Explanation of the New IP Conciliation at the Osaka District Court

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21st and 26th Civil Divisions
Osaka District Court

In 1999, the Osaka District Court started operating the practice for conciliation concerning intellectual property cases (hereinafter referred to as "IP conciliation"). Since then, a certain number of IP cases have been resolved through IP conciliation.

Along with the new practice for IP conciliation to be put into operation at the Tokyo District Court, the Osaka District Court has drawn up this explanatory document and the "Guidelines for IP Conciliation Proceedings at the Osaka District Court" attached hereto as additions to the existing framework for IP conciliation, and as from October 1, 2019, it will start operating the new practice for IP conciliation so that IP conciliation will be more accessible to parties to IP cases.

This document provides an explanation of the basic framework and characteristics of the new IP conciliation. For details concerning the method of filing a petition and the guidelines for conducting proceedings, please refer to the "Guidelines for Proceedings."

1. What Is IP Conciliation?

(1) IP conciliation is a means to solve civil disputes over intellectual property rights in a speedy manner through flexible proceedings for civil conciliation.

(2) Civil disputes over intellectual property rights are monetary or non-monetary disputes over the existence or the scope of rights and obligations under private law with regard to: patent rights, utility model rights, design rights, trademark rights, rights of authors, print rights, neighboring rights, layout-design exploitation rights, breeder's rights under the Plant Variety Protection and Seed Act, unauthorized use of trade names, etc. prohibited under the Unfair Competition Prevention Act, the Commercial Code, and the Companies Act, and unauthorized use of another person's name or portrait (infringement of rights of publicity).

(3) While litigation is a procedure that is carried out basically toward obtaining a court judgment, conciliation is a procedure for solving a dispute through negotiations (compromise) between the parties.

(4) Civil conciliation is a procedure conducted at a summary court or district court that aims to solve a dispute with the help of conciliation commissioners appointed from those with expert knowledge and experience in various fields of society. IP conciliation,

which is one category of civil conciliation, is available at the Tokyo District Court and the Osaka District Court, where divisions specialized in IP cases are established, and it is conducted by a conciliation committee composed of a judge who handles IP cases as regular duty, and conciliation commissioners who are lawyers and patent attorneys with vast experience in dealing with IP cases.

(5) IP conciliation is conducted with the aim of solving a dispute in a speedy manner on the premise that the parties have agreed to bring their dispute to conciliation and have engaged in some negotiations beforehand, and through the procedure where the conciliation committee may present its opinion by a fixed date.

2. Characteristics of IP conciliation

As compared to litigation, IP conciliation has the following characteristics: (1) flexible; (2) economically efficient; (3) expertness; (4) speedy; (5) effective; and (6) closed to the public.

(1) Flexible

Any person who is a party to a dispute may file a petition for conciliation. This means that not only a right holder but a party against whom a right is enforced may file a petition for conciliation to solve the dispute (Article 2 of the Civil Conciliation Act).

In the written petition for conciliation, the petitioner must state the object of the petition and the points of the dispute (Article 4-2 of the Civil Conciliation Act). As compared to a complaint to be submitted when filing a lawsuit (Article 133 of the Code of Civil Procedure), the petitioner for conciliation can state the backgrounds and realities of the dispute and the details of the desired solution of the dispute more flexibly.

The petitioner may withdraw the petition for conciliation after hearing the opinion of the conciliation committee and negotiate with the respondent out of court based on that opinion. If the petitioner finds it difficult to reach a solution through negotiations, it is possible to use other procedures such as filing a lawsuit or petitioning for an order of provisional disposition. The petitioner for conciliation is not necessarily required to seek a solution only through conciliation.In these aspects, conciliation can be used more flexibly than litigation.

(2) Economically efficient

The amount of fees required for filing a petition for civil conciliation is less than half the amount of fees required for filing a lawsuit if the economic benefit sought by these means is the same (Article 3, paragraph (1) of the Act on Costs of Civil Procedure).

No additional costs are required to hear an opinion of the judge of the IP division or the conciliation commissioners who are lawyers or patent attorneys, or to seek the administration of some affairs by a judicial research official (except for costs incurred for serving documents upon the parties and examining evidence).

If conciliation ends unsuccessfully, and the petitioner files a lawsuit with regard to the claim for which conciliation has been sought, within two weeks after receiving the notice of unsuccessful conciliation, the amount of fees paid when filing a petition for conciliation is deducted from the amount of fees required for filing an action (Article 5, paragraph (1) of that Act).

Thus, from an economic perspective, IP conciliation is a cost-efficient procedure.

(3) Expertness

Proceedings for IP conciliation are conducted by the conciliation committee set up for each case.

At the Osaka District Court, IP conciliation is conducted by the conciliation committee composed of three members, i.e., one judge who is in charge of IP cases at the 21st or 26th Civil Division, and two conciliation commissioners who are lawyers and patent attorneys with vast experience in dealing with IP cases (two lawyers, or one lawyer and one patent attorney, depending on the case).

In cases in which technical matters are involved in the dispute, a judicial research official may administer some affairs during the proceedings. Legally, a technical advisor may also administer some affairs (Article 22 of the Civil Conciliation Act; Article 33 of the Non-Contentious Case Procedures Act), but it is rare for a technical advisor to be involved in IP conciliation, which aims at speedy proceedings as explained in (4) below.

The parties may ask the conciliation committee composed of IP experts for an opinion from a fair and neutral viewpoint and advice toward a solution of the dispute with regard to legal and technical matters over which they have conflicting arguments.

(4) Speedy

In order to use IP conciliation, the parties must reach an agreement on jurisdiction for filing a petition for IP conciliation with the Tokyo District Court or the Osaka District Court. In most cases, the existence of such an agreement suggests that the petitioner and the respondent have some negotiations beforehand, and that they go to conciliation after understanding each other's allegations and the issues between them.

On that premise, the parties to IP conciliation are required to submit their allegations and evidence at an early date so that the conciliation committee can verbally present its determination and opinion toward a solution of the dispute by the third date for proceedings. Thus, IP conciliation is designed for speedy proceedings.

(5) Effective

Conciliation is a procedure aimed at achieving the solution of a dispute through negotiations between the parties in accordance with reason and the circumstances of the dispute (Article 1 of the Civil Conciliation Act). Therefore, the solution reached through conciliation is likely to be acceptable, voluntary, and easy for the parties to comply with.

When conciliation ends successfully and a conciliation record is prepared, the matters entered in the record have the same effect as a court judgment. The same applies when the court issues an order in lieu of conciliation by its own authority (Article 17 of the Civil Conciliation Act) and the order becomes final and binding without objection (Articles 16 and 18 of the Civil Conciliation Act; Article 267 of the Code of Civil Procedure).

The use of IP conciliation enables the parties to a dispute to reach an effective solution that is fit for the circumstances of the dispute.

(6) Closed to the public

While oral argument held in litigation proceedings is open to the public, all proceedings for IP conciliation are closed to the public. Therefore, matters such as whether or not a petition for conciliation has been filed or when conciliation proceedings are held are kept undisclosed to any third party.

Similarly, while any person may inspect case records of litigation, records of conciliation are not available for inspection by a third party who has no interest in the case (Article 12-6 of the Civil Conciliation Act).

Thus, IP conciliation is suitable for a party who wishes to solve a dispute based on the court's determination and opinion but does not want the existence of the dispute and its details open to the public.

3. Types of cases that are suitable or unsuitable for IP conciliation

(1) Cases suitable for IP conciliation

IP conciliation is suitable for such cases as where the point of contention between the parties is clear, but which party's allegation is valid cannot be decided through negotiations between them, and if this issue is decided based on the court's determination and opinion, the parties can reach an agreement on the details of how to solve the dispute.

As the object of the petition for IP conciliation can be stated flexibly (2.(1) above), IP conciliation can also be used to solve only a specific part of the dispute.

At present, the new framework for IP conciliation is considered to be useful to

address the following cases, which are cited just as examples, and IP conciliation is, of course, expected to be used for various other cases.

(i) A patent dispute in which there is no contention between the parties with regard to the validity of the patent right and the amount of reasonable licensing fees, and whether the respondent's product involves a specific constituent element of the petitioner's invention is the sole point of contention.

(ii) An IP dispute mentioned in 1.(2) above in which the petitioner, while planning to change the specification of its product in order to avoid a dispute with the respondent, anticipates from the past negotiations that the respondent would enforce its IP right against the petitioner's new product with the specification after the change, and seeks to confirm before the market launch that its new product does not infringe the respondent's right.

(iii) An IP dispute mentioned in 1.(2) above in which there is no contention between the parties with regard to the fact that the respondent's act falls within the scope of the petitioner's right, and whether the respondent has prior user's right is the sole point of contention.

(iv) A copyright dispute in which there is no contention between the parties with regard to the fact that the respondent has used the petitioner's work without permission, and the petitioner is not satisfied with the calculation by the respondent regarding the amount of sales earned by the respondent and the amount of loss incurred by the petitioner.

(v) A dispute concerning a contract in which the petitioner wishes to identify an appropriate amount of licensing fees while assessing the invalidity risk of its IP right because the respondent has pointed out the possibility of the invalidation of the IP right.

(vi) A case under the Unfair Competition Prevention Act in which the petitioner suspects that its former employee has stolen a trade secret after finding a job at the respondent company, and seeks only the return of the trade secret through closed-door proceedings.

(2) Cases unsuitable for IP conciliation

Conciliation is considered unsuitable to deal with cases in which the contention between the parties is so intense that it is unlikely that they can reach a solution through negotiations.

Speedy proceedings described in 2.(4) above may also be difficult in such cases as those with complicated backgrounds or involving a broad range of issues.