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Date of the judgement

2000.04.11

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Case Number

1998(O)364

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Reporter

Minshu Vol.54, No.4 at 1368

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Title

Judgment upon case where claim for injunction denied based on invalidity of patent

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Case name

Case to seek confirmation of non-existence of debt.

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Result

Judgment of the Third Petty Bench, dismissed

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Court of the Second Instance

Tokyo High Court, Judgment of September 10, 1997

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Summary of the judgement

In the event there is clear and convincing evidence that a patent is invalid, a claim for injunction, damages, or other claims based on such patent is beyond the scope of rights intended by the act, except in extenuating circumstances.

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References

Article 68, Chapter IV, Section 2, Article 100, and Article 123 of the Patent Act, Article 1, para.3 of the Civil Code

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Main text of the judgement

Jokoku appeal is dismissed.

Appellant shall bear the costs of the Jokuku appeal.

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Reasons

Concerning the First, Second, and Fourth Grounds of the Appeal by the Appellant's attorneys Minoru Nakamura, Sadao Kumakura, Koichi Tsujii, Shinichiro Tanaka, Tadahito Orita, and assistants A, B, C and D:

1. Appellee seeks dismissal of Appellant's claim for damages, wherein Appellant asserts that Appellee's manufacture and sales of semi-conductor devices specified in Schedule (I) and Schedule (Ro) "List of Items" in the decision of the District Court constitutes infringement of patent, as described below.

The outline of facts as conclusively found by the Court of Appeals is as stated below. This Court affirms that judgment and rejects Appellant's claim of error in the findings.

(1) Appellant owns Patent No. 320275 (hereinafter "the Texas-Instrument Patent") for an invention entitled "Semi-conductor Device (hereinafter " the Invention").

(2) The Invention was a derivative application dated December 21, 1971 (hereinafter " the Application"), which itself was a derivative application from an original invention (hereinafter "Original Invention") of patent application dated January 30, 1964, Patent No. 4869 (hereinafter "the Original Application"), which itself was a derivative application for an invention from an original application dated February 6, 1960 (Patent No. 3745).

(3) Patent was not granted in the Original Application since it was conclusively shown that the Original Invention could be easily created based on inventions already in the public domain, i.e.,prior art rendered the Original Invention invalid for obviousness.

(4) The Invention and the Original Invention are substantially the same.

(5) The Appellee is in the business of manufacturing and selling semi-conductor devices, as specified in Schedule (I) and Schedule (Ro) "List of Items" in the District Court's decision .

2. Relying on the finding of facts stated above, the Court of Appeals found as follows:

(1) If the Application were a valid derivative claim of the Original Application, the Application would be regarded as having been filed at the same time the Original Application was filed, as provided in Article 9, paragraph 1 of the Patent Act then in effect (thereafter, abolished by Act No. 122 of 1959). However, because the Application was not found to be a derivative application, it is regarded as having been filed for the same invention as the Original Invention but on a later date than the application for the Original Invention. Accordingly, it is extremely likely the Patent will be judged invalid and the application denied, as stipulated under Article 39, paragraph 1 of the Patent Act.

(2) In addition, the Invention is substantially the same as the Original Invention covered by the Original Application, and a patent was not granted in the Original Application since it was conclusively shown that prior art rendered the Original Invention invalid for obviousness. Accordingly, the Patent is likely to be deemed invalid in this regard, too.

(3) To grant Appellant's motion for injunction against a third party based on a claim of infringement of the Patent, which would likely to be deemed invalid, would be an extension of rights beyond the scope contemplated under the act.

3. Appellant, in addition to asserting that 2 (1) and (2) in the Judgment of the Court of Appeals are erroneous, contends that the Court of Appeals refusal to grant the patent rested on inadequate examination and was supported by insufficient reasoning and is therefore a violation of the act, since in that same Judgment it was determined that the Patent is de facto invalid notwithstanding that, in a patent infringement proceeding, judicial review must give due weight to the presumption of validity and render judgment only on whether or not the item in question is covered by the technical scope of a patent.

4. Despite Appellant's arguments above, the Court of Appeals findings in 2(1) and (2) are sustained. In this case, the grounds for rejecting the Original Application as prior were clear and convincing. Nonetheless, even if a prior application is conclusively rejected, it does not

necessitate loss of status as a prior application (cf. Article 2, paragraph of 4 of Supplemental Provisions of Act No. 51 of 1998, and the Patent Act, paragraph 5 prior to revision by the above). The Application, however, should be rejected under Patent Act, Article 39, paragraph 1 (cf. 2nd Petty Bench Judgment 1991 (Gyo Tsu) No. 139 of February 24, 1995, Supreme Court Civil Report Vol. 49, No. 2, p. 460). In addition, the Patent was granted in violation of the Patent Act, Article 29, paragraph 2, because the Invention is substantially the same as the Original Invention for which grant of patent was conclusively rejected on the grounds that the Original Invention was easily created based on prior art already in the public domain.

Thus, substantial and convincing grounds exist for invalidating the Patent as specified in Article 123, paragraph2 (2) of the Patent Act, and no special circumstances exist in this case, such as pendency of a claim for modification, which would warrant a different conclusion. Accordingly, it is highly foreseeable that the Patent will be invalidated. (According to the records, a decision invalidating the Patent was rendered by the Patent Office on November 19, 1997 after the Court of Appeal's judgement was issued and currently a lawsuit for reversal of the decision is pending.)

5. We next turn to 2 (3) in the decision of the Court of Appeals.
Article 123, paragraph 1 and article 278 of the Patent Act provides that a magistrate of the Patent Office with professional knowledge and experience in the field, shall be responsible for rendering a decision to invalidate a patent, accompanied by reasons for such invalidation. In the case where a conclusive decision of invalidity is reached, such patent is regarded as having not existed at all (Patent Act, Article 125). Until that time, however, a patent retains its validity and enforceability and is not publicly invalidated.

Notwithstanding, for the following reasons it is improper for the courts to entertain a claim for injunction, damages, or other claims based on a patent that would in all probability be found invalid, as would likely be the case should a claim to invalidate The Patent under consideration here be filed.

1 Substantively, to accept a claim for injunction, damages, or other claims based on a patent of dubious validity would grant such patent owner unfair profit and unfairly disadvantage others working on the invention. Such result violates the principle of equity; 2 When possible, it is best to settle a dispute simply and quickly in a single proceeding. If the defendant is not allowed to assert reasons for invalidating the patent as a defense against the exercise of patent right in a patent infringement proceeding such as the one before this Court, the defendant will then be

forced initiate invalidation proceedings in the Patent Office to obtain a conclusive decision of invalidation even if the defendant had not intended to pursue such avenues to render the patent publicly invalidated. Such an outcome would conflict with the principle of judicial economy; and 3 Article 168, paragraph 2 of the Patent Act cannot be interpreted as requiring the cessation of proceed ings even in a case where evidence for invalidating the patent is apparent and invalidation of the patent concerned is a certain and foreseeable likelihood.

Accordingly, a court considering a claim of patent infringement should be capable of judging whether or not there exists sufficient reasons to invalidate the patent, even prior to the issuance of a final decision invalidating the patent. If during the hearings the court finds that there exists sufficient cause to invalidate the patent, a claim of injunction, damages, or other claims based on such patent would be an extension of rights beyond the scope contemplated under the act unless it can be demonstrated that circumstances exist which justify special treatment. Such interpretation is not contrary to the purposes of the patent system, and prior decisions handed down by the Court of Cassation that differ from our interpretation above, including Case No. 1903 (Re) 2662 of September 15, 1904 (Criminal Record No. 10, p. 1679) and Case No. 1916 (O) 1033 of April 23, 1917 (Civil Record No. 23, p. 654) are hereby reversed to the extent contrary to the interpretation announced in the decision today.

6. Therefore, in this case where clear and convincing evidence exists that the Patent is invalid and no extenuating circumstances, such as pendency of a claim for modification, have been cited which could warrant a different conclusion, the judgment of the Court of Appeals accepting Jokoku Appellee's argument that Jokoku Appellant's claim of damages based on the Patent would be an extension of rights beyond scope contemplated under the act is affirmed. This Decision is not contrary to precedents referred to in Jokoku Appellant's argument. Further, this Court does not find there has been an error in act. Selection and evaluation of the evidence and finding of facts are the sole provenence and discretion of the Court of Appeals; thus, contrary to Jokoku Appellant's contentions, mere criticism of those findings cannot justify overturning the judgment.

Other Grounds for Jokoku Appeal:

The finding of facts and judgment of the Court of Appeals shall be affirmed in light of the evidence in the court of appeals judgment and the records. Further, this court does not find there has been an error in act in the conduct of proceedings. Moreover, Jokoku Appellant's strange contention that it is inappropriate for the Court of Appeals to have sole authority and discretion

in the handling of the trial and in the selection and evaluation of evidence and findings of facts is rejected.

Accordingly, this Court unanimously finds for Appellee.

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Presiding judge

Justice Toshihiro Kanatani

Justice Hideo Chikusa

Justice Toshifumi Motohara

Justice Masamichi Okuda

(This translation is provisional and subject to revision.)

(Translated by Judicial Research Foundation)