

IV. Issues of Validity

1. General

In Japan a patent is invalidated by a decision of Patent Office through an invalidation action. For the long time it was considered that a court cannot find a patent invalid until the Patent Office decision invalidating the patent becomes final. However, it has changed. The Supreme Court held in TI v. Fujitsu case (also called Kilby patent case, April 11, 2000) that when there is a clear reason that the patent in suit would be invalidated by the Patent Office, the court may dismiss the patentee's demand based on infringement of the patent under the theory of abuse of right. After this Supreme Court decision lower courts rendered decisions under this theory in many cases. Further, effective as of April 1, 2005 Patent Law was amended to add new Article 104-3 which provides in its paragraph 1 that: "In a patent infringement action the patentee may not enforce the patent if the patent should be invalidated by a patent invalidation trial". This provision means that a defense of invalidity of the patent may be raised in an infringement action before the court without regard to filing of an invalidation action in Patent Office.

2. Reasons for Invalidity of Patents

Under Article 104-3 of Patent Law any reasons of invalidating a patent set forth in Patent Law Article 123 may be raised for the defense. Typically those reasons are lack of novelty (Article 29 para. 1), lack of inventive step (Article 29 para. 2) and anticipation by prior patent application filed by others (Article 29-2). Further, reason for invalidating patent includes amendment by addition of new matter (Article 17-2 para. 3), unenablement of the specification (Article 36 para. 4 (1)) and violation of the requirement claim description (Article 36 para. 6 (1)-(3)).

3. Timing of Raising Defense of Invalidity

Article 104-3 para. 2 provides that if the defense of invalidity of patent is raised with a purpose to unduly delay the proceeding, the court may reject raising of the defense. In actual practice, the defendant is requested to raise a defense of invalidity of the patent within 4-5 months after the complaint is filed. In other word, in consideration of necessity for the defendant to take some time to search prior art, the court waits 4-5

months until the defendant raises the defense of invalidity of patent. It is not prohibited to raise the defense of invalidity of patent for the first time in the second instance before IP High Court. However, whether undue delay existed or not is examined in view of the circumstances of entire proceeding throughout the first instance and the second instance.

4. Legal Effect of Court's Finding of Invalidity of Patent

If the patent is invalidated by the Patent Office in an invalidation action and that decision becomes final, or an appeal mean is exhausted, the patent is invalid and deemed to have not existed from the beginning. The invalidating decision of Patent Office is effective to anyone. On the other hand, the court decision finding the patent invalid is effective only between the parties of the case. However, the patentee who received the court decision finding invalidity of the patent may not actually enforce the same patent to others because the earlier court decision is expected to be respected by the later court.