Date	September 11, 2014	Court	Intellectual Property High Court, Third Division
Case number	2014 (Ne) 10022		

– A case wherein, with respect to a patent granted for an invention titled "apparatus for automatic production of telephone number information," the court found that part of the defendant's devices constituted literal infringement of such patent but denied literal infringement and infringement under the doctrine of equivalents of such patent for the remaining parts of the defendant's devices and further partially upheld the claim for damages based on Article 102, paragraph (2) of the Patent Act but dismissed the claim for an injunction.

Reference:
Article 70, Article 100 and Article 102, paragraph (2) of the Patent Act
Number of related publication, etc.: Patent No. 3998284

In this case, the plaintiff who holds a patent right for an invention titled "apparatus for automatic production of telephone number information" (the "Invention") alleged that the defendant's act of manufacturing and using the defendant's devices (the "Defendant's Devices") infringed the plaintiff's patent right and claimed an injunction against the manufacture and use of the abovementioned devices (provided, however that the devices listed in the list of articles used in the litigation mentioned below shall be excluded) as well as the disposal thereof and compensation for damages. Since the judgment ordering an injunction against the manufacture, etc. of the Defendant's Devices, which was rendered in the prior action between the plaintiff and the defendant, had become final and binding, the plaintiff claimed damages with respect to the defendant's act of manufacturing or otherwise handling the Defendant's Devices during the period including the date of conclusion of oral argument of the prior action as well as an injunction against the defendant's current act of manufacturing or otherwise handling the Defendant's Devices. Meanwhile, the defendant alleged, with respect to the structure of the Defendant's Devices during the period subject to compensation for damages, the fact of multiple design changes made thereto and the specific structure of the Defendant's Devices (there are Defendant's Devices 1 through 6, and Defendant's Device 4 has the relevant structure as of the conclusion of oral argument in the prior action), which the defendant did not allege in the prior action, and based on such allegation, the defendant denied that the former Defendant's Devices fall within the technical scope of the Invention. The issues in this case are [i] the structure of the Defendant's Devices during the period subject to compensation for damages; [ii] whether or not the devices mentioned in [i] above fall within the

technical scope of the Invention; [iii] whether or not an injunction and disposal may be allowed; and [iv] the amount of damage.

In the judgment in prior instance, the court of prior instance found with respect to issue [i] that the defendant's act of alleging in the principal action the specific structures of the Defendant's Devices, which the defendant did not allege in the prior action, cannot be found to be against the fair and equitable principle in the action and the structures of the Defendant's Devices during the period subject to compensation for damages are as alleged by the defendant. With respect to issue [ii], the court of prior instance examined whether or not the Defendant's Devices before and after the design changes fall within the technical scope of the Invention on the following basis: [a] in order to find the relevant means to be the "means to create a number table composed of a toll number, a local office number and consecutive four numbers that are previously assumed to be present and to register such table on a hard disk" (Constituent Feature A), a list covering the telephone numbers corresponding to every toll number and local office number that actually exist must be created, while the alignment sequence of the numbers would be no object; [b] the act of reading the data of the number table recorded in a DVD and processing such data as the data to be registered on a hard disk also falls under the "creation of a number table"; and [c] the first six numbers of the telephone number for mobile phones would not be included in the category of "toll number and local office number." The court of prior instance found that, while the structures related to the survey of telephone numbers for land-line phones prior to the first design change and after the fourth design change and the structures related to the survey of the telephone numbers for mobile phones for both prior to and after the design changes do not satisfy Constituent Feature A, the structures related to the survey of telephone numbers for land-line phones after the first, second and third design changes fall within the technical scope of the Invention and thereby denied infringement under the doctrine of equivalents with respect to the Defendant's Devices after the fourth design change. With respect to issue [iii], the court of prior instance denied literal infringement and infringement under the doctrine of equivalents with respect to Defendant's Device 6, which has the structure as of the conclusion of oral argument, and dismissed the plaintiff's claims for an injunction. With respect to issue [iv], the court of prior instance, after allowing the application of Article 102, paragraph (2) of the Patent Act, found that there were circumstances under which the presumption of the application of said paragraph would be lost and determined the ratio of deduction based on such circumstances to be 75%.

The court maintained the determination made in the judgment in prior instance

with respect to issues [i] through [iii] mentioned above.

Meanwhile, with respect to issue [iv], the court first found the following facts: [a] while the plaintiff provides to customers requiring a survey of telephone numbers a telephone number usage history database, which has been accumulated by using the plaintiff's device, such plaintiff's device excludes part of the telephone numbers from the survey targets and thus, even if the plaintiff's device itself does not work the Invention, which contains Constituent Feature A, the plaintiff is providing a service competitive to a service using the products in which the Invention is worked; [b] the defendant is providing service to customers by using the products in which the Invention is worked; and [c] the plaintiff and the defendant are engaged in the same kind of business in the marketplace and are also competing with respect to business partners. Taking these facts into consideration, the court held that even if the plaintiff's provision of service is not based on the data obtained by working the Invention, it is appropriate to construe that there were circumstances under which the plaintiff would have been able to gain profits if there had been no act of infringement by the infringer. With respect to the issue of whether or not there are circumstances under which the presumption under Article 102, paragraph (2) of the Patent Act would be lost as well as the ratio of deduction based on such circumstances, the court found the following circumstances: [a] the defendant had been providing the same kind of service as that of the plaintiff prior to the registration of the Patent and Defendant's Device 1 does not infringe the Patent. The defendant is working the patented inventions related to the three patent rights it holds and thereby making the service it provides more effective in terms of efficiency and costs. It cannot be found to be difficult to use a method which does not infringe the Patent as the method of obtaining the same kind of survey data as that obtained through the use of the Invention (for example, embodiment (b) used in Defendant's Device 5). In light of the abovementioned facts, the technical significance of the Invention is not that high and the contribution of the Patent to the profits gained in the defendant's business remains within a considerably limited scope; [b] 35 out of 55 companies (about 63%) which were the defendant's customers during the period in which the patent right in question (the "Patent Right") was infringed had been customers prior to the registration of the Patent Right and about 80% of the sales from the land-line telephones came from these customers. Thus, even if the new customers were not only those affected by the defendant's act of working the Invention, there is no evidence suggesting that any of the customers made some kind of specific selection in response to the defendant's act of working the Invention. In light of these facts, the abovementioned situation of the customers must be found to be a factor that further

limits the contribution of the Invention to the profits gained in the defendant's business; and [c] In this case, while there are other business operators that provide the same kind of business as that of the plaintiff and the defendant in the market, business operators that provide a service to make a survey on the customers' usage of telephones by cross-checking the data obtained in the periodic survey on the usage of telephone numbers and the specific telephone numbers are hardly to be found other than the plaintiff and the defendant. This fact cannot be counted as a factor by which the presumption under Article 102, paragraph (2) of the Patent Act would be lost. The court, after pointing out these circumstances, found that there were circumstances under which said presumption would be lost and held that the ratio of deduction based on such circumstances is 65%.