

Trial Decision

Invalidation No. 2018-800040

Demandant	FEAT JAPAN Co., Ltd.
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Demandee	Arts Brains Corporation.
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The case of the trial regarding the invalidation of Japanese Patent No. 3277180, entitled "Tape or Thread for double eyelid formation and Method for Manufacturing the Same" between the parties above has resulted in the following trial decision:

Conclusion

The demand for trial of the case is dismissed.

The costs in connection with the trial shall be borne by Demandant.

Reason

No. 1 Overview of the trial

(1) The Patent

Japanese Patent No. 3277180 (hereinafter, the "Patent") was granted for an application filed on May 29, 2001 (priority date: October 3, 2000, Japan) and registered on February 8, 2002.

(2) Object of the demand

With the written demand for trial, Demandant seeks a trial decision, "A patent for inventions disclosed in Claims 1, 2, 4, and 5 are invalidated" and "The costs in connection with the trial shall be borne by Demandee."

(3) Object of the reply

With the written reply, Demandee seeks a trial decision, "The demand for trial of the case is dismissed" and "The costs in connection with the trial shall be borne by Demandant."

No. 2 History of the procedures

History of the procedures of the trial for invalidation is as shown below.

April 18, 2018, a written demand for trial (hereinafter, the "Written Demand")

July 12, 2018, a written reply (hereinafter, "Written Reply 1")

August 22, 2018, a written refutation (hereinafter, the "Written Refutation")

October 19, 2018, a written reply (2) (hereinafter, "Written Reply 2")

In accordance with the provisions of Article 145(1), proviso of the Patent Act, the chief administrative judge decided ex officio to conduct the trial by documentary proceedings.

No. 3 The reasons for invalidation and evidences

(1) The reasons for invalidation alleged by Demandant and evidences are as follows:

Evidence A Nos. 1 to 10 were submitted as attachments to the Written Demand and Evidences A Nos. 11 to 14 were submitted as attachments to the Written Refutation. Evidences A Nos. 11 to 14 relate to the qualification as Demandant.

Reason for invalidation 1: Article 29(1)(ii) of the Patent Act (Article 123(1)(ii) of the Patent Act)

Reason for invalidation 2: Article 29(2) of the Patent Act (Article 123(1)(ii) of the Patent Act)

Evidences:

Evidence A No. 1: Request, specification, and drawings for Japanese Patent Application No. 2000-303797

Evidence A No. 2: A printout from Demandee's website

Evidence A No. 3: Brief No. 5 by the plaintiff for counterclaim in the case of counterclaim against claims for damages, Heisei 26 (Wa) No. 25485 (excerpt)

Evidence A No. 4-1: Decision (excerpt) of March 25, 2013 in the appeal case of Heisei 24 (Ne) No. 10010 for a claim for unjust enrichment and a claim for damages, and Heisei 24 (Ne) No. 10017 for an incidental appeal case

Evidence A No. 4-2: Statement by Ken Matsuura

Evidence A No. 5: Registered Utility Model No. 3050392

Evidence A No. 6: CD-ROM for Japanese Utility Model Application No. 5-12228 (Japanese Unexamined Utility Model Application Publication No. 6-61225)

Evidence A No. 7: "Kawaii!, November 2000," vol. 5, No. 13, 61st volume, SHUFUNOTOMO Co., Ltd., October 2, 2000, page 126

Evidence A No. 8: Specification and excerpt of U.S. Patent No. 3645835

Evidence A No. 9: Japanese Utility Model Publication No. 51-1987

Evidence A No. 10: Decision of October 8, 2003, by the Tokyo High Court, Heisei 14 (Gyo-Ke) No. 539

Evidence A No. 11: Nobuhiro Nakayama, et al., "New Gloss Patent Act, 2nd edition, [last volume]," Seirin-Shoin, October 5, 2017, 2nd version, 1st printing, page

2523

Evidence A12: Written complaint for the case of demand for damages, Heisei 30 (Wa) No. 4329

Evidence A13: Pleading for amendment of claim by addition in the case of claim for damages Heisei 30 (Wa) No. 4329

Evidence A14: "Guideline under the Anti-monopoly Act regarding use of intellectual property," <https://www.jftc.go.jp/dk/guideline/unyoukijun/chitekizaisan.html>

(2) Demandee's evidences

Evidences submitted by Demandee are as listed below. Exhibits B Nos. 1 to 3 were submitted as attachments to written reply 1, and Nos. 4 to 16 were submitted as attachments to written reply 2. All of the following evidences relate to the qualification as Demandant.

Evidences:

Evidence B No. 1: Decision of November 28, 1979 by the Tokyo High Court (Showa 52 (Gyo-Ke) No. 127)

Evidence B2: Decision of December 23, 1980 by the Tokyo High Court (Showa 55 (Gyo-Ke) No. 42)

Evidence B No. 3: Settlement agreement dated August 21, 2017 between Demandant and Demandee

Evidence B No. 4: Minoru Takeda, et al., "Intellectual Property Rights Litigation (Patent)," Institute for Promoting Invention and Innovation, December 18, 2017, 7th edition, pages 541 to 547

Evidence B No. 5: Mikio Akiyama, et al., "Commentary Civil Procedure Law 3 (Note by the Board: This "3" is written in Roman numerals.) [2nd edition]," Nippon Hyoron Sha Co., Ltd., January 20, 2018, 2nd edition, 1st printing, page 12

Evidence B No. 6: Koichi Tsujii, "Problems Regarding Licensing Agreements, etc. for Patents," (Theory and Practice of Intellectual Property, vol. 1 [Patent Act [1]], (Note by the Board: This "1" is written in Roman numerals), Shinnihon-Hoki Publishing, Co., Ltd., June 21, 2007), pages 389 to 401

Evidence B No. 7: Shigeki Chazono, "Demand for Trial for invalidation of Registration of Industrial Design by Non-exclusive Licensee (Court precedents on licensing: Studies in honor of Mr. Kazunori Yamashita), Japan Institute of Invention and Innovation, 1st edition issued on January 25, 2000, pages 421 to 434

Evidence B No. 8: Legal precedents and court cases (Decision of April 22, 1986 by the Supreme Court, Showa 58 (Gyo-Tsu) No. 31), Hanrei times, No. 617 (December 1, 1986), pages 79 to 86

Evidence B No. 9: Legal precedents and court cases (Decision of March 30, 1983 by the Tokyo High Court, Showa 57 (Gyo-Ke) No. 133)

Evidence B10: Legal precedents and court cases (Decision of January 31, 2002 by the Tokyo High Court, Heisei 13 (Gyo-Ke) No. 146)

Evidence B No. 11: Hiroshi Shiono, "Administrative Law 2 (Note by the Board: This "2" is written in Roman numerals), [5th revised and enlarged edition]," Yuhikaku, March 15, 2013, 5th revised and enlarged edition, 1st printing, pages 184 to 187

Evidence B No. 12: Legal precedents and court cases (Decision of June 20, 1977

by the Supreme Court, Showa 48 (O) No. 1113), Hanrei times No. 349, pages 192 to 204

Evidence B No. 13: Legal precedents and court cases (Decision of July 31, 1997 by the Tokyo High Court, Heisei 6 (Ne) No. 3182, etc.), Hanrei times No. 961 (March 25, 1998) pages 103 to 116

Evidences B14-1, and -2: Legal precedents and court cases (for Evidence B No. 14-1, decision of December 18, 1998 by the Supreme Court, Heisei 9 (O) No. 2156, Hanrei times No. 992 (April 1, 1999), pages 98 to 102; for Evidence B No. 14-2, decision of December 18, 1998 by the Supreme Court, Heisei 6 (O) No. 2415, Hanrei times No. 992 (April 1, 1999) pages 94 to 98)

Evidences B No. 15-1 to 15-12: (Note by the Board: Each number 1 to 12 is written as numbers encircled with a circle): Notices (1) to (4) and a document sent by facsimile by Demande, as well as documents titled as reply or notification, etc. and a draft for a settlement agreement by Demandant

Evidences B Nos. 16-1, and -2: For Evidence B No. 16-1, written reply dated March 5, 2018 in the case of demand for damages, Heisei 30 (Wa) No. 4329, and, for Evidence B No. 16-2, Defendant's Brief (1) dated April 12, 2018 in the above case

No. 4 Parties' allegations etc. regarding defense (qualification as Demandant) before the merit

While the qualification as Demandant that is a requirement under Article 123(2) of the Patent Act is disputed in the trial of the case, outlines of allegation on the qualification as Demandant by Demande and Demandant are as shown below.

1. Outline of Demande's allegation

On August 21, 2017, a settlement agreement to acknowledge that the patent right has been formed validly and to prohibit contesting the validity of the Patent by demanding for trial for invalidation (hereinafter, the "Settlement Agreement") was concluded between Demandant and Demande (See Articles 1 and 2 of the Settlement Agreement of the above Evidence B No. 3). Therefore, Demandant does not have any interest with respect to the demand for trial of the case and lacks the qualification as Demandant.

2. Outline of Demandant's allegation

(1) Since Demandant is in litigation regarding the patent right with Demande (case of a demand for damages in the Tokyo High Court, Heisei 30 (Wa) No. 4329), Demandant has an interest with respect to the demand for trial for invalidation.

(2) Since the Japan Patent Office should not judge on the defense based on the no-contest obligation, the demand for trial of the case is not restricted by the Settlement Agreement.

(3) The demand for trial of the case is not any object that is restricted by the no-contest obligation under the Settlement Agreement.

(4) Taking the provisions in the Anti-Monopoly Act and the Patent Act into consideration, the no-contest obligation under the Settlement Agreement is contrary to public order or morality and is invalid.

No. 5 Judgment by the Board on the qualification as Demandant

Since it is disputed in the trial whether Demandant in the trial falls under any interested person under Article 123(2) of the Patent Act (qualification as Demandant), this point is examined first.

1. Contents described in the Settlement Agreement (Evidence B No. 3)

(1) "Artsbrains Co., Ltd. (hereinafter, "First Party") and Feat Japan Co., Ltd. (hereinafter, "Second Party 1"), Centillion Co., Ltd. (hereinafter, "Second Party 2," and collectively with Second Party 1, "Second Party companies"), and Masanori Kobayashi (hereinafter, "Party 3," and collectively with Second Party companies, "Second Parties") have entered into a settlement as follows (hereinafter, the "Contract")" (page 1, lines 1 to 5):

(2) "1. Second Parties acknowledge to First Party that the patent right under Japanese Patent No. 3277180 (hereinafter the "Patent Right") has been established in a valid manner" (page 1, lines 6 and 7).

(3) "2. Second Parties shall not contest the validity of the Patent Right by themselves or through any third party by demanding a trial for invalidation or any other method, provided however, this shall not apply to the case that First Party raises any litigation against Second Parties for patent infringement and Second Parties allege invalidity of the Patent Right in defense in the litigation" (page 1, lines 8 to 11).

(4) "3. Second Parties acknowledge that Second Party companies for which Second Party 3 is the representative director have sold products specified with the following JAN codes (hereinafter, the "Products") as listed in a separate sheet and agree to discontinue the sale of the Products by August 31, 2017", "Descriptions," " 'Defy No. 1 Ultra Fiber' series (clear 60 thread pack 4573125480102), and (Nudie 60 thread pack, 4573125480119)," " 'FD (micro) bridge fiber' series (clear 1.4 mm 100 thread pack 4573125480010) (clear 1.6 mm 100 thread pack 4573125480027) (clear 1.8 mm 100 thread pack 4573125480034) (Nudie 1.4 mm 100 thread pack 4573125480058)," "Luxe super fiber" series (clear 1.4 mm 100 thread pack 4589585580016) (clear 1.6 mm 100 thread pack 4589585580023) (clear 1.8 mm 100 thread pack 4589585580030)" (page 1, line 12 to the last line).

(5) "4. On or after September 1, 2017, Second Parties or any company controlled by Second Parties or of which any of Second Parties is an officer or an employee (hereinafter, "Second Party's affiliate") as well as Second Party companies and officers and employees of Second Party's affiliate (hereinafter, collectively with Second Party's affiliate "Second Parties-related persons") shall not manufacture, transfer, export, import, or offer to transfer or to lend the Products, tapes for forming double eyelids that belong to the technical scope of Japanese Patent No. 3277180, or any product that infringes the Patent Right by themselves or by third party, and Second Parties guarantee that Second Parties-related persons will abide by such obligation" (page 2, lines 1 to 7).

(6) "6. Second Parties jointly and severally agree to bear obligation to pay 4.5 million yen as settlement money for solving the dispute between First Party and Second Parties with respect to the Products that correspond to the profit from the sales of the Products by Second Parties as provided in Section 3 ..." (page 2, lines 12 to 14).

(7) "In witness of this Agreement, the parties have prepared and caused this Agreement to be exercised by representatives of First Party and Second Parties in duplicate with each holding one copy." "August 21, 2017," "First Party: Artsbrains Co., Ltd., Jingumae 1-15-2, Shibuya-ku, Tokyo; Jiro Taniyama, Representative Director," ... "Second Party 1: Feat Japan Co., Ltd., Cerulean Tower 15th floor, Sakuragaokacho 26-1, Shibuya-ku, Tokyo, Masanori Kobayashi, Representative Director," (page 4, lines 1 to 15).

2. The qualification as Demandant

Only any "interested person" may file a request for a trial for invalidation (Article 123(2) of the Patent Act).

Applying this to the present case, although Demandant is in litigation with Demandee with respect to the Patent (Case of a demand for damages, Tokyo District Court, Heisei 30 (Wa) No. 4329, Evidences A Nos. 12 and 13), the Settlement Agreement had already been concluded before the trial decision of the trial for invalidation, and judging from the provisions in the body text of Article 2 of the Settlement Agreement as summarized in above No. 5, 1, (2), since the conclusion of the Settlement Agreement, August 21, 2017, it can be deemed that an agreement has been formed that Demandant shall not request any trial for invalidation for the Patent. Then, as of the time of issuance of the trial decision, Demandant is not in a position to contest the validity of the Patent Right through filing a request for a trial for invalidation, and Demandant cannot be deemed to be any "interested person under the provisions of Article 123(2) of the Patent Act".

Accordingly, since Demandant requested a trial for invalidation notwithstanding it cannot be deemed as any "interested person" above, the demand of the case violates the provisions of Article 123(2) of the Patent Act and is unlawful. In addition, since the unlawful demand for trial cannot be amended, it should be dismissed under the provision of Article 135 of the Patent Act, with no need to judge on any reason for invalidation.

3. Demandant's allegation

(1) In the Written Refutation, No. 5, 1, Demandant alleges that "the Japan Patent Office has adopted a practice not to judge on any defense based on the no-contest obligation, since it is a problem in the contractual relationship that does not affect judgment on the validity of the Patent (Evidence A No. 11: New Gloss Patent Act, 2nd version, [last volume], page 2523)," "therefore, Demandee's defense based on the no-contest obligation is not justifiable as an allegation."

However, there is no direct legal ground for the allegation that the Japan Patent Office cannot judge on any problem of contractual relationship.

Accordingly, it cannot be deemed that defense of Demandee in the no-contest obligation by Demandee is not justifiable as an allegation, and the above allegation by Demandant cannot be accepted.

(2) In addition, Demandant alleges in the Written Refutation, No. 5, 2 that "judging from the above process of concluding the Settlement Agreement, the purport of providing the no-contest clause in the Settlement Agreement is absolutely for solving the dispute on infringement of the Patent Right with respect to 'past products'" (Note by the Board: The term, "past products" here is equivalent to the "Products" listed in Article 3 of the Settlement Agreement summarized in above No. 5, 1, (4)), and the Settlement Agreement

does not waive Demandant's benefit of contesting the validity of the Patent when Demandee exercises the Patent Right with respect to products other than the "past products," "Accordingly, it coincides with parties' reasonable intention to understand that the effect of the no-contest clause in the Settlement Agreement does not extend to the case in which Demandant files a demand for trial for invalidation to fight back exercise of the Patent Right by Demandee with respect to the products in the case (other products than the past products) against Demandant (related litigations)."

The "process of concluding the Settlement Agreement" alleged by Demandant here is similarly shown in the Written Refutation, No. 5, 2 as follows:

A. "Demandant ... sold in the past ... 'past products' (Evidence B No. 3)."

B. "As soon as Demandee knew of the above sales activity by Demandant, Demandee notified Demandant that, since past products belonged to the technical scope of the invention of the Patent and the above sales activity by Demandant constituted infringement of the Patent Right, the above sales activity should be discontinued."

C. "Although Demandant believed that there was a problem in relation to the validity of the Patent, since it wanted to settle any unnecessary dispute as soon as possible, it determined to respond positively and concluded the Settlement Agreement on conditions to discontinue the above sales activity and pay a settlement money of 4.5 million yen (Evidence B No. 3)"

D. "In the Settlement Agreement, Demandee is defined as "First Party" and Demandant as "Second Party 1," and there was established a provision, "2. Second Parties shall not contest the validity of the Patent Right by themselves or through any third party by demanding a trial for invalidation or other method, provided however, that this does not apply if First Party raises any litigation against Second Parties for patent infringement and Second Parties allege invalidity of the Patent Right in defense in the litigation" (Article 2) (hereinafter, the "no-contest clause")."

E. "As explained above, there was a dispute between Demandant and Demandee regarding existence of infringement of the Patent Right regarding past products sold by Demandant at that time, and, for solving the dispute as soon as possible, Demandant accepted Demandee's allegation and entered into a settlement discontinuing the sales of the past products and paying to Demandee 4.5 million yen as the settlement money by concluding a settlement agreement to that effect."

Examining the above "process of concluding the Settlement Agreement," with respect to the Settlement Agreement, since Article 2 provides the above no-contest clause and Article 3 provides that Demandant should discontinue sales of the "past products" (the "Products"), it can be reasonably inferred with respect to the above facts A, B, and D.

With respect to above C and E, however, it cannot be inferred from the provisions in the Settlement Agreement that Demandant had believed that there was a problem in relation to the validity of the Patent, and, rather, it does not coincide with the fact that Demandant acknowledged in Article 1 of the Settlement Agreement that the Patent Right had been established in a valid manner. In addition, no evidence that proves that it was a fact that Demandant believed that there is a problem on the validity of the Patent could be found. Furthermore, with respect to the above items C and E, it cannot be inferred from the provisions in the Settlement Agreement that Demandant concluded the Settlement Agreement because Demandant wanted to settle an unnecessary dispute as soon as possible; namely, for the early settlement of the dispute, and, still furthermore, that there is no evidence that the Demandant's allegation was a fact.

On the other hand, if there is any doubt about the validity of the Patent, judging from the body text and proviso of Article 2 of the Settlement Agreement, it can be deemed that the provisions explicitly provides a method for settling the dispute that Demandant and Demande do not dispute the validity of the Patent Right by a trial for invalidation, etc., but by exceptionally a patent infringement litigation with a defense by invalidity, and the exception of proviso of Article 2 is understood to be a provision that provides Demandant with a limited room to contest the validity of the Patent Right for future dispute after conclusion of the Settlement Agreement. Any future dispute after conclusion of the Settlement Agreement could occur not only with the past products as the object, but also with products other than the past products as the object. Then, it can be deemed reasonable to understand that the body text of Article 2 provides as the general rule to this exception by this proviso that Demandants shall not contest the validity of the Patent Right by a trial for invalidation, etc., in future dispute not only with respect to the past products but also for products other than the past products.

In addition, judging from the fact that there is no restriction to limit the object to the "past products" in this Article 2, it can be deemed that there is certain reasonableness in understanding that the object of not contesting the validity of the Patent Right with a trial for invalidation, etc. as provided in the body text of Article 2 is not limited to the "past products" but also covers other products than the "past products."

Furthermore, according to Article 1 of the Settlement Agreement, since Demandant has acknowledged that the object is not limited to the "past products," and the Patent has been established in a valid manner, it can be deemed that it has been confirmed that there is no dispute between Demandant and Demande with respect to the validity of the Patent Right without limiting the object, and it can be deemed that the purport of the no-contest clause in Article 2 that follows above Article 1 is for ensuring reasonable expectation of parties for this confirmation.

In addition, since it is provided in Article 4 of the Settlement Agreement that Demandant shall not conduct any infringing activity not only for the "past products" (the "Products"), but also for "tapes for forming double eyelid that belong to the scope of the right under Japanese Patent No. 3277180 or the Patent Right," it can be reasonably inferred that the Settlement Agreement is for the purposes of not only solving any dispute of patent infringement with respect to the "past products," but also preventing any dispute of patent infringement with respect to all products to which the Patent Right extends (products other than the "past products").

However, taking the process of concluding the Settlement Agreement and the provisions in the Settlement Agreement together, it is understood that, by providing the no-contest clause of Article 2, Demandant does not have any position to contest the validity of the Patent Right with any trial for invalidation, etc. also in the future not only for the "past products" but also for products other than the "past products."

Therefore, the above allegation by Demandant cannot be accepted.

(3) Demandant alleges in the Written Refutation, No. 5, 3, that, according to "Guidelines on the use of intellectual property under the Anti-Monopoly Act' prepared by the Japan Fair Trade Commission (Published on September 28, 2007, amended on January 21, 2016; Evidence A No. 14) (Note by the Board: hereinafter, "Guideline under the Anti-Monopoly Act"), in a patent licensing agreement, if the licensor imposes the licensee an obligation not to contest the validity of the patent right (the no-contest obligation), since

it makes a patent right that should be invalidated continue to exist, and the use of the technology in the right is restricted, it falls under unfair trade practice in certain cases because it could inhibit fair trade (Article 19 and Article 2(9) of the Anti-Monopoly Act, Designation of Unfair Trade Practices (general specification) Item 12) (Note by the Board: Hereinafter, "Guidelines in Patent Licensing Agreements"), "the Settlement Agreement is a kind of licensing agreement in which it is provided that Demandee shall not exercise the Patent Right on the past products sold by Demandant in the past on condition that 4.5 million yen is paid (Article 6). Even if the Settlement Agreement per se is not any licensing agreement, there is no difference between the Settlement Agreement and any licensing agreement in regards to that exercise of rights to an act infringing the Patent Right is forbidden under certain conditions such as payment of money, etc., and the provisions in the above guidelines by the Japan Fair Trade Commission (Evidence A No. 14) are similarly applicable to the Settlement Agreement," "In addition, the Patent Act takes a stance that it is not desirable from a public interest point of view that any technology that is intrinsically not patentable continues to exist as a patent, and such situation should be avoided as much as possible. Such stance can be seen in such provisions as that a trial for invalidation may be demanded even after expiration of the patent right (Article 123(3) of the Patent Act), that an invalidated patent right is deemed never to have existed (Article 125 of the Patent Act), and that any patent that should be invalidated cannot be exercised in any patent infringement litigation. (Article 104-3 of the Patent Act)," "Furthermore, if the demandant may not demand a trial for invalidation notwithstanding that Demandee newly exercises the Patent Right against Demandant just because of existence of the no-contest clause in the Settlement Agreement, while Demandee can exercise the Patent Right against all types of tapes for forming double eyelid sold by Demandant including the Product without any risk of any demand for a trial for invalidation against the Patent, since Demandant is robbed of all means to demand a trial for invalidation of the Patent, Demandant is obliged to hesitate selling tapes for forming double eyelid due to fear of free exercise of the Patent by Demandee. As a result, fair competition in the market for tapes for forming double eyelid is inhibited by a patent that should intrinsically be invalidated, and an unlawful situation under the Anti-Monopoly Act occurs. . Such situation is not expected by the Patent Act and should not be allowed from the purport of the Patent Act," "Taking above provisions in the Anti-Monopoly Act and the Patent Act into consideration, if the no-contest clause in the Settlement Agreement is for restricting any demand for a trial for invalidation in the case, it is contrary to public order or morality and is invalid."

However, in the above Guideline under the Anti-Monopoly Act, No. 1, 2, (2), (Note 4), it is stated that "hereinafter, an act of granting the use of certain technology to another person is called license" Examining the Settlement Agreement, since it does not grant the use of the Patent Right to Demandant by Demandee who is the patentee, it cannot be deemed to be any licensing agreement. Therefore, the above "Guidelines in Patent Licensing Agreements" of the "Guideline under the Anti-Monopoly Act" based on an assumption that the object of application is a licensing agreement cannot be deemed directly applicable to the Settlement Agreement. In addition, Demandee can merely exercise the Patent Right within the scope, and it does not mean the Patent Right can be exercised on all types of tapes for forming double eyelid sold by Demandant. On the other hand, since Demandant can allege the invalidity of the Patent as a defense in patent infringement litigation, it cannot be deemed to be the situation in which the technology

according to the Patent cannot be used notwithstanding the Patent including a reason for invalidation. Then, the no-contest clause in the Settlement Agreement cannot be deemed as contrary to public order or morality and to be invalid under the Anti-Monopoly Act.

Furthermore, only "an interested person" may file a request for a trial for invalidation (Article 123(2) of the Patent Act), any demand for trial may be withdrawn at any time until the trial decision is finalized (even after a written reply is filed, the demand for trial may be withdrawn if the counterparty agrees) (Article 155(1) and (2) of the Patent Act), and intentions of parties are esteemed in trials, such that any matter not alleged by Demandant cannot be examined in the trial (Article 153(3) of the Patent Act). On the other hand, the no-contest clause is applicable only to parties who have concluded the contract comprising the provision and any "interested person" other than such parties may file a demand for a trial for invalidation, and it cannot be deemed that public interest is lost. Then, the no-contest clause in the Settlement Agreement concluded between Demandant and Demandeé who are the contracting parties cannot be deemed as contrary to public order or morality and to be invalid under the Patent Act.

Accordingly, the above allegation by Demandant cannot be accepted.

No. 6 Closing

As described above, the demand for trial of the case violates the provisions in Article 123(2) of the Patent Act and cannot be amended, and it should be dismissed under the provisions of Article 135 of the Patent Act.

Therefore, the trial decision shall be made as described in the conclusion.

March 12, 2019

Chief administrative judge: WATANABE, Toyohide
Administrative judge: SAITO, Naoto
Administrative judge: KUBO, Katsuhiko