

14 International Jurisdiction and Defends of Invalidity in Foreign Patent Infringement Action

-Analysis on Judgment on July 13, 2006 of ECJ(C-4/03)-

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Even if an infringement lawsuit is filed based on a foreign patent right, it is deemed that the court does not reject the suit on the grounds that it is a foreign patent right. With regard to a lawsuit that questions the validity of the patent granted in a foreign state itself, it is considered to be reasonable that the court in the country where said patent was granted has exclusive jurisdiction. In cases where invalidity is claimed as a “defense” against the foreign patent right in the infringement lawsuit, can the court in Japan then examine this suit? This is the topic of this study. In Japan, there are not many court precedents or previous studies concerning this matter. Meanwhile, the European Court of Justice rendered a remarkable decision on this subject on July 13, 2006. It raised considerable debate within Europe. On the basis of the current situation in Japan and of the abovementioned arguments in Europe, this study considers Japan’s responses to the defense of invalidity of a foreign patent, including the appropriateness of the defense.

I Introduction

1 Purpose

This study considers the treatment of the defense of invalidity in a foreign patent right infringement lawsuit.

In the previous patent right infringement lawsuits in Japan, the claim of invalidity as a defense has not been permitted. In this context, a judgment of the Supreme Court of Japan, April 11, 2000, *Minshu* (Supreme Court Report (civil cases)) Vol. 54, No.4 at 1368 (hereinafter referred to as the “Kilby Case”) held that the court may judge the invalidity of patent rights, but the judgment of invalidity in the court decision does not affect a third party, but only between the two parties. In response to the Kilby Case, Article 104-3 was newly added to the Patent Act by the amendment in 2004. Today, the defense of patent invalidity is allowed in statute under the Patent Act in Japan.

In this context, in an infringement lawsuit which is filed in a court in Japan and is based on a patent right registered in another state, if the invalidity of said foreign patent right is claimed, can the court then examine said invalidity?

2 Content of this Study

In this study, before reviewing the defense of foreign patent invalidity, the court precedents and

arguments on the two problems shown in the title will be examined: the “international jurisdiction” of patent right related lawsuits and the “defense of patent invalidity” in Japan.

The defense of invalidity of a foreign patent is raised during court proceedings and is predicated on determining whether the court has jurisdiction. Consequently, international jurisdiction should be examined first. For instance, in case of Japan, when an infringement lawsuit based on a patent right from a state other than Japan is filed, international jurisdiction involves the issue of whether a court in Japan has a jurisdiction over said suit or not. Currently, Japan has no statutes concerning international jurisdiction. Therefore, in accordance with the doctrine^(*) of the case law, in cases where the jurisdiction is recognized based on Japanese Code of Civil Procedure, Japan has jurisdiction in principle.^(**) In this section, the issues related to international jurisdiction for all patent related lawsuits are reviewed. Moreover, the author also makes indications regarding the defense of invalidity for patents in Japan.

Based on the abovementioned basic considerations, the defense of the invalidity of foreign patents will be examined. In this context, court precedents and arguments in Europe will be introduced and analyzed because Japan has had little debate over the problem of the defense of invalidity of foreign patents, while Europe has accumulated court precedents and arguments on

(*) The judgment of the Supreme Court, October 16, 1981, *Minshu* Vol. 35, No. 7 at 1224.

(**) In cases where there are “special circumstances,” jurisdiction is not recognized exceptionally. In this regard, the judgment of the Supreme Court, November 11, 1997, *Minshu* Vol. 51, No. 10 at 4055.

this issue. Furthermore, with regard to construction of Article 16, paragraph (4) of the “Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, 1968”^{(*)3} (hereinafter referred to as the “Brussels Convention”), which applies to the European Community (EC), the European Court of Justice was requested to rule whether said provision, which stipulates exclusive jurisdiction, also applies to the defense of the invalidity of foreign patents. It rendered a judgment^{(*)4} on the construction on July 13, 2006 (hereinafter referred to as the “GAT v. LuK Case”). This triggered debate and many excellent papers on this issue have been presented.^{(*)5} It is considered to be very beneficial for Japan to refer to these debates.

II Current Status in Japan

1 International Jurisdiction over the Patent Rights

(1) Infringement Lawsuit

With regard to an infringement lawsuit based on a foreign patent right, the judgment of the Tokyo District Court, June 12, 1953, *Kaminshu* (Lower Court Report (civil cases)), Vol.4, No.6 at 847 or the judgment of the Supreme Court, September 26, 2002, *Minshu*, Vol.56, No.7 at 1551 (hereinafter referred to as the “Card Reader Case”) rendered judgments on the cases without considering international jurisdiction. In addition, it is interpreted that the Card Reader Case also recognized that the court had an international jurisdiction for the injunction requirement based on a foreign patent right. Meanwhile, with regard to a lawsuit for confirmation of the non-presence of an infringement, the judgment of the Osaka District Court, March 29, 2007 (not included in the court reports) recognized that the court in Japan had jurisdiction and dismissed the claim of the plaintiff in the case that the plaintiff, who is a Japanese judicial person, requested the defendant, who is another Japanese judicial person, to confirm that the defendant did not have the right

to require injunction based on a patent right pertaining to the patent in Europe possessed by the defendant.

(2) A Lawsuit in which Validity Became a Problem

No court precedents can be found in Japan where it was requested to confirm whether a foreign patent was valid or invalid as a main claim; however, there is a judgment of the Tokyo District Court, October 16, 2003, *The Hanreijihou* (Judicial Reports), No.1874 at 23 (hereinafter referred to as “Coral Sand Case”) that indicated that exclusive jurisdiction exists with the registry state of the patent in *obiter dictum*. Theories are consistent in the understanding that the registry state of a patent has exclusive jurisdiction over lawsuits to confirm its invalidity.

2 Defense of Patent Invalidity under Japanese Laws

(1) Kilby Case and its Influence

In the Kilby Case, the court held that “when it is obvious that there are grounds for the invalidity of said patent, it is reasonable to interpret that requests for injunction based on the patent right and compensation for damages correspond to an abuse of the right unless there are special circumstances and they are not allowed.” Due to the Kilby Case, the defense of invalidity is permitted as case law doctrine.

(2) Arguments after the Amendment of the Patent Act

Under the abovementioned circumstances, Article 104-3 was newly added to the Patent Act by the amendment in 2004. The difference between said provision and the doctrine in the Kilby Case is that it does not impose requirements for certainty.

3 Summary

In Japan, jurisdiction for a foreign patent right infringement lawsuit is at least not denied

(*)3 For a Japanese translation of the Brussels Convention, see Yasushi Nakanishi, “Minji oyobi shoujijiken ni okeru saibankankatsu oyobi saiban no shikkou ni kansuru buryusseru jouyaku (1) (2) (EC Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, Brussels 1968),” *Minshouhouzasshi* (The Journal of Civil and Commercial Law), Vol.122, No.3 at 140 *infra*.

(*)4 ECJ 2006.7.13(C-4/03) GRUR int. 2006 S.839=Rev. Crit. DIP 2006, at.904.

(*)5 For references, especially as used in this report: Heinze/Roffael, Internatioanle Zuständigkeit für Entscheidungen über die Gültigkeit ausländischer Immaterialgüterrechte, GRUR Int. 2006, S.787; Kur, A Farewell to Cross-Border Injunctions? The ECJ Decisions GAT v. LuK and Roche Nederland v. Primus and Goldenberg 2006 IIC 848; Adolphsen, Renationalisierung von Patentstreitigkeiten in Europa, IPRax 2007, S. 15; Gottschalk, Anmerkung zum EuGH, Urteil v. 13. 7. 2006, JZ 2007, S.300 ; Stauber/Luginbuehl, Summary of arguments on ECJ Decision – GAT v LuK and Roche Nederland BV et al. v Primus and Goldenberg, Festschrift till Marianne Levin, Stockholm 2008, pp. 559.

due to the grounds that the right is a foreign patent right. On the other hand, the defense of patent invalidity under the Japanese Patent Act is also permitted in principle. However, these facts do not offer a reply to the issue concerning the defense of the invalidity of foreign patents.

There are currently no statutes regarding the treatment of the defense of the invalidity of foreign patents in Japan. In the court precedents, it is only indicated in the abovementioned Coral Sand Case. It cannot be said that there is active theoretical debate on this matter. Despite this situation, when looking at the increase of global conflict over intellectual properties, this issue should be examined more in detail.

In the following, while referring to arguments in Europe, especially the GAT v. Luk Case, the author examines whether the defense of foreign patent invalidity should be permitted and if it is permitted, how the defense should be raised.

III Defense of Foreign Patent Invalidity

1 Court Precedents and Arguments in Japan

(1) Court Precedents

Among court precedents in Japan, there is the abovementioned Coral Sand Case, which is the only case that indicated about the defense of the invalidity of foreign patents.

In this case, the court confirmed at first that the registry state of the patent has an exclusive jurisdiction over the lawsuit to confirm the validity or invalidity of the patent right. And then the judgment held that, with regard to the defense of invalidity, “the judgment of invalidity of said patent” “only affects the parties” and that “it does not become grounds to deny international jurisdiction or even if the other party alleged the defense of patent invalidity in the lawsuit to require an injunction, it does not become grounds to hinder the proceedings in the trial of said lawsuit in a court in a state other than the registry state of the patent.”

It is necessary to note that this finding does not constitute direct grounds for the arguments

that led to the conclusion of this case, but is *obiter dicta*.

(2) Theories

When classifying theories, they are roughly divided into three types: a theory that does not allow a defense of the invalidity of foreign patents in the lawsuit; a theory that allows the defense in principle and a theory that allows the defense only if the invalidity is obvious. This classification is based on whether or not the defense of invalidity is possible as an issue of jurisdiction. This means that if a defense of the invalidity of foreign patents is allowed in relation to international jurisdiction, it is necessary to consider it separately from issues of the applicable law, such as which state’s law shall be applied for judgment of the appropriateness of the defense in the court proceedings.

(3) Movement of Legislation for International Jurisdiction

Deliberations for comprehensive legislation for international jurisdiction have been initiated by the “International Jurisdiction Legislation Committee of the Legislative Council of the Ministry of Justice,” which was established based on Consultation No.86 that was submitted on September 3, 2008. Before the Legislative Council was established, there was a study group. This study group made reports including legislative proposals concerning international jurisdiction.^(*6)

The lawsuits concerning intellectual property rights are indicated in 5-2 of the report.^(*7) With regard to lawsuits concerning registration and validity, the legislative proposal stipulates that the registry state of the rights has exclusive jurisdiction in both cases. On the other hand, with regard to the defense of the invalidity of foreign patents, it is explained, on the assumption of the standpoint that even if the invalidity is alleged as a defense, it does not affect the jurisdiction, which is a requirement for a lawsuit, that the appropriateness of the allegation of invalidity by a defense shall be judged by the state which granted said patent right. In addition, in certain cases, it allows the stay of court proceedings in Japan based on the intent of

(*6) Kokusai saiban kankatsu kenkyukai (International Jurisdiction Study Group), “Kokusai saiban kankatsu kenkyukai houkokusho (1) to (6) (Reports of the International Jurisdiction Study Group (1) to (6)),” *NBL* No.883 (2008) at 37 *infra.*; *NBL* No.884 (2008) at 64 *infra.*; *NBL* No.885 (2008) at 64 *infra.*; *NBL* No.886 (2008) at 81 *infra.*; *NBL* No.887 (2008) at 114 *infra.*; and *NBL* No.888 (2008) at 72 *infra.*

(*7) Kokusai saiban kankatsu kenkyukai, *op. cit.*, at 6, “Kokusai saiban kankatsu kenkyukai houkokusho (4),” *NBL* No.886 (2008) at 87 *infra.*

Article 168, paragraph (2) of the Patent Act. ^(*8)

2 Existing Standpoints of Europe

In Germany and the Netherlands, the defense of the invalidity of foreign patents has been allowed in their court precedents, as well as in Switzerland, which is not in the European Union (EU). In UK, however, courts reject the suit when the defense is raised. In addition, there are judgments that do not allow this defense at all in Belgium and Italy.

3 GAT v. Luk Case

Under these situations in countries in Europe, The European Court of Justice handed down a preliminary ruling on the interpretation of Article 16, paragraph (4) of the Brussels Convention.

The Brussels Convention Article 16, paragraph (4)

The following courts shall have exclusive jurisdiction, regardless of domicile:

...

4. in proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the courts of the Contracting State in which the deposit or registration has been applied for, has taken place or is under the terms of an international convention deemed to have taken place;

This paragraph stipulates that only the registry state of the patent shall have international jurisdiction over the judgment of the registration and validity of patents. The problem in these statutes is the expression “concerned with.” It is not clear in the provision whether said paragraph applies to an infringement lawsuit that relates to the validity of patents, i.e. in cases where the judgment of invalidity is required in an infringement lawsuit. Therefore, there are some room for interpretation,.

It was the GAT v. Luk Case that indicated a certain answer to this problem.

Judgment of the European Court of Justice, July 13, 2006 (C-4/03)

The judgment held as follows: since it is difficult to judge based only on the statutes of Article 16 of the Brussels Convention, it shall be interpreted according to the purposes of the provision and its systematic position in the Convention; the reason why Article 16 allows exclusive jurisdiction is because the court in the registry state of the patent is the best place to render a judgment on the validity of patents; the validity and effect of a patent registered in a state shall be determined by the domestic laws of the state; this consideration is necessary for the patent field because many states have special legal protection systems and in many cases this type of lawsuit is filed at a special court; with regard to the position of Article 16 in the system, neither agreement jurisdiction nor jurisdiction by appearance is recognized, or the lawsuit filed against Article 16 will be rejected and if the judgment is rendered for the suit, it shall not be approved or executed; based on the above, Article 16, paragraph (4) shall apply to any form of lawsuit or defense in which the patent validity comes into question and an exclusive jurisdiction shall be allowed; it does not matter whether it is generated at the filing of the lawsuit or after the lawsuit has begun; because the exclusive jurisdiction has a mandatory character and if it is interpreted that any infringement lawsuit is not included in Article 16, it may cause a problem of exorbitant jurisdiction, may lead to a weakening of the predictability of jurisdiction rules, and has the risk of generating parallel international litigation; moreover, with regard to a counterargument that exclusive jurisdiction shall be allowed if its is effective only between parties, the effect shall be judged by each domestic law, but some laws of contracting states grant it effectiveness for third parties; therefore, this counterargument cannot be grounds for not allowing an exclusive jurisdiction over the infringement lawsuit.

In other words, the court held that in cases where the patent validity comes into question, Article 16, paragraph (4) shall apply and an exclusive jurisdiction shall be allowed over the case, regardless of whether the issue was raised by an action or by raising a defense.

4 After GAT v. Luk Case

(1) Evaluation

This case was criticized many times

(*8) Article 168, paragraph (2) of the Patent Act: “Where an action is instituted ..., the court may, if it considers it necessary, suspend the court proceedings until the trial decision becomes final and binding.”

immediately after the judgment was rendered.

Especially, the judgment did not examine statutes, but rendered a decision in accordance with the purpose of provisions and the systematic position of the provision. However, under the structure of the Brussels Convention that grants a jurisdiction to the domicile of a defendant in principle, Article 16, paragraph (4) should be interpreted in a limited manner and its scope of application should be clarified. From this perspective, the method taken in the judgment has been criticized because it cannot say that the interpretation of statutes does not have any relationship.^(*9)

On the other hand, as the grounds that decisions on the defense may differ by state, the judgment indicated it is an issue of the difference of effects in domestic lawsuits for patent right infringement. This argument has been criticized in that there are no contracting states recognizing the effect of foreign intellectual property rights and foreign parts of European patents on third parties so that it does not conflict with Article 16, paragraph (4) of the Brussels Convention.

There are following substantive criticisms in cases where the doctrine of this court is adopted^(*10): it may cause the risk that the judgments on an identical patent right may differ by state; when a defense is raised after a suit has entered proceedings, it may ruin the proceedings; and if infringements are conducted in many states, plaintiff are required to choose a certain state to file a lawsuit, as a result they have to leave other infringements conducted in other states.

(2) Proposal for Amendment by CLIP

A joint project of the Max-Planck-Institut für ausländisches und internationales Privatrecht (Hamburg Max Planck Institute for Comparative and International Private Law) and the Max-Planck-Institut für Geistiges Eigentum, Wettbewerbs und Steuerrecht (Munich Max Planck Institute for Intellectual Property, Competition and Tax Law), which is called the European Max-Planck Group on Conflict of Laws in Intellectual Property (CLIP), submitted a proposal for amendment of Article 22, paragraph (4) of the Brussels I Regulation (Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters), which corresponds to Article 16,

paragraph (4) of the Brussels Convention) in response to the above judgment. It is considered to have several suggestions for Japanese laws so it is introduced here.

Proposal for Amendment by CLIP

The following courts shall have exclusive jurisdiction, regardless of domicile:

(a) in proceedings, ***which have as their object*** the registration or validity of patents, ... required to be deposited or registered, the courts of the Member State in which the deposit or registration has been applied for the courts of each Member State shall have exclusive jurisdiction, regardless of domicile, in proceedings ***which have as their object*** the registration or validity of any European patent granted for that State.

(b) ***The provisions under lit. (a) do not apply where validity or registration arises in a context other than by principal claim or counterclaim. The decisions resulting from such proceedings do not affect the validity or registration of those rights as against third parties.***

With regard to the expression “concerned with,” that was unclear in the statutes of Article 16, paragraph (4) of the Brussels Convention, it is changed to “which have as their object” so that it specifies objects for cases where registration or validity are in question. Besides, it clearly stipulates in paragraph (b) that in cases where validity or registration arise in the defense of invalidity, the registry state of the patent does not have an exclusive jurisdiction. It also stipulates that the judgment does not affect to third parties.

This proposal for amendment is based on the abovementioned criticisms to the GAT v. Luk Case and can be evaluated as appropriate. However, in practice, the amendment of the Brussels I Regulation became difficult in this form. It is because of establishment of the New Lugano Convention as mentioned later. In addition, it is an important point that the GAT v. Luk Case was adopted in the Lugano Convention as its presumption.

(3) The Lugano Convention and GAT v. Luk Case

The Lugano Convention is a “Convention on

(*9) Kur, *op. cit.* at 5, at 848.

(*10) CLIP, Exclusive Jurisdiction and Cross-Border IP (Patent) Infringement – Suggestions for Amendment of the Brussels I Regulation, *EIPR* (2007) p. 198.

jurisdiction and the enforcement of judgments in civil and commercial matters”^(*11) which was established in 1988. The Brussels Convention and the Lugano Convention have almost the same provisions. When interpreting them, judgments concerned shall be referred to mutually. The courts of contracting states of the Lugano Convention, such as Switzerland, have been considered an interpretation of the Brussels Convention that is indicated by the European Court of Justice when interpreting similar provisions of the Lugano Convention. In this context, judgments or decisions were rendered in Switzerland that considered the GAT v. Luk Case when interpreting the Lugano Convention. The decision of the Commercial Court of Zurich, October 13, 2006, recognized that Switzerland had jurisdiction over the infringement lawsuit of a community trademark; however it adopted a doctrine of the GAT v. Luk Case in response to the raising of the defense of invalidity. Then, the court suspended the proceedings, established a period for the filing of proceedings of invalidity in accordance with Regulation (EC) No 40/94 (on the community trademark), and held that the infringement lawsuit would be resumed with no regard to the defense of invalidity if the proceeding was not filed during that period.^(*12)

In this way, the GAT v. Luk Case had an effect outside the EU. Moreover, the effect became pronounced when the GAT v. Luk Case was adopted in the New Lugano Convention.

(4) New Lugano Convention

The amendment of the Lugano Convention has been considered since 1996. It was passed at the diplomatic conference held at Lugano on October 30, 2007 (hereinafter the amended Lugano Convention is referred to as the “New Lugano Convention”).

Now, Article 22, paragraph (4) of the New Lugano Convention is examined.

Article 22, paragraph (4) of the New Lugano Convention

(i) in proceedings concerned with the registration or validity of patents, trade marks,

designs, or other similar rights required to be deposited or registered, irrespective of whether the issue is ***raised by way of an action or as a defense***, the courts of the State bound by this Convention in which the deposit or registration has been applied for, has take place or is, under the terms of a Community instrument or an international convention, deemed to have taken place.

(ii) (omitted)

In this paragraph, the wording of “irrespective of whether the issue is raised by way of an action or as a defense” is added to the provision of Article 22, paragraph (4) of the Brussels I Regulation. It can be said that the doctrine of the GAT v. Luk Case was adopted here.

In response to the New Lugano Convention that adopted this provision, the adoption of a declaration using the same wording for the next amendment of the Brussels I Regulation is scheduled in the ratification instrument of the New Lugano Convention of the EC.^(*13) Therefore, there is no possibility to amend Article 22, paragraph (4) of the Brussels I Regulation in the form presented by CLIP that allows defense of invalidity at least at the early stage.

(5) Remaining Issues after the GAT v. Luk Case

The GAT v. Luk Case only states that as an interpretation of Article 16, paragraph (4) of the Brussels Convention, Article 16, paragraph (4) shall apply to the defense of invalidity that was raised during the lawsuit. It is not clear how to respond to the case where the defense is raised. Therefore, two opinions are opposed: an opinion presuming dismissal or transfer; and an opinion that the proceedings shall be suspended.^(*14) The decision of the Commercial Court of Zurich, which adopted a doctrine of the GAT v. Luk Case, takes the theory of staying the proceedings. On the other hand the Netherlands has adopted staying in court in the case where the defense of patent invalidity became an issue in the main claim, however the action was dismissed in accordance with the doctrine of the GAT v. Luk

(*11) For a Japanese translation of the Lugano Convention, Yasuhiro Okuda, *Kokusai torihikihou no riron* (Theories of International Transaction Law), Yuhikaku (1992), at 308 *infra*.

(*12) Regarding this judgment, Manabu Iwamoto, “Suisu ni okeru kyoudoutai shouhyou mukou no kouben – Churihhi shoujisaibansho 2006 nen 10 gatsu 13 nichi kettei (Swiss case in which invalidity of community trademark is raised as a defense: decision on 13 Oct. 2006 in Commercial Court of Zurich),” *AIPPI* (2009), Vol.54, No.2 at 2 *infra*.

(*13) Draft by the European Council (9169/08 JUSTCIV 94 CH 28 ISL 15 N 18) .

(*14) Regarding this opposition, Stauber/Luginbuehl, *op. cit.* at 5, at 607.

Case.^(*15) As mentioned above, there are differences in the treatment of the issue by the courts of each state.

Other arguments concern the treatment of an defence “in bad faith.” This means a defense, for example, without the prospect of invalidity and for the purpose only to eliminate the jurisdiction. Moreover, it becomes a question of whether Article 16, paragraph (4) of the Brussels Convention affects matters other than jurisdiction on the merits . The judgment of the Hague District Court, September 21, 2006^(*16) in the Netherlands held that in cases where the allegation of invalidity is raised under provisional measures, a doctrine that the court loses the jurisdiction cannot lead from the *GAT v. Luk* Case.

If the defense of foreign patent invalidity is the main claim of the case, it shall be required to be dismissed or suspended. However, if the defense is in bad faith, there is room not to allow the defense. Or in cases where said defense is raised during the proceedings before judging the main claim of the case, such as proceedings for provisional disposition, there is room to interpret that the *GAT v. Luk* Case does not affect it.

IV Considerations

1 Suggestions for Japanese Laws

I would like to present suggestions for Japanese laws after examining the *GAT v. Luk* Case and its influences and the arguments on the Case.

First, with regard to the character of the exclusive jurisdiction of international jurisdiction for judging validity, in conclusion, absolute grounds that the jurisdiction should be exclusive cannot be found. It is difficult to say that the grounds for the argument that the registry state of patents is the best place for judgment of invalidity surpasses the burden of the defendant’s defense. It will be difficult to find advantages of exclusive jurisdiction in the judgment of validity. In this sense, there is no necessity that the jurisdiction “must” belong to the registry state of patents. However, on the substantive grounds

that there is the possibility of causing a situation where the patent is treated as invalid in Japan, while it remains valid in the registry state of the patent, it is considered to be reasonable to allow the registry state to have exclusive jurisdiction on the judgment of validity from the perspective of legal policy.

The abovementioned are problems of jurisdiction for the judgment of validity. Based on the above points, it does not also lead to the conclusion that it is impossible for a foreign court to judge validity. It is unavoidable to say that the judgment to dismiss an action in which the effect is only between parties understates the interests of the parties. Therefore, the conclusion that the action shall be dismissed due to the raising of the defense of foreign patent invalidity cannot be supported.

In order to follow the judgment of invalidity by the registry state of the patent, it is necessary to keep the stay of proceedings as an option. Though this is a legislative theory, I wonder if it is reasonable to design a system in the following form: in cases where the judgment for the invalidity of alleged patent infringement is pending in the registry state of the patent or is on trial during the court proceedings as stated in the abovementioned report of the study group, stay of the court proceedings shall be permitted; or in cases where it is judged that the deliberation in Japan is not appropriate, the court can urge its stay.

Stay requires these considerations; however, it is an appropriate conclusion that the effect of invalidity of foreign patents is limited to being between the parties and the defense is allowed in principle. Therefore, the proposal for amendment presented by CLIP, as mentioned above, can basically be supported as a legislative theory in Japan as well.^(*17)

2 Problems in cases where the Defense of the Invalidity of Foreign Patents is Allowed

Even if the defense of foreign patent invalidity is allowed under the jurisdiction, there is the problem of which law shall be the grounds for judging the appropriateness of the defense

(*15) Regarding these judgments, Bisschop, van der Velden, Lloyd (Translated by the Secretariat) “Tokkyo jiken ni okeru oushuu no ekkyoutekisochi no doukou (Trend of Cross Border Treatment in Europe for Patent Cases),” *AIPPI* (2007) Vol.52, No.2 at 66 *infra*.

(*16) For English translation of this judgment, Mitt. 2007, S. at 285.

(*17) The report of the study group does not have statutes; however, in its explanation, it says that the defense is allowed if it is effective only between parties. Kokusai saiban kankatsu kenkyukai, *op. cit.*, at 6, “Kokusai saiban kankatsu kenkyukai houkokusho (4),” *NBL* No.886 (2008) at 88.

during the court proceedings.

It is reasonable to judge this problem by the law of the registry state of the patent. If part of a foreign patent is judged to be invalid, can the court then handle the issue of whether the part that is recognized as valid, is infringed on or not? With regard to this point, it is interpreted that the court can recognize a partial invalidity of the patent since it permits the effect of the defense of invalidity only between parties.

As mentioned above, the GAT v. Luk Case was not clarified the treatment of cases where the defense was raised in an manner in bad faith. From the standpoint of this report, it is not considered reasonable to allow any defenses without limit, such as a defense for the purpose of delay of a lawsuit. Article 104-3, paragraph (2) of the Patent Act stipulates, "Where the court considers that the materials used for an allegation or defense under the preceding paragraph are submitted for the purpose of unreasonably delaying the proceedings, the court may, upon a motion or ex officio, render a ruling to the effect that the allegation or the defense is to be dismissed." If it is in a case of defense of foreign patent invalidity, that intent can be applied.

Finally, I would like to discuss a problem with the defense of foreign patent invalidity and retrial. In a foreign patent right infringement lawsuit, if a patent is recognized as invalid in the registry state of said patent after said patent right is judged as valid, the right that is grounds in the domestic judgment is extinguished. Whether it corresponds to grounds for retrial becomes a question. Under the Japanese Patent Act, in cases where the invalidity of a patent becomes final and binding in the trail for invalidity by the Patent Office after the judgment assuming the validity of the patent is rendered, this is regarded as a modification by administrative disposition that was basic of the judgment, as stipulated in Article 338, paragraph (1), (viii) of the Code of Civil Procedure. Therefore, this decision of invalidity becomes grounds for retrial. Whether the administrative disposition, which was the basis of the judgment as stated above, is recognized as a judgment of invalidity in a foreign state becomes another question. This problem will be reviewed in the future.

V Concluding Chapter

As the mentioned above, I referred to the GAT v. Luk Case and the subsequent debates in Europe and then presented a suggestion for Japan.

The suggestion is different from the judgment of the GAT v. Luk Case. While it is basically allowing the defense of foreign patent invalidity at the jurisdiction level, it suggests that the law governing the appropriateness of the defense shall be the laws of the registry state of the patent. With regard to stay, though it is a legislative theory, the suggestion alleges that there is room to allow proactive stay in certain cases on the assumption that the stay is discretionary.

With regard to remaining issues in this study, i.e. various problems under the international civil proceedings that become problems when the court recognizes the jurisdiction of Japan in cases where Japan adopts a defense of foreign patent invalidity, it is predicted that we cannot lean much from arguments in Europe because they are moving in a different direction that does not allow the defense of foreign patent invalidity than Japan. Regarding the abovementioned, I would like to set as my future issue the theoretical refinement of the problems of dispositions after allowing the defense of foreign patent invalidity by drawing several suggestions from Japanese intellectual property laws and the Code of Civil Proceedings.