

5 Study on a Future Vision for Trial System and Intellectual Property Lawsuit

In recent years, as the importance enforcing patent rights has grown, improvement of the procedural law-related aspects of such enforcement have been demanded. In the past, the procedural systems to settle disputes were revised several times with a view to “speeding up trials”. It is now necessary to consider further revisions so that disputes can be settled with a single procedure. In Japan, April 2000, the Supreme Court held in the Kilby case that enforcement of patent rights shall be deemed an abuse of right if a court handling a patent infringement lawsuit considers that there apparently exists a reason for invalidation of the patent right in question. As a result, it has become necessary to examine the relationship between judgments of invalidation rendered in the trial for invalidation at the Japan Patent Office and judgments of invalidation rendered by courts in lawsuit.

In light of these circumstances, this study had widely taken up points at issue with respect to how the appeal system before the Patent Office and intellectual property lawsuits before courts should be, and then tries to consider measures for dealing with the situation.

I Introduction

1 Situations in Foreign Countries

The procedural law concerning patent rights in Japan, except for the examination procedures for granting patent rights, has a dual structure composed of: ① the procedure for lawsuits against infringement, and for remedies against infringement, and ② the procedure for appeals (appeals against decisions of refusal, appeals for invalidation) and the subsequent procedure for lawsuits against appeal decisions. These two parts work in cooperation as the two wheels in the structure of patent-related procedural law.

The points at issues described in II are inconsistent with each other because of the difference in the manner of addressing those issues. “issues and proposed measures” are organized and presented in III.

II Issues in Appeal System and Intellectual Property Lawsuits

1 Judgment on Reason for Invalidation in Patent Infringement Lawsuits

(1) The Decision of the Supreme Court on April 11, 2000 (“the Kilby Case Decision by the Supreme Court”)

In this lawsuit, the Third Petty Bench of the Supreme Court held that even before the appeal decision of invalidation of a patent become final and conclusive, it should be interpreted that a court trying patent infringement lawsuit is entitled to judge whether or not there is explicitly a reason for invalidation of the patent in question. It further held that if, after the trial before the court, it has become apparent that there is a reason for invalidation of

the patent, request for injunction or damages based on the patent right constitute an abuse of right and shall not be permitted except in special circumstances.

The court gave the reasons for this judgment :

① Admission of a request for an injunction against working the invention or a claim for damages on the basis of such the patent would, in practice, give an unreasonable advantage to the patentee, and an unreasonable disadvantage to the person working the invention, resulting in contrary to the principle of equitability; ② while disputes should hopefully be settled in a single procedure and as quickly as possible, if existence of a reason of invalidation of the patent were not admitted as a defense against enforcement of the patent right, until an appeal decision of invalidation via appeal procedure before the Patent Office become final and conclusive, it would force a party having no intent to seek absolute invalidation of the patent to proceed with the appeal, and it would also be against judicial economy; ③ Section 168 (2) of the Patent Law may not be interpreted as providing suspension of the proceedings of a lawsuit even in a case where there apparently exists a reason for invalidation of the patent and, as described above, invalidation of the patent is certainly foreseeable.

(2) Position of the Decision

(i) The issue

The Japanese Patent Law provides that patent rights created by registration remain in effect until an appeal decision of invalidation becomes final and conclusive. Therefore, the issue is whether or not it is permitted for a court of an infringement lawsuit to judge on the existence of a reason for invalidation of the patent before the appeal decision becomes final.

(ii) Position of Dai Shinin (Former Supreme Court) (“Mukou Handan Hitei Setsu” theory of rejecting the judgment on invalidation)

According to the decision of the Dai Shinin, even if there exists a reason for invalidation of the patent in question, that fact is not admissible as a defense in the lawsuit unless an appeal decision of invalidation of the patent via the appeal procedure before the Patent Office become final and conclusive. Therefore, the court must judge the case on the premise that the patent is valid as long as the appeal decision does not become final and conclusive.

(iii) Conventional theories and lower court decisions

To date, efforts have been made to structure theories that enable courts in infringement lawsuits to draw a reasonable conclusion without waiting for the appeal decision to become final and conclusive or without suspending the proceedings even before the appeal decision of invalidation becomes final and conclusive. The major theories are listed below.

① Gentei Kaishaku Setsu (theory of limited claim interpretation: Kakuchou Kaishaku Hitei Setsu (theory of denial of broader claim interpretation) and Jisshirei Gentei Setsu (theory of claim interpretation limited to the embodiments)

② Jiyu Gijutsu no Koben Setsu (theory of defense of free art): Kochi Gijutsu no Koben Setsu (theory of defense of publicly known art)

③ Gijutsuteki Han-I Kakutei Funou Setsu (theory of determination of technical scope impossible): Hogo Han-I Fusonzai Setsu (theory of nonexistence of protected scope)

④ Tozen Mukou Setsu (theory of inevitable invalidity: Mokou no Koben Setsu (theory of defense of invalidity)

⑤ Kenri Ranyou Setsu (theory of abuse of right)

(iv) Position of the Supreme Court decision

Under the circumstances that there are the academic theories listed above and lower court decisions, this Supreme Court decision amended the decision by the Dai Shinin, holding that a court trying patent infringement can judge whether or not there apparently exists a reason for invalidation of the patent in question even before the appeal decision of invalidation of the patent becomes final and conclusive. As a result, it has become possible to speed up the trial proceedings in lawsuits by saving the double procedures of appeal for invalidation and infringement lawsuits.

(3) Elements of Abuse of Right

(i) Presence of subjective elements

The Decision states that a judgment can be made if there apparently exists a reason for invalidation of the patent in question, and the existence of such a reason need not be related to subjective elements or individual circumstances.

(ii) Category of Reasons for invalidation

The Decision does not distinguish the reasons for invalidation in the category.

(iii) Apparent existence of reason

The Decision required apparent existence of a reason for invalidation. This requirement premises

that the patent in question remains in effect until the appeal decision of invalidation becomes final and conclusive (Section 125, Patent Law). The Decision considers this requirement as a necessary element to exclude claims based on patent rights deriving from the administrative disposition with a decision to grant a patent. This requirement of apparent existence also contributes to the prevention of conflict between the judgments in a lawsuit and an appeal for invalidation.

(iv) Special circumstances

The idea of “special circumstances” was provided as an exception, by keeping in mind that there might be cases where it can not be said that the patent in question is invalid even if there exists a reason for invalidation because of the high probability of an amendment to be permitted for the patent.

(4) Effect of Abuse of Right

(i) Relationship with the conclusion in an appeal for invalidation

① If an appeal decision of invalidation has become final and conclusive first, the patent in question shall be deemed never to have existed (Section 125, Patent Law), and the case in the infringement lawsuit is automatically dismissed.

② Before an appeal decision of invalidation becomes final and conclusive, if it is found to be difficult in a lawsuit to judge on the apparent existence of a reason for invalidation of the patent, it is possible to resort to the system of suspending the lawsuit.

③ If, in a lawsuit, an injunction was rendered or a claim for damages was admitted for the reason that it is not apparent whether there exists a reason for invalidation of the patent, and then the appeal decision of invalidation has become final and conclusive, it is possible to apply for a new trial with the court.

④ Conversely, if, in a lawsuit, a defense of abuse of right was admitted for the reason that there apparently existed a reason for invalidation of a patent, thus the claim of the patentee was dismissed, and then it was decided in an appeal before the Patent Office (and in a subsequent lawsuit against the appeal decision) that the patent is not invalid, it would be difficult for the patentee to claim remedies as far as only those facts are considered.

(ii) Relationship with other lawsuits

① Relationship with a third party

It is understood that the apparent existence of a reason for invalidation of patents has only a relative effect applied only to the parties and the case concerned. However, when it is decided in a lawsuit that there apparently exists a reason for invalidation of the patent in question, it is very unlikely that, a different decision would be rendered, as far as the same reason for invalidation is claimed and the same evidence is submitted in other lawsuits.

- ② Relationship with another lawsuit between the same parties

A defense of abuse of right is workable only when determining the reasons for the decision and does not create *res judicata*. It is a case law theory in effect in Japan not to admit the collateral estoppel. Although, claims against such a defense might be restricted under the principle of faith and trust, it is a common understanding that it has no legal effect in other lawsuits.

(5) Judgment on Reason for Invalidation of Patents in Infringement Lawsuits

- (i) Effect of the Supreme Court decision

- ① Demand of speeding up legal proceedings

It is thought that the decision will push trials in many of the cases that have been pending for a long time to speed up the proceedings. One of the factors that has been critically alleged to delay the trials of patent infringement lawsuits in Japan may have been removed accordingly.

- ② Settlement of dispute in a single procedure

It is thought that an appeal for invalidation of a patent seeks absolute invalidation of the patent in question (Section 125, Patent Law), whereas defense of the abuse of right in an infringement lawsuit is a relative method for defending against enforcement of a patent right.

- (ii) Reinforcement of expertise and cooperation of courts and Patent Office

① With respect to patent and utility model infringement lawsuits, as competition jurisdiction of the Tokyo District Court and the Osaka District Court is granted (Article 6, Code of Civil Procedure), most of such lawsuits are pending before either of both District Courts. Investigation Officers are dispatched from the Patent Office to the special sections at both District Courts (Article 57, Court Organization Law). In this sense, system for cooperation of both institutions is sufficiently prepared for the proceedings to try the apparent existence of a reason for invalidation before the courts of infringement lawsuits.

② There are currently not many cases utilizing the provision of Section 71(2) (Commission for Expert Opinion) of the Patent Law. This is an issue to be discussed in the future.

③ With the establishment of the notification system in the Patent Law Section 168 (3) and (4), it has become possible for both institutes to know the pending proceedings of appeals for invalidation, lawsuits against appeal decision and infringement lawsuits.

(6) Considerations with Respect to Invalidation of Patent in Future

- (i) Judgment on validity of patents in infringement lawsuits

① Issues relating to legislative theory to admit a defense of invalidation of patents in infringement lawsuits:

The following are expected to be raised as

issues for legal consideration.

(a) The decision to grant a patent is an administrative disposition with a tentative validity. Therefore, judging that a patent is invalid in an infringement lawsuit as civil action without revocation by the competent administrative office or court might be inconsistent with general administrative law theory.

(b) Viewing the above point (a) from a different angle, the cases stipulated in Section 123 of the Patent Law should be interpreted as legally provided cases for “revocation” in administrative disposition, though the term “invalidation” is used in the present law. If a patent involves any of such cases, would it be possible to treat the patent as substantively invalid, though the decision to grant the patent includes only a defect that enables revocation?

(c) With respect to amendments to patent claims as the “special circumstances” that the Supreme Court was keeping in mind, if a defense of invalidation of a patent in an infringement lawsuit is admissible, how would such amendments falling under an administrative disposition be handled?

It is further necessary to pay attention to the following points from the viewpoint of policy making.

(d) If the element that existence of the reason for invalidation of a patent should be apparent is removed from the legal theory of the Supreme Court decision as a legislative idea, a much higher burden might be imposed on the trial of infringement lawsuits, thus it is likely to prolong the proceedings of infringement lawsuits again which have been once speeding up.

(e) If the element of apparent existence is removed and a defense of invalidation is directly admitted while the appeal system for invalidation of patents is preserved, the decisions of lawsuits and appeals would conflict with each other more often, damaging the legal stability.

(f) If a defense of invalidation of patent is admitted in infringement lawsuits, would the right of the patentee not be weakened more than under the current law?

- ② Issue in a case where a defense of invalidation of patent in infringement lawsuits is given the absolute effect

It would directly conflict with Section 125 of the Patent Law, thus possibly makes it difficult to maintain the appeal system for invalidation of patents.

③ The issue of the legislative theory that amendment to patent claim should be allowed in infringement lawsuit where a defense of invalidation of the patent is admitted

Under the current law, an amendment to a patent claim is thought to be a new administrative disposition to change the administrative disposition of a decision to grant a patent. If such a disposition

were judged by other organizations than the Patent Office, it is question whether such a judgment would be appropriate. In addition, if the opportunity of substantial correction such as partial invalidation or partial disclaimer is preserved, a patent which should have exclusive effect would be different in the scope of right by case or parties. This would cause legal instability.

(ii) Invalidation of patent in future

The Supreme Court decision that admitted the judgment on the apparent existence of a reason for invalidation of a patent in lawsuit adopted the theory of abuse of right to draw the most proper conclusion under the current patent system in Japan. It is expected that the elements and effects of legal theory provided by the Supreme Court will be more concrete and the legal practice will operate more smoothly with time in the course of accumulation of decisions by lower courts.

How the defense should be dealt with in infringement lawsuit is an extremely material issue related to the fundamentals of the patent system. It is necessary to fully discuss the role that has been played by the Patent Office, maintenance of expertise of courts, and the entire system with respect to patent disputes. The system design should be consistent with administrative law theory and civil proceedings theory.

2 Settlement of Dispute in a Single Proceedings of Patent Appeal and Lawsuit against Appeal Decision

(1) What is the Issue?

In precedents to date, the lawsuits against appeal decisions have been divided according to each reason, that is, for invalidation or rejection, in spite of the fact that the cases are related to the same patent or patent application. This is due to the legal theory of the decision by the Grand Bench of the Supreme Court in 1976 mentioned later. As a result, there inevitably arise situations where a case is tried repetitively between lawsuits against appeal decisions and appeals like a ball game, thus causing it almost impossible to settle the depute in a single proceedings as demanded. Such situations are further extended by the decision by the Supreme Court in 1999.

This problem resulting in an obstacle to realize for disputes to be settled in a single proceedings will be discussed below from the viewpoint of both interpretation and legislation theories.

(2) Scope of Trial in Lawsuits against Appeal Decision

(i) Summary of decision by Grand Bench of the Supreme Court in 1976

In the decision by the Grand Bench of the Supreme Court on March 10, 1976 (Minshu, Vol. 30, No. 2, p. 79) (hereinafter called “the 1976 Supreme Court Decision”), the scope of trial in lawsuit

against appeal decision of invalidation was limited, and then such limitation was applied to lawsuit against appeal decision of rejection. The 1976 Decision states that such limitation in the scope of trial, which constitutes a basis in lawsuit against appeal decisions of invalidation, can be understood in the following two steps: a) “The subject of the trial should be directed to only the matters regarding the specific reason for invalidation actually disputed in the appeal and judged in the trial”; b) With respect to the identification of such a reason for invalidation: b-1) each item of the provisions for the reasons for invalidation and each provision of violation respectively constitutes an independent reason for invalidation, and b-2) further, “the claims of invalidation corresponding to a specific fact publicly known and corresponding to other publicly known fact respectively constitute separate reasons.”

In the 1976 Supreme Court Decision, the reasons for invalidation not asserted in the appeal proceedings (hereinafter called “Reasons Not Asserted”) and reasons asserted and tried but not judged in the appeal decision (“Reasons Not Judged”) are excluded from the scope of trial in lawsuit against appeal decision.

It will bediscussed whether or not the legal ground constituting the reasoning a) above as, the premise, is appropriate.

(ii) Consideration from the viewpoint of administrative Procedure Law

(a) Subject matter of lawsuit

As far as the general theory of the subject matter of lawsuits for revocation is applied to the lawsuit against appeal decision, the subject matter of lawsuit against appeal decision will not be divided or separated byevery reason for invalidation or rejection. Therefore, the scope of trial in lawsuit against appeal decision should not be limited according to the separation of the subject matter of the lawsuit. Possible limitation of the scope of trial should be directed to nothing more than limitation of the production of subject matter (as described later).

(b) Possibility to justify limitation of production of subject matter (commonly applied to appeal for invalidation and appeal against examiner’s decision of rejection)

Conventional theories are as follows:

(b-1) Theory of appeal decision, rule of material evidence, etc.

(This idea lacks legal basis)

(b-2) “Decision making” theory and omission of instance.

(This idea also lacks legal basis)

(b-3) Noting of reasons.

(This idea also lack sufficient grounds to justify the limitation of the scope of trial)

(b-4) “Benefits of demanding careful trial and judgment before the competent administrative

office in the stage prior to lawsuit” or “benefits of going through prior trial and judgment”

The possibility to justify the limitation of production of the subject matter commonly applied to appeals for invalidation and appeals against examiner’s decisions of rejection is limited to “benefits of demanding careful trial and judgment before the competent administrative office in the stage prior to lawsuit”, “benefits of going through prior trial and judgment”, etc. This point seems to have been adopted as the legal grounds of the 1976 Supreme Court Decision. Such benefits are, however, considered as the benefits for prior trial after all. Prior trial as prerequisite are roughly divided into: a) prior trial at the overall case level, and b) prior trial at the level of each reason for rejection or invalidation.

In the case of the first-mentioned level, it is apparent under the current legal system that there must be prior trial including the case of reasons for non-technical rejection or invalidation. However, in the case of the latter-mentioned level, there should need only be technical expertise at the Patent Office (Department of Appeal). The 1976 Supreme Court Decision imposes by rule and rigidly limitations on the scope of trial by both legal provisions and publicly known facts. Therefore, trial by the technically competent authority must be repeated even regarding reasons for non-technical rejection or invalidation, inevitably creating situations of alternate trials in lawsuits and appeals like a ball game, which substantially prevents prompt disposal of proceedings.

In addition, the flow of proceedings of patent appeal and lawsuit against appeal decision requires participation of two types of technical experts: a) appeal examiners for patents, and b) court investigators for industrial property (patents). Under the circumstances, from the viewpoint of promoting the above-mentioned “benefits”, it is difficult to agree to the repeating of appeals through unexceptional admission of the limitation of production of the subject matter. There will be no “benefits” or necessity to repeat the appeal for patent under the careful supporting systems of experts mentioned in b) above in the sacrifice of the demand of “speedy” proceedings.

As described above, it is legally groundless to impose limitations on any assertion of new reasons for invalidation or rejection (including Reasons Not Asserted and Reasons Not Judged) on the grounds of the aforementioned “profit”.

(c) Possibility of limitation to assertion (specific to lawsuit against appeal decision of rejection)

(c-1) Consideration under the current law

Under the current legal system (Section 17, Patent Law), there is no opportunity to amend patent claims in a lawsuit (lawsuit against appeal decision of rejection). If the production of facts or evidences that were not claimed in examination and

appeal is admitted in the lawsuit without limitation, it would mean that the plaintiff would be deprived of the procedural opportunity to challenge such production by the amendment of claims. Therefore, some people may say that the limitation of such production cannot be helped. However, such limitation on the aforementioned grounds will apply only to such items as not claimed, but not to items that were not subjected to judgment. Therefore, such limitations themselves cannot support the theory of the 1976 Supreme Court Decision.

(c-2) Legislative theory

To enable disputes to be settled in a single procedure, it is necessary to prevent the situation like a ball game by modifying the aforementioned legal system itself. Discussions based on this kind of legislative theory are essential to prevent delay of proceedings and to settle disputes in a single procedure.

(iii) Discussions from viewpoint of substantial appropriateness

As described above, the 1976 Supreme Court Decision places too much emphasis on considering the appropriateness of the unexceptional limitation of production. It pays less attention to speedy proceedings.

(iv) Discussions from viewpoint of substantial consistency with other patent-related decisions

Even though admitting the difference between absolute effect (in the case of lawsuit against appeal decisions) and relative effect (in the case of infringement lawsuit), whereas in lawsuits against appeal decision, such a position is taken that disputes should be settled only by dividing by each publicly known fact, as the 1976 Supreme Court Decision, in infringement lawsuits, the validity should be judged as a whole as far as the defense of abuse of right is admissible.

In addition, the position in the Supreme Court decision in the Ball Spline Case is, although it was an incidental question for judgment on applicability of the doctrine of equivalents, that court of infringement lawsuit shall judge disputes as a whole without prior appeal for patent with respect to similar subject to novelty and inventive step.

Therefore, it is not possible to reasonably account for substantial consistency with those decisions.

(3) Consequence of Appeal Decision of Invalidation in Case that Decision for Reduction of Scope of Patent Claim becomes Final and Conclusive Pending Lawsuit against Appeal Decision of Invalidation

(i) Summary of the Supreme Court decision on March 9, 1999, Minshu Vol. 53, No. 3, p. 303 (and the Supreme Court decision on April 22, 1999, Minshu No. 193, p. 231)

It is judged that while lawsuit against appeal

decision of invalidation is pending, if the appeal decision of amendment becomes final and conclusive for the purpose of reducing the scope of the patent claims, the appeal decision of invalidation can be revoked without any conditions.

(ii) Consideration of the legal theory of the above case law

This Supreme Court decision in 1999 is not appropriate because it lacks legal grounds.

a) This 1999 Decision is based on the 1976 Decision in leading to the aforementioned conclusion. As described above, however, the legal theory of the 1976 Decision itself lacks legal grounds.

b) Even if premised on the 1976 Decision, in case that judgment on reason for invalidation about amended claim is made as part of judgment in the appeal decision of amendment in question as to whether or not so-called the independent requirement for patent is fulfilled, the “benefits of prior patent appeal” condition is also satisfied. Therefore, the reasoning of limitation of production (the limitation of the scope of trial) on the grounds that such “profit” is not damaged lacks legal grounds.

Under the Supreme Court decision in 1999, it will be possible to prevent the appeal decision of invalidation of the patent in question from becoming final and conclusive for a long period by tactically repeating requests for appeal for amendment in order to achieve trivial reduction of the patent claims. As a result, it becomes possible to exclusively own patents that ought be held invalid for a long period. Such a situation runs contrary to the aims and spirit of the Patent Law.

Considering the above, it can be said that the theory of the aforementioned Supreme Court decision in 1999 lacks legal grounds, and therefore, may not be materially appropriate.

(4) Legislative Theory

As the 1976 Supreme Court Decision and the Supreme Court Decision in 1999 lack legal grounds under the current law, such case law should be changed by a new decision. If there is no prospect of such a change in case law in the near future, a new legislation is necessary for denying the case law theory.

3 Desirable Trials in Appeal Procedures

(1) Introduction

Generally, appeals are divided into two categories: One is appeal against the examiner’s decision, or a appeal against certain administrative disposition made during the prosecution of patent applications; and the other is appeal in the form of the inter-partes trial, or appeal between the parties in the adversarial system.

In the procedures of appeal against examiner’s decisions and appeal for amendment, proceedings are not conducted in an adversarial manner, and oral trial examination (Section 145(1), Patent Law) in

inter-partes proceedings involves no direct trial or questioning of both parties concerned. Therefore, it is not precise to call them “quasi-judicial procedure structure” in the meaning that it refers to a procedure similar to ordinary civil action. In the inter-partes trial in particular, proceedings have a structure analogous to so-called adversarial system such that trial is conducted in principle in the oral hearing (Section 145(1), Patent Law). Therefore, for appeal decisions as conclusion of the trial, it is required to secure for appeal examiner to be careful and reasonable, for the parties concerned to be given the opportunity to consider if they will bring lawsuit against the appeal decision, and to clarify the subject matter to be examined by the court as to the correctness of the appeal decision. Further, considering that appeal procedure substantially functions as proceedings of first instance, it is quite important to operate the trial in the appeal proceedings properly and promptly, as required by law.

From the viewpoint described above, discussions will be made below as to how the trial in the appeal proceedings should be dealt with.

(2) Application of Civil Action Procedure and Principle of Ex Officio Proceedings

(i) Application of Civil Action Procedure

Section 151 of the Patent Law provides that some provisions of the Code of Civil Procedure with respect to litigation procedure shall apply, with necessary moderations, to the appeal procedure.

This means it is required that the procedure of evidence examination of civil action is applied in taking evidence in the appeal procedure, and such examination of evidence is conducted strictly.

(ii) Principle of ex officio proceedings in appeal procedure

① Principle of ex officio proceedings

The principle of ex officio proceedings is an idea that includes the principle of ex officio proceedings and principle of ex officio examination of evidence. It seems general understanding, as the reason that the principle of ex officio proceedings is adopted in the appeal procedure, that third parties are strongly interested in the grant and loss of patent rights having absolute effect, and that, as a result, appeal examiners at the Patent Office are responsible for attending to the grant and loss of patent rights from the standpoint of public interest.

However, the principle of ex officio proceedings in the appeal procedure is at the discretion of the appeal examiner in chief or board of appeal, and such discretion must be exercised in a suitable manner that the Patent Office can perform its duties in the public interest and with certain limitations.

② Limitation of discretion

In the administrative law theory, discretion is divided into “binding discretion (regulatory discretion)” and “free discretion (convenient

discretion)". The principle of ex officio proceedings in the appeal procedure will fall under the aforesaid binding discretion.

Namely, if the principle of ex officio proceedings has been exercised beyond the scope of discretion authorized to appeal examiners at the Patent Office, the decision rendered as the result of trial would be an illegal administrative disposition and should be revoked accordingly.

③ Situations and issues of the exercise of principle of ex officio proceedings

(a) However, the issue of attribution of rights as in the case of a misappropriated application cannot be discussed in terms of public interest. This kind of issue rather belongs to areas where the adversarial system in civil action, including the principle of admission (confession) so that the principle of ex officio proceedings inherently should not be exercised. When exercised, it should be done carefully and with some restraint.

(b) Since the Kilby Case Decision by the Supreme Court, decisions by lower courts based on the legal theory of abuse of right have been rendered one after another and from practical view point, such operation that seems almost to admit the defense of invalidation of patent in infringement lawsuits.

Under the circumstances, it is quite natural that the present appeal system for invalidation of patents is questioned. The time has now come to review the system of infringement lawsuit and appeal for invalidation to seek settlement of disputes in a single proceedings.

What is most vital for the appeal system in the transitional period is to indicate guidelines for the defense of abuse of right for infringement lawsuits through appeal decisions after a speedy, proper trials, while making use of the characteristics of the appeal proceedings that appeal examiners as technical experts judge the cases. From this viewpoint, it is necessary to consider the exercise of principle of ex officio proceedings so as to operate with some restraint.

(iii) Improvement and speedy proceeding of appeal trial

At any rate, what is promptly sought now for the desired trial in the appeal procedure is proper, speedy proceedings.

To lead oral proceedings to a speedy, proper decision in appeal, the proceedings should be further improved, and questioning of both parties should be conducted before oral proceedings, or issues and points of trial should be notified in advance.

For such improvement and speedy, proper proceeding of the trial, the ability to advance and control the proceedings is required of the appeal examiner in chief, who should always take initiatives to work out "trial plans", to lead the board of appeal, and to seek the cooperation of the parties concerned.

4 Issues concerning Section 167 of the Patent Law

(1) Introduction

Section 167 provides that "When a final and conclusive trial decision in a trial under Section 123(1) or 125(bis)(1) has been registered, no one may demand a trial on the basis of the same facts and the same evidence". This is a provision to absolute effect what is called the prohibition of double jeopardy. This provision causes a problem in terms of the right of access to the courts because it prohibits a third party who had no opportunity to participate in the trial procedure to demand a new trial. There is no such provision in foreign major legal systems. This chapter describes the issues of Section 167.

(2) Scope and Time of Application of Section 167

(i) Scope of application

A "final and conclusive decision" of an appeal for invalidation of patent under Section 167 means the final and conclusive decision that the request for invalidation is not admitted. The effect of prohibition of double jeopardy in this instance extends to not only the parties of the appeal but also to third parties who did not participate in the appeal proceedings.

(ii) Time of application

According to the decision by Dai Shinin and common belief, the application of Section 167 was determined as of the time of the appeal decision. In recent years, however, the Supreme Court held after amending the decision by Dai Shinin that it is determined as of the time of demand for trial.

(3) Issues of Section 167 of the Patent Law

(i) Relationship with third party's right of access to the courts

Section 167 says that after registration of a final and conclusive trial decision that the claim of invalidation is not admitted, no one may demand a new trial on the basis of "the same facts and the same evidence". This effect of prohibition of double jeopardy extends to not only the parties of the appeal but also to third parties who did not participate in the appeal proceedings. This issue needs further consideration in relation to the right of access to the courts as a basic human right guaranteed by Article 32 of the Constitution of Japan.

First of all, the legislative intention of this Section is to avoid conflict of final and conclusive appeal decisions. The Section also assumes that exclusion of a demand for a new trial will not prejudice a third party's interests because it is expected that the truth is discovered by adopting the principal of ex officio examination of evidence (Section 152, Patent Law).

In the case of appeal decisions of invalidity, however, while the patentee participates as a party

in the appeal proceedings and lawsuit against the appeal decision, there is no opportunity for third parties to participate in both of the proceedings. As a result, balancing both is not dealt with.

The Supreme Court in its decision seeks grounds for prohibition of double jeopardy into the idea that “to admit repetitive trials for invalidation on the basis of the same facts and the same evidence will damage legal stability and run contrary to the Patent Law’s purposes of protection and utilization of inventions”.

However, Section 167 is only effective for stability of patent rights in the case of demanding a new trial on the basis of the same facts and the same evidence. The Section does not necessarily eliminate demanding for invalidation of a patent granted through defective administrative disposition on the basis of other reasons for invalidation or evidence. The instability of proprietary rights in such limited situations will probably not run contrary to the Patent Law’s purposes of protection and utilization of inventions or prejudice national or social interests, though it might prejudice the patentee’s interests.

For the reasons, even if provision of Section 167 were completely deleted, no substantial inconvenience would arise for the overall patent system so that it would be desirable from the viewpoint of legislative action.

(4) Relationship with Limitation of Scope of Trial

The appeal system for invalidation is thought to be meaningful in that it requires any person to act in presumption of valid patent unless the patent is declared invalid in the final and conclusive appeal decision and it ensures unitary judgment on invalidation, making a re-trial of patent requirements unnecessary in the enforcement of the patent right. With the Kilby Case Decision by the Supreme Court, however, the significance of existence of the system is again questioned. Some people strongly assert that judgment on invalidation of patents should be made in infringement lawsuit.

Given these points, such countermeasures should be taken as to extend the scope of the trial in lawsuits against appeal decision, so that disputes over invalidation of patents will be settled speedily and, if possible, in a single procedure.

However, because Section 167 of the Patent Law provides that the effect of prohibition of double jeopardy for the final and conclusive appeal decision extends to third parties who had no opportunity to participate in the appeal proceedings, the scope of the trial in lawsuits against appeal decisions must be limited in order to make the extent of prohibition of double jeopardy as narrow as possible, and to minimize prejudice to third parties’ interests. In addition, according to the reasoning of the decision by the Grand Bench of the Supreme Court, even if the wording “no one” were deleted from the text of

Section 167 to limit its effect to only the parties concerned, it is possible to attach a reason for limiting the scope of effect, thus leaving room for extended interpretation. Section 167 is in fact playing the role of an obstacle to the extension of trial scope.

The aforementioned points also indicate that it is desirable to completely delete Section 167 as a whole as legislative measure.

5 Characteristics of Reasons for Invalidation of Patents

(1) Introduction

It is thought that there are two types of reason for invalidation of patents depending on what will be required in the judgment on such reasons; the first one requires technical expertise, and the second one requires knowledge of the Civil Code. Therefore, it is said as efficient that appropriate subject shall judge on invalidation of patents according to the characteristics of the reason for invalidation in question. These points are discussed below.

(2) Classification of the Reasons for Invalidation of Patents

(i) Classification by contents

The reasons for invalidation of patents set forth in Section 123(1) are classified depending on the contents, as follows:

- ① Elements regarding subject of right (patentee, etc.)
 - ② Elements regarding objects of right (patentability, etc.)
 - ③ Elements regarding description of specifications and the like
 - ④ Elements regarding amendment or correction.
 - ⑤ Violation of treaties
- (ii) Classification by characteristics of Reasons for invalidation

This classification includes reasons appropriate to be judged as a legal matter by court rather than the Patent Office (elements about subject), and reasons appropriate to be judged by the Patent Office as a competent technical expert authority (novelty, inventive step, etc.).

(iii) Reasons for invalidation possible to be judged by court

The “apparently” indicated in the Kilby Case Decision by the Supreme Court should, as expressed in the decision itself, be interpreted as requiring a certain degree of “apparently”. It is not likely to require “apparently” in some specifically high degree. Such “apparently” should be enough for the judge as to have a strong conviction leading to the judgment that “if an appeal is demanded, the patent is definitely expected to be invalidated when the appeal decision becomes final and conclusive.”

According to the elements of infringement of equivalents admitted in the Ball Spline Case, an

infringement court is required to make judgments on technical matters similar to non-obviousness, such as ease of replacement and exclusion of prior art,.

Therefore, the “apparently” stated in the Kilby Case Decision by the Supreme Court should not be considered to restrict the scope of reasons for invalidation that can be judged by the court. The interpretation should be that the court may judge all reasons for invalidation no matter what the characteristics of such reasons are.

(iv) Recent decision by Supreme Court on reasons for invalidation of misappropriated applications

The decision by the Supreme Court of June 12, 2001 (“O” No. 1918, 1997) held that reasons for invalidation such as novelty and inventive step should be primarily left to the judgment of the Patent Office, but a misappropriated application can be directly judged by a court because of no dispute over technical judgment.

(v) Necessity for review of allocation of power and authority between the Patent Office and courts in consideration of characteristics of reasons for invalidation of patents

It is desirable to judge on the existence of any reason for invalidation of a patent before an infringement court in advance of the judgment on infringement in order to speed up the dispute settlement, as shown in the Kilby Case Decision by the Supreme Court. However, the judgment on invalidation in an infringement lawsuit may be made depending on the settlement of the case, and it can also work in judgment in the infringement lawsuit. Any judgment by an infringement court on reasons for infringement creates only a relative effect as an incidental question of the case because such a judgment is rendered as a reason for the decision and has no effect as a precedent (*res judicata*). Therefore, regardless of the judgment by the infringement court, it is necessary to provide some place to invalidate the patent.

If it is possible to dispute any and all reasons for invalidation of patent in an infringement lawsuit, the disputes will be able to be solved in a single proceeding between the parties, and there will be no need to seek the absolute effect in the decision. If a person still wants to seek the absolute effect, the procedure to invalidate the patent will be enough.

On the other hand, the appeal system for invalidation of the Patent Office is useful as a place to confirm validity of right before institution of a dispute, apart from infringement lawsuits. This is why the existence of the appeal system for invalidation has been considered meaningful. The function to integrate the routes toward judgment on invalidation and to implement screenings will reduce the excessive burden on the courts and contribute to speedy proceedings of infringement lawsuit.

Assuming that judgments on invalidity will be dealt with by both of the Patent Office and courts, while reasons for invalidation based on legal matters are better judged before the court, if such judgment is removed from the appeal procedure for invalidation before the Patent Office, it means that the body of judgment will be divided between the courts and the Patent Office depending on the types of reasons for invalidation. For example, in the case of a dispute over invalidation of a patent, if the body of judgment is divided between the Patent Office and the court according to respective reasons for invalidation, it would separate the place of the dispute, which is contrary to the direction seeking settlement of disputes in a single proceedings to speed up the procedure. Therefore, changing of the body of judgment according to the types of reason for invalidation will not be useful.

6 System of Post-Grant Opposition of Patent and System of Appeal for Invalidation

(1) Introduction

Having introduced a post-grant opposition system as adopted in many of major countries (Revised in 1994), the opposition system in Japan achieved international harmonization and becomes to contribute to solving problems in speeding up the grant of rights as pointed out in the previous pre-grant opposition system. Upon introduction of the post-grant opposition system, discussions were made about the relationship with the appeal system for invalidation already established. It was pointed out by the Industrial Property Council (Kogyo Shoyuukun Shingikai) that the post-grant opposition system and appeal system for invalidation should coexist, while the relationship of both systems should be made clear in terms of qualification of opponent and appellant, periods for opposition and appeal, etc. During the course of discussions, it was proposed that both systems be integrated into a single system, but eventually, both systems were left in coexistence after adjustment of their respective features.

In this chapter, consideration will be given to how these systems should be.

(2) Comparison of Post-grant Opposition System and Appeal System for Invalidation

The post-grant opposition system is designed to promote the reliability of patents. If a patent opposition is filed, the Patent Office examines whether or not its decision to grant the patent in question was right, and corrects any defects found in the examination. On the other hand, appeal system for invalidation is utilized by any person with an interest as one means of defense in patent infringement lawsuit, etc. It is designed to settle disputes between the parties regarding the propriety of the decision made by the Patent Office.

(3) Situation of Utilization of Post-grant Opposition System and Appeal System for Invalidation

(i) Situation of utilization of post-grant opposition system

The number of opposition filed in the post-grant opposition system was 5,700 in the year 2000, which was substantially the same as in the previous year. In the year 2001, however, the number of oppositions decreased, which is thought to be due to the decrease in the number of decisions to grant patents and the ratio of the number of decisions to grant to the number of patent applications rather than a reduction in needs of the system. In addition, the ratio of the number of oppositions by individuals in the system is much higher than the ratio of the number of appeals for invalidation made in the name of individuals.

(ii) Situation of utilization of appeal system for invalidation

The number of appeals for invalidation increased in 2000 to 296, as compared with 91 in 1991. With the increase in patents infringement lawsuits, the number of appeals for invalidation has also increased.

(4) Meaning of Post-Grant Opposition System and Points at Issue Concerning its Relationship with Appeal system for Invalidation

(i) Evaluation of current state of the system

The post-grant opposition system is designed to administratively review possible defective decisions to grant patents so as to correct the defect at an early stage after the grant through a simplified procedure extensively accessible to third parties from the viewpoint of public interest.

Because only seven years have passed since the introduction of the post-grant opposition system, it is too early to make a full evaluation of the system at this point. However, the fact that 6,000 oppositions are filed each year indicates that there is a certain amount of need for the system.

From the viewpoint of public interest, defective decisions to grant patents should be reviewed as early as possible after granting of the rights. In addition, it is necessary to review the possible burdens on the Patent Office that may arise, because the number of appeals for invalidation is expected to increase if the post-grant opposition system is abolished.

On the other hand, the appeal system for invalidation is considered to be one means of defense of a party concerned against an infringement lawsuit. Therefore, it is different from the post-grant opposition system in that only the party concerned may proceed with the trial in the inter-partes procedure, with no limitation on the application period.

A defense of material invalidation has been admitted in infringement lawsuit since the Kilby Case Decision by the Supreme Court. Nevertheless,

the appeal system for invalidation is meaningful in the following respects: ① It is possible to receive an appeal decision having absolute effect; ② it is possible to use it as preventive action before a infringement lawsuit is brought; ③ it is possible to dispute invalidity of a patent at relatively low expense and in a straightforward administrative procedure. Therefore, it is necessary to organize the relationship with the post-grant opposition system by taking the above points into account.

(ii) Issues of post-grant opposition system

In the post-grant opposition system, it is necessary to secure opportunities for argument by third parties, because it has been pointed out that no satisfactory opportunities for argument are given to opponents at present.

In the post-grant opposition system, it is possible to bring the case before the Tokyo High Court against an appeal decision revoking a patent. However, such a lawsuit is not permitted against a appeal decision maintaining a patent. In this case, the means reserved in practice is to demand an appeal for invalidation. This situation is said to be acting as an obstacle to the speedy settlement of disputes including a lawsuit against appeal decision, and it will therefore be necessary to seek the possibility of instituting lawsuit against such a decision maintaining a patent.

(iii) Administrative procedure for revocation of patent

Based on the current state of the post-grant opposition system and the appeal system for invalidation, discussions on the desired administrative procedure for revocation of patents should be made in terms of clearly allocating the roles between administrative trial proceedings and judicial proceedings.

In that case, consideration should be given to removing any complication, avoiding conflict between decisions, and measures against prolonged settlement of disputes, while making use of the characteristics of administrative trial proceedings: ① The procedure should be inexpensive and straightforward; ② qualification of appellants; ③ a preventive procedure for disputes; and ④ absolute effect of decisions.

7 Advisory Opinion System (Hantei Seido)

(1) Track Record of Use of the Advisory Opinion System

The use of the advisory opinion system has increased year by year, reaching 121 cases in FY 2000 (total number for patents and utility models), it is rapidly increasing six times compared to the number of 19 in 1996.

(2) Basic Direction of Advisory Opinion System

In a long term, the advisory opinion System should be specifically focused, as appropriate as, on such fields "administrative services" based on the

users' opinions and development of such private organizations for alternative dispute resolution as the Japan Intellectual Property Arbitration Center.

As one of the efforts in shifting the focus of service, it is necessary to reinforce cooperation between the advisory opinion system and the Arbitration Center. It will take considerable time for the Arbitration Center to train its personnel to be capable of providing technical judgments necessary for its arbitration service. Therefore, when the Arbitration Center utilizes the advisory opinion system to supplement its technical judgment capability in part of its arbitration service, the matters can be tried in preference to the other pending cases before the Patent Office.

It will also be necessary to focus the use of the advisory opinion system on areas that necessarily require urgent decisions on rights by administrative authorities, as in the case of prohibition of imports infringing intellectual property rights (cross border injunction).

Further, it is also important to improve access by lawyers and patent attorneys. In addition, from the viewpoint of prompting autonomous settlement of disputes between the parties concerned, it is also meaningful to make access to the advisory opinion system easier for regional enterprises.

The advisory opinion system itself is not a legally binding system and require neither oral proceedings nor open door examination of evidence. In order for the system to focus on areas that require prompt decisions by an administrative office, such as exploitation in cross border injunction, it will be necessary to improve aspects of the procedures in the system so that it can speedily dispose of disputes using such measures as the Internet.

One of the advantages of alternative dispute resolution is that it enables closed-door settlement of disputes, with privacy and trade secrets of the parties concerned being kept confidential. In the current advisory opinion system, however, opinions as a result are made public.

To enable the system to function as a means of autonomous settlement of disputes between the parties concerned, the procedure should be conducted behind closed doors. However, it is not enough if the opinions are not made public on the operational aspect only. It should be expressly provided for by law that such opinions shall not in principle be made open to the public.

To utilize administrative resources effectively in presumption of the continued existence of the advisory opinion system, further consideration should be given for developing the system that will conform with features of the needs.

8 Suggestions from the U.S. System

(1) Introduction

In the U.S., judgment on invalidation of patents

is made in principle by a court in infringement lawsuit or lawsuit for confirmation of invalidation. Under the circumstances, the reexamination system was introduced in 1981. In the reexamination system, however, the prior art that can be submitted was limited to patents or publications (Sections 30 and 302, U.S. Patent Law), and the guarantee of a procedure for claimants was not satisfactory. Therefore, it has been recognized from an early stage that the system has its own limitations.

To supplement these limitations, the inter-partes reexamination system was introduced by a revised Law in 1999.

The mutual relationship between the inter-partes reexamination system and civil lawsuit in the U.S system is helpful for our discussions regarding legislative improvement in Japan. This matter will be discussed below.

(2) Mutual Relationship of Procedures

The mutual relationship between the inter-partes reexamination system and civil lawsuit is described below.

(i) In case of preceding reexamination

If a preceding result of the reexamination invalidates a patent, the patent is deemed to have never been registered, and the subsequent lawsuit for infringement becomes unnecessary.

On the other hand, if the patent is maintained by a decision in the reexamination, such a judgment will be binding in subsequent civil lawsuit between the parties.

(ii) In case of preceding civil lawsuit

If a preceding decision of the civil lawsuit found the patent invalid, the current case law holds that such the finding substantially has absolute effect. (*Blonder-Tongue v. University of Illinois Foundation*, 402 U.S. 313 (1971))

If a preceding decision of the civil lawsuit found the patent valid, the party concerned is not permitted to demand any inter-partes reexamination (Section 317(b)). Although this kind of express provision for ordinary reexamination does not exist, it was expressly declared that the U.S. Patent and Trademark Office would not admit a demand for reexamination in such a case. (*In Re Pearne*, 212 USPQ 466 (1981))

(iii) In case that a preceding decision was overturned by a subsequent decision invalidating a patent

After a decision maintaining the validity of a patent has become final and conclusive, if the patent was found invalid in a subsequent lawsuit against another defendant, the preceding decision will not be revoked.

Although there is no specific provision applicable to such case that the patent was revoked in a reexamination demanded by another person after the preceding decision similar to the above case, it is likely that analogy as mentioned above can be applied.

Conversely, if the patent was found valid in a preceding decision of an inter-partes reexamination, and subsequent decision of an inter-partes reexamination or a lawsuit found the patent invalid, the party of the preceding reexamination can also assert invalidation of the patent.

(3) Summary of Situation in Japan

In Japan, the Kilby Case Decision by the Supreme Court has made it possible for an infringement court to judge on apparent invalidity of a patent. The meaning of this situation will be briefly discussed below with reference to the U.S. system.

(i) Elements for apparent invalidity

The situation in Japan after the Kilby Case Decision by the Supreme Court is, from only the outcome of the lawsuit, quite similar to the situation in the U.S. where a decision of invalidation may be rendered without condition. In the U.S. system, invalidation must be also clear and convincing for rejection of the exercise of a patent right based on a claim of invalidation in lawsuit.

(ii) Meaning of Kilby Case Decision by the Supreme Court

One of the problems before the Kilby Case Decision by the Supreme Court was the “unobvious practice”, that is, to deny infringement through the interpretation limited to embodiments or other methods without directly judging on validity of the patent. In this sense, the Kilby Case Decision by the Supreme Court, which admitted judgment on apparent invalidity of patent, has made the practice clearer than before.

(iii) Problems in Kilby Case Decision by the Supreme Court

Although a decision of invalidation was rendered in practice, the Decision states that it is an abuse of right and not necessarily a decision of invalidation. This holding is creating “another unobviousness”.

(iv) Possibility of decision on invalidation by court

Section 178(6) of the Patent Law provides that an action with regard to the matters on which a trial may be demanded may be instituted only against a trial decision. Namely, a lawsuit for revocation of a patent or a lawsuit for confirmation of invalidity of a patent may not be brought before court independently of the appeal for invalidation. Even though, it is thought that seeking a decision on invalidation will not be excluded in other cases.

Given the U.S. system where it is possible to claim invalidation in lawsuit without condition, it would be rather natural that a infringement court in Japan can decide on invalidation. There is not much difference in the substantive laws under the Constitution between Japan and the U.S.A.

(v) Meaning of legislation

From the viewpoint of creating an “understandable system”, it should be made clear in legislation that a judgment on invalidation may be

made in infringement lawsuit. At the same time, adjustment between infringement lawsuit and appeal for invalidation should be provided for in rules. These points will be discussed below.

(4) Relationship between Decision of Apparent Invalidity in Infringement Lawsuit and Appeal System for Invalidation

(i) Meaning of judgment of apparent invalidation

If a judgment of apparent invalidation is rendered in civil lawsuit, the judgment itself is not binding. Other conclusions can be given in subsequent invalidation trial proceedings.

It is thought, however, that such patent as may be finally and conclusively decided as apparently invalid will probably not be judged otherwise by the Patent Office.

(ii) Meaning of appeal system for invalidation

Even if it has become possible to judge on invalidation in infringement lawsuit, maintaining a system for revocation of patents in the procedures at the Patent Office will be quite natural. In fact, the reexamination system in the U.S. has been further reinforced as an inter-partes reexamination system, and they are currently considering revision of laws to make the system stronger. What should be considered in such a case is to establish a mechanism by which a conclusion rendered in one procedure will be respected in other procedures.

(5) Issue of Amendment

The Kilby Case Decision by the Supreme Court held that there can be a case where no abuse of right will be found due to special circumstances that the patent remains valid by such an amendment as to enable the infringement lawsuit to be maintained. However, if a further procedure for amendment is taken before the Patent Office, it may in some cases not be desirable for speedy settlement of disputes.

To cope with a similar problem, a multiple claim system is in effect in the U.S. A similar measure might also be adopted in Japan (i.e., no amendment is admissible). An alternative measure may be to make adjustments by admitting equivalent infringement.

III Issues and Proposed Measures for Appeal System

The following table shows what issues are involved in the system and what measures should be adopted to overcome such issues. In putting the proposed plans into practice, however, they should be considered in detail.

(Research: Tatsuya Misawa)

Checking Items	Background	Issues	Proposed Measures
1. Future Position of district courts and high courts	Advisory Panel for Reforming the Judicial System / Legislative Council of Civil Procedure Law	(i) Reinforcement of ability to respond to specialized lawsuit (ii) Integration of case law	Organizational action to improve expertise ① Concentration of exclusive jurisdiction to Tokyo and Osaka District Courts ② Concentration of exclusive jurisdiction to Tokyo High Court (like CAFC)
2. Disputes concerning validity of patents, etc.	Kilby Case Decision of the Supreme Court in April 2000	(i) Request for definition and extension of Kilby Decision (ii) Judgment on invalidation having absolute effect	(I) How judgment on invalidation should be handled in infringement lawsuit (1) Action within the scope of Kilby Decision Proposal 1 - ① All requirements shown in Kilby Decision will be provided in law. Proposal 1 - ② Defense of abuse of right will be eased by defining the meaning and criteria of judgment of requirements such as "There is apparently a reason for invalidation of patents" and "There are no special circumstances". (2) Action beyond the scope of Kilby Decision Allocation of power and authority will be changed beyond the scope of the Kilby Decision, which requires limitation of enforcement of right based on abuse of right. Proposal 2 Response through civil lawsuit Proposal 2 - ① The requirement of the Kilby Decision will be relaxed. (No absolute effect) The requirement of "there must be apparently any reason for invalidation of patent" should be removed, and "the defense and claim of invalidation" should be directly admitted. Proposal 2 - ② Issues should be admitted in judgment on invalidation. (Absolute effect will be given) Raising of issues will be admitted in judgment on invalidation as in the decision in Blonder-Tongue Case. Proposal 3 The JPO will participate in (similar) lawsuit of issues, and absolute effect will be given. Proposal 4 New administrative lawsuit and adoption of "lawsuit for revocation of patent" ① Appeal lawsuit against the JPO as defendant The decision will be binding on the JPO, and necessarily have absolute effect. ② Infringement lawsuit and lawsuit for amendment can be consolidated. (II) Utilization of results of judgment on invalidation in infringement lawsuit
			Results of judgment on invalidation in infringement lawsuit will be recorded in the patent register to ensure transparency of status of rights.

Checking Items	Background	Issues	Proposed Measures
<p>2. Disputes concerning validity of patents, etc.</p> <p>(2) Amendment of patent in infringement lawsuit</p>	<p>Background</p>	<p>Securing of opportunity of "amendment" as defense against judgment on invalidation in infringement lawsuit</p>	<p>Proposal 1 Removal of opportunity to amend in infringement lawsuit Once infringement lawsuit is brought, amendments will not be permitted.</p> <p>Proposal 2 Speedy proceedings of appeal for amendment ① If an appeal for amendment is requested, the JPO will conduct speedy proceedings to render appeal decision. ② The independent patent requirement will be removed from amendments.</p> <p>Proposal 3 Adoption of "partial invalidation" only applicable to the parties. The claim will be separated into valid part and invalid part, and only the valid part will be left with a remark "as described in schedule", thus partially admitting the demand. (Practice before German Patent Court)</p> <p>Proposal 4 Introduction of "partial disclaimer" A patent amendment reducing the scope of the claims will be treated as a disclaimer of the patent right to that extent.</p> <p>Proposal 5 Introduction of "lawsuit for amendment of patent" ① any decision of lawsuit admitting an amendment will be binding on the JPO. ② lawsuits against Infringement, for revocation of patent and for amendment will be consolidated to enable the settlement of disputes in a single proceeding.</p> <p>Proposal 1 Integration of the systems into the opposition system (The trial system for invalidation should be revoked)</p> <p>Proposal 2 Integration of the systems into a single invalidation trial system (The system for opposition should be revoked)</p> <p>Proposal 3 Introduction of a system for "trial for revocation of patent" · Some new system may be established by introducing the merits of two systems.</p>
<p>(3) Administrative procedure for revocation of patent</p>	<p>· Sharing roles between administrative appeal and judicial procedure (Administrative appeal is characterized by inexpensive and straightforward procedure, relaxed qualification of applicants, and preventive and generally forcible and effective decisions. · Social cost of administrative and judicial decision)</p>	<p>(i) If an opposition, a trial for invalidation, and lawsuit for infringement become pending simultaneously, the proceedings may become complicated. (ii) If opposition and trial for invalidation become pending simultaneously, it may cause conflict of judgment between the two proceedings, and the burden on the patentee may increase because of double proceedings. (iii) If as a result of failure in the opposition, a trial for invalidation was demanded, the settlement of disputes may be prolonged. (iv) If no additional evidence is presented in the proceedings of the opposition and trial for invalidation, the dispute will not be settled in a single proceeding. (v) The JPO does not participate in lawsuit against trial decision.</p>	

Checking Items	Background	Issues	Proposed Measures
3. Functional tie-up between the JPO and infringement courts and improvement of court systems		(i) Reduction of burden arising from concurrent parallel proceedings before court and the JPO (ii) Avoidance of confusion arising from the conflict in trial results at court and the JPO	(I) Commission of expert testimony on validity or invalidity in response to a request by the court or the parties concerned. (II) Sharing of information between infringement courts and the JPO · Information on history of proceedings and assertion and evidence of parties concerned at district courts will be utilized by the JPO. · Such information at the JPO will be utilized by district courts. (III) Adjustment of proceedings Provision of intellectual property experts having knowledge of technology
4. Improvement of lawsuit systems against trial decisions	The Case of Large Square Steel Tubes, Supreme Court, March 1999	(i) Remand of case due to admission of motion for amendment (ii) Notification of new reason after dismissal and remand of trial decision	Proposal 1 Limitation of opportunities for amendment in lawsuit against trial decision ① Limitation of demands for trial for amendment while lawsuit against trial decision is pending ② Perfection of proceedings at trial and reinforcement of the capability of trial examiner in chief for directing the procedure Proposal 2 Extension of the scope of trial at high courts ① Admission of addition of new grounds for invalidation and revocation at high courts ② Securing of opportunities for amendment as means of defense. Proposal ②-1 Introduction of a simplified amendment system for addition of grounds for invalidation and revocation Proposal ②-2 Introduction of a system to request amendment during lawsuit
5. Disputes over infringement of patent rights	The Case of Stocking Frame, Grand Bench at Supreme Court, March 1976	(iii) Notification of new reason after dismissal and remand of trial decision	Proposal 1 Perfection of trial in trial and appeal proceedings Proposal 2 Extension of the scope of trial at high courts ① Admission of addition of new reasons for rejection at high courts ② Securing of opportunities for amendment as means of defense. Proposal ②-1 Introduction of a simplified amendment system for addition of reasons for rejection Proposal ②-2 Introduction of a system for amendment of applications during lawsuit
	Cooperation with public authorities Training of private ADR organizations	Speedy judgment on ownership	Formation of a simplified expert testimony system Shifting of the role of judgment to the private sector