

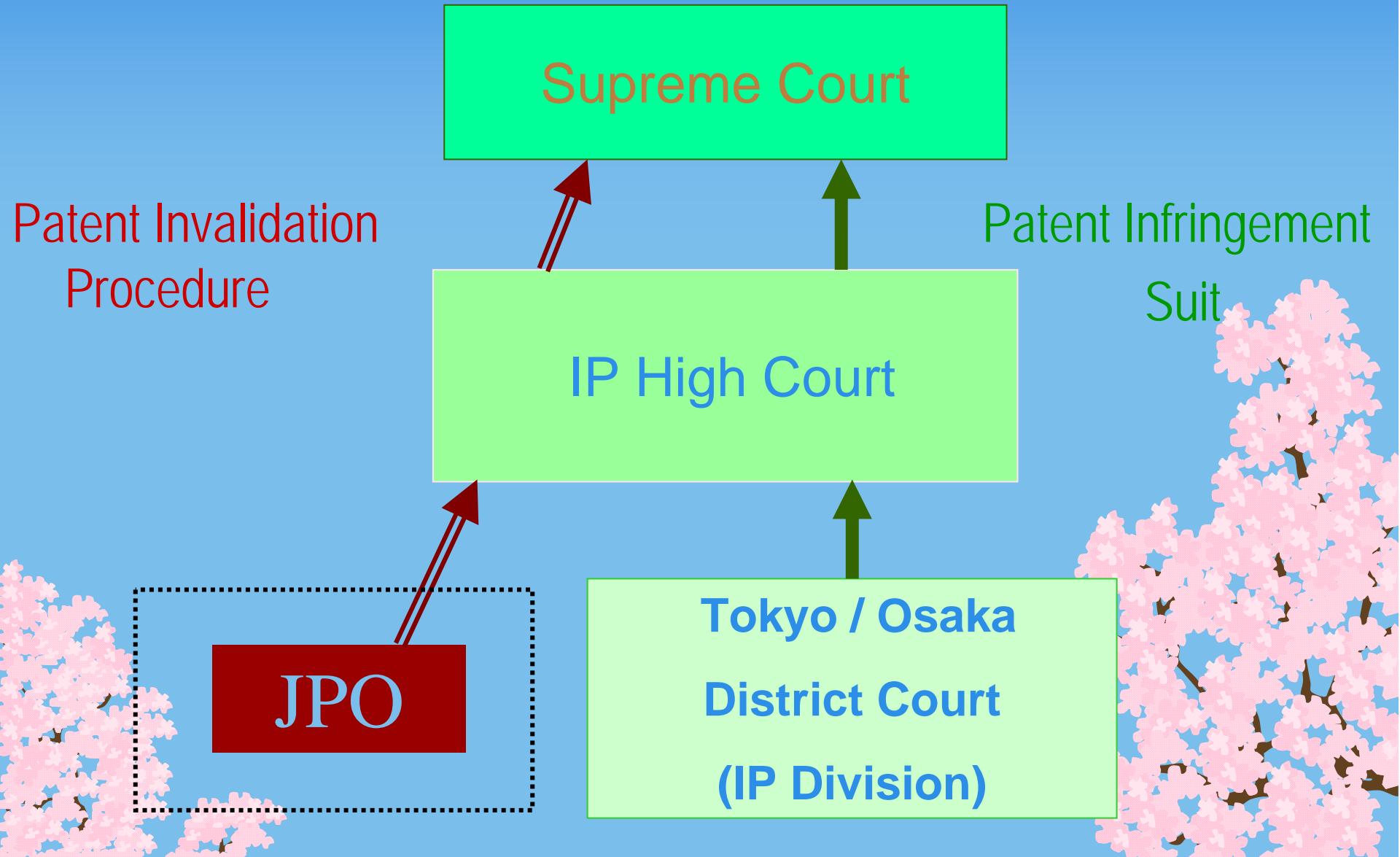
# Allegation of Patent Invalidity in Patent Infringement Litigation

April 16, 2009

Judge Sumiko Sekine

Tokyo District Court IP Division

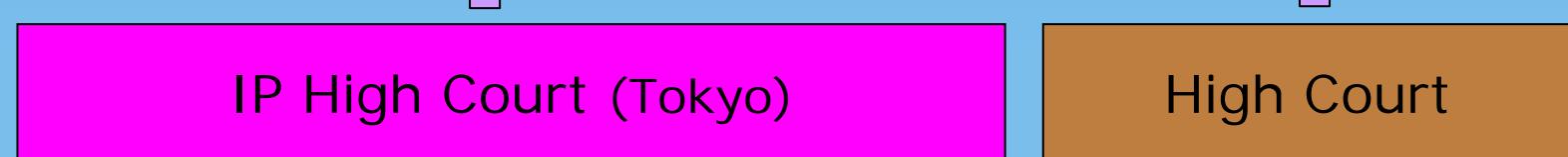
# Dual System of Patent Litigation



# Jurisdiction of IP Infringement Litigation

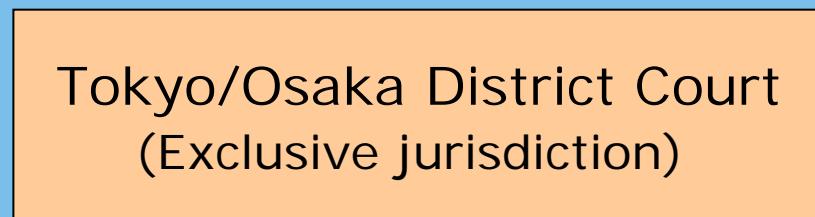


Supreme Court

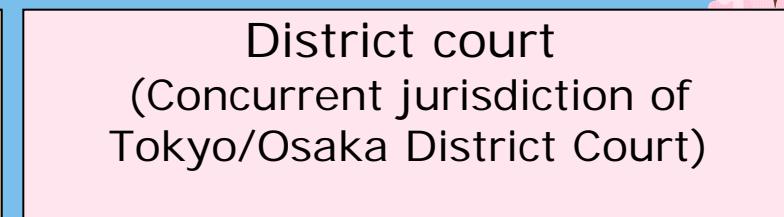


IP High Court (Tokyo)

High Court



Tokyo/Osaka District Court  
(Exclusive jurisdiction)



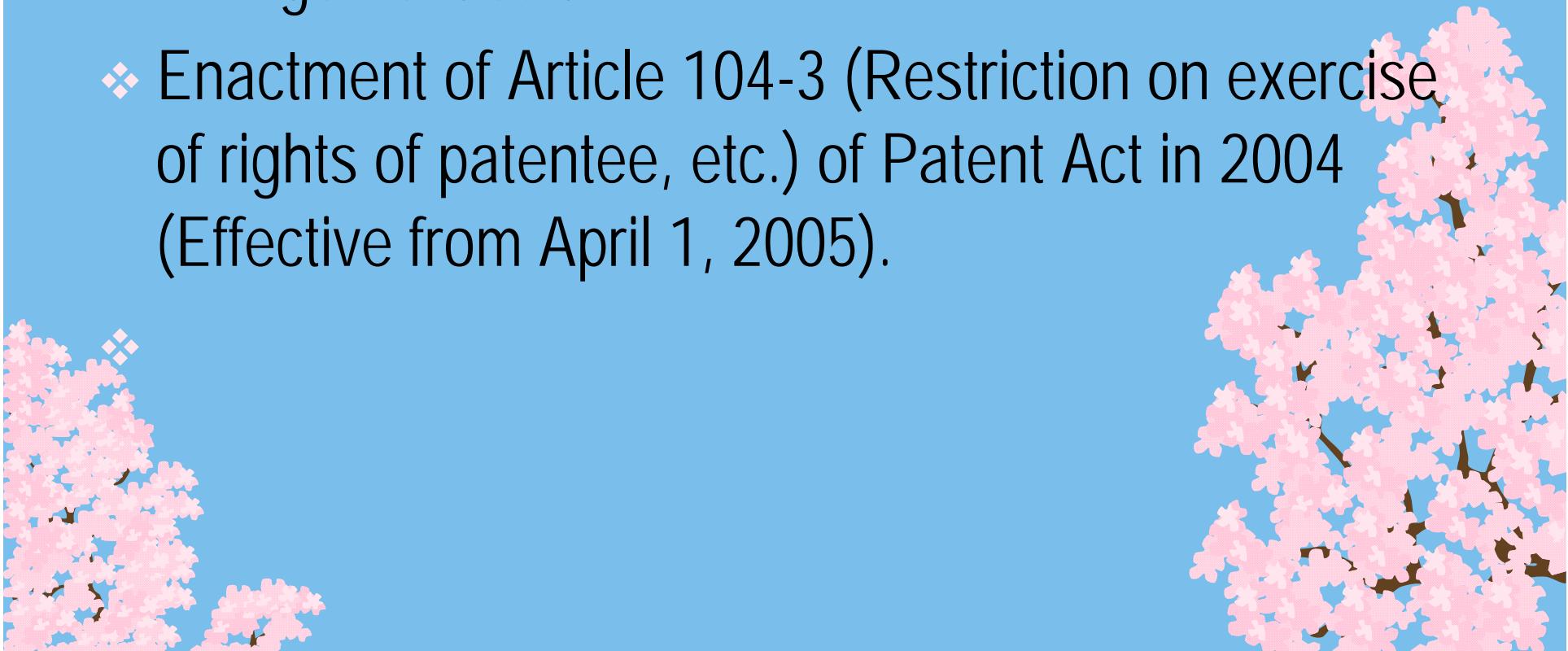
District court  
(Concurrent jurisdiction of  
Tokyo/Osaka District Court)

Patent Right, Utility Model Right,  
Right of layout designs of  
integrated circuits, Copyright of  
computer program

Copyright, Trademark right,  
Design right, Breeder's right,  
Unfair Competition

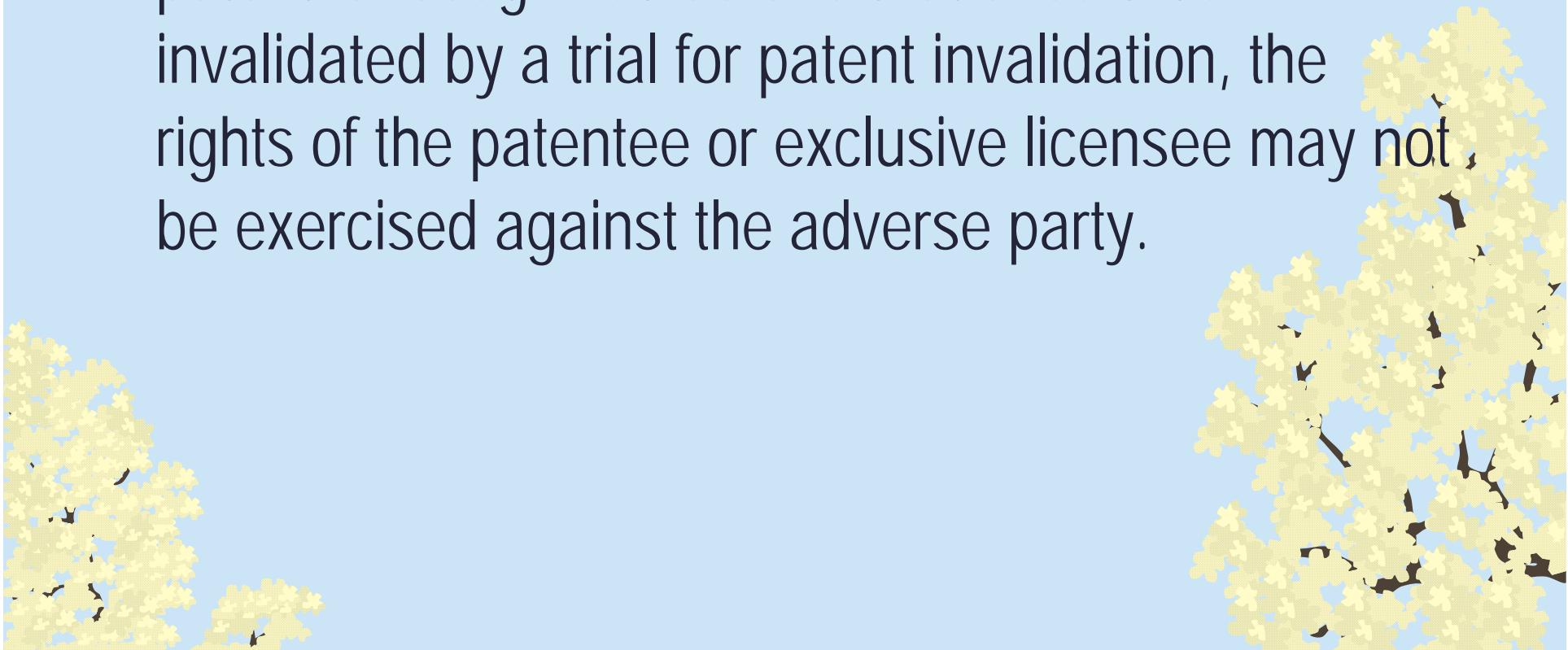
# Allegation of Patent Invalidity in Patent Infringement Suit

- ❖ Supreme Court Judgment on April 11, 2000 (*Kilby* Case) adopted patent invalidity as defense in patent infringement suit.
- ❖ Enactment of Article 104-3 (Restriction on exercise of rights of patentee, etc.) of Patent Act in 2004 (Effective from April 1, 2005).



## **Article 104-3 (Restriction on exercise of rights of patentee, etc.) 1/2**

(1) Where, in litigation concerning the infringement of a patent right or an exclusive license, the said patent is recognized as one that should be invalidated by a trial for patent invalidation, the rights of the patentee or exclusive licensee may not be exercised against the adverse party.



## **Article 104-3 (Restriction on exercise of rights of patentee, etc.) 2/2**

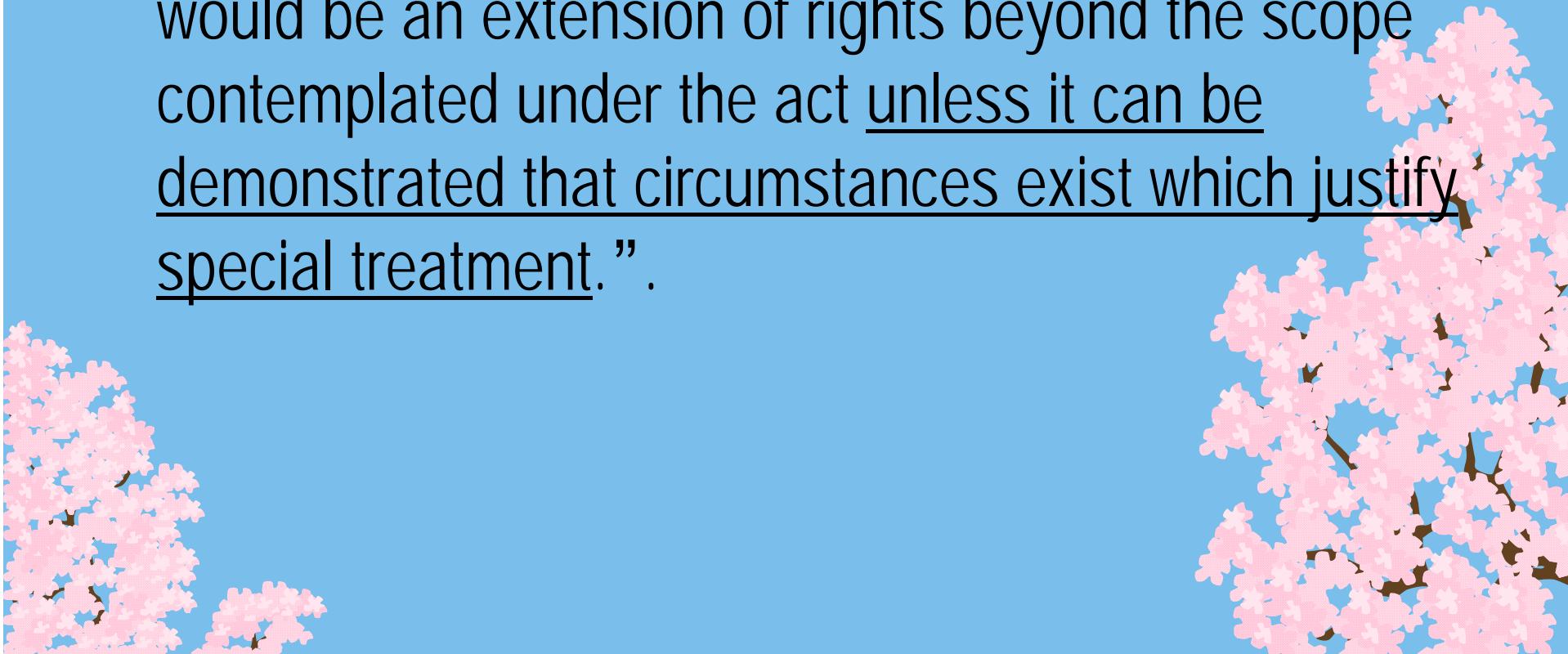
(2) Where the court considers that the materials used for an allegation or defense under the preceding paragraph are submitted for the purpose of unreasonably delaying the proceedings, the court may, upon a motion or ex officio, render a ruling to the effect that the allegation or the defense is to be dismissed.

# Counter Allegation of Claim Correction (1/3)

- ❖ If it is possible to avoid being invalidated by restricting the scope of claims by correction, the patent shall not be “recognized as one that should be invalidated by a trial for patent invalidation”.
- ❖ If the accused product falls within the technical scope of the invention defined by corrected claim, the patentee is entitled to exercise his patent right.

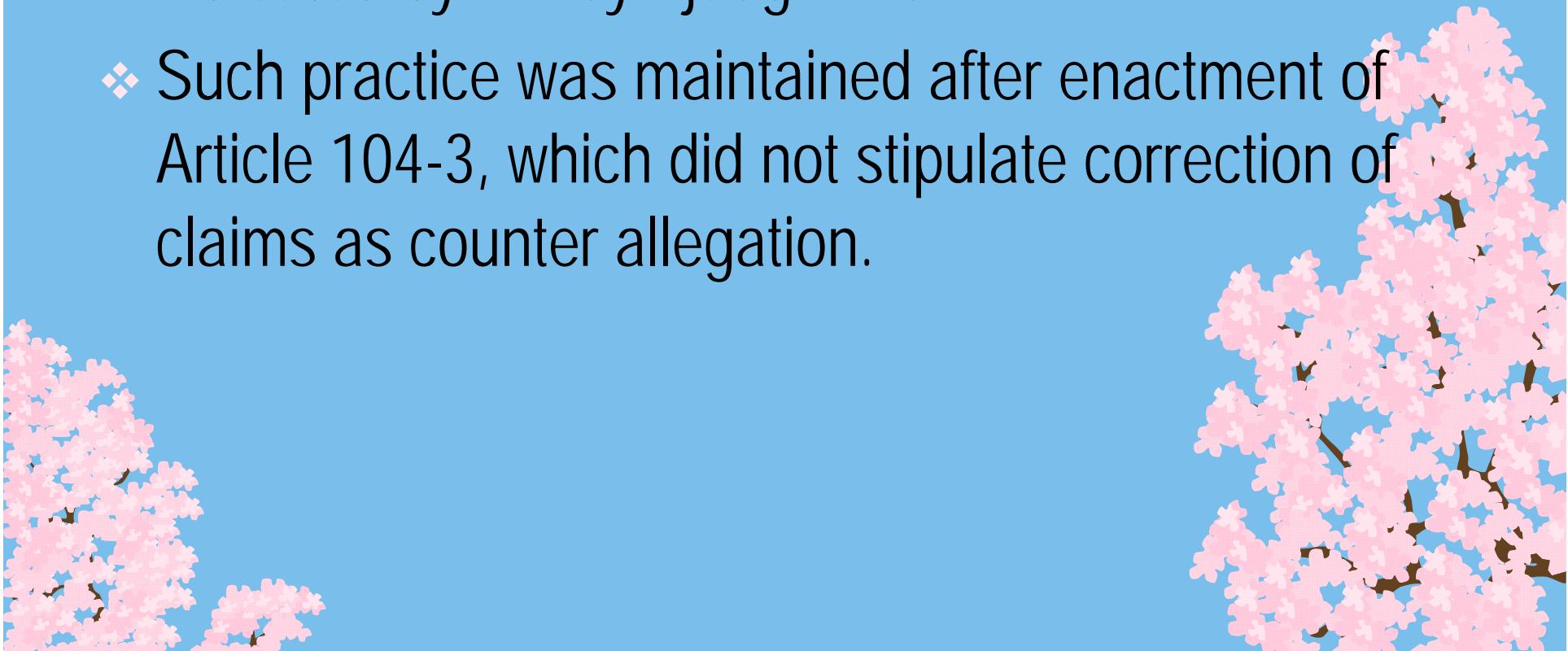
# Counter Allegation of Claim Correction (2/3)

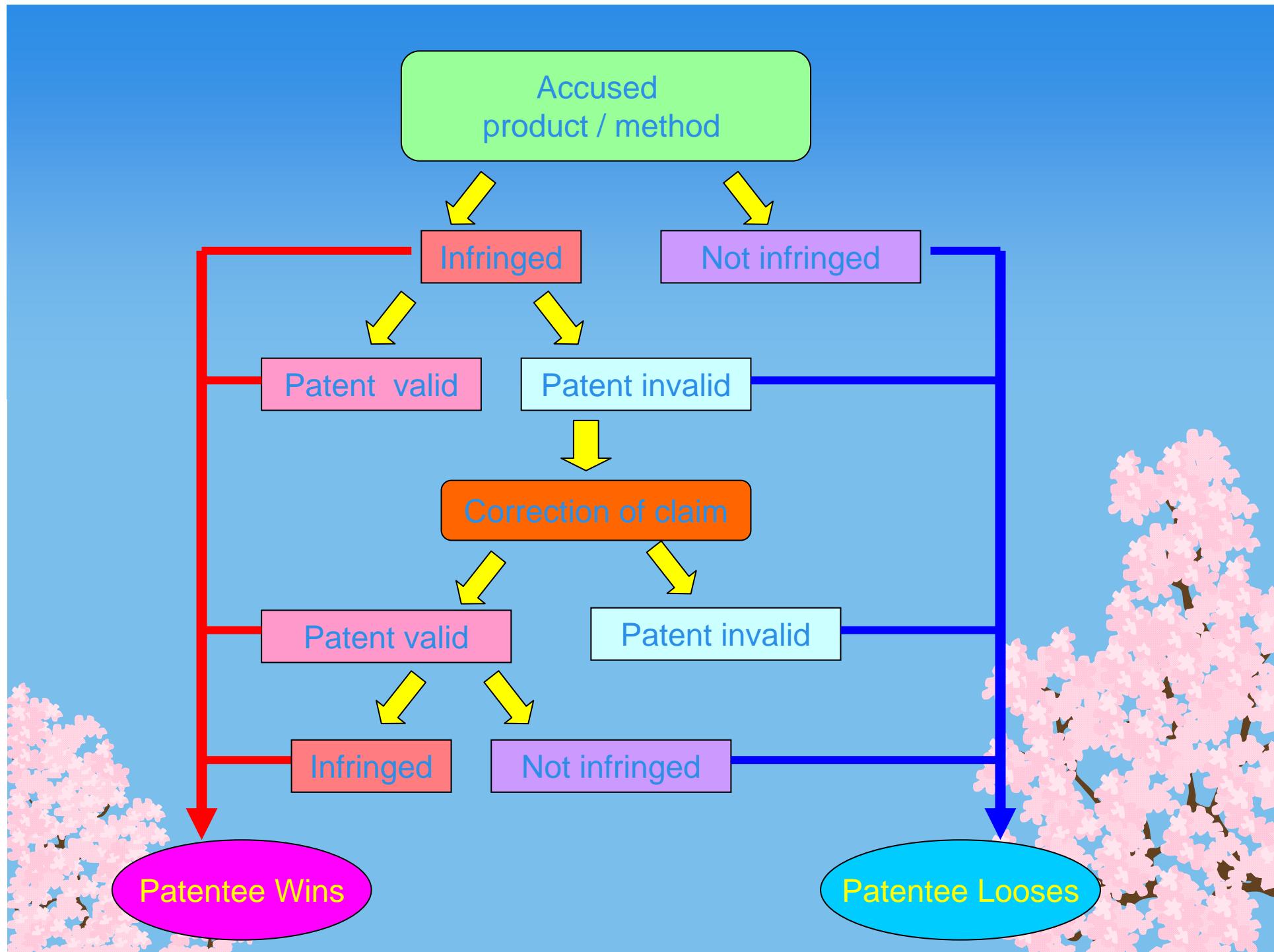
- ❖ “Kilby” judgment said that when the court finds that “there exists sufficient cause to invalidate the patent, a claim of injunction...based on such patent would be an extension of rights beyond the scope contemplated under the act unless it can be demonstrated that circumstances exist which justify special treatment.”.



# Counter Allegation of Claim Correction (3/3)

- ❖ It became a practice of lower court to determine correction of claims as “special circumstances” indicated by “Kilby” judgment.
- ❖ Such practice was maintained after enactment of Article 104-3, which did not stipulate correction of claims as counter allegation.





## Article 126 (Trial for correction)

- (1) The patentee may file a request for a trial for correction with regard to the correction of the description, scope of claims or drawings attached to the application; provided, however, that such correction shall be limited to the following:
- (i) restriction of the scope of claims;
  - (ii) correction of errors or incorrect translations; and
  - (iii) clarification of an ambiguous statement.

## Article 126 (Trial for correction)

(2) A request for a trial for correction may not be filed from the time the relevant trial for patent invalidation has become pending before the Patent Office to the time the trial decision has become final and binding; provided, however, that this shall not apply to a request for a trial for correction filed within 90 days from the day an action against the trial decision in the trial for patent invalidation is instituted (in the case of the judgment rescinding the trial decision under Article 181(1) or a ruling rescinding the trial decision under Article 181(2) concerning the case, the period after the judgment or the ruling has become final and binding shall be excluded).

## **Article 128 (Trial for correction)**

Where a trial decision to the effect that the description, scope of claims or drawings attached to the application is to be corrected, has become final and binding, the filing of the patent application, the laying open of the patent application, the examiner's decision or the trial decision to the effect that the patent is to be granted, or the registration of the establishment of the patent right, shall be deemed to have been made based on the corrected description, scope of claims or drawings.

# Article 134-2 (Request for correction in a trial for patent invalidation)

- (1) The demandee in a trial for patent invalidation may file a request for a correction of the description, scope of claims or drawing(s) attached to the application only within the time limit designated in accordance with paragraph (1) or (2) of the preceding Article, paragraph (1) or (2) of the following Article or Article 153(2); provided, however, that such correction shall be limited to the following purposes:
- (i) restriction of the scope of claims;
  - (ii) correction of errors in the description or of incorrect translations; and
  - (iii) clarification of an ambiguous description.

# Issues judges are faced with by “Dual Tracks”

- ❖ The court of infringement suit cannot be ignorant of ongoing patent invalidation procedure when a trial decision to invalid the patent become final and binding, the patent will be publicly invalidated (same applies to a trial decision to restrict the scope of claims by correction).
- ❖ There is no limitation of time for requesting a trial for invalidation, or a trial for correction of claims (unless an action against the trial decision in the trial for patent invalidation is instituted), or for requesting for correction of claims, which may cause delay of solving a dispute.

# 2008.4.24 Supreme Court Judgment (Minshu Vol. 62, No. 5) ~Facts1/4~

## <The First Instance>

- X filed a suit against Y to seek an injunction against manufacture and sale of product, and damages, alleging the product manufactured by Y fell within the technical scope of the invention defined by Claim 5 ("Invention 5") out of the claims stated in the description.
- Y advanced an allegation of invalidity of the patent pertaining to Invention 5.
- The judgment of first instance adopted the allegation of invalidity and dismissed X's claims.

# 2008.4.24 Supreme Court Judgment

## ~Facts2/4~

### <The Second Instance>

- X filed an appeal against the judgment of first instance.
- Y alleged that there were apparent grounds for invalidation of the patent pertaining to Invention 5.
- X filed a request for a trial for correction with regard to Claim 5 (1st time).
- X withdrew 1st request and filed 2nd request for a trial for correction with regard to Claim 5.

# 2008.4.24 Supreme Court Judgment

## ~Facts3/4~

- The court of second instance concluded oral argument.
- The court of second instance dismissed X's appeal, adopting Y's allegation of invalidity.
- The trial examiner made trial decision to the effect the (2nd) request for a trial for correction cannot be filed.
- X withdrew 2nd request.
- X filed 3rd request for a trial for correction with regard to Claim 5.

# 2008.4.24 Supreme Court Judgment

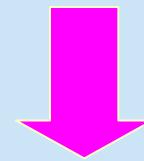
## ~Facts4/4~

<After Judgment of Second Instance>

- X filed a final appeal and petition for acceptance of final appeal against the judgment of second instance.

- X withdrew 3rd request and filed 4th request for a trial for correction with regard to Claim 5 .
- X withdrew 4th request and filed 5th request for a trial for correction with regard to Claim 5.
- The trial examiner made trial decision to the effect that the claim should be corrected as requested, and it became final and binding.

- ❖ The court of second Instance rendered a judgment to dismiss the claim of X by adopting Y's allegation of invalidity under Article 104-3, paragraph (1).
- ❖ A trial decision to allow a correction for the purpose of restricting the scope of claims pertaining to said patent right became final and binding.



X challenges the determination of the court of second instance that there is a ground for retrial.

# 2008.4.24 Supreme Court Judgment

## ~Summary of the judgment 1/2~

Where, with regard to X's claim against Y for damages for infringement of a patent right, the court of second instance rendered a judgment to dismiss the claim by adopting Y's allegation of invalidity under Article 104-3, paragraph (1) of the Patent Act, and then a trial decision to allow a correction for the purpose of restricting the scope of claims pertaining to said patent right became final and binding, if X challenges the determination of the court of second instance by arguing that there exist the grounds for retrial set forth in Article 338, paragraph (1), item (viii)' of the Code of Civil Procedure because said trial decision became final and binding, given the facts shown in (1) and (2) below, such behavior of X is regarded as causing an unreasonable delay in solving the dispute and therefore impermissible in light of the purpose of the provision of Article 104-3 of the Patent Act:

# 2008.4.24 Supreme Court Judgment

## ~Summary of the judgment 2/2~

- (1) Considering that the judgment of first instance dismissed X's claim for damages by adopting Y's allegation of invalidity, X should have advanced, at an early stage at least in the proceedings in the second instance, an allegation to deny or overturn Y's allegation of invalidity;
- (2) The trial decision in question was made in response to the request for a trial for correction filed by X after the conclusion of oral argument in the second instance. In view of the content of the trial decision and the fact that X filed requests for trial for correction twice and withdrew both requests while the proceedings in the second instance continued for more than one year, no reason can be found to justify X's failure to advance, prior to the conclusion of oral argument in the second instance, a counter-allegation relating to the request for a trial for correction that was filed after the conclusion of oral argument, in order to deny or overturn Y's allegation of invalidity.

# Important points of the reason (1/3)

- ❖ Paragraph (1) of Art. 104-3 “can be construed to aim to solve disputes on infringement of patent rights within the procedures for patent infringement suits to the greatest possible extent, thereby achieving prompt solution to such disputes.”
- ❖ It can be construed the purpose of Paragraph (2) is “to prevent a delay in court proceedings that would occur when the court conducts examination and determination on an allegation of invalidity.”

## Important points of the reason(2/3)

- ❖ “In light of such purport of the provision of paragraph (2) of said Article, the court may dismiss not only an allegation of invalidity itself but also an allegation advanced to deny or overturn an allegation of invalidity (“counter-allegation”), and even where a counter-allegation is advanced against an allegation of invalidity presented on the grounds of a correction made for the purpose of restricting the scope of claims, such counter-allegation would be dismissed if it is found to have been advanced for the purpose of unreasonably delaying the proceedings.”

## Important points of the reason (3/3)

- ❖ “Under the circumstances of the case, the appellant could have advanced a counter-allegation against the appellees' allegation of invalidity in the first instance, and in light of the purport of the provision of Article 104-3 of the Patent Act, it should be construed that at least in the proceedings in the prior instance after the judgment of first instance adopted the appellees' allegation of invalidity, the appellant should have advanced a counter-allegation at an early stage, including one that is on the grounds of a correction made for the purpose of restricting the scope of claims.”

**Thank you very much!**

