

March 2016

Patent Litigation in Japan

David W. Hill

Shinichi Murata

Please take a moment to share how this work helps you [through this survey](#). Your feedback will be important as we plan further development of our repository.

Follow this and additional works at: <https://ideaexchange.uakron.edu/akronintellectualproperty>

 Part of the [Intellectual Property Law Commons](#), [International Law Commons](#), and the [Litigation Commons](#)

Recommended Citation

Hill, David W. and Murata, Shinichi (2007) "Patent Litigation in Japan," *Akron Intellectual Property Journal*: Vol. 1 : Iss. 2 , Article 1.

Available at: <https://ideaexchange.uakron.edu/akronintellectualproperty/vol1/iss2/1>

This Article is brought to you for free and open access by Akron Law Journals at IdeaExchange@UAkron, the institutional repository of The University of Akron in Akron, Ohio, USA. It has been accepted for inclusion in Akron Intellectual Property Journal by an authorized administrator of IdeaExchange@UAkron. For more information, please contact mjon@uakron.edu, uapress@uakron.edu.

PATENT LITIGATION IN JAPAN

*David W. Hill** & *Shinichi Murata***

I. INTRODUCTION

There are many differences between the U.S. and Japanese judicial systems. For example, Japan has no jury trial or thorough discovery system comparable to the system in the United States, and treble damages are not allowed in Japan. These judicial differences have been reflected in the patent litigations taking place in the two countries. In the past, many observers said that it took a very long time and was burdensome to enforce patent rights in Japan, and the amounts of damages awarded by Japanese courts were usually small.

Recently, however, the situation has been rapidly changing in Japan. The Patent Law and the Code of Civil Procedure have been amended several times.¹ In addition, several meetings of the Strategy Council on Intellectual Property, formed directly by the Prime Minister, were held in 2002. The Council developed the Intellectual Property Policy Outline in July 2002, which included reform of the patent litigation system.² The Council also introduced the Basic Law of Intellectual

* Attorney at Law and Partner, Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, Reston, VA, 1977-present; B.S., Engineering, U.S. Military Academy, 1969; M.S. with honors, Business Administration, Boston University, 1974; J.D., George Washington University, 1977; LL.M. with highest honors in Patent & Trade Regulation Law, George Washington University, 1981; Technical Advisor, U.S. Court of Customs & Patent Appeals, 1976-77; Gaikokuho Jimu Bengoshi (Licensed Foreign Lawyer), Japan, 1988-90.

** Attorney at Law (admitted in Japan and New York), Kaneko & Iwamatsu, Tokyo, 1995-present; Trainee at Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, Washington, DC, 2001-2003; LL.B., The University of Tokyo, 1992; LL.M. in Intellectual Property Law, The George Washington University, 2001.

1. TOKKYO HŌ [Patent law], Law No. 51 of 1998, Law No. 41 of 1999, Law No. 24 of 2002, Law No. 47 of 2003, Law No. 120 of 2004, Law No. 75 of 2005, Law No. 55 of 2006, and MINSOHŌ [Code of civil procedure], Law No. 109 of 1996, Law No. 108 of 2003, Law No. 120 of 2004.

2. STRATEGIC COUNCIL ON INTELLECTUAL PROPERTY, INTELLECTUAL PROPERTY POLICY OUTLINE (Jul. 3, 2002), http://www.kantei.go.jp/foreign/policy/titeki/kettei/020703taikou_e.html (English translation).

Property bill in October 2002, which was enacted in November of the same year.³ Under this law, the Intellectual Property Policy Headquarters was established at the Cabinet level, and this Headquarters developed “Strategic Programs for the Creation, Protection, and Exploitation of Intellectual Property” in July 2003.⁴ The plan has been revised every year since that time.⁵ The government’s initiatives demonstrate that a strategy on intellectual property has become an important national concern for Japan.

Japanese procedures have become faster, and the amount of damages awarded by Japanese courts has been increasing.⁶ Both trends suggest that Japanese patent litigation is becoming a more attractive way to resolve patent disputes.

This article will explore how patent litigation in Japan has changed and will also compare and contrast aspects of patent litigation in the U.S. and Japan.

In Part II, we show recent statistical data on Japanese patent-infringement litigation. Parts III and IV briefly review the Japanese judicial system and legal professionals in the area of intellectual property. Part V addresses patent-infringement actions in Japan and the recent amendments of the Code of Civil Procedure and the Patent Law. Next, Parts VI and VII discuss infringement analysis and possible defenses in patent-infringement litigation. Part VIII reviews how to calculate the amount of damages in patent litigation in Japan. Finally, Part IX discusses provisional injunctions in Japan.

3. BASIC LAW ON INTELLECTUAL PROPERTY (LAW NO. 122 OF 2002), http://www.kantei.go.jp/foreign/policy/titeki/hourei/021204kihon_e.html (Provisional English Translation).

4. INTELLECTUAL PROPERTY POLICY HEADQUARTERS, STRATEGIC PROGRAM FOR THE CREATION, PROTECTION AND EXPLOITATION OF INTELLECTUAL PROPERTY (Jul. 8, 2003), http://www.kantei.go.jp/foreign/policy/titeki/kettei/030708f_e.html

5. INTELLECTUAL PROPERTY POLICY HEADQUARTERS, INTELLECTUAL PROPERTY STRATEGIC PROGRAM 2004 (May 27, 2004), http://www.kantei.go.jp/foreign/policy/titeki/kettei/040527_e.html (English version of 2004 program); INTELLECTUAL PROPERTY POLICY HEADQUARTERS, INTELLECTUAL PROPERTY STRATEGIC PROGRAM 2005 (Jun. 10, 2005), http://www.kantei.go.jp/foreign/policy/titeki/kettei/050610_e.pdf (English version of 2005 program); and INTELLECTUAL PROPERTY POLICY HEADQUARTERS, INTELLECTUAL PROPERTY STRATEGIC PROGRAM 2006 (Jun. 8, 2006), http://www.kantei.go.jp/jp/singi/titeki2/keikaku2006_e.pdf (English version of 2006 program).

6. See *infra* notes 11-17 and accompanying text.

II. RECENT TRENDS IN IP CASES

A. Numbers of IP Cases

Table 1: IP Cases Filed in Japan ⁷						
Year	Total	Patent and Utility Model	Design Patent	Trademark	Copyright	Unfair Competition, etc.
1991	311	132	29	36	40	74
1992	413	149	24	45	66	129
1993	470	221	37	55	70	87
1994	497	204	26	53	72	142
1995	528	172	31	53	87	185
1996	590	234	28	80	85	163
1997	563	236	25	63	95	144
1998	559	214	22	77	113	133

7. The data of 1997 to 2005 are derived from the HÖSÖ JIHÖ, vol. 50, No. 12; vol. 51, No. 12; vol. 52, No. 12; vol. 53, No. 12; vol. 54, No. 12; vol. 55, No. 12; vol. 56, No. 12; vol. 57, No. 12; and vol. 58, No.12. The data of 1991 to 1996 are derived from the Administrative office of the Supreme Court of Japan.

Year	Total	Patent and Utility Model	Design Patent	Trademark	Copyright	Unfair Competition, etc.
1999	642	263	32	65	117	165
2000	610	235	38	89	97	151
2001	554	187	29	67	127	144
2002	607	203	27	99	113	165
2003	635	216	27	106	113	173
2004	654	252	25	80	107	190
2005	579	209	28	90	96	156

Year	1991	1992	1993	1994	1995	1996	1997	1998
Number	386	471	457	402	440	442	549	596
Year	1999	2000	2001	2002	2003	2004	2005	-
Number	772	740	717	643	615	696	639	-

8. The data are derived from Distribution Material at the Hōsō jihō, vol. 53, No. 12; vol. 54, No. 12; vol. 55, No. 12; vol. 56, No. 12; vol. 57, No. 12; Third Meeting of Consultation Group on Intellectual Property Litigation, available at <http://www.kantei.go.jp/jp/singi/sihou/kentoukai/titeki/dai3/3siryou5-1.pdf> and vol. 58, No.12.Intellectual Property High Court's homepage, http://www.ip.courts.go.jp/aboutus/stat_03.html.

Table 3: IP Provisional Injunctions Commenced and Resolved in Japan⁹

Year	1991	1992	1993	1994	1995	1996
Commenced	238	314	362	299	316	386
Resolved	273	323	350	302	299	355
Year	1997	1998	1999	2000	2001	-
Commenced	410	391	488	552	521	-
Resolved	379	426	563	530	578	-

Table 4: IP Suits Commenced and Terminated in the U.S.¹⁰

	Patent	Trademark	Copyright
Commenced IP Suits During Oct. 2004 - Sept. 2005	2,720	3,668	5,796
Terminated IP Suits During Oct. 2004 - Sept. 2005	2,708	3,617	4,494

9. Judge Toshiaki Iimura, *Changes to Intellectual Property Litigation in Japan*, Prepared for the AIPLA IP Practice in Japan Committee Meeting (October 15, 2002) (data available in distribution material entitled "Changes to Intellectual Property Litigation in Japan," which accompanied the presentation).

As shown in Tables 1 and 2, in 1991, the number of suits filed in Japanese District Courts relating to intellectual property equaled 311, with the number of decided cases relating to intellectual property totaling 386 in 1991. By 2004, these totals had risen to 654 and 696 respectively, although they decreased to 579 and 639 in 2005. In 2005, 209 cases (36%) of the newly filed cases were patent or utility-model litigations. As shown in Tables 1 and 4, the number of patent cases commenced in the U.S. is roughly ten times as large as that in Japan.

Table 3 shows that the number of preliminary injunctions related to intellectual property has also risen dramatically.

B. Average Deliberation Period in IP Cases

10 . The data are derived from the Statistical Reports of the U.S. Courts. Admin. Office of the U.S. Courts, *Table S-23, Civil Cases Filed, Terminated, Pending, by Nature of Suit and District, During the 12-Month Period Ending September 30, 2005*, <http://www.uscourts.gov/judbus2005/tables/s23.pdf> .

Table 5: Average Deliberation Period of Resolved IP Suits in Japan¹¹

Year	1991	1992	1993	1994	1995	1996	1997	1998
District Court (months)	31.1	29.6	31.9	23.1	23.7	22.7	25.0	25.7
High Court (months)	13.3	17.7	15.9	13.6	14.6	14.2	16.9	12.1
Year	1999	2000	2001	2002	2003	2004	2005	-
District Court (months)	23.1	21.6	18.3	16.8	15.6	13.8	13.5	-
High Court (months)	11.0	10.4	10.9	10.4	9.9	9.0	9.4	-

Table 5 shows that the average deliberation period for 1991 at district courts was 31.1 months. This period was shortened to 13.5 months by 2005. According to Toshiaki Iimura, the former chief judge of the Intellectual Property division at the Tokyo District Court, most patent-infringement suits brought before the Tokyo District Court conclude within one year from the filing of a complaint.¹² Compared to the statistics from a few years ago, the duration of court proceedings has been

11. The data of the district court are derived from the HOSŌ JIHŌ, vol. 53, No. 12; vol. 54, No. 12; vol. 55, No. 12; vol. 56, No. 12; vol. 57, No. 12; and vol. 58, No.12. The data of the high court are derived from Distribution Material at the Third Meeting of Consultation Group on Intellectual Property Litigation, available at <http://www.kantei.go.jp/jp/singi/sihou/kentoukai/titeki/dai3/3siryous-1.pdf> and <http://www.kantei.go.jp/jp/singi/sihou/kentoukai/titeki/dai3/3siryous-2.pdf>; and Intellectual Property High Court's homepage, http://www.ip.courts.go.jp/aboutus/stat_03.html and http://www.ip.courts.go.jp/aboutus/stat_04.html.

12. Judge Toshiaki Iimura, *Current Litigation Practice for IPR Infringement Cases at the Tokyo District Court (I)*, 27 AIPPI JOURNAL 1, 7 (January 2002).

sharply reduced in Japan.¹³ Table 5 shows that the average deliberation period at high courts has been reduced to about nine months.

The mean time for resolution of patent cases filed in the U.S. district courts from 1995-1999 is 1.12 years,¹⁴ which is almost the same as the current average time in Japan.

Year	1991	1992	1993	1994	1995	1996
Average Pendency (months)	13.1	12.8	7.2	7.9	8.3	7.7
Year	1997	1998	1999	2000	2001	-
Average Pendency (months)	8.2	9.0	6.6	5.8	4.5	-

The pendency of resolved preliminary-injunction motions related to intellectual property has rapidly decreased. However, the pendency time of patent-related preliminary-injunction proceedings is generally longer than that of trademark or copyright-related preliminary-injunction proceedings.

13. *Id.*

14. Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889, 908 (2001).

15. Judge Toshiaki Iimura, *supra* note 9.

C. Amount of Damages

Year	1975 - 1979	1980 - 1984	1985 - 1989	1990 - 1994	1998 - 2000
Average Amount	14.81 mil. yen (\$123,000)	9.88 mil. yen (\$82,000)	24.96 mil. yen (\$208,000)	46.24 mil. yen (\$385,000)	111.36 mil. yen (\$928,000)

According to Table 7, while the average amount of damages in major lawsuits concerning the infringement of patents and utility-model rights was as low as approximately 46 million yen (about \$385,000) between 1990 and 1994, the average amount reached approximately 111 million yen (about \$928,000) between 1998 and 2000. Furthermore, the Tokyo District Court allowed damages of 7.4 billion yen (about \$60 million) in a recent patent-infringement litigation.¹⁷

III. JAPANESE JUDICIAL SYSTEM AND PATENT-RELATED PROCEEDINGS

A. Japanese Judicial System

1. Japanese Court System

The Japanese court system is unitary and draws no distinction between federal and state-court systems as does United States. The whole judicial power is vested in the Supreme Court and in inferior courts, which are established by law.¹⁸ According to the Court Organization

16. This data is derived from Distribution Material 1 at the Seventh Meeting of the Intellectual Property Committee of the Industrial Structure Council (Oct. 12, 2001), available at <http://www.jpo.go.jp/shiryou/index.htm>.

17. *Aruze Corp. v. Sammy Corp.*, H-11 (wa) No. 23945 (Tokyo District Court., Mar. 19, 2002)), HANREI JIHŌ No.1803, 78; Louis J. Levy, *Recent Intellectual Property Law Developments in Japan*, Prepared for the Intellectual Property Institute of Canada 76th Annual General Meeting (October 3, 2002).

18. KENPŌ [The Constitution of Japan], art. 76, para. 1.

Law,¹⁹ there are four types of inferior courts: High Courts (8 with 6 branch offices and a special branch office), followed by District Courts (50 with 203 branch offices) and Family Courts (50 with 203 branch offices and 77 local offices), and finally, Summary Courts (438).²⁰

2. District Courts

The District Courts are the initial courts of general original jurisdiction for most cases. They also have appellate jurisdiction over appeals from judgments of Summary Courts in civil cases. District Court cases are heard by either a single judge or a panel of three or five judges, depending on the complexity of the case. Patent infringement cases are heard by a panel of three judges.

3. High Courts

The High Courts have jurisdiction over appeals from judgments of the District Courts or Family Courts. They have original jurisdiction over different types of administrative cases, including cases involving elections and insurrections. The Tokyo High Court has exclusive original jurisdiction over decisions of quasi-judicial agencies such as the JPO and the Fair Trade Commission. In the High Courts, cases are usually heard by a three-judge panel. High Courts may find facts based on newly submitted evidence and may review the case *de novo*. This is a significant difference from appellate courts in the U.S.

4. The Supreme Court

The Supreme Court has appellate jurisdiction over appeals as specifically provided for in the codes of civil procedure. In civil and administrative actions, appeals to the Supreme Court are allowed only on the grounds of violation of the Constitution, grave contravention of procedural provisions of the inferior courts listed in the law of civil procedure, or violation of any law or ordinance obviously material to a judgment. Because the Supreme Court primarily determines questions of law, it makes its decisions on the basis of appellate briefs and the records of the inferior courts.

19. SAIBANSHO HŌ [Court organization law], Law No. 59 of 1947.

20. *Id.*, arts. 15, 23, 31-2, 32.

B. Patent-Related Proceedings

1. Patent-Litigation Courts

In July of 2003, the Japanese Diet approved a bill giving the Tokyo and Osaka District Courts exclusive jurisdiction for patent and utility-model litigations of the first instance and gave the Tokyo High Court exclusive jurisdiction for appeals of such cases. This law became effective in April 2004.²¹ The Tokyo District Court has exclusive jurisdiction over patent litigation in Eastern Japan, and the Osaka District Court has exclusive jurisdiction over patent litigation in Western Japan.²² These two district courts have intellectual-property divisions,²³ which are staffed with technical experts (*Saibansho Chōsa-kan*) typically coming from the JPO.

In addition, on April 1, 2005, the Intellectual Property High Court (IP High Court) was established as a special branch office of the Tokyo High Court.²⁴ Establishment of the IP High Court was intended to ensure more effective and speedy trial proceedings in IP cases. The IP High Court hears appeals from district courts in Japan in patent actions, suits against the JPO's decisions, and any other cases heard before the Tokyo High Court, if the nature and contents of the case relate to intellectual property²⁵.

Unlike federal judges in the U.S., who are appointed to a specific court for life, Japanese judges are transferred from one court to another every two to three years by the Supreme Court to prevent favoritism toward special locales. But more and more judges with experience in intellectual property have been appointed to intellectual-property divisions in other courts.

Further, article 92-2 of the Code of Civil Procedure, amended in 2003, provides that courts may have technical experts (*Senmon In*) involved in civil procedure. *Senmon In* are expected to give courts or parties an explanation of technical matters at issue in the case from a fair

21. MINSOH, Law No. 108 of 2003, art. 6.

22. Eastern Japan includes areas under the jurisdiction of the Tokyo, Nagoya, Sendai, and Sapporo High Courts, and Western Japan includes areas under the jurisdiction of the Osaka, Hiroshima, Fukuoka, and Takamatsu High Courts.

23. The Tokyo District Court has 4 intellectual property divisions and the Osaka District Court has one intellectual property division.

24. CHITEKI ZAISAN KŌTŌ SAIBANSHO SECHI HŌ [Act for establishment of the Intellectual Property High Court], Law No. 119 of 2004, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/IPHC.pdf> (unofficial translation).

25. Intellectual Property High Court's homepage, <http://www.ip.courts.go.jp/eng/aboutus/history.html>.

and neutral position. *Senmon Iin* differ from *Saibansyo Chōsa-kan*, mentioned above, in that *Senmon Iin* are usually involved in a specific case to give technical advice to the courts and the parties. *Semmon Iin* are usually appointed by the courts from a list prepared by the Supreme Court of Japan.

2. Actions for Invalidation of Patents at the JPO

Under article 123(1) of the Patent Law, an action may be filed in the JPO for invalidation of a patent.²⁶ Also, under article 178(1) of the Patent Law, an action for annulment of a JPO decision may be filed at the IP High Court.²⁷ Article 168(2) of the Patent Law provides that a court may suspend the proceeding if an action for invalidation of a patent is pending at the JPO or at the IP High Court.²⁸ Thus, the validity of patents has generally been decided by the JPO, and courts have focused primarily on the interpretation of claims and whether the accused device is covered by the claims.

After the Supreme Court's *TI v. Fujitsu* decision in 2000, however, it has become possible for an accused infringer to assert patent invalidity as a defense to infringement, and courts have been actively deciding on patent invalidity since that decision.²⁹

Generally, after, or sometimes before, a patent-infringement suit is filed at a District Court, an action for invalidation of the patent is filed at the JPO. A patentee can seek correction of the patent postgrant in the JPO if the patentee wishes to limit the patent to avoid prior art.³⁰ Typically this relief is sought in invalidation actions.³¹

26. TOKKYO HŌ, Law No. 121 of 1959, Law No. 47 of 2003, art. 123, para.1, *translated at* <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

27. *Id.*, art. 178, para.1.

28. *Id.*, art. 168, para. 2.

29. *Texas Instruments. v. Fujitsu Corp.*, H-10(o)364 (Sup. Ct., Apr. 11, 2000), *MINSHU*, vol. 54, No. 4, 1368.

30. TOKKYO HŌ, Law No. 47 of 2003, art. 126, *translated at* <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

31. *Id.*, art. 134-2.

IV. LEGAL PROFESSIONALS IN THE AREA OF INTELLECTUAL PROPERTY

In Japan, there are two types of professionals in the areas of patent law and other intellectual-property law: “*Bengoshi*” and “*Benrishi*.”

	Japan	United States
Patent Applications	438,465 ³²	390,733 ³³
Patent Attorneys and Patent Agents / Patent <i>Bengoshi</i> and <i>Benrishi</i>	374 (<i>Bengoshi</i>) 6,687 (<i>Benrishi</i>) ³⁴	25,993 (Patent Attorneys) 8,172 (Patent Agents) ³⁵
Total Licensed Attorneys / Total <i>Bengoshi</i>	23,154 ³⁶	1,116,967 ³⁷

A. *Bengoshi*

A *Bengoshi* is a Japanese lawyer, or attorney-at-law. There are only about 23,000 *Bengoshi*. In comparison, there are about 1,117,000 lawyers in the U.S. All Japanese lawyers must have passed the national bar examination³⁸ and been trained at the Legal Training and Research Institute of the Supreme Court of Japan (*Shihō Kenshūjo*). At the end of this training, they can choose to become a judge, a public prosecutor, or a lawyer.³⁹

32. <http://www.jpo.go.jp/shiryou/index.htm> (as of 2005, and including utility model applications).

33. UNITED STATES PATENT AND TRADEMARK OFFICE, ELECTRONIC INFORMATION PRODUCTS DIVISION, http://www.uspto.gov/go/taf/us_stat.htm (as of 2005) (last visited, May 13, 2007).

34. http://www.jpaa.or.jp/about_us/information/pdf/kaiinbunpu.pdf (as of Dec. 31, 2006).

35. UNITED STATES PATENT AND TRADEMARK OFFICE, OFFICE OF ENROLLMENT AND DISCIPLINE, <http://des.uspto.gov/OEDCI/> (as of May 13, 2007).

36. http://www.nichibenren.or.jp/ja/jfba_info/membership/index.html (as of Apr. 1, 2007).

37. AMERICAN BAR ASSOCIATION, ABA MARKET RESEARCH DEPARTMENT, http://www.abanet.org/marketresearch/lawyer_demographics_2006.pdf (as of June 2006).

38. The number of those passing the 2006 Japan national bar examination was about 1,500.

39. Law schools like those in the U.S. were established in Japan in 2004, and the number of

No technical background is required for a *Bengoshi* to practice in the patent field. Also, a *Bengoshi* may register as a *Benrishi* without taking the national examination to become a *Benrishi*. Most *Bengoshi* who practice patent law do not have technical backgrounds. As shown in Table 8, the number of *Bengoshi* registered as *Benrishi* is 374 as of Dec. 31, 2006.

B. *Benrishi*

A *Benrishi* is not required to be a lawyer. A technical background is also not necessary to become a *Benrishi*, but most do have technical training. A *Benrishi* is involved not only in the prosecution of patents, but also in the prosecution of trademarks. In addition, a *Benrishi* may represent clients directly in actions for annulment of JPO decisions at the IP High Court. Therefore, a *Benrishi* differs from both a patent agent and a patent attorney in the U.S.

Benrishi may not represent clients in courts in patent litigation, but they may act as assistants to their clients or to a *Bengoshi*. According to article 4 of the *Benrishi* Law however, they may represent clients directly in arbitration proceedings involving industrial-property rights, filing or prohibition of import under the Customs Tariff Law, and licensing of intellectual property.⁴⁰ Also, a bill that was enacted in 2002 gives *Benrishi* the authority to jointly represent clients with *Bengoshi* in patent litigation if the *Benrishi* passes a special examination.⁴¹

In patent litigations or actions to annul JPO decisions, *Bengoshi* and *Benrishi* often work together.

As shown in Table 8, the number of patent attorneys in the U.S. (25,993) is about 70 times as large as the number of *Bengoshi* registered as *Benrishi* (374). Even considering that the number of patent-litigation suits in the U.S. is roughly ten times as large as the number brought in Japan, the number of *Bengoshi* who specialize in patent litigation is still smaller than the number of patent attorneys in the U.S.

people passing the bar examination is expected to increase to 3,000 annually by 2010.

40. BENRISHI HŌ [Benrishi law], Law No. 49 of 2000, art. 4.

41. BENRISHI HŌ, Law No. 25 of 2002, art. 6-2.

V. OVERVIEW OF A PATENT-INFRINGEMENT ACTION IN JAPAN

A. Acts of Patent Infringement in Japan

1. Direct Infringement

Article 2(3) of the Patent Law defines “working” for three types of invention:

“Working” of an invention in this law means the following acts:

(i) in the case of an invention of a product (including a program and the like - hereinafter the same), acts of manufacturing, using, assigning and the like (meaning assignment and leasing and, if the product is a program and the like, including presentation through electric telecommunication lines - hereinafter the same), exporting, importing or offering for assignment and the like (including displaying for the purpose of assignment and the like - hereinafter the same) of, the product;

(ii) in the case of an invention of a process, acts of using the process;

(iii) in the case of an invention of a process of manufacturing a product, acts of using, assigning and the like, exporting, importing or offering for assignment and the like of, the product manufactured by the process, in addition to the acts mentioned in the preceding paragraph.⁴²

Also, article 104 of the Patent Law provides a presumption of manufacture by a patented process:

In the case of a patent for an invention of a process of manufacturing a product, where such product was not publicly known in Japan prior to the filing of the patent application concerned, any identical product shall be presumed to have been manufactured by that process. Thus, in the case of a patented product, a patent owner must prove that the accused infringer manufactured, used, assigned, exported, imported, or offered for assignment the product without authority to do so. For a patented process, a patent owner must prove that the accused infringer used the process without authority. In the case of a patented process of manufacturing a product, a patent owner must prove either that the accused infringer used the process or that the accused infringer used, assigned, exported, imported, or offered for assignment the product

42. TOKKYO HŌ, Law No. 121 of 1959, Law No. 24 of 2002, Law No. 55 of 2006, art. 2, para.3.

manufactured by the process without authorization from the patent holder. In the latter case, if the patent owner proves that the accused product was not publicly known in Japan before the filing of the patent application, he does not need to prove the product was actually manufactured by the invented process.⁴³

2. Indirect Infringement

Article 101 of the Patent Law defines acts deemed to be indirect infringement:

The following acts shall be deemed to be an infringement of a patent right or exclusive license:

(i) in the case of a patent for an invention of product, acts of manufacturing, assigning and the like, importing, or offering for assignment and the like of, articles to be used exclusively for the manufacture of the product as a business;

(ii) in the case of a patent for an invention of product, acts of manufacturing, assigning and the like, importing, or offering for assigning and the like of, articles to be used for the manufacture of the product (excluding those articles which are distributed widely and commonly in Japan) and which are indispensable to the solution of the problem addressed by the invention as a business, despite knowing that the invention is a patented invention and that the article is used for the working of the invention.

(iii) in the case of a patent for an invention of product, acts of possessing invented articles for assigning and the like, or exporting as a business

(iv) in the case of a patent for an invention of a process, acts of manufacturing, assigning and the like, importing, or offering for assignment and the like of, articles to be used exclusively for the working of such invention as a business.

(v) in the case of a patent for an invention of a process, acts of manufacturing, assigning and the like, importing, or offering for assigning and the like of, articles to be used for the process (excluding those articles which are distributed widely and commonly in Japan) and which

43. TOKKYO HŌ, Law No. 121 of 1959, art. 104, *translated at* <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

are indispensable to the solution of the problem addressed by the invention, despite knowing that the invention is a patented invention and that the article is used for the working of the invention as a business

(vi) in the case of a patent for an invention of a process of manufacturing product, acts of possessing articles manufactured by a invented process for assigning and the like, or exporting as a business.⁴⁴

After the amendment in 2002, a patent owner does not need to prove that the accused articles are used exclusively for the manufacture of the invented product or the invented process if he or she can prove the infringer's knowledge that the invention is patented and that the article is used for the working of the invention. The newly added provisions correspond to section 271(c) of the U.S. Patent Act.

Whether the articles are used "exclusively" for the invention generally depends on whether the alternative use of the article is economical, commercial, or practical.

B. Relief

1. Injunctive Relief

Article 100 of the Patent Law provides for an injunction against infringement and destruction of infringing articles or facilities used for the act of infringement:

(1) A patentee or exclusive licensee may require a person who is infringing or is likely to infringe the patent right or exclusive license to discontinue or refrain from such infringement.

(2) A patentee or an exclusive licensee who is acting under the preceding subsection may demand the destruction of articles by which an act of infringement was committed (including articles manufactured by an act of infringement in the case of a patented invention of a process of manufacture; the same in Article 102 (1)), the removal of the facilities used for the act of infringement, or other measures necessary to prevent the infringement.⁴⁵

44. TOKKYO HŌ, Law No. 121 of 1959, Law No. 24 of 2002, Law No. 55 of 2006, art. 101

45. TOKKYO HŌ, Law No. 121 of 1959, Law No. 51 of 1998, art. 100, *translated at* <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

2. Damages

No provision specifically provides for monetary relief in the Patent Law of Japan. Damages may be sought under article 709 of the Civil Code,⁴⁶ which provides for tort liability. Thus, as a rule, a patentee must prove (i) the intent or negligence of the infringer, (ii) causation between the act of infringement and damages, and (iii) the amount of damages.

Article 103 of the Patent Law, however, establishes a presumption of negligence:

A person who has infringed a patent right or exclusive license of another person shall be presumed to have been negligent as far as the act of infringement is concerned.⁴⁷

Also, there is no provision providing for increased damages as in section 284 of the U.S. Patent Law.

Article 102 provides a presumption for the amount of damages, a topic discussed below.

C. Preparation Before Filing

In Japan, the complaint must include: a description of the accused product, a comparison of each element of the claim with the corresponding element of the accused device, and an amount of damages (if there is a demand for damages). Thus, preparation before filing seems to be both more difficult and more important in Japan than in the U.S. Thorough review of the claim and the prosecution history and analysis of the accused product are necessary, especially under the current expedited procedures for patent litigation.

While a warning letter is not a prerequisite to a claim for damages under Japanese Patent Law,⁴⁸ which presumes negligence from the fact of infringement itself,⁴⁹ the warning letter is still important. Under article 65 of the Patent Law,⁵⁰ if a patent applicant, after the publication of the application, sends a warning letter with a written statement setting forth the claimed invention, the applicant may sue a person who has

46. MINPŌ [Civil code], art. 709.

47. TOKKYO HŌ, Law No. 121 of 1959, art. 103, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

48. Under section 29-2 of the Utility Model Law, the owner of a utility model right must give a specific notice / warning in the form of a report of a technical opinion as to the registrability of the utility model before exercising his rights against an infringer.

49. TOKKYO HŌ, Law No. 121 of 1959, art. 103, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

50. TOKKYO HŌ, Law No. 121 of 1959, Law No. 51 of 1998, art. 65, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

commercially worked the invention. The applicant may sue for the equivalent of what the applicant would be entitled to receive for working the invention if it were patented. Also, a warning letter may give the parties a good chance to settle the dispute through licensing. Furthermore, a warning letter is useful because it might elicit information on the accused infringer's defenses, which could prove useful in any future court proceeding for infringement.

On the other hand, a warning letter could prompt a declaratory-judgment action. After the *TI vs. Fujitsu* decision, an alleged infringer is able to take the initiative by asserting the invalidity of the patent in a declaratory-judgment action. Therefore, sufficient preparation before sending a warning letter is necessary to be prepared for any potential declaratory-judgment action.

A litigation team usually consists of *Bengoshi* (litigation specialists), *Benrishi* (prosecution specialists), and, preferably, technical experts. An expert could be a university professor or a company scientist.

D. Venue

The Tokyo District Court has exclusive jurisdiction over patent litigation in Eastern Japan, and the Osaka District Court has exclusive jurisdiction over patent litigation in Western Japan.⁵¹

A patentee may file a patent-infringement action in either district court where:

1. the defendant's principal office is located;
2. the defendant's infringing activity occurred (the defendant's sales office or plant is located);
3. the plaintiff's principal office is located, if damages are demanded.⁵²

If there are several defendants, the suit may be brought wherever jurisdiction can be obtained over one of the defendants.

E. Official Filing Fee

The plaintiff must pay a certain percentage of the economic value of the case as an official filing fee to the court with revenue stamps attached to the complaint. For example, if the amount in controversy is \$1,000,000 in a district court, the official filing fee will be about \$4,000,

51. MINSOHŌ, Law No. 109 of 1996, Law No. 108 of 2003, art. 6.

52. *Id.*, arts. 4 & 5.

and if the value is \$10,000,000, the filing fee will be about \$30,000.

The economic value of the case in patent litigation generally consists of the economic value of prohibiting future infringement⁵³ plus the amount of damages claimed. The official filing fee must be paid at the time of filing, so the plaintiff is required to estimate the amount of damages before filing.

The claimed amount may be increased after filing but before the end of trial if the additional official filing fee is paid.

F. Attorneys' Fees

In Japan, a lawyer's fee is calculated according to either the economic value of the claim made in the case or the amount of time spent on the case, as in the U.S.

Fees based on economic value are common in Japan. Japanese lawyers usually charge an initial retainer and a success fee for winning or achieving a favorable settlement. The retainer is calculated based on the economic value sought in the complaint, and the success fee is calculated based on the economic value actually obtained. As the amount in controversy increases, the rate of the fees will gradually decrease.

The Japan Federation of Bar Associations formerly had a standard for attorneys' fees. For example, according to this standard, if the economic value in dispute is \$1,000,000, the retaining fee would be about \$35,000, and if the value is \$10,000,000, the retaining fee would be about \$230,000. If the amount actually obtained in the case is \$1,000,000, the success fee would be about \$70,000, and if the amount is \$10,000,000, the success fee would be about \$460,000. This standard was abolished in 2004,⁵⁴ but many Japanese attorneys still estimate their fees by referring to this standard.

This standard merely provides examples, and the amount of attorneys' fees depends on each case. It is difficult to estimate the average

53. According to the standards for calculating the amount in controversy from the Intellectual Property Division of the Tokyo District Court (<http://www.courts.go.jp/tokyo/saiban/tetuzuki/ip/index.html>), the economical value in an injunctive relief case may be calculated as follows:

- (1) The amount of decrease in annual sales of the plaintiff at the time of the filing \times the plaintiff's profit rate at that time \times the remaining valid period of the patent \times 1/8;
- (2) The estimated amount of annual sales of the defendant at the time of the filing \times the defendant's profit rate at that time \times the remaining valid period of the patent \times 1/8; or
- (3) (The amount of the annual license fees \times the remaining valid period of the patent) - intermediate interests.

54. BENGOSHI H Ō [Bengoshi law], Law No. 205 of 1949, Law No. 128 of 2003, art. 33, para. 2, art. 46, para.2.

amount of attorneys' fees, but roughly speaking, in small- to middle-sized patent litigations, total attorneys' fees would be less than 50 million yen (\$420,000), and in large-sized patent litigations, it could be more than 50 million yen. However, fees are unlikely to be several hundred million yen. Generally speaking, the cost of lawyers seems to be much less in Japan than in the U.S., even when billing is based on a time-charge basis. This is because there is no thorough discovery procedure in Japan like the one in the U.S.

G. The Complaint

The complaint consists of two primary parts: the gist of claim (*Seikyū no Syushi*) and the statement of claim (*Seikyū no Gen-in*).⁵⁵

1. The Gist of Claim (*Seikyū no Syushi*)

A gist of claim specifies the requested relief. A typical example of the gist of claim in patent-infringement litigation is as follows:

The plaintiff seeks the following judgment and provisional execution of the judgment:

1. The defendant shall not manufacture or sell the instruments described in the attached sheet (*Bukken Mokuroku*).
2. The defendant shall destroy the instruments and half-finished instruments.
3. The defendant shall pay the plaintiff the amount of . . . yen with 5% interest thereon from the date of delivery of the complaint to the defendant to the day of completion of the payment.
4. The costs of the action shall be charged to the defendant.

2. The Statement of Claim (*Seikyū no Gen-in*)

A statement of claim specifies the facts of infringement, the legal grounds for the requested relief, and the grounds for calculation of damages. It must be fairly detailed and not general as in the U.S. A typical statement of claim in a patent-infringement case includes the following:

- a. Description of the patent such as the title of the invention, registra-

55. MINSOH, Law No. 109 of 1996, art. 133, para. 2.

tion number, date of registration, filing number, and date.

b. Summary of the invention including the purpose and background of the invention, construction of the invention, and action and effect of the invention.

c. Specification of the accused product or process with drawings (*Bukken Mokuroku*) to make it possible to compare the elements of the claim with the accused product or process.

d. A comparison of each element of the claim with the corresponding element of the accused device or process.

e. The amount of damages (if there is a demand for damages) and grounds for the calculation of the amount of damages.

These facts must be supported by relevant evidence.

3. The Specification of the Accused Product or Process (*Bukken Mokuroku*)

The *Bukken Mokuroku* is usually attached to the complaint and will be attached to the judgment if the plaintiff prevails. It may be changed until the defendant consents to it.

Often-stated reasons why the specification of the accused device is required are:

a. to specify the subject matter of the action;

b. to make it possible to compare the claim of the patent with the accused device in deciding whether the device infringes the patent;

c. to specify the object to be enjoined, seized, and destroyed at the time of compulsory execution.

Specifying the accused product or process is not an easy task. The requirement makes it difficult to file a patent-infringement suit in Japan, as Japan requires much more detail than the U.S. Also, since it has been the general practice to discuss the infringement issue after reaching an agreement about the specification, the difficulty of specifying the accused device is one of the main reasons for delays in patent litigation in Japan.

The traditional practice, however, has recently been changing.⁵⁶ When it is difficult to reach an agreement about the specification of the accused device, arguments related to the infringement issue may be made before reaching agreement. In addition, the accused device - the object of an injunction (*Bukken Mokuroku*) - may be specified by trade name and model number, while the detailed description traditionally described in *Bukken Mokuroku* must be stated in the statement of claim (*Seikyū no Gen-in*) to allege infringement.

H. Service of Process

In Japan, service of process is conducted by the court.⁵⁷ Service made directly by the plaintiff, as is the procedure in the U.S., is not considered valid. After receiving the complaint and examining the formalities, the court clerk sends a copy of the complaint, evidence, and other documents submitted by the plaintiff, with the writ of summons, to the defendant.

When the defendant is a foreign individual or company, the judge presiding over the case will request that the competent government agency or Japanese ambassador or consul in the foreign country perform the service of process⁵⁸ under the provisions of any applicable bilateral treaty such as the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters or the Hague Convention on Civil Procedure. In such a case, the service of process could take six months or longer.

I. Trial

1. Trial in Japan

As mentioned above, Japan has no jury trial or thorough discovery procedures like those in the U.S. There are no clearly devised steps, and the entire procedure is presided over by judges. The trial is not concentrated into one day or a few consecutive days as in most U.S. trials. Instead, a series of hearings (*Koutou Benron*) or preliminary hearings

56. Ryoichi Mimura, judge of the IP High Court, mentions the current practice about the specification of the accused device in a discussion meeting concerning intellectual property disputes, *Zadankai, Kigyō Kan No Chitekizaisanken Hunsō To Sono Kaiketsu* [Discussion Meeting, Disputes Related To Intellectual Property Between Companies And The Resolution], in HANREI TAIMUZU No. 1051, 34-37 (Apr. 1, 2000).

57. MINSOHŌ, Law No. 109 of 1996, art. 108.

58. *Id.*

(*Benron Junbi*) are usually held at approximately one-month intervals until the end of deliberation. Each party usually submits a brief and evidence at each hearing.

2. Formal Hearing (*Koutou Benron*)

In Japan, the first formal hearing is usually held within one to two months after service of the summons and a copy of the complaint to the defendant. After that, a series of preliminary hearings are usually held. Formal hearings must be held in an open courtroom. In the hearings, briefs or evidence are submitted, and judges inquire into the issues and sometimes hear oral argument from the attorneys. The hearings often take only five to ten minutes. Upon request by a party, the courts may conduct an examination of witnesses.

Before rendering judgment, the court holds a final hearing and declares the end of the deliberation.

3. Preliminary Hearing (*Benron Junbi*)

Preliminary hearings are often held to plan the schedule of the proceedings and to clarify and discuss the issues in the cases.

Preliminary hearings are conducted in a relaxed manner in a small conference room, and judges do not wear their robes. Briefs and documentary evidence may be submitted at the hearing. Preliminary hearings are generally not open to the public, but the judge may allow concerned persons to attend, such as an inventor or technical personnel from the intellectual-property departments or laboratories of the parties.⁵⁹ In these hearings, more substantial discussion will occur than in normal hearings. Attorneys (*Bengoshi*) of the patentee, assisted by *Benrishi* or technical personnel, explain the invention or prior art to the judges by showing pictures or samples of products. Preliminary hearings are important opportunities to educate judges on the technology related to the patent.

When the judge decides that the issues have been sufficiently presented and argued, the preliminary hearing will be closed and the result must be presented at a normal hearing.⁶⁰

4. The Brief (*Junbi Shomen*)

As discussed, briefs are submitted by each party in hearings or preliminary hearings. The majority of a party's arguments are made in the

59. *Id.*, art. 169, para. 2.

60. *Id.*, art. 173.

briefs. In Japan, there is no restriction on the number of briefs or pages of each brief. The exchange of briefs ends when the judge decides that the issues have been fully argued and the parties agree.

5. Why Has the Procedure Become So Fast?

As stated above in Part II, the average deliberation period has recently been shortened significantly.

One of the biggest reasons for this change is the shift in the consciousness of legal professionals, especially judges. In recent cases, judges and parties have usually agreed that the deliberation of each issue should be finished within a fixed period of time. The parties typically follow these agreements. This trial planning (*Keikaku Shinri*) is based on judges' presiding power (*Sosyō Shiki*).

Also, there has been a noticeable increase in the number of judges and attorneys specializing in intellectual-property law.⁶¹

In addition, both recent legislative changes that expanded measures for collecting evidence and practical changes about the specification of the accused device may have contributed to the increased speed of the litigation procedure.

J. Proving Infringement

1. Evidence in Patent Litigations

In Japanese civil litigation, there are no rules of evidence comparable to hearsay or the settlement exception in the U.S., and almost all types of evidence are permissible under the broad discretion of the judge.

Typical evidence in a patent-infringement suit includes the following:

- a. patent specification;
- b. file history of the patent at issue;
- c. prior art;
- d. literature that clarifies the meaning of the words used in the claim or the specification, or the level of skill in the relevant art;

61. The number of judges in IP divisions is 18 in the Tokyo District Court (4 divisions), 6 in the Osaka District Court (1 division), and 18 in the IP High Court (4 divisions) as of April 2006.

- e. experimental reports conducted by the parties or other organizations;
- f. expert's opinion; and
- g. warning letters and responses.

Most evidence is documentary, and oral examination of experts is rarely conducted in Japan, especially in patent litigations.

2. Collecting Information and Protecting Secret Information

As stated above, plaintiffs have the burden of specifying the accused products or processes to establish infringement of their patents, even though under recent practice they may not need to specify the accused products or processes in *Bukken Mokuroku*. Since there are no thorough discovery procedures in Japan, the burden of establishing the requisite proof is quite heavy for the plaintiff.

Recently, however, some provisions of the Code of Civil Procedure and the Patent Law have been amended to add additional measures for collecting information.

a. Denial of the Allegation with Reason (*Sekkyoku Hinin*)

Article 104-2 of the Patent Law, amended in 1999,⁶² provides that when the defendant denies the plaintiff's description of the accused product or process, the defendant must clarify the relevant product or process in a concrete manner. For example, if the defendant manufactures or sells products different from those described by the plaintiff, the defendant must state "the products the defendant manufactures and/or sells do not have the characteristics XXX described by the plaintiff, but have the characteristics YYY." This provision shifts the burden of specifying the accused product or process from the plaintiff to defendant once the plaintiff describes the accused product or device in a concrete manner.

The defendant, however, does not have a duty to disclose his trade secrets. In addition, there is no sanction for breaching this article, but the judge may take it into account in connection with the entire tenor of the hearing (*Benron no Zen Syushi*).⁶³

62. TOKYO HÔ, Law No. 41 of 1999, Law No. 24 of 2002, art. 104-2 translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

63. In Japan, judges may take into account the all things appearing anything occurring in hearings, such as the attitudes of parties or attorneys, or the timing of the claim or production of

b. Party Inquiries (*Tōjisha Shōkai*)

Article 163 of the Code of Civil Procedure,⁶⁴ amended in 1996, provides that a party, without the involvement of the court, may request that the other party produce information needed to prepare for its claim or prove the claim in writing.

The other party has a duty to answer, but there is no sanction for rejecting the request or delaying the response. This is contrasted with interrogatories in the U.S., where courts can participate in resolving disputes between parties and order parties to answer questions. Where there is a rejection or delay, the requesting party may file a motion to order the production of documents (*Bunsho Teisyutsu Meirei*) (described below).

Again, the party requested to answer need not disclose any trade secrets.

c. Orders to Produce Documents (*Bunsho Teisyutsu Meirei*)

Article 105(1) of the 1999 Patent Law⁶⁵ provides that, at the request of a party, the court may order the opposing party to produce documents necessary to prove infringement or to assess damages caused by the infringement, provided that the opposing party does not have a legitimate reason for refusing to produce them. The court may decide whether the opposing party has a legitimate reason for its refusal through an in-camera procedure.

The court may order a party to produce only the necessary part of the document.⁶⁶

If the court's order is ignored and it is remarkably difficult for the other party both to allege concrete facts relating to the contents of the document and to prove the facts contained in the document by other evidence, the court may then assume that the plaintiff's assertions are true.⁶⁷

d. Expert Opinions

In Japan, there are no depositions before trial like those in the U.S. discovery system. In patent-infringement litigation in Japan, because there are no strict rules of evidence similar to hearsay, examination of an

evidence into account in deciding the facts.

64. MINSOHŌ, Law No. 109 of 1996, art. 163.

65. TOKKYO HŌ, Law No. 121 of 1959, Law No. 41 of 1999, art. 105, para. 1, *translated at* <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

66. MINSOHŌ, Law No. 109 of 1996, art. 223, para. 1.

67. *Id.* art. 224, para. 3.

expert in the courtroom is rarely conducted, and instead a written expert opinion is usually produced.

According to article 105-2 of the 1999 Patent Law,⁶⁸ if the court orders preparation of an expert opinion on the proof of damages caused by the infringement, the other party must provide the expert with the necessary information to enable the expert to give an opinion. If the information includes trade secrets, the other party may refuse to disclose those secrets.

e. Inspections (*Kenshō*)

If a process patent is at issue and the parties appear unlikely to agree on the accused process, the court may conduct an inspection at the defendant's factory, provided that there is no legitimate reason for refusing the inspection. The court may decide whether the defending party has a legitimate reason for its refusal through an in-camera procedure.⁶⁹

If the court's order is ignored—and it is remarkably difficult for the other party both to allege concrete facts relating to the object to be inspected and to prove the facts contained in the object by other evidence—the court may assume that the plaintiff's assertions are true.⁷⁰

f. In-Camera Procedure

As stated above, if there is a legitimate reason, a party may refuse to produce documents or consent to inspection, and the court may decide the legitimacy of the party's reason for the refusal through an in-camera procedure.

The party who has the documents has the burden of proving a "legitimate reason." The requirement of "legitimate reason" under article 105(1) of the 1999 Patent Law⁷¹ is not satisfied by the mere fact that the documents or objects include trade secrets.⁷² To decide whether there is a "legitimate reason," a court generally weighs the disadvantages the

68. TOKYO HŌ, Law No. 41 of 1999, art. 105-2, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation)

69. *Id.* art. 105, para. 2.

70. MINSOHŌ, Law No. 109 of 1996, art. 232, para. 1.

71. TOKYO HŌ, Law No. 41 of 1999, art. 105, para.1, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation)

72. Under article 220 of the Code of Civil Procedure, if the document includes trade secrets, the owner of the document does not have a duty to produce the document. Article 105 of the Patent Law, however, is construed as a special law of the article 220 of the Code of Civil Procedure. Thus the Patent Law rule providing for the production of documents supercedes that of the Code of Civil Procedure because the necessity to collect secret information is considered higher in patent litigation.

owner of the documents would suffer from the disclosure of the information against the disadvantages the parties in the case would suffer from nondisclosure of the information.⁷³ The court may also ask for the opinion of the owner of the documents.

As a practical matter, if the court finds that the accused device differs from the claimed device through the in-camera procedure, the court will probably deny the order. The court does not have to show a reason for the denial. Often the plaintiff is dissatisfied with the denial because of the lack of an opportunity to be involved in the decision. In response, the court may order the party to produce only the portion of the allegedly infringing device that differs from an element of the claim so that the plaintiff can understand why the accused device is not covered by the claim. Furthermore, the court can permit selected persons such as plaintiff's attorneys or assistants to have access to the information on the condition that they keep it secret.⁷⁴

On the other hand, if the accused device is within the scope of the claim, the court will probably order the defendant to produce the document because such information is related to the infringing device and is not legally protectable.⁷⁵

Generally speaking, judges do not favor the production of documents related to the infringing device or processes, but they are more inclined to require the production of documents for calculation of damages because such production occurs after the judge has already decided that the defendant infringes the patent.

g. Restriction of Public Inspection or Copying of Documents Submitted to the Court (*Etsuran Seigen*)

Should the record include any trade secrets, Article 92 of the New Code of Civil Procedure⁷⁶ provides that the court may limit the persons who have access to the records in the case. This provision, however, does not restrict persons who are parties in the case from access to the documents of specific party members. Thus, once the secret information was produced as evidence, there has been no way to prevent the other

73. Yasukazu Irino & Naoyoshi Takiguchi, Tokkyo Hō Tou No Ichibu Wo Kaisei Suru Houritsu [Amendment of the Part of the Patent Law], in *JURIST*, No. 1162, 38 (Sep. 1, 1999).

74. Judge Toshiaki Iimura Toshiaki, Tokyo Chisai Ni Okeru Chitekizaisan-ken Shingai Soshō No Shinri No Jitsujō Ni Tuite [Current Litigation Practice for Intellectual Property Right Infringement Cases at the Tokyo District Court], in *MINJIHŌ-JOHŌ* [Civil Law Information], No. 182 (Nov. 10, 2001), 34.

75. Yasuhisa Tanaka, Korekara No Tokkyo Shingai Soshō Tetsuzuki No Kadai (4) [Problems in Future Patent Infringement Litigation Procedure (4)], in *NBL*, No. 692, 44 (Jul. 1, 2000).

76. *MINSOHŌ*, Law No. 109 of 1996, art. 92.

party from disclosing the trade secrets. Therefore, provisions for protective orders have been introduced in a recent amendment.

h. Protective Order (*Himitsu Hoji Meirei*)

Article 105-4 of the Patent Law introduced in 2004⁷⁷ (hereinafter, 2004 Patent Law) provides that, in patent litigation, if trade secrets possessed by a party are included in the briefs or evidence and it is necessary to restrict the use or disclosure of the trade secrets to avoid interference with the party's business based on the trade secrets, the court may, upon a request the party, order that the parties, attorneys, or assistants shall neither use the trade secrets for any purpose other than those for the proceedings of the litigation nor disclose the trade secret to any person other than those who receive the order under this article.

A person who violates the order shall be punished by imprisonment for a term not exceeding five years or a fine not exceeding 5,000,000 yen or a combination thereof.⁷⁸

It is expected that the defendant will voluntarily produce evidence that contains trade secrets without the need for an order to produce documents, described above.

i. Suspension of Open Examination of Parties (*Koukai Teishi*)

Article 105-7 of the 2004 Patent Law⁷⁹ provides that, when a party (including a party's directors and employees) is to be examined with regard to trade secrets that will be a basis for determining infringement, the court may conduct closed examinations with unanimous consent of all judges if the court finds that the party will be unable to make a sufficient statement because of significant interference with the party's business and the statement is very important to decide the case.

77. TOKKYO HŌ, Law No. 120 of 2004, Law No. 75 of 2005, art. 105-4, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

78. *Id.* art. 200-2.

79. TOKKYO HŌ, Law No. 120 of 2004, art. 105-7, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

K. Judgment

When the court decides that the issues and arguments are sufficiently developed, it will declare the close of the hearings. Several weeks to months later, it will render a judgment.

If damages are sought, the court, after finishing the hearings for infringement related issues, decides whether hearings for calculating the amount of damages should be held. If the court concludes that there is no infringement, the hearings will close and the claim will be dismissed by a final judgment. But if the court concludes that the defendant infringes the patent, the hearings will be continued and damage-related issues will be discussed. Therefore, the parties can be informed of the judge's decision about infringement issues before the final judgment. After the issues regarding damages are fully discussed, the judges will close the hearings and render a final judgment.

L. Settlements

Judges generally take active roles in suggesting the possibility or the terms of a settlement at any stage between filing and the final judgment. When the judges decide that settlement is appropriate in the case and both parties agree, meetings about settlement are held. The judges usually have an opportunity to talk with each party individually, and they sometimes disclose their feelings about the issues in the case (*Shinshō Kaiji*). Settlements usually lead to monetary compensation, which could be significant. Even in a one-sided case, parties may reach settlement. Thus, settlements play very important roles in Japanese patent litigation.

Settlement can be either in court or out of court. Out-of-court settlement is usually made by the parties without the involvement of the court. If one party breaks the agreement, a separate lawsuit on the settlement agreement will often ensue. On the contrary, an in-court settlement that satisfies formal requirements and is recorded in an official court record is enforceable without filing a separate lawsuit.

If the parties do not reach an agreement, the hearing will resume.

VI. INFRINGEMENT ANALYSIS IN JAPAN

A. Infringement Analysis

In Japan, as in the U.S., infringement analysis basically has two steps.

First, the scope of the claim should be construed. Next, it should be determined whether the accused product or process is within the scope of the claim. Since there is no jury system in Japan, judges decide whether an accused product or process is within the scope of the claim.

B. Technical Scope of Patented Invention (Literal Infringement)

1. Statutory Provision

Article 70 of the Patent Law⁸⁰ provides for the scope of invention:

(1) The technical scope of a patented invention shall be determined on the basis of the statements of the patent claim(s) in the specification attached to the application.

(2) In the case of the preceding subsection, the meaning of each term of the patent claim(s) shall be interpreted in the light of the statements in the specification and the drawings attached to the application.

Thus, the scope of the claim is determined from the statements of the claim and the specification, including the purpose of the invention, the action and effect, the embodiments, and the drawings. In addition, the prosecution history or prior art is usually considered in construing the claim. Although establishing a rule about how the specifications or drawings should be considered is difficult, the following rules have generally been recognized:⁸¹

1. An invention described in the specification but not in the claim does not establish the scope of the patented invention.

2. The scope of the patented invention is not limited to the embodiments described in the specification.

80. TOKYO HŌ, Law No. 121 of 1959, Law No. 24 of 2002, art. 70, *translated at* <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

81. Judge Yoshiyuki Mori, Tokkyo Hatsumeï No Gijutsuteki Hani No Kakutei [Decision of The Scope of The Patented Invention], *in* SHIN SAIBAN JITSUMU TAIKEI 4: CHITEKI ZAISAN KANKEI SOSYŌ HŌ, 162-163 (Dec. 10, 2001).

3. An accused device that does not have the action and effect described in the specification is not within the scope of the patented invention, even though the accused device possesses all elements of the claim.
4. When the statement of the claim is comprehensive and broader than the statement of the specification, the scope of the patented invention could be limited to the scope that is based on the specification and described in such a way that a person skilled in the art can carry it out.
5. In the case of means-plus-function claims, the scope of the patented invention should be determined based on the technical ideas disclosed in the embodiments in the specification, but is not necessarily limited to the embodiments. The patented invention can include other compositions stated in the specification and not just the embodiments as long as those skilled in the art can reduce them to practice.⁸²

2. Prosecution History

When a patentee limits the claim or states the intention to limit the claim through the prosecution history, the patentee may not be permitted to assert an interpretation of the claim inconsistent with the prosecution history. A patentee's limiting acts are typically responses to an examiner's rejection based on the prior art, including amendments and written opinions.

a. Amendments

The technical scope described in the specification of a patent where the claims have been amended is not different from the scope interpreted under the prosecution history, so there are few problems as far as literal infringement is concerned.

b. Written Opinions

Situations involving written opinions can best be described by separately examining (1) situations where the opinion affected the issuance of the patent and (2) situations where it did not. In the former case, it is undisputed that the patentee may not make an argument inconsistent with the written opinion.⁸³ In the latter case, the prosecution history may

82. Sankyo Seiki Seisakujo Corp. v. Tamura Denki Seisakujo Corp., H-8(wa)22124 (Tokyo Dist. Ct., Dec. 22, 1998), HANREI JIHŌ, No. 1674, 152.

83. Tōkō Yakuhin Kogyo Corp. v. Taisho Seiyaku Corp., H-7(wa)23005 (Tokyo Dist. Ct.,

be considered in construing the claim. However, some still argue that the prosecution history should be considered only when the claim language is vague.

3. Prior Art

The prior art in existence at the time of filing may limit the technical scope of the patented invention. For example, when some embodiments having claimed elements are publicly known but others are not, the court may construe the technical scope of the patent narrowly so that it does not include the publicly known embodiments. An accused infringer often relies on the prior art to assert that the scope of the claim should be interpreted more narrowly so that the accused device can be excluded from the scope of the claim.

C. Doctrine of Equivalents

The Supreme Court of Japan, on February 24, 1988, noted the following five requirements for the application of the doctrine of equivalents:

1. The feature of the claim that is different from that of the accused device is not an essential part of the invention;
2. Even if the feature of the claim is replaced by that of the accused device, the invention can achieve the same purpose, and have the same function and result, as the claimed invention;
3. The replacement was easily conceivable for a person skilled in the art at the time of the infringement;
4. The accused device was neither identical to the publicly known art at the date of the patent application nor easily conceivable for a person skilled in the art at that time; and
5. There are no special circumstances such as an intended exclusion of the accused device from the scope of the claim in the prosecution history.⁸⁴

In patent infringement litigation, the plaintiff must assert and prove requirements (1), (2), and (3), and the defendant may assert the nonexis-

Nov. 28, 1997), HANREI JIHŌ, No.1634, 132.

84. Tsubakimoto Seiko Corp. v. THK Corp., H-6(o)1083(Sup. Ct., Feb. 24, 1998), MINSYU, vol. 52, No. 1, 113.

tence of requirements (4) or (5) as an affirmative defense.⁸⁵ The relevant time period the court considers during its analysis of the requirements is the time of infringement.

These requirements seem similar to those in the U.S. Requirements (1) and (2) work as tests similar to the “function-way-result” test⁸⁶ or “insubstantial differences” test.⁸⁷ Requirement (3) corresponds to the “known interchangeability” test⁸⁸ in the U.S. Requirement (4) involves a concept similar to “hypothetical claims.”⁸⁹ One of the typical examples of “special circumstances” in requirement (5) is prosecution-history estoppel.

Although the Japanese courts have not specifically discussed the scope of, or burden of proof for, prosecution-history estoppel as has been done in the U.S., the Supreme Court of Japan discussed two situations where prosecution-history estoppel may be applied.⁹⁰ The first is where a patentee admits that specific terms are outside the scope of the claim, and the second is where a patentee acts as if he admitted that specific terms are outside the scope of the claim regardless of actual intention. In recent decisions, Japanese courts seem to frequently rely on the “essential part” test to reject the patentee’s request to apply the doctrine of equivalents. To determine the “essential part” of a claim, Japanese courts often analyze arguments during prosecution history, so it might be said that in Japan, the “essential part” test plays a more important role to limit the application of the doctrine of equivalents than does the doctrine of prosecution-history estoppel.

85. *Koken Corp., v. Tatsumi Ryoki Corp.*, H-3(wa)10687 (Tokyo Dist. Ct., Oct. 7, 1998), HANREI JIHŌ, No. 1657, 122.

86. *See, e.g., Read Corp. v. Portec, Inc.*, 970 F.2d 816, 822 (Fed. Cir. 1992) *abrogated on other grounds by Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 975 (Fed. Cir. 1995); *Vehicular Techs. Corp. v. Titan Wheel Int’l, Inc.*, 141 F.3d 1084, 1089 (Fed. Cir. 1998).

87. *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512, 1528 (Fed. Cir. 1995).

88. *See, e.g., Multiform Desiccants Inc. v. Medzam Ltd.*, 133 F.3d 1473, 1480-81 (Fed. Cir. 1998); *Sofamor Danek Group, Inc. v. DePuy-Motech, Inc.*, 74 F.3d 1216, 1222 (Fed. Cir. 1996).

89. *Wilson Sporting Goods Co. v. David Geoffrey & Assoc.*, 904 F.2d 677, 684 (Fed. Cir. 1990).

90. *Tsubakimoto Seiko Corp.*, MINSYŪ, vol. 52, No. 1, 113.

VII. MAIN DEFENSES TO INFRINGEMENT

The following are the primary defenses to patent infringement in Japan.

A. Noninfringement

The noninfringement defense is the main defense in Japanese patent-infringement litigation, and attorneys usually focus most of their effort on it. This defense involves one of two arguments: (1) that the defendant is not manufacturing or selling the product or using the process described by the plaintiff, or (2) that the accused product or process does not fall within the technical scope of the patented invention.

The burden of proving infringement falls on the plaintiff. As stated above, under article 104-2 of the 1999 Patent Law, when the defendant denies that the accused device infringes as claimed by the plaintiff, he must clarify his relevant act in a concrete manner. Where the defendant denies the accuracy of the description of the accused product or process clarifying his relevant act, the plaintiff must prove that the defendant is manufacturing or selling the product or using the process described by the plaintiff.

The issue of whether the accused product or process falls within the technical scope of the patented invention is usually addressed after the accused device is identified, though the traditional practice has been recently changing.⁹¹ As mentioned above, the defendant often relies on prior art in asserting that the scope of the claim should be interpreted narrowly so that the accused device can be excluded from the scope of the claim. For this defense, the defendant may request that the JPO interpret the technical scope of a patented invention (*Hantei*).⁹² Although this is an official expert opinion of the JPO, it does not bind the courts legally.

B. Prior Use

Under article 79 of the Patent Law,⁹³ a nonexclusive license is given to a person who, without knowledge of an invention claimed in a

91. Judge Mimura, *supra* note 56, at 34-37.

92. TOKYO HŌ, Law No. 121 of 1959, art. 71, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

93. *Id.*, at art. 79.

patent application, has made the invention by himself or learned the invention from another person who has made the invention, and has been commercially working the invention or has been making preparations to do so in Japan at the time of filing of the patent application. This right is limited to the scope of activities that have been carried out or for which preparations have been made. The right is also limited to the purpose of such working or such preparations.

If the defendant fails to prove the prior-use right, the defendant's act will inevitably be considered as an infringement of the patent.

C. Invalidity of the Patent

1. TI v. Fujitsu Decision

The validity of patents is typically decided by the JPO, and courts primarily focus on both the interpretation of claims and the issue of whether the accused device is covered by the claims. However, on April 11, 2000, the Supreme Court of Japan held that courts presiding over infringement actions may decide whether it is clear that a patent is invalid. If it is clear that the patent is invalid, the court will not grant an injunction. Damages are not allowed unless there are special circumstances.⁹⁴ The decision refers to the situation where a trial for correction of a claim is pending at the JPO as one of the special circumstances.

2. After TI v. Fujitsu Decision

After the *TI v. Fujitsu* decision, patent invalidity has become one of the major defenses in patent litigation, and, in 2004 a new provision was introduced following the *TI v. Fujitsu* decision.⁹⁵ The new article provides that, in patent litigation, a patentee cannot enforce the patent right, if the patent is found to be invalid in an action for invalidation at the JPO.

The causes of invalidity that can be decided in the courts include obviousness and lack of novelty, and the courts have been finding patents invalid fairly often. Patentees lost in about 80% of the infringement suits in the Tokyo and Osaka District Courts from April 2000 to 2005, and invalidity was the ground in more than 30% of them. The validity issue was addressed in more than 50% of the cases in Tokyo and Osaka

94. *Texas Instruments*, MINSYŪ, vol. 54, No. 4, 1368.

95. TOKKYO HŌ, Law No. 120 of 2004, art. 104-3, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

District Courts from April 2000 to 2005, and the patent was found invalid in about 40% of these cases.⁹⁶

3. Relationship Between a Court's Decision in an Infringement Case and the JPO's Decision

A court's decision on the validity of a patent could differ from the JPO's decision on the same patent. If the JPO's decision of patent invalidity is issued after the court decides that the patent is valid, the accused infringer could seek a remedy because a cause for retrial is present in the original infringement case.⁹⁷ But if the JPO's decision that a patent is valid is issued after the court decides that the patent is invalid, the patentee most likely could not seek any further remedies.⁹⁸

To avoid inconsistent decisions between the court and the JPO, article 168 of the Patent Law - amended in 1999, 2003, and 2004 - provides: that the infringement court shall notify the Director General of the JPO about the filing and completion of patent infringement suits; that the Director General of the JPO who has received a notice from the court shall notify the court about filing of any action for invalidation of the patent and any decision in such an action; and that the Director General of the JPO may request the court to deliver a copy of the record of the infringement suit.

D. Working for the Purpose of Experiment or Research

Under article 69 of the Patent Law, the exclusive patent right does not extend to working the patent for the purpose of experiment or research. This "experiment or research" includes investigation of the invalidity of the patent, examination of the enablement of the invention, and experimentation for the purpose of improvement or development of the patent. This, however, does not include market research.⁹⁹

96. Hirokazu Honda, *A Double Track Invalidity Defense & Section 104ter of JP Patent Law*, Prepared for the AIPLA IP Practice in Japan Committee Meeting (January 23, 2007).

97. Article 338, I(8) of the Code of Civil Procedure provides that if a judgment is based on an administrative action and the action is changed after the judgment, the parties could have a cause of retrial.

98. Judge Imura, *supra* note 74, at 36.

99. JAPANESE PATENT OFFICE, KOGYO SHOYUKEN HŌ CHIKUJOU KAISETSU (DAI 14 PAN) [Industrial Property Law Article by Article Analysis (No. 14)], 193.

E. Other Defenses

Other defenses such as inequitable conduct and patent misuse, which are permissible in the U.S., are not allowed in Japan.

VIII. HOW TO CALCULATE THE AMOUNT OF DAMAGES

A. Computing Damages

There are three ways to compute damages in patent-infringement litigation under the Patent Law of Japan. The first is based on the number of infringing products and the patentee's profit; the second, on the infringer's profit; and the third, on the license royalty. Punitive damages are not available in Japan.

1. Lost Profit Based on the Number of Infringing Products

Under article 102(1) of the Patent Law, amended in 1998,¹⁰⁰ the amount of damages may be determined by multiplying the number of infringing products sold by the profit per unit the plaintiff would have earned without the infringing activities within a limit not exceeding an exercising ability of the patentee. If, however, a circumstance prevented the patentee from selling part or all of the infringing products, a sum equivalent to the amount subject to that circumstance will be deducted. The burden to prove the existence of the circumstance is on the infringer.

In the recent *Pachinko* (slot machine) patent case,¹⁰¹ the Tokyo District Court awarded a patentee 7.4 billion yen (\$60 million), the highest amount of damages ever in Japanese patent litigation, based on article 102(1) of the 1998 Patent Law. The court held that "exercising ability" under article 102(1) refers only to potential capabilities. The court also held that the profit "the plaintiff would have earned without the infringing activities" means the average profit during the period in which the sale of the patentee's products would be affected by the infringing activities. Further, the court showed that "profit" means marginal profit, or sales minus variable cost, and that "any circumstance that prevents the patentee from selling part or whole of the sold products" does not in-

100. TOKKYO HŌ, Law No. 51 of 1998, art. 102, para. 1, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

101. *Aruze Corp.*, HANREI JIHŌ No.1803, 78.

clude the infringer's commercial efforts or the existence of noninfringing substitutes.¹⁰²

The IP High Court recently held, however, that "any circumstance" include the existence of noninfringing substitutes, the infringer's commercial efforts, brand and sales power, characteristics of the infringing products motivating customers to purchase the products, and price of the infringing products¹⁰³

2. Lost Profit Presumed by Infringer's Profits

Under article 102(2) of the 1998 Patent Law, the amount of damages is presumed to be equal to the profits gained by the infringer through the infringement. However, it is often difficult to prove the infringer's profit. To overcome this problem, article 102(1) of the 1998 Patent Law was added.

3. License Royalties

Before the amendment in 1998, the former article 102(2) of the Patent Law had provided that:

A patentee may claim an amount of money which he would *normally* be entitled to receive for the working of the patented invention, as the amount of damage suffered by a patentee.¹⁰⁴

This provision was revised to the current article 102(3) by deleting "normally." Under the former provision, the calculated amount of money (license royalty) had often been based on the license royalty the patentee received from the third party or the average royalty in the industry. This did not take into account the concrete technical value of the patented invention, the business relationship between the parties, and the profit gained by the infringer. Under the new provision, courts can consider these real-world factors.

For example, in a hinge-related patent case, the Tokyo District Court awarded damages equaling 10% of the infringer's sales, a fairly high rate.¹⁰⁵

102. This court held that the existence of noninfringing substitutes (one of the elements of the *Panduit* test in the U.S.) should not be considered.

103. *Toshiba Tec Corp. v. Family Corp.*, H-17(ne)10047(IP High Ct., Sep. 25, 2006), available at <http://www.courts.go.jp/hanrei/pdf/20060926142643.pdf>

104. TOKKYO HŌ, Law No. 121 of 1959, art. 102, para. 2, translated at <http://www.cas.go.jp/jp/seisaku/hourei/data/PA.pdf> (Cabinet Secretariat) (unofficial translation).

105. *Julius Blum GmbH v. Ota Seisakujo Corp.*, H-9(wa)No.19789 (Tokyo Dist. Ct., July 18, 2000), available at

B. Expert Opinions

As stated in Part V, under article 105-2 of the 1999 Patent Law, upon request from a party, a court may appoint an expert for the calculation of the amount of damages. Both parties are required to provide the expert with the necessary information to enable the expert to give an opinion.

C. Award of Reasonable Damages

A court, under article 105-3 of the 1999 Patent Law, may determine the reasonable amount of damages at its discretion. If the patentee shows the presence of damages but cannot prove the damage amount because of the nature of the case, the court bases its decision on the entire tenor of the oral proceedings and its examination of evidence. This provision is expected to provide patentees with appropriate compensation when it is difficult to prove the amount of damages.

IX. PROVISIONAL INJUNCTIONS (*KARISHOBUN*)

A. Requirements

As in the U.S., filing a preliminary (provisional) injunction (*Karishobun*) is a very popular tool in patent-infringement litigation in Japan. Entitlement to a provisional injunction is determined in a separate proceeding from the main patent infringement action. Requirements for a provisional injunction are:

1. Infringement; and
2. Necessity of temporary relief.

In determining the necessity of temporary relief, the damages the patentee would suffer without the injunction are compared with the disadvantages the accused infringer would suffer due to the issuance of the provisional injunction.

B. Procedure

Because the effect of the injunction is usually significant, the issues in the injunction proceeding are scrutinized as closely as in the main suit. The procedure for an injunction is similar to the main suit except

for the absence of any examination of witnesses or any deliberation concerning the amount of damages. Also, the main suit itself has become a very fast procedure, so it seems difficult to further shorten the examination of the preliminary-injunction motion. Thus, the pendency of patent-related, provisional-injunction proceedings is not much shorter than that of main suits. However, provisional-injunction proceedings are still useful because a patentee can stop infringement immediately after the preliminary-injunction order. In a main suit, a patentee cannot execute the decision if the defendant appeals to the high court and a suspension of execution is granted.

The proper court for filing a provisional injunction is the court where the main suit would be later heard: the Tokyo or Osaka District Court.¹⁰⁶ The official filing fee is uniformly 1,500 yen (about \$12).

The dispute is often settled through this provisional-injunction procedure. Hearings are not open to the public and are conducted informally by a single judge of a three-judge panel in a conference room every three to five weeks. The burden of proof is slightly less than in the main suit, and the evidence submitted to the court is almost the same as in the main suit except that there is no examination of witnesses. The patentee can assert the same defenses in the provisional-injunction procedure as in the main suit.

When the court decides to grant an injunction, it notifies the plaintiff before the issuance of the provisional injunction order and determines the amount of bond. This is done as a precaution, so that the damages that may be incurred by the accused infringer may be reimbursed if the decision is found to be erroneous. The amount of bond is decided by the judge at his discretion considering various factors, including the probability of success in the main case and the amount of annual sales of the accused devices by the accused infringer.

As previously noted, after the issuance of a provisional injunction order, the patentee can execute the decision immediately. In that sense, preliminary-injunction orders often can have greater importance than main suits.

106. MINJI HOZENHŌ [Civil securement Law], Law No. 91 of 1989, art. 12.

X. CONCLUSION

While recent legislative and practical changes in Japanese patent-infringement litigation seem to have lessened the differences between patent-infringement litigation in the U.S. and Japan, there remain some significant differences. These include:

1. In Japan, only specialized divisions or judges—with the assistance of technical experts such as *Saibansho Chōsa-kan* or *Senmon In*—handle patent litigation in both the first and second instances. As a result, many expect that patent disputes will be resolved properly and swiftly, and that the procedure in Japan could be speedier than that in the U.S. Specialization and nonexistence of jury trials could heighten predictability of the decisions.
2. There are still bifurcated proceedings in Japan, i.e., patent-infringement litigations in courts and invalidation actions at the JPO. However, after the Supreme Court Decision in *TI v. Fujitsu*,¹⁰⁷ invalidity of patents has become a popular defense in the courts. Further, as stated above, exchanges of information between the court and the JPO can avoid an inconsistent double track.
3. The win rate for a patentee in Japan appears low. But settlements, which usually lead to monetary compensation, are not reflected in the win rate. Thus, the win rate alone does not necessarily indicate that Japanese patent litigation is disadvantageous to patentees.
4. The number of legal professionals specializing in intellectual-property law in Japan is still much lower than the number in the U.S.

107. *Texas Instruments*, MINSYŪ, vol. 54, No. 4, 1368.

5. Preparation before filing is difficult work in Japan because detailed assertions about the scope of the claim, the description of the accused device, the comparison of the elements of the claim with the elements of the accused device, and the amount of damages must all be stated in the complaint and supported by relevant evidence.
6. In Japan, judges play a presiding role from the beginning of the suit through the end. This feature seems to be derived from the lack of a jury-trial system.
7. In Japan, the measures to collect information, especially concerning accused devices or processes, are limited compared with those in the U.S., though these measures have been increasing through recent legislation. In the U.S., it seems to be considered fair and useful to collect all relevant evidence and give each party full information. This idea makes sense considering that U.S. attorneys have to assert their claims and submit selected evidence only a few days before the jury-trial period. In contrast, in Japan, the issues in each case are arranged and focused from the early stages by the judge in a presiding role, and the collection of information is kept to the minimum necessary to resolve the selected issues.
8. Punitive damages are not allowed in Japan, and, thus, the amount of damages awarded in patent-infringement litigation is generally smaller in the U.S., although the damage awards in Japanese courts has been recently increasing.
9. Finally, there seems to be no significant difference between the U.S. and Japan in the areas of infringement analysis, claim construction, and the doctrine of equivalents.