

JAPAN

Japan implements new IP mediation proceedings

Abe & Partners

Osaka



Takanori Abe

As of October 1 2019, the Tokyo District Court and the Osaka District Court started operating a new practice for mediation concerning IP rights (IP mediation). IP mediation is designed to solve disputes over IP rights in a simple and speedy way by obtaining opinions on the dispute, in principle, by the third mediation date, from the mediation committee composed of the judge of the IP division and experts such as lawyers and patent attorneys with vast experience in dealing with IP cases. IP mediation is a judicial service providing the third dispute resolution tool within the framework of existing laws. It is unique and different from litigation and provisional disposition.

Characteristics of IP mediation

IP mediation has the following characteristics.

1) Flexibility

The parties can arrange the object for resolution as they wish. The parties can choose to solve a dispute through mutual consultation at court, to go back to out-of-court negotiations, or to consider whether or not to file a lawsuit or a petition for an order of provisional disposition.

2) Speediness

The mediation committee is supposed to present its opinion verbally by the third mediation date in principle.

3) Expertness

IP mediation is conducted by the mediation committee composed of a judge of the IP division, as a chief mediator, and two experts such as

lawyers and patent attorneys with vast experience in dealing with IP cases. Judicial research officials may also administer some affairs.

4) Closed to the public

IP mediation proceedings are closed to the public keeping the existence of the dispute itself unknown to any third party.

Disputes covered by and suitable for IP mediation

Subjects for which IP mediation may be sought are basically the same as subjects of litigation on IP rights.

Cases suitable to be addressed in IP mediation include disputes which have arisen during negotiations between the parties, in which the issues are not excessively complicated or have been identified through negotiations, and the parties wish to solve them through mutual consultation. For example, disputes suitable for IP mediation include, but are not limited to, the following types of disputes:

- i) disputes over the similarity of trademarks;
- ii) disputes over the existence or non-existence of the prior user's trademark right;
- iii) disputes over the existence or non-existence of copyright infringement;
- iv) disputes over the amount of damage caused by infringement of IP rights;
- v) disputes over the existence or non-existence of wrongful acquisition of trade secrets;
- vi) disputes over the existence or non-existence of imitation of the configuration of goods;
- vii) disputes over the existence or non-existence of infringement of patent rights (limited to cases where the issues are simple or have been identified through negotiations);
- viii) disputes over the ownership of patent rights;
- xi) disputes over licence fees.

Procedural flow

IP mediation cases, because they require expertise and technical knowledge, are handled by either

the Tokyo District Court or the Osaka District Court based on an agreement on jurisdiction by the parties. Therefore, in order to use IP mediation, it is necessary to submit an agreement on jurisdiction to the effect that the parties agree to designate the Tokyo District Court or the Osaka District Court as the court of jurisdiction over their mediation case.

The court designates the first mediation date within about six weeks from the filing of the petition for mediation. IP mediation is held on the premise that the parties have engaged in negotiations beforehand. Thus, the parties are expected to submit their allegations and related evidence by the first mediation date.

The court designates the second mediation date within about three to six weeks from the first mediation date. If the parties submit supplementary allegations and evidence, the mediation committee holds discussions with the parties, and continues to hear the parties' wishes. It also considers a mediation proposal, in an effort to encourage the parties to reach an agreement.

The court designates the third mediation date within about three to six weeks from the second mediation date. In principle, the mediation committee verbally presents its opinion by the third mediation date, with regard to the committee's determination on the issues or possible solution by mediation. The parties continue with their consultation, with the aim of reaching successful mediation by the third mediation date. Even if mediation has not been established successfully by the third mediation date, if there is a prospect that the parties will reach an agreement through consultation and the parties wish to continue the mediation proceedings, the proceedings are continued. The mediation committee may present its opinion that the case can be solved through litigation or provisional disposition proceedings, taking into account the complexity and technicality of the case, the dif-

faculty of proof, and the possibility of resolution through negotiations between the parties.

Relationship between mediation proceedings and subsequent litigation proceedings

If, after mediation ends unsuccessfully or the petition is withdrawn, a lawsuit is filed with regard to the same claim as the claim for which mediation was sought, the litigation proceedings of this lawsuit will be held as follows. The Tokyo District Court conducts the lawsuit by judges of divisions other than the division to which the judge who served as a member of the mediation committee belongs. The Osaka District Court assigns the IP lawsuit to a panel excluding the judge who served as the chief mediator in the IP mediation case. This is to ensure free discussion in mediation proceedings.

Practical tips

The most distinctive feature of IP mediation is, in principle, its speediness, as the mediation committee will verbally present its opinion by the third mediation date.

As a procedure that emphasises speediness, there is a labour tribunal decision that closes the proceedings within three dates in principle. Introduction of a special proceedings system, where the proceedings must be completed within six months from the first date for oral argument, is also being considered. IP litigations proceed essentially very quickly, and the average trial period of the first instance is a little over one year, but preparing extremely detailed documents over one year is a burden on the parties and attorneys. IP mediation, which needs only three mediation dates in principle and is expected to end within several months, will greatly reduce such a burden. In particular, IP mediation, which can be resolved without witness examination, is extremely useful in cases where witness examination is anticipated in the proceedings. Speedy proceedings and careful proceedings are contradictory requests, but if the is-

sues are not excessively complicated or have been identified through negotiations, it is possible to conduct fulfilling proceedings even with three dates. The start of an IP mediation that leads to a quick solution and greatly reduces the burden is very useful, in the sense that it has increased the choices suitable for the case for the parties.

Cases suitable for IP mediation include simple but severe disputes. Even if the other party maintains a strong position through negotiations, possible concessions could be found with IP mediation, so a case of severe conflict is not necessarily unsuitable for IP mediation. The court will not reject IP mediation because the case is excessively complicated, thus a rather complicated case will be a worthy challenge. In a patent infringement dispute, it is possible to solicit opinions from the mediation committee only for the grounds for invalidation.

This year, our firm filed a patent case for IP mediation with the Osaka District Court, which was the first IP mediation case at the Osaka District Court. Although this was our first experience, it was a very satisfying set of proceedings with the completeness and speed of mediation and the opinion of the mediation committee. In terms of completeness, the mediation committee was able to accurately sort out the issues on the first and second mediation dates and we could hold concrete and substantive discussions with the mediation committee. In terms of speed, the opinion of the mediation committee was presented before the third mediation date, which was extremely quick. Regarding the verbal presentation of the opinions of the mediation committee, the chief mediator gave a careful explanation including not only the conclusion but also the reason. Both the client and attorney were very satisfied. As a result, we were able to achieve an amicable solution through mediation. Effective utilisation of IP mediation is desirable.