

Judicial Symposium on Intellectual Property/TOKYO 2017
Day 1 (October 30) Case of the Mock Trial

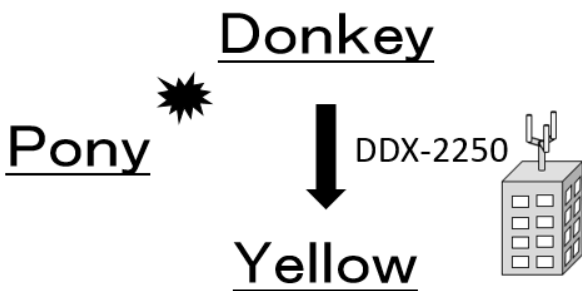
1. Overview of the case

Pony Technology Ltd. (“Pony”, corporation founded under the law of country A) owns a patent (“Patent”), for an invention of a process in which a base station transmits signals to a mobile phone to indicate a suitable channel to be selected by a mobile phone when an air interface is congested.

Donkey Com Ltd. (“Donkey”, corporation founded under the law of country A) manufactures devices for mobile phone network and distributes them to service providers in various countries. Yellow Telecommunications Ltd. (“Yellow”, corporation founded under the law of country A) is a service provider of mobile phone network in country A.

Donkey manufactured DDX-2250 devices for mobile phone network, and assigned them to Yellow in country A.

Pony is confident that the assignment of DDX-2250 devices by Donkey is deemed to constitute infringement of the Patent right because the DDX-2250 device is equivalent to “a base station” described in the claims of the Patent and used exclusively for the process in which a base station transmits signals to a mobile phone.

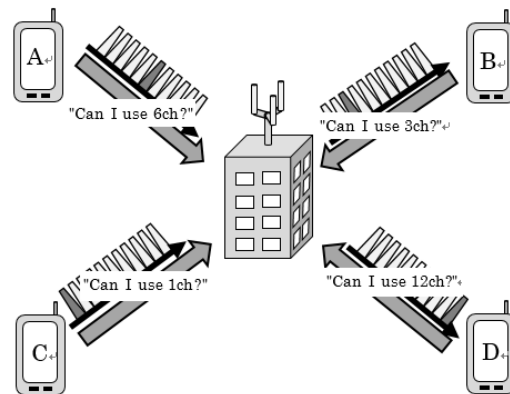


2. Patented invention

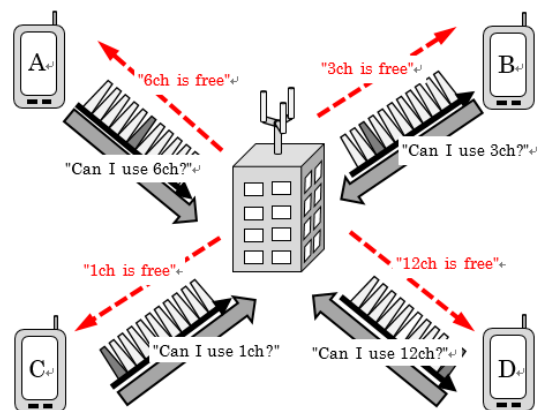
In prior art, a mobile phone selects a channel and transmits a request for permission to use said channel to a base station; however, when an air interface is congested, a mobile phone cannot select the suitable channel due to the difficulty of figuring it out, and as a result, the state of the communication becomes unstable.

The Patented invention enables stable communication by means of the process in which a base station transmits signals to a mobile phone to indicate a suitable channel to be selected by a mobile phone.

Prior Art



Patented Invention



The Patent right was registered in country A. In addition, the corresponding patent right was also registered in country B.

3. Detailed process of negotiation

(1) Pony conducted a test on a DDX-2250 device that is actually installed in country B, on Z/Z/2016, in collaboration with an independent expert, Dr. Cheval who resides in country B. The results showed that the DDX-2250 device transmitted signals to a mobile phone to indicate a suitable channel to be selected by a mobile phone when an air interface is congested, although it did not do so all the time.

Pony, then, filed a patent infringement lawsuit against Donkey in country B based on the allegation that the production and assignment of DDX-2250 devices by Donkey in country B infringed a corresponding patent which Pony owns in country B. Pony is preparing to produce an expert opinion of Dr. Cheval in the lawsuit.

(2) Pony obtained information that Yellow had been installing the DDX-2250 devices in country A. However, Pony has not got detailed information such as the number of installed devices and their locations, because DDX-2250 devices were released recently in country A and Pony cannot obtain the cooperation from Yellow on this issue.

Pony sent a cease and desist letter to Donkey seeking a suspension in production and assignment of DDX-2250 device in country A, and also requested to disclose the documents on sales volume of DDX-2250 etc.

Responding to the cease and desist letter, Donkey asserted that the production and assignment of DDX-2250 devices did not infringe the Patent right because DDX-2250 devices manufactured and assigned in country A stayed within the realm of prior art. Donkey

explained that a mobile phone itself always selected a channel and requested for a permission to use the channel to a base station, therefore, the base station never transmitted any signals to indicate a channel to be selected by a mobile phone.

Pony presumes that, in country A, the DDX-2250 device switches the mode to transmit the signals to a mobile phone to indicate a suitable channel to be selected by a mobile phone, at least when an air interface is congested to a preset level, because DDX-2250 device actually has that mode and it is difficult to secure stable communication under a congested air interface without using such mode.

(3) Pony is preparing to file a lawsuit against Donkey in country A as well, seeking injunction and damage compensation based on the allegation that the assignment of the DDX-2250 devices to Yellow is deemed to constitute infringement of the Patent right and constitutes a tort. At the present stage, Pony does not plan to send a cease and desist letter or file a lawsuit against Yellow, considering future business relation with it.

4. Preparations to produce evidences

(1) Expert opinions

Pony plans to produce an expert opinion of Dr. Cheval as evidence (witness and/or documentary evidence) in the lawsuit in country A.

On the other hand, anticipating a possible lawsuit launched by Pony, Donkey conducted a test on the DDX-2250 device installed by Yellow in country A, on Y/Y/2017 from 2pm to 3pm, in cooperation with Yellow. Donkey provided the test data to Prof. Ane, an independent expert, and asked him to submit an expert opinion. Prof. Ane said that, according to the test data provided by Donkey,

it was natural to conclude that the DDX-2250 device did not transmit signals to indicate a channel to be selected by a mobile phone. Donkey therefore plans to produce an expert opinion of Prof. Ane as evidence (witness and/or documentary evidence).

(2) Inspection of DDX-2250

Pony intends to, before or after filing a lawsuit, obtain an order for inspection of a DDX-2250 device actually installed by Yellow in country A to confirm the setting and the operating system of it.

(3) Internal documents on DDX-2250

Pony intends to, before or after filing a lawsuit, obtain an order to disclose or present documents related to a DDX-2250 device (a manual for manufacturing and setting, a copy of a manual for installation, operation and maintenance for Yellow, source code of the control program), which are supposed to be kept in Donkey's office in country A.

On the other hand, Donkey opposes disclosing those documents, arguing that disclosure of them will release trade secrets contained in them and cause competing products to go on the market, as a result, Donkey will be hit with significant losses, since the sales profit of DDX-2250 devices comprises a majority of the revenue at Donkey.

(4) Former employee of Donkey

Mr. Esel, currently working at Pony in country A, had engaged in sales business of DDX-2250 devices in country B as an employee of Donkey.

He proclaims to be knowledgeable on setting and operating of DDX-2250 devices and has stated to the representative of Pony that various internal documents possessed by Donkey (containing many trade secrets), would show that, at least in country B, a DDX-2250 device switches the mode to transmit the signals, whenever an air interface is congested

up to a preset level.

Furthermore, he has also stated that he possesses a copy of a manual for installation, operation and maintenance for purchaser of DDX-2250 device in country B, without bringing back it to Donkey at the time of his resignation, although it must be returned to Donkey when resigning or transferring to other section under its internal rules.

Pony plans to produce this declaration of Mr. Esel as evidence (witness and/or documentary evidence), and produce the copy of the manual possessed by him as evidence (documentary evidence); however, anticipates that Donkey, as the former employer of Mr. Esel, will strongly challenge them.

(5) Materials on sales

Pony also needs to obtain materials which prove the number of DDX-2250 devices and price of them assigned by Donkey in country A to prove the damage.

5. Reference

(1) DDX-2250

Donkey manufactures and distributes DDX-2250 devices in several countries. DDX-2250 device complies with international standards; however, in compliance with the local regulations of the country where it is installed in, there is a need to modify the software setting, including whether to set a mode to use the function that transmits signals from a base station to a mobile phone. For this reason, Donkey has adopted a policy that the final procedure of manufacturing, which includes final setting process of software, must be carried out at Donkey's factory in each country. A DDX-2250 device is designed to be used exclusively as a base station for mobile phone network and cannot be used for other purpose because of the nature of this product.

DDX-2250 device is a product that was just

recently put on the market, and in country B the replacement of prior model with DDX-2250 devices is generally completed, but the status on installation in country A is not confirmed.

(2) Contents of internal documents

Donkey has a manual for manufacturing and setting, a copy of a manual for installation, operation and maintenance for Yellow, and the source code of the control program, as internal documents on DDX-2250 devices.

The manual for manufacturing and setting is a common manual for DDX-2250 devices. It contains an instruction on how to use it when it is being set to the mode to use a function to transmit signals from a base station to a mobile phone; however, it does not contain the information whether each DDX-2250 device is set to a mode to use the said function when an air interface is congested.

The copy of the manual for installation, operation and maintenance for Yellow contains the information on whether each DDX-2250 device assigned to Yellow is set to a mode to use the function to transmit signals to a mobile phone when an air interface is congested.

If the source code of the software control system can be decoded, it will become clear whether said DDX-2250 device is set to a mode to use a function to transmit signals to a mobile phone when an air interface is congested. However, it is technically difficult to specify the part which describes the ability to use the said function; and hypothetically if this section is produced as evidence, many trade secrets will be disclosed.

(3) Document management at Donkey

Donkey designates a manual for manufacturing and setting, copies of the manual for installation, operation and maintenance for purchaser, and the source code of the control program as trade secret under the

internal rules, and manages them in accordance with the laws and regulations on trade secret protection in the local country located. In addition, Donkey has concluded a non-disclosure agreement with a purchaser when delivering the manual for installation, operation and maintenance for the purchaser.

(4) Sales contract between Donkey and Yellow on DDX-2250

Yellow concluded a sales contract on DDX-2250 devices with Donkey on X/X/2016, and received delivery of them. On the same day, Yellow received from Donkey the manual for installation, operation and maintenance for Yellow, and concluded a non-disclosure agreement with Donkey in which Yellow agreed to keep the manual as secret and not to disclose the protected information to others. Since then, Yellow has maintained the manual as a secret pursuant to the contract.

6. Issues

(1) Can Pony produce an expert opinion of Dr. Cheval as documentary evidence? Further, can Donkey produce an expert opinion of Prof. Ane as documentary evidence? If such documentary evidence is produced, is adverse party allowed to examine the expert at oral hearing concerning the testing of DDX-2250 devices? If parties cannot produce expert opinions as documentary evidence, what kind of evidentiary means can the parties adopt? Should the court appoint a new expert witness?

(2) Should the court allow the inspection of DDX-2250 device installed by Yellow in country A?

(3) Should the court issue an order to disclose or present documents, which includes internal documents possessed by Donkey(a manual for manufacturing and setting, a copy of the manual for installation, operation and maintenance for Yellow, and the source code of

the control program)?

(4) What protection should the court provide when trade secrets of the possessor are contained in the evidentiary materials?

(5) Can Pony produce a declaration of Mr. Esel as documentary evidence? If such documentary evidence is produced, is Donkey allowed to examine Mr. Esel at oral hearing? If a declaration of Mr. Esel cannot be produced as documentary evidence, what kind of evidentiary means can Pony adopt?

(6) Can Pony produce a copy of the manual for installation, operation and maintenance for purchaser of DDX-2250 device in country B, which is possessed by Mr. Esel in country A?

(7) Should the court issue an order to disclose or present materials possessed by Donkey, which include the number of DDX-2250 devices assigned?