

Date	September 15, 2010	Court	Intellectual Property High Court, Second Division
Case number	2010 (Ne) 10001		
A case in which, in an action filed against a foreign corporation based in the Republic of Korea to prevent patent infringement, the Intellectual Property High Court revoked the judgment in prior instance that denied international jurisdiction of a court of Japan and dismissed the action without prejudice, and thereby remanded the case to the court of prior instance			

References:

Article 5, item (ix) of the Code of Civil Procedure, Article 101, item (i) of the Patent Act

1. The appellant (the plaintiff), which is a Japanese corporation, based on its Japanese patent right (for the invention entitled “motor,” registered on June 1, 2005), filed an action against the appellee (the defendant), which is a corporation based in the Republic of Korea, to seek (i) an injunction under Article 101, item (i) of the Patent Act against the appellee’s offering for assignment of the articles in dispute, and (ii) damages in tort totaling three million yen with delay damages thereon.

The court of prior instance dismissed the appellant’s action without prejudice, ruling that since the appellee was not found to have offered or to have been likely to offer for assignment the articles in dispute in Japan, international jurisdiction of a court of Japan cannot be acknowledged with regard to either of the appellant’s claims (i) or (ii) above.

2. The Intellectual Property High Court revoked the judgment in prior instance and remanded the case to the court of prior instance, holding as follows.

(1) “When this court, a court of Japan, is to examine and decide on such a case as this case that involves international aspects, a question arises as to whether or not international jurisdiction of a court of Japan should be acknowledged, and at the present moment (as of July 7, 2010, the time of the conclusion of oral argument) when no statute law of Japan or international customary law addressing this question can be found, it is reasonable to make a determination on that question in accordance with the rule of reason, in consideration of the principles of ensuring equity between the parties and proper and prompt judicial process (although this court takes judicial notice of the fact that a revision bill of the Code of Civil Procedure regarding the jurisdiction of courts of Japan has been submitted to the previous Diet session, the bill has not yet been passed).

Under the rule of reason mentioned above, where any one of the venues provided in the Code of Civil Procedure of Japan is located within the territory of Japan, it is reasonable in principle to cause the defendant in a lawsuit filed with a court of Japan to be subject to the jurisdiction of Japan. However, if there are special circumstances because of which holding court proceedings in Japan would run counter to the principle of ensuring equity between the parties and proper and prompt judicial process, international jurisdiction of Japan should be denied (see the judgment of the Second Petty Bench of the Supreme Court, October 16, 1981, *Minshu* Vol. 35, No. 7, at 1224, and the judgment of the Third Petty Bench of the Supreme Court, November 11, 1997, *Minshu* Vol. 51, No. 10, at 4055).”

“As mentioned above, the action of this case, filed to seek (i) an injunction based on the patent right and (ii) damages in tort, is an action based on property rights (the patent right and the monetary claim). The court examines how Article 5 of the Code of Civil Procedure providing for domestic jurisdiction (Jurisdiction over Action on Property Right, etc.) is related to an action on those property rights.

Specifically, the claim (ii) for damages in tort is clearly categorized as an “action relating to a tort” as set forth in Article 5, item (ix) of the Code of Civil Procedure according to the literal interpretation of this clause. The claim (i) for an injunction based on the patent right is grounded on the assertion that the appellee’s illegal conduct has infringed or is likely to infringe the appellant’s right and interest embodied in the patent right, and the true nature of the dispute on this claim has no substantial difference from a claim for damages in tort. Accordingly, from the perspective of jurisdiction, claim (i) is also deemed to be included in the category of an “action relating to a tort” as set forth in Article 5, item (ix) of the Code of Civil Procedure (see the decision of the First Petty Bench of the Supreme Court, April 8, 2004, *Minshu* Vol. 58, No. 4, at 825).

For the purpose of the application of Article 5, item (ix) of the Code of Civil Procedure, which is to be taken into consideration when determining whether or not a court of Japan has international jurisdiction over this case, it is provided that an action relating to a tort shall be under the jurisdiction of the court that has jurisdiction over the “place where the tort was committed.” Here, the phrase “place where the tort was committed” can be construed to refer to both the place where the tortious act was committed (the “place of the tortious act”) and the place where the effect of such act occurred (the “place of the effect”). In this case, since the right for which the appellant alleges to have experienced infringement is a Japanese patent right, Patent No. 3688015, it is reasonable to consider that the issue of whether or

not a court of Japan has international jurisdiction over this case should be determined depending on whether or not the effect of the appellee's "act of offering for assignment" that the appellant alleges as a tortious act, that is, the making or receiving of an offer, has occurred within the territory of Japan, as an objective fact."

(2) "With regard to this case, the following facts can be found. (i) The appellee has opened an English website, on which it displays one of the articles in dispute as its product, and indicates "Japan" as the contract point for "Sales Inquiry" and the address, telephone number, and facsimile number of its base in Japan (located in Minato-ku, Tokyo) as "Sales Headquarters." (ii) Its Japanese website also contains a page on which "Slim ODD Motor" is introduced, and by selecting the "Inquires about sale" on this page, the page viewers can prepare an inquiry form concerning the sale of "Slim ODD Motor." (iii) The director of the appellee's sales department submitted a written statement, mentioning that the appellee's sales personnel carry out sales activities in Japan, dealing with ODD motors, and that the articles in dispute are subject to evaluation at Company A and Company B in terms of whether or not these articles should be installed in their products (ODD). (iv) The appellee's management adviser, A, has prepared and has been using business cards on which his/her title as well as the appellee's company name and address (Minato-ku, Tokyo) are written in Japanese. (v) It is likely that the DVD multi-drive in which one of the articles in dispute is installed is being manufactured, sold, and marketed in Japan. When these facts are evaluated comprehensively, it is reasonable to recognize that the effect of the appellee's act of offering for assignment that the appellant alleges as a tortious act, that is, the making or receiving of an offer, has occurred within the territory of Japan."

(3) "The court further examines whether or not there are any such special circumstances as mentioned above.

In this case, the appellant, a Japanese corporation located in Japan, exercises its right of access to court and files claims, based on its Japanese patent right, for an injunction and damages against the appellee's offering for assignment of the articles in dispute in Japan. The law applicable to such claims is supposed to be the Patent Act of Japan, under which said patent right has been registered (see the judgment of the First Petty Bench of the Supreme Court, September 26, 2002, Minshu Vol. 56, No. 7, at 1551). Consequently, it complies with the principle of ensuring proper and prompt judicial process for a court of Japan to examine and decide on these claims. Meanwhile, even if the appellant files its claims for an injunction and damages in

the Republic of Korea, where the appellee is based, in view of the facts found as above, a court of that country is not necessarily likely to acknowledge its international jurisdiction over this case.

On the other hand, the appellee has its sales base in Tokyo and discloses this fact on its website and also displays the articles in dispute as its products on its English website, thus recognizing that these products are in the market in Japan, and moreover, it enables viewers of its Japanese website to make inquiries about the purchase of ODD motors, including the articles in dispute. In such situation, it may be within the range of expectations of the appellee that it would be sued in an infringement action or the like in Japan in relation to these articles. In addition, the appellee is a member of the Samsung Group, the preeminent conglomerate corporation of the Republic of Korea that carries out business on a global scale, and the appellee itself also has many overseas branches.

In light of these circumstances, it cannot be deemed to be contrary to the principles of ensuring equity between the parties and proper and prompt judicial process, to request the appellee to appear before a court of Japan in relation to the appellant's claims. Also from the perspective of sharing judicial functions in the international community, such request has sufficient legal relevance to justify Japan's exercise of jurisdiction. Therefore, there are no such special circumstances for denying Japan's international jurisdiction."

Judgment rendered on September 15, 2010

2010 (Ne) 10001, Appeal Case of Seeking Prevention of Patent Infringement (Court of prior instance: Osaka District Court; 2008 (Wa) 9732)

Date of conclusion of oral argument: July 7, 2010

Judgment

Appellant (plaintiff in the first instance): Nidec Corporation

Counsel attorney: MATSUMOTO Tsukasa

Same as above: INOUE Hiroshi

Same as above: TANOUE Yohei

Patent attorney as an assistant in court: KITAMURA Hideaki

Appellee (defendant in the first instance):

Samsung Electro-Mechanics

Counsel attorney: SHIROYAMA Yasufumi

Same as above: IWASE Yoshikazu

Same as above: SUWA Tomokazu

Counsel patent attorney: RYUKA Akihiro

Patent attorney as an assistant in court: IYAMA Kazutoshi

Same as above: MORIKAWA Goichi

Main Text

1. The judgment in prior instance shall be revoked.
2. This case shall be remanded to the Osaka District Court.

Facts and reasons

No. 1 Judicial decision sought by the appellant

The same as the main text of this judgment.

No. 2 Outline of the case

[Hereinafter abbreviated names are the same as those in the judgment in prior instance]

1. The appellant (plaintiff in the first instance), which is a Japanese corporation and has its head office in the location stated in this judgment, filed this action against the appellee (defendant in the first instance), which is a South Korean corporation and has its head office in the location stated in this judgment, to seek [i] an injunction against the offer for assignment of the defendant's items (hereinafter referred to as the "Claim for Injunction") under Article 100, paragraph (1) of the Patent Act and [ii] payment of damages in tort of 3,000,000 yen with delay damages accrued thereon, calculated at the rate of 5% per annum for the period from October 14, 2008 to the date of payment

(hereinafter referred to as the "Claim for Damages"), based on the appellant's patent, that is, Japanese Patent No. 3688015 (title of the invention: "motor"; application date: May 19, 1995; registration date: June 17, 2005).

2. On November 26, 2009, the Osaka District Court ruled in prior instance that the international jurisdiction of the Japanese court cannot be affirmed for both of the claims [i] and [ii] above because the appellee (defendant in the first instance) is not recognized as having offered or being likely to offer the assignment of the defendant's items in Japan. Based on this ruling, the court rendered a judgment dismissing this action.

Therefore, dissatisfied with the judgment, the appellant filed this appeal.

3. As with the prior instance, the issue in this instance is also whether the Japanese court has international jurisdiction over this action.

No. 3 Allegations of the parties

In addition to the additions and correction as follows, the allegations of the parties are as stated in "No. 2 Statement of claim" and "No. 3 Issues before the merits and allegations of the parties concerning the issues" in "Facts and reasons" in the judgment in prior instance. Therefore, the relevant parts are cited.

1. Correction

The part from "Incidentally, the defendant ..." on line 9 to line 13 of page 6 of the judgment in prior instance is deleted.

2. Allegations of the appellant in this instance

(1) Venue under the Code of Civil Procedure

a. Article 4, paragraph (5) of the Code of Civil Procedure (general venue)

(a) The appellee alleges that the domicile stated on the business card of "Management Consultant P" (Exhibit Ko No. 3) is not that of the appellee's office or business office.

However, it is obvious that said domicile means the location of the appellee's "office or business office" because "Minato-ku, Tokyo" is stated as the appellee's domicile below the appellee's trade name, "Samsung Electro-Mechanics." Said location is also the location of the head office of Samsung Japan Corporation (hereinafter referred to as "Samsung Japan"), which is a Japanese corporation of the Samsung Group to which the appellee belongs. The appellee's "office or business office" is located there.

It is obvious that the appellee itself uses said location as its office or business office because the complaint in question (the "Complaint") appointing the appellee as the defendant was serviced to the aforementioned location by the court of prior instance and was received once by the appellee.

(b) Even if not so, "Management Consultant P" falls under the appellee's "representative or any other principal person in charge of its business in Japan," and said person is

domiciled in Tokyo.

In addition, if P delivers the aforementioned business card and conducts searches of technical information for the purpose of discovering future business in the role of top manager of the appellee in Japan, on the basis of existing technology, knowledge and human networks, this means that P engages in operations pertaining to the development of the appellee's business in Japan. Therefore, P falls at least under the category of "principal person in charge of its business."

b. Article 5, item (i) of the Code of Civil Procedure (place of performance of the obligation)

(a) The subject-matters of this action are a claim for an injunction against infringement (offer for assignment, etc.) and a claim for damages based on a Japanese patent right. This action has the nature of an action on a property right.

(b) Regarding law governing a claim for damages (tort), there are provisions that "The formation and effect of a claim arising from a tort shall be governed by the law of the place where the result of the wrongful act occurred" (Article 17 of the Act on General Rules for Application of Law). Therefore, Japanese law is the governing law, and according to Article 484 of the Civil Code, Japan (Kyoto City), which is the domicile of the appellant (the obligee), becomes the place of performance of the obligation.

(c) Incidentally, for all claims for damages and other monetary claims, the domicile of the plaintiff (appellant) is regarded as the place of performance of the obligation. Therefore, regarding a counterargument that the place of performance of the obligation should not be the venue under the Code of Civil Procedure in relation to a decision on international jurisdiction, it is sufficient to make a determination under special circumstances. Consequently, there is no reason for especially favorably treating foreign corporations compared to Japanese corporations from as early a stage as denying the venue under the Code of Civil Procedure.

c. Article 5, item (ix) of the Code of Civil Procedure (the place where the tort took place)

(a) A claim for an injunction based on a patent right is related to the action set forth in Article 5, item (ix) of the Code of Civil Procedure. If the objective fact that the act committed by the defendant in Japan caused damages to the plaintiff's interests protected by law is proven, the venue under the Code of Civil Procedure is affirmed.

Then, in the case of a claim for an injunction based on a patent right, the proof of the objective fact that the act committed by the defendant in Japan caused damages to the plaintiff's interests protected by law means that the plaintiff has a patent right and the defendant's exploitation without the plaintiff's consent in Japan caused damages to the

plaintiff. However, the defendant's exploitation without the plaintiff's consent itself causes damages to the plaintiff. Consequently, it is sufficient to prove that the defendant is exploiting the patent right in Japan.

(b) The appellee set up a website written in Japanese and thereby made it possible for viewers to make inquiries about products in the same field as the defendant's items and their purchase (Exhibits Ko No. 7 to No. 10). The appellee has its office or business office in Japan. Even if this is not the case, the principal person in charge of its business (P) who uses a business card in Japanese (Exhibit Ko No. 3) has domicile in Japan and engages in operations pertaining to the development of business in Japan. This falls under the "offer for assignment, etc." of the defendant's items. It is obvious that a business card written in Japanese indicating a position title, "management consultant" of the appellee, is necessary for having talks with Japanese companies and conducting business negotiations concerning the appellee's products, including the defendant's items.

In the judgment in prior instance, the court states the following as a ground for denying the existence of offer for assignment: The website written in Japanese "can be changed to show various products according to a choice from a pull-down menu (Exhibit Otsu No. 7-1), and shows neither product numbers nor concrete specifications" (on line 19 to line 21 of page 13 of the judgment in prior instance).

However, as long as the defendant's items are placed on the website, it is not at all discounted that the defendant's items are "offered for assignment" even if a product offered for assignment is another kind of product. This is because there is no such limitation as that an "offer for assignment" of a product must be made in public or must not be made together with an offer for assignment of another product. Moreover, even if the website "shows neither product numbers nor concrete specifications," it is ordinarily expected that where a client is a Japanese company, placement of the defendant's items on the website will trigger the holding of a meeting (consultation or preliminary discussion) with the Japanese company in Japan and an offer for assignment of the defendant's items will be made in that process.

(c) In addition to the aforementioned circumstances, the defendant's items have been adopted for the DVD multi-drives of XXXXXXXXXXXXXXXXXXXXXXXX (hereinafter referred to as "XXXXXXX"), which is a Japanese company. This fact is definitive evidence proving that the appellee committed the act of making an offer for assignment of the defendant's items to the department in charge of XXXXXXXX located in Japan.

That is, the defendant's items are mounted on the DVD multi-drives manufactured

and sold by XXXXXXXX, which is a domestic company, (hereinafter referred to as "Multi-Drives Made by XXXXXXXX"). The defendant's items do not consist of a "motor" alone but are products exclusively for Multi-Drives Made by XXXXXXXX, in which a substrate to be mounted on a Multi-Drive Made by XXXXXXXX, an electronic circuit to control the motor, a connector to connect with other parts, etc. are integrated. In addition, a spindle motor that differs from the defendant's items in the form of the substrate, etc. has also been adopted in multi-drives made by XXXXXXXXXX (hereinafter referred to as "XXXXXXX") and those made by XXXXXXXXXX (hereinafter referred to as "XXXXXXX"), both of which are Japanese companies and are also end product manufacturers as with XXXXXXXX.

Therefore, the defendant's items are not general-purpose products that are traded only based on an order but are products that require long-term consultation and preliminary discussion with XXXXXXXX for the need to meet the required specification in order to be mounted on Multi-Drives Made by XXXXXXXX. In other words, the defendant's items are products that require the holding of consultation and preliminary discussion (offer for assignment) directly with XXXXXXXX (client) at XXXXXXXX's department in charge of purchase located in Japan in order to have XXXXXXXX decide to purchase the defendant's items.

(d) XXXXXXXX is an end product manufacturer as with XXXXXXXX. The process whereby XXXXXXXX introduces a part is specifically explained below. The same process also applies to XXXXXXXX.

(i) The stage where XXXXXXXX (client) shows to a part manufacturer (the appellant and the appellee) the outline specification of an end product and makes approaches regarding whether it can provide parts therefor

(ii) The stage where the part manufacturer submits, etc. a sample to XXXXXXXX, holds a consultation and preliminary discussion with XXXXXXXX to ensure the sample meets the required specification and receives verification by XXXXXXXX

(iii) The stage where detailed specification is decided and XXXXXXXX decides to adopt a product that meets said specification for the part

(iv) The stage where the part manufacturer manufactures and delivers the parts

The aforementioned stage (ii) is a competitive quotes stage, and XXXXXXXX has yet to decide to purchase the parts from the part manufacturer. That is, at the aforementioned stage (ii), the part manufacturer presents a concrete specification of the product which it can supply and thereby offers the sale of the product. Consequently, the aforementioned stage (ii) falls under an "offer for assignment."

Also, at XXXXXXXX, it is not a department overseas but a department in charge of

material purchase within Japan that takes charge of all operations at the aforementioned stage (ii), including submission of a sample as well as consultation and preliminary discussion. That is, the aforementioned offer for assignment is made within Japan.

Furthermore, the aforementioned XXXXXX's purchase process also applies to the defendant's items. In addition, the same process also applies to other Japanese companies (for example, XXXXXX) that manufacture DVD multi-drives.

(e) As mentioned above, it is obvious that an "offer for assignment, etc." of the defendant's items has been made at XXXXXX, etc. and that there is a high possibility that an "offer for assignment, etc." of the defendant's items on which the motor as stated in 4 in the list of items attached to the judgment in prior instance is mounted will also be made in the future.

Therefore, XXXXXX (location of the head office: XXX), XXXXXX (location of the head office: XXX) and XXXXXXXX (location of the head office: XXX) are the places where the tort took place.

(2) Special circumstances

There are no special circumstances for which the international jurisdiction of the Japanese court should be denied. Rather, the circumstances support the reasons to affirm the jurisdiction of the Japanese court.

Specifically, it must be said that the appellee could predict that a patent infringement action would be filed against its own products with the Japanese court, taking into account that the law governing the Claim for Injunction and the Claim for Damages based on the patent right in question, which are the subject-matter of this action, is Japanese law and DVDs on which the appellee's motor is mounted are distributed in Japan, that the appellee set up a website in Japanese and thereby made it possible for viewers to make inquiries about products in the same field as the defendant's items and their purchase, has its office or business office in Japan, and even if not so, has the principal person in charge of its business, who uses a business card in Japanese, has domicile in Japan and engages in operations pertaining to the development of business in Japan and that the appellee's products are distributed across the world. In addition, the means of evidence pertaining to an "offer for assignment, etc." are concentrated in Japan.

Furthermore, the appellee (as of 2008, the amount of sales was 4,284,500,000,000 won and the number of employees was 24,000) is a large company that belongs to the Samsung Group, which is a global company, and it thus has sufficient ability to respond to this action in Japan.

Taking these circumstances into account, it is hardly possible to say that it goes

against the principle of ensuring equity between the parties and well-organized progress of court proceedings to request the appellee respond to this action at the Japanese court. In addition, it is impossible to say that there are special circumstances where the international jurisdiction of the Japanese court should be denied.

3. Allegations of the appellee in this instance

(1) Venue under the Code of Civil Procedure

a. Article 4, paragraph (5) of the Code of Civil Procedure (general venue)

(a) Absence of business office

The appellee has no "business office" in Japan. The domicile, telephone number and other matters stated on the business card of Exhibit Ko No. 3 are stated merely as the contact information of P, who is the management consultant of the appellee. The appellant alleges that the Complaint was serviced once to the aforementioned domicile (Minato-ku, Tokyo). However, Samsung Japan, which has its domicile in said location, erroneously received the Complaint without authority, and therefore, the service cannot be judged an effective formal service.

Incidentally, the scope to which jurisdiction extends is in principle the same as the scope to which the sovereignty extends. Therefore, if the defendant is a foreign corporation that has no domicile in Japan, the jurisdiction of the Japanese court in principle does not extend to the case, except where the foreign corporation is willing to be subjected to the jurisdiction of the Japanese court. Taking this into account, it should be considered that it is justified to have a foreign corporation be subjected to the jurisdiction of the Japanese court on the basis of the location of its business office only where the business office has a reasonable substance as a business office. The contact information of the management consultant is not considered as having such substance.

(b) Absence of a representative or any other principal person in charge of its business

The appellee does not have a "representative or any other principal person in charge of its business" in Japan. P, who is the management consultant of the appellee, is a person who has concluded a contract as a consultant with the role of giving advice on management, and is neither the employee nor officer of the appellee. As might be expected, P has never engaged in business activities for motors, including the defendant's items. Although the appellant alleges that the management consultant is the "top manager of the appellee in Japan," there is no ground for this allegation.

As long as a "person in charge of its business" is provided for as a "representative or any other principal person in charge of its business," the person should be understood as meaning a person who has the authority to represent a body as a business executor of the body. A consultant who gives advice on management is not a person who has such

authority.

b. Article 5, item (i) of the Code of Civil Procedure (place of performance of the obligation)

It is impossible to recognize the jurisdiction of the domicile of the obligee as the place of performance of the obligation for the right to claim damages in tort. The scope to which jurisdiction extends is in principle the same as the scope to which the sovereignty extends. Therefore, if the defendant is a foreign corporation that has no domicile in Japan, the jurisdiction of the Japanese court in principle does not extend to the case, except where the foreign corporation is willing to be subjected to the jurisdiction of the Japanese court. The place of performance of the obligation for a claim for damages in tort is not one stipulated by a contract and cannot be predicted by the defendant. Taking these into account, it should be said that it is obvious that there is no room to recognize the venue as the place of performance of the obligation (Article 5, item (i) of the Code of Civil Procedure) in relation to this action.

In addition, the bill to revise the Code of Civil Procedure, which was deliberated in the previous session (174th session) of the Diet, provided that international jurisdiction is recognized "where the place of performance of the obligation stipulated in a contract is located within Japan or where the place of performance of the obligation is located within Japan according to the law of the place chosen in a contract" (Article 3-3, item (i)) but that in relation to the right to claim damages in tort, the fact that the place of performance of the obligation (that is, the location of the obligee) is located within Japan does not serve as a cause for recognizing international jurisdiction. This should also be evaluated as concretely showing the "reason" to follow at this time.

c. Article 5, item (ix) of the Code of Civil Procedure (the place where the tort took place)

(a) The appellant concludes that it is sufficient to prove that the defendant is exploiting the patent right in Japan. This is a reasonable interpretation to the extent that "it is not sufficient to prove the occurrence of damages in Japan, and it is necessary to prove the fact that an offer for assignment of the defendant's items has been made in Japan as the fact alleged by the plaintiff as an objective fact that forms the basis for a tort, that is, the fact of infringement of the patent right in question, which is a Japanese patent right in this case."

As the method of proof, the appellant then states that [a] statements on the website, [b] existence of a management consultant who has a business card and [c] adjustments and corrections, etc. made to meet the specifications of DVDs are obvious.

However, regarding [a], Exhibit Ko No. 4-1 (the defendant's website) does not state

DMB SFC 05B/M. A webpage that shows a product number, DMB SFC 06M, amongst the defendant's items, only provides a general introduction to the motor with the said product number. In addition, on "Inquiries about purchase" pages (Exhibits Ko No. 8 and No. 9), the product and country can be changed in many ways according to a choice from the pull-down menu (Exhibit Otsu No. 7-1). Therefore, the pages are not for making inquiries about a specific product number or concrete specification but provide forms for making inquiries in general.

Moreover, regarding [b], the management consultant is neither a person who conducts specific business activities in Japan nor has made any offer for assignment of the defendant's items in Japan. Regarding the written statements of the sales manager submitted by the appellant (Exhibits Ko No. 5 and No. 6), all of the statements therein are taken from other people. In addition, even if the defendant's items are subject to evaluation as to whether they should be mounted on products (ODD) at XXXXXX and XXXXXX, it is not sufficient to prove that an offer for assignment of the defendant's items has been made in Japan.

Furthermore, regarding [c], the appellee has in no way committed the act alleged by the appellant in Japan, given below.

(b) The appellant alleges that DMB SFC 05B/M and DMB SFC 06M are mounted on "DVD multi-drives manufactured and sold by a Japanese company, XXXXXX," that is, "Multi-Drives Made by XXXXXX."

However, the appellee neither sells nor delivers DMB SFC 05B/M, DMB SFC 06M or any other motor product to XXXXXX, and has never held a consultation, etc. therefor with XXXXXX. In the first place, there is no "DVD multi-drive manufactured and sold by a Japanese company, XXXXXX." It is not XXXXXX but a South Korean corporation that is a wholly owned subsidiary of XXXXXX (hereinafter referred to as "XXXXXXXXXXXX") that conducts the development, production, purchase, etc. of DVD multi-drives.

The appellee conducted transactions concerning DMB SFC 05B/M, DMB SFC 06M and other motor products with XXXXXXXXXXXX and committed relevant acts in South Korea, and delivered said products in South Korea or a third country. However, the appellee did not commit any act in Japan (Exhibits Otsu No. 9-1 to No. 9-3). Therefore, since it is not XXXXXX but XXXXXXXXXXXX that takes charge of development, production, purchase, etc., the fact alleged by the appellant is impossible. Incidentally, the written statement of Exhibit Ko No. 12 also includes no statement concerning XXXXXX.

In addition, DMB SFC 05B/M, DMB SFC 06M and other motor products delivered

to XXXXXXXXXXXX are merely products manufactured based on the specification decided by XXXXXXXXXXXX, and are not those that were developed, designed and produced particularly for the Japanese market (more concretely, as products to be mounted on DVD multi-drives manufactured particularly for the Japanese market). DVD multi-drives manufactured by XXXXXXXXXXXX ("manufactured by XXXXXXXX" according to the allegation of the appellant) are on sale in the global market, as alleged by the appellant. The appellee has not especially prohibited XXXXXXXXXXXX or XXXXXXXX from having the DVD multi-drives on which DMB SFC 05B/M or DMB SFC 06M is mounted flow into the Japanese market, but does not know whether such DVD multi-drives have been actually imported into Japan. The appellant also has yet to prove that fact.

(c) The appellant alleges that DMB SFC 07R is mounted on DVD multi-drives made by XXXXXXXX.

It is the case that the appellee has delivered DMB SFC 07R to a third party designated by XXXXXXXX in a third country as a part to be mounted on a DVD multi-drive sold under the brand of XXXXXXXX. However, even if XXXXXXXX itself makes planning decisions on specifications and procurement concerning multi-drives in Japan, this means nothing more than that the appellant's and XXXXXXXX's acts are committed in Japan. It is natural that a Japanese supplier, such as the appellant, conducts business negotiations with XXXXXXXX in Japan. However, this does not apply to the appellee, which is a South Korean company and has no business office in Japan. Therefore, the appellee has not committed the act of making an offer for assignment, etc. in Japan (Exhibit Otsu No. 8).

DMB SFC 07R and other motor products for XXXXXXXX's DVD multi-drives are merely products manufactured based on the specification decided by XXXXXXXX, and not products developed, designed and produced particularly for the Japanese market (more concretely, as parts to be mounted on DVD multi-drives manufactured for the Japanese market). XXXXXXXX's DVD multi-drives are on sale in the global market, as alleged by the appellant. The appellee has not especially prohibited XXXXXXXX from having DVD multi-drives on which DMB SFC 07R is mounted (or computers on which said DVD drive is mounted) flow into the Japanese market, but does not know whether such DVD multi-drives have been actually imported into Japan. The appellant also has yet to prove that fact. Moreover, according to Exhibits Ko No. 11 and No. 13, multi-drives made by XXXXXXXX, which are the photographed subjects shown in these Exhibits, seem to be products to which explanatory material in Japanese is attached. This does not conflict with the fact that the motors mounted on "DXM1347A" (Exhibit

Ko No. 11) and "DXM1313A" (Exhibit Ko No. 13) are not those that have been developed, designed and produced for the Japanese market. In other words, these motor products must be mounted not only on the DVD multi-drives that are the photographed subjects shown in Exhibits Ko No. 11 and No. 13 but also on DVD multi-drives which XXXXXX has planned for other markets.

(d) According to the allegations of the appellant, the motor stated in 4 in the list of items attached to the judgment in prior instance refers to a motor that has a structure stated in the description of the defendant's items attached to the judgment before it is integrated with an electronic circuit, connector, etc. However, the appellee has also never committed the act of making an offer for the sale of such a motor in Japan.

(e) In the list of items attached to the Complaint, the appellant cites only DMB SFC 05B/M and DMB SFC 06M as the product numbers of the subject products. After seeing that the appellee requests the dismissal of the action on the grounds of lack of international jurisdiction in its written answer, the appellant made an amendment of the claim in the middle of the first instance and thereby added DMB SFC 07R to the product numbers of the subject products. Then, the appellant clarified its allegations that DMB SFC 05B/M and DMB SFC 06M are mounted on XXXXXXX's DVDs and that DMB SFC 07R is mounted on XXXXXXX's DVDs for the first time in its first brief (dated May 31, 2010) in the appeal instance. Looking at this background, it is presumed that the appellant added DMB SFC 07R, on which it seemed to be possible to make allegations concerning XXXXXXX, to the product numbers of the subject products in fear of the high possibility that the Japanese court would be determined not to have international jurisdiction because it was revealed that not XXXXXXX but XXXXXXXXXXXXX conducts all processes, including development, production and procurement, for DMB SFC 05B/M and DMB SFC 06F, which the appellant originally cited as the product numbers of the subject products at the time of filing the action. However, in the first place, jurisdiction is determined on the basis of the time of the filing of an action (Article 15 of the Code of Civil Procedure); therefore, the time when a complaint is submitted to the court is the base time. It should not be permitted, as an abuse of the right of action or an act that goes against the principle of good faith in litigation, to additionally join an action, over which a court originally does not have jurisdiction, and another action, for which the party originally does not have intention to conduct court proceedings (more objectively, an action for which there is a total absence of proof of the statement of claim on the merits), for the purpose of merely ensuring the court has jurisdiction (jurisdiction on the grounds of objective joinder) over the action. In addition, jurisdiction should not be granted on the basis of the added claim.

(2) Special circumstances

The appellant states that it conforms to "reason" to affirm the international jurisdiction of the Japanese court, and cites [A] the fact that DVDs on which the appellee's motor is mounted are distributed in Japan, [B] statements on the website, [C] statements on the business card and [D] the fact that the Samsung Group is a global company, as reasons thereof.

However, [B] and [C] do not serve as sufficient reasons for affirming the international jurisdiction of the Japanese court, as mentioned above.

Moreover, regarding [D], it is obvious that it is inappropriate to "reason" that a global large company can respond to an action in any country.

Regarding [A], although the appellant states that DVDs on which the appellee's motor is mounted are distributed in Japan, this allegation is obviously unreasonable. In the first place, although the appellant states that the defendant's items are products that are manufactured and delivered exclusively for the Japanese market, this goes against the fact. The appellee does not manufacture products for the Japanese market. It is merely difficult to completely deny the possibility that products completed by manufacturers to which the appellee delivers its products are also imported into Japan in the process of the distribution of the products across the world. The Japanese court should not be recognized as having international jurisdiction over such defendant's items on the basis of the "reason."

No. 4 Court decision

In contrast to the judgment in prior instance, this court determines that the Japanese court has international jurisdiction. The reasons are given below.

1. Determination standards in this case

(1) As mentioned above, the appellant (plaintiff in the first instance), which is a Japanese corporation and has its head office in the location stated in this judgment (Kyoto City), filed this action against the appellee (defendant in the first instance), which is a South Korean corporation and has its head office in the location stated in this judgment (Suwon-si, Gyeonggi-do, South Korea), to seek [i] an injunction against the offer for assignment of the defendant's items under Article 100, paragraph (1) of the Patent Act and [ii] payment of damages in tort of 3,000,000 yen with delay damages accrued thereon calculated at the rate of 5% per annum for the period from October 14, 2008 to the date of payment, based on a Japanese patent right of the appellant (plaintiff in the first instance). The appellee, the defendant in the first instance, disputes the international jurisdiction of the Japanese court over the aforementioned action.

(2) When this court, which is a Japanese court, conducts proceedings and makes a

determination, it is considered reasonable to determine whether the international jurisdiction of the Japanese court should be affirmed for cases that include external affairs, like this case, according to the reasoning based on the principle of ensuring equity between the parties and well-organized progress of court proceedings at the present time (July 7, 2010 when oral argument was concluded) when there is neither statute law of Japan nor international common law concerning this point (it is apparent to this court that the bill to revise the Code of Civil Procedure concerning jurisdiction of the Japanese court was submitted to the previous session of the Diet; however, the bill has yet to be enacted).

As the content of the aforementioned reasoning, although it is reasonable in principle to have the defendant be subjected to the jurisdiction of the Japanese court in relation to an action filed with the Japanese court if any of the domestic venues provided for in the Japanese Code of Civil Procedure exist within Japan, it is considered that the international jurisdiction of the Japanese court should be denied if it is recognized that there are special circumstances where conduct of court proceedings in Japan goes against the principle of ensuring equity between the parties and well-organized progress of court proceedings (see the judgment of the Second Petty Bench of the Supreme Court, October 16, 1981, *Minshu*, Vol. 35, No. 7, at 1224 and the judgment of the Third Petty Bench of the Supreme Court, November 11, 1997, *Minshu*, Vol. 51, No. 10, at 4055).

(3) On the other hand, this action was filed to seek [i] an injunction based on a patent right and [ii] damages in tort, as mentioned above, and it is an action on a property right, that is, a patent right or a monetary claim. The results of considering the relationship between these claims and Article 5 (Jurisdiction over Action on Property Right, etc.) of the Code of Civil Procedure concerning domestic jurisdiction are as follows.

It is obvious that the claim for damages in tort mentioned in [ii] above falls under an "action relating to a tort" mentioned in Article 5, item (ix) of the Code of Civil Procedure in terms of interpretation of the words. In addition, the claim for an injunction based on a patent right mentioned in [i] above is based on the reasoning that the rights and interests of the appellant (plaintiff in the first instance), that is, the patent right, are infringed or are likely to be infringed by the illegal act of infringement committed by the appellee (defendant in the first instance), and the substance of the dispute does not substantially differ from that in the case of a claim for damages in tort. Therefore, from the perspective of jurisdiction, said claim for an injunction is considered as being included in the category of an "action relating to a tort" mentioned in Article 5, item (ix) of the Code of Civil Procedure (see the decision of the First Petty

Bench of the Supreme Court, April 8, 2004, Minshu, Vol. 58, No. 4, at 825).

In terms of application of Article 5, item (ix) of the Code of Civil Procedure, which is taken into consideration in relation to whether the Japanese court has international jurisdiction over this action, the place where the Japanese court has jurisdiction over an action relating to a tort is prescribed as the "place where the tort took place." However, this "place where the tort took place" is understood as including both the place where the wrongful act was committed (the "Place of the Wrongful Act") and the place where the result of the wrongful act occurred (the "Place of the Occurrence of the Result"). The right alleged by the appellant (plaintiff in the first instance) in this action as having been infringed is Japanese Patent No. 3688015. Therefore, it is reasonable to consider that whether the Japanese court has international jurisdiction over this action is determined based on whether there was the act of transmitting an offer or the occurrence of the result of the act, that is, the receipt of the offer, in Japan as an objective fact, in relation to the "act of making an offer for assignment" committed by the appellee (defendant in the first instance) alleged by the appellant as falling under a tort.

(4) From the aforementioned perspective, this action is examined below.

2. Whether the appellee made an offer for assignment

(1) According to evidence (Exhibits Ko No. 3 to No. 13 and Exhibits Otsu No. 3, No. 7 and No. 9; including documentary evidence to which a branch number is assigned) and the entire import of the argument, the facts in this case are recognized as follows.

a. Statements on the website

The appellee (defendant in the first instance) set up a website (written in English) that is available to be browsed at the time of filing of this action (July 30, 2008), and established a webpage (Exhibit Ko No. 4-1-1) that introduces the "Slim ODD Motor" (slim optical disk drive motor) as a "product" on that website. If a person selects the item, "Part Number List," on said webpage, a webpage (Exhibit Ko No. 4-1-2) that shows one of the defendant's items, specifically, the motor to which the product number, "DMBSFC06M," is assigned, is then displayed, and the webpage indicates the current rating, voltage rating, noise and vibration of the motor with the said product number (however, the appellee deleted the item, "Part Number List," before the conclusion of oral argument (September 29, 2009) in prior instance (Exhibit Otsu No. 3)).

In addition, a webpage (Exhibit Ko No. 4-3) that brings up a list of products displayed when the item, "Contact," is selected on said website lists "Japan," as well as "Korea" and "China," as contact points for "Sales Inquiry" in the "Slim ODD Motor" field. A webpage (Exhibit Ko No. 4-4) that shows "Overseas Network," which is brought up by the selection of the item, "Contact," in the same manner, indicates

"Japan" as the location of the "Sales Headquarters," and also indicates "Minato-ku, Tokyo" as the domicile of the headquarters, together with its telephone and facsimile numbers.

Furthermore, the website written in Japanese that was set up by the appellee also includes a webpage (Exhibit Ko No. 7) that introduces the "Slim ODD Motor." Clicking on the item, "Inquiries about purchase," on said webpage brings up an inquiry form (Exhibit Ko No. 8) concerning the sale of the "Slim ODD Motor," which is entitled "Sales," and displayed in the "Section" field. Thereby, a person who browses the website can prepare an inquiry form concerning the sale of the "Slim ODD Motor," which the appellee manufactures. Incidentally, if a person selects the item, "Inquiries about products" on the same webpage, an inquiry form (Exhibit Ko No. 9) concerning the product, "Slim ODD Motor," which is entitled "Tech," is displayed in the "Section" field. A webpage (Exhibit Ko No. 10) that introduces overseas workplaces on said website shows Tokyo and Osaka as the locations of sales corporations in Japan and indicates their domiciles, main switchboards and facsimile numbers (however, domiciles, etc. of the sales corporations in Tokyo and Osaka are written in a switched manner; therefore, the fact that the domiciles, etc. are stated on the webpage does not confirm the actual establishment of the sales corporations; incidentally, statements concerning said sales corporations are found to have been made by Samsung Japan; entire import of argument).

b. Statements of the sales manager of the appellant

In a written statement (Exhibit Ko No. 5), Q, who is the sales manager of the appellant, states that a person in charge of sales of the appellee is conducting business activities concerning ODD motors in Japan with a person in charge of sales of Samsung Japan and that the defendant's items are subject to evaluation as to whether they should be mounted on products (ODD) at XXXXXX and XXXXXXXX.

c. Business card of the management consultant of the appellee

Regarding P, who is the management consultant of the appellee without dispute, a business card of P (Exhibit Ko No. 3) that indicates the position title, "management consultant" of the appellee, the company name of the appellee and its domicile, "Minato-ku, Tokyo," in Japanese and describes its telephone and facsimile numbers was made as mentioned above.

Notes

(Front side)

The business card omitted

(Back side)

The business card omitted

d. Distribution of the defendant's items

Amongst the defendant's items, DVD multi-drives on which the motor of the product number, DMB SFC 07R, is mounted are manufactured and sold by XXXXXX, and some of these are highly likely to be distributed in Japan (entire import of argument).

Moreover, amongst the defendant's items, DVD multi-drives on which the motor of the product number, DMB SFC 05B/M or DMB SFC 06M is mounted are manufactured and sold by XXXXXXXX or its subsidiary, XXXXXXXXXXXX, and some are likely to be distributed in Japan (Exhibit Otsu No. 9 and entire import of argument).

(2) a. Comprehensively evaluating the aforementioned facts found, that is, [1] the fact that the appellee set up a website written in English, placed one of the defendant's items on the website as a product, lists "Japan" as one of the contact points for "Sales Inquiry," and indicates the domicile and telephone and facsimile numbers of its base in Japan (Minato-ku, Tokyo) as those of the "Sales Headquarters," [2] the fact that there is also a webpage that introduces the "Slim ODD Motor" on the appellee's website written in Japanese and it is also possible to prepare an inquiry form concerning the sale of the "Slim ODD Motor" by selecting the item, "Inquiries about purchase," on said webpage, [3] the fact that the sales manager of the appellant stated in a written statement that a person in charge of sales of the appellee is conducting business activities concerning the ODD motor in Japan and that the defendant's items are subject to evaluation as to whether they should be mounted on products (ODD) at XXXXXX and XXXXXXXX, [4] the fact that the management consultant of the appellee, P, made and has used a business card showing P's position title and the company name and its domicile (Minato-ku, Tokyo) in Japanese, and [5] the fact that DVD multi-drives on which one of the defendant's items is mounted are highly likely to be manufactured and sold by domestic manufacturers and to be distributed in Japan, it is reasonable to find that, in relation to the act of making an offer for assignment of the defendant's items, which is alleged by the appellant as falling under a tort, the appellee's act of transmitting an offer or the result of the act, that is, the receipt of the offer, occurred in Japan.

b. In relation to the aforementioned finding, the appellee alleges that it has not made an offer for assignment, by pointing out that the website written in English does not state DMB SFC 05B/M, that the webpage that shows the product number, DMB SFC 06M, amongst the defendant's items, only provides a general introduction of the motor with said product number, and that the form, "Inquiries about purchase," is not a form for making inquiries about a specific product number or a concrete specification but is a

form for making inquiries in general because the product and country can be changed in many ways according to a choice from the pull-down menu.

However, those who browse the website in Japan not only can recognize the content of the product specification of at least one of the defendant's items and can find out the domicile, etc. of the Sales Headquarter located in Japan through the website written in English, but also can see the product introduction of the "Slim ODD Motor," select the item, "Inquiries about purchase," and prepare an inquiry form concerning the sale of the "Slim ODD Motor" on the website written in Japanese. Therefore, there is room to understand the act of setting up these websites as the appellee's "act of making an offer for assignment." The aforementioned finding is not affected by the fact that the product can be changed according to a selection from the pull-down menu on the webpage or that the website written in English that indicates products and the website written in Japanese on which a person can prepare an inquiry form concerning sales are not directly linked to each other. Consequently, the aforementioned allegation of the appellee cannot be adopted.

In addition, with regard to the written statements of the sales manager of the appellant, the appellee alleges that the statements therein are those heard from other people and that even if the defendant's items are subject to evaluation as to whether they should be mounted on products (ODD) at XXXXXX and XXXXXXXX, it is not sufficient to prove that an offer for assignment of the defendant's items has been made in Japan. The appellee also alleges that the management consultant of the appellee is neither a person who conducts specific business activities in Japan nor has made any offer for assignment of the defendant's items in Japan.

To be sure, the content stated in the written statements of the sales manager and the existence of a business card written in Japanese of the management consultant of the appellee do not immediately prove that the appellee has committed the act of making an offer for assignment of the defendant's items in Japan. However, as indicated above, comprehensively taking these facts into account with other objective facts, the facts can be regarded as confirming the act of transmitting an offer for assignment of the defendant's items or the occurrence of the result of the act, that is, the receipt of the offer, in Japan as a premise of affirming international jurisdiction. Therefore, the aforementioned allegation of the appellee cannot be adopted.

3. Existence of special circumstances

Next, existence of special circumstances as mentioned in 1(2) above is examined.

Regarding the claims in question, the appellant, which is located in Japan and is a Japanese corporation, claims an injunction against the appellee's act of making an offer

for assignment of the defendant's items in Japan and damages, as the exercise of the right of access to the courts, based on the patent right in question, which is a Japanese patent right. The governing law is considered to be the Japanese Patent Act, which is the law of the country where the patent right in question has been registered (see the judgment of the First Petty Bench of the Supreme Court, September 26, 2002, Minshu, Vol. 56, No. 7, at 1551). Therefore, it can be said that it conforms to the principle of ensuring the well-organized progress of court proceedings that the Japanese court examines and makes determinations on the claims in question. To the contrary, even if the appellant files an action to seek an injunction, etc. in South Korea, where the appellee's head office is located, the possibility of said country's court affirming international jurisdiction is not necessarily high in consideration of the aforementioned facts found.

On the other hand, the appellee established a sales base in Tokyo, and disclosed that fact on its own website and provides the product introduction of the defendant's items on its website written in English. In addition, the appellee is not only aware of the fact that the products are also distributed in Japan but also makes it possible for viewers to make inquiries about the purchase of ODD motors containing the defendant's items on its website written in Japanese. Consequently, it is possible to say that the appellee could predict that an infringement action, etc. would be filed in Japan in relation to the items. Furthermore, the appellee is a company that belongs to the Samsung Group, which is one of South Korea's dominant large companies that develops business across the world, and it has also established many branch offices overseas by itself (Exhibits Ko No. 4-4 and No. 10 and entire import of argument).

According to these circumstances, it cannot be said that it goes against the principle of ensuring equity between the parties and well-organized progress of court proceedings to request the appellee respond to this action regarding the claims in question at the Japanese court. From the perspective of distribution of judicial function in the international community, there is also legal relevance that is sufficient to consider the exercise of the jurisdiction of the Japanese court as legitimate. Consequently, it is impossible to find that there are special circumstances where the international jurisdiction of the Japanese court should be denied.

4. Conclusion

As mentioned above, for this action, international jurisdiction of the Japanese court should be affirmed with regard to both the Claim for Injunction and the Claim for Damages.

Consequently, the judgment in prior instance that drew a different conclusion from

this judgment and dismissed this action deeming it to be unlawful shall be revoked, and this case shall be remanded to the Osaka District Court pursuant to Article 307 of the Code of Civil Procedure for the purpose of having the court of the first instance determine the propriety of the appellant's claims. The judgment has been rendered in the form of the main text.

Intellectual Property High Court, Second Division

Presiding judge: NAKANO Tetsuhiro

Judge: SHIMIZU Misao

Judge: FURUYA Kenjiro