivalents. Prior to the Supreme Court precedent judgment, a significant number of judgments were pronounced in favor of the right holder based on a claim for infringement under the doctrine of equivalents. Following the Supreme Court precedent judgment, however, one judgment after another turned down claims for

³⁹ The IIMURA judgment upon the Hollow Golf Club Head Case employs this technique. It seems that the written statement of the reason for a motion for entry of an appeal developed an argument centering on the First Requirement. It is imagined that the motion was not allowed because the IIMURA decision does not involve literal contravention of the Supreme Court precedent judgment in terms of formality.

infringement under the doctrine of equivalents on the grounds that the First Requirement or the Fifth Requirement is not satisfied. Even the judgments ruling for a claim for infringement under the doctrine of equivalents are well understood to have required significant efforts to satisfy the First Requirement. As pointed out at the beginning, since the IP High Court has a very small number of appeals from the first instance ruling for patent right infringement, and a significant percentage of the cases rejected by the district court but allowed by the appeal court end up closing with an amicable settlement, the IP High Court (including a special branch of the Tokyo High Court, the predecessor to the IP High Court) has had few cases employing claims for infringement under the doctrine of equivalents, with only the three cases below worthy of mention:

- (1) Tokyo High Court Judgment of October 26, 2000 (Case No. 2000(Ne)2147) relating to “A Filter to Remove Solids from Fresh Seaweed”; reporter: *Hanrei-Jiho* No. 1738, p.97; *Hanrei-Times*, No. 1059, p.202.

This is a famous case. Presiding Judge MIMURA is in charge of the first-instance judgment. For the First Requirement, the above-discussed text from Presiding Judge MIMURA’s text of the judgment is cited, so it must rely on his approach. However, the high court judgment is also influenced by NISHIDA’s approach in terms of the text of the judgment. In those days, the First Requirement was tested straightforwardly in determining an infringement.

- (2) IP High Court Judgment of September 25, 2006 (Case No. 2005(Ne)10047) relating to chair-type massagers

In this case, the infringing product has a constitution making incomplete use or degrading the patented invention, which must be inevitably found to be an infringement under the doctrine of equivalents. (Therefore, the main issue is whether the patent is invalid or not). Regarding the first requirement, the text of the judgment reflects the painstaking work of Justice SATO Tatsubumi in charge of writing the first draft judgment as head judge. For information, the first-instance judgment was pronounced by presiding judge Justice IIMURA Toshiaki. Because the author was in charge of the judgment as presiding judge, anything other than the text of the judgment should not be disclosed herein. Subject to the non-disclosure rule, the author comments that as far as the First Requirement is concerned, the text relies on NISHIDA’s approach in language, but on MIMURA’s approach in substance. This judgment has not been acknowledged as a judgment finding an infringement under the doctrine of equivalents, subject to the criticism placing

emphasis on the negative aspect related to the determination of damages.⁴⁰

As a topic not related to the theme of this textbook, at the time when this case commenced at the IP High Court, patent right infringement cases were allocated independently of and separately from lawsuits against appeals/trial decisions. Consequently, whether the same division (the same grand panel) was assigned or not was left to negotiation between the relevant divisions. During the proceedings, Presiding Judge IIMURA gave the IP High Court candid advice, asking why the case should not be heard by the same division. Triggered by the advice, the lawsuit against the appeal/trial decision relating to Patent 5 was allocated to the division which the author belonged to. Subsequently, the author determined the validity of Patent 5, as a result of which the claim was allowed limitedly to that point in the infringement lawsuit. (Incidentally, for Patents 1 to 4, the lawsuit against the appeal/trial decision was allocated to a different division, which judged all the patents to be invalid.) From this case on, a rule was mutually agreed upon: when an infringement lawsuit and a lawsuit against an appeal/trial decision involve the same patent at issue, the subsequent case that commences as a related case should be allocated to a different division than the case that commences earlier.)

(3) IP High Court Judgment of June 29, 2009 (interlocutory decision); reporter *Hanrei-Jiho* No. 2077, p. 123

This is the above-mentioned IIMURA judgment. This case is the very first IP High Court judgment to straightforwardly find an infringement under the doctrine of equivalents, which demonstrated the IP High Court position on claims of infringement under the doctrine of equivalents and its positive attitude toward patent right infringement litigation in domestic and foreign circles. It shows the future course that the court would take regarding claims of infringement under the doctrine of equivalents. In terms of the First Requirement, it is not clear which line the judgment relied on. It seems to follow the MIMURA line in substance, but concerning what the essential element is, it is consistent with the text of the Supreme Court precedent judgment whereby it can skillfully avoid the risk of being challenged with a motion to enter an appeal to the Supreme Court by reason of contravention of the judicial precedent. As described earlier, the motion to enter an appeal to the Supreme Court, which presumably was filed by virtue of contravention of the judicial precedent, was denied after deliberations lasting about

⁴⁰ This case was not regarded as a High Court judgment finding infringement under the doctrine of equivalents, but was criticized as an IP High Court judgment invalidating Patents 1 to 4 and upholding the validity of Patent 5 only, determining the amount of damages as little as 11 million yen (less than 1/100 of the first-instance awarding), opposed to the noised-around case wherein Presiding Judge IIMURA upheld the validity of Patents 1 to 5 and awarded damages as high as 1.5 billion yen in the first instance. The criticism put the blame on the IP High Court judgment for the stagnation of patent right infringement litigation.

half a year.

(4) IP High Court Judgment of March 28, 2011 (Case No. 2010(Ne)10014), NAKANO Court (the First Division under the Chief Judge of the IP High Court), relating to a patented invention for a manhole cover

The first-instance Osaka District Court judgment turned down the claim of infringement under the doctrine of equivalents. The NAKANO Court found that the alleged product constituted an infringement under the doctrine of equivalents, and ordered an injunction and payment of damages. The first-instance judgment (pronounced on January 21, 2010; Case No. 2008(Wa)16194, Presiding Judge YAMADA Yozo) turned down the allegation of infringement under the doctrine of equivalents on the grounds that the First Requirement was not met, which obviously follows NISHIDA's approach, and to that extent is not erroneous:

“The shape of the concavely-curved surface parts of the receiving frame is the major basis for the subject-matter invention, and it cannot be held that the shape of the concavely-curved surface parts is not a characteristic element constituting the core of the technical idea of the subject-matter invention.”

On the other hand, the NAKANO Court judgment holds: The subject-matter invention consists of convexly-curved surface parts and concaved parts without use of inner fringes. The defendant's product B does not have concavely-curved surface parts either, but can put the cover body into the receiving frame smoothly by means of a constitution similar to that of the subject-matter invention. In the subject-matter invention, the “concavely-curved surface parts” are not the essential element. This approach to determine whether or not the First Requirement is met (finding “is not the essential part”) is the same technique as in the hollow golf club head case.

Chief Judge NAKANO, after this finding, rejected the plaintiff's claim for infringement under the doctrine of equivalents only on the grounds that the Fifth Requirement is not met in the judgment of March 31, 2010 on Case No. 2009(Ne)10038. Admittedly those are different cases, but it seems that the IP High Court as a whole is changing more drastically with the coming of 2011.

5 Expectations for Japanese Judges on the Issue of Infringement under the Doctrine of Equivalents

Not in a narrow sense limited to judges and to the doctrine of equivalents, we must have a full understanding of each case and the text of the judgment in its entirety in order to understand the Supreme Court precedent. To pick up and interpret part of the text with specific relevance to a topic of interest is not the right

way. Through understanding the rationale of the claim of infringement under the doctrine of equivalents, a judge must easily realize that it is not right to feel safe by clearing the issue of whether or not an infringement can be found under the doctrine of equivalents only in terms of the First Requirement, thereby dismissing the plaintiff's claim.

The author suggests that Japanese judges stop their conventional approach to the First Requirement in comparison with the characteristic elements of an invention literally described in claim(s) at the beginning of proceedings. Instead, they must start by determining whether or not an infringement can be found under the doctrine of equivalents, mainly in light of the Second Requirement and the Third Requirement, and then move to determine whether or not the First Requirement is met, using nearly the same approach as in the USA and Germany.

The author is pleased to see the IP High Court entering a new era where they matter-of-factly find infringements under the doctrine of equivalents if the requirements are met. Under the 2011 revision of the Patent Act, cases where an appeal/trial decision for invalidation of the patent right exercised is rendered and becomes final after the judicial ruling for damages becomes final cannot be claimed as a cause for retrial. Prior to the revision, a judge was concerned when rendering a judgment for the claim that the patent will be invalidated after all in a demand for a trial for invalidation before the JPO—and that it would be very likely that the judgment will be rescinded in a retrial. Now, a judge feels free of such concern when rendering a judgment in favor to the right holder, which will eventually contribute to bringing the currently stagnant patent right infringement litigation back to health. What is more, if the doctrine of equivalents is properly applied to determine an infringement, patent right infringement litigation in Japan will be dramatically revitalized.

VII. Grand Panel Cases

1. The Grand Panel System

The grand panel system in patent litigation (Article 269-2 of the Code of Civil Procedure) was established together with the Technical Advisory System, etc. as part of the large-scale revision of the law related to IP litigation in 2003, but it has no direct bearing on the history of the Law for the Establishment of the IP High Court. The system also has nothing to do with the composition of the panel in a large-scale lawsuit newly prescribed under the new Code of Civil Procedure (Article 268, Article 269), which is of a different nature in substance.

To meet the request from industry to systematically form reliable rules and ensure foreseeability for judicial decisions at a high court level without the need to wait for the Supreme Court decision, a grand panel system was established wherein a grand panel of five judges hear and hand down judgments on lawsuits against appeal/trial decisions and civil appeals exclusively related to patent and other IP rights (except that trademark right and copyright cases may not be heard by a grand panel) (Article 310-2 of the Code of Civil Procedure).

2. Grand Panel Judgments Pronounced

The following grand panel cases were disposed of with the following judgments:

- (1) The Case of Japanese Word Processing Software “*Ichitaro*” (Judgment of September 30, 2005; reporter: *Hanrei-Times* No. 1188, p. 191, and *Hanrei-Jiho* No. 1904, p. 47)

It was disputed whether the patent right was valid or not as the grounds for an alleged infringement. The first instance judged it not invalid, and affirmed the claim for an injunction. In the appeal brought before the grand panel court, the patent right was judged invalid based on a new cited example, and the claim for an injunction was dismissed.

- (2) The Parameter Patent Case (Judgment of November 11, 2005; reporter: *Hanrei-Jiho* No. 1911, p. 48, and *Hanrei-Times* No. 1192, p. 164)

In this action for rescinding the appeal/trial decision maintaining the rejection/refusal decision, the validity of the so-called parameter patent was in dispute. The grand panel court affirmed the JPO’s appeal/trial decision, maintaining the rejection/refusal decision and dismissing the plaintiff (applicant)’s action.

- (3) The Action for Injunctive Relief against the Sale of Recycled Ink Tank Product (Judgment of January 31, 2006; reporter: *Hanrei-Times* No. 1200, p. 90, and *Hanrei-Jiho* No. 1922, p. 30)

The issues were whether or not the act of the Defendant, a recycling company, refilling the plaintiff’s used products with ink and selling them constituted an infringement of the patent right, and whether or not the patent right had been exhausted. The grand panel court found for an infringement of the plaintiff’s patent right and granted the plaintiff’s claim for an injunction, as opposed to the first-instance judgment.

- (4) The Solder Resist (“Excluding Claims”) Case (Judgment of May 30, 2008; reporter: *Hanrei-Jiho* No. 2009, p. 47, and *Hanrei-Times* No. 1290, p. 224)

The judgment determines that the correction that revised the initial claims into “excluding claims” can be deemed to have been made “within the scope of matters

stated in the specification or drawings” as long as such correction can be found not to be adding any new technical matters to the technical matters in the statements in the specification or drawings.

(5) The Pravastatin Sodium (Product-by-Process Claim) Case (Judgment of January 27, reporter: *Hanrei-Jiho* No. 2144, p. 51)

The judgment allows for circumstances wherein it is impossible or difficult to directly specify the structure or feature of a patented chemical product, but concerning the relevant patented chemical product, the patent was judged invalid since it was possible to specify the structure or feature.

3. Judges Assigned to Grand Panel Cases

The Code of Criminal Procedure provides that the judicial body of a grand panel case consists of five judges belonging to the IP High Court, and a grand panel case is allocated to an ad-hoc division. However, such ad-hoc division does not occupy physical space in the IP High Court, and nor is it staffed with full-time judges and court clerks. For the purpose of allocating judiciary affairs, all the judges including the Chief Judge belonging to the IP High Court (eighteen in total) are deployed under an ad-hoc division.

According to the internal rules on the operation of the Grand Panel System, unless it is inconvenient for him/her, the Chief Judge is the supervising judge of an ad-hoc division, and serves office as the presiding judge (as well as the presiding judge in the First Division), while the remaining four judges are comprised of supervising judges or associate judges (usually the first on the list of associate judges) in the other three Divisions (the Second to Forth Divisions with four associate judges, respectively), with an associate judge also acting as the head judge.

In a grand panel case, deliberations on the reasons and conclusion are, as a matter of course, conducted by a grand panel of five judges. Each member judge is called for to discuss sufficiently with non-member judges in the same division in preparation for grand panel deliberation, and the grand panel as a whole organizes a workshop to study the case with the attendance of two judges representing each division (one from the First Division under the Chief Judge) at any time whenever necessary. Note that even if a member judge is called for to discuss with non-member judges in the same division in preparation for grand panel deliberation, no member judge of a grand panel is bound by the opinions of non-member judges in the same division, nor by the majority opinion of the plenary workshop. It is taken for granted under the law that a member judge must form his/her own opinion in reference to the opinions of other judges.

Under the operation of the system, it is fair to say that a judicial decision indicated in a grand panel judgment has been formed, reflecting on the consensus of the four divisions of the IP High Court, namely, the opinion of all of the IP High Court judges, thereby ensuring consistency and reliability of judicial decisions.

4. Recent Grand Panel Cases

After the pronouncement of the above-mentioned grand panel judgment, Case No.2012(Ne)10015 was referred to a grand panel. Apparently the subject-matter involves determination of damages as provided in Section 102(2) of the Patent Act. Whenever possible, it is the basic policy of the IP High Court to use the grand panel system for IP cases that involve important legal issues and court decisions that have a critical impact on corporate activities and society.

When cases involving the same legal issue are allocated to several divisions, even if the issue is materially important, as long as the conclusion and its theoretical basis in law is not different between the divisions after consideration, there are procedural choices to re-allocate the different cases to one division, or to hear and judge each case separately, rather than collectively referring to a grand panel.