

Guide to IP Conciliation Proceedings

29th, 40th, 46th and 47th Civil Divisions
Tokyo District Court

As of October 1, 2019, the 29th, 40th, 46th and 47th Civil Divisions of the Tokyo District Court will start operating new practice for conciliation concerning intellectual property rights (hereinafter referred to as "IP conciliation"). The purpose, points to note when filing a petition, a proceedings model and other features of IP conciliation are as described below. IP conciliation will also start at the Osaka District Court as of the same date. For more details, please refer to the website of the IP Division of the Osaka District Court (relevant information to be posted around September 2019).

The proceedings model described herein is assumed only for the purpose of presenting a model case. Please note that how proceedings develop in actual cases may differ depending on the policy of each conciliation committee and the characteristics of each case.

In order to ensure fruitful proceedings, participants in the proceedings are requested to meet the deadlines designated by the court for submitting briefs and documentary evidence.

1. Outline of IP conciliation

IP conciliation is designed to solve disputes over intellectual property rights in a simple and speedy way, which may arise in business activities, through consultation between the parties based on documents submitted by deadlines and in reference to advice and opinions obtained from the conciliation committee composed of the judge of the IP division and experts such as lawyers and patent attorneys with vast experience in dealing with IP cases. IP conciliation is a judicial service providing the third dispute resolution tool within the framework of the existing law, which is unique and different from litigation and provisional disposition.

2. Characteristics of IP conciliation

IP conciliation has the following characteristics.

(1) Flexible

In IP conciliation, the parties can arrange the object for resolution as they wish in light of the circumstances of the negotiations between them. While the primary objective of IP conciliation is to solve a dispute through mutual consultation at court, the parties can also choose to go back to out-of-court negotiations in reference to the advice from the conciliation committee. They can also consider whether or not to file a lawsuit or a petition for an order of provisional disposition, while taking into consideration the developments in the conciliation proceedings.

(2) Speedy

Any party in negotiations may file a petition for IP conciliation at either the Tokyo District Court or the Osaka District Court based on an agreement on jurisdiction by the parties. It is presumed that by this stage, the parties in dispute have sorted out the issues to a certain degree through negotiations and they have respectively kept the relevant documents at hand. Based on this premise, in IP conciliation, the parties are asked to submit their allegations and evidence by the first date for proceedings, and in principle, the conciliation committee is supposed to present its opinion verbally by the third date for proceedings. IP conciliation is thus designed to achieve speedy resolution of dispute.

(3) Expertness

IP conciliation, which is conducted by the conciliation committee composed of the judge of the IP division and experts such as lawyers and patent attorneys with vast experience in dealing with IP cases, stand in comparison with litigation and provisional disposition in terms of expertise available. Judicial research officials may also administer some affairs ordered by the conciliation committee.

(4) Closed to the public

As with the case of ordinary civil conciliation proceedings, IP conciliation proceedings, including the fact that a petition for conciliation has been filed, are closed to the public. This enables the parties to pursue resolution of the dispute while keeping the existence of the dispute itself unknown to any third party.

3. Disputes covered by IP conciliation

(1) Cases covered

Subjects for which IP conciliation may be sought are basically the same as subjects of litigation on intellectual property rights, including disputes over patent rights, utility model rights, design rights, trademark rights, copyrights, layout-design exploitation rights, acts of unfair competition prescribed in the Unfair Competition Prevention Act, and unauthorized use of another person's name or portrait for advertising purposes or commercial purposes (excluding news reporting purposes).

(2) Cases suitable for IP conciliation

Cases suitable to be addressed in IP conciliation include disputes which have arisen during negotiations between the parties, in which the issues are not so complicated or have been identified through negotiations, and the parties wish to solve them through mutual consultation.

On the other hand, litigation proceedings and provisional disposition proceedings may be more suitable than IP conciliation to solve disputes in cases such as where: the right holder seeks an injunction to suspend the other party's products quickly; the right holder claims a large amount of damages and there are many issues; the relationship of trust between the parties has already been damaged and it seems to be difficult to solve the dispute based on mutual concession; the right holder faces the other party's claim of invalidity of the patent right, and it may take a considerable time to determine the validity.

For example, disputes suitable for IP conciliation include, but are not limited to, the following types of disputes:

- (i) Disputes over the similarity of trademarks
- (ii) Disputes over the existence or non-existence of the prior user's right for trademarks
- (iii) Disputes over the existence or non-existence of copyright infringement
- (iv) Disputes over the amount of damage caused by infringement of intellectual property rights
- (v) Disputes over the existence or non-existence of wrongful acquisition of trade

secrets

- (vi) Disputes over the existence or non-existence of imitation of the configuration of goods
- (vii) Disputes over the existence or non-existence of infringement of patent rights (limited to cases where the issues are simple or have been identified through negotiations)
- (viii) Disputes over the ownership of patent rights
- (xi) Disputes over licensing fees

4. Filing a petition for IP conciliation

(1) Jurisdiction

While summary courts have jurisdiction over conciliation cases (Article 3, paragraph (1) of the Civil Conciliation Act), IP conciliation cases are, due to the expertness and technical knowledge required for their solution, to be handled by either the Tokyo District Court or the Osaka District Court based on an agreement on jurisdiction by the parties. A sample form of an agreement on jurisdiction is provided in Attachment 1.

(2) Points to note when filing a petition

A. Information required to be specified in a written petition

A party filing a petition for IP conciliation must submit a written petition for conciliation to the court (Article 4-2, paragraph (1) of the Civil Conciliation Act). In the written petition for conciliation, the petitioner must state matters such as the object of the petition and the points of the dispute (the items of Article 4-2, paragraph (2) of the Civil Conciliation Act; Articles 3 and 24 of the Rules of Civil Conciliation; Article 1, paragraph (1) of the Rules of Non-Contentious Case Procedures). A sample form of a written petition for conciliation is provided in Attachment 2.

When stating the object of the petition and the points of the dispute, please note the following points.

(a) Object of the petition

- The object of the petition must be stated specifically to the same extent as the

object of the claim is stated upon filing a lawsuit if it is possible to clearly specify what the petitioner claims against the respondent, such as when making a claim for an injunction or damages or seeking a declaration of the non-existence of these claims.

[Example 1]

The respondent shall pay the petitioner XXXX yen with an amount accrued thereon at the rate of 5 percent per annum for the period from [Date] until the completion of payment.

[Example 2]

The respondent shall not transfer, display for the purpose of transfer, or import the products specified in the attached list of products.

The respondent shall dispose of the products specified in the attached list of products.

[Example 3]

It is hereby declared that the respondent has neither the right to claim an injunction against the petitioner to suspend the goods specified in the attached list of goods based on the trademark right specified in the attached list of trademark rights, nor the right to claim damages against the petitioner based on a tort due to infringement of that trademark right.

[Example 4]

The respondent shall deliver the documents specified in the attached list of trade secrets to the petitioner.

[Example 5]

It is hereby declared that the petitioner holds the right to obtain a patent for the invention specified in the attached list of inventions.

○ Even if it is impossible to clearly specify what is claimed against the respondent to the level described above, the petitioner must make efforts to state the object of the petition as clearly as possible.

[Example 6]

The respondent shall restore the petitioner's account on the online

shopping site managed and operated by the respondent, and thereby enable the petitioner to continue to operate its store on the webpage specified in the attached list of webpages.

[Example 7]

The respondent shall alter the posts on the website specified in item 2 of the attached list of websites, to the extent that viewers will not confuse this website with the petitioner's website specified in item 1 of the same list.

[Example 8]

The amount of licensing fees payable by the petitioner to the respondent for producing and selling the products specified in the attached list of products shall hereby be determined.

- If a petition for IP conciliation is filed for the purpose of promoting the negotiations with the respondent and it is impossible to clearly specify what is claimed against the respondent, the object of the petition may be, for example, described as follows, depending on the case.

[Example 9]

The petitioner and the respondent shall coordinate the terms and conditions of a stock purchase agreement between them to the extent they can agree upon.

(b) Points of the dispute

In a written petition for IP conciliation, the petitioner must state the points of the dispute, including the details and background of the dispute, the petitioner's arguments on the issues and counterarguments against the respondent's arguments, the history of the past negotiations, and how the petitioner wishes to solve the dispute.

B. Submission of evidence

The petitioner must submit a copy of the evidence for proving the facts stated as the points of the dispute, together with a description of evidence (Articles 3 and 24 of the Rules of Civil Conciliation; Article 45, paragraph (1) of the Rules of Non-Contentious Case Procedures; and Article 137, paragraph (1) of the Rules of Civil

Procedure). Before filing a petition, the petitioner should consider preparing written statements of persons who are familiar with the situation and submitting them as documentary evidence.

In order to ensure that substantial proceedings can be held from the first date for proceedings, it is requested that the petitioner submit all items of documentary evidence intended to be used in the proceedings before the first date for proceedings.

5. Points to note when drafting a written answer

The respondent, after receiving a written petition, must submit a written answer, documentary evidence, a description of evidence, and other necessary documents to the court ten days prior to the first date for proceedings (about six weeks after the filing of the petition). In the written answer, the respondent must state whether the respondent admits or denies each of the facts alleged in the written petition, and specifically state the facts of defense and facts of rejoinder. If the respondent has any idea of a solution to propose to the petitioner, it should also be included in the written answer.

It is requested that the respondent submit all items of documentary evidence intended to be used in the proceedings before the first date for proceedings.

6. Composition of the conciliation committee

The conciliation committee is to be composed of three members: one judge of the IP division and two experts such as lawyers and patent attorneys with vast experience in dealing with IP cases. In cases in which technical matters are involved in the dispute, such as a dispute concerning a patent right, a judicial research official may administer some affairs ordered by the conciliation committee.

7. Procedural flow

IP conciliation is held on the premise that the parties have engaged in negotiations beforehand. The parties are asked to submit their allegations and related evidence by the first date for proceedings, and the conciliation committee is supposed to present its opinion

verbally by the third date for proceedings. In an easy case, the conciliation committee may present a conciliation proposal earlier than on the third date for proceedings, whereas, in a case in which it takes time to coordinate the contents of an agreement between the parties, the committee may hold proceedings four or more times, taking the wishes of the parties into consideration.

If either or both of the parties are located in remote places, proceedings may be held using a video conference system or similar device.

The conciliation committee's opinion includes not only the committee's determination on the issues, but also its view to the effect that in light of the difficulty of proof and the complexity of the case, solution through litigation or provisional disposition is more suitable. Taking into consideration the committee's opinion, the parties may choose to continue consultation through conciliation proceedings, or to terminate conciliation proceedings (due to unsuccessful conciliation or withdrawal of the petition), and then go back to out-of-court negotiations or file a lawsuit or a provisional disposition.

A model of IP conciliation is provided in Attachment 3. This model is assumed only for the purpose of presenting a model case. As mentioned earlier, please note that how proceedings develop in actual cases may differ depending on the policy of each conciliation committee.

8. Relationship between conciliation proceedings and subsequent litigation proceedings

If, after conciliation ends unsuccessfully or the petition is withdrawn, a lawsuit is filed with regard to the same claim as the claim for which conciliation was sought, the litigation proceedings of this lawsuit are to be conducted by judges of divisions other than the division to which the judge who served as a member of the conciliation committee belongs.

Sample Agreement on Jurisdiction

Petitioner: Company X

Respondent: Company Y

Agreement on Jurisdiction

The parties indicated above hereby agree to designate the Tokyo District Court as the court of jurisdiction over the conciliation case for a declaration of the non-existence of a claim for an injunction and another claim, as specified in the attached written petition for conciliation (draft).

[Date]

[Address]

Petitioner: Company X

Representative director of the petitioner: [Name]

[Address]

Counsel for the petitioner: [Name], Attorney at law [Seal]

[Address]

Respondent: Company Y

Representative director of the respondent: [Name]

[Address]

Counsel for the respondent: [Name], Attorney at law [Seal]

* The details of the dispute sought to be solved by conciliation are allowed to be specified in this form instead of attaching a written petition for conciliation (draft).

Sample Written Petition for Conciliation

Petition for Conciliation	
<u>Revenue stamps</u>	[Date]
To: Tokyo District Court	
Counsel for the petitioner: [Name] [Seal]	
Indication of the parties: As specified in the attached list of parties <Omitted>	
Conciliation case for a declaration of the non-existence of a claim for an injunction and another claim	
Value of the subject matter for which conciliation is sought: [] yen	
Amount of revenue stamps affixed: [] yen	
Amount of postage stamps for prepayment: [] yen	
Object of the Petition	
The petitioner seeks conciliation to the effect as follows:	
The respondent has neither the right to claim an injunction against the petitioner to suspend the goods specified in the attached list of goods <Omitted> based on the trademark right specified in the attached list of trademark rights <Omitted>, nor the right to claim damages against the petitioner based on a tort due to infringement of that trademark right.	
Points of the Dispute	
1. Background of the dispute, etc.	

<Omitted>

2. The petitioner's logo is not similar to the respondent's trademark

<Omitted>

Means of Evidence

Exhibit Ko 1: Photographs of the goods

Exhibit Ko 2: Trademark register

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Annexed Documents

1. Duplicate copy of the written petition
2. Copy of documentary evidence
3. Description of evidence
4. Power of attorney
5. Certificate of all registered information (certificate of qualification)
6. Agreement on jurisdiction

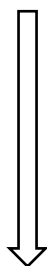
Proceedings Model

After the filing of the petition for conciliation before the first date for proceedings

- The petitioner submits to the court a written petition for conciliation stating the object of the petition and the points of the dispute, annexed documents including an agreement on jurisdiction, documentary evidence, a description of evidence, and other necessary documents.
- The respondent submits to the court a written answer, documentary evidence, a description of evidence, and other necessary documents ten days prior to the first date for proceedings (about six weeks after the filing of the petition).
- When a petition for IP conciliation is filed, the court designates conciliation commissioners, and if the case merits the involvement of a judicial research official, the court issues an investigation order to a judicial research official. The court then adjusts the schedule and designates a date for proceedings on which the counsels of both sides can appear at court.

On the first date for proceedings (about 6 weeks after the filing of the petition)

- The court confirms the issues and identifies the facts based on the written petition for conciliation, the written answer and the items of documentary evidence submitted, and hears both parties' wishes and requests, toward solving the dispute through consultation between the parties.
- From the viewpoint of ensuring fruitful proceedings from the first date for proceedings, it is desired that persons who are familiar with the dispute (e.g., persons in charge of the IP divisions) appear in court.
- In some cases, if the issues are simple and can be judged from the written allegations and documentary evidence submitted by the parties, the conciliation committee may present its opinion or suggest the direction of a possible solution on the first date for proceedings.
- If the conciliation committee finds any points that need to be supplemented in the allegations and evidence of the parties, it instructs the parties to submit supplementary allegations and evidence.



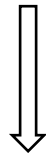
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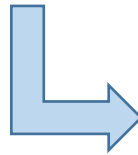
- Successful conciliation
- Unsuccessful conciliation / Withdrawal of petition
 - ⇒ Out-of-court negotiations between the parties
 - ⇒ Litigation / Provisional disposition

On the second date for proceedings (3 weeks to 1.5 months after the first date for proceedings)

- If the parties submit supplementary allegations and evidence, the conciliation committee holds discussions with the parties, and continues to hear the parties' wishes and considers a conciliation proposal, in an effort to encourage the parties to reach an agreement.
- In some cases, the conciliation committee may present its opinion or suggest the direction of a possible solution on the second date for proceedings.



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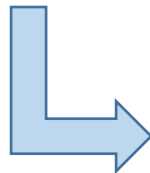


- Successful conciliation
- Unsuccessful conciliation / Withdrawal of petition
 - ⇒ Out-of-court negotiations between the parties
 - ⇒ Litigation / Provisional disposition

On the third date for proceedings (3 weeks to 1.5 months after the second date for proceedings)

- In principle, the conciliation committee verbally presents its opinion to the parties by the third date for proceedings, with regard to the committee's determination on the issues or whether it is appropriate to pursue a solution by litigation or provisional disposition.
- If the conciliation committee has already presented its determination on the issues and the parties have started consultation about the conciliation proposal, the parties go on with their consultation, with the aim of reaching successful conciliation. Even if conciliation has not been established successfully by the third date for proceedings, if there is a prospect for the parties to reach an agreement through consultation and the parties wish to continue the conciliation proceedings, the proceedings are continued.
- If the conciliation committee presents its determination on the issues on the third date for proceedings, the parties hold discussions on the conciliation proposal based on the committee's determination, with the aim of reaching successful conciliation on that date. If the parties wish to continue the conciliation proceedings, the proceedings can also be continued.
- Having heard the conciliation committee's determination, the parties can also choose to stop using the conciliation proceedings and go back to out-of-court negotiations.
- If the conciliation committee presents a view that the case is suitable to be solved through litigation or provisional disposition proceedings, the conciliation proceedings terminate due to unsuccessful conciliation or withdrawal of the petition, and the parties consider filing a lawsuit or petitioning for an order of provisional disposition.

(Continue)



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- Unsuccessful conciliation / Withdrawal of petition
 - ⇒ Out-of-court negotiations between the parties
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 - ⇒ Out-of-court negotiations between the parties
 - ⇒ Litigation / Provisional disposition