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Patent Litigation in Germany, Japan and the United States

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199 + 7 pp. (Index) + XXI pp. (Contents, Abbreviations, Bibliography),
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In this book, three experienced legal practitioners in patent matters in their respective countries provide in a nutshell a well-written and reliable overview on three of the most important jurisdictions for patent infringement litigation, namely Germany, Japan and the United States (U.S.). The parts on Germany were written by Dr. Johann Pitz, a well-known patent litigator in Germany who works for Vossius and Partner, a law firm in Munich specialized in intellectual property (IP) matters. Dr. Pitz is also the author of numerous publications concerning German patent law. Responsible for the parts on Japan is Atsushi Kawada, a Japanese attorney at law and patent attorney who is a graduate from the law faculty of Tōkyō University and who also studied for some years law at the University of Cologne. He has built up around twenty years of experience as a legal practitioner specialized in IP matters while working for a number of prestigious Japanese law firms and a Japanese-German law firm in Tōkyō. The parts dealing with U.S. patent law and patent litigation were written by Jeffrey A. Schwab, a U.S. patent attorney who also specializes in IP litigation.

Unlike some other publications with a similar objective, also covering the legal and judicial framework for patent litigation in the addressed three countries, that rather provide a collection of individual country surveys[1], this book is structured by its subject matter. In each of the eight parts of the book the respective topic is discussed under all three jurisdictions. Therefore, on a sub-level, here one can also find country reports, but in contrast to full and separate country reports, the structure here has the advantage that specific issues of patent law and patent litigation are addressed at the same time from different jurisdictional perspectives, and that in general the same issues are dealt with. The book contains the following chapters in the given order: [General] Survey (Part 1, pages 1 to 16), Matter of infringement (Part 2, pages 17 to 40), Fact Finding (Part 3, pages 41 to 49), Claims of the patent holder and objections of the infringer (Part 4, pages 51 to 100), Pre-procedural measures (Part 5, pages 101 to 121), Infringement proceedings (Part 6, pages 123 to 150), Procedural principles (Part 7, pages 151 to 192),

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1 See for example J. BUSCHE/M. TRIMBORN/B. FABRY (eds.), Patent Infringement Worldwide: Claim Interpretation – Infringement – Damages (Carl Heymanns Verlag 2010); C. HEATH/L. PETIT (eds.), Patent Enforcement Worldwide: A Survey of 15 Countries; IIC Studies in Industrial Property and Copyright Law Vo. 23 (Hart Publishing 2005).

Comparative aspects of Law and practice (Part 8, pages 193 to 199). Each topic is mostly given the appropriate attention. It is, however, slightly regrettable that the last part dealing with comparative aspects has turned out a little bit short. With respect to the order in which the subject matter is presented in this book, one slightly wonders why the chapter on fact finding (Part 3) has been put between the chapters on "Matter of infringement" (Part 2) and "Claims of the patent holder and objections of the infringer" (Part 4), the latter two dealing primarily with issues of substantive patent law, while fact finding is more closely related to procedural issues that are dealt with in later chapters, namely Parts 5 to 7. One would expect the chapter on fact finding to directly precede the chapter on pre-procedural matters (Part 5).

Moreover, the book includes a selected bibliography with further reference materials in English and German on patent law and patent law litigation in each of the three countries. This is a valuable tool. However, the selection criteria applied by the authors are not quite clear, regarding Japan the selection even appears somewhat arbitrary. Many more useful books and articles on Japanese patent law and patent litigation could have been added to the list, in particular in view of the fact that the bibliographies for Germany and the U.S. are both more comprehensive than the one for Japan. The bibliography for Japan, for instance, does neither make reference to the country surveys in J. Busche/M. Trimborn/B. Fabry (eds.), Patent Infringement Worldwide, nor those in C. Heath/L. Petit (eds.), Patent Enforcement Worldwide[2], all written in English. Neither does it include a relatively recent German book on the same subject[3], although numerous other books in German language are included in the list. The same applies for a comprehensive German language survey on Japanese patent law, published in 2011.[4] In addition to the bibliography, the detailed table of contents and the comprehensive index at the end of the book are generally also quite useful.

Notwithstanding these few and minor critical remarks, the book on the whole is recommendable without reservation to legal practitioners, scholars and students alike who would like to obtain not only an overview, but also comprehensive information on patent law and patent litigation in the addressed three countries. The book is easy to read, concise, full of reliable and practically useful information, and it is also up to date (status as of October 2014). It is a particular valuable reference for companies and their legal counsel engaged in mapping out and coordinating a multinational or global strategy for the enforcement of patents.

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2 Cf. *supra* note 1.

3 C. RADEMACHER, *Die gerichtliche Durchsetzung von Patent- und Markenrechten in Deutschland, Japan und den USA* [Patent and Trademark Enforcement in Germany, Japan and the United States] (Nomos Verlagsgesellschaft 2010).

4 G. RAHN/D. SCHÜSSLER-LANGEHEINE/M. DERNAUER/A. PETERSEN-PADBERG/C.T. STEINS/A. DEHNER, *Patent- und Gebrauchsmusterrecht* [Patent Law and Utility Model Law], in: Baum/Bälz (eds.), *Handbuch Japanisches Handels- und Wirtschaftsrecht* [Handbook Japanese Commercial and Economic Law] (Carl Heymanns Verlag 2011).

Below, a closer look shall be taken only at the parts dealing with Japanese patent law and patent litigation. At the beginning in Part 1, the reader is provided with a concise overview on the court system and available proceedings for the enforcement and invalidation of patents, as well as statistics on the number of patent litigations in Japan (pp. 7 to 12). The author correctly emphasizes the importance of the invalidity defense in infringement proceedings while also pointing to the opportunity of a parallel invalidity trial at the Japan Patent Office (JPO). In the past, Japan had a double track or dual system similar to that in Germany, which, however, had been undermined by the decision to allow the invalidity defense in infringement proceedings. The invalidity defense was first allowed to be raised by the Japanese Supreme Court in its famous "Kilby" judgment of 11 April 2000, Minshū 54-4, 1368, and later more generally by a reform of the Japanese Patent Act in 2003 (now provided in Article 104-3 Japanese Patent Act). The author deals with the invalidity defense in Japanese infringement lawsuits more comprehensively in a later part of the book (pp. 76 to 77).

In Part 2 (Matter of infringement), the author explains (pp. 26 to 35) the applicable rules and principles for determining the scope of protection of Japanese patents and describes the requirements for literal infringement. Particular thought has been given to the role of prosecution history in this regard. Furthermore, the author illustrates in detail the requirements for equivalent infringement based on the leading case "Ball Spline Bearing" (though misspelled by the author as "Ball Sprine" in the main text, p. 28, and in the index (!), p. 201), decided by the Japanese Supreme Court on 24 February 1998 (Hanrei Jihō 1630, 32), and gives further examples of cases decided by lower courts in the aftermath of this Supreme Court judgment. The author rightly points out that Japanese courts only rarely acknowledge equivalent infringement (pp. 10, 29). A similar tendency can be found with respect to indirect infringement (p. 35), which is being dealt with by the author along with the issue of direct infringement (pp. 32 to 35). In contrast to the correspondent parts on Germany and the U.S. in this chapter, however, no distinction is made with respect to the different types of patents acknowledged under Japanese law (product patents, process patents etc.).

In the chapter on fact finding (Part 3), the available measures for fact finding and confirmation of infringement under Japanese law are described (test purchase, private experts etc. pp. 44 to 47). The author in particular addresses the procedural measures for collecting information provided by the Japanese Code of Civil Procedure ("preservation of evidence"). These procedural instruments, however, are far less effective and less far-reaching as discovery proceedings under U.S. law and inspection proceedings available in Germany. The author acknowledges this fact (p. 45), but could have stated it more clearly. Petitions for actions by customs authorities and public prosecutors are also discussed, though correctly appraised as not particular useful for patentees.

In chapter 4, dealing with claims of the patent holder and objections of the infringer, the part on Japan (pp. 54 to 62 and 74 to 85) illustrates in detail the various remedies available for the patentee (and registered exclusive licensee) in Japan in case of

infringement, in particular a claim for injunction, a claim for compensation of damages (with explanation of the calculation methods), and a claim for destruction of infringing products as well as removal of facilities (in certain cases). The book, however, does not mention the possibility to claim from the infringer the rendering of a public apology (謝罪広告, *shazai kōkoku*), which is available under Article 106 Japanese Patent Act and in fact also practically relevant. The author correctly points out that the winner of an infringement law suit in Japan cannot expect (full) reimbursement of the incurred costs for its legal counsel. Only the patentee (in case of winning the infringement action) can claim compensation of a part of the incurred costs as compensation for damages suffered as a result of the infringement, but usually not exceeding an amount of 10% of the compensation awarded for other damages.

The possible objections the alleged infringer can bring forward in a Japanese infringement lawsuit are one by one explained at pp. 74 et seq., namely in particular granted licenses, prior use, invalidity, expiration, private use, use for experimental purposes, medical treatment, exhaustion (implied license), FRAND defense, abuse of rights, statute of limitation. The author illustrates in detail in particular the situation with respect to the different forms of licenses (pp. 74 to 76), the invalidity objection ("Kilby" judgment etc.), exhaustion (implied license) – by presenting the judgments of the Japanese Supreme Court in the leading cases "BBS Parallel Import", Minshū 52-1, 113, and "Canon Ink Tank", Minshū 61-8, 2989 –, and the FRAND objection, in due consideration of recent case law of the Japanese Intellectual Property High Court (judgment of 16 May 2014, Hanrei Jihō 2224, 146, though cited without a proper reference). In connection with the objection of patent expiration, the book also addresses the possibility under Japanese law to obtain a patent term extension of up to five years for patents covering medicinal products, medicinal products for diagnostics (the author, however, only generally refers to "medicines", p. 79), plant protection products and fertilizers (referred to by "agricultural chemicals", p. 79), and describes the scope of protection of extended patents (pp. 79 to 80). The information on issues of patent term extension in Japan hence is a little bit hidden and should have been better presented in connection with the issue of patent interpretation (i.e. in Part 2).

In the part related to Japan in chapter 5 (Pre-procedural measures), the book addresses the common practice of sending warning letters before filing an infringement action in Japan. It also discusses the opportunities for holders of a Japanese patent to obtain a preliminary injunction in Japan (pp. 105 to 113). The author illustrates the requirements for a provisional injunction and the court procedure in great detail. This, however, is slightly misleading, since provisional injunctions are of only little practical relevance in Japan. The reason for this is that ordinary first instance infringement proceedings in Japan are usually fairly quick. (At present) it takes about one year to obtain a first instance judgment (if the case is not settled beforehand). This fact, however, is not mentioned in this book. On the other hand, preliminary injunction proceedings also take several months and are therefore not significantly quicker. The

author refers to the fact that preliminary injunction proceedings in Japan are quite slow only in a side note ("The patent holder ... could hardly expect an immediate remedy of a patent infringement dispute with a preliminary injunction", p. 106).

The explanation of Japanese ordinary infringement proceedings in Part 6 (pp. 130 to 143) are comprehensive and in general also accurate. Particular thought is given to particularities resulting from the involvement of foreign parties or other connecting factors to foreign countries (service of the complaint, pp. 138 to 139, international jurisdiction and the applicable law, pp. 130 to 132). Further issues especially addressed are: national jurisdiction (first instance and appeal proceedings), parties to the proceedings, representatives in infringement proceedings (role of attorneys at law and patent attorneys), role of experts, procedural steps (filing of a complaint, service of the complaint, counter statement of the defendant, oral proceedings with numerous preparatory meetings), special problems resulting from the raise of the invalidity defense, judgment, possible appeals and concerned proceedings.

The explanations of procedural matters are supplemented by an illustration of the procedural principles governing Japanese infringement litigation in the following chapter (Part 7, pp. 165 to 185). One important aspect discussed here refers to and results from the fact that opposition and invalidity proceedings in the first instance are handled by the JPO, while infringement proceedings in the first instance have to be commenced at the District Court Tōkyō or Ōsaka. This system seems to be similar to the patent litigation system in Germany, and indeed was similar to that at least until the Japanese Supreme Court delivered its judgment in the Kilby case in 2000, which allowed the defendant to raise the invalidity objection in infringement proceedings. The book explains in detail the problems resulting therefrom, in particular demonstrating how contradictory decisions of the JPO and the infringement courts are dealt with in practice (pp. 165 to 167). A little odd, however, seems the choice of terms to portray the Japanese litigation system before 2000 ("separation system") and after the Kilby judgment in 2000 ("double track system") (p. 166). When using the term "double track system", one would rather think of the German system, where the invalidity objection provides no ground for German courts to dismiss an action, but may only serve as a ground for a court decision to stay the infringement proceedings until the German Federal Patent Court (or in the final instance the Federal Court of Justice) has rendered a decision on the validity of the concerned patent; though such a petition by the defendant to stay the infringement proceedings is rarely successful in Germany. The resulting state of confusion is not redressed by the fact that in the book the term "dual system" is used for describing the German litigation system (p.151), since this term is quite similar to the term "double track system". Apart from this special aspect of Japanese patent litigation, the book in this part also deals with the procedural principles of party disposition and party representation, the role of professional judges in charge of infringement proceedings, the principles of orality and publicity, the principles how the burden of proof is to be divided among the parties, the principal of concentration of

examination of witnesses and parties, and the principle that the losing party has to bear the court costs of the proceedings.

In Part 8, the authors finally sum up the main differences between patent litigation in Germany, Japan and the U.S. Here, the special features of the Japanese litigation system are correctly contrasted with the characteristics of the German and U.S. systems. The conclusions drawn by the authors are, however, not particularly profound.

Moreover, some general remarks have to be made that concern all parts dealing with Japan in this book. First, for a depiction of Japanese terms in this book, no Japanese characters were used. This generally would not constitute a problem if only the transcription of Japanese terms in *romaji* were done properly. The transcription of Japanese words in this book, however, does not follow any generally recognized system of romanization (in particular not the widely used Hepburn system). For Westerners specializing in Japanese law or Japan the transcription thus often looks strange, in particular the extensive use of hyphens between words. On the other hand, however, it is generally possible to infer what Japanese word is meant. Second, sometimes the author cites Japanese references only by using an unspecific English translation (e.g. "Collection of Judgments for Civil Cases of the Japanese Supreme Court"). Here, the use of the common Japanese term *"Minshū"* (short for *"Saikō saibanshō hanrei-shū"*) would have served the purpose more accurately. However, for the readership mainly addressed by this book (i.e. lawyers with no specific knowledge of Japanese law and command of Japanese), these aspects are of no particular relevance.

In sum: Despite the few critical remarks made above, the book is also highly recommendable for readers who in particular look for reliable information on Japanese patent litigation. The few shortcomings are clearly outnumbered by the wealth of valuable information that can be obtained from this book. The book provides a concise but nevertheless sufficiently comprehensive overview on Japanese patent law and patent proceedings and a solid general basis for any deliberations to enforce a patent in Japan, or when planning a concrete infringement action. For companies and their legal counsel it can serve as a valuable handbook for all questions relating to patent litigation in Japan.

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