

### JAPAN ADOPTS NOVEL APPROACH TO TACKLE FRAND ISSUES

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**Japan's IP High Court has asked the public to weigh in as it prepares to decide the appeal in the battle between Apple and Samsung after the lower court found that Samsung had failed to meet its FRAND obligations**

The IP High Court is asking the public to submit their thoughts on whether there should be any limitation to a patentee's right to damages or injunctive relief where the patentee has made a FRAND declaration as to the standard-essential patent in question.

Submissions may be made by mail either to [Samsung's counsel](#), Ohno & Partners or [Apple's counsel](#), Ito & Mitomi (Morrison & Foerster) by March 24. Each submission should include three copies of the brief, which must also be translated into Japanese if written in another language.

#### First in Japan, maybe the world

This particular case is one of several IP disputes between Apple and Samsung in Japan, which in turn is part of a global patent war between the two companies. Furthermore, this case also has the distinction of being Japan's first FRAND case.

Last year, the District Court ruled that though Apple's products fell within the scope of Samsung's patent that was essential for a 3G data transmission standard (UTMS), Samsung had abused its market position by failing to adhere to the FRAND declaration it made when submitting the patent to the standard.

Specifically, the court found that after Apple asked to license the patent, Samsung had responded with its own rate, taking the position that Apple's offered rate was too low. Apple had requested information from Samsung as to the basis for its offered rate, including the rates given to other licensees. Because Samsung refused to provide the information to establish that the offered licensing terms were fair, reasonable and non-discriminatory, the District Court found that it had abused its patent rights and was entitled to



*The District Court found that Samsung's patent covered the iPhone 4 (right), but not the iPhone 3GS (left). Neither product is still on the market.*

neither damages nor a preliminary injunction.

Given that this is the first FRAND case in Japan, the District Court broke new ground in several aspects. The first involves the issue of whether the holder of a FRAND patent is entitled to an injunction, an issue that judges around the world are struggling with. The District Court's finding, according to Naoki Yoshida of Finnegan, breaks with typical Japanese practice.

"In Japan, injunctions are very common, almost automatic when the court finds there is patent infringement," Yoshida explains. "However, I think here the court may have been worried about granting an injunction in this case partly because it involved a standards essential patent."

This case may also be unique among international FRAND cases, according to Takanori Abe of Abe & Partners.

"This is a very unique case because in the FRAND cases in the US and Europe, there have been situations where the court refused to give an injunction for a standard essential patent, but this may be the first case I've seen where damages were denied," he says.

## A new take

It may not be surprising then that the IP High Court is taking its own unique approach to the matter by requesting input from third parties. Though amicus briefs are common in the US, they are not part of the Japanese legal system.

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"There is no legal ground for the IP High Court to collect amicus briefs, but people seem to think this is a good idea," says Abe. "This is the first time it has happened in an IP case in Japan, and it is possible that this is the first time this has been done in Japan at all."

Yoshida says that he has not heard any complaints about the novel approach taken by the court, and this may be related to the fact that this case concerns a developing area of law: "I think the idea is that FRAND is such a new subject and the court doesn't have a lot of experience with it, so it is asking for input from practitioners and industries."

## More to go

Though an IP High Court grand panel convened in mid-February and a decision is expected by autumn, another practitioner says that, given the high stakes and the important legal issue involved, this matter will probably go all the way to the Supreme Court.

"I think the IP High Court expects this to be appealed to the Supreme Court, regardless of the decision. This request for third party briefs is their way of putting this guidance and information from experts into the record for the higher court."

## COMMENTS

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