

Report of the task force on intellectual property dispute settlement in Japan

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Task force Chairman

Introduction

10 years have passed since the establishment of the Intellectual Property High Court, which was one of the early achievements of the Intellectual Property Strategic Program. Japan's intellectual property settlement system receives some praise from IP practitioners for its quickness, predictability, and economical efficiency etc., because of not only the establishment of the Intellectual Property High Court but also the revisions of the Patent Act and other laws, concentration of jurisdiction, and introduction of the technical advisor and judicial research official system.

However, the number of patent infringement lawsuits in Japan is smaller than that in major industrialized countries against GDP and the ratio of right holders winning suits (at final judgment) in Japan is also lower than that in the U.S. and Germany. In addition, IP stakeholders and practitioners point out that it is difficult to collect sufficient evidence and the amount of compensation for damages is not enough. On the other hand, there is an objection to the idea of using the aforementioned figures to evaluate the intellectual property dispute settlement system, because they are affected by factors such as social situations and legal systems in each country.

With economic and industrial globalization, the dispute settlement system is also exposed to international competition. Under such circumstance, it is clear to corporate managers that the figures mentioned above are one of the materials for judging facts about international corporate management activities. If the current situation is ignored, it may lead to international perception that the value of intellectual property in Japan is low, and this may lead to a hollowing out of Japan's intellectual property system. In addition, considering that Japan's intellectual property system including the dispute settlement system will be a basis in trade negotiations including the Economic Partnership Agreements (EPAs), it is possible that Japan will lose power in international negotiations designed to promote international protection of intellectual property which is important for future development of Japan. Also, due to the borderless characteristic of intellectual property, Japanese enterprises are entering a stage where they exercise their rights especially in emerging countries. As a result, it is expected that our intellectual property

dispute settlement system will be a model for emerging countries.

Under such a situation, Japan should aim at realizing a highly practical intellectual property dispute settlement system which will be chosen by users inside and outside Japan, and at bringing the use of Japan's intellectual property dispute settlement system into a business standard inside and outside Japan.

Solving various kinds of disputes concerning intellectual property promptly and accurately means using more intellectual property to create innovation and contribute to economic growth. Therefore, it is expected to be a part of the growth strategy in Japan.

Having an awareness of this background, we examined the following items focusing on patent infringement lawsuits.

1. Procedures for collection of evidence

(1) Background

In many cases of the patent infringement lawsuits, evidence tends to be found not in the plaintiff but in the defendant. As a result, it is difficult for right holders to prove infringement. Therefore, in the revision of the Patent Act in 1999, the submission of necessary documents to prove infringement was added in the Patent Act Article 105 (hereinafter Article is referred to as that of the Patent Act unless otherwise specified), which stipulates a special provision concerning the order to submit a document in the Code of Civil Procedure, to protect right holders, and also what is called in camera procedures were introduced to facilitate the submission of documents. Furthermore, Article 104-2 (Obligation to clarify the specific conditions) was newly set in order to encourage the defendant to actively participate in the identification of infringement and solve the problems about the collection of evidence in proceedings to arrange issues.

However, even after this review, there has been a suggestion that the procedures for collecting evidence are not fully functioning and that there is room for further improvement.

According to the findings of the Survey on the Trend of Infringement Lawsuits for the Creation of Innovation (hereinafter referred to as the Infringement Lawsuit Trend Survey), which was suggested by this task force, the ratio of losing suits by non-infringement reached 56 percent of all district court judgments from 2009 to 2013. Although there are various factors leading to the defeat of the plaintiffs, it is pointed out that the difficulty for the plaintiff to prove patent infringement is one of them. In addition, innovation in the maturing industries may occur in manufacturing

processes in coming years. In this regard, it is more difficult to collect evidence of the manufacturing processes of the defendant because they are kept secret, which may discourage the exercise of rights in Japan.

Furthermore, in SMEs, the ratio of losing suits by non-infringement has reached 62 percent. In order to improve the proving activities of SMEs, which are Japan's important users of the patent lawsuit system and will play the leading role in innovation, it is recognized that the enhancement of the procedures for collection of evidence is necessary.

(2) Opinions and issues

The opinions and issues shown in the discussions of the task force and the related interview survey are as follows.

Many people said that because it is very difficult to collect evidence concerning the products and processes of the defendant in infringement lawsuits in Japan, the proving activities of the plaintiff are restricted to a larger extent than in countries with strong functionality of collecting evidence such as the U.S. and European countries. An example of this is that if using only Japan's procedures for collection of evidence, is it not possible to collect sufficient evidence for proving the facts. In this case, as there is evidence in the U.S., the evidence collection system of the U.S. is used to obtain evidence and submit it to the court in Japan. In addition, concerning process patents, it was pointed out that right holders hesitate to file a suit because they think it is difficult to collect evidence of infringement. In this regard, there was also an opinion that there is something wrong with the method for collecting evidence in the current system.

The suggested factors for the difficulty of collection of evidence in the current situation are categorized into the following three items: 1) proceeding to arrange issues, which occur at the initial stage of lawsuits, are not fully functioning; 2) the order to submit a document, which is an effective measure to prove the fact of infringement by alleged infringers, is not fully functioning; and 3) the protective order system, upon which evidence is collected in lawsuits, is not fully functioning.

First, concerning the proceedings to arrange issues, the Article 104-2 stipulates that when the defendant denies the argument of the plaintiff, the defendant must clarify the specific conditions of his/her acts. However, it was pointed out that in some cases the defendant does not fully clarify the specific conditions. For example,

a case was mentioned in which when some defendants chose and submitted documents that do not correspond to the scope of the patent claim of the plaintiffs in the dispute as something to show “specific conditions,” the court approved them as “specific conditions” specified in Article 104-2 and plaintiffs lost on the grounds that the infringement was not proved by the plaintiffs.

As a measure to strengthen the functionality of the proceedings to arrange issues, a suggestion was made that besides the obligation to clarify the specific conditions of the defendants’ act in the current Article 104-2, another obligation to submit evidence to prove this should be newly set.

Secondly, it was pointed out that the functionality of Article 105 (Production of documents, etc.), which is a provision for the order to submit a document to oblige the defendant to submit his/her documents has a problem as a means to eliminate the unfairness between both parties due to the uneven existence of evidence of infringement and to eliminate the unfairness between both parties by enabling the plaintiff to prove the facts based on evidence. Specifically, the following facts were pointed out: the way the court issues orders is conservative and modest; there are few cases to be used for “necessary documents to prove infringement;” and although target documents must be specified in a motion for the order, it is difficult to specify documents. To respond to this, it was pointed out that arbitrary submission of documents is widely used for the purpose of not only preventing exploratory disclosure of evidence but also flexible adjustment of the scope disclosure and preventing the prolongation of lawsuits due to an immediate appeal.

As measures for facilitating the collection of evidence to prove infringement, the following two proposals were made.

- To achieve the functionality of wider document collection with reference to the U.S. Discovery Procedure, the specificity of documents for the obligation of submission should be more moderate than in Article 105; and in principle, if a party claims, the submission of documents shall be ordered obligatorily and the refusal of the submission of documents with reasonable justification based on the proviso in the Article shall not be approved.
- Evidence for an infringing product and process shall be understood promptly and accurately through the inspection of the alleged infringer by a third party with reference to the European inspection system by a third party.

For referring to the U.S. Discovery Procedure, there was a concern about the fact that the U.S. system costs much. In addition, there was an opinion that if we aim at

achieving the functionality of wider document collection, we should consider to what extent the functionality should be strengthened, including to what extent the specificity of documents should be reduced.

Thirdly, as a premise for the enhancement of the procedures for collection of evidence in infringement lawsuits, it is requested that the confidentiality of information concerning trade secrets shown by the party should fully preserved in the lawsuits. However, it was noted that this point should be reconsidered in light of the system.

Specifically, concerning Article 105-4 (Protective order), in the U.S., it is possible only for a counsel outside can see information related to the order and it is impossible for the party belonging to the opposite enterprise. On the other hand, in Japan, those in the opposite enterprise should be included in information readers. It was pointed out that this causes resistance to the use of the system. In addition, according to the current provisions, only counsels or assistants besides the parties are allowed to see materials concerning the order, and it is not allowed to let a third party with technical knowledge see materials unlike in the U.S. As a result, it was noted that it is difficult to examine the disclosed documents from technological point of view and this reduces the effect of the system. Responding to this, it was pointed out that since the protective order system was introduced, confidential agreements have been used between the parties under this system and this could be used in combination of the operation of the protective order.

As measures for considering the issues concerning the protective order system, the following proposals were made.

- With reference to what is called the U.S. Outside Counsel Only principle, the provision shall be altered so that the disclosure of trade secrets to the opposite party, which has not been eliminated in the current provision, is forbidden.
- The provision shall be altered so that the trade secrets can be disclosed to experts of a third party with technical knowledge, in addition to counsels or assistants.

(3) Future direction

Taking it into consideration that in reality, it is difficult to collect evidence necessary to prove infringement under the current system for collection of evidence, we should consider reviewing procedures for collecting evidence more appropriately and reviewing the confidentiality system in lawsuits, considering the balance between the plaintiff and the defendant, with reference to the procedures for

collection of evidence in industrialized countries.

Specific items to be considered are as follows.

1) Enhancement of the functionality of the procedures concerning the obligation to clarify specific conditions

Concerning the procedures considering the obligation to clarify specific conditions, specific measures for the enhancement of the procedures, including the measures mentioned in (2), should be considered.

2) Facilitating the proof concerning infringement

Concerning the order to submit a document (Article 105), specific measures for the enhancement of the provision, including the measures mentioned in (2), should be considered.

3) Reviewing the protective order system

Concerning the protective order system (Article 105-4), specific measures to promote its use, including the measures mentioned in (2), should be considered.

2. Validity of patent rights in lawsuits

(1) Background

In the revision of the Patent Act in 2004, the legal principles based on the precedents were promoted, in accordance with the principle of balance, on which judgment in the Kilby case was based, and the purport of the effectiveness and judicial economy of dispute settlement. Where the said patent is recognized as one that should be invalidated by a trial for patent invalidation, Article 104-3 (Restriction on exercise of rights of patentees, etc.), which is what is called the provision on the defense of invalidity, was established.

Meanwhile, while there is a view that the revision is appreciated in terms of the effectiveness and judicial economy of dispute settlement, there have been also the following views: the revision is advantageous to alleged infringers rather than to patentees; the judgment on the validity of patents, which requires technical knowledge, should be consigned to the JPO at the first stage; and it is necessary to protect those who made investment for a certain period of time believing their patent rights, from the perspective of the promotion of innovation.

(2) Opinions and issues

The opinions and issues shown in the discussions of the task force and the related interview survey are as follows.

Many people said that concerning the validity of rights from the grant of a right through the dispute settlement process is important. There was an opinion that at the stage of the grant of a right, the quality control of the examination should be improved. Many people said that at the dispute settlement stage, Article 104-3 should be restricted in some way. Responding to it, there was more than one opinion that the current status should be maintained.

Concerning the reasons why Article 104-3 should be reviewed, they said that the necessity of Article 104-3 as a system has decreased to a large extent, and the balance between the right holders and alleged infringers should be maintained, considering that the delay in the JPO's proceedings for trials for patent invalidation was significantly improved and that the post grant objection filing system was introduced in the revision in 2014. In addition, it was pointed out that the introduction of Article 104-3 has made the balance of attack defense in determining patentability advantageous to defenders and that the determination of patentability in infringement lawsuits may not have been predicted in the discussions for the introduction of Article 104-3.

Concerning the determination of inventive step, there was an opinion that in order for the patent system to contribute to industrial development, it is important to finely adjust the degree of inventive step considering the maturity and competitiveness of the industry and overseas situations and it should be done accurately and promptly by the JPO in accordance of its assessment of the industrial policy.

Concerning this, as for the proposal to review Article 104-3, there were objections for the following reasons: because the decision of the JPO may have faults, there should be room left to dispute over this point in infringement lawsuits; the ratio of nullity in trials for patent invalidation by the JPO is higher than that in the case where defenses of invalidity are claimed in infringing lawsuits; if the said patent is invalidated after the case was decided in favor of the plaintiff in an infringement lawsuit, the dispute is repeated, so decision on an infringement lawsuit will lead to prompt and fundamental dispute settlement; and the decision in an infringement lawsuit will not lead to invalidation with binding legal effectiveness as to a third party, so the plaintiff can prevent invalidation by correction. As for the proposal to

abolish Article 104-3, there were many objections.

The following proposals were shown as specific proposals to reconsider Article 104-3.

- The target of invalidity defense based on Article 104-3 should be limited by excluding inventive step and description requirements from the grounds of decision on whether the patent is recognized as one that “should be invalidated by a trial for patent invalidation,” and excluding patent rights from the target of invalidity defense after a certain period of time.
- In order to increase the criteria for the court to determine whether to approve the invalidation of rights in infringement lawsuits, “obvious” requirements (e.g. limiting cases that should be obviously invalidated) should be introduced in Article 104-3.
- Provisions to estimate the validity of rights (for example, provisions involving the setting of the level of evidence for invalidation of rights) should be introduced.

For the purpose of the protection of a patentee and earlier dispute settlement, concerning an actions for retrial concerning a patent infringement lawsuit, there was a suggestion that the provision should be altered so that if a trial decision on invalidity has become final after final trial date of argument in a fact-finding proceeding in the infringement lawsuit, the claim for the invalidation of the said patent by an action for retrial should not be allowed.

(3) Future direction

For the creation of industrial innovation in Japan, measures to secure the validity of rights, including the correction of invalidity defense (Article 104-3), such as measures mentioned in (2), should be considered for the purpose of maintaining the balance between right holders and alleged infringers, considering that it is important to determine the standard for intensive step reflecting the perspective of the industrial policy.

3. The amount of compensation for damages

(1) Background

Proving damages caused by patent infringement is difficult due to its characteristic as information property. Accordingly, special provisions in the scope of tortious acts

under the Civil Code were set in the Patent Act. However, while there is a criticism that the amount of compensation for damages approved by the court is too small, in order to facilitate proving the amount of compensation for damages, a calculating rule of the amount of compensation which allows the compensation for lost profits was newly set by establishing Article 102(1) in the revision of the Patent Act in 1998. At the same time, concerning the provisions about the amount of compensation equivalent to a license fee, Article 102(3) was revised by removing the word “ordinary.”

However, while there is praise that the amount of compensation for damages has been improved through these revisions, there are still suggestions as follows: because the revised statement is not used effectively, the amount of compensation for damages and expenses for lawyers that the court find appropriate are smaller than in the U.S.; because of the concept of percentage contribution, a sufficient amount of compensation for damages is not allowed; even if infringement is recognized, enterprises (especially SMEs) hesitate to file an infringement lawsuit because the amount of compensation for damages is smaller than expenses for a lawyer. In addition, it is pointed out that Article 102(1), which was introduced to facilitate proving the compensation for damages, is not fully used in lawsuits.

In fact, according to the Infringement Lawsuit Trend Survey, the plaintiff claimed damages in accordance with only Article 102(1) in only 8 percent of all the subject lawsuits, (while 13 percent claimed in combination with other provisions). It has become clear that the plaintiffs are passive in using the said section in infringement lawsuits.

(2) Opinions and issues

The opinions and issues shown in the discussions of the task force and the related interview survey are as follows.

Many committee members mainly from the industrial world said that even if considering the difference in the market size between Japan and the U.S., the amount of compensation for damages in infringement lawsuits in Japan stays smaller than the amount reflecting the current status of business and that in order for Japanese enterprises to be front runners with technological uniqueness in the global market, the sufficient amount of compensation for damages to increase the value of patents is desired, and it is necessary to take measures to raise the current amount of compensation for damages. In addition, it was noted that if the amount of

compensation for damages is small, the value of patents will also be calculated to be low in negotiations.

Based on these views, the following three items were suggested as specific issues to be addressed to increase the amount of compensation for damages: 1) issues concerning the provisions of each section of Article 102; 2) issues concerning the application of percentage contribution; 3) issues concerning the legal characteristics as a special provision in Article 709 of the Civil Code.

First, concerning each section of Article 102, the following items were pointed out as problems: 1) concerning Section 1, the obligation for the plaintiffs to disclose their own profit rate provokes hesitation from its use; 2) concerning Section 2, the items to be considered when calculating the percentage contribution are not clear; 3) concerning Section 3, although “ordinary” was removed, it is sometimes difficult to prove because in many cases the amount is calculated according to examples of current license fees and objective and reliable information on the amount of royalties currently used in enterprises is hardly in circulation.

The following proposals were made as the measures to deal with these problems.

- Concerning Section 1, measures should be taken for right holders to promote the argument stipulated in the Section by allowing the plaintiffs to limit the disclosure of their profit rates to the party.
- Concerning the Section 2, in order to standardize and increase transparency of the calculation method for deduction from the amount of damages considering the situations of each case in judgment, a proviso specifying the cases where the said deduction can be applied should be added, as in Section 1.
- Concerning Section 3, to improve the calculation of the amount equivalent to license fees, a database or a guideline concerning license fees (including not only running royalties but also initial payment made at an initial stage) and calculation methods should be developed.

Secondly, the percentage contribution is a concept that is used to deduce to what extent the patent in question contribute to total profits produced by the manufacturing and production of the plaintiff’s products. However, there is a criticism that this causes a reduction in the amount of compensation for damages. Concerning this, it was pointed out that the percentage contribution of the said patent is functioning as a means to reduce the burden on the plaintiff about proof. It was noted that it is sometimes difficult to gain international understanding because there

are no provisions by legal statement, and the idea and the calculation method for its application are not clear.

In order to deal with the problems concerning this percentage contribution, the following proposals were made.

- Provisions should be set to oblige the infringers to take the burden of the responsibility for proving the percentage at which the said patent does not contribute (what is called percentage non-contribution)
- Concerning percentage contribution, in order to limit the application of percentage contribution, it should be provided by law that the cases of deduction using percentage contribution and the situations that can be taken into consideration for its application should be illustrated with examples.

Thirdly, the current system is based on the idea that real loss shall be compensated within the scope of compensation for damages based on Article 709 of the Civil Code. In reality, the calculation is advantageous to infringers because the amount of compensation is limited and this may become an incentive to infringement. Therefore, there was an opinion that in order to achieve the amount of compensation for damages, which is sufficient for granting relief from the infringement of patent rights that are produced as a result of research and development investment, it is necessary to introduce provisions about more generous relief for the infringed party, which are beyond the scope of the tortious acts specified in the Civil Code. For example, it is considered that provisions that make a reference to the concept of penal charges and duties should be introduced.

(3) Future directions

In order to increase the value of intellectual property to meet the actual economical needs, considering the trend of the global market and the international standards of the amount of compensation for damages, measures should be considered to achieve the desirable amount of compensation for damages reflecting the actual status of business in light of the balance between the plaintiff and the defendant.

Specific items to be considered are as follows.

1) Reconsidering each section of Article 102

Concerning each section of Article 102, specific measures, including the measures mentioned in (2), should be considered to promote its use and increase the amount calculated.

2) Reconsidering percentage contribution

Concerning percentage contribution, specific measures, including the measures mentioned in (2), should be considered to achieve a method for calculating the amount of compensation for damages which is clear to the parties involved in lawsuits.

3) Reconsidering the provisions on compensation for damages to grant more generous relief

In order to grant sufficient relief to right holders, specific measures, including the measures mentioned in (2), should be considered to increase the amount of compensation for damages to grant relief from infringement and prevent infringement by stepping out the scope of tortious acts under the Civil Code.

4. Injunctions

(1) Background

Injunction to confront right infringement by putting an end to infringement is a means indispensable for protecting inventions and promoting a healthy development of the industry together with the right to claim damages.

However, with injunctions as a background, concerning standard essential patents, it is pointed out that due to the said patent rights, there is a fear or concern that payment of license fees that exceed the assumed amount may be requested by means of the participation in the formulation of standards or that payment of expensive license fees may be requested by means of what is called the patent troll in the U.S.

(2) Opinions and issues

The opinions and issues shown in the discussions of the task force and the related interview survey are as follows.

Injunction has a significant meaning as a relief from a patent infringement. There was an opinion that that it should not be limited when the amount of compensation for damages is not large. There was another opinion that this should be examined carefully including the aspect of abuse of patent rights.

In particular, many people said that it is necessary to respond carefully to the legal establishment of the restriction on the exercise of the right to demand injunctions,

because there is a fear that the value of patent rights will decrease.

In addition, there was an opinion that standard essential patents cannot be avoided by enterprises, and some measures should be taken to limit the injunctions based on them. There was also an opinion that in that case, sufficient compensation for damages should be approved in order not to hinder technological development.

Concerning standard essential patents under the FRAND declaration, there was an opinion that not only the judgment of the Intellectual Property High Court in Grand Panel Cases where the injunctions were denied by abusing rights but also other measures including legal revisions are necessary. There was another opinion that it is unfair not to limit the injunctions for the patents that are not under the FRAND declaration in spite of the participation in the formulation of the standards. On the other hand, concerning the limitation of the exercise of rights concerning standard essential patents, there were different opinions. In one opinion, it could be responded to by abuse of rights. In another opinion, we should be careful so that the protection of Japanese technology will be secured in emerging countries and developing countries, because this could be claimed as a ground for lowering the standard of patent right protection in emerging countries.

Concerning PAEs (Patent Assertion Entities), there was an opinion that they should be discussed separately from the cases of standard essential patents. PAEs include enterprises that file a lawsuit for the purpose of obtaining expensive license fees through settlement. Therefore, there was an opinion that the injunctions should be limited. On the other hand, there was another opinion that careful consideration is necessary because if the injunctions are limited, it is impossible to obtain sufficient license fees and this may damage the value of patent rights.

There was an opinion that the rate of winning suits and the amount of compensation for damages are low in Japan, so such problems as found in the U.S. will not occur. On the other hand, there was another opinion that because there is a trend of manufacturers returning to Japan for manufacturing, there is no denying that problems will occur in the future in Japan.

(3) Future direction

In principle, injunctions should not be limited. However, in the case of standard essential patents, admittedly, this should be considered, bearing in mind how the right to demand injunctions in emerging countries should be. In addition, the

situations to be considered concerning the injunctions by PAEs may be possible in the future. From now on, we should carefully consider the limitation of the exercise of rights concerning standard essential patents and the measures to control the excessive exercise of the right to demand injunctions by PAEs, understanding various situations and considering their effect on the value of patent rights.

5. Support for SMEs

(1) Background

It is noted that at the moment, Japanese growth industries are being shifted to high value-added industries including life science and the medical equipment industry. SMEs including venture companies, which are expected to be responsible for such industries, account for about 60 percent of those filing patent infringement lawsuits. However, it has been pointed out the rate of their winning suits is lower than those of large enterprises.

In fact, according to the Infringement Lawsuit Trend Survey, when you see the cases resulting in judgment, the rate of SMEs as the plaintiff winning suits stays at 20 percent or less. As for the rate of winning suits against large enterprises, it is less than 10 percent. In addition, according to the survey, the following facts concerning the trend of SMEs became clear: 1) more than 60 percent of the lawyers who are appointed when infringement lawsuits are filed have the rate of winning in infringement lawsuits less than 20 percent, and this means that it is probable that lawyers with substantial experience of intellectual property lawsuits are not always appointed; 2) the cases of SMEs filing lawsuits from the fifth year on after the registration of a right account for 56 percent, and this means SMEs tend to exercise their right for a longer period; 3) in many cases where SMEs were plaintiffs, the amount of compensation for damages was 10 million yen or less. 4) out of plaintiffs of SMEs that filed lawsuits, 25 percent were located outside the jurisdictional districts of Tokyo and Osaka High Courts.

(2) Opinions and issues

The opinions and issues shown in the discussions of the task force and the related interview survey are as follows.

It was noted that there are problems in SMEs choosing and appointing counsels and acquiring rights in lawsuits.

Concerning the choice of counsels, it was pointed out that there are problems in information on lawyers, patent attorneys, etc., uneven geographical distribution of them, difficulty in appointing counsels, and so on. Also, it was noted that while it is necessary for SMEs as plaintiffs and law firms to closely cooperate with each other to pursue lawsuits, the collaboration between enterprises and law firms are insufficient because SMEs do not have an intellectual property department or their systems are weak, and as a result, they cannot get relief in judgment as they expected.

Therefore, there was an opinion that as a measure for SMEs to receive appropriate relief in infringement lawsuits, it is necessary to build an infrastructure for support so that SMEs can appoint appropriate counsels at the stage of exercise of rights. Specifically, there were suggestions that relevant ministries and agencies and groups cooperate with each other to improve an infrastructure for providing support to SMEs by accumulating information on intellectual property experts and information on dispute settlement including its expenses and period and introducing them to SMEs.

Next, it was pointed out that while for exercise of rights, it is desirable to acquire and use rights strategically, it is actually difficult for SMEs to acquire many rights. In addition, it was noted that in the cases where SMEs won lawsuits, they had prepared detailed patent specifications at the stage of right acquisition, foreseeing their future exercise of rights. There was a suggestion that accordingly, patent specifications should originally be created for the future exercise of rights and it is necessary to inform experts including patent attorneys of such best cases and use them for providing advice to SMEs.

In addition, it was pointed out that as a problem SMEs confront in lawsuits, more and more enterprises file actions on small claim because the expenses necessary to lawsuits including stamps, which are in proportion to the demanded amount of compensation for damages, are large for SMEs. Concerning this, there was a proposal that measures should be considered to reduce the financial burden, considering the expenses for lawsuits are a big bottleneck to SMEs filing and continuation of lawsuits.

(3) Future direction

In order to support SMEs' exercise of rights and pursuance of lawsuits, necessary measures should be considered from the both aspects of related human resources and

expenses.

Specific items to be considered are as follows.

1) Human resources

Concerning human resources, specific measures, including the measures mentioned in (2), should be considered to facilitate SMEs' exercise of rights and pursuant of lawsuits from the right acquisition stage to the stage of exercise of rights.

2) Expenses

Concerning expenses, specific measures including the measures mentioned in (2) should be considered.

6. Information disclosure and international public relations

(1) Background

In order for Japan's intellectual property dispute settlement system to be chosen inside and outside Japan, it is necessary not only to improve Japan's intellectual property dispute system but also to ensure that the system is well understood.

At the moment, concerning information on the intellectual property dispute settlement system, almost all the judgments of intellectual property lawsuits in the Intellectual Property High Court and the Specialized Intellectual Property Department and a part of statistical information are disclosed. However, it is pointed out that the amount of information is not sufficient because information on the date of lawsuits, the course of proceedings, and settlement of lawsuits, which is a type of conclusion of disputes, is not disclosed.

In addition, concerning international public relations about the intellectual property dispute settlement system, English translation is available on the website of the Intellectual Property High Court, and interaction with intellectual property human resources and English translation and release of intellectual property laws and regulations are promoted. However, more expansion is desired.

(2) Opinions and issues

The opinions and issues shown in the discussions of the task force and the related interview survey are as follows.

Many members said that in order for Japan's intellectual property dispute settlement system to be understood properly by users inside and outside Japan, chosen as a place for dispute settlement, and used as a reference by Asian countries so that the Japanese enterprises can expand business to Asian countries easily, it is necessary to improve information disclosure and international public relations.

Concerning information disclosure, the court has made efforts. However, considering that it is necessary to expand the contents and methods of information disclosure there were the following proposals: 1) concerning contents of information, for example, the names of the plaintiff and the defendant, the date of lawsuit, progress status, conclusion by settlement, the number of provisional dispositions, and the number of lawsuits by type should be disclosed; 2) concerning disclosure methods, websites should be used and search should be facilitated. In addition, there was another proposal that the administration and relevant groups should receive information from the court and edit and disclose it in a user-friendly way.

Responding to it, there was an opinion that it is necessary to consider the scope and method of information disclosure carefully because it is necessary to think about consideration for the protection of personal information and trade secrets; information disclosure may lead to hesitation to filing lawsuits; if information is disclosed on the Internet, it can be accessible for anyone.

In addition, concerning information disclosure, there was an opinion that if most of proceedings are document proceedings using briefs, it is doubtful that judicial research officials, supplemental patent attorneys and the expert advisor system are not fully used, and that there was a suggestion that oral proceedings using IT should also be carried out. Concerning this, there was an explanation that these experts are involved in active and oral proceedings virtually carried out in preparatory proceedings including technical briefings, which tend to be carried out in closed proceedings after considering the opinions of the party due to consideration for secrets. In regard to this, it was pointed out that such a system is used in closed proceedings and it is a problem that information on the actual conditions is not disclosed.

Concerning international public relations, there was an opinion that releasing information in English is important. Also, there was a suggestion that it is possible to expand international public relations by corporation with the administration and organizations from the private sector.

(3) Future direction

While information disclosure and international public relations should be further expanded, the contents and methods of information disclosure, including the contents and methods mentioned in (2), should be considered specifically, bearing possible bad effects of disclosure in mind.

7. Local access to justice in intellectual property

(1) Background

Concerning lawsuits for patent rights, through the revision of the Code of Civil Procedure in 2003, the jurisdiction of courts of first instance was exclusively allocated to the Tokyo District Court and the Osaka District Court, and the courts of second instance to the Tokyo High Court (currently Intellectual Property High Court), respectively. Exclusive jurisdiction is designed to improve and speed up proceedings for lawsuits concerning patent rights, which require the understanding of highly specialized, technical matters. Expertise is improved in the Tokyo District Court, the Osaka District Court, and the Intellectual Property High Court, and the periods of proceedings are shorter now than those before exclusive jurisdiction.

However, they are not easily accessible for the parties in regions. In addition, in principle, lawsuits concerning patent rights are not filed outside Tokyo and Osaka. Therefore, there is a criticism that the local environment is not good enough for developing experts of intellectual property.

(2) Opinions and issues

The opinions and issues shown in the discussions of the task force and the related interview survey are as follows.

While there is some praise that expertise is secured by concentrated jurisdiction, it was pointed out that there is a problem in accessibility in regions outside Tokyo and Osaka, in particular in terms of financial burdens on SMEs and training of experts.

There was an opinion that in order to improve the situation, concentrated jurisdiction should be reviewed and jurisdiction should be approved in district courts (whole courts or parts of them) where high courts are located. Responding to this, there was an opinion that because this may degrade expertise, it is appropriate to

improve access to justice from remote areas using IT such as video conference systems. Concerning video conference systems, there was a proposal that they should be disseminated more thoroughly because they are not used very much.

In addition, concerning the shortage of intellectual property experts in regions, there was an opinion that as this may become a blockage to local creation of innovation, necessary measures should be considered because more efforts by expert groups are expected and there is an increase in the number of intellectual property experts in regions.

(3) Future direction

Keeping a balance with local activation of intellectual property by securing expertise and quickness through concentrated jurisdiction and facilitating access, first of all, in order to secure local virtual access to justice in intellectual property, we should use IT including video conference systems and consider the enhancement of local training of intellectual property experts.

Conclusion

As global competition intensifies, in order for Japan to continue steady economic growth in the future, it is important to continue to examine the intellectual property dispute settlement system in the direction mentioned above, aiming at playing a role as an international model, with a view to increasing the value of intellectual property and strengthening the environment for the creation of innovation.