

OUTLINE AND EVALUATION OF THE DOUBLE TRACK SYSTEM IN JAPAN--- INVALIDITY DEFENSE IN PATENT INFRINGEMENT LITIGATIONS AND INVALIDITY TRIALS AT JPO

November 18,2016

Chief Judge Ryuichi Shitara

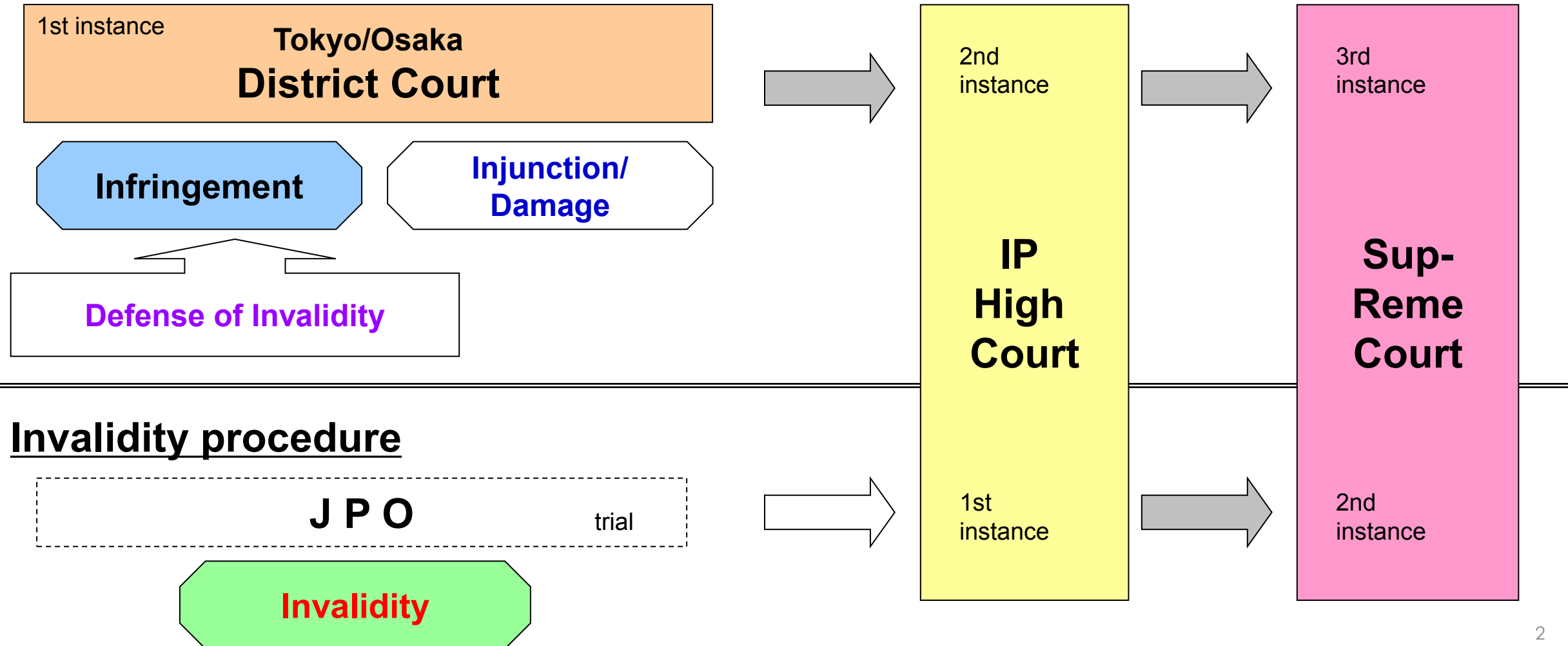
Intellectual Property High Court

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DUAL SYSTEM IN PATENT LITIGATION

Infringement procedure



INVALIDATION TRIAL AT JPO

- Article 123 of the Patent Act
- (2) An interested party may file a request for a trial for patent invalidation;
- (3) Request for a trial for patent invalidation be filed even after the lapse of the patent right

SUPREME COURT JUDGMENT ON APRIL 11,2000(KILBY CASE)

- “When it is clear that the patent in issue has reasons to be invalidated , requesting an injunctive relief and payment of damages based on the patent right should be deemed as an abuse of patent right and is thus prohibited unless there are special circumstances.”

ARTICLE 104-3 OF THE PATENT ACT (2004 AMENDMENT, INVALIDITY DEFENSE)

- (1) Where , in litigation concerning the infringement of a patent right or an exclusive license, the said patent is recognized as one that should be invalidated by a trial for patent invalidation, or, registration of an extension of the term of the said patent right is recognized as one that should be invalidated by a trial for invalidation of a registration of extension of duration, the rights of the patentee or exclusive licensee may not be exercised against the adverse party.

THREE DIFFERENCES BETWEEN AN INVALIDATION TRIAL AT JPO AND AN INVALIDITY DEFENSE IN PATENT INFRINGEMENT LITIGATIONS

(1) The effect of a final and binding invalidation decision of a trial at JPO is retrospective.

Article 125 of Patent Act

“Where a trial decision to the effect that a patent is to be invalidated has become final and binding, the patent right shall be deemed never to have existed”

THREE DIFFERENCES BETWEEN AN INVALIDATION TRIAL AT JPO AND AN INVALIDITY DEFENSE IN PATENT INFRINGEMENT LITIGATIONS

- A final and binding judgment of a court in infringement litigations that affirmed invalidity defense and denied the exercise of a patent right, does not have any direct effect to invalidate that patent,
- but such judgment has a binding effect on the patentee who lost the case and on the alleged infringer that such a patentee doesn't have any right requesting an injunctive relief and payment of damages based on the patent in issue against the alleged infringer any more.

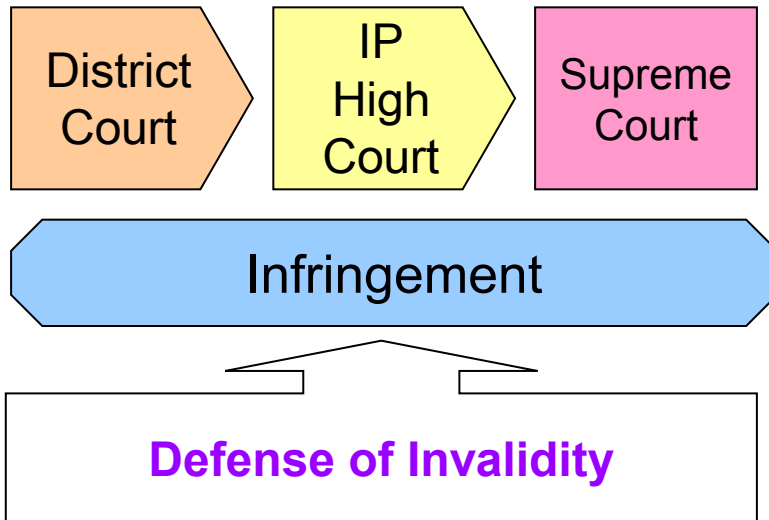


THE SECOND AND THE THIRD DIFFERENCE

- (2) whether examination is ex officio or not.
- (3) whether a patentee will have chances for a correction of a claim in its procedure.

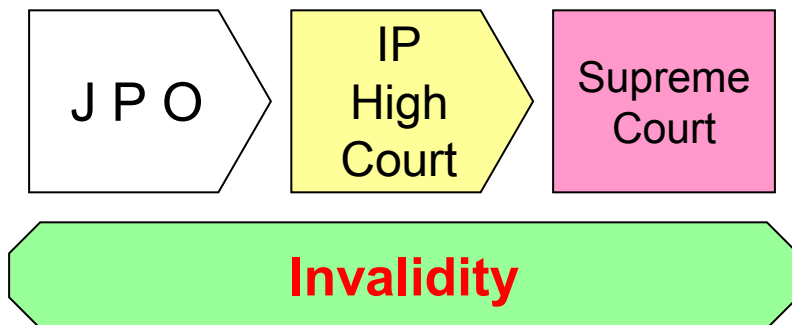
DUAL SYSTEM IN PATENT LITIGATION

Infringement procedure



- Not declare invalidity of the patent in the main text of judgement
→ dismiss plaintiff's claim on the ground of invalidity
- Relative effect = only within the parties
- The patent still exists even after the decision becomes final.

Invalidity procedure



- The patent shall be deemed never to have existed by the decision.
- Absolute effect = publicly invalidated
- Retrospective effect

PRACTICE IN PATENT INFRINGEMENT LITIGATIONS AFTER THE KILBY

- Two major legal issues of scope of a patent and invalidity defense
- Argument period for a district court upon the above two issues: approximately 8 to 12 months
- Procedures after infringement argument
- In case when patent infringement is assessed: argument for an amount of damages or settlement procedure in a district court
- In case of no-infringement: judgment.
- Invalidity decision of a board of JPO: almost 10 to 12 months after filing a trial.

RE-DEFENSE BY CORRECTIONS OF A CLAIM

- A counter defense by a patentee against an invalidation defense : A correction to restrict a scope of the claim
- Re-defense by a correction of a claim :
- When it is certain that the correction shall be permitted and the corrected claim is not invalid, and the accused product still falls within a scope of a corrected claim, then an invalidation defense shall fail to work and an exercise of a patent right shall be affirmed in patent infringement litigations.

DELAY OF PATENT INFRINGEMENT LITIGATIONS BY RE-DEFENSE BY CORRECTIONS OF A CLAIM

- A court had to reexamine about the invalidity and the scope of the corrected claim at every time a claim correction was made in infringement litigations.
- Before the 2011 amendment of Patent Act, there was no limit as to the number of claim corrections.
- If there was a chance for a patent not to be invalidated by further corrections, courts tended to wait until the proper correction of a claim is made.

AMENDMENT OF PATENT ACT(2011)

- After the 2011 amendment of Patent Act:
- A patentee could not file for a correction trial after a revocation action against an invalidation decision by JPO was filed.
- Instead, an advance notice system was created by the aforesaid amendment.

SYSTEM OF AN ADVANCE NOTICE BEFORE A DECISION

- An advance notice before an invalidation decision by a board of the JPO shall be made in cases where there are enough grounds for invalidation in a trial.
- After an advance notice, a patentee will generally have one chance for claim corrections for a certain period in the invalidation trial procedure at the JPO.

DISMISSAL OF ABUSED INVALIDITY DEFENSE (ARTICLE 104-3(2))

- Article 104-3(2) of the Patent Act
- “Where the court considers that materials used for an allegation or defense under the preceding paragraph are submitted for the purpose of causing undue delay in the proceedings, the court may upon a motion or ex officio, dismiss the allegation or the defense.”

AN AMENDMENT OF THE PATENT ACT (LIMITATION ON RETRIALS) (2011, CREATION OF 104-4)

- Article 104-4
- ” Parties in a patent infringement litigation, for which the court has already issued its final and binding judgment, are prohibited from requesting a retrial based on the following JPO trial decisions, which became final and binding after the said court judgment.
- 1) A trial decision that invalidates a patent or a registration of extension of duration”

UNIFICATION BY IP HIGH COURT OF DECISIONS BY A BOARD OF JPO AND JUDGMENTS BY A DISTRICT COURT

- In order to unify the conclusion on validity of the patent, it is a general practice for IP High Court to allocate both cases to the same panel so that the same panel hears both cases and decides invalidity of the patent in both cases coherently .

NECESSITY FOR AN INVALIDATION TRIAL AT JPO

- Three differences between JPO board trial and invalidity defense
 - A Retrospective and publicly invalidated effect
 - B Ex officio examination
 - C Chances for claim corrections before a board of JPO

NECESSITY FOR AN INVALIDITY DEFENSE

- A. A court does not have to wait for an final and binding invalidity decision by JPO.
- B. A court, after viewing an validity of a patent and evaluating a patented invention, could decide an injunction and amount of damages confidently and appropriately.
- C. When an issue for a defendant in a patent infringement case is only an invalidity of a patent, a defendant needs invalidity defense.

NECESSITY FOR AN INVALIDITY DEFENSE

- D. Before the Kilby, a court interpreted a scope of the patented invention narrowly to avoid an injunction order and payment of damages, in case when a patent was clearly invalid, but after the Kilby, a court could directly decide an issue of an invalidity and doesn't have to narrowly interpret a claim.
- E. After a court reached a conclusion about legal issues of literal infringement, doctrine of equivalents, or invalidity defense, a court could advise an appropriate settlement plan and persuade both parties by disclosing the total views about those issues with confidence. An appropriate settlement plan by court often leads both parties to a better and speedy total solution of a conflict than to render a judgment.

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- Thank you for listening!