

A Japanese View on Questions raised by *Phillips v. AWH Corp.*

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Biography

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## 1. Claim Interpretation in Japan

### 1.1. Patent Infringement Jurisprudence

The basic principles of Japanese patent law concerning infringements are very similar to those of its U.S. counterpart.

Japanese practitioners and scholars always pay close attention to the legal principles applied in patent infringement lawsuits in the U.S. It is obvious that most of the recent developments in Japanese case law in this field are established under a strong influence of the U.S. jurisprudence. As distinct examples of such influence, the Supreme Court of Japan recently delivered two famous judgments, the “Ball-spline” case in 1998, in which the Court explicitly introduced the doctrine of equivalents, and the “Kilby” case (*Fujitsu vs. Texas Instruments*) in 2000, in which the Court held that courts are capable of reviewing the validity of patents regardless of the status and outcome of the proceedings at the Japan Patent Office (“JPO”).

In addition, Japanese judges do not hesitate to apply U.S. patent law directly to cases before them, when the conflict-of-law rules so require. In 2003, Tokyo District Court delivered a renowned decision in the “Coral-sand” case, which exemplified our subtle interpretation and application of the U.S. doctrine of equivalents in light of the “Festo” Supreme Court decision.

### 1.2. Claim Interpretation

Paragraph 2, Section 70 of the Patent Law provides for the fundamental rule of claim interpretation. It reads:

“The meaning of a term or terms of the patent claims shall be interpreted in the light of the specification and the drawings.”

Courts have formulated the basic principles about the application of Section 70 to individual cases.

Also in this field one can easily recognize the close similarities to U.S. law. For example, the scope of exclusive right of a patent is measured according to the language of the claims. The terms in the claims must be interpreted in light of their ordinary meaning, the contents of the specification and drawings, the prosecution history, the state-of-the-art at the time of filing, and the comprehension of one skilled-in-the-arts, etc...

With much confidence I can affirm that Japanese judges, when construing a claim, take into account all of the elements which a U.S. court would consider.

### 1.3. Significance of *Phillips* Arguments in Japan

Nonetheless, it is fair to say that the heated controversy in the U.S. on the

*Phillips* case has attracted little attention from Japanese practitioners, including myself. Although the subject matter of the case may be interesting for those who intensively study U.S. patent law, it does not seem so useful when applied to Japanese patent infringement cases.

In my view the underlying issues of the seven *Phillips* questions can be categorized into two groups:

- 1) the methodologies of claim interpretation: that is, the priority between extrinsic (*e.g.*, dictionaries) and intrinsic (*e.g.*, specifications) evidence, the role played by other kinds of evidence, etc...; and
- 2) the Federal Circuit's involvement in claim interpretation: that is, deference to district court's findings or *de novo* review.

The U.S. courts, especially the Federal Circuit, appear to have struggled in establishing a coherent standard for resolving these questions. In contrast, Japanese courts have not been encumbered with these questions. A clue to understand this difference may be discovered by observing the distinctive features of patent infringement cases in Japan, as explained below.

## 2. Patent Infringement Lawsuits in Japan

### 2.1. Relevant Features concerning Court System

#### 2.1.1. Expertise of District Courts Judges

The district courts are the courts of first instance for patent infringement lawsuits in Japan. Following the 2003 revision of the Code of Civil Procedure, only two district courts, one in Tokyo and the other in Osaka, have jurisdiction over patent infringement cases. Even before the revision, however, more than 95% of the patent infringement cases were handled by these two courts because the economic activities of Japanese enterprises are centered in these two major cities.

At the Tokyo and Osaka District Courts the patent infringement cases are assigned to a panel of judges specializing in IP matters. Out of 50 chambers of the Tokyo District Court, four are designated as the "IP chambers." At Osaka, there are two IP chambers. Each chamber consists of four or five judges, three of whom comprise a panel for a particular case. The judges of IP chambers, especially the senior judges of each chamber, are reputable for their outstanding knowledge and experience in IP-related lawsuits.

To supplement their expertise, the judges can rely on the assistance of technical research officials. These officials, full-time employees of the courts, are selected from the well-experienced patent examiners of the JPO and transferred to the courts for a term of approximately three years. With their expertise in science and technology, they scrutinize the briefs and evidence

submitted by the parties, attend the courtroom hearings, discuss the case with the judges and parties' attorneys, and finally, draft a comprehensive report for the judges.

### 2.1.2. Homogeneity of District Court Judges and Appellate Court Judges

In Japan, a notable homogeneity is found between the decisions of the District Courts' IP divisions and the IP High Court. I believe that this is one of the distinctive features of the Japanese IP court system as compared with its U.S. counterpart.

All the appellate cases involving patent infringement fall within the exclusive jurisdiction of the IP High Court situated in Tokyo. It consists of 18 judges belonging to 4 chambers and 11 technical research officials.

The "homogeneity" is rendered by the unique appointment system. All of the Japanese judges, including those who concentrate on IP cases, have completed a two-year intensive education at the Research Institute annexed to the Supreme Court before their appointment as judges. This system guarantees a considerable commonality among the judges. In addition, in the IP section the exchange of personnel between the district and high courts is a usual practice. Currently, all of the senior judges of the IP chambers of the Tokyo and Osaka District Courts have experience serving at the IP Division of the Tokyo High Court, the predecessor of the IP High Court. Reciprocally, 4 out of the 18 judges of the IP High Court have served at a District Court IP division.

The homogeneity is also significant among the technical research officials. The large majority of 11 technical research officials of the IP High Court are appointed according to the list of the patent examiners nominated by the JPO.

### 2.1.3. IP High Court's Concentration on Revocation Cases

Deciding patent infringement cases is not the central role of the IP High Court. The judges of the IP High Court devote most of their time and energy to the lawsuits in which the revocation of JPO rulings are sought by the parties.

As a consequence, the IP High Court judges do not necessarily hold a superior knowledge or experience in handling patent infringement cases, as compared to the District Court judges.

## 2.2. Relevant Features in Procedural Law

### 2.2.1. Non-existence of Strict Rules for Evidence

The U.S. law is renowned for its extensive rules of evidence, which are strictly observed in the course of civil litigation. In my view, this feature is also closely related to the U.S. tradition of a jury trial, where inappropriate evidence must be cautiously precluded to minimize the risk of jury prejudice.

By contrast, Japanese law does not provide such a comprehensive set of rules of evidence. Since the fact-finding is entrusted to the well-trained professional judges, it is expected that their knowledge and experience constitute adequate safeguards against the undue reliance on inappropriate evidence.

### 2.2.2. No Dichotomy between “Question of Law” and “Question of Facts”

Shall the claim interpretation be a question of fact or a question of law?

I have learned that this has been a critical issue in the U.S., where a jury trial is constitutionally guaranteed for the determination of questions of fact. The distinction appears also important in appellate proceedings because the appellate courts are expected to defer to the district court’s findings of fact.

By contrast, in Japan the distinction is not a critical issue, although it exists. We do not have a jury system. In civil cases, including patent infringement cases, the appellate court is capable of reviewing the findings of fact of the district court, as well as the application of law, on a *de novo* basis. Even the Supreme Court sometimes takes up the fact-finding issues, based upon a theory that a serious error in fact-finding is deemed to be an error in the application of the evidence rules of the Code of Civil Procedure.

### 2.3. IP High Court’s Deference to District Court Judgments

As described in Paragraph 2.2.2., theoretically, the IP High Court is vested with the power of reviewing the District Courts’ claim interpretation *de novo*. However, it is quite unusual that the IP High Court exercises this power as far as patent infringement cases are concerned.

The practical reasons for such deference are implied from the features of the court system explained in Paragraphs 2.1.1., 2.1.2. and 2.1.3. above. In short, the large majority of the judgments of the District Courts are so persuasive and reliable that the IP High Court rarely recognizes the necessity of overturning the judgment of the first instance.

Due to the lack of strict rules of evidence as set forth in Subparagraph 2.2.1., the IP High Court is not inclined to dictate to the District Courts on the evidentiary rule, such as the priority between extrinsic and intrinsic evidence. The issues of admissibility and evaluation of evidence in claim interpretation is placed in the realm of broad and proper discretion of the District Court judges.

## 3. My Tentative Answers to *Phillips* Questions

### 3.1. How do we construe the claims?

My straightforward answer to the questions raised by *Phillips* would be almost self-evident from what I discussed above. Japanese judges have hardly

ever contemplated the questions raised by the Federal Circuit.

However, such an answer may lead to a misunderstanding that Japanese judges are not serious about accomplishing appropriate claim interpretation. To the contrary, judges always meticulously scrutinize all of the materials available for that purpose.

Under Section 70 of the Patent Law, a reference shall first be made to specifications and drawings. Such a method is employed almost subconsciously by the judges, because the fundamental importance of the specification is one of “common sense” among practitioners working in the field. The public notice function of a patent specification is also well noted. The dictionaries are referred to only as a supplementary source, if at all.

### 3.2. Closing Remarks

Despite the well-reasoned and persuasive statements in the majority opinion of the recent *en banc* decision in *Phillips*, the sarcastic phrases in the dissenting opinion sound quite eloquent:

Again today we vainly attempt to establish standards by which this court will interpret claims. But after proposing no fewer than seven questions, receiving more than 30 *amici curiae* briefs, and whipping the bar into a frenzy of expectation, we say nothing new, but merely restate what has become the practice over the last ten years ----- that we will decide cases according to whatever mode or method results in the outcome we desire....

I believe that if the *Phillips* case is ever cited, it would be cited not only to show the methodologies employed by the Federal Circuit, but also to demonstrate how difficult it is provide a clear answer to the questions raised.