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| Date | November 28, 2007 | Court | Tokyo District Court, 29th Civil Division |
| Case number | 2004 (Wa) 10667 | | |
| <p>– A case wherein, with respect to an action seeking compensation for damages based on a tort of infringement of a patent right filed against Defendant 1 which is a foreign corporation, while approving that such case falls within the international jurisdiction of Japan, the court dismissed the plaintiff's claims by finding that the ADSL communication system using a modem incorporating the defendant's product does not fall within the technical scope of the plaintiff's invention</p> | | | |

In this case, the plaintiff, who holds a co-ownership interest in a patent right granted for an invention related to a data transmission system, claimed against Defendant 1, which is a U.S. corporation engaged in the manufacture and sale of an ADSL modem chipset ("defendant's product"), and against Defendant 2, which is a Japanese subsidiary thereof, compensation for damages based on tort of infringement of the plaintiff's patent right by alleging that: since the ADSL communication system using a modem incorporating the defendant's product falls within the technical scope of the invention in question, the act of producing, assigning, importing or offering for sale the defendant's product constitutes indirect infringement of the patent right in question ("Patent Right").

The plaintiff made the principal claim based on the following logical argument: Since Sumitomo Electric Industries, Ltd. ("Sumitomo Denko") and NEC Corporation ("NEC") imported the defendant's product or ADSL modems incorporating the defendant's product and assigned the ADSL modems incorporating the defendant's product to Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation (hereinafter collectively referred to as "NTT"), Sumitomo Denko and NEC bear tort liability for indirect infringement of the Patent Right with respect to the abovementioned acts. Meanwhile, the defendants may be found to have committed joint tort (Article 719, paragraph (1) or (2) of the Civil Code) with the abovementioned companies with respect to the abovementioned acts (primary allegation). In addition, the plaintiff made other allegations based on various logical arguments (preliminary allegations 1 through 3).

The court first presented a standard that when the Japanese court has any of the jurisdictions prescribed in the Japanese Code of Civil Procedure with respect to the issue of existence of international jurisdiction over the action filed against Defendant 1, in principle, it is appropriate to have the defendant subjected to the Japanese venue with respect to the lawsuit filed with the Japanese court (Judgment of the Second Petty

Bench of the Supreme Court of October 16, 1981, Minshu Vol. 35, No. 7 at 1224). Meanwhile, where any special circumstances are found that suggest that making judicial decisions in Japan would be contrary to the idea of ensuring fairness between the parties and rendition of appropriate and prompt judicial decisions, it should be denied that the Japanese court has international jurisdiction over the relevant case (Judgment of the Third Petty Bench of the Supreme Court of November 11, 1997, Minshu Vol. 51, No. 10 at 4055). Based on the abovementioned standard, the court held as follows: [i] With respect to the existence of international jurisdiction based on the proviso to Article 7 and the first sentence of Article 38 of the Code of Civil Procedure, it is appropriate to construe that the international jurisdiction based on the abovementioned provisions cannot be found in principle, and such jurisdiction is only found when a relationship of compulsory joinder or a relationship strong enough to be similar thereto is found between the claims made against the co-defendant and the claims made against the relevant defendant. Based on this standard, no strong relationship is found between the claims made against Defendant 1 and those made against Defendant 2 and thus international jurisdiction based on the abovementioned provisions cannot be found with respect to the action filed against Defendant 1; and [ii] with respect to the existence of international jurisdiction based on the provision prescribing the venue regarding the place where the tort took place (Article 5, item (ix) of the Code of Civil Procedure), it is appropriate to construe that it would be sufficient if proof is shown that [a] objective facts for tort as alleged by the plaintiff exist and [b] the tort took place or damage occurred in Japan, and that it is unnecessary to prove illegality or intention or negligence (Judgment of the Second Petty Bench of the Supreme Court of June 8, 2001, Minshu Vol. 55, No. 4 at 727). With respect to joint tort, it is appropriate to construe that the objective facts to be proven to acknowledge international jurisdiction as prescribed in [a] above are the act of implementation of the relevant tort, facts that serve as the basis for objective association and collaboration or objective facts for accessoryship or abetment, occurrence of damages and causal relationship for facts. Based on this standard, with respect to the existence of international jurisdiction for the action related to the abovementioned primary claims, the court found that the abovementioned objective facts and occurrence of damages in Japan can be found and that no special circumstances could be found to deny the Japanese court's jurisdiction over the case and thereby approved that the Japanese court has international jurisdiction over the case.

Next, with respect to the issue of whether or not the defendant's method falls within the technical scope of the Invention, the court held that constituent feature A

should be interpreted as follows: In the Invention, the receiving device measures the level of line distortion and decides the optimum transmission rate based on the training signal of the equalizer, in other words, the Invention should be found to have been made on the premise that the training signal also functions as a signal for measuring the level of line distortion. Accordingly, it is appropriate to construe that the method of transmitting a signal to measure the level of line distortion separately from the training signal does not satisfy the requirement that "a 4-level random code [...] shall be transmitted [...] from the transmission device as a distortion measuring signal to measure the level of line distortion," and that such method does not satisfy constituent feature A of the Invention. Based on such construction, the court held that the training signal does not perform the function of a signal of measuring the level of line distortion in addition to its original function and thus the defendant's method does not satisfy constituent feature A of the Invention.