



NEWSLETTER

Research Center for the Legal System of Intellectual Property

❖ RCLIP Workshop Series No. 27(2009/4/13) “International Trends of Patents – International Cooperation among Patent Offices and Challenges for Japanese Corporations”

Shigeo Takakura, Visiting Professor of Meiji University Law School, Suzuye & Suzuye Intellectual Property Firm



As a lecturer, the RCLIP invited Professor Shigeo Takakura, former Director General of Appeals Department, to deliver a report titled “International Trends of Patents”.

The opportunity to closely look at the international issues related to intellectual property came in the 1980's when the U.S. started to take national policies focusing on currency exchange adjustment and improvement of protection standard for intellectual property as a countermeasure against the trade deficit. At that time, the U.S. emphasized on bilateral negotiations but Japan insisted on multilateral talks for intellectual property issues. While European countries played a coordinating role, negotiations were conducted, eventually resulting in the TRIPS Agreement in 1994. The TRIPS Agreement provided MFN (most-favored nation treatment (Article 4)). Since then, the MFN has been inhibitory to the conclusion of bilateral treaties. However, various new issues have emerged such as AIDS drugs, environmental problems and genetic resource. Developing countries became uncompromising, realizing the importance of intellectual property. These issues made it difficult for every country to make a political decision by the few members through a

packaged agreement. While multi negotiations came to confront difficulties around 2000, various problems were occurring. For example, companies needed to pay application cost in different countries. In the U.S., there were examination delay and decline in quality due to the increasing number of application as well as the increasing number of lawsuits against law-quality patent. Because of these problems, the focus had been moved onto cooperation among patent agencies or among leading countries based on bilateral or pluri-lateral mutual benefit, and also, enforcement within the framework of the current laws. As examples, Professor Takakura mentioned the increasing use of the Patent Prosecution Highway (PPH) and JPO's effort such as JP-First: JP-Fast Information Release Strategy.

For the future patent system, he proposed the necessity “to improve stability and reliability of patents by improving quality in search and examination”, “to develop speedy and flexible examination corresponding to corporate strategies”, and “to make judicial and administrative roles specific and flexible” from the viewpoint of pro-innovation. In addition, from the viewpoint of sustainability, he pointed out the necessity of clear assignments of roles between patent agencies and applicants, for example, strengthening examination cooperation among patent agencies and preliminary surveys. For business strategies, he stated we should take into account claim drafting considering not only a single country examination but also international trends of examination cooperation, as well as tightening examination assessment in the U.S.

After the report stated above, active discussions took place having questions from the participants.

(RA Noriyuki Shiga)



❖ **RCLIP International IP Seminar**
“Japanese Corporations and Patent Litigations: Offensive Patent Strategies by Forum Shopping” (2009/05/09)



1. Overview

Considering rampant patent trolling or patent enforcement related to standardized technologies, the risk of being involved in patent disputes in international markets has been increasing for Japanese corporations. One of the strategies to solve such disputes in an advantageous position is so-called forum shopping: bring a case in the most favorable court. This seminar positioned the forum shopping, which is often negatively viewed, as one of the corporate strategies, and held discussions by the leading lawyers in different countries.

In the Part I, Mr. John Livingstone, Finnegan Henderson, who was selected as a patent litigation expert in the U.S. legal journal several times, talked about forum shopping strategies in the U.S. district courts based on the statistical data that Finnegan developed through their network.



In the Part II, as lawyers from Finnegan network in Japan, China, and England, Mr. Shinichi Murata, Mr. Xiaoguang Cui, and Mr. Richard Price respectively delivered a lecture on forum

shopping strategies based on the data of major courts of each country. Then, Mr. Livingstone joined to have a panel discussion about practical strategies towards dispute resolution such as coordination of litigation and settlement talks.

2. Part I: Forum Shopping Strategies in U.S. District Courts

After the opening remarks by Professor Ryu Takabayashi, Director of the RCLIP, Professor Tatsuo Uemura, Director of Waseda Institute for Corporation Law and Society gave an address. Then, moderated by Professor Toshiko Takenaka, University of Washington School of Law, Mr. John Livingstone, Finnegan Henderson, Tokyo Office, made a presentation.

First, he outlined the U.S. Court structure and legal system. There are four places to resolve patent disputes: Federal District Courts, US PTO, U.S. International Trade Commission, and Court of Federal Claims. The choice of the places will differ from the type of disputes, but it is possible to appeal to Court of Appeals for the Federal Circuit from any of them.

Then, showing the data, he explained that in District Courts, patentee win rate is high in the cases which are decided at trial. Less than 4 % of the dispute cases are decided at trial, but the rest is resolved by the out-of-court settlement. The win rate doubles after summary judgment. Patentee win rate largely varies by District. Especially jurors tend to believe US PTO's examination in local areas, and therefore, patentee win rate is high.

Also, he explained about the dispute settlement in the International Trade Commission. Subjects in disputes must be imported products. The patentee win rate is about 50%. It is possible to resolve disputes promptly because time to trial is guaranteed less than a year. Broad discovery is also prepared and cases often resolve by consent judgment/settlement.

Furthermore, he mentioned the dispute resolution in US PTO which resolves disputes by

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judging the validity of patents. Estoppels is not applied in ex parte reexamination while it is applied in inter partes reexamination. Time to decision is relatively long, for example, two years for ex parte and three years for inter partes reexamination.

After that, a QA session took place with the audience. The questions included the reasons why District Courts do not make invalidation decision in many cases in comparison with US PTO.

3. Part II: Global Forum Shopping Strategies

First, Mr. Richard Price, Taylor Wessing, London Office, made a report on the situation in UK and Germany.



According to his report, in England, they spend several days to conduct trials fully. Written pleadings are required in principle and disclosure is fully prepared. Courts can handle patent infringement and nullity together.

In Germany, Düsseldorf, Munich and Mannheim are most popular courts of patent infringement lawsuits. Validity is only judged in Federal Patents Court in Munich. Patentee win rate becomes lower in Düsseldorf. It is as early as a year to reach a decision.

Next, Mr. Xiaoguang Cui, Sanyou Law Firm, Beijing talked about the situation in China.

In China, courts for patent infringement and courts for patent invalidation are different. The number of patent litigation reached more than 2500 in 2007. It is not particularly large compared to major countries. Generally, people think it is good to bring patent infringement

lawsuits in Beijing or Shanghai. However, the patentee win rate in these courts is not so high. There is a correlation between time to decision and patentee win rate. In many cases, the amount of compensation becomes huge because the market size is large.



Mr. Shinichi Murata, Kaneko & Iwamatsu, reported on the recent trends in Japan.

Trial period is apparently decreasing in district courts. The period of invalidation trial in patent infringement lawsuit is also decreasing. Patentee win rate in invalidation trial is significantly increasing for the last couple of years although it is still lower than the global average. He said it should be estimable that courts examine infringement and compensation differently and judges disclose their thoughts after the examination on infringement is finished.

After that, Professor Toshiko Takenaka and Mr. Livingstone who is a speaker of the Part I joined to hold a panel discussion.

The discussion covered various topics including win rate in different countries, timing of settlement, the size of compensation, and diversion of evidence which was obtained in trials in other countries.





4. QA session

After the discussion, a QA session took place.

In the session, active discussions took place having many questions about patent infringement lawsuits in China and also, Tsukahara Chief Judge of IP High Court in the audience made a comment about the position of Japan's IP High Court off the record.

(RC Motoki Kato)



❖ RCLIP Workshop

“Various Problems Regarding Civil Appeal Cases in Taiwan” (2009/6/16)

On June 16, 2009, judges from the Supreme Court of the Republic of China visited Waseda University and had a meeting with professors from Waseda law school.

Waseda Global COE planned this workshop. The visitors from Taiwan including Mr. Liu, Yen-Tsun, Presiding Justice of the 7th Civil division, the Supreme Court of ROC(Taiwan), Ms.Jen, Fu-Chih, Justice of the Supreme Court of ROC(Taiwan), Mr.Huang, Yih-Feng, Justice of the Supreme Court of ROC(Taiwan), and Mr. Hsu, Chen-Shun, Justice of the Supreme Court of

ROC(Taiwan) had exchanged opinions with Professor Kenji Endo, Professor Yuubu Fukuoka and Professor Takabayashi of Waseda University.

The discussions covered civil appeal handling in Taiwan as well as IP disputes appeal, appeal system, the organization of the Supreme Court and the way to select precedents from all of the Supreme Court's decisions in Continental Law countries. Specifically what drew attention were the issues such as “the force of obiter dictum” or “interpretation and application of judicial decisions”. The famous “Asahi lawsuits” (the Supreme Court decision on May 24, 1967) was raised as an example. Professor Fukuoka said “it was a very important decision”. Also, Professor Takabayashi showed his view that the opinion which the Supreme Court stated in the decision should be binding even though it was an obiter dictum. Also, for the interpretation and application of judicial decisions, in the view of Professor Endo, the way to interpret “and so on” in the decision summary saying “in the facts related of the decision such as and so on” is important. Anything does not fit the “and so on” part will be out of the range.

The two-hour long meeting covered a wide range of views considering the ideal state of the Supreme Court, having a vigorous discussion from beginning to end.

(RA Po-Chun Chen)





❖ **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” (2009/6/26)



The International IP Seminar on June 26, 2009, at Ono Memorial Hall invited Mr. Douglas F. Stewart, Mr. Paul Meiklejohn (Dorsey & Whitney LLP, Seattle Office), and Mr. Matthias Bosch (Bosch Jehle, Munich) as lecturers. Professor Toshiko Takenaka, University of Washington, moderated the seminar.



In the Part I, first, Attorney Stewart made a speech on Patent Protection for Software and Business Methods. He talked about the situation in the U.S. after Bilski case. For the protection for software and business methods in the U.S., Section 101 of the Copyright Act has been interpreted as prohibiting patent claims directed abstract ideas without practical application, laws of nature, and natural phenomena. However, the Supreme Court provided room for approving software patentability by the decision on Benson case (1972) and admitted the patentability of a process claim that does not include particular machines when “transformation and reduction of an article to a different state or thing”. In the decision on State Street Bank case in 1998, the CAFC clarified the patentability of computer software and business methods system when they produce a useful, tangible, and concrete result. The CAFC

concluded no business method exception existed. The decision had a great impact. Afterwards, the number of patent application for business methods increased dramatically and industries strongly requested clarification of judgment more than ever.

Under these circumstances, in the sua sponte en banc consideration on Bilski in 2008, the CAFC rejected the traditional tests like that in the State Street Bank case and instead, went back to the Diehr case to hold machine-or-transformation test which requires either “process tied to a particular machine or apparatus” or “process transforms a particular article into a different state or thing. It must impose meaningful limits and must not be insignificant extra-solution activity. For example, it is not sufficient to include a computer in claim language. The method questioned in the case was the method of hedging risk in the field of commodities trading. But claims were neither limited to commodities nor limited to operation on a computer. There was no transformation described in Diehr test. The court decided that it was only abstract idea and not patentable.

After Bilski, claim applications became substantially more likely to encounter Section 101 rejections from PTO. As tactics to counter, claim applications must include specification disclosure directed to specific uses of the general concepts claimed or draft claim language to emphasize machine implementation. For issued patents, patent holders can consider reissue strategy to address deficiencies in the claims. District Courts are making summary judgments on patent invalidity based on Section 101 one after another.

Under these circumstances, the Supreme Court granted petition for certiorari on June 1, 2009. It has been over twenty years since it considered software patents for Diehr. Attention will focus on how the Supreme Court reacts to the CAFC that decided to be anti-patent by Bilski.

Mr. Stewart concluded that software and

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business method patent protection was currently in flux and the landscape of patent protection for software and business methods could be dramatically changed again

Next, Attorney Bosch made a speech on patent protection for software and business methods in Europe.

In the European Patent Convention, European patents shall be granted for any inventions, in all fields of technology (Art 52 (1) EPC). Schemes, rules and methods for doing business and programs for computers shall not be regarded as inventions (Art 52 (2) EPC). Exclusion from patentability apply only for business methods and programs for computers as such (Art 53 (3) EPC).

According to the decision of the EPO Board of Appeal, computer programs are only patentable in connection with a technical effect, which in itself must have an inventive step (T38/86). A mixture of technical and non-technical features is patentable, even if the non-technical features should form a dominating part (T267/86). Also, computer program is patentable if it produces a further technical effect which goes beyond the “normal” physical interactions between software/hardware (T1173/97). A computer program is considered to be solely the fundamental program content devoid of any technical function, i.e. a mere abstract creation, lacking in technical character. But it is patentable if it has a technical character and the technical character will be derived from a further technical effect, produced by the program when run on a computer (T641/00). For a computer-implemented method for simulating performance of a circuit which is inherently technical, by virtue of being computer-implemented, a technical effect cannot be excluded from a



simulation merely on the basis that the simulation does not include the end product (T1227/05).

Criteria for deciding on “technical character” is very broad including whether a technical problem is solved; a (further) technical effect is achieved; technical considerations are required; an impact on a “physical entity” is achieved; or the operational concept of a computer or a computer system is influenced. It was pointed out that the decision is greatly affected by claim language.

As the recent trends, Mr. Bosch introduced a case (G3/08) that the EPO may refer a point of law to the Enlarged Board of Appeal where two Boards of Appeal have given different decisions on that question under Art. 112(1) EPC. One decision was that computer program product to be loaded in the memory of a computer has technical character for process and computer system (T 1173/97). The other was that the technical character for computer readable memory was questioned (T 424/03). However, many academic theories state there is no divergence between them. By the end of the year, it will determine whether the referral to the Enlarged Board of Appeal is accepted or not.

The panel discussion followed the speeches. It focused on a discussion about a comparison between a mixture of software and hardware which was adopted as criteria in Europe and Japan, and the “machine-or-transformation test”, which was adopted by the U.S in *Bilski*. The U.S. reversed the direction from the greater freedom since *State Street Bank*. Their criteria are now even narrower than Europe and Japan because a claim is not always possible to be patentable even if claim language includes hardware. In addition, the panel presented a future landscape that such issues would have more political overtones from the viewpoint of international harmonization.

(RA Noriyuki Shiga)



In the Part II, Mr. Paul Meiklejohn, a partner of Dorsey & Whitney LLP and an expert of the U.S. IP litigation, delivered a lecture on Strategies After Seagate.

There were several points revealed in the case of Seagate. First, communications between attorney and client for purpose of obtaining legal advice do not have to be disclosed in discovery, however, privilege will not attach if third-parties involved in the communication. Next, work that an attorney does to further litigation or in anticipation of litigation is also immune from discovery. Also they cannot waive privilege as to helpful opinion on infringement and/or validity, but attempt to retain privilege as to unhelpful opinions and work product. They must disclose or retain both helpful and unhelpful opinions. Until Seagate, opinion of counsel was considered almost essential to rebut a contention of willfulness. Seagate changed the landscape.

Seagate disclosed its opinions of counsel to rebut a willfulness defense. Patentee asked the Court to require Seagate to also disclose the opinions and work product of trial counsel and the District Court agreed. Then, Federal Circuit decided case on a writ of mandamus. Three issues were presented to Federal Circuit. Does disclosure of counsel's opinion waive privilege as to communications between the client and trial counsel? - Not generally. Does disclosure of counsel's opinion waive the work product immunity as to the work product of trial counsel? - Not generally. Should the Federal Circuit reconsider its decision in Underwater Devices concerning the affirmative duty of care standard?

The decision presented a test about objective recklessness as a test for willful infringement. It stated that no affirmative obligation to obtain opinion of counsel. Standard changed from "negligence" to "objective recklessness". Burden

shifts from alleged infringer (to prove good faith) to patentee (to prove objective recklessness).

After Seagate, it is considered that opinions of counsel are not as important to rebut willfulness as they were pre-Seagate. If opinions are available, the consequences of waiver are not as significant. Also, before Seagate, willfulness was alleged in 90% of cases. However, after Seagate, allegations of willfulness are generally precluded.

After the presentation by Mr. Meiklejohn, Mr. Bosch added a comment based on the circumstance in Europe.

(Research Associate Akiko Ogawa)

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 new additions, the number of Chinese IP precedents at the database reached 561.

(Global COE Research Associate Yu Fenglei)

✧IP Database Project: Thailand

Currently 422 Thai precedents have already been placed at the database.

(RC Tetsuya Imamura)

✧IP Database Project: Indonesia

24 cases were added on May 14, 2009. Currently, 124 Indonesian precedents were at the database. (RA Noriyuki Shiga)

✧IP Database Project: Taiwan

Currently 515 Taiwanese IP precedents were at the database. Of 60 precedents to be added in the FY2009, 40 precedents were already translated into English and will be added to the database at the end of the fiscal year.

(RA Po-Chun Chen)



❖ IP Database Project: Vietnam

Last year, we set a numeric goal about collecting judicial decisions with the People's Supreme Court in Vietnam. There is no concrete progress so far. However, we continue cooperative relationships with the People's Supreme Court. (RA Asuka Gomi)

❖ IP Database Project: Korea

Currently, the RCLIP DB has 119 Korean IP precedents in total. More 30 precedents will be added this year with the cooperation of "Center for Intellectual Property and Information Law" of Hanyang University. (RC Lea Chang)

❖ IP Database Project: Europe

On June 23, 33 precedents of France, 40 precedents of Italy, and 50 precedents of Germany were added to the database.

(Research Associate Akiko Ogawa)

Events and Seminars

<RCLIP Seminar on European TLO> Technology Transfer Systems in Major European Countries and the EU Incentive Towards an Improved Transfer of Technologies

【Date】 2009/9/7 18:00~20:00

【Place】 Okuma Memorial Tower B1F
(Building 26, Waseda-campus)

【Moderator】

Ryu Takabayashi, Professor and Director of the RCLIP, Waseda Law School

【Lecturer】

Luca Escoffier, Visiting Lecturer, University of Washington School of Law, IIP Fellow

Toru Asahi, Professor, Faculty of Science and Engineering, Waseda University

Kaori Iida, Assistant Professor, Intellectual Property Div., Tokyo Medical and Dental University

【 Organizer 】 Waseda University Research Collaboration and Promotion Center

【Co-organizer】 RCLIP

<RCLIP Seminar on Modified Patent Act of China>

Newly-Modified Patent Act of China: its Operation and Prospects

【Date】 2009/10/5 18:00~20:00

【 Place 】 Okuma Small Auditorium, Waseda campus

【Lecturer】 Three Chinese professionals

【 Organizer 】 Waseda University Research Collaboration and Promotion Center

【Co-organizer】 RCLIP

<RCLIP International Symposium sponsored by JASRAC>

Expansive Protection of French Copyright: Intersection with Other Branches of IP Protection and Limits for Public Interests

【Date】 2009/11/28 13:00~16:30

【Place】 Waseda University (Room is TBD)

【Lecturers】

Yves Rebol, Professor and Former General Director of CEIPI, University of Strasbourg
Yasuto Komada, Associate Professor, Sophia University School of Law

Toshiko Takenaka, Professor, Director of CASRIP, University of Washington School of Law, Professor, Waseda Law School

【 Organizer 】 Waseda University Center for Professional Legal Education and Research

【Co-organizer】 RCLIP

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