



Latest developments in patent litigation in Japan

- Important court decisions for exercising patent rights in Japan -

Shimako Kato

Japan Patent Attorneys Association
International Activities Center



**Discover IP JAPAN
Conference 2017**



Contents

1. Tendency for broader construction
2. Doctrine of Equivalents is still vibrant
3. Much better than Alice
4. Damage calculation
5. Take home points



1. Tendency for broader construction

Claim construction basis in Japan

1. General meaning of the terms in the claim (Dictionary, etc.)
Patent Act, Article 70 (1)



2. Description of the specification
Patent Act, Article 70 (2)

3. File history



“Rice cake ” case

(Decision of the IP high court rendered on September 7, 2011 and March 22, 2012, Case No. 2011 (ne) 10002)

Problem to be solved of conventional rice cakes



backed

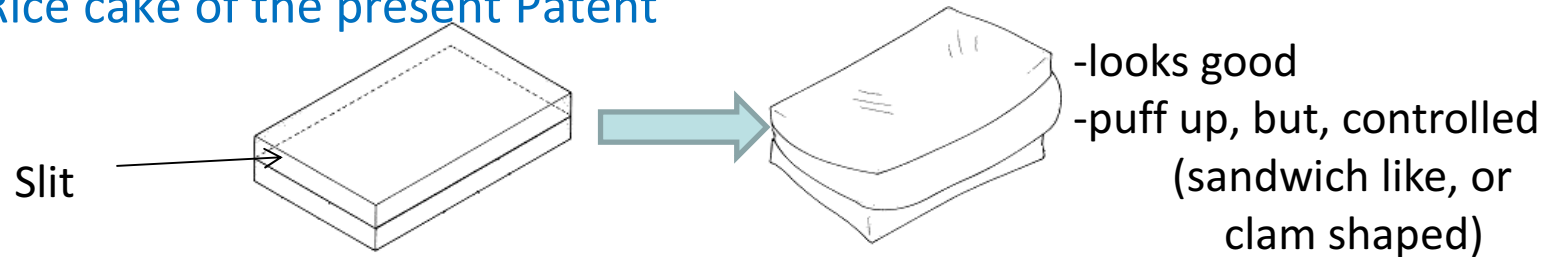


puff up, uncontrolled and sticky

“Rice cake ” case

(Decision of the IP high court rendered on September 7, 2011 and March 22, 2012, Case No. 2011 (ne) 10002)

Rice cake of the present Patent

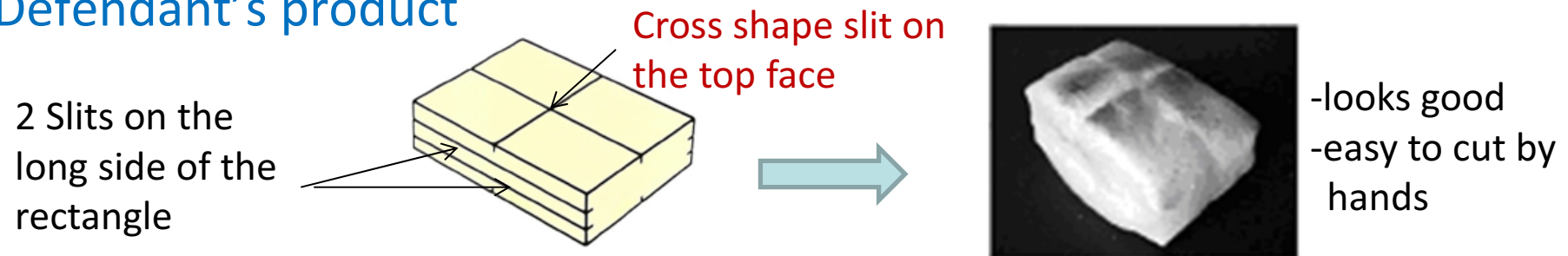


Claim wording (simplified) :

Slits are neither on the bottom face nor top face but on vertical side faces of the rice cake

Issue: Does the claim prohibit to slit up on the bottom and top face?

Defendant's product



“Rice cake ” case

(Decision of the IP high court rendered on September 7, 2011 and March 22, 2012, Case No. 2011 (ne) 10002)

■ District Court Judgment: [Non-infringement](#)

• Claim construction

The phrase of “neither on the bottom face nor on the top face but vertical side faces of the rice cake” determines that the slits are located on the vertical side faces but also means that no slits are either on the bottom face or on the top face.

• Reasons

➤ Based on the description of the patent

- The specification describes that slits on the surface of the conventional rice cakes (cracker) are to be avoided. (It says it looks scars on the human skin.)

➤ Based on the file history

- Once the Patentee changed the claim wording as “slits are only located on the vertical side faces” by an amendment and emphasized it in its written argument. (Note: But the amendment was not granted by the examiner.)

“Rice cake ” case

(Decision of the IP high court rendered on September 7, 2011 and March 22, 2012, Case No. 2011 (ne) 10002)

■ IP High Court Judgment (Interlocutory judgment): [Infringement](#)

• Claim construction

The phrase of “neither on the bottom face nor on the top face” is just for clarifying that slits are on the side faces and does not mean excluding slits on the bottom face or the top face.

• Reasons

➤ Based on the description of the patent

- Advantageous effects of the invention is achieved by slits on the side face.
(When the rice cake is toasted up, upper part of the cake is heaved up.)

- There is no description in the specification which says slits on the bottom or upper face prevent from obtaining benefit of side slits.

➤ Based on the file history

- Once an argument is retracted, it should not be basis for the claim construction.

“Rice cake ” case

(Decision of the IP high court rendered on September 7, 2011 and March 22, 2012, Case No. 2011 (ne) 10002)

Result (Judgment on March 22, 2012)

- Injunction was granted.
- Damage: approx. **800 million Yen**



What happened thereafter?

- Supreme Court’s decision on September 19, 2012 not to accept the appeal.
- The patentee filed another infringement suit on April 27, 2012 against the Defendant with regard to the different products asking for approx.1900 million Yen damage. Tokyo district granted damage of approx. **783 million Yen** on April 10, 2015.



2. Doctrine of Equivalents is still vibrant

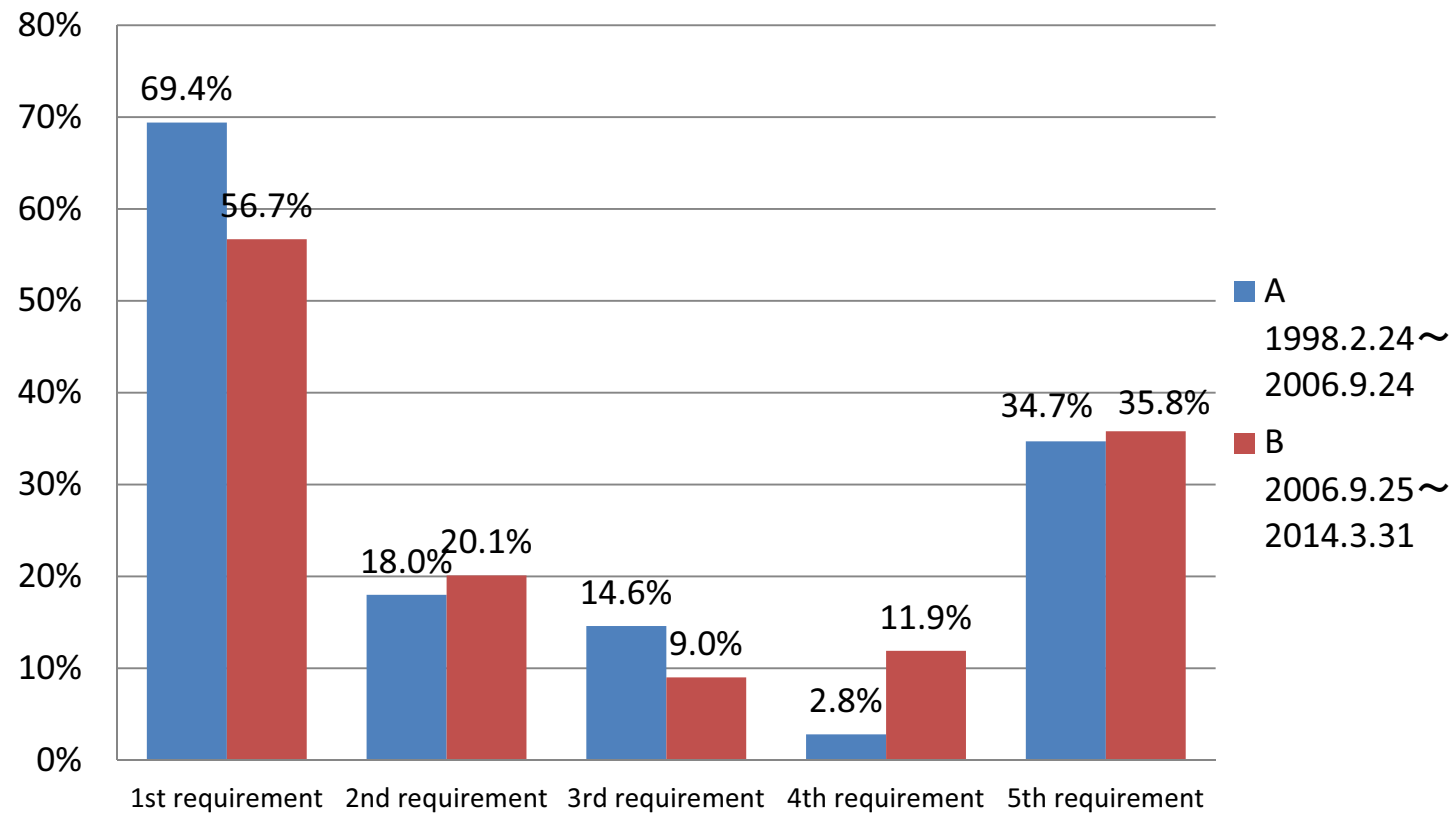
Tests for infringement under DOE (Ball Spline case, the Supreme Court Decision rendered on February 24, 1998, Case No. 1994 (O) 1083)

Infringement under the doctrine of equivalents can be found, even if a claimed invention of the present patent has different part from the alleged infringing product --however, only in cases where:

1. this part is **not the essential part** of the patented invention
2. **the same purpose** can be achieved and **the same function and effect** can be realized by replacing this part with a part of the alleged infringing product
3. a person of ordinary skill in the art **could easily come up with the idea of such replacement** at the time of the production of the product
4. at the time of filing date of the patent, the product is **not identical to the prior art** or **could not have been easily conceived by a person of ordinary skill in the art** based on the prior, and
5. there were **no special circumstances** such as the fact that the products had been **intentionally excluded** from the scope of the patent claim in the file history.

Trend in Judgement

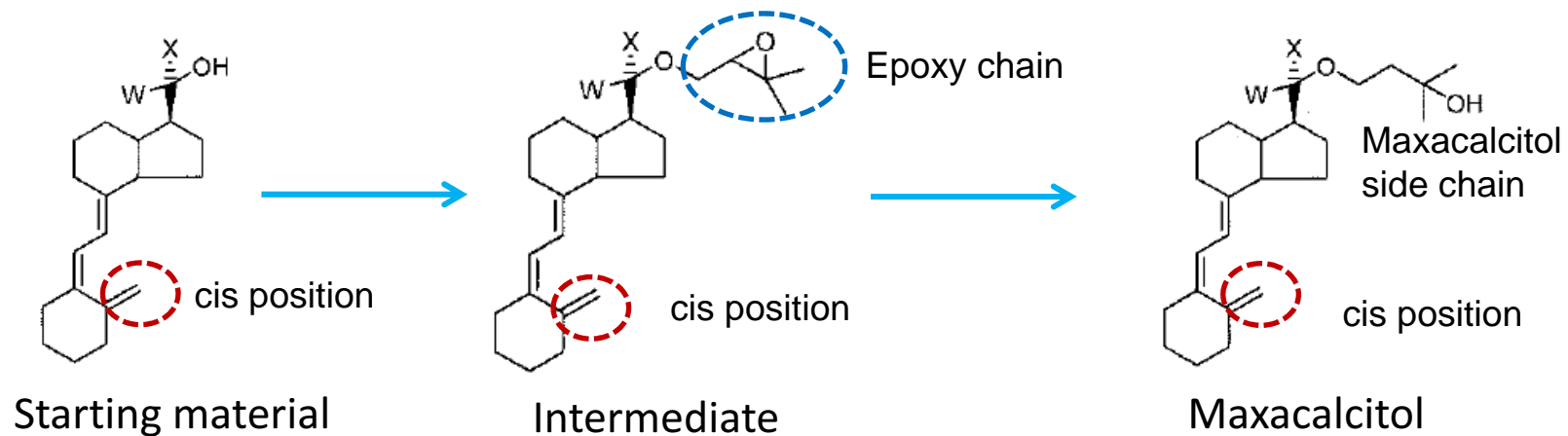
The reasons why infringement under the DOE was not found



“Maxacalcitol case” (Grand panel decision of the IP high court rendered on March 25, 2016, Case No. 2015 (ne) 10014)

Claimed invention: **A process** for preparing “Maxacalcitol”

(Simplified and focus on a specific chemical compound)



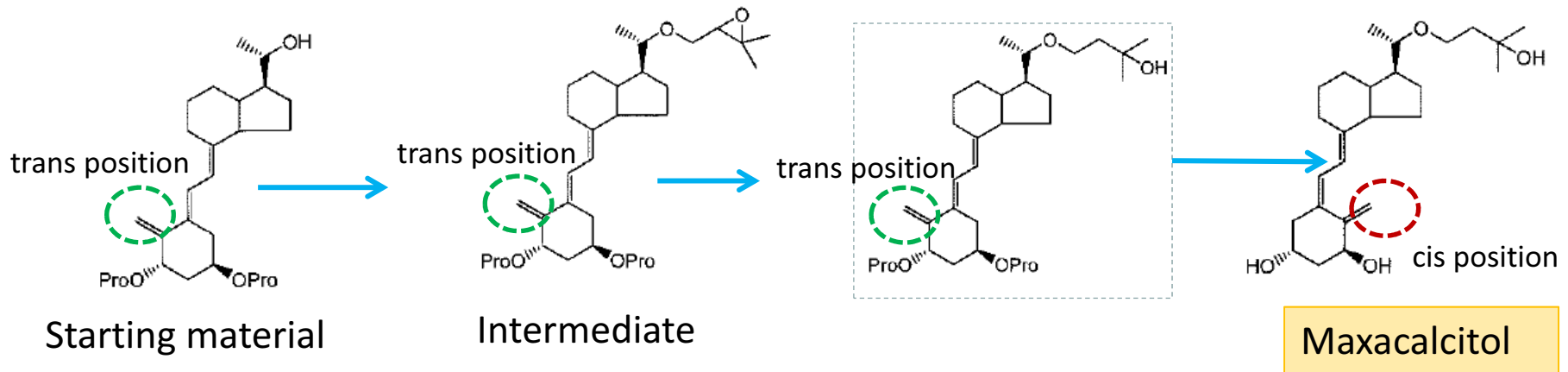
■ Description in the specification

No description about “trans isomer” of the starting material, and intermediate.

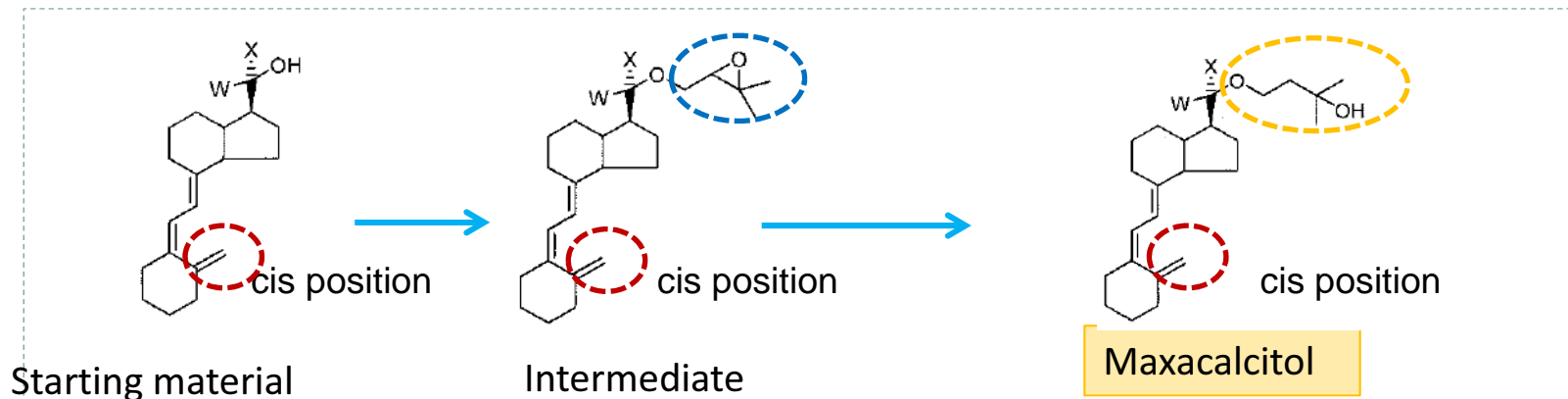
■ Existence of “trans isomer” is well known.


“Maxacalcitol case” (Grand panel decision of the IP high court rendered on March 25, 2016, Case No. 2015 (ne) 10014)

Defendant's process



Claimed process (Simplified and focus on a specific chemical compound)





“Maxacalcitol case” (Grand panel decision of the IP high court rendered on March 25, 2016, Case No. 2015 (ne) 10014)

■ Finding by the Tokyo District Court :

The Court found infringement under the DOE.

■ Finding by the IP high court :

- The Court upheld the lower court’s decision.
- The Court took generous position with regard to the 1st requirement and the 5th requirement

“Maxacalcitol case” (Grand panel decision of the IP high court rendered on March 25, 2016, Case No. 2015 (ne) 10014)

■ Finding with regard to the 1st requirement

• How to determine “essential part” of an invention ?

- “A unique technical idea that has not seen in prior art”.
- Contribution of the patented invention should be also taken into account.
- If the description of problem to be solved in the specification is objectively not clear, prior art should also be taken into account.

• Court finding about this case

-“Essential part” of the present invention: making it possible to introduce a maxacalcitol side chain into an alcohol compound having vitamin D structure at position 20 through the new route.

= **form of vitamin D structure of starting material and intermediate (cis-form or trans-form) is NOT the essential part of the invention**

“Maxacalcitol case” (Grand panel decision of the IP high court rendered on March 25, 2016, Case No. 2015 (ne) 10014)

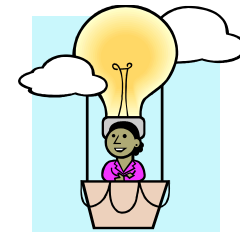
- Finding with regard to the 5th requirement
 - How to determine existence of “special circumstances” (intentional exclusion) ?
 - Only based on the fact that the applicant’s act of having not described the alternative means in the claim should NOT be found as "special circumstances".
 - Court finding about this case: **No “special circumstances” (intentional exclusion)**
 - In the specification there is no description of trans-form vitamin D structure for the starting material.
 - There is no other evidence which shows objectively that the applicant recognized that the trans-form vitamin D structure was an alternative of cis-form vitamin D structure.

3. Much better than Alice



Subject Matter Eligibility in Japan(1)

Definition of “Invention” in Patent Act



Article 2

“Invention” in this Act means creation of technical ideas of a high level which utilizes law of nature.

Law of nature, man-arranged rules (e.g. a rule for playing a game as such), mathematical methods or mental activities, or utilization thereof (e.g. methods for doing business as such), are not considered to be ‘invention’, because they do not utilize a law of nature.



Subject Matter Eligibility in Japan(2)

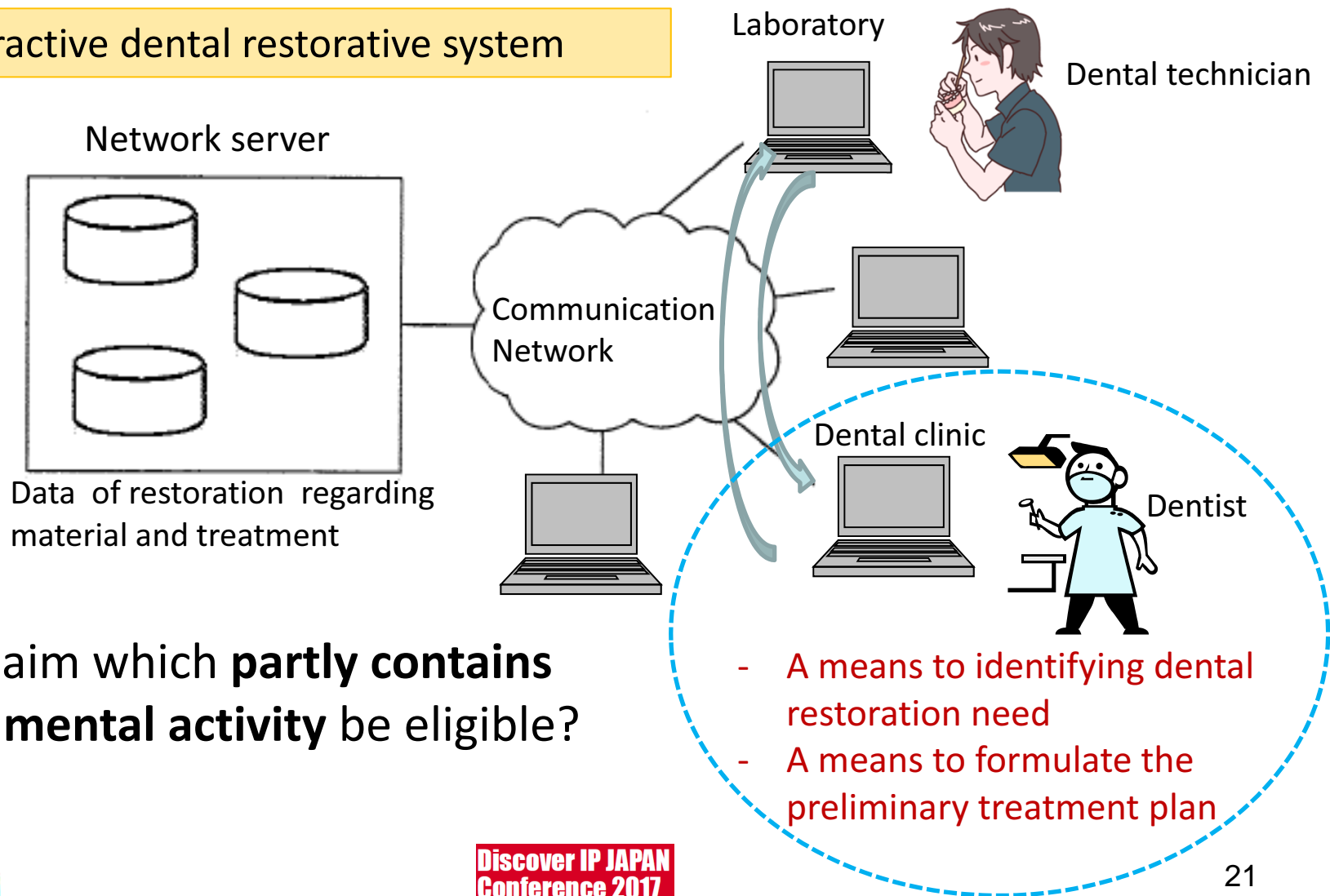
Test for Computer related Invention (Examination Guidelines)

As to software related inventions, “**whether information processing by software is concretely realized by utilization of hardware resources**”, in other words, “**whether software and hardware resources work together**” is the key to find the eligible invention.

“Interactive dental restorative network” case

(The IP high court decision rendered on June 24, 2008, Case No. 2007 (gyo-ke) 10369)

Interactive dental restorative system



Issue:

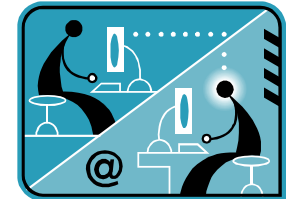
Can a claim which **partly contains human mental activity** be eligible?

“Interactive dental restorative network” case

(The IP high court decision rendered on June 24, 2008, Case No. 2007 (gyo-ke) 10369)

The BOA of JPO denied the subject matter eligibility.

Reason: The claim includes “identifying a dental restoration need” and “formulating treatment plan” which are both mental activities.



The IP High Court cancelled the JPO decision:

- If **the heart of the invention is directed to technical means which supports mental activity of human-beings**, an invention which includes mental activity of human-beings can be eligible. (New test)
- “A means to identify a dental restoration need” and “a means to formulate initial treatment plan” are realized by a dentist, but the claimed invention is NOT directed to mental activity per se, but, as a whole, it provides computer- based technical means which supports dental restoration.

Divided infringement

Possible approaches in Japan



- Indirect infringement: Patent Act Art. 101

- Joint tort



- “Control” approach:

“Supply system for spectacle lens” case

(Decision of the Tokyo District Court rendered on December 14, 2007, Case No. 2004(wa) 25576)



- “Tool” approach

“Method for preparing electrodeposited image” case

(Decision of the Tokyo District Court rendered on September 20, 2001, Case No. 2000 (wa) 20503)



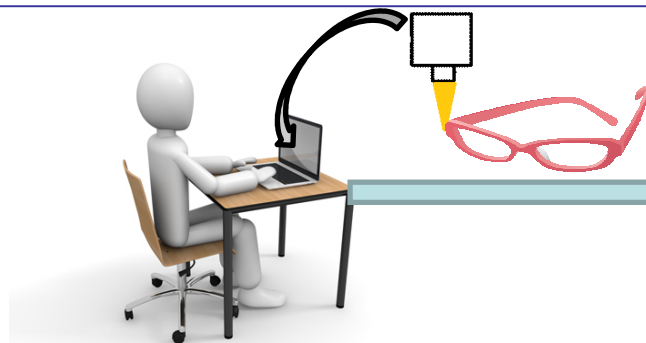
“Supply system for spectacle lens” case

(The Tokyo District Court decision rendered on December 14, 2007, Case No. 2004 (wa) 25576)

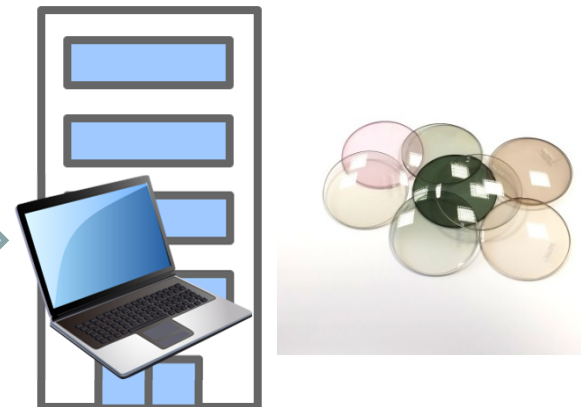
Claimed invention: **Supply system for spectacles** consisting of **order-side computers and manufacturer’s-side computer.**

Function of inputting information including 3D spectacle frame data and sending it to manufacturers computer

Function of calculating receiving frame data into lens data



Order side computer



Manufacturers side computer

In the Defendant system, **order side computers are owned by opticians.**
Defendant provided lens to opticians using the system.

“Supply system for spectacle lens” case

(The Tokyo District Court decision rendered on December 14, 2007, Case No. 2004 (wa) 25576)

Finding by the court

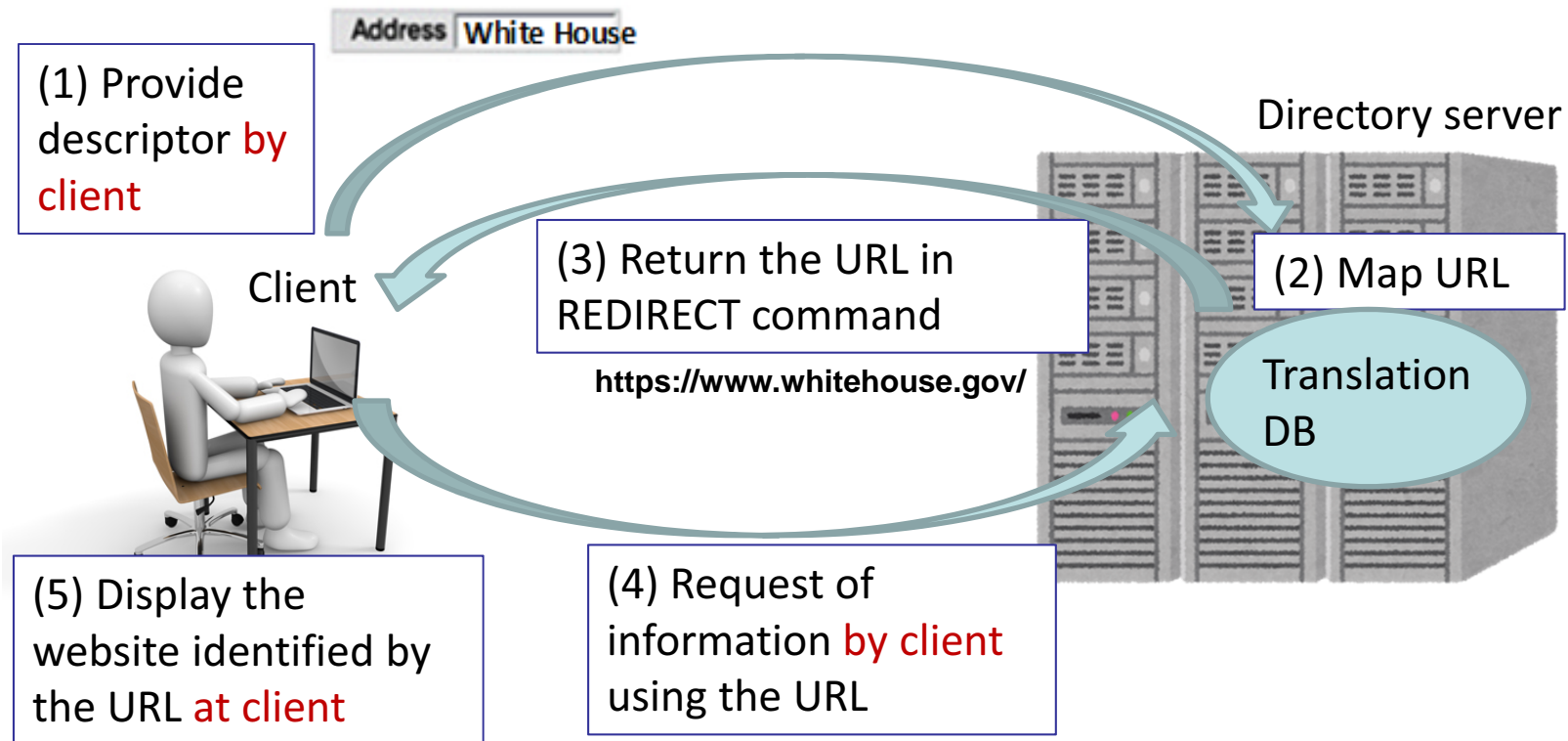
The court found direct infringement.

- Even if plural entities are involved in the allegedly infringing system and each entity possesses only a part of the system, it does not matter to find the satisfaction of the claimed elements.
- As to the issue of against whom an injunction and damages can be sought, it should be determined based on **who control the system**.
- In this case, it is clear that Defendant controls the system. Therefore Plaintiff can seek injunction and damages against Defendant.

“Internet number” case

(The IP high court decision rendered on March 24, 2010, Case No. 2008 (ne) 10085)

Claimed invention: **Method of providing an access** to information in the server system from client



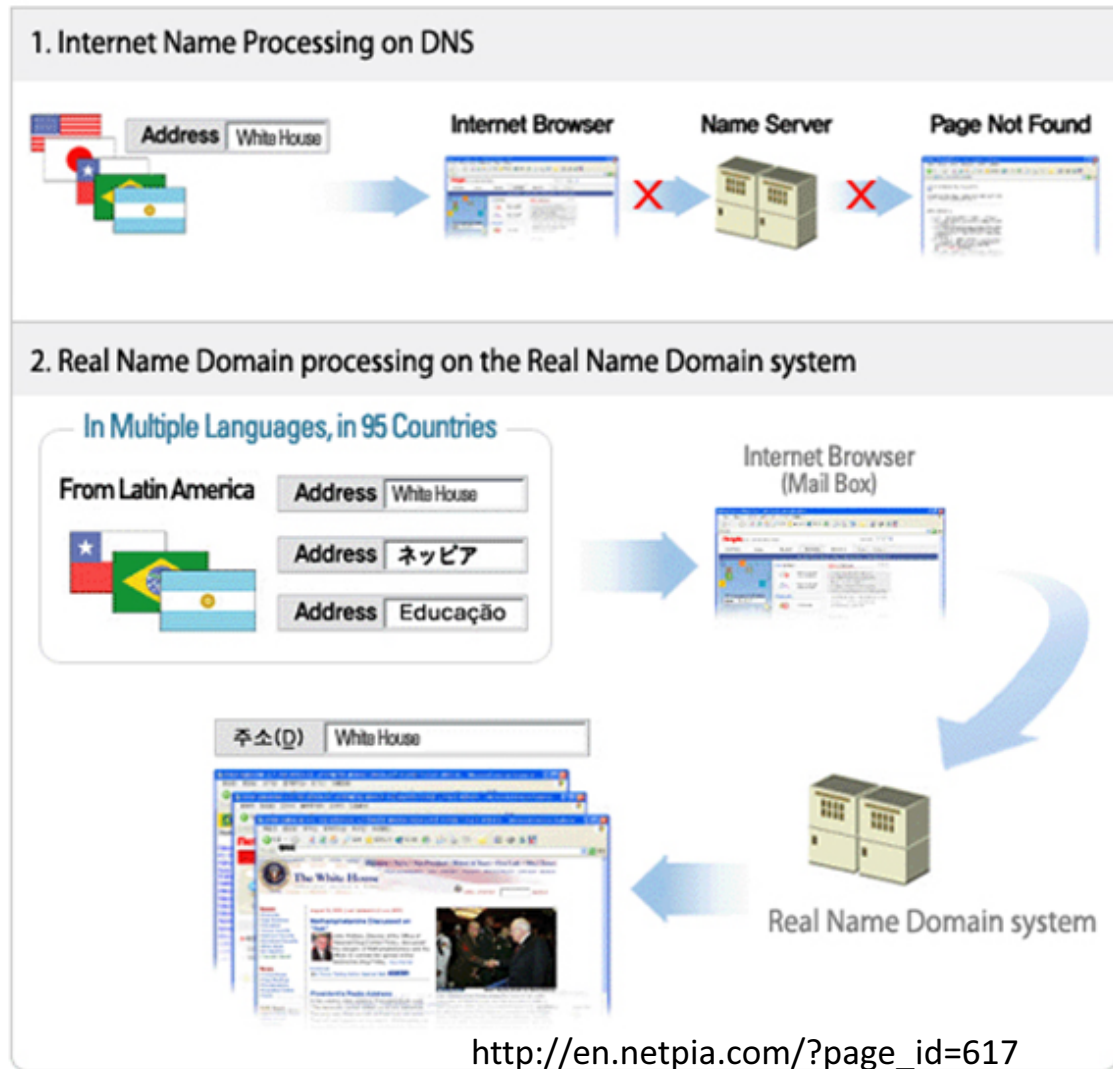
“Internet number” case

(The IP high court decision rendered on March 24, 2010, Case No. 2008 (ne) 10085)

Defendant’s service:

“REAL NAME DOMAIN”

There’s no need for www, .com, .net, etc. Personal names, company titles, telephone numbers, products, and brand names in any language can be the internet address.



“Internet number” case

(The IP high court decision rendered on March 24, 2010, Case No. 2008 (ne) 10085)

- Finding by the Tokyo District Court: The Patent is **invalid (Lack of inventive step)**.
- Finding by the IP High Court: Changed the decision of the Tokyo District Court and found infringement.
 - The Patent is **valid**.
 - Defendant’s system falls within the scope of the claim.
 - The entity who conducts “method of providing an access” of the present Patent is Defendant. The present Patent is not directed to “access” but “providing access”. Actual access by client is not necessary for infringing the present Patent.



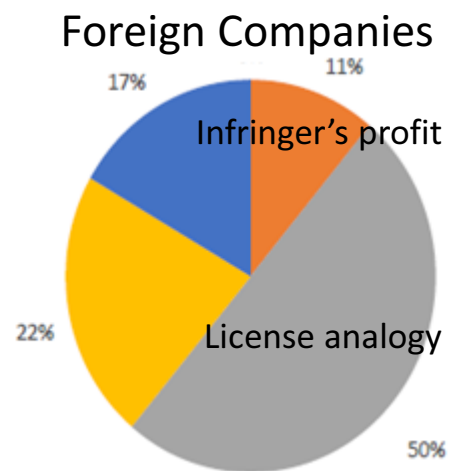
4. Damage calculation

Damage calculation basis in Japan

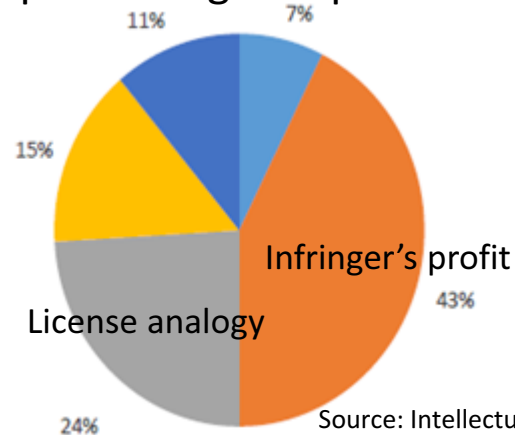
■ Damage calculation basis (Patent Act Art. 102)

1. Lost Profit (Patent Act Art. 102 (1))
2. Infringer's profit (Patent Act Art. 102 (2))
3. License analogy (Patent Act Art. 102(3))
4. Damage in tort (Civil Act Art. 709)

■ Strategy taken by plaintiffs (on request basis)



Japanese big Companies



- Lost Profit
- Infringer's profit
- License analogy
- Combination of thereof
- Damage in tort

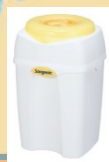
Source: Intellectual property strategy headquarter, March 30, 2015

“Waste storage device ” case

(Grand panel decision of the IP high court rendered on February 1, 2013, Case No. 2012 (ne) 10015)

Facts

Plaintiff: **UK Company X**



Company A, which is exclusive agency of Company X, imported and sold products of X in Japan

Defendant Y imported and sold the defendant's product

Issue :

Can Company X seek damage based on infringer's profit stipulated in Article 102 (2) of the Patent Act?

“Waste storage device ” case

(Grand panel decision of the IP high court rendered on February 1, 2013, Case No. 2012 (ne) 10015)

■ Finding by the Tokyo District Court

- The Court did not grant damage based on the infringer's profit.

Reason: Company X did not exercise the present Patent right in Japan . Company A imported and sold the Plaintiffs products in Japan.

- Damage awarded by the Court: Approx. **21 million Yen**

“Waste storage device ” case

(Grand panel decision of the IP high court rendered on February 1, 2013, Case No. 2012 (ne) 10015)

- Finding by the Grand Panel of the IP High Court
 - The Court granted damage based on the infringer's profit.

Reason: Under circumstances where without patent infringement by infringer, Patentee would have obtained profit by the patent, damage based on infringer’s profit should be granted.

(The Article 102 (2) of the Patent Act does not say anything about necessity of exploitation of the patent by the patentee.)

- Damage awarded by the Court: Approx. **148 million Yen**



5. Take home points



Take home points

1. Japanese infringement courts sometimes take broader construction of the claim in light of the technical idea or problem to be solved of the invention.
2. The test for the 1st and 5th requirements of DOE are getting relaxed. A patentee has good chance to win in an infringement lawsuits by raising argument of infringement under DOE.
3. Obtain patents of computer-related inventions and enforce them in Japan!
4. It may be possible to seek damage based on Infringer's profit, even if you reside in the US.



Thank you for your attention



Shimako Kato
S-kato@aiklaw.co.jp
Abe, Ikubo & Katayama