

Date	February 18, 2015	Court	Tokyo District Court, 29th Civil Division
Case number	2013 (Wa) 21383		
<p>– A case in which the court accepted the plaintiff's claim for an injunction by holding that the defendant's act of issuing a warning against infringement of FRAND pledged-patent rights constitutes an act of unfair competition (an act of making a false allegation).</p>			

Summary of the Judgment

In this case, the defendant is a U.S. company managing and operating a patent pool for standard-essential patents (the "defendant patent pool") related to Blu-ray disc products ("BD products"). The plaintiff is a stock company selling BD products.

Upon commission by eleven patentees (the defendant patent-pool patentees) holding 350 BD-product-related standard-essential patents registered in Japan (the "Patent Rights"), the defendant sent a notification dated June 4, 2013 to three retailers conducting business with the plaintiff a notification (the "Notification"). The effect of the Notification was such that an act of selling BD products without a license from the defendant patent pool would constitute infringement of patent rights and that the patentees have the right to seek an injunction.

The defendant patent-pool patentees have declared that they are willing to grant licenses for the Patent Rights on fair, reasonable, and non-discriminatory terms (the "FRAND terms") (the "FRAND declaration").

In this case, the plaintiff alleged against the defendant that [i] the Notification constitutes an act of making a false allegation specified in Article 2, paragraph (1), item (xiv) of the Unfair Competition Prevention Act or unfair trade practices specified in Article 19 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (the Antimonopoly Act) and sought an injunction against the defendant's act of making or circulating a false allegation under Article 3, paragraph (1) of the Unfair Competition Prevention Act or Article 24 of the Antimonopoly Act. Also, the plaintiff alleged against the defendant that [ii] the Notification constitutes an act of making a false allegation specified in Article 2, paragraph (1), item (xiv) of the Unfair Competition Prevention Act or an act of tort. The plaintiff therefore demanded payment of 110 million yen as damages under Article 4 of the Unfair Competition Prevention Act or Article 709 of the Civil Code (a total of 100 million yen as damages for the Notification and 10 million yen as attorneys' fees) and payment of delay damages accrued thereon at a rate of 5% per annum as specified in the Civil Code from October 17, 2013, which is the date following the date of the service of complaints, until the date

of full payment.

The issues in this case are [i] whether a claim for an injunction is acceptable (Issue 1) and [ii] whether a claim for payment of damages is acceptable (Issue 2).

In this judgment, the court recognized an act of unfair competition (an act of making a false allegation) and accepted the plaintiff's claim for an injunction by holding as follows and dismissed the plaintiff's claim for damages by denying negligence.

The defendant patent-pool patentees, which have made a FRAND declaration, are not permitted to exercise their right to seek an injunction against any person who is willing to obtain a license under the FRAND terms, which would constitute an abuse of their right (Judgment of the Intellectual Property High Court dated May 16, 2014, *Hanrei Jiho* No. 2224, at 89).

It can be said that, as of the time of the Notification, the plaintiff was willing to obtain a license under the FRAND terms. Although the defendant patent-pool patentees are not permitted to exercise their right to seek an injunction against the plaintiff or retailers that are customers of the plaintiff because it would constitute an abuse of their right, the defendant patent-pool patentees gave the Notification as if they had been permitted to exercise their right to seek an injunction. Such act of the defendant patent-pool patentees constitutes an act of unfair competition (an act of making a false allegation).

As of the time of the Notification, since the defendant's actions were unintentional and non-negligent, the right to claim damages cannot be established.