

12 Desirable IP Litigation in Japan

- from the Viewpoint of Expert Testimony about Foreign Law^(*)

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When an international IP dispute occurs in Japan, foreign law is established to solve the dispute in some cases, although it is difficult to conduct research on foreign law. Due to the lack of an effective foreign law research method on the part of the court, a litigant needs to prove the content of foreign law. Such judicial practice could cause a bias to the content of foreign law, which should be established as a norm. This practice adopted by the Japanese courts handling international litigation is one of the factors that have contributed to creating the situation where Japanese companies that hold IP rights have to be prepared for the risk of having to initiate litigation in foreign countries.

In this study, in order to find a solution to improve the current situation, I examined the possibility for Japanese courts to use the expert testimony system to establish foreign law from the viewpoint of private international law and evaluated the possible effects of the foreign law expert testimony systems in other countries on the Japanese courts' way of solving international IP disputes. The ultimate purpose of this study is to promote Japanese companies' active use of Japanese courts from a long-term perspective.

I Introduction

The globalization of corporate activities has been globalizing IP disputes. For example, in a case where civil remedies such as the payment of damages are needed for IP right infringement, not only Japanese law, which is the *lex fori*, but also foreign law is sometimes established based on a decision of the governing law made under the provisions of the private international law.¹ However, due to the practical difficulty in examining foreign law, the appropriateness of the establishment of foreign law is sometimes questioned.

Traditionally, the treatment of foreign law in judicial proceedings has been a topic of discussion. It has been considered that, since foreign law is "Law" in Japan, it should be established as a judicial norm in the same manner as domestic law and that, since it is actually difficult to grasp the specific content of foreign law. Therefore, judges are not required to strictly interpret and establish it as "Law". This discussion has been conducted against the backdrop where the practice of letting litigants present and prove the content of foreign law has been justified. It would be desirable to assist judges to enhance their knowledge to understand the content of the foreign law that they are going to adopt as a judicial norm. Such

assistance should be provided by enabling the use of an expert testimony system and a central information management system concerning foreign law, for example.² However, such systems are not yet fully functioning in Japan.

In the modern world, companies of various sizes conduct business in other countries. When a dispute occurs, if foreign law is established for resolution of the dispute based solely on the presentation of a litigant, the financial difference between the two litigants would directly affect the accuracy of their information about foreign law, which is to be adopted as a norm. This situation is not desirable from the perspective of the fairness of judicial proceedings. To solve this problem, this study has clarified the influence of conventional judicial practices on actual court cases and proposed an effective solution to international IP disputes in Japan from the perspective of improvement of an expert testimony system.

II Establishment of foreign law within the framework of the studies on private international law

1 Academic theories³

Both the private international law and the civil procedure law lack clear statutory provisions

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regarding the judicial practice of using foreign law as a judicial norm and examining and determining the content of foreign law. For this reason, academic theories have been used for supplementary purposes.

This problem has been traditionally discussed as the issue of so-called “proof of foreign law” in the field of the studies on private international law. This discussion has handled the issue of whether Japanese courts should treat foreign law as a norm and reached the conclusion that “foreign law should be treated as Law.” Based on this understanding, it has been widely accepted that the research on the content of foreign law should be conducted by judges *ex officio*.

On the other hand, there has been another theory that, while the research on the content of foreign law should be conducted *ex officio* in principle, the adversary principle should also be adopted. This interpretation was made from the perspective of the burdens on judges and the limitations to the methods for studying the content of foreign law. However, the opponents have pointed out that, if the adversary principle is introduced to the research on the content of foreign law, the difference between litigants in terms of the capability to conduct research on information about law could affect the result of litigation and therefore that the introduction of the adversary principle is problematic in this respect.

Either way, these academic theories concluded that foreign law may be established as a norm and that the *ex officio* principle should be applied to the research on the content of foreign law and the establishment of foreign law in principle, while permitting the establishment of foreign law under the adversary principle for the convenience of judicial practices.

2 Court cases

On the other hand, in many court cases, academic circles expressed their concerns about the theory adopted by the court holdings with regard to the establishment of foreign law. In recent years, in some non-IP-related cases to which foreign law should be applied, the court denied international jurisdiction for such cases and handed down a judgment to the effect that judicial proceedings should be avoided.

Under these circumstances, in the following IP litigation, the establishment of foreign law was disputed. Chronologically, Judgment of the Nagoya District Court dated February 6, 1987

“Case of seeking payment of damages for the violation of a license agreement; in which the German law is the governing law of the agreement,” Judgment of the Supreme Court dated September 26, 2002 “Card reader case; in which the court avoided establishment of the U.S. patent law and applied Japanese law,” Judgment of the Tokyo District Court dated October 16, 2003 “Coral sand case; to which the U.S. patent law was applied,” Judgment of the Supreme Court dated June 8, 2001 “Ultraman case; to which the Thai patent law was applied,” Judgment of the Tokyo District Court dated February 24, 2004 “Ajinomoto aspartame case; to which the Japanese patent law was applied,” Judgment of the Tokyo District Court dated September 30, 2010 “Case of seeking participation by succession in the litigation to claim for assigned credit; the Chinese copyright law,” Judgment of the Tokyo District Court dated March 31, 2010 “Case of seeking an injunction, etc. against copyright infringement; the U.S. copyright law,” Judgment of the Intellectual Property High Court dated November 28, 2011 “Case of seeking payment of damages for violation of trade secret; the Taiwanese copyright law,” Judgment of the Tokyo District Court dated March 25, 2011 “Case of seeking payment of damages for trademark infringement; the trademark laws of Japan, China, South Korea, and Taiwan,” and Judgment of the Tokyo District Court dated October 10, 2013 “Case of seeking payment of damages for trademark infringement; to which the Japanese patent law was applied by avoiding the evaluation of the trademarks registered in Europe and South Korea.”

In the aforementioned court cases, the practice of establishing foreign law may be characterized by the following three features: (1) the application of Japanese law without determining the governing law, (2) the application of Japanese law based on interpretation, and (3) the adoption of the content of law presented by either party without any questioning.

3 Features and problems found in the court holdings that established foreign law

In the aforementioned court cases, to what extent was the *ex officio* principle implemented in terms of the content of foreign law? From the aforementioned court cases, I selected the court holdings in which the possibility of establishing foreign law was examined. I found that the content of foreign law presented as a norm in a

court holding is identical with the content of foreign law presented by either litigant. In other words, in the court cases where foreign law was established, it may not be found that information about foreign law obtained *ex officio* was presented as a judicial norm. The content of foreign law presented in a holding as a norm is limited to the content presented by either litigant.

Such practice raises a question from the perspective of fair litigation proceedings. If there is a dispute about the content of foreign law, it is common for the litigants to present the content of law in a manner biased to their respective interests. In consideration of the facts that judges are not required to have knowledge about foreign law to carry out their work and that the Code of Civil Procedure permits the litigants to prove foreign law, it may be considered that there are reasons why the judge recommend the litigants to present the content of foreign law or why the litigant's attorney who is expecting such recommendation proactively presents the content of foreign law to the judge. However, these practices indicate the existence of fundamental limitations of the *ex officio* principle.

III Treatment of foreign law under the Code of Civil Procedure

1 Expert testimony

Under the Code of Civil Procedure, the *ex officio* principle may be applied to foreign law by either of two methods in order to support and supplement the understanding, knowledge, and decision-making capability of judges.⁴ In this paper, expert testimony will be examined. Expert testimony by a court is usually conducted in response to a request for expert testimony submitted by a litigant. Litigants are required to clarify the subject matter that needs to be proven by expert testimony. Opinions are divided among academic circles studying the Code of Civil Procedure as to whether a court has the authority to order expert testimony *ex officio* even if a litigant has not filed such request. As far as domestic positive law is concerned, the dominant academic theory denies the legitimacy of *ex officio* expert testimony. However, as far as foreign law is concerned, it is commonly accepted that judges have the authority to order expert testimony *ex officio*.⁵

In reality, courts rarely order expert testimony. In most cases, a litigant requests expert opinions about the matters that could be

regarded as the subject matters of expert testimony. They submit a report about the expert opinions to a court as written evidence. In other words, by either method, the expert testimony system is rarely used in order to clarify the content of foreign law.

2 Current state of expert testimony about foreign law

There must be reasons why the litigant's written evidence but not the expert testimony system is used to prove the content of foreign law. From the viewpoint of the litigants, if they file a request for expert testimony, they would have to pay the cost of expert testimony in advance. This obligation to bear the cost may be considered to be a major reason. Another reason for the litigants' hesitation in requesting the court to order expert testimony is that, even if they file a request for expert testimony, the opinions of the expert witness appointed by the court would not necessarily benefit them. It may be pointed out that litigants do not have sufficient motives to use the *ex officio* expert testimony system. Furthermore, the accuracy of the content of foreign law tends to reflect the financial difference (court costs) between the litigants. For example, since patent infringement litigation, etc. tends to be fought between large companies, the litigants are particularly prone to use the private expert testimony system, which allows the litigants to present information compatible with their argument in an efficient and advantageous manner.

On the other hand, from the viewpoint of courts, there are the problems of difficulty in securing a sufficient budget in advance because it would be impossible to charge the cost of *ex officio* expert testimony to the defeated litigant and the fundamental problem of difficulty in appointing appropriate expert witness. Unless these problems are solved, the use of the expert testimony system itself may not be promoted.

As described above, the current Japanese judicial system may not be considered to be offering effective means to grasp the content of foreign law.

IV Perspective adopted in this study

As described above, regarding the establishment of foreign law in litigation in Japan, judicial practices are inconsistent with the legal theory that advocates the *ex officio* principle.

Consequently, such inconsistency is presumed to have affected the fairness of judicial proceedings to certain extent.⁶ To improve the current situation, it would be reasonable to focus on courts, which have the authority to establish foreign law, and to examine the problem from the perspective of establishing an appropriate system to provide practical solutions to the problem of fundamental limitations of the *ex officio* expert testimony about foreign law.⁷

V International comparison of expert testimony about foreign law

Not only Japan but also other countries sometimes face the situation where the establishment of foreign law becomes necessary as a result of complying with private international law. In particular, Germany and Switzerland, like Japan, have adopted the *ex officio* principle for foreign law research and have established an effective expert testimony system to implement the principle. This means that the legal theories and judicial practices are consistent in those countries. Therefore, examination of these countries' expert testimony systems to establish foreign law would give us an insight into the Japanese expert testimony system.

The following sections briefly describe the expert testimony systems used to establish foreign law in Germany and Switzerland, identify the difference between their expert testimony systems and the Japanese system, and clarify the issues that should be discussed in the process of revising the Japanese expert testimony system.

1 Germany⁸

(1) *Ex officio* principle in Germany

In Germany, Article 293 of the German Code of Civil Procedure is considered to be the basis for the *ex officio* expert testimony about foreign law.⁹ The provision states that foreign law requires proof only to such extent as they are unknown to the court and that, in the establishment of these legal norms, the court is not limited to the evidence brought forward by the parties; it is empowered to make use of other sources of knowledge and to order whatever is necessary for the purpose of such utilization. In short, only in a case where a judge is unable to conduct research on the content of foreign law, would the judge order a third party's legal testimony *ex officio*. In this case, the judge will utilize expert opinions provided by the Max Planck Institute for Comparative and International Private

Law. Under the Code of Civil Procedure, while it is common to see both litigants present the content of foreign law, the court separately orders, *ex officio*, the institution to prepare its expert opinion. In this way, the consistency between the legal theory and judicial practices is partially attributable to the strict application of the *ex officio* principle to the establishment of foreign law, which may be observed in judicial precedents.

(2) Expert testimony about foreign law by the Max Planck Institute for Comparative and International Private Law¹⁰

(i) Institution

This institute has been managed by the German federal government and providing expert testimony since 1965. In Germany, like in Japan, judges are not required to receive education about foreign law before serving as judges. This institute has long been playing the role of supplementing the knowledge of judges. Even now, this is one of the major responsibilities of this institute.

The major clients of the institute's foreign law research service are the Federal Courts of Justice of Germany, and law firms and government agencies in Germany. The institute receives more than 100 requests per year, but actually accepts 70 to 80 requests per year.

The institute has researchers on comparative law specialized in each jurisdiction. For example, it has researchers on Japanese law as well. It is possible to prepare expert opinions within a relatively short period of time in the case of laws of European countries, even though those laws are foreign law. However, it is difficult to collect information about law of Asian and Muslim countries. While the institute does not impose any limitations in terms of the jurisdiction and legal fields that can be covered by its research, it seems to be indispensable to have researchers specialized in each jurisdiction.

The compensation for expert opinions is paid not to individual researchers but to the institute based on the procedural rules specified in the Federal Constitutional Court Act. The unit price per hour is about 30,000 to 40,000 yen.

(ii) Method of expert testimony

Researchers who have finished a doctoral course, e.g., university professors, will be appointed as expert witnesses. When an expert witness is appointed, neutrality is ensured by checking whether there are any grounds for

challenging him/her. Regarding the written opinions prepared by expert witnesses, courts may conduct questioning on them. Since expert opinions will be used solely for the purpose of supplementing judges' knowledge about foreign law, expert opinions have no binding power over courts.

Such expert opinions are prepared mainly in German. This is probably because major clients consist of domestic courts. If a researcher receives a request from a court, the researcher would notify the court of the expected length of time necessary to prepare expert opinions based on the type of the request such as the requested jurisdiction, legal field, and depth of the answer (the amount of information such as foreign law, judicial precedents, and interpretation of academic theories). After sending such notification, the court would follow the procedure to accept a request in consideration of the litigation schedule.

Regarding the issue of whether the court's failure to establish foreign law constitutes grounds for appeal, i.e., so-called failure to establish foreign law, an appeal may be filed in Germany in principle. Therefore, from the viewpoint of courts, expert opinions of such institute have been utilized as effective means to implement the *ex officio* principle.

2 Switzerland¹¹

(1) *Ex officio* principle in Switzerland

In Switzerland, Article 16 of Switzerland's Federal Code on Private International Law specifies that the content of the applicable foreign law shall be established *ex officio*. Like Germany, Switzerland has adopted a strict *ex officio* principle concerning foreign law. In order to implement such principle, expert opinions from the Swiss Institute of Comparative Law are used. Under the Swiss Civil Procedure Code, while it is common to see both litigants present the content of foreign law, the court separately orders, *ex officio*, the institute to prepare an expert opinion. Therefore, as is the case with Germany, the consistency between the legal theory and judicial practices is partially attributable to the strict application of the *ex officio* principle to the establishment of foreign law, which may be observed in judicial precedents.

(2) Expert testimony about foreign law by the Swiss Institute of Comparative Law¹²

(i) Institution

The Swiss Institute of Comparative Law has been managed by the Swiss government and providing expert testimony since 1982. In Switzerland, like in Japan and Germany, judges are not required to receive education about foreign law before serving as judges. This institute has long been playing the role of supplementing the knowledge of judges. Even now, this is one of the major responsibilities of the Institute.

Unlike Germany, the institute provides foreign law research service to large and diverse clients such as the Federal courts of Switzerland and other domestic courts, domestic law firms, notaries public, the government, government agencies, domestic companies, and individuals. The institute accepts requests for research from foreign courts as well. Interestingly, under this system, Japanese courts are allowed to request such service from the institute.¹³ The institute receives slightly less than 300 requests per year, but actually accept 200 or so per year.

The institute has researchers on comparative law specialized in each jurisdiction. While the institute does not impose any limitations in terms of the jurisdiction and legal fields that can be covered by its research, it seems to be indispensable to have researchers specialized in each jurisdiction.

The compensation for expert opinions is paid not to individual researchers but to the institute based on the federal procedural rules concerning the fees to be paid to research institutes. The unit price per hour is about 60,000 to 70,000 yen (not more than 100,000 yen) per hour).

(ii) Method of expert testimony

Expert witnesses are appointed from among researchers who have finished a doctoral course, e.g., university professors, and those who have been employed as experts of foreign law research at research institutes. In particular, the Swiss Institute of Comparative Law is expected to play an important role in research of comparative law and therefore has many experts on non-European jurisdiction as well. Any expert witness who has experience of working as a consultant for companies, etc. for a certain period of time would be challenged. In this respect, a decision as to whether there any grounds to challenge an expert witness tends to be made based on judicial

precedents in a relatively relaxed manner. With the consent of an expert witness, a court may conduct questioning about his/her expert opinions. Since expert opinions will be used solely for the purpose of supplementing judges' knowledge about foreign law, expert opinions have no binding power over courts.

When expert opinions are prepared, the language requested by a client is used whenever possible. Unlike the situation in Germany, the Swiss Institute of Comparative Law accepts requests not only from courts in Switzerland but also from courts in other countries. The length of time necessary to prepare a written opinion is determined through direct negotiations between the client and the researcher in charge. The length of time is determined based on a comprehensive evaluation of various factors, e.g., the time necessary to prepare expert opinions estimated based on the requested jurisdiction, legal field, and depth of the answer (the amount of information such as foreign law, judicial precedents, and interpretation of academic theories), the client's budget, and litigation schedule.¹⁴

Regarding the issue of whether the court's failure to establish foreign law constitutes grounds for appeal, i.e., so-called failure to establish foreign law, an appeal may be filed in Switzerland in principle. Therefore, from the viewpoint of courts, expert opinions of this institute have been utilized as effective means to implement the *ex officio* principle.

3 Summary

In Germany and Switzerland, research institutes provide information to supplement the knowledge of courts about foreign law. We can learn a lot from these countries, which have adopted means to implement the *ex officio* principle and created a system to establish foreign law. However, due to the absence of such research institute like the ones in those countries, Japanese courts would have difficulty in appointing neutral expert witnesses. It would also be necessary to discuss how to cover the cost of expert testimony. Regarding these issues, insight may be drawn from these research institutes in Germany and Switzerland by studying the purpose of establishing these institutes, their expert testimony fees, and their way of ensuring the credibility of expert opinions.

Furthermore, it may be pointed out that, in Japan, even though the Supreme Court found that the failure to establish foreign law constitutes

grounds for appeal, the system to supplement the knowledge of courts has not been functioning sufficiently. A comparison between the situation in Japan and the situations in Germany and Switzerland in this respect would raise the awareness of the necessity to establish an appropriate system in Japan.

IV Access to information on foreign law

Under private international law, the issue of how to collect information about foreign law has been recognized as a challenge common to all countries that needs to be solved. Discussions have been conducted based on the idea that it would be desirable to build an information exchange system about foreign law by concluding a treaty.

1 Draft Hague Convention concerning access to foreign law

Prior to the preparation of this draft, Europe had an information exchange system about foreign law under the London Treaty (European Convention of 7 June 1968 on Information on Foreign Law [signed by 43 countries]). However, due to the ambiguity of the content of the provisions, the Convention was not expected to increase the number of signatory countries. By using the consent of the London Treaty as a basic form, a revision of the Hague Convention (The Access to Foreign Law in Civil and Commercial Matters) was attempted.¹⁵

The London Treaty contributed to solving civil and commercial cases through international judicial cooperation as described below. First, an institution needs to be established under the supervision of the judicial authorities. Via the institution, Country X, which is a signatory country, may request Country Y to provide information on its law (legal provisions, judicial precedents, theories, etc., that are necessary for litigation). Country Y cooperates in the institution's research and provides Country X with information on its law. If the institution is unable to respond to a request for such information due to various reasons such as the high level of technicality of the content of Country Y's law, which should be established in litigation, the institution usually obtains necessary information from third-party experts in Country Y and then provides the information to the judicial authorities of Country X.¹⁶ Such mechanism of the system has the advantage in

that the system can be used between countries with different legal cultures as well, because each country is requested to independently create a system of providing information on its own law and to participate in mutual exchange of information between signatory countries upon request. By using this mechanism as a basic form, the study group preparing a draft Hague Convention has been discussing the appropriate level of clarity that should be achieved by revising the existing provisions.

2 Relationship between the Japanese legal system and the draft Convention

The mechanism of the system created under the draft Hague Convention gives an insight into how to improve the current Japanese expert testimony system. Such system may be considered to be extremely useful in the sense that it would enable courts to implement the *ex officio* principle. In other words, such Convention would have the effect of establishing rules about expert witnesses and expert testimony costs. In the case of a lawsuit involving a dispute about an issue related to foreign law, the convention would enable the court to obtain information on the content of foreign law that could serve as a norm regardless of whether a litigant requests expert testimony or not. Moreover, the establishment of a public institution would ensure the neutrality of the information about foreign law. Also, the German system is insightful in that any lawyer who has received a request from the institute would be given a status as an expert witness.

The draft Hague Convention designs a system that can be used by any clients, not limited to courts or government agencies, to exchange information on foreign law at any time, not limited to the time of litigation. From the perspective of implementation of the *ex officio* principle, such system designed by the draft Convention would be particularly useful when a court is a client. The system may be considered to be very beneficial in Japan since it provides information to a wide range of service users in order to prevent the financial difference between the litigants from causing difference in their capability of collecting information.

VII Japanese research system about foreign law

The study on foreign countries' expert testimony systems about foreign law as described above has revealed that the major issues that

need to be discussed before revising the Japanese expert testimony system are as follows.

The first issue (Issue 1) is budget. The necessary amount of budget would change depending on what type of research institute is going to be created. The second issue (Issue 2) is that, since the institution in charge of expert testimony must be required to provide neutral information on foreign law, the following two ways should be used to ensure its neutrality: the establishment of a neutral institution in advance or the use of an existing institution by further clarifying the grounds on which a candidate for expert witness may be challenged. At the same time, persons with good language capabilities and the appropriate physical facilities necessary for research (literature information, database, etc.) should also be introduced to such institution. The third issue (Issue 3) is that it is necessary to specify the types of clients who can obtain information on foreign law (the types of service users). These are some of the issues that need to be discussed. In the following sections, these elements will be combined in a comprehensive and synergistic manner in order to examine what types of expert testimony institution could be established to conduct research on foreign law. The amount of expert testimony fee (or research fee) and the payer of the fee would change depending on the type of expert testimony institution.

Either way, this paper will focus on the method of obtaining fair information on foreign law without depending on expert testimony privately provided by litigants and will propose some tentative models.¹⁷

1 Establishment of an internal agency within courts

In the first model case, an internal agency will be established within a court. Regarding Issue 1, the judicial budget must be increased. However, while a future increase in the number of international litigations in Japan is considered to be inevitable, if judicial proceedings must be conducted within a limited budget, the expected situation where expert testimony on foreign law is not necessarily required for every international case would ironically have a positive effect. The number of cases of such litigations would not have a fundamental effect on the determination of the amount of budget. It is necessary to further consider whether the expert testimony fee should be paid from the acquired budget or covered by the court costs shouldered by the defeated party.

Regarding this point, based on an academic theory about the Code of Civil Procedure, some people have pointed out that it is completely possible to cover the expert testimony cost with taxpayers' money in consideration of the nature of the expert testimony system (supplementation of the knowledge of judges).

Regarding Issue 2, since this type of institution has neutrality, the credibility of legal information may be ensured. Thus, it is necessary to consider assigning persons to the position with access to information on foreign law.¹⁸ At the same time, for appropriate research on foreign law, it is necessary to make continuous efforts to improve the physical facilities of the internal agency such as literature and databases. It is also desirable to establish a central system to manage the expert opinions submitted by such agency.

2 Establishment of an independent institution outside of courts

The second model is the establishment of an independent institution not within courts but outside of courts. Regarding Issue 1, e.g., the judicial budget, expert testimony fee, and the languages used in expert testimony, the approach is the same as the one adopted in the model case described in 1 above. Regarding Issue 2, it is possible to consider that the neutrality of the operator of the external institution ensures the neutrality of legal information provided by the institution (regarding this point, please refer to the argument about Switzerland). Regarding Issue 3, since an institution is established externally, it is possible to separately determine to what extent the range of users of the legal information service should be expanded.

3 Use of international law firms, etc. outside courts

In the next model case, international law firms, etc. will be used to provide information to courts within the existing judicial framework without creating a new institution. Regarding Issue 1, i.e., judicial budget, in order to reduce the cost, it is desirable to use the existing international law firms. An expert testimony fee should be determined as is the case with the model cases described in 1 and 2 above. The good point of this model is that the number of cases in which the establishment of foreign law is sought does not affect the expert testimony fee. Unlike the case described in 2, Issue 2, i.e., the neutrality of legal information, would become particularly important because research would be

conducted by a private institution. Since clients are courts, it will be easier to maintain the fairness of legal information. It will be important to challenge inappropriate expert witnesses (Their past activities should be examined. Further discussions should be made to determine whether the institution as a whole or an individual expert witness should be challenged). Also, it would be necessary to develop a bidding system in order to determine to which law firm a request should be made.

The most advantageous point about using the international network of international law firms is that it would allow efficient acquisition of information on foreign law. In this respect, courts would find this model useful from the perspective of litigation schedule.

4 Use of international law firms via an external institution other than courts

This model case is the same as the model described in 3 above with regard to Issue 1 and Issue 2. From the perspective of making this model efficient enough to replace a bidding system, some people made a proposal that the neutral institution established outside of courts in advance will assign a request from a court to a law firm that is capable of providing the requested information (also, the law firm should have no grounds for being challenged).

5 Summary

In the preceding section, we proposed some models of feasible expert testimony systems. In the following section, I will summarize how the *ex officio* expert testimony system would affect the interests of litigants and benefit them.

First, companies (more specifically, attorneys of companies) choose to use a private expert testimony system because they hope to establish foreign law in the manner that would support the validity of their arguments rather than receiving the court's fair interpretation of law. Thus, they are not necessarily motivated to support the *ex officio* expert testimony system. Still, there is a possibility that the narrowing of the legal information gap between litigants with different financial means may be recognized as one of the benefits of choosing Japan as a forum for solving a dispute.

On the other hand, from the perspective of the amount of work conducted by attorneys, each law firm as a whole would shoulder heavier responsibilities as a result of accepting requests for research from courts. However, they are

merely required to provide legal information from a neutral and objective perspective just for the purpose of supplementing the knowledge of courts. Since they are not expected to collect strategic legal information, their work would not be so difficult.

Lastly, it should be pointed out that the expert testimony system about foreign law is very useful for courts from the perspective of achieving the consistency between a legal theory of the academic sector and actual judicial practices, i.e., strict implementation of the *ex officio* principal and appropriate establishment of foreign law by courts. Any of the above-described models could provide a court with a more reasonable, efficient means of research than making a judge conduct research on the content of foreign law in each case. These models would be consistent with the practice of permitting an appeal on the grounds of the failure to establish foreign law.

VIII Conclusion

Regarding Japanese litigation practices, the issue of “appropriate establishment of foreign law” has long remained unsolved. This study was conducted to answer the question of why it is difficult for Japanese courts to order expert testimony about foreign law *ex officio* and to examine the possible models of a new expert testimony system about foreign law. The establishment of an infrastructure to obtain information on foreign law is especially needed in the field of IP laws, which are frequently revised.

Currently, it is considered to be important to promote the use of Japanese courts to solve disputes about international business. In recent years, a lot of attention has been paid to the trend of so-called forum shopping in IP litigation.¹⁹ I hope that the proposals made in this paper will accelerate the internationalization of the Japanese judicial system so that people around the world will choose Japanese courts as forums for dispute resolution.

¹ When solving a dispute under the private international law, it is considered under the principle of equality of domestic law that the court needs to seek establishment of the law that is the most applicable to the legal act in question without being confined by the applicability of substantive law. Therefore, basically, it is interpreted that Japanese courts should handle foreign law in an equal manner to domestic law.

Regarding the establishment of foreign law under private international law and the characteristics of IP litigation, it should be noted that, even if any IP right such as patent right, trademark right, copyright, or trade secret is registered in another country, the Japanese court could exert international jurisdiction over cases involving claims for payment of damages, etc. for the infringement of such right and that foreign IP law could be applied to such cases. Also, in cases to seek payment of damages, etc. for the violation of a license agreement, the interpretation and application of foreign law could become necessary. In the case where a civil remedy is sought against infringement of such proprietary right, if it is necessary to refer to foreign law to make a determination, it should be noted that such case is not affected by the principle of territorial jurisdiction adopted by positive law.

- ² This is different from the argument about expert testimony (technical testimony), expert investigators, and judicial research officials in IP litigation.
- ³ For detailed information about competing theories in Japan, please refer to the report.
- ⁴ The two methods are (1) commission of examination (Article 186 of the Code of Civil Procedure) and (2) expert testimony (Article 180, paragraph (1) of the Code of Civil Procedure, Article 99, paragraph (1) and Article 129, paragraph (1) of the Ordinance for Enforcement of the Code of Civil Procedure).
- ⁵ A type of expert testimony initiated not by courts but by litigants themselves is commonly called private expert testimony.
- ⁶ Regardless of whether expert testimony is initiated either by courts or litigants, expert opinions are not binding on judges. Theoretically speaking, since those opinions merely serve as supplementary materials, this does not seem to be causing any problem. However, as described above, in litigation practices, if a litigant obtains information through private expert testimony and presents it to the court, it could be cited in the court holding. This practice has created the situation where court judgment tends to reflect the biased information provided by either litigant about the content and interpretation of foreign law. Therefore, the problem of establishing foreign law with some bias remains unsolved and continues to threaten the fairness of judicial proceedings.
- ⁷ The purpose of this paper is not to attempt to review academic theories about the issue of proving foreign law. Based on the so-called “Heikinteki saibankan riron” (average judge theory) (Akira Mikazuki, “Gaikokuhou no tekiyou to saibansho” (Establishment of foreign law and courts) [Sawaki and Aoyama, *Kokusai minjisoshouhou no riron* (Theory of the international code of civil procedure), p. 239], this paper has examined the issue based on the recognition that it is necessary to devise a system for foreign law research by courts. Due to space constraints, this paper has minimized the footnotes. For further information, please refer to the report.
- ⁸ For the latest trend in German with regard to the discussions about proof of foreign law, please refer to Martin Schmidt-Kessel, *Rechtsvergleichung und Rechtsvereinheitlichung* 24, German National Reports

on the 19th International Congress of Comparative Law “Proof of and Information about Foreign Law” [Oliver Remien], 223. (2014). Regarding the expert opinions of Max Planck Institute for Comparative and International Private Law, its activities are reported in Tätigkeitsbericht 2012, Max Planck Institut für ausländisches und internationales Privatrecht Hamburg.

⁹ In Germany, the source of private international law is codified in Articles 3 to 46 of the Ordinance for Enforcement of the German Civil Code (Einführungsgesetz zum Bürgerlichen Gesetzbuch (EGBGB)). However these provisions do not specify the procedure by which foreign law should be determined and established. Therefore, the basis for establishment of foreign law should be considered to be provided by the provisions of the German Code of Civil Procedure (Zivilprozessordnung, ZPO). A Japanese translation is available by *Doitsu minji soshou houten* (German code of civil procedure) (Housoukai, 1993) published by the Judicial System and Research Department of the Minister’s Secretariat. Please also refer to Swiss Institute of Comparative Law, *The Application of Foreign Law in Civil Matters in the EU Member States and its Perspectives for the Future [Germany]*.

¹⁰ The outline of the expert testimony method of the Max Planck Institute for Comparative and International Private Law is presented based on the author’s field research. Since IP litigations in Germany are mostly filed for the purpose of seeking an injunction, a judgment will be handed down in only about half of those litigations. Therefore, it seems to be quite rare for the institute to directly receive a request for research on foreign law in the field of intellectual property. However, this institute has actually provided expert opinions about copyrights and trademarks.

¹¹ For information on the latest trend in the discussions about proof of foreign law in Switzerland, please refer to Swiss National Reports on the 19th International Congress of Comparative Law “Proof of and Information about Foreign Law” [Shaheez Lalani & Ilaria Pretelli], 107-134 (2014).

¹² The outline of the expert testimony method of the Swiss Institute of Comparative Law is also presented based on the author’s field research. It also seems to be rare for the institute to directly receive a request for research on foreign law in the field of intellectual property. As is the case with the German Institute, the Swiss Institute has actually provided expert opinions about copyrights and trademarks.

¹³ On average, on an annual basis, the Institute receives about two requests for expert testimony from foreign courts. Basically, such courts are often located in Austria, France, Germany, or Lichtenstein. In fact, the Institute would accept requests from courts of any country. For further details about its activities, please refer to Institut suisse de droit comparé Rapport annuel 2003-2013 (<http://www.isdc.ch/en/institut.asp/4-0-10003-5-4-0/>).

¹⁴ There is an option of ordering simple research that covers only basic matters (foreign law, judicial precedents, etc.)

¹⁵ The website on the Hague Conference on Private

International Law made available to the public the minutes of the discussion meetings held to prepare a draft convention. This draft convention was prepared not only for IP litigation but for a wide range of international civil disputes (The Hague Conference on Private International Law. (<http://www.hcch.net/>), under “Work in progress” then “General Affairs” : http://www.hcch.net/index_en.php?act=progress.listing&cat=5 (confirmed in April 2015)). However, in the current stage, since this discussion has been postponed, it is expected to take more time to prepare a draft.

¹⁶ Regarding relationships with any country other than European countries, it is possible to expand the content of the London Treaty by concluding a bilateral agreement.

¹⁷ Please refer to the report for information about the discussions and proposals of establishment of a system to provide access to information on foreign law without using expert testimony.

¹⁸ If the service is used only by Japanese courts, expert testimony could be provided in Japanese.

¹⁹ Michael C. Elmer, C. Gregory Gramemopoulos, *Global Patent Litigation How and Where to Win*, BNA (2014).