

# Japan



By Osamu Yamamoto, Yuasa and Hara

In 2002, following a key political address made to the Diet by the then prime minister, the government of Japan embarked on a concerted effort to establish a so-called 'IP nation'. The IP High Court was established 11 years ago, as part of this strategy, and has resulted in Japan gaining worldwide recognition for a litigation process that is both reliable and efficient.

Japan is a key jurisdiction for patents. In 2015, 318,627 patent applications were filed with the Japan Patent Office (JPO), while 189,358 patents were granted, which points to an active and effective IP culture.

Disputes should be settled promptly and appropriately in order to increase the credibility of the IP system. The IP Strategy Headquarters in the Cabinet launched the Taskforce on Settlement of IP Disputes to address such issues. While taking into consideration the balance between rights holders and alleged infringers, the following are under consideration:

- measures to ensure more appropriate evidence collection, in consideration of the difficulties involved in collecting sufficient evidence to prove infringement;
- measures to implement the award of damages that reflect business realities, in light of global market trends;
- measures to improve validity of rights from grant through any dispute settlement process, with a view to encouraging innovation in Japanese industry; and
- the right to seek an injunction in cases of standard-essential patents, and of a patent assertion entity's exercise of such a right, in consideration of the impact on the value of patent rights.

## What are the criteria for patentability in your jurisdiction?

In order to be patented, an invention must be new, involve an inventive step and be capable of industrial application.

An invention is novel if it has not been disclosed anywhere in the world before filing the application. An invention involves an inventive step if, at the time of filing, a person ordinarily skilled in the art would have been unable to make the invention easily based on the disclosure of prior art. Examples of industrially inapplicable inventions are methods of surgery, therapy or diagnosis of humans.

Japan has adopted the first-to-file system.

## What are the limits on patentability?

The following cannot be classed as inventions:

- laws of nature as such;
- mere discoveries unrelated to creativity;
- inventions that are contrary to a law of nature;
- inventions that do not utilise a law of nature;
- inventions deemed not to be technical ideas; and
- inventions that clearly cannot solve the problem by any means presented in a claim.

If something exists in nature but must be isolated artificially, it can constitute a patentable subject matter – for example, isolated chemical substances, micro-organisms and genes.

Medical use, including second medical use, of a known compound is patentable. A use-limited food invention was made patentable on April 1 2016. New plant varieties and animals may be patented, provided that all of the requirements for patentability are complied with.

Any invention that is liable to damage public order, morality or public health shall not be patented. An example of such an invention is "humans produced through genetic manipulation".

## Can inventions covering software be patented?

A computer program is patentable as a software-related invention:

- if it is a "creation of a technical idea utilizing a law of nature"; or
- if information processing by the computer program is concretely realised by using hardware resources.

Claims for such a software-related invention can be drafted as either method claims or product claims (eg, system claims, computer-readable storage medium claims or computer program claims).

## Can inventions covering business methods be patented?

Most business method inventions can be

*"Although invalidity of claims can be a defence in the court proceedings, any decision on validity is binding only on the parties to the case"*

considered as certain forms of software-related inventions. Therefore, the above-mentioned comments also apply to business method inventions. A business method that is based merely on created rules and does not use a computer program is not patentable.

### Are there restrictions on any other kinds of invention?

On June 5 2015 the Supreme Court issued Decisions 2012(ju)1204 and 2012(ju)2658 regarding product-by-process (PBP) claims and stated that:

- the scope of the patented PBP claim should be determined to cover products which have the same structure and characteristics, regardless of a manufacturing process; and
- only where it is impossible or impractical to directly identify the structure or characteristics of the product at the time of filing do PBP claims satisfy the clarity requirements.

The outcome of these decisions means that patentees and applicants must show that such impossible or impractical circumstances existed at the time of filing. When drafting PBP claims, it is important to take these decisions into account so as to pre-empt an invalidation challenge.

### Does your jurisdiction have a grace period? If so, how does it work?

Japan has a six-month grace period after initial disclosure. Such disclosure may be:

- made public through actions of a person with the right to obtain a patent; or
- disclosed against the will of the person with the right to obtain a patent.

Such disclosure does not form a part of the prior art, provided that all formal requirements are complied with.

A patent application must be filed with the JPO or as a Patent Cooperation Treaty (PCT) application within six months of disclosure. This means that if a priority non-Japanese application is filed within the six-month grace period and a PCT application is subsequently filed after the six-month period claiming priority, the application cannot benefit from the grace period.

### What types of patent opposition proceedings are available in your jurisdiction?

A post-grant opposition system was reintroduced on April 1 2015. An opposition proceeding has advantages over an invalidation trial for a third party, including lower costs and provision to file an opposition in the name of a person who is not connected with the patent. Anyone can oppose a granted patent within six months of publication of the grant. Opposition is generally conducted by documentary examination. The patentee may be given an opportunity to narrow the scope of claims. If a patentee receives an unfavourable decision, it

can file suit with the IP High Court for revocation of the JPO's decision.

Double jeopardy does not apply between the opposition and invalidation trial. Therefore, even if an opponent loses in opposition, it is possible to use the same prior art and grounds in an invalidation trial.

### Are there any other ways to challenge a patent outside the courts?

Any interested party can challenge the validity of a patent by filing an invalidation trial with the JPO. The grounds for invalidation are similar to the grounds for an examiner's rejection of an application. In an invalidation trial, the patentee will always be given an opportunity to narrow the claims through correction to avoid invalidation of the entire patent. In principle, an oral proceeding is held after both parties have submitted arguments and exhibits. Usually, a decision in an invalidation trial is issued around one year after filing.

A party which is unhappy with the JPO's decision can file suit at the IP High Court.

### How can a patent office decision be appealed in your jurisdiction?

An applicant can appeal a rejection by an examiner to the JPO Appeal Board. If an amendment of the claim is filed alongside an appeal, the primary examiner will first re-examine the patent application to consider the amendment. If the examiner still finds that the application should not be allowed, it will be reviewed by the JPO Appeal Board, which typically consists of three appeal examiners. If the Appeal Board rejects the patent application, the applicant can appeal this decision by filing suit before the IP High Court.

An IP High Court judgment can be filed with the Supreme Court in its discretionary capacity, as designated by the Civil Procedure Code. However, the Supreme Court will hear only very limited cases which involve, for example, an important issue on the legal interpretation of the Patent Act.

### How long should an applicant expect to wait before being granted a patent and what level of cost should it budget for?

The JPO will examine a patent application only once a request for examination has been filed. An applicant has three years from the filing date to file such request. After filing the request, a first office action will be issued by the JPO around 11 months later. Accelerated examination, including the Patent Prosecution Highway, is also available in Japan.

The budget for a patent case depends heavily on its complexity, but in general a case will cost between Y600,000 and Y1.5 million, including attorneys' fees, official fees and translation costs.

### What are the most effective ways for a patent owner to enforce its rights in your jurisdiction?

The most effective way for a patent owner to



**Osamu Yamamoto**  
Managing partner  
yamamoto-ch@yuasa-hara.co.jp

Osamu Yamamoto is a patent attorney and managing partner of Yuasa and Hara, where he heads the chemical section. He is a member of various professional associations, including the Asian Patent Attorneys Association and the International Association for the Protection of Intellectual Property. Previously Mr Yamamoto spent 10 years in biotechnology and pharmaceutical research at a chemical company before specialising in intellectual property. He has represented a variety of companies in the fields of biotechnology and pharmaceuticals, diagnostics, food and beverages, and has a wealth of experience in patent prosecution, invalidation trials and providing expert opinions.

enforce a patent right is through civil litigation. Mediation or arbitration proceedings may also be considered. Alternatively, a patent owner can apply to the Customs Office for an import suspension against counterfeit goods, including patent infringements.

#### What are the stages in the litigation process leading up to a full trial?

In Japan, although it is not necessary to send a warning letter to begin patent infringement litigation, this is common practice because it is considered prudent to conduct negotiations before going to court.

In case of patent infringement, the plaintiff bears the burden of proof. Extensive discovery is not available in Japan and thus it is preferable for a plaintiff to obtain sufficient evidence of infringement before filing suit.

An infringement proceeding is usually divided into two stages:

- examination of infringement and, if contested, validity of the patent; and
- consideration of damages.

In many cases, infringement and validity are key issues. The court's preliminary impression on infringement and validity is then shown to both parties before the consideration of damages. If the court finds that the patent is non-infringing or invalid, it will terminate the proceedings. If the court finds that the patent is infringing and valid, it will go on to determine damages.

Once the case is closed, the court will set a date for issue of its decision.

Usually, the court suggests that the parties negotiate a settlement during the proceeding. If the parties agree to negotiate, the court can conduct a mediation-like process.

#### What scope is there for forum shopping?

Of the 50 district courts in Japan, under the Civil Procedure Code only two have special jurisdiction in patent infringement cases. If district courts in the eastern part of Japan have ordinary jurisdiction in a case, the Tokyo District Court has sole jurisdiction. For the western part of Japan, the Osaka District Court has sole jurisdiction.

*“Extensive discovery is not available in Japan and thus it is preferable for a plaintiff to obtain sufficient evidence of infringement before filing suit”*

#### How easy is it for defendants to delay proceedings and how can plaintiffs prevent them from doing so?

It is difficult to delay proceedings without good reason, due to the active involvement of the district court in managing the litigation process.

The plaintiff must specify the cause of action. To delay proceedings, the defendant may put forward arguments regarding the vagueness and inaccuracy of such specification in the complaint.

#### What level of expertise can a patent owner expect from the courts?

A limited number of judges at the specialised divisions and courts handle patent infringement cases. This means that patent infringement cases are conducted efficiently from trial level to appellate level.

At the Tokyo District Court there are four specialised IP divisions, with 16 judges and seven judicial research officials who help judges to understand complex technical matters. The judicial research officials are former JPO examiners or patent attorneys in private practice. At the Osaka District Court, there are two specialised IP divisions, with five judges and three judicial research officials.

The IP High Court has jurisdiction over all patent cases appealed from the Tokyo and Osaka District Courts. The IP High Court has four divisions, with 17 judges and 11 judicial research officials.

#### Are cases decided by one judge, a panel of judges or a jury?

Patent infringement cases are decided by a panel of three judges at both the district court and the IP High Court. The IP High Court has a system of grand panels, which consist of five judges: the four division heads plus one judge who is actually handling the case. There are no juries in patent infringement cases.

#### What role do expert witnesses play in the proceedings?

Each party can select independent experts to provide written evidence to the court. The courts also have a system of expert advisers. Expert advisers such as academics help judges to understand the relevant technical issues. They can participate in a preliminary infringement hearing.

#### Does your jurisdiction apply the doctrine of equivalents and if so, how?

Yes. A Supreme Court decision handed down in 1998 held that infringement may be found under the doctrine of equivalents, in consideration of five issues:

- The different element is not an essential feature of the claimed invention;
- The claimed invention achieves the object and

effect of the invention even after the different element is replaced with a feature in the relevant product/process;

- The replacement would have been obvious to a person with ordinary skill in the art to which the invention pertains when the relevant product/process was made;
- The relevant product/process is not identical to or obvious from the prior art; and
- The relevant product/process does not correspond to one that was intentionally excluded from the claims during prosecution of the patent application.

On March 25 2016 the Grand Panel of the IP High Court found patent infringement under the doctrine of equivalents in a pharmaceutical case – the first case in which the doctrine was applied in this sector. The Grand Panel concluded that the differences in the processes at stake were not essential features of the claimed invention and found infringement under the doctrine of equivalents.

#### Are preliminary injunctions available? If so, under what circumstances?

It is possible to file a petition for preliminary injunction either before formal court proceedings or together with formal court proceedings, if an immediate remedy is needed.

#### How are issues around infringement and validity treated in your jurisdiction?

In addition to filing an opposition or invalidation trial before the JPO, an alleged infringer can claim validity of the patent before the court. Although invalidity of claims can be a defence in the court proceedings, any decision on validity is binding only on the parties to the case. In an opposition or invalidation trial before the JPO, a patent right can be invalidated for all parties.

#### What are the typical remedies granted to a successful plaintiff?

Typical remedies for infringement are injunctions and compensation for damages.

#### How are damages awards calculated? Are punitive damages available?

The Civil Code sets out general provisions on damages. However, it is generally difficult to establish clear causation between infringement and damages under the general provisions for damages calculation. Thus, the Patent Act provides three ways of calculating damages:

- Article 102(1) – calculated by multiplying the number or amount of products that the infringer sold by a marginal profit that the patentee might have enjoyed;
- Article 102(2) – calculated on the basis of the profits that the infringer earned in connection

with infringing acts, which can be presumed equal to the damages that the patentee suffered; or

- Article 102(3) – calculated on the basis of a reasonable royalty, even if the patentee does not use the patented invention.

Punitive damages are not available. The Supreme Court has held that such damages would contravene public policy by blurring the separation of civil and criminal penalties.

#### How common is it for courts to grant permanent injunctions to successful plaintiffs and under what circumstances will they do this?

If the court finds in favour of the plaintiff, it will issue an injunction, unless the term of the patent has expired.

If the plaintiff requests in the complaint that the court declare an injunction to be executable temporarily, the district court decision can be executed even if the defendant appeals. The defendant must file a petition to suspend such temporary execution while posting a bond to the district court.

#### How long does it take to obtain a decision at first instance and can this process be expedited?

Proceedings before the district courts take between 12 and 18 months. Generally, it is not possible to expedite the process, as the court usually examines infringement and invalidity in great detail.

#### Under what circumstances will the losing party at first instance be granted the right to appeal? How long does an appeal typically take?

Any party which is not satisfied with a court decision can appeal to the IP High Court. IP High Court proceedings take less than one year on average and are faster than proceedings before the Tokyo or Osaka District Court. *iam*

#### Yuasa and Hara

Section 206  
New-Ohtemachi Building  
2-1, Ohtemachi 2-chome  
Chiyoda-ku  
Tokyo 100-0004  
Japan  
**Tel** +81 3 3270 6641  
**Fax** +81 3 3246 0233  
**Web** www.yuasa-hara.co.jp