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Cross-Border Patent Infringement in Japan
Comment on the Supreme Court’s Decision of September 26, 2002
(The “Card Reader” Case)

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I.  INTRODUCTION

In its judgment on September 26, 2002¹, the Supreme Court of Japan considered the question of what law is applicable to a foreign (in this case, U.S.) patent infringement for the first time. This judgment has been subjected to thorough analysis and criticism by Japanese scholars, but is also an important touchstone for increasing cross-border litigation on intellectual property rights, which Japanese courts are beginning to face in a variety of contexts (validity, ownership, transfer and infringement of intellectual property rights, especially copyright, trademark and patent).

This article seeks to analyze the meaning of this Supreme Court decision in the context of Japanese private international law. Part II of the article sets forth the facts and content of the judgment (Section 1 & 2). Part III analyzes the international jurisdiction to adjudicate a foreign patent infringement case (Section 1). In particular, Section 2 explores whether to subject patent infringement cases to the ordinary rules of international jurisdiction, rather than recognizing the exclusive jurisdiction of the country

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where the patent is registered. Part IV then approaches the question of what law is applicable to a foreign patent infringement case from the perspective of the characterization (or classification) method used in the Japanese conflicts of law system (Section 1). It also scrutinizes the determination of governing law (Section 2) and the controversial “double actionability” rule of Art. 11 (2) and (3) of Hörei² (Section 3). Final remarks cast an eye to future development, with an emphasis on the on-going reform of Hörei.

II. THE SUPREME COURT DECISION

1. The Facts

The facts of this case are the following: On June 22, 1983, plaintiff, a Japanese national residing in Japan, applied for a patent at the United States Patent and Trademark Office for an invention named “FM Signal Demodulating Apparatus,” which was eventually registered as Patent No. 4540947 on Sep. 10, 1985. Defendant, a Japanese company whose principal place of business is in Japan, owned the parallel Japanese patent. From approximately 1986 to 1991, defendant produced “Card Reader No. 1” in Japan, and later from 1992 on “Card Reader No. 2”, which were exported to the United States and sold there by defendant’s wholly-owned U.S. subsidiary.

Card Reader No. 1 was within the technical range of plaintiff’s invention protected by his U.S. patent. Plaintiff argued that Card Reader No. 2 was within this range as well, and that defendant induced the infringement of his U.S. patent under 35 U.S.C. § 271 (b) [U.S. Patent Laws]. He therefore filed claims against defendant seeking the following remedies:

(a) the injunction of (1) production of Card Reader No. 2 for the purpose of exporting to the United States, (2) export of Card Reader No. 2 to the United States, and (3) inducement of defendant’s U.S. subsidiary to import and sell them in the United States;
(b) the destruction of defendant’s products in defendant’s possession in Japan;
(c) compensatory damages for defendant’s wrongful act.

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² Hörei, Law Concerning Application of Laws in General, Law No. 10/1898 as amended by Law No. 151/1999. Art. 11 of Hörei stipulates as follows (see EHS LAW BULLETIN SERIES – JAPAN (1986));

1. The formation and effect of obligations due to negotiorum gestio, unjust enrichment or unlawful acts shall be governed by the law of the place where the facts forming the cause of such obligation have occurred.
2. The provision of the preceding paragraph shall not apply to unlawful acts in case the facts occurring in a foreign country are not unlawful according to Japanese law.
3. Even when facts occurring in a foreign country are unlawful according to Japanese law, the injured person may lodge no claim for compensation for damage or other measures (remedies) except such as are recognized by Japanese law.
2. The Reasoning of the Supreme Court

Both the Tokyo District Court in its judgment of April 22, 1999 and the Tokyo High Court in its judgment of January 27, 2000 dismissed defendant’s claims on the merits, and plaintiff appealed to the Supreme Court. The Supreme Court affirmed the judgment of the Tokyo High Court based on the following reasoning:

i) First of all, the Court held that appellant’s claims seeking court orders (a) enjoining the offending actions and (b) demanding destruction of products were based on the property of a private person. They concerned a Japanese national domiciled in Japan and a Japanese company whose principal place of business was in Japan, and the latter party’s activities in Japan were in question. However, because this claim was based on a right granted by U.S. patent law, it provided a cross-border element and therefore required a determination of the applicable law.

According to the Court, the “principle of territoriality” with regards to patent provides that the formation, transfer, and effects of each country’s patents are determined by each country’s law, and that the effects of a patent do not go beyond the border of the country concerned. Following this principle, every country regulates patents based on that country’s industrial policy, determining the procedure and requirements for granting a patent for an invention and what kind of effects the patent will have. The effects of a Japanese patent should only be recognized within the territory of Japan.

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3 Minshû 56-7, 1575-1600; Hanrei Jihô 1691, 131.
4 Minshû 56-7, 1600-1610; Hanrei Jihô 1711, 131.
5 Here the judgment quotes BBS Kraftfahrzeugtechnik AG v. Racimex Japan, Minshû 51-6, 2299 (Supreme Court, July 1, 1997). In this parallel import case, plaintiff BBS, a German company, had both the German and the Japanese patent of the products concerned (aluminium wheels for automobiles). BBS licenced Japanese car manufacturers to exploit his Japanese patent. Defendants Racimex Japan and Japauto Products are both Japanese companies. They purchased BBS’s products in Germany, imported them to Japan and sold them there. BBS sought an injunction of defendants’ conduct and damages based on the infringement of its Japanese patent. Defendants moved to dismiss the case, arguing that plaintiff’s Japanese patent lost its effect after these products were put into the stream of commerce in Germany, so that they did not infringe upon plaintiff’s patent (doctrine of the “international exhaustion”). In line with the first and second instance, the Supreme Court denied plaintiff’s (appellant’s) claims on the following grounds: The principle of territoriality means that the formation, transfer, and effect of each country’s patent are determined by each country’s law, and that the effects of patent do not go beyond the relevant country’s border. Therefore, it is Japanese law that decides whether a Japanese patent has the effect to enjoin the import and sales of the products manufactured abroad. In today’s cross-border transactions, free movement of goods should be protected as much as possible. Because it can be easily foreseen that the products once sold in one country could possibly be imported to and sold in another country, the rightholder should not be allowed to exercise his rights protected under his Japanese patent, unless he explicitly excluded Japan from the future marketplace where the products manufactured in Germany would be authorized to be sold or used. As this was not the case in the action at bar, appellant’s claims cannot be granted.
Court argued, however, that this principle did not preclude a determination of the applicable law according to ホレイ when a dispute arose concerning a foreign patent infringement between private persons.

According to the Court, appellant’s request for (a) injunction of defendant’s actions and (b) destruction of goods based on appellant’s U.S. patent was different from a tort action, which sought, in light of justice and fairness, compensation of damages caused to the victim in the past. Therefore, these requests were characterized by the court as questions regarding the effects of a patent. The court concluded that there are not explicit provisions in ホレイ regarding the law applicable to the effects of a patent. Considering it as a matter of jori (reasonableness), the Court believed the applicable law should be the law of the country in which the patent is registered, namely the law of the country which has the closest relationship to the patent. In this case, the law of the country with the closest relationship to the patent was U.S. patent law.

35 U.S.C. § 271 (b) stipulates that someone who actively induces infringement of a patent shall be liable as an infringer. This provision also covers an active inducement committed outside the U.S., so long as the directly infringing conduct occurs within the U.S. borders. § 283 provides that courts can order an injunction as a remedy and is construed as allowing courts to order the destruction of the products infringing the patent as well. However, the issue of a court order enjoining conduct in Japan based on a U.S. patent, following these provisions, would mean expanding the effects of the concerned U.S. patent extraterritorially to Japan. The Court concluded that this would contravene the principle of territoriality. Furthermore, the Court noted that Japan and the U.S. do not have an agreement requiring them to reciprocally recognize the effects of one another’s patents. Thus, the Court held that granting these remedies by applying the U.S. patent law would be incompatible with the basic ideas of the Japanese patent law order and, therefore, would violate Japan’s public policy as it is understood in Art. 33 of ホレイ.

ii) The Court believed that appellant’s request (c) for compensatory damages was not a specific question of patent law, but a question regarding a remedy based on civil law protecting against the infringement of private property. The Court, therefore, characterized this claim as a tort question, whose applicable law should be determined by Art. 11 (1) of ホレイ.

According to the Court, the locus delicti in the sense of Art. 11 (1) of ホレイ should be interpreted as the place where the directly infringing act was committed and the result of the infringement occurred, namely the U.S. in this case. This is because (i) if appellee’s conduct in Japan actively induced infringement of the U.S. patent, the result of the infringement occurred in the U.S., and (ii) the application of the U.S. law does not violate appellee’s foreseeability, as appellee intended to export its products to the U.S. and to have them sold there by its U.S. subsidiary. 35 U.S.C. § 284 provides that claimant can be awarded compensatory damages as a remedy based on the civil law.
Those who actively induced infringement of a U.S. patent in Japan could, therefore, be regarded liable according to § 271 (b) and § 284.

However, the Court found that, according to Art. 11 (2) of Hörei, Japanese law should be cumulatively applied in addition to the foreign lex loci delicti. Thus, the court felt that the appropriate question was whether appellee’s active inducement, effectuated outside the country of the patent’s registration, fulfilled the requirements of tort under the Japanese Civil Code and Japanese Patent Law. In contrast to 35 U.S.C. § 271 (b), Japanese law does not have a provision which enables expansion of the effects of Japanese patent to an extraterritorial active inducement. The Court stated that, so long as there is no specific legislation or treaty stipulating accordingly, it could not regard such an act as illegal or constituting tort. For this reason, the Court held that appellee’s conduct did not constitute tort under Japanese law and, therefore, did not fulfill the requirement of Art. 11 (2) of Hörei. As a result, the Court decided that the claim for damages could not be granted.

Thus, the majority of the Supreme Court Justices (Justice Kazutomo Ijima, Justice Akira Machida, Justice Takehisa Fukazawa, and Justice Kazuko Yokoo) affirmed the judgment of the Tokyo High Court and did not grant appellant’s claims. Justice Masao Fujii, however, dissented with regards to the claim (c) for damages and the Majority’s application of Art. 11 (2) of Hörei. His opinion can be summarized as follows:

The existence of the U.S. patent shall be regarded as an incidental question, which is subject to U.S. patent law. In applying Japanese law cumulatively, as provided for under Art. 11 (2) of Hörei, the existence of the U.S. patent should be taken for granted, and we should scrutinize whether the infringement of an equivalent right in Japan would be regarded as a tort. We should not conclude, based on the fact that the U.S. patent does not have effects in Japan, that the patent does not exist as a right.

According to Art. 709 and Art. 719 (2) of the Japanese Civil Code, an active inducement of patent infringement is a solicitation or assistance of a wrongful act, and the one who committed the inducement is regarded as a joint tortfeasor, who is liable for damages together with the direct infringer. In this case, appellee’s conduct fulfilled the requirements for tort under Japanese law.

Further, this consideration does not contravene the principle of territoriality, as it does not extend the effects of the U.S. patent to conduct effectuated outside the country of registration, but only acknowledges appellee’s joint liability with the direct infringer for the direct infringement that occurred in the country of registration.

If we were to consider, in scrutinizing whether the requirements of tort are fulfilled under Japanese law in the sense of Art. 11 (2) of Hörei, an equivalent case where active inducement of the infringement of a Japanese patent occurred abroad, we would come to the same conclusion. Under Japanese tort law, so long as the direct infringement occurs in Japan, those who actively induced this infringement in a foreign country are regarded as joint tortfeasors because of solicitation or assistance.
For these reasons, the judgment of the Tokyo High Court contains obvious violations of law, and should be reversed and remanded.

III. INTERNATIONAL JURISDICTION TO ADJUDICATE

1. Jurisdictional Rules in Japan

There are no written rules on international jurisdictions to adjudicate in Japan, not to mention rules for international patent infringement cases. The general principles for determining whether Japanese courts have jurisdiction over international cases, established by the case law since the *Malaysian Airline* case of 1981\(^6\), are derived from the national jurisdictional rules provided in Art. 4 and 5 of the Japanese Civil Procedural Code. These principles are based on the theoretical presumption that so far as a specific court in Japan (e.g. the Nagoya District Court) has the territorial jurisdiction according to national jurisdictional rules, the international jurisdiction of Japanese courts is presupposed and therefore granted (doctrine of “reverse presumption”). After the *Malaysian Airline* case, lower courts started to introduce a discretionary reference to “special circumstances,” which allow judges, in view of the balance of interests between the parties as well as due and expeditious process, to decline Japan’s jurisdiction even though it is given based on the national jurisdictional rules.\(^7\) The reasoning behind this grant of discretion was that it would allow avoidance of inappropriate jurisdiction which can be associated with applying national jurisdictional rules to cross-border cases without restriction. This general framework was finally confirmed by

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\(^{6}\) *Gotô v. Malaysian Airline System*, Minshû 35-7, 1224 (Supreme Court, Oct. 16, 1981) [*Malaysian Airline case*]. In this case, the victim Mr. Gotô signed an air carriage contract with the Malaysian Airline in Malaysia for a national flight. On the flight from Penang to Kuala Lumpur, the plane crashed following a brutal hijacking, killing crew and passengers on board. Mr. Gotô’s widow and heirs sued against Malaysian Airline in the Nagoya District court, alleging to have inherited Mr. Gotô’s claim for damages against the airline. The Supreme Court granted the international jurisdiction of Japan because, under Art. 4 of the Civil Procedural Code (prior to the reform of 1998), the national jurisdiction can be granted to the place where the corporation has a branch office. Thus, Malaysian Airline, which had a representative and a branch office in Japan, could be subject to Japan’s jurisdiction. For an interesting comparative discussion on the *Malaysian Airline* case in relation to American and European rules, see A.F. *LOWENFELD*, *International Litigation and the Quest for Reasonableness – General Course on Private International Law*, in: Recueil des Cours 245, 11, 83-87 (1994-I).

\(^{7}\) See e.g. A. *TAKAKUWA*, *Shôgai hanrei hyakusen*, 196, 197 (3d ed. 1995).
the Supreme Court in 1997. Japanese scholars, however, often expressed concern that courts would overuse this grant of discretion referring to the “special circumstances” and disregard the requirements of legal certainty and parties’ foreseeability.

In the underlying case, the international judicial jurisdiction of Japan was not disputed between the parties, presumably because the defendant was a Japanese company with its principal place of business in Japan and the plaintiff was a Japanese national residing in Japan. Judges, who decide on jurisdiction ex officio, granted it implicitly by deciding the case on the merits in all instances, although the subject matter of this case was the infringement of a U.S. patent.

8 *Family Co. Ltd. v. Miyahara*, Minshū 51-10, 4055 (Supreme Court, Nov. 11, 1997). In this case, appellant (plaintiff) was a Japanese company which had its principal place of business in Japan. The company imported automobiles from Germany and sold them in Japan. Appellee (defendant) was a Japanese national, who had resided in Germany since about 1965 and transacted mainly in Frankfurt a.M. They signed a contract in December 1987 in Frankfurt a.M., which stated that appellee would purchase automobiles from various European countries, administer the advanced payment of appellant, conduct the payment, and ship the automobiles to appellant. Although appellant transferred, upon request of appellee, 91,747,138 Yen to his bank account in Germany, appellee did not fully perform his contractual obligations. Appellant brought a suit in Chiba District Court, demanding the restitution of the rest deposit (24,960,081 Yen) and delinquency charge; appellant asserted the international jurisdiction of Japan, as Japanese law was allegedly applicable to this case and therefore the place of performance of the contract concerned was the domicile of the creditor, namely Japan. The Supreme Court, like the lower courts, denied the jurisdiction on the grounds of the following “special circumstances”:

(i) This contract was signed in Germany and put appellee under the obligation to conduct various activities in Germany. Also, there was not an explicit agreement between the parties appointing Japan as the place of performance, nor a choice of law clause in favor of Japanese law. Thus, the Court held that it went beyond appellee’s expectations to subject him to Japan’s jurisdiction.

(ii) Appellee has had his center of life and business in Germany for more than 20 years, and the evidence about the performance of this contract was concentrated in Germany.

(iii) On the other hand, appellant was a company which imported automobiles from Germany, so it would not be an excessive burden for appellant to litigate in German courts. Taking these circumstances into consideration, the Court argued that it would be against the idea of the balance of interests between the parties as well as due and expeditious process to subject appellee to Japan’s jurisdiction.

9 This Supreme Court decision has been criticized by Japanese scholars, as the Court did not first scrutinize whether Japan’s jurisdiction was founded by national jurisdictional rules as a principle; instead, the Court relied solely on the “special circumstances” to deny the jurisdiction of Japan. It is better to make a clear distinction between the primary basis for granting or denying jurisdiction (national jurisdictional rules) and the exceptional reliance on consideration of “special circumstances” associated with the case. Courts should restrict consideration of “special circumstances” to only those cases which require adjustment of the principle method of determining jurisdiction, in order to guarantee legal certainty and the parties’ foreseeability. See e.g. M. Dōgauchi, in: Takakuwa / Dōgauchi (eds.), *Kokusai minji soshō-hō (zaisan-hō kankei)* (2002) 40, 46-47. More generally on Japan’s international jurisdictional rules, see A. Petersen, *Das internationale Zivilprozessrecht in Japan* (2003), 41-212.
As a result, the Supreme Court followed the ordinary rules of jurisdiction, which is in line with the other cases regarding patent infringement, such as the *Manchurian patent* case of 1953\(^{10}\), the *Ueno Seiyaku* case of 2001\(^{11-12}\), and the *Coral Corporation* case of 2003\(^{13}\). The same rule was also adopted for cases concerning copyright infringement.

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10 *Nihon Musen Tsushin Co. Ltd. v. Matsushita Denki Sangyo Co. Ltd.*, KAMINSHÛ 4-6, 847 (Tokyo District Court, June 12, 1953). Plaintiff Nihon Musen and defendant Matsushita were both Japanese companies. Nihon Musen owned the Japanese and Manchurian patent of the multipolar vacuum tube concerned. The Japanese patent was then licenced to Tôshiba, which produced and sold vacuum tubes in Japan. Matsushita bought the vacuum tubes from Tôshiba, produced radio receivers by using them as parts and imported the radio receivers to Manchuria. Nihon Musen contended that Matsushita infringed upon its Manchurian patent, and sought for damages as well as delinquency charge. The Tokyo District Court decided on the merits, granting the jurisdiction of Japan implicitly, and dismissed the plaintiff’s claim because of non-fulfillment of the “double actionability” test under Art. 11 (2) of *Hôrei*. See Part IV 2 and 3.

11 *Ueno Seiyaku Co. Ltd. v. Pharmacia & Upjohn Inc.*, Hanrei Jihô 1754, 148 (Tokyo District Court, May 14, 2001). Plaintiff Ueno Seiyaku was a Japanese company, the exclusive licen-see e.g. *S. WATANABE, in: Law & Technology* 18 (2003) 1, 23-25. Because C, as a Japanese company, was subject to the general jurisdiction of Japan and plaintiff’s claim against A and B was based on the same cause of action, the Court could have granted the jurisdiction against A and B on the grounds of the joinder of parties (*Streitgenossenzuständigkeit*), following some precedents (e.g. Kojima v. Mitsukoshi Kigyô Corp., Hanrei Jihô 1261, 105 (Tokyo District Court, interlocutory judgment, June 1, 1987)) and scholarly opinions. For the “joinder of parties” in cross-border litigation, see Y. SAKURADA, *Shukan geteki hii yoru kankatsu-ken*, in: Takakuwa / Dôgauchi (eds.), *Kokusai minji soshô-hô (zaisan-hô kankei)* (2002) 127, 128-135.

12 The decision in the *Ueno Seiyaku* case has been criticized by scholars in Japan, because the Court did not regard the allegedly tortious conducts of A, B and C as a whole, but distinguished between those of A and B, and those of C, examining respectively whether the judicial jurisdiction should be granted. See e.g. *S. WATANABE, in: Law & Technology* 18 (2003) 1, 23-25. Because C, as a Japanese company, was subject to the general jurisdiction of Japan and plaintiff’s claim against A and B was based on the same cause of action, the Court could have granted the jurisdiction against A and B on the grounds of the joinder of parties (*Streitgenossenzuständigkeit*), following some precedents (e.g. Kojima v. Mitsukoshi Kigyô Corp., Hanrei Jihô 1261, 105 (Tokyo District Court, interlocutory judgment, June 1, 1987)) and scholarly opinions. For the “joinder of parties” in cross-border litigation, see Y. SAKURADA, *Shukan geteki hii yoru kankatsu-ken*, in: Takakuwa / Dôgauchi (eds.), *Kokusai minji soshô-hô (zaisan-hô kankei)* (2002) 127, 128-135.

This case law is welcomed by Japanese scholars, even though there is a strong voice among business people arguing that exclusive jurisdiction should be granted to the country of registration, as they are afraid of having Japanese patent infringement cases litigated in the U.S. courts under U.S. procedural rules, especially in a jury trial.15

2. Jurisdiction on Patent Infringement

A patent is an intellectual property right which is conferred by the respective country based on a thorough examination by the competent authority of the substantive and formal requirements. A patent comes into existence only after being registered, and, once registered, it confers exclusive rights (monopoly) for the exploitation of the invention to the right holder. Because of these characteristics, the effects of patent are confined within the territory of the country in which it is registered, i.e. “the protecting country”. It is generally recognized that granting a patent, its registration, validity, aban-

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14 See the Tsuburaya Production Co. Ltd. v. Sangenchai Sonpote, Minshû 55-4, 727 (Supreme Court, June 8, 2001) [Ultra-man case]; Yokoyama v. Entercolour Technologies Corp., Hanrei Jihô 1812, 139 (Tokyo District Court, Sep. 18, 2002) [Giganter case].

donment and revocation are subject to the exclusive jurisdiction of the country of Registration.\textsuperscript{16} Art. 22 (4) of the Brussels-I Regulation of Dec. 22, 2000\textsuperscript{17} (Art. 16 (4) of the Brussels Convention of Sep. 27, 1968) expressly provides this idea.

The position is divided among countries on patent infringement, however, as the heated discussions on the project of the Hague Convention on jurisdiction and the effects of foreign judgments in civil and commercial matters have shown\textsuperscript{18}: While the majority of countries favored to subjecting patent infringement disputes to normal jurisdictional rules, the United Kingdom, among others, supported the exclusive jurisdiction of the country of registration. The principal argument was that patent validity and infringement are closely connected and a defendant accused of patent infringement often defends himself by attacking the validity of the patent. Thus, applying different jurisdictional rules to these two questions would lead to the risk of contradictory judgments.\textsuperscript{19}

Even within the framework of Art. 5 (3) of the Brussels-I Regulation (Art. 5 (3) of the Brussels Convention), where infringement of intellectual property is characterized as a tort\textsuperscript{20}, English courts have declined to hear the case whenever invalidity of foreign intellectual property is raised as a defense or counter-claim in infringement proceedings.\textsuperscript{21}

From a theoretical viewpoint, it should be pointed out that patent infringement is a dispute between private persons, where the rightholder seeks remedies from the infringer on the grounds that he infringed on the patent. In this case, the patent is already conferred to the rightholder as a property right and is regarded as \textit{prima facie} valid. This is in contrast to questions of registration, revocation or invalidation of patents, which involve administrative acts or procedures, and must therefore be subject to the exclusive jurisdiction of the country in which the patent is argued to be, or is, regis-


\textsuperscript{17} Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.


\textsuperscript{19} See Prel. Doc. 13, supra note 18. In the traditional English case law, the exclusive jurisdiction of the country of registration in patent infringement cases was founded on the “double actionability” rule, which was abolished through 1995 Private International Law (Miscellaneous Provisions) Act. See M. PERTEGÁS SENDER, Cross-Border Enforcement of Patent Rights 2.54-2.58 (2002); \textit{cf. infra} note 62.


\textsuperscript{21} See \textit{id.} at 201-213.
Patent infringement action as a dispute between private persons falls within the category of tort for the purposes of jurisdiction, so that it ought to be governed by ordinary rules of jurisdiction, even as to a foreign patent infringement. The “principle of territoriality” does not prevent the national courts from deciding a foreign patent infringement dispute, since the existence of a foreign patent as a property right, even though its exclusive effects as to the exploitation of an invention are restricted to the country where it is registered, can be recognized by the national courts, and so can the effects of an alleged infringement.

Some practical considerations also support this position. First, damages or other remedies are usually most effectively recovered at the domicile of defendant; a judgment rendered in a foreign county, in which the concerned patent is registered, is not always enforceable in the country where defendant is domiciled. Second, if both parties are Japanese with their domicile or principal office in Japan and the subject matter is a U.S. patent infringement as in the underlying case, a grant of exclusive jurisdiction to the U.S. might hinder an expeditious dispute resolution and impose a burden on the parties to sue abroad. Third, if plaintiff owns parallel patents in several countries for the same products and a defendant allegedly infringes on them, all of the claims can be concentrated in a single national court under ordinary jurisdictional rules.

It is therefore reasonable and expedient to subject a patent infringement case to the ordinary rules of jurisdiction. In a nutshell, the international jurisdiction of Japan shall be granted as a principle, when (i) the defendant is domiciled in Japan, (ii) the damage was sustained in Japan, or (iii) an act, from which the damage resulted, was committed in Japan, subject to an exceptional reference to the above mentioned “special circumstances”; (iv) a choice of forum in favor of Japanese courts or (v) a general appearance of defendant without contesting jurisdiction is also a basis for international jurisdiction by an analogous application of Art. 11 and 12 of the Japanese Civil Procedural Code. The place where the damage was sustained in patent infringement cases shall be regarded as the country where the patent is registered, namely the protecting country. On the other hand, the country in which tortuous act was committed can be interpreted as either always being the country of protection as a consequence of the territoriality of patents, as some scholars suggest, or possibly being another country, when a joint-
tortfeasor induces the infringing result in the country of protection from abroad.\textsuperscript{25} If Japan has international jurisdiction in a foreign patent infringement dispute, shall the national courts be allowed to decide on preliminary or incidental question of validity of patent as well? As a matter of Japanese national law, the invalidation or revocation of patent with \textit{erga omnes} effects can only be decided in a trial procedure by the Patent Office (Art. 178 (6) of the Japanese Patent Law), which is independent of the subject matter jurisdiction of courts regarding patent infringement. However, scholarly opinions recognize that the court seized in an infringement case may verify incidentally whether reasons for invalidation exist;\textsuperscript{26} this principle was eventually adopted by the Supreme Court in 2000.\textsuperscript{27} The Supreme Court held that, so far as there are obvious grounds for the invalidity of the patent concerned, claim for injunction or damages based on it shall be deemed an abuse of rights, unless there are special circumstances to the contrary.\textsuperscript{28} The rationale is that it would be burdensome for parties to go through two different procedures. An incidental invalidity declaration by a court, which is binding only for the parties, does not contradict the distribution of subject matter jurisdictions between the Patent Office and courts, so long as it is based on obvious invalidity grounds.\textsuperscript{29}

With regards to cross-border infringement cases, the burden and procedural hindrance would be even more remarkable if parties facing an infringement action had to refer to the foreign court in which the patent is registered whenever patent validity is questioned. Furthermore, if defendant raised an invalidity defense and the national court stayed the proceeding to await the invalidation decision to be rendered in the foreign country where the patent is registered, the national proceeding could be blocked forever, so long as defendant would not take the step to file a costly and time-consuming invalidation suit in that foreign country. On the other hand, the plaintiff, himself, would not move to invalidate his own patent, which is formally still valid.\textsuperscript{30} These practical concerns suggest that we should provide a national court, dealing with infringement, with the power to incidentally rule on the validity of a patent, even if it is a foreign patent.\textsuperscript{31} The Tokyo District Court expressed this principle in the above men-

\textsuperscript{25} In the underlying case, the active inducement of the infringement of the U.S. patent was committed in Japan and this conduct was tortious according to U.S. patent law [35 U.S.C. § 271 (b)]. So long as the conduct in Japan was obviously directed to the U.S., Japan could be regarded as the place in which the tortious act was committed. Granting jurisdiction there might also be of practical interest in terms of efficient enforcement of remedies, especially the injunction of exporting products.

\textsuperscript{26} See \textit{e.g.} N. NAKAYAMA, \textit{Kōgyō shoyûken-hô [tokkyo-hô]} (2nd revised ed, 2000) 1, 408-421.

\textsuperscript{27} \textit{Fujitsu Co. Ltd. v. Texas Instruments Inc.}, Minshû 54-4, 1368 (SupremeCourt April 11, 2000).

\textsuperscript{28} Minshû 54-4, 1372-1374. Other courts follow this ruling of the Supreme Court: \textit{e.g.} \textit{Funai Denki Co. Ltd. v. MK Seiko Co. Ltd.}, in: Hanrei Times 1081, 241 (Osaka District Court, Oct. 24, 2002).

\textsuperscript{29} NAKAYAMA, \textit{supra} note 26, 418-419.

\textsuperscript{30} DÔGAUCHI, \textit{supra} note 15, at 56; CHAEN, \textit{supra} note 16, at 75.

\textsuperscript{31} In this sense also M. DÔGAUCHI, in: \textit{Jurisuto} 1246 (2003) 278, 279.
tioned Coral Corporation case. This will also enable the court to hear all of the evidence raised in relation to the validity question and to adequately determine the scope of the patent. The risk of contradictory decisions would be alleviated by consolidation of litigations, on the assumption that Japanese courts start to recognize a cross-border lis pendens.

IV. APPLICABLE LAW

1. Characterization

In the underlying case, the Supreme Court distinguished the following two categories in characterizing plaintiff’s claims: on the one hand, appellant’s claim for (c) compensatory damages was characterized as “tort,” because it aims, in light of justice and fairness, to compensate for damage caused to the victim in the past. On the other hand, appellant’s request for (a) injunction of production, export and inducement of infringement, and (b) destruction of the appellee’s products were deemed as concerning the “effects of patent,” because they did not fulfill the characteristics of tort. As a result, the Supreme Court held that (c) was governed by U.S. law as lex loci delicti in the sense of Art. 11 (1) of Hôrei, and also (a) and (b) were governed by U.S. law as lex loci protectionis, relying on jôri (reasonableness) in the absence of explicit conflicts rules in Hôrei.

These reasonings, first of all, presupposed that there are no explicit conflicts rules on patent infringement in international bilateral or multilateral treaties of which Japan is a Member State. Admittedly, Art. 2 of the Paris Convention for the Protection of Industrial Property of March 20, 1883 provides for “national treatment,” according to which nationals of any country of the Union enjoy in all other countries of the Union the same protection and the same remedy against any infringement of their rights as those countries grant to nationals. Although some foreign scholars argue that this rule includes a conflict of laws aspect and designates lex loci protectionis as the law applicable to

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32 See supra note 13.
33 For these arguments, see AMERICAN LAW INSTITUTE, Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes, Preliminary Draft No. 2 (submitted on Jan. 20, 2004), at 77.
34 Japanese courts mostly have refused to take a foreign lis pendence into consideration so far. See e.g. M. DÔGAUCHI, Kokusai soshô kyôgô, in: Takakuwa / Dôgauchi (eds.), Kokusai minji soshô-hô (zaisan-hô kankei) (2002) 145-151; PETERSEN, supra note 9, at 271-298.
35 The Tokyo District court followed this characterization as to an injunction based on patent in the above mentioned Coral Corporation case. See supra note 13.
existence, ownership of patent and infringement upon it, the majority of Japanese conflicts scholars contend that this provision is only a rule of law relating to foreigners (Fremdenrecht) and does not determine the governing law.

Following the consideration of Japanese scholars, the Supreme Court referred to the national conflict of laws rules. The rationale of the distinctive characterization between the claims (a)/(b) and (c) obviously lay in traditional Japanese substantive law theory, according to which injunction or prevention of an infringing act is based on property law (actio negatoria), whereas damages to compensate a loss sustained in the past is based on tort law. Also the Japanese Patent Law provides for (a) injunction and prevention of an infringement of the patent (Art. 100 (1)) and (b) destruction of infringing products as measures against patent infringement (Art. 100 (2)), and subjects (c) compensatory damages to Art. 709 of the Japanese Civil Code, the general provision for tort. It should be pointed out, however, that this legislature’s decision regarding the Patent Law was merely a technical one, not a substantial one. Furthermore, according to the prevailing opinion and the case law in Japan, characterization of cross-border legal relations must be performed from the viewpoint of conflict of laws, independently from substantive national or foreign laws.

Some Japanese conflict of laws scholars suggest that, since patent is granted through registration by the respective country based on its industrial policy, claims (a) and (b) should be deemed as a matter of public law and are subject to that country’s public

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37 Kidana argues that there was no discussions nor implications during the drafting procedure of the Paris Convention that its Art. 2 would order the application of lex loci protectionis to a patent infringement. He puts forth that Member States could not be regarded as violating the Convention, even though it provided for the application of a different law (for example, Art. 110 (2) of the Swiss Statute on Private International Law allows the parties to choose lex fori instead of lex loci protectionis regarding the infringement of intellectual property rights). S. Kidana, Kokusai kogyō shoyüken-hō no kenkyū (1989) 85-91; see also S. Kidana, Chiteki zaisan-hō no tōtsu to kokusai shihō, in: Kokusai Shihō Nenpō 3 (2001) 175; J. Euchi / S. Chaen, Kokusai torihiki to chiteki zaisan, in: Matsuoka (ed) Gendai kokusai torihiki-hō kōgi (1996) 168, 188-189.

38 See e.g. J. Funahashi, Bukken-hō (1960) 26-27.

39 See the comment of the clerk in charge of this case, M. Takabe, L&T 19 (2003) 81, 87.

40 Nakayama points out that the legislature could insert a provision de lege ferenda into the Japanese Patent Law, which orders damages as a remedy for patent infringement, but it would not make a difference, as patent infringement must be regarded as a tort. Nakayama, supra note 26, at 335.

law, without giving rise to a conflict of laws question; claim (c), on the other hand, is to be characterized as a question of “tort” under Art. 11 (1) of Hörei. Arguably, this consideration as to public law disregards the fact that a patent, once granted and registered, exists as an intangible property right, which can be licensed, assigned, laid in pledge and renounced by the rightholder. The very nature of a patent which has already come into existence should be distinguished from the administrative procedure of granting and registering it. The protection of a patent means to guarantee the intangible property right provided for a private person against infringing acts of another private person, and falls within the scope of private law. Thus, we cannot dispense of determining the governing law of patent infringement according to a conflicts of laws rule.

As was mentioned above, the Supreme Court drew a parallel to tangible property in characterizing the request for (a) an injunction and (b) destruction of products as “effects of patent”. With regards to tangible property, claims in rem (dingliche Ansprüche: injunction or prevention of infringement upon tangible property) are subject to lex rei sitae under Art. 10 of Hörei, and so are, according to the majority of Japanese conflict of laws scholars, certain kinds of pecuniary claims deriving from property rights (e.g. claims for damages or reimbursement of costs and expenses), so long as they are closely related to the property and presuppose its existence. Claims in rem should be regarded

43 NAKAYAMA, supra note 26, at 426-480.
44 See e.g. S. KIDANA, Chiteki zaisan-ken shingai no kise no riron [Nihon], in: Kidana (ed), Kokusai chiteki zaisan-ken shingai no kise no riron (2003) 277, 281; M. SHIN, Kokusaiteki ni chiteki zaisan-ken shingai jiken ni okeru teishoku-hô riron ni tsuite, in: Hôgaku Ronsô 154-2 (forthcoming 2004) [The author thanks Ms. Miho Shin for making her paper available before its publication].
45 While Japanese conflict of laws scholars unanimously subject claims under property rights to lex rei sitae under Art. 10 of Hörei as a question of “property,” opinions are divided as to pecuniary claims derived from property rights.

(i) Tameike puts forth that lex rei sitae should be applied as a question of “property” (TAMEIKE, supra note 41, at 319; also Egawa, except in the case of a property infringement caused by a wrongful act, which should be characterized as “tort” under Art. 11 of Hörei. Egawa, supra note 41, at 195-196), whereas

(ii) Orimo suggests that lex loci delicti should be applied according to Art. 11 (1) of Hörei as a question of “tort” or “unjust enrichment,” since these pecuniary claims deviate from property rights and constitute an independent statutory chose in action (Y. ORIMO, Kokusai shihô kakuron (2nd ed, 1972) 100, 106 (note 11)).

(iii) Today’s prevailing opinion takes a middle course and argues that questions which presuppose the existence of property are to be characterized as “property,” whereas other questions, in which claims under property rights are transformed into statutory chose in action, are to be deemed as “tort” or “unjust enrichment”. So for example, in a bailment case, in which the goods under bailee’s possession were lost owing to his negligence, proprietor’s claim for damages is regarded as a question of “tort,” as it does not concern the restitution of the property, but rather the payment of damages in its place. YAMADA, supra note 41, 296, 298 (note 9); A. TAKAKUWA, in: Kidana / Matsuoka (eds), Kihon-hô konmentâru
as the effects emanating from absolute rights on tangible property, aiming at recovering physical control over the tangible property based on its possession or ownership. On the other hand, infringement upon patent as an intangible property is an abstract interference with the rightholder’s exclusive rights to exploitation of the invention and where the patent infringer takes advantage of its economic interests without due title or authorization. The measures against patent infringement are supposed to clear the way for an undisturbed patent exploitation by the rightholder, and it is up to the respective legislature what kind of measures will be granted. In this respect, the line between the claims (a)/(b) and that of (c) is relative. Since the nature of the measures against patent infringement is different from that of claims in rem founded on the absolute, erga omnes rights upon tangible property, the parallel characterization of patent infringement as “effects of patent” regarding the claim (a) and (b) encounters its limits for the purpose of conflict of laws.

Furthermore, in the underlying case, appellant claimed for remedies against infringement upon his U.S. patent, and the validity or the scope of protection of the patent was not disputed. While the latter question is deemed as an “incidental question” (Vorfrage) regarding “effects of patent,” the former is the primary subject matter, which does not necessarily follow the same characterization. Rather, there are good reasons to characterize the patent infringement as “tort,” without distinguishing between the claim (a)/(b) and (c): First, as was mentioned above, a cross-border legal relation must be characterized independently from national or foreign substantive legal systems. The governing substantive law (Japanese law, U.S. law, German law etc.) is not fixed until the applicable conflicts rule is determined through characterization on the level of conflict of laws. Since it is a matter of each substantive law to construct the types and the range of remedies for patent infringement, it is incoherent to characterize, on the level of conflict of laws, patent infringement distinctively according to the category of remedies (a) injunction, (b) destruction of products or (c) damages. Second, Art. 11 (1) of Hörei

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It should be recalled that as to Japanese substantive law, scholars and court decisions have started to grant injunction - beside libel based on Art. 723 of the Japanese Civil Code - regarding abuses of the environment and other types of infringements upon individual rights, even though there are no explicit provisions. The legal construction for the injunction is divided among scholars, and some of them construct it as the effect of tort law. See e.g. Y. Fujoka, Songai baishō-hō no kōzō (2002) 323-536.

As to the scholarly opinion characterizing patent infringement as a question of the “effects of patent,” see N. Mon’ya, Chiteki zaisan-ken no kokusaiteki hogo, in: Sawaki / Akiba (eds), Kokusai shihō no sóten (2d ed, 1996) 25, 27. Also the German legislature as well as scholars might have followed the same characterization by presupposing the applicability of the law of the protecting country without any reference to the conflicts rules on tort (Artt. 40 bis 42 of EGBGB). BT-Drucks. 14/343, at 10; A. Heldrich, in: Palands Kommentar zum BGB – Art. 40 EGBGB, at No. 13; also Sandrock, supra note 36, at 406-407.
has a broad scope of application and covers principally all kinds of torts. Considering
this factor, it seems in conformity with the present Japanese conflict of laws system to
also subject patent infringement to this provision.

In light of these considerations, it appears expedient to characterize patent infringe-
ment as a question of “tort,” without distinguishing between the claim (a)/(b) and (c).
As a result, Art. 11 (1) of Hörei should be applicable and, therefore, lex loci delicti
should govern the patent infringement.

2. Governing Law

In the underlying case, the Supreme Court held that U.S. law was applicable to the re-
quest (c) for damages as lex loci delicti under Art. 11 (1) of Hörei. The Supreme Court
considered that the directly infringing act was committed in the U.S. and the result of
the infringement was sustained there. Furthermore, the court noted that application of
U.S. law would not violate appellee’s foreseeability, as it intended to export its products
to the U.S. and had them sold there. Also in the above cited Manchurian patent case,
the lex loci delicti was construed as Manchurian law because the defendant acted in
Manchuria, allegedly infringing upon the Manchurian patent and causing damage there.
The majority of authors put forth the same interpretation of Art. 11 (1) of Hörei with
more or less the same reasonings as well.

On the other hand, the first and second instance of the underlying case held that the
locus delicti was Japan, because defendant’s allegedly wrongful acts were all performed
in Japan. These courts did not give further explanations, though they may have been
following the interpretation of Art. 11 (1) given by the prevailing scholarly opinion in
Japan on tort over a distance, namely: tort based on negligence is subject to the law of
the place where the wrongful act was committed, whereas tort based on strict liability is

48 Except for specific types of tort (e.g. product liability), for which the majority of scholars
deny the application of Art. 11 of Hörei through its interpretation, this provision covers the
whole legal relations to be characterized as tort. See e.g. S. Nakano, in: Kidana / Matsuoka

49 Chaen, supra note 42, at 15-17; Dôgauchi, supra note 31, at 279-280; M. Hizume, in:

50 Also the Manchurian patent case (see supra note 10 and infra Part IV 2 and 3) character-
ized patent infringement as tort, though the claim was directed solely to damages. Kidana
contends that the claims (a), (b) and (c) in the underlying case should be, as a whole, charac-
terized as tort in order to avoid the problem of “adjustment” or “coordination” (Anpassung)
and alleviate the “principle of territoriality”. Kidana, supra note 44, at 285-286.

51 Supra note 10.

as a result, also Chaen, supra note 42, at 15-17; Dôgauchi, supra note 31, at 279-280;
Hizume, supra note 49, at 40; A. Saitô, in: Jurisuto 1179 (2000) 299, 301; Yamada, supra
note 41, at 388-389.

governed by the law of the place where the damage was sustained.\textsuperscript{54} \textit{Ishiguro} also supported the reference to Japanese law in this case, on the grounds that both the plaintiff’s and defendant’s most significant relationship was with Japan.\textsuperscript{55}

It is, however, generally acknowledged that the existence, validity and effects of a patent are determined by \textit{lex loci protectionis}, namely the law of the country in which the patent is registered, and that the effects of a patent do not go beyond the registration country’s border. Hence the infringement of a patent can occur only within the territory of the protecting country, even if part of the infringing act is committed in another country;\textsuperscript{56} the patent infringement presupposes that the directly infringing act is performed in the protecting country. This is a consequence of the “principle of territoriality,” which is the dominating principle for patent and other intellectual property rights which arise out of registration.\textsuperscript{57} Considering these characteristics of a patent infringement, the place where the “harmful event occurs” in the sense of Art. 11 (1) of \textit{Hôrei} is to be construed as the protecting country, where the relevant factors of a patent infringement are always concentrated.

Because the subject matter in the underlying case was the infringement of a U.S. patent, the \textit{locus delicti} could not be anywhere but the U.S. In this respect, we should support the Supreme Court’s and scholarly opinions’ appointment of U.S. law as the governing law, though the justification must be derived from the above mentioned specific characteristics of a patent infringement; otherwise, a different law than \textit{lex loci protectionis} could be deemed as applicable following the reasoning of the Supreme Court, if, for example, the alleged infringer who acted outside the protecting country could not have foreseen that damage would have been caused in the protecting country.

\textsuperscript{54} The rationale of this opinion is that tort based on negligence is geared at the tortfeasor’s intent and predictability, so that the law of the place where the tortfeasor acted should be applied. On the other hand, tort based on strict liability is directed to compensation of damages sustained in a certain place, whether or not the tortfeasor was negligent or could have foreseen the result, so that the law of the place where the damage was sustained should be applied in this category. ORIMO, \textit{supra} note 45, at 180; S. IKEHARA, \textit{Kokusai shihô: Keiei Hôgaku Zenshû [Kokusai torihiki-hô]} 20 (1967) 377; M. MARUOKA, \textit{Fuhô kôi-chi}, in: Sawaki / Akiba (eds), \textit{Kokusai shihô no sôten} (2 ed, 1996) 136; YAMADA, \textit{supra} note 41, at 364. Japanese scholars, however, are becoming critical of this opinion, as the criteria for distinguishing the categories cannot be found in a substantive law, as they should serve to determine the applicable substantive law; on the other hand, criteria specific to conflict of laws are difficult to set up and do not guarantee legal certainty or foreseeability. SAKURADA, \textit{supra} note 41, at 227; TAMEIKE, \textit{supra} note 41, at 374. There hardly seems to be any foreign legislation or scholarly opinion supporting this twofold system nowadays. See T. KADNER GRAZIANO, Europäisches Internationales Deliktsrecht (2003) 47.


\textsuperscript{57} For further discussions, especially on the exceptional departures from the principle of territoriality as to copyright and neighboring rights, \textit{see AMERICAN LAW INSTITUTE, Preliminary Draft No. 2, supra} note 33, at 106-118.
3. The Application of Governing Law and Double Actionability

The remaining problem is the “double actionability” rule in Art. 11 (2) and (3) of Hörei. Art. 11 (2) provides for the application of Japanese law, in addition to the foreign lex loci delicti, regarding the requirements of tort, and application of Art. 11 (3) regarding the effects of tort, namely the types and range of damages and other remedies for tort. The legislators of Hörei, which was promulgated in 1898, modeled the contemporary German and English law and justified the cumulative application of Japanese law on the grounds that tort concerns the public policy of Japan and must therefore be in conformity with the requirements and the effects of tort under Japanese law. Although present Japanese scholars almost unanimously criticize these rules for inadequately favoring Japanese law and point out that an inappropriate result of applying the foreign lex loci delicti can be corrected by a reference to the general public policy clause (Art. 33 of Hörei), Art. 11 (2) and (3) of Hörei remained in force until today.

In the Manchurian patent case, as mentioned above, the Tokyo District Court construed the lex loci delicti as Manchurian law. The court then applied Japanese law cumulatively under Art. 11 (2) of Hörei and held that the defendant’s act did not constitute tort on the grounds that, within the territory of Japan, – based on the “principle of independency” of patent – only a Japanese patent is recognized as a right, but not a foreign patent. This decision was rightly criticized by scholars, since the meaning of the cumulative application of Japanese law is understood only to preclude an enforcement of an outrageous foreign tort law which deems an act wrongful, even if it would be legal under Japanese law. For this purpose, it must be sufficient that an “equivalent act,” namely an act infringing on a Japanese patent, is regarded as wrongful under Japanese law. Thus, even a foreign patent infringement which occurs in the protecting country should be deemed to constitute a wrongful act under Art. 11 (1) and (2) of Hörei.

In the underlying case, the situation was more complicated as defendant (appellee) acted only in Japan and allegedly indirectly induced the infringement upon the U.S. patent in the U.S. The Supreme Court applied the “equivalent act” test here and considered whether an active inducement of a Japanese patent infringement committed abroad can be regarded as “tort” under Japanese law. The court concluded that it could not be considered a tort because Japanese patent and tort law do not have a provision for their extraterritorial application to an active inducement effectuated abroad, which would correspond to 35 U.S.C. § 271 (b). As a result, the Court held that appellee’s conduct in Japan did not constitute a wrongful act and that the requirement of Art. 11 (2) of Hörei was not fulfilled.

58 See Hörei shūsei-an riyūsho (publishing year unknown).
59 See e.g. TAMEIKE, supra note 41, at 378; YAMADA, supra note 41, at 363-364.
60 ORIMO, supra note 45, at 187 (note 4); R. YAMADA, Kokusai shihō no kenkyū 150-154 (1969).
It is doubtful that Japanese judges should check the extraterritorial applicability of Japanese law in the sense of Art. 11 (2) of Hörei. In light of the above mentioned purpose of this provision, it ought to suffice that the active inducement is also a wrongful act under Japanese law, without taking the territorial range of application of Japanese law into consideration.61 As Justice Fujii precisely argued in his dissenting opinion, an active inducement of patent infringement is a solicitation or assistance of a wrongful act and constitutes a joint tort under Art. 709 and Art. 719 (2) of the Japanese Civil Code. And even if we considered, under Art. 11 (2) of Hörei, a parallel case in which a Japanese patent infringement was induced from abroad, the indirectly infringing act would satisfy the requirements for joint tort under Art. 709 and Art. 719 (2) of the Japanese Civil Code, so long as the direct infringement occurs in Japan.

The Supreme Court obviously was hesitant to extraterritorially apply U.S. law to the appellee’s act in Japan, as can be seen in its refusal to apply U.S. law regarding the requests for (a) injunction and (b) destruction of products, on the grounds of such application being a violation of Japan’s public policy under Art. 33 of Hörei. This public policy clause is, however, meant to be the last “safety valve” to preclude the application of an extreme foreign law, when, and only when the result of applying it would do unbearable harm to Japan’s moral thoughts and public order. The mere extraterritorial application of U.S. patent law does not constitute a public policy violation a priori; rather, courts must first look at the result of its application to the given case. Arguably, public policy violation should have been denied in the underlying case, since Japanese courts would have granted in an equivalent case the same remedies under Japanese law as the U.S. Patent Law.

V. FINAL REMARKS

This Supreme Court decision evoked lively discussions among Japanese conflict of laws scholars about how to solve various questions relating to a cross-border patent infringement. As was set forth in this paper, this decision contains a number of dogmatic, theoretical and practical problems. Following the analyses purportied in this article, appellant’s claims, as a whole, should have been characterized as “tort” and subjected to Art. 11 (1) of Hörei, which would have led to the application of U.S. law, without being bothered by the “double actionability” rule under Art. 11 (2) and (3) of Hörei, or by the public policy clause (Art. 33 of Hörei). As a result, appellant’s claims should have been granted, so far as in fact appellee had purposefully directed its activity to the U.S. market and knowingly induced the infringement of appellant’s patent. We had better expect Japanese courts to deal with these questions more adequately in the future.

61 DÔGAUCHI, supra note 31, 280.
Since May 2003, Hörei has been undergoing a thorough reform. We have the chance not only to abolish the much disputed “double actionability” rule, following the U.K.’s legislation of 1995, but also to introduce an independent provision on the infringement of intellectual property rights and clarify how to characterize this legal relation and which country’s law to apply. The option currently being put forth by the Working Group for the Reform of Hörei is the application of lex loci protectionis to the infringement of patent, trademark, copyright and other intellectual property rights. So far, this option has been positively received by the Legislative Commission. By stipulating this clear-cut provision, the new statute would eliminate uncertainty regarding the characterization of patent infringement and the determination of the applicable law, even though the development of new technology and the growing demand in practice will continuously challenge the appropriateness of this provision.

ZUSAMMENFASSUNG


62 The U.K. enacted “Private International Law (Miscellaneous Provisions) Act” in 1995 and its § 10 (a) and (b) abolished the double actionability rule except for libel cases.
63 Hörei Kenkyü-Kai, Hörei no minaoshi ni kansuru shomondai (2) – Fuhó kōi / bukken-tō no junkyo-hō ni tsuite, Bessatsu NBL 85 (2003) [11-1-8-6].
65 The application of lex loci protectionis to copyright infringement cases already encounters certain limits regarding infringements caused through the internet. See e.g. J. Ginsburg, The Private International Law of Copyright in an Era of Technological Change, in: Recueil des Cours 273 (1998) 322-348.


(Die Redaktion)