

12 Reconsidering International Jurisdiction in Intellectual Property Rights Litigation

- Ensuring Predictability Under New Interpretations of Judicial Precedents - (*)

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This study uses the analysis of precedents to examine the issue of international jurisdiction – that is whether Japanese courts can hear the increasingly diverse lawsuits concerning the infringement of intellectual property rights and in particular litigation in Japan concerning the infringement of corresponding foreign patent rights. Regarding the analysis of judicial precedents, this study first points out that trends in both intellectual property rights litigation and litigation concerning other forms of property, and then examines the reasons for this. Second, it considers how the application of foreign law affects legal predictability for parties involved in dispute resolution using approaches from comparative law and focusing on the relationship between judgments on international jurisdiction and the applicable law,. Moreover, regarding the application of foreign law, it also investigates systems for conducting foreign legal research in Japan, the design of institutional arrangements in other countries and the techniques used by courts when conducting foreign legal research.

I Introduction

1 Background to the Study and its Focus

(1) The nature of corresponding foreign patent right infringement litigation

Based on Japanese patent rights for a certain invention, Japanese Company X held corresponding patent rights in several other countries and regions, including the USA, Germany, and Europe. If another Japanese Company Y infringed Company X's patent in the manufacture of its own products, it would likely be simultaneously infringing Company X's corresponding foreign patent rights. Would a Japanese court be able to hear the relevant infringement lawsuits?

Due to the internationalization of business activities and the territorial nature of the efficacy of patent rights, it is not unusual for most Japanese companies to acquire corresponding foreign patent rights based on a single invention. However, if, having acquired such rights, a company faced a situation in which its patent rights have been infringed, there was a tendency to harbor the belief that they would need to seek redress from a US court in the case of US

corresponding patent rights, and from a German court in the case of German corresponding patent rights. This tendency seems to be greater among large corporations that have overseas offices and have accumulated considerable know-how about litigation in other countries.

However, if, as in the example above, Company Y is Japanese and is located in Japan, it would be possible for the case to be heard in Japan, even if the subject of the lawsuit were foreign patent rights.

Despite this fact, Japan currently has no stockpile of judicial precedents concerning such infringements of corresponding foreign patent rights, and this may well have been due in no small part to the belief that patent rights holders have to institute proceedings overseas in the event of an infringement of foreign patent rights.

However, at the same time, courts are granted discretionary power in judgments regarding what is called international jurisdiction, which is the question of whether or not a Japanese court can hear lawsuits with an international element, and there are cases in which actions filed in Japanese courts have been dismissed, even though the court in question could, in law, hear the action based on the exercise of its discretionary power. This means that it is difficult for litigants to predict in every

(*) This is an English translation of the summary of the report published under the Industrial Property Research Promotion Project FY2013 entrusted by the Japan Patent Office. IIP is entirely responsible for any errors in expression or description of the translation. When any ambiguity is found in the English translation, the original Japanese text shall be prevailing.

instance whether or not it will be possible for their lawsuit to be heard in a Japanese court and, as a result, this would seem to have motivated Japanese companies to refrain from instituting any potential proceedings.

So do Japanese courts have discretionary power in every case concerning judgments on international jurisdiction? The provision “Dismissal of Action without Prejudice due to Special Circumstances” in Article 3-9 of the Code of Civil Procedure as revised by the Act for Partial Revision to the Code of Civil Procedure and the Civil Provisional Remedies Act¹ (hereinafter referred to as the “revised Code of Civil Procedure”) is applicable. More specifically, when judging whether or not there is international jurisdiction, even where a court of Japan is to have jurisdiction over an action, a court may dismiss that action without prejudice when it finds that there are special circumstances where if a court of Japan conducts a trial and makes a judicial decision on the action, it would harm equity between the parties or impede the well-organized progress of court proceedings, while taking into consideration the nature of the case, the degree of burden that the defendant is to bear by making an appearance, the location of evidence, and other circumstances. This doctrine clearly states what had previously been indicated in case law theory until the revision of the Code of Civil Procedure.²

However, while it would initially appear that this discretionary power held by courts is exercised under specific conditions, clear criteria defines what would harm equity between the parties or impede the well-organized progress of court proceedings.

(2) International jurisdiction in cases concerning general property

So how was discretionary power traditionally exercised in actual judicial precedents? This can be ascertained by looking at the characteristics of cases in which the action was dismissed due to “special circumstances,” where the application of was viewed as a “special circumstance impeding the well-organized progress of court proceedings” and the court “avoid[ed] inconvenience arising from the application of foreign law.”

These characteristics are deeply interesting, but they also entail a couple of problems. First of all, in private international law, judgments on jurisdiction and decisions on the choice of law (applicable law) are considered as separate issues, so the choice of substantive law not be considered

at the stage of making a judgment on international jurisdiction; rather, the fact that Japan has international jurisdiction should be recognized, before interpreting and applying the applicable foreign law to the case. However, it does not operate this way in practice. Secondly, whereas the interpretation and application of the applicable foreign law should, under the revised Code of Civil Procedure, be carried out on the basis of ex officio research by judges, they tend to adopt a passive attitude and accept the evidence presented by the parties to substantiate their allegations.

Consequently, this section focuses on the phenomenon of courts deny their jurisdiction over a case on the grounds of avoiding “inconvenience arising from the application of foreign law,” without following the proper sequence wherein they must only consider the applicable law in the case after they have made a judgment on jurisdiction.

In doing so, it is possible to identify something that is both a distinctive feature and a concern: if courts are given a form of discretionary power, would not them use it to their own advantage?

(3) International jurisdiction in intellectual property rights litigation

So can this phenomenon concerning general property be detected in litigation concerning intellectual property rights, particularly in cases involving infringement of foreign patent rights?

In a case such as the example above, if the grounds for the jurisdiction prescribed in Articles 3-2 and 3-3 of the revised Code of Civil Procedure are in Japan, or if the defendant is not a Japanese company, for example, it is actually possible to hear the case once a joint action is brought in accordance with Article 3-6.³ However, disputes over foreign patent rights involve the application of relevant foreign patent law, and the research and interpretation of such laws can sometimes be difficult. Thus, one cannot deny the possibility that courts may use their discretion to deny international jurisdiction (dismiss the action due to special circumstances), or to judge a case in such a way as to avoid the application of foreign law.

Under these circumstances, if courts exercise their interests on the basis of their discretionary power by “avoiding inconvenience arising from the application of foreign law,” what would happened to the interests of litigants ?

In general, reducing the cost of litigation via

the simultaneous resolution of cases concerning infringements of patent rights with the same content would be in the interests of litigants. To be sure under Japan's current provisions regarding international jurisdiction, one would have to say that it is difficult to predict whether courts will exercise their discretionary power, even if infringement lawsuits concerning foreign rights is theoretically possible. Nevertheless, the fact remains that in the example given in the introduction, if everything could be heard in Japan, it would be possible to cut the cost of litigation substantially.

Thus, in the examination below, this study confines itself to the perspective of how to compensate for the fact that the interests of the courts run counter to those of litigants in infringement lawsuits concerning foreign patent rights, focusing on situations in which the interests of the courts run counter to the interests of litigants. More specifically, the following section references examples of infringement lawsuits in Japan concerning foreign patent rights, it also makes reference to examples from the USA. Where courts have the same kind of discretion in judgments on international jurisdiction

II Examples of Foreign Patent Rights Infringements⁴

1 Japanese Regulations on International Jurisdiction and Judicial Precedents

Doctrinally, there was formerly a view that international jurisdiction should be denied in infringements of foreign patent rights. But currently, patent infringement litigation are regarded as being governed by the rules of international jurisdiction similar to litigation concerning property, apart from in exceptional cases.

Among recent judicial precedents this study focuses on the Card Reader case, which the Supreme Court First Petty Bench ruled on September 26, 2002, and the Coral Sand case, which the Tokyo District Court ruled on October 16, 2003. These two cases are as examples of infringements of foreign patent rights that were brought to and tried at Japanese courts.⁵

(1) The Card Reader case⁶

The Card Reader case, involved the interpretation and application of US patent law. Therefore one might think that international

jurisdiction would be denied via "the exercise of discretionary power due to special circumstances." However, discretionary power was not exercised on the grounds of special circumstances. As for the choice of law question, US law was initially selected as the law applicable to the demand for an injunction, on the grounds that the patent was registered in the USA. However the judges ended up applying Japanese law, after rejecting the application of US law for violating public order. Similarly, with regard to the law applicable to compensation for damages, although the court held US patent law applicable, as the law of the land in which the facts that caused the case arose, it cumulatively applied the Japanese Patent Act. In other words, although the court found international jurisdiction in Japan, it ultimately avoided the application of foreign law.

More specifically, it should be noted that in this case, while the court did not specifically mention "special circumstances" impeding the well-organized progress of court proceedings as grounds for exercising its discretionary power, it did actually "avoid the interpretation and application of foreign law." Moreover, one must bear in mind that if the court had interpreted and applied US patent law, which was the applicable law, there would have been a possibility that the plaintiff's claim would have been upheld. One cannot say that the application of Japanese law to hearings necessarily leads to redress from the perspective of plaintiffs who are rights holders.

Considering the matter in this way, the ultimate effect for the plaintiff was the same as if international jurisdiction had been denied, so doubts remain from the perspective of redress for the patent rights holder.

(2) The Coral Sand case⁷

In the Coral Sand Case, there was also a possibility of international jurisdiction being denied through the exercise of discretionary power due to special circumstances, as it involved the interpretation and application of US patent law. But as a result of the interpretation of US patent claims in accordance with US patent law and deliberations concerning the issue of the doctrine of equivalents, it was ruled that the plaintiff was not infringing the defendant's US patent rights. In other words, is a rare case in which US patent law was applied after finding international jurisdiction on the grounds that the defendant had domicile in Japan.

At first glance, it would appear that the court "interpreted and applied foreign law" without

referring to “special circumstances” for denying international jurisdiction that impedes the well-organized progress of court proceedings. However, the method of judgment concerning infringement under actual US patent law involved deliberations regarding literal infringements and infringements under the doctrine of equivalents, in accordance with the plaintiff’s argument, and did not touch upon interpretation under US patent law advanced by the defendant. The judgment applied foreign law based solely on the argument advanced by the plaintiff. If the court had independently applied and interpreted US patent law as the applicable law, it might have achieved redress for the defendant, who was the rights holder; from this standpoint, it had the same effect as if the court had denied international jurisdiction, so doubts still remain from the perspective of redress for the patentee.

Consequently, if one considers the portion of the Coral Sand case to which foreign law was applied, although the court affirmed international jurisdiction in this case in which the litigants were both Japanese companies and applied US patent law, the scope of deliberations under US patent law went no further than that based on the arguments of the alleged infringer, so ultimately, this case can be classed as one that did not achieve redress for the patent rights holder.

2 Features of Japanese Judicial Precedents

In summary, there are no cases at this stage in Japan in which international jurisdiction was denied through court discretion on the grounds of “difficulty in the interpretation and application of foreign patent law.” However, avoiding hearing cases involving foreign law has in effect (for example, by changing the interpretation of the law applying to the hearing) ultimately failed to provide redress for patent rights holders although jurisdiction itself has not been denied.

This characteristic gives rise to concern that Japanese courts might not provide to the infringement of corresponding foreign patent rights such as those in the example in the introduction remedy .

So why has this situation occurred? According to the aforementioned feature of cases involving general property, “inconvenience of hearing the case under foreign law” is cited as the special circumstance when denying international jurisdiction. The number of judicial precedents that state this directly has been increasing in recent years. Given the inconvenience of foreign

legal research involved in interpreting and applying foreign law in cases involving infringements of foreign patent rights, what came into play was efforts by courts to coordinate their interests by cutting out as much of the work involved in such research as possible.

In this regard, legal scholars positively view the availability of international jurisdiction in relation to infringements of foreign patent rights in Japan. In the case presented in the introduction, it is possible that Japanese courts will examine whether the courts have international jurisdiction over the joinder of claims for corresponding foreign patent rights. Nevertheless, the inability to hear cases in accordance with the law is because the interests of the courts to reduce the burden that hearings involve. It runs counter to the interests of litigants, who wish to cut costs and achieve one-time resolution of disputes.

3 US Statutes on International Jurisdiction and Judicial Precedents

This section examines cases showing how this discretionary power functions in US infringement lawsuits concerning foreign patents, in accordance with the perspective applied in the foregoing analysis.

In the USA, there are federal courts, which deal with federal issues, and state courts, which deal with all other issues. Cases concerning patent rights are included among federal issues⁸, but this is mainly interpreted as being confined to cases in which there is a dispute over patent rights held in the USA. Consequently, litigation based on infringements of foreign intellectual property rights is not deemed to be a federal issue, so jurisdiction is not found, as a general rule. However, if a case satisfies the “supplemental jurisdiction” requirements in Article 1367 of the Judiciary Act, it is regarded as a case that can be dealt with in a federal court. Within the confine of this provision the key inquiry in the context of this study becomes whether federal courts would have jurisdiction “in the event that a claim based on corresponding foreign patent rights were added to a claim based on US patent rights.”⁹

Incidentally, in terms of the relationship between US federal courts and the courts of foreign countries that have granted (corresponding) foreign patents, an action might be dismissed at the court’s discretion for the convenience of the parties or to achieve justice, even if the federal court at which the action has

been instituted pursuant to supplemental jurisdiction. This is called dismissal of an action on the grounds of *forum non conveniens*.

Nevertheless, in discussions concerning the conventional situation within the USA, opinions are divided regarding the handling of foreign patent rights by US federal courts. It has been pointed out that the application of foreign patent laws prolongs proceedings could become prolonged if foreign patent laws are applied, as there are differences in their scope of protection and techniques for their interpretation. In addition, if claims based on corresponding foreign patent rights were joined under supplemental jurisdiction, courts would need to apply the laws of multiple countries when assessing the infringement of the foreign patent laws in question.

In such discussions, the following US judicial precedents referring to the exercise of discretionary power in foreign patent rights infringement lawsuits are often cited. The following section refers to judicial precedents in chronological order and examines the reasons why jurisdiction was found or denied. It attempts to draw observations by focusing on the issue of “how to compensate for the fact that the interests of the courts run counter to those of litigants in infringement lawsuits concerning foreign patent rights.

(1) The Ortman case¹⁰

Firstly, in the Ortman case, both litigants were American corporations; the plaintiff, a corporation from Illinois, transferred to the defendant, a corporation from Delaware, the patent rights that it held in the USA, along with the corresponding patent rights that it held in Canada, Brazil, and Mexico. The plaintiff subsequently requested an injunction on the grounds of infringement of the US patent rights, by a product that the defendant had manufactured within the USA and overseas; this dispute involved a concomitant action concerning a problem over the interpretation of the transfer contract (payment of the license fee and illegal termination of the contract, etc.)

The federal court found supplemental jurisdiction and heard all of the claims together, having found that the issues concerning the US patent rights and the infringement overseas of the foreign patent rights were “substantially related to each other”. Jurisdiction was based on the finding that the basis of the claim was “the result of the defendant doing similar acts both in

and out of the United States” and the fact that it was necessary to interpret the same contract in relation to the infringement of the foreign patent rights.

(2) The Mars case¹¹

On the other hand, the Mars case was a dispute between a US corporation and a Japanese corporation, focused on products manufactured by the defendant that infringed the plaintiff’s US and Japanese patent rights. With respect to the infringement of the plaintiff’s Japanese patent rights, the plaintiff argued that the case satisfied the requirements for supplemental jurisdiction, but the Court of Appeals denied jurisdiction, on the grounds of the legal principle of *forum non conveniens*.

Although a number of reasons for denying jurisdiction were cited, the Court of Appeals found that the content of the claim for infringement of US patent rights differed from that of the claim for infringement of Japanese patent rights. Because the applicable law relating to the Japanese patent rights infringement differed from that relating to the US patent rights infringement “the Japanese patent rights infringement would be more appropriately resolved by a Japanese court,”. Moreover, judgments on the exercise of supplemental jurisdiction also involve a judgment regarding whether joining the claims can be expected to lead to one-time resolution of the dispute, which was not likely the case here.

As a result of this ruling, examples of supplemental jurisdiction being denied at the discretion of the courts emerged in cases concerning the infringement of corresponding foreign patent rights. At this stage, the stance of the federal courts toward judgments on jurisdiction over corresponding foreign patent rights appears divided into two groups.

(3) The Voda case¹²

The Voda case emerged against this background. This case involved a dispute between two US corporations. The key issue was whether or not an action concerning infringement of the plaintiff’s US patent rights and actions concerning infringement of the corresponding European, British, French, German, and Canadian patent rights could be heard together.

In its judgment on judicial economy and the convenience of the parties, the federal court denied jurisdiction citing difficulties concerning “the application of foreign law” and referring to

forum non conveniens, even though it could have exercised supplemental jurisdiction.

The reasons the USA was not a convenient forum included the fact that each country provided different scope of patent protection and their interpretation, the fact that exercising supplemental jurisdiction would involve difficulties application foreign patent laws to the judgment of infringements, and the fact that the application of the laws of several countries could prolong litigation.

(4) The Fairchild case¹³

Furthermore, in the subsequent Fairchild case, a dispute between two US corporations led to a declaratory judgment lawsuit for rejecting the obligation to pay under a license agreement concerning US and Chinese patents held by the defendant. US jurisdiction was based on the forum selection provision in the contract. Supplemental jurisdiction was ultimately found in regard to the claim concerning the Chinese patent, on the grounds that judging whether or not the plaintiff's product infringed the defendant's Chinese patent would not constitute abuse of the court's discretion. The reason given for this was that the primary claim related to matters in the contract regarding non-payment of royalties, and the infringement of the foreign patent was deemed to relate to part of that dispute.

4 Features Demonstrated by US Judicial Precedents

The distinctive features seen from the judicial precedents outlined above reveal several features. First jurisdiction over issues concerning foreign patent rights was only found in contract disputes. (There include cases in which the contract also covered foreign patent rights, so the claim of infringement arose concurrently with the contract dispute, or cases in which although the infringement of foreign patent rights was included in part of the dispute, the contract included jurisdiction clause over the main claim). Conversely jurisdiction is currently denied in lawsuits that relate purely to infringements without any contract dispute.

As for exercising the discretionary power to deny jurisdiction, the Voda case demonstrates that US courts recognize their lack of institutional capability to make judgments on foreign patent laws and harbor concerns that hearing such lawsuits could entail higher litigation costs than if the suit were heard by a court in the country that

granted the patent. Thus, such cases are characterized the tendency for the costs involved in research by experts on foreign patent laws to tip the balance toward denying the exercise of supplemental jurisdiction. This is particularly true if the court determines that the cost of gathering and translating evidence would impede the smooth process of court proceedings.

Nevertheless, there are always voices opposed to the denial of federal court jurisdiction over infringement lawsuits based on foreign patent rights. Although no judicial precedents have departed from Voda since, there remains scope for debate.¹⁴

It is clear that the application of foreign law is presently one of the grounds that courts employ when exercising their discretionary power to deny federal court jurisdiction. In other words, when exercising their discretionary power to deny international jurisdiction, courts cite the application of foreign law as a consideration.

Consequently, the situation in the USA has been similar to that in Japan, in that the effort required of courts in researching foreign law is at odds with the interests of litigants seeking a one-time resolution of their dispute. In light of this, US courts seek to reduce the burden that hearings involve, which may run counter to the interests of litigants, who wish to cut costs and achieve one-time resolution of disputes.

III Court Discretion and Foreign Legal Research

1 The Exercise of Discretion by Courts in Japan and the USA

Now turn to issues of judicial discretion and foreign legal research.

First, to briefly summarize judicial precedent and various of the revised Code of Civil Procedure that clearly document these precedents suggest that courts in Japan can hear cases involving foreign patent rights. Nevertheless, an uncertain situation has arisen, in which courts can exercise their discretionary power to deny international jurisdiction in proceedings involving the application of foreign law; even when jurisdiction is affirmed, the result does not always contribute to protect the rights holder.

On the other hand, in the USA, although in law it is possible for courts to hear cases involving foreign patent rights, international jurisdiction is denied via the exercise of judicial discretion, other than in lawsuits related to contracts.

2 Foreign Legal Research in Japan and the USA

How is the content of foreign laws researched in Japan, and what efforts have been made to understand foreign laws, interpretations of laws, and legal precedents? Japanese courts are charged with the responsibility of verifying the content of foreign laws in proceedings. They are expected to conduct *ex officio* detection, taking the initiative in researching the content of foreign laws. With respect to the issue of “proving foreign law” in private international law, the requisite degree of proof has been interpreted loosely such that the application of foreign law by courts does not become an excessive burden. Nevertheless, judicial precedents occasionally emerge in which the court has exercised discretionary power and denied international jurisdiction, after stating that the application of foreign law based on independent research into the content of foreign law is difficult.¹⁵ This situation creates the practical risk that foreign companies will regard the forum of Japan as having a tendency to apply Japanese law at all times, and a difficult venue for dispute resolution.

On the other hand, in the USA, the litigants have the responsibility for substantiating their arguments about foreign law.¹⁶ Consequently, in litigation, courts are not obliged to independently research the content of foreign law. The fact that courts nonetheless exercise their discretionary power based on the same reasoning as Japanese courts is deeply interesting. Even though if the parties concerned have the responsibility to substantiate their arguments, the fact remains that legal proceedings based on the content of foreign laws necessarily impose a substantial burden on courts in both Japan and the USA, not least because of the cost of translating the evidence.

However, it is important that, the determination of international jurisdiction occurs before the judgment on the merits of the case. Determination of applicable foreign law is part of the substance of the case and must not be included as a ground for the exercise of discretion in denying international jurisdiction. If difficulty in the independent research and application of foreign laws by courts causes the denial of international jurisdiction, putting a foreign legal research system in place may alleviate this situation.

3 The Development of a Foreign Legal Research System

If one country’s court is dealing with an infringement of foreign patent rights and a demand for an injunction or demand for compensation for damages is filed on the basis of this infringement, the regulations stipulated in the relevant country’s patent laws and other civil laws are applied. However, courts view such research and application of the content of foreign laws as something that “impedes the well-organized progress of court proceedings.”

So what kind of means exist for eliminating the inconvenience to courts associated with the application of foreign law? In particular, what kind of system would ensure the appropriate application of foreign law in proceedings?

(1) The Max Planck Institute for Comparative and International Private Law

There is an initiative in Germany that is of great interest when looking at this kind of problem. In Germany, courts have international jurisdiction over infringements of foreign patent rights but they do not have discretion to decide whether they have such jurisdiction. Consequently, if the application of foreign law in proceedings is required, the court independently researches the content of the relevant foreign law and reaches a judgment.¹⁷ However, courts do not have an internal body that conducts foreign legal research. Instead, and the characteristic feature is that they submit requests to external research institutes and other bodies as needed, commissioning them to carry out the relevant research.

For example, the Max Planck Institute for Comparative and International Private Law researches and reports the content of foreign law in response to requests from courts, and the courts issue judgments with reference to the Institute’s reports.¹⁸

(2) Challenges in the formulation of an international convention¹⁹

At the Hague Conference on Private International Law, expert meetings have been held to formulating a new convention on the treatment of foreign law. Expert meetings between 2007 and 2009. In addition many a number of rounds of discussions concerning methods of handling foreign law took place at joint meetings of the various countries between 2010 and 2012.

At these meetings, participants considered initiatives designed to eliminate the inconvenience involved in the application of foreign law in court proceedings as well as accommodating the interests of the litigants. This likely helped to reconcile the institutional differences between civil law countries which adhere to ex officio detection at the responsibility of the court in the application of foreign law in proceedings, and common law countries which expect the litigants to carry out this research. In any event, there is considerable interest among countries in the necessity of building a network that would make foreign laws more easily accessible than at present. The problem is how to make such a system a reality.

4 The Development of a Foreign Legal Research System and its Impact on Court Discretion

As described above, there is growing international acknowledgment of the need for a foreign legal research system. This trend reduce the denial of international jurisdiction, particularly in relation to the exercise of discretionary power by Japanese courts. More specifically, by reducing the inconvenience involved in research into the content of laws that arises from the application of foreign law, it would accommodate one-time resolution in Japan, even in the type of dispute exemplified in the introduction. This would also ensure that the interests of courts and litigants would coincide.

IV Conclusion

The foregoing observations highlight a number of perspectives on lawsuits concerning the infringement of corresponding foreign patents.

This study has examined the potential for the one-time resolution in Japan of infringements of corresponding foreign patent rights in Japan. The currently even where both parties are Japanese companies, there is always a possibility that the proceedings will be dismissed if the court notices grounds that could harm “the well-organized progress of court proceedings.” These grounds could include “researching and applying foreign law” that impede “the well-organized progress of court proceedings.” As such, there is a need to put in place a system for researching foreign law in order to reduce factors encouraging courts to dismiss proceedings.

If a foreign legal research system were put in

place internationally, litigants could be more exposed to international litigation. Japanese companies would be forced to deal with proceedings overseas if a foreign company instituted proceedings in the relevant country concerning an infringement of corresponding foreign patent rights that included a Japanese patent. For example, the potential that supplemental jurisdiction in the USA would be affirmed would increase, causing Japanese companies to answer proceedings in which the USA was the forum. Consequently, this would increase forum options, including Japan. Thus companies must bear in mind the possibility of litigation overseas when carrying out business expansion.

¹ Act for Partial Revision to the Code of Civil Procedure and the Civil Provisional Remedies Act [Act No. 36 of 2011, entered into force April 12, 2012]. hereinafter the Code of Civil Procedure as revised by this Act shall be referred to as the "revised Code of Civil Procedure."

² The Supreme Court ruling dated October 16, 1981 (Minshu Vol.35, No.7, at 1224) and the Supreme Court ruling dated November 11, 1997 (Minshu Vol.51, No.10, at 4055) establish a means of denying international jurisdiction by Japan due to “special circumstances.” These set out the framework that “As a general rule, it is reasonable to submit a defendant to Japanese jurisdiction over an action brought in a Japanese court when one of the venues prescribed in the Code of Civil Procedure of Japan is located within Japan.” “However, the international jurisdiction of Japan should be denied when there are found to be special circumstances that would make the adjudication of Japan run counter to the principles of securing fairness between the parties, and the just and prompt administration of justice.” Since then, judicial precedents have come to judge the question of whether or not there is international jurisdiction based on this two-step theory.

³ The revised Code of Civil Procedure’s sections concerning intellectual property rights litigation with an overseas element have no special provisions regarding the infringement of foreign patent rights, so jurisdiction by Japanese courts arises through the fulfillment of the conditions prescribed in Article 3-2 (Jurisdiction Based on the Defendant’s Domicile, etc.), Article 3-3 (Jurisdiction over Action Relating to Contractual Obligation, etc.), and Article 3-6 (Jurisdiction over Joint Claim).

⁴ In lawsuits involving infringements of foreign patent rights, the defense that a patent is invalid is regarded as an issue concerning the “effect of patent right,” so such actions are dismissed on the grounds of breach of exclusive jurisdiction (Article 3-5 (2) and (3)). Accordingly, such actions fall outside the scope of this paper.

⁵ Until that point, almost all cases in which Japan was deemed to have international jurisdiction were disputes over patent rights held in Japan, which fall outside the scope of this study. Moreover, among older infringement lawsuits concerning foreign patent rights,

infringement lawsuits concerning foreign patent rights, the ruling of the Tokyo District Court dated June 12, 1953 (Kaminshu Vol.4, No.6, at 847) reflected a strict approach to the territorial principle. Under this ruling, the case was pending in a Japanese court as a dispute over the infringement of foreign patent rights. In this case, the plaintiff, who held patent rights in Japan and Manchukuo, sought compensation for damages over the infringement of patent rights by the defendant in Manchukuo. Having found jurisdiction without first considering international jurisdiction (something that also occurred in the Card Reader case), the court dismissed the plaintiff's claim.

⁶ Ruling of the Supreme Court First Petty Bench dated September 26, 2002 (Minshu Vol.56, No.7, at 1551) Claim for damages, etc. [The Card Reader case].

⁷ Ruling of the Tokyo District Court dated October 16, 2003 (Hanrei Times No.1152, at 109) Claim for an injunction against commercial defamation, etc. [The Coral Sand case].

⁸ Under Article 1338 (a) of the Judiciary Act.

⁹ In a situation in which a plaintiff institutes proceedings based on multiple joint claims, when there is a ground for jurisdiction in one of the claims, and the other claims are derived from the same case, and they are substantially related to each other, then the court concerned has jurisdiction over all of the claims. This is called supplemental jurisdiction. In other words, if there are no grounds for jurisdiction by a federal court in one particular single claim, but there is another claim derived from the same case and the two claims are substantially related to each other, it is still possible for a federal court to hear the case involving both claims. However, in this situation, it is recognized that "in regard to the question of whether or not the court accepts the joining of the multiple claims and exercises jurisdiction, Article 1367 (c) depends on the court's discretion." Accordingly, in this regard, when examining judicial precedents, it is necessary to consider whether or not discretionary power is exercised on the basis of all of the facts.

¹⁰ *Ortman v. Stanray Corp.*, 371 F.2d 154 (7th Cir.1967).

¹¹ *Mars Inc. v. Kabushiki-Kaisha Nippon Conlux*, 24 F. 3d 1368, 1374 (Fed. Cir. 1994).

¹² *Voda v. Cordis.*, 476 F. 3d 887 (Fed. Cir. 2007).

¹³ *Fairchild Semiconductor Corp. v. Third Dimension (3D) Semiconductor*, 589 F. Supp. 2d. (2008).

¹⁴ Dissenting opinion filed by Judge Newman. Comments that judicial precedents negate the exercise of supplemental jurisdiction can also be seen here and there. Hamai at 23, Tomoko Date, *International Jurisdiction and Patent Disputes: Ruling of the United States Court of Appeals for the Federal Circuit in VODA v. CORDIS*, *Journal of the Japanese Institute of International Business Law* Vol.36 No.3 (2008), at 392-395, and others.

¹⁵ Yoshimasa Furuta, *Next Agenda for Lawmaking in the Arena of International Private Law and International Civil Litigation*, *Japanese Yearbook of Private International Law* No.13, at 106-116 (2011).

For the status of judicial precedents and doctrine, see Akira Takakuwa and Masato Dogauchi (eds.), *New System of Practice of Litigation III: International Civil Procedure (Property Law)*, (Seirin-Shoin 2002) at 282

[written by Hiroshi Matsuoka]; and Masahito Monguchi et al. (eds.), *The Civil Evidence System Vol.2 Introduction II*, (Seirin-Shoin 2004) at 23 [written by Takahiro Nishida]. Also, Tetsuya Obuchi, *Features of the Copyright Act from the Perspective of the Legal Protection System: Contrasts with the Patent Act and Other Laws*, *Copyright Vol.46, No.541*, at 2 (2006).

¹⁶ In Japan, based on the principle that "the judge knows the law," research concerning such matters as the provisions of foreign laws and the interpretation of legal precedents is generally deemed to be a matter for ex officio detection by judges. Nevertheless, courts are only required to achieve a certain degree of accuracy when it comes to the content of any foreign laws at issue, and are not expected to apply foreign laws to the same standard as courts in the country in question. On the other hand, some countries merely regard foreign law as one of the facts presented in a party's argument, and believe that it is sufficient for the judge to apply the content within the scope substantiated/argued by the party concerned. In such countries, the arguments of parties tend to be centered on legal content that is beneficial to their case and the degree of accuracy depends on the party.

¹⁷ Examples of foreign patent infringement lawsuits in Germany that involved the application of foreign law include the following. British patent law was applied in *Kunststofflacke OLG Dusseldorf GRUR* 1968, 100/OLG Dusseldorf, IPRax 2001, 336/, Tetsuyuki Iwata, *British Patent Infringement Cases: Cases in Which German Courts Were Found to Have Jurisdiction*, *AIPPI Vol.42, No.5* (1997), at 372-382.

¹⁸ The information in this chapter is an edited summary compiled by the author from an interview with Prof. Dr. Jürgen Basedow, who has 45 years of experience in providing expert opinions. The activity report published by the Max Planck Institute for Comparative and International Private Law states that it carried out foreign legal research in response to 74 requests in 2012. (*Tätigkeitsbericht 2012* pp.152-157. Max Planck-Institut für ausländisches und internationales Privatrecht Hamburg). The specific details of these expert opinions are due to be published in *Gutachten zum internationalen und ausländischen Privatrecht (Expert Opinions on Private International and Comparative Law)*.

¹⁹ The information herein is from Philippe Lortie; Maja Groff "Missing Link Between Determining the Law Applicable and the Application of Foreign Law: Building on the Results of the Joint Conference on Access to Foreign Law in Civil and Commercial Matters (Brussels,15-17 February 2012)". In addition, for comprehensive information in Japanese covering the period up to 2007, see Koji Takahashi, *Expert Meeting on the Feasibility of a New Convention on the Treatment of Foreign Law*, *The Doshisha Law Review*, Vol.59, No.1 (2007), *Feasibility study on the treatment of foreign law – Report on the meeting of 23-24 February 2007 (General Affairs and Policy, Prel. Doc. No 21 A of March 2007)*.