

Guidelines for IP Conciliation Proceedings at the Osaka District Court

September 1, 2019
21st and 26th Civil Divisions
Osaka District Court

As from October 1, 2019, the 21st and 26th Civil Divisions of the Osaka District Court will start operating the practice of IP conciliation under the new framework. The method of filing a petition, the guidelines for conducting proceedings and other features of the new IP conciliation are as described below.

For the basic framework and characteristics of the new IP conciliation, please refer to the "Explanation of the New IP Conciliation at the Osaka District Court" attached hereto (hereinafter referred to as the "attached explanation").

1. Case filing with the conciliation division

(1) Court

IP conciliation is available at the Tokyo District Court or the Osaka District Court. IP conciliation proceedings are handled by the divisions specialized in IP cases established in these courts.

For the guidelines for IP conciliation proceedings at the Tokyo District Court, please refer to the information posted on its website. Below is an explanation of the guidelines for IP conciliation proceedings at the Osaka District Court.

(2) Filing

At the Osaka District Court, the 10th Civil Division in charge of conciliation cases (hereinafter referred to as the "conciliation division") administers the reception of IP conciliation cases. Any person who wishes to use IP conciliation is required to submit an agreement on jurisdiction, a written petition for conciliation, documentary evidence and a description of evidence (hereinafter referred to as "documentary evidence with a description thereof"), and other necessary documents and to pay the required fees to the conciliation division. When these are completed, the case is received as an IP conciliation case.

(3) Agreement on jurisdiction

In principle, a conciliation case is under the jurisdiction of a summary court. Therefore, in order to use IP conciliation at the Osaka District Court, it is necessary to submit an agreement on jurisdiction prepared in the names of both parties to the effect that the parties agree to designate the Osaka District Court as the court of jurisdiction over their conciliation case (Article 3, paragraph (1) of the Civil Conciliation Act). The same

applies when using IP conciliation at the Tokyo District Court.

(Sample Agreement on Jurisdiction)

<p>Petitioner: Company X Respondent: Company Y</p> <p style="text-align: center;">Agreement on Jurisdiction</p> <p>The parties indicated above hereby agree to designate the Osaka District Court as the court of jurisdiction over the conciliation case for payment of licensing fees, as specified in the attached written petition for conciliation.</p> <p>[Date]</p> <p style="text-align: center;">[Address (... , Osaka Prefecture)] Petitioner: Company X Representative director of the petitioner: [Name] Counsel for the petitioner: [Name], Attorney at law [Seal] [Address (... , Tokyo)] Respondent: Company Y Representative director of the respondent: [Name] Counsel for the respondent: [Name], Attorney at law [Seal]</p>
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(4) Written petition for conciliation

In the written petition for conciliation, the petitioner is required to state the details of the desired solution in the section for the "object of the petition," and the cause of the dispute, the point of contention between the parties, the background, the negotiation history and other relevant matters in the section for the "points of the dispute."

(Sample Written Petition for Conciliation)

<p>Petition for Conciliation</p>
<p>Revenue stamps</p>
<p>[Date]</p>
<p>To: Osaka District Court</p>
<p>Counsel for the petitioner: [Name] [Seal]</p>
<p>Indication of the parties: As specified in the attached list of parties <Omitted></p>

Conciliation case for payment of licensing fees

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 confirm that the respondent's product specified in the attached list <Omitted> falls within the technical scope of the petitioner's patent specified in the attached list <Omitted> and to determine the amount of reasonable licensing fees to be paid by the respondent in the future.

Points of the Dispute

1. Details of the petitioner's invention

<Omitted>

2. Process of the respondent's product development

<Omitted>

3. Negotiation history

<Omitted>

4. Allegations of both parties

<Omitted>

Means of Evidence

Exhibit Ko 1: Patent registry

Exhibit Ko 2: Patent bulletin

Exhibit 3: Photography report

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 qualification

6. Agreement on jurisdiction

(5) Certificate of qualification as counsel

A lawyer (attorney at law) is qualified to serve as counsel for conciliation (Article 8, paragraph (2) of the Rules of Civil Conciliation; Article 22 of the Civil Conciliation Act; Article 22 of the Non-Contentious Procedures Act), and is required to submit a power of attorney.

A patent attorney who intends to serve as counsel for conciliation is required to submit a written application for permission to serve as counsel with a power of attorney. Since a conciliation case is categorized as a non-contentious case (Article 22 of the Civil Conciliation Act), Article 6-2 of the Patent Attorneys Act does not apply. Accordingly, in order to serve as counsel for conciliation, a patent attorney must obtain permission from the conciliation committee (Article 8, paragraph (2) of the Rules of Civil Conciliation) or the court (Article 22 of the Civil Conciliation Act; Article 22 of the Non-Contentious Procedures Act).

(6) Handling of IP conciliation cases

IP conciliation is expected to be suitable for such cases as where the point of contention between the parties is clear, and the parties can reach an agreement on the details of how to solve the dispute once the court's opinion is available on the issue (3.(1) of the attached explanation).

Speedy proceedings expected for IP conciliation (2.(4) of the attached explanation) may be difficult in such cases as those with complicated backgrounds or involving a broad range of issues (3.(2) of the attached explanation). However, if a case involves a dispute over intellectual property (1.(2) of the attached explanation) and the requirements such as an agreement on jurisdiction are satisfied, it is accepted and handled as an IP conciliation case.

2. Proceedings conducted by the IP division

After a case is received as an IP conciliation case, its proceedings are conducted by the 21st or 26th Civil Division which are specialized in IP cases (hereinafter referred to as the "IP division").

(1) Submission of documents

When submitting briefs (including a written petition and written answer) and documentary evidence with a description thereof, each party must submit a duplicate copy for each member of the other party and three copies for use by the conciliation committee; in a case in which a judicial research official is expected to take part, one additional copy is required, in addition to the original to be kept for the court's records.

Briefs and other documents must be submitted to the conciliation division upon the filing of the case, and then submitted to the IP division after the reception procedure is completed.

(2) Conciliation committee

When a case is received as an IP conciliation case, the court designates a judge of the IP division as the chief conciliator in charge of conciliation (hereinafter referred to as the "chief conciliator").

The court then sets up a conciliation committee by designating two conciliation commissioners (two lawyers, or one lawyer and one patent attorney), in accord with the details of the case and the dispute.

(3) Judicial research official

When necessary, the court orders a judicial research official to administer some affairs such as conducting research on the case e.g., when technical matters are involved in the dispute.

Legally, a technical advisor may also administer some affairs (Article 22 of the Civil Conciliation Act; Article 33 of the Non-Contentious Procedures Act), but it would be rare for a technical advisor to be involved in IP conciliation, which aims at speedy proceedings (2.(4) of the attached explanation).

(4) Referral to conciliation

With regard to an IP case which has been brought to court as an ordinary litigation case, a judge of the IP division may, by their own authority, refer the case to conciliation when finding it appropriate to do so (Article 20 of the Civil Conciliation Act). When this happens, the IP case is handled as a conciliation case by assigning the judge in charge of the IP case as the chief conciliator (with a few exceptions) and designating IP conciliation commissioners to form a conciliation committee.

(5) Date for conciliation proceedings

Usually, IP conciliation proceedings are held at the IP division's room for preparatory proceedings. Both parties are required to appear at the IP division's court clerk office.

(6) Use of telephone and video conference systems

Either or both of the parties may attend proceedings using a telephone or video conference system if they are located in remote places or it is appropriate for other reasons (Article 22 of the Civil Conciliation Act; Article 47 of the Non-Contentious Procedures Act). Please consult with the court for the use of these systems.

3. Outline of IP conciliation proceedings (how proceedings go on)

(1) General points of note

A. In order to ensure speedy proceedings, which is aimed at by IP conciliation (2.(4) of

the attached explanation), both parties must make sure to submit their briefs and documentary evidence with a description thereof as early as possible so that the conciliation committee can examine them in a timely manner.

- B. It is desired that both parties be properly prepared at each stage during proceedings so that they can clearly indicate the details of the desired solution of the dispute, express their opinions to the conciliation committee and hold negotiations with each other to reach an agreement.
- C. At each stage during proceedings, the conciliation committee may express advice or its opinion as of that time and suggest the direction of a solution.
- D. When the parties agree on the solution of their dispute and conciliation is established successfully, the IP conciliation case is closed and no more proceedings are held thereafter. The IP conciliation case is also closed when the court issues an order under Article 17 of the Civil Conciliation Act (explained below), conciliation ends unsuccessfully, or the petition for conciliation is withdrawn.

(2) Designation of the first date for proceedings

The court designates the first date for proceedings within about six weeks from the filing of the petition for conciliation.

(3) Submission of a written answer

The court requests the respondent to submit a written answer stating its counterarguments against the petitioner's arguments, and documentary evidence with a description thereof that supports the counterarguments, about ten days prior to the first date for proceedings.

(4) Course of proceedings on the first date

- A. Both parties summarize and explain the points of contention verbally to the conciliation committee based on their prior preparation, if necessary.
- B. Both parties prepare an explanation of the shape and structure of the product in dispute and provide it to the conciliation committee on the date for proceedings, if necessary. If they intend to bring a large article to the court for the purpose of using it as part of such explanation, they must notify the court beforehand.
- C. Both parties should bring their employees who are in charge of IP affairs or have knowledge of the details of the explanation mentioned above or the background of the dispute to the court on the date for proceedings.
- D. The conciliation committee hears explanations from both parties, and if it finds that additional briefs and documentary evidence with a description thereof are necessary, it directs the parties to submit supplementary documents by the second date for proceedings.

E. As mentioned in (1) C. above, the conciliation committee may present its opinion on the first date for proceedings and encourage the parties to negotiate or direct them to consider the direction of a solution by the second date for proceedings.

(5) Designation of the second date for proceedings

The court designates the second date for proceedings in consideration of the time required for both parties to submit their additional allegations and evidence (about four to six weeks) or the time required for them to consider the direction of a solution (about two to three weeks).

(6) Course of proceedings on the second date

A. The conciliation committee discusses with both parties their additional allegations and evidence. Unless under special circumstances, additional allegations and evidence must be submitted by the second date for proceedings.

B. As mentioned in (1) C. above, the conciliation committee may present its opinion on the second date for proceedings and encourage the parties to negotiate or direct them to consider the direction of a solution by the third date for proceedings.

(7) Designation of the third date for proceedings

When both parties finish submitting their allegations and evidence, the court designates the third date for proceedings in consideration of the time required for the conciliation committee to prepare for disclosing its determination or the time required for both parties to consider the direction of a solution.

(8) Course of proceedings on the third date

A. Unless under special circumstances, the conciliation committee prepares by the third date for proceedings to verbally disclose its determination or opinion on the issues.

B. Based on the conciliation committee's determination thus disclosed, both parties hold the final discussion and negotiation with each other, with a view to reaching an agreement between them.

C. When the parties reach an agreement, conciliation is established successfully and the IP conciliation case is closed (explained in 4.(1) below).

D. Even if conciliation is not established successfully on the third date for proceedings, the conciliation committee may designate the fourth and subsequent dates for proceedings if there is a possibility that the parties will reach an agreement.

E. If there is no likelihood of the parties reaching an agreement, the conciliation committee either issues an order under Article 17 by its own authority (explained in 4.(2) below) or decides the conciliation to be unsuccessful (explained in 4.(3) below).

4. Closure of the IP conciliation case

(1) Successful conciliation

When an agreement is reached between the parties and it is entered in the record, conciliation is established successfully and the IP conciliation case is closed.

The matters entered in the record have the same effect as a court judgment (Article 16 of the Civil Conciliation Act; Article 267 of the Code of Civil Procedure).

(2) Order under Article 17

If conciliation is unlikely to be successful, the court may, by its own authority and to an extent that does not contradict the objectives of the parties' petitions, issue a necessary order to resolve the case after hearing the opinions of the conciliation commissioners, giving consideration to the equitable treatment of the interests of both parties, and taking into account all relevant circumstances. This is called an order in lieu of conciliation or order under Article 17 (Article 17 of the Civil Conciliation Act).

If an order under Article 17 becomes final and binding without objection, it is to have the same effect as a court judgment (Article 18 of the Civil Conciliation Act; Article 267 of the Code of Civil Procedure).

(3) Unsuccessful conciliation or withdrawal of petition

If there is no likelihood of the parties reaching any agreement and the court does not issue an order under Article 17, the conciliation committee may decide that the conciliation is unsuccessful (Article 14 of the Civil Conciliation Act).

Except when an order under Article 17 is issued, the petitioner may withdraw the petition without the respondent's consent (Article 19-2 of the Civil Conciliation Act).

The IP conciliation case is closed when conciliation ends unsuccessfully or the petition for conciliation is withdrawn.

5. Relationship between the closure of the IP conciliation and the filing of an IP lawsuit

(1) Carryover of fees, etc.

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 (2.(2) of the attached explanation; Article 19 of the Civil Conciliation Act; 5, paragraph (1) of the Act on Costs of Civil Procedure).

If an action is filed within the prescribed period after conciliation ends unsuccessfully, the effect of interruption (postponement of completion) of prescription by reason of the filing of a petition for conciliation is maintained (Article 151 of the Civil Code; Article 147 of the amended Civil Code).

(2) Judge in charge

If IP conciliation ends unsuccessfully, and an IP lawsuit is filed with regard to the

claim for which conciliation has been sought, the Osaka District Court assigns the IP lawsuit to a panel excluding the judge who served as the chief conciliator in the IP conciliation case.

If an IP litigation case that has been referred to conciliation is brought back to litigation proceedings as a result of the revocation of the order of referral to conciliation, the case is, in principle, handled by the judge who was previously in charge of the case.

(For information concerning the assignment of a judge in charge of IP conciliation and a judge in charge of IP litigation with regard to the same case at the Tokyo District Court, please refer to the Tokyo District Court website.)