Ichitaro Case

Tokyo High Court / Case H17 (Ne) 10040 (Sep. 30, 2005(H17))

FACTS

Matsushita Electric Industrial Co., Ltd. (hereinafter "Matsushita") is the holder of a patent right entitled “information processing device and information processing method" (hereinafter "Patent"). The Patent has three claims: Claims 1 and 2 relate to “product invention” (hereinafter, "Invention 1" and "Invention 2," respectively) and Claim 3 relates to “method invention” (hereinafter, "Invention 3").

Justsystem Corporation (hereinafter "Justsystem") is engaged in manufacturing, selling and offering to sell Japanese word processing software “*Ichitaro*” and graphics software “*Hanako*” (hereinafter, “Justsystem’s products” collectively). Purchasers of these products use the softwares by installing them on their own personal computers.

Matsushita brought this infringement lawsuit to the Tokyo District Court alleging that Justsystem's conduct constituted indirect infringement provided in Article 101, Subparagraphs 2 and 4 of the Patent Act (hereinafter "Act").

ISSUE

Whether the Japanese word processing software constitutes indirect infringement of Article 101, Subparagraphs 2 and 4 (corresponding to current subparagraphs 2 and 5).

HOLDING

As for the issue of indirect infringement, the Court found Justsystem liable for indirect infringement provided in Article 101, Subparagraph 2 of the Act regarding Invention 1 and 2. The Court held that (a) Justsystem’s products were used to manufacture “a personal computer on which Justsystem’s products are installed,” which met every constituent feature of Invention 1 and 2; and (b) the products were indispensable for Invention 1 and 2 to solve the problems set forth in the specifications. The court further held that (c) the Justsystem’s products together with the help functions therefore could not be installed on a personal computer without completing a product that met every constituent feature of Inventions 1 and 2, (d) Justsystem’s products

contained those portions that were exclusively used for producing a product that met every constituent feature of Inventions 1 and 2, thus Justsystem's products should not be deemed as "*articles which are widely and generally distributed in Japan*"[1)] as provided in Article 101, Subparagraph 2. Furthermore, the Court held that Justsystem knew that Inventions 1 and 2 were Matsushita's patented inventions and the Justsystem's product was used to exploit these inventions as of the date on which Justsystem took delivery of the complaint in this case at the latest, and the Court decided that all requirements for indirect infringement for the Patent regarding Inventions 1 and 2 pursuant to Article 101, Subparagraph 2 of the Patent Act were satisfied[2)].

On the other hand, with regard to indirect infringement of Patent Act Article 101 Subparagraph 4 regarding Invention 3, "a personal computer on which Justsystem's products are installed"…is such that the act performed by Justsystem in this case is not the manufacture, transfer or other such action of the personal computers in question, but is nothing more than the manufacture, transfer or other such action concerning Justsystem's product used in the manufacture of the manufacture of the personal computers in question. Therefore, the Court held that the aforementioned act by Justsystem could not correspond to indirect infringement regarding under the specific Subparagraph.

Note: 1) A requirement for indirect infringement pursuant to Article 101, Subparagraph 2. If a suspect product is deemed as an article widely and generally distributed in Japan, the product does not constitute indirect infringement.

2) In this case, the Court concluded that Matsushita's patent was to be invalidated through the invalidation procedures before the Japan Patent Office, and thus Matsushita should not be allowed to exercise its patent right pursuant to Article 104-3, Paragraph 1 of the Patent Act.