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Newsletter

21COE-WIN-CLS RCLIP

RCLIP Workshop Series No.17（2006/10/12）

"Exclusive License Patentee's Demand for Injunction"

Associate Professor Yasuto Komada,
Sophia University

RCLIP Workshop Series No.17 on October 12, 2006 invited Associate Professor Yasuto Komada, Sophia University, to present a report titled "Exclusive License Patentee's Demand for Injunction". Referring to concrete cases in Japanese law and German law, he examined the issues regarding demand for injunction by the patent holder who established an exclusive license.

Concerning the meaning of "establishing an exclusive license", it is commonly accepted that it is a parallel to establishing a usufructuary right, that is, a form of carried succession. However, in civil law, it is understood that the ownership with a usufructuary right becomes a bare right (*nuda proprietas*).

The perspective that a patent holder does not possess the right to demand injunction within the scope of exclusive license (negative theory) seems to be in line with the context in Section 68 and Section 77 of the Patent Law of Japan. However, the Supreme Court of Japan decided that a patent holder who established an exclusive license could also possess the right to demand injunction (affirmative theory). As the reason for that, the court said that Article100 of the Patent Law stipulated that the patent holder was the right holder to demand injunction as well as that it was practically necessary.

Introducing the discussions in Germany, Associate Professor Komada named the so-called "rubber ball theory" under German law a "natto (fermented soybeans) theory" and explained about maternal right (*Mutterrecht*) and daughter right (*Tochterrecht*) by showing a chart.

To the question asking whether splitting the right cause an empty part (empty right) or not, he raised some counter examples: not only the right holder of the usufructuary right but also the owner possess the right to petition for restitution based on real rights or the right to petition for the statement of interference, both the owner and the servient estate holder are legally qualified to walk the road which is a servient estate, and not only the owner but also the pawnee are qualified to dispose the estate.

He also introduced the reproduction theory (clone theory) that (a part of) the right is reproduced by every establishing act, and the establishment of rights theory (delivery theory) that the newly established right, which is alike but different to the maternal right, opposes the maternal right.

German theories generally affirm the issue whether the patent holder who granted an exclusive right of Germany (*ausschliessliche Lizenz*, which is close to the exclusive right of Japan) can demand injunction (it is a restatement of precedent).

In the LG Düsseldorf precedent on 2000-10-24, the patent holder could demand injunction and/or claim damages in parallel with the exclusive licensee if the license fee is not one-time payment but running royalty because an infringement

causes damages to the patent holder. The amount of compensation of damages is limited to the license income diminished by the infringement.

As a conclusion, Associate Professor Komada said that, basically, either the reproduction theory or the establishment of rights theory would not be adopted. The purpose of Article 77-4 of the Patent Law is that the right to demand injunction is given to an exclusive licensee. However, in the case of running loyalty, the patentee also stays qualified to demand injunction. Should the patentee's right to demand injunction be always rejected in the case of one-time payment of royalty? To the question whether there still remains interest protected by law at the patent holder's side, it is simply said "no" in Germany. Associate Professor Komada presented his opinion that Section 77-4 cannot be applied in the very exceptional case where the royalty fee is one-time payment and open-ended.

An active QA session took place with the participants after the report stated above.

(COE Research Associate Lea Chang)

RCLIP Workshop Series No.18（2006/11/9）

"Is the Essence of a Patent the Exclusive Right? – the Right to Demand Injunction and the Right to Claim Damages"

Attorney at Law, Shigetoshi Matsumoto

RCLIP Workshop Series No. 18 on November 9, 2006 invited Attorney Shigetoshi Matsumoto to have a lecture on the theme of "Is the Essence of a Patent the Exclusive Right? – the Right to Demand Injunction and the Right to Claim Damages".

As the issues in relation to the current patent system, Mr. Matsumoto pointed out that the extension of patent protection has become unclear because of the technological advancement or the enhancing scope of a patent and that the stability of the patent has been rather disturbed by the accelerated patent examination or litigation. Such issues needed the viewpoint of reviewing patent system as a whole instead of a mere discrete consideration. It was time to need consideration back to the nature of the patent system

According to Attorney Matsumoto, the essence of a patent is in added value contributing to social progress by a patented invention. As a corollary, the limit of patent protection is specified based on added value. Mr. Matsumoto was trying to reach clear solution for various current arguments over patent from the viewpoint of value added theory. As one of such proposals, he explained both the right to demand injunction and the right to claim damages, which were remedies for damages, must be integrally grasped and the right to demand injunction must be limited on a case-by-case basis.

Mr. Matsumoto developed an argument back to the root of the patent system for this argumentation. That is, England's Statute of Monopolies enacted in 1624 clearly stipulated in Section 6 that a patent is the right to exclude and the right holder must make use of the right for businesses beneficial to the market and country. He pointed out this kind of public interest viewpoint was still maintained in the current England's patent law. Then, he explained that we should reconsider Japan's traditional dualistic theory: the remedies for patent infringement consist of two different rights, the right to demand injunction as the exclusive right of property and the right to claim damages by unlawful acts. And we must reorganize the patent system as a unified one relating to the legal structure for intellectual creation.

In addition, Mr. Matsumoto made a comparison between Japan and the U.S. about the remedy for patent infringement. He introduced the eBay case, which was recently spotlighted in the U.S. Patent

Act (*eBay Inc., et al., v. MercExchange, L.L.C.*). The judgment by the U.S. Supreme Court on that case in May this year stated that it was necessary to satisfy a four-factor test, which originated from equity law, in addition to the requirements of Article 154 of the Patent Act when considering whether to grant injunctive relief to patent infringement. The decision stated the burden of proof must be on the patent owner. It followed the argumentation previously adopted in interpretation of injunction in Article 520(a) of the U.S. Copyright Act.

Then, Mr. Matsumoto pointed out that the Patent Law of Japan ruled only the right to demand injunction. For damages, Japan's courts applied a general rule of tort in civil law unless there was a special provision under the Patent Law. In contrast, the U.S. laws had provisions for either right under the Patent Act. Not only clarifying such a difference, he also got to the difference of fundamental ideology such as the relation between substantive law and procedural law. In other words, Japan's traditional theory on the law of civil procedure viewed the legal procedure as an integral part of substantive law because the legal procedure was designed to shape the substantive law concretely. In contrast, the equity in Anglo-American law meant reexamination by courts against the substantive law, that is, a two-tier system of substantive law and procedural law. Thus, he pointed out the fundamental difference between Japan and the U.S. in the way of embodying law.

Last, to summarize the discussion, Mr. Matsumoto stressed that patents had intermediate nature, not belong to either private right or civil right. Then, he pointed out that an uncritical acceptance of patent exclusivity would rather have an adverse effect contrary to the original purpose of the Patent Act. He emphasized the importance of discussing the patent nature once again by predicting that, with rapid advancement of high technology, the same type of problems would appear soon in Japan just like the judgment on eBay or the Patent Act revision raised an issue in the U.S. His argumentation discussed the relation between the right to demand injunction and the right to claim damages. However, this was just a little bit of his future vision. Mr. Matsumoto pointed out that the added value, the essence of patents, was recently quite diversified due to changes proceeding with time, differences by technological field, and differences of evaluation criteria in a variety of situations. In addition, he pointed out the problem caused by globalization: whether it was appropriate to apply the patent system based on the technologic level of advanced countries despite technical disparity among nations. Then, he concluded his report by showing the vision that the patent system is being put to the test of its function to serve not only one country or one company, but also entire human peace and happiness ultimately.

A QA session took place with the participants following the report stated above. To a participant's question asking what concrete case would fit in such a solution that rejects injunction despite the existence of infringement, Mr. Matsumoto presented the factors to be considered: it is necessary to balance between the nature of damages to infringer caused by injunction and the nature of damages to patent owner in case no injunction is allowed, however, other views are also added like public nature of civil right or abuse of right. In addition to this, many other issues were discussed including the relation between the necessity of preservation in provisional injunction and the requirement of permanent injunction, and the possibility to apply the explanation that other intellectual property rights have intermediate nature between private right and civil right. The meeting ended with huge success.

(Visiting Researcher Toshitaka Kudo)

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New Publication

"I.P. Annual Report 2006, Separate Volume of NBL", Shojihomu

"I.P. Annual Report 2006" is published at the end of November. IP Annual Report was first released last year and received a lot of response. The report presents precedents, theories, and trends in IP field during the year in an understandable way. Also it includes the articles written by the lecturers based on their reports presented at the RCLIP sponsored/co-sponsored seminars and symposia. It is a collection of the essence of information around IP law. (Only available in Japanese)

The reason why we publish such a report is as follows. The frequency to view articles or precedents on IP law in magazines is dramatically increasing more than ever before. Under such conditions people are exposed to a large amount of information about IP, it is difficult for general readers to read all precedents or articles. Therefore, it is important to pick up and help them to understand truly useful ones from many precedents and articles. To that effect, it is published as an IP specialized report so that general readers can understand not only titles but also abstracts of the essence of information around IP law during the year by simply reading this report.

The RCLIP led the project about the writing. While the RCLIP members were writing articles themselves, they asked the scholars or practitioners who served as lecturers at the Workshop series under the unified theme (this newsletter has covered the series) to write finalized papers based on their lectures. In addition, we asked practitioners including judges to write for the report. Various academics or practitioners contribute to the report, making it a wide-ranging concentration of the theory of intellectual property law and the "intellect" of practice.

The report is written in four sections as follows. ①Trends of precedents, theories, and industries in 2006, ②IP trends in foreign countries in 2006, ③ Feature: expansion of intellectual property right and interface of different IP protections, and ④IP seminar reports.

Just as the I.P. Annual Report 2005, the first section "Trends of precedents, theories, and industries in 2006" and the second section "IP trends in foreign countries in 2006" cover domestic and international trends, respectively. Domestic trends of IP law include (1) precedents of IP law, (2) theories of copyright law, (3) theories of patent law, (4) theories of unfair competition, trademark, and design, and (5) IP strategies and industries. International trends include (1) IP trends in Western nations, and (2) Movements of WIPO. These two parts are considered to be the basis of the I.P. Annual Report.

The third section "Feature" consists of collected papers mainly written based on the lectures at RCLIP Workshop Series. With the common theme of "Future Vision of Copyright Protection", the 2005 edition consists of seven papers: "Who owns copyrights of research achievements at universities? (Takuya Iizuka, Attorney at law)", "The structure of trial decision on the demand for injunction against the use of secondary work – focusing on examination of ultimate fact based on Article 28 of Copyright Law (Toshiaki Iimura, Judge, Director of Kofu District/Family Court)", "Future vision of Copyright Law- moral right (Tatsuhiro Ueno, Associate Professor of Law, Rikkyo University)", "Copyright rule at universities – attribution of rights to organization (Naoki Koizumi, Professor of Law, Keio University, Attorney at law), "Future vision of Copyright Law – parody and appropriation (Kensaku Fukui, Attorney at law)", "Article 30 of Copyright Law and three step test (Tetsuo Maeda, Attorney at law)", and "Overview of "moral rights of performer"(Syu Masuyama, Japan Council of Performers' Organizations)"

The 2006 edition includes nine papers written based on the lectures at the workshops with the common theme of "expansion of intellectual property right and interface of different IP

protections". The papers view the expanding and entangled interface of IP laws from various angles.

The fourth section is a report of RCLIP special seminars inviting famous academics and practitioners from abroad. (They were reported in this newsletter) The 2005 edition includes the seminar, "A Japan-US-Europe Comparative Legal Consideration -References for the Technical Scope of a Patented Invention- (focusing on the case of CAFC Phillips in the U.S.)" which invited Judge Randall Rader, the U.S. Court of Appeals for the Federal Circuit (CAFC), and Professor Adelman of the George Washington University Law School, and the seminar, "Issues resulting from Global R&D Activities: Foreign Licensing Issues and Inventorship or Ownership Disputes" which invited Dr. Heinz Goddar, Patent Attorney at Law in Germany, Mr. Paul Meiklejohn, Patent Attorney at Law in the U.S., and others. The 2006 edition includes the seminar on March 2nd, with the title of "Recent Movement of Korean IP Precedents", which invited Choi Sung-Joon, Senior Judge, Patent Court of Korea and RCLIP & CASRIP Joint Seminar: U.S. Patent Lawsuit Seminar on April 24 which invited Judge Jordan of Delaware State Federal District Court, Mr. Barry Bretschneider of Morrison & Foerster LLP, Judge Ryuichi Shitara of Tokyo District Court, and Mr, Eiji Katayama, Attorney at Law.

The 2006 edition contains solid contents more than the previous edition with the renewed front cover. We hope to call for the attention of as many readers as possible.

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Ⅴ License of Intellectual Property Right and the Antimonopoly Act - with a Focus on the No-Contest Close (Katsuyuki Izumi, Professor of the University of Tokushima)
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Ⅶ Fair Use in British Copyright Law – Its

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Ⅷ Document Submissions in IPR Litigation – Interface with Civil Procedure Code (Makiko Takabe, Judge, Tokyo District Court)

Ⅸ Objectification of "Confusion" in Unfair Competition Law – Interpretative Response to Post Sale Confusion in Japan – (Zen Tatsumura, Attorney at Law)

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Recent Movements of IP Precedents in Korea – Comparing with Japanese Precedents

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U.S. Patent Lawsuit Seminar

The RCLIP's
Asian IP Precedents Database Project

※ The database is available in English, free of use at: http://www.21coe-win-cls.org/rclip/db/

»IP Database Project: China

With a completion of 50 Trademark data of Beijing, the project of FY2005 was completed as planned. For addition of new 50 precedents this year, the RCLIP offered renewal agreement to the collaborators at Peking Univ., Tsinghua Univ., Renmin Univ., Zhongshan Univ., and the Higher People's Court of Shanghai and is now considering the concrete plans for the project with them.

(RA Yu Fenglei)

»IP Database Project: Thailand

Currently 263 Thai precedents have already been placed at the database. More 50 cases will be added at an early date. (RC Tetsuya Imamura)

»IP Database Project: Indonesia

Currently 80 precedents are at the database. Additional 20 cases will be added within FY 2006. (RA Akiko Ogawa)

»IP Database Project: Taiwan

300 precedents were already at the database. 30 precedents will be added within FY 2006 mainly from the important cases of 2006. In FY 2007, the addition of 20 precedents is planned.

(RA Akiko Ogawa)

»IP Database Project: Vietnam

Mr. Ngo Cuong of the People's Supreme Court of Vietnam visited Japan in October this year. Taking advantage of this occasion, Professor Takabayashi, Director of RCLIP had a meeting with him at Osaka where he stayed. Both agreed to make efforts for database completion within this fiscal year at the meeting. Traditionally, precedents have not been open to public in Vietnam. However, the policy to open those to public was recently issued. In preparation for that, The People's Supreme Court of Vietnam is now collecting Vietnamese precedents. It is planned that some appropriate cases will be selected for the RCLIP database. However, even Mr. Ngo Cuong does not know whether IP related cases are in those precedents that they are preparing. So it is still unknown that the completion of the precedents is possible within this year.

(RA Asuka Gomi)

»IP Database Project: Korea

In addition to the current 30 precedents, another 30 Korean IP precedents will be added this year. Now it is the phase of selecting precedents for the database and adding comments to those by Mr. Choi Sung-Joon, Senior Judge, Patent Court of Korea. In December, the phase will go into translation work. The completed precedents will be added to the database in January. A workshop is also planned next year based on the 30 precedents newly uploaded at the database.

(COE Research Associate Lea Chang)

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Events and Seminars

For inquiries, please visit our website.

RCLIP International Symposium

【Date】December 15, 2006, 14:00-19:00
【Place】Takebashi Kyoiku-Kaikan (Tokyo)
【Theme】 The Goal of Intellectual Property Protection – Lights and Darks of Protection Reinforcement

Well-known IP specialists from Japan, the U.S., and Germany will gather to exchange opinions. The Reception will be held after the symposium. (¥4,000 per person, Need to sign up in advance)

【Program】
Coordinator: Ryu Takabayashi (Waseda Univ.)
Keynote Speech: Rochelle Dreyfuss（NYU）
Panel #1: Copyright (14:30-16:30)
Hiroshi Saito (Sensyu University), Moderator
Jane Ginsburg（Columbia University）
Michael Lehman（Max Planck－U of Munich）
Tatsuki Shibuya (Waseda University)
Panel #2: Patent (17:00-19:00)
Toshiko Takenaka（UW-Waseda）, Moderator
Meier-Beck（German Supreme Court・Dusseldorf Univ.）
Sean O'Connor（UW）
Ryouichi Mimura (Intellectual Property High Court)
Yoshiyuki Tamura (Hokkaido University)

Commentators:
Heinz Goddar（German Patent Attorney）
Eiji Katayama (Attorney at law)
Eiji Tomioka（Attorney at law）
(Simultaneous interpretation, Japanese-English)

Future Events

The RCLIP will hold Asia Seminar – Korea at the end of January and Asia Seminar – Vietnam and Indonesia at the beginning of February. For details, please visit our website.

Announcements

Web Streaming of Asia Seminar (China)

A video of Asia Seminar (China) held on February 17 of 2006 can be freely viewed at the LexisNexis Japan's website (martindale.jp). The seminar titled "Dispute settlement of the courts related to Industrial Property in East Asia – China" invited five well-known Chinese scholars and judges to be lecturers. Thorough their lectures, the seminar sorted out the issues related to dispute settlement of the courts in China about patent, trademark and copyright. For the details, please visit the website.
http://martindale.jp/video/east_asia_ip/index.html

DVD Rental of the US-Japan IP Mock Trial

Tokyo District Court started to rent the DVD of the US-Japan IP mock trial held in December of 2003 by Tokyo District Court and the RCLIP. (2 DVD box set of Japanese trial and US trial) For application, please visit the site (Japanese only).
http://www.courts.go.jp/tokyo/about/koho/tizai_dvd_kasidasi.html

RCLIP Column

RCLIP Column is updated on the RCLIP website. It deals with a wide range of topics related to IP. Please visit our website.
http://www.21coe-win-cls.org/rclip/

The latest column:
"A Sequel to the Used Game Lawsuit"
http://www.21coe-win-cls.org/rclip/activity/e_index29.html

Editor/issuer
Ryu Takabayashi,
Director of Research Center for the Legal System of Intellectual Property (RCLIP)
21coe-win-cls
Web-RCLIP@list.waseda.jp
http://www.21coe-win-cls.org/e_index.html