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NEWSLETTER

Research Center for the Legal System of Intellectual Property

Yokokawa Toshio Memorial Open Lecture "IP Disputes – From Ex-post Handling to Prevention and Strategies"

(Five-lecture series)

Lecture Series No. 1 (2008/6/14)

"Intellectual Property Litigation in the United States"

Professor Toshiko Takenaka, University of Washington, Visiting Professor of Law, Waseda University

The RCLIP fully backed the planning and implementation of FY 2008 Waseda School of Law Yokokawa Toshio Memorial Lectures held five times in a row under the theme of intellectual property law. The lecture No. 1 invited Professor Toshiko Takenaka, who teaches Western IP laws at Waseda Law School, to give a lecture on the topic in the title.

There are many characteristics in the U.S. patent litigation in comparison with patent infringement litigation in Japan. Among them, what should be emphasized include the existence of the Court of Appeals for the Federal Circuit (CAFC), which was established in 1982, as well as the jury system and discovery in litigation proceedings. Before the CAFC, patents are highly likely to become invalid in litigations. But the CAFC established case laws to consolidate judgments on non-obviousness which varied by circuit in a direction to a patentee's advantage. That is, it made it difficult to claim invalidity of a patent. Also, At the U.S. District Courts which handle patent litigation as the first trial, the patentee's chance of winning suits or the amount of damages is higher than Japan in the first place. There is a great difference between District Courts. District Courts have local rules and some courts have a tendency to render a jury verdict in favor of patentees. Therefore, either for patentees or for the other party who files a declaratory judgment action seeking a declaration of invalidity, the choice of District Courts can be the top of issues. Other than that, in the procedures for collecting evidence, the amount of legal fees becomes huge for Japanese companies, especially the fees needed for the document translation. That becomes one of the factors which put off implementation of litigation and reach out-of-court settlements.

As stated, the U.S. patent litigation has been used in favor of patentees. Recently, however, the U.S. Supreme Court granted certiorari to overturn the CAFC's decisions and denied their decisions in many cases. As stated above, with the establishing background, the CAFC has developed various case laws in favor of patentees. In addition, the Supreme Court respected the CAFC's judgment as a specialized court and granted a very limited number of certiorari. However, some industries are under threat of those who invent nothing, implement nothing, but only seek to gain profit by settlement of patent infringement litigation. So the Supreme Court has hammered out backflow phenomenon against the CAFC's tendency which is in favor of patentees. Such examples are too numerous to mention. Those include KSR decision which posed an immediate review of the standard of

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non-obviousness, Metabolite decision which showed skeptical stance against the CAFC's decision, MedImmune decision which stated that the way to file a declaratory judgment from the other party should be further widen, eBay decision which indicated that the violation of rights do not always lead to immediate injunction decision, and Quanta decision which posed an immediate review of the CAFC's judgments on exhaustion. There have not been many cases that the Supreme Court accepted an appeal of patent litigation as stated. So the cases that the Supreme Court takes as precedents are old precedents for old technologies before the CAFC. Those precedents of the Supreme Court seem to be a time slip back decades in time. But, admitting the point raised by the Supreme Court, the CAFC has also started to review their judicial judgments.

With technology advancement, the way of using patented invention is changing by industries such as medical, IT, or consumer electronic industry. In such circumstances, what happens is that, as the judicial authorities, the Supreme Court and the CAFC have a difficult time to balance between right holders and right users. Political arguments are also needed here.

It is necessary to continuously focus on such movements in the U.S. patent litigation.

(RCLIP Director Ryu Takabayashi)

Lecture Series No.2（2008/6/21）

"The Current Situation of Intellectual Property and Strategic Intellectual Property Management at Corporations"

Mr. Hiroshi Kitaoka, Japan Patent Office

1. Overview

The second lecture held on June 21, 2008 invited Mr. Hiroshi Kitaoka from Japan Patent Office, JPO. He delivered a lecture under the theme of "The Current Situation of Intellectual Property and Strategic Intellectual Property Management at Corporations".

As the current situation of IP, Mr. Kitaoka pointed out changes of innovation environments and intensifying competition in global markets due to the rise of developing countries, and increasing risks for corporations in such surroundings. Then, he presented what should be done toward strategic IP management.

2. The Current Situation of Intellectual Property

First, as changes of innovation environments, he pointed out that the accelerating market needs had shortened product life cycles, and that the importance of open innovation which uses outside knowledge or technology is rising along with economic globalization and Information Technology advancement.

Also, as the intensifying competition in global markets due to the rise of developing countries, he pointed out sharp rise in exports of the developing countries. It was important to assure high quality IP, considering use of rights not only within Japan but also in foreign countries.

Then, as increasing risks for corporations, he pointed out that, with the increasing number of patent applications around the world, the prolonged waiting times for examination caused a risk that right IP cannot be obtained at the right time. Also the issues such as prolongation and higher costs of examination were raised in IP litigation, and counterfeit caused serious damage.

Then, as the current situation in Japan, he compared Japan's industrial structure with foreign countries and analyzed the trend of patent application by Japanese industries. He concluded that it was necessary to change domestic emphasized application structure, and to accumulate and manage outcomes of R&D as IP.

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3. Towards Strategic Intellectual Property Management

Considering such situations of IP, Mr. Kitaoka made a proposal on what corporations should do towards strategic IP management. He said it was important to have right analysis and evaluation of own company and other companies by making full use of IP information, to establish the optimum IP portfolio with global view, and to promote a triune management strategy of IP, R&D, and business.

For the right analysis and evaluation of own and other companies by making full use of IP information, he emphasized the necessity of technology trend survey by the JPO as well as independent self-analysis or analysis of other companies. He concluded that, using such analysis, corporations should actively implement the establishment of R&D strategy, avoid overlapping research, and adopt other companies' technologies.

For the establishment of the optimum IP portfolio with global view, he stated it was necessary to fully examine the usage of research outcome as IP, considering the use in foreign countries. Whether the outcome should be patented for exclusive use or licensing, whether it should remain secret as knowhow, or whether it should be in the public domain to prevent other companies' patenting. Also he introduced the JPO's efforts to respond the development of corporate strategy to file application abroad.

For a triune management strategy of IP, R&D, and business, he pointed out IP should be emphasized at all stages of R&D theme from planning to business development. To do so, it was important to promote communication between IP, business, and R&D departments.

4. Q&A

A QA session took place with the audience after the lecture. It included a wide range of questions from practical question based on the current conditions in industries, to examination practice.

（RC Motoki Kato）

Lecture Series No. 3（2008/6/28）

"IP and Legal Battle Strategies for Corporation – Reexamining from the Viewpoint of the Changing U.S. Patent Law"

Mr. Hiroyuki Hagiwara, U.S. attorney, Partner. Ropes & Gray LLP

The third lecture invited Attorney Hiroyuki Hagiwara to speak under the theme of "IP and Legal Battle Strategies for Corporation – Reexamining from the Viewpoint of the Changing U.S. Patent Law". He raised a question why the patent litigation strategy should be reviewed. He said that now was the big turning point for the U.S. patent precedents and explained the U.S. Supreme Court and the CAFC's decisions on the recent patent cases, predicting the possible impact on Japanese corporations. Reviewing patent strategies of Japanese corporations in view of the changing U.S. patent law, the lecture covers the topics such as 1) the review of the changing U.S. patent strategies, 2) the necessity of reexamining litigation strategies for plaintiff and defendant, 3) several problems unique to Japanese corporations, and 4) hypothetical case studies.

First, the backgrounds of the patent law revision and factors to promote such movement includes the proliferation of patent trolls, corporations' petition to the government for forum-shopping, and the increasing social consciousness about the impact of injunction in Blackberry case. The Supreme Court also showed a critical opinion (Justice Kennedy's opinion in eBay case) against the CAFC's adoption of the

bright line rule and both Courts and Congress admitted the necessity of law revision. Next, the lecture overviewed the recent major precedents and their impact.

1. The Supreme Court's MedImmune decision

The decision made it easier to allege non-infringement or invalidity in declaratory lawsuits. This decision could be used as a counterattack by alleged infringers. So, patentees should consider a strategy to sue first, and then negotiate or to file a suit at the ITC.

2. The Supreme Court's KSR Int'l decision

This decision would make it easier to verify obviousness of weak patents. The Court rejected the CAFC's rigid application of the "Teaching, Suggestion or Motivation" ("TSM") test.

In terms of this decision's impact on a plaintiff, a plaintiff should point out an absence of evidence to show a combination, or to show unexpected effect. Further, if possible, a plaintiff should point out how the prior art teach away from the invention and the presumption that the patent is valid.

In the view from a defendant, a defendant will place reliance on expert testimonies supporting a combination of prior arts, which satisfy the burden of proof. If the prior art is close, a defendant will have more occasions to file a motion for a summary judgment.

There is no sufficient information enough to see whether the patentee's chance of winning suits 60% will go down or not in the U.S. However, good patents, especially in the field of High Tech industries, will hold validity in the future. On the other hand, peripheral patents of small value will be often crushed. It will be one of weapons against patent trolls.

3. The Supreme Court's eBay decision

In this decision, the Supreme Court overturned the CAFC's general rule to issue an injunction. The CAFC has set the general rule to issue an injunction against an infringer absent exceptional circumstances.

The decision illustrated that four factors in equity law must be applicable to patent cases and a patentee must show: (1) irreparable injury; (2) inadequacy of remedies at law (e.g., damages); (3) the balance of hardships between the parties warrants equitable relief; and (4) an injunction does not disserve the public interest. The court assertively rejected a relief by injunction.

Since the eBay decision, an injunction has been continuously issued. 29 out of 37 cases were admitted and 27 of the admitted 29 cases were conflicts between competitors. Out of the rejected 8 cases, 5 cases were conflicts between non-competitors.

In the future, it is much easier for competitors to obtain an injunction. On the other hand, it is more difficult for patent trolls to obtain it. The earlier a plaintiff files a suit, the easier the plaintiff could show irreparable injury.

4. The Supreme Court's Quanta decision

The point of argument was "the scope of patent exhaustion" and especially, the issue was whether a patentee can legally limit downstream use of a patent. The decision was thought to have a serious impact on technology industries and their agreements.

The original decision decided that Intel's sale was not conditional, the limit of licensing was invalid, and the patent was exhausted. However, the CAFC found that the disclaimer in the license agreement validly limited a license and the patent was not exhausted. The Supreme Court found that the agreement between LG and Intel did not limit "sales" and the notice to limit the license for combining components was not a limitation. There was a Judge's opinion indicating that the contract might have some problem.

Corporations need to review their existing license agreements and to renegotiate under the influence of this decision. There is a risk that downstream exhaustion occurs if important

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patents were clearly omitted in the license. Sufficient attention is needed for components with high market share or the scope of cross license with product manufacturers.

5. The CAFC's Seagate Decision

The former duty of due care which the CAFC has requested for many years created a big problem for a defendant who rely on opinion of counsel. A defendant has been confronted with a difficult choice of showing trial strategies or not relying on opinion of counsel.

This decision abandoned the affirmative duty of due care and opinion of counsel and set the new standard: "objective recklessness". Communication with counselors is not necessary here without any exceptional circumstances. The focus of the standard is before filing a suit.

The "objective recklessness" standard in this decision suggests the necessity of clear corporate compliance criteria and records management in Japanese corporations

After introducing the important patent cases, the issues around forum-shopping were introduced. The Eastern District of Texas is a popular place for patent litigation. In East Texas, the cost of discovery is high and juries are in favor of patentees. Many corporations filed a complaint to the Congress because their decisions were in favor of plaintiffs. As a result, the House of Representatives had a debate about the abuse of patent litigation and the Patent Reform Act of 2007 included a provision aiming to reduce the number of patent cases in East Texas. However, it was passed in the House of Representatives, but was abandoned in the Senate. East Texas seems to keep popularity in forum-shopping.

After hypothetical case studies, a QA session took place. The lecture ended successfully, having many opinion exchanges with the participants.

(Research Associate Lea Chang)

Lecture Series No. 4 (2008/7/5)

"Seek a Temporal Resolution for IP Conflict"
Judge Toshiaki Iimura, IP High Court of Japan

The fourth lecture held on July 5 invited Judge Toshiaki Iimura of IP High Court as a lecturer.

Despite the trend of promoting IP, the number of patent ligations is declining due to the increasing risks to patentees and the increasing issues before reaching successful lawsuits by plaintiff, which were recognized after the Kilby case (the Supreme Court decision of April 11, 1999) and the addition of Article 104(3) of the 2004 Patent Law revision. In addition, the decrease of total value of patent is pointed out, from the viewpoint of considering the social and economic backgrounds where manufacturing and consumption have shifted outside the country.

The absence of predictability in the right execution is a risk to patentees. Two main factors were introduced. The first is the way to judge inventiveness. Although the judgment of inventiveness based on the current examination standard is advanced and sophisticated, it is necessary to understand there is a limit to externalize the judging way which is important to secure predictability. Different from the U.S. non-obviousness standard which admits a non-obviousness as far as there is no TSM(Teaching, Suggestion, Motivation) from prior art, Japan's judgment standard on inventiveness has ambiguity to allow subjective judgment especially in the three aspects: reasons for inhibition, particular operational advantage, and the distinction between publicly-known and

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commonly-known information. Those are effective logic tools to eliminate patents unworthy of being protected. However, in a request of invalidation trial, they made it difficult to predict the risk of invalidating patent, with the fact that afterthought is not easy to be eliminated.

The second factor is an invalidity defense in infringement litigation. To eliminate double truck/double standard of administrative judgment and judicial judgment, Article 104(3) was added to the Patent Law in the 2004 revision. It enabled a defendant in an infringement suit to submit an invalidity defense. In introducing, there was concern from the beginning that the increase of judging functions might cause disadvantage for plaintiff (patentee) and following decline of patent exploitation. But it was introduced without taking care of patentee's disadvantage. Since then, the invalidity defense became the main point of arguments in infringement lawsuits. As a result, the new rule led to the condition that plaintiffs must win both infringement lawsuit and following invalidation trial. The current practice aims to realize appropriate balance as dispute resolution mechanism, but some discord among judging functions often count against patentees. The lecturer showed concerns that it would cause a decline of patent exploitation and eventually, it would be against the political purport of improving industrial competitiveness by patents.

Based on the stated argument, predictable exercise of patent rights was examined from the three theoretical aspects: operation, legal interpretation and legislation. For operation, the lecturer stressed the use of resolution in and out of courts as well as the elaboration in preparing patent specifications. For legal interpretation, he mentioned the use of the doctrine of equivalents which can diminish a risk of invalidity defense to prevent disadvantage in invalidity trial from the opposite side after infringement litigation. Also he mentioned the reasons of retrial in case that the right becomes invalid right after the defendant lost infringement lawsuit. For legislation, he proposed that a deadline should be set on invalidity trial request and that a limit should be set on retroactive effect of invalidity trial request made after a certain period of time.

After the stated lecture, active arguments took place with participants in the QA session.

（RA Noriyuki Shiga）

Lecture Series No. 5（2008/7/12）

"Global IP Strategies in Fujitsu – How to Develop and Utilize IP in Business"

Mr. Masanobu Katoh, Corporate Vice President, Fujitsu Limited

The fifth lecture invited Mr. Masanobu Katoh from Fujitsu Limited, one of the leading companies which make full use of IP in Japan, to deliver a lecture from the viewpoint of a company utilizing IP.

Fujitsu has Intellectual Property Unit in the corporate organization to create, promote and support basic policies for corporate-wide IP strategy. Also each business unit has IP/Patent Promotion Department to create, use and control IP based on each business needs.

Fujitsu puts together an organization to protect and respects IP under its Code of Conduct on IP in accordance with "FUJITSU Way", the Fujitsu Group's philosophy. Fujitsu's IP strategy is the one which supports management strategy. Fujitsu thinks it is important to secure, maintain, and utilize IP as well as to conduct technology surveys to analyze and evaluate where Fujitsu is positioned. It should be closely connected with R&D or Standardization strategies.

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In terms of IP guideline, it is important to utilize cross-licensing or patent pool in the ICT field because one product is involved with many patents.

First, it starts to obtain major patents. Patent applications should be filed focusing on important or strategic theme as business. It is also necessary to pursue to obtain wide range of patents. Of course, it is important to obtain patents abroad in addition to domestic patents. In 2007, Fujitsu was ranked as No.9 in the number of patent application in Japan (2,511 applications) and as No. 12 in the U.S. (1,315 applications).

Next, it is necessary to consider how to utilize the obtained patents. In enforcement, two aspects are considered such as exclusive right and property right. As exclusive right, the patents are used as a measure of deterrence or impeding entry of competitors. As property right, the usage includes cross-licensing or loyalty. Fujitsu has more than 500 license agreements and also has cross-licensing agreements with domestic and international companies. Recently, as technology marketing, Fujitsu tries to sell its technologies to other companies to apply the technologies to different fields.

On the other hand, it is important to avoid infringing other companies' patents. On a timely basis of business span, Fujitsu conducts surveys on technology trend, infringement avoidance, and properties in the public domain.

In standardization strategy, Fujitsu promotes the strategy to respond global standardization, setting up the standardization strategy section who promotes corporate-wide standardization.

For branding, Fujitsu and companies within the Fujitsu Group standardize their brand in order to improve brand value. As for copyright, software is protected as copyright. In addition to such protection, Fujitsu provides program development with short delivery period, low cost, and high quality in a cross-sectional manner.

Last, as for computerization and human resource development, it actively implements computerization in application procedures, evaluation, management, and search. Also, it improves incentives to inventors as well as conducts IP education by the skill level (newcomer, mid-level, and executive).

This lecture gave us an opportunity to listen to a practitioner in business. As the final lecture to conclude the lecture series, it was very interesting because we could capture IP not only through theories, but also through understanding of how IP is used in the actual society or businesses or what kind of IP strategies corporations are taking.

（RC Masatoshi Nishida）

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

The Chinese cases of FY2007 (including additional cases) were completed as planned.

(RA Yu Fenglei)

IP Database Project: Thailand

Currently 370 Thai precedents have already been placed at the database.

(RC Tetsuya Imamura)

IP Database Project: Indonesia

100 precedents have been placed in total until now. Our program was selected as global COE project. At this important point, two RCLIP members will visit Indonesia in the middle of October to ask further help with collecting Indonesian precedents.

(Research Associate Akiko Ogawa)

IP Database Project: Taiwan

452 cases were added to the database in total. With the occasion of being adopted as the global

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COE program, two RCLIP members will visit Taiwan at the end of September to ask further help for collecting precedents in Taiwan.

（RC Akiko Ogawa）

IP Database Project: Vietnam

We are continuing the relations with the Vietnam Supreme Court for collecting precedents. A visit to Vietnam is planned to develop further relations.

(RA Asuka Gomi)

IP Database Project: Korea

Currently 89 Korean cases in total were at the RCLIP database. This fiscal year we are going to add more precedents and now developing a collaborative relation with Hanyang University.

(Research Associate Lea Chang)

IP Database Project: Europe

Currently, with CASRIP of University of Washington, the RCLIP pursue negotiation on adding precedent data of European nations to the RCLIP database.

＜Germany＞

In Germany, Düsseldorf University has more than 1,000 IP precedents (written in German) of the Supreme Court and the Düsseldorf High Court. Düsseldorf University agreed to let the RCLIP use those data and by March, the project will start to select 50 cases and create abstracts.

＜Other nations＞

For IP precedents in France, Spain and the UK, the RCLIP has started discussing with Strasbourg University, Alicante University, and London University to ask for their help. An Italian attorney who is a CASRIP researcher directly communicates with Italian academics to start creating abstracts. Contacting with the European Patent Office, the RCLIP has already obtained their permission to use their English-translated major precedents of EU nations.

(Research Associate Akiko Ogawa)

NEWS@RCLIP

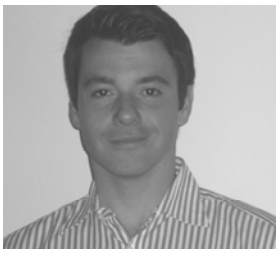
The RCLIP Office Newly Open

The RCLIP Office opened as the IP research base of the RCLIP, separately from the Global-COE Office in Waseda Campus. Ms. Rika Honda took up her new post as a coordinator to enhance the RCLIP's activities such as the database projects.

Name：Waseda University Global COE Program
Research Center for the Legal System
Place：Nishi-Waseda M.O. House Room #103
TEL：+81-3-6380-3540
FAX：+81-3-6380-3541

Announcement: New Member Joining for IP Database Project in Europe

Luca Escoffier, hosted by Professor Takenaka at CASRIP, Univ. of Washington, before coming to the U.S. has worked as IP advisor for the Consortium for the Centre of Molecular Biomedicine in Trieste, Italy. He holds an Italian law degree from the University of Parma, and a Master of Laws from WIPO Academy and the University of Turin. Mr. Escoffier is also pursuing a Ph.D. in IP law at Queen Mary, University of London. As CASRIP fellow, Mr. Escoffier will be responsible of the enlargement of the existing IP database of IP precedents to some European countries, namely, Italy, France, Spain, and U.K.



Luca Escoffier (UW CASRIP Fellow)

【Biography】IP advisor, Consortium for the Centre of Molecular Biomedicine in Trieste, Italy

【Academic Degrees】

Italian law degree, the University of Parma

Master of Laws from WIPO Academy and the University of Turin

Ph.D. in IP law at Queen Mary, University of London

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Events and Seminars

(1) ＜IP Enforcement in India＞

【Date】2008/10/03 14:00～17:30
【Place】Waseda University
Ono Azusa Memorial Hall
【Abstract】

India, which gathers attention as one of the BRICs nations, has established domestic industries in IT, automobile, pharmaceutical fields. Since its entry in the WTO in 1995, India has rapidly developed various IP protections to fulfill its obligation based on the TRIPS agreement. In Japan, pieces of information about the revisions of major IP laws can be obtained more easily, however, only limited information could be obtained about the legal procedures relating to the actual enforcement or remedies for infringement.

In celebration of completing the Indian IP precedents database which the RCLIP had started funded with grant-in-aid for scientific research by the government, this seminar invites academics who involved closely with law revision, judges and attorneys who handle with the actual practice of enforcement from India to discuss current conditions and problems of various IP protections under the new system.

【Japanese-English simultaneous interpretation is provided】

【Agenda】
14:00 **Keynote** Ⅰ
"History and Overview of Patent Law Revision in India"
S.K.Verma, Professor of Delhi University
14:30 **Keynote II**
"Features in IP Enforcement"
Judge Arjan K. Sikri, Delhi High Court
15:30 **Panel Discussion**
"Current Conditions and Problems of IP Enforcement in India"
【Panelists】
Poonam Dass, Delhi University, Lecturer at Law Dept.
Girija Varma（Attorney）
Manoj G. Menda（Attorney）
【Commentators】
Ryu Takabayashi, Professor of Waseda Univ.
Jim Patterson（ the U.S. Patent Attorney, Schlumberger Limited）

【Moderator】
Toshiko Takenaka, Professor of Univ. of Washington, Visiting Professor of Law, Waseda Univ.

(2) ＜Copyright Symposium＞

【Date】2008/11/29 10:00～17:30
【Place】Waseda University, Bldg#8, RoomB107

(3) ＜European Judge Symposium＞

【Date】2009/1/17 10:00～17:30
【Place】Waseda Univeristy
Ono Azusa Memorial Hall

Editor/issuer
Ryu Takabayashi,
Director of Research Center for the Legal System of Intellectual Property (RCLIP)
Waseda Global COE Program
Web-RCLIP@list.waseda.jp
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