

2023 (Ju) 14 and 15, Case seeking injunction against patent infringement, etc.
March 3, 2025, Judgment of the Second Petty Bench

Main text

The final appeals are dismissed.

The costs for the final appeals shall be borne by the appellants of final appeal.

Reasons

Concerning the reasons for a petition for acceptance of final appeal stated by the counsel for final appeal in 2023 (Ju) 14, HAMADA Yoshiyuki, and the reasons for a petition for acceptance of final appeal stated by the counsel for final appeal in 2023 (Ju) 15, TAKAHASHI Jun, DAN Toshimitsu, and MIYAKAWA Toshiaki (except for those reasons excluded in both cases)

1. In this case, the appellee filed an action against the appellants to seek an injunction against the acts of the appellants and compensation for damage, among others, alleging that the acts of the appellants infringe the appellee's patent right. The major issue of the case is whether the appellants' act of distributing the computer programs in question via the internet from outside the territory of Japan to inside the territory of Japan constitutes "provision through a telecommunications line" referred to in Article 2, paragraph (3), item (i) of the Patent Act and "transfer, etc." referred to in Article 101, item (i) of that Act, and infringes a Japanese patent right.

2. The outline of the facts lawfully determined by the court of prior instance is as follows.

(1) The appellee holds a patent right regarding the patent for the invention titled "Display device, comment display method, and program" (Patent No. 4734471; this patent right is referred to below as the "Patent Right"). The inventions stated in Claims 1, 2, 5, and 6 of this patent (each referred to below as the "Device Invention") are inventions of display devices, and the inventions stated in Claims 9 and 10 (each referred to below as the "Computer Program Invention") are inventions of computer programs.

Conventionally, there has been a system that displays comments posted by users while a video is being played. The Device Inventions and the Computer Program Inventions bring about the effect of making it possible to recognize that the displayed comments are not the content of the video itself but the posts by users, through such means as adjusting the area where the video is displayed and the area where the comments are displayed, thereby reducing the illegibility of the comments.

(2) Appellant FC2, Inc. is a corporation incorporated based on the law of the State of

Nevada, in the United States, and it engages in the business such as operation of the video streaming sites using the internet. Appellant Homepage System, Inc. is a Japanese corporation incorporated as Appellant FC2's service agency in Japan, and it engages in the business such as installation and management of servers and various types of information provision services using the internet.

Appellant FC2 provides multiple types of video sharing services (each referred to below as the "Service") to users residing in Japan via the internet (the company transferred its business relating to some of these services to a third party in September 2020, but this fact is not relevant to the appeal counsel's arguments). In the Services, comments posted by users while videos are being played are displayed.

(3) In order to provide the Services, the appellants distribute the computer programs that fall within the technical scope of the Computer Program Inventions (each of the computer programs thus distributed is referred to below as the "Computer Program") from the server located in the United States to the terminals located in Japan that are used by users via the internet (this distribution is referred to below as the "Distribution").

The Distribution is performed in a manner that when a user accesses any of the relevant webpages to watch a video related to the Service (each of the relevant webpages is referred to below as the "Webpage") by using their terminal located in Japan, a file related to the Computer Program (i.e., JavaScript file) is transmitted from the server located in the United States, thereby enabling the user to download the file onto their terminal.

When this download is completed, the Computer Program is installed in the user's terminal automatically and becomes executable. The use of the Computer Program in the Service enables the user to watch the video on their terminal, with the video display area and the comment display area being adjusted.

(4) Through the access mentioned above, the user installs the Computer Program onto the terminal they use, and produces a device that falls within the technical scope of the Device Inventions within the territory of Japan. The Computer Program falls within the scope of "article whose only use is the production of " this device (Article 101, item (i) of the Patent Act).

3. The appeal counsel argue that the determination by the court of prior instance contains errors in the interpretation and application of laws and regulations and violates a judicial precedent because the Distribution, which is performed from outside the territory of Japan, should not be regarded as an act against which a Japanese patent right is effective in light of the principle of territoriality applicable to a patent right, but the court of prior instance determined that the Distribution constitutes "provision through

a telecommunications line" referred to in Article 2, paragraph (3), item (i) of the Patent Act and "transfer, etc." referred to in Article 101, item (i) of that Act.

4. (1) A Japanese patent right is effective only within the territory of Japan (see 2000 (Ju) 580, the judgment of the First Petty Bench of the Supreme Court of September 26, 2002, Minshu Vol. 56, No. 7, at 1551). However, in the present day, the distribution, etc. of information across national borders through telecommunications lines has become extremely easy, and when computer programs, etc. are transmitted from outside the territory of Japan through telecommunications lines and are provided within the territory of Japan, if it is assumed that a Japanese patent right is not always effective and the provision of the computer programs, etc. mentioned above does not constitute "provision through a telecommunications line" (Article 2, paragraph (3), item (i) of the Patent Act) just because the computer programs, etc. are transmitted from outside the territory of Japan, this would not be in line with the purpose of the Patent Act, i.e., contributing to the development of industry through protection and encouragement of inventions by allowing a patentee to hold an exclusive right to work the patented invention in the course of trade. It follows that, even in such case, if the act in question, when viewed as a whole, is judged as constituting "provision through a telecommunications line" substantially within the territory of Japan, there is no reason to prevent us from considering that a Japanese patent right is effective against such act. This reasoning may also apply to "transfer, etc." referred to in Article 101, item (i) of the Patent Act.

(2) The Distribution is an act of transmitting a file related to the Computer Program from the server located outside the territory of Japan and having the file received by a terminal located inside the territory of Japan, and thus, in appearance, part of this act is performed outside the territory of Japan. However, when viewed as a whole, the Distribution is performed automatically when a user who uses a terminal located in Japan accesses any of the Webpages to receive the provision of the Service, and the Service, through the use of the Computer Program installed in the relevant terminal, enables the user to watch a video, which has been adjusted in terms of the video display area and the comment display area, on their terminal located in Japan. In light of these points, it can be said that the Distribution is performed in the process of information processing carried out when providing the Service in Japan and is intended to bring about the effect of the Computer Program Inventions automatically on a terminal located in Japan, and that, in relation to such effect being brought about in this manner, there is no special meaning in the fact that the abovementioned server is located outside the territory of Japan. Furthermore, in relation to the fact that the appellee holds the

Patent Right, there are no circumstances that would suggest that the Distribution, which is performed in the manner described above, has no economic impact on the appellee. Accordingly, it is appropriate to judge that the appellants, by way of the Distribution, provide the Computer Programs through a telecommunications line substantially within the territory of Japan.

According to the above, it should be said that the Distribution constitutes "provision through a telecommunications line" referred to in Article 2, paragraph (3), item (i) of the Patent Act.

(3) The Service is intended to ensure that a device that falls within the technical scope of the Device Inventions will be produced and used within the territory of Japan through the Distribution and the subsequent installation of the relevant Computer Program. It can be said that the Distribution automatically brings about the effect of the Device Inventions on terminals located in Japan, and the location of the server and the circumstances regarding an economic impact are the same as described in (2) above. Accordingly, it is appropriate to judge that the appellants, by way of the Distribution, engage in the transfer, etc. of the Computer Programs, which are articles whose only use is the production of the abovementioned device, as the provision through a telecommunications line, substantially within the territory of Japan.

According to the above, it should be said that the Distribution constitutes "transfer, etc." referred to in Article 101, item (i) of the Patent Act.

5. The determination by the court of prior instance can be upheld as stating to the same effect as above, and the judicial precedent cited by the appeal counsel, the abovementioned judgment of the First Petty Bench of the Supreme Court as of September 26, 2002, is irrelevant in this case. The appeal counsel's arguments cannot be accepted.

All the other reasons for a petition for acceptance of final appeal stated by the appellants have been excluded by an order to accept the final appeals.

For the reasons stated above, the Court unanimously decides as set forth in the main text of the judgment.

Presiding Justice KUSANO Koichi

Justice MIURA Mamoru

Justice OKAMURA Kazumi

Justice OJIMA Akira