



“Discovery” in a patent infringement
suit in Japan – particularly about
“secrecy order” (protective order)

AIPLA – AIPPI Japan/JFBA

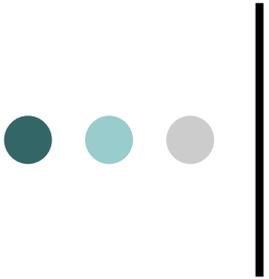
Joint Meeting

April 23, 2009

Hideo Ozaki

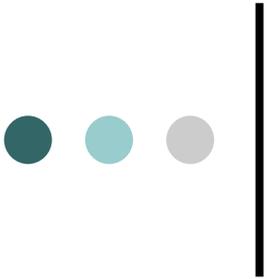
City-Yuwa Partners

<http://www.city-yuwa.com/ip-group/en>



Why is this issue important now?

- Number of patent infringement suits not increasing in Japan – even now the same level as 10 years ago.
- Japanese patent holders take it for granted that an infringement action cannot be brought if direct evidence of infringement is not available. --- process claims used in infringer's factories, inventions implemented in IC chips ··· are cases given up.



A patent infringement action can be brought with circumstantial evidences

◆ However, the law is different !

○ In the complaint:

The plaintiff must allege infringement by

(i) identifying an accused product/process

(hereinafter collectively “accused product”),

(ii) describing specific structures of the accused product, and

(iii) comparing with the claim to draw the conclusion of infringement.



A patent infringement action can be brought with circumstantial evidences

- In the answer:

The defendant must respond to each of the statements in the complaint.

If the plaintiff described specific structures of the accused product and the defendant intends to deny a certain part of the alleged structures of accused product, the defendant must disclose its specific structure of the accused product. (Patent Law Section 104-2 enacted in 1999.)



A patent infringement action can be brought with circumstantial evidences

Patent Law does not require that infringement be proven by direct evidence in the complaint.

The plaintiff is, however, required to describe structures of the accused product in a specific manner (i.e., mere speculation is not accepted). For this purpose investigation before filing the action is needed to obtain some circumstantial evidences of infringement. The court does not request the plaintiff do something impossible to obtain evidences.

Then, the defendant is requested to disclose the specific structure of accused product. The defendant is also requested to submit supporting evidences for the structure which the defendant alleges to be true if the plaintiff does not agree with the alleged structure.



A patent infringement action can be brought with circumstantial evidences

Example

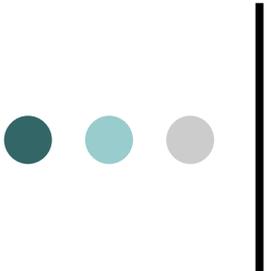
- Claim: “A method of manufacturing p-type GaN semiconductor characterized by comprising . . . a step of annealing at 400° C or higher temperature.”
- In the complaint the plaintiff describes: “step of annealing at 400-450 ° C”. (The plaintiff may show literatures suggesting there is no other practical method known.--- The circumstantial evidences)
- The defendant responds: (i) Admitted; (ii) Denied, because anneal conducted at 390° C; or (iii) Denied, because anneal conducted at 400° C but in a different manner from the disclosure of patent specification.



A patent infringement action can be brought with circumstantial evidences

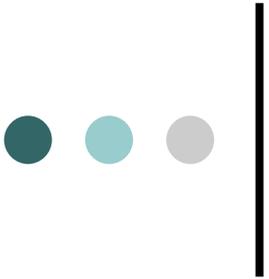
If the plaintiff agrees with the structure of accused product disclosed by the defendant, then the parties go forward to argue infringement based on the disclosed structure of the accused product.

If the plaintiff does not agree with the disclosure by the defendant, the plaintiff may seek further information through “discovery”.



“Discovery” process to obtain information to prove infringement

- “Discovery” in the Japanese patent infringement suit is conducted under the court’s full control. The scope of discovery here is limited to obtain evidences to resolve the issue of disputed structure of accused product. “Discovery” permitted only when needed for the court’s finding of facts.
- Patent Law provides a document production order but the court usually first urges the party to produce documents without relying on the court order system.

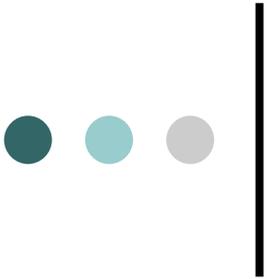


“Discovery” by Court Order

- Court order for document production and inspection to prove infringement (Patent Law Section 105 (1), (4) enacted in 1999)

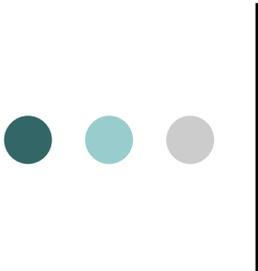
The party may seek a court order to produce documentary information to prove infringement. If the court thinks that such information is necessary, the court first suggests the other party to produce such information. If the other party does not follow the court’s suggestion to produce, the court issues an order.

Under Section 105 a court order is not issued if just cause exists. Traditionally, secrecy of information was such just cause of refusal.



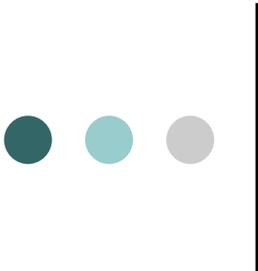
Secrecy Order (Patent Law Section 105-4)

- The provision of Secrecy Order was enacted in 2004, to make secret information available in patent infringement suit while protecting its secrecy.
- But, in the last 4 years this system was not used enough. (Orders issued only in 2 cases in Tokyo District Court and 1 case in Osaka District Court.)



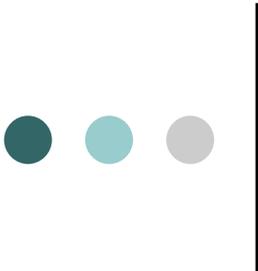
Secrecy Order

- A party who has trade secret information may petition the court for a secrecy order.
- A scope of secret information under the secrecy order is specified.
- The secrecy order is issued against recipients of the specified information (the other party, its employees, attorneys).
- Patent Law Section 200-2 provides criminal sanction of imprisonment of 5 years or less and/or a fine of ¥5M or less for violation of the secrecy order.



Secrecy Order

- The court thinks that the scope of secret information and recipients of the secrecy order must be strictly narrowed in view of the hardship of criminal penalty in case of violation.
- Court's reluctance to issue secrecy order is reasoned by the existence of criminal penalty.
- A secrecy contract between the parties is pursued instead of the secrecy order but it takes unacceptably long time for negotiating terms of the contract.
- Court's and parties' reluctance to use secrecy order obstructs use of secret information in patent infringement suit.---"Secret information" not covered by the "narrow" secrecy order is not disclosed for the lawsuit?



Supreme Court decision (January 27, 2009 in Sharp v. Samsung Japan)

Good news ! – Supreme Court allowed use of a secrecy order in a preliminary injunction case.

- In this case Samsung Japan petitioned for a secrecy order for secret information which it discloses in its memorandum submitted in a preliminary injunction case. Tokyo District Court dismissed the petition and Intellectual Property High Court dismissed an appeal based on the reason that a secrecy order cannot be invoked in a preliminary injunction case. The Supreme Court reversed the IP High Court decision because there is no difference between preliminary injunction procedure and regular infringement action with regard to the situation where a secrecy order is needed.
- The true reason behind the lower court's decision to have dismissed the petition of secrecy order was their reluctance to use the secrecy order system.



Change ! Yes, we can.

- Court's reluctance to use the secrecy order system appears to start changing.
- Prospectively, number of patent infringement suits will increase if it is widely recognized by patent holders that they can bring an action successfully with only circumstantial evidences.
- Here is my prescription --- this can be accomplished **by prompt use of the secrecy order system as frequently as needed.**

Thank you.