Case number	2005 (Ne) 10040
Party	Appellant-Defendant: Justsystem Corporation Appellee-Plaintiff: Matsushita Electric Industrial Co., Ltd.
Decided on	September 30, 2005
Division	Grand Panel

Holdings:

1 Under the facts found in this case, manufacture and sale of a word processing software constitutes indirect infringement of Article 101, Subparagraph 2 of the Patent Law, but does not constitute indirect infringement of Article 101, Subparagraph 4.

2 The invention entitled "information processing device and information processing method" does not meet the requirement of inventive step (Article 29, Paragraph 2) and therefore the patent for the invention is to be invalidated.

References:

Patent Law (Article 29, Paragraph 2; Article 101, Subparagraphs 2 and 4; Article 104-3, Paragraph 1)

Summary:

Matsushita Electric Industrial Co., Ltd. (hereinafter "Matsushita") is a holder of patent right entitled “information processing device and information processing method" (hereinafter "the Patent"). The Patent has three claims: Claims 1 and 2 relate to “product invention” (hereinafter "Invention 1" "Invention 2") 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 *“Hanak*o” (hereinafter “Justsystem’s products” collectively). Purchasers of those 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 Law (hereinafter "the Law"). Matsushita sought injunctive relief and destruction of Justsystem's products in accordance with Article 100 of the Law.

The Tokyo District Court held that a personal computer on which Justsystem's products were installed was, as a product itself or by use thereof, came under the scope of claims of the Patent and thus constituted indirect infringement pursuant to Article 101, Subparagraphs 2 and 4 of the Law. The District Court then rejected the defense of Justsystem that the Patent was obviously invalid due to lack of inventive step and Matsushita abused its patent right. Thus, the District Court allowed injunctive relief for Matsushita and ordered Justsystem to destroy Justsystem's products. Justsystem appealed to the Intellectual Property High Court (hereinafter "the Court").

The issues before the Court are as follows: (1) whether a personal computer on which Justsystem's products are installed, as a product itself or by use thereof, falls within the scope of the Patent's claims; (2) whether Justsystem indirectly infringed Matsushita's Patent pursuant to Article 101, Subparagraphs 2 and 4 of the Law; (3) whether the Patent is to be invalidated and thus Matsushita 's exercise of the Patent right should not be allowed; and (4) whether additional allegation and evidence submitted by Justsystem before the Court should be dismissed as unduly late offensive/defensive action.

The Court reversed the District Court's decision and dismissed all of Matsushita's claims, holding as follows:

As for the first issue (i.e. scope of claims), the Court affirmed and cited the District Court's findings that the term "icon" in the claims simply meant "a picture or pictograph displaying various data and processing functions on the display screen, by which commands are processed." The Court further found that "to display on the display screen the second icon so as to perform the predetermined information processing functions" and "to display on the display screen functional description of the second icon" in the claims meant to display on the display screen two or more icons so as to perform information processing functions and to display functional description of an icon selected among the said two or more icons." The Court concluded on the first issue that

a computer on which Justsystem’s products were installed, as a product and by use thereof, met the constituent features of the invention and thus fell within the scope of the Patent's claims.

As for the second issue (i.e. indirect infringement), the Court found Justsystem liable for indirect infringement provided in Article 101, Subparagraph 2 of the Law 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, (b) the products were indispensable for Invention 1 and 2 to solve the problems set forth in the specifications, (c) the Justsystem’s products together with the help functions therefor 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” as provided in Article 101, Subparagraph 2. The Court further found that Justsystem had been aware by the time of the service of complaint at the latest that Matsushita was the patent holder of Inventions 1 and 2, and that Justsystem’s products used these inventions. Consequently, the Court decided that Justsystem indirectly infringed the Patent regarding Inventions 1 and 2 pursuant to Article 101, Subparagraph 2 of the Patent Law.

The Court rejected, however, the existence of indirect infringement regarding Invention 3 in accordance with Article 101, Subparagraph 4. Although the Court admitted that “a computer on which Justsystem’s products are installed” was "for use of the method of the invention…and indispensable for the invention to solve the problems” as provided in the said subparagraph, thus manufacture and sale of the personal computer could be found as indirect infringement, the Court found Justsystem not liable for indirect infringement under Article 101, Subparagraph 4 because Justsystem was manufacturing and selling only Justsystem’s products used for manufacturing the personal computers, rather than manufacturing or selling the said computers themselves.

As for the third issue (i.e. invalidation), by comparing the inventions of this case

with an invention described in a publication written in English that had been distributed abroad prior to the filing date of the Patent application (the publication submitted as evidence after appeal), the Court held as follows: (a) the only difference between these inventions is that the “functional description display means”, which functions to display the functional description of an icon is an “icon” in the inventions of this case whereas it is a “screen/menu help” item in the cited invention; (b) in light of the technical matters well known at the time of the filing of the Patent application, a person skilled in the art could have easily arrived, from the cited invention, at the idea of using an “icon” instead of a “screen/menu help” item as the “functional description display means”; and (c) therefore, a person skilled in the art could have easily arrived at the inventions of this case. For these reasons, 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 Law.

As for the fourth issue (unduly late offence/defense), the Court rejected Matsushita's argument that the additional allegation and evidence submitted before the appeal court should be dismissed on the grounds of unduly late defense. The reasoning of the Court is as follows: (a) proceeding of the first instance was carried out expeditiously in a very short period, (b) Justsystem submitted the additional allegation and evidence at the earlier stage of the appellate proceedings, (c) the additional allegation and evidence are only for supplement prior allegation from a slightly different perspective; and (d) the new allegation and evidence is based on the publication written in English, which had been distributed abroad long before this suit was filed (it is unavoidable to take considerable time to search and find such reference).