

# Has Japan Become a Patentee-Friendly Forum?

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## I. INTRODUCTION

Among patentees, Japan has been seen as the strictest jurisdiction for exercising patent rights. However, from some recent decisions of the IP High Court and infringement courts, especially with regard to claim construction and inventive step, changes can be seen.

## II. PATENT INFRINGEMENT LAWSUITS

### *1. Background*

People outside of Japan sometimes wonder, “Are Japanese patent owners reluctant to enforce their rights through litigation?” There is some background as to why such a question is raised.

The first possible reason is the low winning rate for patentees in patent lawsuits in Japan. Actually, since 2000, the winning rate has stayed in the range of 13 to 30%, so considering such figures it seems that the situation is not good for patentees. However, one-third of Japanese patent infringement cases end with settlement. In such cases, the content of the settlement is in favor of the patentee side. In view of that fact, the out-

comes are not necessarily bad for patentees, and the winning rate may not be a reason for holding back litigation.

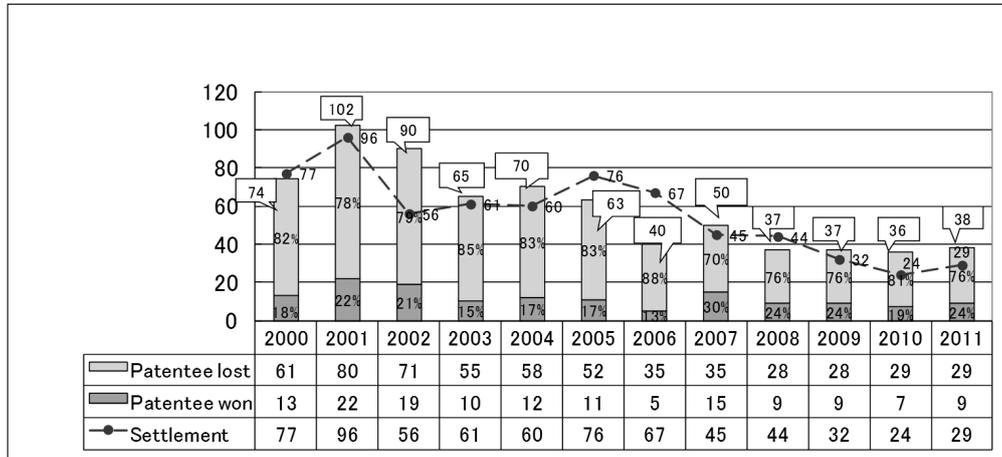


Chart 1: Winning rate for patentee in patent infringement lawsuits. Source: Japanese Patent Office (JPO)

The second possible reason is the so-called “double track system” in Japan. There are two separate routes for the alleged infringer, i.e., defendant, to attack the validity of a patent in and outside a lawsuit. One route is the invalidity defense argument raised in an infringement lawsuit. Japanese infringement courts can judge the validity of the patent based on Article 104(4) Patent Act, which was added by the law revision in 2004.<sup>1</sup> On the other hand, the defendant can file an invalidation trial before the Japan Patent Office. That means there is a double chance for the patentee to lose a case due to invalidation of the patent.

The invalidity defense is itself a strong counter-attack by defendants. From April 2000 to December 2011, patentees lost 38% of lawsuits because of invalidation. Therefore, to defend against invalidity may be one of the reasons for the hesitation in filing lawsuits.

1 Before 2004, infringement courts judged invalidity of patents based on the criteria shown by the *Kilby* case rendered by the Supreme Court, 11 April 2000, Minshû 54, 1368. For an English translation with comments by CH. HEATH, see Bälz/Dernauer/Heath/Petersen-Padberg (eds.), *Business Law in Japan – Cases and Comments. Intellectual Property, Civil, Commercial and International Private Law. Writings in Honour of Harald Baum* (Alphen aan den Rijn 2011) 475.

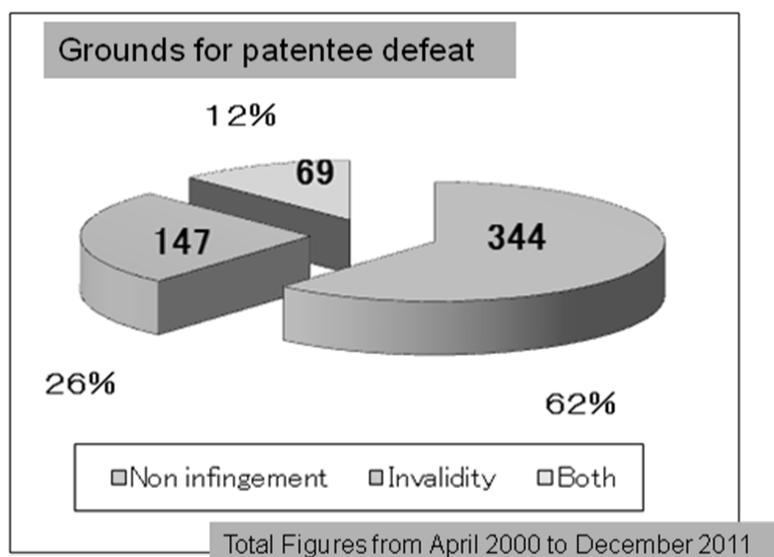


Chart 2: Grounds for patentee defeat. Source: JPO

Other factors may affect the patentee's behavior in a negative way. In Japan, the burden of proof is on the patentee; there is no discovery. Sometimes courts take a narrower claim construction based on the description in the specification and arguments in the file history, which can cause courts to be very careful in finding infringement.

However, it seems that a good wind for patentees is starting to blow. Chief Judge Iimura of the IP High Court commented, "If a plaintiff's patent is broad and powerful, a judge should not hesitate to make a judgment in favor of the plaintiff inventor in accordance with the patent's value."<sup>2</sup> Some recent decisions also show such an attitude for being a patentee-friendly forum. The following cases are such examples.

## 2. Recent Decision 1: Rice Cake Case<sup>3</sup>

The *Rice Cake* case was one of the most famous cases rendered in recent years in Japan. This was not only because the patent<sup>4</sup> was directed to a traditional Japanese food still beloved by many people, but the interpretation of the claim construction was divided between the district court and the IP High Court.

2 See P. OLLIER, Interview: Japan's IP Maverick, in: *Managing Intellectual Property* (eds.), Patent Yearbook (2012), available at: <http://www.managingip.com/IssueArticle/2980184/Supplements/Interview-Japans-IP-maverick.html?supplementListId=84768> (last retrieved 28 June 2013).

3 IP High Court, 7 September 2011 and 22 March 2012, case number Heisei 23 (ne) 10002; available at: <http://www.ip.courts.go.jp/hanrei/pdf/20110908113622.pdf> and <http://www.ip.courts.go.jp/hanrei/pdf/20120403101725.pdf> (last retrieved 28 June 2013).

4 Japanese Patent Number 4111382.

The problem the patented invention was directed to solve is as follows: Rice cakes are hard when they are cold, but when they are baked, they puff up and their shape cannot be controlled. It was known in the prior art that rice crackers (not rice cakes) with two cross-shaped slits on their top face could avoid puffing up, but they looked unattractive. To solve this problem, the patented rice cakes have slits on the side face of the rice cakes; this controls the shape of the rice cakes when they are baked to make them look good.

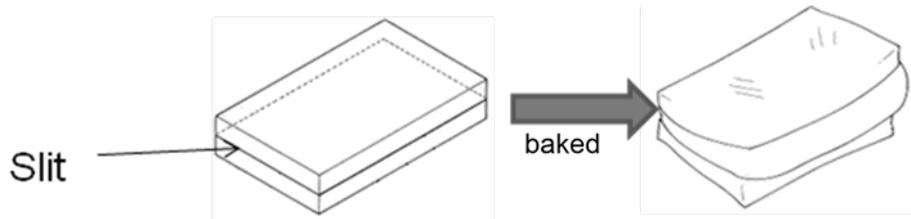


Figure 1: Patented rice cake. Source: Figures in the patent

However, the wording of the claim about this characteristic feature was not clear. The claim said, “The slits are neither on the bottom face nor the top face but on the vertical side faces of the rice cake.” Namely, it was not clear that the claim precluded putting slits on the bottom face or top face. On the other hand, the allegedly infringing product had two parallel slits on the long side of the rectangle and two cross-shaped slits on its top face.

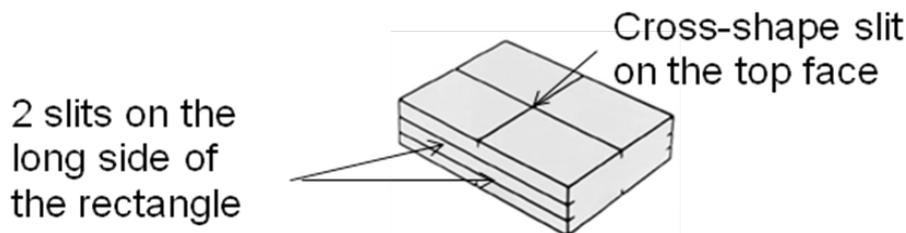


Figure 2: Allegedly infringing product. Source: Attachment to the decision

The Tokyo District Court found non-infringement in this case.<sup>5</sup> The court construed that the phrase “neither on the bottom face nor on the top face but on the vertical side faces of the rice cake” defined that the slits were located on the vertical side faces but also meant that slits were located neither on the bottom face nor on the top face. The court also emphasized a negative description about cross-shaped slits on the surface of a prior art rice cracker which looked like a scar on human skin. The court also took into account

5 Tokyo District Court, 30 November 2010, case number Heisei 21 (wa) 7718; available at: <http://www.courts.go.jp/hanrei/pdf/20101203173939.pdf> (last retrieved 28 June 2013).

the fact that the patentee strongly argued that slits were put only on the side faces of the rice cakes at first, and then changed their argument after the rejection of the amendment which limited the location of the slits only on the side faces.

However, the IP High Court rendered an interlocutory judgment and found infringement.<sup>6</sup> The court construed the claim in a different way from the lower court, saying that the phrase “neither on the bottom face nor on the top face” was to clarify that slits were on the side faces and was not to exclude slits on the bottom face or the top face. The court emphasized the advantageous effects of the invention which were achieved by slits on the side face, meaning that the upper part of the cake was heaved up and the shape could be controlled when the rice cake was toasted. The court also said that there was no description in the patent stating that slits on the bottom or upper surface interfere with the advantageous effects. As to the construction based on arguments in the file history, the court took a relaxed position. The court said argument based on the retracted amendment should not be a basis for the claim construction.

### 3. *Recent Decision 2: Method for Wrapping and Forming Food Case*<sup>7</sup>

In Japan there are two categories to find indirect infringement: the “objective indirect infringement” and “subjective indirect infringement.” Regarding method patents, Article 101 Patent Act stipulates the requirements for “objective indirect infringement” as follows:

The following acts shall be deemed to constitute infringement of a patent right or an exclusive license:

[...]

(4) where a patent has been granted for an invention of a process, acts of producing, assigning, etc., importing or offering for assignment, etc. any product to be used only for the use of the said process as a business.

This case related to “objective indirect infringement,” and the claimed patent<sup>8</sup> was directed to a method for wrapping and forming food with the following three steps, C to E.

C: A retention means is lowered together with a press member and the pastry material is retained on the receiving member.

D: The press member is further lowered, and the central part of the pastry material is forced into the opening part of the receiving member to form the pastry material into a bowl-like shape.

E: The filling is supplied through the press member and located in the pastry material.

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6 The final judgment was rendered on 22 March 2012 and damages of approx. 800 million Yen were granted (settled, see footnote. 3).

7 IP High Court, 23 June 2011, case number Heisei 22 (ne) 10089; available at: <http://www.ip.courts.go.jp/hanrei/pdf/20110701142844.pdf> (last retrieved 28 June 2013).

8 Japanese Patent Number 4210779.

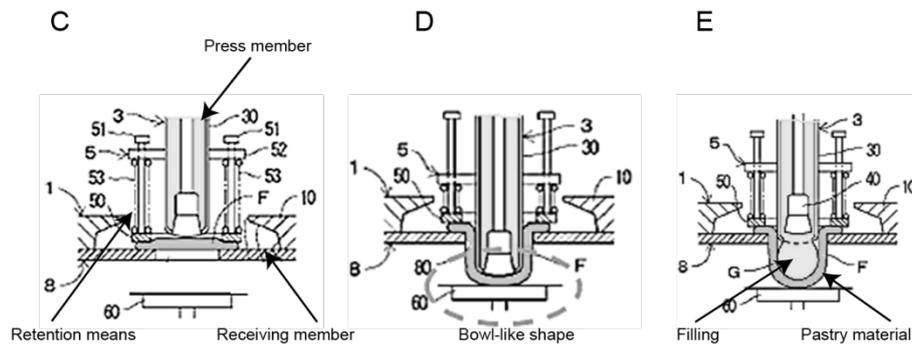


Figure 3: Patented method (Element C to E). Source: Figures in the patent

On the other hand, the machine made by the defendant (alleged infringer) has a stopper for a nozzle member, which corresponds to the “press member” of the patent, and the machine stops when the pastry material is dented by the bottom profile of the nozzle member. With the stopper, the machine can make only a one-millimeter-deep dent on the pastry material. Then the pastry material is blown by the discharge pressure of the filling.

During the proceedings of the first instance, the plaintiff (patentee) conducted experiments trying to prove that if the stopper is removed from the machine, the nozzle member could be further lowered. However, the experiment was not based on the defendant’s machine but on a modified machine made by the plaintiff.

The Tokyo District Court ruled that the defendant’s process performed using its machine did not satisfy elements C, D, or E. For the satisfaction of element D, the court found that the “nozzle member” of the defendant’s machine could not be a “press member” of the present patent, because the “nozzle member” just touched and dented the pastry material and the material could be formed into a bowl-like shape having the same depth as the height of the finished product. In the judgment, the patentee’s experiments were not taken into consideration, because the plaintiff used the patentee’s machine for the experiment.

In the second instance, the plaintiff conducted new experiments using the defendant’s machine and showed that if the stopper is released, the nozzle member can be lowered seven to fifteen millimeters further and form a pastry material into a bowl-like shape.

The IP High Court found that the defendant’s process satisfied all elements of the patent. The court said the “bowl-like shape” of element D did not necessarily have the same depth as the height of the finished product, and according to the specification, it was enough to have a certain depth so as to place the filling and seal the pastry material in a later process. The court also found that according to the new experiment using the defendant’s machine, the “nozzle member” of the defendant’s machine could be lowered from the opening part by seven to fifteen millimeters and also the pastry material could be formed into a “bowl-like shape”.

The process without a stopper was not a process realized by the defendant's machine at the time of delivery. However, the IP High Court ruled that the defendant's machine could be deemed a product only for the use of the patented process, so the requirement of Article 101(4) Patent Act was satisfied. The court showed a new criterion to find indirect infringement as follows: even if a process which is not covered by the patented process is available, it is highly likely that an infringement action would be induced by manufacturing or selling the product, unless, judging from economic, commercial, and practical aspects, only functions which do not exercise the patented invention are continuously used and functions which exercise the patented invention are never used. The court also said:

“Even if the defendant's machine at the time of delivery could not lower the nozzle member by more than one millimeter, we do not find that only a function which does not exercise the patented invention was continuously used without using the functions which exercise the patented invention.”

#### 4. *Recent Decision 3: Medical Treatment Apparatus Case*<sup>9</sup>

This case also related to indirect infringement, but it was based on the second category, “subjective indirect infringement.” For product patents, Article 101 Patent Act stipulates requirements for “subjective indirect infringement” as follows:

The following acts shall be deemed to constitute infringement of a patent right or an exclusive license:

[...]

(2) where a patent has been granted for an invention of a product, acts of producing, assigning, etc., importing or offering for assignment, etc. any product (excluding those widely distributed within Japan) to be used for the producing of the said product and necessarily for solving the problem by the said invention, knowing that the said invention is a patented invention and the said product is used for the working of the invention;

The patent<sup>10</sup> of this case is directed to a medical treatment apparatus for fixing the front abdominal wall and the gastric wall before a catheter is inserted. The apparatus has two needles shown below, and the two needles were fixed by fixing means.

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9 Tokyo District Court, 10 June 2011, case number Heisei 20 (wa) 19874, available at: <http://www.courts.go.jp/hanrei/pdf/20110706104543.pdf> (last retrieved 28 June 2013).

10 Japanese Patent Number 6-024533.

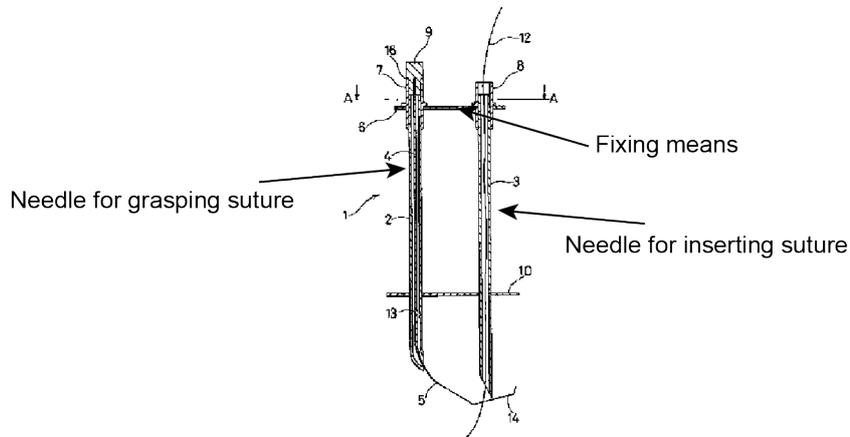


Figure 4: Patented apparatus. Source: Figure in the patent

In this case, satisfaction of the claimed elements was not a large issue. Rather, the satisfaction of indirect infringement based on Article 101(2) Patent Act was contested heavily between the parties, because the allegedly infringing product was sold as a medical kit including two needles, and the two needles were not fixed at the time of delivery. However, the two needles could be fixed if a binding feature was used. In this case, the Tokyo District Court conducted a questionnaire which showed that 45% of the responding medical institutions had conducted treatment using the defendant's product in combination.

On the other hand, the description on the package insert of the defendant's product explained that the usage of the defendant's product in combination was prohibited because of the safety of the treatment, and the binding feature should be used at the time of the disposal of the device.

However, the District Court found indirect infringement for this case. The court reasoned as follows: The usage of the defendant's product in combination is not unique; rather it is normal usage adopted by doctors. Therefore, the devices are deemed the "object used for manufacturing patented products" under Article 101(2), and creating such combined devices using the binding feature is deemed "producing" under Article 101(2). The court also found that the two needles were necessary for solving the "problem to be solved" under Article 101(2), and the defendant had recognized that the defendant's product could be used for exercising the patent right, at the time the complaint was served.

### 5. *Recent Decision 4: Golf Club Head Case*<sup>11</sup>

In Japan, the doctrine of equivalents is not stipulated in the Patent Act. On February 24, 1998, the Supreme Court ruled on criteria to find patent infringement based on the doctrine of equivalents.<sup>12</sup> The court ruled that even in cases where a claimed element was different from a corresponding element of an allegedly infringing product, if the following five requirements were satisfied, infringement based on the doctrine of equivalents could be found:

1. The claimed element is not the heart of the invention (i.e., an important part to solve the problem)
2. The corresponding element of the allegedly infringing product has the same function and effects as the claimed element.
3. The corresponding element of the allegedly infringing product could have easily been thought of by a person skilled in the art at the time of infringement.
4. The allegedly infringing product is not the same as the technology which was known at the time of the filling of the patent, and which has an inventive step.
6. In the file history, the patentee did not try to exclude the allegedly infringing product from the scope of the patent claim.

Even after the Supreme Court decision, the number of cases in which patent infringement based on the doctrine of equivalents is found was very small. This may be partly because satisfying the first requirement is sometimes difficult, when the “heart of invention” is defined rigidly based on the terms in the claim.

The IP High Court decision in this case is significant because the court overturned the lower court’s decision and found infringement based on the doctrine of equivalents. The patent<sup>13</sup> in this case relates to a hollow golf club head which has a metal outer shell and an FRP outer shell. The invention is directed to improving bonding force of the metal outer shell to the FRP outer shell. To achieve this, in this patent, a metal outer shell of the claimed golf club head has through-holes; the metal outer shell is bonded to an FRP outer shell using suture material (*hōgō-zai*), which runs along the adhesive surface and the opposite surface of the metal outer shell passing through the through-holes.

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11 IP High Court, Judgment on 29 June 2009 and 27 May 2010, case number Heisei 21 (ne) 10006; available at: <http://www.ip.courts.go.jp/hanrei/pdf/20090630100213.pdf> and <http://www.ip.courts.go.jp/hanrei/pdf/20100608110428.pdf> (last retrieved 28 June 2013).

12 Supreme Court, 24 February 1998, Minshū 52, 113. For a partial translation and a comment by A. OKADA, see Bälz et al. (supra note 1) 433.

13 Japanese Patent Number 3725481.

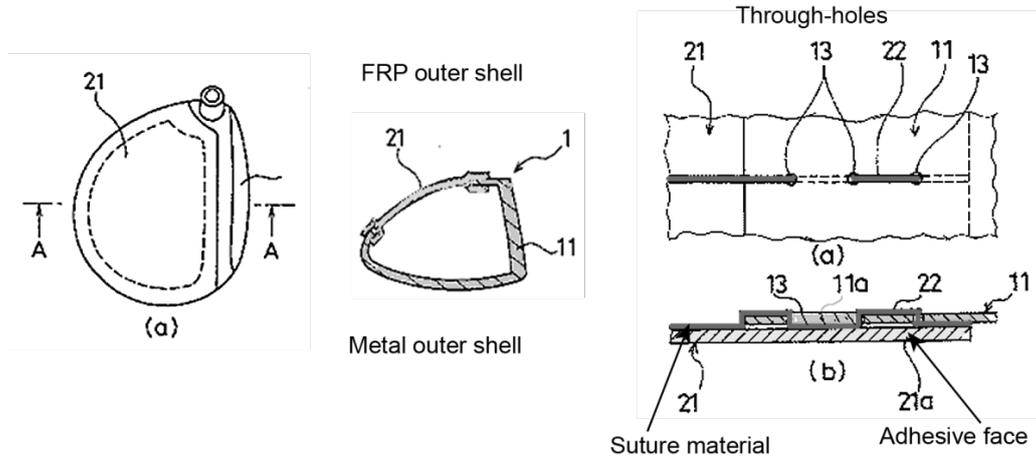


Figure 5: Patented golf club head. Source: Figures in the patent

On the other hand, a metal outer shell of the allegedly infringing product also has through-holes and the metal outer shell is bonded to an FRP outer shell using stripes made of carbon passing through the through-holes.

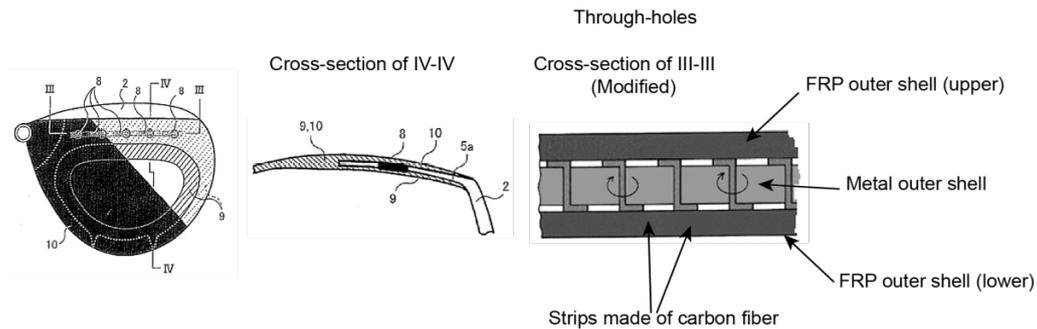


Figure 6: Allegedly infringing product. Source: Attachment to the decision

The Tokyo District Court did not find either literal infringement or infringement based on the doctrine of equivalents. The court construed the meaning of “suture material” (*hōgō-zai*) as follows: when thinking about how to improve the bonding force of the metal outer shell to the FRP outer shell, the suture material (*hōgō-zai*) of the present patent should be understood as the material which goes back and forth between the adhesive surface and the opposite surface of the metal outer shell passing through the holes. Based on the construction, the court considered that the strips of the defendant’s golf club head was not a suture material (*hōgō-zai*). The court also found that the first requirement regarding doctrine of equivalents was not satisfied, because suture material (*hōgō-zai*) per se is the heart of the present invention.

However, the IP High Court rendered an interlocutory judgment and overturned the lower court's decision. The court construed the suture material (*hōgō-zai*) as follows: when thinking about improving the bonding force of the metal outer shell to the FRP outer shell, the suture material (*hōgō-zai*) of the present patent should be understood as the material which goes back and forth between the adhesive surface and the opposite surface of the metal outer shell passing through the holes. The court also rejected the claim construction of the district court and said the meaning of "suture" in the present patent was different from the ordinary meaning, and should be understood as "the material passing through holes and bonded to at least the two parts of the adhesive face."

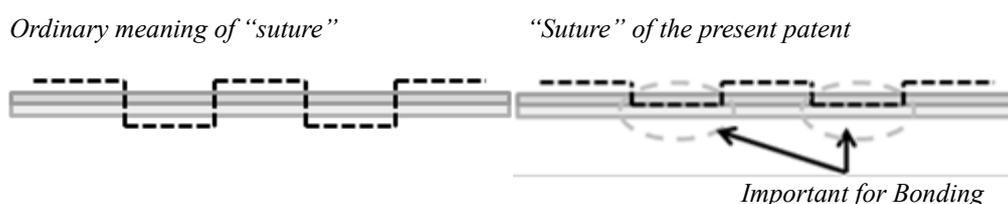


Figure 7: Construction of "suture". Reference drawings by author.

Based on this construction, the court found that the requirement of suture material (*hōgō-zai*) was not satisfied, and did not rule that it was literal infringement.

However, the court did rule that it was infringement based on the doctrine of equivalents. With regard to the first requirement, the court said a suture material (*hōgō-zai*) was not the heart of the present invention, and that the important part of the invention was (a) letting the material passing through the holes and (b) bonding two outer shells with the material by letting a material run both on the adhesive surface and the other surface of the metal outer shell. The court granted satisfaction of the other four requirements of the doctrine of equivalents.<sup>14</sup>

## 7. Discussion

In the *Rice Cake* case, the IP High Court took a broader claim construction than the lower court. For the construction, the court emphasized the advantageous effects realized by the slits on the side face and denied the limited construction of the lower court. Also in this case, the court did not pay much attention to the file history, which can often be grounds for a narrower construction in Japan. It may be a good sign that now courts have been willing to take a broader construction in infringement lawsuits.

From the *Method for Wrapping and Forming Food* case and *Medical Treatment Apparatus* case, it seems that the standard to find indirect infringement has been relaxed. Remarkably, in the former decision, the standards for satisfying the requirement of "only" in Article 101(4) Patent Act were relaxed. Even some critics say the standard in

<sup>14</sup> Final judgment was rendered on 27 May 2010 (see footnote 11).

the decision was too relaxed, but it may be indicative of a position by the IP High Court to be patentee-friendly.

Also, the *Hollow Golf Club Head* case may open the door for granting more infringement based on the doctrine of equivalents in Japan.

### III. DEVELOPMENTS ON JUDGING INVENTIVE STEP

#### 1. Background (1): Statistical Trend

With regard to standards for inventive step in Japan, there have been some changes in the recent decade. While there are no statistics about inventive step in Japan, other statistics can be a clue to finding changes in examination or judgment. The first clue is statistics about invalidation trials. Among various reasons for invalidity, lack of inventive step is the major one. Therefore, the judgment trends in invalidation trials have some correlation with the standards for inventive step.

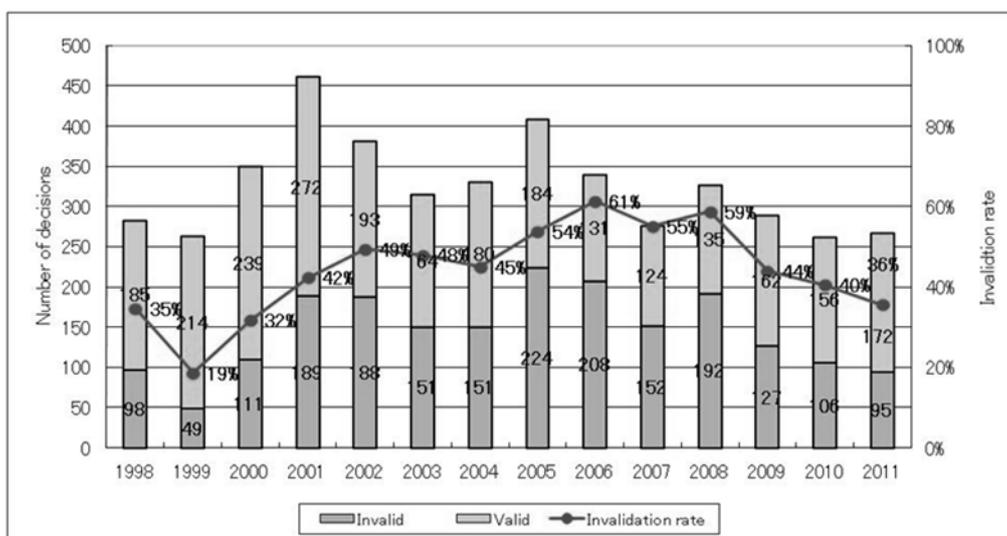


Chart 3: Invalidation rate in invalidation trial. Source: JPO

It is clear from Chart 3 that the invalidation rate was less than about 19% in 1999. It had risen to 61% in 2006 and since again decreased to 36%. From this trend, it could be said that around the year 2000, the criteria for finding inventive step at the board of appeal in the JPO was not so strict. Then it seemed that the JPO raised the bar until around 2006.

Chart 4 gives some information about the relationship between the IP High Court<sup>15</sup> and the JPO with regard to the standards for inventive step. In the chart, the line with

15 This figure shows the uphold rate by the IP division in the Tokyo High Court before 2005 (the IP High Court was established in 2005). Source: JPO.

triangles shows the uphold rate by the IP High Court in cases where the JPO found patents “invalid” in invalidation trials, and the line with squares shows the uphold rate by the court in cases where the JPO found patents “valid” in the trials. In 2000 the IP High Court upheld the decision of the JPO in many cases when the JPO found the patent “invalid.” On the other hand, at that time, the court mostly overturned the decisions of the JPO when it found patents “valid.” Thereafter the uphold rate by the court when the JPO found patents “valid” has increased, and in 2009 the rate exceeded the uphold rate in cases where the JPO found patents “invalid.” In consideration of the correlation mentioned above, from the figure it can be roughly said that the court applied more severe criteria to find inventive step than the JPO around 2000, and then, conversely, the JPO’s criteria have been getting more severe than the court’s in recent years.

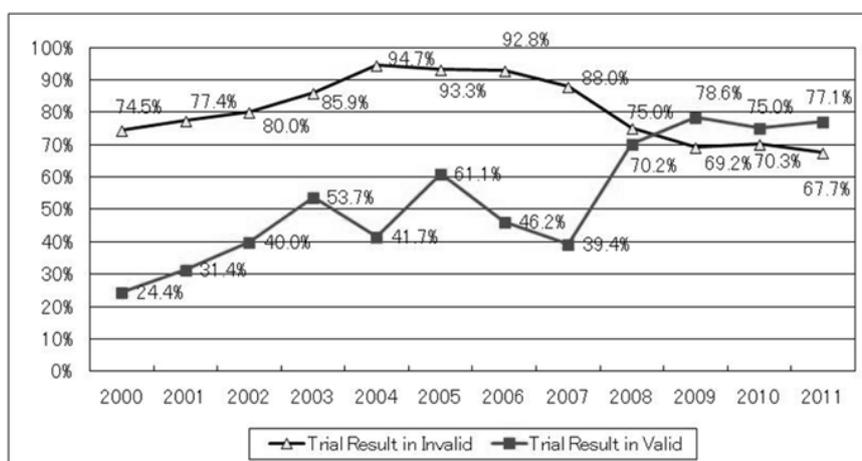


Chart 4: IP High Court uphold rate for decisions by the JPO (invalidation trial).

## 2. Background (2): Changes in Examination Guidelines

The statistical change shown above relates to a revision of the JPO examination guidelines.

The basic test for evaluating inventive step in Japan consists of the following four steps:

- (1) Identify the claimed invention.
- (2) Identify the invention of the main prior art.
- (3) Compare the two inventions and find the differences.
- (4) Examine whether or not a person skilled in the art would have easily achieved the present invention notwithstanding the differences.

When a conclusion of lack of inventive step is derived based on step (4) above, “logical reasoning” is necessary. This is the most important point for the evaluation. However, with regard to this point, the examination guidelines were revised considerably in the year 2000.

The new guidelines emphasized that logical reasoning can be justified from a wide variety of aspects. For example, the guidelines say that the combination of prior art references can be justified in the following cases:

- Having a common technical field
- Having a common problem to be solved
- Having a common function
- Combining documents which show each element of the present invention without specific reasoning, in case an invention consists of patchwork elements which have no functional relationship to each other

Further, a very important description about avoiding hindsight was eliminated from the new guideline. The previous guidelines clearly said, “Bear in mind that if things are *a posteriori* examined based on knowledge gained from the specification of the present patent, it would likely be easy to arrive at the invention.”

The new guidelines seemed to give momentum for the JPO examiners to reject more applications based on the lack of inventive step. From some recent decisions about inventive step by the IP High Court, it appears that the court is tackling such weak points of the new guidelines and trying to sort out the criteria.

### 3. Trends in Court Decision I: Avoiding Hindsight

The first trend in recent court decisions is avoiding hindsight. The *Adhesive Glue for Circuit* case<sup>16</sup> is a landmark decision which shaped the course of later decisions with regard to inventive step.

The invention in this case is adhesive glue for a circuit comprising (a) adhesive composition including bisphenol-F and (b) conductive particles. The problem to be solved was how to improve the durability and reliability of the adhesive properties. In D1, an adhesive film for a circuit comprising an adhesive composition including phenoxy resin and conductive particles is described. However, the embodiments only show an adhesive composition including bisphenol-A.

The JPO Board of Appeal decided that the invention did not possess an inventive step. The BOA reasoned as follows: D1 does not say it eliminated bisphenol-F from phenoxy resin, and Bisphenol-F is well known as a component of an adhesive composition for circuits. It is also well known that phenoxy resin is highly compatible with epoxy resin.

The IP High Court overturned the decision and said the invention involved an inventive step. The court said, “D1 does not show any problems about using bisphenol-A. The person skilled in the art would not have come up with the idea that the bisphenol-A in D1 could have been replaced with bisphenol-F, notwithstanding the well-

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16 IP High Court, 28 January 2009, case number Heisei 20 (gyo-ke) 10096; available at: <http://www.ip.courts.go.jp/hanrei/pdf/20090129104737.pdf> (last retrieved 28 June 2013).

known problem of bisphenol-F having low heat resistance.” Here the court made an important ruling about analysis for inventive step as follows:

In the process of assessing obviousness, ex-post analysis and unreasonable reasoning should be avoided. In the process of understanding the problem to be solved by the present invention, you have to bear in mind not to unconsciously include “means for solving the problem” or “results” therein.

Further, in order to find an invention obvious, the prior art should include suggestions that would have led the person skilled in the art to reach the technical feature of the present invention. A suggestion that might have led the person skilled in the art to reach the feature is not enough.

After the decision, similar court decisions which emphasize the importance of avoiding hindsight have been rendered.

#### 4. *Trends in Court Decision 2: Emphasis on the Problem to be Solved*

The second trend by the IP high court decisions is an emphasis on the problem to be solved in the analysis of inventive step. There are many decisions with regard to the issue. A case relating to an evaluating method for a greaseproof power case<sup>17</sup> may explain the point clearly.

The claimed invention is an evaluating method comprising the following simple steps:

- a) Fix a surface of tested material at a specific angle
- b) Put pseudo oil spot which contains oil and carbon black
- c) Drop water on the surface higher than the pseudo oil spot
- d) Evaluate greaseproof power based on the residual pseudo oil spot

The problem to be solved by this invention is to reduce the burden and cost of evaluation.

On the other hand, D1 cited by the JPO relates to a specific hydrophilic base material. Its advantageous effects are evaluated in the specification in a similar way as the present invention. The evaluation is to measure color difference and gloss level according to the following steps:

- a) Fix surface of a tested material at 45 degree
- b) Drop suspension which contains carbon black and other material and dry out 15 minutes
- c) Drop distilled water and dry out 15 minutes
- d) Repeat b) and c) 25 times
- e) Measure color difference and gloss level

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17 IP High Court, 27 May 2010, case number Heisei 21 (gyo-ke) 10361; available at: <http://www.ip.courts.go.jp/hanrei/pdf/20100706093218.pdf> (last retrieved 28 June 2013).

The JPO Board of Appeal found that the invention lacked inventive step based on D1 in combination with another document, D3.

However, the IP High Court found it possessed inventive step. The court reasoned as follows: The prior art of D1 does not show the problem to be solved of reducing the burden and cost for evaluation. Instead, the description of repeating step b) and c) 25 times shows that the prior art of D1 aims to obtain accurate and objective data. And the court criticized the BOA's reasoning as being based on a subjective view. Further, in this case, the court said, "The present invention is not complicated; rather, it consists of simple steps and, at a glance, it remains to be found that skilled person could take those steps to solve the problem of the invention. In that sense, a different conclusion might be reached concerning such a simple invention. Therefore, to reach the result, subjective views or instincts should be avoided so that the judgment is more predictable." For this purpose, logical reasoning based on the well-known basic test for finding inventive step is important.

##### 5. *Trends in Court Decision 3: Proper Reasoning Based on Well-Known Technology*

The third point relates to proper and logical reasoning based on well-known technology. Judgments or examiner's decisions are sometimes based on a vague reasoning of the lack of inventive step with regard to "well-known technology." The first problem is unclear reasoning based on well-known technology. In some cases, the reason why the difference between a present invention and a main prior art would have been overcome is based simply on the existence of well-known technology corresponding to the difference rather than any reasoning for why the well-known technology would have been combined with the main prior art. The second problem is the arbitrary extraction of well-known technology from documents. In Japan, patent documents are also used for the basis of well-known technology, and in that case, a broader technical concept is sometimes extracted in disregard of the preconditions for the invention described in the documents. The third problem is a procedural one. In some decisions by examiners, the expression "well-known technology" is arbitrarily cited in the final decision. In that case, applicants have no chance to argue against it.

Recently it appears that the IP High Court has been trying to tackle such problems. There have been some decisions which include rulings about these issues. The *Liquid Absorbable Garbage Bag* case<sup>18</sup> is a famous case for this point. The court ruled that "even if a technical art is 'well known,' that does not permit a broader conception or abstract idea to be extracted from the technical art described in the specific document. It also does not allow a conclusion to be reached that disregards the concrete problem to be solved by the well-known art and the means to solve the problem." In the decision of

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18 IP High Court, 28 September 2011, case number Heisei 22 (gyo-ke) 10351; available at: <http://www.ip.courts.go.jp/hanrei/pdf/20110928164651.pdf> (last retrieved 28 June 2013).

the *Resin-Sealed Semiconductor* case<sup>19</sup>, the court further sorted out the reasoning based on well-known technology and ruled as follows:

- (1) It is not automatically justified to extract a broader conception or abstract idea from the technical art described in the specific document.
- (2) It is not automatically justified to treat prior art described in the specific document as well-known technology without sufficient proof.
- (3) It is not automatically justified to reach a conclusion without any examination of whether or not the technical feature of the difference would have been easily achieved by combining the secondary prior art reference to the main prior art reference.

#### 6. Discussion

The three points mentioned above which the courts now emphasize in decisions are important for reaching a proper result with regards to inventive step. Such recent court decisions, which try to make the standards for inventive step clearer, will contribute to predictable results regarding inventive step. It seems possible that a few years from now, the standards in the court and in the JPO will be more in harmony, and irrespective of the decision rendered by the JPO, the court will uphold more decisions by the JPO.

#### IV. CONCLUSION

From the recent decisions about infringement lawsuits, a climate change can be seen that may lead to infringement being upheld in more cases in Japan. Also, the trend in the decisions about inventive step to emphasize a more proper and reasonable reasoning could work in favor of patentees. From these viewpoints, it can be said now that Japan is becoming a more patentee-friendly jurisdiction.

#### SUMMARY

*The article examines trends in Japanese patent law focusing on the question to what extent Japan has become a patentee-friendly forum in recent years.*

*In the first part, the author starts by pointing out that one reason why Japanese patent owners have a reputation of being rather reluctant to enforce their rights through litigation may well be that they wish to avoid invalidation of their patent through the defendant's invalidity defense. Giving a detailed analysis of case law of the IP High Court as well of infringement courts the author demonstrates that the tide seems to be*

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19 IP High Court, 31 January 2012, case number Heisei 23 (gyo-ke) 10121; available at: <http://www.courts.go.jp/hanrei/pdf/20120202141310.pdf> (last retrieved 9 August 2013)

*changing in this regard. She observes a remarkable trend towards broader claim construction by the courts and the increased willingness of the courts to find indirect infringement and infringement under the doctrine of equivalents..*

*In the second part, the author looks into developments on judging inventive steps. Starting with an analysis of various statistics, the author identifies significant changes in this field as well. While JPO since a revision of its guidelines in 2000 applies as stricter standard with regard to inventive step, case law evidences a more relaxed attitude with regard to finding inventive step on the side of the courts. In particular, courts stress the need to avoid hindsight, to emphasize the problem to be solved as well as for proper reasoning based on well-known technology.*

*In light of the aforementioned trends, the author concludes, Japan is indeed becoming a more patentee-friendly jurisdiction.*

*(The Editors)*

#### ZUSAMMENFASSUNG

*Der Artikel untersucht aktuelle Trends im japanischen Patentrecht. Leitfrage ist, inwieweit Japan in den letzten Jahren zu einem patentfreundlichen Forum geworden ist.*

*Im ersten Teil geht die Autorin aus von der Feststellung, dass die traditionelle Zurückhaltung japanischer Patentinhaber, ihre Rechte gerichtlich durchzusetzen, auch mit der Sorge zusammenhängen dürfte, dass ihr Patent durch den Nichtigkeitseinwand des Beklagten vernichtet werden könnte. Durch eine detaillierte Analyse jüngerer japanischer Gerichtsentscheidungen, insbesondere des Obergerichts für Geistiges Eigentum, gelangt die Autorin zu dem Ergebnis, dass sich der Wind insoweit zu drehen scheint. Sie findet bemerkenswerte Belege für einen Trend zu einer weiteren Auslegung von Patentansprüchen und zur Bereitschaft der Gerichte, auf eine indirekte Verletzung und äquivalente Verletzung zu erkennen.*

*Im zweiten Teil untersucht die Autorin die Entwicklungen in Bezug auf die Anerkennung einer erfinderischen Tätigkeit. Nach einer Auswertung verschiedener Statistiken identifiziert sie auch insoweit wesentliche Änderungen. Während das JPO seit einer Neufassung seiner Richtlinien im Jahr 2000 an die erfinderische Tätigkeit strengere Maßstäbe anlegt, zeichnet sich in jüngeren Gerichtsentscheidungen eine großzügigere Linie in dieser Hinsicht ab. Insbesondere heben die Gerichte vermehrt die Notwendigkeit ab, eine rückschauende Betrachtung zu vermeiden, die Lösung der Aufgabe zu betonen und das Kriterium des Stands der Technik präziser zu verwenden.*

*Vor dem Hintergrund der beschriebenen Trends gelangt die Autorin zu dem Ergebnis, dass sich Japan tatsächlich zu einem patentfreundlichen Forum entwickelt.*

*(Die Redaktion)*