Annual Report 2013: Overview of Cases Handled by the Intellectual Property High Court and Intellectual Property Divisions of the Tokyo District Court and the Osaka District Court

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I Introduction

The Intellectual Property High Court (the "IP High Court") is a specialized court established as a special branch of the Tokyo High Court on April 1, 2005, in light of the increasing importance of the role of the judicial system in protecting intellectual property. Its purpose is to further enhance the expertise of the court in conducting court proceedings and making decisions for specialized cases, expedite proceedings, and make other improvements for IP-related civil cases, such as patent infringement lawsuits and suits against appeal/trial decisions made by the JPO.

At the district court level, the 29th, 40th, 46th, and 47th Civil Divisions out of a total of 51 civil divisions of the Tokyo District Court (the "IP divisions of the Tokyo District Court") and the 21st and 26th Civil Divisions out of a total of 26 civil divisions of the Osaka District Court (the "IP divisions of the Osaka District Court") have been designated as special divisions to handle IP-related cases.

The purpose of this paper is to provide a general overview of the cases handled by the IP High Court, the IP divisions of the Tokyo District Court and the IP divisions of the Osaka District Court in the year 2013. Please note that any opinions presented in this paper are the authors' personal views.

II Outline of the Cases Handled by the IP High Court

1. Cases under the jurisdiction of the IP High Court

(1) Article 2 of the Act for Establishment of the Intellectual Property High Court

Article 2 of the Act for Establishment of the Intellectual Property High Court defines the types of lawsuits subject to the proceedings conducted by the IP High Court as outlined below:

A. Appeals against judgments rendered by district courts on actions pertaining to patent rights, utility model rights, design rights, trademark rights, and the Unfair Competition

Prevention Act, etc. (item (i));
B. Suits against appeal/trial decisions made by the JPO, etc. pertaining to patent rights, utility model rights, design rights, and trademark rights (item (ii));
C. Cases in which specialized knowledge on intellectual property is required for examination of the major points at issue in addition to the cases specified in A. and B. above (item (iii)); and
D. Ordinary civil or administrative cases which should be handled jointly with the cases set forth in A. to C. above (item (iv)).
(2) Centralized jurisdiction

Regarding any suit against appeal/trial decisions made by the JPO, the Tokyo High Court had exclusive jurisdiction as the court of first instance (Article 178 of the Patent Act, etc.) before the establishment of the IP High Court. After the establishment of the IP High Court, the IP High Court, which is the special branch of the Tokyo High Court, has such jurisdiction.

Regarding IP-related civil cases, the revision of the Code of Civil Procedure in 2003 (Act No. 108 of 2003) has given the Tokyo District Court and the Osaka District Court exclusive jurisdiction over eastern Japan and western Japan respectively with regard to any technology-related lawsuits, such as actions related to patent right, utility model right, right of layout-designs of integrated circuits, and author's right over a computer program (hereinafter referred to as "actions related to patent right, etc.") (Article 6, paragraph (1) of the Code of Civil Procedure). Regarding non-technology-related lawsuits such as actions related to design right, trademark right, and author's right (excluding the author's right over a computer program), right of publication, neighboring right, and breeder's right, or actions related to infringement of business interests caused by acts of unfair competition, both courts have non-exclusive jurisdiction together with the other corresponding districts courts located throughout Japan(Article 6-2 of the Code of Civil Procedure). In principle, the IP High Court is in charge of any appeal against the final judgment made by the Tokyo District Court as the court of first instance on an action pertaining to a patent right, etc. and also any appeal against the final judgment made by the Osaka District Court as the court of first instance on such action (Article 6, paragraph (3) of the Code of Civil Procedure).

In this way, the IP High Court mainly handles suits against appeal/trial decisions made by the JPO that require specialized technical knowledge as well as appeals against actions pertaining to a patent right, etc. and the court has sufficient system to deal with such specialized cases with expertise.
(3) Grand Panel cases

High Courts usually conduct court proceedings and make decisions through a panel of three judges. However, the revision of the Code of Civil Procedure in 2003 (Act No. 108 of 2003) and the revisions of the Patent Act and the Utility Model Act have enabled the IP High Court to conduct court proceedings and make decisions through a panel of five judges for the case of actions pertaining to a patent right, etc (Article 310-2 of the Code of Civil Procedure, Article 182-2 of the Patent Act, Article 47, paragraph (2) of the Utility Model Act). The IP High Court is able to carefully conduct proceedings and make decisions through this Grand Panel when dealing with technology-related cases involving significant issues pertaining to highly specialized matters. The Grand Panel system also allows the IP High Court to maintain the consistency of its legal interpretation.

Since the establishment of the IP High Court, the Grant Panel has handed down 13 judgments and decisions (as of June 2014).

2. Organization of the IP High Court

(1) Judges, etc.

The IP High Court consists of 16 judges, including the Chief Judge, eight court clerks, and four court secretaries（excluding the Registry / Secretariat Office）. The IP High Court deals with cases in any of the four regular divisions through a three-judge panel, while especially significant cases are handled by the above Grand Panel in a special division.

(2) Judicial research officials

The IP High Court, which handles IP-related cases that require technical expertise, has a total of 11 judicial research officials, who are full-time staff members of the courts and conduct necessary research on technical matters for the proceedings for cases pertaining to patent rights, etc. upon an order of the court. The judicial research officials are appointed from among former JPO examiners/trial examiners and patent attorneys with a high experience. They are expected to support the proceedings of IP-related cases from a technical perspective by using their specialized technical expertise and their knowledge and experience in the field of IP-related laws, such as the Patent Act. In the revision of the Code of Civil Procedure in 2004 (Act No. 120 of 2004), new provisions were established with regard to the affairs administered by judicial research officials (Articles 92-8 and 92-9 of the Code of Civil Procedure).

(3) Technical advisor system

Technical advisors are part-time staff members of the courts. When a court makes a decision to designate a technical advisor for a certain case in order to clarify the issues disputed in a lawsuit or ensure smooth progress of court proceedings, the technical

advisor would provide an explanation based on his/her expertise. This is a new system established by the revision of the Code of Civil Procedure in 2003 (Act No. 108 of 2003) (Articles 92-2 to 92-7 of the Code of Civil Procedure). The IP High Court has appointed approximately 200 technical advisors from among professors, researchers, engineers, patent attorneys, etc. with the cooperation of various circles of experts, such as academic societies (Technical advisors belong to three courts, i.e., the IP High Court, the Tokyo District Court, and the Osaka District Court). In principle, mainly in cases which involve complex technical issues but not excluding other cases, an explanatory session is held on the third date for preparatory proceedings, after the disputed issues have been identified (which usually takes place on the second date for preparatory proceedings). In the session, the parties on both sides give a brief explanation about their views for 30 to 40 minutes by using slides on screen, etc. and answer questions from technical advisors, etc. Through such communications, disputed issues are clarified. In this way, the expertise of technical advisors is utilized in the course of proceedings. The IP High Court usually appoints three technical advisors who have different knowledge, experience, etc. so that explanations can be presented from various viewpoints.

(4) General course of proceedings at the IP High Court

A. IP-related civil cases

In an IP-related civil case, such as an appeal of a patent infringement case, proceedings are conducted as follows. Both parties submit a written reason for their argument. After the first date for oral argument, each case will take a different route, such as ending the phase of oral argument, setting another date for oral argument, or commencing preparatory proceedings to identify issues. In some cases, efforts are made to solve a case through a settlement. The proceedings for an appeal case at the IP High Court are not so different from those of ordinary civil cases. The IP High Court conducts appeal proceedings in an effective and efficient manner.

B. Suits against appeal/trial decisions made by the JPO

The IP High Court mostly handles suits against appeal/trial decisions made by the JPO, which account for about 80% of all the cases heard by the IP High Court. The IP High Court conducts proceedings in accordance with the proceeding guidelines, which specify the general course of proceedings. Said guidelines specify, among other things, the number of dates on which meetings should be held, the basic documents to be submitted, and sample forms, etc. for a written complaint, etc. These guidelines are updated from time to time. The proceeding scheduled in accordance with the proceeding guidelines has enabled the court to shorten the length of time of the total proceeding.

Another purpose of making the proceeding guidelines available to the public is to make the future course of legal proceedings predictable for users. (For further details, please refer to the "General course of legal proceedings for a suit against appeal/trial decisions made by the JPO (patents, utility models)" posted on the website of the IP High Court (http://www.ip.courts.go.jp/tetuduki/form/form_youkou/index.html) (in Japanese).)

The details of the proceedings of a case involving a patent right or utility model right are as follows: First, the plaintiff submits a brief that states all of the reasons for rescission along with all the related documents. Then, on the first date for preparatory proceedings, the parties concerned confirm the details of the reasons for rescission and make a proceeding schedule, such as whether or not an explanatory session should be held. Next, the defendant submits a brief that states its counterargument along with evidence. The plaintiff submits a brief that states further counterargument along with supplementary evidence. Then, on the second date for preparatory proceedings, the preparatory proceedings are closed in principle (in some cases, the third date for preparatory proceedings might be set in order to identify issues or hold an explanatory session). On the subsequent day for oral argument, the phase of oral argument is concluded.

In cases that involve a trademark right or design right, preparatory proceedings are usually not conducted, and the proceedings are conducted through oral argument dates. Both parties submit briefs and evidence by the time limit set by the court prior to the first date for oral argument, and in some cases, the oral argument date is concluded on that date.

3. Trends in the number and types of cases

(1) IP-related civil cases

Figure 1 shows the number of cases commenced, the number of cases disposed, and the average time interval from commencement to disposition at the IP High Court for IP-related civil cases.

In recent years, the number of cases commenced and disposed ranged from 90 to 110 respectively. In 2013, the number of cases commenced was 114, while the number of cases disposed was 99.

The breakdown of the cases by type of case is approximately as follows based on the estimate of the author. The lawsuits related to patent rights and utility model rights account for about 45%, those related to copyrights and the Unfair Competition Prevention Act account for slightly less than 20% respectively, those related to trademark rights account for about 13%, those related to design rights account for about 3%, and other types of cases fill the rest.

The average time interval from commencement to disposition in IP-related civil cases at the IP High Court in 2013 is 6.7 months. In recent years, the average time interval has been less than eight months. Since the length of the period of proceedings tends to vary depending on the situation of each case, the average time interval from commencement to disposition in IP-related civil cases fluctuates year by year more greatly than the average time interval from commencement to disposition in suits against appeal/trial decisions made by the JPO.

(2) Suits against appeal/trial decisions made by the JPO

Figure 2 shows the number of cases commenced, the number of cases disposed, and the average time interval from commencement to disposition at the IP High Court for suits against appeal/trial decisions made by the JPO.

The number of cases commenced ranged from about 410 to 450 from 2007 to 2012, and the number of cases disposed ranged from about 400 to 500. In 2013, the number of cases commenced was 353, while the number of cases disposed was 429. The 20% decrease in the number of cases commenced from 2012 to 2013 is largely attributable to the decrease in the number of suits against appeal/trial decisions made by the JPO related to inter-parties trials. It is uncertain whether this decrease was caused by a temporary reason or by the 2011 revision of the Patent Act (effective as of April 1, 2012), namely, the establishment of the JPO decision preliminary announcement system (Article 164-2 of the Patent Act) and the prohibition of making a request for a trial for correction after the filing of a suit against an appeal/trial decision made by the JPO (Article 126, paragraph (2) of the Patent Act) (both provisions apply to any trial requested on or after the revision date).

The breakdown of the cases by type is roughly as follows. The lawsuits related to patent rights and utility model rights account for about 75%, those related to trademark rights account for about 20%, and those related to design rights account for about 3%.

In recent years, the average time interval from commencement to disposition has greatly been shortened from more than 12 months in 2003 and 2004 to about eight months. In 2013, the average time interval from commencement to disposition was 7.6 months.

Figure 3 shows the outcome of judgments handed down in the suits against appeal/trial decisions made by the JPO and rulings from 2011 to 2013.

4. Publication of court decisions

The IP High Court posts the full version of almost all of its judgments in Japanese on its website (http://www.ip.courts.go.jp/app/hanrei_jp/search) within about a week from the date of judgment, after replacing individual names with pseudonyms and

partially masking the content of a judgment under the court's order to restrict public inspection (it takes slightly longer before publication for case with the prospect of an order of limiting public inspection being issued). In addition, a summary of the judgment in Japanese and English is provided on the website regarding any cases that is considered to be especially important, such as cases resulting in the rescission of a JPO decision or the modification of the judgment in prior instance, etc..

In order to distribute information worldwide, the website of IP High Court is available not only in Japanese but also in English, French, German, Chinese and Korean. In the section titled "IP Judgments Database" on the English website, English translations of summaries of judgments delivered by the Supreme Court, the IP High Court, and the IP divisions of the Tokyo District Court and the Osaka District Court are available to the public (http://www.ip.courts.go.jp/app/hanrei_en/search). The database also provides English translations of full text/ extracts of selected IP judgment delivered by those courts. These selected IP judgments are classified by topics and can also be searched through "IP Judgments listed by topics" page (http://www.ip.courts.go.jp/eng/hanrei/judgments_list/index.html). Another section titled "Grand Panel Cases of the IP High Court" (http://www.ip.courts.go.jp/eng/hanrei/g_panel/index.html) introduces English translations of the summaries and full versions of the judgments handed down by the Grand Panel of the IP High Court as well as corresponding judgment of the first instance for most of those cases.

Between April 2013 and March 2014, the IP High Court delivered judgments for the following famous cases (the following cases were selected from the perspective of the level of public awareness). During said period, the IP High Court didn't hand down neither judgments nor rulings under the Grand Panel system but in May 2014, seven judgments and rulings were handed down under the Grand Panel system.

(1) IP-related civil cases

The court examined a dispute over a nonfiction novel about the JAL airplane crash and partially modified the judgment in prior instance that recognized infringement of the copyright (the right of adaptation, etc.) for expressions contained in a book written by one of the victim's family in said crash (Judgment of September 30, 2013, Case Number 2013 (Ne) 10027).

(2) Suits against appeal/trial decisions made by the JPO

A. Regarding a JPO decision to rescind the registration of the trademark "ほっとレモン" (hot lemon) (Designated goods: "lemon-flavored carbonated drinks," etc.), the court upheld said decision of rescission by holding that, since it may be interpreted that the "

レモン" part means "lemon" or "beverage containing lemon juice," etc. and that the "ほっと" part means "hot," etc., this trademark should be interpreted to consist solely of a mark indicating the quality and ingredients of the goods in a common manner (Article 3, paragraph (1), item (iii) of the Trademark Act) and also that, for the same reason as described above, "ほっと""レモン" may not be considered to have acquired the capability to distinguish one's goods from others as a result of use (Article 3, paragraph (2) of the Trademark Act) (Judgment of August 28, 2013, Case Number 2012 (Gyo-Ke) 10352).

B. Regarding examiner's decision to refuse the trademark "LADY GAGA" (Designated goods: "records, music files," etc.), the court upheld said decision of refusal by holding that, since said trademark may be interpreted to mean the popular singer Lady Gaga, the use of said trademark for records, music files, etc. may be interpreted as a mere indication of the quality of the goods, i.e., the indication of a singer or performer, and may not be considered to have the source-indicating function (Article 3, paragraph (1), item (iii) of the Trademark Act) and also that the use of said trademark for any goods that do not contain any song sung by Lady Gaga could mislead consumers as to the quality of the goods, i.e., misunderstanding that said goods contain a song sung by Lady Gaga (Article 4, paragraph (1), item (xvi) of the Trademark Act) (Judgment of December 17, 2013, Case Number 2013 (Gyo-Ke) 10158).

III Outline of the Cases Handled by the IP Divisions of the Tokyo District Court

1. System to handle cases

(1) Cases handled by the IP divisions of the Tokyo District Court

The IP divisions of the Tokyo District Court handle various cases, such as cases related to patent rights, utility model rights, design rights, trademark rights, copyrights (including moral rights of author and neighboring rights), layout-design exploitation rights, breeder's rights, rights of publicity as well as the cases specified in the Unfair Competition Prevention Act, Article 12 of the Commercial Code, Articles 8 and 21 of the Companies Act, etc. (including any cases seeking for provisional remedies filed based on the aforementioned cases as merits).

(2) Organization

As described above, the IP divisions of the Tokyo District Court consist of a total of four divisions, namely, the 29th, 40th, 46th, and 47th Civil Divisions, and have a total of 16 judges, 12 court clerks, and 4 court secretaries as well as 7 judicial research officials (6 are appointed from among former JPO examiners or trial examiners, one from among patent attorneys; they are divided and assigned to three fields, i.e., machinery, chemistry,

and electricity, and handle cases accordingly). A decision on the assignment of judicial research officials is made for each case.

(3) Trends in the number and types of cases

A. Lawsuits

(A) Cases commenced

Figure 4 shows the number of IP-related civil cases commenced at district courts throughout Japan during the 11-year period from 2003 to 2013. While the number of cases commenced fluctuated year by year, it had been around 500 to 600 per year. During the same period, the number of IP-related civil cases filed with the IP divisions of the Tokyo District Court was around 300 to 400 per year. Despite year-by-year fluctuations, about 60% of the IP-related civil cases filed with district courts throughout Japan were filed with the IP divisions of the Tokyo District Court. A breakdown of those cases by type shows that the cases related to patent rights accounted for the largest portion, i.e., about one third of the total. The cases related to copyrights and the Unfair Competition Prevention Act accounted for about 20% respectively, and the cases related to trademark rights accounted for about 15%. These types of cases accounted for about 90% of the total.

(B) Cases disposed

Figure 4 shows the number of IP-related civil cases disposed at district courts throughout Japan during the 11-year period from 2003 to 2013. During the last five years, the number of cases disposed was over 600 in 2011 and 2013 and was around 500 per year in other years. Figure 4 also shows the average time interval from commencement to disposition. In the last five years, it was somewhere between 13 months and 15 months.

The number of IP-related civil cases disposed at the IP divisions of the Tokyo District Court during the 11-year period from 2003 to 2013 was between 300 and 400 per year on average. The average time interval from commencement to disposition was somewhere between 12 months and 16 months in the last five years, although it fluctuated year by year.

Among the cases disposed at the IP divisions of the Tokyo District Court in 2013, the cases closed by judgments accounted for about 45% of the total and the cases closed by settlements accounted for about 35% of the total. The rest of the cases were ended by withdrawal of actions, etc. The cases closed by settlements are mostly those settled based on the court's finding made in the course of first-phase proceedings as to whether or not an act of infringement was committed, or settled in the second-phase proceedings as to the occurrence and amount of damage. Some of the cases closed by withdrawal of

actions were lawsuits settled through an out-of-court settlement, such as cases related to patent rights and utility model rights where the parties concerned agreed to end the dispute worldwide, and cases where the companies which were in dispute in multiple cases reached a comprehensive out-of-court settlement.

B. Provisional disposition cases

(A) Cases commenced

The number of IP-related provisional disposition cases commenced at the IP divisions of the Tokyo District Court fluctuates greatly year by year, which went below 100 per year in some years. The number of cases commenced during the period between 2003 and 2013 was 100 per year on average. No particular trend may be found in a breakdown by type of cases filed in each year due to great annual fluctuations.

(B) Cases disposed

The number of IP-related provisional disposition cases disposed by the IP divisions of the Tokyo District Court during the 11–year period from 2003 to 2013 was around 100 per year on average. The trend is similar to the trend observed in the number of cases commenced.

C. Famous cases

The famous cases in which judgments were handed down during the period of one year between April 2013 and March 2014 at the IP divisions of the Tokyo District Court include the following: the case in which the court partially accepted the plaintiff's claim that sought an injunction against the defendant's act of publishing or otherwise handling books containing photographs of members of idol groups, namely, Arashi and KAT-TUN, and also demanded payment of damages for an act of tort, i.e., infringement of the right of publicity (Judgment of April 26, 2013, Case Number 2009 (Wa) 26989); the case in which the court examined the plaintiff's claim for payment of damages made based on the allegation that the defendant's act of importing, selling, or otherwise handling smart phones and tablet terminals constitutes infringement of the plaintiff's patent right, and handed down an interlocutory judgment to recognize the infringement of the plaintiff's patent right (Judgment of June 21, 2013, Case Number 2011 (Wa) 27781); the case in which, plaintiffs, including manufacturers who engage in the sale of handheld game consoles, alleged that the defendants' act of importing and selling so-called magic computers had hindered the effect of the technical control means employed by the main body of the game consoles and by the game cards to be inserted to the main bodies and had allowed the use of illegally reproduced software, thereby causing damage for the plaintiffs, to which the court partially accepted the plaintiffs' claims for an injunction against the defendants' act of importing, assigning, or otherwise

handling magic computers and for payment of damages under the Unfair Competition Prevention Act (Judgment of July 9, 2013, Case Numbers 2009 (Wa) 40515, 2010 (Wa) 12105, 2010 (Wa) 17265); the case in which the court partially accepted the plaintiff's claim for payment of damages by holding that the defendant's act of importing, selling, or otherwise handling iPod constitutes an act of tort, i.e., infringement of the plaintiff's patent right (Judgment of September 26, 2013, Case Numbers 2007 (Wa) 2525, 2007 (Wa) 6312); the case which the court examined the defendant's act of converting books into electronic files by scanning the books with a scanner and partially accepted the plaintiff's claim for an injunction against said act and payment of damages for an act of tort, i.e., infringement of the plaintiff's copyright (the right of reproduction) ([i] Judgment of September 30, 2013, Case Number 2012 (Wa) 33525, [ii] Judgment of October 30, 2013, Case Number 2012 (Wa) 33533); and the case in which the court accepted the plaintiff's claim for declaratory judgment to the effect that the defendant does not have the right to demand damages from the plaintiff based on the allegation that the plaintiff's act of importing or otherwise handling smart phones and tablet terminals constitutes infringement of the defendant's patent right (Judgment of March 25, 2014, Case Number 2012 (Wa) 9695).

2. Introduction of experts' views

In the proceedings for the IP-related cases, the judicial research official system and the technical advisor system have been utilized in order to introduce experts' views. The IP divisions of the Tokyo District Court have utilized these two systems in the following manner.

(1) Participation of judicial research officials

Judicial research officials are full-time staff members of the courts who are expected to support judges based on their expertise (Article 57 of the Court Act). They conduct necessary technical research for the court proceedings and judicial decisions for cases related to patent rights, etc. and support judges. Their roles, etc. had not been clear until the 2004 revision of the Code of Civil Procedure (Act No. 120 of 2004), which clarified that judicial research officials are allowed to [i] ask questions to the parties concerned on the date for oral argument, etc. or urging them to offer proof, [ii] provide an explanation based on their expertise on the date for attempting to arrange a settlement, [iii] express their opinions to judges about cases, and [iv] directly ask questions to witnesses, etc. on the date for examination of evidence (Article 92-8 of the Code of Civil Procedure).

In principle, the IP divisions of the Tokyo District Court have judicial research officials participate in all of certain types of IP-related civil cases, i.e., lawsuits

concerning infringement of patent rights, lawsuits concerning a claim for payment of reasonable value for an employee invention, and lawsuits concerning author's right over a computer program, and have them participate in other cases as well, if necessary. Judges are closely collaborating with judicial research officials, mainly by receiving a comprehensive explanation about the patented invention in question, etc. from judicial research officials prior to the date for first oral argument, and also by holding meetings with them in the course of proceedings, if necessary. Judicial research officials usually attend explanatory sessions as well, as described below.

(2) Participation of technical advisors

The technical advisor system was established by the 2003 revision of the Code of Civil Procedure (Act No. 108 of 2003) (Article 92-2 to 92-7 of the Code of Civil Procedure) in order to achieve highly specialized judicial decisions which adequately deal with technical issues that are increasingly advanced, specialized, and cutting-edge. The purpose of this system is, on the date for proceedings in cases pertaining to technical issues where explanations based on expertise are necessary, to have technical advisors provide explanations on the allegations, evidence, etc. submitted by the parties concerned from fair and neutral perspective as advisors. Technical advisors are appointed by the Supreme Court as part-time (two-year term) staff members of the courts. The technical advisors in charge of IP-related cases, totaling about 200, consist of university professors, researchers of public institutions and private companies, patent attorneys, etc., who cover such various fields as electricity, machinery, chemistry, medicine and pharmaceuticals, information and telecommunications, computer programs, biotechnology, and nanotechnology. Each court examines the details and nature of the issues involved in each case, identifies the types of necessary expertise and appoints technical advisors accordingly. When this system was introduced, technical advisors were originally expected to provide explanations, etc. based on their expertise about the latest technology in cases pertaining to issues related to complex, advanced technology. In recent years, however, the use of this system is not limited to such cases. Technical advisors are appointed in a wide range of cases pertaining to technical issues, such as patent infringement lawsuits, in order to deepen the court's understanding of the nature and issues of each case and relevant technical matters (two to three technical advisors are appointed per case; as described below, it is often at the phase of explanatory sessions that technical advisors participate in the proceedings.). The number of cases in which technical advisors are appointed has been on the rise. The four IP divisions of the Tokyo District Court have been jointly discussing, among other things, how to use the technical advisor system more effectively.

3. Proceedings of patent infringement lawsuits (model proceedings)

As described in 1.(3) above, many of the lawsuits handled by the IP divisions of the Tokyo District Court are related to patent rights. The most frequent type of lawsuit is filed by the plaintiff, i.e., the patentee or exclusive licensee, against the defendant, i.e., a person who infringes or is likely to infringe the patent, in order to seek an injunction against the act of infringement and payment of damages (patent infringement lawsuits). In most patent infringement lawsuits, the court adopts two-phase proceedings. In the first phase, the court conducts proceedings as to the issue of whether the patent right in question was infringed or not (the stage for examination on infringement) (including the issue of whether the patent should be invalidated or not). In the second phase, the court conducts proceedings as to the occurrence and amount of damage (the stage for examination on damages) (this phase of proceedings is omitted if the court reaches the finding of non-infringement (including the finding of patent invalidation)).

In January 2012, the IP divisions of the Tokyo District Court published "Model proceedings for patent infringement lawsuits (The stage for examination on infringement)"(in Japanese) and posted it to the section titled "Guidelines for proceedings of patent infringement lawsuits (The stage for examination on infringement)" in the section titled "News from IP divisions of the Tokyo District Court (the 29th, 40th, 46th, and 47th Civil Divisions)" on the website of "Courts in Japan" (It can be reached from the icon titled "IP divisions of the Tokyo District Court" in the website of the IP High Court (available in http://www.ip.courts.go.jp/)). The following section describes the model proceedings presented in "Model proceedings for patent infringement lawsuits (The stage for examination on infringement)" posted on the aforementioned website. This is a mere model for proceedings, while the actual proceedings could vary depending on the policy of each court and the nature of each case.

(1) The date for first oral argument

On the date for first oral argument, the parties concerned state their complaint and written answer, and basic documentary evidence, such as the patent register of the patent right in question, relevant Patent Gazettes, and brochures, etc. presenting the outline of the defendant's product, are examined. Then the date for the preparatory proceedings is designated to identify issues. Usually, the presiding judge and the judge-in-chief for the case are designated as authorized judges and hold the preparatory proceedings.

(2) Proceedings for the stage for examination on infringement

Dates for preparatory proceedings are set several times in order for both parties to

prepare for their allegations and evidence so that issues can be identified in the proceedings. The model proceedings presume that it takes about five dates to complete the proceedings conducted for examination on infringement. More specifically, on the first date for preparatory proceedings, the defendant identifies the product or process in dispute, alleges as to whether the defendant's product or process falls within the technical scope, and raises defense of invalidity of patent (Article 104-3 of the Patent Act). On the second date for preparatory proceedings, the plaintiff presents a counterargument against the defendant's allegations as to whether the defendant's product falls within the technical scope and against the defendant's defense of invalidity. On the third date for preparatory proceedings, the defendant presents a counterargument against the plaintiff's allegations as to whether the defendant's product falls within the technical scope and supplements the defendant's allegations about the defense of invalidity. On the fourth date for preparatory proceedings, the plaintiff supplements its counterargument against the defendant's defense of invalidity.

(3) Explanatory sessions

An explanatory session is held, if necessary, on the date for preparatory proceedings as the final phase of proceedings conducted for examination on infringement. This meeting is the final opportunity for presentation where both parties summarize their respective allegations to 30- to 60-minute presentations and give them orally. The judicial research officials in charge of the case participate in the meeting. In many cases, technical advisors also participate in the meeting. The model proceedings presume that, on the fourth date for preparatory proceedings, after the plaintiff supplements its counterargument against the defendant's defense of invalidity, the said session for explanations by both parties will take place.

(4) Determination as to whether the case should move into the stage for examination on damages

Based on the result of proceedings including the technical explanations given by both parties, the court determines whether or not an act of infringement was committed. On a date for preparatory proceedings after the explanatory sessions, the court completes the process of identifying issues and designates the date for oral argument (in the case the court does not find any act of infringement), discloses its findings and recommends a settlement (in the case either the court finds or does not find the act of infringement), or notifies that the case will move into the stage for examination on damages (in the case the court finds an act of infringement). The model proceedings show that the court should disclose which proceedings to take on the fifth date for preparatory proceedings. Information about proceedings for examination on damages

when the case moves into the said stage is available in the section titled "Proceedings related to damages, etc." on the aforementioned website.

IV Outline of the Cases Handled by the IP Divisions of the Osaka District Court

1. Cases handled by the IP divisions of the Osaka District Court

(1) Types of Cases

As is the case with the IP divisions of the Tokyo District Court, the IP divisions of the Osaka District Court handles various cases, such as those related to patent rights, utility model rights, design rights, trademark rights, copyrights (including moral rights of author and neighboring rights), layout-design exploitation rights, breeder's rights, rights of publicity as well as the cases specified in the Unfair Competition Prevention Act, Article 12 of the Commercial Code, Article 8 of the Companies Act, etc. (including any cases seeking for provisional remedies filed based on the aforementioned cases as merits).

(2) Important points about the exclusive jurisdiction of the court

Article 6, paragraph (1) of the Code of Civil Procedure specifies that the Tokyo District Court or the Osaka District Court has exclusive jurisdiction over "actions related to patent right, etc." and not over "actions based on patent rights." In light of the purpose of said provision specifying that the Tokyo District Court or the Osaka District Court, which comprises IP Divisions and has specialized knowledge on how to deal with highly technical issues, has exclusive jurisdiction over the cases specified in said paragraph, the cases specified in said paragraph should be interpreted to include a wide range of lawsuits which is related to patent rights, etc.

Therefore, both parties and their attorneys as well as any district courts other than the Tokyo District Court and the Osaka District Court should be aware that not only typical cases, such as lawsuits to seek an injunction against infringement of a patent, but also other types of cases may be regarded as "actions related to patent right, etc." . If district courts other than Tokyo District Court and Osaka District Court find any case that falls under this category, they should recognize that said case is outside their jurisdiction (Article 16 of the Code of Civil Procedure) and should transfer the case to the Tokyo or the Osaka District Court, or take any other necessary action. The IP High Court, the IP divisions of the Tokyo District Court and the IP divisions of the Osaka District Court tries hard at every opportunity to share the awareness that there are cases which need careful consideration to decide whether they fall within the category above or not and the courts must be careful not to miss the violation of the exclusive jurisdiction. In such a case, it should be noted that any district court other than the

Tokyo District Court and the Osaka District Court is not permitted to deal with the case on its own following Article 20-2 of the Code of Civil Procedure because the decision under Article 20-2 of the Code of Civil Procedure must be made by the Tokyo District Court or the Osaka District Court first.

2. Organization of the IP divisions of the Osaka District Court

As described above, the IP divisions of the Osaka District Court consist of two divisions, namely, the 21st and 26th Civil Divisions, which have a total of five judges including two presiding judges, six court clerks, and three judicial research officials. Three judges other than presiding judges all work for both divisions and are permitted to participate in the panel of either division in order to handle cases, if necessary. While each division is independent from the other division, the two divisions share necessary information and exchange opinions from time to time.

While all of the ordinary lawsuits are handled under the panel system, cases seeking for provisional remedies are usually handled by a single judge. Such cases could be handled under the panel system depending on the nature of the cases and the state of the proceedings on the merits.

3. Regular course of proceedings

(1) Model proceedings

The IP divisions of the Osaka District Court published "Model proceedings for cases pertaining to infringement of patent rights and utility model rights" and "Model proceedings for cases pertaining to infringement of design rights and trademark rights and an alleged act of unfair competition (item (i), (ii), or (iii))." In the course of actual proceedings, the IP divisions of the Osaka District Court request that the parties concerned make preparations in accordance with the model proceedings, for example, by setting a time schedule about prior art search conducted in relation to defenses of invalidity. The IP divisions receive the cooperation of the parties concerned. The IP divisions of the Osaka District Court have successfully introduced the custom of conducting proceedings based on these model proceedings. Information about these model proceedings is posted on the website of the IP divisions of the Osaka District Court (available in the section titled "IP divisions of the Osaka District Court" on the website of the IP High Court (http://www.ip.courts.go.jp/)).

The aforementioned "Model proceedings for cases pertaining to infringement of patent rights and utility model rights" was revised in March 2013. For details about the revision, please refer to the article on this topic published last year (Akimitsu Arai, *Hoso-Jiho*, vol. 65, no. 11, at 2723). It should be noted that the purpose of this revision is to have the model proceedings reflect the actual practice of proceedings that had been

modified from various perspectives since the establishment of the former model proceedings and that the purpose is not to change the actual practice of proceedings at the IP divisions of the Osaka District Court at the same time with the revision.

Further explanation is given below with regard to the outline of proceedings conducted in accordance with the model proceedings.

A. Separation of the stage for examination on infringement and the stage for examination on damages

As is the case with the IP divisions of the Tokyo District Court, in the case of a patent infringement lawsuit, etc., the IP divisions of the Osaka District Court conduct two types of proceedings separately. The court conducts the proceedings of the stage for examination on infringement first. After the court finds that an act of infringement has been committed, then it conducts the proceedings on the stage for examination on damages second. In the case of a patent infringement lawsuit, an explanatory session is often held in the course of proceedings on the stage for examination on infringement. The actual practice of an explanatory session, such as the timing, contents, etc. of a session, is the same as the IP divisions of the Tokyo District Court.

These model proceedings are nothing but mere models and should never be applied to actual cases in an inflexible manner as if there were predetermined time frames for submitting allegations and evidence. In reality, these model proceedings are applied to each case in a flexible manner. For example, although the "Model proceedings for cases pertaining to infringement of patent rights and utility model rights" states, among other things, that "in the second date for preparatory proceedings, the examination as to whether the defendant's product fulfills the constituent features of the patented invention should be almost completed" and "in the fourth date for preparatory proceedings, the examination as to whether the invention should be invalidated or not should be almost completed." The purpose of these statements is to suggest ideal time frames and not to prohibit the parties concerned from submitting allegations and evidence outside of the aforementioned time frames.

B. Proceedings on the stage for examination on damages

During proceedings on the stage for examination on damages, it is necessary for the defendant to disclose information about trade secrets, such as the sales and profit margins of the infringed product.

The IP divisions of the Osaka District Court have prepared and published "Requests with regard to the proceedings on the stage for examination on damages," which explains the matters to be prepared and the types of documents to be submitted etc. by both sides concerning damages (posted on the website of the IP divisions of the Osaka

District Court, on which the aforementioned information about model proceedings is also available) in order to facilitate proceedings on the stage for examination on damages. In the course of proceedings, the parties concerned are requested to voluntarily submit necessary documents. This has become a common practice among the parties concerned to a certain extent. If the defendant refuses to voluntarily submit necessary documents, the court has to consider whether to issue an order for production of documents under Article 105 of the Patent Act. Last fiscal year, such order was issued in only one case, which indicates that the parties concerned are usually cooperative. There was an example where the parties concerned managed to agree to consider the profit margins to be an undisputed fact, which allowed the efficient and effective proceedings on the stage for examination on damages without disclosure of materials containing trade secrets.

In many cases, in order to protect trade secrets, the parties concerned file a petition for limitation of public inspection and copying of the case record. In some cases, it could be possible to issue a protective order. However, for the last several years, there is no case where a protective order was issued. In reality, the parties concerned seem to deal with such cases by concluding a confidentiality agreement.

(2) Supplementation of expert knowledge

In order to supplement expert knowledge, the judicial research official system and the technical advisor system have been utilized, as mentioned above. The IP divisions of the Osaka District Court have utilized the two systems in the following manner.

A. Judicial research officials

The judicial research official system is described in the section titled "Outline of the Cases Handled by the IP Divisions of the Tokyo District Court" above.

The IP divisions of the Osaka District Court traditionally has one full-time judicial research official in each of the three fields, namely, machinery, chemistry and electricity (three officials in total), who conducts research on technical matters and reports the research results to judges in order to deepen the understanding of judges about the patented technology. In principle, judicial research officials are in charge of conducting research for cases related to any action pertaining to a patent right, etc. specified in Article 6, paragraph (1) of the Code of Civil Procedure. Judicial research officials could conduct research for any other IP-related cases as well when a technical issue is in dispute. In a case that involves technical issues related to multiple technical fields, judicial research officials could conduct joint research.

The IP divisions of the Osaka District Court have judicial research officials participate in the dates for oral argument and the dates for preparatory proceedings for

any case where an order for research has been issued. This is because the participation of not only judges but also judicial research officials in those proceedings would allow them to share the recognition of the progress of the case. Furthermore, the office of the judicial research officials is next to the judges' chamber and this ensures smooth communications between judges and judicial research officials.

B. Technical advisors

The purpose and contents of the technical advisor system are the same as those described above in the section titled "Outline of the Cases Handled by the IP divisions of the Tokyo District Court."

In many cases, technical advisors are requested to participate in an explanatory session held in the final phase of oral preparation proceedings. In order to make proceedings more substantial by making further use of the technical advisor system in various ways, there has been a discussion to introduce a practice to promote continuous participation of technical advisors in the proceedings of arranging issues. This practice is currently in the process of being implemented. The IP divisions of the Osaka District Court have long been actively promoting participation of technical advisors in order to examine cases from multifaceted perspectives based on experts' knowledge. There has been an increase in the number of cases in which technical advisors participate. When the court requests participation of technical advisors, a total of two advisors, i.e., a researcher and a patent attorney, are designated in many cases. On the other hand, there was a case where two patent attorneys were designated as technical advisors, since the case was not necessarily difficult to gain technical understanding, but was desirable to conduct discussions from multifaceted perspectives, such as how to interpret claims.

4. Appeals

In principle, the IP High Court has exclusive jurisdiction over appeals against the final judgments handed down in cases related to patent rights, etc. that have been pending before the Osaka District Court (Article 6, paragraph (3) of the Code of Civil Procedure) as mentioned above. The Osaka High Court has jurisdiction over appeals against the final judgments of actions related to any other IP rights. When an action related to an IP right other than a patent right is combined with an action pertaining to a patent right, etc. and one judgment is handed down for these combined actions, the parties concerned file an appeal with the IP High Court. The IP divisions of the Osaka District Court transfer these combined actions to the IP High Court without separating them.

In an action pertaining to a patent right, etc., if an immediate appeal were filed against an order for production of documents, the jurisdiction is not necessarily clear

under the Code of Civil Procedure. However, in the past, there was a case in which the Osaka High Court transferred an immediate appeal against an order for production of documents to the IP High Court, judging that the IP High Court has exclusive jurisdiction over it.

5. Trends in the number and types of cases

The number of IP-related civil cases filed with the IP divisions of the Osaka District Court ranges from 100 to 150 per year. In 2013, the number of cases commenced was about 100, which accounted for about 20% of a total of 552 IP-related civil cases filed with the district courts throughout Japan. A breakdown of the cases commenced in 2013 shows that the cases related to patent rights and utility model rights accounted for slightly less than 40%, the cases related to the Unfair Competition Prevention Act accounted for about 30%, the cases related to trademark rights and copyrights accounted for slightly more than 10% respectively, and the cases related to design rights accounted for slightly less than 5%. In comparison with the statistics for the past years, the aforementioned data shows that the cases related to the Unfair Competition Prevention Act accounted for a slightly larger proportion, whereas the cases related to trademark rights, copyrights, and design rights accounted for slightly smaller proportions. A close examination of the cases related to patent rights shows that the proportion of the cases in the field of machinery is larger in comparison with the Tokyo District Court. The number of lawsuits concerning compensation for employee inventions increased greatly at one point, but has remained very low in recent years, i.e., just a several cases per year. There have been various types of cases related to the Unfair Competition Prevention Act, such as cases related to an indication of goods or business (Article 2, paragraph (1), items (i) and (ii)), cases related to imitation of a configuration (Article 2, paragraph (1), item (iii)), cases related to trade secrets (Article 2, paragraph (1), items (iv) to (ix)), and cases related to reputational damage (Article 2, paragraph (1), item (xiv)). Many of the cases related to trade secrets were filed when a former employee started working in the same industry. In some of these cases, the fundamental issue lies in a question as to whether such employee violated the non-compete obligation or not.

As shown in Figure 4, the average time interval from commencement to disposition in IP-related civil cases conducted in the first instance at district courts throughout Japan was 15.7 months in 2013. The same may be said about the average time interval from commencement to disposition in the IP divisions of the Osaka District Court. A breakdown of the grounds for conclusion of the cases closed at the IP divisions of the Osaka District Court shows that about 40% of the cases were closed by judgments (slightly less than 15% of them were closed by judgments to accept the plaintiffs' claims,

while less than 30% of them were closed by judgments to dismiss the plaintiffs' claims), slightly less than 50% of cases were closed by settlements, and slightly less than 10% of cases were closed by other means. These proportions are similar to the national average. As is the case with IP divisions of the Tokyo District Court, in the cases closed by settlements, it is often the case that the court shows the court's findings at a certain point of the proceedings of the stage for examination on infringement, and then the parties concerned reach an agreement based on the court's findings; or the court brings the case to the second phase of the proceedings of the stage for examination on damages, the parties concerned agree to a certain amount of damages, and they reach a settlement. With regard to cases closed by "withdrawal of actions," which account for the largest proportion of the "other means" mentioned above, although the reasons for the withdrawal are not necessarily clear to the court, it is often the case, in light of various factors involved in such cases, that the parties concerned withdrew the lawsuit after reaching an out-of-court settlement.

6. Famous cases

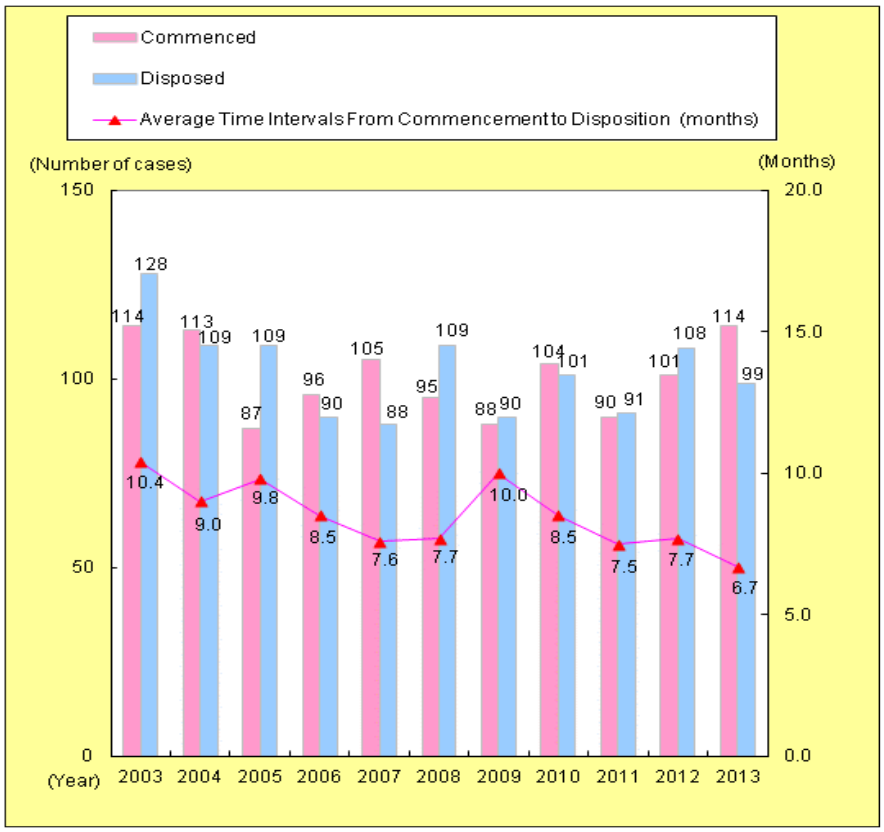
The famous cases handled by the IP divisions of the Osaka District Court during the period from April 2013 to March 2014 include the following: the case as to whether the information about overseas customers owned by a company engaged in importing used cars to other countries may be regarded as a trade secret specified in the Unfair Competition Prevention Act (Judgment of April 11, 2013, Case Number 2010 (Wa) 7025); the case as to whether the act of providing a link to a cinematographic work uploaded to a video-posting website without authorization of the copyright holder constitutes infringement of a copyright (Judgment of June 20, 2013, Case Number 2011 (Wa) 15245); and the case as to whether the act of placing a structure in a garden designed by a famous landscape architect constitutes infringement of moral rights of author (Decision of September 6, 2013, Case Number 2013 (Yo) 20003).

(Figure 1)

Number of Intellectual Property Appeal Cases Commenced and Disposed, and Average Time Intervals from Commencement to Disposition

Court of Second Instance : Intellectual Property High Court (～March 31 2005 Tokyo High Court)

Year	Commenced	Disposed	Average Time Intervals From Commencement to Disposition (months)
2003	114	128	10.4
2004	113	109	9.0
2005	87	109	9.8
2006	96	90	8.5
2007	105	88	7.6
2008	95	109	7.7
2009	88	90	10.0
2010	104	101	8.5
2011	90	91	7.5
2012	101	108	7.7
2013	114	99	6.7



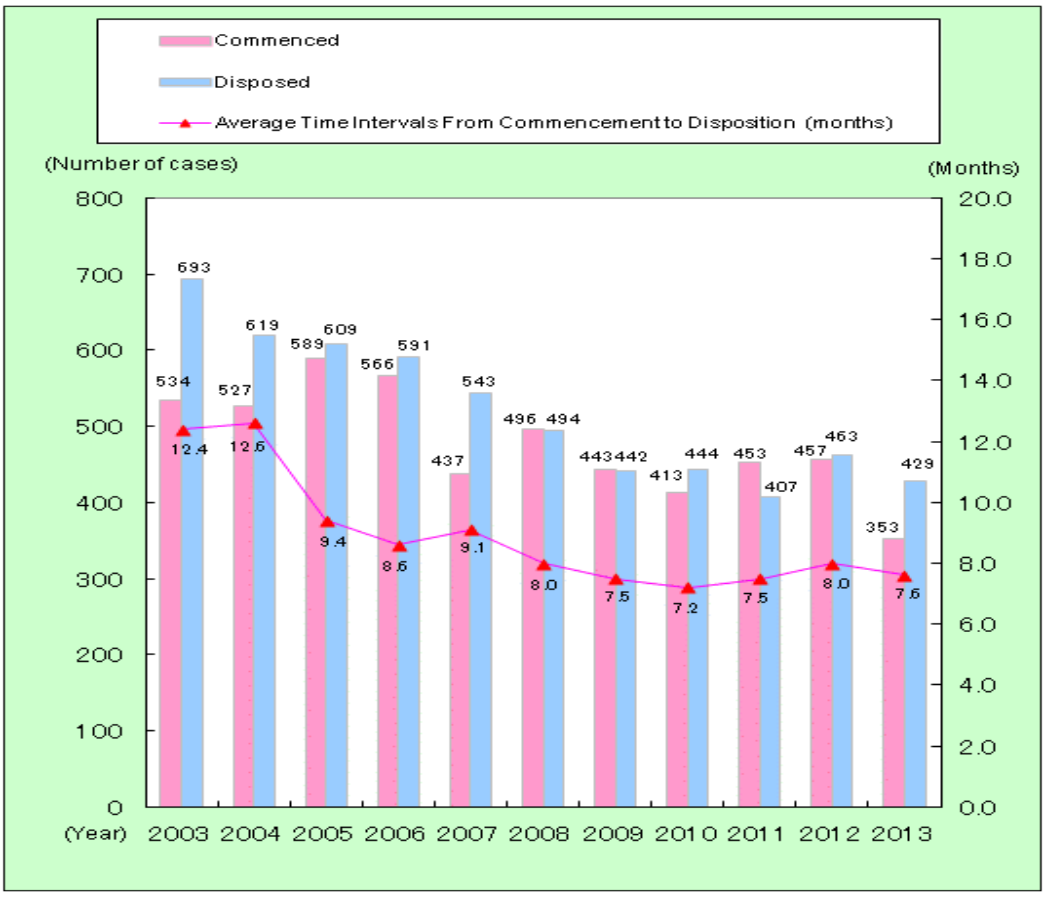
Above figures are reported by the Administrative Bureau of Supreme Court of Japan.

(Figure 2)

Number of Suit against Appeal/Trial Decision made by JPO Commenced and Disposed, and Average Time Intervals from Commencement to Disposition

(～March 31 2005　Tokyo High Court)

Year	Commenced	Disposed	Average Time Intervals From Commencement to Disposition (months)
2003	534	693	12.4
2004	527	619	12.6
2005	589	609	9.4
2006	566	591	8.6
2007	437	543	9.1
2008	496	494	8.0
2009	443	442	7.5
2010	413	444	7.2
2011	453	407	7.5
2012	457	463	8.0
2013	353	429	7.6



Above figures are reported by the Administrative Bureau of Supreme Court of Japan.

(Figure 3) Judgments in Suits against Appeal/Trial Decisions made by the JPO and Rulings

	Ex-parte appeals*1					
	Patents, former utility models		Designs		Trademarks	
	Claims dismissed	JPO decision rescinded	Claims dismissed	JPO decision rescinded	Claims dismissed	JPO decision rescinded
2011	106	27	2	1	9	12
2012	115	37	9	7	13	7
2013	104	35	2	0	16	1

	Inter-partes JPO trials*2					
	Patents, former utility models		Designs		Trademarks	
	Claims dismissed	JPO decision rescinded	Claims dismissed	JPO decision rescinded	Claims dismissed	JPO decision rescinded
2011	75	26	3	0	22	5
2012	74	31	0	0	33	19
2013	76	28	1	0	37	15

Note: These tables do not include any rulings to rescind JPO decisions specified in Article 181, paragraph (2) of the Patent Act and any judgments to rescind JPO decisions on the grounds that corrections are finalized while the case is still pending.

*1: JPO trials against the examiner's decision of refusal, JPO trials against dismissal of requests for correction, JPO trials for correction

*2: JPO trials for invalidation, JPO trials for rescission

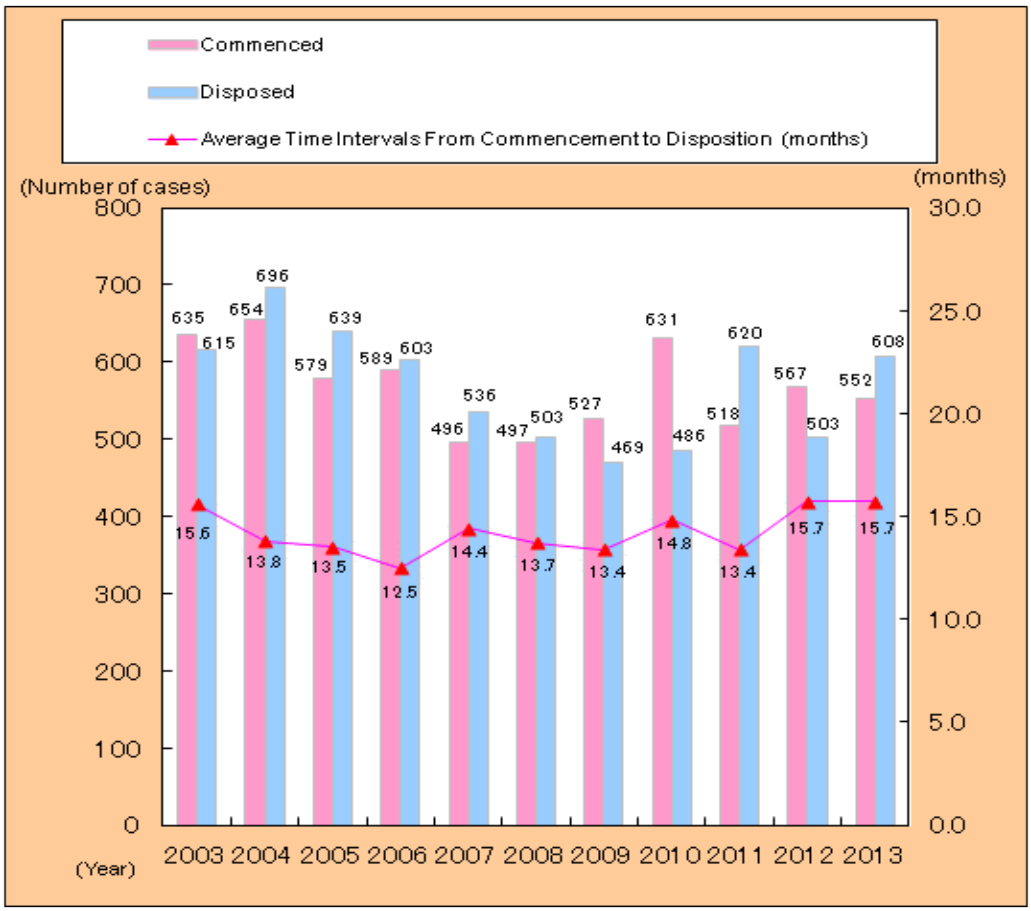
(cited from page 76 of "2014 Japan Patent Office Annual Report (Statistical Data)" [http://www.jpo.go.jp/shiryou/toushin/nenji/nenpou2014_index.htm] (in Japanese))

(Figure 4)

Number of Intellectual Property Cases Commenced and Disposed, and Average Time Intervals from Commencement to Disposition

（Courts of First Instance : All District courts)

Year	Commenced	Disposed	Average Time Intervals From Commencement to Disposition (months)
2003	635	615	15.6
2004	654	696	13.8
2005	579	639	13.5
2006	589	603	12.5
2007	496	536	14.4
2008	497	503	13.7
2009	527	469	13.4
2010	631	486	14.8
2011	518	620	13.4
2012	567	503	15.7
2013	552	608	15.7



Above figures are reported by the Administrative Bureau of Supreme Court of Japan.