

Instructions for Proceedings of the Stage for Examination on Damages

Please note the following instructions regarding the proceedings of the stage for examination on damages (the occurrence and the amount of damages) in intellectual property litigation.

1. The Flow of Examination on Infringement and Examination on Damages

First, the court focuses on the examination of whether or not infringement has occurred (the stage for examination on infringement). If the court finds in favor of the Plaintiff (patentee), proceedings of the stage for the examination on damages will be commenced.

2. Preparation by the Plaintiff

In order to respond appropriately, the plaintiff shall prepare for the examination on damages by collecting necessary documents in advance, even during the examination on infringement. When the court commences the examination on damages, the plaintiff shall immediately amend the original allegation on damages stated in the complaint as needed, and submit evidence supporting the amended allegation. In particular, it is required to submit documents proving the amount of profit per unit from sales of the plaintiff's products when asserting the amount of damages based on Article 102 (1) of the Patent Act.

3. Preparation by the Defendant

The defendant shall prepare for the examination on damages by preserving and organizing documents which are useful for calculating the amount of damage (account books, etc.), in order to respond promptly to the proceedings. When the court commences the examination on damages, the defendant shall promptly respond to the plaintiff's allegation and submit a counter-argument regarding the amount of the damages.

4. Evidence for the Amount of Damages

When the defendant alleges the number of the accused products that have been transferred and/or the sales price of those products, it is necessary to support the claim by submitting evidence such as the balance sheet, profit and loss statement, sales records and purchase records prepared on a month-by-month or customer-by-customer basis for the fiscal year(s). In addition, the defendant may be required by the court to submit purchase orders, delivery slips, sales slips, etc. regarding individual transactions.

5. Focused Examination on Damages

The court will announce when it commences the examination on damages, and will focus on the examination on damages thereafter. It is not permitted at this stage to rehash prior allegations or submitting new allegations and evidence regarding infringement.

6. Order to Submit Documents

If the defendant does not submit documents necessary for determining the damage amount on a voluntary basis, the court may issue an order to submit such documents to the extent deemed necessary at the motion of the plaintiff (Article 105 of the Patent Act, etc.).

In order to smoothly proceed with the examination on damages, it is desirable that both parties negotiate the scope of documents to be submitted and disclose original copies to the other party on a voluntary basis, weighing the necessity of the documents and the protection of the defendant's trade secrets.

7. Utilization of Expert Opinion in Calculation of the Amount of Damages

Article 105-2 of the Patent Act establishes the expert opinion system for calculation of the amount of damages. The IP Division maintains a list of prospective experts that consists of certified public accountants. Please consider utilizing these experts.