Decade History and Future Prospects of Intellectual Property High Court

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I Introduction

Since the Intellectual Property High Court (herein after referred to as "IPHC") has been established based on Act for Establishment of the Intellectual Property High Court on April 1, 2005, a decade has passed on April 1, 2015.

As the use of intellectual properties in the Japanese economy and society increased and the awareness of the importance of the role of judiciary in intellectual property protection grew, the Act was enacted for the purpose of further increasing the effectiveness and efficiency of court proceedings for IP-related cases and further enhancing the specialized judicial system by establishing a court specially for IP-related cases.

However, the Intellectual Property Division of the Tokyo High Court which is the predecessor of the IPHC has a long history. In November 1950, the 5th Special Division was established as a division which handles all IP-related cases in the Tokyo High court. In March 1958, an IP specialized division, which handled only IP-related cases was established as one of civil divisions of the Tokyo High Court to replace the 5th Special Division. After that, the number of specialized divisions increased to four, and these specialized divisions were turned into the divisions of the IPHC.

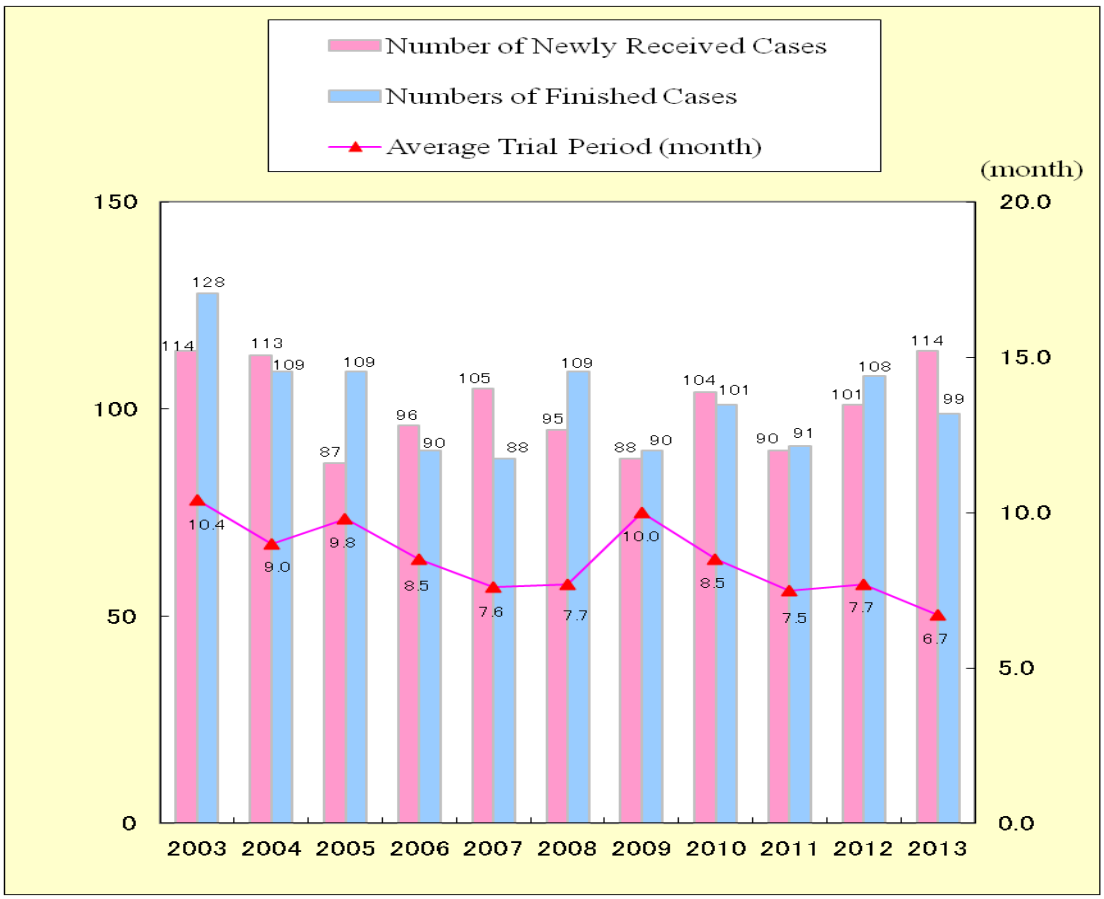
Currently, the Tokyo District Court has four divisions which specialize in IP-related cases, and the Osaka District Court has two such divisions. Since April 2004, exclusive jurisdiction with regard to an action relating to a patent right, utility model right, right of layout-designs of integrated circuits or a copyright over a computer program (hereinafter referred to as an "action relating to a patent right, etc."), were admitted to the Tokyo District Court and the Osaka District Court, thus, the specialized divisions of both district courts function substantially as a patent court. The IPHC has exclusive jurisdiction over appeal against actions relating to a patent right, etc., therefore, it handles all of these appeal cases.

Moreover, the IPHC also has exclusive jurisdiction over litigations seeking rescission of the JPO decisions. In order to achieve effective and efficient court proceedings concerning cases including highly specialized skills, the IPHC is currently (numbers are that of 2014.3) composed of 16 judges, 11 judicial research officials who research technical matters and have experience of JPO examiners, etc. or patent attorneys, and more than 200 members of

technical advisors (part-time court staff) consisting of professors engaging in researches of cutting-edge technology and researchers of public institutions, etc .

FIG. 1. For IP-Related Cases (Appeal Cases), the Numbers of Newly Received Cases and Finished Cases, and Average Trial Period

（Appeal Cases in the IPHC, in the Tokyo High Court until March 31, 2005）



(According to a survey by the Supreme Court)

II Decade Statistics of IPHC Cases

1 IP-related Civil Case (Appeal Case)

For IP-related civil cases (appeal cases), the numbers of newly commenced and disposed cases, and average time interval from commencement to disposition are shown in FIG. 1. As for the type of cases, according to estimation in recent years, cases related to patent rights or utility model rights account for about 45%, cases related to copyright and the Unfair Competition Prevention Act account for about 20% respectively, cases related to trademark

rights account for about 13%, cases related to design rights account for about 3%, and other types of cases fill the rest.

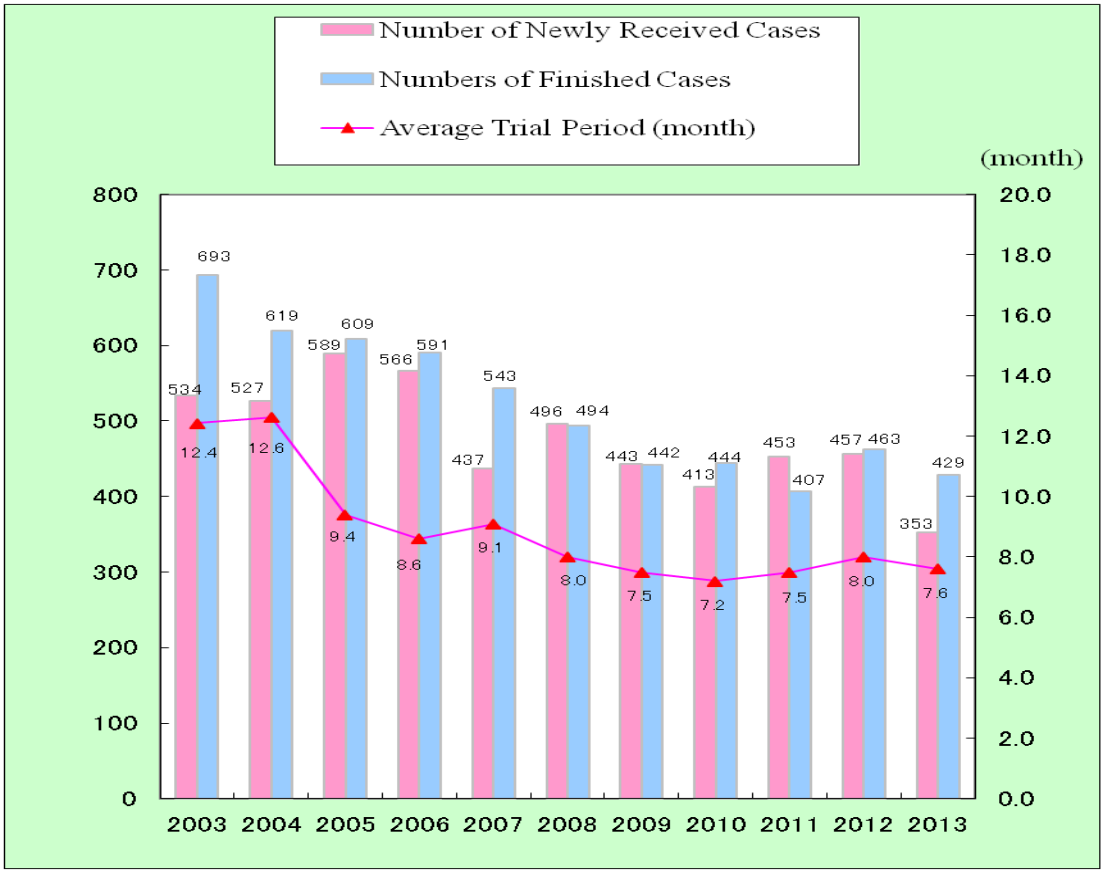
The average time interval fluctuates every year; the fluctuation margin is larger than that of litigation seeking rescission of the JPO decisions due to large influence depending on individual situation of each case. However, the graph shows that court proceedings have been accelerated compared to the time interval at the start-up of the IPHC.

2 Suits against appeal/trial decisions made by the JPO

For litigations seeking rescission of the JPO decision, the numbers of newly commenced and disposed cases, and average time interval from commencement to disposition are shown in FIG. 2.

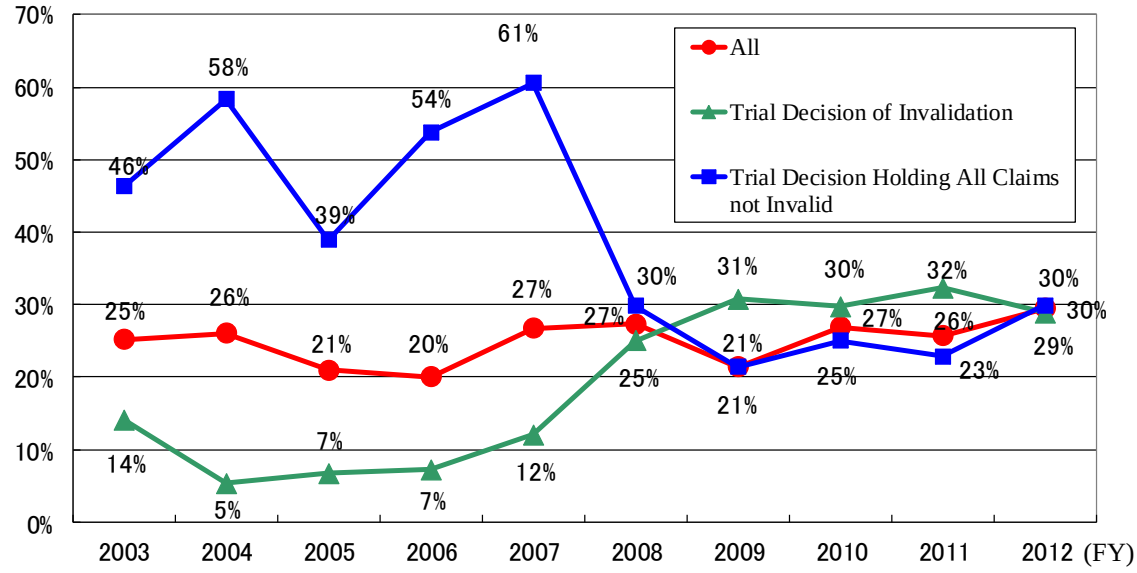
FIG. 2. For Litigations Rescinding the Trial Decision, the Numbers of Newly Received Cases and Finished Cases, and Average Trial Period

（Appeal Cases in the IPHC, in the Tokyo High Court until March 31, 2005）



(According to a survey by the Supreme Court)

FIG. 3. Revocation Rates of Trial Decision in Litigations Rescinding the Trial Decision in Cases of a Trial for Invalidation of the JPO (Patent and Utility Model)



Concerning the types of such litigations, according to rough estimation, cases on patent rights or utility model rights account for about 75%, cases on trademark rights account for about 20%, and cases on design rights account for about 3%. The average time interval has largely shortened from more than 12 months at the time before the IPHC has been set up to about 8 months.

Moreover, the rescission rates of JPO's trial-for-invalidation decisions (patent and utility model) in suits against such decisions between 2003 and 2012 are shown in FIG. 3. When comparing the IPHC's rescission rates of JPO trial decisions which held a patent to be invalid with that of JPO trial decisions which held all claims not to be invalid, in the past, the rescission rates of the former was lower than that of the latter. However since 2008, the rescission rates for both types of cases have been around 30%[1].

On a different note, the patent opposition system once abolished by the revision of the Patent Act in 2003 was established again by the revision of the Patent Act in 2014, for the purpose of early stabilization of patent rights through public review. How the said system affects the stability[2] of patents and the trend of cases in IPHC will attract attention.

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[1] Refer to p18 "General Overview of Trial (System and Operation section) in FY2013" of the JPO.

[2] It has been stipulated by the revision of the Patent Act in 2004 that validity can be disputed not only in trial-for-invalidation proceedings at the JPO but also in litigations concerning infringement of patent rights, and in a number of patent infringement cases, the court has decided that the patent should be made invalid (Note that naturally a number of patents were found to be invalid in trial-for-invalidation at the JPO too.) Although various evaluations and arguments on these data seems to have been made, at least it is too superficial to argue the trend of judgments of the court based only on the outcome of cases or statistics obtained by summing these outcomes. In either proceedings of trial-for-invalidation or patent

3 Winning Rate of Patentees

In the meantime, it is sometimes pointed out that the winning rate of patentees in judgments for patent infringement cases in Japan, which is about 20%, is too low. As this matter seems to criticize the whole intellectual property litigation system in Japan including the IPHC, I would like to comment on this point in this paper.

First, important matters in litigations are fairness and the quality of decision. On the other hand, whether a party concerned wins or loses is the result of the litigation. It should be confirmed that the winning rate of patentees is merely the statistics that is the sum of results of litigations viewed only from one side and does not act as the index of right and wrong of judicial system. Even if the winning rate of patentees is to be considered, since it is the characteristic of patent infringement litigations in Japan that the court discloses its conclusion to the parties (equivalent to "the prior notice of judgment") after sufficient hearings from them, and leads the parties to reach a judicial settlement based on such conclusion, the reality of court's decisions in cases and the dispute settlement based on it cannot be understood correctly unless statistics on such settlements are considered together with that of judgments.

On this point, there are following statistics. The number of infringement cases based on patent or utility model right which ended either by judgment on merits or by judicial settlement in the Tokyo and the Osaka District Court between 2011 and 2013 were 238[3]. Out of 238 cases, 94 cases ended by judicial settlement, and in 10 of those cases, it is unclear whether or not any benefit provision was included in the settlement or not due to court's order to restrict access to court record for trade secrets reasons. The rest of the 84 cases that ended by settlement are classified as follows, depending on whether or not benefit provisions corresponding to the claimant's object of the claim was present in a clause of the settlement: (1) 41 cases included an injunction provision as a clause of the settlement, which may be said to be the primary objective of patent infringement litigations; (2) 29 cases[4] did not include an injunction provision but included a money

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infringement, arguments should be made after taking account of their actual circumstances: such as, that many invalidity defense claimed at the right-enforcement stage are based on new prior art that have not been considered in the examination stage, and that in patent infringement cases which ended by settlement, basically the patents are not made invalid.

[3] Collection of materials and data owes cooperation of the General Secretariat and Administrative Affairs Bureau of Supreme Court.

[4] These 29 cases in (2) can be further classified into: (2-1) 5 cases where the term of the patent has expired at the time of settlement; (2-2) 8 cases where it is considered that the right holder did not require a prohibiting benefit provision; (2-3) one case where agreement to assign a patent right is included; and (2-4) 15 cases where agreement to a royalty bearing license is included (this also includes cases with a money payment provision together with cross-license agreement or a covenant-not-to-sue provision).

payment provision; and (3) 14 other cases. Under such situation, even if about 6 cases[5] where money-payment-agreement seems to have been reached on the premise of non-infringement are removed from the 29 cases classified as (2) above, in 64 to 74 cases of settlements (64 to 74 cases because contents of 10 cases under court's order to restrict access to court records are unknown) , protection of the patentee's right has been achieved by an injunction provision and (or) a money payment provision. The percentage of such cases becomes 68-79% (percentage less than 1% is rounded off.). On the other hand, out of 144 cases that ended by judgment on merits, 37 cases obtained an order corresponding to the object of the claim requested by the right holder.

According to the above statistics, it can be said that the protection of patentee owner's right through litigation has been achieved in 101 to 111 cases out of a total of 238 cases which ended by judgment on merits or by settlement in 2011-2013, which accounts for 42 to 47% of the total cases (percentage less than 1% is rounded off).[6]

III Grand Panel Case

Since the IPHC has been established, it has delivered Grand Panel decisions for 8 cases as follows. Details thereof will be eliminated due to space of this paper[7].

(1) IPHC Case number 2005 (Ne)10040, Judgment on September 30, 2005 (Ichitaro case)

(2) IPHC Case number 2005 (Gyo-Ke) 10042, Judgment on November 11, 2005 (parameter patent case)

(3) IPHC Case number 2005 (Ne) 10021, Judgment on January 31, 2006 (used-up ink tank case)

(4) IPHC Case number 2006 (Gyo-Ke) 10563, Judgment on May 30, 2008 (solder resist case)

(5) IPHC Case number 2010 (Ne) 10043, Judgment on January 27, 2012 (product-by-process claim case)

(6) IPHC Case number 2012 (Ne) 10015, Judgment on February 1, 2013 (Waste storage

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[5] These 6 cases are cases where the amounts of money agreed to pay by the alleged infringer in the settlement was comparatively small, and the analysis was also made based on their court proceedings, sales scale of defendant products, etc. which can be seen from the court record.

[6] Although there are a certain number of patent infringement cases that end by withdrawal, some of those cases are the results of settlement outside the court (Kyo Nakamura, Shigeru Sanemoto, Takashi Matsuami: *Hoso-Jiho*, issued in November 2014, P 95" Overview of Cases in the IP High Court and the IP Divisions of the Tokyo and the Osaka District Court")

[7] The full text and summary of all Grand Panel judgments are available on the IPHC website, together with their English translations on the English website. The URLs of the IPHC websites are as follows:
Japanese site: http://www.ip.courts.go.jp/index.html
English site: http://www.ip.courts.go.jp/eng/index.html

device case)
(7) IPHC Case number 2013 (Ne) 10043, Judgment on May 16, 2014 (Apple v　Samsung case)
(8) IPHC Case number 2013 (Gyo-Ke) 10195, Judgment on May 30, 2014 (bevacizumab registration of extension of the duration of a patent case)

IV Characteristics of Method of Proceedings of IPHC

The characteristics of the method of court proceedings of the IPHC in suits against appeal/trial decisions of the JPO are as follows; intensive proceedings and providing an opportunity to the parties to give oral presentation to the court. In principle, two dates for preparatory proceedings are designated; on the first date, both the judge and the parties meet each other to confirm the main issues of the case, the deadline to submit briefs from both sides before the second date, whether a technical explanatory session (a procedure where not only technical explanation but also final presentation on main issues are conducted by both parties, and the judge, technical advisors and judicial research official ask questions, if necessary. In that context, it may be suitable to call it as an　"issue explanatory session"　instead of a "technical explanatory session".) should be held or not, the deadline to submit documents for presentation, and whether technical advisors will participate or not, etc.; and on the second date, both parties may conduct technical explanation and presentation on issues, and technical advisors participate on the date, if necessary. This method of proceeding is a model, so some judges may designate a third date for preparatory proceedings as a technical explanatory session and ask technical advisors to join this session.

The proceedings for IP-related civil cases (appeal cases) at the IPHC are as efficient as those of ordinary civil cases. One of the features of the proceedings in the IPHC is in that a technical explanatory session as mentioned above may also be held for appeal cases if necessary, such as when the issue of the case is complex or where it is necessary to modify the judgment of the court of first instance.

This method of proceedings has been introduced at IP divisions of the Tokyo High Court about two years before the establishment of the IPHC, and now is an established practice, useful for efficient and effective proceedings[8].

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[8] The guide on court proceedings and forms are available from "Guidance of Procedure" on the IPHC website (Japanese).

V International Exchange and International Information Transmission

With the advancement in the globalization of economic activities of companies, disputes on intellectual property rights have also become globalized. It is not uncommon that same kinds of disputes are filed to different courts around the world. Under such situation, the IPHC has been promoting international communications by active exchange of information and opinions between foreign legal professionals, and by widely disseminating information on IP litigation etc. in Japan to the world. In particular, judges of the IPHC have attended many international conferences, and many legal professionals from not only Europe and the US, but also Asian countries, such as People's Republic of China, the Republic of Korea, India, the Republic of Indonesia, the Socialist Republic of Viet Nam, and the Republic of the Union of Myanmar have visited the IPHC[9]. Taking these opportunities, the IPHC has disseminated information on IP litigation in Japan and enhanced mutual understanding[10].

As the latest topics, at the Tokyo convention of IBA (International Bar Association) held in October, 2014, a joint session hosted by the IBA's Intellectual Property and Entertainment Law Committee and Litigation Committee took place in the main conference room of the Tokyo High Court. A judge of the IPHC participated in the panel and introduced the judgment of the Grand Panel concerning a standard essential patent under a FRAND declaration (case (7) in the preceding Chapter III) in English and exchanged opinions. On that occasion, the IPHC also held a guide of its court room, etc. for the participants from various countries around the world.

Furthermore, International Symposium commemorating the 10th Anniversary of the IPHC (jointly hosted by the JPO, the Japan Federation of Bar Associations, and the IP Lawyers Network Japan) was held in April, 2015. Distinguished judges in the IP field were invited from 4 countries, the US, UK, Germany and France to hold a five-country mock trial with regard to a common case, together with judges of IPHC.

On the IPHC website, information on some contents is provided also in foreign languages (English, French, German, Chinese and Korean). With regard to judgments, not only the summary of important judgments but also full text of especially important judgments of the IPHC and the IP judgments of the Supreme Court are translated into English, and are available through the IPHC website.

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[9] The details of the international exchange are introduced online with photographs in the "topics" site in the IPHC website (both Japanese and English site).

[10] For effective information dissemination, the IPHC Guidebook including both Japanese text and English text in parallel is effectively utilized and is also available on the website (both Japanese and English site) in PDF form.

VI Future Prospects

An era of international forum shopping has started due to the globalization of intellectual property disputes together with economic globalization. If an IP dispute arises between multinational companies which are carrying out international economic activities, selection of a country where they should file a case is becoming more important, thus, it is obvious that whether the litigations proceed justly and effectively becomes the index of the selection. The IP dispute between Apple and Samsung with regard to portable cellular phones and tablets, which was reported to have terminated after withdrawal of all patent litigations outside U.S. in August, 2014, is a typical example of an IP dispute between companies which are involved in international economic activities, and it is interesting how courts of each countries have been utilized. It is natural to file cases with the court of the US having a big market, but, it seems that many litigations and petitions for provisional disposition were also filed with courts of Japan in Asia, and Germany in EU, etc. In Japan, a total of seven litigations and a total of ten petitions for provisional dispositions order for injunction were filed with the Tokyo District Court. Among them, there were four cases where judgment was rendered, and eight cases where court decision on provisional disposition was made and appeals were filed; and in the IPHC, out of those cases which were appealed, three judgments and five decisions on appeal against ruling of provisional dispositions were rendered. The number of cases of litigations and applications for provisional dispositions filed with the Tokyo District Court is significantly large in the world perspective. It is internationally noteworthy that the High Court level decisions including Grand Panel judgment and decisions has been rendered in Japan promptly as a result of efficient proceedings of the court.

Japan's IP litigation is becoming more mature by the efforts of people engaged in handling IP affairs. In the future, it is expected for the IPHC to continue to make even more effort to enhance effective and efficient court proceedings, to disseminate international information worldwide, to exchange active opinions with the Western countries and Asian countries, etc. so that the role of judiciary in protection of intellectual property rights is fulfilled.

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