

Decided on	July 14, 2008	Court	Intellectual Property High Court, Fourth Division
Case number	2006 (Mu) 10002 2007 (Mu) 10003		
- A case, with respect to a court judgment approving a claim for an injunction blocking acts of infringement based on patent rights that had been made final and binding which was cancelled in accordance with an action for a retrial filed after a trial decision to invalidate the patent rights became final and binding			

Reference: Article 338, paragraph (1), item (viii) of the Code of Civil Procedure

The defendant in the retrial had filed a legal action with the Tokyo District Court to seek an injunction to prevent acts in breach of its patent rights (hereinafter referred to as “the Patent Rights”). It had alleged that the Patent Rights were infringed by the acts, conducted by the plaintiff in the retrial, of producing and selling a device of removing foreign matter from laver seaweed (hereinafter referred to as “the Product of the plaintiff in the retrial”). In the retrial, the Tokyo District Court handed down a ruling ordering an injunction to prevent the acts of producing and selling the Product of the plaintiff in the retrial, among others. The plaintiff in the retrial filed an appeal against this judgment to the Tokyo High Court, which later dismissed the appeal. The court judgment in prior instance thus became final and binding.

This case concerns an action filed by the plaintiff in the retrial for a retrial to seek a cancellation of the judgment in prior instance and a dismissal of the claim of the defendant in the retrial as mentioned above. The plaintiff asserted that there existed grounds for a retrial under Article 338, paragraph (1), item (viii) of the Code of Civil Procedure after a trial decision issued by the Japan Patent Office (JPO) to invalidate the Patent Rights became final and binding, once the court judgment in prior instance became final and binding.

The major issues were whether or not the claim made by the plaintiff in the retrial for defense against extinction of rights based on the final and binding trial decision for invalidation constitutes an abuse of rights, violates the principle of good faith and is impermissible (hereinafter referred to as “Issue 1”) and whether or not the claim is contrary to the principle of good faith and is impermissible in view of the intent of the settlement achieved in the litigation over damages from the infringement of the Patent Rights (hereinafter referred to as “the Settlement”) (hereinafter referred to as “Issue 2”).

With respect to Issue 1, the defendant in the retrial made several arguments. According to the first one, although the plaintiff in the retrial actually claimed that

the Patent in question was invalid in the oral argument that concluded on the day after what is known as the Kilby Judgment, after which the court is capable of ruling on the validity of a patent in litigation over a patent right infringement, the court of prior second instance rejected the claim and upheld the judgment of first instance that approved the claim of the defendant in the retrial. Given that the issue on validity of the Patent has been resolved due to the final and binding court judgment in prior instance, the claim should be blocked and may not be repeated even if it involves grounds for invalidation other than the one examined and judged in prior instance. The second one is that the end of dispute following the final and binding court judgment on the matters including the validity of the patent on the basis of the dispute-solving function of the civil procedure must be respected and should not be overturned even after the trial decision approving invalidation is final and binding. The court dismissed the claim of the defendant in the retrial by ruling as follows: “The court of prior instance upheld the judgment of first instance approving the claim after assessing the defense against the abuse of rights based on the clarity of the existence of a reason for invalidation. Should the court rule that it is possible to assert any reason for invalidation, even if it is different from that claimed in the defense, after the judgment in prior instance is final and binding and to dispute the existence or absence of the subject matter concerned with the case, the dispute-solving function of the final and binding judgment would be impaired and legal stability would be damaged. Confidence of the parties concerned in the final and binding judgment would be undermined. Therefore, there is room to understand that there is a purpose as reviewed above behind the two arguments of the defendant in the retrial mentioned. However, even if they have this purpose, these arguments eventually aim to merely insist on the blocking effect based on *res judicata* recognized in a final and binding judgment. Since the effect of the final and binding judgment itself is lost after the final and binding decision to start the retrial, it is imperative to say that the arguments of the defendant in the retrial are both groundless.” The ruling continues: “Even after the Kilby Judgment, the court conducting a trial on litigation over patent right infringement acts on the assumption that the patent is valid as it makes a ruling on the clarity of the existence of reasons for invalidation that serves as a defense against an abuse of rights. It does not rule on the question as to whether or not the patent is valid itself. It should be understood that the defense against the abuse of rights under the theory of the Kilby Judgment and the defense against the extinction of rights due to the final and binding trial decision of invalidation are two separate legal arguments. Hence, the court judgment

in prior instance on the defense against the abuse of rights claimed by the plaintiff in the retrial does not denote a ruling on the validity of the Patent in question. The final and binding status of the judgment in prior instance does not suggest that the question of the validity of the Patent has been resolved. In addition, as discussed in (1) above, the reason for invalidation mentioned in the defense against the abuse of rights in the prior second instance by the plaintiff in the retrial is different from the one recognized as the grounds for invalidation in the trial decision that invalidated the Patent. Given that there was no disagreement between the parties over the point that the plaintiff in the retrial was at the time of the court judgment in prior instance unaware of the publicly known reference, for reason of which the trial decision invalidated the Patent, the plaintiff in the retrial is not recognized as re-asserting the reason for invalidation as it defends against the extinction of rights after the trial decision on invalidation became final and binding. In this respect as well, the first argument of the defendant in the retrial is inappropriate.” According to the third argument of the defendant of the retrial, the issue on the validity of the Patent should be deemed cleared in view of past developments in which requests for a trial to invalidate the Patent were filed many times before the judgment in prior instance was handed down. The court found this argument groundless by reasoning as follows: “There is no limitation on the person or the period for filing a request for a trial for invalidation. The same person may again file a request for a trial of invalidation unless it violates the double jeopardy constraints as they relate to third parties based on the same fact and the same evidence after registration of the final and binding trial decision to invalidate the Patent (under Article 167 of the Patent Act). In light of the traits of the system on invalidation trials, including the one mentioned above, the fact that the request for an invalidation trial was filed several times alone does not immediately constitute grounds for deeming the dispute over validity of the Patent to have been resolved between the plaintiff and the defendant in the retrial prior to the trial decision of invalidation mentioned in II-1-(5) and II-1-(6). An investigation into all of the evidence in this case has discovered no circumstances under which the requests for an invalidation trial filed by the plaintiff of the retrial were so abusive that the proceedings in the case after commencement of the retrial would have to restrict the argument on the legal effect of the requests.”

Next, with respect to Issue 2, the court judged that the defense against the extinction of rights did not contradict the Settlement, by ruling as follows: “When the Settlement was reached, the requests filed the plaintiff in the retrial for an invalidation trial were pending on the part of the JPO. Specifically, these were the

second request regarding Patent 1 and the first request regarding Patent 2. Based on this situation, the Settlement determined that the plaintiff in the retrial should pay settlement money to the defendant in the retrial while the defendant should have no obligation to repay the money if the trial decision to invalidate the Patent became final and binding. On the other hand, the aforementioned requests for an invalidation trial were maintained. The Settlement had no provision prohibiting any future request for an invalidation trial. It is appropriate to find that there was no agreement reached in the Settlement as to the injunction of the acts of infringement and others approved by the court judgment in prior instance and that the agreement was not a precondition for the Settlement. Hence, the aforementioned argument of the defendant in the retrial, according to which in the Settlement stipulated that the injunction of the acts of infringement approved by the court judgment in prior instance should be maintained even after a trial decision to invalidate the Patent becomes final and binding in the future, is unfounded.”

As a result of the reviews mentioned above, the court deemed the claim of the defendant in the retrial for an injunction to prevent the acts of producing and selling the Product of the plaintiff in the retrial as lacking grounds. It cancelled the judgment in prior instance and dismissed the claim of the defendant in the retrial.