

**Japanese Version of the U.S.
Doctrine of Prosecution Laches
The Supreme Court
Case H18 (Receipt) No. 1772 decided on April 24, 2008**

Preface

In Japan, an issued patent can be corrected by filing a post-grant correction trial with the Board of Appeals of the Patent Office (JPO) if the correction aims at (1) narrowing the scope of the claim so as to avoid a newly discovered prior art, (2) correcting an error in the description, claim and drawings and/or (3) clarifying an ambiguity in the description, claim and drawings (Art.126(1)). In any event, the corrected patent should not have a subject-matter which expands beyond the content of the application as filed. The effect of a corrected patent is retrospective up to the filing date, which means that the corrected patent is deemed to have been examined and issued in the corrected form. Any party can oppose the corrected patent by an Invalidation trial against the patentee.

Facts

The plaintiff owns Patent No. 2139927, filed on April 21 1993 and issued on January 22, 1999, addressing “Apparatus for Operating Knives”. The defendants are a manufacturer and a merchant (jointly “defendants”).

On September 10, 2001, the plaintiff sued the defendants for infringement of claim 1 seeking damages and an injunction. On December 7, 2001, the defendants argued that claim 1 was obviously invalid and the plaintiff’s enforcement of claim 1 constitutes a patent misuse. In support of their argument, the defendants filed an Invalidation trial against the plaintiff on July 25, 2003, and the Board of Appeals decided the invalidity of claim 1 on January 30, 2004.

On February 6, 2004 the plaintiff changed their strategy by shifting from claim 1 to claim 5, where claim 5 was an independent claim reciting most of the features of claim 1. The defendants argued that such a change should be rejected for reasons of deliberate delay of the progress of the Hearing. On March 15, 2004 the defendants argued that claim 5 was also invalid.

On October 21, 2004 the District Court dismissed the plaintiff’s claims for damages and an injunction on the ground of a patent misuse due to the enforcement of the obviously invalid claims 1 and 5.

The Osaka Appellate Court

On November 2, 2004, the plaintiff appealed the decision of the Osaka District Court to the Osaka Appellate Court, and filed a first post-grant correction trial on January 21, 2005 so as to narrow the scope of claim 5.

Introduction of Art.104-3(104^{ter})

At this stage, Article 104 of the Patent Law was drastically revised to have Art.104-3 which came into force on April 1, 2005. This provides that a patentee and a registered

exclusive licensee are not allowed to sue an alleged infringer if the patent will be most probably invalidated by a possible invalidation trial. From that point, the litigation in question focused on whether the defendants' allegation of invalidity fell within the meaning of Art.104-3.

On April 11, 2005 the plaintiff cancelled the 1st correction trial and filed a 2nd correction trial to correct claim 5.

On May 31, 2005 the plaintiff cancelled the cause of action based on claim 1 that claim 1 was invalidated. As a result, the issue was focused solely on whether claim 5 reads on the accused product.

On November 25, 2005 the Board of Appeals disapproved the 2nd correction trial, and the plaintiff cancelled it on December 22, 2005.

On January 20, 2006 the Appellate Court concluded that the Hearing proceedings should be completed. On April 18, 2006 the plaintiff filed a 3rd correction trial.

On May 31, 2006 the Appellate Court upheld the decision of the District Court without considering whether the accused product fell within the scope of claim 5, and held that claim 5 was obviously unpatentable for lack of inventive step under Art.29(2) and, therefore, the plaintiff was not entitled to enforce the patent within the meaning of Art.104-3(1).

On June 16, 2006 the plaintiff appealed to the Supreme Court, and on June 26 they cancelled the 3rd correction trial and filed a 4th correction trial. Immediately later on July 7, 2006, the plaintiff cancelled the 4th correction trial, and filed a 5th correction trial, so as to narrow the scope of claim 5 and clarify an ambiguity in the description. On August 29, 2006 the Board of Appeals eventually allowed the 5th correction trial. As a result, claim 5, once invalidated, was restored in a restricted scope. The effect of post-grant correction is retrospective up to the filing date. In principle, therefore, the restoration of claim 5 ought to justify a new Trial under Art.338(1)(viii) of the Civil Procedure Law.

Conclusion

On April 24, 2008 the Supreme Court dismissed the plaintiff's appeal for seeking a new Trial on the ground that the invalidated claim 5 had been restored as a result of the repetition of five post-grant correction trials over January, 2005 to July, 2006. The Court held that the plaintiff could have corrected claim 5 at the very beginning when the defendants asserted the invalidity of claim 1 before the Osaka District Court.

【Note】 Art.104-3(104^{ter}) of the Patent Law

1. A patentee and a registered exclusive licensee shall be barred from enforcing its patent if the patent will be most probably invalidated by a possible invalidation trial filed with the Board of Appeals.

2. In the case of paragraph 1 the court may reject, on motion or ex officio, any allegation and production of evidence if the court considers it as planned delay of the litigation.