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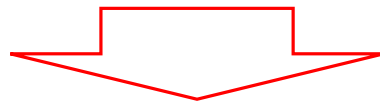
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Defense of invalidity and Re-defense of correction

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

Even prior to the issuance of a final decision invalidating the patent, if it is clear that the patent at issue has reasons to be invalidated, a claim of injunction, damages, or other claims based on such patent should be deemed as an abuse of patent right and is thus prohibited unless there are special circumstances such as pendency of a request for correction.

- Fair outcome can be expected (The principle of equity)
- Dispute resolution in single procedure (Consistent with judicial economy)
- Acceleration of proceedings of patent infringement litigation

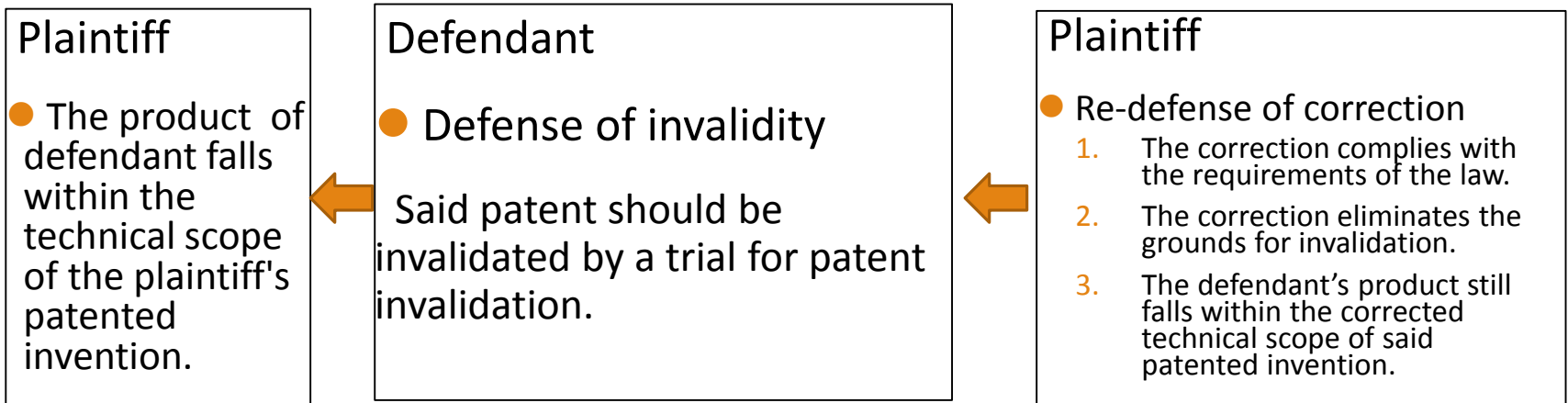


ARTICLE 104-3 (1) OF THE PATENT ACT (DEFENSE OF INVALIDITY) * Introduced in 2004

Where, in litigation on infringement of a patent right or an exclusive license, the patent in question is recognized as being invalid by a trial for patent invalidation, the rights of the patentee or exclusive licensee may not be exercised against the adverse party.

Defense of invalidity and Re-defense of correction

INFRINGEMENT LAWSUIT



Relationship with the trial procedure in JPO

Patent invalidation trial

Only an interested person may file a request for trial (Art. 123 (2)). Once the final and binding decision is given, the person may not file a request based on the same facts and evidences (Art.167).
– Is it necessary to file a request for invalidation trial ?

Patent invalidation trial

-Is it necessary to file a request for correction ?

Correction trial

-Is it necessary to file a request for correction trial ?

Issues of parallel procedures and solutions for them

ISSUES

1. Burden on patent holder
 - i. The validity of a patent is judged by two procedures, i.e. lawsuit and trial.
 - ii. An interested person may file a request for invalidation trial anytime and many times.*
- * Parties may not file a request for a trial on the basis of the same facts and evidence as a final and binding trial decision. (Art.167 of Patent Act)
2. Possibility of discrepancy between judgment and (trial) decision.

SOLUTIONS

1. Dismissal of an abusive allegation of defense of invalidity (Art.157 of Code of Civil Procedure, Art.104-3.Para 2 of Patent Act)
2. Limitation to allegation in a demand for retrial (Art.104-4 of Patent Act)
3. Suspension of trial and litigation proceedings (Art.168.Para 1 & 2 of Patent Act)
4. Notification between the court and JPO. (Art.168.Para 3 through 6 of Patent Act)
5. Judgment supported by high expertise
 - i. Judgment made by IP High Court and the specialized divisions of district courts.
 - ii. Involvement of judicial research officials and technical advisors
6. Consistent judgments by IP High Court

Defendant's brief #1

1. Components of both Products \Rightarrow no dispute
2. Whether Products X and Y fall within the technical scope of the Patented Invention:

Product X: no dispute

Product Y: has concave portions on the outer peripheral surfaces of the rotary valves.

\Rightarrow Element F (the clearance is set as less than $20\mu\text{m}$) is not fulfilled

3. Defense of invalidity (Art. 104-3 of the Patent Act)

The Patented Invention lacks inventive step based on disclosure in Gazettes 085 and 165.

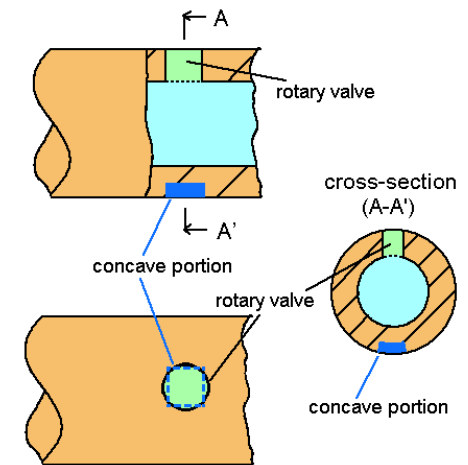
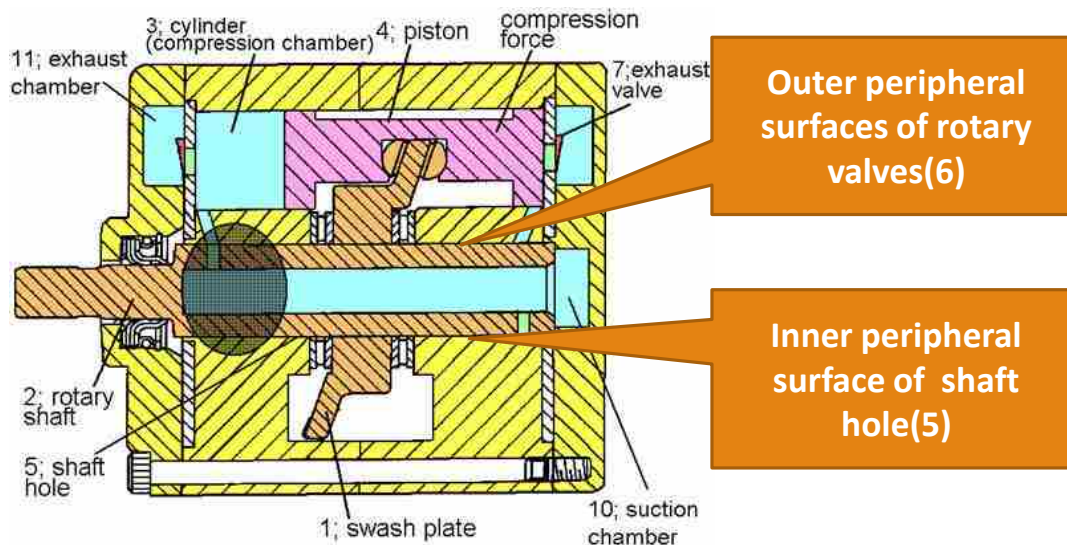
Suspension of court proceedings

- Motion for suspension of court proceedings (Art. 168.Para2 of Patent Act) because Defendant requested a trial for patent invalidation before JPO.
- The Court does not stop its proceedings for the following reasons:
 - Delay in time of judgment due to suspension
 - Court's expertise
 1. Exclusive jurisdiction of Tokyo / Osaka District Court (Art6.Para1 of the Code of Civil Procedure)
 2. Judicial research officials (full-time court staff) and technical advisors (part-time national public officers)
 - Consistency in judgments at IP High Court
 - ⇒ Appeals against trial decision made by JPO and judgment of first instance patent infringement lawsuit are both within jurisdiction of IP High Court

SCENE 2 ~ THE FIFTH DATE FOR ORAL ARGUMENT (EXPLANATORY SESSION)

1. Whether Product Y falls within the technical scope (Plaintiff's allegation)

- (1) Element F of Patented Invention = “the inner peripheral surface of said shaft hole(5) directly supports the outer peripheral surfaces of said rotary valves(6) and the clearance between them is set as less than $20\mu\text{m}$ ”
- (2) Component of Product Y (there are concave portions in a part of the outer peripheral surfaces of rotary valves(6))



SCENE 2 ~ THE FIFTH DATE FOR ORAL ARGUMENT (EXPLANATORY SESSION)

1. Whether Product Y falls within the technical scope (Plaintiff's allegation)

- (3) Wording of the claim of Patented Invention only recites "the outer peripheral surfaces of said rotary valves(6)", which does not exclude the element that the concave portions exist on parts of the outer peripheral surfaces.
- (4) Defendant asserts that the technical scope of Patented Invention should be construed limitedly as "all of the outer peripheral surfaces of said rotary valves", by focusing on the Written Opinion that states "the tilt of a rotary shaft(2) could be prevented if all clearance was being set as less than 20μm, between the inner peripheral surface of the shaft hole(5) and the outer peripheral surfaces of the rotary valves(6)". (Intentionally excluded)

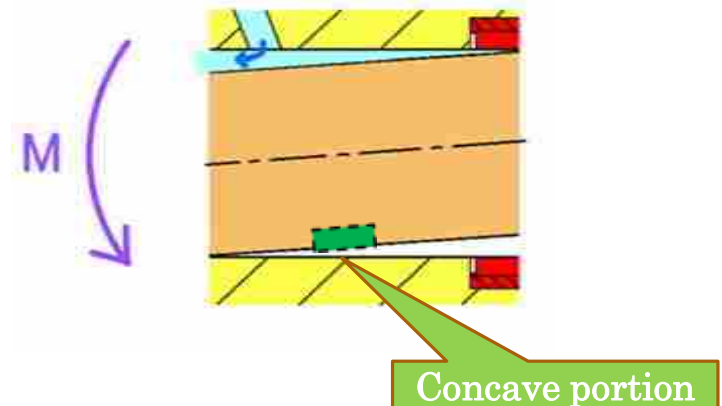
SCENE 2 ~ THE FIFTH DATE FOR ORAL ARGUMENT (EXPLANATORY SESSION)

1. Whether Product Y falls within the technical scope (Plaintiff's allegation)

(5) However,

- (i) Written Opinion stated "the tilt of a rotary shaft could be prevented if all clearance was being set as less than $20\mu\text{m}$ ", but did not state that all clearance was required to be set.
- (ii) In terms of function and effect, it is obvious that even if a concave portion exists in a part of the clearance, the tilt of a rotary shaft could be prevented.

Therefore, defendant's assertion should be rejected.



1. Whether Product Y falls within the technical scope (Defendant's allegation)

- (1) Element F literally stipulates the clearance between the inner peripheral surface of said shaft hole(5) and the outer peripheral surfaces of the rotary valves(6) is set as less than $20\mu\text{m}$, and does not stipulate that “predominant part of the clearance is set as less than $20\mu\text{m}$ ”.
- (2) It is written in the Description that this invention **prevented the tilt of a rotary shaft** by **precisely adjusting the clearance** between the inner peripheral surface of the shaft hole and the outer peripheral surfaces of the rotary valves **set as less than $20\mu\text{m}$** . Also, all the embodiments in the Description describe the outer peripheral surfaces of the rotary valves as cylindrically-shaped without concave portion, except for the outlets of the introduction passages.

1. Whether Product Y falls within the technical scope (Defendant's allegation)

- (3) In addition, Plaintiff obtained patent right by stating in the Written Opinion “The tilt of a rotary shaft **could be prevented if all clearance was being set as less than 20 μ m**, between the inner peripheral surface of the shaft hole and the outer peripheral surfaces of the rotary valves” (=Intentional exclusion).
- (4) Therefore, “the clearance” in Element F should be construed as “all the clearance”.
- (5) Product Y does not correspond to Element F because the clearance exceeds 20 μ m in the concave portions on the outer peripheral surfaces of rotary valves.

SCENE 2 ~ THE FIFTH DATE FOR ORAL ARGUMENT (EXPLANATORY SESSION)

2. Defense of invalidity (Defendant's Allegation)

The Patented Invention (Rotary valve compressor)	Main Cited Invention (Gazette 085)	Sub Cited Invention (Gazette 165)
A: A piston compressor,	✓ Reed valve compressor	✓ Rotary valve compressor
B: which has <u>rotary valves(6)</u> , has <u>rotary shafts(2)</u> that are integrated with said rotary valves(6) and has a <u>shaft hole(5)</u> that accommodates said rotary valves(6) in a rotatable manner,	✗	✓
C: which causes <u>pistons(4)</u> to make reciprocal motions through swash plates(1) in accordance with the rotation of said rotary shaft(2)	✓	✓
D: said shaft hole(5) has, on the inner peripheral surface, the inlets of suction passages(13) to intake refrigerant into compression chambers(3).	✗	✓
E: said rotary valves(6) have, on the outer peripheral surfaces, the outlets of introduction passages(12) that intermittently communicate with the inlets of said suction passages(13) in accordance with the rotation of said rotary shafts(2).	✗	✓
F: <u>the inner peripheral surface of said shaft hole(5) directly supports</u> the outer peripheral surfaces of said rotary valves(6) and the clearance between them is <u>set as less than 20µm</u> .	✓ Paragraph[0058]	✗ Supports through rolling bearings

2. Defense of invalidity(Defendant's allegation)

- (1) The differences between Patented Invention and Main Cited Invention derive from the fact that Patented Invention is a **rotary valve** compressor, and Main Cited Invention is a **reed valve** compressor.
- (2) Sub Cited Invention, which is an invention of **rotary valve** compressor, corresponds to all the components relating to the above-mentioned differences (Elements B,D,E) .
- (3) The paragraph [0049] of Gazette 085 (Main Cited Invention) cited Gazette 165 describing Sub Cited Invention, and states that **the invention written in the Gazette 085 can be applied to these rotary valves of the rotary valve compressor as disclosed in the Gazette.**

2. Defense of invalidity (Defendant's allegation)

- (4) Accordingly, PHOSITA can easily conceive the components of Patented Invention relating to the differences by applying the rotary valve compressor in Sub Cited Invention instead of the reed valve compressor in Main Cited Invention.
- (5) Therefore, Patented Invention is invalid due to lack of inventive steps.
- (6) Sub Cited Invention which does not have concave portion is applied to the components for rotary valves (Elements B,E,F). Thus, the components of Patented Invention that include Element F can be reached even when “the clearance” in Element F is construed as “all the clearance”(=no contradiction in Defendant's allegations).

2. Defense of invalidity (Plaintiff's allegation)

- (1) Allegation on lack of inventive step = Gazette 085 (Main Cited Invention : Reed valve compressor) + Gazette 165 (Sub Cited Invention : Rotary valve compressor)
- (2) Significant difference = Patented Invention is a rotary valve compressor
 - (i) Gazette 085 [0049] only implies that a concave portion of a rotary shaft could be applied to a part of rotary valve. = Does not suggest that Sub cited invention would be applied to the specific technology described in the Main Cited Invention (reed valves) which shall be deemed as a starting point. (No use of generic concept and abstract idea).
 - (ii) Other than [0049], there is no general suggestion or motivation by which the rotary valve is applied to Main Cited Invention instead of its reed valve.

2. Defense of invalidity (Plaintiff's allegation)

- (iii) Gazette 165 shows the technology which adopts just common rolling bearings and its technical idea is totally different from that of Gazette 085.
- (iv) Therefore, based on Gazettes 085 and 165, it could not have been easily conceived that the rotary valve in Gazette 165 would be applied instead of the reed valve in Gazette 085.
- (v) In addition, with regard to the issue on technical scope, Defendant asserts that the existence of concave portions of the rotary valve does not satisfy the Element F.

However, on the premise of this defendant 's assertion about non-satisfaction of the Element F, the component of Patented Invention cannot be reached even in applying Cited Inventions because “Gazettes 085 + 165 = structures in which concave portion exists on the rotary valve”
(=Contradiction in the Defendant’s allegations)

SCENE 2 ~ THE FIFTH DATE FOR ORAL ARGUMENT (EXPLANATORY SESSION)

3. Re-defense of correction (Plaintiff's allegation)

(1) Requirements for re-defense of correction (precedent) :

- (i) Lawful correction (In this case, a request for correction in invalidation trial was filed before JPO & said correction fulfills the requirements for correction because it is restriction of the scope of claim.)
- (ii) Ground for invalidation asserted by defendant is eliminated by said correction (see (2) below)
- (iii) Product Y falls within the technical scope of Patented Invention after the correction. (In this case, not at issue.)

(2) Regarding Requirement (ii) of the above

- (i) Comparison between Corrected Invention and Main Cited Invention described in Gazette 085 : In terms of the shape of the outer peripheral surface of a rotary shaft, “the outer peripheral surface of a rotary valve of Corrected Invention is cylindrically-shaped except for the outlets of the introduction passages, while Main Cited Invention has concave portions in the outer peripheral surface of a rotary shaft”.(=generated difference)
- (ii) Concave portions on the outer peripheral surface are essential parts in Gazette 085, and can not be removed. ⇒ No motivation to apply Gazette 165 (no concave portion) to Gazette 085.
- (iii) Therefore, as for Corrected Invention, PHOSITA could not have easily invented it by applying the rotary valve in Gazette 165 instead of the reed valve in Gazette 085.

= Inventive Step !

SCENE 2 THE FIFTH DATE FOR ORAL ARGUMENT (EXPLANATORY SESSION)

3. Re-defense of correction (Defendant's allegation)

- (1) Rotary valve compressor with the outer peripheral surface of the rotary valve which is cylindrically-shaped except for the outlets of the introduction passages is shown in the drawing of Gazette 165. Therefore, the outer peripheral surface of the rotary valve of Sub Cited Invention could be found as :
- (2) E''': said rotary valves(6) have, on the outer peripheral surfaces, the outlets of introduction passages that intermittently communicate with the inlets of said suction passages in accordance with the rotation of said rotary shafts(2), and the outer peripheral surfaces of said rotary valves are cylindrically-shaped except for the outlets of the introduction passages.
- (3) Thus, having seen Gazette 085, PHOSITA can understand that the rotary valve compressor in Sub Cited Invention is applied instead of the reed valve compressor in Main Cited Invention according to the suggestion of paragraph [0049] of the Gazette 085, which results in obtaining a structure different from Main cited Invention in the Element E (=generated difference).
- (4) Thus, the grounds for invalidation cannot be eliminated, and the re-defense of correction does not stand.

Interlocutory Judgment

- Product X infringes the Patent.
 - Product X falls within the technical scope of the Patented Invention.
(=undisputed)
 - The Patent shall be invalidated.
 - Grounds for invalidation can be eliminated by correction.
- Product Y does not infringe the Patent.
 - Product Y falls within the technical scope of the Patented Invention.
 - The Patent shall be invalidated.

Gist of the Reasons

- The Written Opinion did not bring the matter of "all" or "part of" clearance into question.
 - ⇒ The word "all" cannot be construed as "intentional exclusion".
- The apertures of the concave portions of Product Y are nearly the same as the outlets of introduction passages.
 - ⇒ PHOSITA could easily understand the effect of preventing the tilt of the rotary shaft.
- Gazette 085 [0049] clearly refers to Gazette 165.
- PHOSITA cannot be motivated to apply the rotary valve(6) having no concave portions on the outer peripheral surface of Sub Cited Invention instead of the rotary shaft(2) having concave portions on the outer peripheral surface of Main Cited Invention.