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http://www.globalcoe-waseda-law-commerce.org/rclip/e_index.html

NEWSLETTER

Research Center for the Legal System of Intellectual Property

International IP Seminar (2009/1/17)
"EU IP Enforcement: Present and Future"

The International IP Seminar: "EU IP Enforcement: Present and Future" was held at Ono Azusa Memorial Hall of Waseda University on January 17, 2009. A keynote speech and reports were made in the first part and a panel discussion took place in the second part. After a QA session, a reception party was held for the lecturers and panelists.

Professor Joseph Straus made a keynote speech with the theme of "Clouds on European IP Sky and the (Weather) Forecast". The speech consisted of 1) anomalies of the IP law status quo in the EU, 2) the EU/EPC challenge – the Warf EBA decision, 3)referral to EBA by the EPO President concerning patentability of computer program, 4)pharmaceutical sector inquiry of the EU-Commission – some patent law aspects, and 5)the (weather) forecast.

In the weather forecast, he predicted the future of IP Enforcement in the EU would be "cloudy". He stated that the EU should terminate lip services especially to patents and actively join IP strategies as developed and applied in Japan, the U.S., or China.

Next, Mr. Stefan Luginbuel, European Patent Office, gave a speech with the title of "Establishment of a Centralized Patent Litigation System in Europe". First, he referred to establishment of a centralized patent litigation system in Europe as well as the European Patent Convention (EPC), which provides a centralized procedure for the grant of patents on the basis of uniform European patent law and conducted in a single language. Then, as one of the problems related to patent litigation in Europe, he pointed out that there was no common patent litigation system. Those problems included application and interpretation of EPC which are not fully harmonized, jurisdiction of too many courts and authorities, unbalanced qualification and experience of judges, multiple litigation, high costs and delays, difference of civil procedure and forum shopping.

Last, as further work in 2009, he mentioned that 1) negotiations on draft Agreement on the EU Patent Court will continue, 2) start of work on Rules of Procedure, 3) mandate from EU Council to European Commission to negotiate international treaty with third states (Art. 300(1) EC Treaty), and 4) request to ECJ for opinion (Art. 300(6) EC Treaty).

Mr. Michael Elmer made a report on "Global Patent Litigation: New Order of Forum-Shopping - U.S. Perspective on Europe and Asia". He presented their research from 2002 to 2008 developed the data of global "win rate" of IP and patent litigation, suggesting this win rate was an important factor for global forum shopping. According to the data, The Eastern District of Virginia and the Western District of Wisconsin in the U.S. have the most fastest time to trial (the win rate of patentee: 68% and 66%). The Eastern District of Pennsylvania and the Middle District of Florida have the high patentee win rate (75%). The Middle District of Florida has low damage awards ($300,000). Taking a consideration on these figures, the best U.S. district court in which to initiate patent litigation as patentee is the Western District of Wisconsin. It will be one of

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the 10 most patent litigious district courts in the U.S. On the other hand, the best U.S. district court in which to initiate patent litigation as alleged infringer is the Northern District of California.

Where in the world to sue? Four key questions for any litigant in any country are: 1) how much it will cost, 2) how long it will take, 3) what we will get, and 4) how strong our case is.

Based on these arguments, he introduced European litigation observations from U.S. perspective as the following: 1) Alleged infringers motivated to file in England (London Patents Court) and, if possible, initiate EPO opposition to try and stall counterclaim action, 2) Germany perceived as good and efficient patentee forum, and 3) France is good patentee forum and good for global discovery. Of top 10 countries, it has the highest historical win rate in Europe, based on hard data (about 40%). There are many questions asked about the data in his report.

(RC　Lea Chang, full-time lecturer, Tokyo City University)

Moderated by Prof. Toshiko Takenaka University of Washington (visiting Professor of Waseda University), a panel discussion followed with the theme of "EU IP Enforcement : Present and Future", inviting Dr. Michael Fysh, Patents County Court, U.K., Dr. Gabriella Muscolo, Tribunal of Rome, and Dr. Peter Meier-Beck, Federal Supreme Court of Germany. Prof. Ryu Takabayashi, Waseda University, Director of RCLIP, and Judge Ryoichi Mimura, Tokyo High Court, joined as commentators.

At the beginning, Professor Takenaka briefly introduced the history of EU IP Enforcement Directives. Then, each of three panelists made a presentation on the overview and future issues of domestic framework established based on the Directives, respectively from the viewpoint of U.K., Italy, or Germany.

First, Justice Fysh explained the purpose of the EU Enforcement Directive. He pointed out that the impact of the Directive on domestic practice in the UK and Ireland had been modest because their law system was established based on the Common Law. In other words, remedies in the Common Law have developed over the past 50 years. Most rules of the EU Directive were only made by putting such established legal practice in statutory form. He concluded that most of the changes introduced into domestic laws were cosmetic rather than substantive in character.

Next, regarding intellectual property litigation in Italy, Dr. Muscolo explained specialist sections for IP litigation, ordinary and urgent procedures, and case management in IP cases: especially dealing with technical evidences. At the end, Dr. Muscolo pointed out that although the EU had already reached harmonization in legislation limited to substantial rules, it was important to harmonize procedural rules as the next step. She emphasized practitioners all over the world should make efforts to share best practices even if a complete harmonization is difficult.

Dr. Peter Meier-Beck first pointed out TRIPS Agreement was the base of the EU Directive. Then, he explained about the changes of domestic laws and its impact triggered by the Directive, making a comparison between the Directive and rules of German domestic laws. Especially, he pointed out introducing the rule for collecting evidence in Art.6 of the Directive had an important impact on German judicial system. Also, he showed his overview that Art.13 (a) regarding damages would be interpreted in line

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with traditional German judicial decisions because Art. 13(a) is so ambiguous as to allow multiple interpretations.

Following the panelist reports, two commentators made comments. Judge Mimura pointed out some issues in the current IP infringement litigation such as the recent decreasing trend of patent infringement litigation, which was probably caused by Section 104-3 of the Patent Act, chaos of patent cancellation trials and procedure for correction under revised system of multiple claims, and judicialization of prompt remedies. Then he introduced the rules under the Patent Act regarding the protection of secret information and the calculation of compensation in legal procedure. Also Professor Takabayashi stated that civil litigation and patent procedural rules in Japan had been made in the 19th century based on German law of civil procedure and later being changed affected by common laws in the U.S. and so forth. The civil litigation and patent procedural rules in Japan have developed to find out the way to effectively make other parties provide evidence while maintaining the principle of allocation of burden of proof which was succeeded from Germany. He concluded that Japan's experience in the process of changes and development could serve as a useful reference for the EU.

Following the reports stated above, an active discussion took place among the panelists.

(RA Asuka Gomi)

RCLIP Workshop Series No. 25 (2009/2/28)
"Future of Dispute Resolution Procedure on Validity of Patents in Japan and the U.S."

Toshitaka Kudo, Visiting Researcher, Waseda Institute for Corporation Law and Society, Attorney at law

The RCLIP Workshop Series No.25 was held with the theme of "Future of Dispute Resolution Procedure on Validity of Patents in Japan and the U.S."

The lecture first made a comparison of dispute resolution procedure on validity of patents between Japan and the U.S. from the viewpoints of historical backgrounds, basic principles of constitutional and procedural laws as well as backgrounds of organizations and decision makers administrating procedures. Based on the comparison, it then illustrated the issues in the current system. In Japan, the issue of invalidation decision in infringement lawsuits was settled tentatively by enacting Article 104-3 of the Patent Act. A remaining unsolved issue is proper administration of "double track": invalidation trial and cancellation trial against a decision. Also, in Japan, the rate of appeal dismissal by finding grounds for invalidation is high in patent infringement lawsuits. In the recent cases, some patentees tend to be hesitant to exercise their right. On the other hand, in the U.S., aiming to switch to the first-to-file principle, a series of proposed amendments of the Patent Act include post-grant review to ensure speedy and inexpensive resolution of disputes on validity as well as limitation of venue to prevent forum shopping. Other bill proposed a pilot program to

ISSN 1880-3245
April 2009, No.20
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concentrate patent cases on a limited number of courts. However, the possibility to realize the program is uncertain.

The lecturer proposed that the U.S. could improve the technical expertise in organizing issues and recognizing facts by facilitating the use of neutral specialists. Furthermore, as a direction for litigations including general technical lawsuits, he suggested that it should be necessary to facilitate nationwide and large-scale collaboration among the Federal courts, and to establish proactive procedural management by a court of suit from the viewpoint of the revelation of the truth and assistance of guardianship. To solve the issues in Japan, he also proposed limitation of eligibility for filing invalidation trial and enhancement of double jeopardy for the case in which the demand for invalidation trial was rejected. He suggested that there is room to refer to the discussions in the U.S. laws about declaratory judgment action, the eligibility of post-grant review, and issue preclusion in civil procedural law.

After the presentation, an active QA session took place with the floor about the issues including the relations between infringement lawsuits and correction in Japan and the U.S., some cases in foreign countries on whether invalidation decision could be the ground of retrial against the judgment of infringement lawsuit, and further, the nature of double jeopardy. I would like to take this opportunity to thank the attendees for their precious opinions at the workshop.

(Visiting Researcher, Toshitaka Kudo)

International Symposium: Highlights and Issues of New Chinese Patent Act (2009/3/18)

The international symposium: “Highlights and Issues of New Chinese Patent Act” was held at Ono Azusa Conference Hall of Waseda University on March 18, 2009, with more than 170 attendees. It was co-organized by Waseda University Research Collaboration and Promotion and GCOE Waseda Institute for Corporation Law and Society, Research Center for the Legal System of Intellectual Property (RCLIP).

Professor Yoshiji Horikoshi, Faculty of Science and Engineering, and Professor Tatsuo Uemura, Faculty of Law, Waseda University, who is Leader of GCOE, addressed a few words to the audience at the opening. Moderated by Professor Ryu Takabayashi, Director of RCLIP, the symposium was held consisting of keynote speech and panel discussion.

Keynote Speech

The first speaker was Ms. Yuan Jie, vice-general Director of Economy Law Affairs Division, Standing Committee of the National People’s Congress of China. With the theme of “the Focus of Discussions in the Process of the Establishing New Chinese Patent Act”, she overviewed the revised points, introducing four purposes of this amendment.

The first point was to improve protection by enhancing the patent system. The revisions based on this point were as follows. (1) Clarify the “one invention, one patent” principle, (2) change the standard to grant patent from relative to absolute novelty by adopting the concept of publicly known technology, (3) improve protection for design, and (4) raise efficiency and accuracy of dispute resolution on patent.

The second was to promote innovation by protecting legitimate interests of patentees.

ISSN 1880-3245
April 2009, No.20
http://www.globalcoe-waseda-law-commerce.org/rclip/e_index.html

Concrete revisions were as follows. (1) Authorize patent management division to accuse illegal acts such as copying, (2) raise the highest penalty to 200,000 Yuan, (3) include reasonable expenses to stop infringing acts in compensation for infringing acts, (4) establish rules of perpetuating evidence, and (5) simplify the patent application procedure and the procedure of transferring patents to foreigners.

The third was to promote execution of patents. (1) It enabled joint patentees to execute the right individually as well as to allow general execution right individually. (2) The forced execution system was further improved. Non-used or not-fully-used patents or abused patents would be targets of permission of forced execution. In addition, the government can order the permission of forced execution for the benefit of public interest. (3) It was clarified that the act of execution of patents did not constitute an infringement if the act was made either as parallel importation or on the purpose of providing necessary information for administrative inspection.

The fourth was to pay attention to consistencies with international treaties which China became a member of and to consider beneficial experiences outside of the country.

The second lecturer was Professor Guo He, Renmin University of China. Professor Guo He presented with the theme of “Enforcement and Limitation of Patent Abuse in the New Patent Act”. He spoke about theoretical analysis on the concept of patent abuse at first, and then, analyzed major provisions on patent abuse in the third draft amendment of Chinese Patent Act, explaining how far these provisions can deter patent abuse.

First he explained two features in “patent abuse”. One is that it is premised on the act of executing rights. The other is that the patent abuse must be the act of executing rights against the initial purpose of establishing patent. In other words, he pointed out that it was necessary to infringe interests of others, public, or other specified parties.

Next, he introduced the rules limiting patent abuse in the new Patent Act as the following.

1. A rule for permission of forced execution. It applies in the following four cases. ① a patent is not used or not fully used, ② monopoly or limited competition, ③ an issue of national economic situation or public health, ④when two patents are related, the patentee of prior invention prohibits licensing of the patent of the invention or any patents of technologies later invented based on the preceding technology or patent.
2. A rule for defense of publicly known technology. The rule enabled a judge to make a decision on validity of a patent based on the fact whether the related patent or used technology is publicly known or not even before completing the procedure of pronouncing invalidity. He explained the defense of publicly known technology could play a certain role to limiting patent abuse, introducing a Chinese case in which the accused infringer was ordered to pay compensation when the patentee with knowledge that it is publicly known technology brought accusation of infringement.
3. A rule of submitting a report on analysis of patent validity in infringement lawsuits of utility model and design. It has inhibitory effect because it heightens the barrier to the cases in which someone files an application for design or utility model with publicly known technology, obtain the right, and accuse others of violating the right.
4. A rule for parallel importation. This amendment clarified parallel importation and set a direct application of the right of import to a rule for exhaustion of the patent right. Legalizing parallel importation makes trade go smoothly. If the corresponding patent is executed in other countries, the patent of the product is exhausted and then, the product will be imported to China. The rule will be a restriction to those whose patents are not fully used or not used.
5. It is said that exemption regarding drugs and

ISSN 1880-3245
April 2009, No.20
http://www.globalcoe-waseda-law-commerce.org/rclip/e_index.html

medical devices has a certain effect to inhibit patent abuse.

The third lecturer was Mr. Liu XiaoChun, Dean of Law Department, Tianjin University. He made a presentation on “International Rule Application of the Amendment to the Patent Act”. From the viewpoint of public health, he talked about the significance and issues of the part reflecting international rules in the new Patent Act.

First, as for the rule of permission of forced execution granted for the purpose of public heath, he explained the rule was amended based on the TRIPS agreement revised on December 2005. He stated that the significance of the rule included ① it works to respond to unexpected public health problems. ② it is beneficial to support development of international industry as well as build good international image.③ it contributes to establishing Chinese IP law system’s consistency with the TRIPS agreement.

In addition, he pointed out that the following issues must be considered in implementing the rule: ① the eligibility of the subject who request the permission of forced execution regarding public health issue, and ② the applicable scope of the permission of forced execution regarding public health.

Panel Discussion

Mr. Yu Fenglei, who is a Global CEO Researcher, served as a moderator of the panel discussion as well as a commentator.

First, Mr. Yu illustrated the remaining issue of the new Chinese Patent Act as the following based on the proceedings of the amendment.

1. A rule for service invention (inventions by employees). The current Act has Article 6 as a rule for service invention. He pointed out the amendment of the new Chinese Patent Act could not provide definite answers to the unclear issues including attribution of original right of invention creation, boundary between service invention and non-service invention, transfer issue, application right of service invention, and the issue of rewards or compensation.
2. An issue of agent system. This amendment abolished designation or approval/permission of patent agency organizations. However, the legal status of patent agencies still remains the level of the 1991 legislation. In the existing agent system, only patent agency organizations which State Intellectual Property Office gave permission can work as agent. Patent agents cannot provide patent agent service or activities independently. He pointed out that such system restricted not only the right of free operation of patent agency but also the choices of services to companies filing patent application as well as inventors.
3. An issue of administration and judiciary. China has double protection in patent disputes such as protection by administrative measures and judicial procedure. However, this system allows the administrative department of the nation to intervene in patent infringement disputes despite the fact that patent infringement disputes must be adjusted purely by private laws. In addition, raising an objection to the administrative decision on patent disputes by local patent administrative departments, the concerned parties can ask for legal relief by administrative suit based on the administrative law. In such cases, courts must examine the legitimacy of the administrative decisions. However, it does not relate directly with the relations of rights and obligations of the related parties. After all, courts cannot protect the right of the related parties.

ISSN 1880-3245
April 2009, No.20
http://www.globalcoe-waseda-law-commerce.org/rclip/e_index.html

Mr. Yu proposed to develop the standardization of law execution in patent disputes and civil disputes of intellectual property by promptly establishing intellectual property high courts.

Then, the panel discussion took place with the three lecturers of the keynote speeches. Japan-China News (Japanese version of People's Daily) reported on the symposium. The detail will be published in the quarterly review of "Corporation Law and Society" No. 18.

(RA Fei Shi)

RCLIP Workshop Series No.26 (2009/3/27) "Fair Use and the Right of Users"

Global COE Research Associate Lea Chang

(as of 2009/3/27)

The RCLIP Workshop Series No.26 was held with the theme of "Fair Use and the Right of Users". The report first pointed out the trend of expanding copyright and "bias in the process of establishing legislative policies" as the reason. Then, it introduced two approaches to keep a balance between the right owners and users ("what is fair" in Anglo-American law and "what right and exceptions are requested" in Continental law. Ms. Lea stated the way of thinking in Continental law could not respond to situations because of the difficulty to use exceptional rules to respond changes. The "fair use" which can respond to various changes would be useful. She also introduced the arguments of adopting fair use in Japan and Korea.

However, the existing system focusing on the right owners cannot handle some issues fully only by applying fair use. An opinion says "as far as considering copyright as property, we cannot win the argument on user's right or so". In the current copyright system, fair use is not "a (narrowly-defined) right" but "a mere defense in litigation". The fact is that the win rate of fair use defense is not so high in copyright infringement lawsuits. Also, economic approach tends to be taken because of the attribute of the U.S. Copyright Act, resulting in a lack of social cultural consideration. From the copyright owner's view, it gives little considerations to the factors relating to moral rights in decisions to reject fair use.

As such, there are not many situations having a discussion about users in the current copyright system. A user is only considered as a "consumer" or "receiver" who is the other party of the sender in communication.

However, rapid technology development has brought changes to creation and consumption of works, the pattern of secondary creation, and the status of users. Modern users do not simply consume works. Instead, they become "creative users" who receive cultural creation or information and even create more works through interaction.

As an approach to respect variety occurred with the changes of user notion, she introduced "a balancing approach based on the basic rights" as a new balancing framework approach outside of the Patent Act, which can consider copyright owners and users on an equal basis.

After the presentation, professors at the floor made many comments and opinions. The report will be revised based on these opinions and published in the IP Annual Report 2009.

(RC Lea Chang, full-time lecturer, Tokyo City University)

ISSN 1880-3245
April 2009, No.20
http://www.globalcoe-waseda-law-commerce.org/rclip/e_index.html

The Asian IP Precedents Database Project

http://www.21coe-win-cls.org/rclip/db/

IP Database Project: China

111 cases were added to the DB in FY 2008.

Also the international symposium: "Highlights and Issues of New Chinese Patent Act" was held at Ono Azusa Conference Hall of Waseda University on March 18, 2009, inviting three professors from China.

More than 170 people attended and Japan-China News (Japanese version of People's Daily) made a report (2009/3/31). It indicates a high concern for the RCLIP's activity.

(Global COE Researcher Yu Fenglei)

IP Database Project: Thailand

Currently 422 Thai precedents have already been placed at the database. More 50 cases will be added this year.

(RC Tetsuya Imamura)

IP Database Project: Indonesia

Currently 100 precedents have already been placed at the database. Additional 25 cases were received in March 2009 and are now prepared to be added to the DB.

(RA Noriyuki Shiga)

IP Database Project: Vietnam

We set a numeric goal of collecting precedents last year by having discussions with the People's Supreme Court of Vietnam. This year, to fulfill this goal, we are going to have close communications with them and work on concrete processes in order.

(RA Asuka Gomi)

IP Database Project: Korea

The RCLIP DB has 89 Korean IP precedents in total. New 30 precedents were added in April 16, 2009. The Center for Intellectual Property and Information Law of Hanyang University in Seoul, Korea has provided cooperation for the project. In FY 2009, 60 cases will be added.

(RC Lea Chang)

IP Database Project: Taiwan

Currently 514 cases are at the DB in total. In FY 2009, more 60 cases will be added.

(RA Po-Chun Chen)

IP Database Project: Europe

With cooperation of University of Washington, we received 50 cases of Germany, 30 cases of France, and 40 cases of Italy. Now we are preparing to add those to the DB.

(Global COE Research Associate, Akiko Ogawa)

ISSN 1880-3245
April 2009, No.20
http://www.globalcoe-waseda-law-commerce.org/rclip/e_index.html

News@RCLIP

The weather had been beautiful in April. We could enjoy cherry blossom for a long time this year. In such a season, we feel we are lucky to live in Japan, forgetting the winter cold and the summer heat as if it were in a tropical area.

In the new fiscal year, two staff members, Sumi Chabatake and Chiemi Kamijo joined to the RCLIP. Chabatake is responsible for all the clerical works and Kamijo is responsible for English related jobs. This year, in addition to the severe budget conditions, there will be a decrease of company's research grant and so forth. It seems the RCLIP cannot be unrelated to the severe economic circumstances. In the office, the staffs will support the members in order to conduct the RCLIP's activities smoothly. Chabatake will be at the office from Monday to Friday, Kamijo will be at the office on Tuesday, Thursday, and Friday. Please feel free to visit the office.

Events and Seminars

<RCLIP International IP Seminar>
"Japanese Corporations and Patent Litigations: Offensive Patent Strategies by Forum Shopping"
【Date】2009/5/9 13:00～17:20
【Place】Waseda University
Ono Azusa Memorial Hall
【Program】
Overall Moderator: Ryu Takabayashi, Professor of Waseda University, Director of the RCLIP
Opening Remarks: Tatsuo Uemura, Professor of Waseda University, Director of Waseda Institute for Corporation Law and Society

Part 1: Forum Shopping Strategies in U.S. District Courts
Speaker: John Livingstone, Finnegan Henderson, Tokyo Office
Part 2: Global Forum Shopping Strategies
Moderator: Toshiko Takenaka, Ph.D.
Professor of Law, University of Washington School of Law
Panelists:
Richard Price, Taylor Wessing, London Office
Xiaoguang Cui, Sanyou Law Firm, Beijing
Shinichi Murata, Kaneko Iwamatsu Law Firm
John Livingstone, Finnegan Henderson, Tokyo Office

<RCLIP International IP Seminar>
"Recent Developments in U.S. and Europe : Patent Strategies after Bilski and Seagate CAFC Decisions and EPO Enlarged Board Referral on Software Patents"
【Date】2009/6/26 17:30～19:50
【Place】Waseda University
Ono Azusa Memorial Hall
【Program】
Overall Moderater: Ryu Takabayashi, Professor of Law, Waseda Law School
Part 1 : Patent Protection for Business Methods

ISSN 1880-3245
April 2009, No.20
http://www.globalcoe-waseda-law-commerce.org/rclip/e_index.html

and Software
Moderator: Prof. Toshiko Takenaka, University of Washington School of Law
Speakers:
【U.S】Mr. Doug Stewart, Dorsey & Whitney, Seattle Office
【Europe】Dr. Matthias Bosch, Bosche Jehle, Munich, Germany
Part 2: Strategies after Seagate: Impact on Counsel Opinion Practice
Moderator: Prof. Toshiko Takenaka University of Washington School of Law
Speaker:Mr. Paul Meiklejohn, Dorsey & Whitney, Seattle Office
Comments from Comparative Law Perspective: Dr. Matthias Bosch, Bosche Jehle, Munich, Germany

＜RCLIP Workshop Series No. 28＞
"The Possibility and Reasonability of Limiting the Right of Design Protection for Spare Parts – Focusing on the Arguments in the U.S. "
【Date】2009/7/17 18:30～20:30
【Place】Waseda University, Bldg 8, 3rd Flr
【Speaker】Tetsuya Imamura, Lecturer, Meiji University

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
http://www.globalcoe-waseda-law-commerce.org/rclip/e_index.html