

17 Contemporary Problems on Japanese Patent Law from the Perspective of the European Patent Law

Analysis of the Framework on Infringement by Multiple Infringers under the Patent Law

—The Case of Indirect Patent Infringement—

Long-term Overseas Research Fellow: Hisao Shiomi^(*)

The regulations on infringement by multiple infringers in recent years, mainly the provisions on indirect infringement under the intellectual property right (IPR) laws, are inclined to stop the act of tort against information, which can be infringed in various places, before the actual occurrence of direct infringement. Furthermore, there has been the trend of considering acts that had been regarded as indirect infringement to be direct infringement. The expansion of the scopes of the subject matter protected by patent and the acts of working by legislation as seen in the treatment of computer programs in the 2002 amendment of the Japanese Patent Law is a measure to simply consider acts that had been regulated under the provisions on indirect infringement as direct infringement. In addition, this inclination is also observed in the provisions on indirect infringement in experiment/research, infringement of patents on medical methods, joint direct infringement, and prohibition of the transfer of equipment for circumventing technological protection measures.

At the same time, rules on infringement by multiple infringers are inseparable from competition policy. Indeed, competition policy considerations are made with respect to the issue of exhaustion relating to parts of patented products, inducement provisions in the Community Patent Convention, prohibition of excessive enforcement regarding claims for an injunction/destruction of components having other uses, and the issue of subjective elements (Section 101(ii) and (iv) of the Japanese Patent Law; joint direct infringement).

I Statement of the Problem and Structure of the Paper

The inventions for which patent infringement by multiple infringers has been disputed include software-related inventions, network-related inventions, and system products, which were taken into consideration upon the 2002 amendment of the provisions on “the practice” of inventions and provisions on indirect infringement in the Japanese Patent Law. Later, debate was made over indirect infringement of patents on medical activities. In the field of Copyright Law, regulations on equipment for circumventing technological protection measures have been legislated as regulations similar to provisions on indirect infringement. Meanwhile, court decisions have been inclined to find responsibility in parties other than the direct infringer, such as in: a case relating to karaoke; the Tokimeki Memorial case; and the File Rogue case. In this manner, infringement of intellectual property rights by multiple infringers including those other than the direct infringer is rapidly increasing. The above phenomena indicate that, when the proprietary nature of information increases, the intermediary in charge of transmitting information becomes important not only as a protector of information, but also as a user and infringer of information. However,

establishment of infringement-inducement provisions was shelved in Japan considering sound transactions of parts/components and distribution of information, and legislation of joint direct infringement is currently under discussion. Considering such a situation, it would be necessary to review the significance of the provisions on indirect infringement as regulations on these intermediaries.

The study is made by firstly comparing the legal structure of the provisions on indirect infringement and the regulations under the Civil Code and the Patent Law concerning acts of multiple parties. Secondly, the amendment of the Japanese Patent Law and the trend of the U.S. patent law are discussed with focus on the Convention for the European Patent for the common market (Community Patent Convention; CPC) enacted in 1975, which was referred to upon the 2002 amendment of the Japanese Patent Law and the enactment of the U.K. law and German law. Thirdly, the issue of how the current Patent Law should be adapted to such new phenomena as digitization and networking of intellectual property is studied. First, problems that may arise are identified through comparison with other legal frameworks and laws of other fields (II). Then the association of the various principles under the law is studied by analyzing individual points of issue (III

(*) Associate Professor, Faculty of Law, Kagawa University

and IV). In this paper, a patentee is described as X, an indirect infringer supplying components (products, means) as Y, and a direct infringer as A. In addition, this paper also takes into view joint direct infringement in which multiple parties, Y and A, respectively take part in acts of infringement and constitute an act of direct infringement as a whole, and cases in which Y uses A as a tool and Y also becomes liable to the acts of A.

II Comparison with Other Legal Principles and Legal Frameworks

1 Joint Direct Infringement

Joint direct infringement originally assumes cases in which multiple parties (Y and A) carry out a single act of infringement in distributed processing of a network, and multiple servers are included in the constituent features. When the respective persons thus share working of the parts of the constituent features of a patent, the requirements for joint direct infringement present a problem in determining whether or not acts of multiple persons (Y and A) can be considered as one and can be deemed as joint “practicing” under the Patent Law.

There is a view that considers it sufficient to be able to find a certain link between Y and A, specifically, to objectively recognize a single joint act (objective association and collaboration) by looking at the balance with the joint tort under the Civil Code. However, it is too severe to hold A liable for infringement of the whole patent right merely by involuntarily being combined with the functions of other people. Even the mere working of publicly known art that constitutes part of the patented invention without intention or negligence would be patent infringement. Thus, the prevalent theory is that a party does not need to be aware of the patent right, but must be aware that he/she is working the invention as a whole by sharing respective parts with other parties involved. The theory cites the *Styropeas* case, and considers the acts of A as being acts of Y, when Y has recognized and used the acts of A. Another theory claims that a subjective intention to jointly commit an offense and an objective fact of joint commitment of an offense are required in order to achieve balance with cases of co-principals. However, it would be disputable whether or not a requirement for subjective elements may be introduced to the concept of working, which adopts a framework of real rights. This problem is considered to have the same nature as the problem of whether subjective elements, such as the malignancy of the defendant, may be taken into account when determining the portion outside the scope of patent claims in an argument of the doctrine of equivalents.

2 Differences with Joint Tort, Relationship with Unfair Competition Theory

Indeed, even if the defendant’s parts had general purposes, a claim for damages may be filed as long as they satisfy the requirements for joint tort (Article 719 of the Civil Code) in the case of inducement by Y. The framework of joint tort was originally intended for relief of victims, and assumes cases in which Y and A have a certain collaborative relationship. However, in cases where the parts for a patented product are distributed from Y and reach A after going through the hands of other vendors, Y merely supplies parts that do not constitute direct infringement, which are outside the scope of published patent claims. Particularly in industries where patented products and their parts are manufactured, sold and distributed in large quantities, and where products are often manufactured by assembling parts, a large number of completely different independent vendors may be involved in the manufacture and supply of parts for staple products. Thus, if even the vendors that do not have specific awareness or discretion regarding the infringement were held liable for tort, it would obstruct the manufacture and distribution of parts, and even the manufacture of products.

From a comparative viewpoint, remarkable differences are observed between indirect infringement and joint tort under common law. First of all, indirect infringement generally does not require inducement and conspiracy, but mere awareness would be sufficient. Also, the purpose for which the provisions on indirect infringement for “exclusive articles” were introduced under the Patent Law was that, even where an infringing article does not include all of the constituent features of the patent claims, multiple parties may share the infringing act, such as manufacturing and selling of the parts, thus there could be cases in which it is difficult to capture all of the infringers due to the large number of assembly vendors involved, and cases in which the patent right cannot be enforced since the infringing article is assembled by individuals who are end users. Accordingly, the purpose was to stop the manufacture/sales of parts at the preparatory phase of infringement on the condition that they would be used exclusively for the manufacture of the infringing article in the future.

In addition, in the case of indirect infringement, more emphasis should be placed on sound transactions of the parts in the case of general tort, and special competition policy consideration should be given, such as preventing patent misuse by patentees, in order to achieve balance with the fact that patentees are allowed to claim injunctions for non-patented parts. In the case of indirect infringement by a neutral article, the association

between Y's acts and A or the acts of A, will be considered instead of merely comparing the claims of the patented invention and the defendant's working mode as in the case of direct infringement. In other words, the mode of Y's acts other than Y's act of working the invention is taken into consideration, which indicates a concept that has the nature of unfair competition law, quite different from the conventional framework of real rights.

3 Tool Theory and Doctrine of Equivalent

In the Electrodeposited image case (Tokyo District Court judgment on September 20, 2001, Hanji, no. 1764: 112), the district court held that, where it was clear from the manufacturing phase of the defendant's product that the dial plate vendor, which was the purchaser, would conduct the final process of the manufacture in which release coated paper at the back would be removed and a dial plate would be attached, Y would be deemed to have worked all processes using Purchaser A as a tool (hereinafter referred to as the "tool theory"). This tool theory relaxes the concept of the parties engaged in the "working," while it does not determine the "tool" nature based on the human relationship of dominance or management between Y and A. The theory is subject to the following criticism. The tool theory should only be used in cases where Y and A have a certain link with each other, such as in the above-mentioned Styropeas case. It is inappropriate to apply the tool theory to such cases as the electrodeposited image case where Y and A have no subjective association and collaboration. When Y conducts the main processes, the case should rather be construed in such a way that the practice of Y is to be within the scope of equivalents of the claims (which are operated by Y and A). Even if A did not work the invention in the course of trade, it would be considered that the respective requirements of identical function and effect, interchangeability, and ease of interchange could be met. Meanwhile, there is also an idea to use the framework of indirect infringement for the electrodeposited image case instead of the tool theory.

4 Comparison with Copyright Infringement by Multiple Parties

Unlike the Patent Law, the Copyright Law does not have the system of claims or provisions on indirect infringement, so Third Party Y would have no foreseeability. In spite of this, Japanese case law tends to affirm a claim for damages or an injunction against Y based on a legal framework to expand the users and infringers by unreasonably recognizing dominance/management between Y and A or the interests of Y. In the Supreme Court judgment in

the Club Cat's Eye case (Supreme Court judgment on March 15, 1988, Nichiminshû, vol. 42, no. 3: 199), the court expanded the users and infringers of copyright work by making the managers of a karaoke snack bar responsible for the singing at the bar based on the requirements of management/dominance and interests. In the third instance of the Video Mates case (Supreme Court judgment on March 2, 2001, Nichiminshû, vol. 55, no. 2: 185), the court cited the Club Cat's Eye decision, and held the karaoke equipment leasing operator liable for damages based on tort. Furthermore, in the File Rogue case (Tokyo District Court decision on April 11, 2002 and Tokyo District Court decision on April 9, 2002, Hanji, no. 1780: 25), the court broadly interpreted the scope of infringers, even finding the party that had not formally engaged in the actual use as an infringer, based on the following requirements: (i) details of the contributory act; (ii) the extent of management/dominance by Contributor Y; and (iii) Y's interests. Meanwhile, with regard to the Tokimeki Memorial case, which was a dispute over a memory card exclusively used for altering the content of game software, the view can be divided between one that finds joint tort with A as a direct infringer of the right of preserving the integrity and Y as an indirect infringer (contributor) and one that considers Y as a direct infringer. An investigation official for the case explains that, whichever structure is adopted, Y, which provided the memory card exclusively used for altering the content of said game, is liable for damages caused by copyright infringement. The trend of these court decisions is subject to the following criticisms: Y should be found a copyright infringer even if there were no management/dominance or interests between A and Y; in mass-market trading in particular, the extent to which manufacture and sales of articles used for the infringing products are accountable for the resulting infringement is more important; the concept of divisional rights would be diluted; and it would not be applicable to the P2P technology that allows direct file exchanges between users, which is adopted by Gnutella and other service providers that do not have central servers. With the 1999 amendment of the Copyright Law, provisions were established to punish acts of altering, etc. rights management information (Article 113(3) of the Copyright Law) and acts of manufacturing, providing, etc. a device/program for circumventing technological protection measures (Article 120bis of the Copyright Law) as acts of preparing for infringement.

III Dependence Theory and Independence Theory

1 Comparison of Laws

Whether or not an act of direct infringement by A is an essential premise for establishment of Y's indirect infringement presents a question. The academic theories in Japan also indicate conflicting views. The theories state as a generality that the question should be determined based on the balance of interests between Patentee X and Third Party Y, but the types of cases that should be assumed and the concrete considerations that should be given need to be studied. In the memorandum on the Community Patent Convention (CPC), the legislative purpose of the current German law (Law of 1979), and the judgments by the Federal Supreme Court of Germany (BGH) in recent years, the provisions on indirect infringement have changed from the dependence theory (two-step theory) to the independence theory (one-step theory) based on the CPC, and indirect infringement is considered as an independent form of infringement that does not require direct infringement. Indeed, Article 26(3) of the CPC provides that indirect infringement will be established in the relationship with a direct infringer performing acts under Article 30 such as (a) acts done privately, (b) acts done for experimental purposes, etc. However, the memorandum on the CPC does not mention anything about the other cases. In contrast, the U.S. patent law has consistently adopted the dependence theory ever since the court ruled in *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961) [Aro I], 341, 342 that the act of A, an owner of a General Motors automobile that had been produced under a manufacturing license, to replace a worn-out fabric convertible top is mere repair rather than reconstruction, thus Y's act is permissible.

2 Differences in Concrete Effects

Then how do the independence theory and the dependence theory differ in terms of concrete effects? The first effect of adopting the independence theory would be that indirect infringement would be established prior to an act of direct infringement in theory. The second effect would be to force A, who has gained the right to work an invention due to the indemnification, to use the invention for purposes of experiment or research (Articles 26(3) and 27(b) of the CPC), to buy non-patented parts from Patentee X instead of Y. In other words, the indemnification to use the invention for experimental and research purposes under Article 27(b) of the CPC will be limited to when the act has been taken independently without the assistance of Third Party Y.

3 Private Purpose

In cases in which A is working an invention

within a private domain, such as at home, Article 26(3) of the CPC provides that indirect infringement is established for Y. The underlying concept is that Article 26 of the CPC covers extensive products that are easily worked by private and non-commercial users, and indemnified working by A may expand so broadly that it could harm the monopoly of Patentee X. In particular, working in a private domain is expected to take place on a large scale in this Internet era. In the bread-making machine case (Osaka District Court judgment on October 24, 2000, Hanta, no. 1081: 241), the court also ruled as follows: the reason that the law limits the scope of effects of patent rights to working "in the course of trade" is only based on a policy reason, and not based on an idea that patentees should not in the least enjoy the market opportunities that pertain to the working of patented inventions for a private purpose.

4 Experimental and Research Purposes

Article 26(3) of the CPC provides that indirect infringement will be established for Y who supplies means (products) to A, who works the invention for experimental and research purposes. However, major literature criticizes this provision. According to Article 26(3) of the CPC, a person carrying out experiment (A) at a research institute cannot acquire the means (products) necessary for working an invention, but since Patentee X has no obligation to provide said means (products), it would consequently be contrary to the purport of Article 27(b) of the CPC—for the promotion of research and technology development. This criticism is premised on a legislative fact that Y's supply of components to A for an experimental purpose usually does not involve large-scale working of the invention by A.

Contrary to this view, Cornish points out that the legislative fact supposed by Article 26(3) of the CPC is something different. Specifically, he states that, in many cases, Y, who is X's competitor, has been supplying the samples for experiment and research to A (a medical institution, a research institute, or a customer) that is working the invention for experimental and research purposes, or, Y is a collaborator in the experiment, so Y can be considered as a direct infringer. As an extension of this view, it can be considered that patent rights that become an issue in experiment and research are not the combination patents that are frequently found in electric appliances or machinery, but often patents on substances, such as chemical substances or pharmaceuticals, so the means (products) supplied by Y would often be the substance, which is the subject matter of the patented invention, instead of one feature or one component of the invention. Accordingly, Y's act of supplying may

constitute direct infringement in itself, and in such a case, Y's liability as an indirect infringer is incorporated into the liability as a direct infringer. The German Supreme Court judgment, BGH v. 21.2.1989 =GRUR 1990, 997-Ethofumesate, which was assumed by Cornish, held that Y imported herbicide, provided it to A (plant protection office) along with data, and actively participated in the field test conducted by A, in which case the said experiment exceeded an experimental purpose. In this way, when Y uses A as a tool, Y is considered as a direct infringer without needing to refer to the concept of indirect infringement. The only question left is whether or not Y's act was for an experimental purpose. He states that, in more general terms, Articles 26(3) and 27(b) of the CPC have mainly assumed, as legislative facts, cases in which Y conducts an act of direct infringement, cases in which Y uses A as a tool, and cases in which Y and A jointly conduct an act of direct infringement. This dispute between academic theories is caused by the differences between the cases that each of them might assume.

5 When A Is a Licensee, a Compulsory Licensee, a Prior User, or a Joint Owner of the Patent

Y's act of supplying would not be considered as indirect infringement. Although the memorandum does not indicate the underlying basis for this view, from Licensee A's standpoint, it complies with the competition law rules in that A is not obligated to pay Patentee X for non-patented components or to buy non-patented components solely from Patentee X. However, Y's act will be indirect infringement if A worked the invention beyond the territorial and field-of-use restrictions of the license.

6 Exhaustion

If A purchases a whole patented product from X, the patent right for the whole patented product exhausts. However, there is an argument over whether A's act of purchasing consumable parts or replacement parts for a product from Third Party Y instead of from X to maintain the value and effect of the whole patented product would be admissible as "repair," or if it is not admissible as being "reconstruction" of the whole patented product. This has become a major issue particularly because Article 26(1) covers neutral articles as well as exclusive articles and involves the extensive market of nonpatented components.

Under the U.S. law, infringement has been denied in all such cases including *Everpure, Inc. v. Cuno, Inc.*, 875 F.2d 300 (Fed.Cir.1989) (a water purifier cartridge) and a case relating to a disposable camera ever since the above-mentioned

Aro I judgment. When a patent right exhausts with transfer of the whole patented product due to an implied license or exhaustion, supply of nonpatented components or replacement parts is not likely to be judged as infringement. In contrast, German case law considers points including the concept of the manufacturing, similarity to the protected subject matter, the natural period of endurance/consumption, customary distribution practices, and whether or not the working complies with the purpose. German courts adopted a standard that is stricter than that in case of exhaustion regarding whether or not A's act of maintaining the whole patented product by replacing a part of the patented product purchased is an act of indirect infringement.

The basis of the concept of finding indirect infringement can be assumed to be as follows. It is practically almost impossible to prove the fact that Y had been aware of the presence of X's patent or, when most of the components are being purchased by A for admissible repair, which portion of these components is supplied for an infringing purpose (e.g., reproduction of the patented product, repair of an infringing article, or repair of a product manufactured by a person working the invention for a private purpose or an experimental purpose). Therefore, in practice, it could limit Patentee X's right on the combined patent and could liberalize the market of all the essential components of the patented product, and furthermore, it could liberalize an act of supplying infringing products for repair. Since the special markets related to said components have been created by Patentee X, Y should not gain unjust enrichment from supplying the components that arise from the invention to the market. Moreover, situations such as where A can buy the replacement parts from X, but X refuses to supply the parts to A or sets high prices, and where Y makes combination sales to A should be regulated by antimonopoly laws.

However, Patentee X should be prevented from unreasonably expanding the patent right to nonpatented components that are for A's lawful working of the invention, and that the purchaser (A) of the patented product should be secured the right to repair. At the same time, if indirect infringement is recognized, the patentee would gain exclusive interests in the parts market on top of once recovering capital in the market of the patented product. While the acts prohibited under Article 26(3) of the CPC are banned to prevent the supply from linking with unauthorized direct infringement, an act of supplying parts for repair of a purchased patented product is different in nature. Therefore, it would be more appropriate to consider that indirect infringement will not be established in principle.

IV Individual Requirements and Effects

1 Whether Y's Acts Include Manufacturing and Use

Under the Japanese regulation, manufacturing and importing are covered within the acts of Y. However, Article 26 of the CPC only includes "supplying or offering to supply." Under the Japanese regulation, Y's act of use may only be suspended when X's patented invention is a process invention. The use cannot be suspended when the claims are written as a product invention. Since the only way to suspend Y's act of use when X's patented invention is a product invention is to constitute the use as direct working, the issue of joint direct infringement has been a topic of discussion.

2 Matters Covered by "Products" (Means) Supplied by Y

The 2002 amendment of the Japanese Patent Law added programs, etc. to "products" under the Patent Law (Section 2(3)(i) to (iii) of the Patent Law) and added "provision through telecommunication lines" to the working of invention of programs, etc. (Section 2(3)(i) and (iv) of the Patent Law). With these measures, provision of programs through media and networks became directly actionable as an act of direct infringement without needing to apply the provisions on indirect infringement. However, this amendment could prompt further application of the Japanese provisions on indirect infringement (Section 101 of the Patent Law) to digital information and to other intangible matter through the interpretation of "products/articles." With regard to arguments over whether or not such intangible matters as drawings for installing an infringing device would correspond to "products/articles" supplied by Y, German case law denied this, but because there are no literal restrictions, there is still scope to include drawings in "products/articles." While know-how and services could also become essential features of an invention, Article 26(1) of the CPC may function as a substitute of provisions on inducement and provisions on contribution, although, as discussed later, Article 26(2) of the CPC has not recognized general inducement provisions. Meanwhile, as long as the 2002 amendment of the Japanese Patent Law has shelved the introduction of general inducement provisions, it is considered that know-how, drawings, and services should not be included in "products" under the current law.

3 Requirement for Subjective Elements

In a report compiled in the process of enacting the Japanese Patent Law of 1959, patentees were imposed the burden to prove such subjective elements as the awareness and purpose of the defendant in order to avoid placing unjust oppression on people who have acted in good faith, since the provisions on indirect infringement are powerful provisions that allow no rebuttal evidence. Later, however, this requirement for subjective elements was deleted, and the "exclusively" requirement was established. The reason for this is assumed to be that it is difficult to prove subjective elements, and for objectively determining constitution of infringement by considering the provisions on indirect infringement as a real expectant right similar to provisions on direct infringement (Section 100). In the case of infringement of intangible property, proving subjective elements of the infringer is difficult for the patentee either in cases of indirect infringement or direct infringement (see the provisions on presumption of negligence in Section 30 of the Utility Model Law and Section 103 of the Patent Law). Thus, the requirement for subjective elements was deleted by deciding to objectively determine the constitution of infringement by considering the provisions on indirect infringement as a real expectant right similar to provisions on direct infringement (Section 100). It is likely that the requirement for the objective element "exclusively" was established to limit constitution of indirect infringement to acts that inevitably link with the original direct infringement. In this way, as can be seen in the new Section 101(i) and (iii) of the Japanese Patent Law, and the 1970 bill and the 1971 bill of the CPC, the subjective elements are tending to become unnecessary in the case of exclusive articles. On the other hand, subjective elements are required for neutral articles, which are non-exclusive articles. The 2002 amendment of the Japanese Patent Law was legislated in the form of adding provisions on neutral articles (Section 101(ii) and (iv)) to the conventional provisions. New Section 101(ii) and (iv) of the Japanese Patent Law require that Y's bad faith must be found in both of the following: (a) use of said components in working the invention; and (b) presence of a patent for the invention. The reason for including (b) is that it is too severe on Y to be imposed a duty of care on whether a patent right exists even for the content of working by A.

4 Essential Portion

The purport of the essential portion requirement is that it indicates that Patentee X's invention has created a market for the components

and Y has gained profits from it on a basis that said components are practically related to the invention. Nevertheless, there is a criticism that the claimed features are all indispensable features for defining an invention (Section 36(5) of the Patent Law), and the essential portion is unpredictable for operators who are not engaged in inventions or purchasers of the completed patented products. Thus, this essential feature is also interpreted in a relaxed manner in Germany. In contrast, the 2002 amendment of the Patent Law sets forth a requirement: (a matter) "indispensable for solving the problem with the invention." The purport of this requirement was to concretize the important portion for an invention. This matter includes tools and raw materials used for manufacture of products or use of processes, which are not the constituent features of the invention. However, it does not include things that had been needed from the past irrespective of the problem to be solved, even if they were constituent features of the invention.

5 Staple Articles and Inducement Provisions

The matters that X should claim/prove in a case of indirect infringement differ according to the nature of the component. (1) In the case of an exclusive article, Y does not need to know who A is or whether or not the article is an exclusive article, and indirect infringement may be established even when Y and A are not directly related with each other. (2) In the case of a neutral article (when it has at least one practical non-infringing purpose), indirect infringement cannot be established unless Y knows how the component will actually be used by having some kind of relationship with the actual user A. Since the infringement cannot be established by merely proving that the working of the patented invention is the most common type of working, it would be practically difficult for X to prove that the wholesaler or manufacturer that sold a neutral article through a retailer has provided the article for an infringing purpose. However, Y may be held liable for infringement if it has placed a neutral article on the market with an advertisement, because its intention would be clear from the situation. As a method of proving such subjective elements, Y's recognition must inevitably be presumed from such circumstances as Y's relationship with the direct user A, the nature of the component and the mode of trading, as well as Purchaser A's business. (3) In the case of a staple article (when it has non-infringing purposes and is distributed on the market), indirect infringement would not be established in Japan even when Y has committed active inducement, and free distribution of staple articles is secured (Section 101(ii) and (iv)). However, the U.S. patent law prohibits Y's

acts of inducement in general, and does not even require supply of the component (the infringing purpose is often suggested by the labeling or advertising). At the same time, in order to prevent this provision on inducement from extending the exclusive control to staple articles, adjustment is made by provisions on misuse among others. Now, the CPC, which has served as the model for Section 101(ii) and (iv) of the amended Japanese Patent Law, will be examined. Article 26(2) of the CPC is not an independent provision on inducement, but imposes a strict requirement on establishment of indirect infringement with regard to special type of means (staple article). The first purport of the latter sentence of Article 26(2) of the CPC is that a person (Y) who has induced Customer A to use a staple article and liked the staple article with the patented invention is not allowed to claim the nature of the article to be a neutral article in an indirect infringement lawsuit due to estoppel. The second purport is to secure freedom of supply of neutral articles that have independent and inherent market from a patented invention and is not specially related with the patented invention, and to secure free trading of products that are usually used and sold in the market for various purposes.

Next, the scope to which interpretation of Article 26(1) and (3) of the CPC will be analogically applied to Article 26(2) of the CPC, which is an inducement provision regarding staple articles, becomes a question. First, the prohibited act of Y is limited to an act of supplying, by reading in Article 26(1) of the CPC. Moreover, also in Article 26(2) of the CPC, it is necessary for the means to be an essential feature of the patented invention. Furthermore, unlike Article 26(1) of the CPC, it is common to require direct infringement for application of Article 26(2) of the CPC (dependence theory). The reasons are that the inducement provision is based on joint tort and tortious liability, and that an act of inducement (Article 26(2) of the CPC) is not considered to be established without direct infringement while active inducement requires a causal relation that direct infringement would not have been conducted but for the inducement.

6 Scopes of Claim for Injunction and Claim for Destruction

Old Section 101 of the Japanese Patent Law had only made exclusive articles subject to indirect infringement, but, under new Section 101(ii) and (iv), products or processes are subject to injunction even if they have other uses. In this case, the claim for an injunction or destruction should only be affirmed for the essential portion for working the patented invention, and the injunction or destruction would be ordered only when Supplier Y

does not provide sufficient measures for ensuring that Purchaser A will not use the article for an infringing purpose. For example, the court may state, “Y may not supply the component to unauthorized persons to be used for an infringing purpose.” In the case of joint direct infringement, only the claim for an injunction of the requisite system needs to be accepted to eliminate the joint direct infringement by Y and A. A possible formal adjudication for a claim for prevention of future infringement would be, “... may not jointly use....” However, the injunction or destruction may inevitably be ordered for the whole article when the essential portion and the other portions are inseparable or when there is a strong likelihood of future infringement. In claiming an appropriate measure for preventing infringement when there is a likelihood of future infringement, if a certain appropriate measure can be used to order Supplier Y to only sell the component to authorized parties, there would be no need to stop Y’s entire act of sales. Some examples are to obligate Supplier Y to disclose the information to X or to allow Y and A to conclude an agreement between them to the effect that the articles will not be used for infringing purposes. Nevertheless, what specific measures would be effective is a difficult question, and it is difficult to force Indirect Infringer Y to conclude a licensing agreement with X when there is a likelihood of future infringement.

With regard to the scope of claim for an injunction or destruction under the inducement provisions, as long as staple articles can be transferred freely in principle as discussed above, it would be more appropriate to accept deletion of the prescription of the medicine rather than stopping the supply of the medicine itself. Similar to use inventions, there may be cases where the court may specify the efficacy or usage, or prohibit description of use on the explanation of efficacy or the package. The possible main text of the judgment would be “may not manufacture/sell the staple articles by inducement” or “may not induce.”

V Overall Summary and Future Issues

1. As in the analysis of court decisions relating to the tool theory, indirect infringement, and copyright, more emphasis should be placed on the causal relation found in the result caused through joint acts of Y and A and the objective nature of the component as the requirements for holding Y liable, rather than the management/dominance of Y over A and the profits gained by Y. However, supplementary presumption could be made based on the human relationship between Y and A in the process of proving subjective elements in Section 101(ii) and (iv) of the new Japanese Patent Law. In

addition, it is necessary to require subjective elements between Y and A in order to limit the causal relation in joint direct infringement. Nevertheless, there would be a question of whether subjective elements may be required in direct infringement committed by “an act of working,” which has a framework of real rights.

2. Soundness of trade is given consideration with regard to the joint tort under the Civil Code (Article 719 of the Civil Code) and the responsibility of employer under the Civil Code (Article 715 of the Civil Code). However, in indirect infringement cases in recent years, the court has been inclined to take a step further and order an injunction against an act of tort that may bring about infringement by multiple parties in various locations, before the actual occurrence of direct infringement (see II. 2., III. 3., and III. 4.). The expansion of the scopes of the subject matter protected by patent and the acts of working by legislation as seen in the treatment of computer programs in the 2002 amendment of the Japanese Patent Law is a measure to simply consider acts that had been regulated under the provisions on indirect infringement as direct infringement, which is one example of the trend to consider acts that had been regarded as indirect infringement to be direct infringement. The distinction between acts of indirect infringement and acts of direct infringement has become less clear in indirect infringement in the working of an invention for experimental/research purposes (III. 3.), prohibition of equipment for circumventing technological protection measures (II. 4.), infringement of patents of medical methods, and joint direct infringement (II. 1.), and there is a growing need to review the concept of “working” itself.

3. In order to avoid the requirement of “in the course of trade” in direct infringement, the legal framework of the doctrine of equivalents is under review (II. 3.). In addition, in the issue of exhaustion, competition policy considerations and regulation under the antimonopoly law are significant (II. 2., III. 6.). The inducement provisions under the CPC are subject to estoppel and the scope of their application is considerably limited, with strong consideration given to the soundness of trade of staple articles (IV. 5.). Consideration should also be given so as to prevent excessive enforcement in the judgment or its actual execution relating to claims for an injunction/destruction of components having other uses or acts of inducement (IV. 6.). In this manner, the modes of infringement by multiple infringers, centering on indirect infringement, are inextricably linked with competition policy.