

INVALIDITY DEFENSE IN PATENT INFRINGEMENT LITIGATIONS IN JAPAN

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Chief Judge

Ryuichi Shitara

Intellectual Property High Court



INVALIDATION TRIAL AT JPO

- Article 123 of the Patent Act
- (2) Any person may file a request for a trial for patent invalidation;
- (3) Request for a trial for patent invalidation be filed even after the lapse of the patent right

SUPREME COURT JUDGMENT ON APRIL 11,2000(KILBY CASE)

- “When it is clear that the patent in issue has reasons to be invalidated , requesting an injunctive relief and payment of damages based on the patent right should be deemed as an abuse of patent right and is thus prohibited unless there are special circumstances.”

ARTICLE 104-3 OF THE PATENT ACT (INVALIDITY DEFENSE)

- (1) Where , in litigation concerning the infringement of a patent right or an exclusive license, the said patent is recognized as one that should be invalidated by a trial for patent invalidation, the rights of the patentee or exclusive licensee may not be exercised against the adverse party.



INVALIDITY DEFENSE

- As to the invalidity defense, an alleged infringer bears the burden of proof, but, on the contrary to the practice in the United States, clear and convincing evidence is not necessary in Japan.

THE DIFFERENCE BETWEEN A INVALIDATION TRIAL AT JPO AND A INVALIDITY DEFENSE IN PATENT INFRINGEMENT LITIGATIONS

- Three important differences between a invalidation decision at JPO trial and a Invalidity Defense in patent infringement judgment.
 - (1) The effect of a final and binding invalidation decision of a trial at JPO is retrospective.

Article 125 of Patent Act

“Where a trial decision to the effect that a patent is to be invalidated has become final and binding, the patent right shall be deemed never to have existed”

THE DIFFERENCE BETWEEN A INVALIDATION TRIAL AT JPO AND A INVALIDITY DEFENSE IN PATENT INFRINGEMENT LITIGATIONS

- A final and binding judgment of a court that affirmed invalidity defense and denied the exercise of a patent right, does not have any direct effect to invalidate that patent, But such judgment has a binding effect on the patentee who lost the case that such a patentee doesn't have any right requesting an injunctive relief and payment of damages based on the patent in issue against the alleged infringer any more.

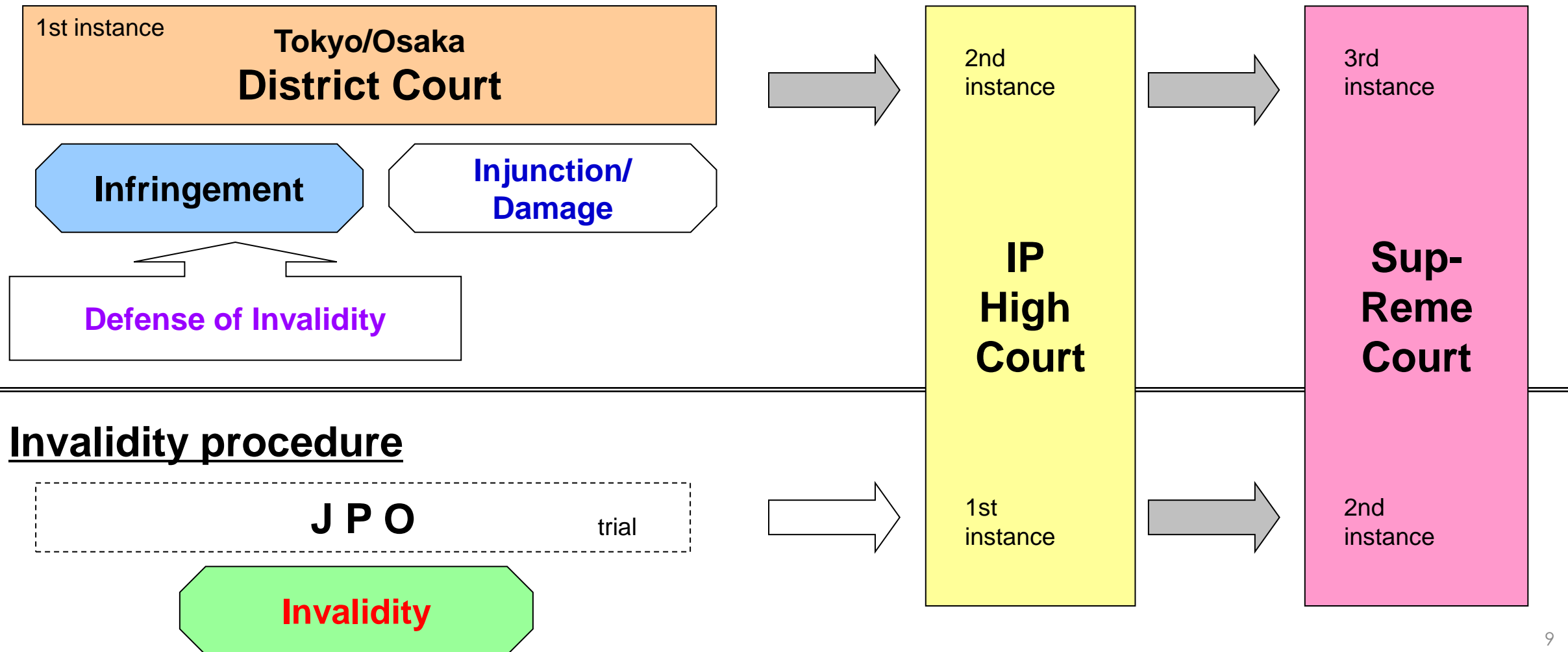


THE SECOND AND THE THIRD DIFFERENCE

- The second difference is whether examination is ex officio or not.
- The third difference is whether a patentee will have limited chances for a correction of a claim.

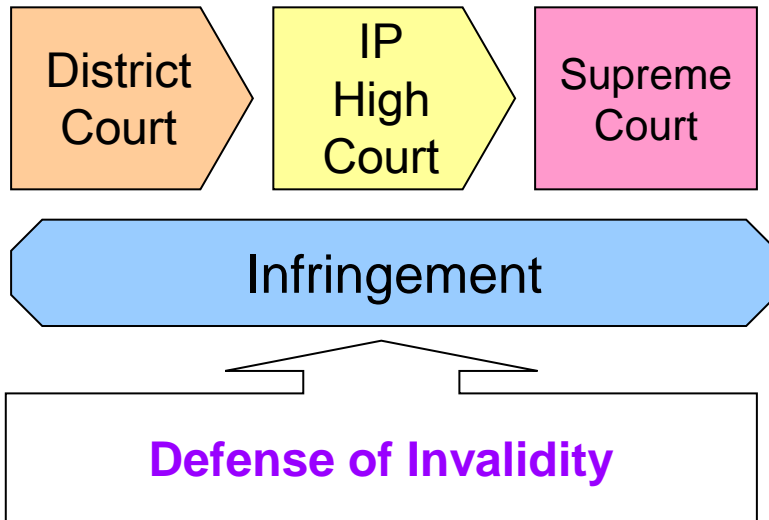
DUAL SYSTEM IN PATENT LITIGATION

Infringement procedure



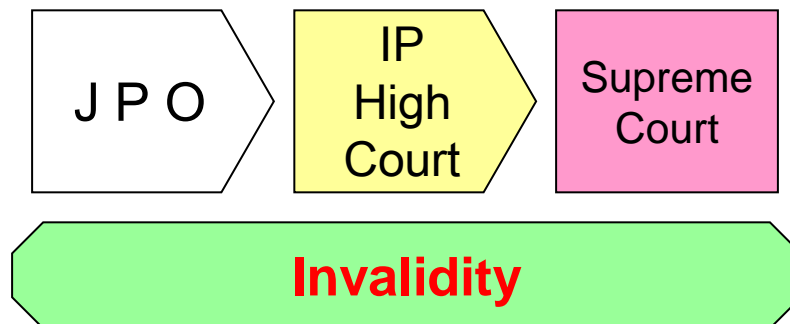
DUAL SYSTEM IN PATENT LITIGATION

Infringement procedure



- Not declare invalidity of the patent in the main text.
→ dismiss plaintiff's claim on the ground of invalidity
- Relative effect = only within the parties
- The patent still exists even after the decision becomes final.

Invalidity procedure



- The patent shall be deemed never to have existed by the decision.
- Absolute effect = publicly invalidated
- Retrospective effect

PATENT INFRINGEMENT PRACTICE AFTER KILBY AND INVALIDITY DEFENSE (104-3)

- Two major legal issues
- District courts, after approximately 8 to 10 months argument, generally reach a conclusion and proceed to settlement procedure in the court by disclosing their tentative view about the literal infringement and invalidity, generally in case when patent infringement is affirmed.
- On the contrary if a panel come to a conclusion that there is no infringement, a court tends to proceed to delivery of judgment.
- The board of JPO also decides usually almost 10 months after filing a trial.

WINNING RATE IN PATENT INFRINGEMENT CASES IN JAPAN

- Winning rate of a patentee in judgments of patent infringement litigations in Japan is around 20 percent.
- 20 percent is a misleading figure as a winning rate.
- Around 50 percent of patent infringement cases end through court settlements procedures.
- Around 80 percent of settlement cases are settled in favor of a patentee

CORRECTION OF A CLAIM

- A correction to a smaller claim is a counter attack by a patentee against an invalidation defense.
- When an alleged infringer contends an invalidation defense, a patentee often responds to it by filing for a trial for correction to the JPO or by making a request for correction of the claim within the on-going invalidation trial at the JPO.
- When it is certain that the correction shall be permitted and the corrected claim is not invalid, and the accused product will still fall within the scope of the corrected claim, then the invalidation defense shall fail to work and the exercise of the patent right shall be affirmed in the patent infringement litigations.

DELAY OF PATENT INFRINGEMENT LITIGATIONS BY CORRECTIONS OF A CLAIM

- A panel had to reexamine about the invalidity and the scope of the corrected claim at every time a claim correction was made
- There was no limit as to the number of claim corrections
- If there was a chance for a patent not to be invalidated by further corrections, courts had to wait until the proper correction of a claim
- Before the amendment of Patent Act enacted on April 1st, 2012, a patentee had several chances to file for a trial for correction to the JPO during a certain period after a patentee received a decision to invalidate his/her patent by a board of JPO.

DELAY OF PATENT INFRINGEMENT LITIGATIONS BY CORRECTIONS OF A CLAIM

- When a patentee has succeeded in making a correction to make the claim smaller, the courts often revoked the invalidation decisions already rendered by a board of JPO based on Article 181-2 of the previous Patent Act, simply because the scope of the claim has changed by the correction.
- After the enactment of this amendment, a patentee could neither file for a trial for correction nor request for any corrections after an action against an invalidation decision of the JPO was filed at the IP High Court. Instead, an advance notice system was created by the aforesaid amendment.

DELAY OF PATENT INFRINGEMENT LITIGATIONS BY CORRECTIONS OF A CLAIM

- An advance notice before an invalidation decision by a board of the JPO shall be made in cases where there are enough grounds for invalidation in a trial. After an advance notice, a patentee will have a chance for claim corrections in the invalidation trial procedure at the JPO for a certain period.

ABUSE OF AN INVALIDITY DEFENSE ARTICLE 104-3(2)

- Article 104-3(2) of the Patent Act
- “Where the court considers that materials used for an allegation or defense under the preceding paragraph are submitted for the purpose of causing undue delay in the proceedings, the court may upon a motion or ex officio, dismiss the allegation or the defense.”



UNIFICATION BY IP HIGH COURT OF DECISIONS BY A BOARD OF JPO AND JUDGMENTS BY A DISTRICT COURT

- In order to unify the conclusion on validity of the patent, it is general practice for the IP High Court to allocate both cases to the same panel so that the same panel hears both cases and decides invalidity of the patent in both cases coherently .
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A NEW AMENDMENT OF THE PATENT ACT(CREATION OF 104-4)

- Article 104-4
- ” Parties in a patent infringement litigation, for which the court has already issued its final and binding judgment, are prohibited from requesting a retrial based on the following JPO trial decisions, which became final and binding after the said court judgment.
- 1) A trial decision that invalidates a patent or a registration of extension of duration”

ARE DUAL TRACKS OF INVALIDATION TRIAL AT JPO AND INVALIDATION DEFENSE IN INFRINGEMENT LITIGATIONS NECESSARY?

- These three differences are the reasons why we could not abolish JPO board trial.
- A Retrospective and publicly invalidated effect is necessary.
- B Ex officio examination is very helpful for small companies.
- C Chances for claim corrections before a board at JPO should be limited.
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DUAL TRACKS OF INVALIDATION TRIAL AT JPO AND INVALIDATION DEFENSE IN INFRINGEMENT LITIGATIONS ARE NECESSARY

- The reason why we do not abolish the invalidity defense is as follows.
- D A court does not have to wait for a board decision of invalidity.
- E A court, after viewing the invalidity of a patent and evaluating the patented invention, could decide the injunction and amount of damages confidently and appropriately.

DUAL TRACKS OF INVALIDATION TRIAL AT JPO AND INVALIDATION DEFENSE IN INFRINGEMENT LITIGATIONS ARE NECESSARY

- F Before the Kilby judgment, a court decided a scope of the patented invention narrowly to avoid the injunction and payment of damages, in case when a patent was clearly invalid., but after the Kilby judgment, a court could decide directly about the invalidity and doesn't have to narrow the claim interpretation.
- G After A court reached a conclusion about legal issues of literal infringement, doctrine of equivalents, or invalidity defense, a court could advise an appropriate settlement plan and persuade both parties by disclosing the total views about those issues with confidence. An appropriate settlement plan by court often leads both parties to a better and speedy total solution of the conflict than to render the judgment.