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International Jurisdiction on Litigations
over Patent Infringements through the Internet in Japan
("Japanese Patent Developments"
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Ladies and Gentlemen, thank you very much for your attention. It is my
great honour to have been given the opportunity to speak about recent
Japanese patent developments at this forum.

However, as there are so many topics currently being developed in Japanese
Patent Law, we would better to concentrate upon one specific topic.
Therefore, today, I would like to introduce you a judgment given by the IP
High Court of Japan last summer that illustrates the recent development of,
particularly, Japanese rules on the international jurisdiction over patent
infringement litigations. I hope that the topic will be of interest to you, and
also hope that we could further the discussions on the connotations of the
judgment at a later stage today.

First, I am going to explain the outline of the case to you. Then I will give
you an overview of Japanese jurisdictional rules in civil litigation. I will
describe the domestic jurisdictional rules as well as the international rules in
this respect. Next, I will move on to the judgments on the case I have first
explained. You will see how the two judgments, namely the first instance
court’s ruling and the appellate one, differ. Finally, I shall give you a warm
message based on the latter judgment on the case.

First of all, I shall explain the outline of the case. For our convenience, the
following facts are very much simplified. Here is an internationally famous
Korean company (hereafter, Y). Y has, as a natural matter of course for this
type of large company, set up a multilingual website introducing their
products for buyers overseas through the Internet. If you click on “Sales
Inquiry” on the English page of the website, you can proceed to a list of
countries. Then if you choose “Japan” from the list, the website shows the contact addresses and phone numbers of Y's Sales Headquarters in Japan. In addition, if you click “Sales Inquiry” on the Japanese page, the website opens an inquiry form for buyers.

However, the products shown on Y’s website included a couple of motors for DVD multi-drives which looked identical with the patented invention of a Japanese company (hereafter, X), situated in Kyoto.

Thus, X filed a case to Osaka District Court for injunction and damages against Y, asserting that Y’s website constituted the “offering for assignment” provided in Article 101 Subsection 1 and Article 100 Section 1 of the Japanese Patent Act as an infringement, whereas Y pleaded that no Japanese court could enjoy international jurisdiction over the case as Y neither was domiciled nor had committed an infringement in Japan. Therefore, the Court was asked to decide whether it holds the jurisdictional power over the case before proceeding to the merits.

Next, we move onto the Japanese rules on jurisdiction, or competence, of civil litigations. The Japanese Code of Civil Procedure clearly provides the rules on the domestic allocation of jurisdictional power between Japanese courts. For example, under Article 6 Section 1 Subsection 2 of the Code, Osaka District Court is given the exclusive jurisdictional power over patent infringement litigations in the western part of Japan and this is why X filed the case in Osaka. Besides, Article 5 Subsection 9 of the Code provides that a litigation relating to a tort is subject to a court of the place where the tort was committed. Here, the word “place” of the tort in this provision is construed, without objection, as including the place where the consequences of the tort takes place. Thus, if I shot a gun from Kyoto Prefecture and injured a man in Osaka Prefecture, then the man could file a case for damages either to Kyoto District Court or Osaka District Court. Of course, as I am domiciled in Tokyo he could sue me, under Article 4 Section 1 and 2, in Tokyo District Court as well.

Then, how shall we think about the case between the Korean and the Japanese companies I have mentioned? At the moment, we have no specific
statutory provisions over international jurisdiction of civil litigations in Japan. However, a series of precedents by the Supreme Court have formulated general guidelines. If I roughly summarise the judge-made-law on the international jurisdiction of Japanese courts as is necessary to our case, that should read as follows: if a case falls within the provisions on the domestic allocation of jurisdictional power in the Code of Civil Procedure, which primarily reflect justice and fairness, Japanese courts are presumed to enjoy international jurisdiction over the case unless special circumstances prevent Japanese courts from doing so.

Therefore, when considering international patent infringement litigations, we need first to refer to the provision on the domestic jurisdiction of tort litigation in the Code. That is Article 5 Subsection 9 I have just mentioned. Second, we examine whether there are special circumstances against Japanese courts. The special circumstances here are exemplified, by a couple of precedents, such as extreme remoteness of the defendant's domicile from Japan or geographical inconveniences for Japanese courts accessing to important evidence, and so on. As far as the case between the Korean and the Japanese companies is concerned, I assume that nobody may find such special circumstances and we should better leave the matter behind us today.

Now, in order to give an answer to the Y's plea to international jurisdiction, we need to consider whether the website of Y constitutes a tort in Japan, or an "offering for assignment" as an infringement of X's patent. Interestingly enough, the answers to the question varied clearly between the court of first instance and the appellate court, or the IP High Court.

Osaka District Court held that they had no international jurisdiction over the case. The judgment emphasised firstly the fact that the English page of the website was not linked to an inquiry form as such and considered it as nothing but a general introduction of Y's products without purporting to induce buyers to purchase them. Secondly, they paid special attention to the fact that the Japanese page, although linked to the inquiry form for buyers, introduced not only the allegedly patent-infringing motors but also other products of Y's in general. As a consequence, Osaka District Court held that the website did not constitute "offering for assignment" and
therefore found that requirements of Article 5 Subsection 9 were not met. That means that the case did not fall within Japanese international jurisdiction.

The IP High Court, however, overruled the judgment of the first instance court and remitted the case to Osaka District Court. The High Court found that the case was subject to the international jurisdiction of a Japanese court. In reaching the conclusion, the High Court first focused upon the fact that buyers could obtain the addresses and phone-numbers of Y's Sales Headquarters in Japan through the English page of the website. Second, the High Court perceived it important that the Japanese page of "Sales Inquiry" was linked to the inquiry form for buyers overseas. You may be reminded of the fact that Japanese are almost the only people who understand the Japanese language. The High Court finally suggested that Y's acts of setting up the website constituted "offering for assignment" of the motors within the range of X's patent and found that Y committed a tort in Japan. Requirements of Article 5 Subsection 9 were met. That means that the case did fall within Japanese international jurisdiction now.

Although not clearly stated in the judgment, the High Court seemed to estimate that the website fairly attracted Japanese buyers into offering the sales of allegedly patent-infringing motors whereas the District Court thought it was not necessarily the case.

As far as I know, this is the first Japanese precedent over international jurisdiction of a patent infringement through the Internet. We may draw various lessons from the case and the judgments, but, at this stage, suffice to say that you need to be cautious about what should be seen on your website if you would like to sell a product through the Internet. Should the product on sale infringe a Japanese patent and should the website look fairly attractive enough for Japanese buyers, then it is quite probable that you will be warmly welcome at a Japanese court. Then I will certainly teach you how the Japanese civil procedure works from start to end.

This is the end of my presentation. Thank you very much for your attention and I hope we can further discuss the case and other topics during the time
left for us.

Further Reading:
Professor M Dogauchi, Waseda University
"Forthcoming Rules on International Jurisdiction", Japanese Yearbook of Private International Law 12, p212