Patent enforcement in Japan

How to efficiently utilize your patent rights

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1. Overview of Enforcement procedure

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(3) Analyzing if the products/method is included in the scope of protection.

1. Overview of Enforcement procedure

I. Determine if the patent infringement really occurs.

(1) Clarifying scope of protection.

Article 65 of Japan Patent Act:

(1) If the patent applicant issues a written warning giving the details of the invention in the patent application after that patent application is published, the applicant may file a claim for compensation against a person that works the invention in the course of trade after being so warned and prior to the registration of the patent right with a claim amount that corresponds to the amount of money, the applicant would be entitled to receive for the working of the invention if it were a patented invitation. The same applies in respect of a claim against a person that knowingly and in the course of trade works an invention claimed in a published patent application, prior to the registration of the patent, even if no such warning is issued.

1. Overview of Enforcement procedure

I. Determine if the patent infringement really occurs.

(1) Clarifying scope of protection.

Article 65 of Japan Patent Act (*contd.*):

(2) The claim under the preceding paragraph may not be exercised until the patent is registered.

(3) If a provisional exclusive licensee or a provisional non-exclusive licensee works the invention in the patent application to the extent permitted by the act establishing a license, the applicant for the patent may not claim for compensation as prescribed in paragraph (1).

(4) The exercise of the right to claim compensation under paragraph (1) does not preclude the exercise of the patent right.

1. Overview of Enforcement procedure

I. Determine if the patent infringement really occurs.

(1) Clarifying scope of protection.

Article 104-3 of Japan Patent Act:

(1) If it is found, in litigation involving the infringement of a patent right or the violation an exclusive license, that the patent should be invalidated through a trial for patent invalidation or that the registration of patent term extension should be invalidated through a trial for invalidation concerning the registration of a patent term extension, **the rights of the patentee or exclusive licensee may not be exercised** against the adverse party.

(2) If an allegation or evidence as under the preceding paragraph is found to have been submitted for the purpose of unreasonably delaying the proceedings, the court upon a motion or by its own authority, may rule to dismiss it,.

(3) Article 123, paragraph (2) does not preclude a person other than a person that may file a request for a trial for patent invalidation on the patented invention from submitting a method of allegation or evidence under paragraph (1).

1. Overview of Enforcement procedure

I. Determine if the patent infringement really occurs.

(2) Identifying the products/method in concern.

- For method invention;

Article 104-2 of Japan Patent Act;

In litigation involving the infringement of a patent or violation of an exclusive license, if the adverse party **denies** the specific circumstances of the thing that the patentee or exclusive licensee asserts to be the infringing article or process, the adverse party **must clarify** the specific circumstances of the adverse party's own action; provided, however, that this does not apply if there are reasonable grounds for the adverse party not being able to clarify these.

1. Overview of Enforcement procedure

I. Determine if the patent infringement really occurs.

(3) Analyzing if the products/method is included in the scope of protection.

Doctrine of equivalence:

The following 5 conditions is required to be fulfilled:

i. The difference from the target product etc. is not an essential part of the patented invention.

ii. Even if the differences are replaced with those in the target product etc., the object of the patented invention can be achieved and the same effects can be achieved.

iii. It was easily conceived at the time of production of the target product etc. to replace the differences with those in the target product etc.

iv. The target product or the like is not the same as the known art at the time of filing of the patent invention, or can not be easily conceived from the known art.

v. There are no special circumstances such as the subject product or the like being the one intentionally excluded from the scope of claims in the patent application filing procedure.

1. Overview of Enforcement procedure

II. Prepare and send a letter of warning to the potential infringer.

- **Paying attention to contents of the letter.**

- Patent right should be clarified by Patent Number.
- Describing Claim(s) of the Patent.
- Explaining types of infringement – production, sales, or use of method
- It is recommended to make comparison between the patent right and types of infringement.
- It is NOT recommended to include: emotional message, threat, or inquisition.

- **Determining to whom the letter of warning to be sent.**

- Potential infringer is recommended target to send the letter.
- Letter should not be sent to client of the potential infringer → there would be a risk to make violation of Unfair Competition Prevention Act. (*Tokyo district court's judgement, March 17, 1972*)

1. Overview of Enforcement procedure

III. Negotiation with the potential infringer

→Mediation or Arbitration.

→will be discussed in section 3 “Arbitration/Mediation Process”

1. Overview of Enforcement procedure

IV. If the negotiation come to rupture → bring the case to the court (filing infringement lawsuit)

Patent infringement lawsuit in Japan

- Tokyo District Court
- Osaka District Court

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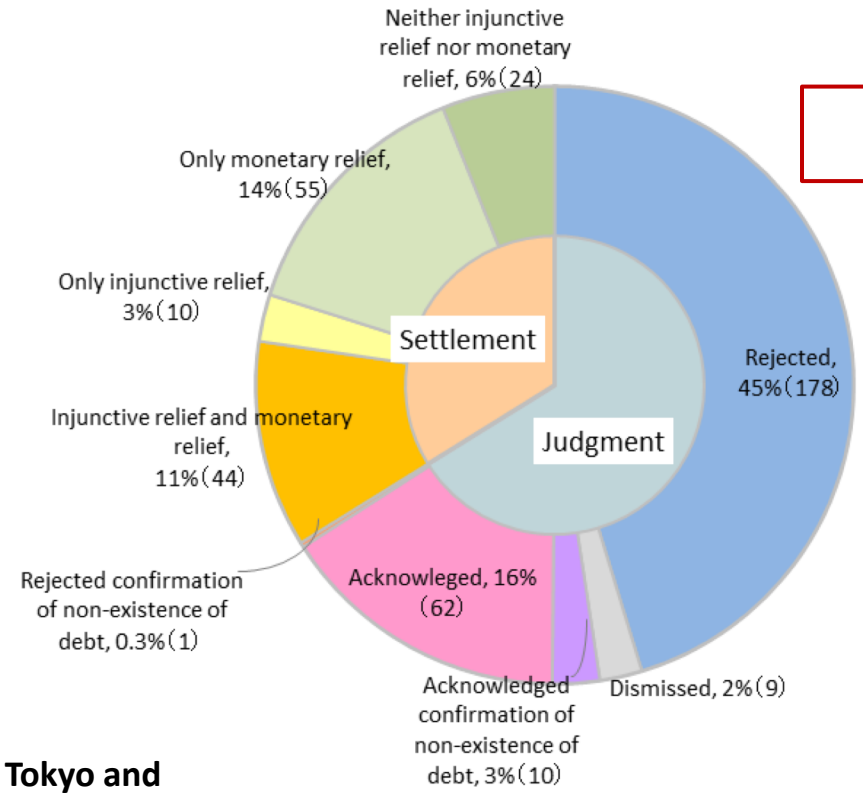
1. Overview of Enforcement procedure

Once a litigation is filed to a court, chances of wining suits is not too low in Japan.

Settlement: 34 %

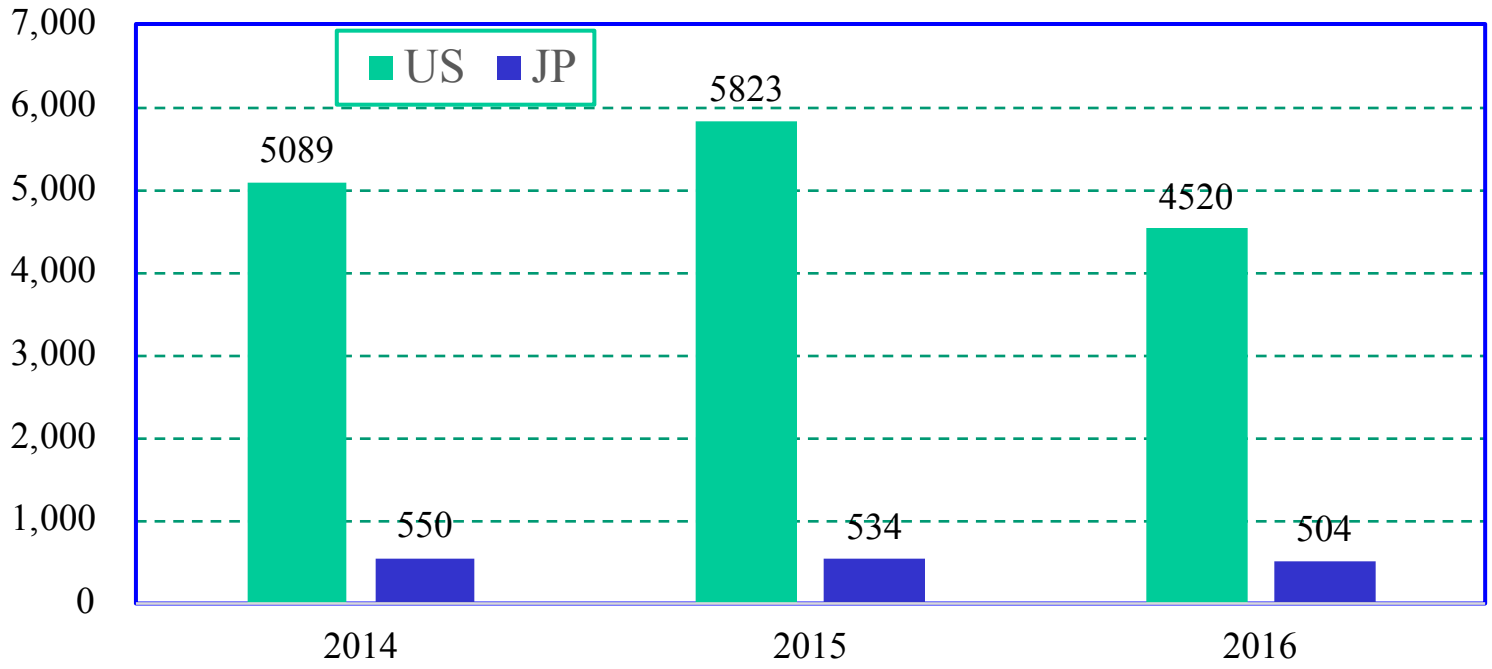
Judgement: 66 %



Statistics of Patent Litigation cases in Tokyo and Osaka district court (2014 - 2016, 393 cases)

1. Overview of Enforcement in Japan

Number of litigation filed at a court is significantly small compared with other countries.



Number of litigation filed at JP district court is **tithe of** that of the U.S.

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2. Effective Measure – Preliminarily Injunction

- Patent infringement lawsuit proceed takes longer time to the judgement compared with general civil action.

  Terms to judgement:

  - General civil action; 8 to 9 month
  - Patent infringement lawsuit; **18 month**

- However, sometimes, patent right must be protected much faster.

- Preliminary injunction could be one option to realize fast protection of patent right.

2. Effective Measure – Preliminarily Injunction

Differences between preliminary injunctions and infringement lawsuits:

○ The trial period for a preliminary injunction is a little short.

Period until first trial judgment

infringement lawsuit : 1 year (theory of infringement) ＋ half a year (damage theory)

preliminary injunction : less than a year (about 10 months?)

○ In preliminary injunctions, damages can not be claimed.

Note: the above information refers to some internet sources related to the consumer appliance industry.

2. Effective Measure – Preliminarily Injunction

Differences between preliminary injunctions and infringement lawsuits:

- In preliminary injunctions, if you win at the first trial, you can enforce the judgment immediately.

  (In infringement lawsuits, unless the judgment is finalized, it can not be enforced. If the other party fights it, it will not be possible to enforce it until the Supreme Court has ruled.)

Note: the above information refers to some internet sources related to the consumer appliance industry.

2. Effective Measure – Preliminarily Injunction

Differences between preliminary injunctions and infringement lawsuits:

- In the case of preliminary injunctions, if there is a petition from the infringing side, the patent owner must file an infringement action along with it.
- In preliminary injunctions, witness interrogation can not be performed.
- In preliminary injunctions, it is easy to keep what matters were raised a secret.
- In preliminary injunctions, the doctrine of equivalents cannot be claimed (?).

Note: the above information refers to some internet sources related to the consumer appliance industry.

2. Effective Measure – Preliminarily Injunction

Cases where temporary disposition is used:

① When you want to enforce a judgment promptly

② When you want to keep a case secret

③ In the case of preliminary injunctions, in order to put pressure on the defendant after an infringement disclosure in the plaintiff's favor (the patent owner's favor) in an infringement lawsuit

→ filing a preliminary injunction for the purpose of an advantageous settlement

Note: the above information refers to some internet sources related to the consumer appliance industry.

2. Effective Measure – Preliminarily Injunction

In the case of receiving a preliminary injunction:

- Since the trial period is a little less than a year, there is no need to panic. You can take the same actions as you would in an infringement suit. Explain to the court that it does not infringe the patent right. Also assert that the patent is invalid.

Note: the above information refers to some internet sources related to the consumer appliance industry.

2. Effective Measure – Preliminarily Injunction

In the case of infringement lawsuits:

- Consider whether there is a patent that can be used to attack the other party.
  → Japanese companies are more likely to reconcile when they are counterattacked.

    → From day to day, you apply for patents that Japanese companies dislike.
    (For Japanese affiliated companies, the countries that are troubled by lawsuits are the USA and Japan)

- Consider whether to file an invalidation trial
  → However, in recent years, the proportion of patents the Patent Office judges as invalid is about 20%.

Note: the above information refers to some internet sources related to the consumer appliance industry.

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3. Arbitration/Mediation Process

As an alternative to litigation, the parties may agree to settle their disputes through Alternative Dispute Resolution (ADR), such as mediation or arbitration.

Utilization of ADR

- ADR **makes it more effective** in terms of promptly settling disputes over a large number of domestic and international patents.
- ADR may be a more prompt and more cost-effective approach, compared to a lawsuit, unless it is used to delay negotiations / increase cost.
- parties have more flexibility in setting their own rules and procedures – the arbitrators can set royalties for both parties.

3. Arbitration/Mediation Process

ADR includes the following two types:

“Adjustment type”

→ Aimed at coordinating an agreement among the parties in order to resolve the dispute.

“Determination type”

→ Procedures are initiated under the general agreement that the parties in interest will follow the hearing and judgement of a third party.

3. Arbitration/Mediation Process

ADR is divided into the following four types of procedures:

i. Mediation

ii. Conciliation

iii. Arbitration

iv. Determination

"Adjustment type ADR"

- Includes i: Mediation and ii: Conciliation.

"Determination type ADR"

- Includes iii. Arbitration and iv. Determination.

3. Arbitration/Mediation Process

i. Mediation

- Promoting resolution dispute, which quickly by encouraging parties to compromise with each other.
- Medication is a procedures proceeds under the agreement of both parties, thus there is no compulsion.
- A mediator is involved in the negotiation.
- A mediator might suggest solutions, however, “Mediation” is a procedure which aims for a voluntary solution between the parties.
- Agreement under “Mediation” has an effect of “Settlement Agreement”.

3. Arbitration/Mediation Process

ii. Conciliation

- A conciliator is involved in the negotiation.
- A conciliator actively intervenes between the parties and leads the initiative on the substantive contents of dispute resolution.
- Conciliation is a kind of system of public authority.
- In the Conciliation, collection of evidential materials supported by forced authority is permitted.
- There are several types of Conciliation, such as "**Private Conciliation**", "**Conciliation by Public Agency**", and "**Court Conciliation**".
- The "Court conciliation" has the same effect as a "final decision".

3. Arbitration/Mediation Process

iii. Arbitration

- An arbitrator is involved in the negotiation.
- In the case that both parties agree to use arbitration proceedings, the Decision made by the arbitrator has the same legal effect as a "final judgement".
- Appeal is not allowed in Arbitration.
- It is not possible to lodge a trial for the case where an Arbitration Decision is made.

iv. Determination

- A "Determination" is set up for the case when it is difficult to resolve by an agreement like mediation, conciliation, and arbitration.

3. Arbitration/Mediation Process

Advantages of ADR

a. Non-disclosivity

ADR adopts in-camera procedures.

b. Flexibility

ADR's procedure has high flexibility at conciliator / arbitrator's discretion.

c. Expertise

Technical experts could be nominated as conciliator / arbitrator.

d. Promptness

Judiciary proceedings take more than a few years.

e. Internationality

In an international civil conflicts, an arbitration organization trusted by both parties could be nominated. The New York convention guarantees international enforcement power between member countries.

3. Arbitration/Mediation Process

Disadvantages of ADR

Some consider, however, that there are disadvantages to the use of ADR. For example,

- ADR requires prior agreement between the disputing parties, which means that disagreements over procedures can become protracted
- It is difficult to determine the validity of patent rights through ADR
- The content of ADR is undisclosed and thus lacking transparency

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4. Discussion

How does the Arbitration / Mediation process will actually work?

Possible reasons why number of litigation in Japan is so low;

i. High cost
ii. Amount of damage compensation is not sufficient
iii. High likelihood to lost lawsuit
iv. Not fully enforceable in litigation (Restriction of Exercise of Rights by the Patentee, Article 104-3 of Japanese Patent Act)
v. **Because of Japanese national characteristic, parties in interest tend to avoid disputing in court**

→ "ADR" has high affinity for interested Japanese parties (e.g. companies)

4. Discussion

How does the Arbitration / Mediation process will actually work?

There is a wide variety of Arbitration / Mediation authorities.

(a) Civilian type ADR

- **JIPAC**: Japan Intellectual Property Arbitration Center
- **JCAA**: Japan Commercial Arbitration Association

(b) Justice type ADR

- ADR established and administered by the court
- Conciliation of Civil Affairs, family conciliation, etc. …

(c) Administrative type ADR

- ADR established by administrative agencies, well developed in Japan.
- For specific fields under special law, arrangements for mediation, conciliation and arbitration are set up to resolve disputes.

4. Discussion

Tips.

1. Negotiation would be a first choice when you consider enforcing patent rights.

   After sending a letter of caution, next step would be conducting the negotiation.

2. If the negotiation does not go smooth,

   ADR can be used to facilitate the negotiation. There are several options for ADR.

3. Preliminary Injunction can be utilized for conducting negotiation.

   Fast proceedings, quick enforcement.

Thank you for your attention!

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