

2023 (Ju) 2028, Case seeking injunction against patent infringement, etc.
March 3, 2025, Judgment of the Second Petty Bench

Main text

The final appeal is dismissed.

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

Reasons

Concerning the reasons for a petition for acceptance of final appeal stated by the counsel for final appeal, TAKAHASHI Jun, DAN Toshimitsu, and MIYAKAWA Toshiaki (except for those reasons excluded)

1. In this case, the appellee filed an action against the appellant to seek an injunction against the acts of the appellant and compensation for damage, among others, alleging that the acts of the appellant infringe the appellee's patent right. The major issue of the case is whether the appellant's act of building a system that includes the servers located outside the territory of Japan and the terminals located inside the territory of Japan by means such as transmitting files via the internet from outside to inside the territory of Japan constitutes "production" referred to in Article 2, paragraph (3), item (i) of the Patent 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 "Comment delivery system" (Patent No. 6526304; this patent right is referred to below as the "Patent Right"). The inventions stated in Claims 1 and 2 of this patent (each referred to below as the "Invention") are inventions of systems.

The Invention relates to a system in which terminal devices that display videos and comments posted by users about the videos are connected to the servers that transmit information relating to these videos and comments to these terminal devices via a network. They are intended to execute processing such as adjustment of the comments displayed on a video so that they do not overlap each other, and bring about the effect of improving the entertainment value in the communication using comments.

(2) The appellant 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.

The appellant 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 appellant has installed and manages a web server, comment delivery server, and video delivery server (the video delivery server for some of the Services has been installed and is managed by a third party, and therefore it may or may not be located in Japan), and distributes HTML files and files in which a computer program is stored (i.e., JavaScript files) 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, files including a file in which the abovementioned computer program is stored are transmitted from the abovementioned web server located in the United States, thereby enabling the user to download the files onto their terminal.

When the Distribution is performed, the abovementioned terminal, automatically based on the descriptions in the abovementioned files (however, pressing the video play button may be required in some cases), requests the data file related to the video and the data files related to the comments respectively from the abovementioned video delivery server and comment delivery server to which the terminal is connected via the internet, and after receiving these files and adjusting the comments so that they do not overlap each other, the terminal executes processing such as displaying the video with the comments on the terminal. In this manner, a system comprising the terminal, the video delivery server, and the comment delivery server that falls within the technical scope of the Inventions (the relevant system is referred to below as the "System") is built.

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 appellant only performs the Distribution outside the territory of Japan, and part of the System is located outside the territory of Japan, and therefore, even if the Distribution results in building the System, it 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 act of building the System through the Distribution constitutes "production" referred to in Article 2, paragraph (3), item (i) of the Patent 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 part of the act for building a system comprising a server and a terminal is performed from outside the territory of Japan through telecommunications lines and the server, which is part of the components of the system, is located outside the territory of Japan, if it is assumed that a Japanese patent right is not always effective and the act of building the system does not constitute "production" (Article 2, paragraph (3), item (i) of the Patent Act) just because this act involves an act performed and a component located 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 for building the system is judged as constituting "production" substantially within the territory of Japan when the act itself and the system built through that act are viewed as a whole, there is no reason to prevent us from considering that a Japanese patent right is effective against such act and the system.

(2) The Distribution is an act of transmitting files including a file in which a computer program is stored from the web server located outside the territory of Japan and having these files received by a terminal located inside the territory of Japan, and thus, in appearance, part of the act for building the System is performed outside the territory of Japan. In addition, the comment delivery server, which is built as a result of the Distribution and forms part of the System, is located outside the territory of Japan. However, when the System and the act for building the System are viewed as a whole, the building of the System through 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 as a result, processing such as adjustment of the comments so that they do not overlap each other is executed on the System, and the result of such processing is displayed on the terminal located in Japan, which makes up the System. In light of these points, it can be said that the building of the System through the Distribution is performed in the process of information processing carried out when providing the Service in Japan and is intended to make up the System that includes a terminal located in Japan and then bring about the effect of the Computer Program Inventions automatically on the relevant 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 servers are 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, and the System, which is built as a result of it, has no economic impact on the appellee. Accordingly, it is appropriate to judge that the appellant, by way of the Distribution and the building of the System resulting therefrom, produces the System substantially within the territory of Japan.

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

5. The determination by the court of prior instance stating to the same effect as above can be upheld as being justifiable, 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.

The other reasons for a petition for acceptance of final appeal have been excluded by an order to accept the final appeal.

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