

Global Patent Litigation Strategy and Practice

General Editors
Willem A. Hoyng
Frank W.E. Eijsvogels

 **Wolters Kluwer**

Published by:

Kluwer Law International B.V.
P.O. Box 316
2400 AH Alphen aan den Rijn
The Netherlands
E-mail: international-sales@wolterskluwer.com
Website: lrus.wolterskluwer.com

Sold and distributed in North, Central and South America by:

Wolters Kluwer Legal & Regulatory U.S.
7201 McKinney Circle
Frederick, MD 21704, USA
E-mail: customer.service@wolterskluwer.com

Sold and distributed in all other countries by:

Air Business Subscriptions
Rockwood House
Haywards Heath
West Sussex RH16 3DH
United Kingdom
Email: international-customerservice@wolterskluwer.com

Printed on acid-free paper

DISCLAIMER: The material in this volume is in the nature of general comment only. It is not offered as advice on any particular matter and should not be taken as such. The editor and the contributing authors expressly disclaim all liability to any person with regard to anything done or omitted to be done, and with respect to the consequences of anything done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents of this volume. No reader should act or refrain from acting on the basis of any matter contained in this volume without first obtaining professional advice regarding the particular facts and circumstances at issue. Any and all opinions expressed herein are those of the particular author and are not necessarily those of the editor or publisher of this volume.

ISBN 978-90-411-2460-9
First published in 2006
© 2018, Kluwer Law International

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without written permission from the publisher.

Permission to use this content must be obtained from the copyright owner. More information can be found at: lrus.wolterskluwer.com/policies/permissions-reprintsand-licensing

JAPAN

Authors	iii
(1) Applicable Laws	1
(2) Entitlement	3
(2.1) Compensation	3
(2.2) Usurped Application	3
(2.3) Applicant	3
(2.4) Employee	4
(2.5) Education/Research	4
(2.6) Teamwork	4
(2.7) Entitlement Claims	5
(3) Scope of Protection	7
(3.1) Claims, Description and Drawings	7
(3.2) Patent as Granted	7
(3.3) Interpretation of State of the Art	7
(3.3.1) Interpretation of State of the Art	7
(3.3.2) Characteristic Claims: Functional Claims, Product-by-Process Claims	8
(3.4) Criterion for Scope of Protection	9
(3.5) Role of Prosecution History	9
(3.6) Equivalents	9
(3.6.1) Literal Infringement	9
(3.6.2) Equivalents	10
(3.7) Non-Inventive Application of State of the Art	11
(3.8) Translations	11
(3.9) National (Non-European) Patents	11
(4) Infringement	13
(4.1) Direct Infringement	13
(4.1.1) Products	13
(4.1.2) Processes	14
(4.1.3) Absolute Product Protection	14
(4.1.4) <i>De Minimis</i>	15
(4.1.5) Biological Material	15
(4.1.6) Products Containing or Consisting of Genetic Information	15
(4.2) Indirect Infringement	15
(4.3) Unfair Competition	16
(4.4) Unjustified Threats	17
(4.5) Antitrust Issues	17
(5) Further Defences to Infringement	19
(5.1) Invalidity	19
(5.2) Research Exemption	19
(5.3) Bolar Exception	20
(5.4) Licence	20
(5.5) Compulsory Licence	20
(5.6) Private Prior Use	21
(5.7) Exhaustion	22
(5.8) Farmers Privilege	23
(5.9) Further Exceptions to Patent Infringement	23
(6) Licensing	25
(6.1) Voluntary Licence	25
(6.2) Compulsory Licence	26
(7) Patents as Part of Assets	27
(7.1) Assignment	27
(7.2) Co-ownership	27
(7.3) Surrender	27

(7.4) Security Rights	27
(7.5) Attachment	27
(8) Patent Litigation	29
(8.1) Plaintiff	29
(8.1.1) Owner	29
(8.1.2) Co-owner	29
(8.1.3) Exclusive Licensee	29
(8.1.4) Non-Exclusive Licensee	29
(8.1.5) Other	29
(8.2) Limitation Periods	29
(8.3) Competent Court/Venue	30
(8.4) Patent Office	31
(8.4.1) General	31
(8.4.2) Patent Term Extension	31
(8.5) Provisional Measures	32
(8.5.1) Provisional Disposition	32
(8.5.2) Preliminary Injunction Proceedings	32
(8.6) Evidence	33
(8.6.1) Preservation/Seizure of Evidence	33
(8.6.2) Gathering Evidence	33
(8.6.3) Experts	34
(8.6.4) Inspection	34
(8.7) Proceedings on the Merit	35
(8.7.1) Infringement Proceedings	35
(8.7.1.1) Warning Letters	35
(8.7.1.2) Complaint Filing	35
(8.7.1.3) Answers	35
(8.7.1.4) Briefs	35
(8.7.1.5) Oral Hearings and Preparatory Hearings	35
(8.7.1.6) Decisions	36
(8.7.1.7) Judicial Settlement	37
(8.7.1.8) Document Production Orders	37
(8.7.1.9) Protective Orders to Protect Confidential Information	37
(8.7.2) Invalidity Proceedings (<i>Muko shinpan</i>)	37
(8.7.3) Opposition Proceedings (<i>Igi moushitate</i>)	39
(8.7.4) Entitlement Proceedings	40
(8.7.5) Suspension of Proceedings	40
(8.8) Customs Seizures	40
(8.9) Remedies	41
(8.9.1) Injunctions	41
(8.9.2) Damages	42
(8.9.2.1) General	42
(8.9.2.2) Rules of Presumption on Damages	42
(8.9.2.3) Range of Damages to Be Awarded	44
(8.9.3) Right to Information	45
(8.9.4) Corrective Measures (Recall, Destruction, Etc.)	45
(8.9.5) Damages	45
(8.9.6) Disclosure of Judgment	46
(8.9.7) Order of Costs	46
(8.10) Criminal Enforcement	46
(8.11) Appeal	46
(8.12) Supreme Court	47
(9) Conclusion	49
(10) Tables	51

Japan

by

Takanori Abe, Isamu Kotobuki & Tomohiro Kazama

Abe & Partners

This monograph has been reviewed by the Authors and is up-to-date as of November 2017

Japan

Authors

Takanori ABE

Takanori ABE is founder of ABE & PARTNERS. He is an attorney-at-law in Japan and also admitted to New York State Bar in the United States. He works in wide areas of international and corporate matters with a focus on intellectual property law and international commerce. The patent litigations that he has participated in, to date, covers the fields of pharmaceuticals, chemistry, electronics and machinery, which involve advanced technology such as biotechnology, semiconductors, etc., and which are cross-border matters. He also has experience in trademark, copyright and unfair competition litigation.

Takanori earned his law degree at Tokyo University and earned his LLM degree from Boston University School of Law. He is currently a Guest Professor of Osaka University Graduate School of Medicine and formerly a lecturer of The University of Tokyo Graduate School of Medicine and Faculty of Medicine. He is an arbitrator in Japan and sits on various positions in Japanese medical/pharmaceutical societies.

Isamu Kotobuki

Isamu Kotobuki is a patent attorney in Japan. He earned his Bachelor of Science degree from Kanazawa University and earned his Master of Science degree from Tokyo Institute of Technology, Graduate school of Bioscience and Biotechnology. Isamu used to work at Nippon Boehringer Ingelheim Co., Ltd, Pharmaceutical Research Department and Nipro Corporation, Intellectual Property Department. He serves his clients as counsel in matters of IP counselling, patent infringement and validity opinions, patent invalidation trial, and patent litigation.

Tomohiro Kazama

Tomohiro Kazama is an attorney at law in Japan. He earned his law degree at the University of Tohoku (Cum laude) and JD degree at the University of Tohoku School of Law (award for high grades in Civil Law and Practice, Criminal Law and Practice, and Public Law and Practice). Tomohiro serves his clients as counsel in wide areas of intellectual property.

Abe & Partners
Matsushita IMP Building,
1-3-7, Shiromi, Chuo-ku,
Osaka City, Osaka 540-0001
Japan
Phone: +81-6-6949-1496
Fax: +81-6-6949-1487
URL: www.abe-law.com
Email: abe@abe-law.com

Japan

(1) APPLICABLE LAWS

1 The most relevant statute in a patent litigation is the Patent Act.¹ Other relevant sources of law are the Japanese Constitution (the supreme law), followed by the Civil Code,² the Civil Procedure Law,³ the Commercial Law and other statutory laws. Government ordinances (*Seirei*), Ministry ordinances (*Shorei*), local regulations, and Supreme Court decisions are also regarded as sources of law in Japan. In Customs Proceedings, the Customs Law and Ministry circulars are relevant.

¹ Available at www.japaneselawtranslation.go.jp/law/detail/?id=42&vm=04&re=01&new=1.

² Available at www.japaneselawtranslation.go.jp/law/detail/?id=2057&vm=04&re=01&new=1.

³ Available at www.japaneselawtranslation.go.jp/law/detail/?id=2092&vm=04&re=01&new=1.

(2) ENTITLEMENT

(2.1) COMPENSATION

2 An inventor is a natural person whose creative work results in the invention practically.⁴ An assistant, a capital provider or an indicator shall not be deemed to be an inventor. The inventor cannot receive any kind of compensation promptly after inventing; however, in the case of an employee invention defined in section 2.4, where the employee assigned the right to obtain a patent or the patent right to the employer, such an employee shall be entitled to obtain the right to receive reasonable value.⁵

(2.2) USURPED APPLICATION

3 An application for a patent filed by a person who does not have the right to obtain a patent shall be called an usurped application. The right to obtain a patent essentially belongs to an inventor, so the application for a patent filed by an usurper shall be refused.⁶ Even if such a patent to be refused is granted, the patent shall be invalid.⁷

4 While an usurped application is pending in the Patent Office, a true inventor shall be entitled to demand the judgment that the inventor described in the patent application document should be amended to the true inventor.⁸ According to the Patent Act amended in 2011, where a patent is registered by an usurped application, the person who has the right to obtain a patent shall be entitled to claim the transfer of the said patent to the patentee being an usurper.⁹

In order to claim such transfer, it is necessary for the claimer to prove that he/she is the true inventor of the patented invention regarding the opponent's patent. Also, in order to prove that the claimer is the true inventor of the patented invention, he/she should prove that the patent application regarding the opponent's patent was filed based on his/her invention as well as proving that he/she made the same invention as that regarding the opponent's patent.¹⁰

(2.3) APPLICANT

5 A person who has the right to obtain a patent shall be a valid applicant and the application by such an applicant may be acceptable. Since the right to obtain a patent may be transferred to a successor,¹¹ the said successor also may apply for a patent. Only a natural person may become an inventor; however, a juristic person as well as a natural person may become an applicant.

⁴ Nakayama 'Tokkyohou Daimihan' p. 42.

⁵ Patent Act, Art. 35 (3).

⁶ Patent Act, Art. 49 (7).

⁷ Patent Act, Art. 123 (1) (vi).

⁸ Judgment rendered on 23 May 2002, Osaka District Court, *Hei* 11 (*wa*) 12699, *Han-Ji* No. 1825, 116.

⁹ Patent Act, Art. 74 (1).

¹⁰ Judgment rendered on 9 Nov. 2017, Osaka District Court, *Hei* 28 (*Wa*) 8468.

¹¹ Patent Act, Art. 33 (1).

(2.4) EMPLOYEE

6 Where an employee has accomplished an invention, the right to obtain a patent essentially belongs to the employee being such an inventor; however, where such an employee has obtained a patent for an invention which falls within the scope of the business of the employer by the nature of the invention and was achieved by acts categorized as a present or past duty of the employee ('employee invention'), the employer shall have a non-exclusive licence on the said patent right.¹²

7 Any provision in any agreement, employment regulation or any other stipulation providing in advance that the right to obtain a patent or the patent right for any invention made by an employee shall vest in the employer or that an exclusive licence for the invention shall be granted to the employer, shall be null and void unless the invention is an employee invention.¹³

8 Where an employee, in accordance with any agreement, employment regulation or any other stipulation, vests the right to obtain a patent or the patent right for an employee invention in the employer, the said employee shall have the right to receive reasonable value.¹⁴ For the determination of the amount of the value, the employer's contribution, the employee's treatment, etc., regarding the invention shall be taken into consideration.¹⁵

9 The Patent Act 2015 amendment stipulates for aiming to eliminate the instability of the ownership of the patent right. If agreements, employment regulations or any other stipulations providing that the right to obtain a patent for employee invention shall vest in an employer are prepared in advance, the right to obtain a patent for employee invention should belong to an employer from the time such invention occurred.

Companies may choose whether to prepare the agreements, etc. Should companies chose not to prepare the agreements, the right to obtain a patent for employee invention shall belong to an employee as a prior rule, and the right to obtain a patent for employee invention shall belong to an employee from the time such invention occurred.

10 According to the Amendment, an employee who succeeded employee invention to an employer shall have the right to receive reasonable compensation or other economic profit. The Minister of Economy Trade and Industry establishes the guideline for the procedure to determine the contents of such compensation or profit for encouragement of an invention, in accordance with opinions from the industrial structure council.

(2.5) EDUCATION/RESEARCH

11 No particular rule for granting a patent right for the invention about the education or the research is stipulated in Japanese Patent Act.

(2.6) TEAMWORK

12 Where more than one person have made an invention jointly, the right to obtain a patent shall be jointly owned by all the inventors, and the patent application for the said

¹² Patent Act, Art. 35 (1).

¹³ Patent Act, Art. 35 (2).

¹⁴ Patent Act, Art. 35 (3).

¹⁵ Patent Act, Arts 35 (4) (5).

invention may only be filed by all the joint owners.¹⁶ Thus, even if only one of the joint owners objects to the application for said patent, the other joint owners shall be prohibited to file an application, and in that case, the other joint owners should be assigned the right to obtain a patent from the objector.

(2.7) ENTITLEMENT CLAIMS

13 Where a request for the examination of an application is not filed within three years from the filing date, the said patent application shall be deemed to have been withdrawn.¹⁷ The content of a patent application is automatically laid open to the public for eighteen months after the filing date of the application (or eighteen months after the filing date of the first application in the originating country when one or more priorities have been claimed).¹⁸

¹⁶ Patent Act, Art. 38.

¹⁷ Patent Act, Art. 48-3 (1) (4).

¹⁸ Patent Act, Art. 64 (1).

(3) SCOPE OF PROTECTION

(3.1) CLAIMS, DESCRIPTION AND DRAWINGS

14 The meaning of a term or terms of the patent claim(s) is interpreted in light of the description of the specification and drawings attached to the application.¹⁹ Under this provision, the description of the specification and drawings are always considered when interpreting the terms of the claim, even if the claim terms are not ambiguous.

15 Claim terms are generally interpreted to have their ordinary and customary meaning. It is important; however, that claim terms be interpreted in the context of the specification as a whole. Courts, however, do not read limitations from the specification into the claims in Japan. The claims are not limited in scope to the embodiments described in the specification.

16 How and to what extent do courts consider the description in the section of the specification entitled ‘Meritorious Effects’ when construing a claim? Court decisions exist in which a disputed claim term was narrowly interpreted to mean only what was capable of achieving meritorious effects as described in the specification;²⁰ however, this view can be criticized for being in violation of Article 70, which requires the court to determine the technical scope based on the description of the claim.

(3.2) PATENT AS GRANTED

17 A patentee shall have the exclusive right to practice the patented invention as a business; however, where an exclusive licence regarding the patent right is granted to a licensee, such a patentee may not practice the patented invention within the extent that the exclusive licensee is licensed to practice the patented invention exclusively.²¹

18 Even if a patent is granted for an invention, if the invention in question may not be practised without using another party’s patented invention and the other party’s invention is based on an application filed earlier than the patentee’s own application, the patentee may not practise the patented invention without an authorization from the other party.²²

(3.3) INTERPRETATION OF STATE OF THE ART

(3.3.1) Interpretation of State of the Art

19 Prior arts may be considered in order to determine the technical level of the relevant art at the time of the application for a patent and thus, to ascertain what a person of ordinary skill in the art would understand the disputed claim term to mean at a specific point in time. The court may follow the interpretation given to the state of the art by the authority granting the patent, and may also give its own interpretation to the state of the art.

¹⁹ Patent Act, Art. 70 (2).

²⁰ Judgment rendered on 27 May 1975, Supreme Court, *Sho 50 (o) 54, Han-Ji* No. 781, 69. Available at www.ip.courts.go.jp/app/files/hanrei_en/597/000597.pdf; Judgment rendered on 30 Oct. 2001, Osaka District Court, *Hei 12 (wa) 7221, Han-Ta* No. 1002, 270.

²¹ Patent Act, Art. 68.

²² Patent Act, Art. 72.

20 Dictionaries and technical papers, in addition to the common knowledge of a person of ordinary skill in the art, may be taken into consideration when determining ordinary and customary meaning of a claim term. Generally speaking; however, the construction on the meaning of a claim term based on the context of the specification will supersede the ordinary and customary meaning of the claim term as understood from dictionaries.

21 In some cases parties produce expert opinions in a declaration form as evidence, though experts' testimony in a courtroom will be rarely taken. It is difficult to effectively use such opinions to persuade courts to adopt the party's own claim construction. Thus, expert opinions are effective only for establishing technical common knowledge or the technical level of the relevant art at the time of filing of the patent application.

(3.3.2) Characteristic Claims: Functional Claims, Product-by-Process Claims

22 The invention for which a patent is sought must be described in the 'detailed explanation of invention' section of the specification (the 'support requirement').²³ The description in the 'detailed explanation of invention' must be clear and sufficient to enable a person of ordinary skill in the art to which the invention pertains to practise the invention (the 'enablement requirement').²⁴

23 Claims whose scope is too broad and that include a substantial portion not disclosed in the specification do not meet the 'support requirement'. Also, claims whose scope is too broad and that include a substantial portion that cannot be easily practised by a person of ordinary skill in the art based on the specification do not meet the 'enablement requirement'. Functional claims (claims which define an invention by its function) are permissible if the patented invention is clear. Overly broad functional claims; however, do not satisfy the support requirement and/or the enablement requirement.

24 Product-by-process claims (claims that define a new product by reference to the process by which it is made), are permissible only when they satisfy the 'clarity' requirement.²⁵ A product-by-process claim is a product claim. The Grand Panel of the Intellectual Property High Court (IP High Court) held that the technical scope of a product-by-process claim should be interpreted as limited to the product produced through the process described in the claim except where the claimed product could not be directly identified by its structure or property at the time of an application for a patent.²⁶

25 Supreme Court gave us the new ruling on Product-by-Process claims as written below.²⁷ First, even if a process to manufacture the product is stated in the claims for an invention of a product, the technical scope of the invention and the gist of the invention should be determined and recognized as covering products that are identical in structure and feature to the products manufactured through the process described in the claims (the 'product identity theory').

²³ Patent Act, Art. 36 (6) (i).

²⁴ Patent Act, Art. 36 (4) (i).

²⁵ Patent Act, Art. 36 (6) (ii).

²⁶ Judgment rendered on 27 Jan. 2012, IP High Court Grand Panel, *Hei 24 (ne) 10043, Han-Ta No. 1397, 199*. Available at www.ip.courts.go.jp/app/files/hanrei_en/638/000638.pdf.

²⁷ Judgment rendered on 5 Jun. 2015, Supreme court, *Hei 24 (ju) 1204, Sai-Ji No. 1629, 2*. Judgment rendered on 5 Jun. 2015, Supreme court, *Hei 24 (ju) 2658, Sai-Ji No. 1629, 8*.

Second, if a process to manufacture the product is stated in the claims for an invention of a product, the description of the claims might satisfy the clarity requirement²⁸ only when there were circumstances where it was impossible or entirely impractical to directly specify the product by means of the structure or feature of the product at the time of filing an application.

(3.4) CRITERION FOR SCOPE OF PROTECTION

26 The technical scope of a patented invention means the scope of the technical ideas brought into shape by the description in the scope of claims.²⁹ The determination of the technical scope of a patented invention shall become a moot point in many patent infringement suits. The technical scope of a patented invention is often called the scope of the protection of a patent right.

27 A patented invention does not exist as a concrete material, but it exists as something abstract described in sentences. Thus, the technical scope of a patented invention shall be determined by the interpretation of the words described in the scope of claims;³⁰ however, it becomes a problem which documents should be referred and how the words described in the scope of claims should be interpreted. Thus, the rule was established that the meaning of each term used in the scope of claims shall be interpreted in consideration of the statements in the description and drawings attached to the application.³¹ In the solution of the concrete cases, the substantial judgment in line with the cases has been enabled.

(3.5) ROLE OF PROSECUTION HISTORY

28 A claim is almost always interpreted in light of the prosecution history of the patent. Thus if a claim term is interpreted more narrowly than it would otherwise be, it is often called an application of ‘prosecution history estoppel’ or ‘file wrapper estoppel’.

29 Prosecution history estoppel can be caused by every kind of representation or statement by (or on behalf of) an applicant to the JPO during prosecution. Most typically, an amendment of claims can be a basis for estoppel if such an amendment is made in response to the examiner’s rejection based on prior art, in order to narrow the scope of the claim, with the applicant’s assertion in the written opinion submitted to explain the meaning of the claim term. An amendment of descriptions in the specification (other than the claims) may also lead to such estoppel.

(3.6) EQUIVALENTS

(3.6.1) Literal Infringement

30 In order to find whether or not a literal infringement exists: (i) the scope of the claim allegedly infringed is interpreted in order to ascertain the technical scope of the claimed invention, and (ii) the accused product or process is compared with the interpreted claim to determine whether the accused product or process is covered by the claim, or whether such product or process falls within the technical scope of the patented invention.

²⁸ Patent Act, Art. 36 (6) (ii).

²⁹ Nakayama ‘*Tokkyohou Dainihan*’ p. 422.

³⁰ Patent Act, Art. 70 (1).

³¹ Patent Act, Art. 70 (2).

(3.6.2) **Equivalents**

31 Even in the event that the product or process of an accused infringer is not literally covered by a claim and does not fall within the technical scope of a patented invention, accused infringer can be liable for infringement if the relevant product or process is found substantially identical to the patented product or process under the ‘doctrine of equivalents’. The Supreme Court held that a patent can be infringed under this doctrine and clarified the doctrine in 1998 (the ‘Ball Spline Decision’).³² The court set forth the following five requirements for finding infringement under the doctrine of equivalents:

- (1) The part of the claim that is different from that of the accused product or process (accused embodiment) is not the essential part of the patented invention.
- (2) The purpose of the patented invention can be achieved by replacing this part with a part in the accused embodiment and an identical function and effect can be obtained.
- (3) A person who has an average knowledge in the area of technology where this invention belongs could easily come up with the idea of such replacement at the time of the production of the accused embodiment.
- (4) The accused embodiment is not identical to the technology in the public domain at the time of the patent application of the patented invention or could have been easily conceived at that time by a person who has an average knowledge in the area of technology where this invention belongs.
- (5) There were no special circumstances such as the fact that the accused embodiment had been intentionally excluded from the scope of the patent claim in the patent application process, the accused embodiment should be regarded as identical with the construction as indicated in the scope of the patent claim and fall within the technical scope of the patented invention.

32 The essential part of a patented invention in the first requirement means a characteristic part, which constitutes a unique technical idea that is not seen in prior art, in the statements in the scope of claims of the patented invention. The essential part of a patented invention should be found based on the statements in the claims and the description, in particular, through comparison with prior art stated in the description. If the degree of contribution of the patented invention is considered to be more than that of prior art, the patented invention is found as a generic concept in relation to part of the statements in the scope of claims. If the degree of contribution of the patented invention is evaluated as not much more than prior art, the patented invention is found to have almost the same meaning as stated in the scope of claims. However, if the statement of the problem, which is described as one that prior art could not solve, in the description is objectively insufficient in light of prior art as of the filing date (or the priority date), a characteristic part which constitutes a unique technical idea of the patented invention that is not seen in prior art should be found also in consideration of prior art that is not stated in the description. In such cases, the essential part of the patented invention is closer to the statements in the scope of claims compared to the cases where it is found only based on the statements in the scope of claims and the description, and the scope of application of the doctrine of equivalents is considered to be narrower.³³

³² Judgment rendered on 24 Feb. 1998, Supreme Court, *Hei 6 (o)* 1083, *Minshu* vol. 52, No. 1, 113. Available at www.courts.go.jp/app/hanrei_en/detail?id=374.

³³ Judgment rendered on 25 Mar. 2016, IP High Court, *Hei 27 (Ne)* 10014, *Han-Ji* No. 2306, 87. Available at http://www.ip.courts.go.jp/app/files/hanrei_en/003/002003.pdf.

33 At the fifth requirement, the typical example of the intended exclusion is that the structure of the accused product or process should be clearly recognized by an applicant and such a structure should be excluded from the scope of the patented invention objectively.³⁴ An amendment of the scope of claims in order to merely clarify the description in the claims, but not to avoid a known art, shall not be deemed to be the intended exclusion.³⁵

On the other hand, the Supreme Court held as follows on whether the situation should be deemed to be the intended exclusion, that the applicant did not describe the claims in broader terms, despite it was possible to describe the claims in broader terms in order to merely contain prior materials at the time of the filing of the patent application: Even if there is a structure that is different from opponent's product and is outside the claims and the applicant could have easily conceived of as the structure of the opponent's product as of the filing date, this fact alone cannot serve as a reason that there are special circumstances that the opponent's product was intentionally excluded from the claim during the prosecution. However, in such a case, if the applicant is objectively and externally regarded as expressing that he/she intentionally did not state the structure of opponent's product in the claims, recognizing the structure of the opponent's product could be a replacement for the structure stated in the claims, 'special circumstances' exist that opponent's product was intentionally excluded from the claim during the prosecution.³⁶

34 The burden of proof for the fourth and fifth requirements is on the defendant. The last requirement corresponds to the 'prosecution history estoppel' in the US.

(3.7) NON-INVENTIVE APPLICATION OF STATE OF THE ART

Not applicable

(3.8) TRANSLATIONS

35 An applicant may submit the documents described in English as well as in Japanese containing the description, scope of claims, drawings (where required) and the abstract. In the case of the submission of the documents in English, an applicant should submit Japanese translations of the documents within one year and two months from the date of the filing of the patent application.³⁷

(3.9) NATIONAL (NON-EUROPEAN) PATENTS

Not applicable

³⁴ Judgment rendered on 30 Jun. 1999, Tokyo District Court, *Hei 9 (wa)* 22858, *Han-Ta* No. 1016, 212; Judgment rendered on 9 Aug. 2000, Nagoya District Court, *Hei 10 (wa)* 4108, *Han-Ta* No. 1109, 241; Judgment rendered on 29 Jun. 1999, Tokyo District Court, *Hei 8 (wa)* 5784, *Han-Ji* No. 1686, 111.

³⁵ Judgment rendered on 23 Mar. 2000, Tokyo District Court, *Hei 10 (wa)* 11453, *Han-Ji* No. 1738, 100.

³⁶ Judgment rendered on 24 Mar. 2017, Supreme Court, *Hei 28 (ju)* 1242, *Han-Ta* No. 1440, 117.

³⁷ Patent Act, Arts 36-2 (1) (2).

(4) INFRINGEMENT

(4.1) DIRECT INFRINGEMENT

36 The Patent Act, Article 68 provides that ‘a patentee has exclusive rights to practice the patented invention as a business. . . .’ Based on the article and the essential nature of patent rights, direct infringement can be defined as ‘an unauthorized practice of a patented invention as a business’. The meaning of ‘practice’ is defined in the Patent Act, which is described as follows:

37 When a party practises a patented invention as a business without authorization, direct infringement of a patent is found. ‘Practice’ of an invention in the Patent Act means the following acts:

- (1) in the case of an invention of a product (including a computer program, etc., the same shall apply hereinafter), producing, using, assigning, etc. (assigning and leasing and, in the case where the product is a computer program, etc., including providing through an electric telecommunication line, the same shall apply hereinafter), exporting or importing, or offering for assignment, etc. (including displaying for the purpose of assignment, etc., the same shall apply hereinafter) thereof;
- (2) in the case of an invention of a process, the use thereof; and
- (3) in the case of an invention of a process for producing a product, in addition to the action as provided in the preceding item, acts of using, assigning, etc., exporting or importing, or offering for assignment, etc. the product produced by the process.³⁸

38 In order to assert that an accused infringer infringes a patent, the patentee must show that the accused infringer’s product or process meets each and every constituent element of the patent claim. Patent infringement can be found even if an unauthorized practice is committed without knowledge of the patent.

(4.1.1) Products

39 On the patent infringement suits, especially on the suits seeking injunctive relief, as the structure of the accused product constitutes the main text of the judgment or the content of the object of claims, the identification of the structure of the accused product shall be essential. Such an identification has the following three meanings:

- (1) To clarify the object of the trial.
- (2) To clarify the effect of the judgment.
- (3) Allegation and proof for comparing the structure of the accused product with the components of the patented invention.³⁹

40 So far, the technical structure of the defendant’s product was determined by the way to describe the said technical structure in the product list in order to compare the defendant’s product with the components of a patented invention; however, such a way often wasted

³⁸ Patent Act, Art. 2 (3).

³⁹ Takabe et al. ‘Tokkyososhou-no-jitsumu’ p. 229.

the time to determine the technical structure. Where the agreement of both parties was not reached, the plaintiff had to prove the technical structure of the defendant's product described in the product list by some evidences. In the case of the change of the product list, the problem for the code of procedure occurred that whether or not such a change corresponds to the amendment of claim. In addition, it was pointed out that it might conflict the argument principle for a court to determine the technical structure of the defendant's product and that it might be difficult for the executive agency to determine the defendant's product for injunction by the above-mentioned way. At present, in the light of effective or prompt court proceedings, the accused product shall be determined only by the item list describing the product name and the model type of the accused product.⁴⁰

41 It is necessary for a plaintiff to describe the structure of the accused product in sentences in order to compare with the description in the scope of claims. Plaintiff should describe the structure of the accused product in details on the same level with the description of the embodiment in the specification of a patent.⁴¹

42 The accused product or process should be specified by plaintiff. Even if the way to express the product name of the accused product is different from that of the actual product, as far as the accused product is deemed to be identical to the actual product in relation to the patented invention, the accused product shall be considered to be equal to the actual product.⁴²

(4.1.2) Processes

43 In the infringement case of a process patent, defendant's process should be determined similar to the product invention because the main text and the object of claim consist of the description of the process. The accused process shall be determined only by the description in sentences because the item list of the accused process describing the product name and the model type does not exist, unlike the case of a product patent; however, it should be noted that in the case of an invention of a process, it is quite difficult to prove the concrete situation regarding the practice of the patented invention by the accused infringer and exercise the patent right compared to a product patent.

44 With regard to an invention of a process of producing a product, if the product was not publicly known in Japan as of the filing date of the patent, a product identical to such product is presumed to have been produced through the patented process.⁴³

45 In litigation concerning the infringement of a patent right or an exclusive licence, in order to deny the specific conditions of an article or process that a patentee or an exclusive licensee claims as one that composed an act of infringement, the adverse party shall clarify the specific conditions of his/her act; provided however, that this shall not apply where there exist reasonable grounds preventing the adverse party from doing so.⁴⁴

(4.1.3) Absolute Product Protection

Not applicable

⁴⁰ Takabe et al. '*Tokkyososhou-no-jitsumu*' p. 43.

⁴¹ Judgment rendered on 25 Nov. 1987, Osaka District Court, *Sho* 59 (*wa*) 7127, *Mutaishu* vol. 19, No. 3, 434.

⁴² Judgment rendered on 1 Nov. 2005, Tokyo District Court, *Hei* 17 (*wa*) 10394, *Han-Ta* No. 1216, 291. Available at www.ip.courts.go.jp/app/files/hanrei_en/456/000456.pdf.

⁴³ Patent Act, Art. 104.

⁴⁴ Patent Act, Art. 104-2.

(4.1.4) *De Minimis*

Not applicable

(4.1.5) **Biological Material**

46 An inventor of the industrially applicable invention may be entitled to obtain a patent for the said invention;⁴⁵ however, an inventor of the process invention of the medical activity may not be entitled to obtain a patent because such an invention is not included in the industrially applicable invention. It should be noted that a medicinal invention is included in the industrially applicable invention, but a patent right for the medicinal invention or a process invention which is concerned with a medicine manufactured by mixing two or more medicines shall not be effective against a medicine or the preparation of a medicine based on the prescription from a physician or a dentist.⁴⁶ Nowadays, the judgments are paid attentions that for someone to combine two or more medicines which have already been commercially available and to prescribe or to take such a combined medicine are not the infringement of the medicinal combination patent.⁴⁷

(4.1.6) **Products Containing or Consisting of Genetic Information**

47 In the Examination Guidelines for Patent and Utility Model in Japan, inventions regarding genetic engineering in biological inventions are described.⁴⁸ The term ‘genetic engineering’ means the technology which manipulates genes artificially by gene recombination, cell fusion, etc. Inventions regarding genetic engineering include those of a gene, a vector, a recombinant vector, a transformant, a fused cell, a protein which are obtained by transformation (hereinafter, referred to as ‘a recombinant protein’), a monoclonal antibody, etc. Inventions regarding microorganisms, plants and animals, and which are obtained using genetic engineering are treated here in this guideline, in principle.

(4.2) **INDIRECT INFRINGEMENT**

48 As regards indirect infringement, the Patent Act, Article 101 provides that a party who manufactures, sells, etc. a device may be liable even if device does not directly infringe a patent but is used in a preliminary or contributory act for the infringement.

49 When a patent claims a product, a party who manufactures, sells, etc. a device is liable for indirect infringement even if device does not have all constituent elements of the claim but is used exclusively for making the claimed product. Likewise, when a patent claims

⁴⁵ Patent Act, Art. 29 (1).

⁴⁶ Patent Act, Art. 69 (3).

⁴⁷ Judgment rendered on 27 Sep. 2012, Osaka District Court, *Hei 23 (wa) 7576, Han-Ta* No. 1398, 326. Available at www.ip.courts.go.jp/app/files/hanrei_en/685/000685.pdf; Judgment rendered on 28 Feb. 2013, Tokyo District Court, *Hei 23 (wa) 19435, 19436, Jurist* No. 1457, 6. Available at www.ip.courts.go.jp/app/files/hanrei_en/800/000800.pdf.

⁴⁸ Examination Guidelines for Patent and Utility Model Part VII Ch. 2 s. 1. Available at www.jpo.go.jp/tetuzuki_e/t_tokyo_e/Guidelines/7_2.pdf.

processes, a party who manufactures, sells, etc. a device used exclusively for the claimed processes is liable for indirect infringement.⁴⁹

50 Also, a party who manufactures, sells, etc. a device whose use is not limited to making the claimed product is liable for indirect infringement if such a device is: (i) used for making the claimed product, or (ii) used for the claimed process, and indispensable for the resolution of the problem by invention. For the establishment of this type of indirect infringement, an alleged infringer must have ‘known’ that the invention is a patented invention and that the device he/she manufactured, etc. is to be used for the practice of the invention.⁵⁰ A patentee usually sends a warning letter to an alleged infringer in order to satisfy this requirement.

51 In the case of a process patent, while an act of producing or assigning, etc., any product that could work a patented invention of a process by using said product itself shall be deemed to be an act of patent infringement, an act of producing or assigning, etc., any product that is used for the production of such product shall not be deemed to be an act of patent infringement.⁵¹

52 Furthermore, an act of possessing a patented product or a product which was produced through a patented process, for the purpose of assigning or exporting the product as a business is also an indirect infringement.⁵²

53 There are instances in which the court held that a direct infringement is not required to find an indirect infringement.⁵³ There are other cases, however, where the courts stated that indirect infringement is negated when direct infringement is not provable.⁵⁴ The cases that a patented invention is not worked as a business, or a patented invention is worked abroad, or a patented invention is worked as a study shall not be the direct infringement of a patent right. According to many theories, whether or not a direct infringement is required to find an indirect infringement should be individually judged based on the purpose of each provision of the Patent Act that denies a direct infringement.⁵⁵ It is said that the trial court has judged a case depending on the nature of the case.⁵⁶

(4.3) UNFAIR COMPETITION

54 Where the owned patent is invalid or the competitor’s product is not in the technical scope of the patented invention, warning or spreading an allegation based on an infringement of such a patent to the said competitor shall be deemed to be violation of the Unfair Competition Prevention Act because such an action of the patentee shall correspond to the act of making or circulating a false allegation in Unfair Competition Prevention Act.⁵⁷ Thus, the patentee may be claimed the injunction or damages by a competitor.⁵⁸

⁴⁹ Patent Act, Arts 101 (i) (iv).

⁵⁰ Patent Act, Arts 101 (ii) (v).

⁵¹ Judgment rendered on 30 Sep. 2005, IP High Court Grand Panel, *Hei 20 (Gyo-Kē) 10420*, S.C. Website. Available at www.ip.courts.go.jp/app/files/hanrei_en/178/000178.pdf.

⁵² Patent Act, Arts 101 (iii) (vi).

⁵³ Judgment rendered on 24 Oct. 2000, Osaka District Court, *Hei 8 (wa) 12109*, *Han-Ta* No. 1081, 241.

⁵⁴ Judgment rendered on 24 Apr. 1989, Osaka District Court, *Sho 60 (wa) 6851*, *Han-Ta* No. 709, 243.

⁵⁵ Masui, Tamura et al. ‘*Tokkyohawrei-guide Daiyonban*’ p. 191.

⁵⁶ Nakayama ‘*Tokkyohou Dainihan*’ p. 413.

⁵⁷ Unfair Competition Prevention Act, Art. 2 (1) (xiv) Available at www.japaneselawtranslation.go.jp/law/detail/?id=2149&vm=04&re=01&new=1.

⁵⁸ Ono ‘*Shin-Chukai-Fuseikyousouboushohou Daisanban*’ p. 783.

(4.4) UNJUSTIFIED THREATS

Not applicable

(4.5) ANTITRUST ISSUES

55 According to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (hereafter referred to ‘the Antitrust Act’), Article 21, the provisions of this Act do not apply to acts to be deemed to constitute an exercise of rights under the Copyright Act, the Patent Act, the Utility Model Act, the Design Act or the Trademark Act. The Fair Trade Commission has announced ‘the guideline on Antitrust Act regarding the use of the intellectual property’ and has clarified in this guideline which act shall be deemed not to be the exercise of valid right but the violation of the Antitrust Act. In addition, according to the guideline, if the exercise of the right on the IP Acts deviates from the reason of IP protection system or undermines from the purpose of such system, the said exercise of the right shall be invalid. And, the validity of the exercise of the right shall be judged by the consideration of the purpose of the conduct, the situation of the exercise and the degree of the effect to the competition.

(5) FURTHER DEFENCES TO INFRINGEMENT

(5.1) INVALIDITY

56 In Japan, the exercise of an invalid patent right was judged as an abuse of right by the Supreme Court in 2000.⁵⁹ After that, the argument of the invalidity of a patent was stipulated in the Patent Act amended in 2004, that is, where on the patent infringement suits the said patent is recognized as one that should be invalidated by a patent invalidation trial, the right of the patentee or the exclusive licensee may not be exercised against the adverse party.⁶⁰

57 Where the argument of the invalidity of a patent is alleged by a defendant, the patentee being a plaintiff may file a request for a correction (a trial for a correction⁶¹ or a request for a correction in the patent invalidation trial⁶²). And, if the invalidity of the said patent is resolved by the said correction and the defendant's product or process falls within the scope of the corrected claim, the judgment that the said patent is invalid shall be avoided. In a case where a ruling or a trial decision for the correction of the claim became final and binding after the judgment in the patent infringement lawsuit became final and binding, the patentee may not challenge the judgment by arguing that the ruling or trial decision for correction became final and binding.⁶³ Also, in a case where the patentee does not make a counterargument based on the correction before the conclusion of oral argument in the trial court proceedings, the patentee may not challenge the judgment of the trial court by arguing that the ruling or trial decision for correction became final and binding after the conclusion of oral argument, unless there is a special circumstance that it is regarded as unavoidable for the patentee to fail to make a counterargument before the conclusion of oral argument.⁶⁴

58 On the patent infringement suits, a defendant does not need to file a patent invalidation trial in order to allege the argument of the invalidity of the said patent,⁶⁵ however in practice a defendant often files a request for a patent invalidation trial in parallel.⁶⁶ Where an allegation or defence to invalidate the said patent in an infringement case are submitted for the purpose of unreasonably delaying the proceedings, the allegation or the defence may be dismissed by the court.⁶⁷

(5.2) RESEARCH EXEMPTION

59 The Patent Act, Article 69 provides exemptions for some activities from patent infringement. One of the most important of these exemptions is the 'experimental or research purpose exemption' (Patent Act, Article 69(1)). Article stipulates that 'A patent right shall not be effective against the practice of the patented invention for experimental or research purposes.'

⁵⁹ Judgment rendered on 11 Apr. 2000, Supreme Court, *Hei 10 (o) 364*, *Minshu* vol. 54, No. 4, 1368. Available at www.courts.go.jp/app/hanrei_en/detail?id=487.

⁶⁰ Patent Act Art. 104-3 (1).

⁶¹ Patent Act Art. 126.

⁶² Patent Act Art. 134-2.

⁶³ Patent Act Art. 104-4.

⁶⁴ Judgment rendered on 10 Jul. 2017, Supreme Court, *Hei 28 (Ju) 632*, *Sai-Ji* No. 1679, 3.

⁶⁵ Takabe '*Jitsumushousetsu Tokkyokankeisoshou Dainihan*' p. 194.

⁶⁶ Takabe '*Jitsumushousetsu Tokkyokankeisoshou Dainihan*' p. 195.

⁶⁷ Patent Act Art. 104-3 (2).

(5.3) BOLAR EXCEPTION

60 Concerning this provision, there arises an issue as to whether the manufacture and/or use of a patented chemical compound or drug for the purpose of clinical trial for obtaining the marketing approval from the regulatory agency for a generic version of a new drug protected by the patent is exempt from infringement under the Patent Act, Article 69(1). Formerly, lower court decisions were divided on this issue, and the majority view of commentators was that Article 69(1) did not apply to experiments conducted for commercial purposes. The Supreme Court, however, decided on this issue in 1999,⁶⁸ holding that such practice of the patented invention is exempt from infringement because it constitutes ‘practice of the patented invention for the purpose of experiment or research under Article 69(1)’. According to the said judgment, the practice of a patented invention during the period of subsistence for the purpose of selling products after expiry of such period in excess of the scope necessary for the tests for applying for approval in the Pharmaceutical Affairs Law shall be prohibited as an infringement of the patent.

(5.4) LICENCE

61 Two kinds of licences are stipulated in the Patent Act, which are an exclusive licence (*Senyo*-exclusive licence) and a non-exclusive licence (*Tsujo* licence). A *Senyo*-exclusive licensee has a strong power similar to that of a patentee, i.e., the right to practice a patented invention with excluding the others including a patentee. On the contrary, a *Tsujo* licensee may not exclude others, that is, he/she only has the right not to be accused by a patentee or a *Senyo*-exclusive licensee regarding the practice of a patented invention.

(5.5) COMPULSORY LICENCE

62 There are three kinds of compulsory licences, that are compulsory licences for non-practiced patents,⁶⁹ compulsory licences to practise one’s own patented invention,⁷⁰ and compulsory licences for the public interest.⁷¹ In order to obtain a compulsory licence to a patent, one needs to ask the JPO to make a ruling (*Saitei*) as to whether all requirements are satisfied.⁷² Since it is exceedingly difficult to meet all requirements, however, no compulsory licence has ever been granted. The content of compulsory licence is same as a *Tsujo* licence so that the licensee of compulsory licence can maintain in the lawsuit he/she has the right not to be accused by a patentee or a *Senyo*-exclusive licensee. His/her practice of the patented invention shall not be an act of patent infringement and he/she may defend himself/herself against an infringement claim.

⁶⁸ Judgment rendered on 16 Apr. 1999, Supreme Court, *Hei* 10 (*jū*) 153, *Minshu* vol. 53, No. 4, 627. Available at www.courts.go.jp/app/hanrei_en/detail?id=436.

⁶⁹ Patent Act, Art. 83.

⁷⁰ Patent Act, Art. 92.

⁷¹ Patent Act, Art. 93.

⁷² Patent Act, Arts 84, 85 (1), Art. 86 through 91*bis*.

(5.6) PRIVATE PRIOR USE

63 Article 79 in the Patent Act protects individuals who practised a patented invention or made preparation for such practice at the time of the filing of the patent application by granting a royalty-free non-exclusive licence under certain conditions as a prior use defence.

64 Article 79 specifies the requirements of a prior use of defence as follows:

- (a) an accused infringer made an invention identical to the plaintiff's patent invention, or learned of such invention from a person who had made such an invention without knowledge of the plaintiff's invention as applied for in the patent; and
- (b) the accused infringer was engaged in the business of practising the invention or the preparation for the business of practising the invention in Japan at the time the plaintiff filed his/her patent application.

65 The said royalty-free non-exclusive licence shall be granted only to the scope of the invention and the purpose of the business as practised or prepared. According to the Supreme Court Judgment,⁷³ 'the scope of the invention and the purpose of the business as practiced or prepared' shall not be limited to the form of work which the prior user was actually working or preparing at the time of patent application (the Date of the Claim of Priority), but shall mean the scope of the technical idea, i.e., the scope of the invention, and therefore, the non-exclusive right to work the invention extends not only to the form of working the invention which the prior user had actually been working with or was preparing, but also to the modified form insofar as it is identical to the invention as represented in the form of working.⁷⁴

66 The preparation for business as the practice of the patented invention shall be construed as a state of the affairs such that a person who made the same invention as the invention for which a patent application has been made without knowing its content, or having acquired the knowledge from this person has an intention to immediately work the invention, although he has not reached the stage of implementation of the business, and such intention has been expressed in the manner and extent objectively recognizable.

67 It should be noted; however, that any practice of the invention or its preparation conducted outside Japan does not constitute grounds for this defence.

68 In practice, because the 'prior use' defence is only available if the accused product or process falls within the technical scope of the patented invention, it is often alleged as a 'conditional' defence as a last resort, that is a defence that will be triggered only where the accused product or process is held to infringe, that is, to fall within the technical scope of the patented invention.

69 Accompanying the introduction of Article 74 which is a special provision concerning the transfer of patent right, Article 79*bis* stipulated non-exclusive licence due to the working of the invention prior to the registration of the transfer of patent right.

⁷³ Judgment rendered on 3 Oct. 1986, Supreme Court, *Sho* 61 (o) 454, *Minshu* vol. 40, No. 6, 1068. Available at www.courts.go.jp/app/hanrei_en/detail?id=84.

⁷⁴ Takabe '*Jitsumushousetsu Tokkyokankeisoshou Daimihan*' p. 149.

(5.7) EXHAUSTION

70 If a patentee or its licensee sells a patented product, the patent right is deemed to have accomplished its purpose. The patent cannot, therefore, be enforced against the use or sale of such a product. This rule is called the ‘doctrine of exhaustion’. Although the Patent act does not contain any related provisions, this doctrine was clearly recognized by the Supreme Court in 1997, in its decision in the BBS Case (*see below*), where parallel import was at issue. In addition, the Supreme Court reconfirmed this doctrine and addressed its scope for recycled patented products in its decision in 2007 in the Canon Case (*see below*).

71 The BBS Case: Parallel Import in the BBS Decision, the Supreme Court expressed its view on ‘exhaustion of patent Rights’ as follows:⁷⁵

In the case where a patentee or its licensee has assigned a patented product in Japan, the patent right shall be exhausted as having achieved its purpose for said patented product and the patent right shall not be exercised against the acts of using, assigning or leasing said patented product.

However, the Supreme Court adopted different criteria regarding international exhaustion for patented products in cases of parallel import, stating the following:

In the case where a patentee in Japan or a person equivalent thereto has assigned a patented product to a third party outside Japan, the patentee shall not exercise the patent rights in Japan for said product against the assignee, unless the patentee and the assignee have agreed to exclude Japan from the areas of sale or use of said patented product, nor shall the patentee enforce patent rights against a third party who has acquired the patented product from the assignee and its subsequent assignees, unless an agreement with the assignee to this effect has been made and explicit indication thereof is explicitly provided on the patented product.

Where the products protected by Japanese patent right are sold by a patentee in a foreign country, in general it shall be restricted for a patentee to exercise such a Japanese patent right concerning such products in Japan. It should be noted that this holds true regardless of whether there is a foreign counterpart to the Japanese patent. There is an exemption of such restriction, however, which is triggered when a territorial restriction is agreed upon between the patentee and the purchaser and such a restriction is clearly noted on the product.

72 Canon Case: Recycled Patented Product Application of the doctrine of exhaustion to a recycled patented product was discussed in *Canon K.K. v. Recycle Assist K.K.*, a case related to recycled ink cartridges. The main issue in the Canon case was whether Recycle Assist’s importation and sale of an accused product, a recycled ink cartridge for ink jet printers infringed Canon’s patent due to the fact that the accused product was derived and recycled from Canon’s patented ink cartridge. In 2007, the Supreme Court decided as follows:⁷⁶

The subject matter against which enforcement of patent rights are restricted due to exhaustion shall be limited to the patented product assigned by the patentee in Japan. Thus, if it is found that, by modification or exchange of parts made to a patented product assigned by the patentee in Japan, a patented product not identical to a

⁷⁵ Judgment rendered on 1 Jul. 1997, Supreme Court, *Hei 7 (o)* 1988, *Minshu* No. 51, 6, 2299. Available at www.courts.go.jp/app/hanrei_en/detail?id=314.

⁷⁶ Judgment rendered on 8 Nov. 2007, Supreme Court, *Hei 18 (ju)* 826, *Han-Ta* No. 1258, 62. Available at www.courts.go.jp/app/hanrei_en/detail?id=917.

patented product before modification was newly manufactured, a patentee can exercise the patent right to the newly manufactured patented product.

73 When deciding whether a patented product was newly manufactured, as stated above, comprehensive consideration shall be made of the attributes of a patented product; the content of the patented invention; the manner of modification and exchange of parts, and practice of transactions. The following attributes of said patented product should be taken into account: the function of the product, structure and materials, application, usable life, mode of use, consideration of the manner of modification and exchange of parts shall include the state of the product when being modified, etc., the details and degree of the modification, durable term of the exchanged parts and the technical function and economic value of the parts in the patented product.

74 Under the above-mentioned rule, the court found that the accused recycled cartridge at issue was a newly manufactured patented product not identical to the patented product before modification, and thus infringed the patent at issue.

(5.8) FARMERS PRIVILEGE

Not applicable

(5.9) FURTHER EXCEPTIONS TO PATENT INFRINGEMENT

75 It should be noted that it is natural for the patent right lapsed by the expiration not to be exercised.

(6) LICENSING

(6.1) VOLUNTARY LICENCE

76 The Japanese Patent Act recognizes two kinds of licences, a *Senyo*-exclusive licence⁷⁷ and a *Tsujō* licence.⁷⁸

77 A *Senyo*-exclusive licence is the exclusive licence specifically registered by the JPO, and that must be registered to take effect.⁷⁹ Such registration grants the right to practice the patented invention exclusively to a licensee of a *Senyo*-exclusive licence,⁸⁰ although exclusive licensee requires the patentee's consent in order to transfer the licence or grant a sublicense.⁸¹ In addition, holders of *Senyo*-exclusive licence may sue patent right infringers for injunction and damages.⁸² Patentees may not practise their own patented inventions when there is a *Senyo*-exclusive licence to the patent but may seek for injunction if the patent is infringed.⁸³

78 If they do not hold a *Senyo*-exclusive licence registered by the JPO, exclusive licensees may still seek damages caused by infringement,⁸⁴ although they may not seek for injunction under the Patent Act, Article 100.

79 Whether registered or not,⁸⁵ *Tsujō* licensees may not sue an infringer for either injunction or damages.

80 *Tsujō* licences⁸⁶ include various kinds of licences, that are a non-exclusive licence granted by a patentee depending on the contract between a patentee and a licensee,⁸⁷ a statutory non-exclusive licence or a compulsory non-exclusive licence.⁸⁸

81 Statutory non-exclusive licences include a *Tsujō* licence based on an employee invention,⁸⁹ a *Tsujō* licence based on a prior use right,⁹⁰ a *Tsujō* licence due to the practising of the invention prior to the registration of the request for a patent invalidation trial,⁹¹ a *Tsujō* licence after expiration of the duration of a design right,⁹² a *Tsujō* licence due to the practising of the invention prior to the registration of the request for a retrial,⁹³ a *Tsujō* licence due to the practising of the invention prior to the registration of the transfer of a patent right.⁹⁴

⁷⁷ Patent Act Arts 77, 99.

⁷⁸ Patent Act, Art. 78.

⁷⁹ Patent Act, Art. 98 (1) (ii).

⁸⁰ Patent Act, Art. 77 (2).

⁸¹ Patent Act, Arts 77 (3) (4).

⁸² Patent Act, Arts 100, 102.

⁸³ Judgment rendered on 17 Jun. 2005, Supreme Court, *Hei 16 (ju) 997*, *Minshu* vol. 59, No. 5, 1074. Available at www.courts.go.jp/app/hanrei_en/detail?id=753 The Supreme Court held that a patentee is entitled to seek injunction even if there is a registered exclusive licensee.

⁸⁴ See judgment rendered on 27 Apr. 2004, Tokyo High Court, *Hei 14 (ne) 4448*, S.C. Website.

⁸⁵ The registered licence to a patent is effective even if its patentee later transfers exclusively licence of the patent to a third party. Patent Act, Art. 99 (1).

⁸⁶ Patent Act, Arts 78–83, 92, 93.

⁸⁷ Patent Act, Art. 78.

⁸⁸ Patent Act, Arts 83, 92, 93.

⁸⁹ Patent Act, Art. 35.

⁹⁰ Patent Act, Art. 79. See s. 4.5.

⁹¹ Patent Act, Art. 80.

⁹² Patent Act, Arts 81, 82.

⁹³ Patent Act, Art. 176.

⁹⁴ Patent Act, Art. 79-2.

82 Under the 2011 Patent act Amendment, which became effective on 1 April 2012,⁹⁵ registration of *Tsujō* licences by the JPO is not available anymore. Along with this change,⁹⁶ a licensee of a patent can defend himself/herself by establishing the licence against a third party who subsequently obtains the patent or the *Senyo*-exclusive licence from the original licensor and accuses him/her of infringement upon the patent.⁹⁷

(6.2) COMPULSORY LICENCE

83 See above section 5.5.

⁹⁵ This applies not only to licence granted after 1 Apr. 2012, but also licence granted before then.

⁹⁶ Before the 2011 Patent Act Amendment, a *Tsujō* licensee needed to register the licence in order to raise the licence defence a licensee of a patent can defend himself/herself by establishing the licence against a third party who subsequently obtained the patent or *Senyo* exclusive licence from the original licensor.

⁹⁷ Patent Act, Art. 99.

(7) PATENTS AS PART OF ASSETS

(7.1) ASSIGNMENT

84 The right to obtain a patent, as a kind of property rights, may be transferred;⁹⁸ however, the transfer (except for a transfer arising from general succession including inheritance, merging companies, etc.) must be registered to take effect.⁹⁹

(7.2) CO-OWNERSHIP

85 Where a patent right is jointly owned, no joint owner may assign or establish a right of pledge on the said joint owner's own share without the consent of all the other joint owners,¹⁰⁰ and no joint owner may grant an exclusive licence or non-exclusive licence with regard to the patent right to any third parties without the consent of all the other joint owners.¹⁰¹

86 Where a patent right is jointly owned, unless otherwise agreed upon by contract, each of the joint owners may practice the patented invention without the consent of the other joint owners.¹⁰²

(7.3) SURRENDER

87 A patentee may not waive the patent right without the consent of exclusive licensees, pledgees or particular non-exclusive licensees.¹⁰³

(7.4) SECURITY RIGHTS

88 A patent right as a kind of property rights may become the subject matter of the security interests including a pledge,¹⁰⁴ a mortgage or foundation collaterals.^{105,106}

(7.5) ATTACHMENT

89 A patent right as a kind of property rights may become the subject matter of an attachment.¹⁰⁷

⁹⁸ Patent Act, Art. 33 (1).

⁹⁹ Patent Act, Art. 98 (1) (i).

¹⁰⁰ Patent Act, Art. 73 (1).

¹⁰¹ Patent Act, Art. 73 (3).

¹⁰² Patent Act, Art. 73 (2).

¹⁰³ Patent Act, Art. 97 (1).

¹⁰⁴ Patent Act, Art. 95.

¹⁰⁵ Factory Hypothecation Law, Art. 11 (5).

¹⁰⁶ Nakayama 'Tokkyohou Dainihan' pp. 449–451.

¹⁰⁷ Nakayama 'Tokkyohou Dainihan' pp. 451–452.

(8) PATENT LITIGATION

(8.1) PLAINTIFF

(8.1.1) Owner

90 A patentee may require a person who infringes or is likely to infringe the patent right to stop or to prevent such an infringement;¹⁰⁸ besides, the compensation for damages sustained as a result of the intentional or negligent infringement of a patent right.¹⁰⁹

(8.1.2) Co-owner

91 Even though a patent right is jointly owned, each of joint owners may require a person who infringes or is likely to infringe his/ her patent right to stop or to prevent such a whole infringement, based on their own right or act of preservation, without permission of the other co-owner.

(8.1.3) Exclusive Licensee

92 A *Senyo*-exclusive licensee may require a person who infringes or is likely to infringe his/her *Senyo*-exclusive licence to stop or to prevent such an infringement;¹¹⁰ besides, the compensation for damages sustained as a result of the intentional or negligent infringement of the *Senyo*-exclusive licence.¹¹¹

(8.1.4) Non-Exclusive Licensee

93 A *Tsujō* licensee shall be entitled to require a patentee only to approve the licensee's practice of a patented invention to the extent of a contract; the licensee's right shall not have an exclusive property to directly exploit a patented invention.¹¹² Thus, a *Tsujō* licensee may not require a person who infringes or is likely to infringe his/her *Tsujō* licence to stop or to prevent such an infringement.

(8.1.5) Other

Not applicable

(8.2) LIMITATION PERIODS

94 The right to demand an injunction shall be exercised at any time during a patent period. As the compulsory execution may not be performed after the expiry date of a patent right, an infringement suit should be filed as soon as the fact of such an infringement is found.

¹⁰⁸ Patent Act, Art. 100 (1).

¹⁰⁹ Civil Law, Art. 709.

¹¹⁰ Patent Act, Art. 100 (1).

¹¹¹ Civil Law, Art. 709.

¹¹² Patent Act, Art. 78.

95 The right to demand compensation for damages shall be exercised at any time within three years from the time that the damages and the infringer were found or within twenty years from the time that the fact of an infringement occurred.¹¹³

96 In addition, the right to demand a restoration for unjust enrichments¹¹⁴ shall be exercised at any time within ten years from the time that the fact of an infringement occurred.¹¹⁵

(8.3) COMPETENT COURT/VENUE

97 The Tokyo District Court and the Osaka District Court are courts of the first instance for patent infringement cases.¹¹⁶ Of the fifty District Courts in Japan, only two, Tokyo District Court and Osaka District Court, have exclusive subject matter jurisdiction over patent infringement litigations. Generally speaking, if an act of infringement takes place in western Japan, a patent infringement action is filed with the Osaka District Court, while infringement actions involving acts of infringement alleged to have taken place in eastern Japan are filed with the Tokyo District Court. Both the Tokyo District Court and the Osaka District Court have intellectual property divisions specialized in intellectual property litigations.

98 IP High Court, a special branch of the Tokyo High Court, which is located in Tokyo in the same building as the Tokyo District Court, has exclusive jurisdiction over appeals filed against Tokyo and Osaka District Court decisions on patent litigations and appeals filed against the JPO's decisions.¹¹⁷ Although a party can file a further appeal with the Supreme Court, the Supreme Court reviews only cases involving important legal issues.¹¹⁸

99 The Tokyo District Court and the Osaka District Court have divisions specialized in intellectual property cases. Judges of the district court divisions, although familiar with patent cases; usually do not have a scientific background. In addition to judges, the courts retain judicial research officials (*Saibansho Chosa Kan*)¹¹⁹ to help judges comprehend the technologies involved in each patent case. The courts may also request outside technical advisors (*Senmon In*) in each case to assist the judges by providing neutral explanations on advanced and technology-specific issues involved in patent litigation.¹²⁰

100 In Japan, attorneys-at-law (*Bengoshi*) can conduct legal affairs of any type, including patent litigation. In order to become an attorney in Japan, candidates take the bar exam and complete the one year mandatory training programme held by the Supreme Court's Legal Research and Training Institute (*Shiho-Kensyu-Sho*). Patent attorneys (*Benrishi*) can participate in patent litigation as assistant attorneys (*Hosamin*) without judicial authorization.¹²¹ There are also *Benrishi*s called *Fuki-Benrishi* who are qualified as advocates and can, when partnered with a *Bengoshi*, co-represent clients in patent infringement cases, however, patent attorneys can become a counsel about the judgment cancellation suit alone.

¹¹³ Civil Law, Art. 724.

¹¹⁴ Civil Law, Art. 703.

¹¹⁵ Civil Law, Art. 167 (1).

¹¹⁶ Civil Procedure Law, Art. 6 (1).

¹¹⁷ Civil Procedure Law, Art. 6 (3).

¹¹⁸ Civil Procedure Law, Art. 318 (1).

¹¹⁹ Civil Procedure Law, Art. 92octies.

¹²⁰ Civil Procedure Law, Art. 92bis.

¹²¹ Patent attorneys Law, Art. 5. Available at www.japaneselawtranslation.go.jp/law/detail/?id=1906&vm=04&re=01&new=1.

(8.4) PATENT OFFICE

(8.4.1) General

101 The Patent System in Japan is sophisticated. To obtain patent protection, a patent application must be filed with the JPO. An Examiner at the JPO examines the patentability of a patent application, including novelty,¹²² inventive step,¹²³ industrial applicability,¹²⁴ disclosure requirements¹²⁵ and the like. In the event that an Office Action (notice of rejection) is issued, an applicant is given an opportunity to file a response including arguments and/or amendments to the claims. After reviewing the arguments and/or amendments, the Examiner issues a decision of rejection or a decision to grant a patent. An applicant can file an appeal against a decision of rejection to the Board of Appeals and Trials at the JPO.¹²⁶ Patents expire twenty years from the filing date.¹²⁷ A patent term extension is possible for up to five years for pharmaceutical or agrochemical patents under certain conditions.¹²⁸ An Invalidation Trial System exists for the purpose of patent revocation.¹²⁹

(8.4.2) Patent Term Extension

102 Patent terms may be extended for up to five years if the invention in question could not be practised due to the necessity of obtaining an approval or similar permission as prescribed by government ordinances (*Seirei*).¹³⁰ Such approval includes approval provided under regulations designed for ensuring product safety (i.e., marketing approval for pharmaceutical products or agrochemical products). Only the patentees may file requests for patent term extension.¹³¹ The patentee and exclusive licensee under the patent must obtain marketing approval. Applications for registration of patent term extension must be filed within three months from the date of marketing approval. When requests for patent term extension are filed, the patent term is deemed to be extended until the decision of refusal becomes final and conclusive or registration of the extension is made.¹³² When the earlier-approved pharmaceutical products are not included within the technical scope of the patent, application for registration of extension will not be rejected by the existence of a pharmaceutical product earlier approved under the Pharmaceutical Affairs Act, even if the earlier-approved pharmaceutical products and later-approved pharmaceutical products have the same active ingredients, effects and efficacy.¹³³

If there is a disposition leading to an application and a prior disposition, and the manufacturing and sale of a medicine covered by the prior disposition includes that of a medicine covered by the disposition leading to an application, as a result of comparing both dispositions regarding examination matters which directly affect substantial identity as a medicine in light of a type or subject of a patented invention pertaining to the application

¹²² Patent Act, Art. 29(1).

¹²³ Patent Act, Art. 29(2).

¹²⁴ Patent Act, Art. 29(1).

¹²⁵ Patent Act, Art. 36.

¹²⁶ Patent Act, Art. 121(1).

¹²⁷ Patent Act, Art. 67(1).

¹²⁸ Patent Act, Art. 67(2).

¹²⁹ Patent Act, Art. 123.

¹³⁰ Patent Act, Art. 67(2).

¹³¹ Patent Act, Art. 67ter.

¹³² Patent Act, Art. 67bis.

¹³³ Judgment rendered on 28 Apr. 2011, Supreme Court, *Hei 21 (Gyo-Hi) 326, Minshu* vol. 65, No. 3. Available at www.courts.go.jp/app/hanrei_en/detail?id=1103.

of patent term extension, it is reasonable to deny that it was necessary to obtain the disposition leading to an application for the practising of the patented invention pertaining to the application for patent term extension. Furthermore, examination matters which directly affect substantial identity as a medicine regarding a product invention for an ingredient of a medicine are their ingredient, quantity, dosage, administration, effectiveness and efficacy.¹³⁴

103 The extended patent right covers not only the product (medicinal product) identified by ‘ingredient, quantity, dosage, administration, effectiveness, and efficacy’ designated by the Cabinet Order Disposition, but also the product substantially identical to it as a medicinal product. Whether or not it is merely a slight or superficial difference as a whole should be judged based on the contents of the patented invention considering common general knowledge of the skilled person as follows: compare the identity of the technical feature and the function and effect of the product identified by ‘ingredient, quantity, dosage, administration, effectiveness, and efficacy’ designated by the Cabinet Order Disposition and the opponent’s product.¹³⁵

(8.5) PROVISIONAL MEASURES

(8.5.1) Provisional Disposition

104 The preservation suits regarding a patent right include the suits for an preliminary injunction as a main content, the provisional disposition for the prohibition of disposition, the provisional disposition for a provisional registration, the provisional attachment for the preservation of the right to demand compensation for damages and the provisional attachment for the preservation of a patent right, etc.¹³⁶

105 On the practice of the preservation suits regarding an injunction for patent infringement, whether or not the right that must be preserved is found shall be reviewed carefully. Thus, there hardly seems to be the difference between the examination for the provisional disposition and the one for the suit on the merit. And, in many cases on the practice, both the suit for the provisional disposition and the suit on the merit shall belong to the same court and the oral proceedings of both suits shall proceed in parallel.¹³⁷

(8.5.2) Preliminary Injunction Proceedings

106 Patentees can file a petition for preliminary injunction with a District Court. Preliminary injunction proceedings¹³⁸ are independent proceedings separate from regular infringement suits. To obtain a preliminary injunction order, patentees must establish: (i) patent infringement and (ii) necessity for preliminary injunction,¹³⁹ that is, possibility of irreparable harm. If the

¹³⁴ Judgment rendered on 17 Nov. 2015, Supreme Court, *Hei* 26 (*Gyo-hē*) 356, *Han-Ji* No. 2309, 127. Available at http://www.ip.courts.go.jp/app/files/hanrei_en/972/001972.pdf.

¹³⁵ Judgment rendered on 20 Jan. 2017, IP High Court, *Hei* 28 (*Ne*) 10046. Available at http://www.ip.courts.go.jp/app/files/hanrei_en/136/002136.pdf.

¹³⁶ Oobuchi et al. ‘*Tokkyososhou-Jokan*’ p. 502.

¹³⁷ Takabe et al. ‘*Tokkyososhou-no-jitsumu*’ p. 257.

¹³⁸ Civil Preservation Law, Art. 23(2). Available at www.japaneselawtranslation.go.jp/law/detail/?id=2028&vm=04&re=01&new=1.

¹³⁹ It would be difficult to show the necessity for preliminary injunction in a situation where neither the patentee nor its licensee practice the patented invention in Japan.

patentee or licensee is not practising the patent, it is extremely difficult to establish the second requirement. Normally, it takes five to ten months from filing a petition to issuing an order.

107 Although the court fee for a preliminary injunction is inexpensive (Japanese Yen (JPY) 2,000 per action), the court usually orders the patentee to deposit a certain amount as a security before issuing a preliminary injunction order.¹⁴⁰

(8.6) EVIDENCE

(8.6.1) Preservation/Seizure of Evidence

108 A patentee can file a petition to a court to preserve evidence of or relating to the infringement before proceedings on the merit commences.¹⁴¹ The patentee is required to establish that the evidence will not be available unless it is preserved at this stage. Such establishment should be based on concrete elaboration and proof. For example, general possibility of alteration of documents would not suffice; there should be some facts to make the court speculate that the documents would be altered.

(8.6.2) Gathering Evidence

109 There are no discovery proceedings under Japanese law. Although the Patent act provides for document production orders as explained below, the court rarely issues document production orders in practice. Patent holders willing to establish infringement of an alleged infringer are therefore responsible for the collection of evidence. Generally speaking, it is difficult to establish infringement of a manufacturing method claim, due to the difficulty involved with collecting evidence to prove the manufacturing methods used by the alleged infringer at its production facilities.

110 There are no strict limitations on evidence that can be submitted to the court in patent litigations. The court will not reject the parties' submission of evidence unless the timing of submission is too late and delays the procedure as a result. The court evaluates the probative value of the evidence at its discretion and prefers documentary evidence such as articles, publications, experiment reports, product analysis, expert opinions and affidavits in patent infringement litigations. In patent infringement litigations, witness examinations are rarely held.

111 If a piece of evidence is written in foreign language, a Japanese translation must also be submitted.

112 Parties may submit evidence corresponding to their arguments in their briefs during each hearing.

113 In Japan, a complaint must include substantive grounds for the demands being made. Complaints identify the accused infringing products by product name and/or model number and describe relevant structures of the products in connection with the patent claim. Thus, a patentee must conduct a sufficient investigation on the accused products, as well as an analysis on the patent at issue, before commencing legal action.

¹⁴⁰ Civil Preservation Law, Art. 14 (1), the amount to be deposited is determined by the court in consideration of the damages that the accused infringer would incur and the likelihood that later the order may prove to be wrong. The security deposit will be returned when the infringement court upholds the injunction and the decision becomes final or when the opponent gives consent.

¹⁴¹ Civil Procedure Law, Art. 234.

114 Since there are no discovery proceedings in Japan, patentees should somehow obtain the suspected product(s). Even if it is difficult to obtain the suspected product, the patentee should, at a minimum obtain brochures, advertisements, blueprints, and/or photographs of the products and analyse them to determine whether they have each and every claim element before filing a complaint. If the patent is related to a method, it is difficult to collect evidence. Nevertheless, the patentee must collect as much circumstantial evidence as possible.

(8.6.3) Experts

115 In the case of patent infringement suits, it is necessary for judges to understand correctly the specialized technical matters of the asserted patent in order to grasp precisely a critical issue, to perform quickly a substantial trial and to make an appropriate conclusion.¹⁴² Thus, two kinds of systems were built up in the court, judicial research official system and the technical advisor system.

116 Judicial research officials shall conduct the research necessary for the examination and decision on the case (limited to the case concerning intellectual properties or the tax in a District Court) and other duties provided in other laws, as ordered by judges.¹⁴³ As one of their duties, offering their own opinions about the case to the judges, etc. in order to clarify the matters related to the suit is stipulated in the Civil Procedure Law.¹⁴⁴ Their duties are very important for the reinforcement of judges' knowledge related to the specialized technical matters of the alleged patent.

117 Technical advisors are familiar with the specialized fields such as biotechnology, semi-conductor, information communication and software, etc. As it is often difficult for the judicial research officials to research such fields by themselves, assistance by the technical advisors shall be needed.

(8.6.4) Inspection

118 The patentee should make sure that the patent at issue is still in force and has not expired and its maintenance fees have been paid. The name of the registered patent holder should be confirmed. Assignment of a patent does not become effective until it is registered with the JPO.¹⁴⁵ Also, the right to sue an infringer based on the activity occurred before the assignment registration should be explicitly transferred, and the accused infringer should be made aware of the transfer of rights.¹⁴⁶

119 Since patent invalidity is an affirmative defence in a patent infringement suit,¹⁴⁷ it is important to evaluate the weaknesses of the patent in order to estimate the risk of invalidation and be prepared for attacks likely to be employed by an opponent.

¹⁴² Oobuchi et al. '*Tokkyoshou-Jokan*' p. 500.

¹⁴³ Civil Procedure Law, Art. 92-8 (1).

¹⁴⁴ Civil Procedure Law, Art. 92-8 (1) (i).

¹⁴⁵ Patent Act, Art. 98 (1) (i).

¹⁴⁶ Civil Code, Art. 467 (1).

¹⁴⁷ Art. 104ter (1) in 2004.

(8.7) PROCEEDINGS ON THE MERIT

(8.7.1) Infringement Proceedings

(8.7.1.1) Warning Letters

120 Although not necessary, sending a warning letter before taking any legal action is a common practice in Japan. A warning letter may be a means for commencing a licence negotiation or for finding the opponent's position against the patent. At the very least, the fact that the patentee already sent a letter can make a good impression on the court later on. However, a warning letter could trigger legal action on the part of the recipient, such as filing a request for invalidation trial¹⁴⁸ with the JPO, and/or filing a declaratory judgment action. Due to the inherent risk, the patentee should be well prepared before sending a warning letter.

(8.7.1.2) Complaint Filing

121 Plaintiffs must file complaints with the Tokyo or Osaka District Court in patent infringement cases, or with the Intellectual Property High Court when requesting cancellation of decisions made by the JPO.

122 Complaints must include the names and addresses of both parties and those of the plaintiff's attorney(s), the content of the order that the plaintiff is requesting the court to render, and the legal and factual grounds for the plaintiff's request. In practice, complaints regarding patent infringement litigation describe the plaintiff's substantive argument, and include fundamental supporting evidence such as a certified copy of the registration of the patent at issue, and/or a copy of the patent publication and other documents showing infringement activities committed by the defendant. All complaints, answers, and briefs must be written in Japanese. Complaints must have attached revenue stamps. These stamps, which signify payment of court fees, are based on the amount being pursued by the plaintiff through litigation.

(8.7.1.3) Answers

123 After ex officio service of a complaint to the defendant, the defendant submits an answer to the complaint. The answer must contain the defendant's admission or denial of the facts alleged by the plaintiff in the complaint and rebuttals to the plaintiff's assertions. A request is usually made to the defendant to submit an answer one week prior to the first oral hearing date.

(8.7.1.4) Briefs

124 Arguments of parties are made in writing in the form of briefs, which are submitted to the court during the course of hearings. Parties exchange briefs and evidence throughout the course of the litigation. Typically, if a party submits a brief and evidence during the course of a hearing, the other party submits a brief rebutting the opponent's arguments and relevant evidence in the next hearing, which is held approximately one or two months later.

(8.7.1.5) Oral Hearings and Preparatory Hearings

125 Japanese civil proceedings consist of a series of hearings held either monthly or bimonthly. Japan has neither discovery nor continuous trials.

¹⁴⁸ Patent Act, Art. 123.

126 First, an oral hearing is held, usually approximately four to six weeks after service of a complaint. The first oral hearing is held in a courtroom that is open to the public. In the first oral hearing, the plaintiff officially states a complaint, while the defendant officially states an answer. Both the plaintiff and defendant submit evidence to support their respective arguments. Since the arguments in both the complaint and the answer are submitted in writing in advance, the parties do not usually present their arguments to the court orally.

127 In patent infringement lawsuits heard at the Tokyo District Court, the second and subsequent hearings are preparatory proceeding hearings. Unlike formal oral hearings, preparatory proceeding hearings are held in a closed court conference room. During these hearings, parties officially state their briefs and evidence and may answer the court's questions regarding their arguments, although they do not usually make oral presentation of their arguments to the court. The court, however, sometimes requests that parties make presentations explaining technical issues before the court during preparatory proceeding hearings.

128 In many cases, technical advisors shall attend an explanatory session and receive explanations regarding a patented invention. Each party shall make a presentation in the said session to explain the technical knowledge of a patented invention or the structure of an accused product or process using documents, models or drawings coloured intelligibly, etc. After a presentation by both parties, technical advisors ask them some questions in order to highlight the technical feature of the patented invention or the alleged product or process, answer from both parties questions and discuss the said technical feature in an atmosphere of freedom.¹⁴⁹

129 When the court considers the arguments and evidence presented by the parties to be sufficient basis upon which to render a decision, the court closes the preparatory proceedings and sets the date for the last oral hearing.

130 The final oral hearing, in which the court sets the date of the decision, is held in a courtroom that is open to the public.

131 Before rendering a judgment, the court very often seeks a possibility of judicial settlement. If parties agree to start judicial settlement discussions, the court leads the discussions, which normally take several months. *See* section 8.7.1.7 for details.

(8.7.1.6) Decisions

132 The court renders a decision approximately two months from the final oral hearing. It usually takes twelve to eighteen months from the time a complaint is filed by the plaintiff for the court to render a judgment. If the court finds validity of the patent at issue and rules that there is patent infringement, the defendant is ordered to pay damages to the plaintiff and/or suspend further infringing activities such as manufacturing and sale of the infringing products. Even if a District Court's decision orders an injunction in a patent infringement case, the defendant (i.e., infringer) is not enjoined from the infringing activities until the decision becomes final and conclusive unless the court issues a provisional execution order. Provisional execution orders are issued in conjunction with decisions favourable to the plaintiff if requested by the plaintiff (i.e., patent holder) and deemed appropriate by the court.

133 Parties can appeal decisions of the Tokyo or Osaka District Court to the IP High Court. *See* section 5.1 for details.

¹⁴⁹ Takabe 'Jitsumushousetsu Tokkyokankeisoshou Dainihan' p. 367.

(8.7.1.7) Judicial Settlement

134 One of the main characteristics of patent infringement litigation in Japan is that many cases end with judicial settlements. Usually, discussion of judicial settlement commences at the later stage of litigation that is six to ten months after commencement of litigation, when the court has reached a tentative conclusion on the case. The judges who examined the patent infringement and validity of the subject patent take a leading role in judicial settlement discussions. These judges disclose or, at times, vaguely suggest to each party their unofficial tentative conclusion regarding infringement and patent validity. The parties can therefore compare the advantages and disadvantages of reaching a judicial settlement with those of obtaining a court decision, and decide whether or not to settle the case. If a party wishes to obtain a decision, the court ends the settlement discussions and renders the decision accordingly.

135 Judicial settlement has the same legal effect as a final and conclusive court decision. In contrast to a court judgment, parties can ask the court not to reveal the details of the settlement to the public.

(8.7.1.8) Document Production Orders

136 The Patent act¹⁵⁰ provides that, in infringement litigation, the court can order a party to produce documents upon the other party's request for the purpose of establishing infringement or calculation of damages, unless there is a good reason for the holder of the documents in question to refuse production of the documents (document production orders). Document production orders were introduced by the revision of the Patent act in 2004, which went into effect in April 2005. In practice, however, the court rarely issues a document production order for the purpose of establishing infringements. The court does sometimes issue a document production order for the purpose of damage calculation.

(8.7.1.9) Protective Orders to Protect Confidential Information

137 Protective orders to protect confidential information were also introduced by the revision of the Patent act in 2004. Upon a party's request, the patent infringement court may issue a protective order in regard to briefs and evidence containing confidential information possessed by the other party.¹⁵¹ Upon the issuance of such an order, relevant persons of the party subject to the order, that is attorney(s) and/or employee(s), may neither use the confidential information for any purpose other than the subject litigation nor disclose such information to third parties. Criminal penalties may be imposed on individuals who violate protective orders.¹⁵² Although there have been a few cases in which the court issued a protective order, in practice, parties often choose to enter into voluntary non-disclosure agreements instead.

(8.7.2) Invalidity Proceedings (*Muko shinpan*)

138 In general, the JPO has exclusive jurisdiction to revoke patents under the invalidation trial system.¹⁵³ The Board of Appeals and Trials of the JPO conducts invalidation trials. Although the courts can decide issues of validity pertaining to subject patents in infringement cases, the court decision binds only the parties in the infringement case itself.

¹⁵⁰ Patent Act, Art. 105 (1).

¹⁵¹ Patent Act, Art. 105*quater*.

¹⁵² Patent Act, Art. 200bis.

¹⁵³ Patent Act, Art. 125.

139 In patent litigations (infringement lawsuits), it is common for the defendant to submit arguments regarding invalidity of the patent in question as an affirmative defence. It is also common, however, to file a demand for an invalidation trial at the JPO simultaneously when making invalidity defence arguments during patent litigation at the court. The court and the JPO can make their own judgments regarding patent validity, however each usually respect the judgment rendered by the other.¹⁵⁴ A panel consisting of three or five trial examiners adjudicates invalidation trials. The panel consists of a chief trial examiner and two or four associate examiners.¹⁵⁵

140 Interested persons may demand an invalidation trial. While any person was able to demand an invalidation trial before the Patent Act amendment in 2014, only interested persons may demand an invalidation trial after the amendment. ‘Person’ includes any natural person and any legal person (e.g., a corporation). The grounds for invalidity basically correspond to those for rejecting a patent application during an examination. The grounds for invalidity are listed in the Patent act, Article 123(l) which include issues relating to novelty, inventive step, industrial applicability, insufficient disclosure (e.g., lack of enablement, support or clarity), unpatentable subject matter, double patenting, usurpation or misappropriation (*Bōnin*)¹⁵⁶ and the like.

141 There is no specific time limit to file a demand for an invalidation trial. It is possible to file such a demand even after the patent in question has expired.¹⁵⁷ Since a lawsuit for damages can be filed even after expiration of the patent in question, defendants in such lawsuits are given an opportunity to initiate an invalidity action at the JPO.

142 Invalidation trial proceedings are *inter partes* in nature. According to the Patent Act, invalidation trials must be conducted through oral proceedings. However, the chief trial examiner can decide to conduct the trial by documentary proceedings ex officio.¹⁵⁸ In practice, invalidation trials are conducted by documentary proceedings, except in the case of oral hearings. The Board (chief trial examiner) may hold an oral hearing during trial proceedings as necessary.¹⁵⁹ In typical cases, oral hearings are held once during the trial proceedings.

143 The patentee is permitted to correct the claims of the patent in question to remove the grounds for invalidity. According to the Patent Act amended in 2011, where the announcement of the trial decision is performed by the chief trial examiner, the patentee may file a request for corrections within a reasonable period specified by the chief trial examiner,¹⁶⁰ as filing a request for the correction trial shall be prohibited while the invalidation trial is pending.¹⁶¹ However, allowable corrections or amendments are very limited (e.g., the following are restriction of the scope of claims, correction of errors in the description or of incorrect translations, and clarification of ambiguous descriptions).

¹⁵⁴ Patent Act, Arts 168(1), (2).

¹⁵⁵ Patent Act, Art. 136(1).

¹⁵⁶ As of 1 Apr. 2012, only a rightful owner of the invention can file an invalidation trial based on the ground that the invention was misappropriated.

¹⁵⁷ Patent Act, Art. 123(1), (3).

¹⁵⁸ Patent Act, Art. 145(1).

¹⁵⁹ Patent Act, Art. 145(1).

¹⁶⁰ Patent Act 164-2 (1) (2).

¹⁶¹ Patent Act 126 (2).

144 Invalidation proceedings usually take one to two years, depending on the complexity of the case. A patent right (or part thereof) that has been declared invalid is deemed to have not existed from the issue of the patent.¹⁶²

145 A party dissatisfied with the trial decision (either a petitioner or a patentee) may seek review at the IP High Court by filing a lawsuit with the IP High Court.¹⁶³ In these situations, the scope of allowable amendments or corrections is also very limited. At the IP High Court, judges having expertise in IP laws (usually a three-member panel) review each trial decision. Any party that is dissatisfied with the decision of the IP High Court may appeal to the Supreme Court.¹⁶⁴

(8.7.3) Opposition Proceedings (*Igi moushitate*)¹⁶⁵

146 The Patent Post-grant Opposition system was stipulated in the Patent Act amended in 2014, in which anyone may file a request for an opposition within a fixed period after patent grant, which is the system for achieving the public interests to raise the public trust for a patent, and the Patent Office itself examining the propriety of the patent disposition and cancelling the patent grant when there was a defect. Thus, the said system has the different purpose from that of the invalidation trial system which is for solving actual dispute cases of the litigant parties.

147 The prior patent post-grant opposition system was integrated with the invalidation trial system and was abolished progressively in 2004; however, the present system to be slightly different from the prior system was made depending on a strong request from the industry.

148 Anyone may file a request for an opposition within six months from the date of the publication of a granted patent.¹⁶⁶ As the propriety of the patent disposition is examined on the said opposition, many grounds of opposition¹⁶⁷ are common to grounds of refusal.¹⁶⁸

149 The opposition is examined by three or five examiners as with the trial.¹⁶⁹ And, the documentary proceeding¹⁷⁰ is adopted as with the trial against examiner's decision of refusal, because the propriety of the patent disposition is examined on the said opposition.

150 Where a panel of examiners makes a decision for revocation of a patent, a notice of reasons for revocation shall be sent and an opportunity to submit a written opinion or an amendment shall be given to a patentee.¹⁷¹ An appeal shall be available to the decision for the revocation of a patent,¹⁷² but no appeal shall be available to the decision for the maintenance of a patent.¹⁷³

¹⁶² Patent Act, Art. 125 stipulates that where a trial decision to the effect that a patent is to be invalidated has become final and conclusive, the patent right shall be deemed never to have existed.

¹⁶³ Patent Act, Art. 178(1).

¹⁶⁴ Civil Procedure Law, Art. 311(1).

¹⁶⁵ Takahata 'Shin-Tokkyoigimoushitateseido-no-kaisetsu' p. 3.

¹⁶⁶ Patent Act, Art. 113.

¹⁶⁷ Patent Act, Arts 113 (1) (i)-(v).

¹⁶⁸ Patent Act, Art. 49.

¹⁶⁹ Patent Act, Art. 114 (1).

¹⁷⁰ Patent Act, 118 (1).

¹⁷¹ Patent Act, Art. 120-5 (1).

¹⁷² Patent Act, Art. 114 (2).

¹⁷³ Patent Act, Art. 114 (4).

151 Because the period of a request for an opposition is short, the patent to be subject of an opposition shall be limited unlike the invalidation trial. Thus, the relationship between the opposition and the patent infringement suit is not as close as that between the validation trial and the said suit; however, as the need of avoiding the risk of the patent infringement in the product development is still high, the motivation to make a patent lapsed seems to be raised by the patent post-grant opposition, which is more user-friendly than the invalidation trial.

(8.7.4) Entitlement Proceedings

152 Where the patent has been granted in violation of Article 38, a person who has the right to obtain the patent may request the patentee to transfer the patent, in accordance with Article 74(1).

(8.7.5) Suspension of Proceedings

153 Although courts can suspend infringement litigation and preliminary injunction proceedings when an invalidation trial commences at the JPO,¹⁷⁴ a court usually does not do so. Courts usually determine validity of patents by themselves.

(8.8) CUSTOMS SEIZURES

154 As exporting or importing is included in the practice of a patented invention, the request for an injunction of exporting or importing infringements shall be filed on the patent infringement suit; however, as it is not so effective because of procedural or temporal difficulties, an injunction at the customs is demanded.¹⁷⁵

155 An injunction at the customs is stipulated in the Customs Act; however, not patent infringements themselves but the way to prohibit for a person to export or to import the goods to be illegal in the Patent Act as contraband goods is stipulated in the Customs Act. Thus, it is necessary to certify the said goods are illegal in the Patent Act before injunction.

156 The chief customs inspector may order the disposal, the seizure or the reshipment of these patent infringements as contraband goods which are stipulated in Article 69-11 (1) (ix) of the Customs Act. In Japan, the said chief customs inspector shall take the administrative disposition of the injunction by his/her judgment based on that provision; however, it is not very good to certify the illegality of the exports or the imports in the Patent Act only depending on the official authority of the chief customs inspector unlike the goods of the social evils such as drugs or guns. Therefore, Patentee may submit the necessary evidences to file a request for the certification procedure based on those evidences. Where the patentee files such a request, the examination and the decision of the acceptability of a request shall be performed.¹⁷⁶

157 During the certification procedure for patent infringements, the alleged goods shall be kept in a bonded warehouse. The chief customs inspector may demand the reasonable mortgage of the patentee in order to compensate for the damage that an importer takes by not being able to import such goods.

¹⁷⁴ Patent Act, Art. 168(2).

¹⁷⁵ Nakayama '*Tokkyohou-Dainihan*' p. 354.

¹⁷⁶ Nakayama '*Tokkyohou-Dainihan*' p. 356.

(8.9) REMEDIES

(8.9.1) Injunctions

158 A patentee or a *Senyo*-exclusive licensee may demand that a party who infringes, or is likely to infringe, the patent right or the exclusive licence discontinues or refrains from such infringement.¹⁷⁷ An injunction against patent infringement includes not only a permanent injunction but also a preliminary injunction. Preliminary injunction proceedings take place separately from regular infringement lawsuits and have different rules and practices.¹⁷⁸

A patentee or a *Senyo*-exclusive licensee may not demand an injunction against the conduct of any person who incited or was an accessory to a patent infringer because ‘a person who infringes or is likely to infringe the patent right’ stipulated in Article 100(1) means a person who worked a patented invention by himself/herself (Article 2(3)) or a person who has committed or is likely to commit an act specified in Article 101 and does not include any person who incited or was an accessory to a patent infringer.¹⁷⁹

159 A patentee may seek a permanent injunction even if the infringer is neither wilful nor negligent.¹⁸⁰ Therefore, the Japanese courts automatically order permanent injunctions in most cases when they find an infringement.¹⁸¹

160 A patentee must identify the activities of the infringer to be enjoined. If a patentee seeks for injunction against a future infringement, patentee must show that such a future infringement is likely and imminent.¹⁸²

161 Even if the District Court orders a permanent injunction and makes a declaration of provisional execution, the accused infringer may request suspension of the injunction by making an appeal to the IP High Court. A deposit of a certain amount of money is required as a security when a suspension request is made.

162 When making a demand for an injunction, a patentee may demand measures necessary for the prevention of infringement including disposal of products constituting act of infringement (including, in the case of a patented invention of a process of manufacturing products, products manufactured by the act of infringement) and for the removal of equipment used for the act of infringement.¹⁸³

‘Acts necessary for the prevention of infringement’ as provided in Article 100(2) should be understood as measures to ensure the effectiveness of an injunction in the light of the content of the patented invention, the form of infringement which is being carried out or is likely to be carried out in the future, specific contents of the injunction which the patent holder seeks etc., and should be limited to the scope necessary for the realization of a claim

¹⁷⁷ Patent Act, Art. 100 [hereinafter in this section, a ‘patentee’ means a patentee or a *Senyo*-exclusive licensee unless specifically indicated otherwise].

¹⁷⁸ See s. 5.4.3.

¹⁷⁹ Judgment rendered on 8 Oct. 2015, IP High Court, Hei 27 (Ne) 10097. Available at http://www.ip.courts.go.jp/app/files/hanrei_en/907/001907.pdf.

¹⁸⁰ Patent Act, Art. 100 (1).

¹⁸¹ If the doctrine of ‘abuse of right’ under the civil law may be applied, the court will not order an injunction even if an infringer clearly infringes a patent. However, there has never been a case stating such abuse.

¹⁸² For example, judgment rendered on 1 Mar. 1991 the Osaka District Court, *Sho* 61 (*wa*) 9806; judgment rendered on 4 Sep. 1968 the Tokyo District Court, *Sho* 36 (*wa*) 40006, *Hanta* No. 229, 242. See judgment rendered on 28 Mar. 1975 the Osaka District Court, *Sho* 48 (*wa*) 3976, *Hanta* No. 329, 279 (a utility model case) (The past infringement did not by itself show that the infringer was likely to convert a non-infringing machine to an infringing one).

¹⁸³ Patent Act, Art. 100(2).

for an injunction.¹⁸⁴ An excessive claim which exceeds the scope that is necessary for putting the right to seek an injunction into practice should be considered impermissible.¹⁸⁵

(8.9.2) Damages

(8.9.2.1) General

163 In cases involving past infringements, a patentee can be awarded damages¹⁸⁶ or be compensated based on the doctrine of unjust enrichment.¹⁸⁷

164 A patentee may seek tort damages only for those acts of infringement committed after registration of the relevant patent. As a provisional right, patentees may demand compensation for the practice of inventions related to the patent application by a third party during patent prosecution. For compensation to be awarded third party must have commercially practised the invention: (i) even after the party received a written warning by a patent applicant after the relevant patent application was laid open to the public,¹⁸⁸ or (ii) knowing that the invention was disclosed in a patent application that had been laid open.¹⁸⁹ The compensation is awarded to the patentee on and after such a written warning or knowledge of the invention disclosed in an application, and corresponds to the royalties that would have been involved had the invention been patented.¹⁹⁰ The statute of limitations is three years after the patentee learns of the act of infringement and the identity of the infringer.¹⁹¹

165 The courts, upon the request from a party, may appoint an expert for the calculation of the amount of damages. In the event that an expert is appointed, both parties must provide the expert with the necessary information for him/her to reach an informed opinion.¹⁹²

(8.9.2.2) Rules of Presumption on Damages

166 Though the burden of proof lies on patentees when damages are sought, an infringer of a patent right is presumed negligent in the commission of act of infringement,¹⁹³ and the amount of damages is determined in accordance with the circumstances provided in the Patent act, as explained below.

167 First, a patentee may seek damages for lost profits, using his/her own profit rate under Article 102(1). One way to arrive at the amount of lost profits is to multiply the quantity of products an infringer has sold by the patentee's own profit per unit of products.¹⁹⁴ Therefore, if a patentee is willing to disclose his/her own profit rate and succeeds in proving the quantity of the infringer's products sold, he/she may recover the amount of the profit corresponding to the infringer's sales quantity as damages.

¹⁸⁴ Judgment rendered on 16 Jul. 1999, Supreme Court, *Hei 10 (O) 604, Han-ji No. 1686, 104*. Available at http://www.ip.courts.go.jp/app/files/hanrei_en/643/001643.pdf.

¹⁸⁵ Judgment rendered on 12 Nov. 2015, IP High Court, *Hei 27 (Ne) 10048 and Hei 27 (Ne) 10088*. Available at http://www.ip.courts.go.jp/app/files/hanrei_en/923/001923.pdf.

¹⁸⁶ Civil Code, Art. 709 and Patent Act, Art. 102.

¹⁸⁷ Civil Code, Arts 703, 704.

¹⁸⁸ The content of a patent application is automatically laid open to the public for eighteen months after the filing date of the application (or eighteen months after the filing date of the first application in the originating country when one or more priorities have been claimed). Patent Act, Art. 64.

¹⁸⁹ Patent Act, Art. 65(1).

¹⁹⁰ *Ibid.* In the Patent Act 65 (2), the right to claim compensation under the preceding paragraph may not be exercised until the registration establishing a patent right has been effected.

¹⁹¹ The statute of limitations will not begin to elapse until the patent is registered.

¹⁹² Patent Act, Art. 105*bis*.

¹⁹³ Patent Act, Art. 103.

¹⁹⁴ Patent Act, Art. 102(1).

168 The above rule is not applied unless a patentee sells products. What, then, happens in cases in which the patentee's products do not satisfy every element of the claim of a patent but compete with the infringer's products? In some cases, it was held that a patentee's product must have every element of the patented claim for the application of Article 102 (1).¹⁹⁵ However, According to many judgments, Article 102(1) can be applied if the product being sold by the plaintiff is a product competing with the infringer's product in the market.¹⁹⁶

169 As the term is used in Article 102(1), 'profit' basically means 'marginal profit', which will be explained in detail in the next section.

170 The damage amount is reduced if there exist circumstances/conditions under which the patentee would be unable to sell the assigned quantity in whole or in part.¹⁹⁷ Some examples of the above circumstances/conditions include an infringing product being sold with a price below that of the plaintiff's product, effort to sell the product in question on the part of the infringer, and the existence of competitive non-infringing products.

171 Damages to be compensated can also be based upon the presumption that an infringer's profit constitutes the damage amount that the patentee is entitled to receive pursuant to Article 102(2). According to the grand panel of IP High Court, it should be construed that applying Article 102 (2) should be allowed where there are any circumstances suggesting that the patentee could have gained profits if no patent infringement had been made by the infringer.¹⁹⁸

172 Even if the damages can be presumed, an infringer can reduce the damage amount by showing the actual amount of loss suffered by the patentee.

173 The profit used in this presumption discussion means generally 'marginal profit' calculated by deducting only floating costs (the costs that a patentee would have needed for achievement of the additional sales had it not been for the infringement) from the sales amount. Costs such as R&D expenses of the patented invention, the cost of equipment in management division, salaries, etc. are not deducted in principle. However, if a huge amount of the defendant's products are sold and introduction of new manufacturing equipment or additional employment is needed, additional costs necessary for increasing production may be deducted.

174 A patentee may seek for compensation of damages by requesting the amount he/she would have been entitled to receive as a normal royalty.¹⁹⁹ While the patentee can demand the compensation for damages that exceed the amount of a normal royalty if he/she can prove the damages he/she actually suffered, the court can reduce the amount of damages at its discretion if an infringer does not infringe a patent with gross negligence or wilfulness.²⁰⁰

The 'amount the patentee or exclusive licensee would have been entitled to receive for the working of the patented invention' as set forth in Article 102, paragraph (3) of the Patent Act is understood as the amount equivalent to a royalty which the patentee, etc. should have received from an infringer. Therefore, it is reasonable to calculate said amount in principle

¹⁹⁵ Judgment rendered on 25 Apr. 2002, Tokyo District Court, *Hei 13 (wa)* 14954, S.C. Website.

¹⁹⁶ Judgment rendered on 15 Jun. 1999, Tokyo High Court, *Hei 10 (ne)* 2249, *Han-Ji* No. 1697, 96; Judgment rendered on 3 Feb. 2000, Osaka District Court, *Hei 10 (wa)* 11089, aff'd, Judgment rendered on 1 Dec. 2000, Osaka High Court, *Hei 12 (ne)* 728, *Han-Ta* No. 1072, 234. Judgment rendered on 26 Feb. 2010, Tokyo District Court, *Hei 17 (wa)* 26473, S.C. website.

¹⁹⁷ Patent Act, Art. 102(1).

¹⁹⁸ Judgment rendered on 1 Feb. 2013, IP High Court, *Hei 24 (ne)* 10015, *Han-Ji* No. 2179, 36. Available At www.ip.courts.go.jp/app/files/hanrei_en/730/000730.pdf.

¹⁹⁹ Patent Act, Art. 102(3).

²⁰⁰ Patent Act, Art. 102(4).

based on the amount of sales of the infringing product (directly-infringing-product or indirectly-infringing-product) and by multiplying said amount of sales by a royalty rate that is considered to be reasonable in consideration of the value of the patented invention itself as well as contributions made by the patented invention to sales and profits in the case of being used for the product.²⁰¹

175 The courts recently have found royalty rates more favourable for patentees. In some cases the courts awarded 7%–12% of sales of patented products as royalty rates even though the royalty rates for the same kind of products would traditionally have been less than 5%.²⁰²

176 Various elements are taken into consideration when determining a reasonable royalty rate including: (a) actual examples of licence agreements, (b) the rate considered reasonable or usual in the relevant industry, (c) the content of the invention in question, (d) the possibility of alternative products or methods, (e) the contribution of the patented invention, (f) the price, quantity and duration of the sales of the infringing product, (g) the attitude of the patentee, the infringer and third parties, (h) the marketing effort made by the infringer, and (i) the position of the parties in the relevant market.

177 Other than the application of the above presumption rules, the court may determine a reasonable damage amount at its discretion based on the entire record of proceedings and the examination of evidence in the event that the patentee can prove damage but cannot prove the financial extent of the damage because of the nature of the relevant facts in the case.²⁰³

(8.9.2.3) Range of Damages to Be Awarded

178 The contribution a patented invention makes to a final product is sometimes taken into account. When a claim invention is directed to just a component of a final product, the damages for which the patentee may be compensated cannot necessarily be based on the total amount of the infringer's profits from the sale of the final product.

179 Besides lost profit, a patentee may seek out-of-pocket costs and expenses, such as costs incurred in examination of the infringing products.²⁰⁴ Also, the court may award a certain percentage, 10% for example, of the total damages suffered, as recovery of attorneys' fees, if the plaintiff seeks such recovery.

180 As consumption tax is imposed on the amount of damages received by patentee, etc., the patentee, etc. may also claim the amount of such consumption tax as damages against the infringer.²⁰⁵

181 If the pharmaceutical-related patent rights are infringed and the drug prices and transaction prices of the patentee's products decline due to National Health Insurance (NHI) price listing of the infringer's products, the infringer should be liable for damages relating to a decline in the prices of the patentee's products as well as damages relating to a loss of the market share of the patentee's products by the infringement.²⁰⁶

182 In Japan a patentee will not be granted more than the actual damages that he/she suffers even in cases of wilful infringement.

²⁰¹ Judgment rendered on 12 Nov. 2015, IP High Court, *Hei 27 (Ne) 10048* and *Hei 27 (Ne) 10088*. Available at http://www.ip.courts.go.jp/app/files/hanrei_en/923/001923.pdf.

²⁰² For example, Judgment rendered on 18 Jul. 2000, Tokyo District Court, *Hei 9 (wa) 19789*, S.C. Website.

²⁰³ Patent Act, Art. 105ter.

²⁰⁴ Article 102 may be applied only for the calculation of damages based on lost profit.

²⁰⁵ Judgment rendered on 22 Feb. 2017, IP High Court, *Hei 28 (Ne) 10082*; Judgment rendered on 27 Jul. 2017, Tokyo District Court, *Hei 27 (Wa) 22491*.

²⁰⁶ Judgment rendered on 27 Jul. 2017, Tokyo District Court, *Hei 27 (Wa) 22491*.

183 There is no patent marking requirement under the Japanese Patent act. Therefore, the amount of damages should not be reduced even in cases in which the plaintiff has not affixed patent marking to the patented products.

184 Where an exclusive licence is granted, only an exclusive licensee may assert the application of either one of Articles 102 (1) through (3) for the presumption of damages amount. Patentees who granted an exclusive licence may assert no such application. Where an exclusive licence not registered an exclusive licence is granted, Articles 102 (1) and (2) may be applied not to a patentee's damages but only to a licensee's damages, if the patentee himself does not practise the invention. However, the amount of the royalty which such a licensee should have paid to the licensor had it not been for infringement should be deducted from the damages awarded to a licensee. A patentee, who is a licensor of such an exclusive licence, may seek royalties which he/she could have received from the licensee based on licensee's practice of the invention had it not been for the infringement. Where a non-exclusive licence is granted, a licensee thereof may not assert the application of either one of Articles 102 (1) through (3) for calculation of damages.²⁰⁷

185 When several third parties infringe a patent, for example, when one person sells an infringing product and another resells it without any authorization, both persons are liable for damages incurred by the patentee. Where infringers have a relationship such as 'manufacturer and seller' or 'wholesaler and retailer', such infringers are jointly and severally liable under the 'joint torts' rule and must pay all the damages incurred by the patentee.²⁰⁸ This rule applies in cases in which each infringer commits a part of the entire act of infringement, such as partial steps of a manufacturing process.

(8.9.3) Right to Information

186 The particular rule for the right to obtain the information related to a patent infringement is not stipulated in the Japanese law.

(8.9.4) Corrective Measures (Recall, Destruction, Etc.)

187 In making a demand under the preceding paragraph, the patentee or exclusive licensee may demand measures necessary for the prevention of such infringement including the disposal of products constituting such act of infringement (including, in the case of a patented invention of a process of producing products, products produced by the act of infringement; the same shall apply in Patent Act Article 102(1)) and the removal of facilities used for the act of infringement.

(8.9.5) Damages

188 See above section 8.9.2.

²⁰⁷ Judgment rendered on 26 Apr. 1984, Osaka District Court, *Sho* 58 (*wa*) 3453, *Han-Ta* No. 536, 379, aff'd; Judgment rendered on 21 Dec. 1984, Osaka High Court, *Sho* 59 (*ne*) 1013, *Mutaishu* vol. 16, No. 3, 843.

²⁰⁸ Civil Code, Art. 719 (1). Judgment rendered on 27 Apr. 2000, Tokyo High Court, *Hei* 11 (*ne*) 4056, *Hei* 12 (*ne*) 397, S.C. Website.

(8.9.6) Disclosure of Judgment

189 All decisions of the Commissioner of the Patent Office are available to the public in Japan.

(8.9.7) Order of Costs

190 Fees must be paid by the persons who file a lawsuit in view of the actual costs. The amount of the fees shall depend on the value of the subject matter of the suit. Costs of civil litigation proceedings shall be governed by the provisions of the Act on Costs of Civil Procedure in addition to the provisions of other laws and regulations.^{209, 210}

(8.10) CRIMINAL ENFORCEMENT

191 A direct infringer of a patent right or exclusive licence shall be punished by imprisonment, a fine or combination thereof.²¹¹

192 An indirect infringer who has committed an act that shall be deemed to be an infringement of a patent right or an exclusive licence shall also be punished by imprisonment, a fine or combination thereof.²¹²

(8.11) APPEAL

193 The IP High Court, a special branch of the Tokyo High Court, has exclusive jurisdiction over appeals filed against the Tokyo and Osaka District Courts' decisions on patent and utility model litigations and appeals filed against the JPO's decisions.²¹³ The IP High Court reviews factual findings and legal determinations made by the District Courts. It is possible to submit new evidence to the IP High Court which has not been submitted to the District Court, provided that late submission was not the fault of the submitting party.

194 A notice of appeal must be filed within two weeks from the date on which the lower court decision was served,²¹⁴ although the court usually grants foreign companies three additional months. Appellants must file a substantive brief within fifty days of filing a notice of appeal.²¹⁵

²⁰⁹ Act on Costs of Civil Procedure, Art. 1 Available at www.japaneselawtranslation.go.jp/law/detail/?id=1938&vm=04&re=01&new=1.

²¹⁰ Oobuchi et al. '*Tokkyososhou-Jokan*' p. 539.

²¹¹ Patent Act, Art. 196.

²¹² Patent Act, Art. 196-2.

²¹³ Civil Procedure Law, Art. 6 (3).

²¹⁴ Civil Procedure Law, Art. 285.

²¹⁵ Rule of Civil Procedure, Art. 182. Available at www.japaneselawtranslation.go.jp/law/detail/?id=1846&vm=04&re=01&new=1.

(8.12) SUPREME COURT

191 One cannot have the Supreme Court review his appeal as a matter of right unless the appeal involves certain issues, such as violation of the Constitution.²¹⁶ The Supreme Court can review appeals at its discretion when a case includes important legal issues, such as how to interpret a legal provision or a Supreme Court decision.²¹⁷

195 The period for filing a notice of appeal is two weeks from the date on which the lower court decision was served, although the court usually grants foreign companies three additional months. Appellants must file a substantive brief within fifty days after service of the notice of appeal.²¹⁸

196 The Supreme Court does not conduct factual findings on its own and is bound by the factual findings made by the lower courts. The Supreme Court reviews only the legal determinations made by the IP High Court.²¹⁹

²¹⁶ Civil Procedure Law, Art. 312.

²¹⁷ Civil Procedure Law, Art. 318 (1).

²¹⁸ Rule of Civil Procedure, Art. 182.

²¹⁹ Civil Procedure Law, Art. 321.

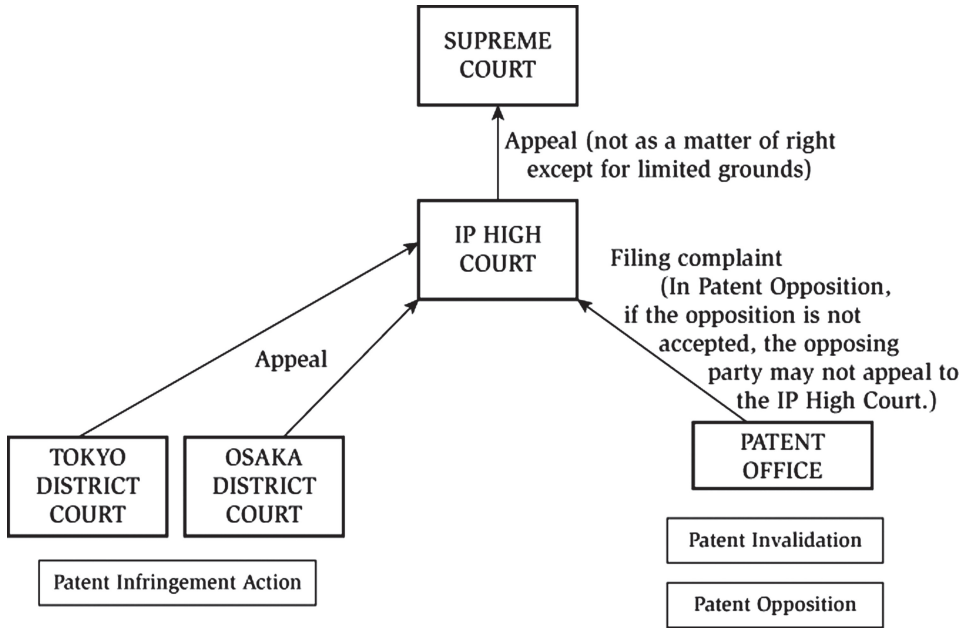
(9) CONCLUSION

197 Japan has made very substantial investment to strengthen the judicial system of IP litigation in the last twenty years. The specialized courts of the first instance and the established IP High Court have quite a number of well-experienced judges in IP. This has made most cases conclude within a year and the judgments reliable.

198 Major patent act reform has also been done and a number of Supreme Court judgments have been rendered in recent years. Accordingly, to obtain up-to-date information from experienced practitioners is necessary. Also, Japan has a modified double track system (Court and Patent Office), and accordingly, a careful strategy needs to be taken for enforcing patent right before filing any action and this should be examined with experienced IP attorneys in Japan.

(10) TABLES

Court Structure for Patent Infringement/Invalidity in Japan



Preliminary Injunction Proceedings: First Instance

Introduction	Answer	Series of Hearings	Judgment/Appeal
Send preliminary injunction motion and exhibits to a District Court.	Defendant should file an answer before the 1st hearing. It can be simple denial and supplemented with substantive answer later.	A hearing is set once per month or so.	Single judge, specialized in intellectual property matters, issues an order, on average from 5 to 10 months from the request to the conclusion.
Judge will set hearing date (between 1 and 1.5 months from date of request).		Either one or both of the parties should submit briefs and exhibits to the judge 1 week before each hearing date according to the judge's instruction.	If request is denied, the patentee can file an appeal within 2 weeks. If a preliminary injunction order is issued, the accused infringer can file an objection with the same trial court. Filing objection does not stay the preliminary injunction.
On top of likelihood of prevail on the merit, necessity of preliminary injunction is required.		At a hearing, usually there will be no oral presentation. The judge may ask questions to a party.	

Proceedings on the Merit: First Instance

Introduction	Defence	Series of Hearings	Judgment/Appeal
File a complaint and exhibits with a District Court.	Defendant should file an answer before the 1st hearing. It can be simple denial and supplemented with substantive answer later.	A hearing is set once per month or two.	Case will in principle be decided by three judges. It takes approximately 10–13 months from filing to the judgment.
Judge will set hearing date (between 1 and 1.5 months from date of request).	The substantive brief can contain non-infringement argument and/or defences, such as invalidity, prior use, and so on.	Either one or both of the parties should submit briefs and exhibits to the judge 1 week before each hearing date according to the judge's instruction.	Appeal can be filed within 2 weeks of date of judgment in first instance.
		At a hearing, usually there will be no oral presentation. The judges may ask questions to a party.	
		Judges may ask parties to make presentation on technology.	

Proceedings on the Merit: Appeal

Introduction	Hearings	Judgment/Appeal
<p>Notice of appeal should be filed within 2 weeks of date of judgment in first instance. Courts may give additional period for a party located outside Japan.</p>	<p>After filing the substantive appeal brief, IP High Court will set a first hearing.</p>	<p>Case is usually heard and decided by 3 judges who are specialized in patent matters.</p>
<p>Within 50 days after filing the notice of allowance, a substantive appeal brief has to be filed.</p>	<p>At the first hearing, the court will schedule over all of the appeal proceedings, i.e., when each party should file briefs and exhibits and when the next hearing should be held.</p>	<p>Scope of appeal is determined by contents of appeal brief. IP High Court can conduct its own fact finding based on the new issues raised at the appeal proceeding on top of all statements/defences presented in first instance.</p>
		<p>Judgment may be rendered within approximately 6–12 months of notice of appeal date.</p>
		<p>Term for filing appeal in Supreme Court: 2 weeks from date of judgment in appeal. IP High Court may give additional period for a party located outside Japan.</p>

Proceedings on the Merit: Appeal to Supreme Court

Introduction	Proceedings	Judgment
<p>Notice of appeal to Supreme Court should be filed within 2 weeks of date of judgment in first instance. IP High Court may give additional period for a party located outside Japan.</p>	<p>In reality, most of the appeals are simply dismissed without any involvement of the other party. A determination of simple dismissal is usually issued within 3 months from filing the substantive brief. It is very rare that the Supreme Court reviews a patent case.</p>	<p>Scope of appeal is determined by content of the appeal brief. Supreme Court decides only on issues of law, and not on issues of fact as such.</p>
<p>Within 50 days after filing the notice of allowance, a substantive appeal brief has to be filed.</p>	<p>Oral hearing is exceptional. When the parties have submitted their briefs, the Supreme Court will give a decision.</p>	<p>If Supreme Court is to render a decision, judgment may be rendered within 3–6 months from date of appeal.</p>
<p>Grounds on which one can appeal to Supreme Court as of right are extremely limited such as Constitutional Law issue.</p>		
<p>Supreme Court can, however, review the IP High Court decisions at its discretion, and one can file a Request to Accept the Appeal to the Supreme Court. The deadline to file the request is the same as that for the notice of appeal. A substantive brief has to be submitted within 50 days from date of service of appeal notice.</p>		

Relationship between Infringement and Validity

Heard Together?	Court Proceedings and JPO Proceedings	Infringement Action and Correction Proceedings
<p>Invalidity can be heard as a defence in an infringement action.</p>	<p>An infringement court can stay the proceeding when the defendant filed an Invalidation Trial Request with the JPO, but usually it does not happen.</p>	<p>Patentee can file a Correction Request with the JPO, and if such request is allowed, the patent will be corrected retroactively from the date of patent.</p>
<p>However, in order to invalidate a patent, one has to file an Invalidation Trial Request with the Japan Patent Office.</p>	<p>The District Court decision and the JPO decision could be inconsistent, but both cases can be appealed to the IP High Court where such problem should be resolved.</p>	<p>However, the infringement court does not have to wait for the JPO's decision on the correction request.</p>
<p>Preliminary injunction proceedings: judge will consider the validity issues just as in a regular infringement suit.</p>		

Role of Experts

Party Experts	Outside Technical Advisors	Judicial Research Officials
It is NOT very common for each of the parties to submit expert evidence by means of a report by an independent patent agent or an internal or external expert.	Courts may select experts from a pool of experts to help the judges on technical matters.	A court-retained technical researcher is assigned to each case and helps judges to understand technical aspect of the cases.
It is extremely rare, if not none, to have an oral presentation or examination of an expert witness.	Parties can object to such selection usually based on conflict issues.	
Further expert evidence may be submitted in appeal (as appeal as <i>de novo</i>).	The role of outside technical advisors is somewhat limited.	

Duration of Preliminary Injunction Proceedings

First Instance	Opposition Against Preliminary Injunction Order	Appeal
Preliminary injunction order is normally rendered in 5–10 months from filing of the motion.	Determination on the opposition is rendered in several months	Several months

Duration of Normal Proceedings (Infringement)

First Instance	Appeal	Appeal to Supreme Court
Approximately 10–13 months	Approximately 6–12 months	2–5 months for dismissal, 6–13 months otherwise

Duration of Normal Invalidation Trial Proceedings (Invalidity)

JPO	IP High Court	Appeal to Supreme Court
Approximately 6–10 months	Approximately 6–10 months	2–5 months for dismissal, 6–13 months otherwise

Costs of Infringement and Invalidity Proceedings

Preliminary Injunction	Normal Proceedings (Infringement)	Normal Invalidity Trial at the JPO	Appeal (to Court of Appeal and Supreme Court, in Preliminary Injunction or Normal Proceedings).
JPY 5,000,000–JPY 50,000,000, depending to a large extent on the complexity of the patent and the number of invalidity arguments to be discussed.	JPY 10,000,000–JPY 100,000,000, depending to a large extent on the complexity of the patent to be discussed.	JPY 2,000,000–JPY 10,000,000, depending to a large extent on the number of invalidity arguments to be discussed.	If no new argument or evidence presented, costs can be lower per instance.
			If new argument or evidence presented, costs can be the same as or higher than in first instance.